Nuance Concentrated Value Long-Short Fund

nuance INVESTMENTS

Fourth Quarter 2017

Investment Objective

The Nuance Concentrated Value Long-Short Fund seeks long-term capital appreciation by taking long positions in securities priced below, and short positions in securities priced above, our internal view of their estimated intrinsic value.

Portfolio Constraints

- # of Long Holdings: 15 to 35
- # of Short Holdings: 0 to 50
- Long Exposure: 75% to 100%
- Short Exposure: 0% to 100%
- Max Gross Exposure: 200%

Fund Details

Class:	Institutional	Investor
Ticker:	NCLSX	NCLIX
Inception:	12/31/15	12/31/15
Cusip:	56166Y255	56166Y263
Min Invest:	$10,000	$2,500
Invest Mgmt Fee:	1.00%	1.00%

Process Overview

On the long side of the Nuance Concentrated Value Long-Short Fund (the Fund) investment portfolio, the Nuance Investment Team (the Investment Team) is looking for industry leading businesses with strong and stable competitive positions. Generally, these businesses have leading marketshares within their various areas of expertise, have strong balance sheets and exhibit rational capital allocation policies. The Investment Team is seeking to buy these businesses when they are under-earning their long-term potential due to cyclical and/ or transitory issues, and when security valuations offer what we believe to be meaningful upside potential and reasonable support on the downside.

On the short side of the Fund investment portfolio, the Investment Team is looking for large businesses with more commoditized or structurally challenged competitive positions. These businesses may or may not be industry leaders. The Investment Team is seeking to sell these businesses when they are over-earning their long-term potential due to cyclical and/ or transitory issues, and when security valuations offer what we believe to be reasonable support on the upside and meaningful downside potential.

Portfolio Managers

Scott Moore, CFA
President & CIO
26 Years of Experience

Chad Baumler, CFA
Vice President
10 Years of Experience

Performance as of December 31, 2017

As of 12/31/2017 Inception Date 12/31/15	Since Inception Return	1 YR	YTD	QTD	Gross Expense Ratio	Net Expense Ratio
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	7.24	-2.05	-2.05	-1.71	3.34%	2.79%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	6.86	-2.50	-2.50	-1.81	3.59%	3.04%
S&P 500 Index	16.79	21.83	21.83	6.64		
Morningstar Long/Short Equity	6.32	10.68	10.68	3.49		

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and 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. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-855-682-6233.

The Fund has contractually agreed to reduce its management fees, and may reimburse the Fund for its operating expenses, in order to ensure that Total Annual Fund Operating Expenses (Excluding acquired fund fees and expenses, leverage, interest, dividend and interest expense on short sales, taxes, brokerage commissions, and extraordinary expenses) do not exceed 1.55% of the average daily net assets of the Investor Class and 1.30% of the average daily net assets of the Institutional class through at least 8/27/2018. Net expense ratios are as-of the Fund's most recent prospectus and are applicable to investors.

General Market Commentary

	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17
Cash	12.4%	13.2%	24.1%	24.6%	25.1%	24.5%	24.2%	23.7%
Long Equities	87.6%	86.8%	75.9%	75.4%	74.9%	75.5%	75.8%	76.3%
Short Equities	30.7%	61.9%	61.6%	65.1%	67.7%	74.3%	77.9%	93.9%
Gross Exposure	118.3%	148.8%	137.6%	140.5%	142.7%	149.7%	153.7%	170.2%
Net Exposure	56.9%	24.9%	14.3%	10.4%	7.2%	1.2%	-2.1%	-17.6%

The Investment Team believes the investment opportunity set is meaningfully skewed to the short side of the Fund's investment portfolio. As a point of reference, as of 12/31/17, the median company in the proprietary Nuance long universe, which consists of approximately 250 companies we view as industry leaders, was trading at a greater than 25% premium to what the Investment Team would consider to be fair value. In other words, the universe, on average, appears to be more than 25% overvalued, per our internal estimates. Additionally, according to our company- by- company valuation work, this same universe has more than 60% downside potential from today's prices. Meaning if our list of 250 companies were to all trend down to their historic trough valuation multiples, then the average stock on our list would be down more than 60%.

As one can see from the table above, the Fund ended the quarter with a net 18% short equity exposure. On the long side of the portfolio, the Investment Team believes the opportunity set has narrowed significantly, and investments with large positive absolute return potential are not widely available. As a result, investments on the long side have shifted from maximizing return to minimizing risk. Investments with attractive downside support can be found within the Health Care Equipment, Household Products, and Distillers and Vintners sub-industries, in our opinion. On the short side of the portfolio, the Investment Team believes the opportunity set has expanded, with attractive short investments now to be found across the majority of GICS sectors of the economy. The gross short exposure today stands at 94% versus a maximum potential of 100% per the Fund's prospectus. We consider today's short portfolio to be fully invested, given the desire to avoid breaching the 100% gross short maximum threshold as a result of regular stock price volatility and differences in long portfolio and short portfolio performance.

Featured Investment

Short Home Depot (HD)- HD is the largest home improvement retailer in the US with approximately 25% market share. The Investment Team, in general, considers retailing to be a more commoditized asset class. Over time, the ability to generate sustainable excess returns on capital by simply selling someone else's products has proven challenging. To give the reader some perspective, returns on capital (as measured by EBITDAR/ Tangible Assets) for the Specialty Retailing GICS Industry have averaged around 20% over the last two decades. This is roughly 700 basis points lower than the median return on capital in our Nuance long universe and would represent a level that we would be very hesitant to invest in on the long side. While HD's returns on capital have averaged slightly higher than its peers over time, with limited intellectual property, modest barriers to entry, and scale as the only real competitive advantage, we would consider HD's business model to be average. Additionally, HD has levered its balance sheet over the last decade to levels above our comfort level. From the late 1990's to the mid 2000's HD averaged just under 1.0x net debt to EBITDAR. During this last cycle, the management team has increased leverage to just under 2.0x today. When the average business model is combined with slightly more debt than we would prefer, the Investment Team believes HD's overall competitive position is average.

HD is expected to earn around $7.50 this fiscal year, and the Investment Team believes the company is over-earning its long-term potential for two key reasons. The first reason is related to HD's selling, general & administrative expenses (SG&A), which primarily consists of wages for HD's 400,000 employees. SG&A as a % of revenue is currently running at 16.5%, the lowest it's been in at least the last 15 years. Examined from a different angle, SG&A per employee is currently around $41,000, down from around $50,000 in 2007. If the low US unemployment rates witnessed today were to force HD to pay their employees more over the next few years to remain competitive, then HD's SG&A would normalize higher and earnings power would reset lower. The second reason for HD's over-earnings is related to its depreciation. Depreciation as a % of sales is currently around 2.0%, down from 2.5% 10 years ago. The primary culprit for this falling depreciation % is that HD's capital expenditures have been below its depreciation for the last decade. Generally speaking, for most healthy companies, capital expenditures are actually greater than depreciation over time as companies invest in both defending their competitive position and growing their business. Retailers historically have been no exception. In HD's case, while it has been able to under-spend depreciation so far without any meaningful effects to its business, with online competition intensifying we could envision a scenario where HD's capital expenditures may be required to step change higher. If capital expenditures were increased then depreciation would also rise causing downward pressure on earnings per share.

As of 12/31/17 HD is trading at $190 per share or over 25x this year's consensus earnings. This is the most expensive HD's stock has been in the last 15 years, during which the multiple has averaged around 18x. The Investment Team believes this high multiple, when combined with the average business model and more levered balance sheet of HD leave limited room for material upside from here. From a short seller's perspective, this implies the potential for limited downside. On the other hand, if HD's earnings per share were to reset lower because of the reasons highlighted above, and the price to earnings multiple were to trend down towards longer term averages, then meaningful upside could be generated from shorting HD at these levels. This combination of limited downside potential and meaningful upside potential in a large and average competitive position is exactly what the Investment Team is looking for and explains why HD is a top short investment idea.

You should consider the fund's investment objectives, risks, charges and expenses carefully before investing. For a statutory or summary prospectus, that contains this and other information about the Funds, call 1-855-NUANCE3 (855-682-6233) or visit our website at www.nuanceinvestments.com. Please read the prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Investments in small and mid-capitalization companies involve additional risk such as limited liquidity and greater volatility than larger capitalization companies. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. Short sale of securities involves unlimited risk including the possibility that losses may exceed the original amount invested. However, a mutual fund investor's risk is limited to one's amount of investment in a mutual fund. The Fund is new with no operating history and there can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Trust's Board of Trustees ("Board of Trustees") may determine to liquidate the Fund.

The Primary Benchmark for the Fund is the S&P 500 Index. The S&P 500 Index is a market-value weighted index representing the performance of 500 widely held publicly traded large-capitalization stocks. Individuals cannot invest directly in any index. These indices are used for comparison purposes only and are not meant to be indicative of a portfolio's performance, asset composition, or volatility. The performance of the Fund may differ markedly from that of compared indices due to varying degrees of diversification and/or other facts. Return figures for all performance shown provided by US Bank.

Nuance Investments, LLC is majority owned by Montage Investments, LLC.

Nuance Investments is the advisor to the Nuance Mid Cap Value Fund, the Nuance Concentrated Value Fund and the Nuance Concentrated Value Long-Short fund which are distributed by Quasar Distributors, LLC.

EBITDAR = Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent Costs. An expansion of EBITDA, the measure allows for comparing firms with different asset structures.

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization, is a metric used in assessing the operating earnings of a company.

Price to Earnings multiple = measures the price of a company's stock in relation to its earnings per share.

Basis point = a basis point is one hundredth of one percent.

Home Depot (HD) represents -4.43% of the assets in the portfolio as-of 12/31/2017.

Earnings per share (EPS)-portion of a company's profit allocated to each outstanding share of common stock.

Morningstar Long-Short Equity-The Fund has been compared to various peer groups defined by investment style. The Fund is an all market capitalization value investment style. The Morningstar Long/Short Equity Peer Group (as selected by Morningstar) has been presented as an investment strategy with a similar investment style.

GIPS Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®). The firm maintains a complete list and description of composites, which is available upon request. More information regarding Composite descriptions and policies for valuing portfolios, calculating performance, and compliant presentations are available upon request by contacting client.services@nuanceinvestments.com or 816-743-7080.

The definition of the firm is the foundation for firm-wide compliance and creates defined boundaries for determining the assets of the firm. In this instance, the firm is defined as Nuance Investments, LLC (Nuance), a majority owned subsidiary of Montage Investments, LLC ("Montage"). Montage is a wholly owned subsidiary of Mariner Holdings, LLC. Nuance founded on November 1, 2008, was formed on the belief that the ability to outperform the broad stock market is predicated on a consistent and disciplined value investing approach. The Investment Management Team selects securities for the Nuance investment portfolios by using an extensive quantitative screening and fundamental research process that identifies leading businesses selling at a discount to fair value and that have the potential to generate above-average rates of returns over time. The Investment Management Team seeks to identify companies across a range of industries and market sectors that have leading and sustainable market share positions, above-average financial strength, and are trading at a discount to their internal view of intrinsic value. The Investment Management Team may sell an investment when it believes it has surpassed its intrinsic value by applying the screening process described above, for purposes of portfolio construction or risk management, or when a more attractive investment opportunity becomes available. For the short side, the Investment Management team seeks to identify companies across a range of industries and market sectors that have average to below average competitive positions and unattractive risk reward profiles. The total firm assets will be defined as all discretionary and non-discretionary assets under management within Nuance. This includes primary investment management accounts, sub-advisory investment management accounts and wrap accounts as well as both fee-paying and non-fee paying assets.surpassed its intrinsic value by applying the screening process described above, for purposes of portfolio construction or risk management, or when a more attractive investment opportunity becomes available. This includes primary investment management accounts, sub-advisory investment management accounts and wrap accounts as well as both fee-paying and non-fee paying assets.