March 11, 2025

PORTFOLIO UPDATE FROM GOODHAVEN

As you know from our communications, we try to avoid writing intra-period letters and commenting on the headlines of the day. We do not normally try to predict political or macro events when making portfolio decisions. As we have said, these typically fall into the category(s) of important but unknowable and unanalyzable. While they may impact market prices and economies over the short term and sometimes materially, we remain focused on what we think is important, analyzable and knowable. This keeps us striving to have fundamental insights into a short list of companies and industries. We strive to make such investments with a margin of safety.

As things stand today, we expect the actual domestic economic near-term impact from a material increase in tariffs in various industries to be material to certain sectors but much more isolated to others. The duration and final actual makeup of many of the tariffs being discussed is still uncertain. My view on whether or not this overall approach to arrangements with our trading partners is the right one is not relevant. This approach is for now part of the economic landscape.

As I have mentioned in recent letters, the current structural make-up of markets brings with it more volatility, sometimes accompanied by actual economic dislocations, and sometimes unwarranted. Macro events are evolving and changing rapidly and we will continue to assess the underlying impact to the companies that we own. Our companies have what we consider strong balance sheets with manageable debt leverage, and in some cases significant cash reserves and a history of opportunistically and successfully deploying cash during stressful periods. While we felt our portfolio was attractive on a valuation basis before the recent weakness, it now strikes us as even more attractive.

Our strong returns since the start of GoodHaven 2.0 (12/31/19) were due in no small part to opportunistic purchases made during the 2020 and 2022 downturns and keeping our eye on the long-term. The number of potentially attractive new or existing situations to add capital to has accelerated and we will keep looking to take advantage of the market volatility while being mindful of any potential exogenous downside risks.

Kind regards,

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Margin of Safety is defined as the difference between the estimated intrinsic value of a security and its market price.

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Mutual fund investing involves risk. Principal loss is possible. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund invests in mid and smaller capitalization companies, which involve additional risks such as limited liquidity and greater volatility. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund may invest in REIT's, which are subject to additional risks associated with direct ownership of real property including decline in value, economic conditions, operating expenses, and property taxes. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment in lower-rated, non-rated and distressed securities presents a greater risk of loss to principal and interest than higher-rated securities.

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