



***Société d'investissement à capital variable (SICAV)***

Semi-Annual report and unaudited financial statements for the period from  
December 4, 2015 (inception date) to June 30, 2016

R.C.S. Luxembourg B202 249

The Semi-Annual Report and Unaudited Financial Statements does not constitute an offer or invitation to subscribe or purchase shares. Subscriptions are valid only if made on the basis of the current Prospectus, accompanied by the key investor information document ("KIID") and the latest Annual Report and most recent Semi-Annual Report if published thereafter.

# SMEAD FUNDS

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## Organisation of the Fund

### Registered office of the Fund

49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Board of Directors of the Fund

Cole Smead, CFA (Chairman)  
Managing Director  
Smead Capital Management, Inc.  
Seattle, WA 98101  
USA

Steven LeMire  
Chief Compliance Officer  
Smead Capital Management, Inc.  
Seattle, WA 98101  
USA

Antonio Thomas  
Independent Director  
24, rue Beaumont,  
L-1219 Luxembourg  
Grand Duchy of Luxembourg

### Management Company

Duff & Phelps (Luxembourg) Management  
Company S.à r.l.<sup>1</sup>  
65, rue d'Eich, L-1461 Luxembourg  
Grand Duchy of Luxembourg

### Depositary, Administrator and Paying Agent

State Street Bank Luxembourg S.C.A.  
49, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Paying and Information Agent in Austria

UniCredit Bank Austria AG  
Schottengasse 6-8  
1010 Vienna  
Austria

### Information Agent in Germany

CACEIS Bank Deutschland GmbH  
Lilienthalallee 34 - 36  
80939 Munich  
Germany

### Investment Manager

Smead Capital Management, Inc.  
600 University Street, Suite 2412,  
Seattle, WA 98101  
USA

### Global Distributor

Smead Capital Management, Inc.  
600 University Street, Suite 2412,  
Seattle, WA 98101  
USA

### Réviseur d'entreprises agréé

Ernst & Young S.A.  
35E, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Legal adviser

Arendt & Medernach S.A.  
41A, avenue J.F. Kennedy  
L-2082 Luxembourg  
Grand Duchy of Luxembourg

<sup>1</sup> Before January 5, 2016, the name of the Management Company was Kinetic Partners (Luxembourg) Management Company S.à r.l.

## General Information

### Incorporation

SMEAD FUNDS (the “Fund”) is a public limited company (*société anonyme*) incorporated on December 4, 2015 under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

The Fund is registered with the Luxembourg Trade and Companies Register under number B 202 249. The Articles of Incorporation have been published in the Mémorial C, Recueil des Sociétés et Associations of the Grand-Duchy of Luxembourg.

### Communications and reports to shareholders

#### 1. Periodic reports

The financial statements of the Fund are prepared in accordance with the Luxembourg GAAP.

Annual reports including Audited Financial Statements for the year ended December 31, unaudited semi-annual reports for the six months ended June 30 and the list of changes made to the composition of the securities portfolio are available to shareholders free of charges upon request from the Fund and/or the Management Company or from [www.smeadcap.com](http://www.smeadcap.com).

Annual reports are available within four months of the financial year-end and semi-annual reports are available within 2 months of the end of the six-month period.

The Reference Currency of the Fund is USD.

#### 2. Information to shareholders

##### a) Net asset value

The publication of the Net Asset Values takes place on the next Business Day after a Valuation Day. The Net Asset Value per Share of each Share Class is available from the Administrator during normal business hours and is published on [www.smeadcap.com](http://www.smeadcap.com).

##### b) Subscription and redemption prices

The subscription and redemption prices of shares in each sub-fund, category or class of shares of the Fund are published daily at the Depositary Bank and from the banks ensuring of financial services.

##### c) Notifications to shareholders

Notices of all general meetings will be published in the Mémorial and a Luxembourg newspaper and sent to all registered shareholders by ordinary mail.

# SMEAD FUNDS

## Investment Manager's Report

Dear Shareholders:

At the end of the first half of the Smead US Value UCITS Fund's 2016 fiscal year, the I USD Share Class (Bloomberg: SMVUSIU) declined 4.32% versus a 3.84% gain for the S&P 500 Index. We manage a concentrated, high-quality large cap value portfolio with boringly-dry turnover for shareholders that we know will have periods of unpopularity in the eyes of Mr. Market. After the last 5 years of our style of investing succeeding, it is not unusual to have our portfolio of securities underperform. For us at Smead Capital Management, we call this occupational hazard as we believe that long-term business ownership is what we provide to the Fund and its shareholders.

In this season, we continue to ask ourselves "Where are we wrong?" to not allow our opportunity costs to be our biggest enemy with the myriad of businesses that we can potentially own. Thus far in the fiscal year, the securities in the portfolio that most negatively impacted the fund were H&R Block (HRB), Bank of America (BAC) and Gannett (GCI). We exited our position in H&R Block as we believe their moat has been impacted from increased competition, particularly from online competitors. This was the only name removed from the portfolio during the period. The companies that helped fund performance the most significantly were Aflac (AFL), NVR (NVR) and Berkshire Hathaway (BRK/B).

During the first half of the 2016 fiscal year, the Fund reorganized from the predecessor Fund to the current Smead Funds structure. We are thankful that shareholders allowed us to perform this to provide a better platform to address client needs in the UCITS structure. The Fund had net redemptions of \$10.7 million USD for 2016 as of June 30, 2016. Despite this outflow, we are pleased that the shareholders of the Fund have responded with what we believe is patience in the period of underperformance for the portfolio relative to the market. We are excited about the opportunity that we have in our current portfolio as it trades at a 14.3 forward price-to-earnings ratio (P/E) relative to the S&P 500 Index's 16.6 P/E ratio. We believe this reflects the valuation discount that we can see relative to the average stock or to the passive investor's bland portfolio. We thank our shareholders for their capital and trust today as we sit on what we believe are meritorious companies that aren't close to their day in the sun.

Warm regards,



William Smead

Tony Scherrer, CFA

Cole Smead, CFA

# SMEAD FUNDS

## Smead US Value UCITS Fund (in USD)

### Statistics

June 30, 2016

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<b>Net Asset Value</b>	USD	71,535,613.99
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#### **Net asset value per share**

I Acc (EUR) <sup>(a)</sup>	EUR	253.14
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I Acc (GBP) <sup>(a)</sup>	GBP	333.87
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I Acc (USD) <sup>(a)</sup>	USD	281.21
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I Dis (GBP) <sup>(a)</sup>	GBP	333.81
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#### **Number of shares**

I Acc (EUR) <sup>(a)</sup>	22,225
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I Acc (GBP) <sup>(a)</sup>	16,418
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I Acc (USD) <sup>(a)</sup>	204,299
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I Dis (GBP) <sup>(a)</sup>	1,134
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<sup>(a)</sup> Refer to Note 1.

The accompanying notes are an integral part of these financial statements.

# SMEAD FUNDS

## Smead US Value UCITS Fund (in USD)

### Statement of Net Assets as at June 30, 2016

	Notes	USD
<b>Assets</b>		
Investment in securities at cost		68,906,251.61
Unrealised depreciation on securities		(681,651.39)
<hr/>		
Investment in securities at market value	3.3	68,224,600.22
Cash at bank		3,924,587.00
Receivable on subscription		272,599.93
Dividends and interest receivable		27,650.64
Prepaid formation expenses	3.4	55,215.48
<hr/>		
<b>Total assets</b>		<b>72,504,653.27</b>
<hr/>		
<b>Liabilities</b>		
Payable for investments purchased		802,943.12
Accrued expenses		166,096.16
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<b>Total liabilities</b>		<b>969,039.28</b>
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<b>Net assets at the end of the period</b>		<b>71,535,613.99</b>

The accompanying notes are an integral part of these financial statements.

# SMEAD FUNDS

## Smead US Value UCITS Fund (in USD)

### Statement of Operations and Changes in Net Assets for the period from December 4, 2015 (inception date) to June 30, 2016

	Notes	USD
<b>Income</b>		
Dividends (net of withholding taxes)	3.6	392,356.25
<b>Total income</b>		<b>392,356.25</b>
<b>Expenses</b>		
Investment advisory fees and management fees	4	137,880.35
Administration fees		79,008.44
Professional fees		43,068.40
Taxe d'abonnement	5	2,930.77
Depositary fees		1,487.95
Transaction costs		892.74
Formation expenses amortised	3.4	18,265.10
Other expenses		57,598.04
<b>Total expenses</b>		<b>341,131.79</b>
<b>Net investment income</b>		<b>51,224.46</b>
Net realised loss on:		
Investments	3.7	(1,892,383.96)
Foreign currencies transactions	3.2	(8,795.95)
<b>Net realised loss for the period</b>		<b>(1,901,179.91)</b>
Net change in unrealised appreciation / (depreciation) on:		
Investments	3.7	(681,651.39)
Currencies	3.2	354.72
<b>Decrease in net assets as a result of operations</b>		<b>(2,531,252.12)</b>
Proceeds received on subscription of shares		97,957,000.80
Net amount paid on redemption of shares		23,890,134.69
Net assets at the beginning of the period		-
<b>Net assets at the end of the period</b>		<b>71,535,613.99</b>

The accompanying notes are an integral part of these financial statements.



# SMEAD FUNDS

## Smead US Value UCITS Fund (in USD)

### Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the period	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the period
I Acc (EUR)	-	33,895	(11,670)	22,225
I Acc (GBP)	-	16,548	(130)	16,418
I Acc (USD)	-	276,329	(72,030)	204,299
I Dist (GBP)	-	1,134	-	1,134

The accompanying notes are an integral part of these financial statements.

# SMEAD FUNDS

## Smead US Value UCITS Fund (in USD)

### Securities Portfolio as at June 30, 2016

Quantity	Name	Currency	Market Value in USD	% NAV
<b>Transferable securities admitted to an official exchange listing</b>				
<b>Shares</b>				
<b>United States</b>				
19,256	ACCENTURE PLC-CL A	USD	2,181,512.24	3.05
53,254	AFLAC INC	USD	3,842,808.64	5.37
53,849	AMERICAN EXPRESS CO	USD	3,271,865.24	4.57
29,016	AMGEN INC	USD	4,414,784.40	6.17
202,747	BANK OF AMERICA CORP	USD	2,690,452.69	3.76
27,653	BERKSHIRE HATHAWAY INC-CL B	USD	4,003,877.87	5.60
43,226	CABELAS INC	USD	2,163,893.56	3.03
37,346	COMCAST CORP-SPECIAL CL A	USD	2,434,585.74	3.40
124,310	EBAY INC	USD	2,910,097.10	4.07
206,086	GANNETT CO INC	USD	2,846,047.66	3.98
22,361	GILEAD SCIENCES INC	USD	1,865,354.62	2.61
20,241	HOME DEPOT INC	USD	2,584,573.29	3.61
12,799	JOHNSON & JOHNSON	USD	1,552,518.70	2.17
56,449	JPMORGAN CHASE & CO	USD	3,507,740.86	4.90
45,793	MERCK & CO INC	USD	2,638,134.73	3.69
140,668	NEWS CORP-CL A	USD	1,596,581.80	2.23
31,331	NORDSTROM INC	USD	1,192,144.55	1.67
2,823	NVR INC	USD	5,025,899.82	7.03
79,585	PAYPAL HOLDINGS INC	EUR	2,905,648.35	4.06
77,505	PFIZER INC	USD	2,728,951.05	3.82
15,038	STARBUCKS CORP	EUR	858,970.56	1.20
164,971	TEGNA INC	USD	3,822,378.07	5.34
23,970	WALGREENS BOOTS ALLIANCE INC	EUR	1,995,981.90	2.79
24,164	WALT DISNEY CO	USD	2,363,722.48	3.30
59,710	WELLS FARGO & CO	EUR	2,826,074.30	3.95
			<b>68,224,600.22</b>	<b>95.37</b>
<b>Total securities portfolio</b>			<b>68,224,600.22</b>	<b>95.37</b>
<b>Summary of net assets</b>				
				%
				<b>NAV</b>
<b>Total securities portfolio</b>			<b>68,224,600.22</b>	<b>95.37</b>
<b>Cash at bank</b>			<b>3,924,587.00</b>	<b>5.49</b>
<b>Other assets and liabilities</b>			<b>(613,573.23)</b>	<b>(0.86)</b>
<b>Total net assets</b>			<b>71,535,613.99</b>	<b>100.00</b>

The accompanying notes are an integral part of these financial statements.

# SMEAD FUNDS

## Smead US Value UCITS Fund (in USD)

### Portfolio Breakdowns

Nature allocation	% of portfolio	% of net assets
Shares	100.00	95.37
	<b>100.00</b>	<b>95.37</b>

Country allocation	% of portfolio	% of net assets
United States	100.00	95.37
	<b>100.00</b>	<b>95.37</b>

### Top Ten Holdings

Top Ten Holdings	Sector	Market Value USD	% of net assets
NVR INC	Building materials	5,025,899.82	7.03
AMGEN INC	Biotechnology	4,414,784.40	6.17
BERKSHIRE HATHAWAY INC-CL B	Insurance	4,003,877.87	5.60
AFLAC INC	Insurance	3,842,808.64	5.37
TEGNA INC	Media	3,822,378.07	5.34
JPMORGAN CHASE & CO	Banks	3,507,740.86	4.90
AMERICAN EXPRESS CO	Financial services	3,271,865.24	4.57
EBAY INC	Media	2,910,097.10	4.07
PAYPAL HOLDINGS INC	Financial services	2,905,648.35	4.06
GANNETT CO INC	Media	2,846,047.66	3.98

The accompanying notes are an integral part of these financial statements.

# SMEAD FUNDS

## Notes to the Financial Statements as at June 30, 2016 (unaudited)

### 1. Organisation

SMEAD FUNDS (the "Fund") is a public limited company (*société anonyme*) incorporated on December 4, 2015 under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of December 17, 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

The Fund is registered with the Luxembourg Trade and Companies Register under number B202 249. The Articles of Incorporation have been published in the Mémorial C, Recueil des Sociétés et Associations of the Grand-Duchy of Luxembourg.

The Fund is organised as an umbrella structure. At June 30, 2016, the Fund offered shares in one Sub-Fund (the "Sub-Fund"), as shown below:

Sub-Fund	Commencement of Operations	Base Currency
Smead US Value UCITS Fund (the "Sub-Fund")	December 4, 2015	United States dollar ("USD")

The objective of the Sub-Fund is to provide investors with long-term capital appreciation.

### 2. Shares of the Fund

The Sub-Fund may comprise distributing Shares (Distribution Shares) and non-distributing Shares (Accumulation Shares). Distribution Shares and Accumulation Shares issued within the same Sub-Fund are represented by different Share Classes.

Certain Shares Classes are reserved to specified categories of investors such as Institutional Investors, investors investing through a specified distribution channel or investors who are residents of or domiciled in specific jurisdictions.

In particular, the Sub-Fund may offer Currency Hedged Share Classes. The Fund may use various techniques and instruments, such as forward contracts and currency swaps, in accordance with the provisions of the Prospectus, intended to limit the impact of exchange rate movements between the Reference Currency of the Sub-Fund and that of a Currency Hedged Share Class on the performance of such Share Class. The costs and any benefit of currency hedging transactions will be allocated solely to the Currency Hedged Share Class to which the hedging relates.

As at June 30, 2016, Shares in the Sub-Fund are offered for subscription in the form of Class I Shares (exclusively reserved for Institutional Investors).

As at June 30, 2016, the following Share classes are active:

Sub-Fund	Sub-Fund Base Currency	Class of Shares / Currency	Launch Date
Smead US Value UCITS Fund	USD	Class I Acc (EUR)	February 22, 2016
		Class I Acc (GBP)	February 22, 2016
		Class I Acc (USD)	February 22, 2016
		Class I Dis (GBP)	April 26, 2016

### 3. Significant Accounting Policies

The financial statements of the Fund are presented in accordance with Luxembourg regulations relating to Undertakings for Collective Investment. They are prepared in accordance with accounting policies generally accepted in Luxembourg.

## Notes to the Financial Statements as at June 30, 2016 (unaudited) (continued)

### 3.1 Combination of the different sub-funds

The combined financial statements of the Fund are expressed in United States Dollars and are equal to the sum of the corresponding accounts in the financial statements of each sub-fund converted into United States Dollars at the exchange rate prevailing at the end of the financial period.

### 3.2 Currency conversion

The accounts of the Sub-Fund are kept in United States Dollars and the financial statements are expressed in the same currency. The acquisition cost of securities purchased in a currency other than United States Dollars is converted into the currency of the Sub-Fund on the basis of the exchange rates prevailing on the date on which the securities are acquired.

Income and expenses denominated in a currency other than United States Dollars are converted into the currency of the Sub-Fund on the basis of the exchange rates prevailing on the transaction date. At the closing date of the financial period, the security valuations (determined as described below), receivables, bank deposits and debts denominated in a currency other than that of the sub-fund are converted into United States Dollars on the basis of the exchange rates prevailing at that date; the foreign exchange differences resulting from the conversion of receivables, bank deposits and debts are included in the net realised gain/loss on foreign exchange transactions in the Statement of Operations and Changes in Net Assets for the financial period.

### 3.3 Valuation of investments

Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market are valued at the last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors determines on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market will be used for the purpose of their valuation.

Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, are valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

### 3.4 Formation expenses

Formation expenses are amortised on a linear basis over a five-year period.

### 3.5 Recognition and Derecognition

The Sub-Fund recognises financial assets and financial liabilities on the date they become a party to the contractual provisions of the investment. Purchases and sales of financial assets and financial liabilities are recognised using trade date plus one accounting. From trade date plus one, any gains and losses arising from changes in value of the financial assets or financial liabilities are recorded in the Statement of Operations and Changes in Net Assets.

Operating expenses are recognised on an accrual basis.

### 3.6 Investment income

Dividends are recorded on ex-date. Dividends are recorded net of any non-recoverable withholding tax.

### 3.7 Net realised gains/losses on sales of investments

Gains and losses realised on the sale of securities are determined on the basis of the average acquisition cost.

## Notes to the Financial Statements as at June 30, 2016 (unaudited) (continued)

### 4. Management fees

The Management Company and the Investment Manager are each entitled to a part of the Management Fee. The Management Fee is calculated daily as a percentage of the average Net Asset Value of the Share Class and paid out of the assets of the Sub-Fund and Share Class. The Management Fee will accrue on each Valuation Day and will be payable monthly in arrears at the maximum rate of 1.05% for I Share Classes. The Management Company is also entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Extraordinary expenses which are incurred by the Management Company as a result of special assignments from the Fund or of events outside of the ordinary course of business can be charged separately provided these expenses have been notified and agreed by the Fund in advance except where contrary to applicable law or regulations.

### 5. Taxation

Under current law and practice and, in relation to all Share Classes, the Fund is liable in Luxembourg for a subscription tax (taxe d'abonnement) of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the Net Asset Value of the respective Share Class at the end of the relevant quarter. A reduced tax rate of 0.01% per annum of the net assets will be applicable to Share Classes which are only sold to and held by Institutional Investors. Such tax is payable quarterly and calculated on the net assets of such Share Class at the end of the relevant quarter.

Dividends, interest and capital gains on securities issued in certain countries may be subject to withholding or capital gain taxes imposed by such countries. Withholding tax, deducted in certain countries, may not be refundable in certain instances.

### 6. Transaction costs

For the period from December 4, 2015 to June 30, 2016, the Sub-Fund incurred transaction costs for USD 23,102, which have been defined as brokerage fees, certain taxes and certain depositary fees relating to the purchase and sale of transferable securities, money market instruments or other eligible assets. Of these transaction costs, 15,401 USD were soft dollar commissions that paid for research and execution systems. All these costs are included in the Statement of Operations and Changes in Net Assets as Net change in unrealised appreciation / (depreciation) on Investments and Net realised loss on Investments.

### 7. Exchange Rates

The exchange rates used in the conversion of the Fund's assets or liabilities denominated in other currencies than United States Dollar are the following:

1 USD = 0.900131 EUR  
1 USD = 0.748055 GBP

### 8. Changes in the composition of the portfolios

The report on changes in the composition of the portfolio of each sub-funds is available upon request and free of charge at the registered office of the Fund.

### 9. Subsequent Events

There were no material events which occurred after the end of the financial period, which would have a bearing on the understanding of the financial statements.