

Fiduciary Management, Inc.

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Quarterly Review - Sept 30, 2021

FMI International Equity - Unhedged

Performance	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
International Unhedged (Gross)	-3.52%	5.98%	28.07%	N/A	N/A	N/A	6.23%
International Unhedged (Net)	-3.70%	5.39%	27.11%	N/A	N/A	N/A	5.44%
MSCI EAFE Index (USD)	-0.45%	8.35%	25.73%	7.62%	8.81%	8.10%	9.28%
MSCI EAFE Value Index (USD)	-0.97%	9.61%	30.66%	3.04%	5.96%	5.97%	3.79%

Inception: December 31, 2019

Performance is preliminary and subject to reconciliation.

Investment Philosophy:

Purchase durable business franchises that are selling at a discount to their intrinsic value.

Investment Process:

We utilize a business owner's approach to investing, thoroughly investigating the economics of the business and the quality of the management team. Some of the characteristics of good businesses include strong recurring revenue and attractive returns-on-invested capital (ROIC). We have a strong orientation to low absolute and relative valuation, which are key to the execution of our investment strategy. A new idea will come from a variety of sources including company visits, screens, conferences, trade periodicals and general reading. All members of the research team are responsible for fundamental research.

Once an investment opportunity is identified it is put through an extensive due diligence process, which typically includes management interviews and site visits. When an acceptable level of conviction is achieved, the appropriate weighting (considering liquidity, valuation, etc.) is discussed and determined. A new company purchased in the portfolio will usually have an initial position size of 1-4%. The portfolio generally consists of 25-40 companies and is well diversified across sectors.

We are long-term investors, a typical holding period for our companies is three to five years, and portfolio turnover averages 20-40% per annum.

Portfolio Management Committee (PMC)	Research Team
Jonathan T. Bloom, CFA	✓
John S. Brandser	
Patrick J. English, CFA	✓
Robert M. Helf, CFA	✓
Julia L. Jensen	✓
Benjamin D. Kerek, CFA	✓
Andy P. Ramer, CFA	✓
Daniel G. Sievers, CFA	✓
Matthew T. Sullivan, CFA	✓
Jordan S. Teschendorf, CFA	✓
Dain C. Tofson, CFA	✓

Please note disclosure footnote on reverse side.

(1) Estimated valuations are based on fair value pricing for a representative account from the FMI International Equity Unhedged Composite, and are weighted average calculations, not reweighted to exclude cash, and financial companies are excluded from the EV/EBITDA calculation. Valuations for the portfolio are modified based on criteria identified by FMI. For more detailed information regarding these valuations, please contact FMI.

Top 10 – Portfolio Holdings:

B&M European Value Retail SA	5.8%
Sony Group Corp.	5.8%
Ferguson PLC	5.7%
Samsung Electronics Co. Ltd. Pfd	5.4%
Smiths Group PLC	3.5%
Bollre SA	3.4%
Booking Holdings Inc.	3.4%
Koninklijke Philips N.V.	3.4%
Unilever PLC	3.3%
CK Hutchison Holdings Ltd.	3.3%

Portfolio Characteristics: (1)

P/E Ratio (trailing one year)	25.5x
FY1 P/E Ratio (forward 4 quarters)	19.9x
P/S Ratio	2.3x
P/B Ratio	3.6x
EV/EBITDA Ratio	14.5x
Number of Holdings	40
Active Share	96%

Recent Purchase:

Nabtesco Corp. Ticker: 6268 JP Added: July 2021

Nabtesco is based in Japan, and is a global leader in the design, manufacture, and marketing of motion control products and solutions. Approximately 56% of the company's sales are to customers in Japan, with the remaining 44% to customers elsewhere. We believe the global industrial robot installed base will be meaningfully higher in 5-10 years and Nabtesco is positioned to benefit through dominant market share. Its products are critical to end users' businesses, but often represent a small part of capital and/or operating costs, where the cost of equipment failure and downtime is extremely high. The company has approximately 60% global market share in precision reduction gears used in the joints of industrial robots. Relative to peers, it has higher returns and a track record of faster earnings growth, yet trades at a wide valuation discount. The stock's recent pullback reflects near-term concerns regarding Chinese demand for hydraulic excavators and the sustainability of the current upcycle in automation capital investment. Acknowledging these concerns, the Chinese excavator business likely represents less than 10% of normalized sales, and we believe global factory automation will continue to grow. After an elevated investment program at Nabtesco over the last several years, we expect incremental returns to build as the economic environment and the company's fundamentals normalize. The stock provides FMI with attractive exposure to the secular growth of industrial automation equipment at a reasonable absolute and relative valuation. We initiated a 1.4% position in July 2021.

Recent Sale:

Bureau Veritas S.A. Ticker: BVI FP Sold: September 2021

Bureau Veritas is the world's second largest testing, inspection, and certification company, providing recognized independent inspection services leveraging over 3,500 global accreditation standards within a diverse set of end markets. Geographically, Europe/Middle East/Africa is 44%, the Americas 27%, and Asia Pacific 29% of revenues. Bureau Veritas' role is to be a "trusted third party" applying consistent certification processes. We invested in 2017, as the company was transitioning towards more recurring testing volumes, and today nearly 80% of revenue is tied to repeat client volumes, operating expenses, and systems. In 2020, COVID-19 reduced volumes of certain traded goods that the company inspected and certified, but several segments are now above their pre-pandemic revenue level. The valuation now reflects optimism for a sustained strong recovery. We continue to view it as a competitively advantaged, high-quality business and would revisit it at a more attractive valuation. We sold our remaining 1.1% position in September 2021.

Fiduciary Management Inc.
International Equity Unhedged Composite
12/31/2019 - 12/31/2020

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period (\$ millions)	Total Firm Assets End of Period (\$ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2020	4.88	4.09	7.82	1	0.00	n/a	n/a	\$ 56.7	\$ 16,284.2	0.35%

MSCI EAFE Net Index (USD)

Returns reflect the reinvestment of dividends and other earnings.

The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Inc. claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fiduciary Management, Inc. has been independently verified for the periods 12/31/1993 - 12/31/2020. 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. The International Equity Unhedged Composite has had a performance examination for the periods 12/31/2019 - 12/31/2020. The verification and performance examination reports are available upon request.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over \$16.2 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The International Equity Unhedged Composite was created and incepted on 12/31/2019. This composite invests mainly in a limited number (usually between 25-40) of large capitalization (namely, companies with more than \$5 billion market capitalization) foreign companies.

The International Equity Unhedged Composite reflects time-weighted and asset-weighted returns for all discretionary accounts. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. Dispersion is not shown when there are five or fewer accounts in the composite for the year. As of 12/31/2020, 36 months of performance is not available; therefore the three year annualized ex-post standard deviation is not presented for the composite or the benchmark.

Currently, the advisory fee structure for the International Equity Unhedged Composite portfolios is as follows:

Up to \$25,000,000	0.70%
\$25,000,001-\$50,000,000	0.65%
\$50,000,001-\$100,000,000	0.60%
\$100,000,001 and above	0.55%

The firm generally requires a minimum of \$25 million in assets to establish a discretionary account. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites and FMI distributed mutual funds are available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The MSCI EAFE Net Index (USD)* is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Net Index (USD)* consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. It is reported in local currency and net of hedges. The International Equity composite uses the MSCI EAFE Net Index (USD)* as its primary index comparison.

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