SMEAD FUNDS

Shareholder Letter

SMEAD VALUE FUND — 3RD QUARTER 2022 (9/30/2022)

Dear Shareholder

A SHARE CLASS	INVESTOR SHARE CLASS	C SHARE CLASS	I1 SHARE CLASS	Y SHARE CLASS
SVFAX	SMVLX	SVFCX	SVFFX	SVFYX

Sometimes you have to be happy losing less in a bear market environment so that you have more of your capital to grow in the next bull market.

At the end of the third quarter of 2022, we are forced to be happy with losing less than the Indexes we compete against. For the quarter, the Smead Value Fund (SMVLX) lost 1.82% versus a loss of 4.88% for the formerly formidable S&P 500 Index and 5.62% in the Russell 1000 Value Index. The same is true for the year-to-date loss of 14.51% for the fund against losses in the S&P 500 of 23.87% and the Russell 1000 Value of 17.75%.

Two things are very noticeable right off the top. First, sometimes you have to be happy losing less in a bear market environment so that you have more of your capital to grow in the next bull market. We are never really happy losing money. Second, 2022 is likely to be our third year of existence as a fund to lose money for the year. This year would join 2008 and 2018 in this undistinguished category.

Our top-performing stocks in the quarter were Conoco (COP), Occidental Petroleum (OXY) and Lennar (LEN). Oil and gas have been the best game in the stock market town this year and it was a pleasant surprise to see home builders pick up even with dour news on interest rates and the economy.

Our biggest detractors were dominated by Warner Discovery (WBD), Amgen (AMGN) and eBay (EBAY). Consumer/investor fears about media and e-commerce hit WBD and EBAY and profit taking in Amgen came from early 2022 strength.

For the first three quarters of the year, we should change the name of our fund to the Jed Clampett Fund. Occidental Petroleum (OXY), Continental Resources (CLR) and Conoco (COP) were the standouts. Up through the bear market came a "bubblin' crude!"

PERFORMANCE — Average Annualized Total Returns as of September 30, 2022

	One Month	QTR	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception (1/2/2008)
SVFAX A Share Class (w/ load)	-13.05%	-7.47%	-19.43%	-12.74%	8.03%	8.70%	11.30%	8.27%
SVFAX A Share Class (w/o load)	-7.75%	-1.82%	-14.51%	-7.41%	10.19%	10.00%	11.96%	8.71%
SMVLX Investor Class	-7.74%	-1.82%	-14.51%	-7.41%	10.19%	9.98%	11.99%	8.82%
SVFCX C Share Class	-7.77%	-1.97%	-14.88%	-7.93%	9.82%	9.76%	11.87%	8.74%
SVFFX I1 Share Class	-7.72%	-1.76%	-14.35%	-7.16%	10.48%	10.27%	12.28%	9.06%
SVFYX Y Share Class	-7.70%	-1.72%	-14.24%	-7.08%	10.61%	10.42%	12.37%	9.07%
RUSSELL 1000 VALUE	-8.77%	-5.62%	-17.75%	-11.36%	4.36%	5.29%	9.17%	6.23%
S&P 500 TR INDEX	-9.21%	-4.88%	-23.87%	-15.47%	8.16%	9.24%	11.70%	8.43%

A Shares Gross Expense Ratio 1.26% C Shares Gross Expense Ratio 1.84% I1 Shares Gross Expense Ratio 0.99% Y Shares Gross Expense Ratio 0.84% Investor Gross Expense Ratio 1.26%

*Performance data quoted represents past performance; past performance 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**. Performance for SVFAX (w/load) reflects maximum sales charge of 5.75%. Performance for SVFAX (w/o load) does not reflect maximum sales charge of 5.75%. If reflected, the load would reduce the performance amount quoted. SVFAX imposes a 1.00% deferred sales charge on purchases of $1,000,000 or more that are redeemed within 18 months of purchases. Performance data does not reflect the deferred sales charge. If it had, returns would be reduced.*

Investor Class shares of the Fund commenced operations on January 2, 2008. I1 Class shares of the Fund commenced operations on December 18, 2009. Performance shown for I1 Class shares prior to its inception reflects the performance of Investor Class shares. Class A shares of the Fund commenced operations on January 24, 2014. Performance shown for Class A shares prior to its inception reflects the performance of Investor Class shares, adjusted to reflect Class A expenses.

Smead Capital Management, Inc., The Advisor, has agreed to waive its fees and/or absorb expenses of the Fund to ensure that Total Annual Operating Expenses do not exceed 1.26% for Class A shares, 1.26% for Investor Class shares, 1.84% for Class C shares, 0.99% for Class I1 shares and 0.84% for Class Y shares respectively, through March 31, 2023. This operating expense limitation agreement can be terminated only by, or with the consent of, the Board of Trustees. See the prospectus for additional details.

For the year, consumers and investors were afraid of our Class A Mall REITs Macerich (MAC) and Simon Properties (SPG) and the aforementioned Warner Discovery (WBD). Despite getting hit hard in these stocks, we feel they have great value that exceeds their current share prices.

Warren Buffett says, “Rule number one is don’t lose money and rule number two is refer back to rule number one.” He has had infrequent losing years in the stock market, which are just part of a healthy long-term participation result. If we are fortunate enough to have as long of a track record as he has, we would be thrilled to be somewhere in that neighborhood.

At This Moment

We are at the point in this nasty bear market where those who are buying the glamour tech stocks of the last ten years (on the way down) are at a crucible. To understand the emotions of those owning the S&P 500 Index and growth-oriented common stocks we will look to the lyrics of the classic song, “At This Moment”:

What did you think
I would do at this moment?
When you’re standing before me
With tears in your eyes
Tryin’ to tell me that you
Found you another
And you just don’t love me no more

What did you think investors would do at this moment when deep cracks in the FAANG stocks have developed? The answer is they have done the same thing they did with tech stocks in 2000-2002, they bought them all the way down! Now they are “standing before me with tears in their eyes.” The bad news for the index investors is that they have not found another set of companies to love.

What did you think
I would say at this moment?
When I’m faced with the knowledge
That you just don’t love me
Did you think I would curse you
Or say things to hurt you
‘Cause you just don’t love me no more

What did you think we would say at this moment? At this point in the bear market, the liquidation is dragging down all stocks, and in the process “throwing the babies out with the bath water.” We are called as long-duration investors to buy the bargains which will be created by the capitulation of the masses during the next 12 months. We are loading up on the companies which could lead the next bull market, which history shows won’t be anywhere like the prior bull market.

Largest Companies Globally by Market Cap

	1980		1990		2000		2010		2020	
Rank	Company	10-Yr Fwd Return	Company	10-Yr Fwd Return	Company	10-Yr Fwd Return	Company	10-Yr Fwd Return	Company	10-Yr Fwd Return
1	IBM	10%	Nippon Telegraph &	-1%	Microsoft	5%	PetroChina	-10%	Apple	?
2	AT&T	16%	Bank of Tokyo-Mitsubishi	-5%	General Electric	-6%	Exxon Mobil	-2%	Saudi Aramco	?
3	Exxon	18%	Industrial Bank of Japan (1)	-12%	NTT DoCoMo	-8%	Microsoft	26%	Microsoft	?
4	Standard Oil	10%	Sumitomo Mitsui Banking	-5%	Cisco	-6%	ICBC	4%	Amazon	?
5	Schlumberger	0%	Toyota Motors	10%	Walmart	2%	Walmart	13%	Alphabet	?
6	Shell	16%	Fuji Bank (1)	-10%	Intel	-2%	China Construction	4%	Facebook	?
7	Mobil	11%	Dai-ichi Kangyo Bank (1)	-8%	Nippon Telegraph &	-6%	BHP Billiton	3%	Tencent	?
8	Atlantic Richfield	13%	IBM	14%	Exxon Mobile	8%	HSBC	-1%	Tesla	?
9	General Electric	18%	UFJ Bank	-8%	Lucent	-28%	Petrobras	1%	Alibaba	?
10	Eastman Kodak	8%	Exxon	17%	Deutsche Telekom	-7%	Apple	30%	Berkshire Hathaway	?
	Top 10	12%	Top 10 Average	-1%	Top 10 Average	-5%	Top 10 Average	7%		
	S&P 500	14%	S&P 500	17%	S&P 500	1%	S&P 500	14%		

Source: @CharlieBiello, Bloomberg
(1) Return for Industrial Bank of Japan, Fuji Bank and Dai-ichi Kangyo Bank is 12/31/1990 to 9/21/2000 (on 9/21/2000, these three banks merged to create Mizuho Financial Group).

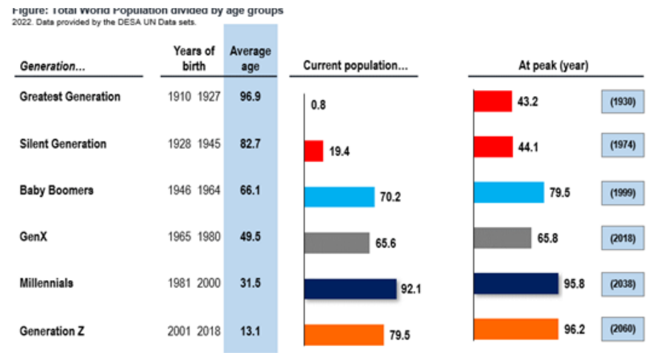
Did you think I could hate you?
Or raise my hands to you?
Now come on girl you know me too well
How could I hurt you?
When darling I love you
And you know I’d never, never hurt you

Just so you know, we at Smead Capital Management never hate stocks because our goal is to get rich slowly. We have learned that these bear markets are necessary to purge the sins of the prior financial euphoria episode that preceded this current grief. We will pick among the rubble over the next twelve months in the shares of companies we avoided due to their popularity and the overestimation of their moats.

What do you think
I would give at this moment?
If you stay I’d subtract twenty years from my life
I’d fall down on my knees
Kiss the ground that you walk on
If I could just hold you again
I’d fall down on my knees
Kiss the ground that you walk on baby
If I could just hold you…
Again

What do you think we will give at this moment if our investors stay in their chairs and ride through this? We think we can give them some of the leaders in the next bull market in sectors like oil and gas, home building, class A mall REITs, medicine and banking. These leaders will make their money providing necessities to the millennials who are in the 26-43-year-old age range when households are formed and babies are born. There have been more weddings so far in 2022 than any year in the prior ten years.

At This Moment



Source: FundStrat. Data as of 9/30/2022..

At this moment we are doubling down on our eight criteria for common stock selection and the bull market in commodities/land which broke out during the pandemic. What this means is that we are doing what we always try to do and that means that we expect to perform well going forward. Thank you for your confidence and trust.

As always, fear stock market failure!

Bill Smead
Lead Portfolio Manager

Cole Smead, CFA
Co-Portfolio Manager

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Mutual fund investing involves risk. Principal loss is possible.

The recent growth in the stock market has helped to produce short-term returns for some asset classes that are not typical and may not continue in the future. The price-earnings ratio (P/E Ratio or P/E Multiple) measures a company's current share price relative to its per-share earnings. Alpha is a measure of performance on a risk-adjusted basis. Beta is a measure of the volatility of a security or a portfolio in comparison to the market. Growth investing is focused on the growth of an investor's capital. Leverage is using borrowed money to increase the potential return of an investment. The earnings yield refers to the earnings per share for the most recent 12-month period divided by the current market price per share. Profit margin is calculated by dividing net profits by net sales. Quality is assessed based on soft (e.g. management credibility) and hard criteria (e.g. balance sheet stability). Value is an investment tactic where stocks are selected which appear to trade for less than their intrinsic values. The dividend yield is the ratio of a company's annual dividend compared to its share price. Margin of safety is the difference between the intrinsic value of a stock and its market price. A correlation coefficient is a numerical measure of some type of correlation, meaning a statistical relationship between two variables.

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.

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. The following were the top ten holdings in the Fund as of 9/30/2022: Continental Resources Inc 11.52%, Occidental Petroleum Corp 8.37%, Amgen Inc 5.79%, Merck & Co Inc 5.77%, American Express Co 5.44%, NVR Inc 4.71%, Lennar Corp Class A 4.67%, Simon Property Group Inc 4.56%, ConocoPhillips 4.53% and Target Corp 4.26%. Fund holdings are subject to change at any time and should not be considered recommendations to buy or sell any security. Current and future portfolio holdings are subject to risk. The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation. The Russell 1000 Value Index is an index of approximately 1,000 of the largest companies in the US equity markets; the Russell 1000 is a subset of the Russell 3000 Index. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. Information is provided for information purposes only and should not be considered tax advice. Please consult your tax advisor for further assistance.

Small- and Medium-capitalization companies tend to have limited liquidity and greater price volatility than large-capitalization companies.

Active investing generally has higher management fees because of the manager's increased level of involvement while passive investing generally has lower management and operating fees. Investing in both actively and passively managed funds involves risk, and principal loss is possible. Both actively and passively managed funds generally have daily liquidity. There are no guarantees regarding the performance of actively and passively managed funds. Actively managed mutual funds may have higher portfolio turnover than passively managed funds. Excessive turnover can limit returns and can incur capital gains.

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