SOUND SHORE FUND
P.O. BOX 588
PORTLAND, ME 04112

June 30, 2021

Dear Investor:

The Sound Shore Fund Investor Class (SSHFX) and Institutional Class (SSHVX) advanced 5.61% and 5.66%, respectively, in the second quarter of 2021, finishing ahead of the Russell 1000 Value Index (Russell Value) which was up 5.21% and behind the Standard & Poor's 500 Index (S&P 500) which was up 8.55%. Year-to-date returns for SSHFX of 17.57% and for SSHVX of 17.67% were slightly ahead the Russell Value's 17.05% and the S&P 500's 15.25%.

We are required by FINRA to say that: Past performance 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.

Strong corporate profits and resurgent consumer spending helped drive our strong performance in the second quarter. Investor confidence remained strong due to reopening economies and despite interest rate and inflation concerns. However, performance narrowed vs. the S&P 500 during June, favoring growth stocks, after the US Federal Reserve indicated it could be tightening as soon as 2022.

The current environment is yielding ample investment opportunities for Sound Shore's bottom up, contrarian strategy. Sound Shore's process, time-tested over the last 43 years, starts with a screen to identify the least expensive stocks based upon earnings and cash flow. We then conduct thorough fundamental research to determine the company-specific drivers that will grow value ahead of low consensus expectations. Realizing or exceeding our outlook for earnings and cash flow is crucial, and we assemble financial models to track a company's progress. When we get it right, a company's future earnings and cash flow are higher than Wall Street (the "Street") had estimated.

A couple of our holdings in the financials sector were top performers for the quarter and provide good examples. The most recent Federal Reserve stress test results, we believe, provides confirmation that our holdings' business models are more resilient, over-capitalized and underappreciated by the market. The Comprehensive Capital Analysis and Review, often referred to as "CCAR," is an analysis conducted under hypothetical scenarios designed to determine whether a bank has enough capital to withstand a negative economic shock. Card issuer Capital One's latest stress test capital buffer declined by more than 3 percentage points. This equates to approximately $10 billion in incremental capital capacity to distribute to shareholders. Based on our estimate of excess capital and excess reserves the company could return more than 30% of their total market cap over the next 12 months. While we are not anticipating that to happen in such a short period of time, we do expect increased dividends and share repurchases, which should accelerate shareholder value. The results substantiate our suspicion that the market has underestimated the resilience of Capital One's credit card underwriting. We believe that Capital One's seasoned management team is keeping the company on its front foot through strong credit management and advanced technology platforms. Currently valued at 9.5 times 2022 consensus earnings it remains a holding.

Already a top tier investment bank, fellow financial holding Morgan Stanley's very capable management team continues to drive even faster growth in its highly profitable wealth and asset management franchises. By continuing to build out these businesses both organically and via acquisition (E*Trade, Eaton Vance), Morgan Stanley's business model is stronger than it has ever been. Again, the stress test results highlight this. In fact, the company just announced on June 28, 2021 that it is doubling its dividend from $1.40 to $2.80 per share! That gives investors a very attractive 3.1% dividend yield for a company that is winning share, continues to grow and is well prepared for the digital future. We believe that the Street has underestimated Morgan Stanley's earnings power and that the company's performance in wealth management will help drive a re-rating of the stock higher.

On the detractor side, electronic payments processor Fiserv pulled back after a strong performance in the first quarter. Concern over increased competition in the fintech space contributed to the weakness. Another hangover in recent years has been private equity firm KKR's large ownership stake in Fiserv from a prior leveraged buyout. As KKR has been winding down its position, the stock has lagged. That divestiture is largely complete and KKR now holds less than 10% of the outstanding shares. Despite the recent multiple compression, our view is that the company will continue delivering double digit earnings growth and we added to our position on the recent weakness. Fiserv is attractively valued and trading at 16.7 times 2022 earnings, with a 5% free cash flow yield, approximately a 30% discount to the S&P 500. Meanwhile Fiserv's Clover point of sale solution is underappreciated, based on the very high valuations of some digital payments peers. The move from cash to credit and digital will certainly continue from here. We believe that led by a seasoned management team, Fiserv is well positioned to capitalize on that trend.

Sound Shore continues to uncover companies with durable earnings power like those discussed above. We are encouraged that stock performance based upon company-specific fundamentals seems to be more characteristic of recent markets. Investors will be keeping a close eye on the emergence of variant strains and the progress of COVID-19 vaccinations around the world. Many regions have lagged the US, which has hampered reopening of global economies. As mentioned earlier, Fed activity, interest rates and inflation are all being closely watched as the possibility of more persistent inflationary pressure beyond 2021 is debated. Our focus remains on the earnings power of our holdings and we note that at June 30, 2021, Sound Shore's portfolio had a forward price-earnings multiple of 13.8 times consensus, a meaningful discount to the S&P 500 at 21.1 times and the Russell Value at 16.5 times, despite strong balance sheets and better free cash flow.

Many thanks as always for your investment alongside ours.

Sincerely,

SOUND SHORE FUND

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

Co-Portfolio Managers

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, 2021 were 52.23%, 12.20%, and 11.43%, respectively. The Fund's Institutional Class 1, 5, and 10-year average annual total returns for the same period were 52.49%, 12.38%, and 11.62%, 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 0.93% for the Investor Class and 0.84% 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, 2022. 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 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 Standard & Poor's 500 Index is an unmanaged index representing the average performance of 500 widely held, publicly traded, large capitalization stocks. 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.

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 6/30/21: Capital One Financial Corp.: 2.85%; Fiserv, Inc.: 2.85%; and Morgan Stanley: 2.99%.

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 6/30/21 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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