Nuance Concentrated Value Composite Perspectives

September 30, 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: Adam West, Darren Schryer, Scott Moore, & Jack Meurer

Name	Title	Experience
Scott Moore, CFA	President & CIO	33 years
Darren Schryer, CFA, CPA	VP & Portfolio Manager	12 years
Jack Meurer, CFA	VP & Portfolio Manager	7 years
Adam West, CFA	VP & Portfolio Manager	18 years

Peer Statistics[1]

3rd Percentile Sharpe Ratio

Lipper
Category: Multi-Cap Value
Ranking vs. Peers: 2 of 291

Morningstar
Category: Large Value
Ranking vs. Peers: 13 of 547

Morningstar
Category: Mid-Cap Value
Ranking vs. Peers: 2 of 168

Longer Term Performance Update (through September 30, 2024)

Since Inception Return: The return since inception (11/13/2008) through 9/30/2024 is 12.91 percent (annualized and net of fees) versus the Russell 3000® Value Index and S&P 500® Index, which have returned 11.46 percent and 14.53 percent, respectively.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 9/30/2024 is 0.89 (net of fees) versus the Russell 3000® Value Index at 0.65 and the S&P 500® Index at 0.89.

Peer Group Returns through 9/30/2024: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/2008, we ranked 100 out of 547 peer group members (19th percentile) in the Morningstar Large Value Funds universe, 60 out of 168 (36th percentile) in the Morningstar Mid-Cap Value Funds universe, and 61 out of 291 (21st percentile) in the Lipper Multi-Cap Value Funds universe.

Peer Group Risk-Adjusted Return through 9/30/2024: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 13 out of 547 peer group members (3rd percentile) in the Morningstar Large Value Funds universe, 2 out of 168 (1st percentile) in the Morningstar Mid-Cap Value Funds universe, and 2 out of 291 (1st percentile) in the Lipper Multi-Cap Value Funds universe.

Peer Group Analysis 11/30/2008 - 9/30/2024	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	13.45	13.25	0.93
Nuance Concentrated Value Composite (Net)	12.70	13.24	0.88
Morningstar Large Value Funds Peer Group (Median)	11.42	15.66	0.66
Peer Group Percentile and Ranking	19th (100 of 547)	9th (46 of 547)	3rd (13 of 547)
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.32	17.58	0.62
Peer Group Percentile and Ranking	36th (60 of 168)	1st (1 of 168)	1st (2 of 168)
Lipper Multi-Cap Value Funds Peer Group (Median)	11.41	16.05	0.64
Peer Group Percentile and Ranking	21st (61 of 291)	3rd (8 of 291)	1st (2 of 291)

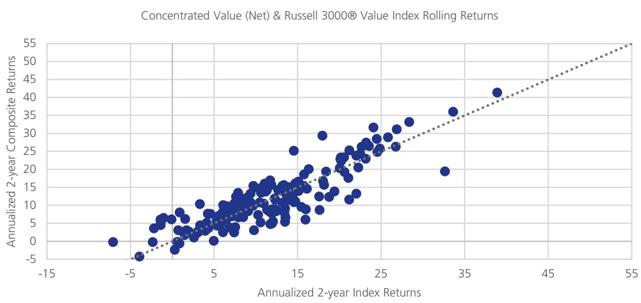
Performance 11/13/2008 - 9/30/2024	APR*	TR*	Standard Deviation*	Sharpe Ratio*	15 Year	10 Year	7 Year	5 Year	3 Year	1 Year	YTD 2024
Nuance Concentrated Value Composite (Gross)	13.66	664.69	13.23	0.95	12.08	8.92	8.86	8.65	7.81	29.57	13.92
Nuance Concentrated Value Composite (Net)	12.91	589.25	13.22	0.89	11.33	8.14	8.07	7.88	7.05	28.70	13.35
Russell 3000® Value Index	11.46	460.38	16.00	0.65	11.10	9.17	9.33	10.59	8.69	27.65	16.23
S&P 500® Index	14.53	763.67	15.09	0.89	14.13	13.37	14.48	15.96	11.90	36.35	22.08

*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 9/30/2024	
11/30/2008 - 9/30/2024	Periods Beating the Index		Composite (%) Annualized Net of Fees	Russell 3000® Value Index (%)
Nuance Concentrated Value Composite	95 / 167	56.9%	19.29	20.63



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 September 30, 2024, the Nuance Concentrated Value Composite two-year rolling return is 19.29 percent (annualized and net of fees) versus the Russell 3000® Value Index and S&P 500® Index which have returned 20.63 percent and 28.73 percent, respectively. Overall, we have outperformed in 95 out of the available 167 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned 13.35 percent (net of fees) versus the Russell 3000® Value Index and the S&P 500® Index, which have returned 16.23 percent and 22.08 percent respectively.

Calendar Year Performance as of 9/30/2024	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	13.92
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	13.35
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	16.23
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	22.08

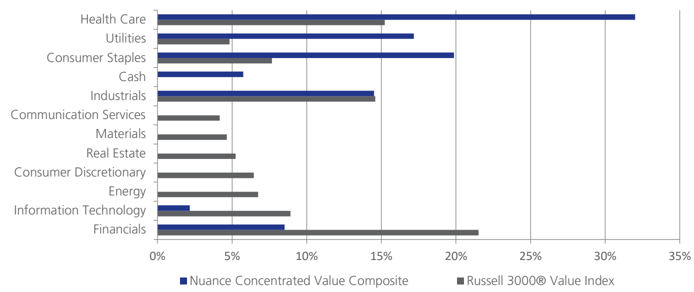
Composition of the Portfolio as of 9/30/2024

Portfolio Characteristics[2]	Nuance Concentrated Value Composite	Russell 3000® Value Index
Weighted Average Market Cap	17.6b	163.5b
Median Market Cap	9.6b	2.2b
Price to Earnings (Normal)*	14.4x	21.5x
Price to Earnings (Ex-Neg Earnings)	-	19.1x
Dividend Yield	1.9%	2.0%
Return on Tangible Assets (Normal)*	9.7%	7.8%
Return on Tangible Assets (Trailing)	4.9%	7.8%
Return on Assets (Normal)*	7.2%	6.0%
Return on Assets (Trailing)	3.7%	6.0%
Active Share vs Russell 3000® Value Index	98%	-
Upside/Downside Capture Ratio vs Russell 3000® Value Index	82% / 69%	-
Number of Securities	35	2,310

* 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 14.4x versus the Russell 3000® Value Index of 21.5x. We are achieving this ratio with a portfolio of companies that have a return on assets of 7.2 percent versus the Russell 3000® Value Index of 6.0 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 9/30/2024



The two largest overweight positions, relative to the benchmark, within the portfolio remain the Health Care and Utilities sectors. Within the Health Care sector, we would mention what we believe to be two specific opportunities. The first opportunity is companies that sell into the dental space which include positions in the Health Care Supplies, Health Care Distributors, and Health Care Equipment sub-industries. We continue to see under-earning and underperformance manifesting across the broader group of dental companies. The second opportunity we are seeing within the Health Care sector is in the Life Sciences Tools & Services sub-industry. 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 we slightly reduced our position in the Utilities sector, as mentioned above, it remains one of our largest overweight positions relative to the benchmark. Our overweight in the Utilities sector is made up primarily of exposure to the Water Utilities industry with an emphasis on Water Utilities within the United Kingdom (U.K). 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, in our opinion. We believe these lower returns on equity will reset higher as utility regulators incorporate a more normal cost of capital environment. The Consumer Staples sector represents a large overweight position within the portfolio as well. We have initiated positions within the Personal Care Products sub-industry as we are starting to see modest under-earning in some of our favorite leaders within the space. Additionally, 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 are being 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 sub-industry. While our exposure within the Industrials sector is roughly in-line with the benchmark, we have added to our exposure within the Cargo Ground Transportation sub-industry and reduced our position within the Industrial Conglomerates sub-industry. While our exposure in the Financials sector is underweight the benchmark, we continue to hold what we believe to be one-off opportunities within a few sub-industries, primarily the Asset Management & Custody Banks and Life & Health Insurance sub-industries. While we have small exposures in the Information Technology sector, we continue to be underweight the sector 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 remain underweight the Materials, Real Estate, Consumer Discretionary, and Communication Services sectors primarily due to competitive uncertainty and valuation concerns.

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

Beiersdorf AG (BDRFY): BDRFY is a leading supplier of personal care products and the number two producer of tape style adhesives. The company's brands include Nivea®, Eucerin®, La Prairie®, and Aquaphor®, among others. In the geographical regions in which it competes, the company has number one or number two market share positions in deodorants, lotions, sunscreens, facial moisturizers, anti-aging creams, and facial cleansers. It is also a leading producer of niche tape style adhesive products used in automobiles, microelectronic products, construction, packaging, and consumer tape under the Tesa® brand. The business is under-earning, in our opinion, due to a large net cash position on its balance sheet, with over €4 billion in net cash, or more than $4.00 per ADR share. The company is slowly working toward better deploying its cash position through share repurchases, potential M&A, and a larger dividend. We believe the company is also under-earning its longer-term potential due to portfolio mix issues, with its highest gross margin brand, La Prairie®, underperforming the rest of the portfolio meaningfully due to consumers in China and the United States (U.S.) trading down or delaying purchases of the premium skin care brand. The stock has experienced relatively poor performance recently, and we believe the large net cash balance presents interesting optionality for the company. At current levels, it's our view that the stock price presents an attractive risk reward.

Calavo Growers, Inc. (CVGW): CVGW is a leading distributor of avocados in the U.S. According to our research, the company is under-earning its long-term potential due to under-utilization in its guacamole production facility, as well as some labor and distribution cost inflation in its core avocado business that has yet to be fully passed along to customers. In our opinion, avocados are a share gaining food with a strong long-term demand outlook, and this period of under-earning is likely to be transitory. We believe this has created an attractive risk reward versus other opportunities.

Daikin Industries, Ltd. (DKILY): DKILY is the world's largest manufacturer of HVAC equipment, holding leading market share positions in key markets like the U.S., Europe, and Japan. According to our research, the company has consistently maintained a strong balance sheet and currently holds a net cash position. Daikin is under-earning its normal earnings power following a significant pull-forward in heat pump demand across Europe in 2021-2022 due to record-high natural gas prices from the Russia/Ukraine conflict and substantial government subsidies, leaving the company with excess production capacity that has yet to be absorbed, in our opinion. This has presented us with the opportunity to initiate a position in this market leader at what we view as a favorable risk reward.

Estee Lauder Companies Inc. (EL): EL is a leading producer of beauty products, including facial moisturizers, makeup, and lip products, among others. The company's brands include Estee Lauder™, Clinique®, La Mer™, MAC®, Dr. Jart©, Tom Ford®, Bobbi Brown®, Too Faced®, and Smashbox®. The company is under-earning its long-term potential, in our opinion, primarily due to weakening demand in mainland China and Asian travel retail outlets. Chinese government regulations on duty-free travel retail shops caused a short-term period of severe inventory correction at the same time that general Chinese consumer spending was weakening. This has led to weaker sales and margin declines due to underutilization of capacity, inventory obsolescence charges, and higher promotions to move products. We believe that these will prove to be transitory issues once demand stabilizes and that they have created an attractive risk reward in a high-quality company.

Knight-Swift Transportation Holdings Inc. (KNX): KNX is the largest trucking company in the U.S. with diversified offerings including one-way truckload, dedicated truckload, and less-than-truckload services. The company enjoys scale benefits and has taken market share across its entire business historically. The business has faced cyclical headwinds from an oversupplied truckload market which has caused earnings to fall below what we estimate are mid-cycle levels. We have initiated a position in this leader at what we believe represents an attractive risk reward opportunity.

Spirax Group plc. (SPXSY): SPXSY has leading market share positions in steam systems, specialty pumps used by biotechnology and pharmaceutical customers, and industrial heating. We believe the company is underearning today specifically within its specialty pump business due to cyclical declines in biotechnology spending and temporary destocking headwinds from pharmaceutical customers. Following a period of underperformance in the stock, we initiated a position at a discount to our estimate of fair value.

Toro Company (TTC): TTC is a leading manufacturer of mowers and related landscape and turf equipment in the U.S. Their equipment is used for professional and residential landscaping, and the company is also a market share leader in niche underground and specialty construction equipment. A pandemic-induced pull-forward in replacement demand for big-ticket residential and professional landscaping equipment, followed by a more difficult financing environment, associated declining demand, and destocking of channel inventories has led to declining earnings at Toro that we view as transitory in nature. We initiated a position at a discount to our estimate of fair value following a negative reaction to the company's most recent quarterly results.

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

American Water Works Company, Inc. (AWK): AWK is the largest and most geographically diverse water and wastewater utility company in the U.S. We exited our position as the company's share price exceeded our internal estimates of fair value after a period of outperformance.

Illumina, Inc. (ILMN): ILMN is the global leader in next-gen sequencing (NGS) technology used by researchers and clinicians for health research, drug development, and clinical diagnostics. After the successful spin-off of its money-losing subsidiary, GRAIL (GRAL), and a period of outperformance coinciding with the recovery in biotech funding, the company's share price exceeded our internal estimates of fair value. As a result, we exited our position and will look for future opportunities to invest in ILMN.

Independent Bank Corp. (INDB): INDB is a leading commercially oriented regional bank based in Massachusetts with stable market share in the state and a history of conservative underwriting with very low historical net charge-offs relative to the industry. While we continue to like the company's business, we have exited our position in favor of other opportunities.

Knorr-Bremse AG (KNRRY): KNRRY is the global leader in braking systems and safety critical sub-systems for rail and commercial vehicles. We have exited our position as the under-earnings at the business have been resolved, in our opinion, and the stock has appreciated past our view of fair value.

McCormick & Company, Inc. (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 Red Hot®, and Cholula®. We exited the position after a period of outperformance as we found more attractive risk reward opportunities elsewhere, in our view.

Mueller Water Products, Inc. (MWA): MWA is a leading manufacturer of fire hydrants, specialty valves, and pipe repair products for water infrastructure markets. Following a multi-year period of outperformance in the stock and a recovery to our estimate of mid-cycle earnings power, we exited our position in the quarter.

Northrop Grumman Corp. (NOC): NOC is a leading aerospace and defense contractor as well as a vital supplier to the U.S. Department of Defense with leading capabilities in many strategically important areas including space, cyber, recapitalization of the nuclear triad, and autonomous systems. Following a period of strong outperformance, we exited our position and will look to re-enter at a more favorable risk reward in the future.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

For the nine months ending September 30, 2024, the Nuance Concentrated Value composite was up 13.35 percent (net of fees) compared to the Russell 3000® Value Index, which was up 16.23 percent, and the S&P 500® Index, which was up 22.08 percent. From our perspective, since-inception performance is the most important barometer of performance, and in the period since inception (November 13, 2008 - September 30, 2024), the Nuance Concentrated Value Composite was up 12.91 percent (annualized and net of fees) compared to the Russell 3000® Value Index, which was up 11.46 percent, and the S&P 500® Index, which was up 14.53 percent.

<u>Nuance Performance Goals</u>

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 nine months of 2024, the Nuance Concentrated Value Composite was up 13.35 percent (net of fees) versus our primary benchmark, the Russell 3000® Value Index, which was up 16.23 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 September 30, 2024, we have accomplished this goal, as the Nuance Concentrated Value Composite rose 12.91 percent

(annualized and net of fees) between its inception on November 13, 2008 through September 30, 2024 compared to the Russell 3000® Value Index, which rose 11.46 percent. Further, during the same period, the Nuance Concentrated Value Composite had a standard deviation of 13.22 percent (annualized and net of fees), meaningfully lower than the 16.00 percent standard deviation of the Russell 3000® Value Index. As such, our Sharpe Ratio was 0.89 (net of fees) versus the Russell 3000® Value Index's Sharpe Ratio of 0.65.

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 3rd percentile Sharpe Ratio metrics versus our peers (see Exhibit 1 below).

Exhibit 1[1]

Peer Group Analysis 11/30/2008 - 9/30/2024	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	13.45	13.25	0.93
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Lipper Multi-Cap Value Funds Peer Group (Median)	11.41	16.05	0.64
Peer Group Percentile and Ranking	21st (61 of 291)	3rd (8 of 291)	1st (2 of 291)

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 September 30, 2024, the Nuance Concentrated Value Composite was up 12.91 percent (annualized and net of fees) versus the S&P 500® Index, which was up 14.53 percent. Further, the Nuance Concentrated Value Composite had a standard deviation of 13.22 percent (annualized and net of fees) during the same time period, which is lower than the 15.09 percent standard deviation of the S&P 500® Index. As such, our Sharpe Ratio was 0.89 (net of fees) versus the S&P 500® Index's Sharpe Ratio of 0.89. We are disappointed that our total return lags the S&P 500® Index and our risk-adjusted returns are in line. 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 positioning in the Health Care sector was a primary detractor from performance as our investment in dental companies including Dentsply Sirona, Inc. (XRAY), Envista Holdings Corp. (NVST), and Henry Schein, Inc. (HSIC) all underperformed. We continue to believe the dental space remains a significant one-off under-earning and undervalued opportunity that we added to during this period of underperformance. Please refer to our first quarter 2024 Perspectives for more details on our dental thesis.

2. Stock selection in the Consumer Staples sector was a primary positive contributor to performance as our investments in Clorox Company (CLX), Henkel AG (HENKY), and Kimberly-Clark Corporation (KMB) all outperformed in the year-to-date period. We wrote about our CLX investment in second quarter 2024 Perspectives and the stock outperformed following better than expected earnings in August.

3. Our positioning within the Utilities sector negatively impacted performance as our investments were primarily in the Water Utilities industry, which was the worst performing industry within Utilities. Of our holdings, Pennon Group Plc (PEGRY) and United Utilities Group PLC (UUGRY) were the primary detractors. We continue to favor the competitive position of water utilities to natural gas and most electric utilities and believe there is meaningful under-earning in several of our water utility holdings due to allowed return on equity that is not yet factoring in the current interest rate regime and regulatory lag on much-needed water infrastructure investment.

4. Stock selection in the Industrials sector contributed to performance as 3M Company (MMM) and Mueller Water Products, Inc. (MWA) were up more than 50 percent over the first three quarters of the year, more than offsetting underperformance by Werner Enterprises, Inc. (WERN). We took the opportunity to reduce our position in both stocks on their outperformance.

5. Our positioning in the Financials sector detracted from performance as we were underweight the sector, which outperformed in the year-to-date period, and outperformance from our investments Globe Life Inc. (GL) and Reinsurance Group of America, Incorporated (RGA) wasn't sufficient to overcome that underweight positioning.

6. Our positioning in the Real Estate sector also detracted from performance as Healthcare Realty Trust Incorporated (HR) underperformed.

7. Our underweight positioning to several sectors including Energy, Information Technology, Consumer Discretionary, Materials, and Communication Services positively contributed to performance.

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

[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. [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.

Nuance Perspectives[2]

It was a constructive quarter for us here at Nuance as the Concentrated Value Composite was able to make up ground during the furious market rally experienced in the third quarter. Nevertheless, we are irked to still be trailing our benchmarks in the year-to-date period. For the nine months ending September 30, 2024, the Nuance Concentrated Value composite was up 13.35 percent (net of fees) compared to the Russell 3000® Value Index, which was up 16.23 percent, and the S&P 500® Index, which was up 22.08 percent.

It was an eventful quarter in capital markets as investors anticipated the start of the first Federal Reserve cutting cycle since 2019 and were ultimately obliged with a larger-than-expected 50 basis points cut. Markets rallied furiously in the quarter, with the Russell 3000® Value Index gaining nearly 10 percent in three short months. This was also the first quarter in nearly two years during which value stocks clearly outperformed growth stocks. Lower beta stocks also outperformed risky stocks in the quarter, and it is encouraging that we outperformed in an environment where our stylistic leanings were once again back in favor, which has been few and far between in recent years.

Interest rate-sensitive sectors such as Utilities and Real Estate led markets higher in the quarter. Generally speaking, we prefer the competitive positions and balance sheets we are able to find within Utilities to those in Real Estate, and Utilities has historically been our preferred option among those interest rate-sensitive sectors. Somewhat surprisingly to us, Water Utilities continued to underperform the other Utilities industries, and we only modestly reduced our overweight positioning to Utilities in the quarter, primarily through a reduction in our California Water Service Group (CWT) position. We retained our sizable investment in United Kingdom (U.K.) based water utilities as we continue to believe those businesses are currently under-earning, but higher base returns on equity (ROEs) and an impending capital spending cycle should be supportive of higher earnings power in the coming years. Companies such as United Utilities Group PLC (UUGRY) and Pennon Group Plc (PEGRY) continue to trade at a meaningful discount to their own history and United States (U.S.) water utility peers, in our opinion.

Within Consumer Staples, we wrote about longtime Nuance favorite Clorox Company (CLX) just recently in our second quarter 2024 Perspectives when the stock was around $136 per share. Shortly thereafter, the company reported fourth fiscal quarter earnings that beat expectations as costs and margins showed signs of normalization. The stock quickly traded to above $160 per share in early September and we took the opportunity to capture some of the outperformance and reduce our position, though it remains a meaningful holding and what we view as a solid risk reward opportunity today. As a reminder, at Nuance we do not approach investments with rigid holding periods; rather, we evaluate the risk reward opportunity of each stock relative to alternatives each and every day to optimize portfolio risk reward. In this case, our primary destination within Consumer Staples was Estee Lauder Companies Inc. (EL). EL is a longstanding leading producer of beauty products with a particularly strong position in Asia. In recent years, according to our research, weakness in the Chinese end market exacerbated an inventory glut which ultimately led to poor manufacturing utilization as inventory needed to be cleared from the channel. We believe the company is now meaningfully under-earning for those reasons and the stock has suffered commensurately, trading down from a high of over $350 per share in early 2022 to under $100 per share as of this writing, where we built our position at around 18 times our view of price-to-normalized earnings, which is among the cheapest valuations we have observed in the last twenty years for a stock that has historically commanded a premium valuation multiple.

Within Health Care, we remain convicted in the dental under-earning thesis that we wrote about in detail in our first quarter 2024 Perspectives and are waiting patiently for earnings to normalize, which will hopefully allow for dental stocks that continue to trade at a significant discount to the market to move higher. Within Financials, we added to our Globe Life Inc. (GL) position in the quarter. GL is the leading provider of individual life and supplemental health insurance for lower- and middle-income individuals and households in the U.S. In April, the stock traded down sharply on a high-profile short report, and we were able to buy shares at the time at a discount to book value. Since then, incremental datapoints have reaffirmed our view that the short seller allegations are manageable, especially given GL's very strong balance sheet, and we added to our position.

In Industrials, 3M Company (MMM) was one of our largest and most noteworthy positions in recent years. Many investors had viewed the longtime materials science and adhesives leader as uninvestable due to the overhang from outstanding litigation. As we wrote about in our third quarter 2023 Perspectives, with a strong balance sheet, high returns on capital, and excellent competitive position, we believed MMM was well positioned to navigate the company's legal issues. At under 12 times our view of price-to-normalized earnings after accounting for an aggressively high estimate of those legal expenses, we felt we were more than sufficiently compensated for the risk. As we suspected, it would seem the company is indeed navigating those issues. MMM continues to settle legal cases roughly in line with our estimates, providing more certainty to the market. MMM also executed on the successful spinoff of the company's health care business, Solventum Corporation (SOLV), and right-sized the company's dividend, in our opinion. Investors that just recently called MMM uninvestable appear to be reconsidering, as the stock is up more than 50 percent in 2024. We have sold more than half of our position on the strength, rotating much of that weight into a new pocket of opportunity we are seeing within Industrials: leading truckload carriers within the Ground Transportation industry.

As many of our readers know, the Nuance classic value investment philosophy focuses on investing in leading business franchises trading at a discount to our view of fair value. A key aspect of the process is identifying and understanding transitory forces which cause earnings to be below normal mid-cycle returns on capital for these best-in-class businesses. These transitory factors can be company specific and one-off in nature or more periodic, repeatable cycles. One of these classic transitory opportunities relates to the capital investment cycle of the business, which will be the topic of this quarter's discussion.

The Covid-19 pandemic and ensuing response from governments, businesses, and consumers had wide ranging implications across many areas of the economy. One noteworthy impact that pertains to our investment process and the lens through which we analyze business fundamentals has been the effect on distinct capital cycles - cycles that our team has studied, navigated, and benefited from over multiple decades. Broadly speaking, the response to the pandemic produced temporary step changes in the demand for select goods and services resulting in elevated returns on capital for companies that manufacture or provide those goods and services. As we have seen time and time again, in a response innate to profit-seeking businesses, those high returns subsequently attracted capital and new investment. That investment ultimately led to overcapacity and therefore, more recently, to below-normal returns on capital for those same companies. The classic capital investment cycle that creates a repetitive cycle of under- and over-earning which the Nuance team loves to take advantage of.

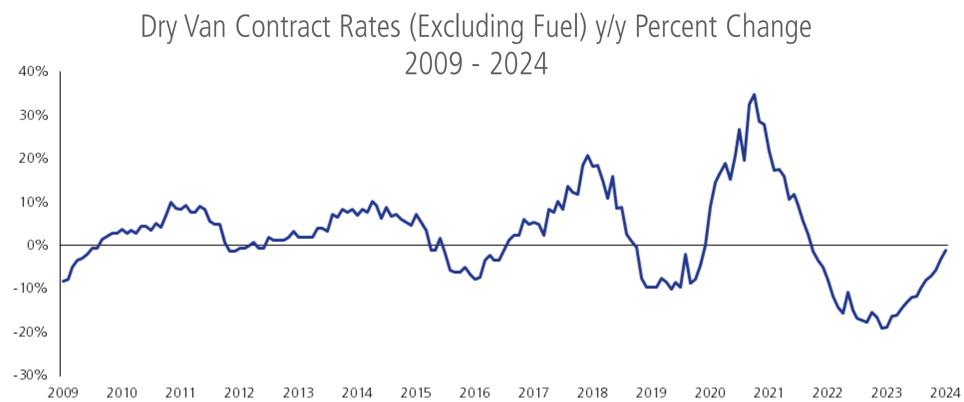
One example where we are finding such an opportunity today is in the truckload freight market. Truckload carriers provide vital transportation services, moving more than 70 percent of the nation's freight by weight, benefiting from their low cost and fast transit time relative to most other modes of freight

[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.

transportation. The truckload market in the United States is highly fragmented and mostly comprised of small operators with over 95 percent of active carriers operating 10 or fewer trucks according to the U.S. Department of Transportation. Larger operators with scale advantages generally offer industry-leading service levels and account for the remainder of the market, some of which are publicly traded companies. This fragmented market structure combined with relatively low barriers to entry creates, in our opinion, a recurring cyclical source of under-earning for our investment team to capitalize on by purchasing the best-in-class operators near the bottom of their capital cycle.

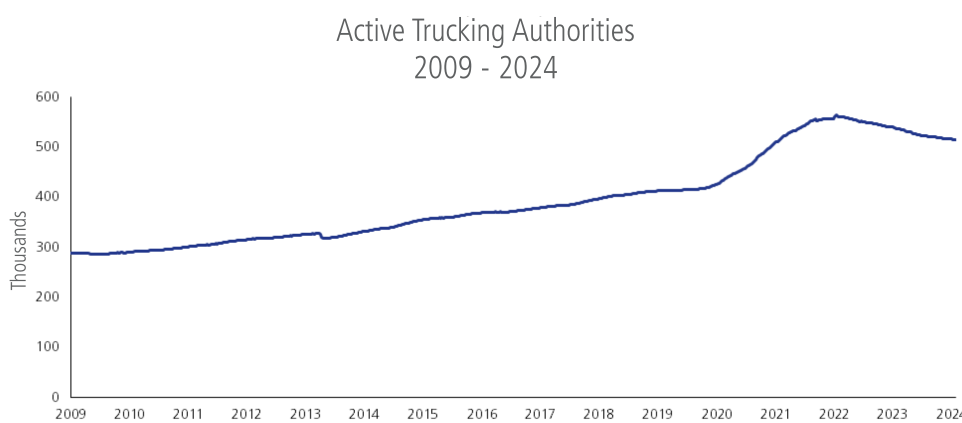
In 2020 and 2021, in the face of pandemic-related restrictions, U.S. consumers found themselves spending much more time at home and flush with cash from the receipt of stimulus checks courtesy of the U.S. Treasury. The result was a sharp increase in demand for truckload transportation as consumers shifted their spending away from services and in favor of goods. Covid-19-induced closures of driving schools also temporarily constrained trucker labor availability and truckload capacity was not able to expand commensurately with demand. This combination drove pricing to peak levels in short order, as pictured in Exhibit 2 below, with peak contract trucking rates being experienced at the end of 2021. As is typical when an industry is experiencing above normal pricing and returns on capital, this high level of profitability attracted new incremental supply. Capital discipline also loosened among existing operators, who chose to grow their asset base in an attempt to defend their market share and chase the high returns themselves. The extreme magnitude of this dynamic can be seen in the sharp rise of active trucking authorities chasing the pricing cycle, with truckload supply peaking in September 2022, nearly a year after pricing had already peaked.

Exhibit 2



Source: DAT, Bloomberg, Wells Fargo Securities, LLC

Exhibit 3



Source: US Department of Transportation, Nuance Investments
For additional information, please visit: https://data.transportation.gov/Trucking-and-Motorcoaches/AuthHist-All-With-History/wahn-z3rq/about_data

More recently, the resulting excess capacity caused by this supply response has become apparent with trucking rates plummeting to below pre-pandemic levels and returns on capital for best-in-class operators quickly reverting from peak to trough levels. This environment has presented us with the opportunity to purchase what we view as industry leaders with growing market shares, leading cost structures, and balance sheet strength, which is critical as it allows the leaders to weather these cyclical forces that are likely to drive many smaller and less financially healthy operators out of the market. Our investments include Werner Enterprises, Inc. (WERN), Knight-Swift Transportation Holdings Inc. (KNX), and Marten Transport, Ltd. (MRTN), all of which are under-earning our estimate of mid-cycle returns on capital, and we believe are trading at attractive valuation levels today. To emphasize the opportunity, WERN is expected to earn less than $1 per share in 2024, well below our view of normalized earnings power of around $3.25 per share. With a steady stream of capacity exits, numerous bankruptcies of poorly capitalized carriers, and capital spending cuts from larger operators, also clearly visible more recently in Figure 3, we believe this process is likely to result in more balanced supply and demand, paving the way for the recovery of freight rates and therefore allowing truckload carrier profitability to return to mid-cycle earnings power. As is typical when companies are under-earning, their stocks are also underperforming and you can see that clearly in WERN, which has been down (16.3) percent since the peak of the pricing cycle at the end of 2021, much worse than the Russell 3000® Value Index, which is up 19.4 percent over that same time period. WERN is trading at only 11.9 times price-to-normalized earnings as of the end of the third quarter, much cheaper than its historical valuation multiples and those of the broader market, where the Russell 3000® Value Index trades at a lofty 21.5 times earnings and we believe this is a compelling time to own cyclically under-earning truckers at a favorable risk reward opportunity.

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 X! 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: 9/30/2024	13.92	13.35	16.23	22.08	N/A	326	$461,727,599	$3,453,304,975	0.1%	15.6	16.9	17.5

Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Nuance has been independently verified for the periods 11/03/08 – 3/31/24 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. 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 and the Nuance Concentrated Value 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, do not include the reinvestment of dividends, 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 9/30/2024 composite weights of names discussed are as follows: AWK (0.0%), BDRFY (1.1%), CLX (2.9%), CVGW (1.2%), CWT (1.1%), DKILY (0.6%), EL (3.5%), GL (3.6%), GRAL (0.0%), HENKY (7.9%), HR (0.0%), HSIC (5.4%), ILMN (0.0%), INDB (0.0%), KMB (2.3%), KNRRY (0.0%), KNX (1.5%), MKC (0.0%), MMM (2.4%), MRTN (1.5%), MWA (0.0%), NOC (0.0%), NVST (3.7%), PEGRY (3.2%), RGA (0.7%), SOLV (3.4%), SPXSY (1.0%), TTC (0.5%), UUGRY (7.6%), WERN (4.6%), and XRAY (9.5%). 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.

Beta measures volatility as compared to that of the overall market. The Market's beta is set at 1.00; a beta higher than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. Past Performance is not a guarantee of future results. Securities are subject to general market risks due to a variety of factors that affect the overall market. There is no guarantee that an investment with the strategy will 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.