



Société d'investissement à capital variable (SICAV)

Annual Report and Audited Financial Statements
December 31, 2020

R.C.S. Luxembourg B202 249

Annual Report and Audited Financial Statements do 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)
President
Smead Capital Management, Inc.
2777 East Camelback Road
Suite 375,
Phoenix, AZ 85016
USA

Steven LeMire
Chief Compliance Officer
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Independent Director
ARTAS S.à r.l. 2A Rue Nicolas Bové
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Grand Duchy of Luxembourg

Management Company

Duff & Phelps (Luxembourg) Management Company
S.à r.l.**
Air Building, 1, rue Jean Piret
L-2350 Luxembourg Grand Duchy of Luxembourg
Lemanik Asset Management S.A.**
106, route d'Arlon L-8210 Mamer Grand Duchy of
Luxembourg

Depositary, Administrator* and Paying Agent*

State Street Bank International GmbH
Luxembourg Branch
49, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Paying and Information Agent in Austria

Unicredit Bank Austria AG
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1010 Vienna
Austria

Information Agent in Germany

CACEIS Bank Deutschland GmbH
Lilienthalallee 34 - 36
80939 Munich
Germany

Investment Manager*

Smead Capital Management, Inc.
2777 East Camelback Road
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Phoenix, AZ 85016
USA

Global Distributor*

Smead Capital Management (UK) Ltd.
5 New Street Square,
London EC4A 3TW,
United Kingdom

Independent Auditors

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

* These functions have been delegated by the Management Company.

** The change of the Management Company from Duff & Phelps (Luxembourg) Management Company S.à r.l. to Lemanik Asset Management S.A. is effective from October 01, 2020.

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 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 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.

Annual reports are available within four months of the financial year-end and semi-annual reports are available within two 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.

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,

On April 1, 2020, our portfolio was about 40% below where we started the year. If you had asked, we would have told you that you were crazy to think that we could get the value we'd lost back inside of a year. The comeback was completed in the fourth quarter of 2020 in the Smead US Value UCITS Fund - I ACC USD Share Class (the Fund) (Bloomberg: SMVUSIU) when it gained 12.39% to finish the year with a gain of 1.21%.¹ We started the year as economic optimists, and this was easily the worst year to be an economic optimist since the year 2008.

In 2020, the S&P 500 NR Index gained 17.75% and the Russell 1000 Value Net Index gained 2.01%. It was a miserable year for us relative to the S&P 500 NR Index, but we were ecstatic to get our money back. The history of our strategy is that bright days come after prior torturous circumstances. We spent 2020 moving away from crowds and defending our portfolio from stormy weather.

The fourth quarter recovery was led by Discovery Inc. (DISCA), Macerich (MAC) and American Express (AXP). Discovery woke up in anticipation of starting their streaming business. Their cable shows are wildly popular, and their international footprint is real. Macerich started what we hope is a long comeback as reopening will trigger people to want to do things which they couldn't do prior to herd immunity or a vaccination. American Express is the single most simple way to play a rebound in all forms of travel, including business travel.

Ironically, our poorest performers in the fourth quarter were holdings which did well in the first nine months of the year and overall. Amgen (AMGN) pulled back from big gains earlier in the year, as did Lennar (LEN) and DR Horton (DHI). In our opinion, investors are being totally foolish to treat the homebuilders as a COVID-19 temporary phenomenon. You will hear a great deal more about the history of home building since 1960 and how it is affected by demographics and population growth.

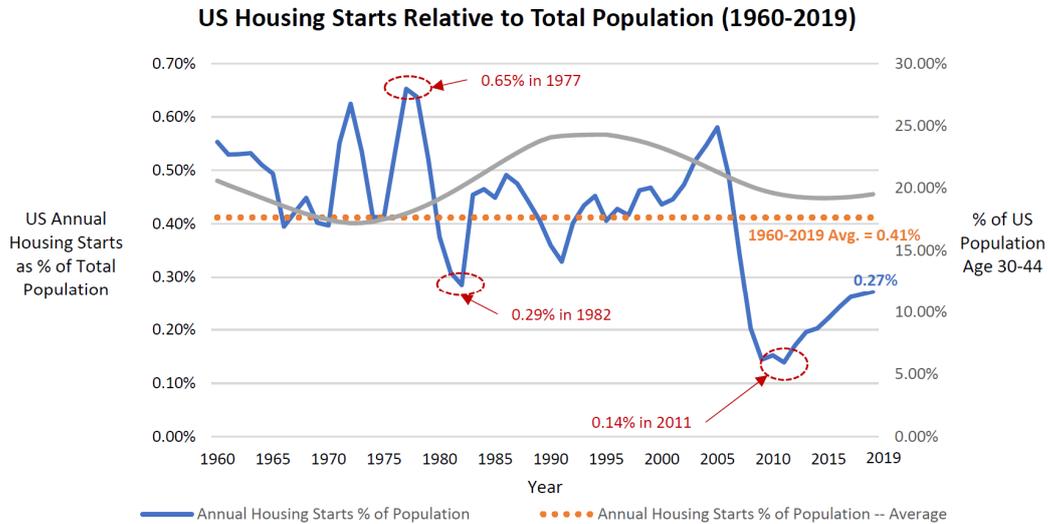
We can thank Jeff Bezos and Tim Cook for our biggest annual gainers, Target (TGT) and Qualcomm (QCOM). We bought Target shortly after Amazon entered the grocery business and Qualcomm in the middle of fighting lawsuits over their intellectual property with Apple. We have tripled our money in both stocks from our original purchase prices and a big chunk of that came in 2020. Lennar was one of our biggest gainers for the year, even though the media and momentum investors consider the dominant companies in home building to be a cyclical one-time wonder.

Our biggest annual losers were Occidental Petroleum (OXY), Macerich (MAC) and Wells Fargo (WFC). We tax-swapped OXY and took our loss on Wells Fargo. This contributed to our turnover, which was dramatically higher at approximately 40% than our historical norm of roughly 17%. Macerich ended the year with an unrealized loss, and you can imagine what our optimism is for it to not take the loss and put it behind us.

We enter the new year with a forward-price to earnings (P/E) multiple at a huge discount to the S&P 500 NR Index and a forward dividend yield about 0.70% greater than the Index. To appreciate where we are, continue reading below.

SMEAD FUNDS

Investment Manager's Report (continued)



The great irony of where we stand in the US today is measured in the housing start statistics weighted by population. Even though there has been a big improvement in the home building industry since 2011, we are still historically below levels of home building needed to meet the demand over the next ten years. Home price inflation is showing up in double digit increases year-to-year.

There are 90 million millennials replacing 66 million GenXers in the statistically important 30-45-year-old US age group. This age group does most of the marrying, home buying, childbearing and necessity spending of the economy. This is all very important because of the variables it impacts in the stock market.

1. Household formation turns a young adult from a discretionary-spending renter into a necessity-spending homeowner. This has a huge multiplier effect in economic growth.
2. Homes get bought with borrowed money. The borrowed money should drive interest rates higher over the next ten years. Higher rates drive P/E ratios lower historically.
3. Ninety million millennials wanting the same things at the same time could easily trigger much higher inflation. Only companies with real assets like homes, real estate and commodities have benefitted in the stock market in past inflationary eras (think 1970s).

Therefore, we like owning income-producing property via Simon Property Group (SPG) and Macerich (MAC). We like producing oil via Chevron (CVX), Continental Resources (CLR) and ConocoPhillips (COP). We like building homes, so that millennial families can defend themselves against rent inflation and enjoy the benefits of forced savings via a mortgage.

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Investment Manager's Report (continued)

In conclusion, we are very excited about the future of our portfolio and want to thank all of you for joining us on our journey. We are glad to start 2021 with all of our capital intact and look forward to a prosperous set of years driven by solid forward demographics.

Warmest regards,



William Smead
Lead Portfolio Manager

31 December 2020



Tony Scherrer, CFA
Co-Portfolio Manager

31 December 2020



Cole Smead, CFA
Co-Portfolio Manager

31 December 2020

¹ | Acc USD Share Class performance includes impact of fees waived.

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

Independent auditor's report

To the Shareholders of
Smead Funds
49, Avenue J.F Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Opinion

We have audited the financial statements of Smead Funds (the "Fund"), which comprise the statement of net assets and the securities portfolio as at 31 December 2020, and the statement of operations and changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2020, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund and those charged with governance for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.

- Conclude on the appropriateness of Board of Directors of the Fund use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Michael Ferguson

Luxembourg, 29 April 2021

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Statistics

		December 31, 2020	December 31, 2019	December 31, 2018
Net Asset Value	USD	74,159,773.05	100,861,307.85	93,953,780.11
Net asset value per share				
A Acc (USD)	USD	434.52	433.80	349.20
I Acc (EUR)	EUR	371.31	400.23	312.93
I Acc (GBP)	GBP	529.53	537.53	445.66
I Acc (USD)	USD	454.17	448.75	357.34
I Dis (GBP)	GBP	527.08	536.88	444.91
M Acc (USD)*	USD	433.62	-	-
R Acc (USD)**	USD	252.97	-	-
Number of shares				
A Acc (USD)		2,771	23,749	21,088
I Acc (EUR)		45,243	48,249	42,526
I Acc (GBP)		1,823	1,863	10,484
I Acc (USD)		105,928	148,150	180,230
I Dis (GBP)		1,133	1,509	1,805
M Acc (USD)*		1,174	-	-
R Acc (USD)**		6,513	-	-

*Share Class launched on March 30, 2020.

**Share Class launched on November 27, 2020.

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Statement of Net Assets as at December 31, 2020

	Notes	USD
Assets		
Investment in securities at cost		52,574,540.38
Unrealised appreciation on securities		20,867,940.09
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Investment in securities at market value	3.2	73,442,480.47
Cash at bank		595,454.53
Dividends and interest receivable		82,303.19
Formation expenses, net of amortization	3.3	6,924.91
Receivable from Investment Manager		35,281.00
Receivable on subscription		27,266.90
<hr/>		
Total assets		74,189,711.00
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Liabilities		
Accrued expenses		28,498.94
Payable on redemption		1,439.01
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Total liabilities		29,937.95
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Net assets at the end of the year		74,159,773.05
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The accompanying Notes form 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 year ending December 31, 2020

	Notes	USD
Income		
Dividends (net of withholding taxes)	3.5	1,330,577.69
Total income		1,330,577.69
Expenses		
Management fees	4	892,686.73
Administration fees		206,106.08
Professional fees		100,305.83
Depository fees		35,002.65
Director fees and expenses	5	35,966.82
Taxation	6	9,575.84
Insurance fees		3,995.99
Transaction costs	8	2,397.90
Formation expenses amortised	3.3	50,643.42
Other expenses		43,343.68
Less: Fee waived	7	(393,138.85)
Total expenses		986,886.09
Net investment gain		343,691.60
Net realised appreciation / (depreciation) on:		
Investments	3.6	3,084,604.95
Foreign currencies transactions	3.1	2,210.99
Net realised gain for the year		3,086,815.94
Net change in unrealised appreciation / (depreciation) on:		
Investments	3.6	(6,632,510.92)
Currencies	3.1	(22.85)
Decrease in net assets as a result of operations		(3,202,026.23)
Proceeds received on subscription of shares		14,909,124.36
Net amount paid on redemption of shares		(38,408,632.93)
Net assets at the beginning of the year		100,861,307.85
Net assets at the end of the year		74,159,773.05

The accompanying Notes form 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 year	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the year
A Acc (USD)	23,749	9,266	(30,244)	2,771
I Acc (EUR)	48,249	4,176	(7,182)	45,243
I Acc (GBP)	1,863	457	(497)	1,823
I Acc (USD)	148,150	16,139	(58,361)	105,928
I Dist (GBP)	1,509	314	(690)	1,133
M Acc (USD)*	-	1,658	(483)	1,175
R Acc (USD)**	-	6,513	-	6,513

*Share Class launched on March 30, 2020.

**Share Class launched on November 27, 2020.

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Securities Portfolio as at December 31, 2020

Quantity	Name	Currency	Market Value in USD	% of net assets
Transferable securities admitted to an official exchange listing				
Equities				
United States				
5,136	ACCENTURE PLC-CL A	USD	1,341,574.56	1.81
3,918	AMERCO	USD	1,778,615.28	2.40
35,675	AMERICAN EXPRESS CO	USD	4,313,464.25	5.82
16,348	AMGEN INC	USD	3,758,732.16	5.07
99,127	BANK OF AMERICA CORP	USD	3,004,539.37	4.05
9,020	BERKSHIRE HATHAWAY INC-CL B	USD	2,091,467.40	2.82
12,516	CARTER'S INC	USD	1,177,380.12	1.59
23,996	CHEVRON CORP	USD	2,026,462.20	2.73
50,609	COMCAST CORP-SPECIAL-CL A	USD	2,651,911.60	3.58
45,599	CONOCOPHILLIPS	USD	1,823,504.01	2.46
130,571	CONTINENTAL RESOURCES INC	USD	2,128,307.30	2.87
3,428	CREDIT ACCEPTANCE CORP	USD	1,186,567.92	1.60
158,965	DISCOVERY COMMUNICATIONS-CL A	USD	4,783,256.85	6.45
30,611	DR HORTON INC	USD	2,109,710.12	2.84
61,008	EBAY INC	USD	3,065,652.00	4.13
10,483	HOME DEPOT INC	USD	2,784,494.46	3.75
27,430	JPMORGAN CHASE & CO	USD	3,485,530.10	4.70
54,319	LENNAR CORP-CL A	USD	4,140,737.37	5.58
213,789	MACERICH CO	USD	2,281,128.63	3.08
29,212	MERCK & CO INC	USD	2,389,541.60	3.22
1,080	NVR INC	USD	4,406,248.80	5.94
48,332	PFIZER INC	USD	1,779,100.92	2.40
18,039	QUALCOMM INC	USD	2,748,061.26	3.71
25,061	SIMON PROPERTY GROUP INC	USD	2,137,202.08	2.88
5,557	STARBUCKS CORP	USD	594,487.86	0.80
29,999	TARGET CORP	USD	5,295,723.47	7.14
2,605	ULTA BEAUTY INC	USD	748,051.80	1.01
6,091	VIATRIS INC	USD	114,145.34	0.15
12,735	WALT DISNEY CO	USD	2,307,327.30	3.12
			72,452,926.13	97.70
Money Market Funds				
United States				
989,554	STATE STREET GLOBAL ADVISORS - US LIQUIDITY FUND	USD	989,554.34	1.33
Total securities portfolio			73,442,480.47	99.03
Summary of net assets				
Total securities portfolio			73,442,480.47	99.03
Cash at bank			595,454.53	0.81
Other assets and liabilities			121,838.05	0.16
Total net assets			74,159,773.05	100.00

The accompanying notes form 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
Equities	98.65	97.70
Money Market Funds	1.35	1.33
	100.00	99.03

Country allocation	% of portfolio	% of net assets
United States	100.00	99.03
	100.00	99.03

Top Ten Holdings

Top Ten Holdings	Sector	Market Value USD	% of net assets
TARGET CORP	Consumer Discretionary	5,295,723.47	7.14
DISCOVERY COMMUNICATIONS-CL A	Consumer Discretionary	4,783,256.85	6.45
NVR INC	Consumer Discretionary	4,406,248.80	5.94
AMERICAN EXPRESS CO	Financials	4,313,464.25	5.82
LENNAR CORP-CL A	Consumer Discretionary	4,140,737.37	5.58
AMGEN INC	Health Care	3,758,732.16	5.07
JPMORGAN CHASE & CO	Financials	3,485,530.10	4.70
EBAY INC	Communications	3,065,652.00	4.13
BANK OF AMERICA CORP	Financials	3,004,539.37	4.05
HOME DEPOT INC	Consumer Discretionary	2,784,494.46	3.75

SMEAD FUNDS

Notes to the Financial Statements as at December 31, 2020

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 December 31, 2020, the Fund offered shares in one Sub-Fund (the "Sub-Fund"), as shown below:

Sub-Fund	Launch date	Base Currency
Smead US Value UCITS Fund (the "Sub-Fund")	February 22, 2016	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 December 31, 2020, Shares in the Sub-Fund are offered for subscription in the form of Class A, M, R and Class I Shares (exclusively reserved for Institutional Investors).

As at December 31, 2020, 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 25, 2016
		Class A Acc (USD)	November 18, 2016
		Class M Acc (USD)	March 30, 2020
		Class R Acc (USD)	November 27, 2020

Notes to the Financial Statements as at December 31, 2020 (continued)

3. Significant Accounting Policies

The financial statements of the Fund are prepared and presented in accordance with Luxembourg legal and regulatory requirements relating to Undertakings for Collective Investment as described by Luxembourg authorities for Luxembourg investment funds. They are prepared in accordance with accounting policies generally accepted in Luxembourg.

3.1 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. Unrealised gains or (losses) on foreign cash accounts, receivable or payable amounts being recorded under the caption "Change in unrealised appreciation / (depreciation) on foreign currencies".

3.2 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.

3.3 Formation expenses

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

3.4 Transactions on investments in securities

Purchases and sales of financial investments in securities are recognised using trade date plus one accounting basis.

3.5 Income and expenses

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

Operating expenses are recognised on an accrual basis.

3.6 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 December 31, 2020 (continued)

Gains and (losses) unrealised on available-for-sale securities are not reported on the income statement until the securities are sold.

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 1.85% for A Share Class, 1.20% for M Share Class, 1.25% for R Share Class and 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. The Change in Management Company that took place on October 1, 2020 did not impact the Management Fee program.

5. Director fees and expenses

The members of the Board of Directors are entitled to receive a fee in consideration for their function. However, members of the Board of Directors who are also directors, officers or employees of the Investment Manager or its affiliates will not receive any fees as directors of the Fund.

During the year ended December 31, 2020 the Fund paid to Mr Antonio Thomas a remuneration of EUR 25,000 (USD 30,589) on a gross annual basis out of the assets of the Fund:

- Cash in an aggregate amount of EUR 10,000 (EUR 9,700 as net amount); and
- Shares of the Fund in an aggregate amount of EUR 15,000 (EUR 10,300 as net amount), consisting in 49 shares of the Smead US Value UCITS Fund – A Acc (USD).

As at December 31, 2020, the total number of shares held by Mr Antonio in Smead US Value UCITS Fund – A Acc (USD) was 49 shares, with a total value of USD 21,291.

6. Taxation

Under Luxembourg law, 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 non-recoverable withholding or capital gain taxes imposed by such countries. Withholding tax, deducted in certain countries, may not be refundable in certain instances.

7. Cap on fees and expenses

The fees and expenses are capped to a maximum annual percentage of the Net Asset Value as per an agreement with the Investment Manager.

Maximum annual percentages applicable as at December 31, 2020 were as follows:

SMEAD FUNDS

Notes to the Financial Statements as at December 31, 2020 (continued)

Share Class	Maximum annual %
A Acc (USD)	2.25%
I Acc (EUR)	1.15%
I Acc (GBP)	1.15%
I Acc (USD)	1.15%
I Dist (GBP)	1.15%
M Acc (USD)	1.30%
R Acc (USD)	1.35%

8. Transaction costs

For the year ended December 31, 2020, the Sub-Fund incurred transaction costs for 39,437 USD, 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, 25,864 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 gain / (loss) on Investments.

9. 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 = 0.817294 EUR

1 USD = 0.731556 GBP

10. Changes in the composition of the portfolio and latest Prospectus

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

11. Significant Events

The emergence of COVID 19 (coronavirus) has created economic and financial disruptions in the global economy which has led to operational challenges that could impair the Smead US Value UCITS Fund's ability to manage or conduct some of its businesses around the world. In line with many national and local guidelines, Smead Capital Management, has followed guidelines in accordance with its Business Continuity Procedures (BCP). This allows for Smead Capital Management to operate from its office locations or remote sites.

Given the disruptions in the financial markets, Smead Capital Management and the Fund are closely tracking their operational capacity. Additionally, the financial effects of the outbreak have a high degree of uncertainty, given that they are dependent on external factors such as the spread of the virus and the measures taken by the various governments and central banks. Smead Capital Management, and the Fund, have already observed significant volatility in the global marketplace which could have an impact on their financial results and financial position in the future. Smead Capital Management and the Fund continues to execute its investment discipline, which may cause higher turnover, due to the heightened volatility. Smead Capital Management is also maintaining an active dialogue with all its relevant global vendors and service providers during this period.

Class M Acc (USD) launched on March 30, 2020.

Class R Acc (USD) launched on November 27, 2020.

The change of the Management Company From Duff & Phelps (Luxembourg) Management Company S.à r.l. to Lemanik Asset Management Company S.A. is effective from October 01, 2020.

Additional Information (unaudited)

Duff & Phelps (Luxembourg) Management Company S.à r.l

Duff & Phelps (Luxembourg) Management Company S.à r.l. ("DPLMC") is an authorized Chapter 15 Management Company ("ManCo") as per the meaning of the law of December 17, 2010.

As a result, D&P must comply with the remuneration requirements set forth in the UCITS regulations.

The D&P Compliance Officer (as approved by the CSSF) regularly assesses the adherence of D&P with the remuneration requirements set forth in the UCITS directive.

The key principles of the remuneration policy are as follows:

1. All employees of D&P are entitled to a fixed salary, capped pension benefits and a discretionary bonus. The amount of the bonus (if any) depends on each employee's performance of assigned tasks; the employee's achievement of personal objectives set forth at the beginning of each fiscal year; and the overall performance of the D&P Business Unit.
2. As the portfolio management function is fully delegated to third party investment managers, there is no direct correlation between the total remuneration (inclusive of salary, bonus and pension benefits) and the performance of the funds for which D&P acts as Manco.
3. All employee remuneration amounts are reviewed annually by the Board of Directors of D&P, considering the following:
 - a. Labour market conditions and seniority gained (for determining the fixed salary terms);
 - b. Individual performance and Duff & Phelps Service Line performance (for determining if a bonus is to be paid or not to an employee). If an employee leaves the company before the end of the performance cycle year, he/she is not entitled to any bonus;
 - c. Adherence to the service line and overall D&P policies in terms of risk awareness, compliance with regulations and ethics at work. These policies are described in the staff manual, which are accepted by all employees when joining D&P.
4. At least annually, the D&P Compliance Officer reviews the remuneration approach for compliance with the principles of this Remuneration Policy, and in turn, the compliance of the Remuneration Policy with the regulatory framework. This review and assessment is documented and validated by the Board of Directors of D&P Further information about this policy can be asked to the compliance officer of DPLMC.

Further information about the D&P Remuneration Policy can be requested from the Compliance Officer of D&P.

For the year ended as at December 31st, 2020, the total of the remunerations paid by the ManCo to its staff was the following:

- Fixed Remuneration: EUR 1,318,383.34
- Variable Remuneration: EUR 70,104.23

Twenty employees benefited from this remuneration. Each of those beneficiaries were fully or partly involved in the activity of the Fund.

Their remuneration was broken down as follows:

- Top Managers: EUR 628,202.55
- Staff Members: EUR 690,180.79

The implemented policies at the ManCo level are effectively operating, and subject to internal and external verification of their effectiveness. Further information on the ManCo's Remuneration Policy can be obtained free of charge upon request to the ManCo.

¹Lemanik Asset Management S.A.

Remuneration policies and practices

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, rules, the Prospectus or the Articles of Incorporation nor impair compliance with the Management Company's obligation to act in the best interest of the Fund ("the Remuneration Policy").

The Remuneration Policy includes fixed and variable components of salaries and applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Management Company, the Fund or the Sub-Funds. Within the Management Company, these categories of staff represent 24 persons.

The Remuneration Policy is in line with the business strategy, objectives, values and interests of the Management Company, the Fund and the Shareholders and includes measures to avoid conflicts of interest.

In particular, the Remuneration Policy will ensure that:

- a) the staff engaged in control functions are compensated in accordance with the achievement of the objectives linked to their functions, independently of the performance of the business areas that they control;
- b) the fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component;
- c) the measurement of performance used to calculate variable remuneration components or pools of variable remuneration components includes a comprehensive adjustment mechanism to integrate all relevant types of current and future risks.

The following table shows the fixed and variable remuneration in 2020 for the Identified Staff (24 persons), who is fully or partly involved in the activities of all the funds managed by the Management Company. For the purposes of the below disclosures, where portfolio management activities have been formally delegated to another entity, the remuneration of the relevant identified staff of the delegate has been excluded, as it is not paid out by the Management Company or by the Fund.

Staff expenses split into fixed and variable remuneration

Wages and salaries

- a. Fixed
- b. Variable

Staff expenses broken down by categories of staff subject to UCITS V pay rules (in EUR)

Staff code	Fixed remuneration	Variable Remuneration	Total
S	1,713,062.72	266,000.00	1,979,062.72
R	1,244,301.59	61,500.00	1,305,801.59
C	470,797.86	35,000.00	505,797.86
O	0	0	0

¹Lemanik Asset Management S.A.

Remuneration (Continue)

S = Senior Management

R = Risk takers, which includes staff members whose professional activities can exert material influence on UCITS or AIFs managed by Lemanik Asset Management S.A. ("LAM").

C = Staff engaged in control functions (other than senior management) responsible for risk management, compliance, internal audit and similar functions.

O = Any other staff member receiving total remuneration that takes them into the same remuneration bracket as senior management and risk-takers, whose professional activities have a material impact on LAM's risk profile.

A paper copy of the summarised Remuneration Policy is available free of charge to the Shareholders upon request.

No material changes have been made to the remuneration policy.

Portfolio Turnover Rate (PTR)

The PTR has the regulatory intention to provide investors with an indicator of the impact of trading costs within a given fund.

If the PTR of the Fund is next to zero, it means that the transactions were made in order to invest funds or sell assets received from unit subscription or redemptions. A negative PTR indicates that the total of the subscriptions and the redemptions exceeded the value of the security transactions of the portfolio. A positive PTR indicates that the value of the security transactions exceeded that of the Fund unit transactions.

The formula used to calculate the PTR is:

$$\frac{(\text{Purchase of securities} + \text{Sales of securities}) - (\text{investor subscriptions} + \text{Redemptions})}{(\text{Average Fund Value during the period})} * 100$$

The portfolio turnover rate for the year ended December 31, 2020 was 46.99%.

Risk Management

The global exposure of the Smead Funds is monitored via daily Commitment approach.

Securities Financing Transaction Regulation

Securities Financing Transaction Regulation ("SFTR") introduces reporting requirements for securities financing transactions ("SFTs") and total return swaps.

A Security Financing Transaction ("SFT") is defined as per Article 3 (11) of the SFTR as:

- a repurchase/reverse repurchase agreement,
- securities or commodities lending and securities or commodities borrowing,
- a buy-sell back transaction or sell-buy back transaction, or
- a margin lending transaction.

Smead Funds did not hold any total return swaps or enter in security financing transactions during the year ended December 31, 2020.

¹The amounts of remuneration for the financial year ended 31 December 2020 were not available at the time that the financial statements were issued. The remuneration figures will be provided to the shareholders as soon as available or in subsequent semi-annual report.