Nuance Concentrated Value Long-Short Fund

Third Quarter 2023

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

Left to right: Jack Meurer, Darren Schryer, Scott Moore, & Chad Baumler

Name	Title	Experience
Scott Moore, CFA	President & Co-CIO	32 years
Chad Baumler, CFA	Vice President & Co-CIO	16 years
Darren Schryer, CFA, CPA	Portfolio Manager	7 years
Jack Meurer, CFA	Assoc. Portfolio Manager	6 years

Performance as of September 30, 2023

As of 9/30/2023 Inception Date 12/31/15	Since Inception Return	7 Year	5 Year	3 Year	1 Year	YTD 2023	QTD	Gross Expense Ratio	Net Expense Ratio
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	2.10	0.68	0.93	-1.69	0.02	-1.96	-9.08	3.25%	-
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	1.82	0.40	0.68	-1.93	-0.20	-2.11	-9.08	3.51%	-
S&P 500® Index	12.08	12.24	9.92	10.15	21.62	13.07	-3.27		
Morningstar Long/Short Equity	3.78	4.12	2.92	4.87	8.98	3.74	-1.11		

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 8/28/2024. Returns for periods greater than a year have been annualized.

General Market Commentary

	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22	3/31/23	6/30/23	9/30/23
Cash	13.6%	16.2%	9.8%	6.2%	7.7%	6.6%	8.6%	2.2%
Long Equities	86.4%	83.8%	90.2%	93.8%	92.3%	93.4%	91.4%	97.8%
Short Equities	98.5%	93.0%	75.1%	86.3%	89.2%	87.5%	90.6%	88.1%
Gross Exposure	184.9%	176.8%	165.3%	180.1%	181.5%	180.9%	182.0%	186.0%
Net Exposure	-12.1%	-9.2%	15.1%	7.6%	3.2%	5.8%	0.9%	9.7%

At the end of the third quarter of 2023, the Investment Team believed the opportunity set was appealing for both sides of the Fund's investment portfolio. As of September 30, 2023, the median company in the Nuance proprietary long universe, which consists of companies we view as sub-industry leaders, was trading at just under a 20 percent premium to what we would consider fair value. Furthermore, from a downside perspective, according to our company-by-company valuation work the same universe had over 60 percent downside potential.

As shown in the table above, the portfolio ended the third quarter with a net 9.7 percent long equity exposure. On the long side of the portfolio, the Investment Team has invested in what we consider to be an attractive portfolio from a risk reward perspective despite a year-to-date rally in our benchmark, the S&P 500®. As of September 30, 2023, sub-industries with companies we believe were under-earning and undervalued included Household Products, Health Care Equipment, Industrial Conglomerates, and Water Utilities. On the short side of the portfolio, the Investment Team believed that over-earning and overvaluation continued to be widespread, and that a variety of short investment opportunities could be found across much of the economy including the Automotive Retail, Oil & Gas Refining & Marketing, Environmental & Facilities Services, and Construction Machinery & Heavy Transportation Equipment sub-industries.

Nuance Perspectives

The Nuance long investment process is a time-tested investment process that we believe has successfully navigated a variety of market environments since its origin. Nuance clients understand the key tenets of the process. First and foremost, we invest in what we view as market share leading companies with relatively certain competitive positions, better than average balance sheets and rational capital allocation policies. Second, we study the return on capital histories of these leading companies and attempt to identify when companies are under-earning their long-term potential due to some sort of transitory reason. And lastly, during these periods of transitory under-earnings, we strive to invest our clients' capital in these companies at inexpensive valuation levels with reasonable downside support. This investment process hasn't changed over the years for the Nuance Investment Team, nor do we expect there to be any changes in the future.

While our investment process hasn't changed, the overall stock market's appetite for risk and desire for reasonable valuations has and will continue to change, sometimes over very short periods of time. At times, our portfolio and the market agree where exceptional value lies, and at other times they do not. While we have no control over the timing of our performance, our goal as an Investment Team is to make sure that at all points of the market cycle, we have our clients' capital invested in a portfolio that we believe maximizes reward and minimizes risk, given the opportunity set available at that time.

And that is exactly where we find ourselves as of 9/30/23. Performance has been challenging with our Nuance Concentrated Value Long-Short fund down (1.96) percent for the first nine months of the year while the S&P 500®, our primary benchmark was up 13.07 percent, a result that is very disappointing for our team. Our long portfolio currently contains a majority of middle capitalization companies with a weighted average market cap of $23.7 billion at the end of the quarter. Additionally, we are finding great values, in our opinion, in lower volatility business models that are growing roughly in line with the rest of the economy and paying out healthy levels of dividends. Lastly, as always, our long portfolio has a valuation bias with what we believe to be inexpensive valuations today. Our current Nuance portfolio attributes are clearly at odds with today's market environment where large and mega capitalization companies exhibiting high levels of cyclical growth are awarded elevated valuations. However, we still maintain high conviction in our current investment portfolio regardless of what is going on in the overall market.

Due to the concentrated nature of our long portfolio, we don't require every constituent of our Nuance proprietary long universe to be undervalued to construct a compelling portfolio; we just need 20 or 30 of our universe companies to be experiencing one-off transitory issues with inexpensive valuations to build a long portfolio with what we believe to be an attractive risk reward. As we mentioned above, currently, our Nuance proprietary long universe is almost 20 percent overvalued, in our opinion. This corresponds to over 23.0 times our internal estimate of normalized earnings. From within this over-valued universe, we have constructed a long portfolio that we believe has meaningful upside potential and is trading at below 13.0 times our internal estimate of normalized earnings and pays around a 3.3 percent dividend yield. Both of these classic valuation metrics appear attractive from our perspective on an absolute and relative basis. Given the magnitude of this difference in valuation multiples, the potential upside we believe we have in the portfolio, and the opportunity it could represent for our clients in the coming years, we wanted to spend some time this quarter sharing some of the details of a few of the larger positions in the portfolio to highlight what we believe are the unique characteristics of the opportunity set we see today. After we review a few of our long positions, we will end the commentary with a featured short investment idea.

[1]The 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.

Here are a few of our top positions as of 9/30/23:

3M Company (MMM): MMM is a diversified industrial conglomerate with leading market share positions across a variety of businesses including industrial materials and adhesives, healthcare consumables, safety equipment, and consumer products. MMM has been a market share gainer over this last economic cycle as the company has benefited from structural tailwinds such as adhesives gaining share from traditional fasteners, aging populations, and increasing safety and regulatory standards. MMM's high and stable return on capital profile makes its roughly 2.0 times net debt to our internal estimate of normalized earnings before interest, taxes, depreciation, amortization and rent expense (EBITDAR) balance sheet attractive, in our opinion. Recent cyclical weakness in sales from some of MMM's consumer-oriented end markets has caused under-earnings, and when combined with two high profile legal battles, has soured investor sentiment, in our opinion. MMM's stock is currently trading at around 12.0 times our estimate of normalized earnings. Additionally, over the last few months MMM has announced two important legal settlements, and we believe the company has de-risked a major portion of the potential liability from the two legal battles previously mentioned. With further clarity on these liabilities and with cyclical under-earnings and undervaluation, in our view, we believe MMM is an attractive position to hold in our clients' portfolios at an approximate 9.50 percent long position size.

Henkel AG & Co. KGaA Sponsored ADR (HENKY): HENKY is a leading global producer of adhesives for a variety of applications and a producer of household products, including the Persil®, All® and Snuggle® brands. HENKY holds a number one or number two market share position in most of its product categories and has exhibited stable to gaining market share over time. Additionally, HENKY's balance sheet has only modest amounts of financial leverage and has an A S&P Credit Rating. We believe HENKY is currently under-earning its long-term potential as raw material inflation from key inputs such as resins and other petrochemicals has taken margin levels and earnings below HENKY's history and what we would consider normal. These falling earnings have caused the stock price to trend down as well, and according to our internal research, the stock is trading at around 10.0 times our estimate of normalized earnings. Additionally, we have been studying a sum of the parts framework for HENKY and believe that at the current stock price, we are paying around 6.0 times our estimate of normalized earnings for HENKY's consumer products business, which is a discount when compared to global peers. We believe HENKY's market share position and inexpensive valuation justify a roughly 8.50 percent position in our long portfolio.

Kimberly Clark Corporation (KMB): KMB is a leading global manufacturer of a variety of staple household products, including the Huggies®, Pull-ups®, Depends®, Cottonelle®, and Scott® brands. KMB has leading market share positions in the geographies where it competes and is generally ranked number one or number two in its product categories. Additionally, KMB has an A S&P Credit Rating on its balance sheet and has exhibited very rational capital allocation policies over time with regards to its acquisition strategy and dividend payout policy. KMB is currently earning around $6.50 per share, and we believe normalized earnings are closer to $8.00 per share. The key driver of its under-earnings, in our opinion, relates to a key raw material input: pulp. The price of pulp has been stubbornly high the last 12 to 18 months and has been a source of gross margin compression. However, in the last few quarters pulp spot prices have corrected to levels more in-line with long-term averages, and we believe these falling pulp prices, when combined with KMB's internal cost cutting measures, will allow earnings to recover to levels we consider normal within the next year or two. Today KMB is trading at around 15.5 times our estimate of normalized earnings which compares favorably to our entire list. KMB is also paying just under a 4.0 percent dividend yield to wait for the earnings recovery to transpire. From our perspective, this is an attractive valuation for a high-quality business and warrants a long portfolio weighting of around 6.50 percent.

Dentsply Sirona, Inc. (XRAY): XRAY is the leading global manufacturer of high-end dental equipment and consumables with leading market share positions in a variety of dental products and equipment including restoratives, preventatives, implants, and endodontic tools. XRAY's balance sheet leverage of around 2.5 times net debt to our internal estimate of normalized earnings before interest, taxes, depreciation, amortization and rent expense (EBITDAR) is consistent with its history and, in our opinion, is appropriate given the lower volatility-nature of its business. XRAY is expected to earn around $2.00 per share this year per Wall Street estimates and we believe normalized earnings are closer to $2.50 per share. The primary driver of the under-earnings for XRAY is related to supply chain disruptions that are in the process of being mitigated and internal cost restructuring that has yet to fully flow through to the bottom line. At a closing price of $34.16 per share at quarter end, XRAY was trading between 13.0 and 14.0 times our estimate of normalized earnings, a valuation multiple that we believe suggests a roughly 6.50 percent long portfolio weighting is appropriate.

Northern Trust Corporation (NTRS): NTRS a leading global provider of wealth management and private banking services to high-net-worth individuals and a leading global asset custodian for a variety of asset owners including North American hedge funds, sovereign wealth funds and corporate pension plans. NTRS has been a market share gainer over this last economic cycle and boasts a peer-leading S&P Credit Rating of A+, due in our opinion to its history of more conservative leverage levels, conservative loan underwriting and limited credit risk within its securities book. NTRS is expected to earn around $6.50 per share in 2023, per Wall Street estimates, versus our estimate of normalized earnings of closer to $7.00 per share. We believe the primary source of the under-earnings for NTRS is its non-interest expense base, which has outpaced revenue growth over the last few years due to higher expenses related to compensation and technology investment. The management team has publicly recognized the expense/ revenue mismatch and we believe expenses could be back to normal levels over the next year or two. As of quarter end, NTRS was trading at $69.48 per share which equates to roughly 10.0 times our internal view of normalized earnings and yields more than 4.0 percent. According to our internal research, this inexpensive valuation level has only been observed during one other period in the last 15 years and explains why NTRS is currently an approximate 4.75 percent weighting in the long portfolio.

We hope you can see the commonalities between these five stocks that come from five completely different sectors of the economy and make up roughly one-third of our long portfolio: market share leading companies with appropriate balance sheet leverage, that are under-earning their long-term potential due to transitory reasons, and that are trading at attractive valuation multiples on an absolute and relative basis, in our opinion. High quality companies facing one-off transitory issues has always been the bread and butter of Nuance Investments and will continue to be in the future.

Featured Investment[1]

Short Marathon Petroleum Corporation (MPC): MPC operates the largest refining system in the US with approximately 2.9 million barrels per day of crude oil refining capacity. In addition, MPC owns and operates a very large system of crude oil and refined product logistics, storage, pipeline and distribution assets. Historically, the Investment Team, has concluded that MPC and its fellow constituents of the Oil & Gas Refining & Marketing sub-industry have weak competitive positions, due to the fact the business models involve buying non-proprietary inputs (such as crude oil and other base chemicals), using non-proprietary equipment and process automation technologies, and producing non-proprietary outputs (such as gasoline and diesel). The limited intellectual property of the business model leaves little room for any material value-add or competitive advantage, in our opinion. Furthermore, we believe MPC and other crude oil refiners could face significant structural headwinds and business model disruptions in the coming years if electric vehicles (EV's) were to continue to gain market share from internal combustion engine vehicles. According to our internal research, EV penetration of new vehicle sales was around 8.5 percent in the US over the last 12 months, up from roughly 1.5 percent five years ago. Our belief is that EV penetration will continue to accelerate into the future and could cause demand for refined products such as gasoline to flat line or even shrink. When this potential for a competitive disruption is combined with a highly commoditized business model with limited value add, the Investment Team believes MPC's overall competitive position is below average.

MPC is expected to earn around $23.00 per share, per Wall Street estimates, this year and we believe it is over-earning its long-term potential, primarily due to elevated refining margins. A common energy industry metric used to gauge refining profitability is referred to as the 3:2:1 crack spread. The 3:2:1 crack spread calculates the profits from buying three barrels of crude oil and selling two barrels of gasoline and one barrel of diesel, all at current market prices. It has been our experience over time, that this industry metric is highly correlated with oil & gas refiners' profits. As of September 30, 2023 the 3:2:1 crack spread in the US was hovering around $30.00 per barrel, which appears very elevated vs. the median level over the last decade of around $16.00 per barrel, and represents a greater than 90th percentile observation, meaning the metric has only been higher 10 percent of the time. The benefit of this elevated crack spread can be seen when studying MPC's return on capital metrics, including its return on common equity (ROE). For the last ten years MPC has generated a median ROE of around 15.0 percent. However, this year MPC is expected to earn an ROE of around 36.0 percent, a level that has proven unsustainable in the past for MPC as well as numerous refiners. Historically, capital and competition have competed away this excess return on capital for a highly commoditized business, and we expect this time to be no different. If crack spreads were to revert anywhere close to long-term averages, then MPC's ROE and earnings per share could reset lower.

As of quarter end MPC was trading at $151.34 per share or approximately 22.0 times our internal estimate of normalized earnings. This level of valuation appears elevated when compared to MPC's median price-to-earnings multiple of around 11.0 times over the last ten years. The Investment Team believes this high multiple, when combined with MPC's below average competitive position leaves limited room for the stock to move up from here. From a short seller's perspective, this implies the potential for limited downside. However, if MPC's earnings per share were to trend lower due to the reasons highlighted above, and its price-to-earnings multiple were to retreat to the 10-year median, then meaningful upside could be generated from shorting MPC at these levels. This combination of limited downside potential and meaningful upside potential in a large company with a below average competitive position is exactly what the Investment Team is looking for and explains why MPC is a top short investment idea.

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. 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.

Earnings per Share = The amount of Net Income, less any preferred dividends, allocated on a per share basis of common stock. Dividend Yield = Dividend yield is measured as a security's indicated annual dividend divided by the share price of the security. Price to Earnings Ratio = The Price to Earnings ratio measures the price of a company's stock in relation to its earnings per share. Return on Equity (ROE) = Return on Equity measures a company's ability to generate returns on invested capital by dividing the earnings of a company by the company's shareholders' equity. The S&P Global Credit Rating (range AAA-D) is a rating that measures a company's ability to meet their financial obligations on time and in full. Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 9/30/2023 portfolio weights of names discussed are as follows: HENKY (8.5%), KMB (6.5%), MMM (9.5%), MPC (-4.0%), NTRS (4.8%), and XRAY (6.5%). 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 – 3/31/23 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.