1Q2022 U.S. Equity Fund Investment Commentary

Regular written communication has, for the most part, been a diet staple of SouthernSun clients for over thirty-three years now. Granted, in the early years it was more an exercise in discipline as there were very few clients. Over the years, faithfully and carefully placing current events into proper context has been and continues to be one of the primary objectives of SouthernSun communications, and we hope that we regularly achieve that objective.

As contemporary society has become increasingly inundated with data and opinion - spewed twenty-four seven via an almost limitless range of outlets and over multiple devices - it often feels as though there is little room for thoughtful written substance when juxtaposed against catchy headlines or provocative speculation. Yet we submit that now more than ever it is crucial our communication in all forms avoid hyperbole, exude humility, and genuinely promote knowledge and understanding whilst at the same time hoping that you do not find what we have to say too tedious – in other words, it is in some way interesting enough to hold your attention for a short time.

For the past two years, much of our external communication has focused on our portfolio business leaders and how they were navigating the impact of the pandemic and its many knock-on trials. On the whole, our management teams have dealt well with a wide range of universal and discrete challenges set off by the pandemic. We continue to be broadly pleased with their commitment to offensively overcome obstacles and produce solid results.

The fever pitch of war when coupled with already crippled supply chains, tight labor markets, and rapidly inflating commodity prices creates a rich stew of political, economic, and marketplace possibilities. These realities have, of all things, driven me back to re-reading "Warning to the West" and the three volumes of "Gulag Archipelago" by Aleksandr Solzhenitsyn. All written in the 1970's, they are not only politically relevant today but also economically timely as "stagflation" is being tossed around by many a macroeconomic guru at this very moment.

In the preface of Volume I of "Gulag Archipelago" Solzhenitsyn quotes an old proverb that says, "Dwell on the past and you'll lose an eye, Forget the past and you'll lose both eyes." We would argue that every quarterly commentary or client communication becomes more valuable if it is placed in context of the past – near and far. Why? Because that is consistent with how we make balanced investment decisions and is one of the few ways we can adequately judge the trajectory of things.

If we take heed of the aforementioned proverb it would seem to make sense that in order to be well equipped, we need the full use of both eyes – thus we should not dwell on the past but more importantly not forget it – wouldn't you agree? In an age where some would like us to believe we should not trust what we see with our own eyes or hear with our own ears, it may seem to be an outdated approach to spend valuable time in plants and facilities of portfolio businesses. Yes, it may be old fashioned, but it has been and will continue to add value – it helps us complete the picture.

Understanding a leader's past will not necessarily tell us all we need to know about the odds of their success or failure, but it will tell us something important. Seeing and hearing a leader in their place of work and with those whom they lead will not necessarily allow us to predict how they will react or adapt to certain stressors, but it will tell us something important. The picture created in the research process is ultimately produced using all our senses but is also, at the same time, evolving.

Despite travel challenges, the SouthernSun investment team has remained steadfast to our boots on the ground tradition throughout the pandemic. For those of you who have been clients for a long time, it may go without saying, but it shall be said none-the-less, it is in difficult environments when dissonance reverberates across the marketplace in a pervasive way that the seeing and hearing of the doing matters most. Fact-based and well-balanced research and analysis are prerequisites to rightly characterizing one's level of conviction. Misplaced conviction is much easier to achieve but rarely holds up under long-term scrutiny, as it wobbles or fails when pressed.

As 2022 unfolds, we remain committed to producing excellent long-term returns for our clients. We are also committed to effectively communicating to you in a variety of ways, but most importantly in such a way as to help you better understand what we are seeing and what that means to our portfolio businesses. As the team has spent a great deal of time evaluating new ideas over this quarter, we are encouraged that we continue to find quality prospective businesses at interesting prices.

PORTFOLIO UPDATE

The SouthernSun U.S. Equity Fund (Class N) returned +0.37% versus the Russell 2500™, which returned -5.82% and the Russell 2500™ Value, which returned -1.50%, during the first quarter of 2022. Over the trailing-twelve-months, the Fund returned approximately +2.97% versus the Russell 2500™, which returned +0.34% and the Russell 2500™ Value, which returned +7.73% over the same period. Please note that this Fund has multiple share classes.

Darling Ingredients, Inc. (DAR) (7.67%) is the leading contributor on an absolute basis during the quarter. **DAR**, a leading producer of renewable energy and sustainable food and feed ingredients, drove a strong finish to 2021 with a company record combined adjusted EBITDA of $1.235 billion for the year, and management is expecting 25% growth in EBITDA in 2022. Diamond Green Diesel, Darling's joint venture with Valero, sold a record 370 million gallons of renewable diesel in 2021 and now has capacity for 750 million gallons with their newly operational Norco, LA facility. In addition, the company ended 2021 announcing the $1.1 billion acquisition of Valley Proteins, an 18-plant system providing additional low carbon feedstock for renewable diesel. Darling also continues to expand their Feed and Food segments capitalizing on robust global demand for fats and proteins.

First Horizon Corp. (FHN) (0%) is another leading contributor on an absolute basis during the quarter. **FHN,** a regional bank with approximately $55 billion in loans and over $80 billion in total assets as of December 31, 2021, agreed to be acquired by TD Bank Group in an all-cash transaction valued at $13.4 billion, or $25 per share of **FHN** common stock. This represents a 37% premium to the closing price of the stock on the day prior to the transaction being announced. Bryan Jordan, President and CEO of FHN, will join TD as Vice Chair, TD Bank Group, and will join the TD Senior Executive Team. He will also be named to the Boards of Directors of TD's U.S. banking entities as a director and Chair. Our investment thesis for **FHN** was based on the bank's leading market position in attractive markets across the Southeastern United States as well as its unique fixed income and specialty lending businesses. While our estimated value of the business was not based on a potential acquisition scenario, we believe this transaction recognizes the underlying value of **FHN** which we initially began purchasing in April of 2019 at $14.63.

Thor Industries, Inc. (THO) (4.47%) was the leading detractor on an absolute basis during the quarter. After a record setting fiscal 2021 year with sales of over 300,000 units and earnings of $11.85 per diluted share, **THO**, the world's largest manufacturer of RVs, continued to generate record results in its fiscal quarter ending January 31, 2022. Investor sentiment is weighing on the stock due to the risk of an economic downturn impacting demand for RVs. We were pleased to see Thor's Board recently authorize a share repurchase of up to $250 million which management will utilize opportunistically while continuing their historical practice of maintaining a conservative balance sheet that can withstand an economic downturn. We believe demand for the RV lifestyle will remain long into the future, and that Thor's leading market position, financial flexibility, and management adaptability will help the company navigate the current economic environment. We look forward to visiting with management at their Airstream manufacturing facility in June.

Armstrong World Industries (AWI) (4.07%), a leader in commercial and residential ceilings, was another leading detractor during the quarter. In its fourth quarter, **AWI** delivered adjusted net sales growth of 18% over the prior year, capping a solid year of double-digit top line growth. The company has been successful in proactively increasing prices to offset inflationary pressures and drive sales growth, a result of their continued product innovation, strong market position, and close relationships with architects. Volumes for Mineral Fiber ceiling tiles and Architectural Specialties ceilings remains choppy, with elongated major renovation and new construction cycles, but the overall momentum of bidding activity is positive, and the company continues to derive much of its volume from the less volatile replacement market. We met with management in Lancaster, PA and visited a nearby facility in March, and management expressed optimism around long-term volume growth driven partly by increased awareness of the importance of indoor air quality and the important place ceilings play in creating healthier spaces.

During the first quarter of 2022, we fully exited **Molina Health Care (MOH) (0%), First Horizon Corp. (FHN),** and **Terminix Global Holdings, Inc. (TMX) (0%)**, and we initiated a new position in **LHC Group, Inc. (LHCG) (3.01%)** in the U.S. Equity Fund.

We exited **Molina Health Care (MOH)** with a market cap of close to $20 billion which had grown substantially since our initial purchase in March of 2020 at a market cap of approximately $7.9 billion. In our opinion, the price was approaching a full valuation with less upside in the future. In addition, the business was getting quite large and complex; we believed that results could be volatile in the future due to a number of factors which would be difficult for management to control.

Additionally, we exited our position in **Terminix Global Holdings, Inc. (TMX)** in March 2022. We initiated this position in 1Q 2020 after the company became more of a pure play in the pest management industry. In our opinion, management had the opportunity to meaningfully improve operating and financial results with a very clear playbook, and there was also the opportunity to partially close the valuation gap between **Terminix** and their closest peer that trades at a much higher multiple. We believed that they were well on their way to gaining traction on the most important metrics, even in a difficult environment. However, in December 2021, management announced that **TMX** had agreed to be acquired by Rentokil (RTO:L), a UK based company in a mostly-stock transaction. While the stock performed well in our opinion over our ownership period, we would have much preferred to own **TMX** for a longer period of time in order to benefit from the operational and financial improvements – but, we chose to exit because we are not going to own a large UK-based company in our strategies, and we believe that between now and when the transaction closes, **TMX** shares will trade largely as a function of the value of Rentokil's shares.

We initiated a position in **LHC Group, Inc. (LHCG)**, one of the three leading Home Health and Hospice providers in the U.S. We believe that this is an industry with meaningful tailwinds. The U.S. population is aging, and research shows that aging Americans would prefer to grow old and die at home rather than in a skilled nursing facility, rehab facility or other group settings. In addition, it is less costly for the health care system (and individuals) to care for patients in the home vs. institutional settings. Many hospital systems are also proponents of high quality at-home care because it frees up their hospital beds for higher acuity patients, and good care post-discharge reduces the likelihood of readmissions. **LHCG** has the leading quality scores in the industry, with well-established clinical and compliance processes. The business has been a consistent generator of cash, and they have a unique strategy of partnering with hospital systems. Our team gained confidence in their leadership of the business, and we initiated a position in the first quarter of 2022 below $125. At the end of the quarter, **LHCG** announced that they have agreed to be acquired by a division of United Health care for $170 per share, and the transaction should close in the second half, subsequent to regulatory approval and other conditions and processes.

Finally, thank you for your trust in our team. We look forward to speaking with you and hopefully seeing you sometime soon.

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 3/31/2022)							
	SINCE INCEPTION[3]	5 YEAR	3 YEAR	1 YEAR	YTD	QTD	MTD
SSEFX (Class N) (%)	9.12	8.33	16.56	2.97	0.37	0.37	3.60
SSEIX (Class I) (%)	9.39	8.60	16.56	3.20	0.44	0.44	3.62
Russell 2500 (%)	12.69	11.57	13.79	0.34	-5.82	-5.82	1.59
Russell 2500 Value (%)	11.62	9.19	12.98	7.73	-1.50	-1.50	2.11

*SSEFX (Class N) Expense Ratio (Gross/Net): 1.49%/1.34%**
*SSEIX (Class I) Expense Ratio (Gross/Net) 1.24%/1.09%**

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.

TOP 10 HOLDINGS[4] (AS OF 3/31/2022)		
	TICKER	% OF ASSETS
Darling Ingredients Inc.	DAR	7.67
Dycom Industries Inc	DY	5.74
Univar Solutions USA Inc.	UNVR	5.71
The Brink's Co.	BCO	5.28
AGCO Corp.	AGCO	5.07
Watsco Inc	WSO	5.05
Polaris Inc.	PII	5.00
Crane Co	CR	4.95
CMC Materials Inc	CCMP	4.85
Timken Co.	TKR	4.84
Total		54.15

**Contractual waivers are in effect through January 31, 2023.*

[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.

[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, which is available at www.southernsunam.com. Please read the Prospectus and Summary Prospectus carefully before investing.

The views expressed represent the opinions of SouthernSun Asset Management, LLC as of March 31, 2022, 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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