



Shareholder Letter

SMEAD INTERNATIONAL VALUE FUND — 3RD QUARTER 2023 (9/30/2023)

Dear Shareholder

A SHARE CLASS SVXAX	INVESTOR SHARE CLASS SVXLX	C SHARE CLASS SVXCX	I1 SHARE CLASS SVXFX	Y SHARE CLASS SVXYX
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Throughout the quarter, we witnessed a reevaluation of global oil supply, a notable shift in favor of bond yields as a compelling investment over stocks, and growing apprehension about future economic growth.

For the 2023 third quarter, Smead International Value Fund (SVXLX) had an absolute return of 3.78% and on a relative basis outperformed the MSCI EAFE Index, by 7.89%, which lost 4.11%.

Our biggest contributors to performance for the quarter were Meg Energy (MEG CN), Frontline (FRO NO), and Cenovus Energy (CVE CN). Our holdings in Porsche SE (PAH3 GR), West Fraser Timber (WFG CN), and Interfor Corp (IFP CN) were the largest detractors in the quarter. Throughout the quarter, we witnessed a reevaluation of global oil supply, a notable shift in favor of bond yields as a compelling investment over stocks, and growing apprehension about future economic growth. We believe most investors have stayed anchored in their views allowing the Fund's shareholders to continue to take advantage of Mr. Market.

Interest Rate Risk or Else!

The strangest thing transpiring in the first nine months of 2023 is the level of short and long-term rates versus the long-term optimism of passive US stock market owners. As we write this, the 30-year Treasury is hitting 5% and US stock investors have not gone into a general panic. The bond market is feeling very uncomfortable, but bonds lose with inflation, right?

We don't agree with the 'stocks for the long run' crowd's idea of owning broad stocks just because there is inflation. Inflation affects all assets: stock, bonds, real estate, private equity, etc. Bonds are not the only subject in the loss of purchasing power. All wealth will be subject to this issue and the hurdle isn't one asset class versus another. Earning real inflation-adjusted returns is the goal in the era ahead.

PERFORMANCE

Average Annualized Total Returns as of September 30, 2023

	One Month	QTR	YTD	One Year	Three Year	Five Year	Since Inception (1/12/2015)
SVXAX A Share Class (w/ load)	-5.63%	-2.24%	6.32%	23.08%	26.92%	11.53%	8.25%
SVXAX A Share Class (w/o load)	0.14%	3.73%	12.82%	30.58%	29.45%	12.85%	8.99%
SVXLX Investor Class	0.15%	3.78%	12.96%	30.80%	29.66%	13.03%	9.16%
SVXCX C Share Class	0.08%	3.59%	12.33%	29.91%	28.75%	12.20%	8.36%
SVXFX I1 Share Class	0.15%	3.81%	13.03%	30.96%	29.81%	13.16%	9.30%
SVXYX Y Share Class	0.17%	3.84%	13.16%	31.21%	30.00%	13.32%	9.44%
MSCI EAFE NR INDEX	-3.42%	-4.11%	7.08%	25.65%	5.75%	3.24%	4.61%
MSCI ACWI EX-US NR INDEX	-3.16%	-3.77%	5.34%	20.39%	3.74%	2.58%	4.01%

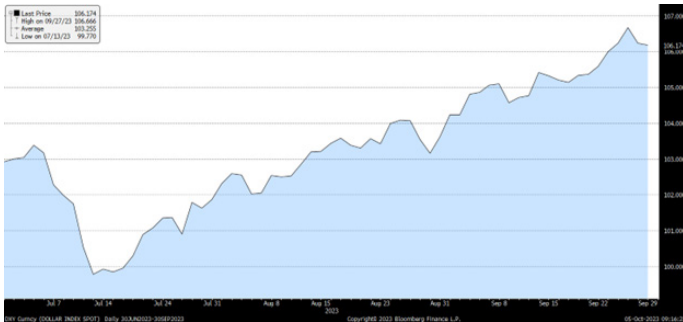
A Shares Gross Expense Ratio 1.56% C Shares Gross Expense Ratio 2.16% I1 Shares Gross Expense Ratio 1.29% Y Shares Gross Expense Ratio 1.15% Investor Gross Expense Ratio 1.42%

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.

Interest Rate Risk or Else!

An event at play in the recent 90 days is a big move in the US dollar. Below is a chart showing the move in the third quarter of 2023. The British pound has lost 4%, the euro has lost 4% and the Canadian dollar has lost 3% against the US dollar during the third quarter. As the dollar rises, it is putting pressure on non-US economies because goods like oil are becoming more expensive for them. In effect, high dollar rates and high dollar value help American purchasing power and hurt the rest of the world.



Source: Bloomberg. Data for the time period 6/30/2023 – 9/30/2023.

The price of oil has made a move higher in 2023. The correlation between the dollar and oil is historically abnormal. Over long periods of time, these two assets have been negatively correlated. Below is a chart looking at 2000–2008 where you will find oil and the US dollar going in opposite directions.



Source: Bloomberg. Data for the time period 12/31/1999 – 12/31/2008.

Broadly, we are seeing the effect of interest rate risk in asset markets. We knew all along that this was a risk, but most people thought the Western world would never have to deal with it! They assumed that weak growth, weak labor prices and an abundance of products globally were the norm for a long time to come. In the post-pandemic world, the problem is strong growth, high labor prices and a shortage of products due to the fracture of global trade. Interest rate risk makes this worse as it drives up the cost of moving goods and ensuring their delivery.

In the Fund, we ultimately have sought to avoid interest rate risk as much as possible. As the title of this shareholder letter insinuates, we take the “or else” side of this. Whatever and wherever else we can take appropriate risks to avoid the change in the cost of capital is what we will seek to do. This does not mean that the Fund’s investors will not be taking currency risk, commodity risk, economic risk, etc.

In a low-interest-rate world, no one wanted to own European banks because the low return on equity (ROE) haunted the shareholders for over a decade. Now, interest rates going higher have positively benefited companies like Unicredit (UCG IM), Bawag Group (BG AV) and Bankinter (BKT SM). However, despite the inherent defensiveness they provide, stock investors haven’t priced these up to any kind of crazy level. To use Unicredit as an example, it still trades below book value despite producing over 10% ROE recently. If they can do that for 10 years, the investors in the Fund won’t care about interest rate risk.

Oil provides wonderful protection from the interest rate risk of today. As the dollar has risen and the Fed has tightened in 2023, oil has gone up. This rewards our ownership of Occidental Petroleum (OXY US & OXY /WS US), MEG Energy (MEG) and Cenovus (CVE CN). Ultimately, it perfectly shows that the interest rate risk of stocks is being swallowed by the commodity risk in these shares.

We continue to look at these types of risks in the energy space with our ownership of Whitehaven Coal (WHC AU) and Thungela Resources (TGA LN). These are both predominantly thermal coal businesses. Whitehaven is located in Australia and Thungela is located in South Africa. They are obviously taking commodity risk. Thungela’s location would make it also carry emerging market risk as well. Since coal is considered cancer in the Western world, you could add plausible duration risk, political risk and regulatory risk as has been seen in some European countries. These risks have made coal assets extremely cheap. They historically carry net cash on the balance sheet, trade below book value and produce over 20% return on equity. Their value will not be decided by just the gravity of interest rates with these attributes.

Interest Rate Risk or Else!

The last risk that we'd highlight is the economic risk. Retailers that we own like Next (NXT LN), WH Smith (SMWH LN), Pandora (PNDORA DC) and Canada Goose (GOOS CN) have this risk. Automakers like Volkswagen (VOW3 GY), Porsche Holdings (PAH3 GY), Porsche Cars (P911 GY) and BMW (BMW3 AG) carry this risk. Lastly, the oil tanker Frontline (FRO) carries this risk. Making, moving and selling products to end markets all carry the risk of a decline in economic activity, but it's a two-edged sword. It also carries the hope of better economic outcomes. We are optimistic about the future and believe these businesses can outrun the interest rate risks tied to what they deal in with their end customers.

We assume investors get the picture of how dangerous the move in interest rates is, but they can take heart in the fact that we are more focused on unique risks than most passive or active investors are. Ultimately, the discounts that come with the risks we are

taking should compensate us for the risks we're taking in these businesses. Stock market failure is on the rise, particularly in the US. Fund investors should set a goal to beat inflation over the next 10 years. If the risks we laid out cause these stocks to be cheap while interest rates stay high, we will be able to visit the same restaurants, shop at the same shops and vacation in the same places we do today with a smile. If it comes down to interest rate risk or else, the or else provides us discernible convictions.

Fear stock market failure,



Cole Smead, CFA
Lead Portfolio Manager



Bill Smead
Co-Portfolio Manager



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 9/30/2023: MEG Energy Corp. 10.03%, Occidental Pete Corp. Wt 7.98%, Cenovus Energy Inc. 7.54%, Unicredit SpA 7.45%, Occidental Petroleum Corp. 6.99%, Frontline Plc 5.53%, Bawag Group Ag 4.75%, West Fraser Timber 4.40%, Interfor Corp. 4.01% and Assic Generali SpA 3.87%. 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, currency rate fluctuations, political and economic instability, differences in financial reporting standards and securities market regulation, and the imposition of foreign withholding taxes.

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