Nuance Concentrated Value Composite Perspectives

March 31, 2024

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]

4TH Percentile Sharpe Ratio

Lipper
Category: Multi-Cap Value
Ranking vs. Peers: 6 of 313

Morningstar
Category: Large Value
Ranking vs. Peers: 19 of 574

Morningstar
Category: Mid-Cap Value
Ranking vs. Peers: 2 of 173

Longer Term Performance Update (through March 31, 2024)

Since Inception Return: The return since inception (11/13/2008) through 3/31/2024 is 12.45 percent (annualized and net of fees) versus the Russell 3000® Value Index and S&P 500® Index, which have returned 11.36 percent and 14.30 percent, respectively.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 3/31/2024 is 0.87 (net of fees) versus the Russell 3000® Value Index at 0.64 and the S&P 500® Index at 0.88.

Peer Group Returns through 3/31/2024: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/2008, we ranked 149 out of 574 peer group members (26th percentile) in the Morningstar Large Value Funds universe, 93 out of 173 (54th percentile) in the Morningstar Mid-Cap Value Funds universe, and 86 out of 313 (28th percentile) in the Lipper Multi-Cap Value Funds universe.

Peer Group Risk-Adjusted Return through 3/31/2024: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 19 out of 574 peer group members (4th percentile) in the Morningstar Large Value Funds universe, 2 out of 173 (1st percentile) in the Morningstar Mid-Cap Value Funds universe, and 6 out of 313 (2nd percentile) in the Lipper Multi-Cap Value Funds universe.

Peer Group Analysis 11/30/2008 - 3/31/2024	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	12.96	13.29	0.90
Nuance Concentrated Value Composite (Net)	12.23	13.28	0.85
Morningstar Large Value Funds Peer Group (Median)	11.35	15.84	0.66
Peer Group Percentile and Ranking	26th (149 of 574)	7th (41 of 574)	4th (19 of 574)
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.33	17.73	0.62
Peer Group Percentile and Ranking	54th (93 of 173)	1st (1 of 173)	1st (2 of 173)
Lipper Multi-Cap Value Funds Peer Group (Median)	11.28	16.20	0.63
Peer Group Percentile and Ranking	28th (86 of 313)	3rd (9 of 313)	2nd (6 of 313)

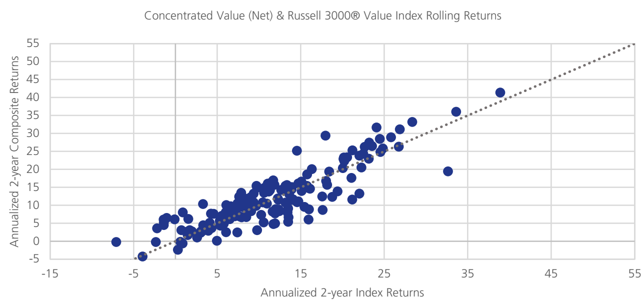
Performance 11/13/2008 - 3/31/2024	APR*	TR*	Standard Deviation*	Sharpe Ratio*	15 Year	10 Year	7 Year	5 Year	3 Year	1 Year	YTD 2024
Nuance Concentrated Value Composite (Gross)	13.18	572.64	13.27	0.92	13.55	7.67	7.60	7.43	4.28	5.83	0.21
Nuance Concentrated Value Composite (Net)	12.45	508.31	13.26	0.87	12.80	6.89	6.82	6.65	3.54	5.10	0.03
Russell 3000® Value Index	11.36	423.70	16.14	0.64	13.03	8.85	8.98	10.17	7.73	20.18	8.62
S&P 500® Index	14.30	682.15	15.22	0.88	15.62	12.95	14.08	15.03	11.48	29.88	10.56

*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 3/31/2024	
11/30/2008 - 3/31/2024	Periods Beating the Index		Composite (%) Annualized Net of Fees	Russell 3000® Value Index (%)
Nuance Concentrated Value Composite	95 / 161	59.0%	2.53	6.08



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 March 31, 2024, the Nuance Concentrated Value Composite two-year rolling return is 2.53 percent (annualized and net of fees) versus the Russell 3000® Value Index and S&P 500® Index which have returned 6.08 percent and 9.46 percent, respectively. Overall, we have outperformed in 95 out of the available 161 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned 0.03 percent (net of fees) versus the Russell 3000® Value Index and the S&P 500® Index, which have returned 8.62 percent and 10.56 percent respectively.

Calendar Year Performance as of 3/31/2024	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD 2024
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	0.21
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	0.03
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	8.62
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	10.56

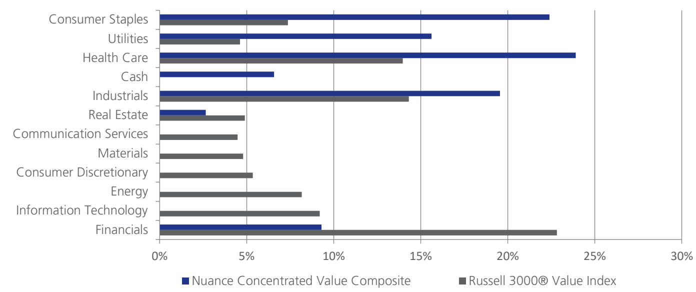
Composition of the Portfolio as of 3/31/2024

Portfolio Characteristics[2]	Nuance Concentrated Value Composite	Russell 3000® Value Index
Weighted Average Market Cap	25.0b	149.7b
Median Market Cap	9.7b	2.2b
Price to Earnings (Normal)*	13.7x	20.9x
Price to Earnings (Ex-Neg Earnings)	-	18.2x
Dividend Yield	2.8%	2.1%
Return on Tangible Assets (Normal)*	10.1%	6.9%
Return on Tangible Assets (Trailing)	6.3%	6.9%
Return on Assets (Normal)*	7.4%	5.4%
Return on Assets (Trailing)	4.6%	5.4%
Active Share vs Russell 3000® Value Index	98%	-
Upside/Downside Capture Ratio vs Russell 3000® Value Index	81% / 69%	-
Number of Securities	35	2,264

* 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 13.7x versus the Russell 3000® Value Index of 20.9x. We are achieving this ratio with a portfolio of companies that have a return on assets of 7.4 percent versus the Russell 3000® Value Index of 5.4 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 3/31/2024



We added to our weight within the Utilities sector during the quarter and have increased our exposure significantly over the past year. Our overweight in the Utilities sector is made up primarily of exposure to the Water Utilities industry as we believe these companies are under-earning our view of their normal returns on capital. 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 reduced our exposure within the Financials sector and are now underweight relative to the Russell 3000® Value Index. Our exposure within the Insurance industry declined most meaningfully as several of our holdings have approached our view of fair value. While we are underweight, we continue to have meaningful exposure within the sector, including the Asset Management & Custody Banks sub-industry. The two largest overweight positions in the portfolio, relative to the benchmark, remain the Consumer Staples and Health Care sectors. 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. Within the Health Care sector, our largest exposure is within the Health Care Supplies and Life Sciences Tools & Services sub-industries. We are seeing several opportunities across the Life Sciences Tools & Services sub-industry as we believe a combination of excess capacity being built out combined with a below normal funding environment for biotechnology has created select opportunities across the sub-industry. We continue to find select risk rewards in the Industrials sector, in our opinion, and we remain overweight the sector. We reduced our exposure in the Real Estate sector as we have found better risk rewards in other parts of the economy, in our view. We are now underweight the sector. We remain underweight in the Information Technology and Materials sectors as we are finding what we view as more attractive risk rewards outside of these sectors. We remain underweight the Energy sector where we believe the sector is facing a multi-year period of competitive transition. Lastly, we continue to be underweight the Consumer Discretionary and Communication Services sectors primarily due to competitive uncertainty and valuation concerns.

Stocks We Added to Your Portfolio (First Quarter 2024):

American Water Works Company, Inc. (AWK): AWK is the largest and most geographically diverse water and wastewater utility company in the United States (U.S.). We believe the company is under-earning normalized levels due to a combination of regulatory lag and a prolonged period of historically low interest rates which have pressured allowed levels of return on equity. Following recent underperformance in the stock, we were able to initiate a position at what we believe to be a favorable risk reward opportunity.

Hologic, Inc. (HOLX): HOLX is a leading manufacturer of diagnostic and surgical equipment and supplies for women's health. We like their exposure to a specialized niche where they are deeply embedded and have a long history as the clear leader. The company is also a leading manufacturer of molecular diagnostics supplies and equipment with a focus on infectious disease. We like that the company has a history of high and stable returns on capital and a strong balance sheet with very little net debt today. Recently, the stock has underperformed as their diagnostic products, which were used extensively in Covid-19 testing, have declined sharply off of a 2021 peak. This afforded us the opportunity to start a position at what we believe to be a favorable risk reward relative to other opportunities.

IDACORP, Inc. (IDA): IDA is an electric utility holding company providing electricity to customers in the greater Boise, Idaho region. IDA obtains a significant portion of its energy from low-cost, renewable hydropower plants and provides an essential service as a regulated natural monopoly to a jurisdiction with among the fastest growing populations in the U.S. We believe the company is under-earning normalized levels due to regulatory lag and a prolonged period of historically low interest rates which have pressured allowed levels of return on equity. Following a period of underperformance in the stock, we have initiated a position in what we view as a best-in-class electric utility company.

McCormick & Company, Incorporated (MKC): MKC is the global leader in herbs and spices under the brand names McCormick®, Lawry's®, and Old Bay®. MKC is also a leading producer of sauces in certain regions, including mustard, marinades, and hot sauces, under the brand names McCormick®, French's®, Frank's RedHot®, and Cholula®. The company is under-earning due to input cost inflation over the past two years that has not been fully offset by price increases, in our opinion. In addition, the company is seeing some sales weakness due to consumers trading down to more inexpensive options. We believe that these are transitory issues that have created an attractive risk reward.

Northrop Grumman Corp. (NOC): NOC is a leading aerospace and defense contractor and a vital supplier to the U.S. Department of Defense (DoD). The company has a long history of disciplined contract bidding, consistent program execution, and has leading capabilities in many long-term U.S. defense priority areas including space, cyber, recapitalization of the nuclear triad, and autonomous systems. We believe the company is underearning primarily due to the under absorption of capacity put in place to support the ramp-up of key defense spending programs awarded to NOC. With the company underearning our estimate of mid-cycle earnings and defense stocks underperforming due to concerns regarding slower DoD spending growth, we have initiated a position in what we view as a best-in-class defense contractor.

SJW Group (SJW): SJW is the second-largest pure-play water utility holding company in the U.S. with operations primarily in California and Connecticut. The company has a regulatory monopoly position and solid long-term tailwinds for growth driven by the replacement of the nation's aging water infrastructure assets, in our opinion. We believe SJW is under-earning normalized levels due to a combination of regulatory lag and a prolonged period of historically low interest rates which have pressured allowed levels of return on equity. After a period of underperformance, we have initiated a position as we believe the risk reward is relatively attractive versus other opportunities.

Stocks We Eliminated from Your Portfolio (First Quarter 2024):

Charles Schwab Corp (SCHW): We have exited our position in SCHW as the company's share price has exceeded our internal estimates of fair value, after a period of outperformance. SCHW remains a high-quality financial services company, in our view, and we will look for opportunities to buy the shares at a more attractive risk reward.

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.

Target Corporation (TGT): TGT is a leading retailer of general merchandise and grocery/consumables in the U.S. and has gained share within the U.S. eCommerce industry in recent years. After a period of relative outperformance, we exited the position as we found what we believe to be better risk reward opportunities elsewhere.

Travelers Companies, Inc. (TRV): TRV is one of the largest commercial property and casualty companies in the U.S. with a number one or number two market share position in a variety of commercial insurance lines. After a period of underearning driven by higher catastrophes, TRV's earnings have recovered and now exceed our normalized estimates. The shares have outperformed and now trade at approximately 15 times our estimate of normalized earnings, which exceeds our fair value. We exited our position as a result, and we will look to invest in TRV in the future at a more attractive valuation.

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

Dear Clients,

For the three months ending March 31, 2024, the Nuance Concentrated Value composite was up 0.03 percent (net of fees) compared to the Russell 3000® Value Index, which was up 8.62 percent, and the S&P 500® Index, which was up 10.56 percent. From our perspective, since-inception performance is the most important barometer of performance, and in the period since inception (November 13, 2008 - March 31, 2024), the Nuance Concentrated Value Composite was up 12.45 percent (annualized and net of fees) compared to the Russell 3000® Value Index, which was up 11.36 percent, and the S&P 500® Index, which was up 14.30 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 first three months of 2024, the Nuance Concentrated Value Composite was up 0.03 percent (net of fees) versus our primary benchmark, the Russell 3000® Value Index, which was up 8.62 percent. If that performance holds for the full calendar year, the Nuance Concentrated Value Composite will have outperformed 12 out of 17 years (including the stub period of 2008).
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 March 31, 2024, we have accomplished this goal, as the Nuance Concentrated Value Composite rose 12.45 percent (annualized and net of fees) between its inception on November 13, 2008 through March 31, 2024 compared to the Russell 3000® Value Index, which rose 11.36 percent. Further, during the same period, the Nuance Concentrated Value Composite had a standard deviation of 13.26 percent (annualized and net of fees), meaningfully lower than the 16.14 percent standard deviation of the Russell 3000® Value Index. As such, our Sharpe Ratio was 0.87 (net of fees) versus the Russell 3000® Value Index's Sharpe Ratio of 0.64.
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 4th percentile Sharpe Ratio metrics versus our peers (see Exhibit 1 below).

Exhibit 1[1]

Peer Group Analysis 11/30/2008 - 3/31/2024	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	12.96	13.29	0.90
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[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.

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 March 31, 2024, the Nuance Concentrated Value Composite was up 12.45 percent (annualized and net of fees) versus the S&P 500® Index, which was up 14.30 percent. Further, the Nuance Concentrated Value Composite had a standard deviation of 13.26 percent (annualized and net of fees) during the same time period, which is lower than the 15.22 percent standard deviation of the S&P 500® Index. As such our Sharpe Ratio was 0.87 versus the S&P 500® Index's Sharpe Ratio of 0.88. Accordingly, we are disappointed our risk-adjusted returns are roughly in-line and our since-inception performance is behind our secondary benchmark. Although, it is not surprising to see this phenomenon after a period in which growth has outperformed value so significantly.

YTD Attribution[2]

1. Our stock selection in the Health Care sector detracted from performance as our investment in Dentsply Sirona, Inc. (XRAY) underperformed. We discuss XRAY, and the dental space broadly, as a significant one-off market opportunity below.

2. Our positioning within the Utilities sector detracted from performance as our investments were primarily in the Water Utilities industry, which was the worst performing industry within the Utilities sector. We continue to favor the competitive position of Water Utilities (significantly over natural gas utilities and most electric utility companies) and added to several of our holdings over the course of the quarter as the group underperformed. Rising interest rates have caused a flight away from these higher quality dividend payers, but perversely, those same higher interest rates are leading to improving broad fundamentals as allowed returns on capital are generally expanding through normal and natural rate case activity which should accelerate earnings growth in the coming years, in our opinion. We continue to like United Utilities Group PLC (UUGRY), Pennon Group Plc (PEGRY), California Water Service Group (CWT), and also have been adding to one of our favorite electric utilities, IdaCorp, Inc. (IDA) during the quarter as the stock has fallen from a high of approximately $115-120 in 2022 to approximately $90 as of the end of the first quarter. That $90 per share price is also our approximate average cost. IDA and the water utilities – in our view – could offer significant upside versus the market and less downside risk while collecting an attractive yield overall versus the market.

3. The Industrials sector also negatively impacted performance. Our largest holding, 3M Company (MMM), underperformed in the period and outperformance of Mueller Water Products, Inc. (MWA) and Knorr-Bremse AG (KNRRY) was not sufficient to offset it. We have discussed MMM at length and we believe the combination of the company spinning into two business units coupled with dividend clarity and the resolution of much of their litigation issues should allow this high-quality company to potentially outperform in the future.

4. Our positioning within the Financials sector detracted from performance as Independent Bank Corp. (INDB) underperformed and our underweight position to the Banks and Financial Services industries also detracted from performance. Despite the sector underperformance, our investments in Reinsurance Group of America, Incorporated (RGA) and Travelers Companies, Inc. (TRV) contributed to performance.

5. Our underweight position to several sectors including Information Technology, Consumer Discretionary, Materials, and Communication Services modestly contributed to performance while our underweight to Energy detracted from performance.

6. Consumer Staples negatively impacted performance as Henkel AG & Co. (HENKY) underperformed while Mission Produce, Inc. (AVO) outperformed in the period.

7. Our stock selection within the Real Estate sector detracted from performance as Healthcare Realty Trust Incorporated (HR) underperformed.

8. Finally, our cash position was a drag on performance as the primary benchmark was up 8.62 percent in the quarter.

Nuance Perspectives[2]

To say 2024 is off to a challenging start for us here at Nuance would be a significant understatement. To say our team (and our clients) have performance fatigue would also not be doing this period justice. For the three months ending March 31, 2024, the Nuance Concentrated Value composite was up 0.03 percent (net of fees) compared to the Russell 3000® Value Index, which was up 8.62 percent, and the S&P 500® Index, which was up 10.56 percent.

In summary, the market is simply not interested in what we own, and we are in stark disagreement with the market on where value is during this period of time. Classic Nuance-style underperforming stocks with little positive earnings or price momentum - for the time being - are clearly not of interest to the broad market. While we are not losing absolute dollars for our clients over the last three, six, twelve, twenty-four, or thirty-six month periods, we are certainly not keeping up with this broad market and its opinion on where opportunities are arising each day. At clear risk of belaboring the point, we believe our portfolio of leading business franchises, which are generally facing transitory negative events that are compressing earnings over the near-term and thus trade at inexpensive valuation multiples versus the broad market, looks quite compelling versus broad market indices.

We thought it might be helpful to place some context around what the market does like during this period. The golden stock of the last year or two and the single largest detractor from performance relative to the S&P 500® Index, both in 2023 and in the first quarter of 2024, was the strategy not owning NVIDIA Corporation (NVDA). NVDA is the leader in Graphics Processing Units (GPUs). Historically used in gaming, these units have recently exploded in popularity for use in compute-intensive artificial intelligence (AI) and datacenter applications. NVDA is currently the clear technological leader in the space, and they have gained significant market share from other chip makers due to this current technological advantage. The result of this success is significant and certainly warrants some of this aggressive price movement. That said, today NVDA's returns on capital are nearly 200 percent (earnings before interest, taxes, depreciation, amortization, and rent expense to tangible assets); our good friends on Wall Street have their rulers out and analyst expectations are for the company to achieve a mind-numbing 400 percent return on capital in future years. As students of returns on capital throughout the Information

[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.

Technology sector since the sector came to life in the 1990s and achieved bubble status in the late 1990s, before ultimately bursting, this period reminds us of the adage, "same song, different verse." We have gone back in time and studied large-cap technology companies and identified their peak historical returns on capital. This is the place where our process, and the nature of competitive market forces, tells us that either customers said "no more" or competitors aggressively spent to compete and take share, or almost always both. Peak returns since 1995 for a selection of these companies are as follows:

Exhibit 2

Company	Level of Peak Return on Capital	Quarter of Peak ROC	Return on Capital 5-years later	5-year total stock return over that period	S&P 500 Return over same 5-year time frame	Out/(under) performance
Cisco Systems, Inc. (CSCO)	165.8%	July 1996	18.6%	234.3%	103.7%	130.6%
Intel Corporation (INTC)	105.1%	September 1997	42.2%	-39.2%	-7.9%	-31.3%
Microsoft Corporation (MSFT)	197.8%	September 1997	109.2%	32.2%	-7.9%	40.1%
Apple Inc. (AAPL)	168.2%	March 2012	96.3%	84.9%	86.7%	-1.8%
Oracle Corporation (ORCL)	135.4%	November 2014	94.4%	43.1%	68.3%	-25.2%
Meta Platforms Inc (META)	118.4%	December 2017	43.6%	-31.8%	56.9%	-88.7%

Source: Nuance Investments, FactSet

Of note, you see a few companies that once had returns on capital on a similar level to NVDA's today. What you do not see are 400 percent returns. In each of these cases, returns were meaningfully lower five years later. At Nuance, we realize that anything is possible, but history would not suggest a doubling of returns from here is likely, in our opinion. Why is that? We believe it is simple: competition. We have never witnessed this level of return on capital being sustainable over the long term in our extensive history studying businesses. We would expect NVDA to face much more competition and less of a benefit from GPU capacity constraints in the coming years, which will likely pressure returns back towards historical normal sub-industry levels. We would also remind clients that the Semiconductor sub-industry is fundamentally cyclical in nature, and any potential over-build of infrastructure today is likely to result in lower demand in the future, a dynamic we have seen in technology-related capital spending cycles of the past. Further, our research suggests that not only semiconductor peers, but also NVDA's own customers, are investing heavily to close the capability gap. From our perspective, the stock is trading at an aggressive valuation of over 100 times our view of a rational, mid-cycle earnings power, and the stock is a classic over-earning and overvalued situation that we clearly continue to avoid within the Nuance Investment Process.

Turning to our portfolio, for some long-term clients, it may feel like we have held Nuance favorite Dentsply Sirona, Inc. (XRAY) in our top ten holdings for years. We certainly talk about it often enough and have written about it frequently. The reality, though, is that the risk reward opportunity and our weight in XRAY have fluctuated significantly over time. We thought recapping our investment history and thesis in XRAY would illustrate our process and provide helpful context for it once again being a top idea and why we are pleased to have another opportunity to own a large position in the stock. This history also underscores the power of active management and the importance of risk reward optimization within the Nuance Investment Process.

XRAY is a leading global manufacturer of clinical dental supplies and equipment. In our opinion, XRAY has the best breadth of product within the dental industry including strong positions in endodontics, restoratives, imaging equipment, intraoral scanners, chairside milling equipment, 3D printing equipment, treatment planning software, instruments, chairs, implants, and clear aligners among other products. We like the dental industry's history of having a stable demand profile over time including tailwinds to demand from an aging population and improving access to care in many international markets. We also like the oligopolistic nature of the industry and its high barriers to entry due to regulatory oversight and a quality-focused customer base.

In Exhibit 3 below, you will see the XRAY daily closing stock price (left hand side) and our composite weight in Concentrated Value (right hand side) since the beginning of 2017. Throughout 2017 we had no exposure to XRAY, but in 2018, an equipment destocking cycle in the distributor channel caused a transitory under-earning opportunity, and as often happens in the face of under-earnings, investor sentiment soured and the stock traded off sharply, from the mid $60s to the mid $30s over the course of the year. We built our position as under-earnings manifested, the stock underperformed and the risk reward opportunity got more and more attractive, in our view. We had no position at the beginning of 2018 and by the end of the year XRAY was the largest position in our portfolio at a 7.8 percent weight. XRAY was one of our largest detractors to performance in 2018 as we built our position. However, in 2019, the transitory channel inventory issue resolved itself and the stock traded back to near $60 as earnings improved. We trimmed more than half our position throughout 2019, closing the year with a 3 percent weight, and XRAY was one of our best performers in 2019.

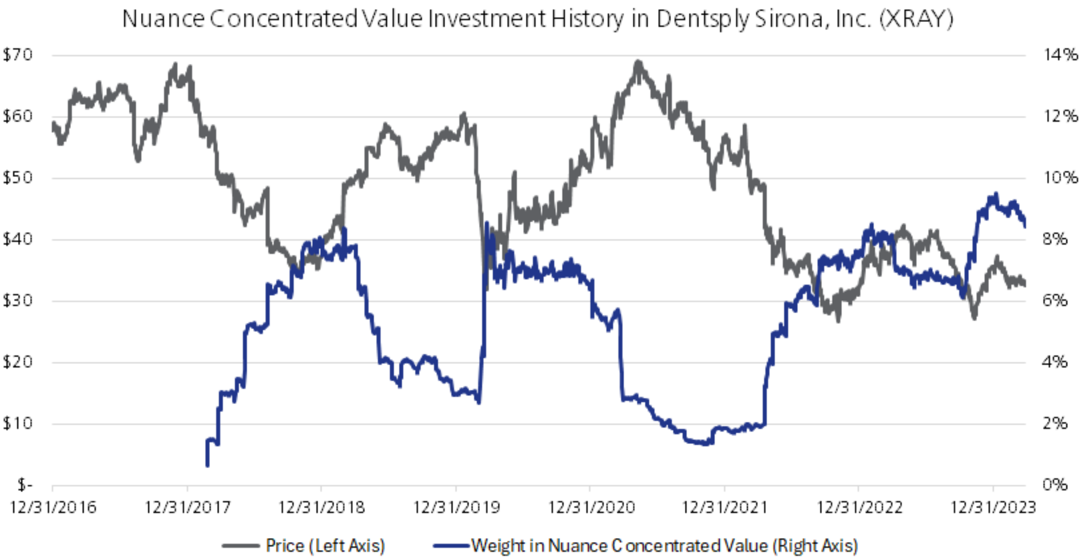
In early 2020, XRAY faced one of the worst demand environments in dental history as Covid-19-related shutdowns and patient fears caused dramatic revenue declines. We viewed this as another clear transitory under-earning opportunity. Dental problems tend to get worse with time, teeth do not heal themselves, and regardless of the Covid-19 uncertainties at the time, we thought it highly likely that dental care would normalize to historical levels in the coming years. In less than one month's time, in March of 2020, we added almost 400 basis points to our XRAY position, once again making it a top holding, as the stock traded back down from around $60 to the low $30s.

We trimmed our position towards the end of 2020 and throughout 2021 as our thesis played out, the dental market normalized, and the stock rebounded from the low $30s back to the mid $60s, bringing our position down from a high of around 8.0 percent to below 2.0 percent.

In 2022, the stock once again sold off as supply chain disruptions caused shortages of electronic components that go into the company's equipment and inflation in raw material costs pressured margins, creating yet another transitory under-earning opportunity, in our view. As the stock traded down from a high of near $70 in 2021 to a low of below $30 in 2022, we once again, for the third time in five years, on three distinctly different under-earning opportunities, made XRAY a top holding. We then trimmed our position slightly near $40 in early 2023 and added back to it late in the year with the stock again near $30.

As one would expect with the stock near its longer-term lows, XRAY has been a detractor from performance since our initial 2018 purchase. However, over several different time frames of adding and trimming the position since then, we have realized meaningful absolute returns, and it has been a top contributor to performance at certain times during the period. These situations are highly endpoint sensitive and this point in time, March 31, 2024, is one at which we believe there is once again an opportunity for significant upside in XRAY shares.

Exhibit 3



Source: Nuance Investments, FactSet

To be more specific, the company is expected to earn $2.06 in 2024 and we believe the company is under-earning our view of normalized earnings power of $2.30. First, sales of dental equipment, particularly high cost and high margin imaging equipment, are below normal levels due to higher financing rates and some pull-forward of demand into the 2021 time-frame during the reopening of dental practices, one of the periods in which we were aggressively selling our position as earnings improved and the stock rebounded. Second, the company is in an internal investment cycle in additional sales reps, dentist clinical education, and technology spending including an ERP modernization project, all of which we believe are temporarily impeding margins. Finally, the company is gaining market share in clear aligners, but having previously invested in clear aligner manufacturing capacity, aligners remain below normal margin levels as the manufacturing capacity remains under-absorbed. As the company gains share and volumes grow, we believe capacity will fill up and margins are likely to improve.

At its March 31, 2024 price of $33.19, the company is trading at a price-to-normalized earnings ratio of only 14.4 times, much less expensive than the stock's historical median valuation multiple of 19.0 to 20.0 times price-to-earnings and among the most inexpensive valuation observations we have seen since 2009. We believe the stock has more than 50 percent upside to our internal view of fair value with around 20 percent risk to the downside. The past is no guarantee, but on three prior occasions outlined above, when we've had the opportunity to purchase shares around these levels, in each case we also had the opportunity to sell them meaningfully higher in the ensuing years. We welcome the opportunity, for the fourth time in six years, to once again invest at these levels.

Today's opportunity in the dental space goes beyond just XRAY as we're seeing under-earning and underperformance manifesting across the broader group of dental companies. Envista Holdings Corp. (NVST) is another dental leader with what we believe is a solid competitive position in implants, orthodontic supplies, imaging equipment, restoratives, and infection prevention products. We also like the company's strong balance sheet of 1.7 times net debt to earnings before interest, taxes, depreciation, amortization, and rent expense (EBITDAR). The stock has been a dramatic recent underperformer, trading down from a high of more than $50 per share in 2022 to recent prices around $20 per share as of this writing. Our all-in price is around $22.50 per share. Like XRAY, we believe the company is currently under-earning normal levels, as NVST is expected to earn $1.42 per share in 2024 versus our estimate of normalized earnings power of $1.63. Also similar to XRAY, a primary source of under-earning is cyclical weakness in high cost and high margin equipment sales, in our view. In our study of prior dental equipment down cycles, we've found that equipment sales typically normalize within 1-2 years, and in some cases more quickly than that, which we view as a classic Nuance transitory opportunity. After such sharp underperformance, the stock is trading at only 12.6 times price-to-normalized earnings, a significant discount to valuation multiples witnessed across the broader market. For comparison, as of the end of the quarter, the Russell 3000® Value Index is currently trading at a much more expensive 20.9 times price-to-earnings ratio.

Elsewhere in the dental space, we also own leading distributor Henry Schein, Inc. (HSIC). Like the others, we believe HSIC is under-earning as the company is expected to earn $5.08 per share versus our $5.26 in normal earnings power. Also like the others, the stock is inexpensive, in our opinion, trading at 14.4 times price-to-normalized earnings at the end of the quarter. Finally, after quarter end, on April 1, 2024, we received shares in Solventum Corporation

(SOLV) as a result of its spin out from 3M Company (MMM). Dental supplies make up around 16 percent of SOLV revenue. SOLV sold off sharply following the spin, and we were able to buy additional shares at under 10 times price-to-normalized earnings. All in, we estimate our total exposure to the dental industry was around 13.5 percent of the portfolio at quarter end. All of it is through holdings that are under-earning and significantly cheaper than the broader market, in our opinion. We estimate the Russell 3000® Value Index has less than 1 percent total dental exposure. We believe dental represents a significant pocket of opportunity today, which is reflected in our overweight position to the group.

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

Scott A. Moore, CFA

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
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
YTD 2024 As of: 3/31/2024	0.21	0.03	8.62	10.56	N/A	373	$458,242,129	$4,521,433,338	0.1%	15.0	16.6	17.6

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 various factors including differences in portfolio holdings, timing of security transactions, client restrictions, 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. The Firm's Disclosure Brochure provides more information on fees, including the standard fee schedule for each strategy.

(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 normalized earnings number is derived internally based on proprietary financial statement analysis. 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 3/31/2024 composite weights of names discussed are as follows: AAPL (0.0%), AVO (1.5%), AWK (1.0%), CSCO (0.0%), CWT (2.8%), HENKY (9.3%), HOLX (1.0%), HR (1.6%), HSIC (2.7%), IDA (1.7%), INDB (1.0%), INTC (0.0%), KNRRY (1.7%), META (0.0%), MKC (1.0%), MMM (11.5%), MSFT (0.0%), MWA (2.7%), NOC (0.8%), NVDA (0.0%), NVST (2.0%), ORCL (0.0%), PEGRY (4.1%), PRNDY (0.0%), RGA (3.0%), SCHW (0.0%), SJW (1.0%), SOLV (0.0%), TGT (0.0%), TRV (0.0%), UUGRY (5.1%), 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 to minimize the impact of potential errors, we cannot guarantee that errors will not occur.

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 be profitable or 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.