SMEAD FUNDS

Shareholder Letter

SMEAD INTERNATIONAL VALUE FUND — 1ST QUARTER 2023 (3/31/2023)

Dear Shareholder

A SHARE CLASS	INVESTOR SHARE CLASS	C SHARE CLASS	I1 SHARE CLASS	Y SHARE CLASS
SVXAX	SVXLX	SVXCX	SVXFX	SVXYX

Our job is to create wealth for our investors, and we are always happy to post a positive return.

We are pleased to report that the Smead International Value Fund (SVXLX) had an absolute return of 7.07% for the quarter. Our job is to create wealth for our investors, and we are always happy to post a positive return. At the same time, we acknowledge that we are judged on a relative basis and the Fund underperformed the MSCI EAFE Index, which gained 8.47%. Our biggest contributors to performance for the quarter were UniCredit (UCG IM), MEG Energy (MEG CN), and Frontline (FRO NO). Our holdings in Cenovus Energy (CVE CN), Bankinter (BKT SM), and BAWAG Group (BG AV) were the largest detractors in the quarter. Isn't it ironic that our biggest contributors and detractors came from similar industries? The market continued to experience the quarter-to-quarter volatility we mentioned in our last letter. This provided us with an opportunity to increase our exposure to wonderful companies that are well-positioned to compound wealth for our investors.

Buying Unwanted Assets

To kick off the beginning of 2023, there continues to be a bias we see in equity investor portfolios. These portfolios have many of the traits investors see at the endpoints of the economy like software, consumer products and computer chips. What they often don't own or under-own are the building blocks of the economies of the world. These tangible products drive construction, power transportation or enhance production. We believe this is particularly true in producers of oil, for the movement of goods, and the production of commodities that create most of the electricity like natural gas and coal. We get excited for the prospects surrounding this phenomenon because there is nothing better than a lack of competition in the ownership of economically-needed products. Our investors are buying unwanted assets.

PERFORMANCE — Average Annualized Total Returns as of March 31, 2023

	One Month	QTR	YTD	One Year	Three Year	Five Year	Since Inception (1/12/2015)
SVXAX A Share Class (w/ load)	-7.48%	0.85%	0.85%	-4.37%	36.75%	8.80%	8.08%
SVXAX A Share Class (w/o load)	-1.84%	7.01%	7.01%	1.47%	39.48%	10.09%	8.87%
SVXLX Investor Class	-1.82%	7.07%	7.07%	1.67%	39.72%	10.26%	9.03%
SVXCX C Share Class	-1.89%	6.88%	6.88%	0.99%	38.73%	9.46%	8.24%
SVXFX I1 Share Class	-1.80%	7.08%	7.08%	1.77%	39.87%	10.40%	9.17%
SVXYX Y Share Class	-1.79%	7.12%	7.12%	1.99%	40.07%	10.56%	9.31%
MSCI EAFE NR INDEX	2.48%	8.47%	8.47%	-1.38%	12.99%	3.52%	5.07%
MSCI ACWI EX-US NR INDEX	2.44%	6.87%	6.87%	-5.07%	11.80%	2.47%	4.44%

A Shares Gross Expense Ratio 1.56%   C Shares Gross Expense Ratio 2.16%   I1 Shares Gross Expense Ratio 1.29%   Y Shares Gross Expense Ratio 1.15% Investor Gross Expense Ratio 1.42%

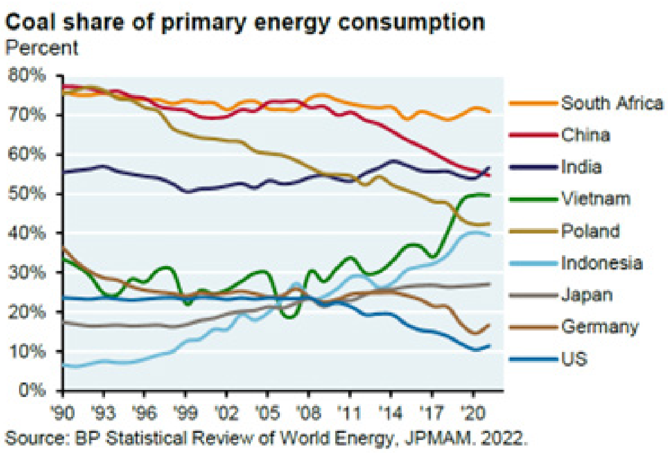
Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the 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 SVXAX (w/load) reflects maximum sales charge of 5.75%. Performance for SVXAX (w/o load) does not reflect maximum sales charge of 5.75%. If reflected, the load would reduce the performance amount quoted. SVXAX 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.

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 1.42% for Class A shares, 2.00% for Class C shares, 1.15% for Class I1 shares and 1.00% for Class Y shares respectively, through March 31, 2024. 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.

Buying Unwanted Assets

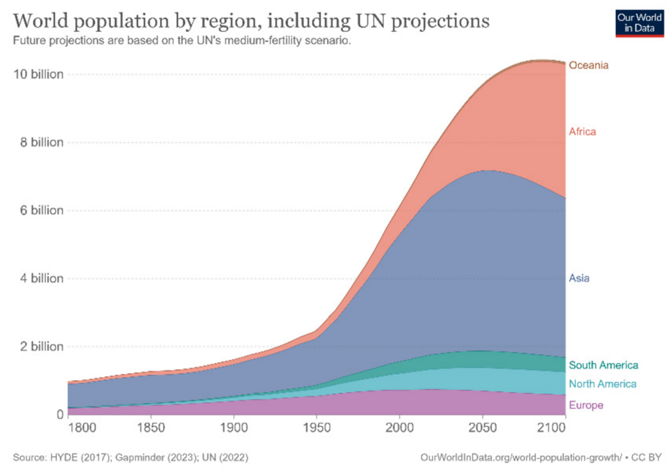
Charlie Munger explains that ignorance avoidance is one of the easiest ways to have success in life. We agree with Munger and try not to do stupid things. Some investors practice this in reverse. In today's market, there are some attractive simple risks. Below is the first picture providing information that we care deeply about.

The chart below shows the share of coal as a percentage of energy consumption in the respective countries. This explains something that we all know. The US, Germany and China have reduced their use of coal as a primary consumer. What's no one saying? India, South Africa, Vietnam, Indonesia and Japan are at the same place or higher than they were 30 years ago. Remember that each of these countries consumes more total energy today than thirty years ago. So, coal demand has grown despite its declining use as a percentage of total energy consumption.



Don't pay attention to the developed world's energy consumption. They are rich. They have the means to pick and choose their energy sources, but where the world's population is likely to grow the most, coal is "el hefe."

The UN projects that the world population will close the 21st century with roughly 10.9 billion people.[1] Interestingly, 80% of the people in 2100 will live in Asia and Africa. These are not big wind and solar customers. These tend to be economies where a lack of energy impacts economic growth. Again, the West can be picky. These places want economic growth. America didn't care where its power came from when it was an emerging market. It only cares now when it's comfortably wealthy and the Bible competes with other religions.



We own a lot of oil and gas assets in OXY (OXY US & OXY/WS US), MEG Energy (MEG CN), Cenovus Energy (CVE CN) and Whitecap Resources (WCP CN). We also own companies that would like to move oil around the oceans of the world in Frontline (FRO NO). Why are we explaining population growth and the dependence on coal? It's because we know that many worldwide investors have been trained to hate the oil and gas business. This made them unwanted assets. We believe we are seeing signs with other commodities that are hated more than oil and gas and could be attractive for investors.

ESG investment mandates have caused numerous institutional investors and the marketing arms of money management firms to completely avoid oil, gas and coal assets. We don't believe this causes managers to be investors because it's rules-based investing. The question is whether the rules are wise.

The shareholders of the Smead International Value Fund have invested alongside us, but aren't adding strings to the investment discipline that we use to build wealth. In effect, our investors have become an advantage as they are only seeking to build wealth. They are not trying to build a religion or explain why their view of the world is greater. This puts the Fund at an advantage in pursuit of attractive but unwanted assets.

We believe the smartest people in the commodity markets have been the folks at Glencore. We do not own shares in their London listing but pay attention to what they do because they have deep knowledge of what goes on in energy, metal and mining assets. *The King of Oil* about Marc Rich is a great resource to understand our view of this.

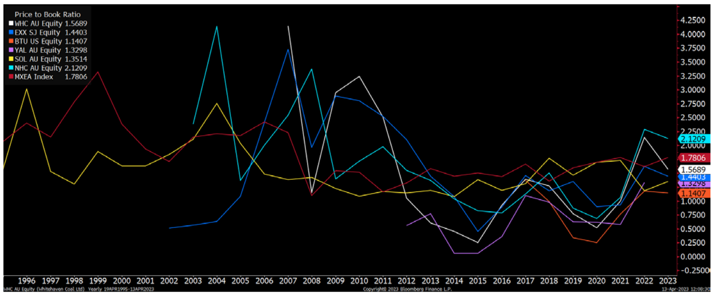
[1]Source: https://ourworldindata.org/future-population-growth#population-growth-by-world-region

Buying Unwanted Assets

The unwanted assets today broadly sit in commodity markets. Because of this, there has been a scarcity of new projects started globally. This starving of new investments to find tangible goods like copper, coking coal and iron ore is only worsened by the Western government's unwillingness to allow new projects to begin inside their domain.

The investor's saying never and the government's doing this likely means a squeeze coming in the price of these goods. The folks at Glencore showed their hand with a proposal to buy Teck Resources in Canada at a 20% premium to what they traded for. Teck quickly rejected them. Glencore followed by adding cash to sweeten their prior stock deal on April 11th. Why is a large commodity trading firm stalking a Canadian copper/metallurgical coal business? There are few out there.

Lastly, let's look at some pricing on these businesses. Below is a chart of the price-to-book (P/B) ratio of the coal mining businesses greater than $3 billion of market capitalization in North America, Europe, Africa and Developed Asia versus the MSCI EAFE's price-to-book ratio in red.



Source: Bloomberg. Data from 1/1/1996 - 3/31/2023.

You can buy them at a nice discount to many stocks abroad. What is interesting is that five of these six companies have more cash than debt. It's hard to go bankrupt with more cash than debt.

It is our suspicion that many investors are looking for some spectacular company to own. We believe the marvel is found in the unspectacular businesses that give investors good pricing and good capital structures with growing consumer markets as their allies. Canadian billionaire Jim Pattison has been asked why he has bought various companies that have made him very wealthy over time. He says, "I buy things that no one else wants." We seek to compound our money in harmony with what Jim has done, while practicing the ignorance avoidance that Munger advocates. This leads us to buy unwanted assets in various energy markets around the world; products that come from the ground, not the cloud. By being excited about this boring approach, we fear stock market failure.

Fear stock market failure,

Cole Smead, CFA
Lead Portfolio Manager

Bill Smead
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.

On 1/12/2022, the Smead International Value Fund (the "Fund") succeeded to substantially all of the assets of the Smead International Value Fund L.P. (the "Partnership"). The investment objectives, policies and restrictions of the Fund are materially equivalent to those of the Partnership, and the Partnership was managed at all times with full investment authority by the Investment Adviser. The performance information includes performance for the Partnership. The Partnership was not registered under the Investment Company Act of 1940 and, therefore, was not subject to certain investment or other restrictions or requirements imposed by the 1940 Act or the Internal Revenue Code. If the Partnership had been registered under the 1940 Act, the Partnership's performance might have been adversely affected.

The price-earnings ratio (P/E Ratio or P/E Multiple) measures a company's current share price relative to its per-share earnings. Margin of safety is the difference between the intrinsic value of a stock and its market price. Mean reversion is a theory that suggests that asset price volatility and historical returns eventually will revert to the long-run mean or average level of the entire dataset. A correlation coefficient is a numerical measure of some type of correlation, meaning a statistical relationship between two variables. The FTSE Developed Europe Index is an index of European stocks, part of the FTSE Global Equity Index Series. It is a subset of the FTSE Europe Index. The SGI Inflation Proxy Index is managed by Solactive AG and usually comprises 100 companies that meet certain criteria in order to survive in an environment of high inflation. The index strategy focuses on selected industries and controls stock selection through the use of predefined inflation indicators.

The 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.

Information provided does not constitute investment advice and no investment decisions should be made based on any information provided. Information reflects the views of Smead Capital Management as of a particular time. Such views are subject to change without notice. Information regarding holdings, allocations and other allocations are for illustrative purposes only and may not be representative of current or future investments or allocations. This information is not a recommendation to purchase or sell a security or follow any strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results may vary from any statements or forecasts. While Smead Capital Management has used reasonable efforts to obtain information from reliable sources, no representations or warranties are made as to the accuracy, reliability or completeness of third-party information presented in this material. This material is not to be duplicated or recreated without prior written consent of Smead Capital Management.

The following were the top ten holdings in the Fund as of 3/31/2023: MEG Energy Corp 8.75%, Occidental Petroleum Corp 8.04%, Occidental Petroleum Corp 7.15%, Cenovus Energy Inc 6.68%, Unicredit SpA 6.23%, Frontline Ltd 5.19%, Bawag Group Ag 4.77%, Interfor Corp 4.65%, West Fraser Timber 4.57% and Porsche Auto 4.12%. 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 MSCI EAFE Index (Net) (Europe, Australasia, Far East) is a broad based, unmanaged equity market index designed to measure the equity market performance of 21 developed markets, excluding the US and Canada. An index cannot be invested in directly. This benchmark calculates reinvested dividends net of withholding taxes using Luxembourg tax rates. The MSCI ACWI ex-U.S. Index (Net) is a free float-adjusted market capitalization index that is designed to large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. This benchmark calculates reinvested dividends net of withholding taxes using Luxembourg tax rates. Information is provided for information purposes only and should not be considered tax advice. Please consult your tax advisor for further assistance.

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.

Investments in securities of foreign companies involve additional risks, including less liquidity, currencyrate fluctuations, political and economic instability, differences in financial reporting standards and securities market regulation, and the imposition of foreign withholding taxes.

The Smead Funds are distributed by UMB Distribution Services, LLC. UMB Distribution Services, and Smead Capital Management are not affiliated.

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