



June 30, 2025

Dear Investor:

The Sound Shore Fund Investor Class (SSHFX) and Institutional Class (SSHVX) advanced 3.06% and 3.10%, respectively, in the second quarter of 2025, trailing the Russell 1000 Value Index (Russell Value) which advanced 3.79%, and the Standard & Poor's 500 Index (S&P 500) which advanced 10.94%. The three year annualized advances for SSHFX of 14.92% and for SSHVX of 15.14% were ahead of the Russell Value's 12.76% and behind the S&P 500's 19.71%. As long-term investors, we highlight that Sound Shore's 35 year annualized returns of 10.09% and 10.37%, for SSHFX and SSHVX, respectively, as of June 30, 2025, were ahead of the Russell Value at 9.88% and trailed the S&P 500 at 10.70%.

*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).*

Against the backdrop of a volatile second quarter 2025, stocks proved resilient after a sharp, tariff-driven decline in April. The S&P 500 surged 11% for the period, with mega-cap tech stocks driving significant returns and leading the market to new all-time highs. Meanwhile, as is typical in a stronger market, more stable sectors like healthcare lagged. Despite this lack of breadth, we believe a market of stocks continues with disparate performance and opportunities for fundamental investors like Sound Shore. We are fortunate to have a patient investor base, which allows us to employ a long-term investment process, providing the opportunity to look through short-term noise and focus on the key signal; where a company's earnings power is going. This market has been particularly noisy, but we remain disciplined and focused on earnings and cash flow, which our experience shows will ultimately drive stock performance.

In our first quarter letter, we discussed how some of our healthcare holdings impacted performance due to still undetermined regulatory policies. This uncertainty continued in the second quarter. Eventually, a clearer picture will emerge, but the myriad of proposals regarding Medicaid reimbursement, pharmaceutical pricing and tariffs have all contributed to a cloud over the group this year. As always, when there is a macro-led market drop, as we saw in March/April, we often take advantage of price dislocation and add to positions where we have the highest conviction. For example, drug manufacturer Teva Pharmaceutical was a name we added to as the company continues to execute on its plan to accelerate growth, primarily through the success of its pipeline. Similarly, we added to Hologic, Inc., a medical technology supplier primarily focused on diagnostics and improving women's health. Rumors of a possible private equity buyout offer for the company surfaced in late May, which highlights the value within parts of the healthcare sector and Hologic's particularly compelling valuation around 14 times earnings.

While the appetite for semiconductor chips is being fueled by excitement around the potential of artificial intelligence (AI) technology, it is clear that the world needs more data centers and



electricity to power them (as we described in our fourth quarter 2024 letter). Outsource manufacturer and long-term holding FLEX benefited as a supplier to data centers. The stock was our best performer for the last three months and year-to-date. Conversely, power generator AES has been hampered by prospective changes to investment tax credits for renewable energy sources, as policy changes once again froze market participants. This is despite the company having a customer base that continues to place orders for renewable systems to power data centers, regardless of the tax situation. (Post-quarter note – on July 9th, AES was rumored to have also received interest from private equity and infrastructure funds and the stock gained on the possibility of a takeover.)

Technology is also disrupting legacy media and we have discussed in the past how we have resisted the temptation to purchase statistically cheap stocks until the industry winners become clearer. The transition to a digital streaming model continues to accelerate throughout the media industry and the legacy players have been adjusting their strategy and investments to compete. Given its scale and success with a repositioning of its offerings, we believe portfolio holding Disney is an attractive risk/reward with potential to grow both in the US and abroad. The stock recently hit a new high as the market applauded their plan to launch the flagship ESPN streaming service by end of 2025 and we see further upside from here.

With 47 years of experience and having been through numerous market cycles, we remain alert in this volatile environment. Even with the market at all-time highs, our contrarian approach remains focused on uncovering attractively valued companies with internally driven earnings that can drive value for years to come. Our long-term investment process looks forward to assess where a company's normal earning power will be. In fact, it is often periods of uncertainty which create the best opportunities for our strategy. This leads us to stocks with management teams employing strategies that are durable and have sustainable businesses we want to partner with in our portfolio. The ability to have a long-term view is increasingly rare, but will likely determine our success.

Currently, our portfolio is attractively valued at an average twelve month forward P/E ratio of 12 times versus the S&P 500 of 22 times and the Russell Value of 17 times.

Be sure to visit our website to access recent interviews and videos featuring members of Sound Shore's investment team: <https://soundshorefund.com/insights-news/>

Thank you for your investment alongside ours in Sound Shore.

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 June 30, 2025 were 9.19%, 15.82%, and 8.93%, respectively. The Fund's Institutional Class 1, 5, and 10-year average annual total returns for the same period were 9.40%, 16.05%, and 9.12%, 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. 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 15.16%, 16.64%, and 13.65%, 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 13.70%, 13.93%, and 9.19%, 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 6/30/25: The AES Corporation: 2.72%; The Walt Disney Company: 2.64%; Flex, Ltd.: 2.85%, Hologic, Inc.: 3.00%, and Teva Pharmaceutical Industries Ltd.: 3.13%.*

*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 6/30/25 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.**

*Distributed by Foreside Fund Services, LLC.*