

Smead Capital Appreciation Strategy

U.S. Large Cap Equity
As of June 30, 2017

www.smeadcap.com

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Smead Capital Management Overview

“Investing is the only sphere of life where victory, security and success is always to the minority and never to the majority.”

-John Maynard Keynes

> **A contrarian approach**

- Founded in 2007
- Headquartered in Seattle, WA
- Assets under management as of June 30, 2017: \$2.1 billion

Smead Capital Management is a Seattle-based investment firm that manages a high quality, U.S. large-cap value portfolio with boringly dry turnover. The company was formed to allow investors to benefit from long-term ownership of common stocks meeting the firm’s eight proprietary investment criteria.

The strategy seeks long-term capital appreciation through concentrated positions and therefore will maintain approximately 25-30 companies in its portfolio. The strategy is managed by Lead Portfolio Manager Bill Smead and Co-Portfolio Managers Tony Scherrer, CFA and Cole Smead, CFA.

Investment Team Bios



William Smead – CEO/CIO

Whitman College, B.A. Economics 1980

William is the founder of Smead Capital Management, where he oversees the firm. As Chief Investment Officer he is responsible for all investment and portfolio decisions and reviewing the implementation of those decisions. Prior to starting Smead Capital Management he was Portfolio Manager of the Smead Investment Group of Wachovia Securities. He has over thirty years of experience in the investment industry.



Tony Scherrer, CFA – Director of Research/Portfolio Manager

Seattle Pacific University, B.A. Finance, 1994

Tony brings more than 20 years of professional investment experience in the financial services industry. Tony administrates the investment process from the investment committee's idea creation to the forensic note taking for strategy research. Prior to joining Smead Capital Management in 2008, Tony was a Vice President and Senior Portfolio Manager at U.S. Trust and Harris Private Bank. He has been involved with this strategy since joining the firm in 2008.



Cole Smead, CFA – Managing Director/Portfolio Manager

Whitman College, B.A. Economics/History 2006

Cole is a member of the investment committee that oversees the management of the firm's separate accounts and mutual funds. He has been with the firm since its founding in 2007. Prior to joining Smead Capital Management in 2007, Cole was a Financial Advisor with Wachovia Securities in Scottsdale, AZ.

Investment Philosophy and Portfolio Traits

Our Investment Philosophy

1. Valuation matters dearly to investment success
2. We are business owners on behalf of our clients and shareholders
3. We seek out high-quality businesses to focus our research

Portfolio Traits

- > Generally U.S. domiciled
- > Typically 25-30 securities
- > Typically 40-50% of portfolio in top ten holdings
- > Portfolio weightings driven by:
 - Our Eight Investment Criteria
 - Stock performance
- > Low turnover (~15-25%)
- > Time frame:
 - Buy criteria assumes a 3- to 5-year holding period
 - Desired holding periods are 5+ years

Eight Investment Criteria

Our portfolio managers evaluate and purchase stocks based on the following Eight Investment Criteria:

> **Required over entire holding period**

1. Meets an economic need
2. Strong competitive advantage (wide moats or barriers to entry)
3. Long history of profitability and strong operating metrics
4. Generates high levels of free cash flow
5. Available at a low price in relation to intrinsic value

> **Favored, but not required**

6. Management's history of shareholder friendliness
7. Strong balance sheet
8. Strong insider ownership (preferably with recent purchases)

Every company we own must satisfy the required criteria. For companies that do not also meet the favored criteria, we believe these short-term conditions will be ultimately corrected or overwhelmed by the required criteria.

Sell Discipline

Risk Management

- > Successful investments likely to be trimmed if weighting becomes outsized (in the 8-10% range)

Change in Thesis

- > Company fundamentals violate our Eight Investment Criteria
- > Maniacal pricing

Downside Protection

- > When a security falls 15-20% from our purchase price or relative to a peer group, the portfolio managers execute a formal, intensified review

Portfolio Holdings

As of June 30, 2017

	Ticker	Weighting %	S&P GICS Sector
Amgen Inc	AMGN	5.87	Health Care
NVR Inc	NVR	5.86	Consumer Discretionary
Berkshire Hathaway Inc B	BRK.B	5.49	Financials
JPMorgan Chase & Co	JPM	5.46	Financials
American Express Co	AXP	5.29	Financials
Bank of America Corporation	BAC	5.23	Financials
eBay Inc	EBAY	5.09	Information Technology
PayPal Holdings Inc	PYPL	5.01	Information Technology
Aflac Inc	AFL	4.84	Financials
Lennar Corp	LEN	4.67	Consumer Discretionary
Walgreens Boots Alliance Inc	WBA	4.20	Consumer Staples
Wells Fargo & Co	WFC	3.88	Financials
Walt Disney Co	DIS	3.49	Consumer Discretionary
Merck & Co Inc	MRK	3.44	Health Care
The Home Depot Inc	HD	3.10	Consumer Discretionary
Pfizer Inc	PFE	3.05	Health Care
Comcast Corp Class A	CMCSA	3.05	Consumer Discretionary
Scripps Networks Interactive Inc A	SNI	2.93	Consumer Discretionary
Accenture PLC A	ACN	2.79	Information Technology
Tegna Inc	TGNA	2.40	Consumer Discretionary
AmerisourceBergen Corp	ABC	2.12	Health Care
Nordstrom Inc	JWN	2.12	Consumer Discretionary
Johnson & Johnson	JNJ	1.98	Health Care
Target Corp	TGT	1.96	Consumer Discretionary
Alaska Air Group Inc	ALK	1.84	Industrials
Cars.com Inc	CARS	1.48	Information Technology
Starbucks Corp	SBUX	1.03	Consumer Discretionary

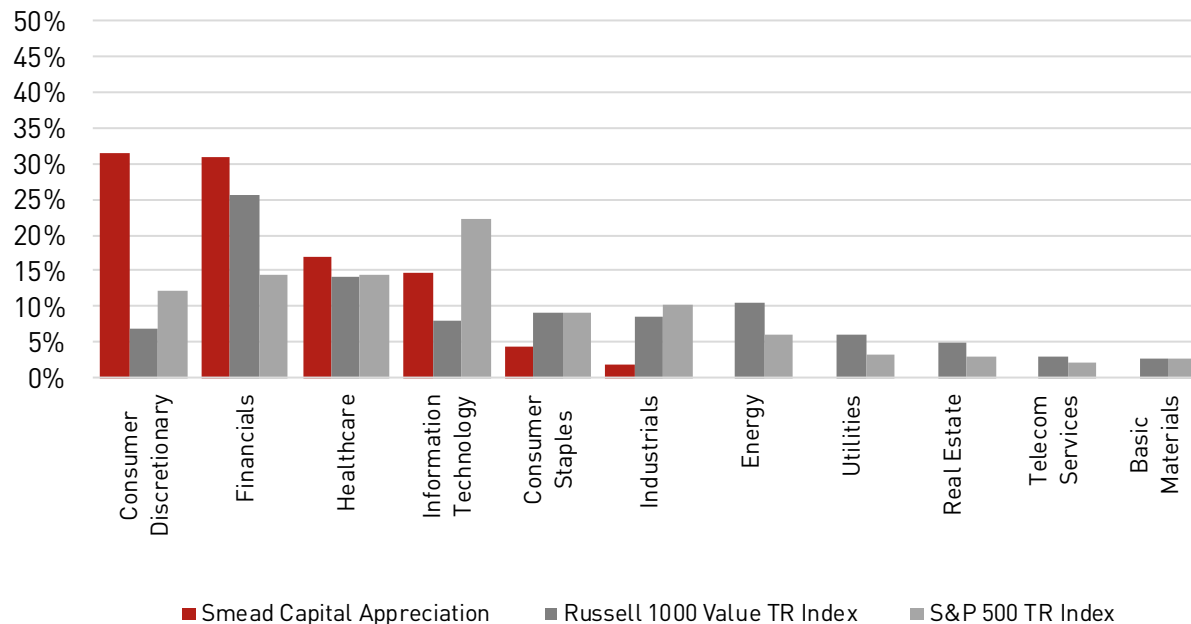
Past performance is no guarantee of future results. The securities identified above are the holdings of a representative account for the strategy and do not represent all of the securities purchased or recommended for our clients and it should not be assumed that investing in these securities was or will be profitable.



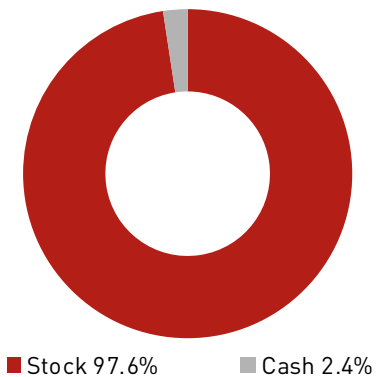
Sector Weighting and Asset Allocation

As of June 30, 2017

Sector Weightings



Asset Allocation

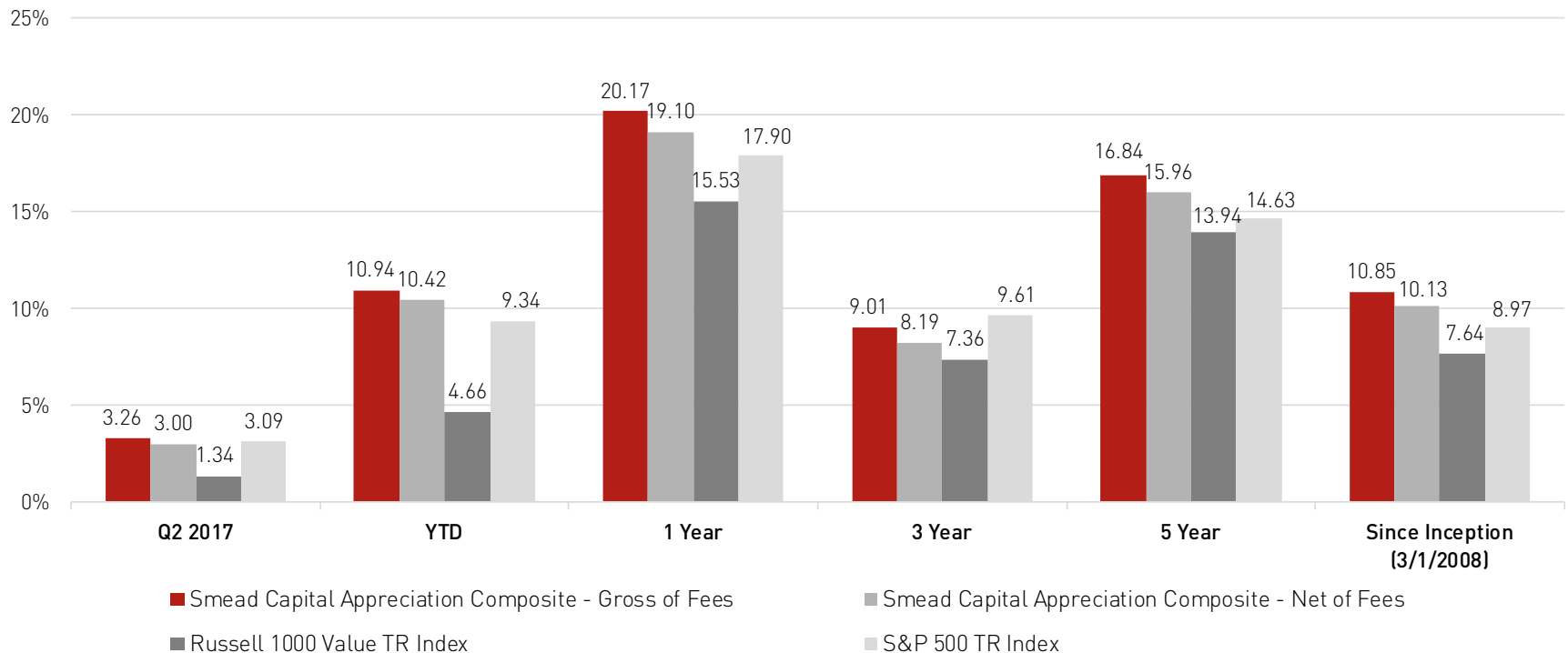


Past performance is no guarantee of future results. Source: Smead Capital Management. A representative portfolio from the Capital Appreciation Composite was used to generate information for the sector weightings and asset allocation. The above information is for illustrative purposes only and should not be construed as investment advice. Frank Russell Company is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. This is a presentation of Smead Capital Management. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. Frank Russell Company is not responsible for the formatting or configuration of this material or for any inaccuracy in Smead Capital Management's presentation thereof.



Trailing Returns (%)

As of June 30, 2017

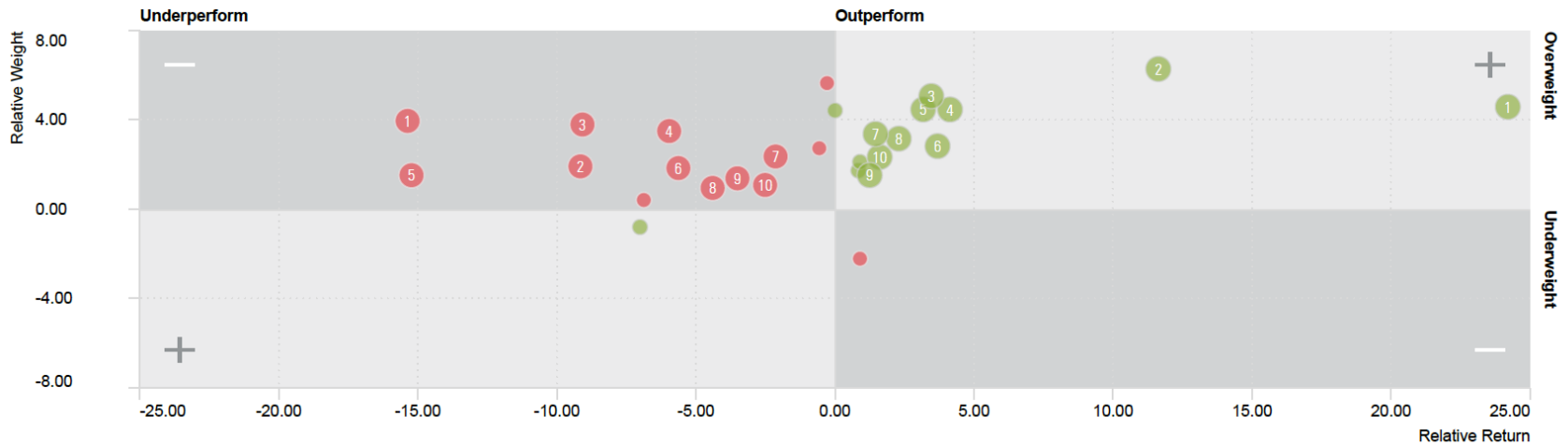


Past performance is no guarantee of future results. Source: Smead Capital Management. Capital Appreciation Composite Gross & Net of Fees performance numbers for all time periods are preliminary. The Capital Appreciation Composite includes all fully discretionary accounts invested in equities of U.S. companies and American Depository Receipts (ADRs) whose objective is long-term capital appreciation with a relatively concentrated portfolio which may typically own 25 to 30 different securities. The top 10 holdings may constitute greater than 50% of portfolio assets. These accounts are primarily concerned with appreciation, not high dividend yield. This composite was created in March 2008. A complete list of composite descriptions is available upon request. Valuations are computed and performance is reported in U.S. dollars. Past performance is not indicative of future results. As with any investment vehicle there is always the potential for gains as well as the possibility of losses. On December 31, 2008, 48% of the composite is composed of non-fee paying portfolios. As a result of the verification, certain previously reported composite information has been changed to reflect changes in composite membership. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Composite and benchmark returns are presented net of non-reclaimable withholding taxes and reflect the reinvestment of dividends and other earnings. Net-of-fees returns are calculated by deducting the actual management fees paid each quarter. The standard advisory fee is 0.85% on the market value. Fees may be negotiated in lieu of the standard fee schedule. **Please see important disclosures at the back of this presentation.**



Attribution Analysis

Selection Effects (Recent Quarter) – 4/1/2017 to 6/30/2017



Best Selections				Worst Selections							
	GICS Sector	Weight +/-	Return +/-	Effect	GICS Sector	Weight +/-	Return +/-	Effect			
1	PayPal Holdings Inc	Information Technology	4.61	24.20	1.03	1	Tegna Inc	Consumer Discretionary	3.98	-15.37	-0.63
2	NVR Inc	Consumer Discretionary	6.31	11.63	0.71	2	Express Scripts Holding ...	Health Care	1.94	-9.15	-0.37
3	eBay Inc	Information Technology	5.09	3.47	0.18	3	Walt Disney Co	Consumer Discretionary	3.82	-9.08	-0.35
4	Aflac Inc	Financials	4.49	4.14	0.17	4	Walgreens Boots Allian...	Consumer Staples	3.52	-5.96	-0.21
5	American Express Co	Financials	4.49	3.17	0.15	5	Scripps Networks Intera...	Consumer Discretionary	1.55	-15.23	-0.15
6	Accenture PLC A	Information Technology	2.85	3.69	0.10	6	Alaska Air Group Inc	Industrials	1.86	-5.63	-0.11
7	Lennar Corp	Consumer Discretionary	3.39	1.46	0.08	7	Berkshire Hathaway Inc B	Financials	2.38	-2.13	-0.05
8	The Home Depot Inc	Consumer Discretionary	3.18	2.30	0.07	8	Merck & Co Inc	Health Care	0.98	-4.40	-0.05
9	AmerisourceBergen Corp	Health Care	1.55	1.25	0.06	9	Wells Fargo & Co	Financials	1.41	-3.51	-0.05
10	Comcast Corp Class A	Consumer Discretionary	2.36	1.61	0.04	10	Starbucks Corp	Consumer Discretionary	1.11	-2.51	-0.03

Past performance is no guarantee of future results. The quarter end holdings of the Capital Appreciation Strategy's representative account were provided to Morningstar to generate the selection effects. The securities identified above do not represent all of the securities purchased or recommended for our clients and it should not be assumed that investing in these securities was or will be profitable. This information is for illustrative purposes only and should not be construed as investment advice.



Attribution vs. Russell 1000 Value (3 Year)

Attribution Analysis – 7/1/2014 to 6/30/2017

	Portfolio		Benchmark		Portfolio Return	Benchmark Return	Portfolio Contribution	Benchmark Contribution	Allocation Effect	Selection Effect	Active Return
	Weights	Weights	Rescaled Weights	Rescaled Weights							
Consumer Discretionary	34.65	5.19	34.60	5.19	6.23	5.81	2.09	0.34	-0.66	-0.03	-0.69
Consumer Staples	3.04	7.58	3.04	7.59	3.70	9.09	0.16	0.68	-0.02	-0.15	-0.17
Energy	0.00	12.65	0.00	12.65		-11.15	0.00	-1.54	2.95	0.00	2.95
Financials	29.58	25.11	29.60	25.13	10.92	11.96	3.65	3.13	0.51	-0.39	0.13
Health Care	18.75	12.54	18.77	12.53	8.22	12.26	1.81	1.60	0.39	-0.79	-0.40
Industrials	0.53	10.14	0.53	10.14	35.48	9.91	0.22	1.04	-0.28	0.12	-0.16
Information Technology	10.18	10.14	10.19	10.13	20.20	11.54	2.23	1.18	0.05	0.96	1.01
Materials	0.00	2.84	0.00	2.84		5.58	0.00	0.17	0.06	0.00	0.06
Real Estate	0.00	4.64	0.00	4.64		6.79	0.00	0.31	0.05	0.00	0.05
Telecommunication Services	0.00	2.82	0.00	2.82		5.12	0.00	0.08	0.17	0.00	0.17
Utilities	0.00	6.34	0.00	6.34		9.09	0.00	0.60	-0.15	0.00	-0.15
Cash	3.27	0.00	3.27	0.00	0.32		0.01	0.00	-0.18	0.00	-0.18
Attribution Total	100.00	99.99	100.00	100.00	9.50	7.26	9.50	7.26	2.90	-0.28	2.62
Other	0.00	0.00									
Excluded	0.00	0.01									
Total	100.00	100.00					9.50	7.26			
Reported Total					9.00	7.36					
Residual(Reported - Attribution Total)					-0.50	0.09					

Past performance is no guarantee of future results. The returns listed above are annualized and gross of fees. The quarter end holdings of the Capital Appreciation Strategy's representative account were provided to Morningstar to generate the information listed above. This information is for illustrative purposes only and should not be construed as investment advice. Residual is the Reported Total - Attribution Total. Please see important disclosures at the back of this presentation.



Attribution vs. Russell 1000 Value (5 Year)

Attribution Analysis – 7/1/2012 to 6/30/2017

	Portfolio		Benchmark		Portfolio Return	Benchmark Return	Portfolio Contribution	Benchmark Contribution	Allocation Effect	Selection Effect	Active Return
	Weights	Rescaled Weights	Weights	Rescaled Weights							
Consumer Discretionary	34.91	5.76	34.88	5.76	16.14	15.97	6.50	1.30	0.72	-0.23	0.49
Consumer Staples	3.63	7.08	3.63	7.08	24.03	13.60	1.33	1.25	0.24	0.69	0.93
Energy	0.00	13.55	0.00	13.55		-0.30	0.00	-0.04	3.53	0.00	3.53
Financials	27.20	24.44	27.22	24.45	17.73	18.66	6.01	5.48	0.16	-0.48	-0.32
Health Care	20.99	12.42	20.99	12.41	15.98	18.30	4.72	2.95	0.85	-1.02	-0.17
Industrials	0.32	9.78	0.32	9.78	35.48	16.79	0.21	2.11	-0.49	0.12	-0.37
Information Technology	9.70	9.02	9.71	9.01	16.97	20.85	2.67	2.27	0.12	-0.45	-0.33
Materials	0.00	2.94	0.00	2.94		11.58	0.00	0.46	0.17	0.00	0.17
Real Estate	0.00	4.22	0.00	4.23		8.59	0.00	0.51	0.39	0.00	0.39
Telecommunication Services	0.00	2.83	0.00	2.83		5.09	0.00	0.15	0.62	0.00	0.62
Utilities	0.00	6.26	0.00	6.26		10.89	0.00	0.99	0.37	0.00	0.37
Cash	3.25	0.00	3.25	0.00	0.24		0.01	0.00	-0.72	0.00	-0.72
Attribution Total	100.00	98.29	100.00	98.30	16.96	13.89	16.96	14.02	5.89	-1.37	4.51
Other	0.00		0.00								
Excluded	0.00		0.01								
Total	100.00		98.30				16.96		14.02		
Reported Total					16.84	13.94					
Residual (Reported - Attribution Total)					-0.12	0.05					

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Attribution vs. S&P 500 (3 Year)

Attribution Analysis – 7/1/2014 to 6/30/2017

	Portfolio		Benchmark		Portfolio Return	Benchmark Return	Portfolio Contribution	Benchmark Contribution	Allocation Effect	Selection Effect	Active Return
	Weights	Rescaled Weights	Weights	Rescaled Weights							
Consumer Discretionary	34.65	12.30	34.60	12.30	6.23	12.44	2.09	1.58	0.77	-2.81	-2.04
Consumer Staples	3.04	9.77	3.04	9.77	3.70	10.14	0.16	1.02	-0.06	-0.19	-0.26
Energy	0.00	7.68	0.00	7.69		-10.64	0.00	-1.04	2.18	0.00	2.18
Financials	29.58	13.72	29.60	13.73	10.92	11.39	3.65	1.74	0.59	-0.19	0.39
Health Care	18.75	14.64	18.77	14.63	8.22	11.03	1.81	1.66	0.26	-0.59	-0.33
Industrials	0.53	10.15	0.53	10.15	35.48	9.83	0.22	1.10	0.01	0.11	0.12
Information Technology	10.18	20.44	10.19	20.45	20.20	15.84	2.23	3.39	-0.71	0.49	-0.23
Materials	0.00	2.95	0.00	2.95		5.06	0.00	0.17	0.17	0.00	0.17
Real Estate	0.00	2.70	0.00	2.71		9.28	0.00	0.25	0.03	0.00	0.03
Telecommunication Services	0.00	2.47	0.00	2.48		3.96	0.00	0.10	0.15	0.00	0.15
Utilities	0.00	3.16	0.00	3.16		9.43	0.00	0.32	0.00	0.00	0.00
Cash	3.27	0.00	3.27	0.00	0.32		0.01	0.00	-0.30	0.00	-0.30
Attribution Total	100.00	99.98	100.00	100.00	9.50	9.58	9.50	9.58	3.08	-3.19	-0.10
Other	0.00	0.02									
Total	100.00	100.00					9.50	9.58			
Reported Total					9.00	9.61					
Residual (Reported - Attribution Total)					-0.50	0.03					

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Attribution vs. S&P 500 (5 Year)

Attribution Analysis – 7/1/2012 to 6/30/2017

	Portfolio		Benchmark		Portfolio Return	Benchmark Return	Portfolio Contribution	Benchmark Contribution	Allocation Effect	Selection Effect	Active Return
	Weights	Weights	Rescaled Weights	Rescaled Weights							
Consumer Discretionary	34.91	12.02	34.88	12.02	16.14	17.50	6.50	2.57	1.26	-0.97	0.29
Consumer Staples	3.63	10.04	3.63	10.04	24.03	12.56	1.33	1.65	0.18	1.05	1.24
Energy	0.00	8.91	0.00	8.92		1.58	0.00	0.19	2.03	0.00	2.03
Financials	27.20	13.73	27.22	13.74	17.73	18.38	6.01	3.10	0.89	-0.39	0.50
Health Care	20.99	13.96	20.99	13.95	15.98	17.77	4.72	2.95	0.73	-0.48	0.25
Industrials	0.32	10.21	0.32	10.21	35.48	15.90	0.21	2.07	-0.20	0.11	-0.10
Information Technology	9.70	19.72	9.71	19.72	16.97	17.16	2.67	4.41	-0.48	0.22	-0.26
Materials	0.00	3.13	0.00	3.13		11.22	0.00	0.48	0.20	0.00	0.20
Real Estate	0.00	2.52	0.00	2.52		10.21	0.00	0.35	0.20	0.00	0.20
Telecommunication Services	0.00	2.55	0.00	2.55		5.52	0.00	0.20	0.40	0.00	0.40
Utilities	0.00	3.20	0.00	3.20		11.03	0.00	0.50	0.22	0.00	0.22
Cash	3.25	0.00	3.25	0.00	0.24		0.01	0.00	-0.75	0.00	-0.75
Attribution Total	100.00	99.99	100.00	100.00	16.96	14.61	16.96	14.61	4.69	-0.45	4.23
Other	0.00	0.01									
Total	100.00	100.00					16.96	14.61			
Reported Total					16.84	14.63					
Residual (Reported - Attribution Total)					-0.12	0.03					

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Capital Appreciation Composite Presentation

Year	Total Return Gross of Fees	Total Return Net of Fees	Russell 1000 Value Index	Internal Dispersion	3 Year Standard Deviation Composite	3 Year Standard Deviation Benchmark	# of Portfolios End of Period	Total Composite Assets End of Period (Millions)	Total Firm Assets End of Period (Millions)
2008*	-32.17%	-32.36%	-31.34%	n/a	n/a	n/a	32	11	148
2009	30.30%	29.54%	19.70%	1.00%	n/a	n/a	23	37	167
2010	13.00%	12.37%	15.51%	0.42%	n/a	n/a	39	87	171
2011	5.74%	5.16%	0.39%	0.32%	18.64%	20.69%	91	119	170
2012	29.16%	28.20%	17.51%	0.62%	15.24%	15.51%	107	221	272
2013	39.18%	38.10%	32.53%	0.56%	12.96%	12.70%	95	700	762
2014	15.72%	14.93%	13.45%	0.20%	10.23%	9.20%	35	1,045	1,150
2015	2.58%	1.85%	-3.83%	0.16%	11.80%	10.68%	26	1,658	2,257

*For the period March 1, 2008 (inception) to December 31, 2008.

Firm: Smead Capital Management ("SCM") is an independently owned investment advisor that is not affiliated with any parent organization. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Basis of Presentation: SCM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SCM has been independently verified for the periods July 1, 2007 to December 31, 2015. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Capital Appreciation Composite has been examined for the periods March 1, 2008 to December 31, 2015. The verification and examination reports are available upon request.

Composite Criteria: The Capital Appreciation Composite includes all fully discretionary accounts invested in equities of U.S. companies and American Depository Receipts (ADRs) whose objective is long-term capital appreciation with a relatively concentrated portfolio which may typically own 25 to 30 different securities. The top 10 holdings may constitute greater than 50% of portfolio assets. These accounts are primarily concerned with appreciation, not high dividend yield.

Composite Creation: This composite was created in March 2008. A complete list of composite descriptions is available upon request. Valuations are computed and performance is reported in U.S. dollars. Past performance is not indicative of future results. As with any investment vehicle there is always the potential for gains as well as the possibility of losses. On December 31, 2008, 48% of the composite is composed of non-fee paying portfolios. As a result of the verification, certain previously reported composite information has been changed to reflect changes in composite membership.

Comparison with Market Index: The benchmark is the Russell 1000® Value Index. The Russell 1000 is a market capitalization-weighted index, meaning that the largest companies constitute the largest percentages in the index and will affect performance more than the smallest index members. The Standard & Poor's 500 Index (S&P 500) is an index of 500 stocks seen as a leading indicator of U.S. equities and a reflection of the performance of the large cap universe. The returns for the index do not include any transaction costs, management fees or other costs. Benchmark returns are not covered by the report of independent verifiers.

Fees Calculation: Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Composite and benchmark returns are presented net of non-reclaimable withholding taxes and reflect the reinvestment of dividends and other earnings. Net-of-fees returns are calculated by deducting the actual management fees paid each quarter. The standard advisory fee is 0.85% on the market value. Fees may be negotiated in lieu of the standard fee schedule.

Internal Dispersion: Internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. For years where less than six portfolios were included in the composite for the full year, the measure is not statistically representative and is not presented."

Standard Deviation: The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of performance is not yet available.

