Nuance Concentrated Value Composite Perspectives

December 31, 2020

Description of the Product

The Nuance Concentrated Value Composite is a classic value investment product investing primarily in the equity or equity-linked securities of United States based companies. The product will typically maintain 15-35 positions in the securities of companies that, in the opinion of the Nuance Investments Team, have leading and sustainable market share positions, above average financial strength, and are trading at prices materially below our internally derived view of intrinsic value. The product's primary benchmark is the Russell 3000® Value Index. Clients may also compare the product to the S&P 500® Index.

Portfolio Managers

Chad Baumler, CFA
Vice President & Co-CIO
14 Years of Experience

Scott Moore, CFA
President & Co-CIO
30 Years of Experience

Darren Schryer, CFA, CPA
Associate Portfolio Manager
5 Years of Experience

Risk-Adjusted Returns Rankings[1]

1st PERCENTILE

Lipper
Category: Multi-Cap Value
Ranking vs. Peers: 1 of 320

Morningstar
Category: Large Value
Ranking vs. Peers: 1 of 874

Morningstar
Category: Mid-Cap Value
Ranking vs. Peers: 2 of 302

Longer Term Performance Update **(through December 31, 2020)**

Since Inception Return: The return since inception (11/13/2008) through 12/31/2020 is 14.6 percent (annualized and net of fees) versus the Russell 3000® Value Index and S&P 500® Index, which have returned 11.5 percent and 14.8 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 12/31/2020 is 1.1 (net of fees) versus Russell 3000® Value Index at 0.7 and the S&P 500® Index at 1.0.

Peer Group Returns through 12/31/2020: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/2008, we ranked 25 out of 874 peer group members (3rd percentile) in the Morningstar Large Value Funds universe, 25 out of 302 (8th percentile) in the Morningstar Mid-Cap Value Funds universe and 20 out of 320 (6th percentile) in the Lipper Multi-Cap Value Funds universe.

Peer Group Risk-Adjusted Return through 12/31/2020: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 1 out of 874 peer group members (1st percentile) in the Morningstar Large Value Funds universe, 2 out of 302 (1st percentile) in the Morningstar Mid-Cap Value Funds universe and 1 out of 320 (1st percentile) in the Lipper Multi-Cap Value Funds universe.

Peer Group Analysis (11/30/2008- 12/31/2020)	Since Inception APR[1]	Standard Deviation(A)	Sharpe Ratio(A)
Nuance Concentrated Value Composite (Gross)	15.09	12.94	1.13
Nuance Concentrated Value Composite (Net)	14.36	12.93	1.07
Morningstar Large Value Funds Peer Group (Median)	11.39	15.81	0.69
Peer Group Percentile and Ranking	3rd (25 of 874)	8th (63 of 874)	1st (1 of 874)
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.66	17.89	0.66
Peer Group Percentile and Ranking	8th (25 of 302)	1st (2 of 302)	1st (2 of 302)
Lipper Multi-Cap Value Funds Peer Group (Median)	11.63	16.68	0.65
Peer Group Percentile and Ranking	6th (20 of 320)	4th (11 of 320)	1st (1 of 320)

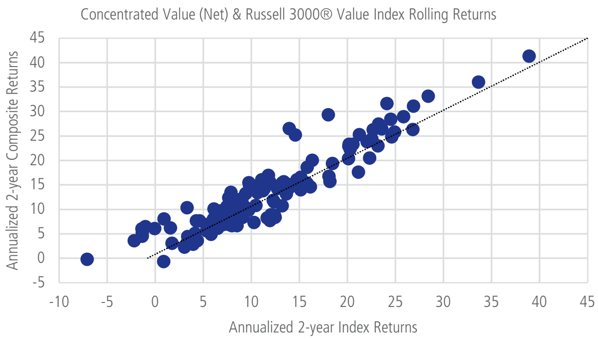
Performance 11/13/2008-12/31/2020	APR*	TR*	Standard Deviation*	Sharpe Ratio*	10 Years	7 Years	5 Years	3 Years	1 Year	YTD 2020
Nuance Concentrated Value Composite (Gross)	15.37	467.24	12.92	1.15	12.37	9.40	11.78	8.92	4.25	4.25
Nuance Concentrated Value Composite (Net)	14.63	425.05	12.91	1.09	11.61	8.61	10.97	8.12	3.48	3.48
Russell 3000® Value Index	11.49	274.28	16.10	0.68	10.36	8.05	9.74	5.89	2.87	2.87
S&P 500® Index	14.75	431.51	14.76	0.96	13.88	12.92	15.22	14.18	18.40	18.40

*Since Inception. Returns for periods greater than a year have been annualized.

[1]The Nuance Concentrated Value Composite is an all-capitalization value investment product and consists of separately managed accounts in the Nuance Concentrated Value strategy. As of 12/31/2020, the Concentrated Value Separate Account Product has been classified by Morningstar in the following category and style box: Large Value and Mid Value, respectively. Lipper does not provide product level classifications. Rankings and peer group comparisons are created internally using data from FactSet. For comparison purposes, subsets of the Morningstar Large Value Funds Peer Group, Morningstar Mid-Cap Value Funds Peer Group and the Lipper Multi-Cap Value Funds Peer Group with performance history since inception have been presented as investment strategies with a similar investment style to the Nuance Concentrated Value Composite. For peer group comparisons, all Returns, Standard Deviation and Sharpe Ratio calculations, including those of the Composite were calculated by FactSet based upon strategies with monthly return data from December 2008 to present. FactSet reports on month end returns only. For more information on peer group comparisons and calculations, please refer to the full disclosures.

Shorter Term Performance Update (Two Year and Year-to-Date)

Rolling 2-Year Periods		Current 2-Year Periods as of 12/31/2020		
11/30/2008 - 12/31/2020	Periods Beating the Index		Composite (%) Net of Fees	Russell 3000® Value Index (%)
Nuance Concentrated Value Composite	88 / 122	72.1%	15.06	13.97



Your team at Nuance cautions our clients regarding the use of short-term performance as a tool to make manager or investment decisions. That said, if a client wants to consider our short-term performance we recommend emphasizing two-year rolling periods since our inception. Our normal discussion of short-term performance will center on two-year performance, but we will also note calendar year to date results as is our tradition.

For the period ending December 31, 2020, the Nuance Concentrated Value two year rolling return is 15.06 percent (net of fees) versus the Russell 3000® Value Index and S&P 500® Index which have returned 13.97 percent and 24.77 percent respectively. Overall, we have outperformed in 88 out of the available 122 two-year periods as shown in the chart labeled Rolling 2 Year Periods.

Year-to-date, the Nuance Concentrated Value has returned 3.48 percent (net of fees) versus the Russell 3000® Value Index and the S&P 500® Index which have returned 2.87 percent and 18.40 percent respectively.

Calendar Year Performance as of 12/31/2020	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
Nuance Concentrated Value Composite (Gross)	4.47	42.24	18.79	6.85	18.41	35.33	8.88	(1.28)	20.49	12.11	(3.82)	28.92	4.25
Nuance Concentrated Value Composite (Net)	4.47	41.70	18.13	6.29	17.79	34.45	8.07	(1.98)	19.70	11.29	(4.55)	28.00	3.48
Russell 3000® Value Index	0.37	19.76	16.23	(0.10)	17.55	32.69	12.70	(4.13)	18.40	13.19	(8.58)	26.26	2.87
S&P 500® Index	(0.47)	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	(4.38)	31.49	18.40

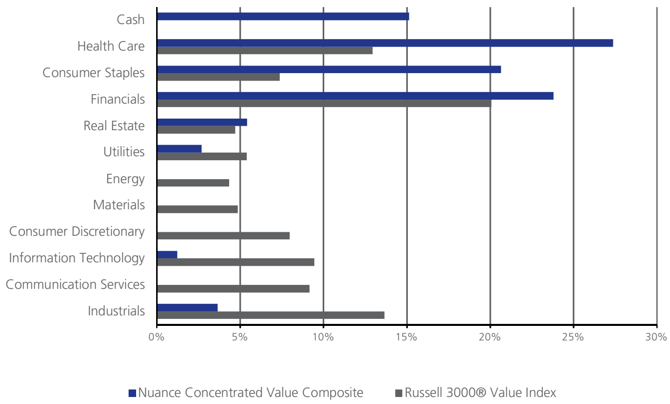
Composition of the Portfolio as of 12/31/2020

Portfolio Characteristics[2]	Nuance Concentrated Value Composite	Russell 3000® Value Index
Weighted Average Market Cap	51.8b	125.3b
Median Market Cap	18.7b	2.0b
Price to Earnings (internal and ttm)*	16.1x	28.8x
Price to Earnings (ex-neg earnings)	-	21.3x
Dividend Yield	1.6%	2.2%
Return on Equity	8.8%	7.9%
Return on Assets	2.3%	1.5%
Active Share vs Russell 3000® Value Index	96%	-
Upside/Downside Capture vs Russell 3000® Value Index	85% / 63%	-
Number of Securities	24	2,341

* Based on Nuance internal estimates and benchmarked against the above noted index.

We continue to be pleased with the overall composition of the portfolio. Remember that we are seeking investment opportunities in leading business franchises with better than average valuation support. Using the adjacent table, you can see that the portfolio has a Price to Earnings ratio of 16.1x versus the Russell 3000® Value Index of 28.8x. We are achieving this ratio with a portfolio of companies that have a return on assets of 2.3 percent versus the Russell 3000® Value Index of 1.5 percent. This dichotomy of above average companies selling at below average multiples has the opportunity for outperformance over the long-term, in our opinion.

Sector Weights and Portfolio Positioning as of 12/31/2020



While the portfolio was mostly unchanged from a sector overweight/underweight perspective, we did make some smaller changes as we believe the volatility from the Covid-19 pandemic continues to shift risk rewards. The Health Care sector remains our largest sector overweight relative to the benchmark, and we increased our weight as we continue to see attractive risk rewards in several select leaders. Many of those risk rewards have continued to look attractive, in our view, as the market generally believes that elective procedures will continue to be delayed and that the health care system will be hampered by the need to have capacity available for Covid-19 patients. We have slightly lowered our weight in the Financial sector, but it remains one of our largest relative overweight positions. Our overweight in the Financial sector is made up of a mix of what we believe to be select leaders primarily in the Insurance and Capital Markets industries where we are seeing a combination of company specific, one-off negative transitory issues and lifetime low interest rates, in our view. We also continue to see what we believe to be attractive risk rewards in the Consumer Staples sector with many of the opportunities in the Food Products and Beverages sub-industries. We reduced our already underweight position in the Information Technology sector as the risk rewards continue to skew to the downside, in our opinion. We remain underweight the Energy sector where we believe the sector is facing a multi-year period of competitive transition. Lastly, we remain underweight the Consumer Discretionary, Industrials, Communication Services, Utilities, and Materials sectors primarily due to valuation concerns.

Stocks We Added to Your Portfolio (Fourth Quarter)

Baxter International Inc. (BAX): BAX is a leading supplier of kidney dialysis supplies and equipment along with intravenous fluids, pumps, bags, nutritional compounds, pharmaceutical compounding supplies, and pre-filled pharmaceutical bags. We believe the company is underearning amid widespread declines in total hospital volumes due to Covid-19 mitigation efforts and elective surgery deferrals, a situation we view as transitory. The company has a strong balance sheet in our view and the stock has underperformed since we last exited our position in early 2019. We took advantage of the stock's weakness to initiate a new position at more of what we consider a potentially favorable risk reward.

MTS Systems Corporation (MTSC): MTSC is a manufacturer of industrial sensors built for harsh environments, as well as a leading manufacturer of test and simulation systems for structures, materials, and automotive end markets. In December 2020, the company received an all-cash acquisition offer for $58.50 per share from Amphenol Corp. (APH), a leading manufacturer of connectors and sensors. We believe the acquisition is a good strategic fit for APH and there are minimal financing or regulatory concerns. Based on the terms of the deal versus the price we paid for the stock, we believe that MTSC shares present an attractive risk reward relative to other opportunities.

Everest Re Group, Ltd. (RE): We have initiated an investment in RE, a leading property and casualty reinsurer, as its potential risk reward began to look attractive to us. RE is one of our favorite global reinsurers. With overall property and casualty insurance pricing trending higher due to recent industry losses and given that RE's stock has lagged the broad equity market, we believed its stock price on December 31, 2020 represented a reasonable risk reward opportunity for our clients.

Varian Medical Systems, Inc. (VAR): VAR is the leading manufacturer of radiation oncology equipment and other oncology products and services. The company is being acquired by imaging and diagnostics leader Siemens Healthineers AG (SMMNY) for $177.50 per share in an all-cash deal. With financing in place, we do not anticipate any regulatory issues, and the deal is expected to close in the first half of 2021. In our view, VAR offers one to two percent upside to the deal price, and we believe the deal is likely to be completed as planned, which presents a compelling risk reward opportunity relative to an equity market that we view as broadly overvalued.

Stocks We Eliminated from Your Portfolio (Fourth Quarter)

Amphenol Corporation (APH): APH is the second-largest manufacturer of electronic connectors in the world and has been gaining market share for more than a decade. The company's connectors are generally designed for use in harsh environments or for high-speed functionality, including military equipment, aerospace applications, datacenter products, and automotive products. We exited the position after the stock's strong performance throughout most of 2020.

Globus Medical Inc (GMED): GMED is a leading developer of spine implants, surgical tools, and robotics. The company is taking market share from larger incumbents, and we believe its prospects to sustain these share gains are good. The company has leading returns on capital and a solid net cash balance sheet. We exited our position in December 2020 after a period of material outperformance. We continue to like the business and we expect to reestablish a position when we see a more favorable risk reward opportunity.

White Mountains Insurance Group Ltd (WTM): WTM is a leading U.S. property and casualty insurer that recently sold a majority of its operating companies at a large gain, leaving WTM's balance sheet in solid condition. Although WTM still has a balance sheet with low leverage, the stock's performance and market volatility allowed us an opportunity to sell WTM in favor of what we considered better risk reward opportunities in other market sectors.

Wright Medical Group NV (WMGI): WMGI is a leading manufacturer of foot, ankle, and shoulder implants. The company was acquired by diversified medical device leader Stryker Corp (SYK) for $30.75 per share cash in November, closing our position.

Nuance Perspectives from President & Co-CIO, Scott Moore, CFA

Dear Clients,

For the calendar year ending December 31, 2020, the Nuance Concentrated Value Composite was up 3.48 percent (net of fees) compared to the Russell 3000® Value Index, which was up 2.87 percent, and the S&P 500® Index, which was up 18.40 percent. More importantly to us, in the period since inception (November 13, 2008 – December 31, 2020), the Nuance Concentrated Value Composite was up 14.63 percent (annualized and net of fees) compared to the Russell 3000® Value Index, which was up 11.49 percent, and the S&P 500® Index, which was up 14.75 percent.

2020 will likely go down as one of the most difficult years that many of us have endured in our lifetimes. No words written here can clarify or help offset the level of uncertainty and the personal pain encountered by so many. For all of our clients that experienced loss or uncertainty, we extend our best wishes for a more stable and positive 2021.

From an investment perspective, 2020 was truly a volatile year and one we will not soon forget. In the middle of February, the Covid-19 pandemic and the subsequent lockdowns around the country led to a severe economic slowdown, and equity and bond prices fell significantly. From January 1, 2020 through March 23, 2020, the Russell 3000® Value Index fell by 37.86 percent. By the middle of March, the Federal Reserve announced broad and far-reaching initiatives designed to stave off further loss, including lowering interest rates to nearly zero, bond buying programs, and direct payment programs among other things. This led to a fierce rally in both equity and bond markets that culminated with the year 2020 being up on the year. The Russell 3000® Value Index was up 2.87 percent for the 2020 calendar year, while the Nuance Concentrated Value Composite was up 3.48 percent (net of fees) – an amazingly benign overall result, in my opinion, when looked at through the lens of a one-year total return.

Nuance Performance

At Nuance, we have three overriding goals for our Concentrated Value investment strategy:

1. First, we seek to beat our primary benchmark (the Russell 3000® Value Index) more times than not during calendar years. Calendar year performance matters to us given how important that period is to most of our clients. We are unlikely to beat our benchmark each calendar year and expect to have particular difficulty outperforming during latter stages of the investment, valuation, and economic cycles. In our experience, those periods are usually characterized by high valuations, high levels of corporate leverage, and oftentimes very narrow markets in which investors do not appear to be focused on risk in general. In pursuing this goal, we note that since the inception of the Nuance Concentrated Value Composite on November 13, 2008, we have outperformed our primary benchmark 11 out of 13 years (including our stub year of 2008) and 10 out of 12 (not including the 2008 stub year). For calendar year 2020, the Nuance Concentrated Value Composite was up 3.48 percent (net of fees) versus our primary benchmark, the Russell 3000® Value Index, which was up 2.87 percent.

2. Second, we seek to outperform our primary benchmark and our peers over the long term (which we define as since inception) and to do so with less risk as measured by the standard deviation of returns. We have generally accomplished this goal, in our view, given that the Nuance Concentrated Value Composite rose 14.63 percent (annualized and net of fees) between its inception on November 13, 2008 through December 31, 2020 compared to the Russell 3000® Value Index, which rose 11.49 percent. Further, during the same period, the Nuance Concentrated Value Composite had a standard deviation of 12.91 percent (annualized and net of fees), meaningfully lower than the 16.10 percent standard deviation of the Russell 3000® Value Index. Our peer group performance has also been solid as illustrated by our 1st percentile Sharpe Ratio metrics versus our peers (see Exhibit 1 below).

Exhibit 1[1]

Peer Group Analysis (11/30/2008- 12/31/2020)	Since Inception APR[1]	Standard Deviation(A)	Sharpe Ratio(A)
Nuance Concentrated Value Composite (Gross)	15.09	12.94	1.13
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Peer Group Percentile and Ranking	3rd (25 of 874)	8th (63 of 874)	1st (1 of 874)
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.66	17.89	0.66
Peer Group Percentile and Ranking	8th (25 of 302)	1st (2 of 302)	1st (2 of 302)
Lipper Multi-Cap Value Funds Peer Group (Median)	11.63	16.68	0.65
Peer Group Percentile and Ranking	6th (20 of 320)	4th (11 of 320)	1st (1 of 320)

3. Third, we also intend to beat our secondary benchmarks over the long term (which we consider since inception) and to do so with less risk as measured by the standard deviation of returns. Since inception on November 13, 2008 through December 31, 2020, the Nuance Concentrated Value composite was up 14.63 percent (annualized and net of fees) versus the S&P 500® Index, which was up 14.75 percent. Further, the Nuance Concentrated Value composite has a standard deviation 12.91 (annualized and net of fees) percent during the same time period, which is lower than the 14.76 percent standard deviation of the S&P 500® Index. Accordingly, we believe our total return and risk-adjusted returns are on track.

[1] The Nuance Concentrated Value Composite is an all-capitalization value investment product and consists of separately managed accounts in the Nuance Concentrated Value strategy. As of December 31, 2020, the Concentrated Value Separate Account Product has been classified by Morningstar in the following category and style box: Large Value and Mid Value, respectively. Lipper does not provide product level classifications. Rankings and peer group comparisons are created internally using data from FactSet. For comparison purposes, subsets of the Morningstar Large Value Funds Peer Group, Morningstar Mid-Cap Value Funds Peer Group and the Lipper Multi-Cap Value Funds Peer Group with performance history since inception have been presented as investment strategies with a similar investment style to the Nuance Concentrated Value Composite. For peer group comparisons, all Returns, Standard Deviation and Sharpe Ratio calculations, including those of the Composite were calculated by FactSet based upon strategies with monthly return data from December 2008 to present. FactSet reports on month end returns only. For more information on peer group comparisons and calculations, please refer to the full disclosures.

2020 Review

What do we take away from this remarkable year? At the risk of being repetitive from one year ago, the same issues we discussed in 2019 are still apparent as we exit 2020. However, they now include the fact that we are still in the middle of a pandemic, and debt levels are worse around the world rather than improved. A few things to note:

- Valuations are expensive, in our opinion, and we believe highlights an appetite for risk that is relatively classic in late economic and valuation cycle investing periods.
- From our perspective, corporate debt and government debt levels are higher than historically more normal levels, and it would appear the broad investing public believes that the Federal Reserve can simply backstop much, if not all, of the corporate debt issued with little to no broad ramifications. History has not been kind to those who ignore the risks of debt.
- Fortunately, we take solace in that opportunities appear to have been created due to the Covid-19 disruptions and the aggressive interest rate policies that we are seeing around the world. We will discuss these in our 2021 outlook below.

2020 Attribution[2]

For the 12 months ended December 31, 2020, the Nuance Concentrated Value Composite was up 3.48 percent (net of fees) versus its primary benchmark, the Russell 3000® Value Index, which was up 2.87 percent. Thus, the investment strategy outperformed its benchmark by 61 basis points (bps). In studying the attribution (per FactSet two-factor Brinson Attribution), we would make six observations:

1. Our identification of the competitive structural issues within the businesses that comprise the Energy sector in 2017 continued to bolster relative performance. The Energy sector was down significantly during the 2020 calendar year and our investment strategy's lack of exposure added more than 200 bps to relative returns.
2. Stock selection in the Industrials sector along with the strategy's largest overweight sector – Health Care – contributed positively to relative performance, with Merit Medical Systems, Inc. (MMSI) and Wright Medical Group NV (WMGI) two of the portfolios top five total attribution effects. MMSI was one of our highlighted stocks for 2020 and was our best-performing holding of the year.
3. Stock selection in the Financials sector also benefited relative performance. The portfolio's position in Charles Schwab Corporation (SCHW), among others, contributed positively, but was partially offset by bottom attributor, Reinsurance Group of America, Inc. (RGA).
4. Offsetting these positive results was negative performance in the Consumer Staples sector. While Sysco Corporation (SYY) was a top attributor in 2020, its positive performance was more-than offset by positions in Beiersdorf AG (BDRFY) and Sanderson Farms, Inc. (SAFM), which faced significant challenges directly tied to Covid-19. Overall, however, we continue to have a positive view of both BDRFY and SAFM at the end of 2020.
5. Information Technology was another source of weakness, as this sector generated solid returns and our investment strategy held an underweight position relative to the benchmark throughout the 2020 calendar year. Despite strong performance from some holdings, specifically Amphenol Corporation (APH), our underweight position in the sector, combined with the portfolio's position in ON Semiconductor Corporation (ON) hurt relative performance.
6. Lastly, the strategy's cash position resulted in a negative overall effect as the Russell 3000® Value Index was up 2.87 percent in 2020.

2021 Outlook

Considering our views about valuations and debt levels across the market set of opportunities, our emphasis for 2021 will remain focused on capital preservation and stock selection. Stock selection is always at the forefront for Nuance's investment approach and therefore is once again the focus of this 2021 outlook. We start with a reminder of our Nuance process and what we are consistently searching for in an investment. The Nuance process places a significant emphasis on determining if a company has leading and sustainable market share positions across the vast majority of its business lines, can deliver above-average returns on capital versus peers over a full business cycle, and has a strong financial position versus its peers over time. After studying and understanding those characteristics, we prepare proprietary financial statements that attempt to normalize the companies' financial statements to a mid-business cycle state. The companies that go through this process and pass our internal tests become the members of the Nuance Approved List or Nuance Universe. For each member of our Nuance Approved List, we study their historical valuations in multiple ways to ascertain both a fair value price objective and a downside value price objective for each of the leading businesses that we believe have the traits of a successful investment. We typically invest in the companies on our Nuance Approved List that, in our opinion, have significantly better risk rewards than the market set of opportunities. Nuance's process is designed to help us identify and make investments in better-than-average companies, but only when we believe they have less downside risk and more upside potential than the market set of opportunities.

As we all look forward to 2021 and hope for some incremental normalcy in our day-to-day lives, Nuance's bottom-up investment work suggests a Nuance Approved List that trades at an approximate price-to-earnings multiple of more than 30.0x (based on Nuance internal estimates and up from approximately 28.0x on December 31, 2019), which is the mid-cycle or normalized earnings for the companies we track and study. These valuation levels would be at peaks relative to the available history of our investment process that has ranged from trough levels of approximately 9.0x-10.0x price-to-earnings multiples (again, using our mid-cycle earnings estimates) during 2009 all the way up to the peak levels above 30.0x that we saw near the end of 2020. We are wary of these valuation metrics, and they are the primary driver for our continued cautious view of the opportunity set in the equity markets.

Against this backdrop, we saw some significant pockets of opportunity created by three primary and what we believe to be transitory issues across the markets, as well as some one-off issues that seem ever-present:

- We continue to believe that Covid-19 is a transitory event that is creating opportunities in the Health Care sector. Specifically, the pandemic delayed procedures that are generally considered elective, which has created some transitory opportunities in multiple Health Care stocks and has led us to establish an overweight relative to the benchmark in the Health Care sector overall heading into 2021. Two such opportunities are Dentsply Sirona Inc. (XRAY) and Smith and Nephew PLC (SNN). I discuss SNN below and have written about XRAY multiple times in the past.

[2] For more information on how to obtain our calculation methodology, a list showing the contribution of each holding in the composite to the overall composite performance, please contact Nuance Investments at 816-743-7080. The holdings identified do not represent all of the securities purchased, sold, or recommended for our clients. Past performance does not guarantee future results.

- Covid-19 has led to changes in consumer spending behavior that we believe are transitory and have created opportunities in the Consumer Staples sector, highlighted by 2020 underperformers SAFM and BDRFY. I discuss BDRFY in more detail below and have written about SAFM multiple times in the recent past.

Financials is a large and expansive sector with competitive challenges and technological disruption observed within many of its industries. That said, within the sector are industries and companies with what we believe to be solid long-term competitive positions. The economic woes resulting from Covid-19 have also resulted in transitory negative issues. One example is the historically low interest rates that have driven multi-year weakness in numerous industries. We continue to see the Property & Casualty Insurance industry as a primary opportunity space, with leading businesses like Travelers Companies, Inc. (TRV) our largest holding on December 31, 2020.

<u>Nuance Stocks in Focus</u>

We begin our stock-specific discussions with SNN[3], a leading manufacturer of advanced medical devices and a long-time Nuance holding. SNN holds leading market-share positions in sports medicine, advanced wound care, knee replacement, hip replacement, and trauma devices. We view these as advantaged product categories, with high barriers to entry and a customer base that values quality and innovation, and we believe SNN is well positioned to maintain or gain market share across most of these categories. During 2020, SNN experienced a significant decline in revenues and profits as the Covid-19 pandemic led to the postponement of elective procedures. As of this writing, procedure volumes remained well below normal levels, but we believe the decline is transitory and that procedure volumes could move back toward more normal during the next several years. That said, the drop in elective procedures is likely to cause SNN to significantly underearn during 2020, in our view. Specifically, we expect SNN to earn $1.36 per share for 2020, well below our estimate of $2.60-2.70 in normalized earnings per share (mid-cycle). We would note that SNN maintains a solid balance sheet at 1.5x net debt to earnings before interest, taxes, depreciation, amortization, and rent expense (EBITDAR), which should allow the company to navigate this trough earnings period while continuing to pursue opportunistic tuck-in acquisitions. Trading at less than 16.0x what we consider normal earnings on December 31, 2020, SNN offers what we consider a compelling risk reward opportunity versus other stocks in the sector.

BDRFY is a market-share leader in tape-style adhesives and serves the electronics, automotive, paper/packaging, construction, and consumer end markets. The company is also a leader in consumer products such as deodorants, sun care products, body lotions, facial moisturizers, and anti-aging creams. We believe the company is underearning as of this writing, primarily because of disruptions caused by the spread of Covid-19. The adhesives business had already started to weaken prior to the pandemic, but Covid-19 related government restrictions in much of the world shut down some manufacturing end markets for several months. Additionally, certain of the company's consumer products were negatively affected by Covid-19. Sunscreen saw much lower demand amid restrictions on travel or in some European and Asian countries, even leaving one’s house. The company's ultra-premium skin care line (La Prairie) experienced disruptions as consumers traded down to lower-priced items and as sales from travel-related end markets declined significantly. The skin care market in general has been relatively weak, as consumers have focused more on personal care items during stay-at-home orders. In addition, the company’s balance sheet is much stronger than its peers, in our view, with a large net cash position compared to most of its peers, which carry approximately 2x net debt to EBITDAR. We believe this affords the company ample financial flexibility to take advantage of merger and acquisition opportunities, possibly raise its dividend, and/or engage in other capital allocation positive activities. Lastly, but not to be ignored, we think the company may have a possible structural shift in its margins in the near term, as its EBITDAR margins have been below peers for quite some time. Overall, BDRFY is likely to experience a significant period of underearning as we expect it to earn approximately $0.65 per share in 2020, well below our estimate of $1.15-$1.20 in normalized earnings per share (mid-cycle). The result is a price-to-normalized-earnings multiple of less than 20.0x, which is attractive relative to other market opportunities, in our opinion.

TRV is a leading commercial property and casualty insurer for small and mid-sized U.S. businesses. TRV has a number one or number two market share position in the majority of its product lines, and during the last economic cycle, it consistently generated stable to rising market share in each of its those product lines. Additionally, TRV maintains a debt-to-capitalization ratio in the mid 20 percent range and has an A rating on its debt from S&P Global Ratings; both of these metrics are noticeably better than those of its peers. TRV has generally underearned, largely because of what we believe are two transitory items that have hurt the business. On the casualty side, the soaring cost of tort litigation, or civil lawsuits that seek large dollar jury-awarded damages for negligence (e.g., product liability, commercial auto accident liability and medical malpractice), is one culprit. The other has been caused by business interruption insurance claims driven by Covid-19. TRV is expected to earn $8.75 in 2020, below our $12.25 normalized earnings per share (mid-cycle). At 11.0-12.0x our view of normalized earnings we believe the company offers a compelling risk reward opportunity.

In summary, we believe the market and the Covid-19 disruptions are affording us some interesting risk reward investment opportunities as we move into 2021. Layering these opportunities across a broader market set of opportunities that we believe are highlighted by well above-average valuations and above-average debt levels appears to set up a very interesting difference between our portfolio and that of the market as we enter the new year.

Please visit our website for more information about our team, our process and value investing. Follow us on LinkedIn and Twitter! You may also receive information via traditional mail or email. Call us at 816-743-7080. Click here for historical Concentrated Value Perspectives.

Thank you for your continued confidence and support.

Scott Moore, CFA

[3] The securities identified and described do not represent all of the securities purchased, sold, or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

GIPS Disclosures

	Gross of Fees Return	Net of Fees Return	Benchmark Return (RAV Index)	Benchmark Return (SPX Index)	Composite Dispersion (Full Period)	Number of Separate Accounts (End of Period)	Total Composite Assets (End Of Period)	Total Firm Assets (End Of Period)	% of Non-Fee Paying Accounts	3 Year Annualized Standard Deviation (Composite Gross)	3 Year Annualized Standard Deviation (RAV Index)
YTD 2008 (11/13/08 - 12/31/08)	4.47	4.47	0.37	(0.47)	N/A	7	$9,126,951	$18,657,997	4.6%	-	-
2009	42.24	41.70	19.76	26.46	1.17	79	$87,342,803	$137,943,058	0.6%	-	-
2010	18.79	18.13	16.23	15.06	0.25	145	$119,543,453	$181,201,036	0.5%	-	-
2011	6.85	6.29	(0.10)	2.11	0.48	181	$96,831,359	$152,976,943	1.1%	16.1	21.3
2012	18.41	17.79	17.55	16.00	0.19	259	$154,693,966	$214,936,666	1.0%	13.1	16.0
2013	35.33	34.45	32.69	32.39	0.66	411	$418,085,862	$507,569,897	0.4%	12.2	13.1
2014	8.88	8.07	12.70	13.69	0.20	581	$886,246,169	$1,071,186,382	0.2%	10.4	9.5
2015	(1.28)	(1.98)	(4.13)	1.38	0.18	607	$715,577,980	$913,545,839	0.1%	11.4	10.9
2016	20.49	19.70	18.40	11.96	0.14	694	$937,752,729	$1,466,221,847	0.1%	11.1	11.1
2017	12.11	11.29	13.19	21.83	0.14	726	$1,011,853,027	$1,784,338,191	0.0%	10.1	10.5
2018	(3.82)	(4.55)	(8.58)	(4.38)	0.18	588	$689,752,219	$1,724,795,756	0.0%	9.4	11.2
2019	28.92	28.00	26.26	31.49	0.14	522	$795,289,051	$3,486,104,071	0.0%	9.1	12.2
YTD 2020 (12/31/20)	4.25	3.48	2.87	18.40	0.19	539	$834,339,154	$5,949,248,916	0.0%	14.5	20.2

Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Nuance has been independently verified for the periods 11/13/08 – 3/31/20 by Absolute Performance Verification. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Nuance is an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites and broad distribution pooled funds which are available upon request. Results are based on fully discretionary separate accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance returns and assets. Performance results are presented both net and gross of management fees and include the reinvestment of income. Both gross and net of fee returns are reduced by trading expenses. Net of fee performance returns are presented after standard management fees, performance-based management fees and all trading expenses that may occur. No other fees are deducted aside from trading and management fees for the calculation of net of fee performance. Incentive fee structures and performance based fee structures are available for qualified clients and are negotiated individually. From the inception of each composite until 12/31/10, Time Weighted Return was compounded on a monthly basis. Beginning 01/01/11 through present, Time Weighted Return was compounded on a daily basis. Nuance updated its index performance source from Bloomberg to FactSet effective 12/31/2020. Historical index returns have been amended to reflect FactSet source information.

Dispersion is calculated from gross of fee returns using an equal-weighted standard deviation methodology. Only those accounts included for the full calculation period are part of the dispersion calculation. The 3-year Ex-post annualized standard deviation value is calculated using 36 consecutive monthly gross of fee returns to the end calculation period. Prior to January 1, 2017 dispersion was calculated using an asset-weighted methodology. The calculation methodology was updated based on a new performance system dispersion calculation. Nuance has adopted the Significant Security & Cash Flow Policy. An account will be removed from a composite if a client has given specific instructions that prevent full investment of the contribution in a timely manner (defined as 5 business days or greater), or if the inflow/outflow is equal or greater than 10 percent of the total account value based on the beginning of the month market value.

Our Core offerings are the Nuance Mid Cap Value Strategy, the Nuance Concentrated Value Strategy and the Nuance Concentrated Value Long-Short Fund. More information regarding Composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request by contacting client.services@nuanceinvestments.com or 816-743-7080.

Important Disclosures

Nuance Investments, LLC (the "Firm") is a Registered Investment Advisor. The Firm's Nuance Concentrated Value Composite (the "Composite") is a composite of actual accounts invested in the Nuance Concentrated Value investment strategy. The creation and inception date for the Composite is 11/13/2008. The Composite includes all accounts that have invested in the strategy; including accounts no longer managed by the Firm and are presented in US Dollars. The Primary Benchmark for the Composite is the The Russell 3000® Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000® companies with lower price-to-book ratios and lower forecasted growth values. The Secondary Benchmark for the Composite is the S&P 500® Index. The S&P 500® Index is a market-value weighted index representing the performance of 500 widely held publicly traded large-capitalization stocks. Individuals cannot invest directly in any index. These indices are used for comparison purposes only and are not meant to be indicative of a portfolio's performance, asset composition, or volatility. The performance of the Composite may differ markedly from that of compared indices due to varying degrees of diversification and/or other facts. Return calculations for the Composite are provided by Clearwater Analytics. Return calculations for all indices are provided by FactSet. A full schedule of fees for all Firm products is available upon request. The collection of fees has a compounding effect on the total rate of return net of investment management fees. Net of fee performance returns are presented after standard management fees, performance-based management fees, and all trading expenses that may occur. No other fees are deducted aside from trading and management fees for the calculation of net of fee performance.

All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. The information contained herein should not be construed as personalized investment advice and should not be considered as a solicitation to buy or sell any security or engage in a particular investment strategy. Investing involves risk, including the possible loss of principal.

(1) The Nuance Concentrated Value Composite is an all-capitalization value investment product and consists of separately managed accounts in the Nuance Concentrated Value strategy. As of 12/31/2020, the Concentrated Value Separate Account Product has been classified by Morningstar in the following category and style box: Large Value and Mid Value, respectively. Lipper does not provide product level classifications. Rankings and peer group comparisons are created internally using data from FactSet. For comparison purposes, subsets of the Morningstar Large Value Funds Peer Group, Morningstar Mid-Cap Value Funds Peer Group and the Lipper Multi-Cap Value Funds Peer Group have been presented as investment strategies with a similar investment style to the Nuance Concentrated Value Composite. For peer group comparisons, all Returns, Standard Deviation and Sharpe Ratio calculations, including those of the Composite were calculated by FactSet based upon strategies with monthly return data from December 2008 to present. FactSet reports on month end returns only. Additional Information: Portfolio composition will vary over time and may change without notice. Current investment style and assigned peer groups may differ from the styles presented. The Concentrated Value Composite is compared to various fund peer groups as defined by investment style and is constructed in a manner that is substantially similar to the guidelines and classifications of the Morningstar and Lipper fund peer groups to which it is compared, however, fund peer groups may differ from similarly constructed product composite groups. Morningstar Categories are based on the average holdings statistics over the past three years and are applied both funds and separate accounts. Morningstar Style Box Methodology is based on growth versus value scores using historical measures of various portfolio components and weights. A complete description of Morningstar's Category classifications and Style Box Methodology can be found at https://morningstar.com. Lipper's Fund Classifications have a prospectus-based methodology with diversified funds having an additional portfolio-based classification and are applied to open-ended funds but not to separate accounts or product composites. A complete description of Lipper's fund classification methodology can be found at https://lipperalpha.refinitiv.com. The number of peers (i.e., the ranking) includes only those Category Peers with similar return timeframes to the Nuance Concentrated Value Composite. For the purposes of peer group comparisons, Since Inception returns are shown beginning 11/30/2008. The Sharpe Ratio is a calculation of a product's risk-adjusted performance over time. The Ratio is calculated by taking a product's annualized excess return over a risk-free rate (The Firm uses the Citigroup 3-month Treasury Bill as the risk-free rate) and dividing by its annualized standard deviation calculated using monthly returns.

(2) Index statistics are provided by FactSet. The following Composite characteristics are calculated using FactSet data: Weighted Average Market Cap, Median Market Cap (midpoint of market capitalization of the stocks in the portfolio), Dividend Yield (annual dividends relative to share price), Return on Equity (net income divided by shareholder equity), Return on Assets (net income divided by average total assets), P/E (price of a company's stock relative to its earnings per share). Characteristics for P/E, DY, ROE & ROA use an index aggregation calculation methodology (the index method sums the weighted portfolio value of the numerator and the denominator first, then divides those sums to determine the portfolio and benchmark values). Characteristics calculations use holdings at market close on the stated date, including cash & cash equivalents. The P/E excluding negative earners omits companies with negative earnings from the calculation to provide readers with an additional tool during periods of extreme volatility. Active share, as calculated by FactSet, is a statistic that measures a strategy's holdings relative to the holdings of the appropriate benchmark. The upside capture ratio is an indication of a manager's ability to match returns in periods of market strength, while the downside capture ratio measures a manager's ability to curtail losses in periods of index weakness and results are gross of fees for the period since inception through the stated date. Upside/downside ratios are calculated using FactSet.

Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 12/31/2020 portfolio weights of top and bottom attributors discussed are as follows: Travelers Companies, Inc. (TRV) 9.02%, Dentsply Sirona, Inc. (XRAY) 6.48%, Smith & Nephew plc (SNN) 6.03%, Beiersdorf AG (BDRFY) 4.51%, Varian Medical Systems, Inc. (VAR) 3.44%, Everest Re Group, Ltd. (RE) 3.20%, Charles Schwab Corporation (SCHW) 2.28%, Baxter International Inc. (BAX) 1.46%, Merit Medical Systems, Inc. (MMSI) 1.42%, MTS Systems Corporation (MTSC) 1.24%, Amphenol Corporation (APH) 0.00%, Globus Medical Inc (GMED) 0.00%, White Mountains Insurance Group Ltd (WTM) 0.00%, Wright Medical Group NV (WMGI) 0.00%, Reinsurance Group of America, Incorporated (RGA) 0.00%, Sysco Corporation (SYY) 0.00% and ON Semiconductor Corporation (ON) 0.00%.

The Price to Earnings ratio measures the price of a company's stock in relation to its earnings per share. The Nuance price to earnings multiple is the median price to normalized earnings ratio across the Nuance approved list and is a proprietary calculation.

Past Performance is not a guarantee of future results. Any investment contains risk including the risk of total loss. There is no guarantee that an investment with the strategy will meet its investment objectives. Please request a copy of the Firm's Full General Disclosures for more information.