



December 31, 2025

Dear Investor:

The Sound Shore Fund Investor Class (SSHFX) and Institutional Class (SSHVX) advanced 7.83% and 7.87%, respectively, in the fourth quarter of 2025, substantially ahead of the Standard & Poor's 500 Index (S&P 500) which advanced 2.66% and the Russell 1000 Value Index (Russell Value) which advanced 3.81%. It was a strong year for Sound Shore's portfolio, with SSHFX gaining 18.20% and SSHVX rising 18.42% in 2025, also ahead of the S&P 500's return of 17.88% and the Russell Value's return of 15.91%. As of December 31, 2025, the three year annualized advances for SSHFX of 19.38% and for SSHVX of 19.62% were behind the S&P 500's 23.01% and were ahead of the Russell Value's 13.90%.

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.

While the year started out with concerns over policy changes, inflation and economic growth, investors gained confidence in the second half and stocks rallied through year end. Healthcare was a good example: After lagging earlier in 2025, the sector was the best performer in the fourth quarter. In our prior letters we discussed how some of our healthcare holdings were disproportionately impacted due to still undetermined regulatory policies. As a clearer picture emerged, portfolio holdings biopharmaceutical company Regeneron and specialty drug maker TEVA provided positive pipeline updates and were two of our largest contributors in 4Q. Other traditional value holdings such as auto manufacturer General Motors, US air carrier Southwest Airlines and global bank Citigroup gained in the fourth quarter as well. So, despite the headlines about artificial intelligence (AI) and technology stocks dominating the cap-weighted indices, our outperformance was driven by a diverse group of companies across a broad swath of sectors.

Since our inception in 1978, we have specialized in identifying companies undergoing significant, yet often overlooked, transformations. Our rigorous research process focuses on industry shifts, management transitions and undervalued assets. We are looking for change: change that can transform an inexpensive, out-of-favor stock into a profitable investment, through internally driven earnings and free cash flow improvement. As we have highlighted in the last few years, since interest rates began to rise from unusually low levels, the current environment is providing excellent opportunities for our stock picking strategy. Looking at the full year of 2025, we had 14 stocks from 7 different sectors where we made more than 30% on our investment. That's a lot of breadth in a market that supposedly didn't have any. Some of our best contributors for 2025 included leading electronics and industrial assembler FLEX, global media company Warner Bros. Discovery and the aforementioned Citigroup. Importantly, each was purchased for very attractive valuations, relative to our estimates of earnings power, while having their own drivers of value leading to improved earnings. Accelerating data center end-markets helped FLEX rise. Warner Bros. restructured into two parts to highlight the growth of its streaming and studio businesses and then surged



following reports of a potential takeover. And Citigroup advanced after announcing strong year-over-year revenue growth and a plan to return more capital to shareholders through dividends and buybacks.

Likewise, Huntington Ingalls Industries, the largest US Naval shipbuilder, was another standout 2025 performer. HII, as it is also known, constructs nuclear and non-nuclear warships for the Navy and Coast Guard and also provides after-market services for those ships worldwide. We purchased the stock when it was trading at a below normal 13 times earnings with a 7% free cash flow yield. Having worked through the complexity of post-COVID supply chain and labor productivity issues, the stock soared after posting better than expected earnings and dramatic growth in its backlog. With the US Navy's commitment to rapidly expand the fleet, and the prospect of further margin gains with project completions, we believe the stock is just beginning to reflect its growth potential.

As much as we like to talk about our winners, we don't always get it right and it is very important to have humility in order to effectively manage an equity portfolio. The uncertainty that loomed over the first part of 2025 impacted a number of our consumer holdings and they were among our top detractors for the year. Despite internal progress to reinvigorate growth, payments leader PayPal pulled back on concerns of slower consumer spending. Apparel maker PVH was similarly impacted and compounded further by questions over pending tariffs that caused the stock to decline. We sold both names during the year at modest losses and redeployed capital to more promising opportunities.

Having recapped many of last year's portfolio drivers, our annual letter is often a good opportunity to reflect over a longer period of time in order to put the recent past into perspective. Not because we like to drive looking in the rear-view mirror, but because it helps to know where we are in order to better prepare for the never-ending question all investors ask themselves: What comes next? The last few years have been characterized by a strong market led by a select few "Magnificent" companies that now dominate the popular indices and increasingly, even the portfolios of some of our "value" competitors. However, as we look back over the last decade or more, we've had stocks that we purchased at very attractive valuations, that have delivered tremendous growth over time. Sometimes referred to as "Multi-Baggers," these are companies that we have owned successfully over the years and have been critical contributors to our returns. Names such as Capital One, Texas Instruments, Thermo Fisher, Microsoft, and of course, FLEX. This contract manufacturing services company has evolved from low-value, electronics assembly to high-value, specialized manufacturing for industries like medical, industrial, and automotive. FLEX CEO Revathi Advaiti instilled operational discipline and focused on core differentiation, leading to double-digit earnings growth and expanding margins. Our most recent ownership period began in 2020, when we were able to invest in FLEX at less than 8 times depressed earnings as many investors were focused on the past instead of looking at the possibilities ahead.

Despite Sound Shore's strong short- and long-term performance referenced in the opening paragraph, we are still not in a "value market." As evidenced by the graph below, we *still* don't have the wind at our backs, and that's the opportunity we see ahead. When this trend may change is anyone's guess, but the point is that it has been a long while since value has sustained any relative performance advantage versus growth. Regardless, there is value to be had, but you have to look; you have to do the work, know what you own and remain disciplined.



RUSSELL 1000 VALUE INDEX vs. RUSSELL 1000 GROWTH INDEX



Past performance is not an indicator of future results.

Value investing leverages the enduring human tendency to overpay for popular names and oversell out of favor names. Although it can sometimes lead to short term underperformance, we define value consistently and have remained disciplined in pursuing our strategy. Our portfolio over time is consistently between 10 and 15 times earnings and that was no different this year. Today, the S&P 500 is trading for a historically rich 22 times earnings and even the Russell Value is trading at 17 times earnings, which is above its long-term average. Therefore, although we don't know for sure "what comes next," it is our long-held belief that buying stocks at a discount to their true value is critical for risk management and generating attractive long-term returns for our investors.

As of December 31, 2025, our portfolio was at 13.5 times forward earnings. Meanwhile, many investors have a lot of exposure to the same companies, packed into the major indexes. Some strategies, both active and passive, that claim to be "value" have portfolios with much higher, growth-like portfolio valuations.



This places Sound Shore at a meaningful discount, despite strong balance sheets and free cash flow. Ultimately you have to own the right stocks, of course, and whether they are in one index or another is not important to us. Our focus will remain on the opportunities we find most attractive. Thank you as always for partnering with us and please reach out with any questions you may have.

To hear from our team directly, please go to our website to access short video clips, including our Meet the Team introduction: <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 December 31, 2025 were 18.20%, 13.49%, and 11.28%, respectively. The Fund's Institutional Class 1, 5, and 10-year average annual total returns for the same period were 18.42%, 13.71%, and 11.48%, 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 17.88%, 14.42%, and 14.82%, 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 15.91%, 11.33%, and 10.53%, respectively. The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000 companies with relatively higher price-to-book ratios and higher expected growth values. The "magnificent seven" stocks are 7 technology stocks that drove a large portion of the market's returns in 2023 and 2024. The list includes Apple, Microsoft, Amazon, Alphabet (Google), Tesla, Nvidia and Meta Platforms. The Sound Shore Fund only held Alphabet from the list of these 7 stocks as of 12/31/25.



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 12/31/25: Capital One Financial Corp.: 2.63%; Citigroup, Inc.: 2.74%; FLEX, Ltd.: 1.86%; General Motors Company: 2.59%; Huntington Ingalls Industries, Inc.: 1.96%; Microsoft Corporation: 0.00%; PayPal Holdings, Inc.: 0.00%; PVH Corp.: 0.00%; Regeneron Pharmaceuticals, Inc.: 4.05%; Southwest Airlines Co.: 3.18%; Teva Pharmaceutical Industries LTD: 4.01%; Texas Instruments, Inc.: 0.00%; Thermo Fisher Scientific Inc.: 0.00%; and Warner Bros. Discovery, Inc.: 0.51%.

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 12/31/25 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. The summary prospectus and/or prospectus should be read carefully before investing.

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