SMEAD FUNDS

Shareholder Letter

SMEAD 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
SVFAX	SMVLX	SVFCX	SVFFX	SVFYX

Nothing that happened this year appears to be any interruption of our future success and risk avoidance.

We were pleasantly surprised in the fourth quarter of 2023, as the Smead Value Fund (SMVLX) returned 14.40% versus a gain of 11.69% for the S&P 500 and a gain of 9.50% in the Russell 1000 Value. For the full year, SMVLX returned 16.81% versus a gain of 26.29% for the S&P 500 and 11.46% in the Russell 1000 Value.

Our best contributors in the quarter were D.R. Horton Inc (DHI), Lennar (LEN), and Macerich Co. (MAC). For most of the year our home builders were weighed down by a combination of rapidly rising mortgage rates and recessionary fears that reemerged fears of a 2008 like housing crisis. We focused less on the emotional fears in the market and more on the supply demand dynamics and were handsomely rewarded.

Our biggest detractors in the fourth quarter were APA Corp (APA), Ovintiv Inc (OVV), and ConocoPhillips (COP). Energy had a difficult second half. Headwinds seemed to initially be recessionary fears and the potential coinciding reduction in demand, but as that failed to gain speed in the economic numbers, it quickly shifted to supply concerns as energy companies achieved better output per well. We still believe the supply constraints remain intact for an oil price well above where it is currently trading.

For the full year 2023, the most positive contributing stocks were Lennar Corp (LEN), D.R. Horton Inc (DHI), and NVR Inc (NVR). The largest detractors were Pfizer (PFE), Ovintiv Inc (OVV), and APA Corp (APA).

As our regular readers know, we run our portfolio to maximize long-term returns in a concentrated list of stocks. Nothing that happened this year appears to be any interruption of our future success and risk avoidance.

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

	One Month	QTR	YTD	One Year	Three Year	Five Year	Ten Year	Fifteen Year	Since Inception (1/2/2008)
SVFAX A Share Class (w/ load)	3.96%	7.86%	10.12%	10.12%	15.12%	14.39%	10.84%	14.35%	9.53%
SVFAX A Share Class (w/o load)	10.30%	14.43%	16.84%	16.84%	17.42%	15.75%	11.50%	14.81%	9.94%
SMVLX Investor Class	10.31%	14.40%	16.81%	16.81%	17.40%	15.75%	11.49%	14.89%	10.04%
SVFCX C Share Class	10.26%	14.19%	16.09%	16.09%	16.73%	15.34%	11.29%	14.76%	9.91%
SVFFX I1 Share Class	10.34%	14.50%	17.15%	17.15%	17.72%	16.06%	11.79%	15.17%	10.29%
SVFYX Y Share Class	10.33%	14.46%	17.25%	17.25%	17.83%	16.18%	11.91%	15.18%	10.30%
RUSSELL 1000 VALUE	5.54%	9.50%	11.46%	11.46%	8.86%	10.91%	8.40%	11.09%	7.33%
S&P 500 TR INDEX	4.54%	11.69%	26.29%	26.29%	10.00%	15.69%	12.03%	13.97%	9.92%

A Shares Gross Expense Ratio 1.25%   C Shares Gross Expense Ratio 1.84%   I1 Shares Gross Expense Ratio 0.98%   Y Shares Gross Expense Ratio 0.83% Investor Gross Expense Ratio 1.25%

*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, 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.

Outlook 2024: Crossing the Stock Market Bar

We recently released an episode on our podcast, A Book With Legs, discussing a book called *Graveyard of the Pacific*. The author, Randall Sullivan, explained how dangerous the Columbia Bar is to cross and why it is the deadliest waterway in the U.S.

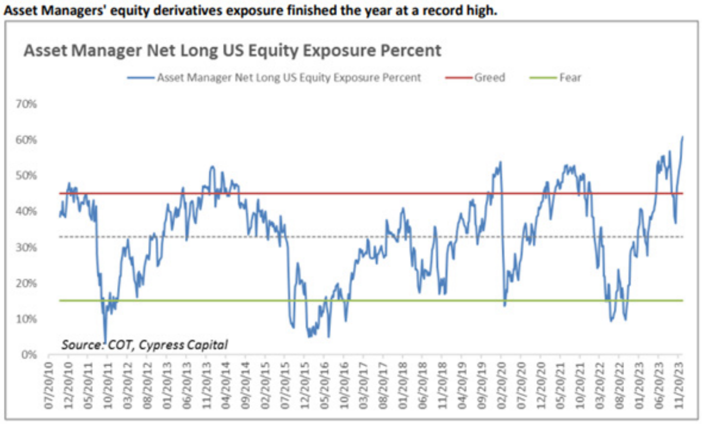
Having crossed over it 100 times in my life to catch a summer salmon, I am well aware of the risk. Guarded by the very able U.S. Coast Guard, boaters are instructed on the level of danger each day.

While navigating the waters with my father, a master ship pilot, we never took unnecessary risks. Whenever the Coast Guard signaled a high danger level, we heeded their advice and remained onshore. The principle held true: even the most adept seamen understood that some risks weren't worth the potential rewards, regardless of our eagerness to reach our fishing grounds.

If there was a Coast Guard for the U.S. stock market, we believe they would be issuing a warning to owners of the S&P 500 Index and popular common stocks. Let us share the data that the stock market Coast Guard would use to urge caution.

First, both individuals and professional investors are as heavily involved in stocks as they have ever been (fishing like never before):

Asset Managers' equity derivatives exposure finished the year at a record high.



Source: COT, Cypress Capital. Data for the time period 7/1/2010 -12/31/2023.

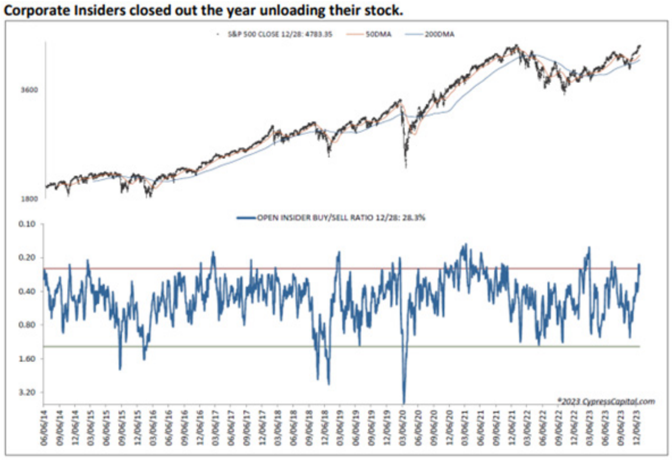
Second, the most aggressive investors are filled with confidence in the face of small craft warnings:

Retail went all-in on the Fed pivot trade.
Covid stimulus has created an era of retail stock trading not seen since the dot-com era.

Source: Vanda Research, Financial Times. Data for the time period 1/1/2014 – 12/31/2023

Third, corporate insiders are selling like there will be a wave coming which can knock over big boats:

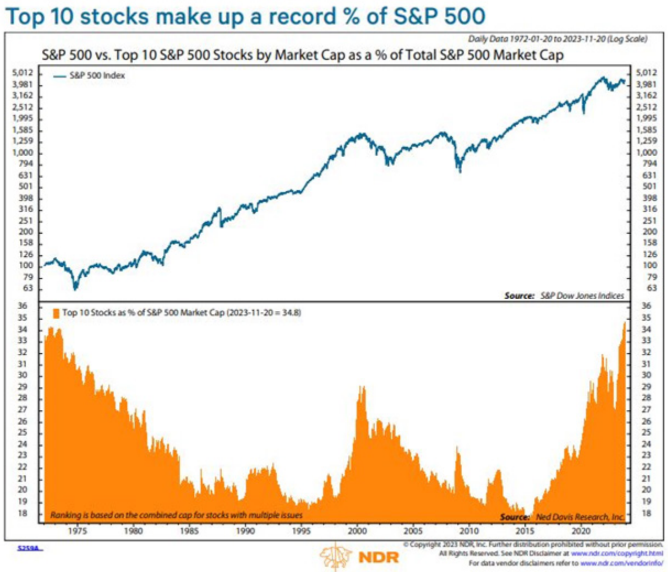
Corporate Insiders closed out the year unloading their stock.



Source: Cypress Capital. Data for the time period 6/1/2014 – 12//31/2023.

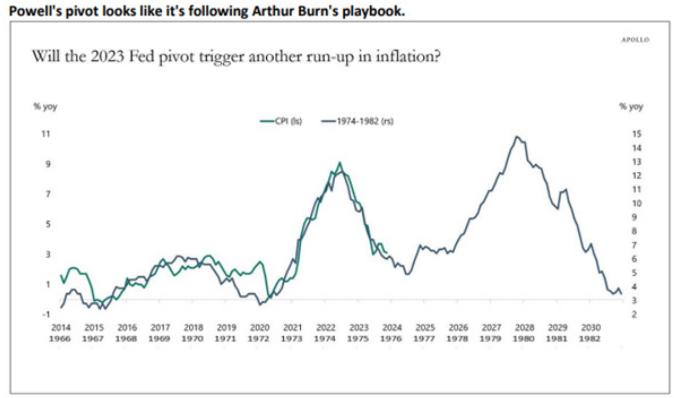
Fourth, the recent explosion in stocks has front-run the Federal Reserve Board cutting short-term interest rates in 2024. In other words, the fisherman might have limited out in late 2023.

Outlook 2024: Crossing the Stock Market Bar



Source: S&P Down Jones, Ned Davis Research, NDR. Data for the time period 1/20/1972-11/20/2023.

Lastly, we believe the stock market has misconstrued the incoming tide of inflation. The assumption is that inflation is licked, just like it was assumed in 1973 and 1977:



Source: Apollo. Data for the time period 1/1/1966-9/30/2023.

We believe a well-piloted portfolio would lean into the inflation possibilities to own plenty of oil and gas production (OXY, OVV, APA, DVN, COP). As investors, we'd like to help U.S. citizens buy a new home (DHI, LEN and NVR). Lastly, we would like to take advantage of a stronger-than-expected economy to own necessity providers like banks (JPM, BAC, AXP, WAL, FITB, MTB) and consumer stocks (UHAL, HD, TGT).

We'd like to thank our shareholders for their confidence and trust as we crossed over our anniversary to become a 16-year-old fund in early January.

Fear stock market failure,

Bill Smead
Lead Portfolio Manager

Cole Smead, CFA
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.

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 12/31/2023: Lennar Corp Class A (LEN) 7.05%, D.R. Horton Inc (DHI) 6.90%, Occidental Petroleum Corp (OXY) 6.12%, Simon Property Group Inc (SPG) 5.72%, Merck & Co Inc (MRK) 5.55%, Macerich Co (MAC) 5.52%, American Express Co (AXP) 5.51%, Amgen Inc (AMGN) 5.17%, NVR Inc (NVR) 4.82% and Ovintiv Inc (OVV) 4.24%. 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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SMEAD FUNDS

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