



Value. Delivered.

# Nuance Investments, LLC

## Semi-Annual Call: Nuance Concentrated Value

Scott Moore, CFA  
President & Co-Chief Investment Officer

# Agenda

- Firm Overview
- Team Update
- Process Summary
- 2023 Review
- 2024 Outlook
- Conclusion
- Q&A

# Nuance Investments

- Nuance Investments, LLC (Nuance) is a boutique classic value investment firm headquartered in Kansas City, Missouri.
- From its seed capital in 2008 of \$30 million, the firm today has approximately \$6.2 billion in strategies managed by our investment team.
- Nuance is 100% employee owned.

Strategy	Inception	Current Assets <sup>1</sup>
Nuance Concentrated Value	2008	\$500 million
Nuance Mid Cap Value	2008	\$5.5 billion
Nuance Concentrated Value Long-Short	2015	\$130 million
Other		\$30 million
<b>Nuance Strategies</b>		<b>\$6.2 billion</b>

- Nuance Strategies are capacity constrained to position Nuance for future return potential.<sup>2</sup>
- The goal of the firm is to provide clients with strategies that can sustain leading risk-adjusted returns over the long term.

<sup>1</sup> Assets include discretionary assets and assets under advisement. Assets under advisement represent UMA assets, for which we have no discretionary authority nor responsibility for arranging or effecting the purchase or sale of securities. A portion of the UMA assets are reported on a delayed basis based on platform limitations. Inclusion of these assets may make our total asset number different from assets under management reported elsewhere. <sup>2</sup> Our current total capacity for all products – based on current liquidity estimates – is any amount less than \$9.0 billion. We will manage our capacity based on these internal estimates.



# Nuance's Investment Team

## President & Co-Chief Investment Officer



**Scott Moore, CFA**

Scott.Moore@nuanceinvestments.com

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

## Vice President & Co-Chief Investment Officer



**Chad Baumler, CFA**

Chad.Baumler@nuanceinvestments.com

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

## Vice President & Portfolio Manager



**Darren Schryer, CFA, CPA**

Darren.Schryer@nuanceinvestments.com

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

## Vice President & Portfolio Manager



**Jack Meurer, CFA**

Jack.Meurer@nuanceinvestments.com

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

## Vice President & Senior Investment Analyst



**D. Adam West, CFA**

Adam.West@nuanceinvestments.com

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

## Investment Analyst



**Aditya Narvekar, CFA**

Aditya.Narvekar@nuanceinvestments.com

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

# Nuance's Investment Philosophy and Process

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



# Nuance Concentrated Value Review

**Nuance Concentrated Value** November 13, 2008 - December 31, 2023

	YTD 2023	1 Year	3 Year APR	5 Year APR	7 Year APR	10 Year APR	15 Year APR	Since Inception APR	Since Inception TR
Nuance Concentrated Value Composite (Gross)	11.09	11.09	5.77	9.72	8.01	8.30	13.20	13.40	571.25
Nuance Concentrated Value Composite (Net)	10.33	10.33	5.02	8.93	7.22	7.52	12.45	12.66	508.10
Russell 3000® Value Index	11.66	11.66	8.81	10.84	8.15	8.27	11.02	10.95	382.14
S&P 500® Index	26.29	26.29	10.00	15.68	13.41	12.03	13.96	13.80	607.47
Win Rate vs Russell 3000® Value Index (rolling periods)	-	-	58%	60%	59%	58%	100%	-	-
Rolling Periods of Outperformance/Number of Rolling Periods	-	-	84 / 146	73 / 122	58 / 98	36 / 62	2 / 2	-	-

	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	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

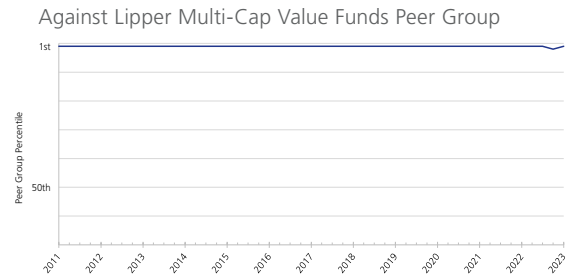
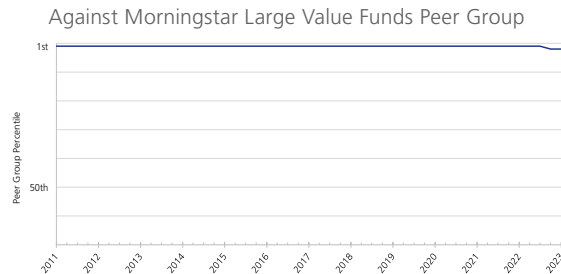
Commencement of the Nuance Concentrated Value Composite was 11/13/08. Return figures for the Nuance Concentrated Value Composite are provided by Clearwater Analytics. Actual account returns may be higher or lower than the Composite returns due to differences in portfolio holdings, timing of security transactions, and account inception date. The primary benchmark for the Nuance Concentrated Value Composite is the Russell 3000® Value Index. The secondary benchmark is the S&P 500® TR Index. Return figures for all indices are provided by FactSet. Investors cannot invest directly in any index. Returns for periods greater than a year have been annualized. Rolling periods are calculated on a monthly basis beginning the first full month of performance. Winning periods are defined as outperforming the primary benchmark on a net of fee return basis. For methodology and performance data please contact client. [services@nuanceinvestments.com](mailto:services@nuanceinvestments.com).

# Nuance Concentrated Value Review

**Nuance Concentrated Value** November 30, 2008 - December 31, 2023

	Since Inception APR	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
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)

**Historical Sharpe Ratio Percentile** December 31, 2011 - December 31, 2023



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.

# 2023 Nuance Concentrated Value Review

## Overall Performance through December 31, 2023

- Nuance Concentrated Value returned 10.33 percent (net of fees) versus the Russell 3000® Value Index return of 11.66 percent and the S&P 500® Index return of 26.29 percent.
- Since Inception (11/13/08) on an annualized basis, Nuance Concentrated Value has returned 12.66 percent (net of fees) compared to the Russell 3000® Value Index return of 10.95 percent and the S&P 500® Index of 13.80 percent.
- Since Inception (11/13/08) on an annualized basis, Nuance Concentrated Value has a standard deviation of 13.27 percent (net of fees) compared to the Russell 3000® Value Index at 16.22 percent and the S&P 500® Index of 15.30 percent.
- Including the stub year in 2008, Nuance Concentrated Value has now outperformed its primary benchmark 12 out of the 16 years it has been in existence.

## Positive Attribution

- Health Care: Dentsply Sirona, Inc. (XRAY) and Waters Corporation (WAT)
- Utilities: United Utilities Group PLC (UUGRY)
- Consumer Staples: Beiersdorf AG (BDRFY), Henkel AG & Co. (HENKY) and Clorox Company (CLX)
- Underweight: Energy
- Materials: AptarGroup, Inc (ATR)

## Negative Attribution

- Real Estate: Healthcare Realty Trust Incorporated (HR) and Healthpeak Properties, Inc. (PEAK)
- Industrials: 3M Company (MMM)
- Financials: Northern Trust Corporation (NTRS)
- Underweight: Communication Services, Information Technology and Consumer Discretionary
- Cash

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](mailto:client.services@nuanceinvestments.com).

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# 2024 Nuance Concentrated Value Outlook

## Investment Environment

- Higher Risk (higher beta) has now beaten Lower Risk (lower and mid-level beta) three of the last four years
- Growth in favor over Value
- Narrow market (magnificent seven)
- Higher interest rates are creating potential opportunities
- Capital spending peaks are beginning to create some early under-earnings in cyclical areas of the economy

## Portfolio Positioning

- Our overall portfolio price to earnings ratio, based on normal earnings, is 13.2x versus our universe of 24-25x (as of 12/31/23)
- Health Care: Life Sciences Tools & Services - QIAGEN NV (QGEN), Illumina, Inc. (ILMN), Thermo Fisher Scientific Inc. (TMO), and Waters Corporation (WAT)
- United Kingdom (U.K.) Water Utilities: United Utilities Group, PLC (UUGRY) and Penmon Group Plc (PEGRY)
- Industrials: 3M Company (MMM) and Mueller Water Products, Inc. (MWA)
- Consumer Staples: Henkel AG & Co. (HENKY), Kimberly-Clark Corp. (KMB), and Cal-Maine Foods, Inc. (CALM)

## Market Risks

- Higher risk stocks leading the market three out of four years despite long-term history
- Valuation generally is higher than history
- Leverage is improving but still higher than history across the Non-Financial and Non-Utilities sectors of the economy
- Competitive Transition Risks: Fossil fuel companies within the Energy sector, certain Consumer Cyclical sector names, GLP-1 related companies in the broad Health Care sector, and certain packaged food companies within the Consumer Staples sector

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](mailto:client.services@nuanceinvestments.com).

# Why Nuance?

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

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# Disclaimer and Notes

## Not An Offer or Inducement

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

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## Fees and Related

The full fee schedule for all Nuance products is available upon request. It should be noted that the collection of fees produces a compounding effect on the total rate of return net of management fees. Fees for separate accounts in Nuance Concentrated Value generally are 0.95% for assets under \$25 million, 0.90% for assets under management between \$25-50 million, 0.85% for assets under management between \$50-75 million, 0.80% for assets under management between \$75-100 million, and 0.75% for assets greater than \$100 million. Incentive fee structures and performance-based fee structures are available for qualified clients and are negotiated individually. Nuance reserves the right to modify fee structures on an account by account basis at its discretion. In instances where Nuance has multiple accounts under a firm relationship, Nuance typically calculates the amount of assets under management for the purpose of determining the applicable fee breakpoint by including all month-end assets (mutual fund and separate account) under that relationship. In calculating mutual fund assets for the purposes of breakpoint aggregation, Nuance utilizes a third-party provider or adviser data to obtain shareholder specific information associated with the firm relationship and aggregation is subject to the limitations and availability of such data. Gross of fee performance returns are presented before management fees but after all trading expenses that may occur. No other fees or expenses are deducted for gross of fee performance. Net of fee performance returns are presented after actual standard management fees, performance-based management fees and all trading expenses that may occur. No other fees are deducted aside from trading and management fees for the calculation of net of fee performance. Valuations are net of all applicable withholding taxes. Portfolios are valued in accordance with GIPS® Valuation Principles. More information regarding standard investment management fees and the calculation of performance-based investment management fees is available upon request.

## Additional Notes and Disclosures

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

The Nuance 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

# Disclaimer and Notes Continued

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.

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: ATR (0.0%), BDRFY (0.0%), CALM (2.0%), CLX (2.8%), HENKY (8.8%), HR (3.4%), ILMN (1.8%), KMB (6.0%), MMM (10.8%), MWA (3.4%), NTRS (4.7%), PEAK (1.3%), PEGRY (4.1%), QGEN (1.5%), TMO (1.5%), UUGRY (5.2%), WAT (2.5%), and XRAY (9.2%). 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](mailto:client.services@nuanceinvestments.com) to request a copy of the Firm's Disclosure Brochure for more information.

# GIPS® Compliance Disclosures

## Nuance Concentrated Value Composite

	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.

### Fees and Returns:

Nuance is an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary separate accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance returns and assets. Performance results include the reinvestment of income, and are presented both net and gross of management fees and gross of foreign withholding taxes. Both gross and net of fee returns are reduced by trading expenses that may occur. Net of fee performance returns are presented after actual standard management fees, performance-based management fees, and all trading expenses that may occur. No other fees are deducted aside from trading and management fees for the calculation of net of fee performance. The full fee schedule for all Nuance products is available upon request. It should be noted that the collection of fees produces a compounding effect on the total rate of return net of management fees. Fees for separate accounts in Nuance Concentrated Value generally are 0.95% for assets under \$25 million, 0.90%

# GIPS® Compliance Disclosures Continued

for assets under management between \$25-50 million, 0.85% for assets under management between \$50-75 million, 0.80% for assets under management between \$75-100 million, and 0.75% for assets greater than \$100 million. Nuance reserves the right to modify fee structures on an account by account basis at its discretion. Incentive fee structures and performance-based fee structures are available for qualified clients and are negotiated individually. In instances where Nuance has multiple accounts under a firm relationship, Nuance typically calculates the amount of assets under management for the purpose of determining the applicable fee breakpoint by including all month-end assets (mutual fund and separate account) under that relationship. In calculating mutual fund assets for the purposes of breakpoint aggregation, Nuance utilizes a third-party provider or adviser data to obtain shareholder specific information associated with the firm relationship and aggregation is subject to the limitations and availability of such data.

## Definition of the Firm

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

**Strategy:** Our Core offerings are the Nuance Mid Cap Value Strategy, the Nuance Concentrated Value Strategy and the Nuance Concentrated Value Long-Short Strategy. The Nuance Concentrated Value Composite consists of separately managed accounts and pooled investment funds (portfolios) in the Nuance Concentrated Value strategy. The composite was created and inceptioned on November 13, 2008. Nuance Concentrated Value seeks to achieve long-term capital appreciation by investing primarily in equity securities of companies organized in the United States that the Investment Management Team believes are high quality, though temporarily out of favor. The Investment Management Team will invest primarily in the equity securities of U. S. companies. The portfolio may invest up to 25% of its assets in equity securities of foreign companies in countries classified as developed by MSCI. Nuance utilizes FactSet's country assignments for individual companies. 50% of the portfolio assets will generally not have positions of greater than 5%. The portfolio generally will not exceed a 25% weighting in Cash. Each security position will not be greater than 15% of the market value of the portfolio. The portfolio will not exceed a 25% weighting in one industry as defined by GICS® classification standards (GICS®). A typical portfolio will hold between 15 and 35 companies. This is not a fundamental diversification limit. There is no minimum separate account asset level necessary for inclusion in the composite.

**Benchmark:** For comparison purposes, the composite is measured against the Russell 3000® Value Index as the primary index. The Russell 3000® Value Index measures the performance of The secondary benchmark is the S&P 500® TR Index.

**Dispersion:** Dispersion is calculated from gross of fee returns using an equal-weighted standard deviation methodology. Only those accounts included for the full calculation period are part of the dispersion calculation. The 3-year annualized standard deviation value is calculated using 36 consecutive monthly gross of fee returns to the end calculation period. Prior to January 1, 2017, dispersion was calculated using an asset-weighted methodology. The calculation methodology was updated based on a new performance system dispersion calculation.

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