Nuance Concentrated Value Long-Short Fund

First Quarter 2024

Investment Objective

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

Portfolio Constraints

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

Fund Details

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

Process Overview

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

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

Portfolio Managers

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

Name	Title	Experience
Scott Moore, CFA	President & Co-CIO	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

Performance as of March 31, 2024

As of 3/31/2024 Inception Date 12/31/15	Since Inception Return	7 Year	5 Year	3 Year	1 Year	YTD 2024	QTD	Gross Expense Ratio	Net Expense Ratio
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	1.28	-0.72	-1.89	-5.43	-12.21	-10.06	-10.06	3.25%	-
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	0.99	-0.97	-2.15	-5.65	-12.44	-10.17	-10.17	3.51%	-
S&P 500® Index	14.19	14.09	15.05	11.49	29.88	10.56	10.56		
Morningstar Long/Short Equity	5.13	5.33	6.25	4.94	15.63	6.99	6.99		

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-855-682-6233. The Fund has contractually agreed to reduce its management fees, and may reimburse the Fund for its operating expenses, in order to ensure that Total Annual Fund Operating Expenses (Excluding acquired fund fees and expenses, leverage, interest, dividend and interest expense on short sales, taxes, brokerage commissions, and extraordinary expenses) do not exceed **1.55%** of the average daily net assets of the Investor Class and **1.30%** of the average daily net assets of the Institutional Class through at least 8/28/2024. Returns for periods greater than a year have been annualized.

General Market Commentary

	6/30/22	9/30/22	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23	3/31/24
Cash	9.8%	6.2%	7.7%	6.6%	8.6%	2.2%	1.2%	6.5%
Long Equities	90.2%	93.8%	92.3%	93.4%	91.4%	97.8%	98.8%	93.5%
Short Equities	75.1%	86.3%	89.2%	87.5%	90.6%	88.1%	80.8%	81.2%
Gross Exposure	165.3%	180.1%	181.5%	180.9%	182.0%	186.0%	179.6%	174.8%
Net Exposure	15.1%	7.6%	3.2%	5.8%	0.9%	9.7%	17.9%	12.3%

At the end of the first quarter of 2024, the Investment Team continued to find interesting risk rewards for both sides of the Fund's investment portfolio. As of March 31, 2024, the median company in the Nuance proprietary long universe, which consists of companies we view as sub-industry leaders, was trading at just under a 20 percent premium to what we would consider fair value. Furthermore, from a downside perspective, according to our company-by-company valuation work the same universe had roughly 60 percent downside potential.

As shown in the table above, the portfolio ended the first quarter with a net 12.3 percent long equity exposure. On the long side of the portfolio, the Investment Team continues to find what we consider to be compelling investment ideas at inexpensive valuations, including investments in the Household Products, Industrial Conglomerates, Water Utilities, Health Care Supplies, and Life Sciences Tools & Services sub-industries. On the short side of the portfolio, we continue to identify attractive short investment opportunities across a variety of sub-industries. As of March 31, 2024, we held short investments in 29 different sub-industries with larger short weightings in the Property & Casualty Insurance, Environmental & Facilities Services, Oil & Gas Refining & Marketing, Automotive Retail, and Building Products sub-industries.

Nuance Perspectives

The first quarter of 2024 was challenging for our Nuance Concentrated Value Long-Short strategy. With our primary benchmark, the S&P 500® Index, up 10.56 percent for the quarter as a backdrop, our short portfolio generated a negative absolute return and was up more than the market as a whole, and our long portfolio was around breakeven from an absolute return perspective. This is a tough combination for a long-short portfolio, resulting in an Institutional share class return of (10.06) percent for the quarter. One of the primary reasons for this large performance differential versus the benchmark is, simply put, that some of our largest short positions were up double-digit percentages for the period while some of our largest long positions were flat to down for the period.

On the short side of the portfolio, a few of the larger detractors included Marathon Petroleum Corporation (MPC) and Progressive Corporation (PGR), both positions we've discussed in prior commentaries and calls, and both shorts we believe still look attractive today. In the case of MPC, as the largest oil and gas refining company in the United States (U.S.), it continues to benefit from elevated refining margins due to both supply bottlenecks in Europe and the U.S. and an industrial demand cycle in the U.S. that has caused elevated demand and lower than normal inventories for diesel. Current earnings estimates for MPC in 2024 equate to a roughly 26 percent return on equity (ROE) compared to longer-term average ROE's in the mid-teens, which has propelled the stock to rich valuation levels compared to its history, in our opinion. We continue to believe the current level of ROE and earnings power will prove unsustainably high and will be competed away, as it has in the past, and that MPC is over-valued at more than 25.0 times our estimate of normalized earnings. PGR is the nation's second largest auto insurer and has benefited from the large auto insurance price increases that have been passed on to consumers over the last few years. This business momentum continued during the first quarter of 2024 and pushed PGR's stock to a new all-time high price to tangible book value multiple. Current 2024 consensus earnings estimates for PGR imply an ROE of around 28 percent, a level that appears elevated when compared to PGR's own history and the history of other auto insurers. This magnitude of ROE has only been observed during two other timeframes during the last 20 years, and both times it has proved to be transitory, according to our research. Our team has covered property and casualty insurance for many years, and we believe the odds that this elevated level of ROE can be sustained as a new normal are low, which makes PGR's current price to tangible book value multiple in excess of 5.5 times appear vulnerable to a correction, in our opinion.

On the long side of the portfolio, two of the top portfolio weights during the quarter included 3M Company (MMM) and Dentsply Sirona, Inc. (XRAY). Both had negative absolute returns for the period, but we maintain our conviction. MMM was our largest long position in the portfolio with an average 11.1 percent weighting during the quarter. MMM is a leading industrial conglomerate that was trading at roughly 11.5 times our estimate of normalized earnings at the end of the quarter. During the first quarter, MMM guided full year 2024 sales growth in the low single digits which disappointed investors and caused the stock to underperform. From our perspective, we believe the company will likely continue to grow with the economy over the medium to long term, as it has over multiple economic cycles, and we still believe the company is under-earning its long-term potential and is meaningfully undervalued. With its upcoming healthcare company spin-off scheduled for April 1, 2024, which should highlight the sum of the parts value of the stock, and its environmental liabilities de-risked over the last year from our perspective, we like MMM's current risk reward for our clients' portfolios. XRAY was also a top five holding during the quarter and averaged a 9.0 percent weighting. XRAY is a leading manufacturer of high-end dental equipment and consumables that was trading at roughly 14.5 times our estimate of normalized earnings as of March 31, 2024. During the first quarter, XRAY reported earnings and disclosed a somewhat weaker than expected equipment sales forecast for 2024 and the need to reinvest modestly more than expected in 2024 into additional sales reps, dentist education, and an ERP system project in order to achieve its long-term profitability targets. As is often the case, it appears the market is more focused on short-term results versus long-term normalized earnings and valuation, two of the primary tenets of the Nuance Investment Process. While these two items might end up pushing out the achievement of our normalized earnings estimates, we remain convinced that our investment in a leading member of the dental value chain at a discounted valuation is a good risk reward for our clients.

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

As always, we try to use the volatility that the market gives us to our clients' advantage by upgrading the risk rewards and/or quality in our portfolios. This is done when the portfolios are outperforming but also when they have underperformed like in this most recent quarter. In the short portfolio, notable sector changes included a decrease in our Real Estate sector short weighting. In general, yield-oriented investments fared poorly during the quarter, likely due to a changing outlook for interest rates, which benefited our short positions in real estate investment trusts (REITs) and prompted several short covers based on deteriorated risk rewards from a short seller's perspective. The Consumer Staples sector also saw a decrease in its aggregate short weighting driven by the covering of several of our short positions, including General Mills, Inc. (GIS) which we wrote about in our second quarter 2023 commentary and PepsiCo, Inc (PEP). Double-digit price increases taken by both companies over the last year caused volumes to inflect lower than expected and disappointed investors. We increased our short weighting in the Financials sector, including adding to our short position in Arch Capital Group Ltd. (ACGL), a large property and casualty (P&C) reinsurer that is trading near an all-time high price to tangible book value multiple of around 2.0 times, and taking our short position in Allstate Corporation (ALL) to a 3.8 percent model weight, as it's also trading at an all-time high price to tangible book value of near 3.0 times. We believe both companies are currently benefiting from sizable insurance policy price increases, which have caused earnings power, ROE's, and valuation multiples to expand to levels that we believe are unsustainable. Lastly, our short weighting in the Consumer Discretionary sector increased as we added to our short positions in homebuilders D.R. Horton, Inc. (DHI) and Lennar Corporation Class A (LEN), which both appreciated meaningfully in the quarter.

Within the long portfolio, some of the larger sector weighting changes during the quarter included a decrease in our Financials sector weight, where we exited our investment in leading commercial P&C insurer Travelers Companies, Inc. as its earnings power had fully recovered to our view of normal, and the stock achieved our internal estimate of fair value. Additionally, as mentioned above, during this quarter, yield-oriented investments including the Utilities and Real Estate sectors underperformed the market. This allowed us to upgrade portfolio quality through a series of tax loss swaps out of some of the weighting in our REIT investments into a few of our favorite, high-quality water utilities with similar risk rewards, including California Water Service Group (CWT) and American Water Works Company, Inc (AWK). Lastly, we continued to add to our Health Care sector weighting during the quarter, including building our position in leading life science tools company Qiagen, NV (QGEN), which we discuss below as our featured investment.

Featured Investment[1]

Long Qiagen NV (QGEN): QGEN is a leading global provider of molecular research and testing solutions used in life science research and molecular diagnostics. The company provides consumable products and testing instruments to more than 500,000 biotech companies, pharmaceutical companies, healthcare providers, and research institutes around the world. QGEN's products are required to prepare biological samples to both study and diagnose diseases and research and develop new treatments. QGEN holds number one market share positions in several verticals including an estimated 65 percent market share in core sample preparation kits and an estimated 75 percent market share in blood-based tuberculosis testing. Life science research, development, and diagnostics is an end market that we view favorably as barriers to entry are substantial in our opinion, returns on capital are high and stable, and the total addressable market is expected to grow faster than GDP over the coming cycle. In addition, QGEN has an attractive balance sheet from our perspective, with net debt to normalized earnings before interest, taxes, depreciation, amortization, and rent expense (EBITDAR) of 0.7 times. On an absolute basis, this level of leverage is modest, but when QGEN's relatively stable returns on capital are considered the leverage level looks even better and provides the company capital allocation optionality in the future. When QGEN's leading market share positions in attractive end markets are combined with its modestly levered balance sheet, the Investment Team has concluded QGEN's overall competitive position is very attractive.

QGEN is expected to earn around $2.10 per share this year per Wall Street estimates and the Investment Team believes they are under-earning their long-term potential. The primary reason for the under-earning, in our opinion, is that QGEN's sales are lower than normal due to both a cyclically suppressed funding environment for QGEN's biotech customers and a recent expansion in its production facilities that have yet to reach normal utilization. Biotech funding, a metric that measures capital raised by biotech companies, has been below trend, in our opinion, for the last five or six quarters, following the prior cycle which lasted from 2019 to 2022. Biotech funding is used for a variety of purposes including purchasing equipment and consumables from life science tools companies like QGEN. This depressed funding environment has been one of the factors that have caused QGEN's revenues to be down year-over-year in 2023. Additionally, QGEN is currently generating below normal sales levels due to recent production capacity additions that have yet to be fully utilized. Significant investment in production capabilities has been made over the last few years to supply future anticipated end market growth. QGEN's property, plant and equipment (PPE) stood at $765 million at the end of 2023, including construction in progress (CIP) of $204 million, compared to PPE of $455 million at the end of 2019. This represents a nearly 70 percent increase in PPE that has thus far only generated a roughly 30 percent increase in sales over the same time frame. While this investment in capacity has cost investors' capital in the short term, over the coming few years as the life science tools end markets continue to structurally grow with GDP or faster, these investments should allow QGEN to maintain or even gain market share and generate higher revenues. If revenues were to inflect higher due to one or both reasons mentioned above, then QGEN's tangible asset turnover (sales dividend by total assets less cash and intangibles) which today sits near trough levels of around 1.0 times could move back up to levels in line with longer-term medians of 1.2 times and cause earnings per share to step change higher.

At the end of the quarter QGEN was trading at $42.99 per share or roughly 17.9 times our internal estimate of normalized earnings. This is an attractive valuation level, in our opinion, for a company of QGEN's business quality and modest financial leverage. QGEN has historically traded at an average price-to-earnings (PE) multiple in the low to mid 20.0 times, similar to numerous Life Sciences Tools & Services peers. In addition, QGEN's balance sheet leverage has historically been closer to 1.5 times normalized EBITDAR vs. its current level of roughly half that level of 0.7 times, which makes the current PE multiple even more attractive. If QGEN's earnings per share were to move higher due to the reasons described above and its earnings multiple was to revert to longer-term levels, then we believe attractive upside could be generated by investing in QGEN today. This combination of under-earnings and undervaluation in a high-quality company is exactly what our Investment Team is looking for in a long investment and explains why QGEN is a top holding in the long portfolio.

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

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

The Primary Benchmark for the Fund is the S&P 500® TR Index. The S&P 500® TR Index is a market-value weighted index representing the performance of 500 widely held publicly traded large-capitalization stocks. Individuals cannot invest directly in any index. Indices are used for comparison purposes only and are not meant to be indicative of a portfolio's performance, asset composition, or volatility. The performance of the Fund may differ markedly from that of compared indices due to varying degrees of diversification and/or other facts. Return calculations for the Fund are provided by US Bank. Returns for periods greater than a year have been annualized.

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

Earnings per Share = The amount of Net Income, less any preferred dividends, allocated on a per share basis of common stock. Price to Earnings Ratio = The Price to Earnings ratio measures the price of a company's stock in relation to its earnings per share. Return on Equity (ROE) = Return on Equity measures a company's ability to generate returns on invested capital by dividing the earnings of a company by the company's shareholders' equity. Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 3/31/2024 portfolio weights of names discussed are as follows: ACGL (-1.8%), ALL (-3.7%), AWK (1.0%), CWT (2.7%), DHI (-1.8%), GIS (0.0%), LEN (-1.8%), MMM (11.6%), MPC (-3.8%), PEP (0.0%), PGR (-3.8%), QGEN (3.9%), TRV (0.0%), and XRAY (8.5%). The information presented related to the Nuance investment decision and selection process is intended to be informational in nature, speak to our process and does not represent a recommendation in any specific security or securities. Information not specific to a cited source constitutes the opinion of the Nuance Investment Team and should not be relied upon to make investment decisions. Investors should be aware of the risks associated with data sources including without limitation, fundamental, technical, qualitative and quantitative factors used in our investment process. Errors may exist in data acquired from third party vendors, the development of investment ideas, the analysis of data and the portfolio construction process. While Nuance takes steps to verify information so as to minimize the potential impact of potential errors, we cannot guarantee that errors will not occur.

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

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

Past Performance is not a guarantee of future results.

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

GIPS® Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Nuance has been independently verified for the periods 11/03/08 – 3/31/23 by Absolute Performance Verification. The verification reports are available upon request. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Definition of the Firm

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