Nuance Mid Cap Value Composite Perspectives

March 31, 2024

Description of the Product

The Nuance Mid Cap 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 50-90 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 Midcap® Value Index. Clients may also compare the product to the S&P MidCap 400® Value Index and 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]

1ST Percentile Sharpe Ratio

Lipper
Peers: Mid-Cap Value
Ranking vs. Peers: 1 of 71

Morningstar
Peers: Mid-Cap Value
Ranking vs. Peers: 1 of 173

Longer Term Performance Update (through March 31, 2024)

Since Inception Return: The return since inception (on 11/03/2008 through 3/31/2024) is 12.60 percent (annualized and net of fees) versus the Russell Midcap® Value Index up 12.20 percent, the S&P MidCap 400® Value Index up 12.48 percent, and the S&P 500® Index up 13.85 percent.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 3/31/2024 is 0.84 (net of fees) versus the Russell Midcap® Value Index at 0.62, the S&P MidCap 400® Value Index at 0.59, and the S&P 500® Index at 0.84.

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 48 out of 173 peer group members (28th percentile) in the Morningstar Mid-Cap Value Funds universe and 21 out of 71 (29th percentile) in the Lipper Mid-Cap Value Funds universe.

Peer Group Risk-Adjusted Return through 3/31/2024: On a risk-adjusted return basis, since 11/30/2008, (as measured by the Sharpe Ratio) we ranked 1 out of 173 peer group members (1st percentile) in the Morningstar Mid-Cap Value Funds universe and 1 out of 71 (1st percentile) in the Lipper Mid-Cap Value Funds universe.

Peer Group Returns 11/30/2008 - 3/31/2024	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Mid Cap Value Composite (Gross)	13.91	13.75	0.94
Nuance Mid Cap Value Composite (Net)	13.11	13.77	0.88
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.33	17.73	0.62
Peer Group Percentile and Ranking	28th (48 of 173)	1st (2 of 173)	1st (1 of 173)
Lipper Mid-Cap Value Funds Peer Group (Median)	12.24	17.73	0.61
Peer Group Percentile and Ranking	29th (21 of 71)	2nd (2 of 71)	1st (1 of 71)

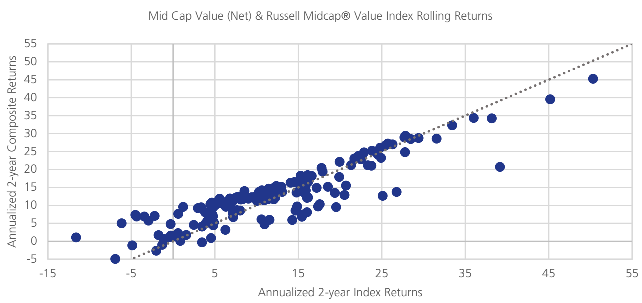
Performance 11/03/2008 - 3/31/2024	APR*	TR*	Standard Deviation*	Sharpe Ratio*	15 Year	10 Year	7 Year	5 Year	3 Year	1 Year	YTD 2024
Nuance Mid Cap Value Composite (Gross)	13.39	594.06	13.82	0.90	14.79	8.99	8.36	7.75	3.55	4.70	0.51
Nuance Mid Cap Value Composite (Net)	12.60	523.06	13.84	0.84	13.98	8.26	7.61	7.02	2.84	3.98	0.34
Russell Midcap® Value Index	12.20	490.19	18.11	0.62	14.19	8.56	8.40	9.93	6.79	20.40	8.23
S&P MidCap 400® Value Index	12.48	512.84	19.59	0.59	14.12	9.18	9.11	10.86	7.24	17.20	4.12
S&P 500® Index	13.85	639.07	15.35	0.84	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 Mid-Cap Value Funds Peer Group and the Lipper Mid-Cap Value Funds Peer Group have been presented as investment strategies with a similar investment style to the Nuance Mid Cap 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 Midcap® Value Index (%)
Nuance Mid Cap Value Composite	111 / 161	68.9%	0.92	4.54



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 Mid Cap Value Composite two-year rolling return is 0.92 percent (annualized and net of fees) versus the Russell Midcap® Value Index up 4.54 percent, the S&P MidCap 400® Value Index up 6.05 percent, and the S&P 500® Index up 9.46 percent. Overall, we have outperformed in 111 out of the available 161 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Mid Cap Value Composite has returned 0.34 percent (net of fees) versus the Russell Midcap® Value Index up 8.23 percent, the S&P MidCap 400® Value Index up 4.12 percent, and the S&P 500® Index up 10.56 percent.

Calendar Year Performance as of 3/31/2024	11/03/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD 2024
Nuance Mid Cap Value Composite (Gross)	(4.13)	38.69	21.08	4.04	22.02	35.45	9.79	2.95	21.87	16.18	(4.18)	32.52	5.49	12.28	(3.82)	7.77	0.51
Nuance Mid Cap Value Composite (Net)	(4.13)	38.20	20.01	3.38	20.61	34.24	9.14	2.33	21.05	15.42	(4.88)	31.62	4.76	11.51	(4.48)	7.03	0.34
Russell Midcap® Value Index	(5.60)	34.21	24.75	(1.38)	18.51	33.46	14.75	(4.78)	20.00	13.34	(12.29)	27.06	4.96	28.34	(12.03)	12.71	8.23
S&P MidCap 400® Value Index	(3.99)	33.73	22.78	(2.43)	18.53	34.25	12.10	(6.65)	26.53	12.32	(11.88)	26.08	3.73	30.65	(6.93)	15.39	4.12
S&P 500® Index	(5.95)	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

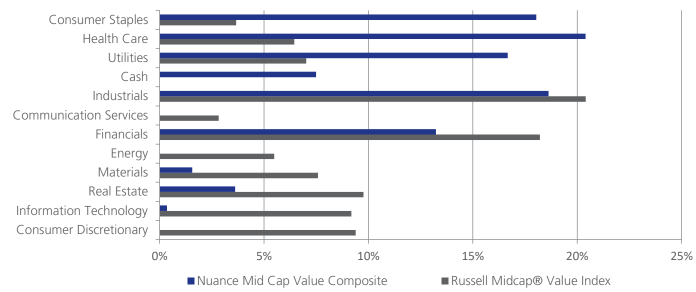
Composition of the Portfolio as of 3/31/2024

Portfolio Characteristics[2]	Nuance Mid Cap Value Composite	Russell Midcap® Value Index
Weighted Average Market Cap	20.9b	26.3b
Median Market Cap	15.1b	10.9b
Price to Earnings (Normal)*	14.2x	22.4x
Price to Earnings (Ex-Neg Earnings)	-	18.3x
Dividend Yield	2.7%	1.8%
Return on Tangible Assets (Normal)*	9.4%	6.6%
Return on Tangible Assets (Trailing)	6.2%	6.6%
Return on Assets (Normal)*	7.1%	5.2%
Return on Assets (Trailing)	4.7%	5.2%
Active Share vs Russell Midcap® Value Index	97%	-
Upside/Downside Capture Ratio vs Russell Midcap® Value Index	81% / 74%	-
Number of Securities	58	699

* 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 14.2x versus the Russell Midcap® Value Index of 22.4x. We are achieving this ratio with a portfolio of companies that have a return on assets of 7.1 percent versus the Russell Midcap® Value Index of 5.2 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 Midcap® 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, Distillers & Vintners, and Personal Care Products 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. While the Industrials sector makes up a meaningful part of the portfolio, we remain slightly underweight relative to the benchmark. While we have small exposures in the Real Estate, Information Technology, and Materials sectors, we continue to be underweight those sectors relative to the index. 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.

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

Dear Clients,

For the three months ending March 31, 2024, the Nuance Mid Cap Value Composite was up 0.34 percent (net of fees) compared to the Russell Midcap® Value Index, which was up 8.23 percent, the S&P MidCap 400® Value Index, which was up 4.12 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 3, 2008 - March 31, 2024), the Nuance Mid Cap Value Composite was up 12.60 percent (annualized and net of fees) compared to the Russell Midcap® Value Index, which was up 12.20 percent, the S&P MidCap 400® Value Index, which was up 12.48 percent, and the S&P 500® Index, which was up 13.85 percent.

Nuance Performance Goals

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

1. First, we seek to beat our primary benchmark (the Russell Midcap® 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 Mid Cap Value Composite on November 3, 2008, we have outperformed our primary benchmark 11 out of 16 years (including our stub year of 2008) and 10 out of 15 (not including the 2008 stub year). For the first three months of 2024, the Nuance Mid Cap Value Composite was up 0.34 percent (net of fees) versus our primary benchmark, the Russell Midcap® Value Index, which was up 8.23 percent. If that performance holds for the full calendar year, the Nuance Mid Cap Value Composite will have outperformed 11 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 Mid Cap Value Composite rose 12.60 percent (annualized and net of fees) between its inception on November 3, 2008 through March 31, 2024 compared to the Russell Midcap® Value Index, which rose 12.20 percent. Further, during the same period, the Nuance Mid Cap Value Composite had a standard deviation of 13.84 percent (annualized and net of fees), meaningfully lower than the 18.11 percent standard deviation of the Russell Midcap® Value Index. As such, our Sharpe Ratio was 0.84 (net of fees) versus the Russell Midcap® Value Index's Sharpe Ratio of 0.59.

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 Mid Cap Value Composite's 1st percentile Sharpe Ratio metrics versus our peers (see Exhibit 1 below).

Exhibit 1[1]

Peer Group Returns 11/30/2008 - 3/31/2024	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Mid Cap Value Composite (Gross)	13.91	13.75	0.94
Nuance Mid Cap Value Composite (Net)	13.11	13.77	0.88
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.33	17.73	0.62
Peer Group Percentile and Ranking	28th (48 of 173)	1st (2 of 173)	1st (1 of 173)
Lipper Mid-Cap Value Funds Peer Group (Median)	12.24	17.73	0.61
Peer Group Percentile and Ranking	29th (21 of 71)	2nd (2 of 71)	1st (1 of 71)

4. Fourth and finally, we seek to beat our secondary benchmarks 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 3, 2008 through March 31, 2024, the Nuance Mid Cap Value Composite was up 12.60 percent (annualized and net of fees) versus the S&P MidCap 400® Value Index, which was up 12.48 percent, and the S&P 500® Index, which was up 13.85 percent. Further, the Nuance Mid Cap Value Composite had a standard deviation of 13.84 percent (annualized and net of fees) during the same time period, which is lower than the 19.59 percent standard deviation of the S&P MidCap 400® Value Index and the 15.35 percent standard deviation of the S&P 500® Index. As such our Sharpe Ratio was 0.84 versus the S&P MidCap 400® Value Index Sharpe Ratio of 0.59 and the S&P 500® Index Sharpe ratio of 0.84. Accordingly, our risk-adjusted returns are on track, though we are disappointed that since-inception total return performance is modestly behind one of our secondary benchmarks.

YTD Attribution[2]

1. 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.

2. 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.

3. Our positioning in the Health Care sector detracted from performance as our investments in Dentsply Sirona, Inc. (XRAY) and Qiagen NV (QGEN) underperformed. We discuss XRAY and the dental space broadly as a significant one-off market opportunity below. We highlighted QGEN in our year-end 2023 discussion.

4. Our underweight positioning in the Communication Services and Information Technology sectors benefited performance while our underweight to the Energy sector detracted from performance.

5. The Financials sector negatively impacted performance even as investments in Reinsurance Group of America, Incorporated (RGA) and Travelers Companies, Inc. (TRV) outperformed. Despite RGA and TRV being a positive, our investment in Independent Bank Corp. (INDB) underperformed and our positioning within the Capital Markets industry also detracted from performance. With the exception of Northern Trust Corporation (NTRS), which we believe is facing a one-off transitory expense issue, most of the Capital Markets industry appears to be broadly and significantly overvalued at this time. Highlighting this dynamic and the risk-seeking nature of this market are Robinhood Markets, Inc. (HOOD) and Coinbase Global, Inc. (COIN), neither of which fit our investment process in any way and both of which were up more than 50 percent in the quarter.

6. Our overweight position in the Consumer Staples sector hurt performance as the sector underperformed in the quarter.

7. Our positioning within the Real Estate sector was a modest detractor from performance.

8. Our underweight to the Consumer Discretionary and Materials sectors was roughly neutral to performance in the quarter.

[1]Rankings and peer group comparisons are created internally on a quarterly basis using data from FactSet. For comparison purposes, subsets of the Morningstar Mid-Cap Value Funds Peer Group and the Lipper Mid-Cap Value Funds Peer Group have been presented as investment strategies with a similar investment style to the Nuance Mid Cap Value Composite. For more information on peer group comparisons and calculations, please refer to the full disclosures. [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.

9. Finally, our cash position was a drag on performance as the primary benchmark was up 8.23 percent in the quarter. We have raised our cash position in large part due to reducing our exposure to preferred securities this quarter. Those preferred stocks have done reasonably well, in our opinion, particularly during a rising interest rate environment, and cash itself has a similar yield to our preferred securities. That, coupled with corporate yield spreads (yields versus like-maturity treasuries) that are almost non-existent and at or near all-time lows, suggest cash was considered prudent versus preferred securities generally. We will be looking to move that cash into our higher quality common stocks in the very near future as opportunities arise.

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 Mid Cap Value Composite was up 0.34 percent (net of fees) compared to the Russell Midcap® Value Index, which was up 8.23 percent, the S&P MidCap 400® Value Index, which was up 4.12 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.

One thing we believe can be helpful during these disappointing periods of performance is to study our past periods of underperformance. As many of our long-time clients and readers know, one of the key tenets of our investment process is focused on trying to identify, to the best of our ability, that the competitive position of a company is stable going forward. Naturally, when a company is facing disruption, its historical financial performance and valuation are also much less relevant to its future. If we feel the competitive position is stable, then we have high confidence that the past can be a good indicator of the future; however, we are well aware there is no such thing as certainty in our business. Within the same line of thought, we believe that if a stable investment process has not changed over time, it can be reasonable to study past underperforming periods and the periods that followed.

Our Nuance Mid Cap Value strategy was incepted on November 3, 2008. Since the first full month following the strategy's inception (November 30, 2008), we have had 173 rolling one-year return periods. While a year is a very short investment time period and can be akin to speculation, we have outperformed 99 of 173 periods, or 57 percent of the time. Accordingly, we have underperformed 74 of 173 periods, or 43 percent of the time. What is more interesting, in our view, is to study the periods following those one-year underperforming periods.

Exhibit 2

Following a year of Underperformance vs Russell Midcap® Value Index

Over the subsequent…	1 Year	2 Years	3 Years	4 Years	5 Years
Periods Outperformed	52 of 66 (79%)	52 of 63 (83%)	45 of 51 (88%)	45 of 46 (98%)	44 of 46 (96%)
Periods Underperformed	14 of 66 (21%)	11 of 63 (17%)	6 of 51 (12%)	1 of 46 (2%)	2 of 46 (4%)

Based on Exhibit 2 above, we believe these shorter periods of underperformance can potentially lead to longer term outperformance. At Nuance, we like to say that these periods of underperformance can "stretch the rubber band of valuations." While we do believe these one-year periods can be more speculative, given the short time frame, we also studied three-year rolling periods as well. Since the first full month following the strategy's inception (November 30, 2008), we have had 149 rolling three-year return periods. We have outperformed 102 of 149 periods, or 68 percent of the time. Accordingly, we have underperformed 47 of 149 periods, or 32 percent of the time. Again, there have been many (47) three-year periods during which our strategy has underperformed. We are not going to agree with the market each and every year, and we are not going to agree with the market over every three-year period. Again, it is interesting to study the periods following those three-year underperforming periods.

Exhibit 3

Following three years of Underperformance vs Russell Midcap® Value Index

Over the subsequent…	1 Year	2 Years	3 Years	4 Years	5 Years
Periods Outperformed	26 of 35 (74%)	20 of 23 (87%)	14 of 17 (82%)	17 of 17 (100%)	17 of 17 (100%)
Periods Underperformed	9 of 35 (26%)	3 of 23 (13%)	3 of 17 (18%)	0 of 17 (0%)	0 of 17 (0%)

We share these historical performance periods because we believe they can be useful tools for our clients. While we never like to have these underperforming periods, we believe it is these underperforming moments that can lead to opportunities which helped drive the longer-term numbers that led many of our clients to invest with us.

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.

[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. 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.

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 4 below, you will see the XRAY daily closing stock price (left hand side) and our composite weight in Mid Cap 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 6.5 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.

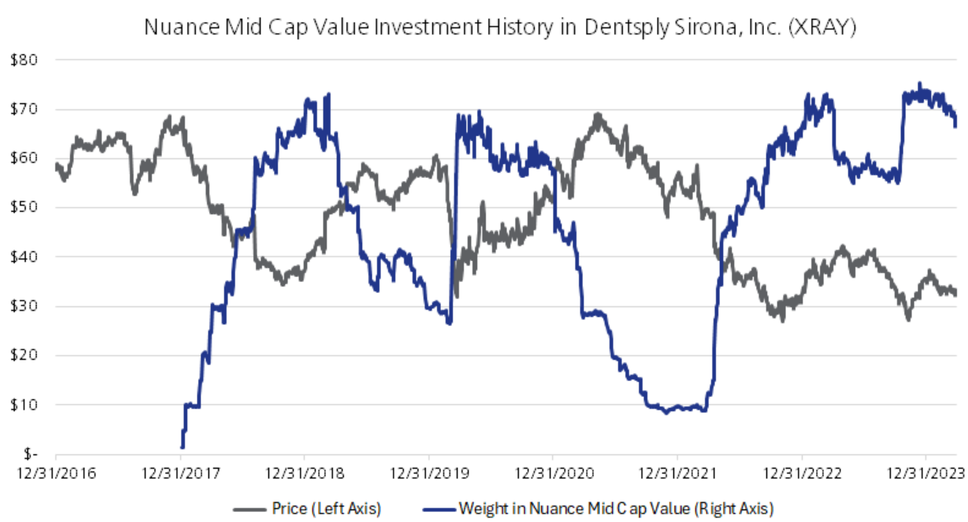
In early 2020, XRAY faced one of the worst demand environments in dental history as Covid-19-related shutdowns and patient fears caused dramatic revenue declines. We viewed this as another clear transitory under-earning opportunity. Dental problems tend to get worse with time, teeth do not heal themselves, 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 more than 350 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 toward 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 7.0 percent to below 1.0 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 4



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 those 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 $23.50 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 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 Midcap® Value Index is currently trading at a much more expensive 22.4 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 11.5 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 Midcap® 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 Mid Cap 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 (RMV Index)	Benchmark Return (MIDV 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 (RMV Index)	3 Year Annualized Standard Deviation (MIDV Index)
YTD 2008 (11/03/08-12/31/08)	(4.13)	(4.13)	(5.60)	(3.99)	-	1	$9,531,045	$18,657,997	0.0%			
2009	38.69	38.20	34.21	33.73	-	4	$50,600,141	$137,943,058	1.1%			
2010	21.08	20.01	24.75	22.78	0.1	4	$60,702,099	$181,201,036	1.1%			
2011	4.04	3.38	(1.38)	(2.43)	0.1	4	$55,186,800	$152,976,943	0.9%	18.2	23.1	23.2
2012	22.02	20.61	18.51	18.53	0.1	4	$58,463,905	$214,936,666	1.0%	14.6	17.0	18.4
2013	35.45	34.24	33.46	34.25	0.1	8	$80,358,264	$507,569,897	1.0%	13.1	13.9	15.6
2014	9.79	9.14	14.75	12.10	0.1	13	$130,238,086	$1,071,186,382	0.7%	10.7	9.9	11.4
2015	2.95	2.33	(4.78)	(6.65)	0.1	17	$145,638,450	$913,545,839	0.6%	11.2	10.9	12.4
2016	21.87	21.05	20.00	26.53	0.1	22	$416,346,621	$1,466,221,847	0.1%	11.5	11.5	13.6
2017	16.18	15.42	13.34	12.32	0.0	23	$586,931,538	$1,784,338,191	0.0%	10.5	10.5	12.4
2018	(4.18)	(4.88)	(12.29)	(11.88)	0.2	21	$852,510,018	$1,724,795,756	0.0%	10.2	12.1	14.1
2019	32.52	31.62	27.06	26.08	0.2	43	$2,297,275,123	$3,486,104,071	0.0%	9.4	13.0	15.8
2020	5.49	4.76	4.96	3.73	0.3	59	$4,585,719,214	$5,948,860,811	0.0%	14.5	22.9	26.2
2021	12.28	11.51	28.34	30.65	0.2	59	$5,353,939,144	$6,660,123,316	0.0%	14.1	22.3	25.4
2022	(3.82)	(4.48)	(12.03)	(6.93)	0.2	78	$4,295,774,730	$5,575,739,313	0.0%	15.4	24.8	26.8
2023	7.77	7.03	12.71	15.39	0.2	60	$4,003,370,584	$4,999,890,906	0.0%	14.1	19.6	21.3
YTD 2024 As of: 3/31/2024	0.51	0.34	8.23	4.12	N/A	47	$3,592,480,871	$4,521,433,338	0.0%	14.2	19.3	20.7

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 Mid Cap Value Composite (the "Composite") is a composite of actual accounts invested in the Nuance Mid Cap Value investment strategy. The creation and inception date for the Composite is 11/03/08. 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 Midcap® Value Index. The Russell Midcap® Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with lower price-to-book ratios and lower forecasted growth values. The secondary benchmarks are the S&P MidCap 400® TR Value Index and S&P 500® TR Index.The S&P MidCap 400® TR Value Index measures value in separate dimensions across six risk factors. The value factors include book value to price ratio, sales to price ratio, and dividend yield.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 Mid Cap Value Composite is a mid-capitalization value investment product and consists of separately managed accounts in the Nuance Mid Cap 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 Mid Cap Value Separate Account Product has been classified by Morningstar in the following categories: 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 Mid Cap 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-mid-cap-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: COIN (0.0%), CWT (2.8%), HOOD (0.0%), HSIC (2.6%), IDA (1.7%), INDB (1.0%), KNRRY (1.6%), MMM (7.2%), MWA (3.5%), NTRS (4.6%), NVST (2.0%), PEGRY (2.4%), QGEN (3.8%), RGA (3.0%), SOLV (0.0%), TRV (0.3%), UUGRY (3.5%), and XRAY (6.7%). 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.