GOODHAVEN
OUR MONEY WITH YOURS

May 11, 2017

Dear Fellow Shareholders,

In early calendar 2016, the Fund declined before finishing the year up 20.13%, a material swing and better than broad equity indexes. So far this year, results have lagged broader indexes amid near record low volatility in large cap equities. We thought this warranted a brief update memo to our fellow shareholders.

While we know that volatility is the usual state of affairs in a concentrated portfolio, overall market volatility has been near record lows this year as index prices have steadily increased. We do understand that divergence from indexes is exciting when positive and frustrating when negative, but focusing on short-term trading is generally counterproductive in either direction. What counts over time is whether or not values of the securities we own are reasonable and whether or not they are growing.

Our current top 10 holdings, accounting for more than 50% of the portfolio value are: Barrick Gold, WPX Energy, Alphabet (Google), Leucadia, Spectrum Brands, HP Inc., Birchcliff Energy, Verizon, Federated Investors, and Staples. Barrick is about 10% of the portfolio, WPX a bit less as we write, and Alphabet about 6% after recently trimming the position, Leucadia about 5%, with the other holdings mentioned in the range of 3-4% each.

Most of this group has reported first quarter earnings and results have ranged from strong to satisfactory, despite an economic backdrop of stagnation or slow-growth around the world. Over the last twelve months, Barrick, Alphabet, Spectrum, Verizon, Federated, and Staples have all generated material free cash flows in relation to their share prices. We believe our two growing energy holdings, WPX and Birchcliff, are trading far below values indicated by either comparable transaction valuations or expected gross cash flows over the next twelve months, even with volatile oil prices. In the case of WPX, we believe management has added billions of dollars of value to the company through adroit capital allocation over the last couple of years.

Importantly, most of this group has exceptional management teams at the top with significant skin in the game. Moreover, at a time when corporate executives have been selling their own shares at a near-record pace, we have seen material insider buying or sensible corporate buybacks at many of our companies. Some recent highlights include a $4 million personal purchase of Barrick shares by Executive Chairman John Thornton at about $19/share two months ago and a 5 million share purchase of Birchcliff Energy at about C$7 per share over the last six weeks by large owner Seymour Schulich, one of Canada's best known investors. In January a number of insiders added to their holdings in WPX at more than $13 per share, including CEO Rick Muncrief. These actions don't assure results, but they do signify a belief in undervaluation by a well-informed party.

Part of the Fund's relative weakness so far this year has been due to declining oil prices and to a lesser extent declining metals prices (such as gold and copper – although gold is still up for the year but off recent highs). These moves have certainly contributed to weaker stock prices for companies in those industries, but as we've written about before – the companies we own appear prepared for commodity price movements (Barrick has reduced debt and sharply lowered its break-even costs in recent years, as has WPX, which also has about 75% of its 2017 production hedged with oil above $50 per barrel. Birchcliff has hedged about half of its 2017 gas production at attractive prices as well). We believe they can prosper over time even with volatility in commodity prices and create value for owners. It's also worth noting that these companies, as well as the underlying commodities they produce, are trading well below the highs of recent years, suggesting that there may be significant upside to current conditions.

In a market where indexation at any price is running rampant and some measures of valuation now appear excessive, we have over 25% of the portfolio in cash and equivalents – giving us the flexibility to behave opportunistically.[1] Despite high general values, we continue to look for pockets of inefficiency and have worked to reposition the portfolio, as we told you was likely, reducing or eliminating positions that have not worked as expected while adding two new holdings in recent months – American Airlines and Builders First Source – in aggregative about 3% of the portfolio and profitable as we write. The list of new potential investments for us to consider is also very healthy.

In the last month or so, we have both used personal cash reserves to buy additional shares of the Fund for ourselves, as we believe the Fund's portfolio represents much better value than the market as a whole. We were also recently informed that Markel Corporation, a passive minority partner in GoodHaven Capital Management and a company with a well-deserved reputation as a smart investor, intends to invest a significant sum in the Fund over the next few weeks.

As the two largest individual shareholders of the Fund of whom we are aware, we remain confident in our approach, thank you for your continued confidence, and are available to address any questions you have.

Sincerely,

Larry Pitkowsky   Keith Trauner

[1] As just one simple example, the price-to-sales ratio of the S&P 500 is now above the peak reached in 2000 at what is now recognized as the previous all-time high equity index valuation point since the 1920s. This is an interesting indicator as it is much harder to alter reported revenue than profits, which can be manipulated in various ways.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-855-OK-GOODX (1-855-654-6639).

Click here for the Fund's performance table

Click here or the Fund's Top 10 Holdings as of February 28, 2017

The Fund imposes a 2.00% redemption fee on shares held for less than 60 days. Performance data does not reflect the redemption fee. If it had, return would be reduced.

Total Annual Fund Operating Expenses: 1.10%

Before you invest in the GoodHaven Fund, please refer to the statutory prospectus or summary prospectus for important information about the investment company, including investment objectives, risks, charges and expenses. You may also obtain a hard copy of the prospectus by calling 1-855-OK-GOODX (1-855-654-6639). The prospectus should be read and considered carefully before you invest or send money.

Past performance does not guarantee future results.

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.

The opinions expressed herein are those of Larry Pitkowsky and Keith Trauner, are subject to change, and are not intended to be a forecast of future events, a guarantee of future results, nor investment advice. This letter may include statements that constitute "forward-looking statements" under the U.S. securities laws. The views expressed herein (including any forward-looking statement) may not be relied upon as investment advice or an indication of the Fund's trading intent. Information included herein is not an indication of the Fund's future portfolio composition.

Free Cash Flow is the cash a company generates from operations less all expenses necessary to maintain the business in its current position.

The S&P 500 Index is a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets. It is not possible to invest directly in an index.

Price/Sales is a valuation ratio calculated by taking a company's market capitalization (or the sum of all such figures for a company index) divided by total sales over a 12 month period, or on a per share basis dividing the stock price by sales per share for a 12 month period.

The GoodHaven Fund is distributed by Quasar Distributors, LLC.