Nuance Mid Cap Value Composite Perspectives

March 31, 2025

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

Name	Title	Experience
Scott Moore, CFA	President & CIO	34 years
Darren Schryer, CFA, CPA	VP & Portfolio Manager	13 years
Jack Meurer, CFA	VP & Portfolio Manager	8 years
Adam West, CFA	VP & Portfolio Manager	19 years

Peer Statistics[1]

1st Percentile Sharpe Ratio

Lipper
Peers: Mid-Cap Value
Ranking vs. Peers: 1 of 65

Morningstar
Peers: Mid-Cap Value
Ranking vs. Peers: 1 of 163

Longer Term Performance Update (through March 31, 2025)

Since Inception Return: The return since inception (on 11/03/2008 through 3/31/2025) is 11.90 percent (annualized and net of fees) versus the Russell Midcap® Value Index up 11.57 percent, the S&P MidCap 400® Value Index up 11.90 percent, and the S&P 500® Index up 13.50 percent.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 3/31/2025 is 0.77 (net of fees) versus the Russell Midcap® Value Index at 0.58, the S&P MidCap 400® Value Index at 0.55, and the S&P 500® Index at 0.81.

Peer Group Returns through 3/31/2025: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/2008, we ranked 45 out of 163 peer group members (28th percentile) in the Morningstar Mid-Cap Value Funds universe and 20 out of 65 (30th percentile) in the Lipper Mid-Cap Value Funds universe.

Peer Group Risk-Adjusted Return through 3/31/2025: On a risk-adjusted return basis, since 11/30/2008, (as measured by the Sharpe Ratio) we ranked 1 out of 163 peer group members (1st percentile) in the Morningstar Mid-Cap Value Funds universe and 1 out of 65 (1st percentile) in the Lipper Mid-Cap Value Funds universe.

Peer Group Returns 11/30/2008 - 3/31/2025	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Mid Cap Value Composite (Gross)	13.16	13.75	0.87
Nuance Mid Cap Value Composite (Net)	12.37	13.77	0.81
Morningstar Mid-Cap Value Funds Peer Group (Median)	11.70	17.63	0.57
Peer Group Percentile and Ranking	28th (45 of 163)	1st (2 of 163)	1st (1 of 163)
Lipper Mid-Cap Value Funds Peer Group (Median)	11.89	17.48	0.57
Peer Group Percentile and Ranking	30th (20 of 65)	1st (1 of 65)	1st (1 of 65)

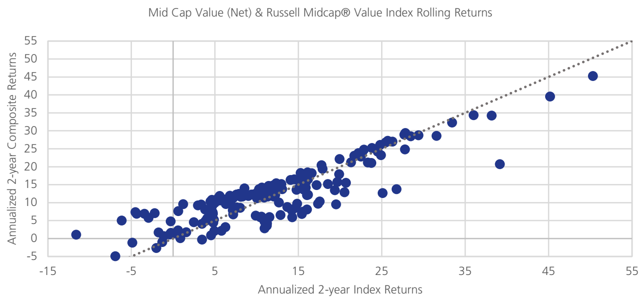
Composite Performance 11/03/2008 - 3/31/2025	APR*	TR*	Standard Deviation*	Sharpe Ratio*	15 Year	10 Year	7 Year	5 Year	3 Year	1 Year	YTD 2025
Nuance Mid Cap Value (Gross)	12.68	610.43	13.82	0.83	11.36	8.64	7.10	9.31	1.86	2.36	(3.64)
Nuance Mid Cap Value (Net)	11.90	533.73	13.84	0.77	10.54	7.91	6.37	8.58	1.18	1.71	(3.79)
Russell Midcap® Value Index	11.57	503.59	17.95	0.58	10.28	7.61	7.78	16.69	3.78	2.27	(2.11)
S&P MidCap 400® Value Index	11.90	533.20	19.45	0.55	10.59	8.41	8.70	19.25	5.14	3.32	(3.70)
S&P 500® Index	13.50	700.06	15.17	0.81	13.14	12.49	13.24	18.58	9.06	8.25	(4.27)

*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 3/31/2025		
11/30/2008 - 3/31/2025	Periods Beating the Index		Composite (%) Annualized Net of Fees	Russell Midcap® Value Index (%)
Nuance Mid Cap Value Composite	111 / 173	64.2%	2.84	10.95



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, 2025, the Nuance Mid Cap Value Composite two-year rolling return is 2.84 percent (annualized and net of fees) versus the Russell Midcap® Value Index up 10.95 percent, the S&P MidCap 400® Value Index up 10.03 percent, and the S&P 500® Index up 18.55 percent. Overall, we have outperformed in 111 out of the available 173 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 (3.79) percent (net of fees) versus the Russell Midcap® Value Index down (2.11) percent, the S&P MidCap 400® Value Index down (3.70) percent, and the S&P 500® Index down (4.27) percent.

Calendar Year Composite Performance as of 3/31/2025

	11/03/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD 2025
Nuance Mid Cap Value (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	6.76	(3.64)
Nuance Mid Cap Value (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	6.07	(3.79)
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	13.07	(2.11)
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	11.71	(3.70)
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	25.02	(4.27)

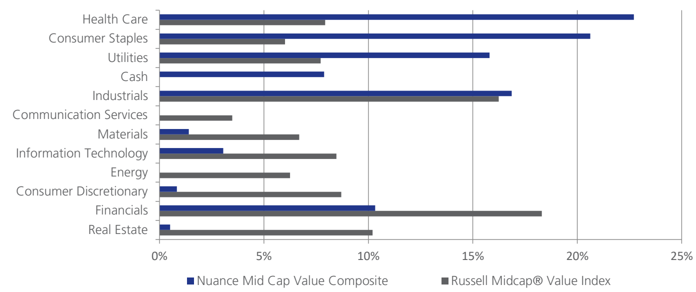
Composition of the Portfolio as of 3/31/2025

Portfolio Characteristics[2]	Nuance Mid Cap Value Composite	Russell Midcap® Value Index
Weighted Average Market Cap	18.2b	26.0b
Median Market Cap	13.0b	10.4b
Price to Earnings (Normal)*	13.0x	19.9x
Price to Earnings (Ex-Neg Earnings)	-	17.6x
Dividend Yield	2.2%	1.9%
Return on Tangible Assets (Normal)*	9.4%	7.3%
Return on Tangible Assets (Trailing)	5.2%	7.3%
Return on Assets (Normal)*	7.0%	5.6%
Return on Assets (Trailing)	3.9%	5.6%
Active Share vs Russell Midcap® Value Index	96%	-
Upside/Downside Capture Ratio vs Russell Midcap® Value Index	81% / 75%	-
Number of Securities	57	712

* Based on Nuance normalized earnings estimates.

We continue to be pleased with the overall composition of the portfolio. Remember that we are seeking investment opportunities in leading business franchises with better than average valuation support. Using the adjacent table, you can see that the portfolio has a Price to Earnings ratio of 13.0x versus the Russell Midcap® Value Index of 19.9x. We are achieving this ratio with a portfolio of companies that have a return on assets of 7.0 percent versus the Russell Midcap® Value Index of 5.6 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 3/31/2025



The portfolio was mostly unchanged during the quarter from a sector exposure standpoint. The largest overweight positions, relative to the benchmark, remain the Health Care, Consumer Staples and Utilities sectors. We remain overweight in the Health Care sector as we continue to see under-earning and underperformance manifesting across select dental companies. We are also finding opportunities within the Life Sciences Tools & Services sub-industry where we are seeing some company-specific under-earning. Within the Consumer Staples sector, our primary exposure remains in the Household Products and Personal Care Products industries. We are also finding what we believe to be select opportunities within the Foods Products industry. We remain overweight in the Utilities sector, and our positioning there is primarily within the Water Utilities industry. We 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 and infrastructure investment that we believe is poised to move higher in 2025 following regulator determinations. While the Industrials sector makes up a meaningful part of the portfolio, our weight is approximately in line with the benchmark. Within the sector, our largest exposure remains within the Ground Transportation industry where we are finding what we believe to be attractive risk rewards across leaders in the dedicated trucking market. While our exposure in the Financials sector is underweight the benchmark, we continue to hold what we believe to be one-off opportunities within several sub-industries, primarily the Life & Health Insurance and Investment Banking & Brokerage sub-industries. While we have small exposures in the Real Estate, Information Technology, Materials, and Consumer Discretionary sectors, we continue to be underweight those sectors relative to the benchmark. 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 Communication Services sector primarily due to competitive uncertainty and valuation concerns.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

For the three months ending March 31, 2025, the Nuance Mid Cap Value Composite was down (3.79) percent (net of fees) compared to the Russell Midcap® Value Index, which was down (2.11) percent, the S&P MidCap 400® Value Index, which was down (3.70) percent, and the S&P 500® Index, which was down (4.27) 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, 2025), the Nuance Mid Cap Value Composite was up 11.90 percent (annualized and net of fees) compared to the Russell Midcap® Value Index, which was up 11.57 percent, the S&P MidCap 400® Value Index, which was up 11.90 percent, and the S&P 500® Index, which was up 13.50 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 17 years (including our stub year of 2008) and 10 out of 16 (not including the 2008 stub year). For the first three months of 2025, the Nuance Mid Cap Value Composite was down (3.79) percent (net of fees) versus our primary benchmark, the Russell Midcap® Value Index, which was down (2.11) percent. If that performance holds for the full calendar year, the Nuance Mid Cap Value Composite will have outperformed 11 out of 18 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, 2025, we have accomplished this goal, as the Nuance Mid Cap Value Composite rose 11.90 percent (annualized and net of fees) between its inception on November 3, 2008 through March 31, 2025 compared to the Russell Midcap® Value Index, which rose 11.57 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 17.95 percent standard deviation of the Russell Midcap® Value Index. As such, our Sharpe Ratio was 0.77 (net of fees) versus the Russell Midcap® Value Index's Sharpe Ratio of 0.58.

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 - 3/31/2025	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Mid Cap Value Composite (Gross)	13.16	13.75	0.87
Nuance Mid Cap Value Composite (Net)	12.37	13.77	0.81
Morningstar Mid-Cap Value Funds Peer Group (Median)	11.70	17.63	0.57
Peer Group Percentile and Ranking	28th (45 of 163)	1st (2 of 163)	1st (1 of 163)
Lipper Mid-Cap Value Funds Peer Group (Median)	11.89	17.48	0.57
Peer Group Percentile and Ranking	30th (20 of 65)	1st (1 of 65)	1st (1 of 65)

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, 2025, the Nuance Mid Cap Value Composite was up 11.90 percent (annualized and net of fees) versus the S&P MidCap 400® Value Index, which was up 11.90 percent, and the S&P 500® Index, which was up 13.50 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 19.45 percent standard deviation of the S&P MidCap 400® Value Index and the 15.17 percent standard deviation of the S&P 500® Index. As such our Sharpe Ratio was 0.77 (net of fees) versus the S&P MidCap 400® Value Index Sharpe Ratio of 0.55 and the S&P 500® Index Sharpe ratio of 0.81. Accordingly, our risk-adjusted returns are on track relative to the S&P MidCap 400® Value Index. We are disappointed that our performance lags the S&P 500® Index, 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 Dentsply Sirona, Inc. (XRAY) underperformed.

2. Our positioning in the Utilities sector positively impacted performance as our investments were primarily in Water Utilities, which was the best performing sub-industry within Utilities. We 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 and infrastructure investment that we believe is poised to move higher in 2025 following regulator determinations.

3. Our stock selection in the Consumer Staples sector was a negative contributor to performance, primarily driven by our position in Estée Lauder Companies Inc. (EL). We took advantage of the underperformance and added to our position over the quarter. We wrote about our EL investment in our fourth quarter 2024 Perspectives.

4. While stock selection in the Financials sector contributed to performance as Globe Life Inc. (GL) outperformed, stock selection detracted from performance within the Information Technology sector as Rogers Corporation (ROG) underperformed.

5. Our underweight to the Energy sector detracted from performance as the sector was the second best performing in the Russell Midcap® Value Index, up 6.1 percent in the first quarter of the year. We continue to believe most of the Energy sector is facing serious competitive threats from new technologies, and fossil fuel-oriented companies are facing the prospect of secularly declining demand for their products. We remain void the Energy sector today and discussed our thesis in our second quarter 2024 Perspectives.

6. Our underweight position within the Consumer Discretionary and Materials sectors contributed to performance while our underweight positioning within the Real Estate and Communication Services sectors detracted from performance.

7. The Industrials sector was also a modest contributor to performance as our positioning and outperformance in 3M Company (MMM) was able to offset weakness within the Ground Transportation industry, primarily our position in Werner Enterprises, Inc. (WERN).

8. Finally, our cash position was a contributor to performance.

Nuance Perspectives[3]

As we head into our 17th year here at Nuance Investments, it makes me reflect on just how much I enjoy the competition that embodies our work each day. Competing against the market, benchmarks, and peers has been my work world now since the mid 1990's. But in the sea of many outstanding and disappointing quarters, this one was one of the most frustrating. Simply put, it was a very disappointing quarter for us here at Nuance. To say your team has performance fatigue would be quite the understatement. We are keenly aware that you do as well. To that end, our answer to performance fatigue is always the same - focus on our core principles, our process, and ensure our portfolio is comprised of leading market share positioned businesses that we believe are under-earning due to a transitory reason and thus under-valued. That said, this broad market's seemingly refusal to consider valuation multiples as a primary reason for downside support is just frustrating for us. To be clear, this is our opinion of the market and not a fact. While we outperformed the S&P 500 Index this quarter, we were behind our primary benchmark, the Russell Midcap® Value Index, during a down quarter, primarily due to some of our largest holdings

[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.

having tough quarters. These stocks, each with what we believe to be valuation support that led them to become our largest holdings, guided down modestly, and the result was relatively significant sell-offs in the stocks. We will discuss two of them then touch on tariffs.

Let's start with Estée Lauder Companies Inc. (EL). EL is a global leader in beauty products, with leading positions in skin care, makeup, and fragrances. Our research indicates the company is the global number two market share player, behind L'Oreal S.A. (LRLCY), with leading positions primarily in North America, Asia Pacific, and Western Europe. Longer-term, we view the beauty category as well positioned within Consumer Staples, as it has historically seen much better growth than most household and personal products categories. We understand clearly that beauty products can be more volatile than some other personal care products due to a more discretionary product nature than things such as toilet paper or laundry detergent. That said, we believe the company is clearly under-earning its long-term potential, primarily due to a significant inventory correction in China and more broadly in Asia. Despite these recent difficulties, EL has gained share throughout the Asia-Pacific region for much of the past two decades and saw strong growth in the region even during the onset of the Covid-19 pandemic, with double digit revenue growth in 2020 and 2021 in Asia Pacific, before flatlining in 2022 and declining to mid-single digits each of the past two years. Our research shows that these recent declines were due to government regulations within the Chinese travel retail market in early 2023 which caused a steep decline in sales in that end market, and travel retail outlets found themselves overstocked with inventory, not needing to reorder as much from EL as they sold to the end customer. This under-earning catalyst was exacerbated by a general slowdown by the Chinese consumer and other smaller issues that the company has dealt with including the residual impacts of input cost inflation and an overbuild of capacity. In total, we believe this created our current under-earing situation and valuation opportunity in the stock. Namely, fixed asset utilization and fixed cost absorption problems throughout 2023 and 2024 which have led to trough levels of gross margins, product discounting, and inventory obsolescence. Returns on capital experienced a historical peak as recently as 2022 and declined to a new trough by the end of 2023, when we quite clearly became interested.

Specifically, we believe that the company's expected earnings per share (EPS) of roughly $1.40 in the next fiscal year is far below our view of its normalized earnings power of approximately $5.00 per share. As the company swung from peak to trough earnings power, the stock reacted commensurately, trading off from a high of above $350 per share in 2021 to a low of below $70 in 2024, dramatically underperforming the market. This afforded us the opportunity to build a position at the most inexpensive valuations we have observed in the stock over the last fifteen years and what we believe is a particularly attractive risk reward versus the market set of opportunities. Applying any reasonable historical multiple to our $5.00 of normal earnings provides significant upside potential, in our opinion. Interestingly, one of the multiple ways we value the businesses we study is to use a sum-of-the-parts based on geographical exposure. That work suggests to us that the market is currently ascribing little to zero (possibly even negative) value to the company's entire operation in China. The trailing 12 months revenue from the China business is roughly $3.8 billion, in our estimation. Ascribing zero value seems very interesting to us today.

So, what happened this quarter? Essentially the company gave guidance and that caused the Wall Street analysts to lower their 2025 estimates by 15 cents of earnings per share due to the continued China issues. From that news, the stock retracted its gains for the year, and it fell from Dec 31, 2024 prices of approximately $75 to $66 as of quarter end. Essentially, a 12 percent reduction in value, leading to valuation levels that we find very interesting. Our opinion is, and has been, that the market just cannot seem to find raw valuation a useful tool in today's market, and we have added to our position on this weakness.

Next up, let's talk about Henkel AG & Co. KGaA (HENKY). We are invested in Henkel through one of its two share classes represented by tickers HENKY and HENOY. We own HENKY due to its discount to HENOY and its voting rights. HENKY is a leading global producer of adhesives and household products, both areas of the economy that we consider to be attractive for investment. Its adhesives business holds a number one or two market share position in a variety of categories including automotive, construction and electronics adhesives. HENKY has been a dominant adhesives player for many years, and we expect it will be a market share gainer over this coming cycle due to its advantaged portfolio. HENKY's household products business is a global leader in laundry care with its Persil®, All®, and Snuggle® brands, and a European leader in dishwashing detergent and toilet care. In addition to its leading market shares, HENKY holds around €1.5 billion euros of net cash on its balance sheet, a figure that compares favorably to both of its peer groups, according to our research.

Over the past two years, HENKY has slowly but surely executed its business plan and its cash and earnings power have increased from under-earning its potential earnings power to achieving its normal earnings power as per our research. In 2022-2023, the company was expected to earn around $1.05 per ADR share (in U.S. dollars) (per Wall Street consensus estimates at the time), and we believed that the company was under-earning its long-term potential and should be earning closer to $1.50 per ADR share. The company was under-earning due to the elevated cost of goods sold as raw material inflation had eaten into earnings with cost of goods sold as a percentage of its sales running about 350 basis points above what we would consider normal. That increase had been primarily driven by rising resin and other petrochemical costs across HENKY's entire product portfolio, as well as inflated transportation costs. We believed these negative items would likely prove transitory as pricing ultimately catches up with costs and the ratio normalizes. Well, they did indeed. Today's Wall Street estimates are $1.51 per share for fiscal 2025 and $1.62 for fiscal 2026. An increase of earnings power of more than 40 percent which we typically see as a catalyst for valuation multiple expansion. Frankly, a classic Nuance stock in all ways. Except one detail, the valuation as of March 31,2025 is still at a substantial discount to its peers, in our opinion, despite its fundamental performance and its net cash balance sheet.

So, what happened this quarter? Ahead of the company's quarterly earnings announcement, the stock rallied to approximately $21.20 per share (March 10, 2025) and achieved what we believe to be a very reasonable and still compelling 13 times price-to-earnings multiple. However, the company ultimately fell short of street revenue estimates, despite the fact that their earnings estimates stayed the same at approximately $1.50 per share for this year and $1.60 for next year. The result? A debt-free company with solid operating performance for the last three years fell from approximately $21 per share to $17.69 (March 26, 2025) - 15 percent - and now trades at 11.2 times Wall Street estimates and our view of normal earnings. This is 11.2 times earnings for a company with net cash on its balance sheet that has improved its earnings significantly over the past two to three years, in our opinion, and we have added to our position on this weakness.

Why do I share these two examples, and why is this important (and frustrating) for us and our clients right now? Because we look back less than a year ago to another example of a leading business representative of our process that the market decided was unattractive and some analysts even suggested was "uninvestable." 3M Company (MMM). In our third quarter 2023 Perspectives, we wrote the following: "3M Company (MMM): MMM is a diversified industrial conglomerate with leading market share positions across a variety of businesses including industrial materials and adhesives, healthcare consumables, safety equipment, and consumer products. MMM has been a market share gainer over this last economic cycle as the company has benefited from structural tailwinds such as adhesives gaining share from traditional fasteners, aging populations, and increasing safety and regulatory standards. MMM's high and stable return on capital profile makes its roughly 2.0 times net debt to our internal estimate of normalized earnings before interest, taxes, depreciation, amortization and rent expense (EBITDAR) balance sheet attractive, in our opinion. Recent cyclical weakness in sales from some of MMM's consumer-oriented end markets has caused under-earnings, and when combined with two high profile legal battles, has soured investor sentiment, in our opinion. MMM's stock is currently trading at around 12.0 times our estimate of normalized earnings. Additionally, over the last months MMM has announced two important legal settlements, and we believe the company has de-risked a major portion of the potential liability from the two legal battles previously mentioned. With further clarity on these liabilities and with cyclical under-earnings and under valuation, in our view, we believe MMM is an attractive position to hold in our clients' portfolios and is a top ten holding". Notably, having studied the company's historical returns on capital, our view of normal earnings was $10 per share at the time.

So, what happened in the fourth quarter of 2023? The company guided numbers down due to sluggishness in China, Europe slowing, and consumer electronics were weak. At that time, Wall Street estimates were $9.85 per share and those estimates fell to $9.60 per share post the fourth quarter results, and the stock reacted in a similar manner to our earlier examples and fell to recession like valuation levels of 8-9 times normal earnings. From that point, through quarter end, MMM has appreciated over 75 percent from these lows and returned to what we consider normal levels.

Will the same fate be bestowed upon HENKY and EL? We certainly would not say anything of that kind. What we would say is we believe that the sell-off in these stocks is reflective of the nature of today's market. A market that just doesn't seem to care much for valuation as a concept. Time will tell.

Finally, we would be remiss if we didn't discuss the current tariff situation. First, tariffs have been used for political and economic negotiations between countries for years. They are generally considered inflationary, a headwind to the economy, and serve largely as another form of corporate or consumer taxation. While difficult to predict the motives and goals of the current administration, we would believe that these measures are largely a method to negotiate on a variety of economic and political issues with other countries.

As it relates to Nuance's holdings, we would remind our clients that our view of the fair value of our companies is predicated on our long term view of their cash flows and earnings as well as predictable short-term disruptions to those cash flows, both good and bad. Put simply, recessions and difficult earnings periods are baked into our work and our views of fair value. Put another way - assuming the tariff situation is transitory and reasonably short-term– we would view it, broadly, as an opportunity. The tougher part for the overall market – in our opinion - is that in the short-term, there are risks to company's profitability, and certainly, an increase in volatility and misinformation as the news flow continues each day. Couple that with a relatively expensive broad market – again our opinion – and increased stock market volatility would appear likely. We would remind our clients that we embrace volatility on all levels as we believe that our list of leading business franchises has less volatility of earnings and fundamentals than the broader economy and that dislocations for what are likely shorter-term issues, create opportunities for our portfolios and our clients.

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 Mid Cap Value Perspectives.

Thank you for your continued confidence and support.

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
2024	6.76	6.07	13.07	11.71	0.4	29	$2,337,277,314	$2,845,896,775	0.0%	14.9	20.0	21.7
YTD 2025 As of: 3/31/25	(3.64)	(3.79)	(2.11)	(3.70)	N/A	27	$1,327,894,932	$1,730,689,233	0.1%	15.4	20.1	22.0

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 11/3/08 – 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 1/1/11 through present, Time Weighted Return was compounded on a daily basis. Nuance updated its index performance source from Bloomberg to FactSet effective 12/31/20. 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 1/1/17, 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 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 11/3/08. 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, 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 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. Basis Point = one hundredth of one percent. As of 3/31/25 composite weights of names discussed are as follows: EL (7.3%), GL (3.6%), HENKY (5.9%), HENOY (0.0%), LRLCY (0.0%), MMM (0.0%), ROG (2.2%), WERN (4.3%), and XRAY (6.1%). 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.