SOUTHERNSUN

2Q2021 U.S. Equity Fund Investment Commentary

After what felt like a very short hiatus, the work from home, lockdown mentality seemed to re-emerge as we closed the second quarter of 2021. This was characterized by the marketplace shifting its focus away from the more optimistic view of reopening and back toward the types of businesses that were favored from the second quarter of 2020.

We have suggested since early last year that it should not be surprising to see significant swings in sentiment as markets face on-the-ground realities that are invariably patchy at best. As you may well know, the struggles faced by many of our portfolio business operators often provide us with deeper insight into broader issues such as labor force and supply chain challenges. We highlighted those two realities in our last few communications and remain reasonably convinced that even though some adjustments have been made to each, the situation remains unbalanced.

However, one critical question we can ask from the two observations above is, how suited are our portfolio business leaders to successfully address external challenges? One of the key elements of our investment process has been a consistent ability to successfully evaluate leadership. This skill requires not only experience over a wide range of environments, but also must be accompanied with order and method. For example, we recognize that enumerating an individual's or team's hard and soft skills is only a small portion of discerning proper fit for time and purpose when it comes to corporate leadership.

You often hear us use terms such as adaptability, accountability, and execution-oriented when describing some of the qualities we are attempting to understand in our current and prospective portfolio business leaders. We recognize that these traits, and others, will be required for them to navigate external forces out of their control whilst simultaneously executing a plan that produces long-term shareholder value.

As we evaluate our companies, we must say, that, for the most, our management teams have performed well in our opinion under the extreme conditions of the past fifteen to seventeen months. In fact, part of our rationale for committing capital to specific businesses during some of the darkest days last year was due to our confidence in our business leaders and the process we use to evaluate them over time. It is, as you might think, not unlike how we are judged on our investment decisions, an ever-unfolding journey. That they acted and continue to act as we expect adds value to our overall confidence in their company and furthers not only our confidence in them but, as importantly, in our process. We love the discipline of our management teams in running strong balance sheets and nimble, adaptive organizations and like the opportunities in front of us, as much of the index is over levered and not in a position to respond to unforeseen challenges should they arise or even handle higher interest rates should inflation rise.

We are encouraged that we continue to have a healthy pipeline of new ideas where valuations are attractive in our view. We also have the benefit of evaluating management teams as they continue to traverse a myriad of external challenges. As you will notice, we have been able to add new businesses to the portfolio recently, and we feel confident that there is good opportunity to add more in the second half of the year. We find reason to expect continued volatility with uneven recovery fundamentals, misplaced headlines, difficult evaluation of macro data, the constantly evolving virus/vaccine impact on the market and economies, and short-termism being as strong as ever.

PORTFOLIO UPDATE

The **SouthernSun U.S. Equity Fund** (Class N) returned -0.61% versus the Russell 2500™, which returned +5.44% and the Russell 2500™ Value, which returned +5.00%, during the second quarter of 2021. Year-to-date, the Fund

returned approximately +18.62% versus the Russell 2500™, which returned +16.97% and the Russell 2500™ Value, which returned +22.68% over the same period. Please note that this Fund has multiple share classes.

Dycom Industries, Inc. (DY) was the leading detractor on an absolute basis for the quarter as early optimism in the year surrounding an infrastructure package gave way to doubts about the scope, timing and even likelihood of such a bill. In the first quarter, we saw a decline in contract revenues accompanying cutbacks from some key customers while bad winter weather and continued covid-related labor shortages effected results negatively. Nevertheless, industry trends requiring greater bandwidth and favoring fiber deployment should provide ample opportunity in our opinion for **DY** to continue working through its extensive backlog and generating solid cash flow in the coming quarters and years. We expect some lumpy quarterly results but believe this experienced management team has set the organization up to drive shareholder value.

THOR Industries, Inc. (THO) was another leading detractor on an absolute basis during the period. **THOR** is the world's largest manufacturer of RV's and continues to set sales records with strong consumer demand, low dealer inventory, and a rapidly growing backlog of orders. In the fiscal quarter ending April 30, 2021, **THOR** produced strong sequential gains in revenues and profits. That said, the stock was hit during the most recent calendar quarter due to supply chain issues that could hinder production levels in the near-term. However, the RV industry continues to see a proliferation of younger, more diverse buyers entering the market, a trend that was accelerated by the pandemic and one that we contend could likely benefit **THOR** for years to come.

Armstrong World Industries, Inc. (AWI), a leader in commercial and residential ceilings, was the leading contributor on an absolute basis this quarter leaning on the strength of recovering markets with pent-up building demand. The company continues to guide for 10-13% annual sales year-over-year with daily shipping rates above 2019 levels and increasing sequentially for the past 3 quarters. With acquisitions from 2020 adding $17 million in sales and the positive momentum of economic recovery, we believe that **AWI** is poised to produce a year of strong results.

Univar Solutions, Inc. (UNVR) is another leading contributor on an absolute basis during the period. **UNVR** is a global chemical and ingredient distributor and provider of value-added services, produced strong results in their first quarter of 2021 with $66.2 million in net income compared to $55.9 million in the first quarter of 2020. In addition to improving their profitability even in a difficult supply chain environment, **UNVR** has made significant progress on the integration of a large acquisition (Nexeo), and they have completed the implementation of SAP in the U.S. Management is committed to hitting important financial targets over the next two years, including reducing Net Debt/EBITDA to 2.8x by the end of 2021, and improving EBITDA margins to 9% by end of 2022. We have gained confidence in management's ability to execute, and we are pleased with the track that the company is on to improve results for shareholders.

During the second quarter of 2021, we fully exited **Extended Stay America, Inc. (STAY)** and we initiated a new position in **CMC Materials, Inc. (CCMP)** in the U.S. Equity Fund.

This quarter we exited **Extended Stay America, Inc. (STAY)**, the largest operator of mid-tier extended stay lodging in the United States, after the company agreed to be taken private under terms that we believe undervalued the company. After public criticism of the transaction from several investors (including SouthernSun), the offer price was increased from $19.50 to $20.50, which ultimately was approved by a majority of shareholders. While we were still not satisfied with the result, we were proud of our efforts to maximize value for our clients.

We initiated a position in **CMC Materials, Inc. (CCMP)**, a niche dominant supplier of critical consumable materials used in the highly complex process of semiconductor manufacturing. **CCMP** has been working collaboratively with

several of the leading semiconductor manufacturers for many years helping to drive technological advancement and increase manufacturing yields. The company also has a smaller business that manufactures chemicals used to speed up the flow of oil in pipelines; this business was impacted in the first quarter by lower demand for oil due to the pandemic. The weakness in the pipeline business likely contributed to the stock pulling back in the second quarter, giving us an opportunity to acquire shares at a slightly better valuation. Over the long-term, we believe the continued digitization of the global economy will drive strong organic growth for the company's products and that the economics associated with this growth will create value for shareholders.

As always, thank you for your confidence in SouthernSun. It is because of you that we are here.

Michael Cook
CEO and Co-Chief Investment Officer
SouthernSun Asset Management

Phillip Cook
Co-Chief Investment Officer and Principal
SouthernSun Asset Management

FUND PERFORMANCE %[1,2] (AS OF 06/30/2021)							
	SINCE INCEPTION[3]	5 YEAR	3 YEAR	1 YEAR	YTD	QTD	MTD
SSEFX (Class N) (%)	9.43	9.48	10.76	63.86	18.62	-0.61	-2.35
SSEIX (Class I) (%)	9.71	9.77	11.06	64.38	18.84	-0.50	-2.31
Russell 2500 (%)	14.39	16.35	15.24	57.79	16.97	5.44	1.18
Russell 2500 Value (%)	10.23	12.29	10.60	63.23	22.68	5.00	-1.32

*SSSFX (Class N) Expense Ratio (Gross/Net): 1.48%/1.34%**
*SSSIX (Class I) Expense Ratio (Gross/Net) 1.23%/1.09%**

**Contractual waivers are in effect through February 16, 2022.*
The performance data shown represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and the 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. For performance information through the most recent month end, please call 901.341.2700 or visit our website at www.southernsunam.com. From time to time the advisor has waived fees or reimbursed expenses, which may have resulted in higher returns.

[1]One-year, three-year, five-year, and since inception returns are annualized averages and do not mean the manager achieved the stated return in each year. Returns for periods less than one year are not annualized.

[2]The performance information shown for periods prior to February 16, 2021 is that of the predecessor to the Fund, AMG SouthernSun U.S. Equity Fund, a series of AMG Funds LLC, which was reorganized into the Fund on February 16, 2021, and was managed by AMG Funds LLC and sub-advised by SouthernSun Asset Management, LLC with the same investment objective and substantially similar investment policies as those of the Fund. The performance information shown for periods prior to March 31, 2014 is that of the predecessor to the Fund, SouthernSun U.S. Equity Fund, a series of Northern Lights Fund Trust, which was reorganized into the Fund on March 31, 2014, and was managed by SouthernSun Asset Management, LLC with the same investment objective and substantially similar investment policies as those of the Fund.

TOP 10 HOLDINGS[4] (AS OF 06/30/2021)		
	TICKER	% OF TOTAL ASSETS
Darling Ingredients, Inc.	DAR	6.81
The Brink's Co.	BCO	6.78
Thor Industries, Inc.	THO	6.33
Polaris, Inc.	PII	5.77
Timken Co.	TKR	5.37
Armstrong World Industries, Inc.	AWI	5.27
Dycom Industries, Inc.	DY	5.25
Crane Co.	CR	4.88
Univar Solutions USA, Inc.	UNVR	4.87
Broadridge Financial Solutions, Inc.	BR	4.78
Total		56.10

[3]Since the inception of the Fund's share classes on April 10, 2012.

[4]The Holdings identified above do not represent all of the securities purchased, sold or recommended for advisory clients. Holdings are subject to change and should not be construed as investment advice.

The SouthernSun funds are distributed by SEI Investments Distribution Co. (SIDCO). The Funds are managed by SouthernSun Asset Management, LLC. SIDCO is not affiliated with SouthernSun Asset Management, LLC or any of its affiliates. SIDCO is a member of FINRA/SIPC.

Important Disclosures:

Before investing in any SouthernSun funds, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. The Prospectus and Summary Prospectus contain this and other important information. Please read the Prospectus and Summary Prospectus carefully before investing.

The views expressed represent the opinions of SouthernSun Asset Management, LLC as of June 30, 2021, are not intended as a forecast or guarantee of future results, and are subject to change without notice.

Source: SouthernSun Asset Management, Advent Portfolio Exchange, Morningstar.

Statements received directly from the account custodian should be regarded as the official record for a client's account. This information is being furnished to you for informational purposes only and should not be solely relied upon when making an investment decision. All information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Small- and Mid-Capitalization Companies Risk — The small- and mid-capitalization companies in which the Fund may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small- and mid-cap stocks may be more volatile than those of larger companies. These securities may be traded over-the-counter or listed on an exchange.

Non-Diversified Fund Risk— The Fund is classified as "non-diversified," which means it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. To the extent that the Fund invests its assets in a smaller number of issuers, the Fund will be more susceptible to negative events affecting those issuers than a diversified fund.

Regulatory Disclosures:

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