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# Smead Funds

## 4th Quarter 2023 Webcast

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[www.smeadcap.com](http://www.smeadcap.com)

Opinions expressed are those of Smead Capital Management, are subject to change, are not guaranteed, and should not be considered recommendations to buy or sell any security.



# Agenda

- **Performance, Characteristics and Top 10 Holdings**

Seamus Sullivan

Senior Analyst

- **Featured Stock: Western Alliance Bancorp. (WAL)**

Cole Smead, CFA

CEO & Portfolio Manager

- **Outlook 2024: Crossing the Stock Market Bar**

Bill Smead

Chief Investment Officer

# Smead Value Fund

AS OF DECEMBER 31, 2023

## QUARTER-END PERFORMANCE

	Q4 2023	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	15 YEAR	SINCE INCEPTION (1/2/2008)
<b>SMVLX</b> Investor Share Class	14.40%	16.81%	16.81%	17.40%	15.75%	11.49%	14.89%	10.04%
<b>SVFAX</b> A Share Class (w/ load)	7.86%	10.12%	10.12%	15.12%	14.39%	10.84%	14.35%	9.53%
<b>SVFAX</b> A Share Class (w/o load)	14.43%	16.84%	16.84%	17.42%	15.75%	11.50%	14.81%	9.94%
<b>SVFCX</b> C Share Class	14.19%	16.09%	16.09%	16.73%	15.34%	11.29%	14.76%	9.91%
<b>SVFFX</b> I1 Share Class*	14.50%	17.15%	17.15%	17.72%	16.06%	11.79%	15.17%	10.29%
<b>Russell 1000 Value Index</b>	9.50%	11.46%	11.46%	8.86%	10.91%	8.40%	11.09%	7.33%
<b>S&amp;P 500 TR Index</b>	11.69%	26.29%	26.29%	10.00%	15.69%	12.03%	13.97%	9.92%

\*Institutional Shares were renamed I1 shares on 11/21/2014 with a new ticker SVFFX

Investor Shares Gross Expense Ratio 1.25%

A Shares Gross Expense Ratio 1.25%

I1 Shares Gross Expense Ratio 0.98%

C Shares Gross Expense Ratio 1.84%

**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 applies a maximum Deferred Sales Charge on Class A shares only to purchases of \$1,000,000 or more that are redeemed within 18 months of purchase. Performance data does not reflect the redemption fee. 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.

Performance data is annualized for periods longer than one year. Performance data is cumulative for periods shorter than one year.

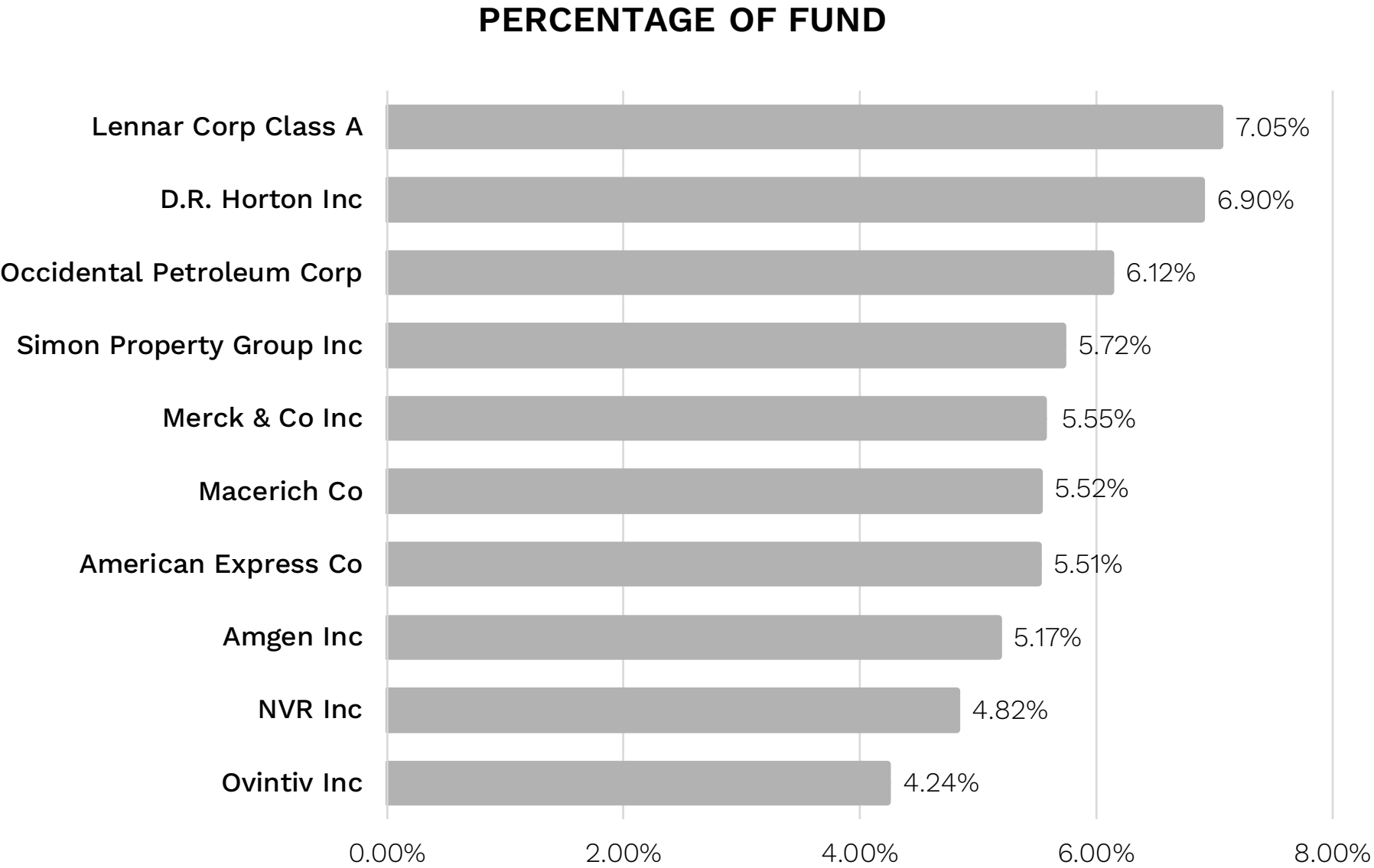


## KEY FACTS AND CHARACTERISTICS

	Avg Mkt Cap (\$b)	P/E Trailing 4 Qtrs	Price/ Cash Flow	Revenue 5 YR Hist Growth	Earnings 5 YR Hist Growth	% of LT Debt to Capital	LTM Net Profit Margin	LTM Return on Equity
Smead US Value Fund	\$112 Bn	14.2x	7.8x	10%	24%	44%	18.1%	30.7%
S&P 500 Index	\$723 Bn	23.4x	14.7x	12%	19%	42%	17.1%	24.1%
Russell 1000 Value Index	\$139 Bn	17.7x	10.9x	8%	13%	42%	12.5%	16.2%



## TOP TEN HOLDINGS



Past performance is no guarantee of future results. Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.

## PORTFOLIO ADDITIONS / DELETIONS

- **New positions:**
  - Western Alliance Bancorp (WAL)
  - M&T Bank (MTB)
  - Fifth Third Bancorp (FTB)
- **Adds to position weightings:**
  - APA Corp. (APA)
  - Devon Energy Corp. (DVN)
  - Bank of America (BAC)
- **Trims to position weightings:**
  - None
- **Sells:**
  - Pfizer Inc. (PFE)





# Smead International Value Fund

AS OF DECEMBER 31, 2023

## QUARTER-END PERFORMANCE

	Q4 2023	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION (1/12/2015)
<b>SVXLX</b> Investor Share Class	2.01%	15.23%	15.23%	18.00%	16.99%	9.13%
<b>SVXAX</b> A Share Class (w/ load)	-3.90%	8.41%	8.41%	15.49%	15.43%	8.25%
<b>SVXAX</b> A Share Class (w/o load)	1.96%	15.03%	15.03%	17.80%	16.81%	8.97%
<b>SVXCX</b> C Share Class	1.81%	14.36%	14.36%	17.15%	16.14%	8.34%
<b>SVAFX</b> I1 Share Class	2.03%	15.32%	15.32%	18.12%	17.12%	9.27%
<b>MSCI EAFE NR Index</b>	10.42%	18.24%	18.24%	4.02%	8.16%	5.64%
<b>MSCI ACWI ex-US NR Index</b>	9.75%	15.62%	15.62%	1.55%	7.08%	4.98%

\*The since inception date is that of the Predecessor Fund, which commenced operations on January 12, 2015.

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.

Investor Shares (SVXLX) Gross Expense Ratio 1.25%, A Shares (SVXAX) Gross Expense Ratio 1.42%, C Shares (SVXCX) Gross Expense Ratio 2.00%, I1 Shares (SVAFX) Gross Expense Ratio 1.15%,

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 Predecessor Fund did not have multiple share classes. The performance of each Fund share class presented below represents the performance of the Predecessor Fund as a whole restated to account for sales charges (if any) applicable to that share class. Once the Fund commences operations, the performance of each class of shares will differ as a result of different levels of fees and expenses applicable to each class of shares. Class I1 shares are not subject to any sales charges or distribution (12b-1 fees). The bar charts and the best and worst performance quarters shown below do not reflect sales charges or distribution (12b-1 fees) applicable to certain classes of Fund shares. Further, while Class I1 shares are subject to a shareholder servicing fee, some classes of Fund shares are not. Returns of different Fund share classes will differ depending on the sales charges, distribution (12b-1 fees) and/or shareholder servicing fees applicable to each class (if any). Class I1 shares fees and expenses are lower than those of Investor Class shares, Class A shares and Class C shares. As a result, the performance for the Investor Class shares, Class A shares and Class C shares would be lower than the performance shown for Class I1 shares. For the remaining two share classes - Class 12 and Class Y - because the fees and expenses for these share classes are lower than those of the Class I1 shares, the performance for the Class 12 and Class Y shares would be higher than the performance shown for Class I1.

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 DECEMBER 31, 2023. This operating expense limitation agreement can be terminated only by, or with the consent of, the Board of Trustees. The net expense ratio is applicable to investors. See the prospectus for additional details.



# Smead International Value Fund

AS OF DECEMBER 31, 2023

## KEY FACTS AND CHARACTERISTICS

	Avg Mkt Cap (\$b)	P/E Trailing 4 Qtrs	Price/ Cash Flow	Revenue 5 YR Hist Growth	Earnings 5 YR Hist Growth	% of LT Debt to Capital	LTM Net Profit Margin	LTM Return on Equity
Smead International Value Fund	\$23 Bn	7.4x	2.5x	13%	20%	38%	18.8%	27.5%
MSCI EAFE	\$92 Bn	15.7x	8.8x	6%	8%	31%	13.0%	17.5%



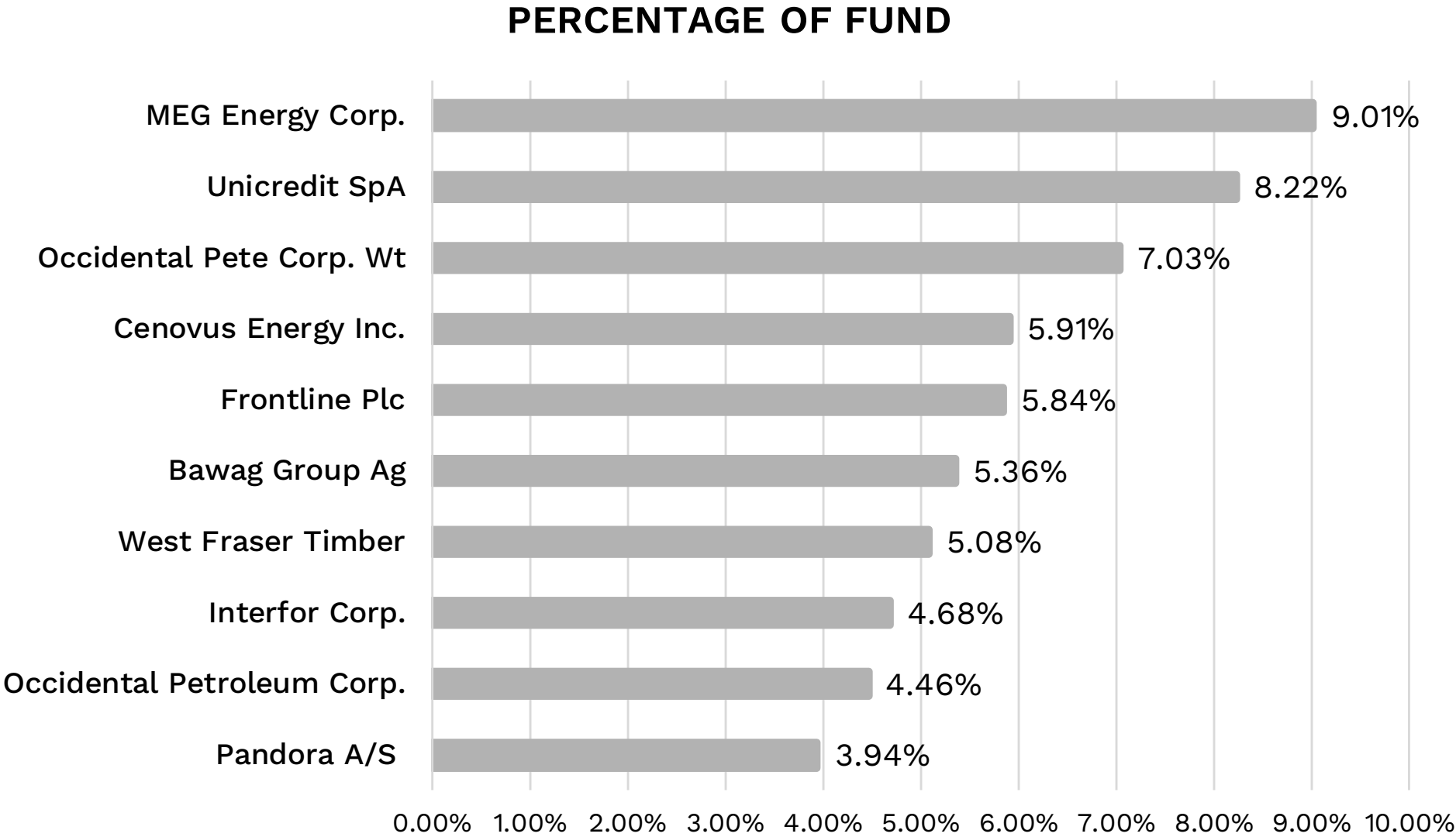
Past performance is no guarantee of future results. P/E: Price to earnings ratio. Source: FactSet.



# Smead International Value Fund

AS OF DECEMBER 31, 2023

## TOP TEN HOLDINGS



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## PORTFOLIO ADDITIONS / DELETIONS

- **New positions:**
  - None
- **Adds to position weightings:**
  - Strathcona Resources (SCR)
- **Trims to position weightings:**
  - Occidental Petroleum (OXY)
- **Sells:**
  - None



# 2024 Smead Investor Oasis



**Tickets are almost SOLD OUT!**

Join us on February 5, 2024  
at the Royal Palms Resort  
in Phoenix, AZ for  
our third annual  
Smead Investor Oasis

Learn more and register today at  
**[smeadcap.com/oasis](https://smeadcap.com/oasis)**



Past performance is no guarantee of future results.

# A Book With Legs

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# Agenda

- ✓ **Performance, Characteristics and Top 10 Holdings**

Seamus Sullivan  
Senior Analyst

- **Featured Stock: Western Alliance Bancorp. (WAL)**

Cole Smead, CFA  
CEO & Portfolio Manager

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Bill Smead  
Chief Investment Officer

# Featured Stock: Western Alliance Bancorp. (WAL)

## OUR EIGHT CRITERIA

Required over entire holding period

1. Meets an economic need
2. Strong competitive advantage (wide moats or barriers to entry)
3. Long history of profitability and strong operating metrics
4. Generates high levels of free cash flow
5. Available at a low price in relation to intrinsic value

Favored, but not required

6. Management's history of shareholder friendliness
7. Strong balance sheet
8. Strong insider ownership  
(preferably with recent purchases)

**Every company we own must satisfy the required criteria. For companies that do not also meet the favored criteria, we believe these short-term conditions will be ultimately corrected or overwhelmed by the required criteria.**



**Past performance is no guarantee of future results.** Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.



# Featured Stock: Western Alliance Bancorp. (WAL)

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## **MEETS AN ECONOMIC NEED**

Western Alliance Bank is a commercial bank focused on taking deposits and underwriting loans that meet their return standards.



# Featured Stock: Western Alliance Bancorp. (WAL)

## STRONG COMPETITIVE ADVANTAGE

The bank's competitive advantage has been its ability to find cheap deposit sources.



A division of Western Alliance Bank. Member FDIC.

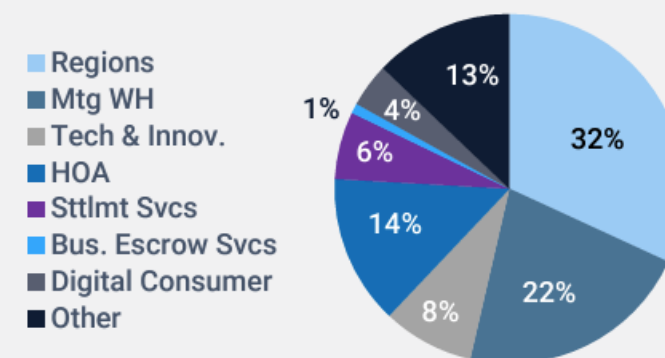


## Q3 2023 Highlights

Quarter-over-quarter deposit increase of \$3.2 billion driven by (in millions):

Savings and MMDA	\$1,587
Non-Interest Bearing DDA	1,258
CDs	204
Interest-Bearing DDA	197
<b>Total</b>	<b>\$3,246</b>

## Deposit Composition (By Business Line)





- 33% of total deposits are noninterest-bearing
- Approximately 40% have no ECRs




# Featured Stock: Western Alliance Bancorp. (WAL)

## LONG HISTORY OF PROFITABILITY & OPERATING METRICS

Tale of Two Banks: Pre 2011 vs 2012 and on

In Millions of USD except Per ...	2008 Y	2009 Y	2010 Y	2011 Y	2012 Y	2013 Y	2014 Y	2015 Y
12 Months Ending	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Returns								
 Return on Common Equity	-55.43	-40.12	-3.72	3.16	12.39	17.04	17.82	15.34
 Return on Assets	-4.61	-2.75	-0.12	0.48	1.01	1.36	1.49	1.56

In Millions of USD except Per ...	2016 Y	2017 Y	2018 Y	2019 Y~	2020 Y	2021 Y	2022 Y
12 Months Ending	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022
Returns							
 Return on Common Equity	14.92	15.80	18.00	17.73	15.76	20.99	21.49
 Return on Assets	1.65	1.73	2.01	2.00	1.60	1.83	1.71



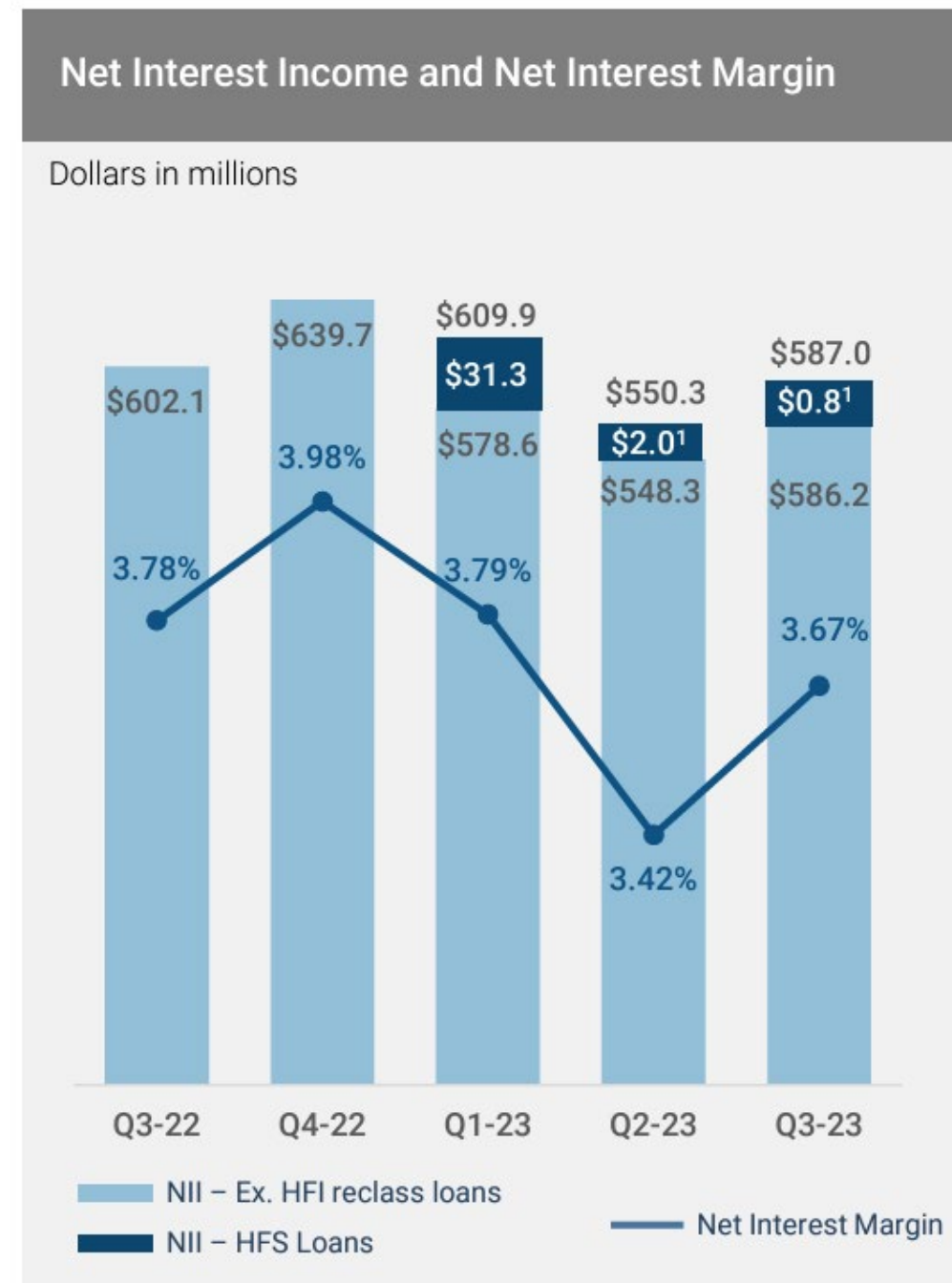
Past performance is no guarantee of future results. Source: Bloomberg. Data for the time period 1/1/2008 – 12/31/2022.

# Featured Stock: Western Alliance Bancorp. (WAL)

## HIGH LEVELS OF FREE CASH FLOW

Most major banks have Net Interest Margins of 2% to 3.2%. Western Alliance regularly produces margins of 3.5% to 4.5% historically. This is a spread business between assets and liabilities, thus the free cash flow.

This asset-liability spread makes WAL look more like an insurance underwriter than a bank. WAL wants a 4% underwriting profit from their loan book, resulting in strong returns on equity.



# Featured Stock: Western Alliance Bancorp. (WAL)

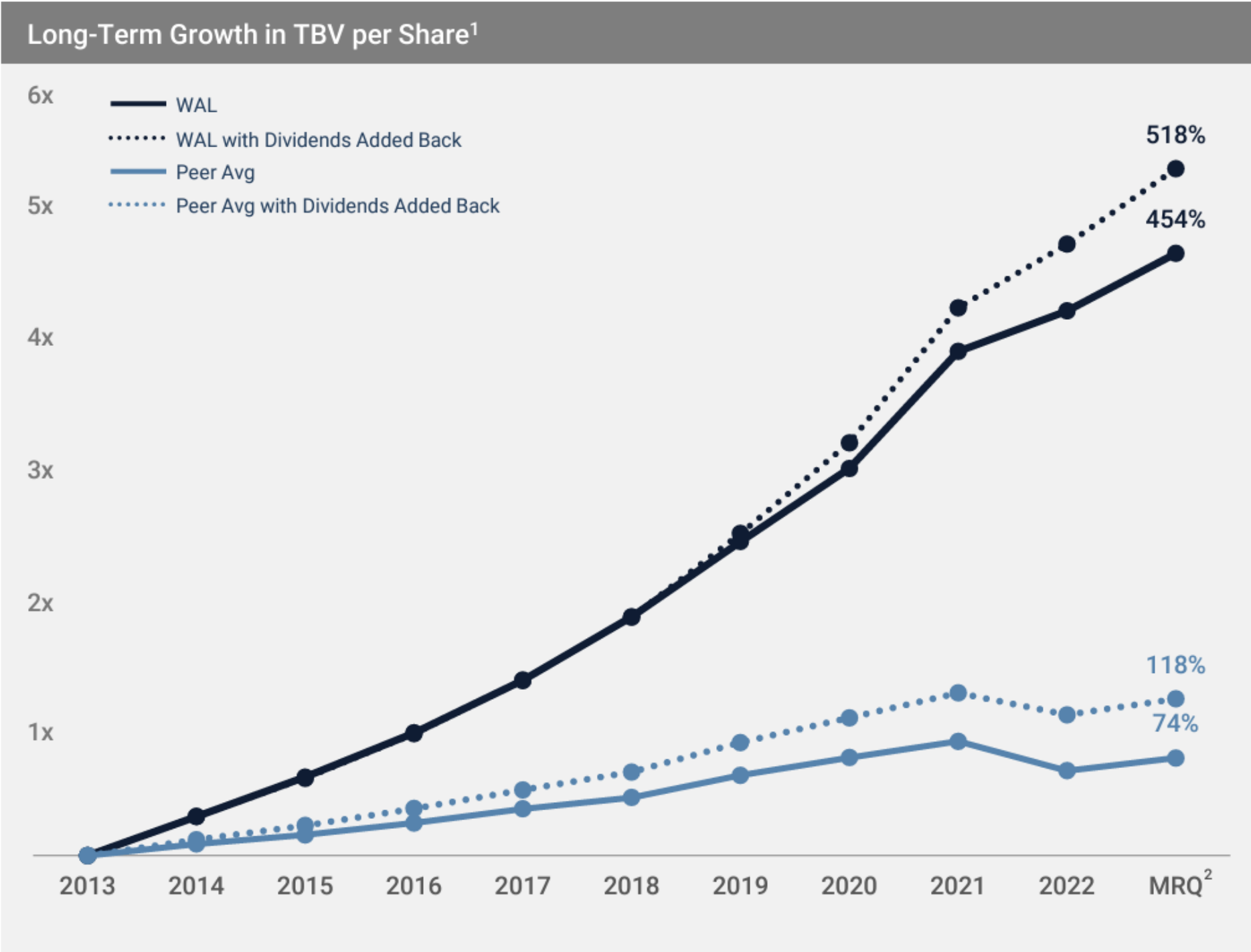
## LOW PRICE IN RELATION TO INTRINSIC VALUE



Past performance is no guarantee of future results. Source: Bloomberg. Data for the time period 7/1/2005 - 1/17/2024.

# Featured Stock: Western Alliance Bancorp. (WAL)

## HISTORY OF SHAREHOLDER FRIENDLINESS



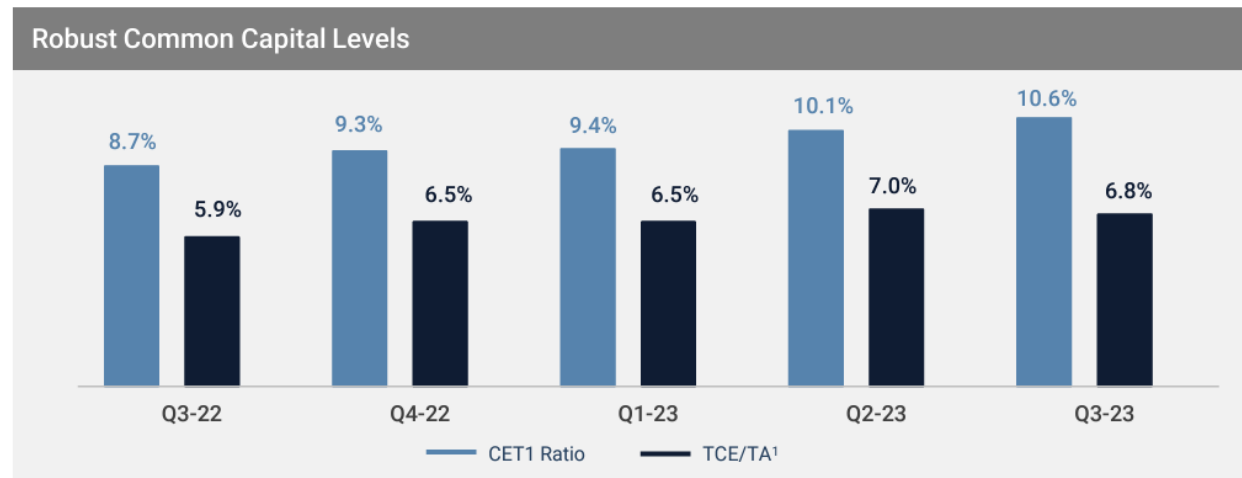
**Past performance is no guarantee of future results.** Source: Western Alliance Bancorp. (WAL), S&P Global Market Intelligence. Peers consist of 32 major exchange traded US banks with total assets between \$25B and \$150B as if June 30, 2023, excluding target banks of pending acquisitions.





# Featured Stock: Western Alliance Bancorp. (WAL)

## STRONG BALANCE SHEET



### Regulatory Capital Levels

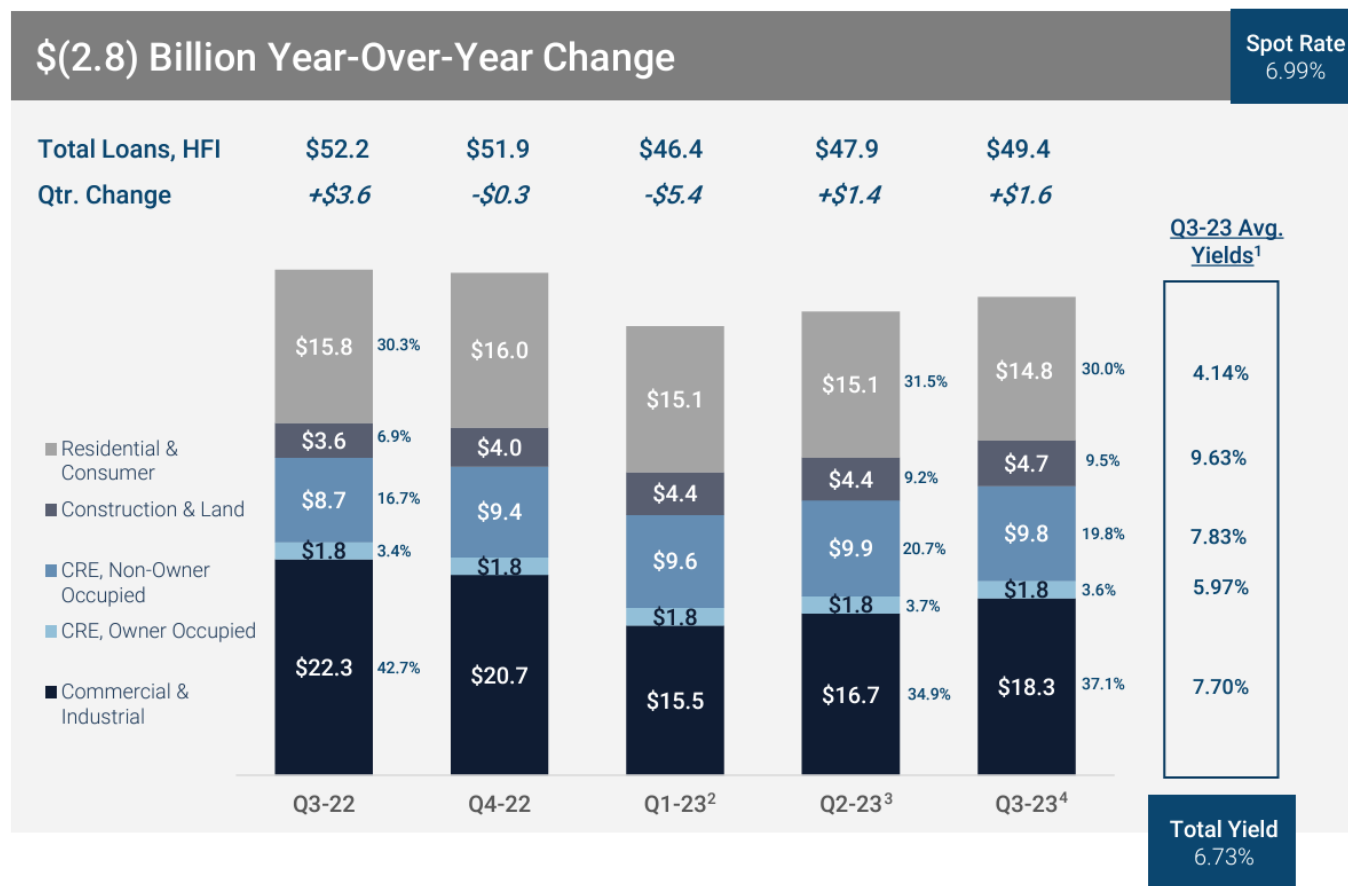
- Continue to exceed “well-capitalized” levels
- CET1 up 50 bps in Q3-23 to 10.6%

### Tangible Common Equity / Tangible Assets<sup>1</sup>

- TCE / TA decreased from the prior quarter to 6.8% due to greater AOCI loss impact

### Capital Accretion

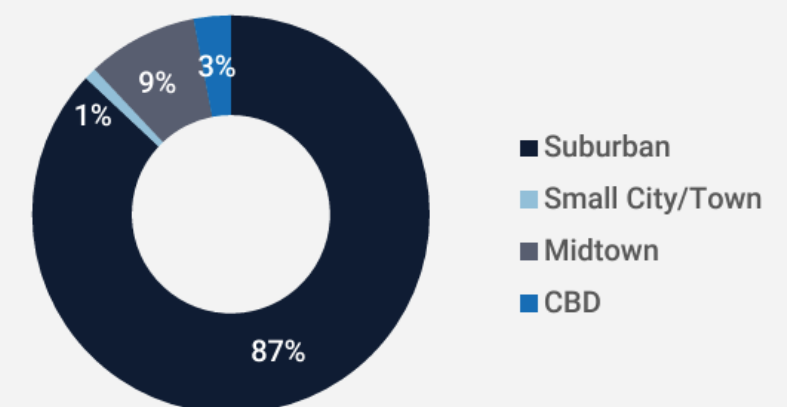
- CET1 has grown quarter-over-quarter due to strong organic capital generation



## Commercial Real Estate Investor: Office

\$2.6 Billion; 27% of Total CRE Investor; 5% of Total Loans

### Key MSA Exposures



Past performance is no guarantee of future results. Source: Western Alliance Bancorp. (WAL).

# Featured Stock: Western Alliance Bancorp. (WAL)

## INSIDER OWNERSHIP

Marianne Boyd Johnson is the largest individual owner. She is a member of the Boyd family, who were involved with the founding of Western Alliance, as well as a Director. She purchased shares near the low in the spring of 2023.

Other insiders own an additional 1.2% but have made no recent purchases. We see a history of increased ownership through retaining share-based compensation packages.

WESTERN ALLIANCE BANCORP CUSIP 95763810									
<div> 1) Current 2) Historical 3) Matrix 4) Ownership Summary 5) Insider Transactions 6) Options 7) Issuer Debt </div>									
<div> Search Name Default - No Search Selected 21) Save Search 22) Delete Search 23) Refine Search </div>									
<div> Text Search Holder Group All Holders Investment Manager View </div>									
<div> 24) Color Legend Shrs Out 109.5M % Out 101.54 Float/Shrs Out 94.74 SI % Out 5.61 </div>									
Holder Name	Portfolio Name	Source	Opt	Position	% Out	Latest Chg	File Dt	Edit Col	
1. + Vanguard Group Inc/The		ULT-AGG		10,022,268	9.15	74,824	09/30/23		
2. + T Rowe Price Group Inc		ULT-AGG		8,621,782	7.88	2,861,179	12/31/23		
3. + Capital Group Cos Inc/The		ULT-AGG		7,707,976	7.04	1,683,319	12/30/22		
4. + BlackRock Inc		ULT-AGG		5,692,581	5.20	282,238	09/30/23		
5. Johnson Marianne Boyd		Form 4		4,375,858	4.00	4,006,878	07/18/23		
6. Citadel Advisors LLC	CITADEL ADVISORS LLC	13F	Y	4,037,120	3.69	1,874,020	09/30/23		
7. + Thrivent Financial for Lutherans	THRIVENT FINANCIAL FOR LUTHERANS	13F		3,997,688	3.65	293,933	09/30/23		
8. + State Street Corp		ULT-AGG		3,862,005	3.53	30,936	09/30/23		
9. + William Blair & Co LLC		ULT-AGG		3,458,960	3.16	125,480	09/30/23		
10. Davis Asset Management LP	Davis Asset Management LP	13F		2,500,000	2.28	0	09/30/23		

Western Alliance Bank has no history of share repurchases, We see this as another tool to grow executive ownership. We see potential future repurchases as a powerful tool for the bank trading at low valuations, as we have seen for the past year.



# Agenda

- ✓ **Performance, Characteristics and Top 10 Holdings**

Seamus Sullivan  
Senior Analyst

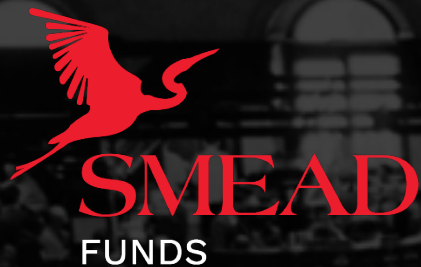
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Chief Investment Officer





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# Outlook 2024: Crossing the Stock Market Bar

**Presented by:**

**Bill Smead**  
**Chief Investment Officer**

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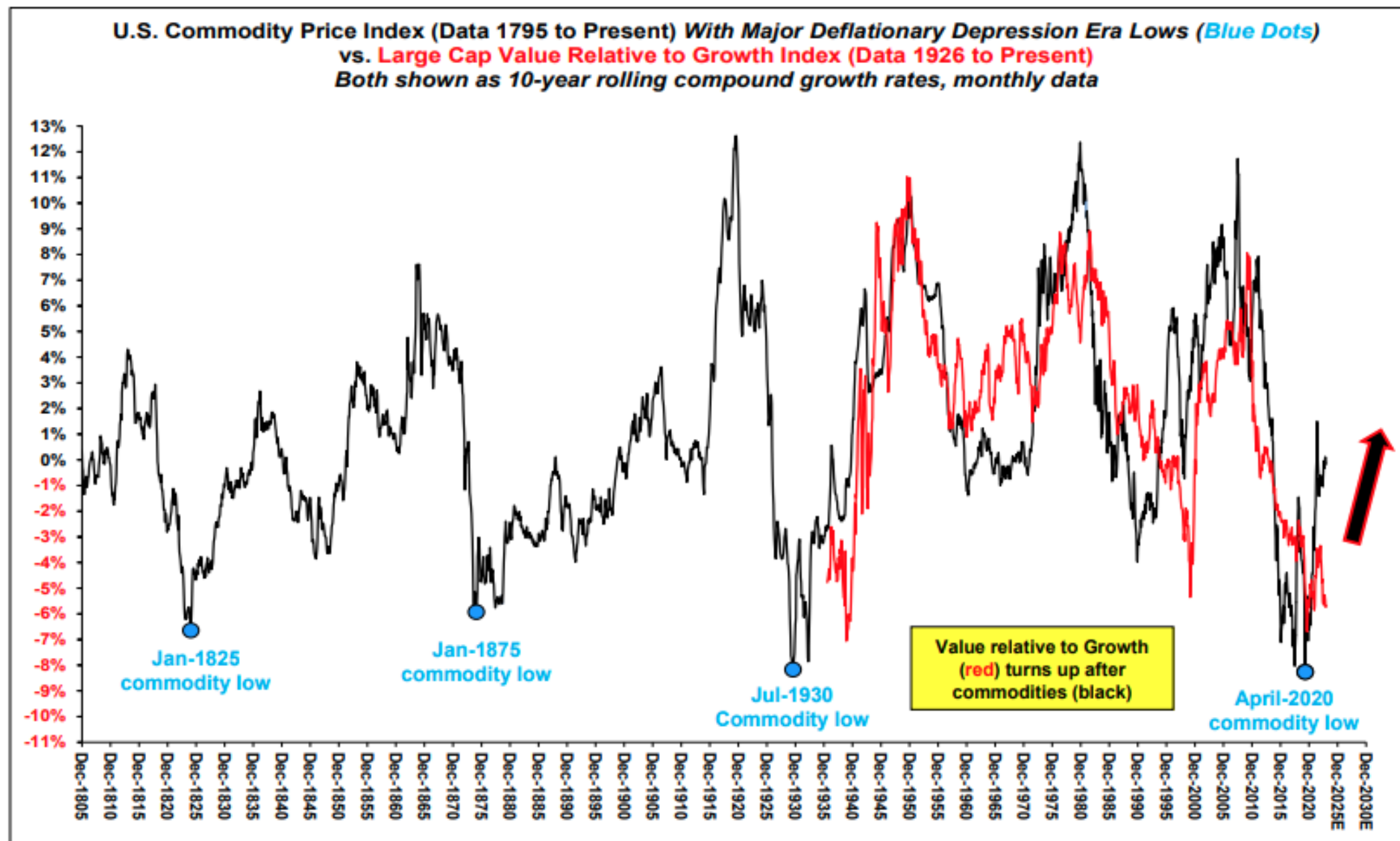
# Agenda

- Inflation
- Opportunity Sets
- Danger Avoidance



# Outlook 2024: Crossing the Stock Market Bar

## INFLATION



Source: [U.S. Census Bureau - Historical Statistics of the United States \(1795 to 1904\)](#), [U.S. Federal Reserve Economic Data - Industrial Commodity Prices \(1904 to 1956\)](#), [Bloomberg commodity price data \(1956 to 1994\)](#) and [\(1994+\)](#). Value vs. Growth is the Ken French [Data](#) from 1926-77 and Bloomberg Growth and Value Total Return Indices (Russell 1000 large capitalization) 1978-present, Stifel estimates.

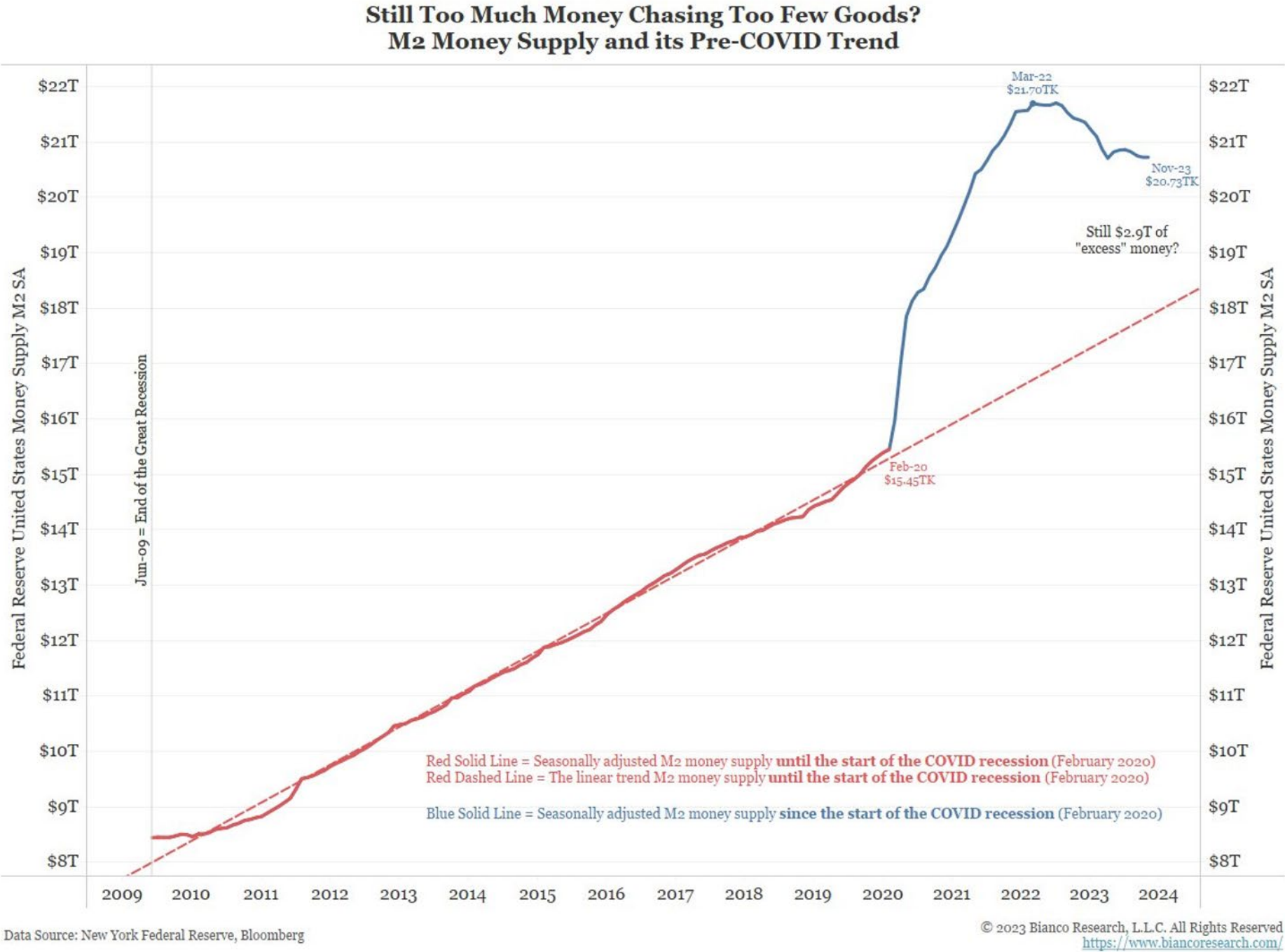
Past performance is no guarantee of future results. Source: Stifel. Data for the time period 1/1/1805 – 12/31/2022.





# Outlook 2024: Crossing the Stock Market Bar

## INFLATION



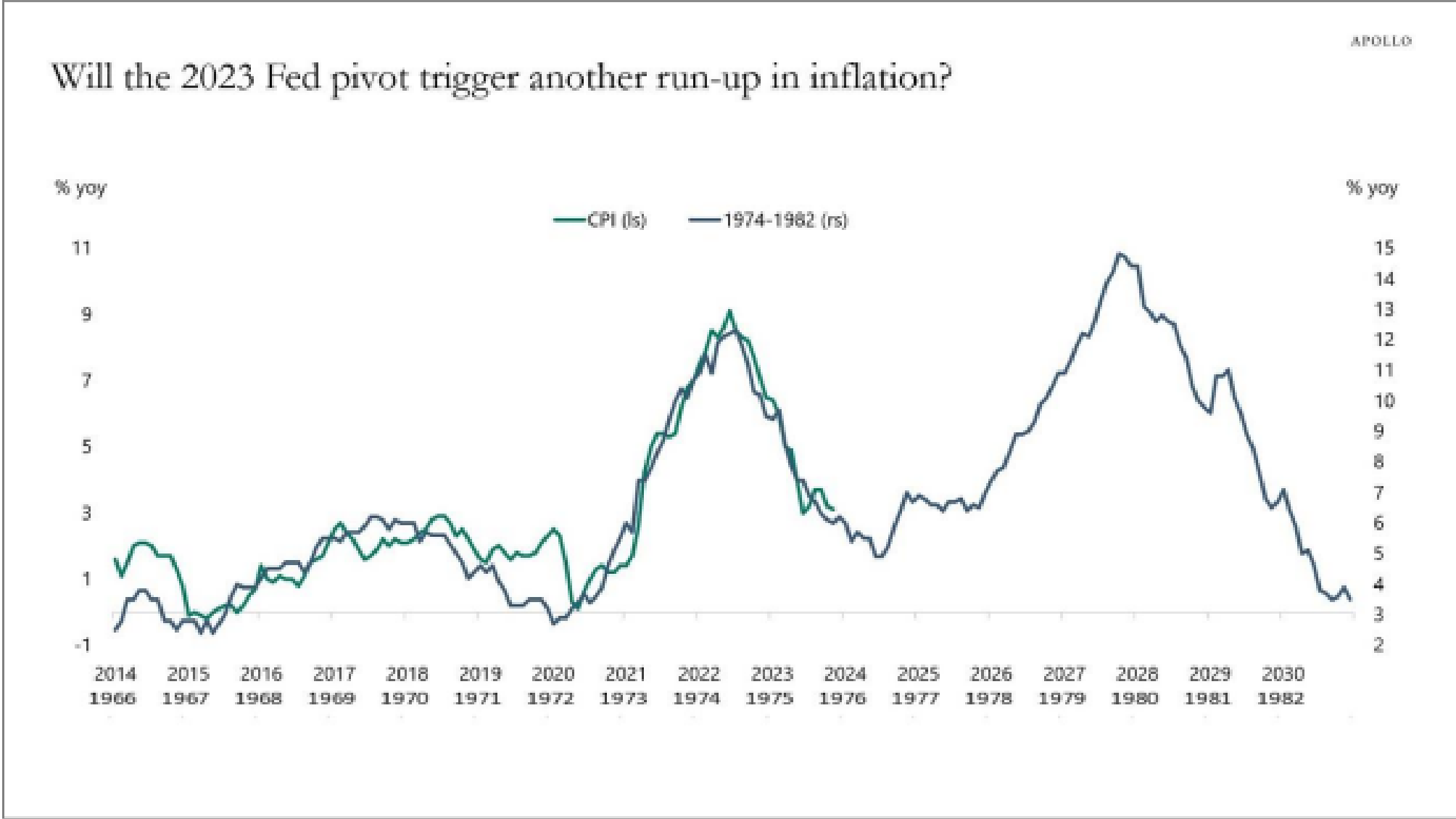
Past performance is no guarantee of future results. Source: New York Federal Reserve, Bloomberg. Data for the time period 1/1/2009 – 11/30/2023.



# Outlook 2024: Crossing the Stock Market Bar

## INFLATION

Powell's pivot looks like it's following Arthur Burn's playbook.



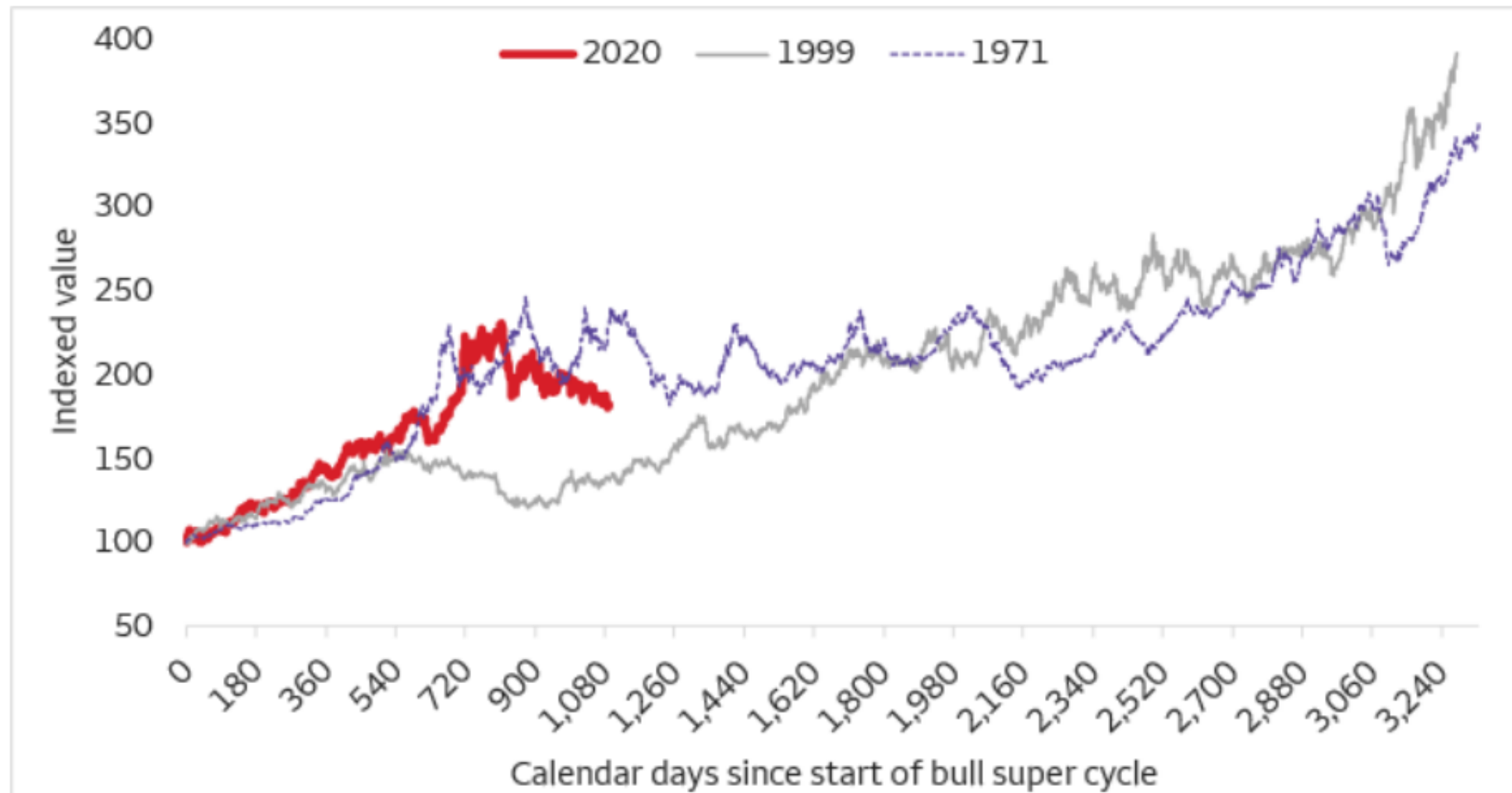
Past performance is no guarantee of future results. Source: Apollo. Data for the time period 1/1/1966-9/30/2023.



# Outlook 2024: Crossing the Stock Market Bar

## INFLATION

**Chart 8: Modern commodity bull super-cycles**



Sources: Bloomberg and Wells Fargo Investment Institute. Performance measured from October 4, 1971 – November 20, 1980; July 13, 1999 – July 2, 2008; and March 18, 2020 – March 13, 2023. Commodity performance measured by our Commodity Composite. See page 13 for Commodity Composite definition. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.**

**Past performance is no guarantee of future results.** Source: Bloomberg and Wells Fargo Institute. Data for the time period 10/4/1971 – 3/13/2023.



# Agenda

- ✓ Inflation
- Opportunity Sets
- Danger Avoidance

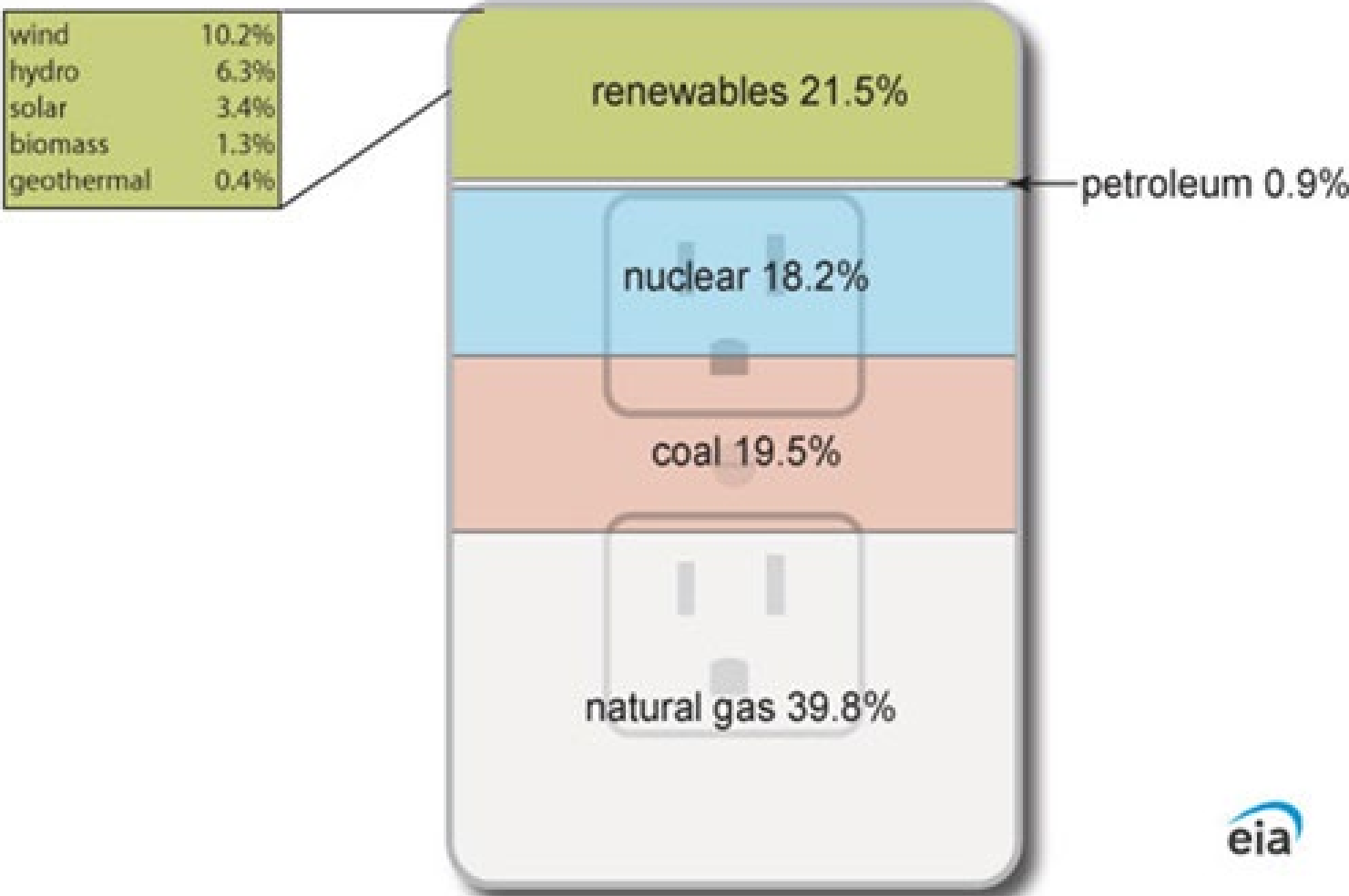


# Outlook 2024: Crossing the Stock Market Bar

## OPPORTUNITY SETS

### Sources of U.S. electricity generation, 2022

Total = 4.24 trillion kilowatthours



Data source: U.S. Energy Information Administration, *Electric Power Monthly*, February 2023, preliminary data  
Note: Includes generation from power plants with at least 1,000 kilowatts of electric generation capacity (utility-scale). Hydro is conventional hydroelectric. Petroleum includes petroleum liquids, petroleum coke, other gases, hydroelectric pumped storage, and other sources.

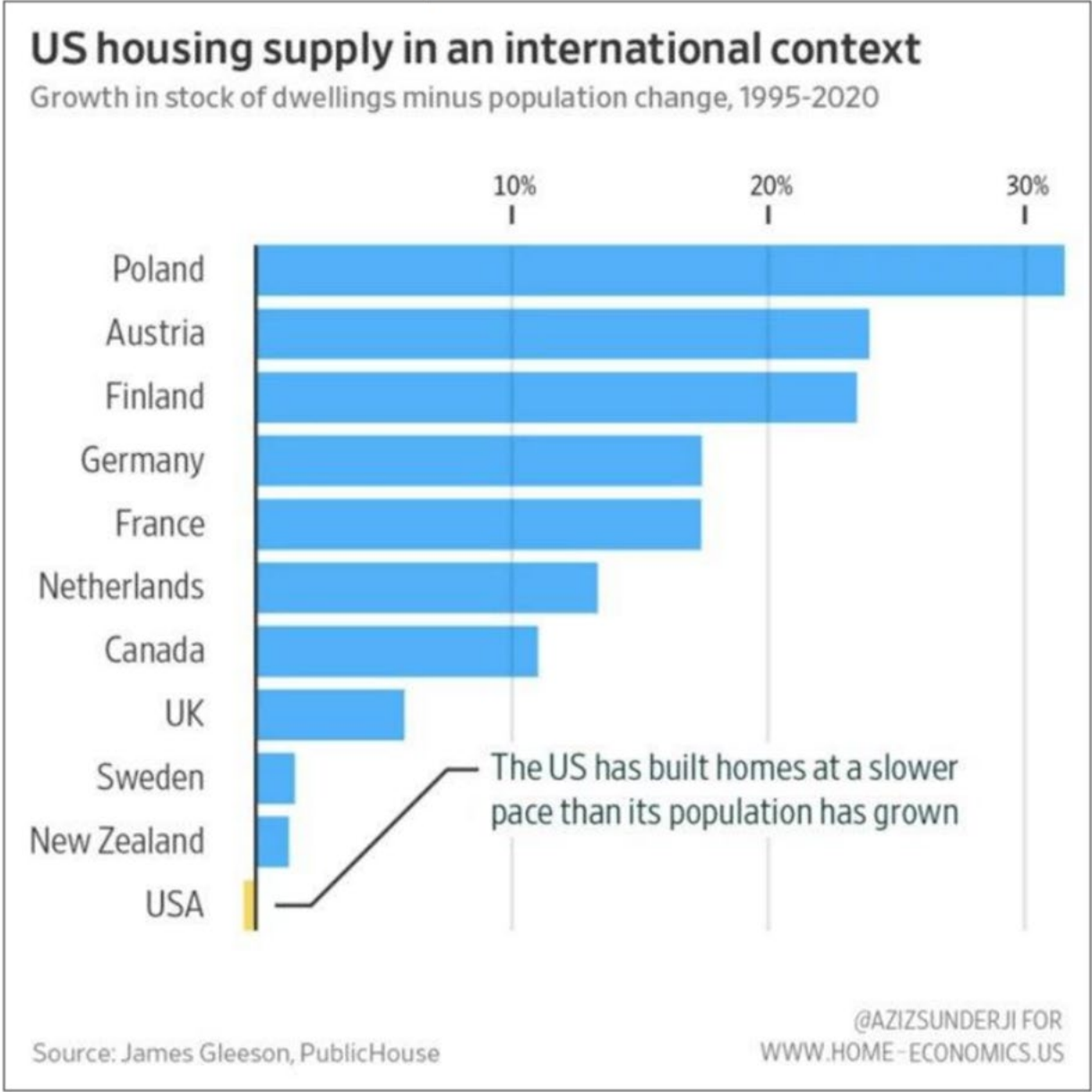
Past performance is no guarantee of future results. Source: eia. Data for the time period 1/1/2022 – 12/31/2022.



# Outlook 2024: Crossing the Stock Market Bar

## OPPORTUNITY SETS

US has built homes at a slower pace than the rest of the world.



Past performance is no guarantee of future results. Source: James Gleeson, PublicHouse. Data for the time period 1/1/1995– 12/31/2020.

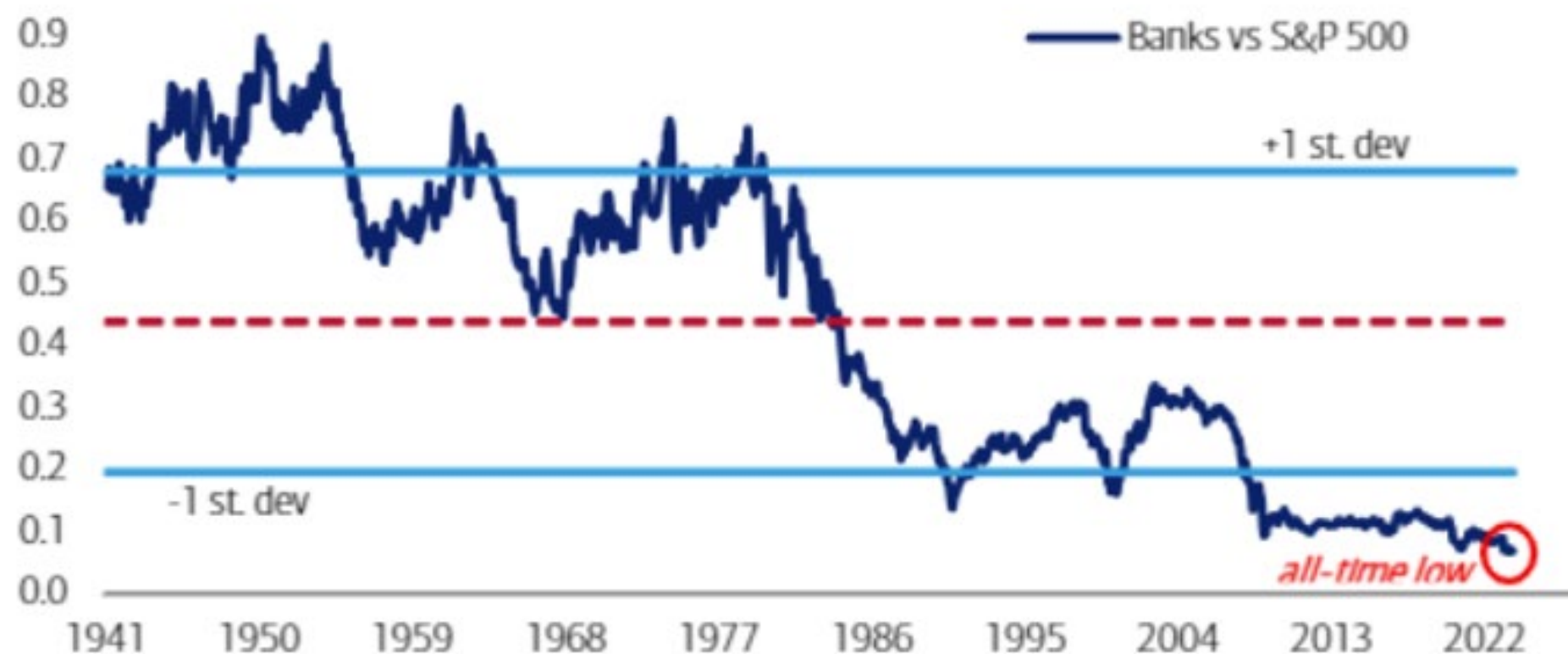




# Outlook 2024: Crossing the Stock Market Bar

## OPPORTUNITY SETS

**Chart 2: US banks at 80-year lows vs S&P 500**  
Banks vs S&P 500 (price relative)



Source: BofA Global Investment Strategy, Bloomberg.

BofA GLOBAL RESEARCH

Past performance is no guarantee of future results. Source: BofA Global Investment Strategy, Bloomberg. Data for the time period 1/1/1941– 12/31/2022.



# Agenda

- ✓ Inflation
- ✓ Opportunity Sets
- Danger Avoidance



# Outlook 2024: Crossing the Stock Market Bar

## DANGER AVOIDANCE

**Chart 3: Tech at all-time highs vs S&P 500**

Tech vs S&P 500 (price relative)



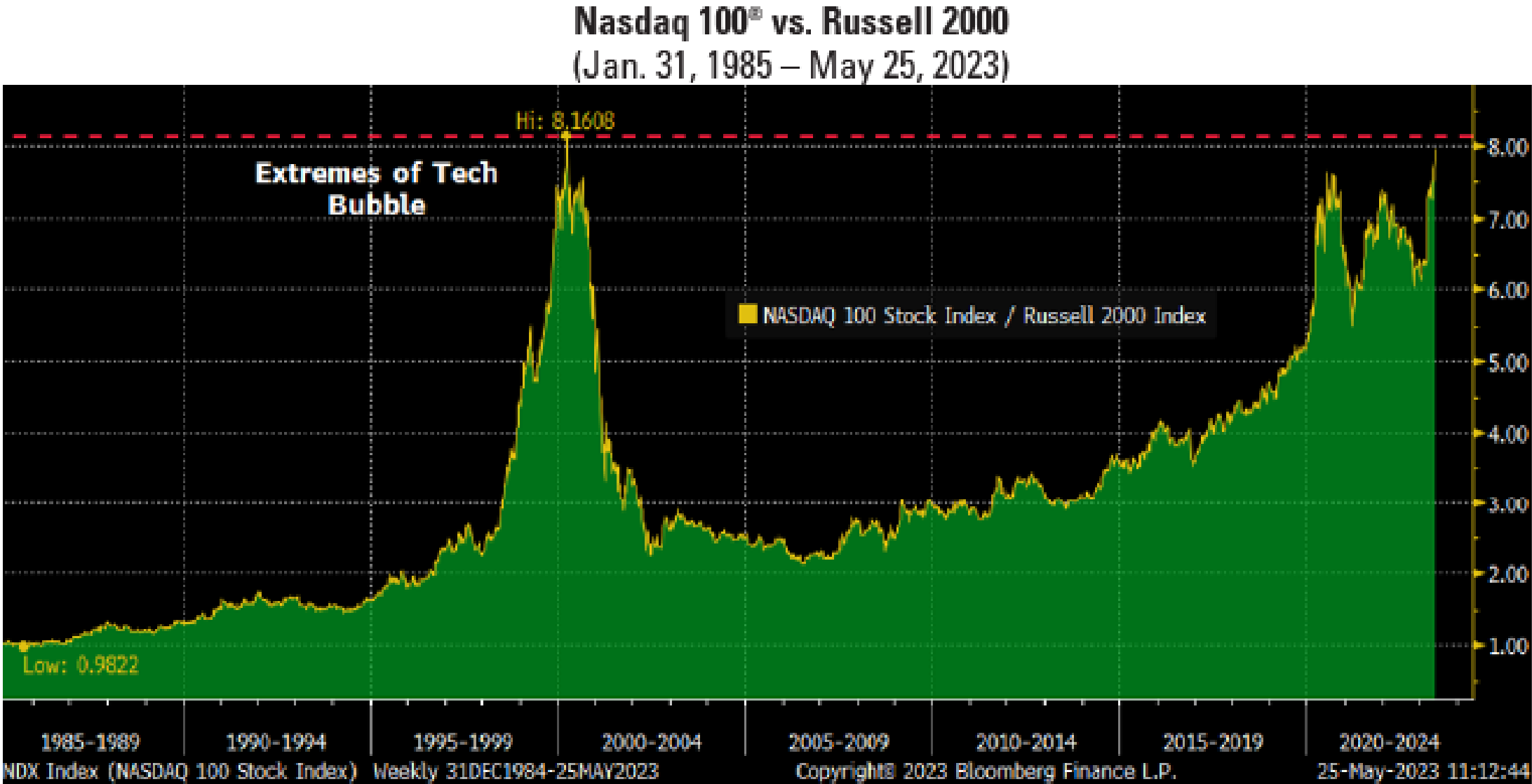
**Source:** BofA Global Investment Strategy, Bloomberg

**Past performance is no guarantee of future results.** Source: BofA Global Investment Strategy, Bloomberg. Data for the time period 1/1/1926– 9/30/2023.



# Outlook 2024: Crossing the Stock Market Bar

## DANGER AVOIDANCE



Source: Richard Bernstein Advisors LLC., Bloomberg Finance L.P.

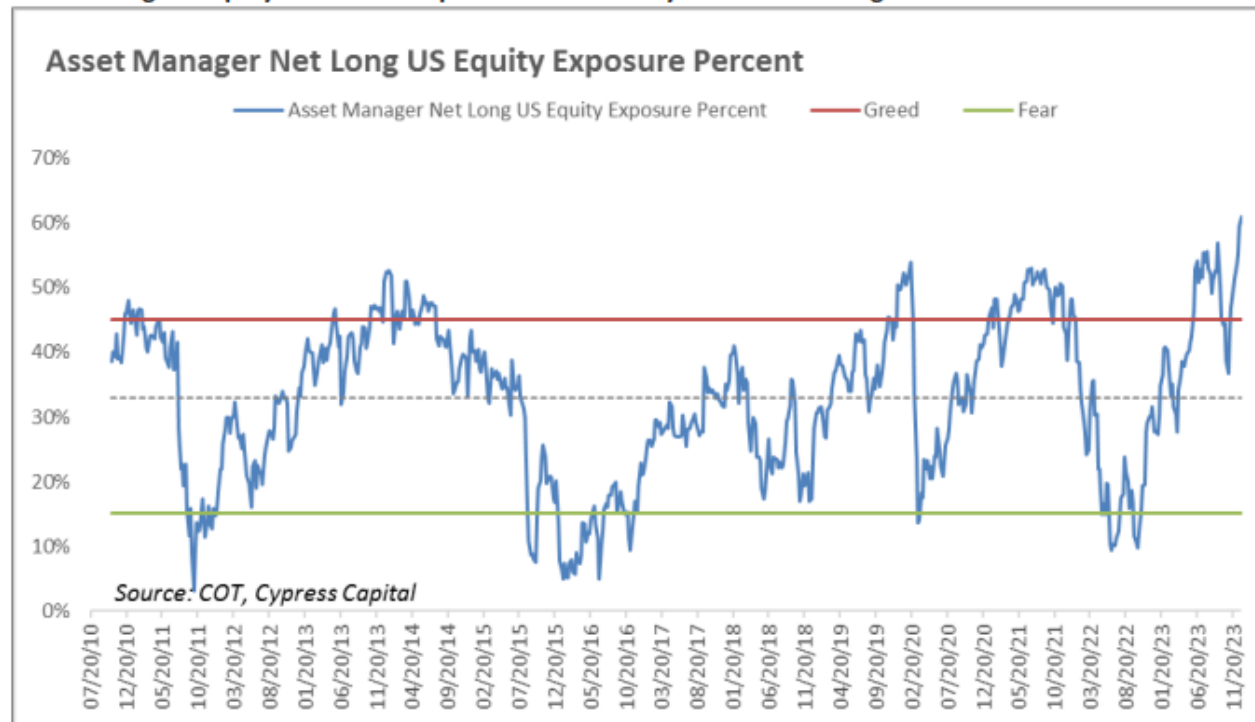
Past performance is no guarantee of future results. Source: Richard Bernstein, Bloomberg. Data for the time period 1/31/1985–5/25/2023.



# Outlook 2024: Crossing the Stock Market Bar

## DANGER AVOIDANCE – PROFESSIONALS AND RETAIL INVESTORS ARE ALL IN

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



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.

Retail investors have piled into US markets this year

Daily net inflow by individuals (\$mn, 21-day moving average)



**Past performance is no guarantee of future results.** Source: Left – COT, Cypress Capital. Data for the time period 1/20/2020 11/20/2023. Right – Vanda Research. Data for the time period 1/1/2014– 12/31/2023.





# Agenda

- ✓ Inflation
- ✓ Opportunity Sets
- ✓ Danger Avoidance





# Agenda

- ✓ **Performance, Characteristics and Top 10 Holdings**

Seamus Sullivan  
Senior Analyst

- ✓ **Featured Stock: Western Alliance Bancorp. (WAL)**

Cole Smead, CFA  
CEO & Portfolio Manager

- ✓ **Outlook 2024: Crossing the Stock Market Bar**

Bill Smead  
Chief Investment Officer

# Important Information

**Arbitrage** is the concurrent purchase and sale of similar assets in different markets.

**Basis point:** A basis point is one hundredth of one percent, used chiefly in expressing differences of interest rates.

**Book Value:** A company's common stock equity as it appears on a balance sheet, equal to total assets minus liabilities, preferred stock, and intangible assets such as goodwill.

**CapEx** is a capital expenditure which is money a company uses to purchase, maintain, or expand fixed assets.

**Cash Flow:** A revenue or expense stream that changes a cash account over a given period.

**Debt/Equity:** A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity.

**Debt/Total Capital:** A company's debt-to-capital ratio or D/C ratio is the ratio of its total debt to its total capital, its debt and equity combined.

**Dividend yield** is represented as a percentage and can be calculated by dividing the dollar value of dividends paid in a given year per share of stock held by the dollar value of one share of stock.

**Earnings before interest, tax, depreciation and amortization (EBITDA)** is a measure of a company's operating performance.

**Earnings per share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock.

**Free Cash flow:** measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

**Free cash flow per share** is a measure of a company's financial flexibility that is determined by dividing free cash flow by the total number of shares outstanding.

**Free cash flow to sales (FCF Sales)** is a valuation ratio that measures a company's surplus cash flow against sales revenues.

**Free cash flow yield** is an overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share.

**Gross margin:** A company's total sales revenue minus its cost of goods sold (COGS), divided by total sales revenue.

**Leverage:** The relationship of debt to equity.

**Mutual Fund Portfolio Turnover:** A measure of the trading activity in the fund's portfolio of investments. In other words, how often securities are bought and sold.

**Net profit margin** is the ratio of net profits to revenues for a company or business segment.

**Nifty Fifty** refers to the 50 popular large-cap stocks on the New York Stock Exchange in the 1960s and 1970s that were widely regarded as solid buy and hold growth stocks, or "Blue-chip" stocks.

**Operating Cash Flow (OCF):** refers to the amount of cash a company generates from the revenues it brings in, excluding costs associated with long-term investment on capital items or investment in securities

**Operating margin:** a margin ratio used to measure a company's pricing strategy and operating efficiency.

**The price-to-cash-flow ratio** is the ratio of a stock's price to its cash flow per share.

**The price-to-book ratio (P/B Ratio)** is a ratio used to compare a stock's market value to its book value.

**Price/Earnings (P/E):** the ratio of a firm's closing stock price & its trailing 12 months' earnings/share.

**Price/Sales (P/S) ratio** shows how much investors are willing to pay per dollar of sales for a stock.

**Return on assets (ROA)** is an indicator of how profitable a company is relative to its total assets.

**Return on equity (ROE)** is the amount of net income returned as a percentage of shareholders equity.

**Return on total capital** is a profitability ratio that measures profit earned by a company using both its debt and equity capital

**Return on invested capital (ROIC)** is a profitability ratio. It measures the return that an investment generates for those who have provided capital, i.e. bondholders and stockholders.

**Russell 1000 Index** is an index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index, which represents about 90% of the total market capitalization of that index.

**Russell 1000 Value Index** refers to a composite of large and mid-cap companies located in the United States that also exhibit a value probability.

**S&P 500 Index:** A market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation.

**Standard deviation** is a measure of the dispersion of a set of data from its mean.

**Trailing price-to-earnings (P/E)** is a relative valuation multiple that is based on the last 12 months of actual earnings.





# Important Information

**Past performance is no guarantee of future results.**

**The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The summary and statutory 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](http://www.smeadfunds.com). Read it carefully before investing. Mutual fund investing involves risk. Principal loss is possible.**

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# Questions & Answers

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