SMEAD FUNDS

Shareholder Letter

SMEAD INTERNATIONAL VALUE FUND — 4TH QUARTER 2023 (12/31/2023)

Dear Shareholder

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

As we end 2023, the world looks very different than it did a few years ago. The one thing inevitable in life is change.

For the fourth quarter of 2023, Smead International Value Fund (SVXLX) had an absolute return of 2.01% and, on a relative basis, underperformed the MSCI EAFE Index, which gained 10.42%. For the full year SVXLX returned 15.23% versus the MSCI EAFE Index return of 18.24%

Our biggest contributors to performance for the quarter were IWG (IWG LN), Pandora (PANDORA DC), and Unicredit SPA (UCG IM). Our holdings in Cenovus Energy (CVE CN), Occidental Petroleum (OXY US), and MEG Energy (MEG) were the largest detractors in the quarter.

For the full year 2023, the best-performing stocks were Pandora (PANDORA DC), MEG Energy (MEG CN), and Unicredit SPA (UCG IM). The largest detractors were Cenovus Energy (CVE CN), Canada Goose (GOOS CN), and Strathcona Resources (SCR CN).

Recognizing Change

As we end 2023, the world looks very different than it did a few years ago. The one thing inevitable in life is change. As investors, we are required to spend a lifetime of learning. One of the things we should recognize over time is how to take advantage of change. In this shareholder letter, we hope to explain current phenomena that weren't predicted or present just a few years ago. We hope that reminding ourselves of this will bring more clarity to the opportunities for shareholders ahead.

I was born in 1983. In my childhood, the Cold War was waning and ending, followed by a period of peace globally that is historically rare. There were conflicts over the last 40 years, no question, but not the

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

	One Month	QTR	YTD	One Year	Three Year	Five Year	Since Inception (1/12/2015)
SVXAX A Share Class (w/ load)	-2.64%	-3.90%	8.41%	8.41%	15.49%	15.43%	8.25%
SVXAX A Share Class (w/o load)	3.30%	1.96%	15.03%	15.03%	17.80%	16.81%	8.97%
SVXLX Investor Class	3.31%	2.01%	15.23%	15.23%	18.00%	16.99%	9.13%
SVXCX C Share Class	3.24%	1.81%	14.36%	14.36%	17.15%	16.14%	8.34%
SVXFX I1 Share Class	3.33%	2.03%	15.32%	15.32%	18.12%	17.12%	9.27%
SVXYX Y Share Class	3.33%	2.07%	15.49%	15.49%	18.30%	17.28%	9.41%
MSCI EAFE NR INDEX	5.31%	10.42%	18.24%	18.24%	4.02%	8.16%	5.64%
MSCI ACWI EX-US NR INDEX	5.02%	9.75%	15.62%	15.62%	1.55%	7.08%	4.98%

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.

Recognizing Change

type of conflict that engulfed current and former world powers against each other more directly. General David Petraeus, co-author of the book Conflict, teaches readers that most wars were proxy wars. We fought many proxy wars with Russia but never fought them directly. Now Russia has decided to take a direct approach to picking fights in Ukraine.

The West has still taken the role of a proxy war, providing weapons, money, and support. However, it is unwilling to directly involve itself in the conflict. While this has stopped Russia from blitzing Ukraine, it has done little to stem the tide of war. Putin is playing a long game, no different than what the North Vietnamese army did with the US in Vietnam. He knows that Ukraine can get support from the West, but the democracies eventually become tired and their politics moved to some other near-term issues, leaving Ukraine exposed. It is unprecedented to have a former world power like Russia seeking to fight their own wars. This is not a proxy game like in the past.

In the 2000s, European banks traded for three to four times their book value. In the following decade, they lent money to places that had great short-term profits. These borrowers evaporated with the 2008-2009 financial crisis. Rather than admitting their true problems, European financial institutions decided to delay and wait to recognize their asset problems. While this didn't affect their book value, these poor assets would be exposed in the return they produced.

In the 2010s, European banks began their descent from book value to eventually massive discounts to book value during the pandemic. By then, they had actually admitted their mistakes and recognized that the return on their assets or book value was important. They saw their American peers doing well and decided to be more pragmatic about how to run banks. The return on equity in banks is running across the industry typically at high single digits to high teens percentages. The change that has taken place is that banking is a higher return business than in the 2010s, but the multiples are still very depressed. Investors are in disbelief and are very disinterested in banks. This is not bad banking with low multiples like in the past. It's much better banking with still low book value multiples. The dumb banks were in the US in 2023, not Europe. My, how the wheel of change spins.

The 1970s were a nightmare for America as two oil embargoes tormented the economy and caused inflation to be worse on a headline basis. From then on, particularly in the last 20 years, America transformed into an OPEC-sized producer of oil and gas products. This isn't your grandmother's oil and gas business. While we proved we could produce oil and gas, we didn't prove we could do it profitably. Oil and gas producers commonly used more than 100% of their operating cash flow on capital expenditures; drilling holes. This continued to grow supply, but the 2010s were a terrible time to be invested in the oil and gas business globally. Then Saudi Sunday happened in the spring of 2020. American producers decided to quit drilling new holes, and the returns for investors exploded as stock buybacks and dividends rained in from operating cash flow. Investors never thought America could be a major producer. They are now. They never thought oil and gas producers would be rational with their capital allocation at any point. They have been and we must take these changes at face value, rather than as improbable events in the not-too-distant future. This will help us recognize change when others may not.

These are all important things to note and recognize because many people don't. There are others we could have listed, like the disbelief in longer-term higher interest rates, the strength of the labor markets compared to the past, or the amount of government largesse over the last four years compared to any other era of American history! All of these should cause fellow shareholders to recognize that other investors are thinking about what has changed. They are still fighting the last war while they chase the S&P 500 and the Magnificent Seven. We must understand the change and then recognize its value to what we are seeking to profit from in the businesses we own.

In a world teetering on direct wars becoming increasingly more prevalent, tangible assets are showing their teeth. Look no further than our oil tanker company Frontline (FRO NO). While conflicts grow, the value of dependable oil shipping is worth more. When bond markets get hurt and banks disappear, spreads for banks taking simpler risks go up. Bawag Group (BG) is a Viennese bank that trades close to book value with mid-teens returns. They were one of those former bad banks transformed through great management and capital allocation. When was the last time someone pitched you a great Austrian Bank? Don't worry, it's the same as us, never. We will continue to look for ways to make money from the change that has already taken place that few recognize or are willing to make adjustments in their investment portfolios based on. We must recognize change and seek to profit from it.

Warm Regards,

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 12/31/2023: MEG Energy Corp. 9.01%, Unicredit SpA 8.22%, Occidental Pete Corp. Wt 7.03%, Cenovus Energy Inc. 5.91%, Frontline Plc 5.84%, Bawag Group Ag 5.36%, West Fraser Timber 5.08%, Interfor Corp. 4.68%, Occidental Petroleum Corp. 4.46% and Pandora 3.94%. 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.

SMEAD FUNDS

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