

Annual Report



November 30, 2016

Investment Adviser

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

Phone: 877-807-4122
www.smeadfunds.com

Table of Contents

| | |
|--|----|
| LETTER TO SHAREHOLDERS | 1 |
| EXPENSE EXAMPLE | 4 |
| INVESTMENT HIGHLIGHTS | 6 |
| SCHEDULE OF INVESTMENTS | 9 |
| STATEMENT OF ASSETS AND LIABILITIES | 11 |
| STATEMENT OF OPERATIONS | 13 |
| STATEMENTS OF CHANGES IN NET ASSETS | 14 |
| FINANCIAL HIGHLIGHTS | 16 |
| NOTES TO FINANCIAL STATEMENTS | 18 |
| REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM | 25 |
| BASIS FOR TRUSTEES' APPROVAL OF INVESTMENT ADVISORY AGREEMENT | 26 |
| NOTICE OF PRIVACY POLICY & PRACTICES | 29 |
| ADDITIONAL INFORMATION | 30 |

Dear Fellow Shareholders,

The Smead Value Fund (the “Fund”) total return for the Investor Share Class (SMVLX) was (1.34)% for the fiscal year ended November 30, 2016, compared to the total return of the S&P 500 Index of 8.06% during this same period. After the last few years of appreciation, the Fund was relatively flat during this period. For a relatively low-turnover, concentrated stock discipline like ours, we know these periods of underperformance are part of the long-term stock ownership process.

Attribution

The Fund’s worst performing stocks during the fiscal year were Gannett (GCI), TEGNA (TGNA) and H&R Block (HRB), which we no longer own as of November 30, 2016. The Fund’s best performing stocks were JP Morgan (JPM), Bank of America (BAC) and Berkshire Hathaway (BRK-B). The sectors that hurt the Fund results relative to the S&P 500 Index were Information Technology, Industrials and Consumer Discretionary. The sector that helped the Fund the most during the fiscal year was Financials, followed by our under-ownership of the Real Estate and Consumer Staples sectors.

New Names

During the fiscal year, we initiated new positions in Alaska Air Group (“Alaska Air”) (ALK), Scripps Network Interactive (“Scripps Network”) (SNI), Express Scripts (ESRX), AmerisourceBergen (ABC) and Lennar (LEN). Alaska Air’s merger with Virgin America caused a precipitous decline in the stock. As we looked deeper into the economics of the combined businesses, we recognized that Alaska Air would pay a cheap price, in our opinion, for Virgin America with the cash of the combined companies and the next two years of free cash flow. To give shareholders a brief sense of Alaska Air’s moat, they are the lowest cost producer of flight miles in the U.S., which we believe is the most important factor in leisure travel purchases.

Scripps Network trades at one of their lowest Price-to-Earnings (P/E) multiples of the last 7 years. It was not long ago this was a glamorous business in the eyes of the street. As we see multiple companies going into the content distribution business (e.g., Netflix, Amazon Prime, Sling TV), we believe that Scripps’ content with HGTV, Food Network and Travel Channel will be a prime offering. We believe these distribution companies will pay higher prices for content as content will always be king, in our opinion.

Express Scripts and AmerisourceBergen were priced for a hellish environment based on Wall Street’s view of what the political environment was going to be for health care companies. Clinton’s presumed victory punished the multiples of these companies through early November, providing us attractive opportunities to buy wealth-creating businesses in niches with few competitors.

Lennar is the one of largest homebuilders in the U.S. We are attracted to them because of their large buildable land portfolio and the strengthening of their balance sheet that has taken place the last few years. We believe their balance sheet will continue to improve as they move to a land-light model. We are at recessionary levels of single-family home building in the U.S. and believe that Millennials will be buyers of homes, similar to generations of the past, the next 10 years.

Names Removed

We removed H&R Block (HRB), News Corp. (NWSA) and Gilead Sciences (GILD) from the Fund’s holdings during the fiscal year. We believe that H&R Block’s moat has been

impacted as they divested their bank entity and took focus off of their core business of serving tax preparation customers, compared to their online peers. News Corp. has attractive assets like The Wall Street Journal and Realtor.com, but we question how focused their business operations are while they have to rectify their opportunity in publishing with other assets like their Australian media assets. We believed this was too hard for us to figure out compared to what else we could own. Lastly, Gilead Sciences had been a poor performer in the Fund. They have had immense success in their Sovaldi and Harvoni medicines, but are building a large cash hoard with little sight into what their goals going forward are. While these were big questions, we saw large insiders selling their holdings constantly. This didn't give us increased confidence in our holding of their business. We chose to remove it from the Fund holdings.

Fund Economics

The Fund ended the fiscal year with \$1.1 billion in assets. This is down from the prior fiscal-year's assets of \$1.3 billion. We can't force our shareholders' hand to be long-term holders of our portfolio, but appreciate the long-term owners who continue to show confidence in the portfolio we own today. Expenses across share classes have come in at the net expense ratios or lower. Beyond having more assets in the Fund, we will continue to evaluate service providers and Fund expenses to find ways to reduce costs going forward. If you have a need to open new accounts or add to your current ownership of the fund, you can reach Shareholder Services at (877) 807-4122 9am to 8pm Eastern Time Monday through Friday. We thank you for your capital and trust this year and the days and years ahead.

Warmest Regards,



William Smead
Lead Portfolio Manager



Tony Scherrer, CFA
Co-Portfolio Manager



Cole Smead, CFA
Co-Portfolio Manager

The Smead Value Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and it may be obtained by calling 877-807-4122, or visiting www.smeadfunds.com. Read it carefully before investing.

Past performance is not a guarantee of future results.

The information provided herein represents the opinion of Smead Capital Management, Inc. and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

Must be preceded or accompanied by a prospectus.

Mutual fund investing involves risk. Principal loss is possible.

Fund holdings are subject to change at any time and should not be considered recommendations to buy or sell any security. Please refer to the Schedule of Investments in this report for a complete list of Fund holdings as of the date of this report.

The S&P 500[®] Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The Russell 1000[®] Value Index measures the performance of those Russell 1000[®] companies with lower price-to-book ratios and lower forecasted growth values. You cannot invest directly in an index. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell[®] is a trademark of Russell Investment Group.

Price-to-Earnings Ratio (P/E Ratio) is the ratio of a company's share price to its earnings per share.

SMEAD VALUE FUND

Expense Example

(Unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments and (2) ongoing costs, including management fees, distribution (12b-1) fees, shareholder servicing fees and other fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund, and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period as indicated below.

Actual Expenses

The first line of the following table provides information about actual account values and actual expenses. If you purchase Class A shares of the Fund you will pay a maximum initial sales charge of 5.75% when you invest. Class A shares are also subject to a contingent deferred sales charge of 1.00% for purchases of \$1,000,000 or more that are redeemed within eighteen months of purchase. In addition, you will be assessed fees for outgoing wire transfers, returned checks and stop payment orders at prevailing rates charged by Boston Financial Data Services, Inc., the Fund's transfer agent. To the extent the Fund invests in shares of exchange traded funds ("ETFs") or other investment companies as part of its investment strategy, you will indirectly bear your proportionate share of any fees and expenses charged by the underlying funds in which the Fund invests in addition to the expenses of the Fund. Actual expenses of the underlying funds are expected to vary among the various underlying funds. These expenses are not included in the example. The example includes, but is not limited to, advisory fees, fund administration and accounting, custody and transfer agent fees. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees or exchange fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

SMEAD VALUE FUND

Expense Example (Continued)

(Unaudited)

| | Beginning Account Value 6/1/16 | Actual Ending Account Value 11/30/16 | Hypothetical Ending Account Value | Actual Expense Paid During Period⁽¹⁾ | Hypothetical Expenses Paid During Period⁽¹⁾ | Net Expense Ratio During Period⁽²⁾ |
|----------------|---|---|--|--|---|--|
| Investor Class | \$1,000.00 | \$1,048.50 | \$1,018.75 | \$6.40 | \$6.31 | 1.25% |
| Class A | 1,000.00 | 1,048.70 | 1,019.05 | 6.09 | 6.01 | 1.19 |
| Class I1 | 1,000.00 | 1,049.80 | 1,020.05 | 5.07 | 5.00 | 0.99 |
| Class R1 | 1,000.00 | 1,046.80 | 1,017.45 | 7.73 | 7.62 | 1.51 |
| Class R2 | 1,000.00 | 1,047.60 | 1,017.80 | 7.37 | 7.26 | 1.44 |
| Class Y | 1,000.00 | 1,050.50 | 1,020.80 | 4.31 | 4.24 | 0.84 |

⁽¹⁾ Investor Class, Class A, Class I1, Class R1, Class R2 and Class Y expenses are calculated using each Class' annualized net expense ratio (as disclosed), multiplied by the average account value over the period, and multiplied by 183/366 (to reflect the most recent one-half year period).

⁽²⁾ Annualized.

SMEAD VALUE FUND

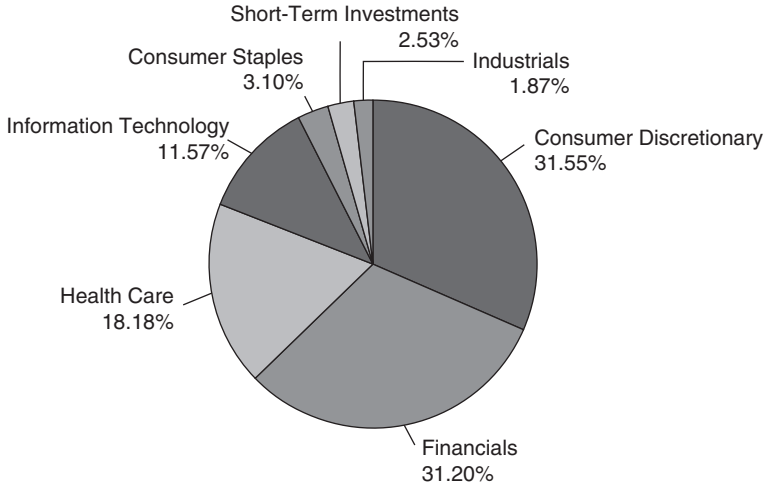
Investment Highlights

(Unaudited)

The Fund seeks long-term capital appreciation through concentrated positions. Therefore, the Fund maintains approximately 25-30 companies in its portfolio. The Fund invests in U.S. large capitalization companies through ownership of common stock.

Sector Breakdown

(% of Investments as of November 30, 2016)



Continued

SMEAD VALUE FUND
Investment Highlights (Continued)
(Unaudited)

Average Annual Total Returns as of November 30, 2016

| | <u>Inception Date</u> | <u>1 Year</u> | <u>5 Years</u> | <u>Since Inception</u> |
|---|---------------------------|---------------|----------------|----------------------------|
| Smead Value Fund – Investor Class | 1/2/2008 | (1.34)% | 16.82% | 7.13% |
| Smead Value Fund – Class A | 1/24/2014 | (1.28)% | N/A | 6.96% |
| Smead Value Fund – Class I1 | 12/18/2009 | (1.05)% | 17.12% | 14.21% |
| Smead Value Fund – Class R1 | 11/21/2014 | (1.62)% | N/A | 2.45% |
| Smead Value Fund – Class R2 | 11/21/2014 | (1.51)% | N/A | 2.59% |
| Smead Value Fund – Class Y | 11/21/2014 | (0.93)% | N/A | 3.19% |
| S&P 500® Index (Total Return) | | 8.06% | 14.45% | 6.80% |
| Russell 1000 Value Index (Total Return) . . . | | 12.02% | 14.69% | 6.17% |

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 877-807-4122.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total returns would be reduced.

The returns shown assume reinvestment of Fund distributions and do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. The following graph illustrates performance of a hypothetical investment made in the Fund and a broad-based securities index on the Fund’s inception date. The graph does not reflect any future performance.

The S&P 500® Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general.

The Russell 1000® Value Index measures the performance of those Russell 1000® Value Index companies with lower price-to-book ratios and lower forecasted growth values.

Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

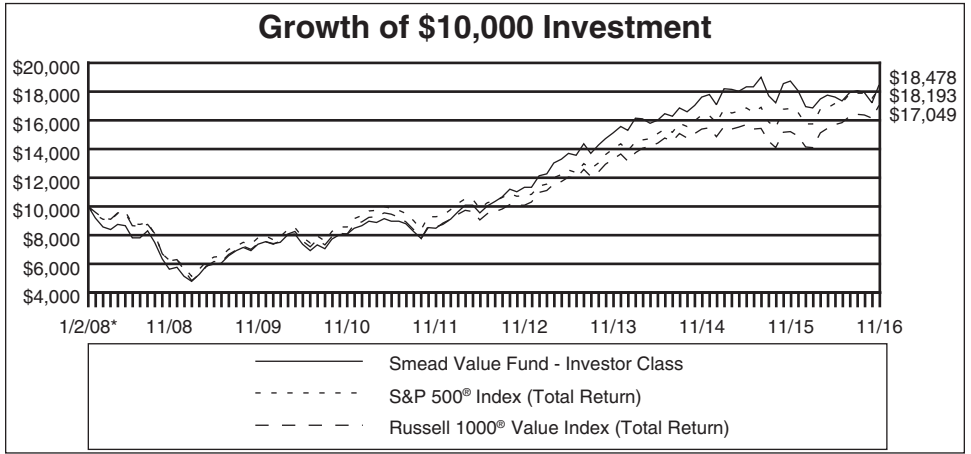
One cannot invest directly in an index.

Continued

SMEAD VALUE FUND

Investment Highlights (Continued)

(Unaudited)



* Inception Date

Continued

SMEAD VALUE FUND

Schedule of Investments

November 30, 2016

| | <u>Shares</u> | <u>Value</u> |
|--|---------------|--------------------|
| COMMON STOCKS 97.25% | | |
| Banks 15.53% | | |
| Bank of America Corp. | 2,956,189 | \$ 62,434,712 |
| JPMorgan Chase & Co. | 817,095 | 65,506,506 |
| Wells Fargo & Co. | 869,565 | 46,017,380 |
| | | <u>173,958,598</u> |
| Consumer Durables & Apparel 8.21% | | |
| Lennar Corp. – Class A | 621,982 | 26,459,114 |
| NVR, Inc. (a) | 41,120 | 65,586,400 |
| | | <u>92,045,514</u> |
| Consumer Services 1.13% | | |
| Starbucks Corp. | 218,851 | 12,686,792 |
| Diversified Financials 10.67% | | |
| American Express Co. | 780,146 | 56,201,718 |
| Berkshire Hathaway, Inc. – Class B (a) | 402,083 | 63,303,947 |
| | | <u>119,505,665</u> |
| Food & Staples Retailing 3.10% | | |
| Walgreens Boots Alliance, Inc. | 409,408 | 34,689,140 |
| Health Care Equipment & Services 3.97% | | |
| AmerisourceBergen Corp. | 142,749 | 11,132,995 |
| Express Scripts Holding Co. (a) | 439,256 | 33,330,745 |
| | | <u>44,463,740</u> |
| Insurance 4.93% | | |
| Aflac, Inc. | 773,819 | 55,235,200 |
| Media 14.08% | | |
| Comcast Corp. – Class A | 541,948 | 37,670,806 |
| Gannett Co., Inc. | 1,446,428 | 13,798,923 |
| Scripps Networks Interactive, Inc. – Class A | 173,125 | 11,990,638 |
| Tegna, Inc. | 2,405,594 | 53,957,473 |
| Walt Disney Co. | 407,442 | 40,385,651 |
| | | <u>157,803,491</u> |
| Pharmaceuticals, Biotechnology & Life Sciences 14.17% | | |
| Amgen, Inc. | 422,857 | 60,921,008 |
| Johnson & Johnson | 186,296 | 20,734,745 |
| Merck & Co., Inc. | 666,747 | 40,798,249 |
| Pfizer, Inc. | 1,128,986 | 36,285,610 |
| | | <u>158,739,612</u> |

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

SMEAD VALUE FUND

Schedule of Investments (Continued)

November 30, 2016

| | <u>Shares</u> | <u>Value</u> |
|---|---------------|-------------------------------|
| Retailing 8.05% | | |
| Cabela's, Inc. – Class A (a) | 425,933 | \$ 26,510,070 |
| Home Depot, Inc. | 294,965 | 38,168,471 |
| Nordstrom, Inc. | 456,224 | 25,512,046 |
| | | <u>90,190,587</u> |
| Software & Services 11.54% | | |
| Accenture PLC – Class A (b) | 280,374 | 33,485,067 |
| eBay, Inc. (a) | 1,808,983 | 50,307,817 |
| PayPal Holdings, Inc. (a) | 1,159,430 | 45,542,410 |
| | | <u>129,335,294</u> |
| Transportation 1.87% | | |
| Alaska Air Group, Inc. | 254,149 | 20,908,838 |
| TOTAL COMMON STOCKS (Cost \$959,687,839) | | <u>1,089,562,471</u> |
| SHORT-TERM INVESTMENTS 2.53% | | |
| Money Market Fund 2.53% | | |
| State Street Institutional U.S. Government Money Market 0.02% . . . | 28,327,490 | 28,327,490 |
| TOTAL SHORT-TERM INVESTMENTS (Cost \$28,327,490) | | <u>28,327,490</u> |
| TOTAL INVESTMENTS (Cost \$988,015,329) 99.78% | | <u>1,117,889,961</u> |
| Other Assets in Excess of Liabilities 0.22% | | 2,443,733 |
| TOTAL NET ASSETS 100.00% | | <u>\$1,120,333,694</u> |

(a) Non-income producing security.

(b) Foreign issued security.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor Financial Services LLC ("S&P"). GICS® is a service mark of MSCI and S&P and has been licensed for use by Smead Capital Management, Inc.

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

SMEAD VALUE FUND

Statement of Assets and Liabilities

November 30, 2016

Assets

| | |
|--|----------------------|
| Investments, at value (cost \$988,015,329) | \$1,117,889,961 |
| Receivable for Fund shares sold | 2,588,865 |
| Dividends and interest receivable | 2,567,645 |
| Total Assets | <u>1,123,046,471</u> |

Liabilities

| | |
|--|------------------|
| Payable for Fund shares redeemed | 841,038 |
| Payable to Advisor | 974,271 |
| Payable to Administrator | 155,764 |
| Payable for distribution fees | 76,286 |
| Payable for shareholder servicing fees | 214,753 |
| Accrued expenses and other liabilities | 450,665 |
| Total Liabilities | <u>2,712,777</u> |

Net Assets

\$1,120,333,694

Net Assets Consist Of:

| | |
|--|----------------|
| Paid-in capital | \$ 954,704,167 |
| Accumulated undistributed net investment income | 8,352,976 |
| Accumulated undistributed net realized gain from investments | 27,401,919 |
| Net unrealized appreciation on investments | 129,874,632 |

Net Assets

\$1,120,333,694

Investor Class Shares

| | |
|--|-----------------|
| Net assets | 216,243,936 |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, \$0.001 par value) | 5,434,748 |
| Net asset value, offering price and redemption price per share | \$ <u>39.79</u> |

Class A Shares

| | |
|--|-----------------|
| Net assets | 152,920,914 |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, \$0.001 par value) | 3,860,108 |
| Net asset value, offering price and redemption price per share ⁽¹⁾ | \$ <u>39.62</u> |
| Maximum offering price per share (39.62/0.9425) ⁽²⁾ | \$ <u>42.04</u> |

Class I1 Shares

| | |
|--|-----------------|
| Net assets | 736,903,183 |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, \$0.001 par value) | 18,484,234 |
| Net asset value, offering price and redemption price per share | \$ <u>39.87</u> |

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

SMEAD VALUE FUND

Statement of Assets and Liabilities (Continued)

November 30, 2016

Class R1 Shares

| | |
|---|-----------------|
| Net assets | 1,446,576 |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, \$0.001 par value) | 36,776 |
| Net asset value, offering price and redemption price per share | <u>\$ 39.33</u> |

Class R2 Shares

| | |
|---|-----------------|
| Net assets | 1,841,365 |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, \$0.001 par value) | 46,740 |
| Net asset value, offering price and redemption price per share | <u>\$ 39.40</u> |

Class Y Shares

| | |
|---|-----------------|
| Net assets | 10,977,720 |
| Shares of beneficial interest outstanding (unlimited number of shares authorized, \$0.001 par value) | 274,966 |
| Net asset value, offering price and redemption price per share | <u>\$ 39.92</u> |

(1) A contingent deferred sales charge ("CDSC") of 1.00% may be charged on shares redeemed within eighteen months of purchase. Redemption price per share is equal to net asset value less any redemption or CDSC fees.

(2) Reflects a maximum sales charge of 5.75%.

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

SMEAD VALUE FUND

Statement of Operations

For the Year Ended November 30, 2016

Investment Income

| | |
|--------------------------------|-------------------|
| Dividend income | \$ 23,009,400 |
| Interest income | 142,524 |
| Total Investment Income | <u>23,151,924</u> |

Expenses

| | |
|---|-------------------|
| Management fees | 9,348,067 |
| Distribution fees – Investor Class | 746,567 |
| Distribution fees – Class A | 394,316 |
| Distribution fees – Class R1 | 4,618 |
| Distribution fees – Class R2 | 8,086 |
| Shareholder servicing fees – Investor Class | 405,527 |
| Shareholder servicing fees – Class A | 157,082 |
| Shareholder servicing fees – Class I1 | 984,452 |
| Shareholder servicing fees – Class R1 | 1,473 |
| Shareholder servicing fees – Class R2 | 1,832 |
| Administration fees | 243,122 |
| Transfer agent fees and expenses | 499,410 |
| Fund accounting fees | 211,484 |
| Federal and state registration fees | 284,616 |
| Custody fees | 71,363 |
| Reports to shareholders | 75,475 |
| Audit and tax fees | 18,000 |
| Trustees' fees | 100,000 |
| Other expenses | 43,006 |
| Total Expenses | <u>13,598,496</u> |
| Expense Waiver by Adviser (Note 3) | <u>(88,273)</u> |
| Net Expenses | <u>13,510,223</u> |

| | |
|------------------------------|------------------|
| Net Investment Income | <u>9,641,701</u> |
|------------------------------|------------------|

Realized and Unrealized Gain/(Loss) on Investments

| | |
|---|------------------------------|
| Net realized gain from investments | 27,439,882 |
| Change in net unrealized appreciation (depreciation) on investments | (61,711,425) |
| Net Realized and Unrealized Gain/(Loss) on Investments | <u>(34,271,543)</u> |
| Net Decrease in Net Assets from Operations | <u><u>\$(24,629,842)</u></u> |

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

SMEAD VALUE FUND

Statements of Changes in Net Assets

| | Year Ended November 30, 2016 | Year Ended November 30, 2015 |
|--|---------------------------------|---------------------------------|
| From Operations | | |
| Net investment income | \$ 9,641,701 | \$ 9,355,892 |
| Net realized gain from investments | 27,439,882 | 32,478,200 |
| Change in net unrealized appreciation/(depreciation) on investments | <u>(61,711,425)</u> | <u>27,147,262</u> |
| Net increase/(decrease) in net assets from operations | <u>(24,629,842)</u> | <u>68,981,354</u> |
| From Distributions | | |
| Net investment income – Investor Class | (1,908,602) | (1,451,149) |
| Net investment income – Class A | (1,086,630) | (155,831) |
| Net investment income – Class I1 | (6,340,997) | (3,481,919) |
| Net investment income – Class R1 | (3,889) | (31) |
| Net investment income – Class R2 | (11,374) | (32) |
| Net investment income – Class Y | (10,525) | (5,557) |
| Net realized gain on investments – Investor class ... | (9,354,729) | (14,609,477) |
| Net realized gain on investments – Class A | (3,661,639) | (1,168,196) |
| Net realized gain on investments – Class I1 | (19,381,556) | (21,783,612) |
| Net realized gain on investments – Class R1 | (13,267) | (201) |
| Net realized gain on investments – Class R2 | (35,726) | (201) |
| Net realized gain on investments – Class Y | <u>(28,749)</u> | <u>(32,353)</u> |
| Net decrease in net assets resulting from distributions paid | <u>(41,837,683)</u> | <u>(42,688,559)</u> |
| From Capital Share Transactions | | |
| Proceeds from shares sold | 474,605,005 | 618,487,920 |
| Issued in reinvestment of dividends and distributions | 23,509,920 | 21,546,098 |
| Payments for shares redeemed | <u>(630,212,003)</u> | <u>(285,378,505)</u> |
| Net increase/(decrease) in net assets from capital share transactions | <u>(132,097,078)</u> | <u>354,655,513</u> |
| Total Increase/(decrease) in Net Assets | <u>(198,564,603)</u> | <u>380,948,308</u> |
| Net Assets | | |
| Beginning of year | 1,318,898,297 | 937,949,989 |
| End of year | <u>\$1,120,333,694</u> | <u>\$1,318,898,297</u> |
| Accumulated Undistributed | | |
| Net Investment Income | <u>\$ 8,352,976</u> | <u>\$ 8,072,678</u> |

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

(This Page Intentionally Left Blank.)

SMEAD VALUE FUND

Financial Highlights

November 30, 2016

| | Income from investment operations | | | | Less distributions paid | | |
|---|--------------------------------------|------------------------|--|----------------------------------|--|---|--------------------------|
| | Net Asset Value, Beginning of Period | Net investment income | Net realized and unrealized gain/(loss) on investments | Total from investment operations | Distributions from net investment income | Distributions from net realized gain on investments | Total distributions paid |
| Investor Class | | | | | | | |
| Year Ended November 30, 2016 | \$41.57 | \$0.23 ⁽⁴⁾ | \$(0.81) | \$(0.58) | \$(0.20) | \$(1.00) | \$(1.20) |
| Year Ended November 30, 2015 | 40.98 | 0.27 ⁽⁴⁾ | 2.11 | 2.38 | (0.16) | (1.63) | (1.79) |
| Year Ended November 30, 2014 | 36.35 | 0.18 ⁽⁴⁾ | 5.62 | 5.80 | (0.12) | (1.05) | (1.17) |
| Year Ended November 30, 2013 | 27.61 | 0.13 | 9.04 | 9.17 | (0.15) | (0.28) | (0.43) |
| Year Ended November 30, 2012 | 20.83 | 0.06 | 6.84 | 6.90 | (0.12) | — | (0.12) |
| Class A | | | | | | | |
| Year Ended November 30, 2016 | 41.47 | 0.24 ⁽⁴⁾ | (0.79) | (0.55) | (0.30) | (1.00) | (1.30) |
| Year Ended November 30, 2015 | 40.95 | 0.30 ⁽⁴⁾ | 2.07 | 2.37 | (0.22) | (1.63) | (1.85) |
| Period Ended November 30, 2014 ⁽⁵⁾ | 35.45 | 0.07 ⁽⁴⁾ | 5.43 | 5.50 | — | — | — |
| Class I1 | | | | | | | |
| Year Ended November 30, 2016 | 41.66 | 0.33 ⁽⁴⁾ | (0.79) | (0.46) | (0.33) | (1.00) | (1.33) |
| Year Ended November 30, 2015 | 41.07 | 0.39 ⁽⁴⁾ | 2.09 | 2.48 | (0.26) | (1.63) | (1.89) |
| Year Ended November 30, 2014 | 36.40 | 0.27 ⁽⁴⁾ | 5.63 | 5.90 | (0.18) | (1.05) | (1.23) |
| Year Ended November 30, 2013 | 27.61 | 0.18 | 9.08 | 9.26 | (0.19) | (0.28) | (0.47) |
| Year Ended November 30, 2012 | 20.84 | 0.21 | 6.74 | 6.95 | (0.18) | — | (0.18) |
| Class R1 | | | | | | | |
| Year Ended November 30, 2016 | 41.31 | 0.12 ⁽⁴⁾ | (0.81) | (0.69) | (0.29) | (1.00) | (1.29) |
| Year Ended November 30, 2015 | 40.95 | 0.35 ⁽⁴⁾⁽⁷⁾ | 1.89 | 2.24 | (0.25) | (1.63) | (1.88) |
| Period Ended November 30, 2014 ⁽⁶⁾ | 40.63 | 0.00 ⁽⁴⁾⁽⁷⁾ | 0.32 | 0.32 | — | — | — |
| Class R2 | | | | | | | |
| Year Ended November 30, 2016 | 41.36 | 0.16 ⁽⁴⁾ | (0.80) | (0.64) | (0.32) | (1.00) | (1.32) |
| Year Ended November 30, 2015 | 40.95 | 0.17 ⁽⁴⁾ | 2.13 | 2.30 | (0.26) | (1.63) | (1.89) |
| Period Ended November 30, 2014 ⁽⁶⁾ | 40.63 | 0.00 ⁽⁴⁾⁽⁷⁾ | 0.32 | 0.32 | — | — | — |
| Class Y | | | | | | | |
| Year Ended November 30, 2016 | 41.70 | 0.37 ⁽⁴⁾ | (0.78) | (0.41) | (0.37) | (1.00) | (1.37) |
| Year Ended November 30, 2015 | 41.06 | 0.42 ⁽⁴⁾ | 2.13 | 2.55 | (0.28) | (1.63) | (1.91) |
| Period Ended November 30, 2014 ⁽⁶⁾ | 40.74 | 0.01 ⁽⁴⁾ | 0.31 | 0.32 | — | — | — |

(1) Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund, assuming reinvestment of dividends.

(2) Not annualized for periods of less than one year.

(3) Annualized for periods of less than one year.

(4) Based on average shares outstanding.

(5) Class A shares commenced operations on January 27, 2014.

(6) Class R1 shares, Class R2 shares and Class Y shares commenced operations on November 25, 2014.

(7) Amount is less than \$0.005.

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

| Net Asset Value, End of Period | Total Return ⁽¹⁾⁽²⁾ | Net assets at end of period ('000's) | Ratio of expenses to average net assets | | Ratio of net investment income to average net assets | | Portfolio turnover rate ⁽²⁾ |
|--------------------------------|--------------------------------|--------------------------------------|--|---|--|---|--|
| | | | Before waivers and recoupment of expenses ⁽³⁾ | After waivers and recoupment of expenses ⁽³⁾ | Before waivers and recoupment of expenses ⁽³⁾ | After waivers and recoupment of expenses ⁽³⁾ | |
| \$39.79 | (1.34)% | \$216,244 | 1.26% | 1.26% | 0.60% | 0.60% | 23.67% |
| 41.57 | 6.25% | 385,928 | 1.34% | 1.26% | 0.61% | 0.67% | 20.26% |
| 40.98 | 16.45% | 366,067 | 1.26% | 1.25% | 0.46% | 0.47% | 12.70% |
| 36.35 | 33.74% | 253,512 | 1.28% | 1.35% | 0.54% | 0.47% | 11.32% |
| 27.61 | 33.27% | 51,955 | 1.49% | 1.40% | 0.67% | 0.76% | 10.95% |
| 39.62 | (1.28)% | 152,921 | 1.22% | 1.22% | 0.64% | 0.64% | 23.67% |
| 41.47 | 6.23% | 148,500 | 1.30% | 1.26% | 0.74% | 0.76% | 20.26% |
| 40.95 | 15.51 | 27,378 | 1.45% | 1.44% | 0.20% | 0.21% | 12.70% |
| 39.87 | (1.05)% | 736,903 | 1.00% | 0.99% | 0.86% | 0.87% | 23.67% |
| 41.66 | 6.51% | 781,146 | 1.07% | 0.99% | 0.90% | 0.96% | 20.26% |
| 41.07 | 16.75% | 544,490 | 1.01% | 1.00% | 0.71% | 0.72% | 12.70% |
| 36.40 | 34.10% | 313,557 | 1.03% | 1.10% | 0.79% | 0.72% | 11.32% |
| 27.61 | 33.57% | 67,188 | 1.20% | 1.15% | 0.93% | 0.98% | 10.95% |
| 39.33 | (1.62)% | 1,447 | 1.54% | 1.54% | 0.33% | 0.33% | 23.67% |
| 41.31 | 5.91% | 553 | 1.64% | 1.59% | 0.85% | 0.88% | 20.26% |
| 40.95 | 0.79% | 5 | 1.57% | 1.57% | 0.23% | 0.23% | 12.70% |
| 39.40 | (1.51)% | 1,841 | 1.49% | 1.44% | 0.37% | 0.42% | 23.67% |
| 41.36 | 6.07% | 1,579 | 1.55% | 1.44% | 0.35% | 0.44% | 20.26% |
| 40.95 | 0.79% | 5 | 1.62% | 1.44% | 0.18% | 0.36% | 12.70% |
| 39.92 | (0.93)% | 10,978 | 0.88% | 0.84% | 0.93% | 0.97% | 23.67% |
| 41.70 | 6.69% | 1,192 | 0.95% | 0.84% | 0.94% | 1.04% | 20.26% |
| 41.06 | 0.79% | 5 | 0.85% | 0.82% | 0.95% | 0.98% | 12.70% |

SMEAD VALUE FUND

Notes to Financial Statements

November 30, 2016

(1) Organization

The Smead Value Fund (the “Fund”) is a non-diversified series of Smead Funds Trust, a Delaware statutory trust (the “Trust”) organized on July 17, 2014. Pursuant to a reorganization that took place on November 21, 2014, the Fund is the successor to the Smead Value Fund, a series of Trust for Professional Managers (the “Predecessor Fund”). As a result of the reorganization, the Fund assumed the performance and accounting history of the Predecessor Fund prior to the date of the reorganization. The Trust is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 Financial Services-Investment Companies. The Fund’s investment objective is long-term capital appreciation. The Trust may issue an unlimited number of interests (or shares) of beneficial interest each with a par value of \$0.001. The Fund currently offers six classes of shares: Investor Class, Class A, Class I1, Class R1, Class R2 and Class Y shares. Class C, Class I2, Class R3 and Class R4 shares are not yet in operation. Each class of shares of the Fund has identical rights and privileges except with respect to the distribution fees, and voting rights on matters affecting a single class of shares. The classes differ principally in their respective distribution and shareholder servicing expenses. Costs incurred by the Fund in connection with the organization, registration and the initial public offering of shares were paid by Smead Capital Management, Inc. (the “Adviser”).

(2) Significant Accounting Policies

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of the financial statements. These policies are in conformity with generally accepted accounting principles in the United States of America (“GAAP”).

(a) *Investment Valuation*

Each security owned by the Fund that is listed on a securities exchange is valued at its last sale price on that exchange on the date as of which assets are valued. When the security is listed on more than one exchange, the Fund will use the price of the exchange that the Fund generally considers to be the principal exchange on which the security is traded.

Fund securities listed on The NASDAQ Stock Market, Inc. (“NASDAQ”) will be valued at the NASDAQ Official Closing Price (“NOCP”), which may not necessarily represent the last sale price. If the NOCP is not available, such securities shall be valued at the last sale price on the day of valuation. If there has been no sale on such exchange or on NASDAQ on such day, the security is valued at the mean between the most recent bid and asked prices on such day. Over-the-counter securities that are not traded on NASDAQ shall be valued at the most recent trade price.

Debt securities other than short-term instruments are valued at the mean between the closing bid and asked prices provided by a pricing service (“Pricing Service”). If the

SMEAD VALUE FUND

Notes to Financial Statements (Continued)

November 30, 2016

closing bid and asked prices are not readily available, the Pricing Service may provide a price determined by a matrix pricing method or other analytical pricing models. Short-term debt securities, such as commercial paper, bankers acceptances and U.S. Treasury Bills, having a maturity of less than 60 days are valued at amortized cost which approximates fair value. If a short-term debt security has a maturity of greater than 60 days, it is valued at market price.

Redeemable securities issued by open-end, registered investment companies, including money market funds, are valued at the net asset value (“NAV”) of such companies for purchase and/or redemption orders placed on that day.

When market quotations are not readily available, any security or other asset is valued at its fair value as determined under fair value pricing procedures approved by the Trust’s Board of Trustees (the “Board of Trustees”). These fair value pricing procedures will also be used to price a security when corporate events, events in the securities market and/or world events cause the Adviser to believe that a security’s last sale price may not reflect its actual fair market value. The intended effect of using fair value pricing procedures is to ensure that the Fund is accurately priced.

The Fund’s Valuation Procedures include fair valuation accounting standards that establish an authoritative definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs used to develop the measurements of fair value. These inputs are summarized in the three broad levels listed below:

- Level 1—unadjusted quoted prices in active markets for identical securities.
- Level 2—other significant observable inputs (including unadjusted quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3—significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following table summarizes the valuations of the Fund’s investments by each fair value hierarchy level as of November 30, 2016:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|------------------------|---------------------|----------------|------------------------|
| Equity | | | | |
| Common Stocks ⁽¹⁾ | \$1,089,562,471 | \$ — | \$ — | \$1,089,562,471 |
| Total Equity | 1,089,562,471 | — | — | 1,089,562,471 |
| Short-Term Investment | — | 28,327,490 | — | 28,327,490 |
| Total Investments in Securities | <u>\$1,089,562,471</u> | <u>\$28,327,490</u> | <u>\$ —</u> | <u>\$1,117,889,961</u> |

⁽¹⁾ See the Schedule of Investments for industry classification.

No Level 3 securities were held in the Fund at November 30, 2016. For the year ended November 30, 2016, there were no transfers between levels for the Fund. It is

SMEAD VALUE FUND

Notes to Financial Statements (Continued)

November 30, 2016

the Fund's policy to record transfers between levels as of the end of the reporting period. The Fund did not hold financial derivative instruments during the reporting period.

(b) *Share Valuation*

The NAV per share of the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash or other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding for the Fund, rounded to the nearest cent. The Fund's shares will not be priced on the days on which the New York Stock Exchange is closed for trading.

(c) *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) *Allocation of Income, Expenses and Gains/Losses*

Income, expenses (other than those deemed attributable to a specific share class – distribution and shareholder servicing fees), and gains and losses of the Fund are allocated daily to each class of shares based upon the ratio of net assets represented by each class as a percentage of the net assets of the Fund. Expenses deemed directly attributable to a class of shares are recorded by the specific class. Most Fund expenses are allocated by class based on relative net assets. Rule 12b-1 fees are expensed at 0.25% of average daily net assets of the Investor Class and Class A shares and 0.50% of the average daily net assets of the Class R1 and Class R2 shares.

(e) *Federal Income Taxes*

The Fund complies with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended, necessary to qualify as a regulated investment company and makes the requisite distributions of income and capital gains to its shareholders sufficient to relieve it from all or substantially all federal income taxes. Therefore, no federal income tax provision has been provided.

As of and during the year ended November 30, 2016, the Fund did not have a liability for any unrecognized tax benefits. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the year ended November 30, 2016, the Fund did not incur any interest or penalties.

SMEAD VALUE FUND

Notes to Financial Statements (Continued)

November 30, 2016

As of November 30, 2016, the components of accumulated earnings on a tax basis were as follows:

| | |
|---|-----------------------|
| Cost basis of investments for federal income tax purposes | <u>\$989,407,931</u> |
| Gross tax unrealized appreciation | 145,540,201 |
| Gross tax unrealized depreciation | (17,058,171) |
| Net tax unrealized appreciation | <u>\$128,482,030</u> |
| Undistributed ordinary income | \$ 8,352,976 |
| Undistributed long-term capital gain | <u>28,794,521</u> |
| Total distributable earnings | <u>\$ 37,147,497</u> |
| Other accumulated losses | — |
| Total accumulated gains | <u>\$ 165,629,527</u> |

The tax basis of investments for tax and financial reporting purposes differs principally due to the deferral of losses on wash sales.

(f) *Distributions to Shareholders*

The Fund will distribute any net investment income and any net realized long or short-term capital gains at least annually. Distributions from net realized gains for book purposes may include short-term capital gains. All short-term capital gains are included in ordinary income for tax purposes. Distributions to shareholders are recorded on the ex-dividend date. The Fund may also pay a special distribution at the end of the calendar year to comply with federal tax requirements. Income and capital gains distributions may differ from GAAP, primarily due to timing differences in the recognition of income, gains and losses by the Fund. GAAP requires that certain components of net assets relating to permanent differences be reclassified between the components of net assets. These reclassifications have no effect on net assets or net asset value per share. For the year ended November 30, 2016, \$614 reclass between undistributed net investment income and undistributed net realized gain.

The tax character of distributions paid during the years ended November 30, 2016 and November 30, 2015 was as follows:

| | <u>November 30, 2016</u> | <u>November 30, 2015</u> |
|------------------------|--------------------------|--------------------------|
| Ordinary Income | \$ 9,361,403 | \$13,056,599 |
| Long-Term Capital Gain | \$32,476,280 | \$29,631,960 |

On December 15, 2016, the Fund declared and paid distributions from ordinary income and long-term capital gains to shareholders of record on December 14, 2016.

| <u>Class</u> | <u>Distributions Paid from</u> | | <u>Total Distributions Paid</u> |
|----------------|--------------------------------|-------------------------------|---|
| | <u>Ordinary Income</u> | <u>Realized Gain/Loss</u> | |
| Investor Class | \$1,309,276 | \$5,542,843 | \$6,582,119 |
| Class A | 982,378 | 3,879,527 | 4,861,905 |

SMEAD VALUE FUND

Notes to Financial Statements (Continued)

November 30, 2016

| Class | Distributions Paid from | | Total Distributions Paid |
|----------------|-------------------------|-----------------------|--------------------------------|
| | Ordinary Income | Realized Gain/Loss | |
| Class I1 | \$6,529,290 | \$19,005,239 | \$25,534,529 |
| Class R1 | 8,770 | 37,591 | 46,361 |
| Class R2 | 8,557 | 46,733 | 55,290 |
| Class Y | 111,841 | 282,890 | 394,731 |

(g) Other

Investment transactions are recorded on the trade date. The Fund determines the gain or loss from investment transactions based on the first in, first out method. Dividend income, less foreign withholding tax, is recognized on the ex-dividend date and interest income is recognized on an accrual basis.

(3) Investment Adviser

The Fund has an Investment Advisory Agreement (the "Agreement") with the Adviser to furnish investment advisory services to the Fund. Under the terms of the Agreement, the Fund compensates the Adviser for its management services at the annual rate of 0.75% of the Fund's average daily net assets.

The Adviser has contractually agreed to waive its management fee and/or reimburse the Fund's other expenses at least through March 31, 2017 to the extent necessary to ensure that the Fund's operating expenses do not exceed 1.26%, 1.26%, 0.99%, 1.59%, 1.44% and 0.84% (the "Expense Limitation Cap") of the Fund's average daily net assets for the Investor Class, Class A, Class I1, Class R1, Class R2 and Class Y shares, respectively. Any such waiver or reimbursement is subject to later adjustment to allow the Adviser to recoup amounts waived or reimbursed to the extent actual fees and expenses for a fiscal period are less than the Expense Limitation Cap in place at the time of waiver; provided, however, that the Adviser shall only be entitled to recoup such amounts over the following three fiscal years. For the year ended November 30, 2016, the Adviser waived expenses of \$88,273. The following table shows the waived or reimbursed expenses subject to potential recovery expiring on November 30:

| <u>Year incurred</u> | <u>Expiration Year</u> | <u>Smead Value Fund</u> |
|----------------------|------------------------|-------------------------|
| 2014 | 2017 | \$ 12,412 |
| 2015 | 2018 | 635,630 |
| 2016 | 2019 | 88,273 |

(4) Distribution Plan and Shareholder Servicing Plan

The Fund has adopted a plan pursuant to Rule 12b-1 (the "12b-1 Plan"), which authorizes it to pay ALPS Distributors, Inc. (the "Distributor") a distribution fee of 0.25% of the Fund's average daily net assets of Investor Class and Class A shares and 0.50% of the Fund's average daily net assets of Class R1 and Class R2 shares for services to prospective Fund shareholders and distribution of Fund shares. During the year ended November 30, 2016, the Fund accrued expenses of \$1,153,587 pursuant to the 12b-1 Plan. As of November 30, 2016, the Fund owed the Distributor fees of \$76,286.

SMEAD VALUE FUND

Notes to Financial Statements (Continued)

November 30, 2016

The Fund has also adopted a shareholder servicing plan (the “Shareholder Servicing Plan”). The Shareholder Servicing Plan also authorizes payment of a shareholder servicing fee to the Distributor up to 0.25% of the average daily net assets attributable to the respective class. The Fund implemented 0.14% for the shareholder servicing fee for the Investor Class shares of the Fund, 0.09% for the shareholder servicing fee for the Class A shares of the Fund, 0.16% for the shareholder servicing fee for the Class R1 shares of the Fund, 0.12% for the shareholder servicing fee for the Class I1 shares of the Fund and 0.07% for the shareholder servicing fee for the Class R2 shares of the Fund. For those share classes that currently charge less than the maximum shareholder servicing fee, the Fund may increase such fee, but not beyond the maximum of 0.25%, only after providing affected shareholders with 30 day’s prior written notice. The following table details the Shareholder Servicing Plan fees paid for the year ended November 30, 2016.

| | |
|----------------------|-----------|
| Investor Class | \$405,527 |
| Class A | 157,082 |
| Class I1 | 984,452 |
| Class R1 | 1,473 |
| Class R2 | 1,832 |

(5) Accounting, Custody, Administration and Transfer Agent Fees

State Street Bank and Trust Company (“State Street”) serves as the Fund’s accounting agent, custodian of the Fund’s investments and administrator of the Fund. For its services, the Fund pays State Street a fee that is calculated daily and paid monthly at an annual rate based on the aggregate average daily net assets of the Fund, along with transactional and out-of-pocket fees.

Boston Financial Data Services, Inc. (“BFDS”) is the Fund’s transfer and dividend disbursing agent. BFDS receives a monthly fee and is reimbursed for certain out-of-pocket expenses.

(6) Capital Share Transactions

Transactions in shares of the Fund were as follows:

| | For The Year Ended November 30, 2016 | | For The Year Ended November 30, 2015 | |
|----------------------|---|---------------|---|---------------|
| | Shares | Amount | Shares | Amount |
| Shares sold | | | | |
| Investor Class | 1,023,890 | \$ 38,842,046 | 3,373,372 | \$136,144,008 |
| Class A | 1,778,863 | 66,833,234 | 3,117,920 | 126,080,357 |
| Class I1 | 9,439,274 | 358,204,056 | 8,771,583 | 353,035,556 |
| Class R1 | 27,331 | 1,011,542 | 14,339 | 577,329 |
| Class R2 | 13,331 | 500,136 | 38,229 | 1,514,210 |
| Class Y | 245,725 | 9,213,991 | 28,319 | 1,136,460 |

SMEAD VALUE FUND

Notes to Financial Statements (Continued)

November 30, 2016

| | For The Year Ended November 30, 2016 | | For The Year Ended November 30, 2015 | |
|--|---|------------------------|---|-----------------------|
| | Shares | Amount | Shares | Amount |
| Reinvestment of dividends and distributions | | | | |
| Investor Class | 277,488 | \$ 10,899,714 | 407,070 | \$ 15,423,912 |
| Class A | 81,118 | 3,171,725 | 12,112 | 457,948 |
| Class I1 | 239,401 | 9,398,868 | 148,518 | 5,625,863 |
| Class R1 | 4 | 168 | 6 | 232 |
| Class R2 | 4 | 171 | 6 | 233 |
| Class Y | 1,001 | 39,274 | 1,001 | 37,910 |
| Shares redeemed | | | | |
| Investor Class | (5,150,842) | (194,845,702) | (3,428,809) | (138,569,477) |
| Class A | (1,580,368) | (59,751,039) | (218,056) | (8,727,265) |
| Class I1 | (9,943,042) | (375,263,346) | (3,430,158) | (137,998,297) |
| Class R1 | (3,948) | (150,887) | (1,079) | (42,895) |
| Class R2 | (4,777) | (187,244) | (176) | (7,184) |
| Class Y | (353) | (13,785) | (850) | (33,387) |
| Total increase/decrease in net assets from capital share transactions | (3,555,900) | \$(132,097,078) | 8,833,347 | \$ 354,655,513 |

(7) Investment Transactions

The aggregate purchases and sales of securities, excluding short-term investments, for the Fund for the year ended November 30, 2016 were \$286,025,685 and \$451,157,176, respectively. There were no purchases or sales of U.S. government securities for the Fund.

(8) Beneficial Ownership

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the 1940 Act. At November 30, 2016, Merrill Lynch Pierce Fenner & Smith for the benefit of its customers, held 30.84%, 57.17%, 100.00% and 96.48% of outstanding shares of the Class A, Class I1, Class R1 and Class R2, respectively. At November 30, 2016, Reliance Trust Company, for the benefit of employees of Benesch, held 85.42% of outstanding shares of the Class Y. At November 30, 2016, National Financial Services LLC, for the benefit of its customers, held 38.54% of the outstanding shares of the Investor Class.

(9) Subsequent Event

Management has evaluated the possibility of subsequent events through the date of issuance and determined that there are no additional material events that would require adjustment to or disclosure in the Fund's financial statements.

SMEAD VALUE FUND

Report of Independent Registered Public Accounting Firm

To the Shareholders of Smead Value Fund and
Board of Trustees of Smead Funds Trust

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Smead Funds Trust, comprising Smead Value Fund (the "Fund") as of November 30, 2016, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five periods in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2016, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Smead Value Fund as of November 30, 2016, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.



COHEN & COMPANY, LTD.

Cleveland, Ohio
January 26, 2017

SMEAD VALUE FUND

Basis for Trustees' Approval of Investment Advisory Agreement

(Unaudited)

The Board of Trustees (the "Trustees") of Smead Funds Trust (the "Trust") met on August 2, 2016 to consider the renewal of the Investment Advisory Agreement (the "Agreement") between the Trust, on behalf of the Smead Value Fund (the "Fund"), a series of the Trust, and Smead Capital Management, Inc., the Fund's investment adviser (the "Adviser"). Prior to this meeting, the Trustees requested and received materials to assist them in considering the renewal of the Agreement. The materials provided contained information with respect to the factors enumerated below, including a copy of the Agreement, a memorandum prepared by the Trust's outside legal counsel discussing in detail the Trustees' fiduciary obligations and the factors they should assess in considering the renewal of the Agreement, detailed comparative performance information provided by the Adviser, as well as the management fees and other expenses of the Fund, due diligence materials relating to the Adviser (including the Adviser's response to the Independent Trustees' request for information, the Adviser's Form ADV and select financial statements of the Adviser) and other pertinent information. Based on their evaluation of the information provided by the Adviser, in conjunction with the Fund's other service providers, the Trustees, by a unanimous vote (including a separate vote of the Trustees who are not "interested persons," as that term is defined in the Investment Company Act of 1940, as amended (the "Independent Trustees")), approved the renewal of the Agreement for an additional one-year term.

DISCUSSION OF FACTORS CONSIDERED

In considering the renewal of the Agreement and reaching their conclusions, the Trustees reviewed and analyzed various factors that they determined were relevant, including the factors enumerated below.

1. NATURE, EXTENT AND QUALITY OF SERVICES

The Independent Trustees reviewed and considered the nature, extent and quality of the services provided by the Adviser and expected that they would continue to be of high-quality. They noted that the Adviser's history, experience and reputation were exceptional. The Independent Trustees considered the experience and qualifications of the personnel at the Adviser who were responsible for providing services to the Fund, and the compensation structure of the Adviser. The Independent Trustees also considered the resources, policies, procedures and infrastructure of the Adviser devoted to ensuring compliance with applicable laws and regulations, as well as the Adviser's commitment to those programs, including upgrades to the Adviser's systems made over the course of the past year. The Independent Trustees considered the information received regarding the Adviser's compliance programs. The Independent Trustees noted that there were currently no known pending regulatory inquiries by the SEC or other regulatory agencies involving the Adviser. The Independent Trustees concluded that the Adviser's key personnel had sufficient expertise necessary to continue to serve as investment adviser to the Fund and that the nature, overall quality and extent of the management services were satisfactory and reliable.

SMEAD VALUE FUND

Basis for Trustees' Approval of Investment Advisory Agreement (Continued)

(Unaudited)

2. INVESTMENT PERFORMANCE

The Independent Trustees then considered the performance of the Fund. As part of its evaluation, the Independent Trustees reviewed a report prepared by an independent consulting firm, Morningstar Associates, LLC ("Morningstar"). In contrast to the 2014 report provided by Morningstar when the Board last considered the Advisory Agreement, which included information regarding the Fund's Investor class shares, the 2016 report provides information and comparisons regarding the Fund's I1 Class shares, which is currently the share class with the most assets. The 2016 report compares the Fund's I1 Class shares to (i) certain funds determined by Morningstar to be comparable based on investment style, expense structure and asset size (the "Morningstar Performance Peer Group"), (ii) funds included in Morningstar's Large Blend and Large Value categories (the "Morningstar Categories"), and (iii) the Fund's benchmark index (the S&P 500 Index). The Independent Trustees examined the performance of the Fund for the 1-year, 3-year and 5-year periods ended June 30, 2016 and noted that the Fund ranked 16th out of 20 funds, 11th out of 19 funds and 1st out of 19 funds, respectively, in the Morningstar Performance Peer Group. For the same periods, the Fund ranked 443rd out of 524 funds, 245th out of 439 funds and 1st out of 367 funds, respectively, in the Morningstar Categories. The Independent Trustees noted that the Fund's performance for the one-year and three-year period lagged the benchmark, but that performance for the five-year period outperformed the benchmark.

The Independent Trustees concluded that the performance obtained by the Adviser for the Fund was satisfactory under current market conditions. Although past performance is not a guarantee or indication of future results, the Independent Trustees determined that the Funds and their shareholders were likely to benefit from the Adviser's continued management.

3. COSTS OF SERVICES PROVIDED AND PROFITS REALIZED BY THE ADVISER

The Independent Trustees considered the gross advisory fee rates charged by the Adviser for the Fund, as well as the effective advisory fee rate after taking into consideration the Fund's expense limitation arrangements with the Adviser. The Independent Trustees discussed Morningstar's analysis which, as of June 30, 2016, showed that the Fund's net expenses exceeded the Morningstar Performance Peer Group and Morningstar Category medians by 11 and 20 basis points, respectively, placing the Fund's net expenses in the fourth (worst) quartile within both. In addition, the Morningstar report noted that at June 30, 2016 asset levels, the advisory fee of 0.75% fell within the third quartile. The Independent Trustees noted that while such fees and expenses were above the median of the Morningstar Performance Peer Group and the Morningstar Categories, the long term performance of the Fund was good. Additionally, it was noted that the Adviser's investment advisory fee was below what it charged separately managed accounts, albeit slightly higher (by 5 basis points) than the advisory fee charged to an unaffiliated fund to which the Adviser provides subadvisory services. With respect to this unaffiliated fund, the Adviser explained that because it has little or no marketing or investment company oversight responsibilities with respect to the fund, the cost to provide subadvisory services to

SMEAD VALUE FUND

Basis for Trustees' Approval of Investment Advisory Agreement (Continued)

(Unaudited)

this fund is lower than the cost to provide advisory services to the Fund. The Independent Trustees also noted that the expense limitation structure would be in effect for the Fund until March 31, 2017.

The Board also reviewed the Adviser's 2015 and 2014 profitability analysis reports and the Adviser's unaudited profit and loss statements and balance sheets for the years ended December 31, 2015 and 2014.

The Independent Trustees concluded that the Fund's expenses and management fees paid to the Adviser were fair and reasonable in light of the comparative performance, expense and advisory fee information. The Independent Trustees further concluded that the Adviser's profits in connection with the management of the Fund were not excessive and that the Adviser maintained adequate profit levels to support its services to the Fund.

4. EXTENT OF ECONOMY OF SCALE

The Independent Trustees compared the Fund's expenses relative to its Morningstar Performance Peer Group and its Morningstar Categories and discussed realized and potential economies of scale. The Independent Trustees noted that although the Fund did not have advisory fee breakpoints, the Adviser had contractually agreed to limit the expenses of each share class of the Fund so that each share class does not exceed its operating expense limitation. The Independent Trustees discussed possibility of including breakpoints in the investment advisory fee, and considered the Adviser's thoughts on this subject. Based upon its review and discussion, the Independent Trustees determined that, while fee breakpoints were not currently necessary for the Fund, they would continue to review whether breakpoints should be incorporated. After further discussion, the Independent Trustees concluded that the current fee structure was reasonable.

5. INDIRECT BENEFITS REALIZED BY THE ADVISER

The Independent Trustees considered the direct and indirect benefits that have been and may continue to be realized by the Adviser from its association with the Fund. The Independent Trustees concluded that the benefits the Adviser received, such as greater name recognition, growth in separate account management services and increased ability to obtain research or brokerage services, appeared to be reasonable, and in many cases benefited the Fund through growth in assets.

CONCLUSIONS

On the basis of the foregoing and without assigning particular weight to any single conclusion, the Independent Trustees determined to recommend the renewal of the Agreement to the full Board.

SMEAD VALUE FUND

Notice of Privacy Policies and Practices

We collect non-public personal information about you from the following sources:

- information we receive about you on applications or other forms;
- information you give us orally; and
- information about your transactions with us or others.

We do not disclose any non-public personal information about our shareholders or former shareholders without the shareholder's authorization, except as permitted by law or in response to inquiries from governmental authorities. We may share information with affiliated parties and unaffiliated third parties with whom we have contracts for servicing the Fund. We will provide unaffiliated third parties with only the information necessary to carry out their assigned responsibility. All shareholder records will be disposed of in accordance with applicable law. We maintain physical, electronic and procedural safeguards to protect your non-public personal information and require third parties to treat your non-public personal information with the same high degree of confidentiality.

In the event that you hold shares of the Fund through a financial intermediary, including, but not limited to, a broker-dealer, bank or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared with unaffiliated third parties.

SMEAD VALUE FUND

Additional Information

(Unaudited)

Tax Information

The Fund designated 100% of its ordinary income distribution for the year ended November 30, 2016, as qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003.

For the year ended November 30, 2016, 100% of dividends paid from net ordinary income qualified for the dividends received deduction available to corporate shareholders.

Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

Information about Trustees

The business and affairs of the Trust are managed under the direction of the Board of Trustees. Information pertaining to the Trustees of the Trust is set forth below. The Statement of Additional Information includes additional information about the Trustees and is available, without charge, upon request by calling 877-807-4122.

Independent Trustees

| <u>Name and Age</u> | <u>Position(s) Held with the Trust</u> | <u>Term of Office and Length of Time Served</u> | <u>Number of Portfolios in Trust Overseen by Trustee</u> | <u>Principal Occupation(s) During the Past Five Years</u> | <u>Other Directorships Held by Trustee During the Past Five Years</u> |
|------------------------------------|--|---|--|---|--|
| Gregory A. Demopulos Age: 57 | Trustee | Indefinite Term; Since September 2014 | 1 | Chairman and CEO, Omeros Corp. (biopharmaceutical company) (since 1994). | Director, Onconome, Inc. (since 2004). |
| Peter M. Musser Age: 59 | Trustee | Indefinite Term; Since September 2014 | 1 | Principal, Angeline Properties, LLC (a private investment firm) (since 2014); and Principal and Senior Equity Portfolio Manager with Rainier Investment Management (from 1994 to 2013). | Trustee, Lawrence University (since 2012); Trustee, Berry College (since 2010); and Director, Boys and Girls Clubs of King County (since 2008). |

SMEAD VALUE FUND
Additional Information (Continued)

(Unaudited)

| Name and Age | Position(s) Held with the Trust | Term of Office and Length of Time Served | Number of Portfolios in Trust Overseen by Trustee | Principal Occupation(s) During the Past Five Years | Other Directorships Held by Trustee During the Past Five Years |
|---------------------------------|--|---|--|---|--|
| Walter F. Walker Age: 62 | Trustee | Indefinite Term; Since September 2014 | 1 | Principal, Hana Road Capital LLC (hedge fund) (since 2007). | Advisory Council, Stone Arch Capital (since 2005). |
| Nancy A. Zevenbergen Age: 57 | Trustee | Indefinite Term; Since September 2014 | 1 | Principal and Chief Investment Officer, Zevenbergen Capital Investments LLC (since 1987). | Director, Seattle Pacific Foundation (since 1993); Director, Anduin Foundation (since 2010); Director, University of Washington Foster School of Business (since 2014); and Director, evenstar3 Inc. (since 2005). |

Interested Trustees and Officers

| | | | | | |
|--|--|---|---|--|-------|
| William W. Smead ¹ Age: 58 | Trustee and Chairman | Indefinite Term; Since September 2014 | 1 | Chief Executive Officer of the Adviser (since 2007). President and Chief Executive Officer of the Trust (from September 2014 to January 2016). | None. |
| Cole W. Smead ¹ Age: 32 | Trustee President and Chief Executive Officer | Indefinite Term; Since September 2014 Elected annually; Since January 2016 | 1 | Managing Director of the Adviser (since 2007). | None. |

SMEAD VALUE FUND
Additional Information (Continued)

(Unaudited)

| Name and Age | Position(s) Held with the Trust | Term of Office and Length of Time Served | Number of Portfolios in Trust Overseen by Trustee | Principal Occupation(s) During the Past Five Years | Other Directorships Held by Trustee During the Past Five Years |
|-----------------------------|---|--|--|--|---|
| Steven J. LeMire Age: 47 | Chief Compliance Officer Treasurer, Principal Financial and Accounting Officer | Elected annually; Since September 2014 Elected annually; Since January 2016 | N/A | Chief Compliance Officer of the Adviser (since 2014); Relationship Manager with Viceroy Investment Advisors, LLC (from 2013 to 2014); Co-Founder and Managing Principal of HCL Advisors, LLC (from 2012 to 2013). Senior Manager and Director at UBS Global AM-Americas and served as Vice President and Assistant Treasurer to The UBS Funds (from 2007 to 2011). | N/A |
| Lisa Martin Age: 55 | Secretary | Elected annually; Since September 2014 | N/A | Chief Operating Officer/ Chief Financial Officer of the Adviser (since 2007). | N/A |

¹. Mr. William Smead and Mr. Cole Smead are each deemed to be an “interested person” of the Fund under the 1940 Act because of his position with Smead Capital Management, Inc. Mr. William Smead and Mr. Cole Smead are father and son, respectively.

A NOTE ON FORWARD LOOKING STATEMENTS (Unaudited)

Except for historical information contained in this report for the Fund, the matters discussed in this report may constitute forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These include any adviser or portfolio manager predictions, assessments, analyses or outlooks for individual securities, industries, market sectors and/or markets. These statements involve risks and uncertainties. In addition to the general risks described for the Fund in the current Prospectus, other factors bearing on this report include the accuracy of the Adviser's or portfolio managers' forecasts and predictions, and the appropriateness of the investment programs designed by the adviser or portfolio managers to implement their strategies efficiently and effectively. Any one or more of these factors, as well as other risks affecting the securities markets and investment instruments generally, could cause the actual results of the Fund to differ materially as compared to benchmarks associated with the Fund.

ADDITIONAL INFORMATION (Unaudited)

The Fund has adopted proxy voting policies and procedures that delegate to the Adviser the authority to vote proxies. A description of the Fund's proxy voting policies and procedures is available without charge, upon request, by calling the Fund toll free at 877-807-4122. A description of these policies and procedures is also included in the Fund's Statement of Additional Information, which is available on the SEC's website at <http://www.sec.gov>.

The Fund's proxy voting record for the most recent 12-month period ended June 30 is available without charge, upon request, by calling, toll free, 877-807-4122, or by accessing the SEC's website at <http://www.sec.gov>.

The Fund files its complete schedule of portfolio holdings with the SEC four times each fiscal year at quarter-ends. The Fund files the schedule of portfolio holdings with the SEC on Form N-CSR (second and fourth quarters) and on Form N-Q (first and third quarters). Shareholders may view the Fund's Forms N-CSR and N-Q on the SEC's website at www.sec.gov. Forms N-CSR and N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the SEC's Public Reference Room may be obtained by calling 1-202-551-8090 (direct) or 1-800-SEC-0330 (general SEC number).

HOUSEHOLDING (Unaudited)

In an effort to decrease costs, the Fund intends to reduce the number of duplicate prospectuses and annual and semi-annual reports you receive by sending only one copy of each to those addresses shared by two or more accounts and to shareholders the Fund reasonably believes are from the same family or household. Once implemented, if you would like to discontinue householding for your accounts, please call toll-free at 877-807-4122 to request individual copies of these documents. Once the Fund receives notice to stop householding, the Fund will begin sending individual copies 30 days after receiving your request. This policy does not apply to account statements.

SMEAD VALUE FUND

Investment Adviser

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

Legal Counsel

Godfrey & Kahn, S.C.
833 East Michigan Street,
Suite 1800
Milwaukee, Wisconsin 53202

Independent Registered Public
Accounting Firm

Cohen & Company, Ltd.
1350 Euclid Avenue
Suite 800
Cleveland, Ohio 44115

Custodian, Fund Accountant and
Fund Administrator

State Street Bank and Trust Company
One Lincoln Street
Boston, Massachusetts 02111

Transfer Agent

Boston Financial Data Services, Inc.
2000 Crown Colony Drive
Quincy, Massachusetts 02169

Distributor

ALPS Distributors, Inc.
1290 Broadway
Suite 1100
Denver, Colorado 80203

This report is intended for shareholders of the Fund and may not be used as sales literature unless preceded or accompanied by a current prospectus.