2Q2022 U.S. Equity Fund Investment Commentary

The second quarter, early on, seemed as though it would ultimately proceed much like the first ended – with an apparent focus on persistent inflation, and thus, a continuation of investment flowing into the most inflation sensitive areas of the market. However, as we neared the end of the quarter and as sentiment shifted to fear of recession (and probably hedge fund profit-taking) the inflation "trade" seemed to be quickly reversed. As the outgoing British PM Boris Johnson suggested regarding party politics, "The herd instinct is strong and when the herd moves, it moves fast…".

The fact remains that, even with the Federal Reserve on the move, the reasons behind our current inflation challenge are wide-ranging, and, we would suggest, much more nuanced than basic supply-demand imbalances. Whether or not demand destruction takes place sooner or later due to monetary tightening, we believe that it would be less than prudent to not recognize that the global economy, and the integrity of the data it produces, has been significantly compromised because of the pandemic shut down and the subsequent philosophies and processes used by governments to "re-open." As the noise in and of the data becomes ever more dissonant – as cost of capital rises and volatility increases, we believe the SouthernSun focus on niche businesses with exceptional balance sheets and seasoned leadership can produce good results.

It could go without saying, but we will say it anyway, we are not in the business of being satisfied with losing money in any period or even losing less than an index or others. Our objective has always been clear and that is to earn our clients 10-12% above inflation per annum over the longer term.[1] Reality dictates that there will be shorter periods of time when that objective is indeed not achieved. To achieve our objective, it has always been important to muffle the noise and focus on individual businesses, their strengths and weaknesses, opportunities and risks and develop a clear understanding of the context within which they are operating.

By and large, we like the businesses that currently make up the portfolio, but we are never fully satisfied. Our balance sheets are generally strong with ample liquidity. With many of our industrial and discretionary businesses having seen tough times before the pandemic (2014-16 Industrial recession followed by 2018 initiation of trade war with China), we are pleased with the operational efficiencies that were introduced during such times and are now demonstrating the resultant benefit. It might be worth noting that such innovation and improvement would have been difficult to impossible had companies gone into those challenging environments overly geared. We believe that with experienced, rightly-fitted management, many of our businesses have an opportunity to excel amid the prospect of a more difficult environment in the days and months ahead.

If broad economic growth does indeed slow and multiples continue to contract, then one can imagine how attractive businesses with reliable mid-single digit organic growth prospects when coupled with well-funded active R&D and targeted bolt-on M&A might become … particularly if the business has a leadership team that recognizes the opportunity but has the discipline to move and prove judiciously. Not only would we characterize most of our current portfolio businesses this way, we would further suggest that our full pipeline of prospective businesses is much the same.

All this said, multiples have come down most certainly, but that does not always translate to undervalue. We would like to submit that valuations remain too high in a large portion of the marketplace, so just as we would hope would be the case with our portfolio company management teams, we will be deliberate as we deploy capital into new ideas. Remember, our goal is to own businesses that can return meaningful value to shareholders over time, not next quarter.
2Q2022 SMID Cap Investment Commentary

According to Iain McGilcrest, author of The Matter with Things, (my summer read), "The wonder of science is not that its clarity reveals how clever we are, but that it reveals, like poetry, a deeper mystery. 'The more we know', writes astrophysicist Marcelo Gleiser, 'the more exposed we are to our own ignorance, and the more we know to ask." Rest assured, we plan to keep asking.

[1] *Such targeted returns are generally aspirational in nature and not necessarily based on any criteria or assumptions.*

PORTFOLIO UPDATE

The SouthernSun U.S. Equity Fund (Class N) returned -11.66% versus the Russell 2500™, which returned -16.98% and the Russell 2500™ Value, which returned -15.39%, during the second quarter of 2022. Over the trailing-twelve-months, the Fund returned approximately -8.48% versus the Russell 2500™, which returned -21.00% and the Russell 2500™ Value, which returned -13.19% over the same period. Please note that this Fund has multiple share classes.

Murphy USA (MUSA) (5.79%), a leading retailer of gasoline and convenience merchandise, was the leading contributor this quarter. In its first quarter earnings, **MUSA** reported strong results, as it continues to benefit from its position as a low-cost, high-volume retailer of fuel. Fuel margins in the c-store industry have shifted higher in recent years, likely due to cost and volume pressures faced by marginal, independent retailers, who as a group comprise a large percentage of domestic fuel marketers. Due to its advantaged locations on Walmart outparcels and its largely small footprint, low labor business model, **MUSA** disproportionately benefits from these higher fuel margins. Other data points, including growing merchandise, and food, and beverage profits and margins continue to suggest **MUSA** is being run efficiently. Management capital allocation remains focused largely on repurchasing shares with excess cash flow – since its spin-off in 2013, **MUSA** management has bought back over 50% of its shares outstanding. We believe **MUSA** retains an advantaged competitive position in the c-store industry, possesses solid long-term economics, and its management continues to both run the business and allocate its cash flows effectively.

Dycom Industries, Inc. (DY) (6.87%), a leading provider of engineering and construction services to the telecommunications and utility industries, is another leading contributor this quarter. The company reported 20% topline growth driven by strong demand from large customers such as AT&T, Lumen, and Frontier. Although these customers had previously announced their plans for large, multi-year fiber investments, we were pleased to see evidence of the spending start to show up in **Dycom**'s results. Higher fuel prices were a slight headwind to margins; however, Adjusted EBITDA was still up 43%. We expect margins to expand in the coming quarters as **DY** gets favorable pricing on new contracts due to a tight labor market. We believe demand for fiber deployment will continue to be strong from the company's larger customers as well as increasingly from rural utility customers as federal broadband investment dollars make their way through the system. We believe **Dycom** is well positioned to take advantage of this infrastructure investment cycle.

After a strong start to the year, **Darling Ingredients (DAR) (6.28%)**, a leader in renewable energy and sustainable food and feed ingredients, was the leading detractor this quarter. The company delivered record results for the first quarter achieving a combined Adjusted EBITDA of $330.7 million with the Feed Segment leading the year-over-year increase due to high raw material volumes, escalating fat prices, and robust global demand for protein and pet food. **Darling** completed its $1.1 billion acquisition of Valley Proteins in early May and within days announced it had entered into a definitive agreement to purchase Brazil's largest independent rendering company, FASA Group, for approximately $560 million. The deal is set to close by the end of 2022 and adds 14 more rendering plants plus 2 currently under construction, further enlarging **Darling**'s ability to meet ever-increasing demand for green energy. The company is guiding full year 2022 combined adjusted EBITDA at $1.55-$1.6 billion, with Global Ingredients exceeding $1 billion in EBITDA and **Darling**'s share of Diamond Green Diesel estimated at $468.8 million, assuming 750 million gallons of renewable diesel at $1.25 per gallon EBITDA. While we can't be sure, one might deduce that the recent pullback in the share price is correlated highly with the pullback in commodities in recent weeks. We would like to point out that **Darling** is a market share leader selling niche, value-added products to customers who have few alternatives to **Darling**'s ingredients and products, and we expect the company to weather any commodity volatility from a position of strength.

AGCO Corporation (AGCO) (3.96), a leading global manufacturer and distributor of agricultural equipment and solutions, was another leading detractor this quarter despite record net sales of $2.7 billion, an increase of 12.9% compared to the first quarter of 2021, and supported by an increase in sales in all four geographic regions. Though the company expects continued headwinds from higher material costs, they have so far been able to offset rising costs with their pricing strategy. At a recent Sustainable Technology event in Germany, **AGCO** highlighted their plans for growth including the globalization of their Fendt line of products, organic growth in their Precision Ag offerings, and growing their aftermarket service and parts business. We believe the company's ability and commitment to produce smart and sustainable products to meet the needs of farmers around the world will allow them to weather macroeconomic headwinds as they produce returns for shareholders. While the stock has been hit with the recent pullback in commodity prices, we expect farmer income and subsequent demand for equipment to be strong this year, and likely next year, with dealer inventory at relatively low levels and solid order boards in key regions. We spent time with management in recent weeks and continue to believe this team is well suited for the current challenges and opportunities.

During the second quarter of 2022, we fully exited **LHC Group, Inc. (LHCG) (0%)**.

We exited **LHC Group, Inc. (LHCG)**, a leading Home Health and Hospice provider in the U.S., this quarter after they announced that they have agreed to be acquired by a division of UnitedHealth. It was a top contributor for the quarter, and we believed that we'd realized the maximum value of the holding and, to avoid risk of regulations hindering the merger negotiations, we decided to exit and redeploy the capital.

Until next quarter thank you for your confidence in our firm and best wishes.

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 6/30/2022)

	SINCE INCEPTION[3]	5 YEAR	3 YEAR	1 YEAR	YTD	QTD	MTD
SSEFX (Class N) (%)	7.57	5.40	10.61	-8.48	-11.33	-11.66	-8.72
SSEIX (Class I) (%)	7.84	5.65	10.88	-8.30	-11.21	-11.60	-8.69
Russell 2500 (%)	10.33	7.04	5.91	-21.00	-21.81	-16.98	-9.55
Russell 2500 Value (%)	9.51	5.54	6.19	-13.19	-16.66	-15.39	-10.95

*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 6/30/2022)

	TICKER	% OF ASSETS
Dycom Industries Inc	DY	6.87
Darling Ingredients Inc.	DAR	6.28
Murphy USA Inc.	MUSA	5.79
CMC Materials Inc	CCMP	5.68
The Brink's Co.	BCO	5.50
Polaris Inc.	PII	5.48
Timken Co.	TKR	5.22
Univar Solutions USA Inc.	UNVR	5.13
Thor Industries Inc.	THO	4.89
Broadridge Financial Solutions, Inc.	BR	4.89
Total		55.72

**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 June 30, 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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