June 30, 2024

Dear Investor:

The Sound Shore Fund Investor Class (SSHFX) and Institutional Class (SSHVX) declined 3.06% and 3.02%, respectively, in the second quarter of 2024, trailing the Russell 1000 Value Index (Russell Value) which declined 2.17%. The three year annualized advances for SSHFX of 7.84% and for SSHVX of 8.05% were ahead of the Russell Value's 5.52%. As long-term investors, we highlight that Sound Shore's 35 year annualized returns of 9.99% and 10.27%, for SSHFX and SSHVX, respectively, as of June 30, 2024, were ahead of the Russell Value at 9.68%.

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.

After a strong 12 month rise, most stocks finished lower in the second quarter of 2024 (-2.6% for the equally weighted Standard & Poor's 500 Index). The more widely followed, capitalization-weighted Standard & Poor's 500 Index (S&P 500) rose by a modest 4.3%; however that was led by the oft-reported "Magnificent 7." The SSHFX and SSHVX's quarterly performance of -3.06% and -3.02%, respectively, slightly lagged the Russell Value's return of -2.17%, but our year-to-date returns of 13.47% and 13.57% remain ahead of that index by 6.85 and 6.95 percentage points.

Some of the detractors for the period mimicked the pattern above, giving back a portion of their previous gains after good performance that began last year. This included specialty retailer of personal care products, Bath & Body Works, Inc. Despite announcing its seventh consecutive quarter of beating earnings expectations, as well as raising guidance, the stock gave back some of its prior year-to-date gains as the market continues to be skeptical about the company's growth prospects. Our research identified significant upside potential for the company as it expands into the men's, laundry, lip and hair care segments, which would nearly double its addressable market. We initiated our position when the stock was trading below 10 times earnings and an attractive 10% free cash flow yield. Moreover, by leveraging the company's efficient supply chain and fast inventory turnover, management is returning excess cash through share repurchases.

Similarly, GE Healthcare Technologies Inc. fell back after a strong start to the year. The company was spun out of GE and is the largest global medical imaging company. With steady growth and improving margins, the stock is trading well below peer valuations at 13 times normalized earnings and a 5% free cash yield. More recently, investors expressed concern with the company's business in China, where demand has slowed along with the economy. We view this headwind as temporary and remain enthusiastic about the investment.

With over 45 years of experience and having been through numerous market cycles, we remain alert in this volatile environment. Our contrarian investment philosophy has always focused on finding 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 that 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. While having a long-term view is increasingly rare, we believe it is key to our success in adding value for Sound Shore's clients. In the 1977 Berkshire Hathaway annual letter to shareholders, Warren Buffett summed it up this way, "Most of our large stock positions are going to be held for many years and the scorecard on our investment decisions will be provided by business results over that period, and not by prices on any given day. Just as it would be foolish to focus unduly on short-term prospects when acquiring an entire company, we think it equally unsound to become mesmerized by prospective near-term earnings or recent trends in earnings when purchasing small pieces of a company; i.e., marketable common stocks."

Software maker Oracle, a long-term holding, was one of our best performers for the quarter. A company we have owned successfully in the past, we were able to purchase the stock again in October of 2019 when it was trading at just 14 times earnings with a 7% free cash flow yield. This "legacy" technology franchise is successfully competing amidst significant industry disruption as it leverages its dominant position in database software. Oracle surged after demonstrating gains in their cloud, infrastructure and applications end markets, which drove a long awaited increase in revenue and bookings growth. Looking ahead, our research indicates that the company's cloud and Artificial Intelligence (AI) efforts could more than double earnings per share over the next 5 years. Combined with management's commitment to returning cash to shareholders and Oracle's unrivalled installed customer base, we see continued value creation ahead.

Another significant contributor was drug maker Teva Pharmaceuticals. Teva develops, manufactures and markets generic and specialty drugs focused on neurological and respiratory diseases. Following a period of poor capital allocation decisions by prior management teams, we were able to invest at a very attractive 4 times earnings and with a 20%+ free cash flow yield. We believe the new management team has positioned the company for renewed growth, driven by its most promising branded drug pipeline in years. The stock performed well thanks to solid financial results and positive pipeline data readouts.

The first half of the year has been full of typical apprehension on Wall Street as geopolitical tensions continue, the macro outlook remains uncertain and the political cycle enters the scene. The Federal Reserve has kept investors guessing on its decision and timing of a rate cut, while inflationary pressure on the economy and markets remained front and center. We certainly can't predict the outcomes these inputs will have on markets. Rather, we remain nimble and run different scenarios and constantly watch for signs of success or failure in our holdings in order to manage the risks inherent in each investment. As President Dwight D. Eisenhower famously said, "Plans are worthless, but planning is everything." In the current environment, our emphasis on stock-specific sources of outperformance should prove as relevant as ever, despite a long list of concerns about the economy and market volatility.

Our portfolio is attractively valued at an average twelve month forward P/E ratio of 11.2 times versus the S&P 500 of 20.9 times and the Russell Value of 15.3 times. We appreciate your investment alongside ours and encourage you to reach out with any questions or comments.

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/

Sincerely,

SOUND SHORE FUND

Harry Burn, III
John P. DeGulis
T. Gibbs Kane, Jr.

Co-Portfolio Managers

<u>Important Information</u>

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, 2024 were 25.01%, 10.88%, and 8.33%, respectively. The Fund's Institutional Class 1, 5, and 10-year average annual total returns for the same period were 25.28%, 11.09%, and 8.52%, 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 0.96% for the Investor Class and 0.86% 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, 2025. 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).

The Standard & Poor's 500 Index is an unmanaged index representing the average performance of 500 widely held, publicly traded, large capitalization stocks. The S&P 500 EWI is designed to be a size-neutral version of the S&P 500. It includes the constituents as the cap-weighted S&P 500, but each company in the S&P 500 EWI is allocated the same weight at each quarterly rebalance. 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. 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. 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. 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.

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 6/30/24: Bath & Body Works, Inc.: 2.63%; GE Healthcare Technologies, Inc.: 2.43%; Oracle Corporation: 3.16%; and Teva Pharmaceutical Industries, Ltd.: 3.57%.

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 6/30/24 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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