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SMEAD
FUNDS

Smead Funds

3rd Quarter 2026 Webcast

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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.



SMEAD
FUNDS

Agenda

- **Performance, Characteristics and Fund Overview**

  Seamus Sullivan

  Senior Analyst

- **Featured Stock: Zoetis Inc (ZTS)**

  Cole Smead, CFA

  CEO & Portfolio Manager

- **Breaking the Fever**

  Bill Smead

  Chairman & Chief Investment Officer

Smead Value Fund

AS OF SEPTEMBER 30, 2026

QUARTER-END PERFORMANCE

	Q3 2026	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEAR	15 YEAR	SINCE INCEPTION (1/2/2008)
SMVLX Investor Share Class	1.53%	18.24%	18.60%	14.20%	9.87%	12.85%	14.63%	10.04%
SVFAX A Share Class (w/ load)	-4.31%	11.43%	11.82%	12.00%	8.60%	12.21%	14.15%	9.62%
SVFAX A Share Class (w/o load)	1.53%	18.23%	18.64%	14.24%	9.89%	12.88%	14.60%	9.96%
SVFCX C Share Class	1.39%	17.72%	17.91%	13.52%	9.23%	12.47%	14.37%	9.84%
SVFFX I1 Share Class*	1.61%	18.46%	18.93%	14.52%	10.18%	13.16%	14.94%	10.30%
Russell 1000 Value Index	2.61%	19.27%	23.81%	20.07%	11.92%	11.43%	12.98%	8.85%
S&P 500 TR Index	2.30%	12.75%	15.74%	22.89%	13.79%	15.33%	15.68%	11.39%

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

Investor Shares Gross Expense Ratio 1.23%
A Shares Gross Expense Ratio 1.23%
I1 Shares Gross Expense Ratio 0.96%
C Shares Gross Expense Ratio 1.82%

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.

Portfolio Valuation

AS OF SEPTEMBER 30, 2026

	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 Value Fund	$125 Bn	16.6x	9.8x	14%	14%	39%	11.4%	15.7%
S&P 500 Index	$1,676 Bn	26.2x	19.7x	18%	28%	33%	13.9%	22.1%
Russell 1000 Value Index	$857 Bn	20.8x	15.2x	10%	17%	38%	9.8%	14.5%

Past performance is no guarantee of future results.

Source: Bloomberg. The benchmark quoted above is the Russell 1000 Value. The Price-to-Earnings (P/E) Ratio is the most common measure of how expensive a stock is. Price-to-Cash Flow (P/CF) is defined as a stock's capitalization divided by its cash flow. The Price-to-Book (P/B) Ratio is a stock's capitalization divided by its book value.

The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, Adviser's/Fund's holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent an appropriate benchmark to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely recognized indices. You cannot invest directly in an index. Please see important disclosures at the back of this presentation.

Contributors & Detractors

AS OF SEPTEMBER 30, 2026

- **Contributors:**
  - Cenovus Energy (CVE)
  - APA Corp (APA)
  - Merck & Co (MRK)

- **Detractors:**
  - D.R. Horton (DHI)
  - Macerich (MAC)
  - Simon Property Group (SPG)

Mutual fund investing involves risk. Principal loss is possible. The securities identified above do not represent all of the securities within the Fund. Fund holdings and sector allocation and asset allocations are subject to change and are not recommendations to buy or sell any security. This information is for illustrative purposes only and should not be construed as investment advice. Attribution analysis is used to explain and analyze the Fund's performance against its benchmarks.

PORTFOLIO ADDITIONS / DELETIONS

- **New positions:**
  - None

- **Adds to position weightings:**
  - Crocs Inc (CROX)
  - Lennar Corp (LEN)
  - Western Alliance Bancorp (WAL)
  - Zoetis Inc (ZTS)

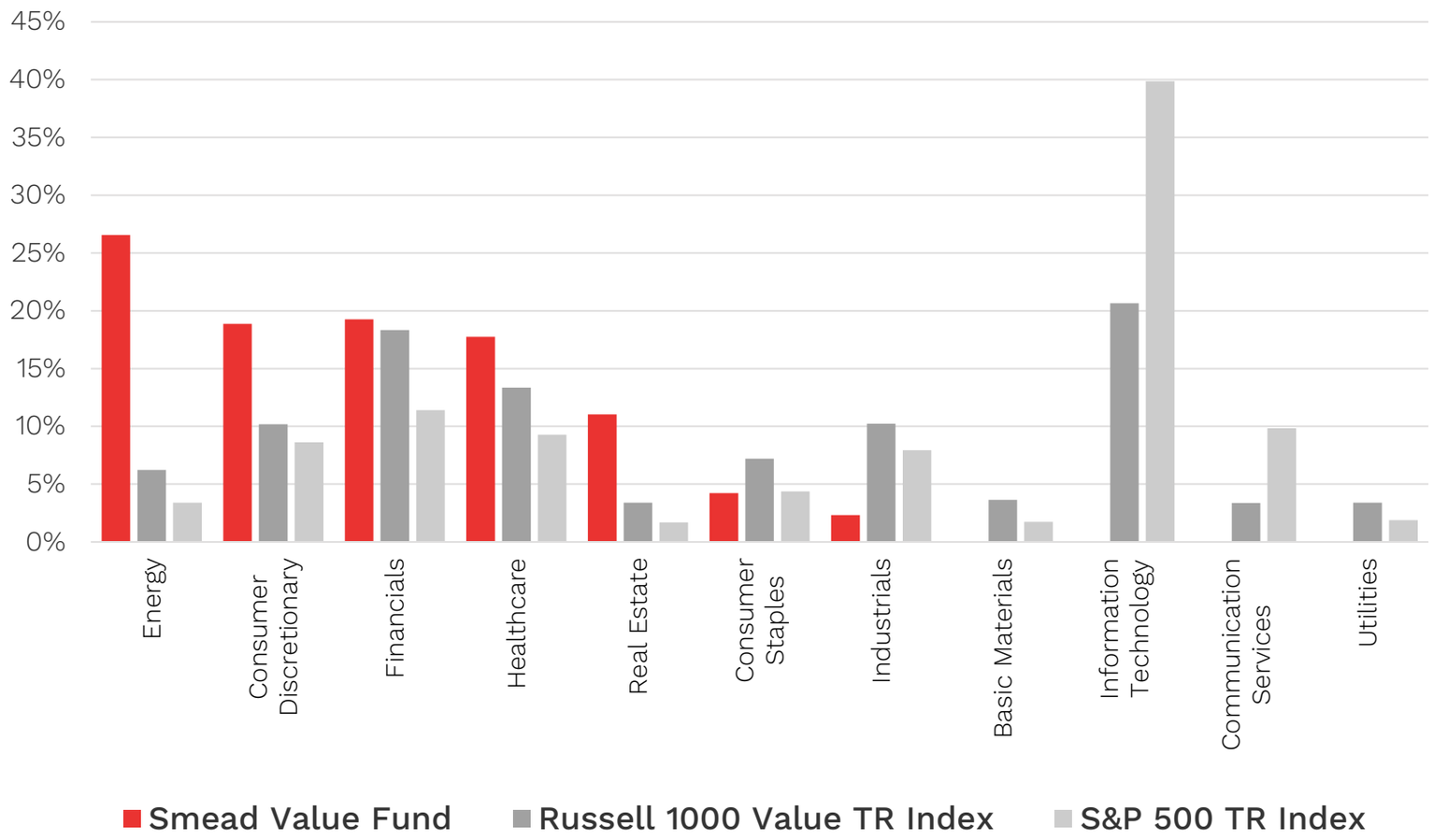
- **Trims to position weightings:**
  - Amgen Inc (AMGN)
  - Bank of America Corp (BAC)
  - Simon Property Group Inc (SPG)
  - Target Corp (TGT)

- **Sells:**
  - None

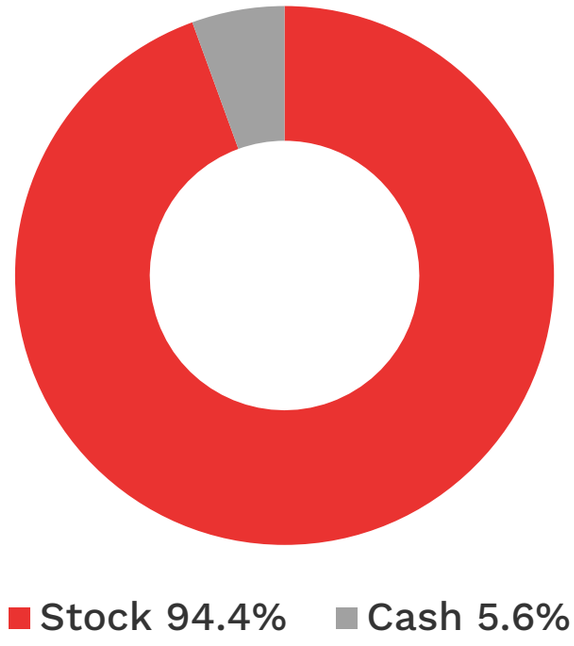
Sector Weighting and Asset Allocation

AS OF SEPTEMBER 30, 2026

SECTOR WEIGHTINGS



ASSET ALLOCATION



Past performance is no guarantee of future results. Fund holdings, sector allocations and asset allocations are subject to change and are not recommendations to buy or sell any security. Sector Weightings are calculated as a percentage of net assets and exclude cash or cash equivalents. **Mutual fund investing involves risk. Principal loss is possible.**

Smead International Value Fund

AS OF SEPTEMBER 30, 2026

QUARTER-END PERFORMANCE

	Q3 2026	YTD	1 YEAR	3 YEAR	5 YEAR	10 YEARS	SINCE INCEPTION (1/12/2015)
SVXLX Investor Share Class	6.25%	28.98%	39.59%	24.21%	18.87%	15.68%	12.83%
SVXAX A Share Class (w/ load)	-0.31%	20.96%	30.87%	21.43%	17.18%	14.78%	12.05%
SVXAX A Share Class (w/o load)	5.78%	28.34%	38.85%	23.85%	18.58%	15.46%	12.62%
SVXCX C Share Class	5.59%	27.69%	37.94%	23.10%	17.89%	14.79%	11.96%
SVXFX I1 Share Class	5.84%	28.60%	39.25%	24.19%	18.91%	15.79%	12.93%
MSCI EAFE NR Index	0.81%	10.33%	15.69%	18.40%	9.32%	9.07%	7.98%
MSCI ACWI ex-US NR Index	0.48%	14.23%	19.99%	20.54%	9.55%	9.25%	8.01%

*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 2.83%, A Shares (SVXAX) Gross Expense Ratio 1.47%, C Shares (SVXCX) Gross Expense Ratio 2.28%, I1 Shares (SVXFX) Gross Expense Ratio 1.20%,

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 June 30, 2027. 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.

Portfolio Valuation

AS OF SEPTEMBER 30, 2026

	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	$49 Bn	14.7x	7.8x	16%	21%	39%	10.0%	14.2%
MSCI EAFE	$128 Bn	18.4x	11.5x	8%	19%	30%	9.7%	13.1%

P/E: Price to earnings ratio. Source: Bloomberg.

Past performance is no guarantee of future results.

Contributors & Detractors

AS OF SEPTEMBER 30, 2026

- **Contributors:**
  - Cenovus Energy (CVE CN)
  - Glencore (GLEN LN)
  - Bankinter (BKT SM)

- **Detractors:**
  - Garrett Motion (GTX US)
  - Barclays (BARC LN)
  - Autotrader Group (AUTO LN)

Mutual fund investing involves risk. Principal loss is possible. The securities identified above do not represent all of the securities within the Fund. Fund holdings and sector allocation and asset allocations are subject to change and are not recommendations to buy or sell any security. This information is for illustrative purposes only and should not be construed as investment advice. Attribution analysis is used to explain and analyze the Fund's performance against its benchmarks.

PORTFOLIO ADDITIONS / DELETIONS

- **New positions:**
  - None

- **Adds to position weightings:**
  - Autotrader Group plc (AUTO LN)
  - Garrett Motion Inc (GTX UW)
  - International Petroleum Corp (IPCO CT)
  - Roche Holdings AG (ROP SE)
  - Subaru Corp (7270 JT)
  - West Fraser Timber Co. (WFG CT)

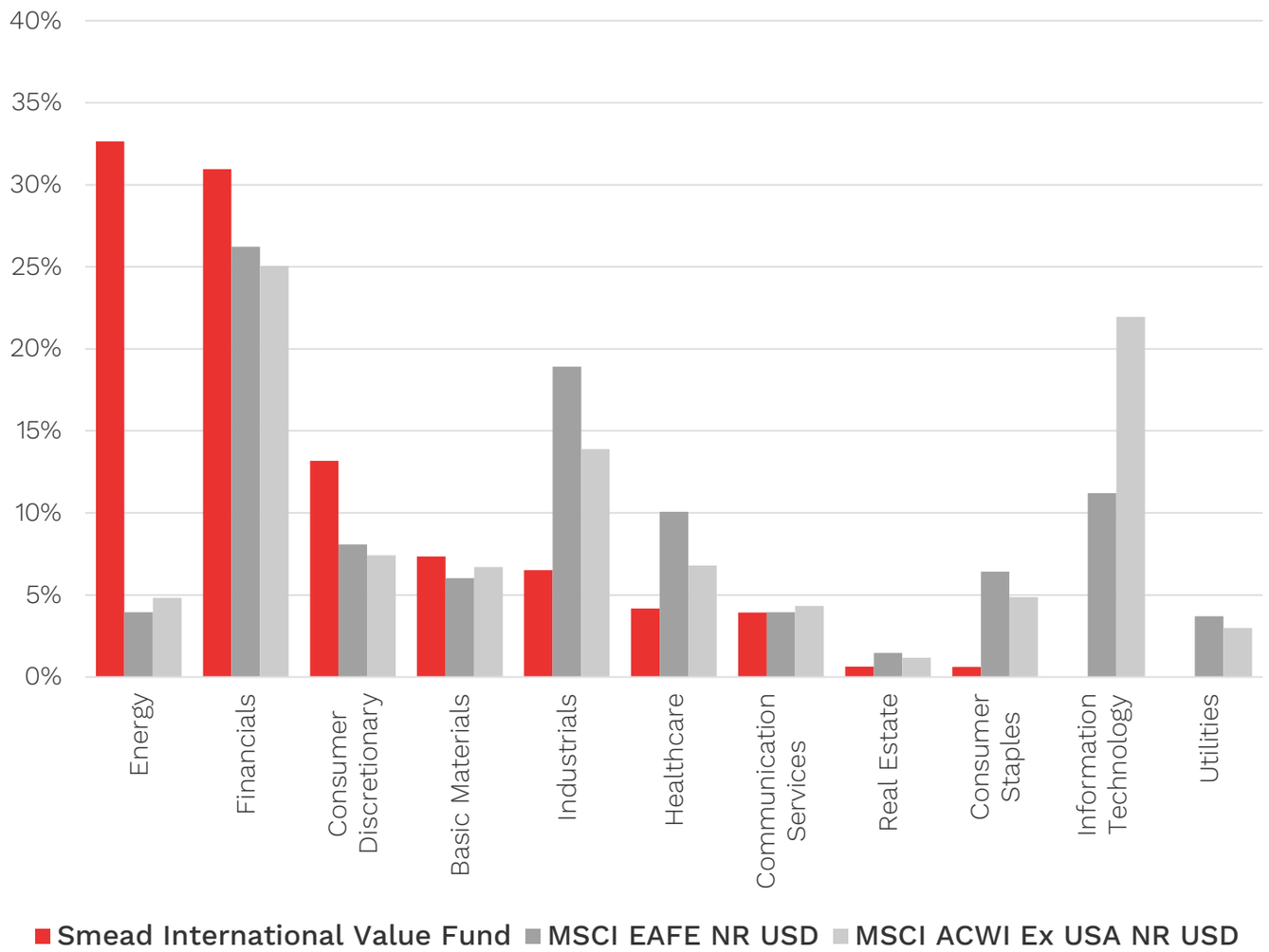
- **Trims to position weightings:**
  - None

- **Sells:**
  - Universal Music Group (UMG NA)

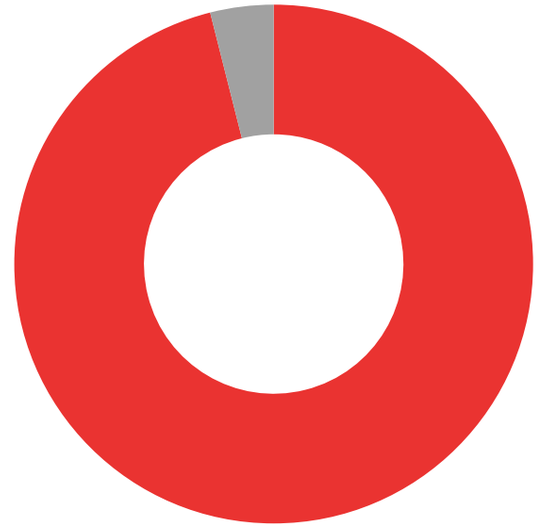
Sector Weighting and Asset Allocation

AS OF SEPTEMBER 30, 2026

SECTOR WEIGHTINGS



ASSET ALLOCATION



TOP FIVE COUNTRY WEIGHTINGS

Canada	33.34%
United Kingdom	20.35%
Austria	9.97%
Italy	8.38%
Norway	6.19%

Past performance is no guarantee of future results. Fund holdings, sector allocations and asset allocations are subject to change and are not recommendations to buy or sell any security. Sector Weightings are calculated as a percentage of net assets and exclude cash or cash equivalents. The indexes and US SA Large Value sector information provided by Morningstar. Mutual fund investing involves risk. Principal loss is possible.

A Book With Legs

A PODCAST BY SMEAD CAPITAL MANAGEMENT



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A Book With Legs?

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Listen on Spotify



SMEAD
FUNDS

Agenda

✓ **Performance, Characteristics and Fund Overview**

Seamus Sullivan
Senior Analyst

- **Featured Stock: Zoetis Inc (ZTS)**

  Cole Smead, CFA
  CEO & Portfolio Manager

- **Breaking the Fever**

  Bill Smead
  Chairman & Chief Investment Officer

Zoetis Inc (ZTS)

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.

Zoetis Inc (ZTS)

MEETS AN ECONOMIC NEED



Past performance is no guarantee of future results. Source: Zoetis Corporate Overview.

Zoetis Inc (ZTS)

MEETS AN ECONOMIC NEED



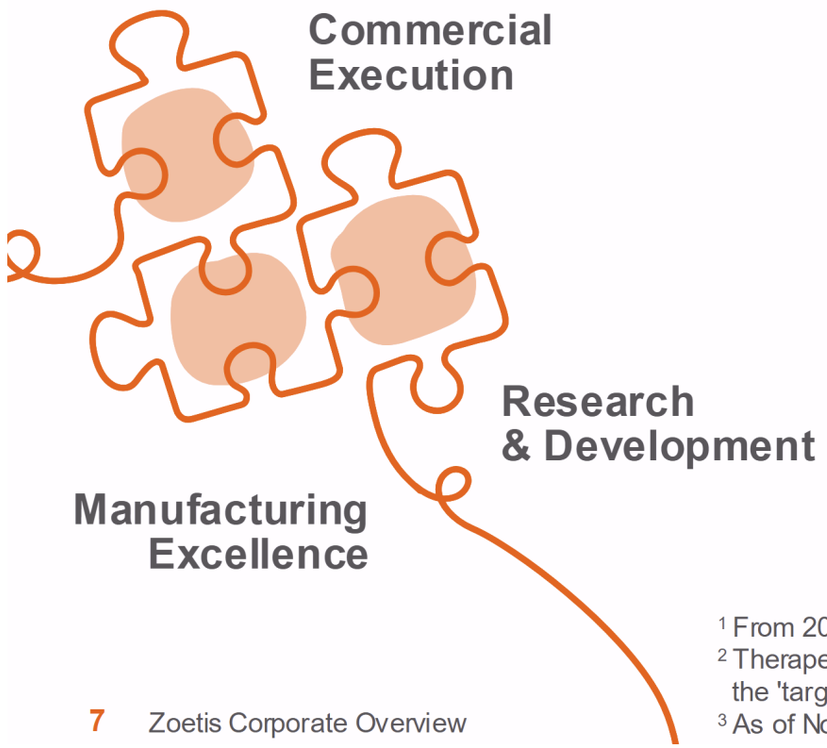
Past performance is no guarantee of future results. Source: Zoetis Corporate Overview.

Zoetis Inc (ZTS)

STRONG COMPETITIVE ADVANTAGE

Building on Market Leadership to Drive the Next Wave of Growth

Poised to deliver sustained value with leading market reach, manufacturing reliability and scale, and unrivaled innovation capabilities



Unmatched scientific and veterinary expertise

1,700 R&D colleagues

>$6B Invested in R&D[1]

Unrivaled scientific insight and IP depth

~75 Years of proprietary research data

300 Product lines

Translating into the most comprehensive R&D engine

90 Therapeutic targets[2,3]

15 Therapeutic areas

8 Species

[1] From 2013 to 2025
[2] Therapeutic target defined as a biological pathway, protein, or gene that is involved in a disease, and thus becomes the 'target' area to affect for disease treatment - e.g., JAK inhibitor is the biological target for Apoquel.
[3] As of November 2025

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Past performance is no guarantee of future results. Source: Zoetis Corporate Overview.

Zoetis Inc (ZTS)

STRONG COMPETITIVE ADVANTAGE

Robust Pipeline with Expected Major Market Approvals Every Year for the Next Several Years

2025

- **Long-Acting OA mAb (Portela)**
- **Long-Acting OA mAb (Lenivia)**
- HPAI Vaccines*

Expected 2026

- **Next-Gen Chemistry Dx[2]**
- **Long-Acting Cytopoint**
- HVT-ND

Expected 2027

- **Renal mAb Therapy***
- Simparica DUO
- HVT-ND-ILT Vaccine
- PCV2a-b mHyo Needle Free Vaccine

Expected 2028 – 2029

- **Derm mAb**
- **Convenia® New Formulation**
- Oral Vaccines
- Oncology mAb 1*
- **Oncology mAb 2***
- DNA Vaccine 1

Expected blockbusters[1]

Expected[3] 2030+

- **Renal mAb Therapy***
- Obesity Therapeutic
- **Anxiety Therapeutic**
- **Long-Acting Parasiticide**
- **Cardiology Solution***
- Bacterial Vaccines
- Parasite Vaccines
- mHyo Microdose Vaccine
- Derm Therapeutic*
- DNA Vaccine 2

Notes:

Expected approvals in the U.S., EU or other top 10 international market based on 2024 annual revenue (Australia, Brazil, Canada, China, Mexico, Japan, and U.K.).

Content reflects projected approvals based on internal estimates. Actual results may vary due to regulatory review processes and approval requirements, or other internal and external factors, including for programs with longer-term horizons. New product innovation has a higher inherent uncertainty when compared to geographic expansion and lifecycle innovation.

Products are not ordered by value or any other criteria within each date range

[1] Products with expected future potential annual sales of $100M+, not necessarily to be achieved within disclosed time horizon
[2] Completion of final validation expected in 2026
[3] Non-exhaustive
* Conditional licenses or approvals

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Past performance is no guarantee of future results. Source: Zoetis Corporate Overview.

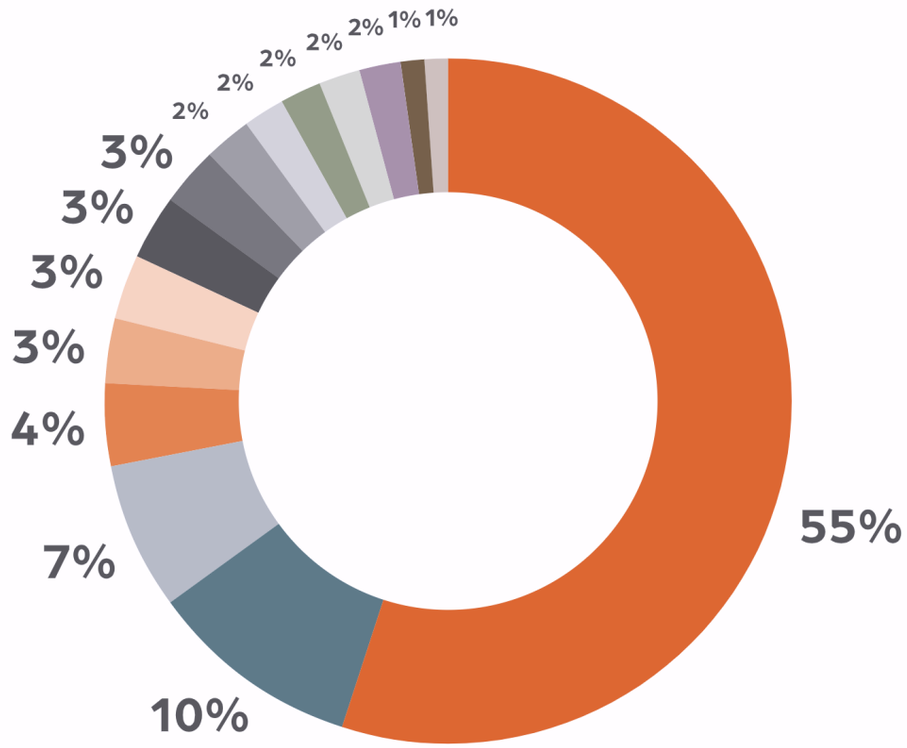
Zoetis Inc (ZTS)

STRONG COMPETITIVE ADVANTAGE

Global Leadership, Scale and Scope

Zoetis combines the local presence and knowledge necessary to serve the unique needs of individual customers with the global reach and resources essential to help advance animal health globally.

Revenue by market[1]



United States	55%
Brazil	4%
Australia	3%
United Kingdom	3%
Canada	3%
Germany	3%
China	2%
France	2%
Mexico	2%
Japan	2%
Spain	2%
Chile	1%
Italy	1%
Other Emerging Markets	10%
Other Developed Markets	7%

Note: Based on 2025 revenue as reported in our 2025 Annual Report on Form 10-K filed on February 12, 2026

[1] Excludes revenue associated with Client Supply Services and Human Health, which represented 1% of total 2025 revenue

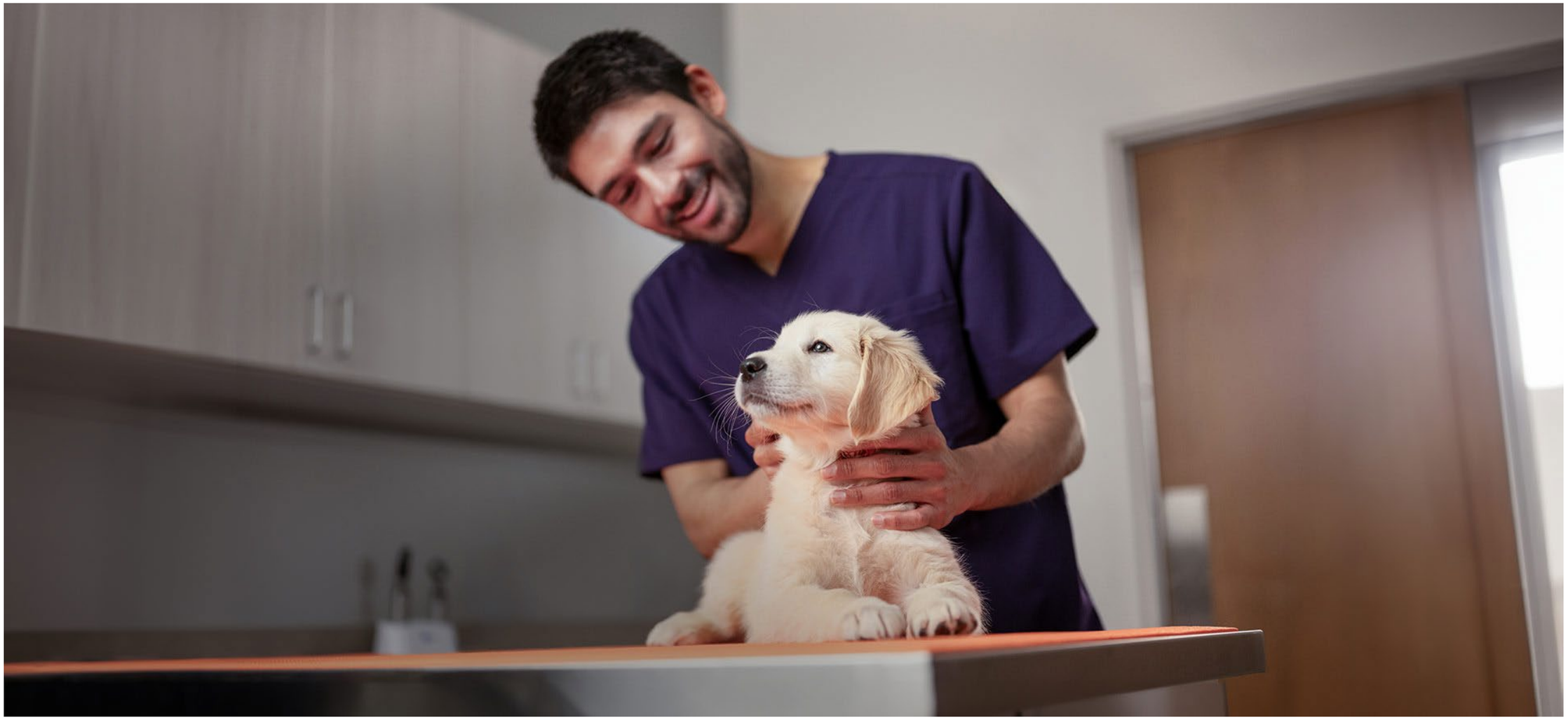
zoetis

Past performance is no guarantee of future results. Source: Zoetis Corporate Overview.

Zoetis Inc (ZTS)

LONG HISTORY OF PROFITABILITY & OPERATING METRICS

Zoetis Inc	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	13-YR Average
Operating Margin	28.5%	32.1%	31.1%	31.4%	33.6%	35.5%	36.1%	35.3%	36.1%	37.5%	30.0%
Return on Invested Capital	14.9%	14.5%	18.8%	17.4%	17.3%	19.5%	19.1%	19.6%	23.1%	24.0%	17.0%



Past performance is no guarantee of future results. Source: Bloomberg, Company Website.

Zoetis Inc (ZTS)

HIGH LEVELS OF FREE CASH FLOW

Zoetis Inc	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	13-YR Average
FCF	$497	$1,122	$1,452	$1,335	$1,673	$1,736	$1,326	$1,621	$2,298	$2,283	
Net Income	$821	$864	$1,428	$1,500	$1,638	$2,037	$2,114	$2,344	$2,486	$2,673	
FCF Conversion	*61%*	*130%*	*102%*	*89%*	*102%*	*85%*	*63%*	*69%*	*92%*	*85%*	*91%*



Past performance is no guarantee of future results. Source: Bloomberg, Company Website.

Zoetis Inc (ZTS)

LOW PRICE IN RELATION TO INTRINSIC VALUE

Zoetis currently trades at 11x 2027 earnings, and 3.2x invested capital – both below the long-term average.

Zoetis Inc	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	13-YR Average
P/E	27.2x	25.1x	26.5x	36.4x	43.2x	51.7x	29.8x	36.1x	27.3x	19.7x	30.9x
P/IC	5.0x	6.8x	5.9x	8.5x	10.4x	14.7x	7.6x	9.3x	7.7x	5.2x	7.3x



Past performance is no guarantee of future results. Source: Bloomberg, Company Website. Data as of September 24, 2026.

Zoetis Inc (ZTS)

HISTORY OF SHAREHOLDER FRIENDLINESS

Capital Allocation Priorities

Our Capital Allocation strategy is designed to balance investments in growth, shareholder returns, and financial flexibility

Reinvest in Our Business

- Funding our industry-leading R&D programs
- Driving Efficiency and Capacity initiatives

External Business Development Opportunities

- Targeting bolt-on acquisitions and complimentary technologies

Return Cash to Shareholders

- Share Repurchases based on capital deployment needs, ongoing M&A activity, and stock valuation
- Dividend commitment to grow at or above adjusted net income growth

zoetis

Past performance is no guarantee of future results. Source: Zoetis Corporate Overview.

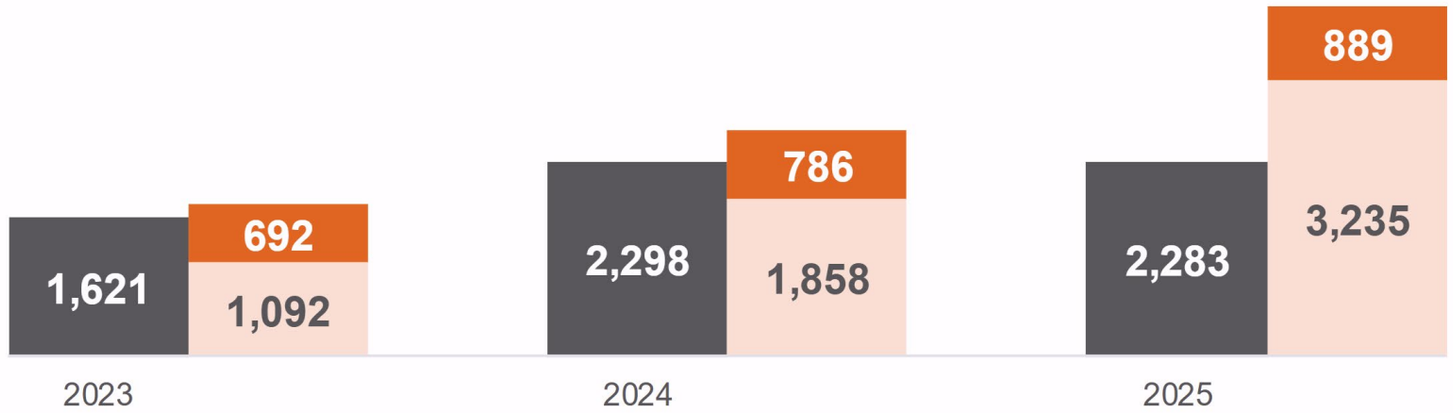
Zoetis Inc (ZTS)

HISTORY OF SHAREHOLDER FRIENDLINESS

Shareholder Payout Above FCF

3-YEAR AVERAGE SHAREHOLDER PAYOUT

>135% of Free Cash Flow returned to shareholders



13% CAGR on Dividend Growth[1]

26% CAGR on Share Repurchase Growth[1]

FCF Dividends Share repurchases

- Strong Free Cash Flow growth driven by revenue growth and operating efficiency
- Share repurchases part of broader strategy to return excess capital to shareholders.
- Ongoing commitment to growing our dividend
- Recent convertible note and share repurchase reflect our confidence in the business

[1] CAGR for full-year 2023-2025

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Past performance is no guarantee of future results. Source: Zoetis Corporate Overview. CAGR: Compound Annual Growth Rate, FCF: Free Cash Flow.

Zoetis Inc (ZTS)

STRONG BALANCE SHEET

Zoetis Inc			
Cash	$2,312	Debt-to-Equity Ratio	279%
Total Debt	$9,297	Debt-to-Total Capital	74%
Net Debt	$6,985	Interest Coverage Ratio	23.7x
Equity	$3,331	Net Debt-to-EBITDA	1.9x
Pension Funding Status	-$42	Credit Rating (S&P)	BBB+



Past performance is no guarantee of future results. Source: Bloomberg, Company Website. Data as of September 4, 2026. The Net Debt-to-EBITDA ratio measures a company's financial leverage and estimates how many years it would take to pay back its debt using operating earnings.

Zoetis Inc (ZTS)

INSIDER OWNERSHIP



Kristin Peck
Chief Executive Officer

Management and the Board own 0.9M shares worth $64M – we would prefer this to increase over time.

Name of Beneficial Owner	Common Stock[1]	Deferred Stock Units[2]	Vested Options[3]	Total
Directors and Named Executive Officers:				
Paul M. Bisaro	25,862	—	—	25,862
Vanessa Broadhurst	3,920	—	—	3,920
Frank A. D'Amelio	14,808	21,764	—	36,572
Gavin D.K. Hattersley	3,354	—	—	3,354
Sanjay Khosla	9,808 [4]	21,764	—	31,572
Antoinette R. Leatherberry	5,280	1,501	—	6,781
Michael B. McCallister	28,893 [4]	10,964	—	39,857
Gregory Norden	18,167 [4]	10,964	—	29,131
Louise M. Parent[5]	16,264	10,143	—	26,407
Willie M. Reed	12,864	4,988	—	17,852
Mark Stetter	—	—	—	—
Stephanie Tilenius	—	—	—	—
Kristin C. Peck	105,902	—	386,684	492,586
Wetteny Joseph	22,113	—	44,743	66,856
Robert Polzer[6]	1,957	—	19,638	21,595
Jamie Brannan	3,735	—	19,640	23,375
Roxanne Lagano	16,466	—	33,729	50,195
Current directors and executive officers as a group (22 persons)[7]	302,107	82,088	528,653	912,848



SMEAD
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Agenda

✓ **Performance, Characteristics and Fund Overview**

Seamus Sullivan

Senior Analyst

✓ **Featured Stock: Zoetis Inc (ZTS)**

Cole Smead, CFA

CEO & Portfolio Manager

• **Breaking the Fever**

Bill Smead

Chairman & Chief Investment Officer



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Breaking the Fever

Presented by:

Bill Smead
Chairman & Chief Investment Officer

www.smeadcap.com

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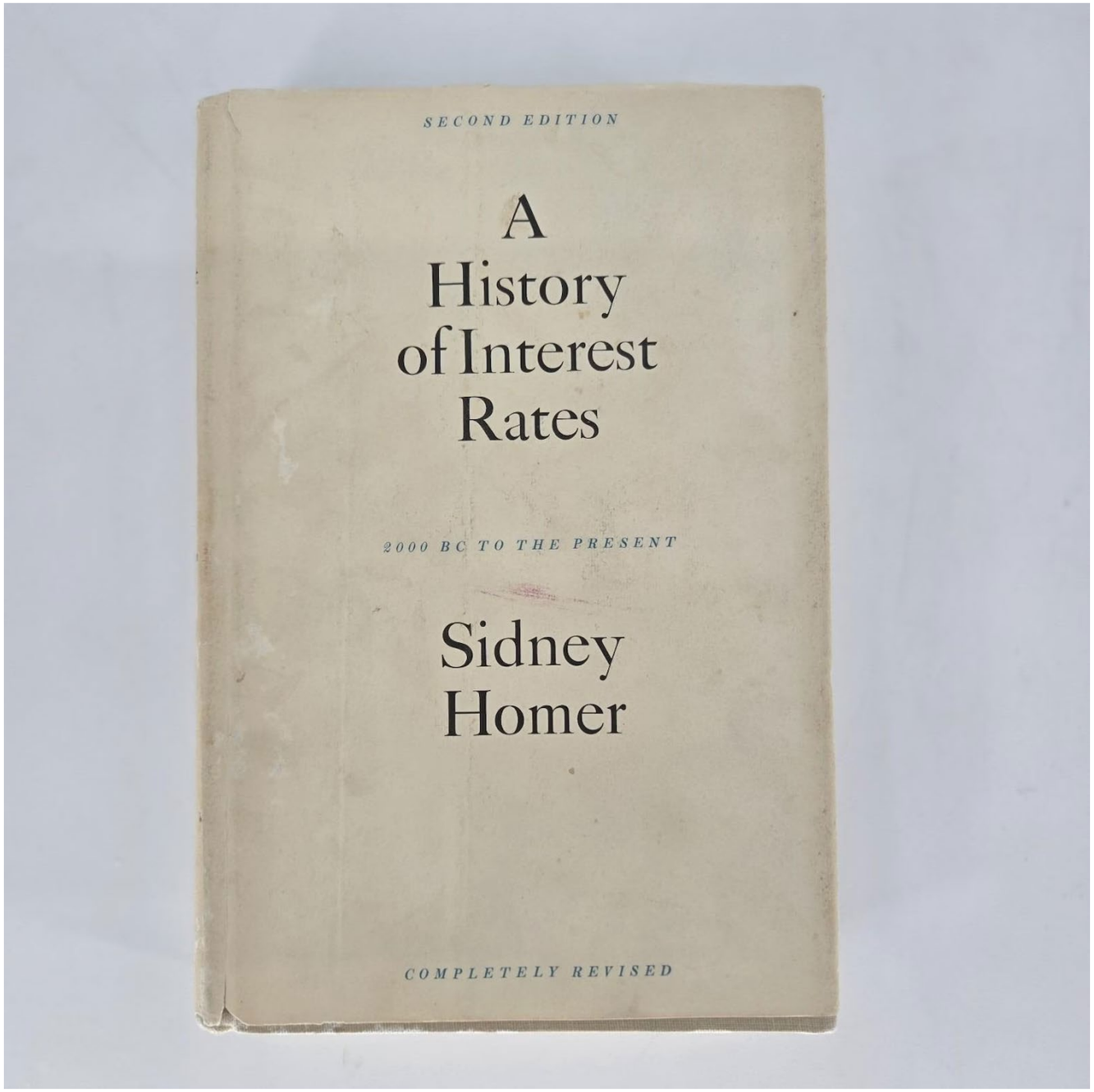
Discount Rates

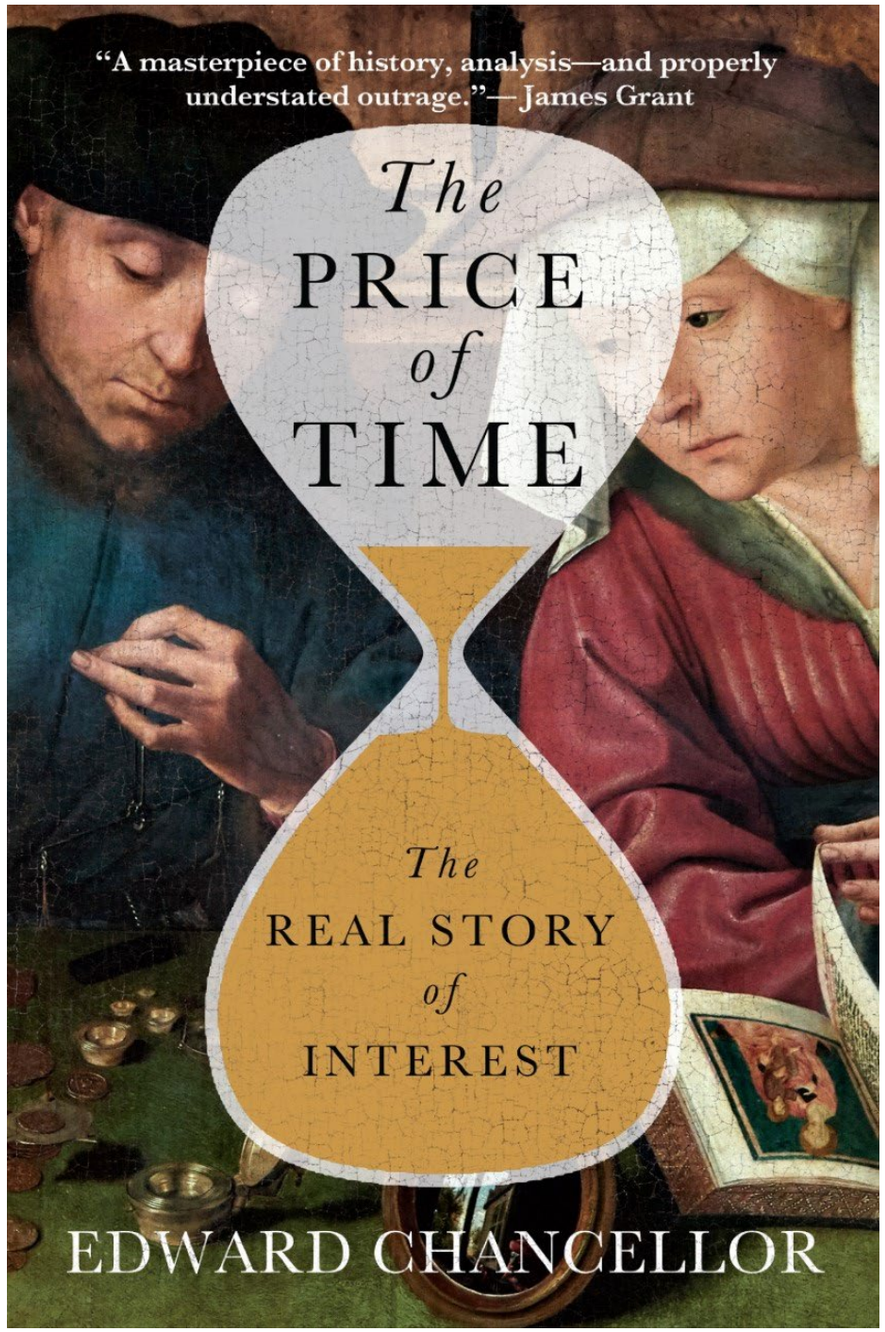
BREAKING THE FEVER



Discount Rates

THEORY OF INVESTMENT VALUE





Discount Rates

THEORY OF INVESTMENT VALUE

$$(1a) \qquad V_o = \sum_{t=1}^{t=\infty} \pi_t v^t = \pi_1 v + \pi_2 v^2 + \pi_3 v^3 + \cdots$$

where V_o = investment value at start
π_t = dividend in year t

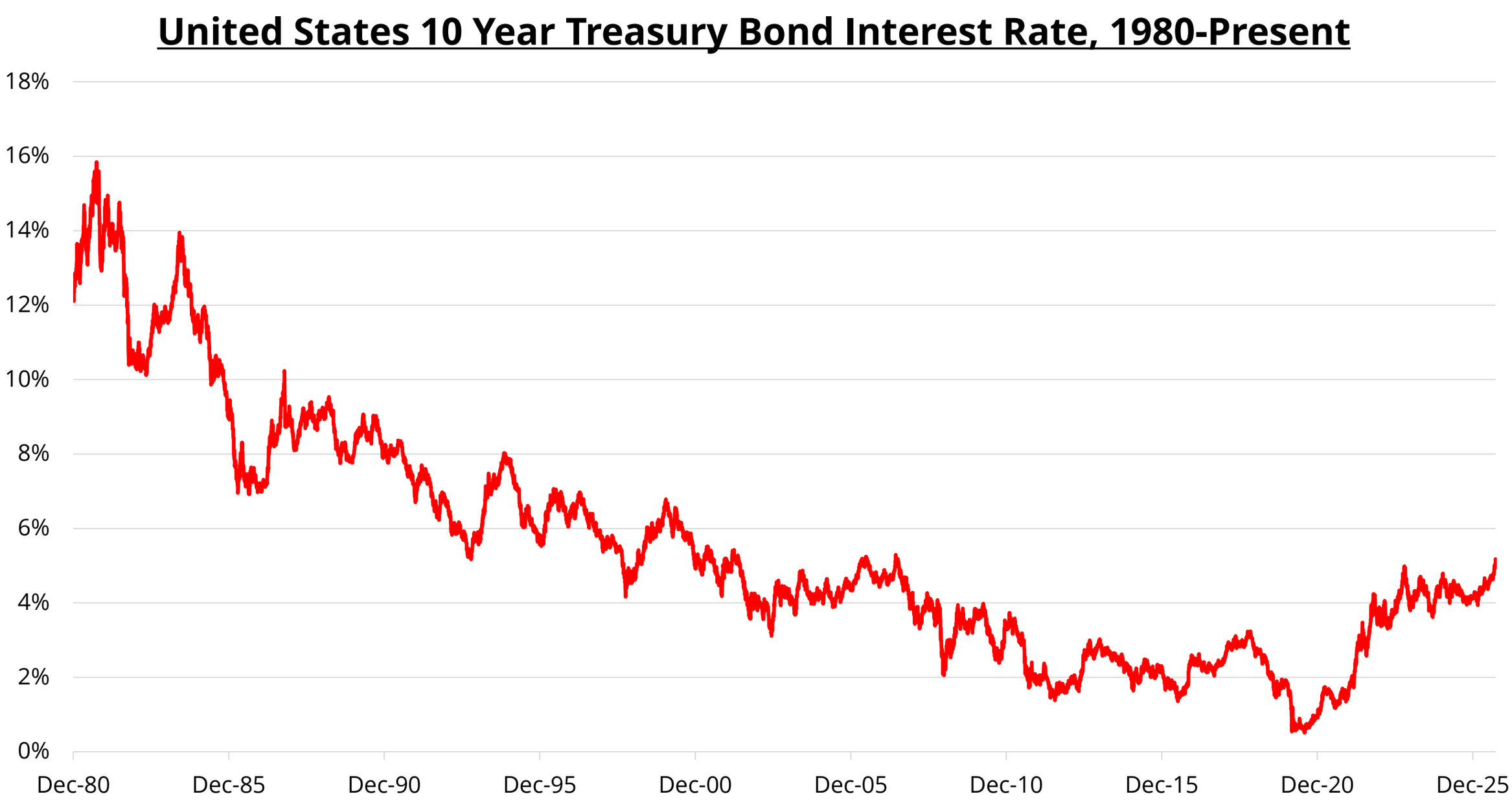
$$(2) \qquad v = \frac{1}{1+i}, \text{ by definition}$$

i = interest rate sought by the investor

John Burr Williams' Basic DCF Formula

Discount Rates

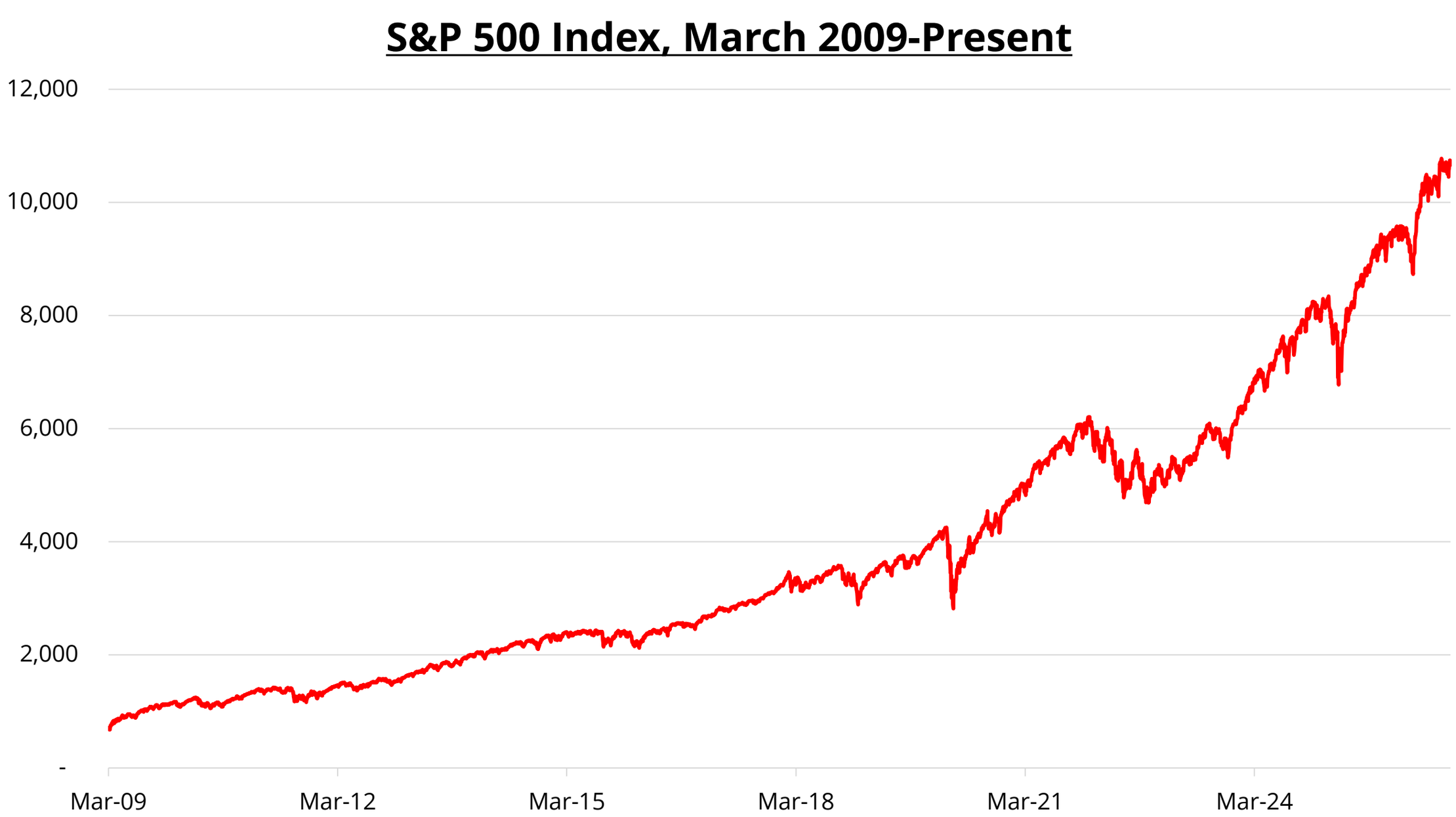
45 YEARS OF 10-YEAR TREASURIES



Past performance is no guarantee of future results. Source: Bloomberg

Discount Rates

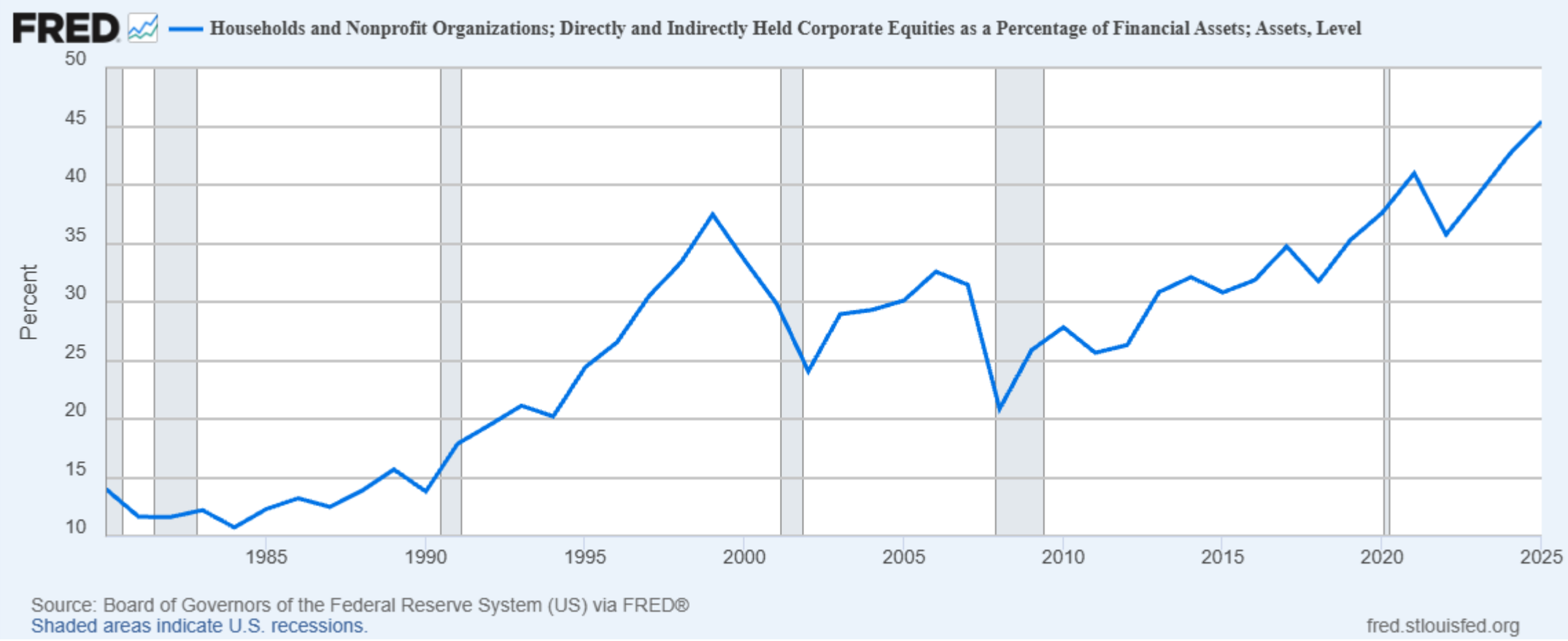
17 YEARS OF US EQUITIES



Past performance is no guarantee of future results. Source: Bloomberg

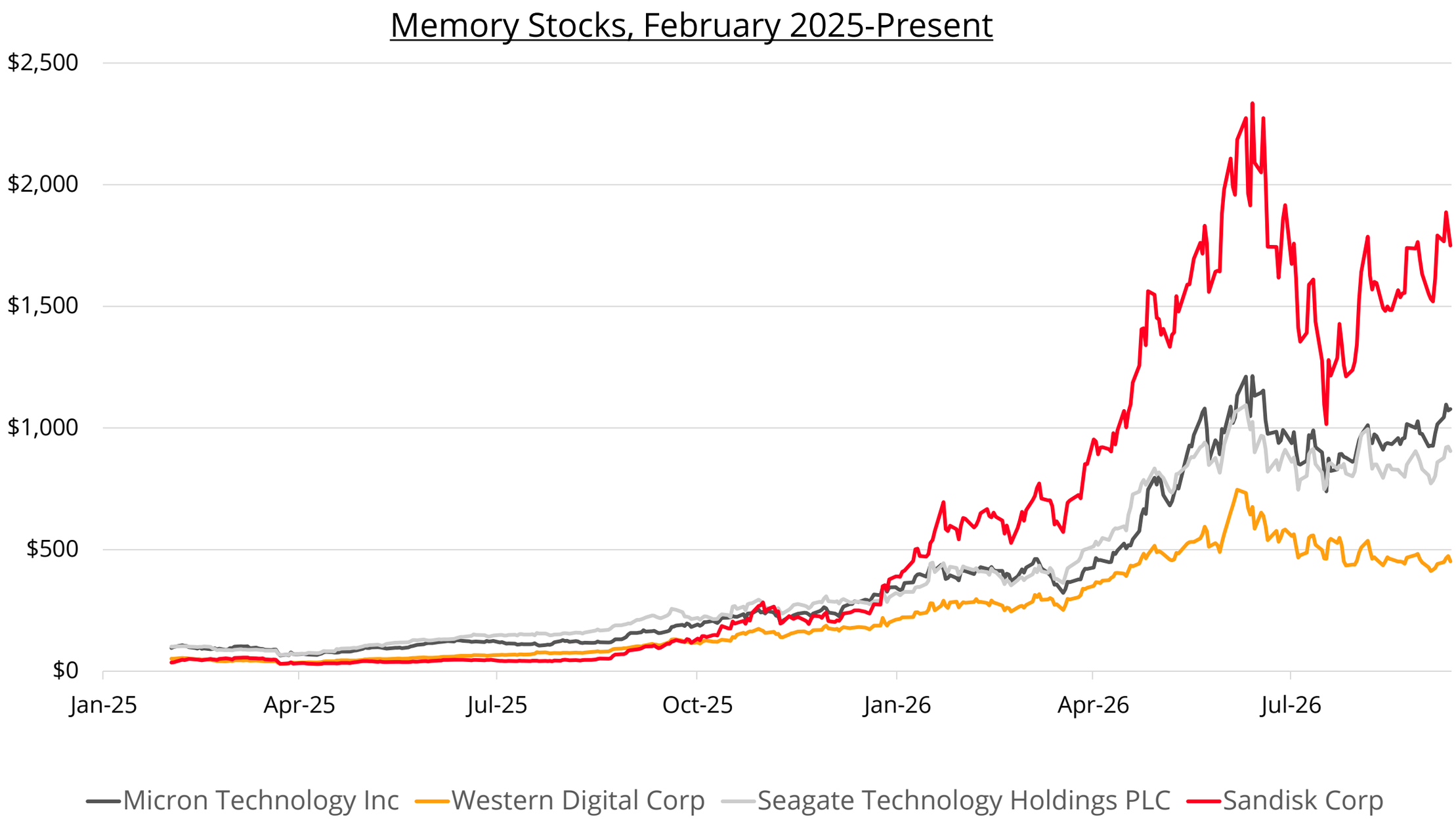
Economic Gravity

WHAT GOES UP...



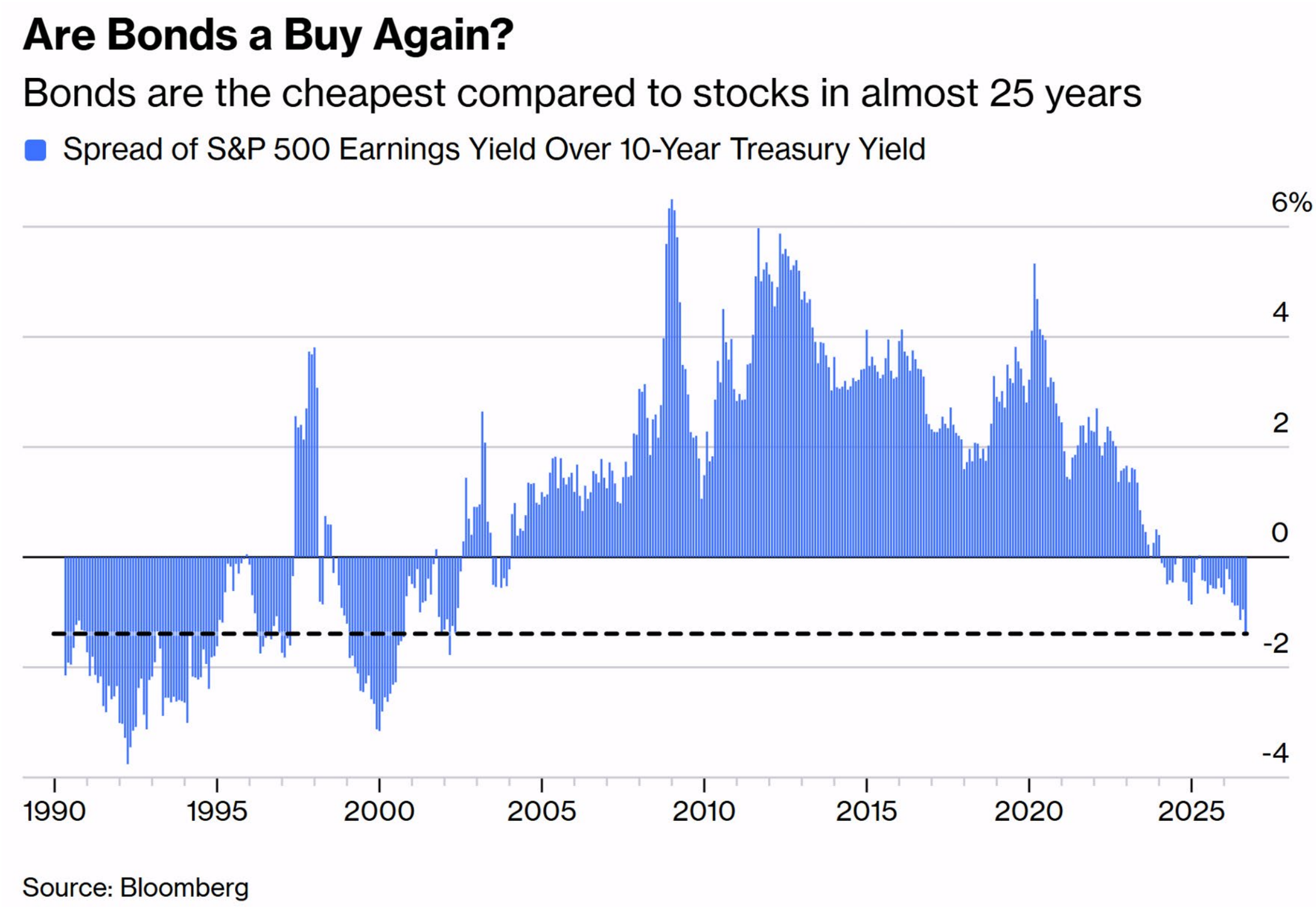
Economic Gravity

WHAT GOES UP...



Past performance is no guarantee of future results. Source: Bloomberg

Discount Rates



Past performance is no guarantee of future results. Source: Bloomberg

Economic Gravity

MUST COME DOWN...

"Never underestimate the man who overestimates himself."

—Charlie Munger



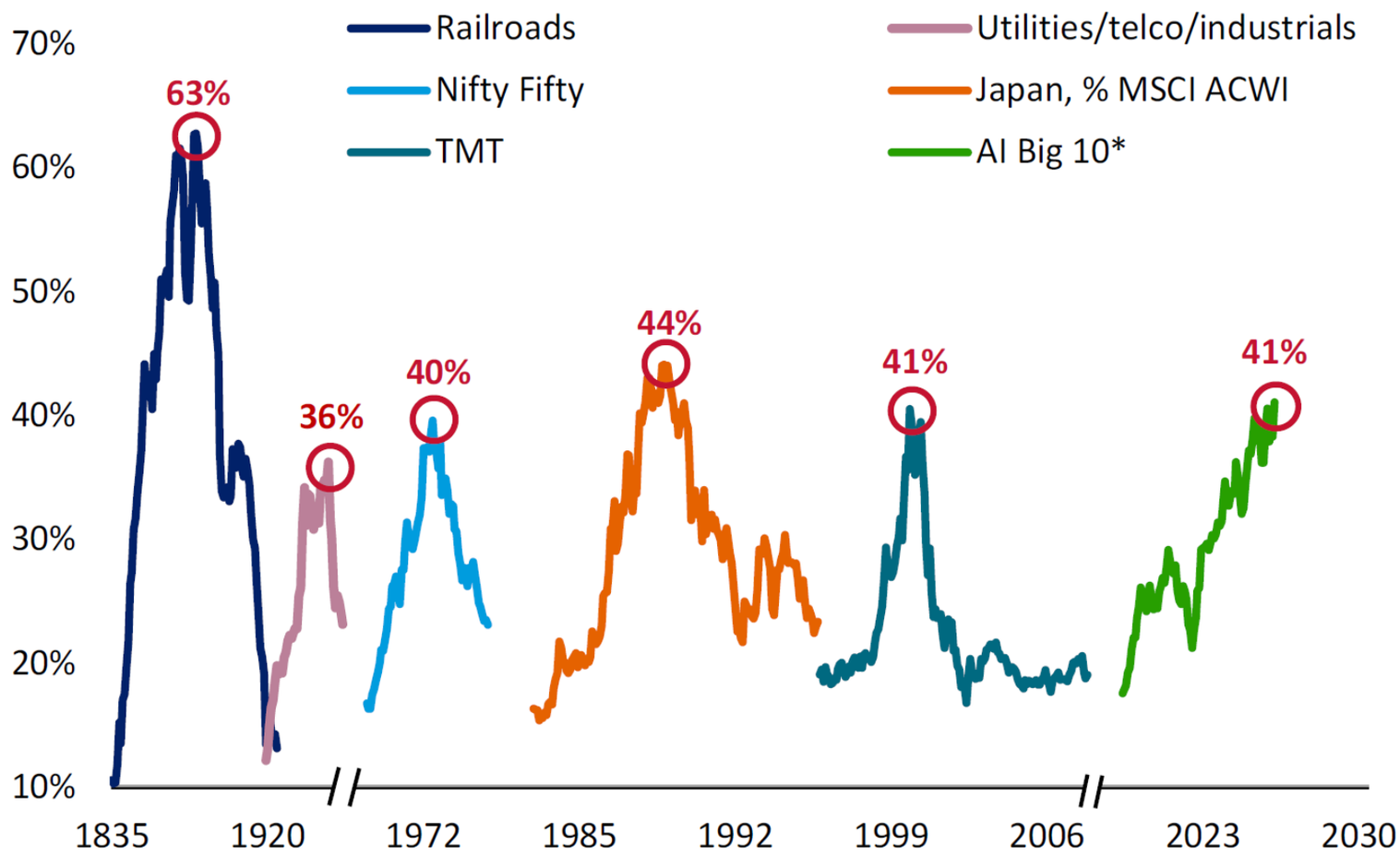


Past performance is no guarantee of future results.

Past Euphorias

MUST COME DOWN...

Chart 7: Peak concentration levels of major bubbles... >40%
Concentration in historic bubbles

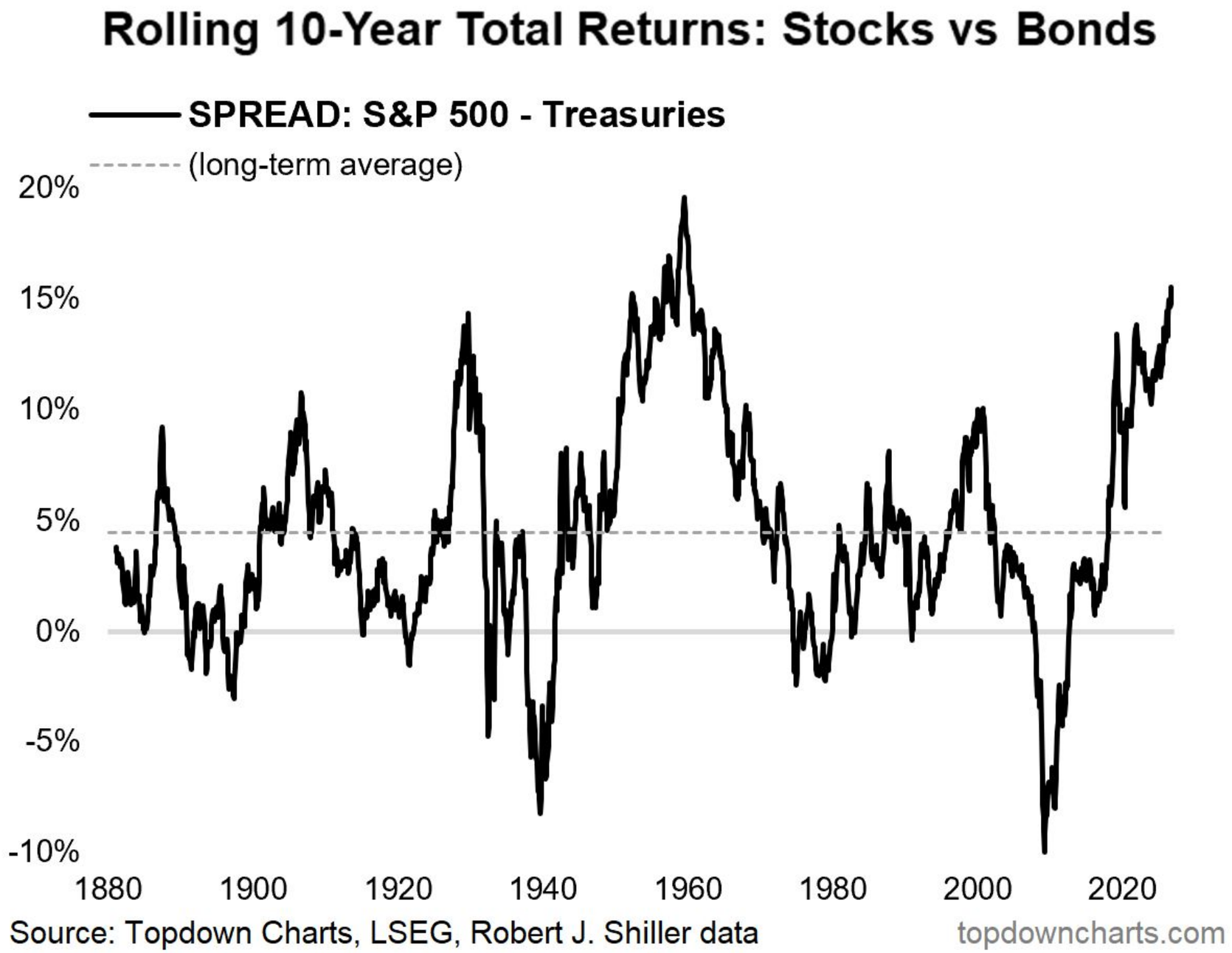


Source: BofA Global Investment Strategy, GFD Finaeon, Bloomberg. All US sectors, as % of US market cap, except for Japan (which is as % of MSCI ACWI). *"AI Big 10" = Magnificent 7 + Broadcom, AMD, and Micron.

BofA GLOBAL RESEARCH

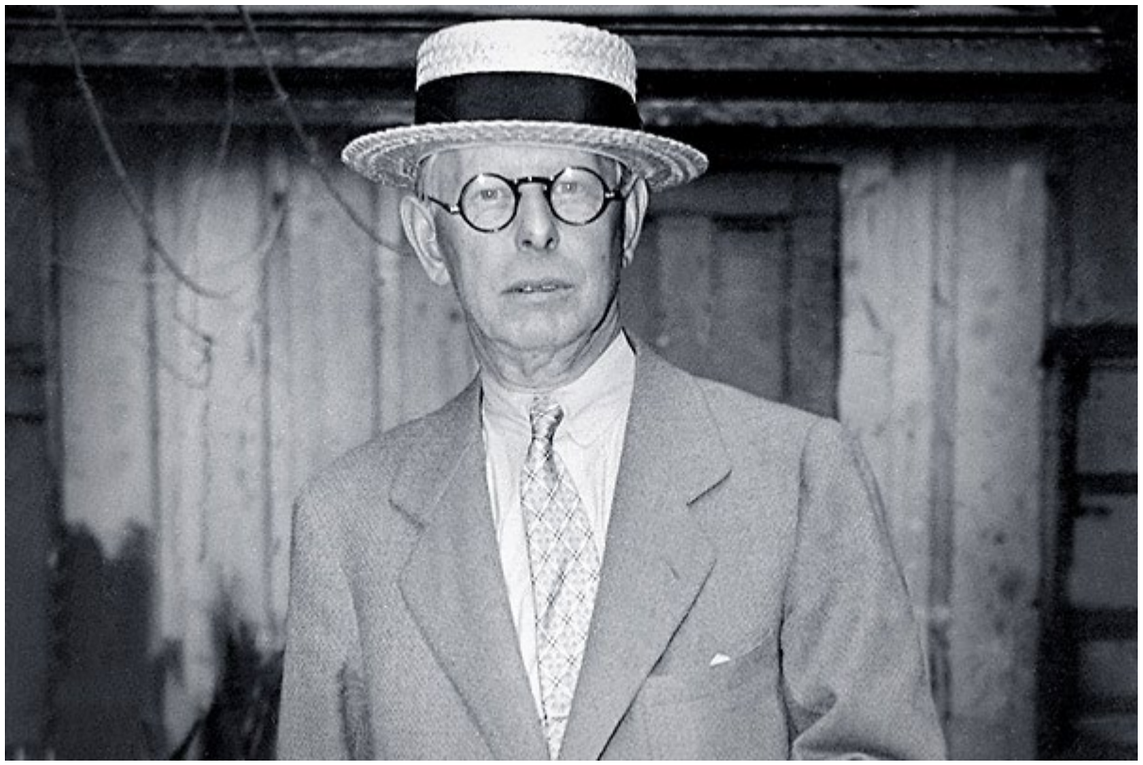
Past Euphorias

MUST COME DOWN...



Past Euphorias

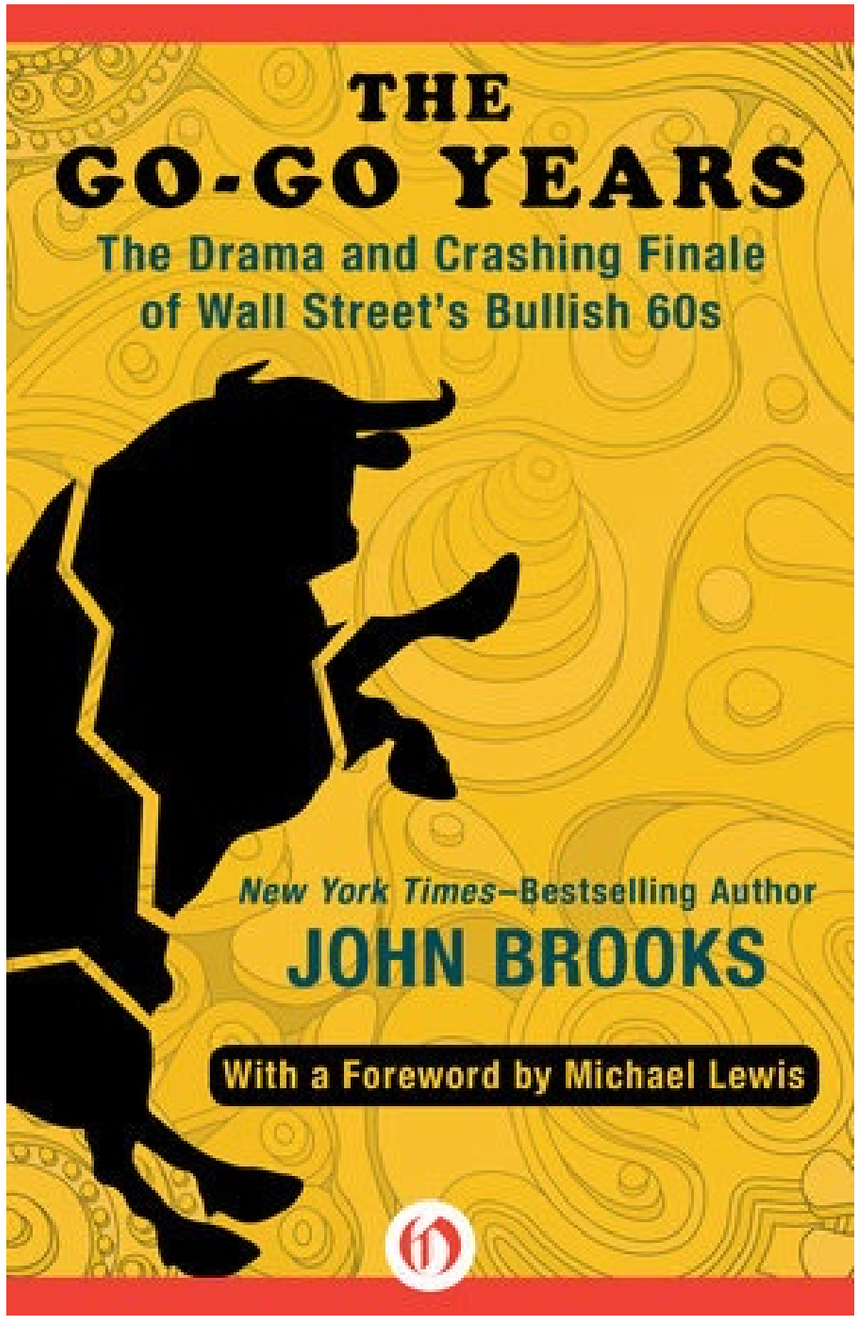
MUST COME DOWN...





Past Euphorias

MUST COME DOWN...



Nifty Fifty: Morgan Guaranty and Kidder Peabody Overlap

The "Terrific 24" and estimated peak P/E proxy (December 1972 trailing P/E)

Rank	Company (1972 name)	Morgan Guaranty list	Kidder Peabody list	Estimated peak P/E
1	Polaroid	Yes	Yes	90.7x
2	McDonald's	Yes	Yes	85.7x
3	MGIC Investment	Yes	Yes	83.3x
4	Walt Disney	Yes	Yes	81.6x
5	Baxter Travenol	Yes	Yes	78.5x
6	International Flavors & Fragrances	Yes	Yes	75.8x
7	Avon Products	Yes	Yes	65.4x
8	Emery Air Freight	Yes	Yes	62.1x
9	Johnson & Johnson	Yes	Yes	61.9x
10	Digital Equipment	Yes	Yes	60.0x
11	Kresge (now Kmart)	Yes	Yes	54.3x
12	Simplicity Pattern	Yes	Yes	53.1x
13	AMP	Yes	Yes	51.8x
14	Black & Decker	Yes	Yes	50.5x
15	Schering	Yes	Yes	50.4x
16	American Hospital Supply	Yes	Yes	50.0x
17	Schlumberger	Yes	Yes	49.5x
18	Burroughs	Yes	Yes	48.8x
19	Xerox	Yes	Yes	48.8x
20	Eastman Kodak	Yes	Yes	48.2x
21	Coca-Cola	Yes	Yes	47.6x
22	Texas Instruments	Yes	Yes	46.3x
23	Eli Lilly	Yes	Yes	46.0x
24	Merck	Yes	Yes	45.9x

Past performance is no guarantee of future results. Source: Pomona University

Past Euphorias

MUST COME DOWN...

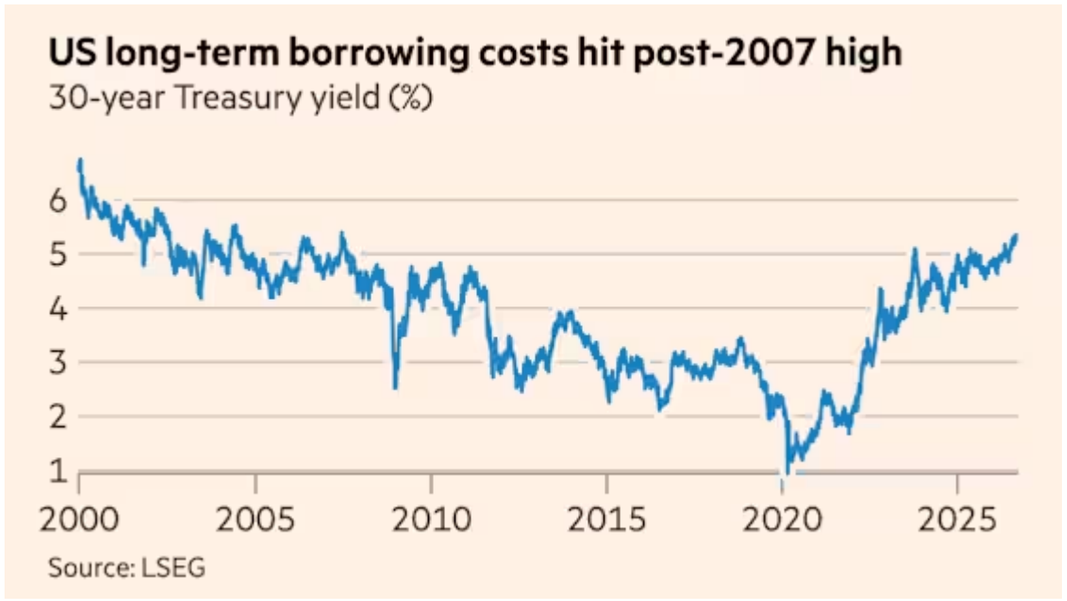




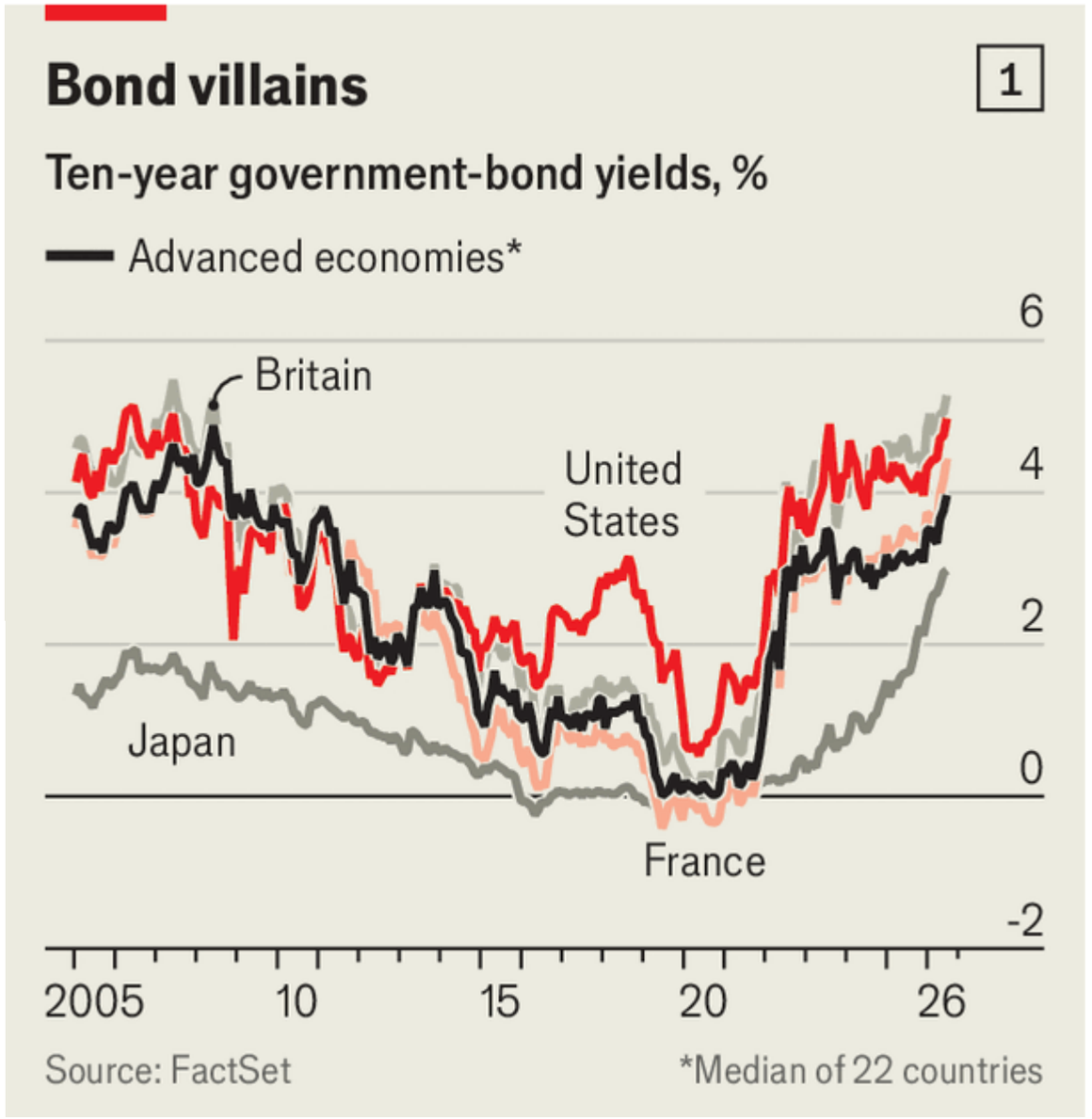
Past performance is no guarantee of future results.

What Will Break the Fever?

DISCOUNT RATES DRIVE VALUATIONS



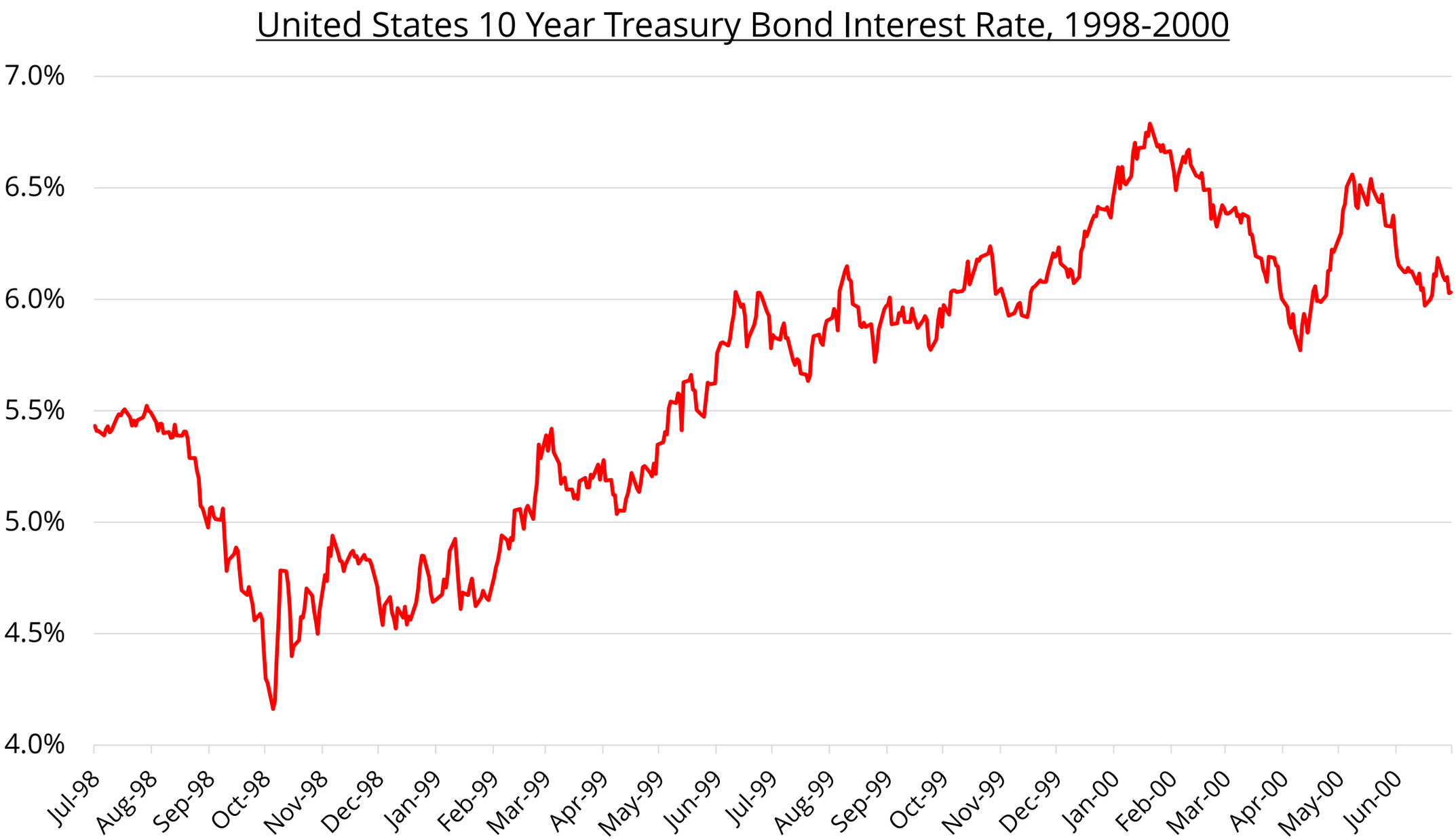




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What Will Break the Fever?

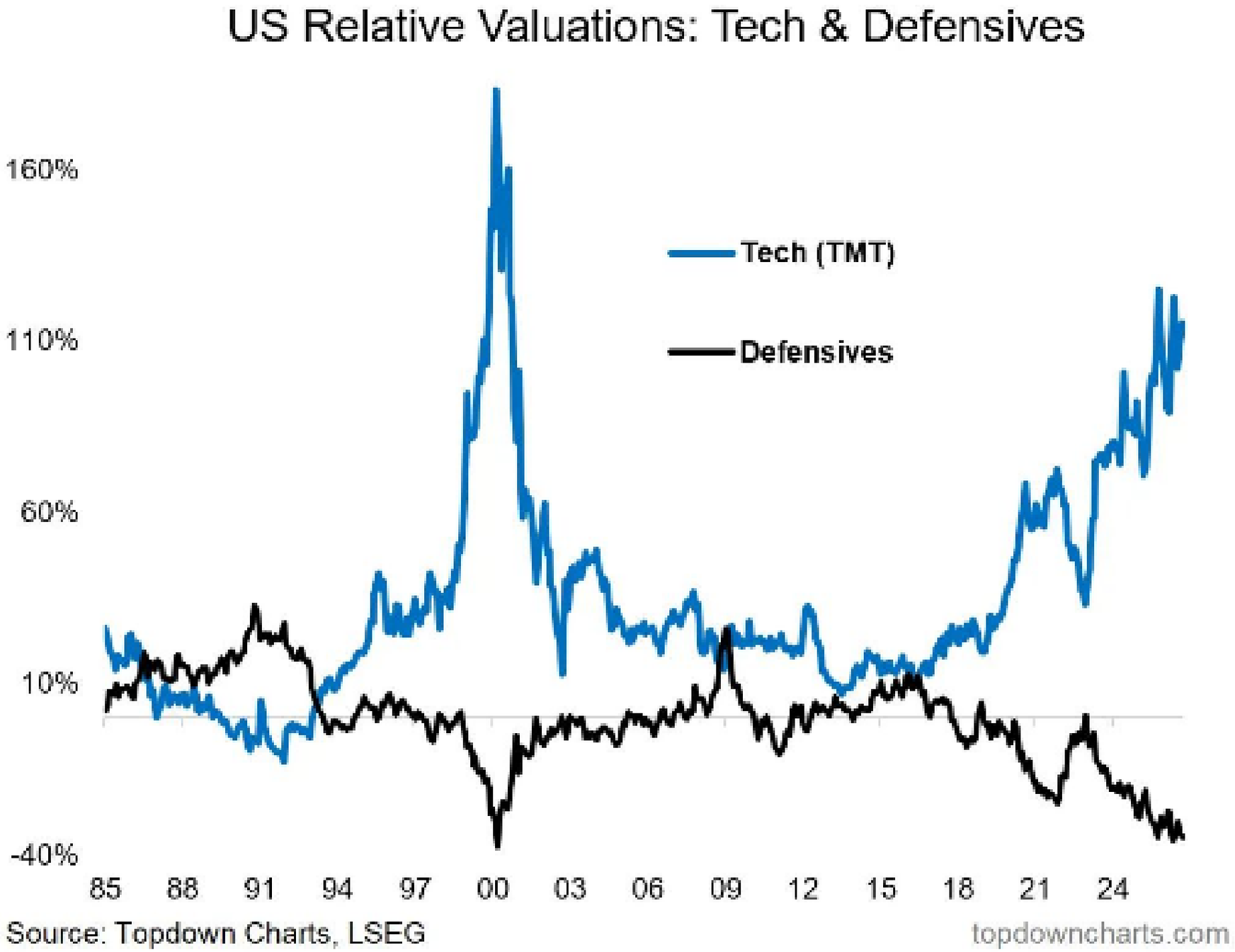
DISCOUNT RATES DRIVE VALUATIONS



Past performance is no guarantee of future results. Source: Bloomberg

The AI Picks and Shovels Mania

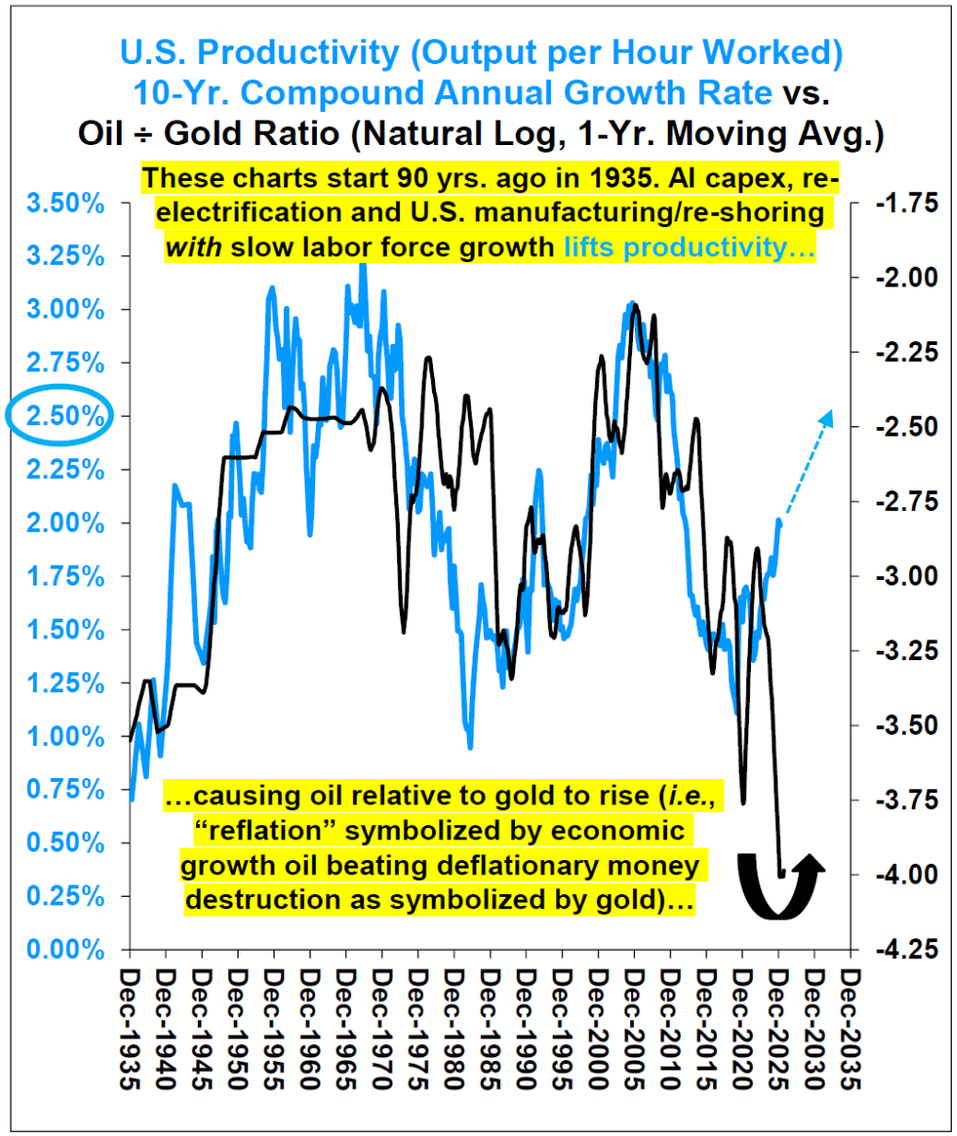
MEMORY CHIP STOCKS

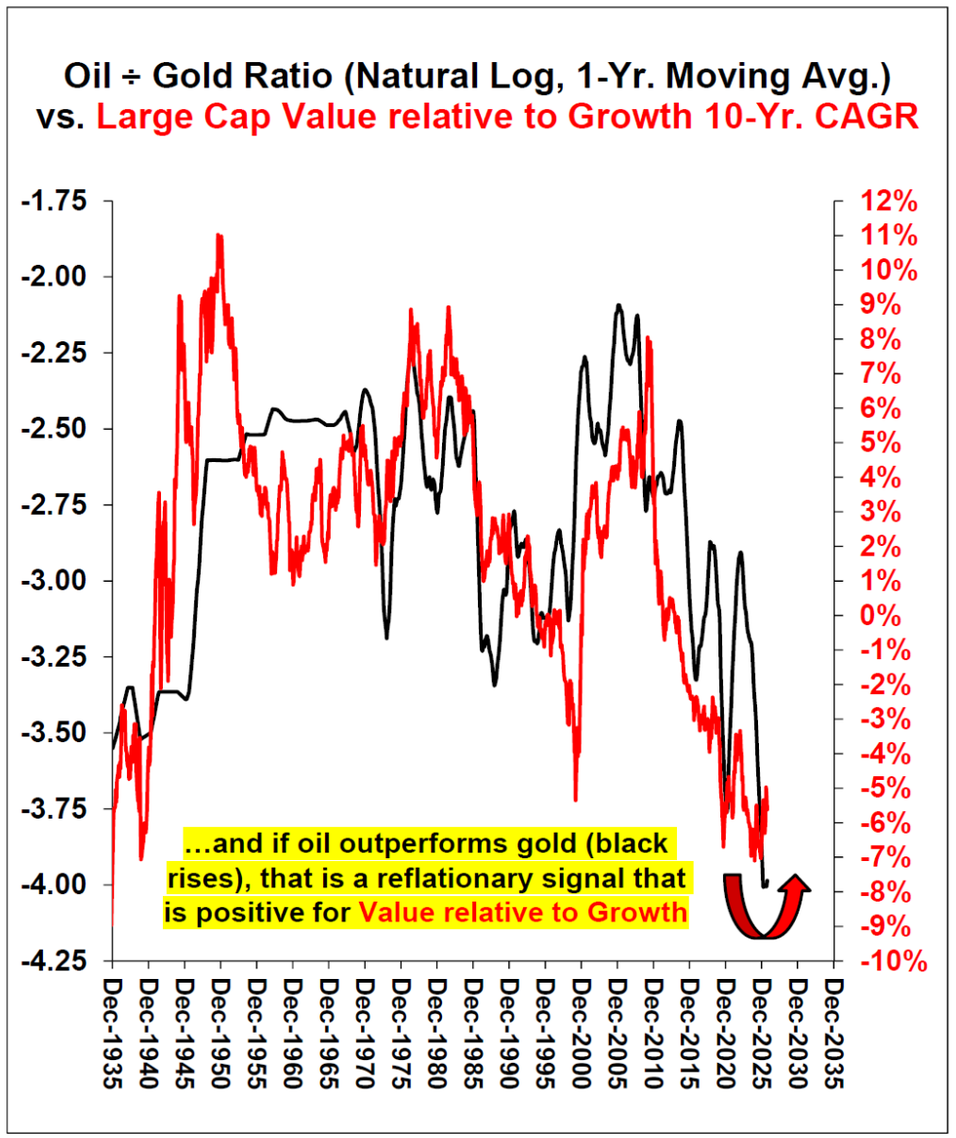


Early Stages of Mean Reversion

RUNNING IT HOT

Overall, capex economies are good for productivity, but that boosts oil relative to gold, good for Value vs. Growth

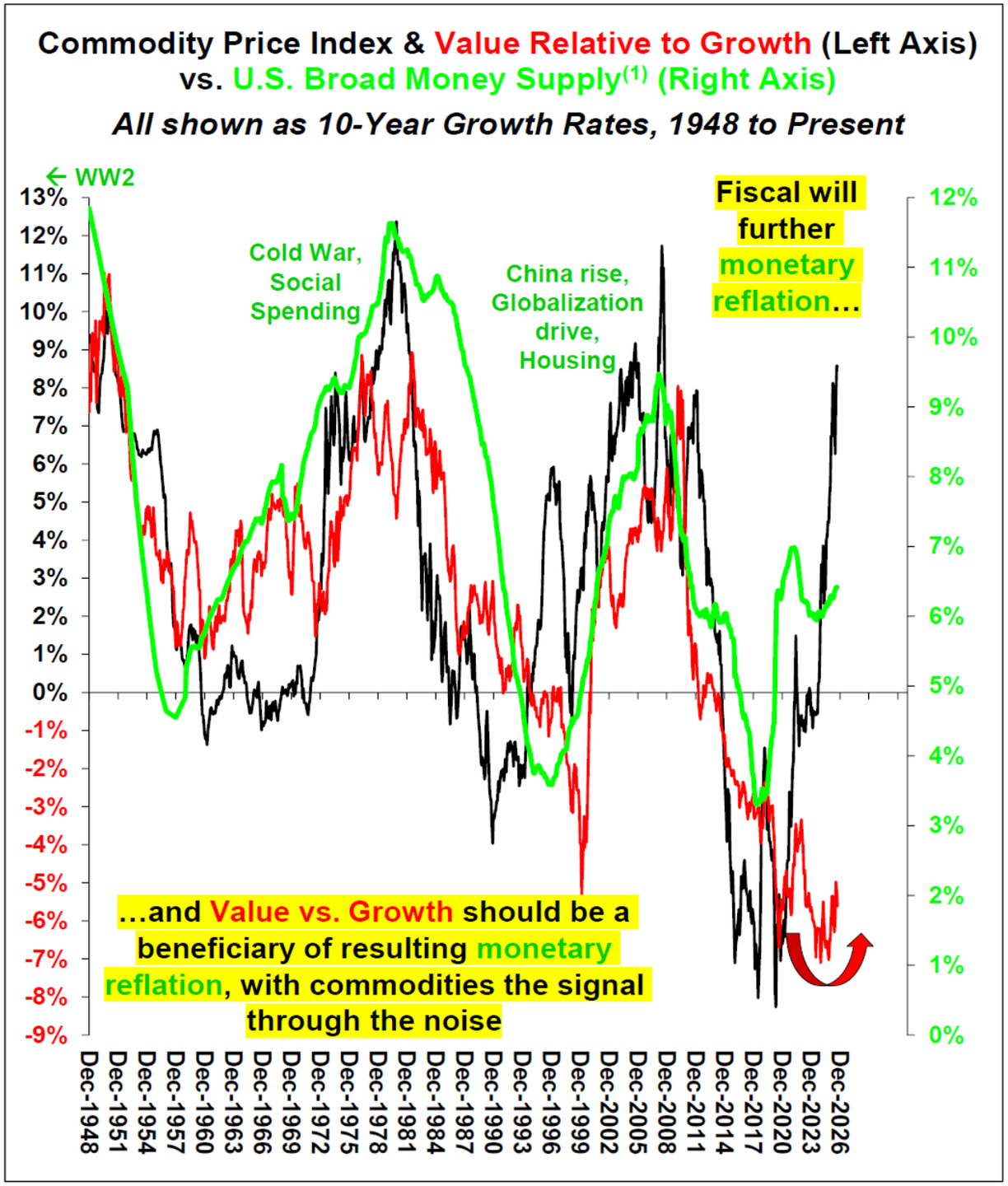




Source: Value vs. Growth is Ken French (Data) 1926-78 and Bloomberg terminal data 1978-present. Commodity index is from Fed - Ind'l. Commodities (1925-1956), FTSE/CRB (1956-) see also description. NBER (1925-46) Nominal GNP and Bloomberg Nominal GDP (1Q47+), Stifel estimates circled.

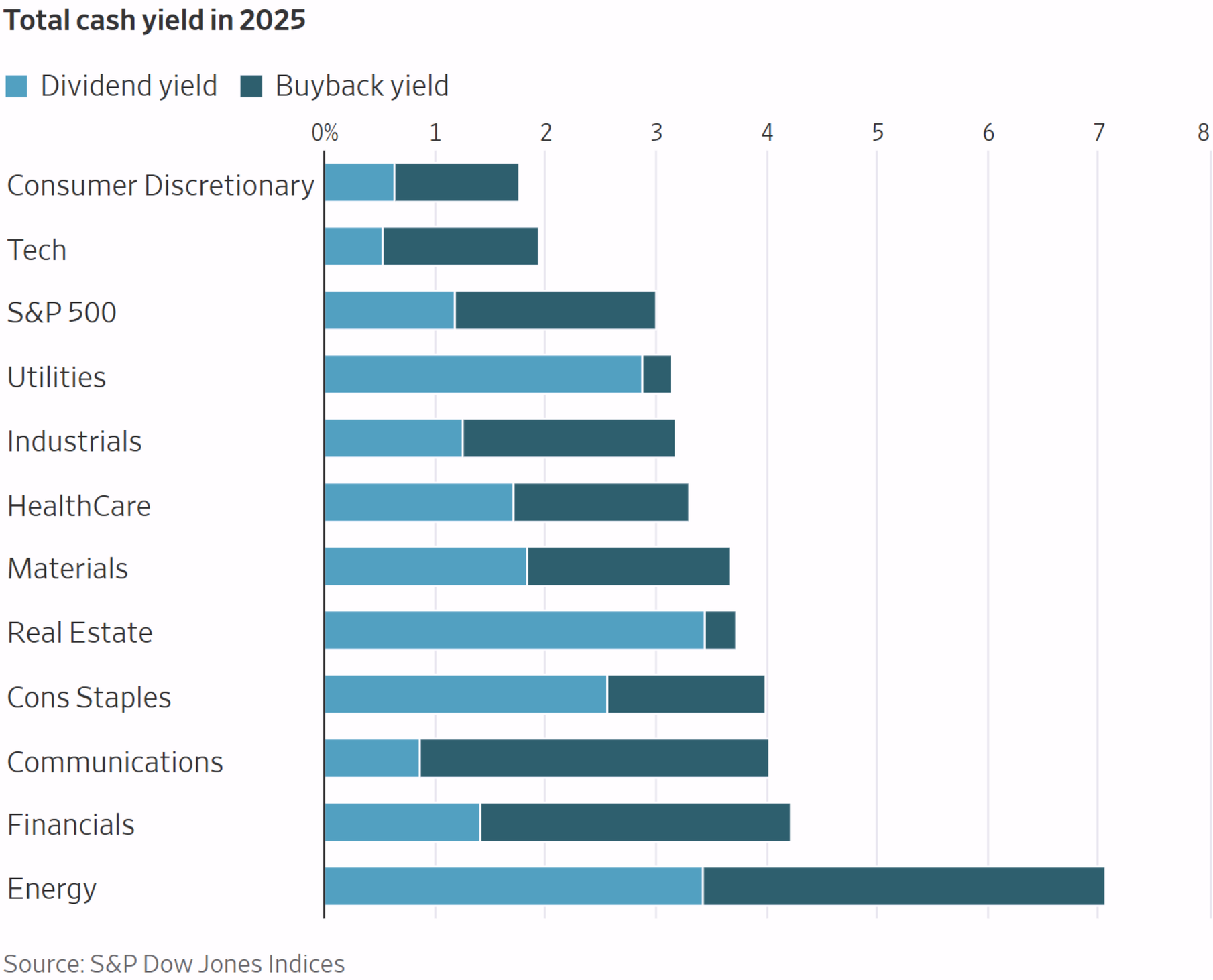
Early Stages of Mean Reversion

REFLATION



Past performance is no guarantee of future results. Source: Stifel Financial. Value vs. Growth is Ken French (Data) 1938-78 and Bloomberg terminal data 1978-present. Commodity index is Fed - Ind'l. Commodities (1938-1956), FTSE/CRB (1956-) see description. Broad Money is M3 Money Supply: Fed provided M3 prior to 2005, and post-2006 we recompile the M3 Money Supply Series by adding to M2 Money Supply large time deposits >$100,000, institutional money funds *(Fed 2005-21, ICI after 2021),* repos and estimated eurodollars.

Early Stages of Mean Reversion



Source: S&P Dow Jones Indices

Past performance is no guarantee of future results.



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Agenda

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Seamus Sullivan
Senior Analyst

✓ **Featured Stock: Zoetis Inc (ZTS)**

Cole Smead, CFA
CEO & Portfolio Manager

✓ **Breaking the Fever**

Bill Smead
Chairman & 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.
CAGR (Compound Annual Growth Rate): The annualized rate of growth over a specified period.
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. Read it carefully before investing. Mutual fund investing involves risk. Principal loss is possible.

Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the fund is more exposed to individual stock volatility than a diversified fund.

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.

Holdings as of the most recent quarter end for the Smead Value Fund can be found at https://smeadcap.com/smead-value-fund/. Holdings as of the most recent quarter end for the Smead International Value Fund can be found at https://smeadcap.com/smead-international-value-fund/. 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.

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