

Nuance Concentrated Value Long-Short Fund



First Quarter 2022

Investment Objective

The Nuance Concentrated Value Long-Short Fund seeks long-term capital appreciation by taking long positions in securities priced below, and short positions in securities priced above, our internal view of their estimated intrinsic value.

Portfolio Constraints

- # of Long Holdings: 15 to 35
- # of Short Holdings: 0 to 50
- Long Exposure: 75% to 100%
- Short Exposure: 0% to 100%
- Max Gross Exposure: 200%

Fund Details

Class:	Institutional	Investor
Ticker:	NCLSX	NCLIX
Inception:	12/31/15	12/31/15
CUSIP:	56166Y255	56166Y263
Min Invest:	\$10,000	\$2,500
Invest Mgmt Fee:	1.00%	1.00%

Process Overview

On the long side of the Nuance Concentrated Value Long-Short Fund (the Fund) investment portfolio, the Nuance Investment Team is looking for industry leading businesses with strong and stable competitive positions. Generally, these businesses have leading market share within their various areas of expertise, have strong balance sheets and exhibit rational capital allocation policies. The Investment Team is seeking to buy these businesses when they are under-earning their long-term potential due to cyclical and/or transitory issues, and when security valuations offer what we believe to be meaningful upside potential and reasonable support on the downside.

On the short side of the Fund investment portfolio, the Investment Team is looking for large businesses with more commoditized or structurally challenged competitive positions. These businesses may or may not be industry leaders. The Investment Team is seeking to sell these businesses when they are over-earning their long-term potential due to cyclical and/or transitory issues, and when security valuations offer what we believe to be reasonable support on the upside and meaningful downside potential.

Portfolio Managers



Chad Bauml, CFA
Vice President & Co-CIO
15 Years of Experience

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

Darren Schryer, CFA, CPA
Portfolio Manager
6 Years of Experience

Performance as of March 31, 2022

As of 3/31/2022 Inception Date 12/31/15	Since Inception Return	5 Year	3 Year	1 Year	YTD 2022	QTD	Gross Expense Ratio	Net Expense Ratio
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	3.22	0.87	-0.07	-7.13	6.20	6.20	3.45%	3.43%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	2.94	0.62	-0.30	-7.24	6.20	6.20	3.70%	3.68%
S&P 500® Index	15.74	15.99	18.92	15.65	-4.60	-4.60		
Morningstar Long/Short Equity	5.09	5.36	6.91	4.26	-2.74	-2.74		

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-855-682-6233. The Fund has contractually agreed to reduce its management fees, and may reimburse the Fund for its operating expenses, in order to ensure that Total Annual Fund Operating Expenses (Excluding acquired fund fees and expenses, leverage, interest, dividend and interest expense on short sales, taxes, brokerage commissions, and extraordinary expenses) do not exceed **1.55%** of the average daily net assets of the Investor Class and **1.30%** of the average daily net assets of the Institutional Class through at least 8/28/2022. Net expense ratios are as-of the Fund's most recent prospectus and are applicable to investors. Returns for periods greater than a year have been annualized.

General Market Commentary

	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22
Cash	10.1%	14.3%	14.2%	16.0%	15.5%	16.6%	13.6%	16.2%
Long Equities	89.9%	85.7%	85.8%	84.0%	84.5%	83.4%	86.4%	83.8%
Short Equities	85.9%	98.7%	98.9%	98.6%	99.4%	93.7%	98.5%	93.0%
Gross Exposure	175.8%	184.4%	184.8%	182.6%	183.9%	177.1%	184.9%	176.8%
Net Exposure	4.1%	-13.0%	-13.1%	-14.6%	-14.9%	-10.3%	-12.1%	-9.2%

The Investment Team believed the opportunity set was plentiful for both sides of the Fund's investment portfolio at the end of the first quarter of 2022. As of March 31, 2022, the median company in the Nuance proprietary long universe, which consists of companies we view as sub-industry leaders, was trading at over a 30 percent premium to what we would consider fair value. Said another way, our long universe appeared to be overvalued by more than 30 percent on average based on our internal estimates. From a downside perspective, according to our company-by-company valuation work, the same universe had around 70 percent downside potential. This implies that if our list of leading companies were all to trade down to their historic trough valuation multiples, the average stock in our long universe could decline by roughly 70 percent. However, even with that level of overvaluation as a backdrop, over the last few quarters there have been a variety of one-off, transitory issues that have occurred for a number of companies in our Nuance proprietary long universe. This has created some interesting investment opportunities and has resulted in what we believe is a constructive long investment backdrop for a concentrated long portfolio.

As shown in the table above, the portfolio ended the first quarter with a net -9.2 percent short equity exposure. On the long side of the portfolio, the Investment Team believed the variety of transitory issues over the last few quarters referenced above provided us with an attractive set of long equity investment ideas with suitable risk rewards as of March 31, 2022. Sub-industries that we believed appeared attractive included Health Care Equipment, Household Products, Personal Products, and Packaged Foods & Meats. On the short side of the portfolio, the Investment Team believed that overvaluation remained widespread and that short investment opportunities were abundant and could be found in most sub-industries of the economy including Railroads, Automotive Retail, Specialized REITs, and Industrial Machinery.

Featured Investment¹

Long Henkel AG & Co. KGaA (HENKY): HENKY is a leading global producer of adhesives and household products, both areas of the economy that the Investment Team considers to be attractive for investments. Its adhesives business holds a #1 or #2 market share position in a variety of categories including automotive, construction, and electronics adhesives, according to our research. HENKY has been a dominant adhesives player for many years and we expect it will be a market share gainer over this coming cycle due to its advantaged portfolio. HENKY's household products business is a global leader in laundry care with its Persil®, All®, and Snuggle® brands, and a European leader in dishwashing detergent and toilet care. All three of these categories have been solid growers over this last economic cycle and we expect that trend to continue. In addition to its leading market shares, HENKY holds around 1.5 billion euros of net cash on its balance sheet as of December 31, 2021, a figure that compares favorably to both of its peer groups. When HENKY's attractive end markets are combined with its leading market share positions and net cash balance sheet, the Investment Team has concluded that HENKY's overall competitive position is very attractive.

HENKY is expected to earn around \$1.15-\$1.20 per ADR share (in U.S. dollars) this year per Wall Street consensus estimates and the Investment Team believes that the company is under-earning its long-term potential. HENKY's first source of under-earnings relates to its current elevated cost of goods sold. Recent raw material inflation has eaten into earnings with cost of goods sold as a percent of its sales currently running about 200 basis points (bps) above what we would consider normal. This increase has been primarily driven by rising resin and other petrochemical costs across HENKY's entire product portfolio. We believe this negative phenomenon will likely prove transitory as pricing ultimately catches up with costs and the ratio normalizes. HENKY's second source of under-earnings relates to the net cash on its balance sheet referenced above. In January 2022, HENKY announced its first ever stock buyback for a total of 1.0 billion euros, which represents around 3.5 percent of its current market cap. If this buyback were to be successfully executed over the course of 2022 as planned, then we believe it could prove to be nicely accretive to earnings, while still leaving some modest net cash on the balance sheet. If either or both abovementioned catalysts were to occur, then we believe HENKY's earnings per share could move higher.

As of March 31, 2022, HENKY was trading at \$16.68 per ADR share which equated to under 12.0 times the Investment Team's estimate of normalized earnings, a multiple that is well below HENKY's 20-year average price-to-earnings multiple of around 18.0 times. Additionally, this multiple is significantly more attractive than our Nuance proprietary long universe median price-to-earnings multiple, which today sits at around 29.0 times. If HENKY's earnings per share were to move higher to more normal levels as discussed above and its price-to-earnings multiple was to expand to levels in line with its 20-year history, then meaningful absolute and relative upside could be generated by investing in HENKY's shares as of March 31, 2022, in our opinion. Additionally, we believe HENKY's conservative balance sheet combined with the ongoing share buyback should provide reasonable downside support for the stock from these stock price levels. The combination of a company with an excellent competitive position and desirable end markets, temporary under-earnings, and an inexpensive valuation with downside support is what the Investment Team looks for in a long investment and explains why HENKY was a top long position in the Fund's investment portfolio at the end of the first quarter of 2022.

¹The securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio. The reader should not assume that investments in the securities identified were or will be profitable.

You should consider the fund's investment objectives, risks, charges and expenses carefully before investing. For a statutory or summary prospectus, that contains this and other information about the Funds, call 1-855-NUANCE3 (855-682-6233) or visit our website at www.nuanceinvestments.com. Please read the prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Investments in small and mid-capitalization companies involve additional risk such as limited liquidity and greater volatility than larger capitalization companies. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. Short sale of securities involves unlimited risk including the possibility that losses may exceed the original amount invested. However, a mutual fund investor's risk is limited to one's amount of investment in a mutual fund.

The Primary Benchmark for the Fund is the S&P 500® TR Index. The S&P 500® TR 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 Fund may differ markedly from that of compared indices due to varying degrees of diversification and/or other facts. Return calculations for the Fund are provided by US Bank. Returns for periods greater than a year have been annualized.

Morningstar Long-Short Equity - The Fund has been compared to various peer groups defined by investment style. The Fund is an all market capitalization value investment style. The Morningstar Long-Short Equity Peer Group (as selected by Morningstar) has been presented as an investment strategy with a similar investment style.

Basis Point = one hundredth of one percent.

Earnings per Share = The amount of Net Income, less any preferred dividends, allocated on a per share basis of common stock.

Price to Earnings Ratio = The Price to Earnings ratio measures the price of a company's stock in relation to its earnings per share.

Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 3/31/2022 portfolio weights of names discussed are as follows: Henkel AG & Co. KGaA (HENKY) 5.8%.

The information presented related to the Nuance investment decision and selection process is intended to be informational in nature, speak to our process and does not represent a recommendation in any specific security or securities. Information not specific to a cited source constitutes the opinion of the Nuance investment team and should not be relied upon to make investment decisions. Investors should be aware of the risks associated with data sources including without limitation, fundamental, technical, qualitative and quantitative factors used in our investment process. Errors may exist in data acquired from third party vendors, the development of investment ideas, the analysis of data and the portfolio construction process. While Nuance takes steps to verify information so as to minimize the potential impact of potential errors, we cannot guarantee that errors will not occur.

Diversification does not assure a profit or protection against a loss in a declining market.

Nuance Investments is the adviser to the Nuance Mid Cap Value Fund, the Nuance Concentrated Value Fund and the Nuance Concentrated Value Long-Short fund which are distributed by Quasar Distributors, LLC.

Past Performance is not a guarantee of future results.

Fund holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security.

GIPS® 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 – 3/31/21 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.

Definition of the Firm

The definition of the firm is the foundation for firm-wide compliance and creates defined boundaries for determining the assets of the firm. In this instance, the firm is defined as Nuance Investments, LLC (Nuance). Nuance, founded on November 1, 2008, was formed on the belief that the ability to outperform the broad stock market is predicated on a consistent and disciplined value investing approach. The Investment Management Team selects securities for the Nuance investment portfolios by using an extensive quantitative screening and fundamental research process that identifies leading businesses selling at a discount to fair value and that have the potential to generate above-average rates of returns over time. The Investment Management Team seeks to identify companies across a range of industries and market sectors that have leading and sustainable market share positions, above-average financial strength, and are trading at a discount to their internal view of intrinsic value. The Investment Management Team may sell an investment when it believes it has surpassed its intrinsic value by applying the screening process described above, for purposes of portfolio construction or risk management, or when a more attractive investment opportunity becomes available. For the short side, the Investment Management team seeks to identify companies across a range of industries and market sectors that have average to below average competitive positions and unattractive risk reward profiles. The total firm assets will be defined as all discretionary and non-discretionary assets under management within Nuance. This includes primary investment management accounts, sub-advisory investment management accounts and wrap accounts as well as both fee-paying and non-fee paying assets.