The GoodHaven Fund
2023 Annual Letter to Shareholders

PERFORMANCE as of November 30, 2023

	1 Year Ended 11/30/2023	2 Year Annualized as of 11/30/2023	3 Year Annualized as of 11/30/2023	5 Years Annualized as of 11/30/2023	10 Years Annualized as of 11/30/2023	Since Incept.[1] Annualized as of 11/30/2023
GOODX	20.25%	7.99%	16.16%	12.35%	4.91%	6.89%
S&P 500 Index[2]	13.84%	1.65%	9.76%	12.51%	11.82%	12.43%
FT Wilshire 5000 Full Cap Index	10.85%	-2.13%	5.91%	9.58%	8.87%	9.58%
CS Hedge Fund Index[3]	5.20%	3.06%	6.06%	5.72%	3.92%	3.96%

Please click here for most recent standardized fund performance.

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 (855) OK-GOODX or (855) 654-6639. The annualized gross expense ratio of the GoodHaven Fund is 1.10%.

"I think a life properly lived is just learn, learn, learn, learn all the time."
- Charlie Munger

January 5, 2024

We had strong relative and absolute results for the fiscal year 2023 (ending November 30, 2023) as the GoodHaven Fund was up 20.25% versus the S&P 500's rise of 13.84%. This was accomplished with a portfolio that had the drag of above average levels of cash/cash equivalents for part of this period as we welcomed a material number of new fellow shareholders. Importantly, we continue to feel that our portfolio is undervalued and possessing strong long-term growth potential.

Our performance was strong for the calendar year (12/31/22 – 12/31/23) as well. For this period, the Fund gained 34.06% versus the S&P 500 being up 26.29%.

Our results since the start of GoodHaven 2.0 (12/31/19) through 11/30/2023 are a total return of 61.43% versus the S&P 500's total return of 50.74%. While we wonder if there is a perfect "category" for our unique portfolio we note that, according to Morningstar, we ranked (at 12/31/23) in the top 2%, 4% and 8% of our category for the trailing one, three, and five-year periods respectively.[4]

[1] The Fund commenced operations on April 8, 2011.

[2] With dividends reinvested.

[3] Hedge Fund Index performance figures are supplied on a month end basis and are provided for illustrative purposes as a broad equity alternative asset class only. Accordingly, "since inception" hedge fund index performance figures reflect a start date of 3/31/11 and an end date of 05/31/23. Source: Bloomberg Terminal

[4] Per Morningstar (as of 12/31/2023 in the Midcap value category), the GoodHaven Fund was ranked in the top 2% for 1YR (vs. 388 funds), top 4% for 3YR (vs. 375 funds), top 8% for 5 YR (vs. 357 funds), and top 95% for 10YR (vs. 271 funds).

Our refocused efforts at GoodHaven 2.0 to concentrate our exposure on better business with good growth prospects and high returns on capital – purchased with a margin of safety – has been an important contributor to our results. As of 12/31/2023, our portfolio continues to be undervalued compared to the index despite the outperformance in the long-term earnings per share growth.

As of 12/31/2023		GoodHaven	S&P 500
Concentration	# of Positions	23	503
Growth Rate (2018 – 2023E)	5 YR EPS Growth Rate	16.9%	12.5%
Attractive Valuation	2023 P/E Ratio	16.4x	21.6x
Attractive Valuation	2024 P/E Ratio	14.5x	19.5x

Plenty has been written in the financial press about the dominance of a small number of companies (now called the Magnificent Seven) on the results of the S&P 500, and how their price performance obscures the recent less robust performance of most of the index, much less other equity indexes that are not dominated by these companies.[5] We have long felt this is a topic worth paying some attention to, just not nearly as much attention as many think it warrants. We continue to show our results in the above table versus some additional indexes which we think are relevant.[6] Our active share continues to be a pretty high ~95%.[7]

While this period continues a string of strong results, we take this moment to remind you that our portfolio is managed striving for long-term outperformance, not short-term outperformance. We will underperform the market averages from time to time. We hope you will view such periods when they come as opportunities, as we expect we will. Also, despite our best efforts and alignment as material fellow shareholders, we will make an occasional unsuccessful investment. Having said that, we like our current portfolio, which we feel has material long-term upside. We are pleased (but never satisfied) with our recent results.

There is never a shortage of macro and geo-political things to worry about. Today is no different, maybe it is worse. Just because we don't think we (or most investors) can consistently predict these things and just because we don't construct portfolios around such themes, doesn't mean we don't consider how extreme outcomes in these areas might impact us. Here are just a few quotes/headlines of recent conundrums:

> *"The outlook for the federal budget right now is essentially unprecedented –crisis-size deficits as far as the eye can see, even though the economy appears to be in good health." – Bloomberg BusinessWeek 8/24/2023*
>
> *"A build-up of leveraged bets has the potential to "dislocate" trading in the $25 trillion US Treasures market." – Financial Times 9/19/2023*

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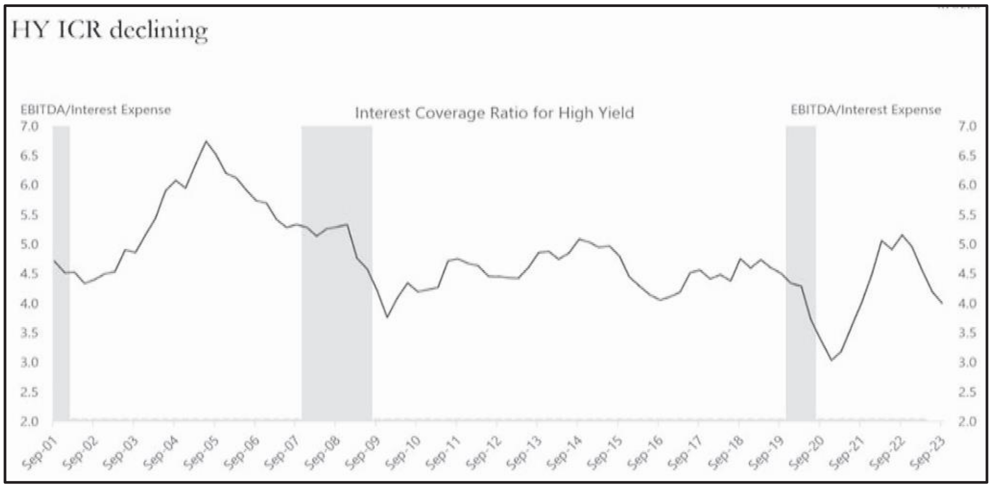
[5] "It's the Magnificent Seven's Market. The Other Stocks are Just Living in It" – Hardika Singh, Wall Street Journal 12/17/23.

[6] Please note some of the HRFI indexes we used to include in the table are no longer available without a material cost so they are no longer included.

[7] Active share is measure of the percentage of stock holdings in a manager's portfolio (GOODX) that differs from the benchmark index (S&P 500).

Here is a telling chart as well:

Declining Interest Coverage Ratios for High Yield Companies



Source: Apollo[8]

To the surprise of many, inflation has recently declined materially while unemployment has not increased materially. Paul Krugman's recent column "Beware Economists Who Won't Admit They Were Wrong" is a fun read.[9] We try to stick to the "important and knowable" in our portfolio construction – with an awareness of the economic backdrop.

> ***"US bank stocks sink to all-time low against the S&P 500. The relative performance of the S&P 500 banks index compared with the broader benchmark is at its weakest since the bank-specific measure began in 1989." – Jennifer Hughes Financial Times, November 11, 2023***

Our biggest purchase in the period (by far) was a material increase in our existing holding in Bank of America. This was followed by increasing our positions in Devon, Berkshire, Occidental Petroleum Warrants, Goldman Sachs and also the initiation of a new position in the apartment real estate investment trust (REIT) Camden Property Trust. It should come as no surprise that we found opportunities to add capital to some industries which had materially lagged the broader stock market recently.

Bank of America (BAC) needs no explanation, but some comments on the opportunity we see for this holding is warranted. BAC's shares recently traded at a P/E of 8x (an earnings yield of 12%) and 80% of stated book value and pays a 3.5% dividend. BAC's return on equity is a depressed 11%+. BAC has a mix of "main street" traditional deposit gathering and lending, large corporate banking functions and a top tier investment banking franchise and wealth management business via the original Merrill Lynch businesses. The investment banking and wealth management segments contribute to approximately 40% of BAC earnings, and at the recent depressed valuations, we were getting these franchises at a discount. We historically found management's slow and steady approach to growth and returns sensible and still do. Management's decision to invest a material amount of the COVID era deposit influx into longer dated treasury and mortgage bonds a few years ago was a bad decision – but it is manageable and well known by all – to say the least. If the economy weakens, loan losses will increase. However, with a stable deposit base, strong lending controls, recurring earnings from the non-banking businesses, healthy

[8] https://apolloacademy.com/coverage-ratios-continue-to-decline-for-ig-and-hy/

[9] New York Times, 12/18/2023

capital and liquidity, the potential benefit from higher interest rates and a cheap stock price (down recently about 50% from recent highs and back to 2017 price levels), we like our risk reward here.

Devon, a long-time successful holding, was our top dollar decliner in the period and we took that as an opportunity to add to our holdings. Devon continues with the thoughtful game plan of using free cash flow to primarily pay dividends and repurchase shares supported by profitable oil/gas production growth. Besides our legacy capital gains here, we have received $8.11/share in cash dividends since this program began (in November 2021) and now own a greater percentage of the company due to repurchases. We expect Devon to continue on this path and perhaps lean more to buybacks in the near-term. We would not be surprised to see them make a periodic acquisition in their core basin(s). We think much upside remains with Devon generating approximately $4/share in free cash flow with oil at $75.

Camden is a well-run owner/operator of multi-family apartment communities with approximately 172 properties and 60,000 apartment homes across the US with significant exposure in the southeast US and the Sunbelt states where demographic trends remain favorable. We have followed the company for a long time. In a broad sense, rents in their markets should flatten out after a very robust period. Underlying values for their assets are going through an adjustment to the much higher risk-free rates of today. More new supply is on the short-term horizon in some of their markets, but we believe that will be followed by very little new supply due to tight bank lending and higher interest rates. With the stock recently down about 50% from almost two years ago, and an implied public valuation on its properties at a significant discount to private markets, we like our risk reward from those levels.

Berkshire Hathaway remains our largest position. Charlie Munger, Berkshire's Vice-Chairman and Warren Buffett's partner for many decades, passed away recently at the age 99. In addition to his economic contributions to Berkshire and his thoughtful and generous philanthropic endeavors, Mr. Munger was a generous and brilliant teacher to generations of investors and business people.

As a reminder – we made Berkshire a top holding during the spring of 2020 –when we said "Berkshire Hathaway is now our largest holding after we materially increased its size during the recent market downturn."[10] This was not a consensus idea at the time – as the folks at Pension and Investments Magazine opined in July 2020 "It's been an off year for Warren Buffett's Berkshire Hathaway Inc. The company's B shares are down 15% year-to-date and missed most of the second quarter rebound."[11] Since June 2020, BRK/B has outperformed the S&P 500 by 30 percentage points, with an annualized return of ~20% since then. We are pleased with Berkshire's progress since then and as we've said several times – unfortunately both Buffett and Munger will no longer be running the company one of these days, but we remain currently comfortable with the possible ways management succession may evolve.

TABLE OF TOP 5 CONTRIBUTORS & DETRACTORS ($) FOR THE FISCAL YEAR

Contributors (11/31/2022-11/30/2023)	Detractors (11/30/2022 – 11/30/2023)
Builders FirstSource Inc.	Devon Energy
Alphabet Inc. – Class C	Jefferies Financial Group Inc
Lennar Corp. – Class B	Ligado Networks LLC Debt
Berkshire Hathaway Inc. – Class B	RH
Meta Platforms Inc. – Class A	Occidental Petroleum Corp Warrants

[10] GoodHaven Fund 2020 Semi-Annual Report Shareholder letter, July 1, 2020

[11] Pension and Investments Magazine, 7/27/2020

Our biggest dollar gainer in the period by far was our long-time holding in Builders FirstSource. Exceptional business performance here has led to excellent stock market performance. In addition, Builders has become a better business over the years and better able to navigate the cyclicality of their industry. We now own a greater percentage of the company due to a material, and well executed, share repurchase program.[12] The impressive organic growth has also been aided by a material number of attractive acquisitions. There have been 14 acquisitions since their landmark BMC merger, which have added meaningfully to existing revenues and earnings. In the past five years, earnings per share have increased from ~$2 to an estimated ~$13 this fiscal year, a 48% CAGR during that time period, and during the recent annual investor day, management guided to a double digit % annualized EPS growth the next 2 years. The business continues to generate significant free cash flow even during slower periods with low debt leverage and no near-term maturities.

The rate of competitive change in business out there in general, is harsher and faster than ever. One of the important things that attracted us initially to Builders was our view that not only was their competitive position strong but it was stable, predictable and getting stronger. Amazon's Jeff Bezos well-articulated how we too think about analyzing businesses when considering the risk of change when he said:

> *"I very frequently get the question; What's going to change in the next 10 years? And that is a very interesting question; it's a very common one. I almost never get the question: What's not going to change in the next 10 years? And I submit to you that the second question is actually the more important of the two – because you can build a business strategy around the things that are stable in time…"*[13]

By the way, our continued strong recent results from our two companies operating in/around the housing sector – Builders and Lennar – have occurred amidst a backdrop of crummy housing affordability statistics and uneven results amidst many other parts of this broader industry.[14] Even during this uncertain period, both businesses continued to win market share in their respective markets, and executed on operational efficiencies that unlocked working capital which ultimately increased earnings per share and returns on capital.

We remind you that the housing market is still cyclical – and while both Builders and Lennar are much better businesses than they used to be with solid balance sheets and low leverage, periodic business volatility comes with the territory here.

KKR was a gainer during this period. In November, KKR announced it was going to acquire the remaining 37% stake of Global Atlantic for $2.7bn in cash (at a valuation of 1.0x book value). Global Atlantic is an annuities and life insurance provider that they acquired a majority stake back in 2021. The original investment in Global has been a significant contributor to earnings and AUM growth, and the acquisition of the remaining stake will accelerate the future growth of the overall business. Other recently announced positive KKR changes are expected to increase recurring earnings to ~70% of pre-tax earnings in the future.

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[12] Since the inception of its buyback program in August 2021, the company has repurchased approximately 41% of its shares outstanding via https://s202.q4cdn.com/867695273/files/doc_events/2023/Dec/05/bldr-2023-investor-day-presentation-final_edgar.pdf As of September 30, 2023, shares outstanding were 123.4 million. https://s202.q4cdn.com/867695273/files/doc_financials/2023/q3/BLDR-Q3-2023-Earnings-Presentation.pdf

[13] https://www.youtube.com/watch?v=O4MtQGRIIuA&t=267s

[14] "How the Housing Market Slowdown is Rippling Through the Economy..." Harriet Torry, Wall Street Journal 12/19/2023

TerraVest was also a gainer this period – and deserves some mention. TerraVest is a small company based in Canada. The below quote captures TerraVest's wonderful historic results well:

> *"The secret to success is to do common things uncommonly well."*
>
> *– John D. Rockefeller*

TerraVest's "complex" business plan of modest organic growth, opportunistic and bargain priced acquisitions in sectors they understand, astute stock buybacks and modest dividends, continues. Business schools and bankers would convey that approach in a semester-long class or a fifty-page presentation – but Charles and Dustin (Chairman and CEO respectively) at TerraVest just "show us the money!"

Near the end of the fiscal period TerraVest announced two new acquisitions (Highland Tank and LV Energy Services) which we feel are materially accretive to intrinsic value.

TerraVest's track record has led to an approximately 29% compound return for shareholders over the past 10 years - well supported by growth in intrinsic value. At a current price of about 10X forward free cash flow/share, with a healthy 30% adjusted return on equity we think much long-term upside remains.

Over on the negative side of the ledger Devon was the largest dollar detractor. We saw this as an opportunity and as discussed earlier behaved accordingly. Next on the list was Jefferies, where our long-term positive outlook has actually increased. Alibaba, which we sold for a loss in the period, was also a detractor. There we concluded that our thesis was flawed and we also lacked confidence in the long-term outlook and so we exited the position fully.

Our biggest errors in recent years have been errors of omission, not commission. This is not a throw away self-depreciating comment. We review and think a lot about our process and why we may have missed, or not sized properly something that worked out well, was within our circle of competence and was "sitting on our desk." As many potential ways to have an advantage in our industry such as; dissemination of information, financial modeling field research and more – have become more commoditized – process matters more than ever.

Value investing (both what it is and what it is not) remains our philosophy. We have covered our views on this in some of our more recent letters. Just because we don't feel it's necessary to add pages to each letter about it does not mean it's not important. We hope that our comments about our portfolio's valuation, and how we think about allocating capital with a margin of safety and a long-term orientation tells you plenty. To reiterate some process thoughts that we believe have been important to the recent results at GoodHaven 2.0 we reprint some comments we made in January 2020 in our first letter to you after our reorganization:

> *"Further and even with extensive experience, a review of our past process leaves me reminded that: 1) growing high return companies are special; 2) without a catalyst, intrinsic value better be rising as you sleep; 3) there is no shame in jumping over lower hurdles; and 4) it's not an IQ test – decision making, insights and position sizing are critical aspects of performance. Of course, material realized losses are just unacceptable. Despite my insistence that our process always improve it's also usually a bad idea when allocating capital to immediately do what you wish you had done three or four years ago."*[15]

Please note that as of November 1, 2023 the Fund redemption fee has been removed and shareholders are no longer subject to this fee.

[15] GoodHaven Fund 2020 Annual Report

We thank all fellow shareholders for their continued confidence as GoodHaven 2.0 continues to unfold. We feel we have the capacity to manage a much larger portfolio should more new fellow shareholders join us. We welcome Allison Nagelberg as a new member of our Board of Trustees. We expect to all benefit from her experience and counsel. We also recognize Steven Tishman who recently left the Board. Steven diligently and insightfully performed his role on the Board. We all thank him and expect to still see him around sometimes! We thank all our Fund Board of Trustees and our long-time partner and investor Markel for their support and wise advice.

Stay healthy and safe and forward we go.

Larry Pitkowsky

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 midcap and smaller capitalization companies, which involve additional risks such as limited liquidity and greater volatility. The Fund may invest in foreign securities which involve political,economic and currency risks, greater volatility and differences in accounting methods. These risks are enhanced in emerging markets. The Fund may invest in REITs, 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. Investments in lower-rated, non-rated and distressed securities present a greater risk of loss to principal and interest than higher-rated securities.

The opinions expressed are those of Larry Pitkowsky through the end of the period for this report, are subject to change, and are not intended to be a forecast of future events, a guarantee of future results, nor investment advice. This material may include statements that constitute "forward-looking statements"under the U.S. securities laws. Forward-looking statements include, among other things, projections,estimates, and information about possible or future results related to the Fund, market or regulatory developments. The views expressed herein are not guarantees of future performance or economic results and involve certain risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially from the views expressed herein. The views expressed herein are subject to change at any time based upon economic, market, or other conditions and GoodHaven undertakes no obligation to update the views expressed herein. While we have gathered this information from sources believed to be reliable, GoodHaven cannot guarantee the accuracy of the information provided. Any discussions of specific securities or sectors should not be considered a recommendation to buy or sell those securities. The views expressed herein (including any forward-looking statement) may not be relied upon as investment advice or as an indication of the Fund's trading intent. Information included herein is not an indication of the Fund's future portfolio composition.

Fund holdings and sector allocations are subject to change and are not a recommendation to buy or sell any security. Please see the Schedule of Investments for a complete list of Fund holdings.

It is not possible to invest directly in an index. Must be preceded or accompanied by a prospectus.

The S&P 500 Index is a capitalization weighted index of 500 large capitalization stocks which is designed to measure broad domestic securities markets.

The FT Wilshire 5000 Full Cap Index is designed to measure the full market capitalization of equities in the US Market. This index replaced the Wilshire 5000 Total Market Index (full-cap) as of May 31, 2023.

CS Hedge Fund Index is an asset-weighted hedge fund index derived from the TASS database of more than 5000 funds. The index consists of funds with a minimum of US $10 million under management and a current audited financial statement. Funds are separated into primary subcategories based on investment style. The index in all cases represents at least 85% of the assets under management in the universe. The index is rebalanced monthly, and funds are reselected on a quarterly basis. Index NAVs are updated on the 15th of each month.

Per Morningstar (as of 12/31/2023 in the Midcap value category), the GoodHaven Fund was ranked in the top 2% for 1YR (vs. 388 funds), top 4% for 3YR (vs. 375 funds), top 8% for 5 YR (vs. 357 funds), and top 95% for 10YR (vs. 271 funds). Morningstar Rankings represent a fund's total return percentile rank relative to all funds in the same Morningstar Category for the same time period. The highest (or most favorable) percentile rank is 1%, and the lowest (or least favorable) percentile rank is 100%. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. Past performance does not guarantee future results.

References to other mutual funds should not be interpreted as an offer of these securities. Please see the Schedule of Investments for a full list of fund holdings.

The GoodHaven Fund is distributed by Quasar Distributors, LLC

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