



Société d'investissement à capital variable (SICAV)

Annual Report and Audited Financial Statements
December 31, 2019

R.C.S. Luxembourg B202 249

Annual Report and Audited Financial Statements do not constitute an offer or invitation to subscribe or purchase shares. Subscriptions are valid only if made on the basis of the current Prospectus, accompanied by the key investor information document ("KIID") and the latest Annual Report and most recent Semi-Annual Report if published thereafter.

SMEAD FUNDS

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Organisation of the Fund

Registered office of the Fund

49, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Board of Directors of the Fund

Cole Smead, CFA (Chairman)
Managing Director
1001 4th Avenue,
Suite 4305,
Seattle, WA 98154
USA

Steven LeMire
Chief Compliance Officer
Smead Capital Management, Inc.
1001 4th Avenue,
Suite 4305,
Seattle, WA 98154
USA

Antonio Thomas
Independent Director
218, Rue de Romains,
Bertrange 8401, Luxembourg
Grand Duchy of Luxembourg

Management Company

Duff & Phelps (Luxembourg) Management Company
S.à.r.l.
Air Building
1, rue Jean Piret
L-2350 Luxembourg
Grand Duchy of Luxembourg

Depositary, Administrator* and Paying Agent*

State Street Bank International GmbH
Luxembourg Branch**
49, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Paying and Information Agent in Austria

Unicredit Bank Austria AG
Schottengasse 6-8
1010 Vienna
Austria

Information Agent in Germany

CACEIS Bank Deutschland GmbH
Lilienthalallee 34 - 36
80939 Munich
Germany

Investment Manager*

Smead Capital Management, Inc.
1001 4th Avenue,
Suite 4305,
Seattle, WA 98154
USA

Global Distributor*

Smead Capital Management (UK) Ltd.
5 New Street Square,
London EC4A 3TW,
United Kingdom

Independent Auditors

Ernst & Young S.A.
35E, avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Legal Adviser

Arendt & Medernach S.A.
41A, avenue J.F. Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg

* These functions have been delegated by the Management Company.

** On November 05, 2019 the entity changed from, State Street Bank Luxembourg S.C.A. to State Street Bank International GmbH, Luxembourg Branch.

General Information

Incorporation

Smead Funds (the "Fund") is a public limited company (*société anonyme*) incorporated on December 4, 2015 under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of December 17, 2010 relating to undertakings for collective investment, as amended or supplemented from time to time.

The Fund is registered with the Luxembourg Trade and Companies Register under number B 202 249. The Articles of Incorporation have been published in the Mémorial C, Recueil des Sociétés et Associations of the Grand-Duchy of Luxembourg.

Communications and reports to shareholders

1. Periodic reports

The financial statements of the Fund are prepared in accordance with the Luxembourg GAAP.

Annual reports including Audited Financial Statements for the year ended December 31, unaudited semi-annual reports for the six months ended June 30 and the list of changes made to the composition of the securities portfolio are available to shareholders free of charges upon request from the Fund and/or the Management Company or from www.smeadcap.com.

Annual reports are available within four months of the financial year-end and semi-annual reports are available within two months of the end of the six-month period.

The Reference Currency of the Fund is USD.

2. Information to shareholders

a) Net asset value

The publication of the Net Asset Values takes place on the next Business Day after a Valuation Day. The Net Asset Value per Share of each Share Class is available from the Administrator during normal business hours and is published on www.smeadcap.com.

b) Subscription and redemption prices

The subscription and redemption prices of shares in each sub-fund, category or class of shares of the Fund are published daily at the Depositary Bank and from the banks ensuring of financial services.

c) Notifications to shareholders

Notices of all general meetings will be published in the Mémorial and a Luxembourg newspaper and sent to all registered shareholders by ordinary mail.

Investment Manager's Report

Dear Shareholders,

We were starting to become fearful when others are greedy as we ended 2019 in the Smead US Value UCITS Fund. Our 25.58% gain in the I ACC USD Share Class (the Fund)¹ paled in comparison to the S&P 500 Net Total Return Index gain of 30.70% and matched the Russell 1000 Value Net Index gain of 25.56%. For the quarter, the Fund gained 7.83% versus the S&P 500 gain of 8.91% and the Russell 1000 gain of 7.20%.

In his partnership letters in the 1960s, Warren Buffett told his investors that beating the market on the downside was much more important to value investors who seek a margin of safety. We run our portfolio under that premise. We paid a penalty in our quarter and annual returns to pivot away from what worked the last five years toward what we believe are the most undervalued and attractive sectors of the stock market.

Our winners for the quarter were Amgen (AMGN), Target (TGT) and Discovery (DISCA). Amgen fought through the political controversies and muted drug pricing to appear poised for much future success in biologics. Target stunned the naysayers by becoming a beast in ecommerce, while showing that 1,800 stores is a competitive advantage which others don't have. The death of brick and mortar shopping is overreported in our opinion. Discovery continues its climb from ridiculous undervaluation and just had the most successful media executive in history, John Malone, buy another \$74 million of the shares.

The downside mostly came in new positions. We added Macerich (MAC), an owner of retail-oriented entertainment malls, and added to Occidental Petroleum (OXY) on the way down. This subtracted from performance but is helping pivot our portfolio toward companies which could benefit on an ongoing basis from higher inflation and greater household formation. eBay (EBAY) fell as the market became more convinced than ever that it is better to lose money in ecommerce than it is to make money!

For the year, we made the most money in Target, NVR (NVR) and Discovery. NVR stormed back from 2018's correction on better results from lower mortgage rates. Millennials are beginning to move the needle, but it is a trickle compared to where we think we are going on housing demand. Recently, the US government reported a big jump in housing starts and permits, which indicates that Millennial home buyers are coalescing. It is better for our portfolio to have the benefit of housing growth come consistently over ten years than it would be to have a 2005-esque explosion of home building.

We got hit on the downside in Walgreens (WBA), which corrected on Amazon fears and a dearth of patented drugs coming off patent into generics. We lost the most money getting started in energy with OXY and a temporary foray in the oil service company, Schlumberger (SLB). In both cases we expect to be rewarded for our patience with WBA and courage on OXY. We especially like these in relation to our view of where we are in the inflation discussion.

Investment Manager’s Report (continued)

Commodities/Dow Jones Ratio

January 1, 1917 to December 31, 2017

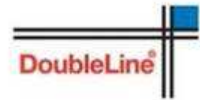
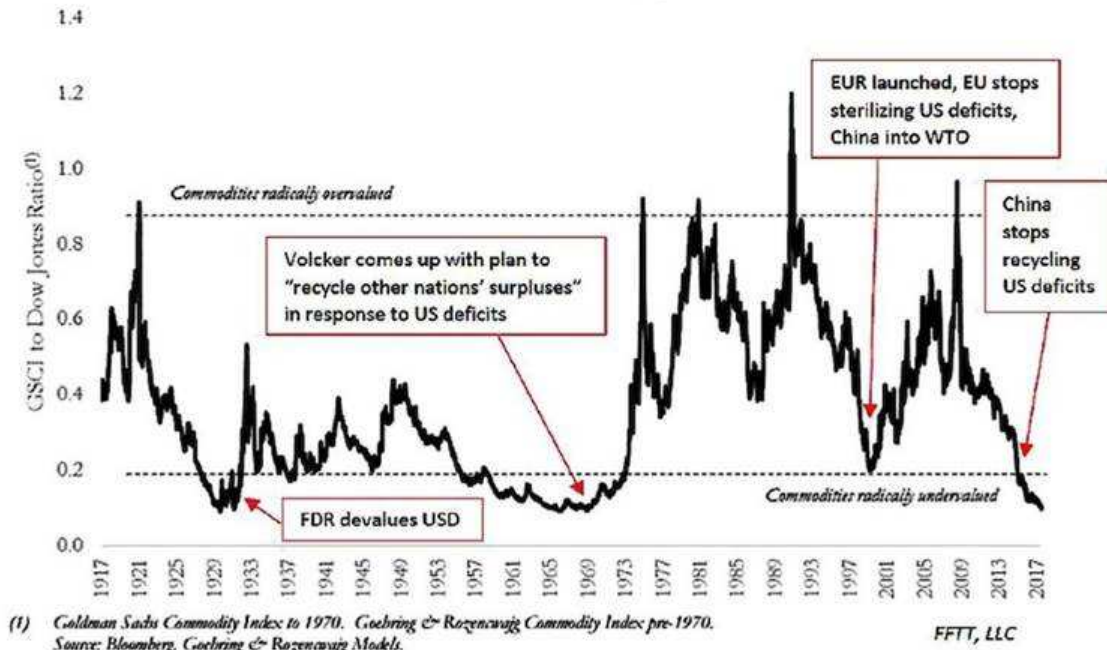


Chart 1: 100 Years of Commodity Valuation



Source: [Business Insider](#)

It is our opinion that commodities and inflation-oriented investments are nearing a historical cheapness in relation to investments which feed off low inflation and anemic worldwide growth. We are calling this the Antithesis of 1981. Back then, the five largest companies in the world were oil companies and inflation and interest rates in the US were 11% and 15%. The only guarantee in investing is that things will change. We are thinking that the change will be toward inflation. Thank you for being investors with us!

COVID19 Impact Assessment

The emergence of COVID 19 (coronavirus) has created economic and financial disruptions in the global economy which has led to operational challenges that could impair the Smead US Value UCITS Fund’s ability to manage or conduct some of its businesses around the world. In line with many national and local guidelines, Smead Capital Management, has followed guidelines in accordance with it’s Business Continuity Procedures (BCP). This allows for Smead Capital Management to operate from it’s office locations or remote sites.

Given the disruptions in the financial markets, Smead Capital Management and the Fund are closely tracking their operational capacity. Additionally, the financial effects of the outbreak have a high degree of uncertainty, given that they are dependent on external factors such as the spread of the virus and the measures taken by the various governments and central banks. Smead Capital Management, and the Fund, have already observed significant volatility in the global marketplace which could have an impact on their financial results and financial position in the future. Smead Capital Management and the Fund continues to execute its investment discipline, which may cause higher turnover, due to the heightened volatility. Smead Capital Management is also maintaining an active dialogue with all its relevant global vendors and service providers during this period.

SMEAD FUNDS

Investment Manager's Report (continued)

Warmest regards,



William Smead
Lead Portfolio Manager
29 April 2020



Tony Scherrer, CFA
Co-Portfolio Manager
29 April 2020



Cole Smead, CFA
Co-Portfolio Manager
29 April 2020

¹I Acc USD Share Class performance includes impact of fees waived.

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.

Independent auditor's report

To the Shareholders of
Smead Funds
49, Avenue J.F Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

Opinion

We have audited the financial statements of Smead Funds (the "Fund"), which comprise the statement of net assets and the securities portfolio as at 31 December 2019, and the statement of operations and changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2019, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund and those charged with governance for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.

- Conclude on the appropriateness of Board of Directors of the Fund use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Michael Ferguson

Luxembourg, 29 April 2020

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Statistics

		December 31, 2019	December 31, 2018	December 31, 2017
Net Asset Value	USD	100,861,307.85	93,953,780.11	94,757,820.77
Net asset value per share				
A Acc (USD)	USD	433.80	349.20	372.19
I Acc (EUR)	EUR	400.23	312.93	313.88
I Acc (GBP)	GBP	537.53	445.66	441.51
I Acc (USD)	USD	448.75	357.34	376.71
I Dis (GBP)	GBP	536.88	444.91	441.59
Number of shares				
A Acc (USD)		23,749	21,088	69
I Acc (EUR)		48,249	42,526	34,768
I Acc (GBP)		1,863	10,484	12,200
I Acc (USD)		148,150	180,230	194,741
I Dis (GBP)		1,509	1,805	1,641

The accompanying notes form an integral part of these financial statements.

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Statement of Net Assets as at December 31, 2019

	Notes	USD
Assets		
Investment in securities at cost		72,724,017.56
Unrealised appreciation on securities		27,500,451.01
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Investment in securities at market value	3.2	100,224,468.57
Cash at bank		618,952.31
Dividends and interest receivable		127,383.39
Formation expenses, net of amortization	3.3	57,568.33
Receivable from Investment Manager		34,964.77
Receivable on subscription		10,446.76
<hr/>		
Total assets		101,073,784.13
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Liabilities		
Accrued expenses		183,878.93
Payable on redemption		28,597.35
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Total liabilities		212,476.28
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Net assets at the end of the year		100,861,307.85
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The accompanying Notes form an integral part of these financial statements.

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Statement of Operations and Changes in Net Assets For the year ending December 31, 2019

	Notes	USD
Income		
Dividends (net of withholding taxes)	3.5	1,399,852.16
Interests		2,235.48
Total income		1,402,087.64
Expenses		
Management fees	4	1,083,293.82
Administration fees		237,165.13
Professional fees		102,915.56
Depositary fees		42,124.30
Director fees and expenses	5	35,868.55
Taxation	6	13,679.38
Insurance fees		4,808.74
Transaction fees		2,885.08
Formation expenses amortised	3.3	50,505.05
Other expenses		43,044.45
Less: Fee waived	7	(416,693.82)
Total expenses		1,199,596.24
Net investment gain		202,491.40
Net realised appreciation/(depreciation) on:		
Investments	3.6	6,445,577.65
Foreign currencies transactions	3.1	917.13
Net realised gain for the year		6,446,494.78
Net change in unrealised appreciation/(depreciation) on:		
Investments	3.6	15,473,096.41
Currencies	3.1	231.02
Increase in net assets as a result of operations		22,122,313.61
Proceeds received on subscription of shares		15,924,955.95
Net amount paid on redemption of shares		(31,139,741.82)
Net assets at the beginning of the year		93,953,780.11
Net assets at the end of the year		100,861,307.85

The accompanying notes form an integral part of these financial statements.

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the year	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the year
A Acc (USD)	21,088	7,386	(4,725)	23,749
I Acc (EUR)	42,526	10,735	(5,012)	48,249
I Acc (GBP)	10,484	1,276	(9,897)	1,863
I Acc (USD)	180,230	16,837	(48,917)	148,150
I Dist (GBP)	1,805	891	(1,187)	1,509

The accompanying notes form an integral part of these financial statements.

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Securities Portfolio as at December 31, 2019

Quantity	Name	Currency	Market Value in USD	% of net assets
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Transferable securities admitted to an official exchange listing

Equities

United States

14,526	ACCENTURE PLC-CL A	USD	3,058,739.82	3.03
70,142	AFLAC INC	USD	3,710,511.80	3.68
46,989	AMERICAN EXPRESS CO	USD	5,849,660.61	5.80
27,777	AMGEN INC	USD	6,696,201.39	6.64
131,921	BANK OF AMERICA CORP	USD	4,646,257.62	4.61
16,821	BERKSHIRE HATHAWAY INC-CL B	USD	3,809,956.50	3.78
510	BOOKING HOLDINGS INC	USD	1,047,402.30	1.04
69,433	COMCAST CORP-SPECIAL-CL A	USD	3,122,402.01	3.10
5,790	CUMMINS INC	USD	1,036,178.40	1.03
195,548	DISCOVERY COMMUNICATIONS-CL A	USD	6,402,241.52	6.35
66,604	EBAY INC	USD	2,405,070.44	2.38
18,754	HOME DEPOT INC	USD	4,095,498.52	4.06
36,240	JPMORGAN CHASE & CO	USD	5,051,856.00	5.01
64,906	LENNAR CORP A	USD	3,621,105.74	3.59
107,826	MACERICH CO	USD	2,902,675.92	2.88
40,895	MERCK & CO INC	USD	3,719,400.25	3.69
1,845	NVR INC	USD	7,026,516.45	6.97
103,338	OCCIDENTAL PETROLEUM CORP	USD	4,258,558.98	4.22
10,202	PAYPAL HOLDINGS INC	USD	1,103,550.34	1.09
67,990	PFIZER INC	USD	2,663,848.20	2.64
33,166	QUALCOMM INC	USD	2,926,236.18	2.90
13,165	STARBUCKS CORP	USD	1,157,466.80	1.15
58,397	TARGET CORP	USD	7,487,079.37	7.42
63,003	WALGREENS BOOTS ALLIANCE INC	USD	3,714,656.88	3.68
28,713	WALT DISNEY CO	USD	4,152,761.19	4.12
61,831	WELLS FARGO & CO	USD	3,326,507.80	3.29
			98,992,341.03	98.15

Money Market Funds

United States

1,232,128	STATE STREET GLOBAL ADVISORS - US LIQUIDITY FUND	USD	1,232,127.54	1.22
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Total securities portfolio			100,224,468.57	99.37
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Summary of net assets

	% of net assets
Total securities portfolio	99.37
Cash at bank	0.61
Other assets and liabilities	0.02
Total net assets	100.00

The accompanying notes form an integral part of these financial statements.

SMEAD FUNDS

Smead US Value UCITS Fund (in USD)

Portfolio Breakdowns

Nature allocation	% of portfolio	% of net assets
Equities	98.77	98.15
Money Market Funds	1.23	1.22
	100.00	99.37

Country allocation	% of portfolio	% of net assets
United States	100.00	99.37
	100.00	99.37

Top Ten Holdings

Top Ten Holdings	Sector	Market Value USD	% of net assets
TARGET CORP	Consumer Discretionary	7,487,079.37	7.42
NVR INC	Consumer Discretionary	7,026,516.45	6.97
AMGEN INC	Health Care	6,696,201.39	6.64
DISCOVERY COMMUNICATIONS-CL A	Consumer Discretionary	6,402,241.52	6.35
AMERICAN EXPRESS CO	Financials	5,849,660.61	5.80
JPMORGAN CHASE & CO	Financials	5,051,856.00	5.01
BANK OF AMERICA CORP	Financials	4,646,257.62	4.61
OCCIDENTAL PETROLEUM CORP	Energy	4,258,558.98	4.22
WALT DISNEY CO	Communication Services	4,152,761.19	4.12
HOME DEPOT INC	Consumer Discretionary	4,095,498.52	4.06

The accompanying notes form an integral part of these financial statements.

SMEAD FUNDS

Notes to the Financial Statements as at December 31, 2019

1. Organisation

Smead Funds (the “Fund”) is a public limited company (*société anonyme*) incorporated on December 4, 2015 under the laws of the Grand Duchy of Luxembourg as an investment company with variable share capital (*société d'investissement à capital variable*). The Fund is subject to Part I of the Luxembourg law of December 17, 2010, relating to undertakings for collective investment, as amended or supplemented from time to time.

The Fund is registered with the Luxembourg Trade and Companies Register under number B202 249. The Articles of Incorporation have been published in the Mémorial C, Recueil des Sociétés et Associations of the Grand-Duchy of Luxembourg.

The Fund is organised as an umbrella structure. At December 31, 2019, the Fund offered shares in one Sub-Fund (the “Sub-Fund”), as shown below:

Sub-Fund	Launch date	Base Currency
Smead US Value UCITS Fund (the “Sub-Fund”)	February 22, 2016	United States dollar (“USD”)

The objective of the Sub-Fund is to provide investors with long-term capital appreciation.

2. Shares of the Fund

The Sub-Fund may comprise distributing Shares (Distribution Shares) and non-distributing Shares (Accumulation Shares). Distribution Shares and Accumulation Shares issued within the same Sub-Fund are represented by different Share Classes.

Certain Shares Classes are reserved to specified categories of investors such as Institutional Investors, investors investing through a specified distribution channel or investors who are residents of or domiciled in specific jurisdictions.

In particular, the Sub-Fund may offer Currency Hedged Share Classes. The Fund may use various techniques and instruments, such as forward contracts and currency swaps, in accordance with the provisions of the Prospectus, intended to limit the impact of exchange rate movements between the Reference Currency of the Sub-Fund and that of a Currency Hedged Share Class on the performance of such Share Class. The costs and any benefit of currency hedging transactions will be allocated solely to the Currency Hedged Share Class to which the hedging relates.

As at December 31, 2019, Shares in the Sub-Fund are offered for subscription in the form of Class A and Class I Shares (exclusively reserved for Institutional Investors).

As at December 31, 2019, the following Share classes are active:

Sub-Fund	Sub-Fund Base Currency	Class of Shares / Currency	Launch Date
Smead US Value UCITS Fund	USD	Class I Acc (EUR)	February 22, 2016
		Class I Acc (GBP)	February 22, 2016
		Class I Acc (USD)	February 22, 2016
		Class I Dis (GBP)	April 25, 2016
		Class A Acc (USD)	November 18, 2016

Notes to the Financial Statements as at December 31, 2019 (continued)

3. Significant Accounting Policies

The financial statements of the Fund are prepared and presented in accordance with Luxembourg legal and regulatory requirements relating to Undertakings for Collective Investment as described by Luxembourg authorities for Luxembourg investment funds. They are prepared in accordance with accounting policies generally accepted in Luxembourg.

3.1 Currency conversion

The accounts of the Sub-Fund are kept in United States Dollars and the financial statements are expressed in the same currency. The acquisition cost of securities purchased in a currency other than United States Dollars is converted into the currency of the Sub-Fund on the basis of the exchange rates prevailing on the date on which the securities are acquired.

Income and expenses denominated in a currency other than United States Dollars are converted into the currency of the Sub-Fund on the basis of the exchange rates prevailing on the transaction date. At the closing date of the financial period, the security valuations (determined as described below), receivables, bank deposits and debts denominated in a currency other than that of the sub-fund are converted into United States Dollars on the basis of the exchange rates prevailing at that date; the foreign exchange differences resulting from the conversion of receivables, bank deposits and debts are included in the net realised gain/loss on foreign exchange transactions in the Statement of Operations and Changes in Net Assets for the financial period. Unrealised gains or losses on foreign cash accounts, receivable or payable amounts being recorded under the caption "Change in unrealised appreciation / (depreciation) on foreign currencies".

3.2 Valuation of investments

Transferable Securities and Money Market Instruments which are quoted, listed or traded on an exchange or regulated market are valued at the last available market price or quotation, prior to the time of valuation, on the exchange or regulated market where the securities or instruments are primarily quoted, listed or traded. Where securities or instruments are quoted, listed or traded on more than one exchange or regulated market, the Board of Directors determines on which exchange or regulated market the securities or instruments are primarily quoted, listed or traded and the market prices or quotations on such exchange or regulated market will be used for the purpose of their valuation.

Transferable Securities and Money Market Instruments for which market prices or quotations are not available or representative, or which are not quoted, listed or traded on an exchange or regulated market, are valued at their probable realisation value estimated with care and in good faith by the Board of Directors using any valuation method approved by the Board of Directors.

3.3 Formation expenses

Formation expenses are amortised on a linear basis over a five-year period.

3.4 Transactions on investments in securities

Purchases and sales of financial investments in securities are recognised using trade date plus one accounting basis.

3.5 Income and expenses

Dividends are recorded on ex-date. Dividends are recorded net of any non-recoverable withholding tax.

Operating expenses are recognised on an accrual basis.

Notes to the Financial Statements as at December 31, 2019 (continued)

3.6 Net realised gains/losses on sales of investments

Gains and losses realised on the sale of securities are determined on the basis of the average acquisition cost.

Gains and losses unrealised on available-for-sale securities are not reported on the income statement until the securities are sold.

4. Management fees

The Management Company and the Investment Manager are each entitled to a part of the Management Fee. The Management Fee is calculated daily as a percentage of the average Net Asset Value of the Share Class and paid out of the assets of the Sub-Fund and Share Class. The Management Fee will accrue on each Valuation Day and will be payable monthly in arrears at the maximum rate of 1.85% for A Share Class and 1.05% for I Share Classes. The Management Company is also entitled to reimbursement of reasonable out-of-pocket expenses properly incurred in carrying out its duties. Extraordinary expenses which are incurred by the Management Company as a result of special assignments from the Fund or of events outside of the ordinary course of business can be charged separately provided these expenses have been notified and agreed by the Fund in advance except where contrary to applicable law or regulations.

5. Director fees and expenses

The members of the Board of Directors are entitled to receive a fee in consideration for their function. However, members of the Board of Directors who are also directors, officers or employees of the Investment Manager or its affiliates will not receive any fees as directors of the Fund.

During the year ended December 31, 2019 the Fund paid to Mr Antonio Thomas a remuneration of EUR 25,000 (USD 28,062) on a gross annual basis out of the assets of the Fund:

- Cash in an aggregate amount of EUR 10,000 (EUR 9,700 as net amount); and
- Shares of the Fund in an aggregate amount of EUR 15,000 (EUR 10,300 as net amount), consisting in 11 shares of the Smead US Value UCITS Fund – A Acc (USD).

On May 03, 2019, Mr, Antonio redeemed 73 of the 106 shares he held in Smead US Value UCITS Fund - A Acc (USD) at a value of USD 28,741.

As at June 30, 2019, the total number of shares held by Mr Antonio in Smead US Value UCITS Fund – A Acc (USD) was 33 shares, with a total value of USD 13,362.

On October 12, 2019, Mr, Antonio redeemed 56 of the 106 shares he held in Smead US Value UCITS Fund - A Acc (USD) at a value of USD 23,859.

As at December 31, 2019, the total number of shares held by Mr Antonio in Smead US Value UCITS Fund – A Acc (USD) was 11 shares, with a total value of USD 4,772.

6. Taxation

Under Luxembourg law, the Fund is liable in Luxembourg for a subscription tax (taxe d'abonnement) of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the Net Asset Value of the respective Share Class at the end of the relevant quarter. A reduced tax rate of 0.01% per annum of the net assets will be applicable to Share Classes which are only sold to and held by Institutional Investors. Such tax is payable quarterly and calculated on the net assets of such Share Class at the end of the relevant quarter.

Dividends, interest and capital gains on securities issued in certain countries may be subject to non-recoverable withholding or capital gain taxes imposed by such countries. Withholding tax, deducted in certain countries, may not be refundable in certain instances.

Notes to the Financial Statements as at December 31, 2019 (continued)

7. Cap on fees and expenses

The fees and expenses are capped to a maximum annual percentage of the Net Asset Value as per an agreement with the Investment Manager.

Maximum annual percentages applicable as at December 31, 2019 were as follows:

Share Class	Maximum annual %
A Acc (USD)	2.25%
I Acc (EUR)	1.15%
I Acc (GBP)	1.15%
I Acc (USD)	1.15%
I Dist (GBP)	1.15%

8. Transaction costs

For the year ended December 31, 2019, the Sub-Fund incurred transaction costs for 28,100 USD, which have been defined as brokerage fees, certain taxes and certain depositary fees relating to the purchase and sale of transferable securities, money market instruments or other eligible assets. Of these transaction costs, 18,733 USD were soft dollar commissions that paid for research and execution systems. All these costs are included in the Statement of Operations and Changes in Net Assets as Net change in unrealised appreciation / (depreciation) on Investments and Net realised gain/ (loss) on Investments.

9. Exchange Rates

The exchange rates used in the conversion of the Fund's assets or liabilities denominated in other currencies than United States Dollar are the following:

1 USD = 0.890869 EUR
 1 USD = 0.754859 GBP

10. Changes in the composition of the portfolio and latest Prospectus

The report on changes in the composition of the portfolio of the sub-fund and latest Prospectus is available upon request and free of charge at the registered office of the Fund.

11. Significant Events

As part of an internal restructuring with the aim to streamline State Street's banking entity structure across Europe, State Street Bank Luxembourg S.C.A. merged into State Street Bank International GmbH as from November 4, 2019 (the "Merger Date"). Since the Merger Date, State Street Bank International GmbH continues to carry out the depositary and central administration agent functions through State Street Bank International GmbH, Luxembourg Branch.

As legal successor of State Street Bank Luxembourg S.C.A., State Street Bank International GmbH, Luxembourg Branch has assumed the same duties and responsibilities, and has the same rights under the existing agreements with the Fund. Any agreements in place with State Street Bank Luxembourg S.C.A. have been transferred to State Street Bank International GmbH, Luxembourg Branch by operation of law.

State Street Bank International GmbH, Luxembourg Branch, is supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank and has been authorised to act as depositary and central administration agent by the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186.

Notes to the Financial Statements as at December 31, 2019 (continued)

12. Subsequent Events

The emergence of COVID 19 (coronavirus) has created economic and financial disruptions in the global economy which has led to operational challenges that could impair the Smead US Value UCITS Fund's ability to manage or conduct some of its businesses around the world. In line with many national and local guidelines, Smead Capital Management, has followed guidelines in accordance with its Business Continuity Procedures (BCP). This allows for Smead Capital Management to operate from its office locations or remote sites.

Given the disruptions in the financial markets, Smead Capital Management and the Fund are closely tracking their operational capacity. Additionally, the financial effects of the outbreak have a high degree of uncertainty, given that they are dependent on external factors such as the spread of the virus and the measures taken by the various governments and central banks. Smead Capital Management, and the Fund, have already observed significant volatility in the global marketplace which could have an impact on their financial results and financial position in the future. Smead Capital Management and the Fund continues to execute its investment discipline, which may cause higher turnover, due to the heightened volatility. Smead Capital Management is also maintaining an active dialogue with all its relevant global vendors and service providers during this period.

Additional Information (unaudited)

Remuneration

Duff & Phelps (Luxembourg) Management Company S.à r.l. ("DPLMC") is an authorized Chapter 15 Management Company ("ManCo") as per the meaning of the law of December 17, 2010.

As a result, DPLMC has to comply with the requirements set forth in the UCITS regulations when it comes to remuneration.

The Compliance Officer regularly assesses the adherence of DPLMC with the requirements set forth in the UCITS directive when it comes to remuneration.

The key principles of the remuneration policy are as follows:

1. Every single employee of DPLMC is entitled to a fixed salary and capped pension benefits as well as a discretionary bonus (not guaranteed), the amount (which can be nil) of which depends both on his/her individual performance in respect of the tasks he/she is assigned to and the achievement of objectives set forth at the beginning of each fiscal year and the overall performance of DPLMC Business Unit as a whole.
2. There is no direct relation between the total remuneration (being understood as salary, bonus and pension benefits) and the performance of the funds for which DPLMC acts as ManCo, as the portfolio management function is completely delegated to third party investment managers.
3. The assessment on the level of remuneration of every employee is reviewed by the Board of Directors of DPLMC at least on an annual basis, taking into account the following components:
 - a. Labour market conditions and seniority gained (for determining the fixed salary terms).
 - b. Individual performance and Duff & Phelps Service Line performance (for determining if a bonus is to be paid or not to an employee). If an employee leaves the company before the end of the performance cycle year, he/she is not entitled to any bonus.
 - c. Adherence to the Service Line and overall Duff & Phelps policies in terms of risk awareness, compliance with regulations (including PA dealing) and ethics at work, as described in the staff manual, the provisions of which every staff member has adhered to when joining the company.
4. DPLMC compliance officer carries out on at least an annual basis a review of the compliance of the prevailing remuneration conditions with the principles of this policy and the overall compliance of the policy with the existing regulatory framework. This review is materialized by dashboard including an assessment onto whether the current situation is compliant or not that is afterwards validated by the Board.

Further information about this policy can be asked to the compliance officer of DPLMC.

For the year ended as at December 31, 2019, the total of the remunerations paid by the ManCo to its staff was the following:

- Fixed Remuneration: EUR 909 082.71
- Variable Remuneration: EUR 14 787

Sixteen employees benefited from this remuneration. Each of those beneficiaries were fully or partly involved in the activity of the Fund.

Their remuneration was broken down as follows:

- Top Managers: EUR 470 421.51
- Staff Members: EUR 438 661.20

Portfolio Turnover Rate (PTR)

The PTR has the regulatory intention to provide investors with an indicator of the impact of trading costs within a given fund.

If the PTR of the Fund is next to zero, it means that the transactions were made in order to invest funds or sell assets received from unit subscription or redemptions. A negative PTR indicates that the total of the subscriptions and the redemptions exceeded the value of the security transactions of the portfolio. A positive PTR indicates that the value of the security transactions exceeded that of the Fund unit transactions.

The formula used to calculate the PTR is:

$$\frac{(\text{Purchase of securities} + \text{Sales of securities}) - (\text{investor subscriptions} + \text{Redemptions})}{(\text{Average Fund Value during the period})} * 100$$

The portfolio turnover rate for the year ended December 31, 2019 was 30.37%.

Risk Management

The global exposure of the Smead Fund is monitored via daily Commitment approach.

Securities Financing Transaction Regulation

Securities Financing Transaction Regulation (“SFTR”) introduces reporting requirements for securities financing transactions (“SFTs”) and total return swaps.

A Security Financing Transaction (“SFT”) is defined as per Article 3 (11) of the SFTR as:

- a repurchase/reverse repurchase agreement,
- securities or commodities lending and securities or commodities borrowing,
- a buy-sell back transaction or sell-buy back transaction, or
- a margin lending transaction.

Smead Fund did not hold any total return swaps or enter in security financing transactions during the year ended December 31, 2019.