SMEAD FUNDS

Shareholder Letter

SMEAD VALUE FUND — 4TH QUARTER 2022 (12/31/2022)

Dear Shareholder

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

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The fourth quarter of 2022 was strangely rewarding in a very difficult year in the stock market. The Smead Value Fund (SMVLX) gained 13.72% in the quarter versus a gain of 7.56% in the S&P 500 Index and a gain of 12.42% in the Russell 1000 Value Index. For the year 2022, the Fund lost 2.78% versus a loss of 18.11% in the S&P 500 Index and a loss of 7.54% in the Russell 1000 Value Index. We are referring to this as a "nasty bear market" for obvious reasons.

Our favorable quarter was led by Merck (MRK), Macerich (MAC) and Simon Property (SPG). Merck was a tower of power all year as investors decided that curing cancer was a worthy endeavor and there are many cancers left to turn immuno-oncology loose on. Macerich and Simon bounced off very depressed stock prices at the end of Q3.

Detractors for the quarter were Warner Bros Discovery (WBD), Ovintiv (OVV) and Qualcomm (QCOM). Warner has drowned in the disappointment of the food fight in the streaming world and the disintegration of the cable food chain monopoly. However, they are the low-cost producer of TV and movie entertainment (if that ever becomes valuable again). Ovintiv suffered from being added to our portfolio late in the year, as it replaced part of what we owned in Continental Resources (CLR), just as the current correction in oil stocks began Continental got bought out from under us in the fourth quarter.

This leads us to our biggest contributors for the year 2022. Continental Resources (CLR), Occidental Petroleum (OXY) and Conoco Phillips (COP). OXY was the best performer in the S&P 500 Index in 2022, so imagine how much CLR went up to make a bigger contribution to our

PERFORMANCE — Average Annualized Total Returns as of December 31, 2022

	One Month	QTR	YTD	One Year	Three Year	Five Year	Ten Year	Since Inception (1/2/2008)
SVFAX A Share Class (w/ load)	-10.30%	7.18%	-8.37%	-8.37%	9.91%	9.82%	12.63%	9.06%
SVFAX A Share Class (w/o load)	-4.83%	13.72%	-2.78%	-2.78%	12.10%	11.13%	13.30%	9.50%
SMVLX Investor Class	-4.84%	13.72%	-2.78%	-2.78%	12.10%	11.12%	13.32%	9.60%
SVFCX C Share Class	-4.89%	13.54%	-3.35%	-3.35%	11.67%	10.86%	13.19%	9.51%
SVFFX I1 Share Class	-4.82%	13.78%	-2.53%	-2.53%	12.39%	11.41%	13.62%	9.84%
SVFYX Y Share Class	-4.81%	13.75%	-2.46%	-2.46%	12.51%	11.54%	13.71%	9.85%
RUSSELL 1000 VALUE	-4.03%	12.42%	-7.54%	-7.54%	5.96%	6.67%	10.29%	7.06%
S&P 500 TR INDEX	-5.76%	7.56%	-18.11%	-18.11%	7.66%	9.42%	12.56%	8.91%

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.

return. When I tell you that I have considered changing my name to Jed Clampett, don't think I'm kidding!

For the year, Warner (WBD), Target (TGT) and eBay (EBAY) cost us the most. Warner's struggles were already mentioned, while Target and eBay suffered as the bloom came off the growth/tech stock rose. We have held these stocks for years and believe they have a bright long-term future.

Overall, we felt very blessed to have preserved most of our capital in a bear market that didn't fool us.

Shame on Me in 2023

The old adage says, "Fool me once, shame on you. Fool me twice, shame on me!" We at Smead Capital Management believe the stock market wants to cause stock market failure by being extremely difficult in 2023. Most investors were fooled in 2022 by expecting circumstances similar to the prior ten years. Now, most investors have leaned into the idea that the 18.11% decline in the S&P 500 for the year 2022 is a one-and-done.

One of the keys to successful investing is being rational. Here are a series of reasons to expect difficult 2023 waters in the S&P 500 Index:

1. Charlie Munger called the financial euphoria episode which ended in late 2021 the biggest one of his career, because of "the totality of it!" We have analyzed the unwinding of prior major euphoria episodes in 1929, 1972, 2000 and 2007. The abuse to maniacal bull market darlings lasted two to three years and took an even bigger toll on the index than the 2022 year did.

2. Watching QQQ commercials on television and seeing growth stock portfolio managers and analysts lean into buying dips in the former glam tech stocks matches up with the prior episodes. Polaroid got pummeled for three years in 1929-1932. Disney and Coca-Cola were torn apart in 1973 and 1974. Microsoft, Cisco and Intel got crushed by the entirety of the 2000-2003 bear market and were dead money for ten to twenty years.

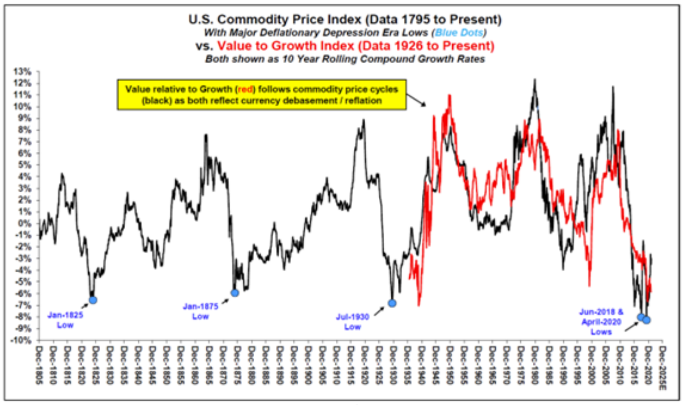
3. Stocks are not cheap as a group. The current stock market is expensive on a price-to-earnings ratio basis compared to previous bear market low points. The difference in 2003 was interest rates were headed down and not up like they are now. Second, most of the 2000-2003 bear market abuse was in technology, telecom and dotcom stocks. There were multiple industry groups that made money during the 2000-2003 bear market and very few in 2022.

Year	S&P 500 P/E	10-yr US Tr Yield
1974	7.33	7.94
1982	7.32	14.44
1987	15.64	9.58
2003	18.30	3.80
2022	18.52	3.87

4. Interest rates haven't fully normalized. It is hard to visualize the stock market starting a new bull market until the Federal Reserve Board finishes tightening credit to address what they use to think was "transitory" inflation.

5. Sentiment is bearish and favorable under normal conditions. However, the analysts who cover FAANG and other glam tech stocks have not given up. At the bottom of the 2007-2009 bear market, 80% of those polled thought the Dow Jones Industrial Average would go dramatically lower when asked in March of 2009 near the bottom at 6500.

6. Commodities look very attractive relative to stocks and that doesn't bode well for equity performance.



Source: Warren & Pearson Commodity Index (10-yr. CAGR starts 1795-1925), equal-wtd (1/3rd ea.) PPI Energy, PPI Farm Products, & PPI Metals (Ferrous & Non-Ferrous, excl.-precious metals) (1926-1956), Refinitiv Equal Weight (CCI) Index (1956-1994), and Refinitiv Core Commodity CRB Index Excess Return (CRY) Index (1994+), Bloomberg. Value vs. Growth links Fama/French (Dartmouth/Tuck hosted, details here, data here) from 1926-77 and the Russell 1000 Total Return Index 1978 to present.

Our Goals for 2023

1. Avoid stock market failure by being preoccupied with defending our capital. We will look for an even larger "margin of safety" than normal. We will get that by using lower-than-consensus earnings estimates and calculating net present value using much higher than current ten-year Corporate Bond rates.

2. Bet that the largest population group (millennials) will use most of their income on necessities and reduce the kind of discretionary spending they did as single apartment dwellers from 2010-2020. We see homes that need to be built, cars made, children born and all the spending attached. We also see them spreading out across the country to arbitrage land values.

Shame on Me in 2023

Figure: Industries where Millennials will transform sectors as their spending dwarfs that of the Boomers 2018-2028

Financial	Housing	Category	Millennials	Boomers	Total	Millennial share of Growth
		Mortgage interest and changes	163.4%	-32.4%	43.9%	93%
		Kids Apparel	110.9%	-27.3%	47.3%	87%
		Other apparel products and services	155.4%	-18.3%	46.2%	86%
		Footwear	148.2%	-18.6%	46.2%	85%
		Apparel and services	130.7%	-16.5%	46.5%	77%
		Vehicle finance charges	106.3%	-28.5%	44.9%	68%
		Other entertainment supplies, equipment, and services	124.6%	-34.7%	42.8%	67%
		Furniture	116.4%	-16.9%	46.2%	67%
		Toys, hobbies, and playground equipment	98.6%	-4.7%	48.3%	66%
		Cellular phone service	105.2%	-18.9%	46.1%	63%
		Gasoline and motor oil	107.6%	-9.0%	47.5%	59%
		Household fumishings and equipment	126.9%	-3.9%	48.2%	59%
		Tobacco products and smoking supplies	102.1%	-21.1%	45.3%	58%
		Vehicle purchases (net outlay)	95.4%	-12.6%	46.9%	56%
		Vehicle rental, leases, licenses, and other charges	102.5%	-12.0%	46.9%	55%
		Maintenance and repairs	115.5%	-7.8%	47.3%	55%
		Pets	125.4%	-9.8%	47.3%	54%
		Alcholic beverages	98.6%	-8.0%	47.6%	52%
		Vehicle insurance	118.7%	-11.7%	47.0%	51%
		small appliances, miscellaneous housewares	101.3%	-12.7%	47.1%	50%

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

3. We will invest in scarcities. Fossil fuels will be needed for decades, not years. We will join President Biden in buying all the oil in the ground we can find. We will build homes nationwide and own land with premier shopping, restaurant and entertainment facilities. If it looks to you like we believe in ongoing inflation problems, you guessed correctly.

4. As we always do, we will invest based on superior long-duration performance. This means ignoring short-run difficulty to get at the future income streams over the next ten years. We must act and think like owners of these businesses because **we are partial owners of them**.

In summary, we are looking for bright futures among companies that meet our eight criteria for stock selection which are aligned with maximizing returns from necessity spending in an inflationary environment. Thank you for your confidence and trust in our portfolio management discipline.

As always, fear stock market failure!

Bill Smead
Lead Portfolio Manager

Cole Smead, CFA
Co-Portfolio Manager

SMEAD FUNDS

Invest With Us Today!

Shareholder Services 877.807.4122 | **Sales Desk** 877.701.2883 | **smeadcap.com/invest**

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 12/31/2022: Occidental Petroleum Corp. 8.39%, Merck & Co. Inc. 6.56%, Amgen Inc. 5.95%, Simon Property Group Inc. 5.54%, ConocoPhillips 5.49%, Lennar Corp Class A 5.30%, American Express Co. 5.26%, D.R. Horton Inc. 5.07%, NVR Inc. 4.81% and Macerich Co. 4.71%. 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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