Nuance Concentrated Value Composite Perspectives

December 31, 2023

Description of the Product

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

Portfolio Managers

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

Name	Title	Experience
Scott Moore, CFA	President & Co-CIO	33 years
Chad Baumler, CFA	VP & Co-CIO	17 years
Darren Schryer, CFA, CPA	VP & Portfolio Manager	8 years
Jack Meurer, CFA	VP & Portfolio Manager	7 years

Peer Statistics[1]

2ND Percentile Sharpe Ratio

Lipper
Category: Multi-Cap Value
Ranking vs. Peers: 4 of 314

Morningstar
Category: Large Value
Ranking vs. Peers: 7 of 580

Morningstar
Category: Mid-Cap Value
Ranking vs. Peers: 2 of 175

Longer Term Performance Update (through December 31, 2023)

Since Inception Return: The return since inception (11/13/2008) through 12/31/2023 is 12.66 percent (annualized and net of fees) versus the Russell 3000® Value Index and S&P 500® Index, which have returned 10.95 percent and 13.80 percent, respectively.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 12/31/2023 is 0.89 (net of fees) versus the Russell 3000® Value Index at 0.62 and the S&P 500® Index at 0.84.

Peer Group Returns through 12/31/2023: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/2008, we ranked 80 out of 580 peer group members (14th percentile) in the Morningstar Large Value Funds universe, 65 out of 175 (37th percentile) in the Morningstar Mid-Cap Value Funds universe, and 59 out of 314 (19th percentile) in the Lipper Multi-Cap Value Funds universe.

Peer Group Risk-Adjusted Return through 12/31/2023: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 7 out of 580 peer group members (2nd percentile) in the Morningstar Large Value Funds universe, 2 out of 175 (1st percentile) in the Morningstar Mid-Cap Value Funds universe, and 4 out of 314 (1st percentile) in the Lipper Multi-Cap Value Funds universe.

Peer Group Analysis 11/30/2008 - 12/31/2023	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	13.18	13.31	0.93
Nuance Concentrated Value Composite (Net)	12.44	13.29	0.87
Morningstar Large Value Funds Peer Group (Median)	10.89	15.94	0.63
Peer Group Percentile and Ranking	14th (80 of 580)	7th (41 of 580)	2nd (7 of 580)
Morningstar Mid-Cap Value Funds Peer Group (Median)	11.99	17.86	0.61
Peer Group Percentile and Ranking	37th (65 of 175)	1st (1 of 175)	1st (2 of 175)
Lipper Multi-Cap Value Funds Peer Group (Median)	10.89	16.28	0.61
Peer Group Percentile and Ranking	19th (59 of 314)	3rd (9 of 314)	1st (4 of 314)

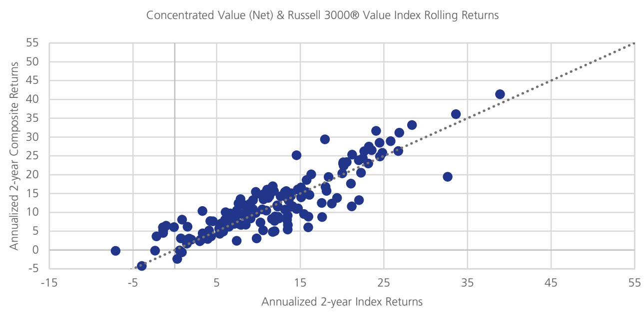
Performance 11/13/2008 - 12/31/2023	APR*	TR*	Standard Deviation*	Sharpe Ratio*	15 Year	10 Year	7 Year	5 Year	3 Year	1 Year	YTD 2023
Nuance Concentrated Value Composite (Gross)	13.40	571.25	13.29	0.94	13.20	8.30	8.01	9.72	5.77	11.09	11.09
Nuance Concentrated Value Composite (Net)	12.66	508.10	13.27	0.89	12.45	7.52	7.22	8.93	5.02	10.33	10.33
Russell 3000® Value Index	10.95	382.14	16.22	0.62	11.02	8.27	8.15	10.84	8.81	11.66	11.66
S&P 500® Index	13.80	607.47	15.30	0.84	13.96	12.03	13.41	15.68	10.00	26.29	26.29

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

[1]Rankings and peer group comparisons are created internally on a quarterly basis using data from FactSet. For comparison purposes, subsets of the Morningstar Large Value Funds Peer Group, Morningstar Mid-Cap Value Funds Peer Group, and the Lipper Multi-Cap Value Funds Peer Group have been presented as investment strategies with a similar investment style to the Nuance Concentrated Value Composite. For 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 Return Periods			Current 2-Year Period as of 12/31/2023	
11/30/2008 - 12/31/2023	Periods Beating the Index		Composite (%) Annualized Net of Fees	Russell 3000® Value Index (%)
Nuance Concentrated Value Composite	95 / 158	60.1%	2.62	1.36



Your team at Nuance cautions clients regarding the use of short-term performance as a tool to make 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, 2023, the Nuance Concentrated Value Composite two-year rolling return is 2.62 percent (annualized and net of fees) versus the Russell 3000® Value Index and S&P 500® Index which have returned 1.36 percent and 1.69 percent, respectively. Overall, we have outperformed in 95 out of the available 158 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned 10.33 percent (net of fees) versus the Russell 3000® Value Index and the S&P 500® Index, which have returned 11.66 percent and 26.29 percent respectively.

Calendar Year Performance as of 12/31/2023	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD 2023
Nuance Concentrated Value Composite (Gross)	4.47	42.24	18.79	6.85	18.41	35.33	8.88	(1.28)	20.49	12.11	(3.82)	28.92	4.25	10.80	(3.86)	11.09
Nuance Concentrated Value Composite (Net)	4.47	41.70	18.13	6.29	17.79	34.45	8.07	(1.98)	19.70	11.29	(4.55)	28.00	3.48	9.99	(4.55)	10.33
Russell 3000® Value Index	0.37	19.76	16.23	(0.10)	17.55	32.69	12.70	(4.13)	18.40	13.19	(8.58)	26.26	2.87	25.37	(7.98)	11.66
S&P 500® Index	(0.47)	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96	21.83	(4.38)	31.49	18.40	28.71	(18.11)	26.29

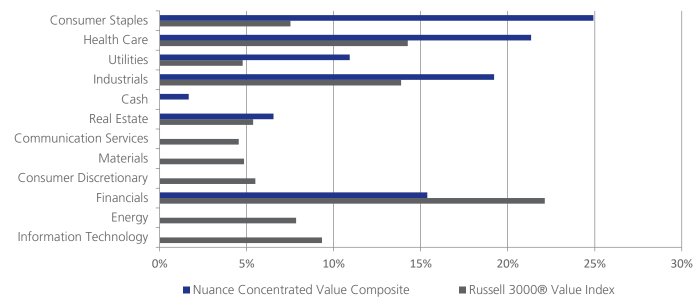
Composition of the Portfolio as of 12/31/2023

Portfolio Characteristics[2]	Nuance Concentrated Value Composite	Russell 3000® Value Index
Weighted Average Market Cap	25.7b	131.1b
Median Market Cap	10.2b	2.2b
Price to Earnings (Normal)*	13.2x	18.4x
Price to Earnings (Ex-Neg Earnings)	-	15.9x
Dividend Yield	2.9%	2.2%
Return on Tangible Assets (Normal)*	10.3%	7.3%
Return on Tangible Assets (Trailing)	6.2%	7.3%
Return on Assets (Normal)*	7.8%	5.7%
Return on Assets (Trailing)	4.8%	5.7%
Active Share vs Russell 3000® Value Index	98%	-
Upside/Downside Capture Ratio vs Russell 3000® Value Index	82% / 68%	-
Number of Securities	32	2,280

* Based on Nuance normalized earnings estimates.

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 13.2x versus the Russell 3000® Value Index of 18.4x. We are achieving this ratio with a portfolio of companies that have a return on assets of 7.8 percent versus the Russell 3000® Value Index of 5.7 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 12/31/2023



The two largest overweight positions, relative to the benchmark, within the portfolio remain the Consumer Staples and Health Care sectors. However, the composition of the overweight positions, particularly in the Health Care sector, has shifted. In the Consumer Staples sector, we are continuing to see input cost inflation-related under-earning in a number of leaders across the Household Products sub-industry. Our view is that earnings in this sub-industry have been negatively impacted by rising raw material costs. We believe these costs can ultimately be mostly offset by price increases which generally lag the raw material price increases. We are also finding what we believe to be select opportunities within the Packaged Foods & Meats and Distillers & Vintners sub-industries. Lastly, we initiated a position within the Consumer Staples Merchandise Retail sub-industry. Within the Health Care sector, we have reduced our overweight position within the Health Care Equipment sub-industry due to competitive uncertainty, and we have added to our positions in the Life Sciences Tools & Services sub-industry, where we are seeing broad underearning based on a combination of excess capacity being built out combined with a below normal funding environment for biotechnology customers, in our opinion. We have also added to our positions in the Utilities sector. Our overweight in the Utilities sector is made up of exposure to the Water Utilities industry as we believe these companies are under-earning. The prolonged period of low interest rates over the last decade has resulted in historically low allowed returns on equity and regulatory lag, which has been exacerbated by the recent inflationary environment. We believe these lower returns on equity will reset higher as utility regulators incorporate a more normal cost of capital environment. We continued to add to our exposure in the Industrials sector and remain overweight the sector. We have found what we believe to be select risk rewards in different sub-industries across the sector. Within the Real Estate sector, we maintain a slight overweight position, and we are finding what we believe to be attractive risk rewards, primarily in the Health Care REIT sub-industry. While we are underweight the Financials sector, it still makes up a meaningful portion of the portfolio. Our positioning within the sector continues to be made up primarily of stocks in the Insurance and Capital Markets industries. We remain underweight in the Information Technology and Materials sectors as we are finding what we view as more attractive risk rewards in other parts of the economy. We remain underweight the Energy sector where we believe the sector is facing a multi-year period of competitive transition. Lastly, we continue to have underweight positioning with the Consumer Discretionary and Communication Services sectors primarily due to competitive uncertainty and valuation concerns.

Stocks We Added to Your Portfolio (Fourth Quarter 2023):

Envista Holdings Corp. (NVST): NVST is a leading manufacturer of dental implants, orthodontic supplies, imaging equipment, infection prevention products, and other consumables. We like the dental industry's long-term, stable oligopoly market structure, high barriers to entry, and tailwinds to demand from improving global access to dental care and an aging population. We also like that the company maintains what we consider to be a rational balance sheet. The stock has been a material underperformer over the second half of 2023 after the company reduced guidance due to lower than forecasted consumer demand for high-end elective dental procedures and dentist demand for high-end equipment. We were able to initiate a position after this selloff at what we believe to be a favorable risk reward relative to other investment options.

Henry Schein, Inc. (HSIC): HSIC is the leading global distributor of supplies and equipment for the dental market, including value-add services such as consultation, equipment installation, and repair. Additionally, the company is a leader in private-label consumables, value-priced specialty products, and practice management software for the dental market. HSIC is also a leading distributor to office-based medical practices. The company has a long history of stable returns on capital and a rational balance sheet, in our opinion. Recently, the company faced a cyber security breach, which caused order-taking and processing systems to be disrupted for several weeks, creating inefficiencies and lost sales. Systems are currently functioning normally, and we believe the disruption is likely to be a transitory issue. Additionally, according to our research, the company is in the midst of an internal investment cycle in a new e-commerce platform and warehouse automation but has not yet realized the earnings contribution from those investments. For those reasons, we believe the company is currently under-earning our estimate of normalized earnings power. We were able to initiate a new position after a period of underperformance at what we view as a compelling risk reward opportunity.

Illumina, Inc. (ILMN): ILMN is the global leader in next-gen sequencing (NGS) technology used by researchers and clinicians for health research, drug development, and clinical diagnostics. Over time, the company has held a dominant market share position, allowing it to generate above-average returns on capital versus its competitors while also maintaining a strong balance sheet over time. We believe the company is currently under-earning our estimate of normal returns on capital for two key reasons. The first is due to under-earning in the core business as a result of the below-normal funding environment for its biotech customers which has reduced their ability to purchase NGS instruments and consumables for their labs. The second is due to the operating losses and divestiture costs related to GRAIL, a blood-based cancer diagnostics company it acquired in 2021. The company recently announced plans to divest the subsidiary by the second quarter of 2024 and plans to focus solely on the core business going forward. We believe these transitory issues created negative sentiment around the stock, resulting in its underperformance during the latter half of 2023. This created a compelling opportunity to own a leading business franchise at what we view as an attractive risk reward.

QIAGEN NV (QGEN): QGEN is the leading global provider of sample preparation products used to process biological samples in life science research, drug discovery and development, and clinical diagnostics. Over time, QGEN has maintained a dominant market share, a stable return on capital profile, and a strong balance sheet, in our opinion. We believe the company is currently under-earning due to excess production capacity built during the pandemic which the company is now in the process of bringing to full utilization. This has presented us with the opportunity to initiate a position at what we believe to be a favorable risk reward.

Quest Diagnostics Incorporated (DGX): DGX is a leading provider of clinical laboratory testing in the United States (U.S.), serving over a third of the U.S. adult population and half of physicians and hospitals. We believe the company is currently under-earning our view of its normal earnings power due to two primary factors. The first is due to excess capacity built during the pandemic which the company is now in the process of bringing to full utilization. The second is due to a tight labor market for healthcare staff, leading to above-normal turnover and wage inflation, which has pressured the company's margins. We believe these transitory issues have presented us with an opportunity to initiate a position in this leading business franchise at what we view as an attractive risk reward.

Target Corporation (TGT): TGT is a leading retailer of general merchandise and consumable products in the U.S. The company's market share of general merchandise has been stable over the long term, while it has gained market share in grocery and consumable categories. Additionally, TGT has consistently gained share of e-commerce transactions in the U.S. over the past several years. We believe the company is under-earning for several reasons which we consider to be transitory, including weaker sales of discretionary products in the U.S. as consumers' spending power has weakened, as well as cost headwinds from freight costs, excess markdowns to clear inventory, and inventory shrink issues over the past two years. The company has also experienced a boycott from some of its customers due to controversy surrounding its Pride month offerings in apparel categories earlier in 2023, which we also consider to be transitory longer term. Over time, we expect sales to improve and margins to recover as cost pressures fade or the company can increase prices enough to cover these higher expenses. We believe these shorter-term issues have created an attractive risk reward versus other opportunities.

Thermo Fisher Scientific Inc. (TMO): TMO is the largest global provider of analytical instruments, consumables, software, and services to the life sciences industries. The company is a market leader in bioprocessing equipment, analytical instruments, and outsourced drug development and manufacturing. Our research shows that these markets possess significant barriers to entry in the form of heavy government regulation, high switching costs, and entrenched leadership. We believe the company is currently under-earning for two key reasons: 1) An above-normal investment cycle in its bioprocessing and outsourced manufacturing businesses, resulting in excess capacity that is yet to be absorbed, and 2) a below-normal funding environment for its biotech customers which has reduced their ability to purchase analytical instruments, lab equipment, and related consumables. This has presented us with the opportunity to initiate a position at what we believe to be a favorable risk reward compared to the Nuance Universe.

Waters Corporation (WAT): WAT is a leading manufacturer of high-end analytical instruments, primarily serving the pharmaceutical and biotech industries. The company specializes in liquid chromatography and mass spectrometry instrument systems and operates in stable oligopolistic markets with regulation-based barriers to entry and high switching costs. The company is currently under-earning due to a below-normal funding environment for its biotech customers which has reduced their ability to purchase analytical instruments, lab equipment, and related consumables. We believe this transitory weakening of customer demand led to a period of underperformance in the stock, providing us an opportunity to initiate a position in one of our favorite healthcare names at an attractive risk reward.

Werner Enterprises, Inc. (WERN): WERN is one of the largest one-way and dedicated truckload carriers in the U.S. with leading service and customer retention metrics in the industry. The combination of industry-wide fleet expansion in recent years and a slowdown in shipper demand has resulted in an oversupply of carrier capacity and declining freight rates. We believe this transitory weak freight environment has caused underearning for WERN and created a compelling opportunity to own a best-in-class truckload operator at an attractive risk reward.

Stocks We Eliminated from Your Portfolio (Fourth Quarter 2023):

Alexandria Real Estate Equities, Inc. (ARE): ARE is the largest pure play life science office real estate investment trust (REIT) in the U.S. with more than 35 million square feet located in the major life science research hubs including Boston, San Francisco, and San Diego. After a period of dramatic underperformance during the first three months of 2023, we made an investment in ARE at what we believed looked like an attractive risk reward. Subsequent to that investment, ARE reported a better-than-expected quarterly result and gave several positive leasing updates that helped highlight its discounted valuation. ARE achieved our estimate of fair value, so we exited our position.

Beiersdorf AG (BDRFY): BDRFY is a leading producer of beauty and personal care products, including lotions, deodorants, and sun care products. After a period of outperformance, we exited the position in favor of better opportunities elsewhere.

Calavo Growers, Inc. (CVGW): CVGW is a leading distributor of avocados, a leading producer of non-branded guacamole for foodservice end markets, and a leading provider of fresh cut fruits and vegetables to grocery stores and foodservice end markets. After a period of outperformance, we exited the position as we believe we found better risk reward opportunities elsewhere.

Globus Medical Inc (GMED): GMED is a leading manufacturer of implants, supplies, tools, and equipment used in spine surgery. During the quarter, we determined that the rapid uptake of GLP-1 weight loss drugs had the potential to meaningfully impact global obesity prevalence. Therefore, we judged that the future outlook for spine surgery demand growth was much less certain than it has been throughout history, due to the association between certain back problems and obesity. Due to this potential competitive transition, we exited our position at a small loss on our most recent investment, in favor of what we believe to be more certain investment opportunities.

Medtronic Public Limited Company (MDT): MDT is a leading diversified medical equipment and supplies manufacturer. During the quarter, we determined that the rapid uptake of GLP-1 weight loss drugs had the potential to meaningfully impact global obesity prevalence. MDT has significant exposure to the obese population through their cardiovascular, diabetes, bariatric surgery, and spine businesses, all of which treat conditions that are linked to obesity. For that reason, we judged that future growth in demand for MDT products was much less certain than it had been throughout history. Due to this potential competitive transition, we exited our position at a small loss, in favor of what we believe to be more certain investment opportunities.

ICU Medical, Inc. (ICUI): ICUI is a leading manufacturer of IV pumps, fluids and supplies. During the quarter, we determined that the rapid uptake of GLP-1 weight loss drugs had the potential to meaningfully impact global obesity prevalence. ICUI has significant exposure to the obese population as their products are used in chronic care settings and in treatment of diabetes. For that reason, we judged that future growth in demand for ICUI products was much less certain than it had been throughout history. Due to this potential competitive transition, we exited our position, capturing a tax loss on our most recent investment for our taxable clients, in favor of what we believe to be more certain investment opportunities.

Pernod Ricard SA (PRNDY): PRNDY is the number two global producer of liquor with leading brands such as Chivas Regal, Jameson, and Kahlua. After several years of weak sales in emerging markets such as China and India, the company's results improved substantially last year. We exited our position as we believe we found better opportunities in other companies.

Smith & Nephew plc (SNN): SNN is a leading manufacturer of tools, equipment, and implants used in orthopedic, sports medicine, and trauma procedures along with advanced wound care products. During the quarter, we determined that the rapid uptake of GLP-1 weight loss drugs had the potential to meaningfully impact global obesity prevalence. SNN has significant exposure to the obese population due to their knee and hip replacement businesses as large joint replacements are much more common in obese patients. Therefore, we believe that the outlook for future growth in those procedures is much less certain than it had been throughout history. Due to this potential competitive transition, we exited our position, capturing a tax loss for our taxable clients, in favor of what we believe to be more certain investment opportunities.

Universal Health Services, Inc. (UHS): UHS is a leading provider of behavioral and acute health services in the U.S. The stock has been a positive contributor to performance since we initiated our position in 2021, and we exited our position in the quarter in favor of what we believe to be more favorable risk reward opportunities elsewhere.

Zimmer Biomet Holdings, Inc. (ZBH): ZBH is a leading manufacturer of knee, hip, and shoulder replacement devices along with other surgical supplies and equipment. During the quarter, we determined that the rapid uptake of GLP-1 weight loss drugs had the potential to meaningfully impact global obesity prevalence. ZBH has significant exposure to the obese population due to their knee and hip replacement businesses as large joint replacements are much more common in obese patients. Therefore, we believe that the outlook for future growth in those procedures is much less certain than it had been throughout history. Due to this potential competitive transition, we exited our position, capturing a tax loss for our taxable clients, in favor of what we believe to be more certain investment opportunities.

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

Dear Clients,

For the calendar year ending December 31, 2023, the Nuance Concentrated Value composite was up 10.33 percent (net of fees) compared to the Russell 3000® Value Index, which was up 11.66 percent, and the S&P 500® Index, which was up 26.29 percent. From our perspective, since-inception performance is the most important barometer of performance, and in the period since inception (November 13, 2008 - December 31, 2023), the Nuance Concentrated Value Composite was up 12.66 percent (annualized and net of fees) compared to the Russell 3000® Value Index, which was up 10.95 percent, and the S&P 500® Index, which was up 13.80 percent.

Nuance Performance Goals

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

1. First, we seek to beat our primary benchmark (the Russell 3000® Value Index) more times than not during calendar years. Calendar year performance matters to us given how important that period is to most of our clients. We are unlikely to beat our benchmark each calendar year and expect to have particular difficulty outperforming during latter stages of the investment, valuation, and economic cycles. In our experience, those periods are usually characterized by high valuations, high levels of corporate leverage, and oftentimes very narrow markets in which investors do not appear to be focused on risk in general. In pursuing this goal, we note that since the inception of the Nuance Concentrated Value Composite on November 13, 2008, we have outperformed our primary benchmark 12 out of 16 years (including our stub year of 2008) and 11 out of 15 (not including the 2008 stub year). For the calendar year of 2023, the Nuance Concentrated Value Composite was up 10.33 percent (net of fees) versus our primary benchmark, the Russell 3000® Value Index, which was up 11.66 percent.

2. Second, we seek to outperform our primary benchmark (since our inception and net of fees) and to do so with less risk, as measured by the standard deviation of returns. As of December 31, 2023, we have accomplished this goal, as the Nuance Concentrated Value Composite rose 12.66 percent (annualized and net of fees) between its inception on November 13, 2008 through December 31, 2023 compared to the Russell 3000® Value Index, which rose 10.95 percent. Further, during the same period, the Nuance Concentrated Value Composite had a standard deviation of 13.27 percent (annualized and net of fees), meaningfully lower than the 16.22 percent standard deviation of the Russell 3000® Value Index. As such, our Sharpe Ratio was 0.89 (net of fees) versus the Russell 3000® Value Index's Sharpe Ratio of 0.62.

3. Third, we seek to outperform our peers over the long term (since inception) and to do so with less risk, as measured by the standard deviation of returns. Since inception, our peer group performance has also been solid, as illustrated by the Nuance Concentrated Value Composite's 1st or 2nd percentile Sharpe Ratio metrics versus our peers (see Exhibit 1 below).

Exhibit 1[1]

Peer Group Analysis 11/30/2008 - 12/31/2023	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
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4. Fourth and finally, we seek to beat our secondary benchmark over the long term (since inception) and to do so with less risk, as measured by the standard deviation of returns. Since inception on November 13, 2008 through December 31, 2023, the Nuance Concentrated Value Composite was up 12.66 percent (annualized and net of fees) versus the S&P 500® Index, which was up 13.80 percent. Further, the Nuance Concentrated Value Composite had a standard deviation of 13.27 percent (annualized and net of fees) during the same time period, which is lower than the 15.30 percent standard deviation of the S&P 500® Index. As such our Sharpe Ratio was 0.89 (net of fees) versus the S&P 500® Index's Sharpe Ratio of 0.84. Accordingly, our risk-adjusted returns are on track, though we are disappointed that since-inception total return performance is modestly behind our secondary benchmark.

YTD Attribution[2]

1. Our positioning within the Health Care sector positively contributed to performance as our largest Health Care investment, Dentsply Sirona, Inc. (XRAY), outperformed in the period, as did our recent investment in Waters Corporation (WAT), while our investments in Baxter International Inc. (BAX) and Globus Medical Inc (GMED) underperformed. We exited BAX due to deal-related leverage issues and GMED due to the aforementioned competitive transition we see going forward due to GLP-1s, which we also discuss in more detail in our Nuance Perspectives below.

2. Our stock selection within the Real Estate sector was a detractor from performance as Healthcare Realty Trust Incorporated (HR) dealt with delays in realizing their occupancy-related under-earning and underperformed in the period.

3. Our positioning within the Utilities sector contributed to performance as our investment in United Utilities Group PLC (UUGRY) outperformed.

4. Our underweight to several sectors including Communication Services, Information Technology, and Consumer Discretionary detracted from performance while our underweight of Energy benefited performance.

5. Within Consumer Staples, our stock selection contributed to performance. Investments in Beiersdorf AG (BDRFY), Henkel AG & Co. (HENKY), and Clorox Company (CLX) all outperformed while investments in Kimberly-Clark Corporation (KMB) and Mission Produce, Inc. (AVO) underperformed in the period.

6. Our positioning within the Industrials sector was a detractor from performance. Mueller Water Products, Inc. (MWA) outperformed; however, our largest Industrials holding, 3M Company (MMM), underperformed in the period. MMM remains one of our favorite ideas and is an investment we have added to over the course of the year. Additionally, we had no exposure to several outperforming industries within Industrials, such as Building Products, which was up more than 40 percent in 2023, and is an area where our work indicates widespread over-earning and over-valuation.

7. Our positioning in the Financials sector was a modest detractor from performance as Northern Trust Corporation (NTRS) underperformed in the period while our positioning in Materials was a modest positive contributor to performance. We added to our position in NTRS over the course of the year.

8. Finally, our cash position was a drag on performance in the period.

Nuance Perspectives[2]

2023 was a disappointing year at Nuance as we underperformed our primary and secondary benchmarks. For the calendar year ending December 31, 2023, the Nuance Concentrated Value Composite was up 10.33 percent (net of fees) compared to the Russell 3000® Value Index, which was up 11.66 percent, and the S&P 500® Index, which was up 26.29 percent.

Our third quarter writings were focused on client expectations, and our fourth quarter 2023 writings will be focused on client expectations as well. First, we want to emphasize one of our firm's core beliefs. Value (as a style of investing) has beaten Growth (as a style of investing) over a long period of time and that is true on both an absolute and a risk-adjusted basis. Both broad categories have their merits and their place in a diversified portfolio, but over the long term, underweighting the Value investment style is certainly a significant asset allocation decision and a risk, in our opinion. See Exhibit 2 below.

Exhibit 2

Asset Class Long-Term Returns
(June 30, 1927 - September 30, 2023)

Investment Style	Annualized Return	Standard Deviation	Sharpe Ratio
Value Stocks	13.12%	25.83%	0.38
Growth Stocks	9.56%	21.28%	0.30
Large Company Stocks	10.09%	18.73%	0.37
Small Company Stocks	11.76%	28.15%	0.30
Long-Term Government Bonds	4.96%	8.75%	0.20
Intermediate Government Bonds	4.82%	4.41%	0.36
1 Month Treasury Bill	3.25%	0.87%	-

Note: The 1 Month Treasury Bill is used as the Risk-Free Rate
Source: Professors Eugene F. Fama and Kenneth R. French via the Kenneth R. French Data Library, Ibbotson Associates, Nuance Investments Analysis

There are numerous reasons why Value as a style has beaten Growth as a style over nearly a century of data. The simplest and most logical reason, in our opinion, is that valuations in Growth stocks are generally high and compress as the companies become mature, and the law of large numbers slowly and steadily reduces the growth rate and valuation multiples of those companies as a group. Value stocks – in contrast – are generally inexpensive versus the broad market and have the potential for at least some multiple expansion all while exhibiting growth rates indicative of more mature businesses with market share situations that are more analyzable and more consistent than that of early-, mid-, or even late-stage Growth companies. There are quite a few famous quotes out there about Value investing as a style. We might paraphrase them generally by saying stocks are not inexpensive, protective, and popular all at the same time.

[2]The holdings identified do not represent all of the securities purchased, sold, or recommended for our clients. Past performance does not guarantee future results. For more information on how to obtain our calculation methodology, or a list showing the attribution of each holding or sector to the overall composite performance, please contact Nuance Investments at client.services@nuanceinvestments.com.

That brings us to Nuance Investments, LLC (Nuance) and our specific mandate and goal as a firm. As a firm, we are focused on beating our value peers and benchmarks over time and doing so with less risk. Simplistically, we believe that Value beats Growth as a style over the long term, and Nuance's goal is to beat Value as a style – both peers and benchmark – over the long term. That is our business model and over our 15-year history, we have done well in meeting those goals. So, while Exhibit 2 above illustrates that Value has outperformed Growth over nearly a century, Exhibit 3 below reminds us that Nuance – thus far in its 15-year history – has outperformed the value benchmark since our inception. That is our mandate and our long-term goal, and we are pleased to be on the right side of that equation thus far.

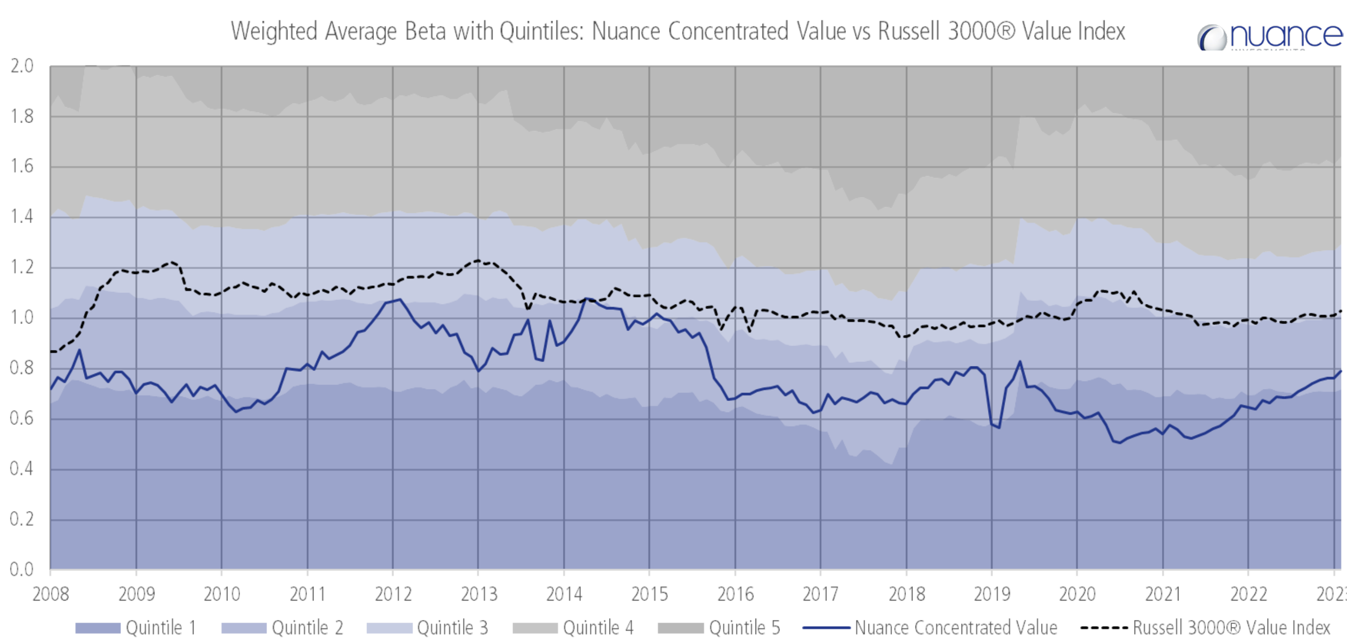
Exhibit 3

nuance INVESTMENTS	Since Inception APR	Since Inception TR	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Nuance Concentrated Value Composite (Gross)	13.40	571.25	13.29	0.94
Nuance Concentrated Value Composite (Net)	12.66	508.10	13.27	0.89
Russell 3000® Value Index	10.95	382.14	16.22	0.62
S&P 500® Index	13.80	607.47	15.30	0.84

To elaborate further, our team believes that our ability to consistently execute our Nuance Investment Process has led to those historical returns, and we believe that if we continue to execute our process, it will create the opportunity to generate alpha over the long term. Inherent within our process is a focus on higher quality companies and less risky stocks versus the broader stock market. That focus touches every step of our process. Within quantitative screening, we are looking for characteristics of excellent businesses, including high returns on capital and stability of those returns. In our competitive review, we are looking for leading business franchises within their niche and with sustainable competitive positions well into the future. In financial statement analysis, high and stable returns on capital naturally lead you to higher quality companies. By normalizing those returns and buying when a business is under-earning for a transitory reason, we believe we are generally buying at a less than average part of a stock's risk spectrum, when financial performance is most likely to improve in the short term and at less risk of worsening further. Our risk awareness continues with a focus on typically better than average balance sheets, which naturally leads to less downside risk than the equities of levered companies over time. In addition to all of the above, we buy companies when they are undervalued to our internal view of fair value and when they have less downside risk to our internal view of trough value versus the broader market. All of which has led to our portfolio having among the least risk as measured by both standard deviation of returns, as well as weighted average beta, versus our primary benchmarks since our inception, as illustrated below.

So let us transition to talking about beta and risk. When considering the multitude of investment factors and their relevancy to our Nuance Investment Process, our team generally believes that focusing on beta as a measure of stock specific risk is a very reasonable decision. We believe beta, which measures how volatile a stock is relative to the rest of the market, provides the best encapsulation of earnings volatility, balance sheet or financial risk, and competitive or fundamental business risk in its full form. When analyzing the beta factor over the years, our method is to break the constituents of our primary benchmark into five equal parts, or beta quintiles. Over time, our Nuance Investment Process, which has yielded 1st or 2nd percentile risk-adjusted returns since inception, has typically occupied beta factor quintiles one through three. See Exhibit 4 below. We believe this is due to our Nuance process and the clear focus on low to average risk stocks as previously discussed. Additionally, in the latter stages of the market and valuation cycle, when risk has often been minimized by market participants, the opportunity set in the least risky stocks becomes most attractive and the weighted average beta of the portfolio typically remains in the lowest quintiles, which we have seen in recent years.

Exhibit 4



Definition: Beta quintiles created using the Russell 3000® Value Index on an equal-weighted basis, rebalanced monthly.
Source: FactSet AlphaTesting, Nuance Investments Analysis

This – of course – begs the question, is constructing a portfolio comprised of stocks with low to average risk relative to the market a winning strategy over the long term? We believe the evidence over time suggests yes, but our clients can judge for themselves. This has indeed been the case when studying beta (risk) as an investment factor over the long term for the Russell 3000® Value Index (RAV) – our primary benchmark. We have comprehensive RAV data for more than 35 years, which certainly includes multiple economic and market cycles. Not only have the low to average beta (risk) quintiles outperformed the highest beta (risk) quintiles on an annualized return basis since 1987, but these higher returns have naturally been delivered with a significantly lower standard deviation of returns. This combination has led to a significantly higher Sharpe ratio over the long data set available for our primary benchmark as seen in Exhibit 5 below.

Exhibit 5

Russell 3000® Value Index Beta Analysis

Annualized	Average Return of Beta Quintiles 1-3 (low-neutral beta)	Average Return of Beta Quintiles 4-5 (high beta)	Difference
Returns	10.46	9.53	0.93
Standard Dev.	15.44	25.90	-10.46
Sharpe Ratio	0.48	0.27	0.21

Definition: Beta quintiles created using the Russell 3000® Value Index on an equal-weighted basis, rebalanced monthly, from 12/31/87 to present.
Source: FactSet AlphaTesting, Nuance Investments Analysis

This brings us to the current market environment and the summary point of our writing for this period. Despite the historically attractive risk-adjusted returns of low to average-risk stocks and the long-term success of our process versus both peers and benchmarks, the last few years have been a challenging period as high-risk stocks (quintiles 4 and 5) have outperformed low to average-risk stocks (quintiles 1-3) in three of the last four years, a rare occurrence in our study of history. This extended multi-year period of the riskiest groups of stocks being in favor began in 2020, coincident with the rapid and unprecedented expansion in broad money supply (M2) due to unparalleled Federal Reserve actions along with what we consider to be massive levels of fiscal stimulus and deficit spending. We cannot be sure just how much this led to an increase in investor risk appetite and speculation, but it does appear to have been impactful as evidenced by risk-seeking behavior such as the popularity of meme stocks, cryptocurrencies, SPACs, and other examples.

Since our first day of investing for our clients in 2008, our Nuance team has discussed performance-oriented expectations with all of our clients. We try to ensure that our clients understand that there is no certainty over any investment period, but we believe it is important to give our clients an idea of how we expect our Nuance Concentrated Value Composite to perform throughout market cycles. We have historically expressed that we believe we should typically beat our peers and benchmark in lower and neutral-risk years. In high-risk years, that is likely more challenging for us, but we hope to "stock pick our way" to outperformance. Late-cycle, high-risk years are particularly challenging, as we have found many of the highest beta stocks to be over-earning and overvalued during those periods. We tend to have more higher-beta options available to us at closer to trough valuations and favorable risk rewards earlier in the cycle during high-risk periods.

To that end, we studied the average benchmark performance of beta quintiles 1-3 (low to neutral beta) and compared it to the average performance of quintiles 4-5 (higher beta) from 1988 – 2023. Approximately 28 percent of the time, lower risk stocks outperformed, 47 percent we viewed as relatively neutral years from a risk perspective, and 25 percent of the observations were high-risk years.

Exhibit 6

	Russell 3000® Value Index				Annual Returns			
Year	Average Return of Beta Quintiles 1-3 (low-neutral beta)	Average Return of Beta Quintiles 4-5 (high beta)	Difference	Characterization of year	Nuance Concentrated Value Gross of Fee	Nuance Concentrated Value Net of Fee	Russell 3000® Value Index	Difference Net of Fee
2008	-30.76	-46.37	15.60	Low-risk	4.47	4.47	0.37	4.10
2009	21.04	96.13	-75.09	High-risk	42.24	41.70	19.76	21.94
2010	21.28	33.43	-12.15	High-risk	18.79	18.13	16.23	1.90
2011	-2.39	-13.32	10.93	Low-risk	6.85	6.29	-0.10	6.39
2012	18.00	18.17	-0.17	Neutral	18.41	17.79	17.55	0.24
2013	34.65	43.47	-8.81	High-risk	35.33	34.45	32.69	1.76
2014	10.29	-1.66	11.95	Low-risk	8.88	8.07	12.70	-4.63
2015	-2.36	-16.48	14.12	Low-risk	-1.28	-1.98	-4.13	2.15
2016	25.99	29.54	-3.55	Neutral	20.49	19.70	18.40	1.30
2017	10.09	13.76	-3.67	Neutral	12.11	11.29	13.19	-1.91
2018	-8.49	-20.66	12.17	Low-risk	-3.82	-4.55	-8.58	4.02
2019	24.27	21.68	2.60	Neutral	28.92	28.00	26.26	1.74
2020	3.40	23.37	-19.97	High-risk	4.25	3.48	2.87	0.60
2021	21.72	30.21	-8.48	High-risk	10.80	9.99	25.37	-15.38
2022	-18.00	-21.63	3.64	Neutral	-3.86	-4.55	-7.98	3.42
2023	9.37	23.79	-14.42	High-risk	11.09	10.33	11.66	-1.33

Definition: Beta quintiles created using the Russell 3000® Value Index on an equal-weighted basis, rebalanced monthly.
Source: FactSet AlphaTesting, Nuance Investments Analysis

As you can see in Exhibit 6 above, since our inception in 2008, our Nuance Concentrated Value Composite has largely performed in line with our expectations. In eight out of ten low and neutral-risk years in the market, we outperformed. In high-risk years that we would regard as early or mid-cycle (2009, 2010, 2013), we were three for three, which is a very good result in our opinion, and certainly meets or exceeds our expectations. But, in high-risk years that we would regard as late-cycle (2020, 2021, 2023), we were a disappointing one for three. We are always disappointed when we are not able to stock pick our way to outperformance in the majority of these years, although we did manage to outperform in 2020 and were close in 2023, but we have always expressed our belief that this would be the most challenging type of market for our process to outperform. Also, overcoming 1997 basis points (2020), 848 basis points (2021), and 1442 basis points (2023) of high-risk outperformance in those years is a pretty high bar to clear. You can also see just how anomalistic this recent 2020-2023 period has been. Ultimately, we do not believe a period like this changes the attractive attributes of investing in high-quality and lower to mid-level risk stocks over the long term. If anything, it creates what we believe to be a significant opportunity for those willing to take a pragmatic, long-term approach, and we remain steadfast in our time-tested process. Dare we wonder if our clients have even a hint of contrarian in them? If any of you do, it might just be logical to look at this period as a possible opportunity. I think Sir John Templeton said it quite eloquently, "To buy when others are despondently selling and to sell when others are greedily buying requires the greatest fortitude and pays the greatest reward." We want to be clear that there are no guarantees to future performance from any of this work or these comments or that quote, but chasing high risk stocks after a period of significant outperformance is not a logical strategy in our humble opinion.

Specific to our portfolio positioning during 2023, within Industrials, our investment in 3M Company (MMM) was a detractor to 2023 performance. We took advantage of this underperformance to add to our investment throughout the year at what we view as a progressively more attractive risk reward and MMM remains a high conviction, top holding today. Industrials companies across a variety of economically sensitive sub-industries including Building Products, Trading Companies & Distributors, and Electrical Components & Equipment experienced multiple expansion and strong stock performance as fears of a U.S. recession abated and demand remained strong across many cyclical end markets. Industrials are emblematic of the beta-oriented discussion described above. The highest-beta Industrials stocks dramatically outperformed low-beta in 2023. Many of those higher risk companies are cyclically over-earning and trade at lofty valuations, in our opinion, a situation that simply does not fit Nuance's process, and we had no investments in those noted sub-industries in 2023.

The overweighted Consumer Staples sector was a positive contributor to performance and we believe opportunities remain plentiful as we look ahead. During the year, we reduced our position in Beiersdorf AG (BDRFY), capturing recent outperformance, added back to our Cal-Maine Foods, Inc. (CALM) position as egg prices normalized early in the year and the stock underperformed, and we initiated a new position in Target Corporation (TGT). Within Real Estate, our occupancy-related under-earning thesis in Healthcare Realty Trust Inc. (HR) has yet to fully play out and the stock underperformed in the period. Healthpeak Properties, Inc. (PEAK) also underperformed due to weakness in their life sciences end market, an area of the economy where we are seeing multiple opportunities. Within Financials, we exited our position in Everest Group, Ltd. (EG) as positive pricing and a modest catastrophe experience swung the company from under- to over-earning. Within the Utilities sector, we added to our holding of United Kingdom (U.K.)-based water utilities, which is an interesting opportunity we will discuss further in our 2024 outlook.

Finally, Health Care was our best performing sector in 2023. Within Health Care, we were faced with a new competitive transition in 2023 that precipitated meaningful changes to the holdings within that sector. Identifying, analyzing, and responding to potential competitive transitions is a core tenet of the Nuance Investment Process. These typically manifest from technological advancements that introduce significant uncertainty to incumbents' competitive positions. Naturally, when a company is facing disruption, its historical financial performance and valuation are also much less relevant to its future. Identifying an appropriate go-forward level of normal returns, fair value, and trough value becomes an exercise in speculation.

In our experience, companies facing these transitions often become some of the riskiest potential value traps. We have written extensively about historical examples that this process has successfully sidestepped. The analog film to digital imaging transition in the 1990s, Eastman Kodak Company (KODK) ultimately went bankrupt. The transition away from newspapers in the early 2000s, many have gone under and the survivors like New York Times Company (NYT) have dramatically underperformed the market. ATMs in the 2010s as more and more transactions were moving to cashless. We sold leading ATM manufacturer Diebold Nixdorf (DBD) at a loss in 2011, but would note the stock suffered significantly after we sold. While it is never fun to sell a position at a loss, the far more destructive action would have been to remain dug in and continue owning the stock for a significant further reduction in value. While each of these transitions may seem obvious today, at the time many investors did fall into the value trap and their performance suffered as a result.

This year, we were faced with one of those potential transitions in the form of the Glucagon-like peptide-1 agonist (GLP-1) class of drugs, which includes Ozempic, Wegovy, and Mounjaro among others. To set the stage for this transition, the Health Care sector has long been a good fit for our process. The sector has enjoyed a reliably growing demand profile, with a tailwind from demographics and an aging population. Barriers to entry are generally high and market share shift gradual, particularly for the types of companies within Health Care that we have historically invested in.

One of the other factors supporting historical demand growth within Health Care has been obesity rates. According to the U.S. Centers for Disease Control and Prevention (CDC), U.S. obesity prevalence increased from 30.5 percent in 2000 to 41.9 percent in 2020. This is not a uniquely U.S. phenomenon; obesity prevalence has also increased in many international geographies including China, India, and Europe as well. Obesity is a risk factor that has been linked to many health problems including diabetes, heart disease, osteoarthritis, sleep apnea, and certain cancers. Numerous studies have shown the direct cost of obesity to be significant and obese people in general consume much more health resources than non-obese people.

If historical trends in obesity prevalence were to change, it could have wide-ranging impacts on global health systems including the volume and type of care being provided. In 2023, we may be on the cusp of that competitive transition. GLP-1s are a class of drug that were historically used to treat type 2 diabetes and have been approved since 2005. The drug helps the body regulate insulin levels, reduce blood glucose levels, and releases a hormone that stimulates the feeling of fullness. In addition to being effective as a type 2 diabetes treatment, recent iterations of GLP-1s have shown to be highly effective in treating obesity. Studies across leading GLP-1s indicate patients lose 15 to 20 percent of their body weight on average. The drugs are generally tolerable and bear reasonable risk of significant side effects.

Popularity of these drugs has exploded over the last year as additional clinical data has shown wide-ranging health benefits are being achieved, including but not limited to weight loss, reduced risk of major adverse cardiac events (heart attack, stroke, etc.), a likely reduced need for orthopedic procedures generally, and the potential to reduce the need for other drugs that combat obesity-related issues such as high blood pressure, cholesterol, and many others. Approved indications for the drugs are expanding, oral versions in addition to current injectables are in development, and affordability is likely to improve. Today, less than 1 percent of the overweight adult population is currently taking GLP-1s by our estimation. We do not know exactly how large this drug class will be, but some estimates are as high as 10 percent of the population by 2030. It appears well within the potential range of outcomes that we could be in the early stages of a mass-market category that has the potential to be paradigm-changing for obesity and related health conditions.

As a direct result of this work, we exited holdings that we believe had significant exposure to obesity-linked conditions. This included Smith & Nephew plc (SNN), Zimmer Biomet Holdings, Inc. (ZBH), Globus Medical Inc (GMED), ICU Medical, Inc (ICUI), and Medtronic Plc (MDT) covering osteoarthritis, cardiovascular, diabetes, general surgery, and chronic care, depending on the company. This was not a decision we took lightly; these had been some of our favorite companies and, at various times, top investment ideas. However, dealing with competitive transitions is a normal and recurring part of our Nuance Investment Process, as illustrated above. We judged that going forward, demand for these companies' products was much less certain than it had been throughout all of their past history that we had studied. As such, our ability to reliably estimate future normal return levels, fair value, and trough value was much lower than it had been. When that situation arises, we do not get dug in; we act decisively to improve the portfolio with the goal of having the best possible going-forward investments for our clients. In this case, we were able to transition weight from these investments into new opportunities that we believe are more certain competitively, and in some cases ones that are actual direct beneficiaries of the potential GLP-1s transition, which we will discuss in our 2024 outlook.

2024 Outlook[2]

We will start our 2024 outlook with two of our primary destinations for the funds generated from the GLP-1-related sales. The first comes in the Life Sciences Tools & Services sub-industry within Health Care. In the quarter, we initiated positions in QIAGEN NV (QGEN), Illumina, Inc. (ILMN), Thermo Fisher Scientific Inc. (TMO), and Waters Corporation (WAT). These are companies that make highly advanced analytical equipment and associated supplies, which are sold primarily into research labs, diagnostic labs and pharmaceutical manufacturing. As a group, these are amongst the highest quality members of our Nuance Approved List, in our opinion.

WAT is a leader in liquid chromatography, mass spectrometry, and thermal analysis products used primarily in quality assurance and quality control testing. Market share in this business is extremely stable, particularly once you are specified into a pharmaceutical manufacturing line. We believe WAT is under-earning today due to having around 20 percent of their revenues coming from biotech customers. Biotech funding went through a peak in 2021 due to low interest rates, robust research budgets, and freely available capital. Biotech funding has since been cut in half from those levels and now stands below normal, which is causing under-earning at WAT. In our view, today's expected earnings per share of $11.75 does not reflect the company's mid-cycle earnings potential, which we have at closer to $14.00 per share. Also importantly, WAT products are used in manufacturing of both leading GLP-1s, which should or could be a nice tailwind to growth for years to come. It should be noted that GLP-1 growth is not necessary for the stock to succeed, but should it manifest in the way we believe, there could be even more upside than our initial work suggests.

ILMN is a global leader in advanced gene sequencing equipment with a dominant market share position for approaching two decades. Their products are used primarily in research labs and in clinical diagnostics. We believe there is a long-term tailwind to demand in clinical diagnostics as the use of genetic testing for cancer screening, hereditary disease, and reproductive health is expanding. We believe the company is under-earning today due to the same biotech funding cycle impacting WAT. Additionally, the company is in the process of divesting money-losing cancer diagnostics company GRAIL, a subsidiary that has been a drag on company profitability. We believe GRAIL is an attractive asset, as the leader in the nascent field of Multi-Cancer Early Detection, but it does not fit with the company's core business nor strategic priorities at this time. Once GRAIL is divested, our analysis suggests ILMN will have a net cash balance sheet. In 2021, ILMN traded to above $500 per share. Since then, as the company dealt with regulatory scrutiny related to their 2021 purchase of GRAIL and the biotech funding cycle turning against them, the stock has plummeted, trading down more than 80 percent from peak to trough. We recently took advantage of the opportunity to initiate a position after the period of sharp under-performance at a valuation multiple of approximately 15 times our estimate of normalized earnings. We would also note that within the Health Care sector, in addition to this newer opportunity in Life Science Tools & Services, we added to our investments in dental companies, led by Dentsply Sirona, Inc. (XRAY), which we wrote about last quarter and which remains a top idea.

The second primary destination of funds was U.K.-based water utilities. United Utilities Group, PLC (UUGRY) is one of three publicly traded water utility companies in the U.K., providing water and wastewater services to residents and businesses in the Northwest region of England. UUGRY is a regulated natural monopoly with 100 percent market share in its jurisdiction and provides essential services to its customers with a best-in-class balance sheet compared to peers. The company is expected to earn around $1.30 per share in 2024 per Wall Street consensus estimates, and we believe it is under-earning its long-term potential. The first source of under-earning, in our opinion, stems from a decade-long period of the lowest interest rates observed in over 300 years of recorded U.K. interest rate history. The allowed level of base return on equity (ROE) granted to U.K. water utilities is determined by a national regulatory body every five years and uses prevailing interest rates as a key determining input. UUGRY is currently earning a base ROE which was determined during this period of ultra-low interest rates and became effective April 2020. With U.K. interest rates rising to more historically normal levels since the last determination, we anticipate a more normal base ROE allowance for U.K. water utilities which will be finalized during the next price review in December 2024. We believe the second source of under-earning is a result of regulatory lag, which is the difference between the time when a utility's costs increase and when it is allowed to raise customer rates to offset the costs. UUGRY has experienced significant cost inflation within a variety of operating expense items including chemicals, power, and labor. This has led to temporary margin pressure which we expect to normalize over the coming years as costs are recovered through the allowance of higher customer rates. In addition to the under-earning discussed above, we believe the U.K. water industry is on the cusp of an inflection in investment spending. The past few decades of U.K. water regulation have been characterized by the prioritization of low customer bills at the expense of investment in U.K. water infrastructure assets. This underinvestment has resulted in leakage, sewerage overflows, and a variety of environmental issues that can be addressed with higher investment spending from UUGRY and others, which we believe will provide a steady long-term tailwind for investment and associated rate and earnings growth. At year end, UUGRY was trading at $27.45 per ADR share which equates to roughly 13.0 times our internal estimate of normalized earnings. UUGRY trades at a substantial discount to both its own history and U.S. peers and offers a compelling risk reward opportunity, in our opinion.

In closing, we want to emphasize the opportunity we believe today's market is providing for us and our investors in Nuance Concentrated Value. As we have noted above, Value (as a style of investing) has historically beaten Growth (as a style of investing), and we have shown that we have historically beaten our value benchmarks. We have rarely been faced with a multi-year period of the highest-risk areas of the market outperforming, and our Nuance Concentrated

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Value strategy has underperformed our Value benchmark over this period, but that can lead to what we view as historical valuation discrepancies and risk reward opportunities for us to capitalize on.

As always, we continue to optimize the risk reward of your portfolio using our time-tested Nuance process. This Nuance process places a significant emphasis on determining if a company has leading and sustainable market share positions across the vast majority of its businesses, can deliver above-average returns on capital versus peers over a business cycle, and has a strong financial position versus its peers over time as well. Once we have studied and understood those characteristics, we prepare our own proprietary financial statements for each business, attempting to normalize the financial statements of our potential investment to a state of normalcy or to what we think of as a mid-business cycle state. With those financial statements created, we then study historical valuation data to ascertain a fair value and downside value for each of the leading businesses that we believe have the traits of a successful investment. At that stage, 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. This overall process is designed to buy clients better than average companies, but only when we believe they have both less downside risk and more upside potential than the market set of opportunities.

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

Thank you for your continued confidence and support.

Scott A. Moore

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GIPS® Disclosures

	Gross of Fees Return	Net of Fees Return	Benchmark Return (RAV Index)	Benchmark Return (SPX Index)	Composite Dispersion (Full Period)	Number of Separate Accounts (End of Period)	Total Composite Assets (End of Period)	Total Firm Assets (End of Period)	% of Non-Fee paying accounts	3 Year Annualized Standard Deviation (Composite Gross)	3 Year Annualized Standard Deviation (RAV Index)	3 Year Annualized Standard Deviation (SPX Index)
YTD 2008 (11/13/08-12/31/08)	4.47	4.47	0.37	(0.47)	-	7	$9,126,951	$18,657,997	4.6%	-	-	-
2009	42.24	41.70	19.76	26.46	1.2	79	$87,342,803	$137,943,058	0.6%	-	-	-
2010	18.79	18.13	16.23	15.06	0.3	145	$119,543,453	$181,201,036	0.5%	-	-	-
2011	6.85	6.29	(0.10)	2.11	0.5	181	$96,831,359	$152,976,943	1.1%	16.1	21.3	19.0
2012	18.41	17.79	17.55	16.00	0.2	259	$154,693,966	$214,936,666	1.0%	13.1	16.0	15.3
2013	35.33	34.45	32.69	32.39	0.7	411	$418,085,862	$507,569,897	0.4%	12.2	13.1	12.1
2014	8.88	8.07	12.70	13.69	0.2	581	$886,246,169	$1,071,186,382	0.2%	10.4	9.5	9.1
2015	(1.28)	(1.98)	(4.13)	1.38	0.2	607	$715,577,980	$913,545,839	0.1%	11.4	10.9	10.6
2016	20.49	19.70	18.40	11.96	0.1	694	$937,752,729	$1,466,221,847	0.1%	11.1	11.1	10.7
2017	12.11	11.29	13.19	21.83	0.1	726	$1,011,853,027	$1,784,338,191	0.0%	10.1	10.5	10.1
2018	(3.82)	(4.55)	(8.58)	(4.38)	0.2	588	$689,752,219	$1,724,795,756	0.0%	9.4	11.2	11.0
2019	28.92	28.00	26.26	31.49	0.1	522	$795,289,051	$3,486,104,071	0.0%	9.1	12.2	12.1
2020	4.25	3.48	2.87	18.40	0.2	539	$834,339,154	$5,948,860,811	0.0%	14.5	20.2	18.8
2021	10.80	9.99	25.37	28.71	0.1	458	$798,174,233	$6,660,123,316	0.0%	14.1	19.6	17.4
2022	(3.86)	(4.55)	(7.98)	(18.11)	0.2	452	$580,736,892	$5,575,739,313	0.0%	15.6	21.8	21.2
YTD 2023 As of: 12/31/2023	11.09	10.33	11.66	26.29	0.2	389	$475,591,432	$4,999,890,906	0.1%	14.7	16.9	17.5

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.

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 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. 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 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 a Significant Security and 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.

Our Core offerings are the Nuance Mid Cap Value Strategy, the Nuance Concentrated Value Strategy and the Nuance Concentrated Value Long-Short Strategy. For more information regarding our Composite list and descriptions and policies for valuing investments, calculating performance, and preparing GIPS® reports, or to obtain a report, please contact client.services@nuanceinvestments.com or 816-743-7080.

Important Disclosures

Nuance Investments, LLC (the "Firm") is a Registered Investment Adviser. The Firm's Nuance Concentrated Value Composite (the "Composite") is a composite of actual accounts invested in the Nuance Concentrated Value investment strategy. The creation and inception date for the Composite is 11/13/08. 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. 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 Composite is the Russell 3000® Value Index. The Russell 3000® Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000® companies with lower price-to-book ratios and lower forecasted growth values. The secondary benchmark 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 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. 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 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. A full schedule of fees for all Firm products is available upon request.

(1) The Nuance Concentrated Value Composite is an all-capitalization value investment product and consists of separately managed accounts in the Nuance Concentrated Value strategy. Rankings and peer group comparisons are created internally on a quarterly basis 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. The peer groups consist of mutual funds within the stated category with performance history available from the Composite 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 funds with monthly net return data from December 2008 to the displayed date. Prior to December 2020, Nuance utilized Zephyr and eVestment for peer group data. For additional performance periods, please visit: https://nuanceinvestments.com/peer-group-disclosures/. *Additional Information*: Portfolio composition will vary over time and may change without notice. Over the product life, the Nuance Concentrated Value Separate Account Product has been classified by Morningstar in the following categories: Large Value and 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 groups due to the limited availability of separate account data. The Nuance Concentrated Value Composite is compared to various fund peer groups as defined by investment style and constructed in a manner that is similar to the guidelines and classifications of the third party category groups to which it is compared. However, fund category groups differ from separate account category 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-concentrated-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. A complete description of Lipper's fund classification methodology can be found at https://lipperalpha.refinitiv.com. 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.

(2) Index statistics are provided by FactSet. The following 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 Tangible Assets (net income divided by tangible assets), Return on Assets (net income divided by total assets), P/E (price of a company's stock relative to its earnings per share). Characteristics for P/E and Dividend Yield 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). ROTA and ROA characteristics for the benchmark use FactSet net recurrent earnings (T12M). The weighted average ROTA and ROA number for both the portfolio and the benchmark is displayed. Characteristics calculations use holdings at market close on the stated date, including cash and 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.

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 12/31/2023 composite weights of names discussed are as follows: ARE (0.0%), AVO (1.8%), BAX (0.0%), BDRFY (0.0%), CALM (2.0%), CLX (2.8%), CVGW (0.0%), DBD (0.0%), DGX (1.5%), EG (0.0%), GMED (0.0%), HENKY (8.8%), HR (3.4%), HSIC (1.8%), ICUI (0.0%), ILMN (1.8%), KMB (6.0%), KODK (0.0%), MDT (0.0%), MMM (10.8%), MWA (3.4%), NTRS (4.7%), NVST (1.5%), NYT (0.0%), PEAK (1.3%), PRNDY (0.0%), QGEN (1.5%), SNN (0.0%), TGT (1.2%), TMO (1.5%), UHS (0.0%), UUGRY (5.2%), WAT (2.5%), WERN (1.5%), XRAY (9.2%), and ZBH (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. Beta measures volatility as compared to that of the overall market. The Market's beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile.

Past Performance is not a guarantee of future results. 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, and it may underperform the market. Please contact client.services@nuanceinvestments.com to request a copy of the Firm's Disclosure Brochure for more information.