



March 31, 2026

Dear Investor:

The Sound Shore Fund Investor Class (SSHFX) and Institutional Class (SSHVX) declined 3.45% and 3.43%, respectively, in the first quarter of 2026, trailing the Russell 1000 Value Index (Russell Value) which advanced 2.10%, and ahead of the Standard & Poor's 500 Index (S&P 500) which declined 4.33%. The three year annualized gains for SSHFX of 17.45% and for SSHVX of 17.68% were ahead of the Russell Value's 14.31% and behind the S&P 500's 18.32%. As long-term investors, we highlight that Sound Shore's 35 year annualized returns of 10.43% and 10.69%, for SSHFX and SSHVX, respectively, as of March 31, 2026, were ahead of the Russell Value at 10.05% and compared favorably to the S&P 500 at 10.65%.

*We are required by FINRA to say that: Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For the most recent month-end performance, please visit the Fund's website at [www.soundshorefund.com](http://www.soundshorefund.com).*

After a strong end to 2025 (and the last 3 years, for that matter) US equity markets endured their worst opening quarter since 2022, with the S&P 500 falling 4.33% as geopolitical shocks and shifting sector dynamics took hold. The Iran war, surging oil prices and artificial intelligence (AI) disruption all dominated the headlines. These triggered a sharp rotation out of high-flying technology and AI leaders, while the energy sector surged on the commodity spike.

In recent years, quarterly shifts in market sentiment have reflected an evolving economic landscape and a flood of capital chasing short-term trading strategies. While this phenomenon often increases tracking error against the Russell Value and S&P 500 indices, we view the volatility as a key source of opportunity. More on that later. Our approach remains disciplined, prioritizing both valuation and the fundamental sustainability of the businesses and industries in which we invest. Sound Shore's nearly five decades of long-term investing has proven that sticking to our investment discipline over full market cycles has been critical to our methodically taking advantage of these opportunistic and often volatile periods.

One of the narratives that drove debate and performance this quarter was the emergence of AI as a potential threat to information technology systems and software. A number of our tech investments were detractors for the quarter as a result. Qualcomm, Check Point, and Kyndryl sold off as the market worried about long-term impacts. Our process has always incorporated a good dose of humility as we assess how to differentiate the signal from the noise, and we will continue to monitor changes in end markets. We often see this lack of differentiation during periods of high volatility, where companies within the same sector move in lockstep regardless of their unique strengths and the opportunity remains to find those companies that are adapting well.



Leading semiconductor supplier Qualcomm (QCOM) is one example that was down with the sector. Long known for its mobile chip technology, there is short-term concern that the surge in memory prices will slow the cell phone market. And while this segment is maturing, Qualcomm is rapidly diversifying its business as its robust developer tools facilitate AI functionality in new markets and is driving adoption of QCOM chips. Meanwhile, the company is growing in diverse end markets such as automotive, internet of things and data centers. With its profitable mobile and licensing businesses and a strong balance sheet, we believe Qualcomm has the strategic flexibility to execute on the AI opportunity ahead.

Away from technology, concern over higher oil prices rippled through the market. Media and entertainment leader Disney and domestic carrier Southwest Airlines both gave back a portion of their prior gains as fears of a protracted war impacted consumer discretionary and travel related names. Both companies have very strong balance sheets and are benefitting from multiyear restructurings that are driving improved earnings and returns on capital. They remain full positions.

On the positive front, and in contrast to the above, energy was far and away the best performing sector for the period. Surging oil and gas prices drove holdings Coterra Energy, EQT and BP higher, each returning close to 20% or more. Our process leads us to sustainable businesses with low-cost reserves and fortress-like balance sheets. These are critical attributes in today's volatile world and, we believe, make these businesses even more valuable. The Iran war and its impact on oil prices will be in focus; however, we continue to find value in these businesses on normalized long-term cash flow.

A bright spot in the tech space was our holding in Marvell Technology. The company designs custom chips that are both flexible and efficient, a competitive advantage we believe will help Marvell take market share and grow rapidly over the next few years. While many debated whether management could effectively scale up the business and compete, we were able to purchase the stock when it was trading at 10 times our estimate of long-term earnings power. Marvell's exposure to data centers stems from a robust networking and optical business—essentially the “plumbing” of AI infrastructure. Additionally, its emerging custom silicon (ASIC) division co-develops tailored chips for "hyperscalers" like Amazon and Google to optimize performance and power efficiency for specific AI workloads. We believe this business will double earnings over the next three years.

We have talked in our last two annual letters about how we view and manage technological change and volatility. During the low-interest rate environment of 2015-2019, stock correlations were high, bond proxies did well, and our returns were closer to the Russell Value than they had been since our inception. *Tracking error* measures this drift - the extent to which a manager's returns “track” the performance of a benchmark. Although not a focus of ours, many investment consultants use this metric to understand how a particular strategy may perform relative to a benchmark. As you can see in the chart below, Sound Shore's tracking error was lowest during that period.



## SOUND SHORE TRACKING ERROR vs RUSSELL 1000 VALUE INDEX



Over the last five years, in contrast to the 2015–2019 timeframe, we’ve had higher interest rates, increased market volatility, lower stock correlations, and occasionally extreme industry swings, as seen in the first quarter of 2026. During that time Sound Shore’s tracking error has risen sharply, reflecting our increased ability to differentiate the portfolio through active stock selection. We expect our tracking error to revert toward long-term trends of 5%-8%, as seen this quarter. This shift is a positive development that should provide greater opportunity for our focused stock-picking strategy. We often say you can’t beat the index if you are the index, so we are with Charlie Munger on this one:

*"The idea of 'tracking error' is a very silly idea for a long-term investor. If you have a group of wonderful businesses, who cares if they perform differently than the S&P 500 in any given year?"*

- Charlie Munger (Late Vice-Chairman of Berkshire Hathaway)



In short, the willingness to look different from the index is fundamental to our process (even when it makes you look a little silly) and critically important in order to drive long-term value. This quarter provided another example of a market regime where 'narrative-driven' volatility leads to extreme, short-term industry and sector swings. These moves are often amplified by quantitative, thematic, and trend-following strategies that prioritize momentum over fundamentals. We believe it ultimately creates fertile ground for our disciplined approach, as evidenced by our results over the last five years. Our portfolio is well positioned for trends that are likely to emerge and will create long-term value for our investors.

Currently, our portfolio is attractively valued at an average twelve-month forward P/E ratio of 12.8 times versus the S&P 500 of 19.4 times and the Russell 1000 Value of 16.0 times. We appreciate your investment alongside ours and encourage you to reach out with any questions or comments.

Sincerely,

SOUND SHORE MANAGEMENT, INC.

#### Important Information

*Performance data quoted represents past performance and is no guarantee of future results. The Fund's Investor Class 1, 5, and 10-year average annual total returns for the period ended March 31, 2026 were 16.36%, 10.30%, and 10.83%, respectively. The Fund's Institutional Class 1, 5, and 10-year average annual total returns for the same period were 16.57%, 10.52%, and 11.02%, respectively. Fund returns assume the reinvestment of all dividend and capital gain distributions. As stated in the current prospectus, the total annual operating expense ratio (gross) is 0.95% for the Investor Class and 0.85% for the Institutional Class. The net expense ratio for the Institutional Class is 0.75% pursuant to an expense limitation agreement between the Adviser and the Fund. This agreement is in effect until at least May 1, 2026. The performance for the Institutional Class prior to its inception on 12/9/13 is based on the performance of the Investor Class, adjusted to reflect the lower expense ratio of the Institutional Class (net of expense reimbursements).*

It is not possible to invest directly in an Index. Data presented reflects that of the underlying holdings of the Fund, not of the Fund itself. FCF (Free Cash Flow) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base. Forward P/E (estimated price-to-earnings) is a measure of the P/E using forecasted earnings for the P/E calculation. The Standard & Poor's 500 Index is an unmanaged index representing the average performance of 500 widely held, publicly traded, large capitalization stocks. The 1, 5, and 10-year average annual total returns for the same period were 17.80%, 12.06%, and 14.16%, respectively. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The 1, 5, and 10-year average annual total returns for the same period were 15.87%, 9.43%, and 10.58%, respectively.



*This letter may contain discussions about certain investments both held and not held in the portfolio. As required by the Financial Industry Regulatory Authority (FINRA), we must remind you that current and future portfolio holdings are subject to risk. Percent of net assets as of 3/31/26: BP plc Sponsored ADR: 2.56%; Check Point Software Technologies Ltd.: 2.47%; Coterra Energy Inc.: 2.36%; EQT Corporation: 2.49%; Kyndryl Holdings, Inc.: 1.73%; Marvell Technology, Inc.: 3.52%; Qualcomm Incorporated: 1.76%; Southwest Airlines Co.: 2.30%; and The Walt Disney Company: 2.95%.*

*An investment in the Fund is subject to risk, including the possible loss of principal amount invested. Mid Cap Risk: Securities of medium sized companies may be more volatile and more difficult to liquidate during market downturns than securities of large, more widely traded companies. Foreign Securities Risk: The Fund may invest in foreign securities primarily in the form of American Depositary Receipts. Investing in the securities of foreign issuers also involves certain special risks, which are not typically associated with investing in U.S. dollar-denominated securities or quoted securities of U.S. issuers including increased risks of adverse issuer, political, regulatory, market or economic developments, changes in currency rates and in exchange control regulations. The Fund is also subject to other risks, including, but not limited to, risks associated with value investing.*

*The views in this letter were those of the Fund managers as of 3/31/26 and may not necessarily reflect their views on the date this letter is first published or anytime thereafter.*

**You should consider the Fund's investment objective, risks, charges and expenses carefully before investing. The summary prospectus and/or the prospectus contain this and other information about the Fund and are available from your financial intermediary or [www.soundshorefund.com](http://www.soundshorefund.com). The summary prospectus and/or prospectus should be read carefully before investing.**

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