

Nuance Concentrated Value Long-Short Fund



First Quarter 2021

Investment Objective

The Nuance Concentrated Value Long-Short Fund seeks long-term capital appreciation by taking long positions in securities priced below, and short positions in securities priced above, our internal view of their estimated intrinsic value.

Portfolio Constraints

- # of Long Holdings: 15 to 35
- # of Short Holdings: 0 to 50
- Long Exposure: 75% to 100%
- Short Exposure: 0% to 100%
- Max Gross Exposure: 200%

Fund Details

Class:	Institutional	Investor
Ticker:	NCLSX	NCLIX
Inception:	12/31/15	12/31/15
Cusip:	56166Y255	56166Y263
Min Invest:	\$10,000	\$2,500
Invest Mgmt Fee:	1.00%	1.00%

Process Overview

On the long side of the Nuance Concentrated Value Long-Short Fund (the Fund) investment portfolio, the Nuance Investment Team is looking for industry leading businesses with strong and stable competitive positions. Generally, these businesses have leading marketshares within their various areas of expertise, have strong balance sheets and exhibit rational capital allocation policies. The Investment Team is seeking to buy these businesses when they are under-earning their long-term potential due to cyclical and/ or transitory issues, and when security valuations offer what we believe to be meaningful upside potential and reasonable support on the downside.

On the short side of the Fund investment portfolio, the Investment Team is looking for large businesses with more commoditized or structurally challenged competitive positions. These businesses may or may not be industry leaders. The Investment Team is seeking to sell these businesses when they are over-earning their long-term potential due to cyclical and/ or transitory issues, and when security valuations offer what we believe to be reasonable support on the upside and meaningful downside potential.

Portfolio Managers



Chad Baumler, CFA
Vice President & Co-CIO
14 Years of Experience

Scott Moore, CFA
President & Co-CIO
30 Years of Experience

Darren Schryer, CFA, CPA
Associate Portfolio Manager
5 Years of Experience

Performance as of March 31, 2021

As of 3/31/2021 Inception Date 12/31/15	Since Inception Return	5 YR	3 YR	1 YR	YTD	QTD	Gross Expense Ratio	Net Expense Ratio
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	5.32	4.67	3.88	-2.64	-2.63	-2.63	3.46%	3.34%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	5.00	4.35	3.59	-2.94	-2.76	-2.76	3.71%	3.59%
S&P 500® Index	15.76	16.29	16.78	56.35	6.17	6.17		
Morningstar Long/Short Equity	5.25	5.82	5.26	27.01	4.99	4.99		

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-855-682-6233.

The Fund has contractually agreed to reduce its management fees, and may reimburse the Fund for its operating expenses, in order to ensure that Total Annual Fund Operating Expenses (Excluding acquired fund fees and expenses, leverage, interest, dividend and interest expense on short sales, taxes, brokerage commissions, and extraordinary expenses) do not exceed 1.55% of the average daily net assets of the Investor Class and 1.30% of the average daily net assets of the Institutional Class through at least 08/28/2021. Net expense ratios are as-of the Fund's most recent prospectus and are applicable to investors. Returns for periods greater than a year have been annualized.

General Market Commentary

	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21
Cash	16.9%	14.4%	15.0%	6.2%	10.1%	14.3%	14.2%	16.0%
Long Equities	83.1%	85.6%	85.0%	93.8%	89.9%	85.7%	85.8%	84.0%
Short Equities	99.3%	100.9%	99.7%	58.1%	85.9%	98.7%	98.9%	98.6%
Gross Exposure	182.5%	186.6%	184.7%	151.9%	175.8%	184.4%	184.8%	182.6%
Net Exposure	-16.2%	-15.3%	-14.7%	35.8%	4.1%	-13.0%	-13.1%	-14.6%

The Investment Team believed the investment opportunity set continued to be skewed to the short side of the Fund's investment portfolio at the end of the first quarter of 2021. As of March 31, 2021, the median company in the Nuance proprietary long universe, which consists of approximately 250 companies we view as industry leaders, was trading at around a 40 percent premium to what we would consider fair value. In other words, our long universe appeared to be overvalued by approximately 40 percent on average based on our internal estimates. Furthermore, according to our company-by-company valuation work, the same universe had around 70 percent downside potential. This implies that if our list of 250 companies were all to trade down to their historic trough valuation multiples, the average stock in our long universe could decline by roughly 70 percent.

As indicated in the table above, the portfolio ended the quarter with a net -14.6 percent short equity exposure. On the long side of the portfolio, the Investment Team believes attractive long equity investments with reasonable risk rewards were still available as of March 31, 2021, although we considered many of the stocks in our Nuance long universe to be overvalued. Sub-industries we believed were underearning and undervalued included Health Care Equipment, Property and Casualty Insurance, Health Care Supplies, and Personal Products -- all areas of the economy that have been negatively affected by the coronavirus pandemic. On the short side of the portfolio, the Investment Team thought overvaluation remained widespread and that attractive short investment opportunities could be found in all sectors of the economy.

Featured Investment¹

Short Deere & Company (DE): DE is the world's largest manufacturer of agricultural equipment and the world's fourth-largest manufacturer of construction equipment. Historically, the Investment Team has held a favorable view of DE's business model and competitive position given the company's history of market-share stability and a consolidated industry structure. However, over the last few years, we have downgraded our opinion of DE's competitive position, specifically with regards to its agricultural equipment segment. The primary reason for our change in view is DE's indirect exposure to corn ethanol, which we estimate affects somewhere between 25 and 40 percent of DE's sales. Corn ethanol, as most of our readers likely know, is used in the United States (U.S.) as an alternative fuel that is blended into the gasoline stream. According to the U.S. Department of Energy, roughly 40 percent of corn produced nationally is used for corn ethanol each year. The Investment Team believes the future of corn ethanol demand is highly uncertain due to potential declines in U.S. motor fuel demand stemming from electric vehicle (EV)/ hybrid vehicle (hybrid) adoption rates. We estimate that in 2020, EV/hybrid sales represented 9 percent of new vehicle sales in the U.S. With a large selection of EV/hybrid models expected to come to market during the next five years and growing consumer interest, industry analysts estimate EV/hybrids could account for more than 25 percent of vehicle sales in 2025. Furthermore, we believe that increased EV/hybrid market penetration, combined with improved fuel efficiency in general, caused total demand for U.S. motor fuel to plateau at approximately 9.3 million barrels per day between 2007 and 2019. In our opinion, if EV/hybrid penetration rates accelerate higher as is widely expected, U.S. motor fuel demand is likely to transition from this cycle's 0 percent growth rate to negative growth over the coming cycle. This would create a notable headwind for corn ethanol demand and subsequently put downward pressure on commodity corn prices and agriculture equipment sales. Given this new level of uncertainty could have a negative impact on a meaningful percentage of DE's sales, the Investment Team has concluded that DE's competitive position going forward looks average.

DE is expected to earn around \$16.00 per share in 2021 and the Investment Team believes the company is overearning its long-term potential for two key reasons. The first reason is related to the recent upward move in corn prices, which has increased farmers' cash receipts. On March 31, 2021, corn was trading near \$5.50 per bushel, an elevated level compared to the five- and 10-year median prices of roughly \$3.60 and \$3.85, respectively. Corn prices were strong over the last 12 months because of supply disruptions caused by severe storms in the U.S. Midwest that damaged a large swath of crops, and due to a cyclical restocking of inventories by China. Both factors appear transitory, in our view. The second reason for DE's overearning relates to U.S. government transfer payments to farmers. For 2020 and 2021, farmers are expected to receive an average of \$36 billion per year from a variety of government assistance programs. This level of subsidy represents a new high and is around 200 percent more than the 10-year median of \$12 billion per year. The rise in corn prices and the increase in government transfer payments have buoyed farmers' net cash income, and we believe has caused DE's sales of large agricultural equipment to inflect above normal. At the end of February 2021, DE's sales of large agricultural equipment had grown considerably, with North American dealer unit volume over the prior six months up anywhere from 5 to 25 percent year over year, depending on the product category. This compares to a long-term median growth rate of 2 to 5 percent year over year. If the supply and demand of corn were to recalibrate causing prices to normalize lower, and if government transfer payments were to trend back down to historical levels, then farmers' net cash income would fall. In the Investment Team's view, large agricultural equipment sales would likely

¹The securities identified and described do not represent all of the securities purchased or sold for the portfolio. The reader should not assume that investments in the securities identified were or will be profitable.

On March 31, 2021, DE was trading near \$374.00 per share or roughly 23.0 times its expected earnings for 2021. This earnings multiple screens high compared to DE's history, during which its median price-to-earnings ratio has been approximately 14.0, 16.0, and 16.5 for the last 10, 20, and 30 years, respectively. DE also appeared expensive based on other traditional valuation metrics, including enterprise value-to-sales ratio, enterprise value-to-earnings before interest, taxes, depreciation and amortization ratio, and price-to-book ratio -- all of which showed DE trading at or near 30-year highs. If DE's earnings per share were to reset lower, as discussed above, and DE's valuation multiples were to normalize to their long-term median levels, we believed attractive upside could be generated by selling DE's stock short at its share price on March 31, 2021. The combination of a company with a less certain competitive future, cyclical overearnings, and an expensive valuation is what the Investment Team looks for in a short investment and explains why DE was a top short position in the Fund at the end of the first quarter of 2021.

You should consider the fund's investment objectives, risks, charges and expenses carefully before investing. For a statutory or summary prospectus, that contains this and other information about the Funds, call 1-855-NUANCE3 (855-682-6233) or visit our website at www.nuanceinvestments.com. Please read the prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Investments in small and mid-capitalization companies involve additional risk such as limited liquidity and greater volatility than larger capitalization companies. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. Short sale of securities involves unlimited risk including the possibility that losses may exceed the original amount invested. However, a mutual fund investor's risk is limited to one's amount of investment in a mutual fund. The Fund is newer with limited operating history and there can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Trust's Board of Trustees ("Board of Trustees") may determine to liquidate the Fund.

The Primary Benchmark for the Fund is the S&P 500® Index. The S&P 500® 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. These indices are used for comparison purposes only and are not meant to be indicative of a portfolio's performance, asset composition, or volatility. The performance of the Fund may differ markedly from that of compared indices due to varying degrees of diversification and/or other facts. Return calculations for the Fund are provided by U.S. Bank. Return calculations for all indices are provided by FactSet. Prior to 12/31/2020, return figures for all indices were provided by US Bank. Returns for periods greater than a year have been annualized.

Nuance Investments is the advisor to the Nuance Mid Cap Value Fund, the Nuance Concentrated Value Fund and the Nuance Concentrated Value Long-Short fund which are distributed by Quasar Distributors, LLC.

Enterprise Value = Enterprise Value is a measure of a firm's value that incorporates the value of its common stock, preferred stock, debt, minority interests, and cash and equivalents.

Earnings per Share = The amount of Net Income, less any preferred dividends, allocated on a per share basis of common stock.

Price-to-Book Ratio = The Price-to-Book ratio measures the price of a company's stock in relation to its book value per share.

Price-to-Earnings Ratio = The Price-to-Earnings ratio measures the price of a company's stock in relation to its earnings per share.

As of 3/31/2021 portfolio weights of names discussed are as follows: Deere & Company (DE) -4.2%.

Earnings growth is not representative of the Fund's future performance.

Morningstar Long-Short Equity - The Fund has been compared to various peer groups defined by investment style. The Fund is an all market capitalization value investment style. The Morningstar Long/Short Equity Peer Group (as selected by Morningstar) has been presented as an investment strategy with a similar investment style.

GIPS Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®). 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. The U.S. Dollar is the currency used to express performance returns and assets. The firm maintains a complete list and description of composites and broad distribution pooled funds, which are available upon request. More information regarding Composite descriptions and policies for valuing portfolios, calculating performance, and compliant presentations are available upon request by contacting client.services@nuanceinvestments.com or 816-743-7080.

The definition of the firm is the foundation for firm-wide compliance and creates defined boundaries for determining the assets of the firm. In this instance, the firm is defined as Nuance Investments, LLC (Nuance). Nuance founded on November 1, 2008, was formed on the belief that the ability to outperform the broad stock market is predicated on a consistent and disciplined value investing approach. The Investment Management Team selects securities for the Nuance investment portfolios by using an extensive quantitative screening and fundamental research process that identifies leading businesses selling at a discount to fair value and that have the potential to generate above-average rates of returns over time. The Investment Management Team seeks to identify companies across a range of industries and market sectors that have leading and sustainable market share positions, above-average financial strength, and are trading at a discount to their internal view of intrinsic value. The Investment Management Team may sell an investment when it believes it has surpassed its intrinsic value by applying the screening process described above, for purposes of portfolio construction or risk management, or when a more attractive investment opportunity becomes available. For the short side, the Investment Management team seeks to identify companies across a range of industries and market sectors that have average to below average competitive positions and unattractive risk reward profiles. The total firm assets will be defined as all discretionary and non-discretionary assets under management within Nuance. This includes primary investment management accounts, sub-advisory investment management accounts and wrap accounts as well as both fee-paying and non-fee paying assets.