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

June 30, 2023

Dear Investor:

The Sound Shore Fund Investor Class (SSHFX) and Institutional Class (SSHVX) advanced 5.14% and 5.18%, respectively, in the second quarter of 2023, ahead of the Russell 1000 Value Index (Russell Value) which advanced 4.07%. The three year annualized advances for SSHFX of 15.16% and for SSHVX of 15.37% were also ahead of the Russell Value's 14.30%. As long-term investors, we highlight that Sound Shore's 35 year annualized returns of 10.06% and 10.36%, for SSHFX and SSHVX, respectively, as of June 30, 2023, were ahead of the Russell Value at 9.85%.

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.

The market benefited from strong performance in the technology sector this quarter as the appetite for semiconductor chips is being fed by excitement around the potential of artificial intelligence (AI). Consumer discretionary stocks also performed well after consumer spending was more resilient than the market had discounted. Meanwhile, as is typical in a stronger market, more stable sectors like utilities and healthcare lagged. All of this with a backdrop which included the Federal Reserve attempting to rein in higher inflation by raising its benchmark borrowing rate 10 times since March 2022, the fastest pace of tightening since the early 1980s. At its June policy meeting, the Fed held interest rates steady to allow more time to assess the lagged impact from these increases.

Despite the uncertain economic outlook, stocks surged during the second quarter. Our portfolio outperformed the Russell Value by more than 1.00% and reflected a divergence in performance among stocks not unlike the broader market. Performance for the three-month period was narrow, with the equal-weight S&P 500 Index (S&P 500) trailing its cap-weighted cousin by a full 4.75%. Moreover, the weight of the ten largest S&P 500 stocks rose to 31% of the Index. This concentrated surge was part of what we believe to be boom/bust mini-cycles, where slowdowns/recession are hitting industries/geographies at different times, providing opportunity for disciplined fundamental investors like Sound Shore.

We couldn't help ourselves but to include the cartoon below given the attention received lately by all things AI. While it makes light of the rush to adopt AI, the technology is certainly promising and its impact will permeate many parts of the global economy. Innovation is, and has always been, a critical part of successful investing and we have many examples within Sound Shore's portfolio where we are participating. Importantly, as contrarian investors we think there are other ways to gain exposure to innovation without becoming blind to momentum and valuation. We discuss Oracle and Applied Materials (AMAT) below, but change is happening across many industries right now…healthcare, electric & autonomous vehicles, energy and finance. Our portfolio reflects that diverse opportunity set. At Sound Shore, our active, contrarian approach continually challenges us to know what we own and why we own it. This part of our process helps to manage portfolio risk. Our mission is to find overlooked opportunities, and we are encouraged by the recent market environment.

The largest contributor to performance during the quarter was software maker Oracle. 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 growth. Looking ahead, our research indicates that the company's cloud and AI efforts could drive sustained growth and 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.

Also benefiting from secular long-term demand was semiconductor capital equipment supplier Applied Materials. AMAT is an example of a company going through a mini-cycle as wafer fabrication equipment (WFE) spend corrected in 2022 and into the first half 2023. Now, business is stabilizing and capital is being deployed to anticipate supply needs from cloud adoption, artificial intelligence, the internet of things, electric vehicles, and other trends. We were able to purchase AMAT during the market selloff in June of 2022 when it was trading below normal at 10 times earnings. A technological winner in its industry, the company has 70%+ share in many of its submarkets and returns 100% of excess cash to shareholders. We believe management will continue building value through market share gains, operating excellence and financial discipline.

Another strong performer was homebuilder Lennar, one of the country's largest. Like the chip industry, housing is going through a mini-cycle that corrected in 2022, and Lennar was not immune. However, the United States is structurally short housing and not all participants are benefitting from that supply/demand imbalance. It's critical to have the right house, at the right price, in the right geography. We believe the company has scale-driven advantages over small and mid-size builders, and also less exposure to slowing premium housing trends versus its competitors. Lennar has simplified its portfolio to focus more as a pure-play builder, with less asset intensity, which has improved returns on capital and cash flow. This increased cash flow has enabled management to aggressively reduce debt and buy back stock.

Meanwhile, medical services and products leader Cardinal Health is a classic turnaround story. The company's segments include pharmaceutical that distributes branded and generic drugs and medical, which manufactures and distributes Cardinal Health branded medical, surgical and laboratory products. We were able to purchase the stock at 11 times earnings after the underperforming medical segment weighed on investor confidence. Our research focused on the core pharma distribution business, which is growing and provides stable to improving earnings and cash flow. Management has laid out a detailed improvement plan for the medical segment, which includes growing the Cardinal branded portfolio and accelerating its at-home solutions business. This was well received by the Street and the stock rose on anticipation of improved cost savings and higher volumes.

Notwithstanding Cardinal's strong performance, detractors to performance for the period included a number of our healthcare names, which trailed along with the sector. Drug maker Pfizer and life science tools maker Avantor both suffered from an inventory correction and the uncertainty surrounding normalizing revenue following the COVID boom for some of their products. Fellow healthcare holding Organon lagged due to concerns about long-term revenue drivers. Non-operational factors (currency, interest rates and restructuring charges) have masked growth and solid free cash conversion that have exceeded expectations. Organon, a spinoff from Merck, has a very steady pharmaceutical business and is investing to grow its women's health franchise. Trading at less than 5 times earnings with a greater than 5% dividend yield, the company is growing steadily, investing in its R&D pipeline and generating ample cash flow to repay its debt, almost all of which is due in five years and beyond.

Away from healthcare, packaged food maker Conagra Brands was lower as it too suffers from uncertainty around normalizing revenue trends, after benefiting from a bump in demand during COVID. Inflation is hurting in the short-term and supply chain issues have negatively impacted volumes. However, pricing has been up low teens following an approximate 6 month lag. Work from home and millennial household formation are both expected to be tailwinds for growth going forward.

Sound Shore is 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 as it digests the Fed pause and the impact of higher rates. We remain disciplined and focused on earnings and cash flow, which our experience shows, will ultimately drive stock performance.

Currently, our portfolio is attractively valued at an average twelve month forward P/E ratio of 11.5 times versus the S&P 500 of 19.1 times and the Russell Value of 14.2 times. We appreciate your investment alongside ours and encourage you to reach out with any questions or comments.

Thank you for your investment alongside ours in Sound Shore.

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, 2023 were 11.20%, 6.89%, and 8.72%, respectively. The Fund's Institutional Class 1, 5, and 10-year average annual total returns for the same period were 11.39%, 7.08%, and 8.91%, 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 0.94% 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, 2024. 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 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. 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 19.59%, 12.31%, and 12.86%, 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 11.54%, 8.11%, and 9.22%, 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 6/30/23: Applied Materials, Inc.: 2.03%; Avantor, Inc.:

2.47%; Cardinal Health, Inc.: 2.05%; Conagra Brands, Inc.: 1.99%; Lennar Corporation: 2.00%; Merck & Co., Inc.: 3.09%; Oracle Corporation: 2.41%; Organon & Co.: 2.84%; and Pfizer, Inc.: 2.40%.

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 6/30/23 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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