Nuance Mid Cap Value Composite Perspectives

December 31, 2020

Description of the Product

The Nuance Mid Cap 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 50-90 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 Midcap® Value Index. Clients may also compare the product to the S&P MidCap 400® Value Index and 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: Mid-Cap Value
Ranking vs. Peers: 1 of 80

Morningstar
Category: Mid-Cap Value
Ranking vs. Peers: 1 of 302

Longer Term Performance Update (through December 31, 2020)

Since Inception Return: The return since inception (11/3/2008) through 12/31/2020 is 14.9 percent (annualized and net of fees) versus the Russell Midcap® Value Index and S&P MidCap 400® Value Index, which have returned 12.7 percent and 12.5 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 1.0 (net of fees) versus Russell Midcap® Value Index at 0.7 and the S&P MidCap 400® Value Index at 0.6.

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 2 out of 302 peer group members (1st percentile) in the Morningstar Mid-Cap Value Funds universe and 1 out of 80 (1st percentile) in the Lipper Mid-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 302 peer group members (1st percentile) in the Morningstar Mid-Cap Value Funds universe and 1 out of 80 (1st percentile) in the Lipper Mid-Cap Value Funds universe.

Peer Group Analysis (11/30/2008- 12/31/2020)	Since Inception APR[1]	Standard Deviation(A)	Sharpe Ratio(A)
Nuance Mid Cap Value Composite (Gross)	16.45	13.70	1.17
Nuance Mid Cap Value Composite (Net)	15.63	13.72	1.10
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.66	17.89	0.66
Peer Group Percentile and Ranking	1st (2 of 302)	1st (3 of 302)	1st (1 of 302)
Lipper Mid-Cap Value Funds Peer Group (Median)	12.79	18.55	0.63
Peer Group Percentile and Ranking	1st (1 of 80)	1st (1 of 80)	1st (1 of 80)

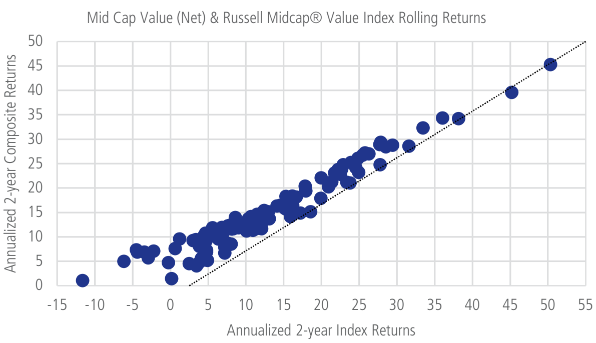
Performance 11/3/2008-12/31/2020	APR*	TR*	Standard Deviation*	Sharpe Ratio*	10 Years	7 Years	5 Years	3 Years	1 Year	YTD 2020
Nuance Mid Cap Value Composite (Gross)	15.75	493.60	13.80	1.10	13.93	11.50	13.65	10.23	5.52	5.52
Nuance Mid Cap Value Composite (Net)	14.94	444.85	13.82	1.05	13.10	10.77	12.87	9.46	4.79	4.79
Russell Midcap® Value Index	12.71	328.57	17.90	0.68	10.49	8.22	9.73	5.37	4.96	4.96
S&P MidCap 400® Value Index	12.51	319.50	19.36	0.62	10.28	8.00	10.37	4.85	3.73	3.73
S&P 500 Index	14.18	402.26	14.92	0.92	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 Midcap Value Composite is a mid-capitalization value investment product and consists of separately managed accounts in the Nuance Mid Cap Value strategy. As of 12/31/2020, the Midcap Value Separate Account Product has been classified by Morningstar in the following category and style box: Mid Cap Value. 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 Mid Cap Value Funds Peer Group and the Lipper Mid Cap Value Funds Peer Group with performance history since inception have been presented as investment strategies with a similar investment style to the Nuance Mid Cap 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 Midcap® Value Index (%)
Nuance Mid Cap Value Composite	101 / 122	82.8%	17.42	15.49



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 Mid Cap Value two year rolling return is 17.42 percent (net of fees) versus the Russell Midcap® Value Index and S&P MidCap 400® Value Index which have returned 15.49 percent and 14.36 percent respectively. Overall, we have outperformed in 101 out of the available 122 two-year periods as shown in the chart labeled Rolling 2 Year Periods.

Year-to-date, the Nuance Mid Cap Value has returned 4.79 percent (net of fees) versus the Russell Midcap® Value Index and the S&P MidCap 400® Value Index which have returned 4.96 percent and 3.73 percent respectively.

Calendar Year Performance as of 12/31/2020	11/03/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 YTD
Nuance Mid Cap Value Composite (Gross)	(4.13)	38.69	21.08	4.04	22.02	35.45	9.79	2.95	21.87	16.18	(4.18)	32.52	5.52
Nuance Mid Cap Value Composite (Net)	(4.13)	38.20	20.01	3.38	20.61	34.24	9.14	2.33	21.05	15.42	(4.88)	31.62	4.79
Russell Midcap® Value Index	(5.60)	34.21	24.75	(1.38)	18.51	33.46	14.75	(4.78)	20.00	13.34	(12.29)	27.06	4.96
S&P MidCap 400® Value Index	(3.99)	33.73	22.78	(2.43)	18.53	34.25	12.10	(6.65)	26.53	12.32	(11.88)	26.08	3.73
S&P 500 Index	(5.95)	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	(4.38)	31.49	18.40

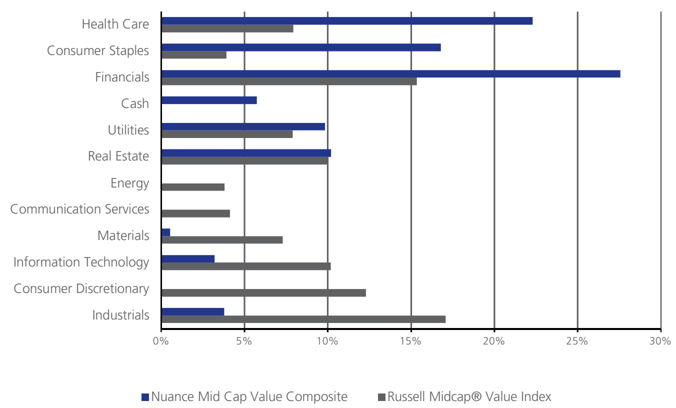
Composition of the Portfolio as of 12/31/2020

Portfolio Characteristics[2]	Nuance Mid Cap Value Composite	Russell Midcap® Value Index
Weighted Average Market Cap	22.2b	18.0b
Median Market Cap	11.6b	8.7b
Price to Earnings (internal and ttm)*	16.2x	36.0x
Price to Earnings (ex-neg earnings)	-	21.7x
Dividend Yield	1.8%	2.0%
Return on Equity	8.2%	6.3%
Return on Assets	2.1%	1.3%
Active Share vs Russell Midcap® Value Index	97%	-
Upside/Downside Capture vs Russell Midcap® Value Index	87% / 72%	-
Number of Securities	56	702

* 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 16.2x versus the Russell Midcap® Value Index of 36.0x. We are achieving this ratio with a portfolio of companies that have a return on assets of 2.1 percent versus the Russell Midcap® Value Index of 1.3 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



Our largest overweight and underweight sector positions, relative to the benchmark, remain the same while we continue to focus on optimizing risk rewards within the portfolio. In our largest relative overweight, the Health Care sector, we continue to see attractive risk rewards in several select leaders, primarily in the Equipment & Supplies industry. We believe many of these risk rewards are attractive as the market generally believes that elective procedures will be delayed and that the health care system will be hampered by the need to have capacity available for Covid-19 patients. We 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. 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. We are seeing a combination of company specific, one-off negative transitory issues and lifetime low interest rates cause under-earning in those industries, in our view. In the Real Estate sector, we have added slightly to our position and are now in-line with the index. 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, Communication Services, Materials and, Information Technology sectors primarily due to valuation concerns.

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

Dear Clients,

For the calendar year ending December 31, 2020, the Nuance Mid Cap Value Composite was up 4.79 percent (net of fees) compared to the Russell Midcap® Value Index, which was up 4.96 percent, and the S&P 500® Index, which was up 18.40 percent. From our perspective, since-inception performance is the most important barometer of performance, and in the period since inception (November 3, 2008 – December 31, 2020), the Nuance Mid Cap Value Composite was up 14.94 percent (annualized and net of fees) compared to the Russell Midcap Value® Index, which was up 12.71 percent, and the S&P 500® Index, which was up 14.18 percent.

2020 is likely to be remembered as one of the most difficult years that many of us have endured in our lifetimes. No words written here can remedy the uncertainty and personal pain experienced by so many. For all of you who have suffered 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. In the middle of February, the Covid-19 pandemic and subsequent lockdowns around the United States led to a severe economic slowdown, causing equity and bond prices to fall significantly. From January 1, 2020 through March 23, 2020, the Russell Midcap® Value Index fell by 42.45 percent. By the middle of March, the Federal Reserve (Fed) announced broad and far-reaching initiatives designed to stave off further economic and market losses, which included, among other things, lowering short-term interest rates to nearly zero, implementing bond-buying programs, and launching direct payment programs. These actions led to a fierce rally in the equity and bond markets, resulting in gains for both asset classes during 2020 overall. The Russell Midcap® Value Index was up 4.96 percent for the 2020 calendar year, while the Nuance Mid Cap Value Composite was up 4.79 percent (net of fees) – an amazingly benign overall result, in my opinion, when looked at through the lens of a one-year total return.

<u>Nuance Performance</u>

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

1. First, we seek to beat our primary benchmark (the Russell Midcap® 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 investment, valuation, or 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 Mid Cap Value Composite on November 3, 2008, we have outperformed our primary benchmark 10 out of 13 years (including our stub year of 2008) and nine out of 12 years (not including the 2008 stub year). For calendar year 2020, the Nuance Mid Cap Value Composite was up 4.79 percent (net of fees) versus the Russell Midcap® Value Index, which was up 4.96 percent, and the S&P 500® Index, which was up 18.40 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 Mid Cap Value Composite has risen 14.94 percent (annualized and net of fees) between its inception on November 3, 2008 through December 31, 2020 compared to the Russell Midcap® Value Index, which has risen 12.71 percent. Further, during the same period, the Nuance Mid Cap Value Composite had a standard deviation of 13.82 percent (annualized and net of fees), meaningfully lower than the 17.90 percent standard deviation of the Russell Midcap® 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 Mid Cap Value Composite (Gross)	16.45	13.70	1.17
Nuance Mid Cap Value Composite (Net)	15.63	13.72	1.10
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.66	17.89	0.66
Peer Group Percentile and Ranking	1st (2 of 302)	1st (3 of 302)	1st (1 of 302)
Lipper Mid-Cap Value Funds Peer Group (Median)	12.79	18.55	0.63
Peer Group Percentile and Ranking	1st (1 of 80)	1st (1 of 80)	1st (1 of 80)

3. Third, we 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). From inception on November 3, 2008 through December 31, 2020, the Nuance Mid Cap Value Composite was up 14.94 percent (annualized and net of fees) versus the S&P Mid Cap 400® Value Index, which was up 12.51 percent, and the S&P 500® Index, which was up 14.18 percent. Further, your Nuance Mid Cap Value Composite had a standard deviation of 13.82 (annualized and net of fees) percent during the same time period, which is lower than the 19.36 percent standard deviation of the S&P Mid Cap 400® Value Index and the 14.92 percent standard deviation of the S&P 500® Index. Accordingly, we believe our total return and risk-adjusted returns are right on track.

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, which we believe highlights a risk appetite that is relatively classic in late economic and valuation cycle investing periods.
- From our perspective, corporate debt and government debt levels are higher than their historical levels, and we think the broad investing public believes the Fed can 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.
- We take solace in that opportunities appear to have been created by the Covid-19 disruptions and the aggressive interest rate policies we are seeing around the world. We will discuss these opportunities in our 2021 outlook below.

2020 Attribution[2]

For the 12 months ended December 31, 2020, the Nuance Mid Cap Value Composite was up 4.79 percent (net of fees) versus our primary benchmark, the Russell Midcap® Value Index, which was up 4.96 percent. Thus, the investment strategy underperformed its benchmark by 17 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), Wright Medical Group NV (WMGI), and WABCO Holdings Inc. (WBC) representing three of the portfolio's 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 Utilities sector also contributed positively to relative performance, as our focus on the water utility industry over the natural gas distribution and electric utility industries led to positive relative performance. Specifically, the portfolio's position in California Water Service Group (CWT) contributed positively.
4. Offsetting these positive results was negative performance in the Consumer Staples sector. 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. The Financials sector also detracted from relative performance as the portfolio's position in top-attributor Charles Schwab Corporation (SCHW) was more-than offset by positions in Reinsurance Group of America, Inc. (RGA) and Unum Group (UNM).
6. Lastly, the strategy's cash position resulted in a negative overall effect as the Russell Midcap® Value Index was up 4.96 percent in 2020.

[1]The Nuance Midcap Value Composite is a mid-capitalization value investment product and consists of separately managed accounts in the Nuance Mid Cap Value strategy. As of December 31, 2020, the Midcap Value Separate Account Product has been classified by Morningstar in the following category and style box: Mid Cap Value. 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 Mid Cap Value Funds Peer Group and the Lipper Mid Cap Value Funds Peer Group with performance history since inception have been presented as investment strategies with a similar investment style to the Nuance Mid Cap 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. [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.

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 30x 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.
- 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.

Nuance Stocks in Focus

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.

[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.

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 that at the close of 2020, the market and Covid-19 disruptions have created some interesting risk reward investment opportunities moving into 2021. Layering these opportunities across a broader market set of opportunities, which we believe are highlighted by well above-average valuations and above-average debt levels, appears to have set up a very interesting difference between our investment strategy and the market overall at the beginning of 2021.

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 Mid Cap Value Perspectives.

Thank you for your continued confidence and support.

Scott Moore, CFA

GIPS Disclosures

	Gross of Fees Return	Net of Fees Return	Benchmark Return (RMV Index)	Benchmark Return (MIDV 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 (RMV Index)
YTD 2008 (11/03/08 - 12/31/08)	(4.13)	(4.13)	(5.60)	(3.99)	N/A	1	$9,531,045	$18,657,997	0.0%	-	-
2009	38.69	38.20	34.21	33.73	N/A	4	$50,600,141	$137,943,058	1.1%	-	-
2010	21.08	20.01	24.75	22.78	0.05	4	$60,702,099	$181,201,036	1.1%	-	-
2011	4.04	3.38	(1.38)	(2.43)	0.08	4	$55,186,800	$152,976,943	0.9%	18.2	23.1
2012	22.02	20.61	18.51	18.53	0.06	4	$58,463,905	$214,936,666	1.0%	14.6	17.0
2013	35.45	34.24	33.46	34.25	0.05	8	$80,358,264	$507,569,897	1.0%	13.1	13.9
2014	9.79	9.14	14.75	12.10	0.14	13	$130,238,086	$1,071,186,382	0.7%	10.7	9.9
2015	2.95	2.33	(4.78)	(6.65)	0.06	17	$145,638,450	$913,545,839	0.6%	11.2	10.9
2016	21.87	21.05	20.00	26.53	0.06	22	$416,346,621	$1,466,221,847	0.1%	11.5	11.5
2017	16.18	15.42	13.34	12.32	0.03	23	$586,931,538	$1,784,338,191	0.0%	10.5	10.5
2018	(4.18)	(4.88)	(12.29)	(11.88)	0.15	21	$852,510,018	$1,724,795,756	0.0%	10.2	12.1
2019	32.52	31.62	27.06	26.08	0.23	43	$2,297,275,123	$3,486,104,071	0.0%	9.4	13.0
YTD 2020 (12/31/20)	5.52	4.79	4.96	3.73	0.33	59	$4,586,107,319	$5,949,248,916	0.0%	14.5	22.9

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 11/03/08 – 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 Mid Cap Value Composite (the "Composite") is a composite of actual accounts invested in the Nuance Mid Cap Value investment strategy. The creation and inception date for the Composite is 11/03/2008. 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 Russell Midcap® Value Index. The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. The Secondary Benchmarks for the Composite are the S&P MidCap 400® Value Index and the S&P 500 Index. The S&P MidCap 400® Value Index measures value in separate dimensions across six risk factors. The value factors include book value to price ratio, sales to price ratio, and dividend yield. 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 Midcap Value Composite is a mid-capitalization value investment product and consists of separately managed accounts in the Nuance Mid Cap Value strategy. As of 12/31/2020, the Midcap Value Separate Account Product has been classified by Morningstar in the following category and style box: Mid Cap Value. 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 Mid Cap Value Funds Peer Group and the Lipper Mid Cap Value Funds Peer Group have been presented as investment strategies with a similar investment style to the Nuance Mid Cap 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 Midcap 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 Mid Cap 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) 6.98%, Dentsply Sirona, Inc. (XRAY) 5.78%, Beiersdorf AG (BDRFY) 5.75%, Smith & Nephew plc (SNN) 4.55%, Sanderson Farms, Inc. (SAFM) 4.20%, Merit Medical Systems, Inc. (MMSI) 1.65%, Charles Schwab Corporation (SCHW) 1.28%, California Water Service Group (CWT) 1.04%, Reinsurance Group of America, Incorporated (RGA) 0.75%, Wright Medical Group NV (WMGI) 0.00%, WABCO Holdings Inc. (WBC) 0.00% and Unum Group (UNM) 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.