

Value. Delivered.

Protecting capital in down markets, owning resilient businesses, and valuing each on its mid-cycle earnings power define the Nuance process. These disciplines have been out of favor in this late cycle market, yet they are the same ones that have produced leading risk-adjusted returns over the long term.

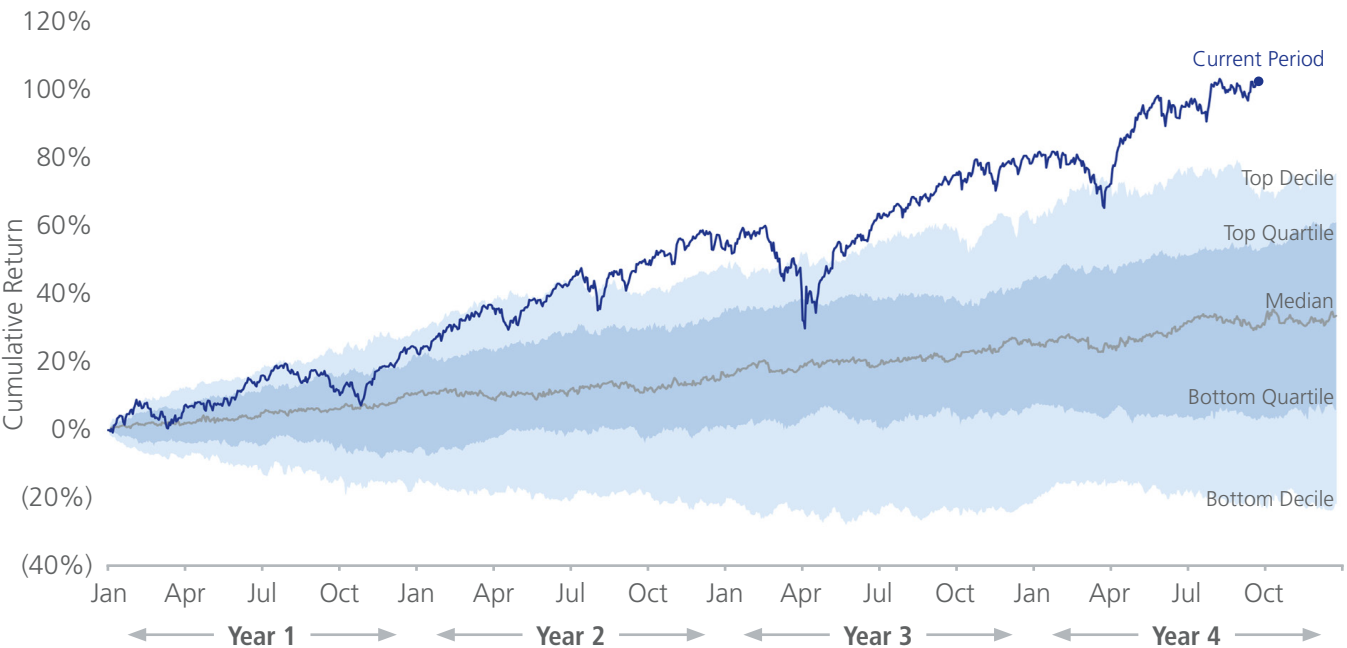
Summary

The first paper of this series, [A Contrarian Case for Value Investing](#), described how capital has crowded into passive index funds, leveraged private-market vehicles, and a narrow group of mega-cap growth and AI-related stocks, leaving value investing deeply out of favor. The second, [Why Mid Cap Value, Why Now?](#), argued that mid cap value specifically has characteristics that we believe make it an attractive asset class for investment. This paper explores how we believe the current opportunity within mid cap value is best captured. In our view, strong long-term risk-adjusted results require an active, disciplined approach applied by an experienced team through a full cycle. Protecting capital in down markets, distinguishing durable businesses from fragile ones, and paying only for earnings that can be sustained are, we believe, timeless principles, even if they have been forgotten by many investors during the later stages of this cycle. Each of these disciplines is central to our investment approach at Nuance.

The Discipline of Absolute Risk

In recent years, many investors’ working definition of risk has shifted from the permanent loss of capital to tracking error or the risk of trailing a benchmark. At Nuance we define it in the former sense. We measure risk on an absolute basis, we pay close attention to our Sharpe ratio, and we place the most weight on avoiding the permanent impairment of capital one stock at a time. The US stock market has experienced a double-digit correction once every year and a half over the last century^{1,2}, and those are the periods when downside protection matters most. Yet after a period like the last four years, with the S&P 500 up over 100% (figure 1), attention tends to drift back toward relative risk and tracking error.

Figure 1: S&P 500 Cumulative Return Over Four Years, Current Period Versus History Since 1928



Source: FactSet. Value investing is a long-term discipline, and there is no assurance that a value-oriented approach will outperform other investment strategies over any given period. Past Performance does not guarantee future results. 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.

We believe this is a mistake. When markets are euphoric, absolute risk can be forgotten and the fear of missing out may take over, and those are the conditions under which downside risk is the greatest. An investor who chases what has recently worked can be left with the worst of both worlds as they are too cautious to enjoy the full upside of an expensive, over-earning market, and too exposed when optimism fades. Our emphasis on absolute risk follows from a fundamental feature of the mathematics of a loss. A portfolio that falls must rise by more than it falls just to return to where it started, and the gain required to recover grows quickly as losses deepen. A 20% loss requires a 25% gain to recover, and a 50% loss requires a 100% gain. An investor who avoids the deepest drawdown begins each recovery from a higher base, and over time that higher base compounds, with the clearest effect seen over a full market cycle.

Because we manage to absolute risk and work to limit drawdowns, our clients tend to have a smoother experience on an absolute basis. Morningstar's research has shown consistently over time that investors tend to underperform the funds they own and that the more volatile the fund, the less of its returns investors capture³. Given our balanced focus on risk and reward, we would contend that our portfolios are easier to stay invested in through a cycle, helping clients achieve the full-cycle returns of our approach.

Table 1: Russell Midcap® Value Index Drawdowns Greater Than 10%, 11/3/2008 to 6/30/2026

Drawdown	Peak	Trough	Recovery	Duration (Months)	Peak-to-Trough Cumulative Return		Trough-to-Peak Months to Recover	
					Russell Midcap® Value Index	Nuance MCV Composite (Net)	Russell Midcap® Value Index	Nuance MCV Composite (Net)
#1	11/3/08	2/28/09	7/31/09	9	-25.9	-19.8	5	3
#2	4/30/10	6/30/10	10/31/10	6	-13.5	-10.2	4	3
#3	4/30/11	9/30/11	9/30/12	17	-20.9	-16.1	12	5
#4	5/31/15	1/31/16	6/30/16	13	-12.7	-6.8	5	2
#5	8/31/18	12/31/18	7/31/19	11	-15.6	-6.8	7	1
#6	12/31/19	3/31/20	11/30/20	11	-31.7	-19.3	8	8
#7	12/31/21	9/30/22	2/29/24	26	-20.4	-14.8	17	7
#8	11/30/24	4/30/25	8/31/25	9	-11.5	-9.6	4	5
Average				13	-19.0	-12.9	8	4

Source: Nuance, FTSE Russell. The historical period selected is the inception date of the Mid Cap Value Composite through 6/30/26. The Nuance Investment Team generally defines a major drawdown as greater than 10%. This is an internal metric and is subject to change.

Since our inception, every major drawdown in our Mid Cap Value strategy has occurred alongside a large decline in the Russell Midcap® Value Index (table 1). On average, our drawdowns have been shallower (12.9% vs 19.0%) and have recovered to breakeven more quickly (roughly four months versus eight). By contrast, an index absorbs each decline in full and has no way to protect capital. And as we've highlighted in the first paper of this series, a passive investor today owns a narrower, pricier, and more fragile market than ever before. Limiting losses in a downturn requires active decisions made before the downturn arrives about what to own, what to pay for it, and what to avoid. This does not mean we avoid risk. As we have throughout our history, we are willing to take large positions in resilient businesses when the balance of risk and reward is in our favor, often because a market overreaction has opened a wide gap between price and value.

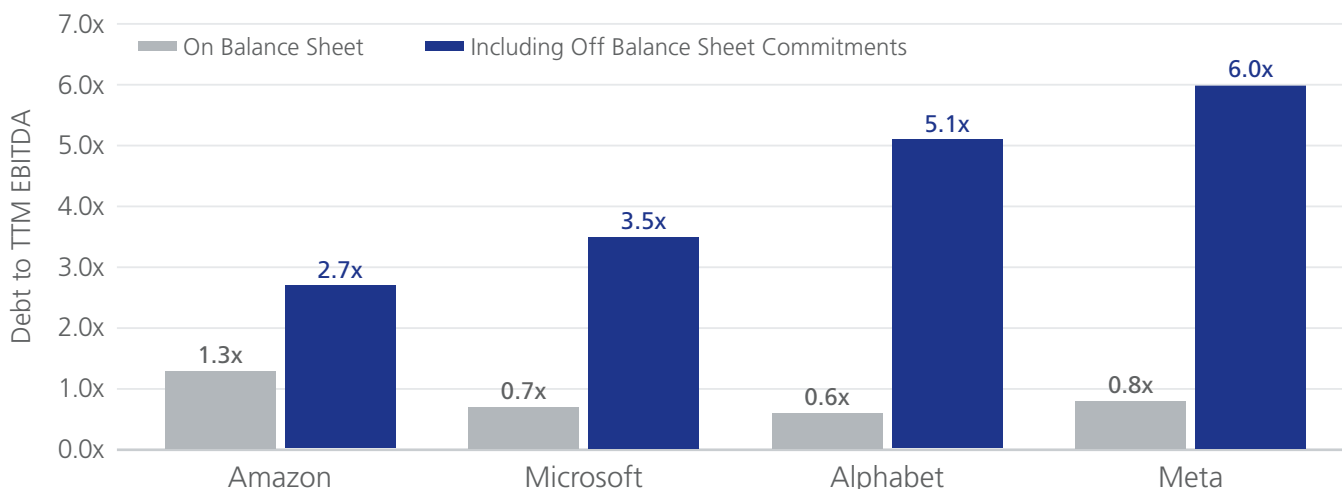
Owning Resilient Businesses

Artificial intelligence and rapidly changing competitive conditions are challenging certain business models that once looked secure, widening the range of outcomes across many areas of the economy. As our first paper discussed, investors have a poor historical record of picking the winners of major technological shifts while those shifts are still underway. Our process instead focuses on owning businesses with durable competitive advantages that can use new technologies and tools to deepen their market positions. In our view, avoiding the companies that lose ground to technological change is both more achievable and more valuable to long-term compounding than trying to guess who the biggest winners of an unresolved AI future will be.

Financial strength is another important component of business resilience, but in recent years, companies with weaker balance sheets and more speculative business models have often outperformed their higher-quality peers. AQR's U.S. quality-minus-junk factor fell in each calendar year from 2023 through 2025, and its decline from October 2023 to June 2026 was the deepest since the data begin in 1957⁴. In our experience, this is a late-cycle pattern rather than a lasting one. Financial fragility tends to be ignored or even rewarded in these periods, but becomes a fatal flaw when conditions turn. Across a full cycle, these businesses have tended to underperform, even after stretches of strong returns with quality outperforming junk in 99% of rolling 10-year periods since 1957⁴⁻⁶. Assessing which businesses are truly resilient requires deep fundamental research and careful study of company filings. Across AI-related names, off-balance-sheet financing has grown materially in 2026⁷, introducing new risks. In a market as euphoric as this one, many investors have chosen to overlook these risks, but discerning true balance-sheet strength is central to our investment process.

Four companies account for the bulk of spending in the AI infrastructure cycle: Alphabet, Amazon, Meta, and Microsoft. On their balance sheets, lease liabilities and long-term debt total about \$600 billion as of the end of the second quarter of 2026⁷. But a study of the footnotes uncovers another \$900 billion of leases signed but not yet started plus more than \$1.5 trillion in purchase commitments, mostly for data center capacity and chips⁷. Adjusting financial statements to reflect true economic reality has long been a focus of our team and, once these obligations are accounted for, the balance sheets look far less pristine than reported (figure 2).

Figure 2: Debt to TTM EBITDA, On Balance Sheet Versus Including Off Balance Sheet Commitments



Source: FactSet. Debt includes lease liabilities and long-term debt; off balance sheet commitments include leases not yet started and purchase commitments.

Many have pointed to the substantial cash flows these companies throw off as a secure funding source for all this spending, but these companies are increasingly turning to debt. Hyperscaler bond issuance rose from \$17 billion in 2024 to \$93 billion in 2025, and reached \$182 billion by mid-September 2026⁸. Additionally, Goldman Sachs expects roughly 35% of hyperscalers' 2027 capital spending to be debt-financed, even before counting off-balance-sheet data center financing⁹. The industry has also become intertwined, with the same companies investing in each other and then spending on each other's products. Nvidia, for instance, invested \$30 billion in OpenAI's 2026 funding round and is providing credit support for OpenAI's data center leases^{10,11}, while OpenAI remains one of the biggest buyers of Nvidia's chips. Money goes out as an investment and comes back as revenue. OpenAI spent roughly \$34 billion in 2025 against roughly \$13 billion of revenue, yet it is reportedly targeting roughly \$600 billion in compute spending through 2030^{12,13}.

In addition to its investment in OpenAI, Nvidia has also invested in other prominent AI-native companies, some of which have explicitly committed to purchasing GPUs from Nvidia in return. These include investments in CoreWeave, Nebius, xAI (now part of SpaceX), Anthropic, and Lambda, as well as a right to invest up to \$2.1 billion in IREN that vests as its Nvidia GPU deployments grow¹⁴⁻¹⁸. Nvidia has also invested in other AI companies that did not disclose reciprocal purchases of chips but rely on GPUs as a core part of the business model, including Safe Superintelligence, Cursor (now part of SpaceX), Black Forest Labs, Cohere, and Mistral AI¹⁹⁻²³. Beyond this, Nvidia has announced an outright acquisition of Hugging Face²⁴ and is reportedly in talks with Perplexity about an additional investment²⁵. Many of these companies are private and largely unprofitable²⁶, and without Nvidia's investments would need to secure outside financing to keep investing in data centers that require Nvidia's products. In a recent announcement that highlights the complexity of some of these agreements, Anthropic signed a \$35 billion deal in August with Lambda for cloud computing resources from a data center that is currently under construction in Texas. The data center itself is leased by Nvidia, with Lambda providing the computing capacity to Anthropic²⁷. In effect, Nvidia is supplying its customers with capital that returns to Nvidia, directly or indirectly, as revenue in deals that might otherwise be prohibitively expensive to finance. Given how quickly these financing structures are being renegotiated and disclosed, we would expect the specific figures cited here to keep shifting, even as the underlying dynamic persists.

Importantly, all this spending has become a significant driver of the broader US economy and businesses exposed to it have seen revenue climb and multiples expand on the assumption that this buildout will continue indefinitely. With an ever-larger share of revenue relying on circular, debt-funded spending, we believe that our process, which is grounded in a deep understanding of capital cycles, is especially critical in this environment.

Most Things Will Prove to be Cyclical

Another core element of our approach is detailed valuation work, with a particular focus on the normalized or mid-cycle earnings and cash flow generation of each business. All businesses are subject to cyclical forces of varying cause, length, and magnitude with periods of both under-earning and over-earning versus the sustainable mid-cycle earnings power of the business. Our approach at Nuance seeks to take advantage of this dynamic by purchasing durable businesses when they are under-earning due to a transitory or cyclical reason. This approach provides tailwinds for earnings and multiple expansion as the cyclical and market forces propel earnings toward a higher normalized state. Just as critically, it helps us avoid paying high multiples for cyclically elevated earnings, only to see conditions normalize, earnings fall, and multiples contract.



In investing, as in life, there are very few sure things. Values can evaporate, estimates can be wrong, circumstances can change, and “sure things” can fail. However, there are two concepts we can hold to with confidence:

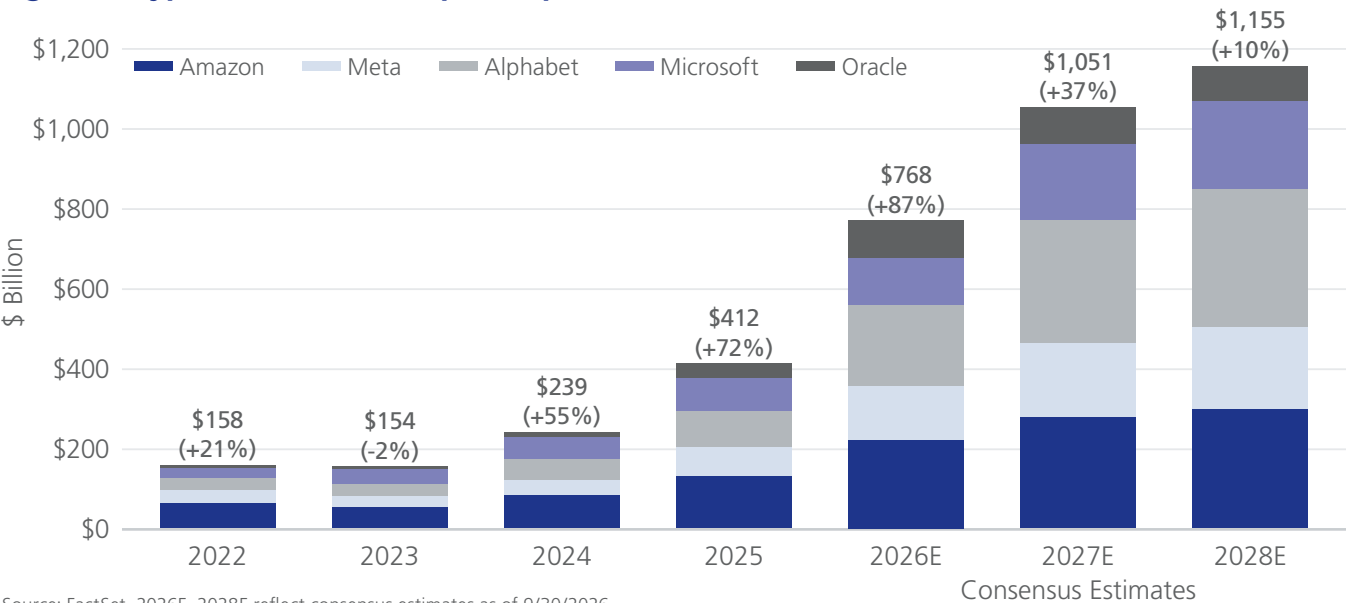
Rule number one: most things will prove to be cyclical.

Rule number two: some of the greatest opportunities for gain and loss come when other people forget rule number one.

Howard Marks, *The Most Important Thing*²⁸

A clear example of cyclically elevated earnings exists at many businesses today due to the surge in capital spending tied to the AI buildout. The five largest hyperscalers have guided roughly \$770 billion in combined capital expenditure for 2026, up nearly ~5x from five years ago, and Wall Street analysts expect the total to exceed \$1 trillion in 2027²⁹. This is the largest corporate capital spending cycle on record, and the economic implications are significant, with AI spending estimated to account for roughly a third to a half of recent US GDP growth³⁰. Companies exposed to this massive spending cycle across the economy are now earning elevated returns with many investors assuming the spending will continue at this pace.

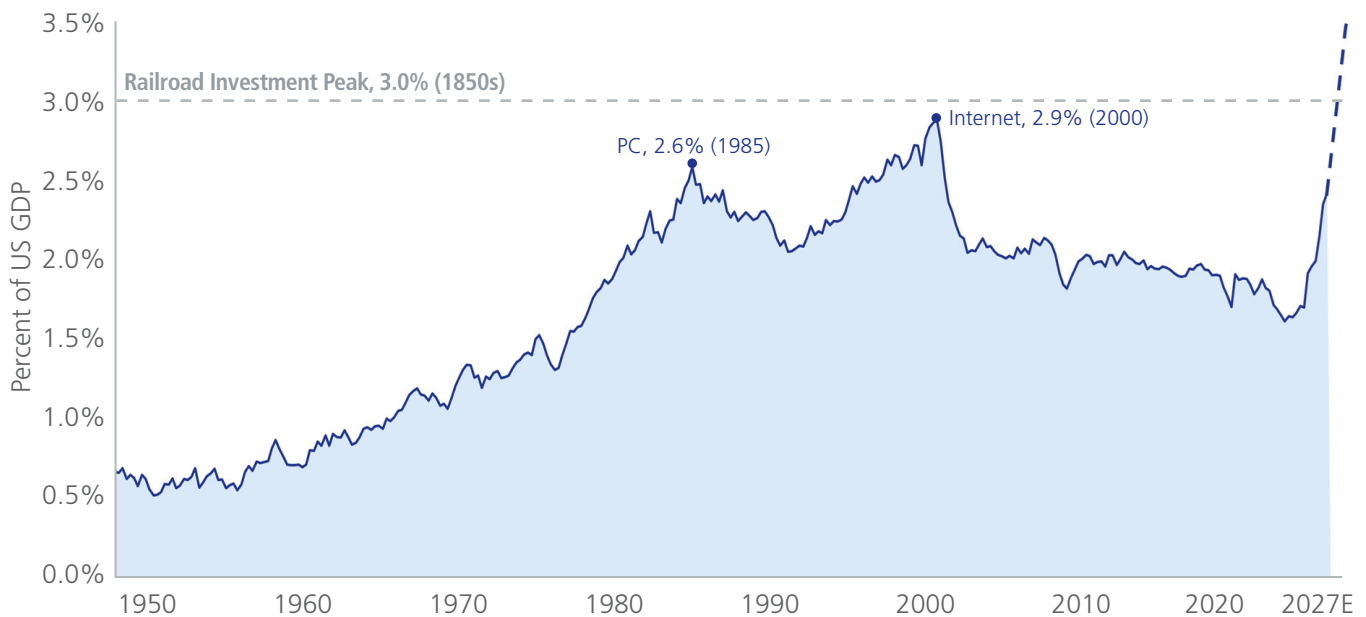
Figure 3: Hyperscaler Annual Capital Expenditure (\$ Billions)



We believe the sheer level of spending is creating a variety of risks for businesses exposed to it. First, the hyperscalers participating in the record spending are becoming more capital intensive and are aggressively expanding their asset base. Academic research suggests that companies that expand their assets most aggressively tend to underperform afterward^{31,32}. More importantly, the argument that businesses tied to the AI infrastructure buildout have become secular growers, no longer subject to a capital cycle, is a familiar one often heard near the top of past cycles. Capital expenditure has historically been mean-reverting across industries due to the competitive nature of markets and the procyclical impact of companies chasing higher returns.

We have long observed across all areas of the economy that elevated returns on capital reliably attract new investment, which eventually produces overcapacity and drives returns below normal for the very companies that led the spending. This is a recurring cycle of over- and under-earning that we have studied and navigated across many industries over multiple decades. We have also observed that the more aggressive the capital deployment, the sharper the eventual digestion and correction tend to be. AI-related investment is expected to approach and potentially exceed roughly 3% of US GDP, a level that would match or surpass the peaks reached during the internet buildout around 2000 and the railroad boom of the 1850s (figure 4), two episodes that produced transformative technologies and severe overcapacity. We do not attempt to predict the timing of any revisions, but we are wary of extrapolating the peak returns earned near the top of a capital cycle of this magnitude. Instead, our process seeks financially strong, leading businesses that we believe are best positioned to endure and ultimately benefit from any overcapacity that these cycles have so reliably produced.

Figure 4: Information Processing Equipment Investment as a Percent of US GDP, 1947 to 2027E



Source: Wells Fargo Securities, LLC estimates; Bloomberg.

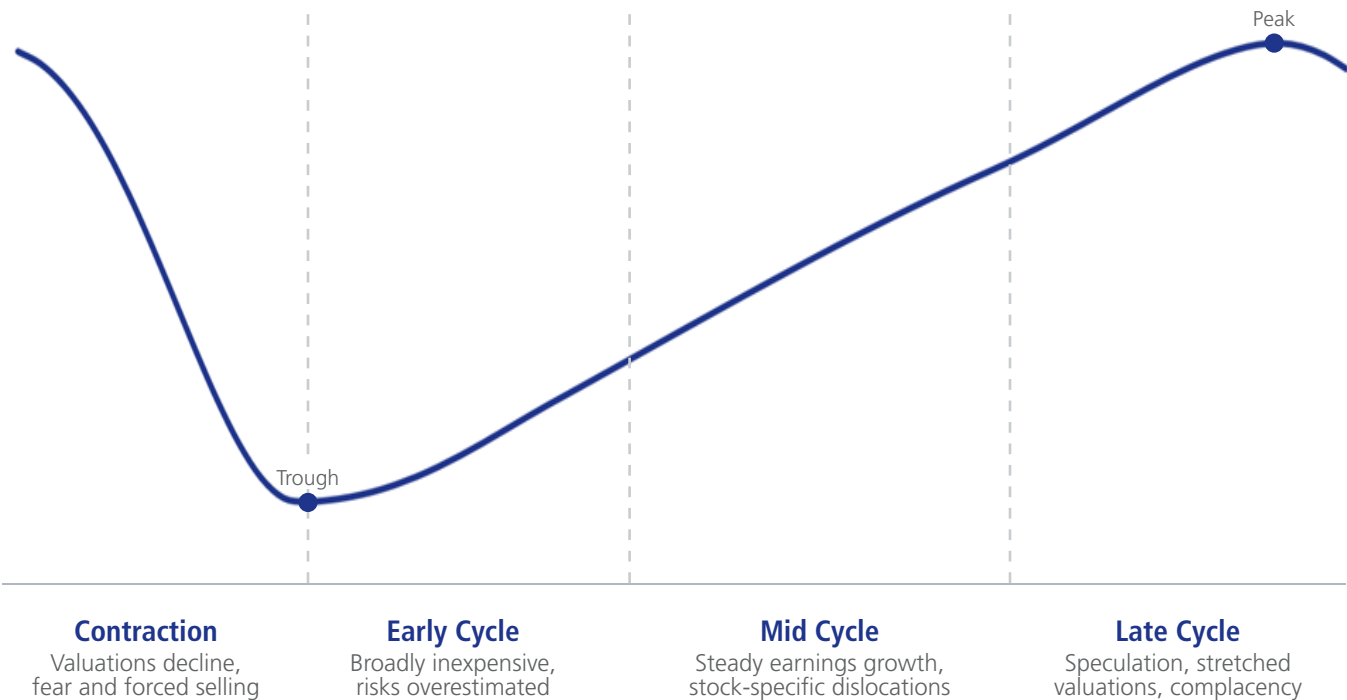
We believe estimating sustainable earnings power leads us to avoid businesses that are over-earning temporarily while trading at high valuations, and it draws us toward high-quality companies going through temporary or cyclical difficulties where current earnings understate what the business can earn over time and where the same cyclical forces can eventually support a recovery. This type of work is seldom rewarded in environments like the one we find ourselves in today, but it has historically been a key ingredient in generating attractive risk-adjusted returns through a full cycle.

Full Cycle Investing

We often frame our performance expectations in the context of a full market cycle. One could broadly think of four distinct phases of a market or investment cycle that can be observed over time, starting with the contraction or correction phase where valuations decline, sentiment flips from complacency to fear, and forced selling overshoots fundamentals. As previously shown, down markets are periods in which we have historically excelled at protecting capital versus the

market. The next stage we would call “early cycle,” where valuations are broadly inexpensive, investors are overly concerned with risks, and more concentrated and selective approaches like ours can purchase high-quality businesses that are being punished for their cyclicalities. We would characterize the early years of Nuance as representing this period. “Mid-cycle” is typically the longest part of the cycle where the economy and corporate earnings grow steadily, but our process can uncover various one-off opportunities in specific industries and stocks that may be dislocated or mispriced for a variety of reasons. We would characterize the period leading up to the last handful of years as representative of mid-cycle, and in most of those years, our stock selection drove strong results. The last phase of the cycle is what we would call “late cycle.” This period is characterized by high risk-taking and speculation, stretched valuations, and a general complacency and lack of regard for cyclicalities.

Figure 5: The Investment Cycle



Source: Nuance. Illustrative only; not drawn to scale and not representative of any specific market period.

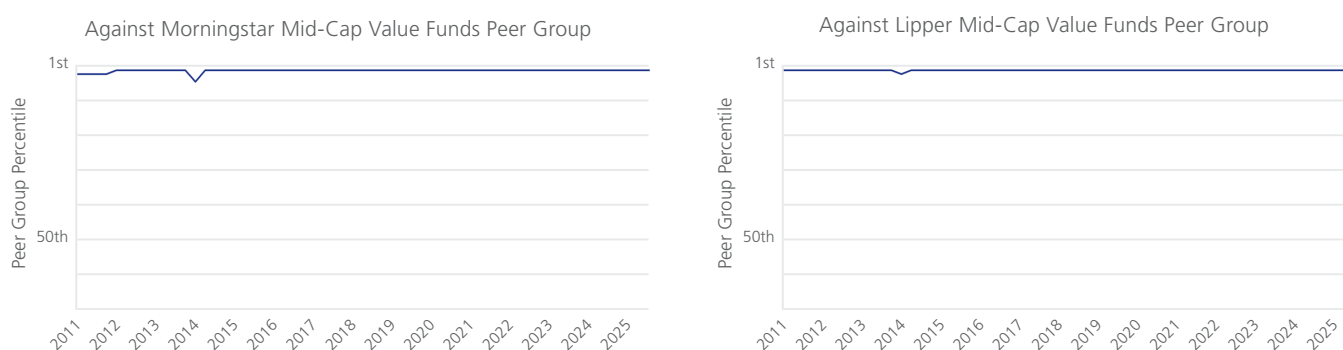
These late-cycle periods are where we would expect our process to have the most difficulty. Up until this late-cycle period, our results were strong. Nuance was awarded Manager of the Decade in its first year of eligibility in 2018 and won the award for five consecutive years in mid cap value³³. Just a few years ago, prior to this high-beta dominated late cycle market, we delivered the kind of long-term outperformance active management is supposed to provide.

What has worked since then is simply not what we do. As detailed in our first paper, during this stretch, the market has been led by concentration, momentum, and the type of risk-taking our process seeks to avoid, and we underperformed as a result. While the length of this late-cycle period has been frustrating, our underperformance during it was to be expected. Our long-term focused strategy takes a balanced perspective toward both risk and reward, and it will lag in a speculative, late-cycle, high-beta market. Keeping pace in this market would have required a departure from our time-tested discipline.

Table 2: Nuance Mid Cap Value Since Inception Peer Rankings, 11/30/2008 to 6/30/2026

	Since Inception APR	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Nuance Mid Cap Value Composite (Gross)	13.37	13.59	0.88
Nuance Mid Cap Value Composite (Net)	12.58	13.61	0.82
Morningstar Mid-Cap Value Funds Peer Group (Median)	12.58	17.25	0.64
Peer Group Percentile and Ranking	50th (93 of 187)	1st (2 of 187)	1st (1 of 187)
Lipper Mid-Cap Value Funds Peer Group (Median)	12.26	17.18	0.62
Peer Group Percentile and Ranking	40th (19 of 46)	1st (1 of 46)	1st (1 of 46)

Source: Nuance, Morningstar, Lipper

Figure 6: Historical Sharpe Ratio Percentile, 12/31/2011 to 6/30/2026

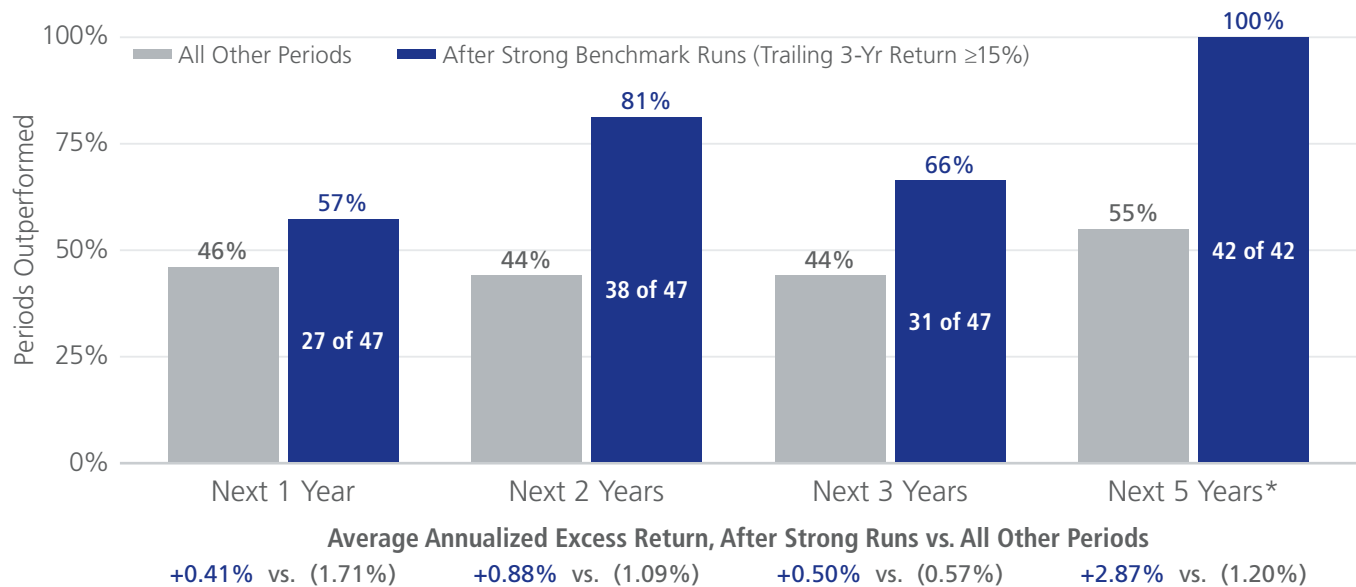
Rankings and peer group comparisons are created internally on a quarterly basis using data from FactSet. For comparison purposes, subsets of the Morningstar Mid-Cap Value Funds Peer Group and the Lipper Mid-Cap Value Funds Peer Group have been presented as investment strategies with a similar investment style to the Nuance Mid Cap Value Composite. For more information on peer group comparisons and calculations, please refer to the full disclosures on Page 13.

While our since-inception returns are disappointing relative to our full-cycle expectations, our mid cap value strategy still ranks in the first percentile of its peer group on a risk-adjusted basis, as measured by the Sharpe ratio. This has been consistent. The strategy has ranked in the first percentile versus its Morningstar Mid-Cap Value peer group in 54 of 59 quarter-end rankings since inception³⁴. Trailing the market during a high-risk period is what we would expect, and the opportunity it has created is exactly what our process is built for.

Why Nuance, Why Now

When money floods into the same types of investments, as our first paper highlighted, the resulting mispricing of stocks in other areas of the market creates an opportunity that is ripe for our process to capitalize on. Periods like this are typically ones in which our team finds underappreciated risk-reward opportunities in great businesses that set our strategy up for future success. Our history bears this out. When our benchmark has enjoyed a strong run, returning 15% or more annualized over the trailing three years, our strategy has gone on to outperform it in 81% of the subsequent two-year periods (figure 7). On average, our strategy has also outperformed over the following one-, three-, and five-year windows. Today, the Russell Midcap® Value Index's trailing three-year return stands at 17.4%, its first sustained reading above 15% since 2015. Periods like this have historically rewarded patience, and we believe the current one is no exception.

Figure 7: Nuance Mid Cap Value Composite (Net) After Strong Russell Midcap® Value Index Runs, Percent of Periods Outperformed



Source: Nuance, FTSE Russell. Monthly data 11/30/2008 to 8/31/2026. "Strong run" is a trailing three-year annualized index return of 15% or more. 42 of the 47 qualifying months occurred 2011 to 2015. *Five-year results reflect only 2011 to 2015 starting points, as later qualifying months do not yet have five years of subsequent data.

As we wrap up this three-part series, a fair question is why we are writing this right now when the world is so clearly telling us it wants less of what we do. Simply put, we think it needs more. It is abundantly clear to us that we are contrarians, and as such we believe the opportunity in front of us is significant. Further, it is our opinion that when the market appears to abandon what we view as timeless principles of investing en masse, it typically creates a compelling opportunity for a process like ours, which is built on them. We have underperformed in this high-risk market, and while that is never pleasant, we will not apologize for it. The discipline that is hurting us today is the same discipline that has produced our top-percentile long-term, risk-adjusted returns.

Our team has been driving this bus at Nuance for almost two decades. Passengers have climbed on at various stops and others have stepped off along the way. Some jumped off to chase a flashier ride that everyone else was boarding and some decided they were heading somewhere else. What we do is not for everyone, but enough like-minded investors have taken this ride with us, and we are grateful for the trust and relationships that allow us to execute a process we deeply believe in. We will hold to the same approach, with the same experienced team, focused as always on leading risk-adjusted returns over the long term. We can't predict the timing, but conditions will change, and when they do, we believe staying the course will ultimately be rewarded. We think this is a good time to come aboard, and if you're interested we'd welcome the conversation.

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About Nuance

Nuance Investments, LLC (Nuance) is a boutique classic value investment firm headquartered in Kansas City, Missouri. Founded in 2008 and one hundred percent employee-owned, the firm manages two composites: Nuance Concentrated Value and Nuance Mid Cap Value.

The Nuance Investments investment philosophy is a classic value approach founded on the belief that identifying leading business franchises selling at a discount to fair value has the potential to generate excess returns over time. Our performance focus is on superior risk-adjusted returns.

For more information about Nuance or the strategies discussed in this paper, please contact Nuance Client Services at client.services@nuanceinvestments.com.

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Composite Performance, 11/03/2008 to 8/31/2026

	APR'	TR'	Std. Dev.'	Sharpe Ratio'	15 Year	10 Year	7 Year	5 Year	3 Year	1 Year	YTD 2026
Nuance Mid Cap Value Composite (Gross)	13.15	806.51	13.61	0.86	12.23	10.12	8.72	6.59	11.42	18.23	16.86
Nuance Mid Cap Value Composite (Net)	12.37	700.60	13.62	0.80	11.41	9.38	7.99	5.87	10.67	17.38	16.29
Russell Midcap® Value Index	12.60	730.33	17.46	0.64	12.00	10.53	12.28	9.55	17.43	24.55	21.26
S&P MidCap 400® Value Index	12.32	694.33	18.93	0.58	11.78	10.40	12.02	8.54	13.05	14.46	12.29
S&P 500® Index	14.47	1,014.62	14.95	0.87	15.13	15.37	16.53	12.78	21.02	20.38	13.14

*Since Inception. Returns for periods greater than a year have been annualized.

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
2025	5.22	4.52	11.05	7.58	0.1	13	\$719,679,863	\$984,290,871	0.1%	13.2	15.6	18.0
YTD 2026 As of: 8/31/26	16.86	16.29	21.26	12.29	N/A	9	\$395,716,884	\$630,460,714	0.1%	13.6	14.4	16.1

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 – 3/31/26 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

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.

Value investing is a long-term discipline, and there is no assurance that a value-oriented approach will outperform growth, passive, or other investment strategies over any given period. The conditions described in this paper including elevated valuations, market concentration, and the relative performance of passive and growth-oriented strategies may persist, deepen, or resolve in ways other than described. Past periods in which value strategies eventually outperformed following extended underperformance are not indicative of, and do not guarantee, similar outcomes in the current or future market environments.

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