Fiduciary Management, Inc.

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Quarterly Review - Sept 30, 2021

FMI Large Cap Equity

Performance	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Large Cap (Gross)	-2.41%	8.03%	25.23%	10.74%	12.84%	14.26%	10.97%
Large Cap (Net)	-2.52%	7.65%	24.58%	10.16%	12.23%	13.61%	10.27%
S&P 500 Index	0.58%	15.92%	30.00%	15.99%	16.90%	16.63%	7.96%
Russell 1000 Value Index	-0.78%	16.14%	35.01%	10.07%	10.94%	13.51%	7.34%

Inception: December 31, 2000
Performance is prelimary and subject to reconcilation.

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 2-4%. The portfolio generally consists of 20-30 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. Karek, 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 a representative account from the FMI Large Cap Equity 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:

Berkshire Hathaway Inc. Cl B	6.8%
Sony Group Corp. SP ADR	4.9%
Masco Corp.	4.8%
Comcast Corp. Cl A	4.7%
Quest Diagnositcs Inc.	4.6%
Dollar General Corp.	4.6%
Charles Schwab Corp.	4.5%
JPMorgan Chase & Co.	4.0%
UnitedHealth Group Inc.	3.8%
Booking Holdings Inc.	3.5%

Portfolio Characteristics: (1)

P/E Ratio (trailing one year)	21.5x
FY1 P/E Ratio (forward 4 quarters)	19.2x
P/S Ratio	3.0x
P/B Ratio	4.2x
EV/EBITDA Ratio	15.6x
Number of Holdings	31
Active Share	89%

Recent Purchase:

Alphabet Inc. Cl A | **Ticker: GOOGL** | **Added: May 2021**

Alphabet is a company we have followed and admired for many years. Despite that, we had several concerns that caused us not to invest, to include the impact of increasing mobile app usage, competitive concerns about other search engines, the fact that the business was unproven in a weak economy, a lack of discipline on expenses, and a seemingly hubristic founder-led management team. We've seen improvements on all fronts. At the same time, we have also increasingly gained an appreciation for how much the company has reinvented itself and grown in ways we never could have reasonably predicted a priori (e.g., Cloud, YouTube). The core Google search business may be one of the best businesses ever created, and it has now proven its mettle against competitive threats and a weak economy only to come out stronger. The continued strong growth in core search also gave us higher conviction that the advertising market size has expanded rather than it being a pure substitution of traditional advertising. In short, our views and understanding of the business have evolved after years of studying it. The sum of all these changes, combined with multi-year low relative valuations, led us to make an investment in Alphabet, which today is a highly profitable business with a great balance sheet and significant optionality, that has one of the largest moats we've ever seen. All of this is trading for a below-market multiple, and well below the prices you must pay for numerous GDP-type growers in industrials, staples, luxury, and many other categories. We initiated a 2.5% position in May 2021.

Recent Sale:

PepsiCo Inc. | **Ticker: PEP** | **Sold: August 2021**

PepsiCo is a global consumer staples company consisting of food (55% of sales) and beverages (45% of sales). The company's portfolio includes 23 brands that each generate $1 billion or more in annual sales, including Doritos, Lay's, Tostitos, Cheetos, Ruffles, Fritos, Pepsi, Mountain Dew, Gatorade, Aquafina, Quaker, and Tropicana. PepsiCo's direct store delivery system and scale represent competitive advantages. At the time of our purchase in May 2018, consumer staples stocks had come under pressure with rising interest rates, and PepsiCo was valued around 16x forward earnings per share because of missteps in its North America Beverages unit. This presented us with an opportunity to purchase a relatively defensive blue-chip stock at a reasonable valuation in an expensive market. Fast forward to 2021 and PepsiCo is firing on all cylinders, and its valuation is around 25x 2021 estimated earnings per share. We had been trimming the position in recent periods, and we sold our remaining 1.1% position in August 2021.

Fiduciary Management Inc.
Large Cap Equity Composite
12/31/2010 - 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			
2011	2.35	1.74	2.11	509	0.37	18.34%	18.70%	$ 8,434.8	$ 12,273.6	68.72%
2012	16.02	15.32	16.00	575	0.32	13.94%	15.09%	$ 11,270.3	$ 15,253.5	73.89%
2013	31.87	31.10	32.39	685	0.31	11.38%	11.94%	$ 15,785.5	$ 19,705.3	80.11%
2014	13.52	12.81	13.69	725	0.25	8.54%	8.98%	$ 16,084.1	$ 21,001.1	76.59%
2015	-1.54	-2.16	1.38	655	0.27	9.94%	10.48%	$ 14,304.1	$ 21,042.9	67.98%
2016	14.85	14.16	11.96	636	0.32	10.48%	10.59%	$ 12,562.9	$ 22,626.7	55.52%
2017	19.90	19.24	21.83	628	0.32	9.70%	9.92%	$ 12,722.2	$ 25,322.0	50.24%
2018	-3.07	-3.62	-4.38	540	0.29	9.85%	10.80%	$ 9,901.1	$ 19,833.6	49.92%
2019	24.58	23.94	31.49	371	0.42	9.95%	11.93%	$ 10,493.0	$ 22,609.9	46.41%
2020	11.32	10.70	18.40	266	0.55	17.09%	18.53%	$ 8,684.6	$ 16,284.2	53.33%

*Benchmark: S&P 500 Index®

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 Large Cap Equity Composite has had a performance examination for the periods 12/31/2000 - 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 FMI Large Cap Equity Composite was created and incepted on 12/31/2000. These accounts primarily invest in medium to large capitalization US equities.

The FMI Large Cap Equity Composite reflects time-weighted and asset-weighted returns for all discretionary accounts with a market value greater than $500,000 as of month end beginning January 1, 2012. From December 31, 2000 thru September 30, 2002 all accounts included were managed for at least one quarter, from October 1, 2002 to present all accounts were managed for at least one month. 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. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®. FMI uses gross returns to calculate these.

Currently, the advisory fee structure for the FMI Large Cap Equity Composite portfolios is as follows:

Up to $25,000,000	0.55%
$25,000,001-$50,000,000	0.50%
$50,000,001-$100,000,000	0.45%
$100,000,001 and above	0.35%

The firm generally requires a minimum of $3 million in assets to establish a discretionary account. High Net Worth individuals may establish an account with a minimum of $1,000,000, however, the firm reserves the right to charge a minimum dollar fee for High Net Worth individuals depending on the client servicing involved. 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 S&P 500 Index® is widely regarded as the best single gauge of the U.S. equities market. This index includes 500 leading companies in leading industries of the U.S. economy. Although the S&P 500® focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. The Large Cap Equity composite uses the S&P 500 Index® as its primary index comparison.