



Value. Delivered.

# Nuance Investments, LLC

## Semi-Annual Call: Nuance Mid Cap Value

Scott Moore, CFA  
President & Co-Chief Investment Officer

# Agenda

- Firm Overview
- Team Update
- Process Summary
- 2022 Review
- 2023 Outlook
- Conclusion
- Q&A

# Nuance Investments

- Nuance Investments, LLC (Nuance) is a boutique classic value investment firm headquartered in Kansas City, Missouri.
- From its seed capital in 2008 of \$30 million, the firm today has approximately \$6.8 billion in strategies managed by our investment team.
- Nuance is 100% employee owned.

Strategy	Inception	Current Assets <sup>1</sup>
Nuance Concentrated Value	2008	\$600 million
Nuance Mid Cap Value	2008	\$6.0 billion
Nuance Concentrated Value Long-Short	2015	\$150 million
Other		\$30 million

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## Nuance Strategies

**\$6.8 billion**

- Nuance is not accepting investments from new firms and is continuing to grow with existing firms and their clients.
- Nuance Strategies are capacity constrained to position Nuance for future return potential.
- The goal of the firm is to provide clients with strategies that can sustain leading risk-adjusted returns over the long term.

<sup>1</sup>Assets include discretionary assets and assets under advisement. Assets under advisement represent UMA assets, for which we have no discretionary authority nor responsibility for arranging or effecting the purchase or sale of securities. A portion of the UMA assets are reported on a delayed basis based on platform limitations. Inclusion of these assets may make our total asset number different from assets under management reported elsewhere.



# Nuance's Investment Team

## President & Co-Chief Investment Officer



**Scott Moore, CFA**

Scott.Moore@nuanceinvestments.com

- Founder & Co-owner of Nuance Investments, LLC
- 32 years of investment analyst experience
- 30 years as a value investment analyst
- 24 years of portfolio management experience using a classic value approach
- Lead Portfolio Manager of the Nuance Concentrated Value Strategy starting 11/13/2008
- Lead Portfolio Manager of the Nuance Mid Cap Value Strategy starting 11/03/2008
- Co-manager of the Nuance Concentrated Value Long-Short Strategy
- Expertise in the Utilities, Industrials, and Financials sectors

## Vice President & Co-Chief Investment Officer



**Chad Baumler, CFA**

Chad.Baumler@nuanceinvestments.com

- Co-owner of Nuance Investments, LLC
- 16 years of investment analyst experience
- 11 years of portfolio management experience using a classic value approach
- Lead Portfolio Manager of the Nuance Concentrated Value Long-Short Strategy
- Co-manager of the Nuance Concentrated Value and Nuance Mid Cap Value Strategies
- Expertise in the Energy, Financials, and Real Estate sectors

## Portfolio Manager



**Darren Schryer, CFA, CPA**

Darren.Schryer@nuanceinvestments.com

- 7 years with Nuance Investments
- 11 years of related financial experience
- Expertise in the Health Care, Communication Services, and Information Technology sectors

## Associate Portfolio Manager



**Jack Meurer, CFA**

Jack.Meurer@nuanceinvestments.com

- 6 years with Nuance Investments
- Expertise in the Industrials, Energy, and Utilities sectors

## Senior Investment Analyst



**D. Adam West, CFA**

Adam.West@nuanceinvestments.com

- 17 years of investment analyst experience
- 13 years with Nuance Investments
- Expertise in the Information Technology, Consumer Discretionary, and Consumer Staples sectors

## Investment Analyst



**Aditya Narvekar, CFA**

Aditya.Narvekar@nuanceinvestments.com

- 3 years with Nuance Investments
- Expertise in the Materials sector

# Nuance's Investment Philosophy and Process

The Nuance team believes that investing in leading business franchises trading at a discount to fair value can generate excess returns over time



The Strategy may not meet its investment objective or may underperform the market or other products with similar strategies due to a variety of factors.

# Nuance Mid Cap Value Review

**Nuance Mid Cap Value** November 3, 2008 - December 31, 2022

	YTD 2022	1 Year	3 Year APR	5 Year APR	7 Year APR	10 Year APR	Since Inception APR	Since Inception TR
Nuance Mid Cap Value Composite (Gross)	(3.82)	(3.82)	4.43	7.66	10.77	12.10	14.01	540.83
Nuance Mid Cap Value Composite (Net)	(4.48)	(4.48)	3.72	6.91	10.02	11.33	13.21	480.21
Russell Midcap® Value Index	(12.03)	(12.03)	5.82	5.72	8.72	10.10	11.77	383.82
S&P MidCap 400® Value Index	(6.93)	(6.93)	8.04	6.98	10.33	10.83	12.19	410.09
S&P 500® Index	(18.11)	(18.11)	7.65	9.42	11.47	12.56	12.48	429.35

	11/03/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	5.49	12.28	(3.82)
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	4.76	11.51	(4.48)
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	28.34	(12.03)
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	30.65	(6.93)
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	28.71	(18.11)

Commencement of the Nuance Mid Cap Value Composite was 11/03/08. Return figures for the Nuance Mid Cap Value Composite are provided by Clearwater Analytics. Actual account returns may be higher or lower than the Composite returns due to differences in portfolio holdings, timing of security transactions, and account inception date. The primary benchmark for the Nuance Mid Cap Value Composite is the Russell Midcap® Value Index. The secondary benchmarks are the S&P MidCap 400® TR Value Index and S&P 500® TR Index. Return figures for all indices are provided by FactSet. Investors cannot invest directly in any index. Returns for periods greater than a year have been annualized.

# Nuance Mid Cap Value Review

**Nuance Mid Cap Value** November 30, 2008 - December 31, 2022

	Since Inception APR	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Nuance Mid Cap Value Composite (Gross)	14.58	13.61	1.03
Nuance Mid Cap Value Composite (Net)	13.77	13.63	0.97
Morningstar* Mid-Cap Value Funds Peer Group (Median)	12.06	18.04	0.62
Peer Group Percentile and Ranking	7th (18 of 275)	1st (2 of 275)	1st (1 of 275)
Lipper* Mid-Cap Value Funds Peer Group (Median)	11.91	18.52	0.60
Peer Group Percentile and Ranking	4th (4 of 79)	1st (1 of 79)	1st (1 of 79)

\*Peer groups derived internally using data from FactSet.

**Risk and Reward** November 30, 2008 - December 31, 2022



The Nuance Mid Cap Value Composite is a mid-capitalization value investment product and consists of separately managed accounts in the Nuance Mid Cap Value strategy. 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. The peer groups consist of mutual funds within the stated category with performance history available from the Nuance Mid Cap Value inception date. 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 the displayed date. FactSet reports on month end returns only. For more information on peer group comparisons and calculations, please refer to the full disclosures.

# 2022 Nuance Mid Cap Value Review

## Overall Performance through December 31, 2022

- Nuance Mid Cap Value returned (4.48) percent (net of fees) versus the Russell Midcap® Value Index return of (12.03) percent in 2022.
- Since Inception (11/03/08) on an annualized basis, Nuance Mid Cap Value has returned 13.21 percent (net of fees) compared to the Russell Midcap® Value Index return of 11.77 percent.
- Since Inception (11/03/08) on an annualized basis, Nuance Mid Cap Value has a standard deviation of 13.71 percent (net of fees) compared to the Russell Midcap® Value Index at 18.06 percent.
- Including the stub year in 2008, Nuance Mid Cap Value has now outperformed its primary benchmark 11 out of the 15 years it has been in existence.

## Positive Attribution

- Financials: Travelers Companies (TRV) and Alleghany Corporation (Y)
- Consumer Staples: Cal-Maine Foods (CALM) and Beiersdorf AG Unsponsored ADR (BDRFY)
- Real Estate: Equity Commonwealth (EQC)
- Materials: GCP Applied Technologies, Inc. (GCP)
- Utilities and Industrials
- Underweight: Consumer Discretionary, Information Technology, and Communication Services
- Cash

## Negative Attribution

- Health Care: Dentsply Sirona, Inc. (XRAY), Baxter International Inc. (BAX), ICU Medical, Inc. (ICUI), and Smith & Nephew PLC (SNN)
- Underweight: Energy

For more information on how to obtain our calculation methodology, or a list showing the contribution of each holding or sector 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. Investing in our products contains risk including the risk of total loss. Securities are subject to general market risks due to a variety of factors that affect the overall market. There is no guarantee that an investment with the strategy will meet its investment objectives.



# 2023 Nuance Mid Cap Value Outlook

## Investment Environment

- Nuance Universe of roughly 200 companies (Nuance Master List) is largely overvalued but less so than a year ago.
- Developed international stocks is a theme
- Inflationary pressures are a potential opportunity
- One-off cyclical opportunities starting to appear

## Portfolio Positioning

- Our overall portfolio price-to-earnings ratio, based on normal earnings, is 13.9 times versus our universe of 24-25 times (as of 12/31/22)
- The Nuance Universe price-to-earnings ratio is down from approximately 32 times as of 12/31/21.
- Health Care: Dentsply Sirona, Inc. (XRAY), Smith & Nephew PLC (SNN), and ICU Medical, Inc. (ICUI)
- Consumer Staples: Kimberly-Clark Corp. (KMB) and Henkel AG & Co. KGaA Sp ADR (HENKY & HENGY)
- Industrials: 3M Company (MMM) and Knorr-Bremse AG (KNRRY)

## Risks

- Leverage
- Valuation
- Competitive Transitions: Energy, Consumer Cyclical, and Distributors

For more information on how to obtain our calculation methodology, or a list showing the contribution of each holding or sector 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. Investing in our products contains risk including the risk of total loss. Securities are subject to general market risks due to a variety of factors that affect the overall market. There is no guarantee that an investment with the strategy will meet its investment objectives.

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# Why Nuance?

- Consistent and Experienced Team
- Consistent Time-Tested Process
- Goal is consistent Performance both Absolute and Risk-Adjusted

Value. Delivered.

# Disclaimer and Notes

## Not An Offer or Inducement

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Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this documentation and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested.

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## Fees and Related

The full fee schedule for all Nuance products is available upon request. It should be noted that the collection of fees produces a compounding effect on the total rate of return net of management fees. Fees for separate accounts in Nuance Mid Cap Value generally are 0.85% for assets under \$25 million, 0.80% for assets under management between \$25-50 million, 0.75% for assets under management between \$50-75 million, 0.70% for assets under management between \$75-100 million, and 0.65% for assets greater than \$100 million. Incentive fee structures and performance-based fee structures are available for qualified clients and are negotiated individually. Nuance reserves the right to modify fee structures on an account by account basis at its discretion. In instances where Nuance has multiple accounts under a firm relationship, Nuance typically calculates the amount of assets under management for the purpose of determining the applicable fee breakpoint by including all month-end assets (mutual fund and separate account) under that relationship. In calculating mutual fund assets for the purposes of breakpoint aggregation, Nuance utilizes a third-party provider or adviser data to obtain shareholder specific information associated with the firm relationship and aggregation is subject to the limitations and availability of such data. Gross of fee performance returns are presented before management fees but after all trading expenses that may occur. No other fees or expenses are deducted for gross of fee performance. Net of fee performance returns are presented after actual 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. Valuations are net of all applicable withholding taxes. Portfolios are valued in accordance with GIPS® Valuation Principles. More information regarding standard investment management fees and the calculation of performance-based investment management fees is available upon request.

## Additional Notes and Disclosures

The use of derivatives may be employed for purposes of currency hedging and or to equitize the cash position of the portfolios.

The Nuance Mid Cap Value Composite is a mid-capitalization value investment product and consists of separately managed accounts in the Nuance Mid Cap Value strategy. Rankings and peer group comparisons are created internally using data from FactSet. Nuance pays a licensing fee to FactSet to access their platform and to use their data, including peer group rankings, in marketing materials. 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. The peer groups consist of mutual funds within the stated category with performance history available from the Nuance Mid Cap Value inception date. 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 net return data from December 2008 to the displayed date. For additional performance periods, please visit: <https://nuanceinvestments.com/peer-group-disclosures/>. FactSet reports on month end returns only. **Additional Information:** Portfolio composition will vary over time and may change without notice. Over the product life, the Nuance Mid Cap Value Separate Account Product has been classified by Morningstar in the following categories: Mid-Cap Value. Lipper does not provide product level classifications. Current investment style and assigned peer groups may differ from the styles presented. Nuance utilizes fund peer

# Disclaimer and Notes Continued

groups due to the limited availability of separate account data. The Nuance Mid Cap Value Composite is compared to various fund peer groups as defined by investment style and is constructed in a manner that is similar to the guidelines and classifications of the Morningstar and Lipper fund category groups to which it is compared, however, fund categories groups differ from product composite groups. Morningstar Categories are based on the average holdings statistics over the past three years and are applied to 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://www.morningstar.com/research/signature>. For Morningstar ratings of our separate accounts, please visit: <https://nuanceinvestments.com/awards-mid-cap-value/>. 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. Standard Deviation is a statistical measure of the historical volatility of a portfolio that reflects its dispersion or deviation from its mean. 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.

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. As of 12/31/2022 portfolio weights of names discussed are as follows: BAX (4.0%), BDRFY (1.5%), CALM (0.5%), EQC (2.4%), GCP (0.0%), HENKY (2.3%), HENYO (3.2%), ICUI (2.2%), KMB (5.2%), KNRRY (2.0%), MMM (3.9%), SNN (5.0%), TRV (4.0%), XRAY (6.5%), and Y (0.0%).

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.

Past Performance is not a guarantee of future results. Investing in our products contains risk including the risk of total loss. Securities are subject to general market risks due to a variety of factors that affect the overall market. There is no guarantee that an investment with the strategy will meet its investment objectives. Please request a copy of the Firm's full disclosures for more information.

# GIPS® Compliance Disclosures

## Nuance Mid Cap Value Composite

	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)	3 Year Annualized Standard Deviation (MIDV Index)
YTD 2008 (11/03/08-12/31/08)	(4.13)	(4.13)	(5.60)	(3.99)	-	1	\$9,531,045	\$18,657,997	0.0%	-	-	-
2009	38.69	38.20	34.21	33.73	-	4	\$50,600,141	\$137,943,058	1.1%	-	-	-
2010	21.08	20.01	24.75	22.78	0.1	4	\$60,702,099	\$181,201,036	1.1%	-	-	-
2011	4.04	3.38	(1.38)	(2.43)	0.1	4	\$55,186,800	\$152,976,943	0.9%	18.2	23.1	23.2
2012	22.02	20.61	18.51	18.53	0.1	4	\$58,463,905	\$214,936,666	1.0%	14.6	17.0	18.4
2013	35.45	34.24	33.46	34.25	0.1	8	\$80,358,264	\$507,569,897	1.0%	13.1	13.9	15.6
2014	9.79	9.14	14.75	12.10	0.1	13	\$130,238,086	\$1,071,186,382	0.7%	10.7	9.9	11.4
2015	2.95	2.33	(4.78)	(6.65)	0.1	17	\$145,638,450	\$913,545,839	0.6%	11.2	10.9	12.4
2016	21.87	21.05	20.00	26.53	0.1	22	\$416,346,621	\$1,466,221,847	0.1%	11.5	11.5	13.6
2017	16.18	15.42	13.34	12.32	0.0	23	\$586,931,538	\$1,784,338,191	0.0%	10.5	10.5	12.4
2018	(4.18)	(4.88)	(12.29)	(11.88)	0.2	21	\$852,510,018	\$1,724,795,756	0.0%	10.2	12.1	14.1
2019	32.52	31.62	27.06	26.08	0.2	43	\$2,297,275,123	\$3,486,104,071	0.0%	9.4	13.0	15.8
2020	5.49	4.76	4.96	3.73	0.3	59	\$4,585,719,214	\$5,948,860,811	0.0%	14.5	22.9	26.2
2021	12.28	11.51	28.34	30.65	0.2	59	\$5,353,939,144	\$6,660,123,316	0.0%	14.1	22.3	25.4
YTD 2022 As of: 12/31/2022	(3.82)	(4.48)	(12.03)	(6.93)	0.2	78	\$4,295,774,730	\$5,575,739,313	0.0%	15.4	24.8	26.8

### 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 – 3/31/22 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.

### Fees and Returns:

Nuance is an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is 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 include the reinvestment of income, and are presented both net and gross of management fees and gross of foreign withholding taxes. Both gross and net of fee returns are reduced by trading expenses that may occur. Net of fee performance returns are presented after actual 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. The full fee schedule for all Nuance products is available upon request. It should be noted that the collection of fees produces a compounding effect on the total rate of return net of management fees. Fees for separate accounts in Nuance Mid Cap Value generally are 0.85% for assets under \$25 million, 0.80% for assets under management between \$25-50 million, 0.75% for assets under management between \$50-75 million, 0.70% for assets under management between \$75-100 million, and 0.65% for assets

# GIPS® Compliance Disclosures Continued

greater than \$100 million. Nuance reserves the right to modify fee structures on an account by account basis at its discretion. Incentive fee structures and performance-based fee structures are available for qualified clients and are negotiated individually. Nuance currently manages one account with a performance-based fee structure, with a minimum fee of 0.35% (if gross performance is less than 1.50% above RMV), base fee of 0.60% (if gross performance is between 1.5%-3.0% above RMV) and max fee of 0.90% (if gross performance is greater than 3.0% above RMV). In instances where Nuance has multiple accounts under a firm relationship, Nuance typically calculates the amount of assets under management for the purpose of determining the applicable fee breakpoint by including all month-end assets (mutual fund and separate account) under that relationship. In calculating mutual fund assets for the purposes of breakpoint aggregation, Nuance utilizes a third-party provider or adviser data to obtain shareholder specific information associated with the firm relationship and aggregation is subject to the limitations and availability of such data. Nuance's annual advisory fee is 0.75% of the average daily net assets for the Nuance Mid Cap Value Fund. For the Nuance Mid Cap Value Fund, the net expense ratio is 1.18% and 0.93% of the average daily net assets attributable to the Investor Class and the Institutional Class shares, respectively. The net expense ratio for the Z Class is 0.78%. Nuance has contractually agreed to reduce its management fees and pay fund expenses until at least 8/28/2023, to ensure that total annual fund operating expenses (exclusive of certain expenses as indicated in the prospectus) do not exceed 1.18% for the Investor Class, 0.93% for the Institutional Class, and 0.78% for the Z Class. The net expense ratio represents what investors have paid as of the prospectus dated 8/28/2022.

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.

## 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. 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.

**Strategy: Our Core offerings are the Nuance Mid Cap Value Strategy, the Nuance Concentrated Value Strategy and the Nuance Concentrated Value Long-Short Strategy.** The Nuance Mid Cap Value Composite consists of separately managed accounts and pooled investment funds (portfolios) in the Nuance Mid Cap Value strategy. The composite was created and inception on November 3, 2008. Nuance Mid Cap Value seeks to achieve long-term capital appreciation by investing primarily in equity securities (including common stocks, preferred stocks, and convertible securities) of companies organized in the United States that the Investment Management Team believes are high quality, though temporarily out of favor. The market capitalization of at least 80 percent of the portfolio will generally be maintained in companies with market capitalizations between the smallest and largest members of the Russell Midcap® Value Index (defined using a trailing 12 month average derived from Factset of the smallest and largest members on a month to month basis). The Investment Management Team will invest primarily in the equity securities of U. S. companies. The portfolio may invest up to 15% of its assets in equity securities of foreign companies in countries classified as developed by MSCI. Nuance utilizes MSCI to classify its international holdings. The country classification of a company is generally determined by the company's country of incorporation and the primary listing of its securities. MSCI will classify a company in the country of incorporation if its securities have a primary listing in this country. In such cases where a company's securities have a primary listing outside of the country of incorporation, an additional analysis is performed to determine the company's country classification. 25 percent of the portfolio assets will generally not have positions of greater than 5.00 percent. The portfolio generally will not exceed a 10% weighting in Cash. Each security position will not be greater than 7.50 percent of the market value of the portfolio. The portfolio will not exceed a 25% weighting in one industry as defined by GICS® classification standards (GICS®). A typical portfolio will hold between 50 and 90 companies. This is a fundamental diversification limit. There is no minimum separate account asset level necessary for inclusion in the composite.

**Benchmark:** For comparison purposes, the composite is measured against the Russell Midcap® Value Index as the primary index. The Russell Midcap® Value Index measures the performance of the 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 are the S&P MidCap 400® TR Value Index and S&P 500® TR Index.

**Dispersion:** 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 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.

**Significant Cash Flow Policy:** Nuance has adopted the following Significant Security & Cash Flow Policy since inception of the composite. An account will be removed from a composite if a client has given specific instructions that prevent full investment of securities or cash flow(s) in a timely manner (defined as 5 business days or greater), or if a single security or cash flow is equal or greater than 10 percent of the total account value based on the beginning of the month market value. If these circumstances exist, the account will be removed from the composite and added back to the composite on the first day of the following month. More information regarding Composite List and descriptions and policies for valuing investments, calculating performance, and preparing GIPS® reports are available upon request by contacting client.services@nuanceinvestments.com or 816-743-7080. To obtain information about the pooled funds included in this strategy, please contact client.services@nuanceinvestments.com or 816-743-7080.