

Nuance Concentrated Value Long-Short Fund



First Quarter 2018

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 March 31, 2018

As of 3/31/2018 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	7.29	0.30	1.86	1.86	3.34%	2.79%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	6.91	0.03	1.78	1.78	3.59%	3.04%
S&P 500 Index	14.41	13.99	-0.76	-0.76		
Morningstar Long/Short Equity	5.22	6.74	-0.80	-0.80		

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

	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18
Cash	13.2%	24.1%	24.6%	25.1%	24.5%	24.2%	23.7%	24.2%
Long Equities	86.8%	75.9%	75.4%	74.9%	75.5%	75.8%	76.3%	75.8%
Short Equities	61.9%	61.6%	65.1%	67.7%	74.3%	77.9%	93.9%	87.9%
Gross Exposure	148.8%	137.6%	140.5%	142.7%	149.7%	153.7%	170.2%	163.7%
Net Exposure	24.9%	14.3%	10.4%	7.2%	1.2%	-2.1%	-17.6%	-12.0%

The Investment Team believes the investment opportunity set is still skewed to the short side of the Fund's investment portfolio. As a point of reference, as of 3/31/18, the median company in the proprietary Nuance long universe, which consists of approximately 250 companies we view as industry leaders, was trading at more than a 20% premium to what the Investment Team would consider to be fair value. In other words, the universe, on average, appears to be greater than 20% 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 by more than 60%.

As one can see from the table above, the Fund ended the quarter with a net 12% short equity exposure. On the long side of the portfolio, the Investment Team believes the opportunity set has narrowed significantly over the last few years, and investments with large positive absolute return potential are not widely available. As a result, investments on the long side have focused on minimizing risk. Investments with attractive downside support can be found within the Health Care Equipment, Household Products, and P&C Insurance 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 to be found across the majority of GICS sectors of the economy. The greatest opportunities today are within the Industrials, Consumer Discretionary and Financials sectors, in our opinion.

Featured Investment

Short Boeing (BA)- BA is a leading producer of commercial aircraft globally with an estimated 45% market share. Even though BA is one of two main players in what has historically been a highly consolidated industry, the Investment Team considers BA's business model to be of average quality. The principal reason is that most of the value-add content on a commercial airplane, primarily the engine and avionics, is developed and produced by outside suppliers. BA's role in the value chain is to purchase this highly engineered equipment and simply install it on the airplanes. We believe this unflattering view of BA's business model can be confirmed by comparing BA's average EBITDA margins of under 10% for the last 20 years to Rockwell Collins' (COL, the leader in commercial airplane avionics) margins of over 20%. In addition to this average business model, there appears to be a potential new entrant to the competitive landscape. Commercial Air Corporation of China (COMAC), a Chinese state-owned organization, has developed a competing airplane to BA's 737 series. While today COMAC is not currently delivering airplanes, they do have a standing order book of over 700. Given that Chinese airlines have represented around 20% of BA's airplane deliveries over the last five years, it seems a likely conclusion that BA's global market share will decrease once COMAC begins actual airplane production. When the average business model is combined with this potential for future market share losses, the Investment Team believes BA's overall competitive position is average to below average.

BA is expected to earn around \$14B of EBITDA this 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 the airplane delivery cycle. In 2017, the entire commercial airplane industry delivered new airplanes representing roughly 9% of the existing airplane fleet, of which BA delivered almost half. Upon reviewing total industry airplane deliveries globally for the last three cycles, one can see that deliveries have averaged closer to 7% of the existing fleet per year. Peaks of 9% or greater were observed in the early 1990's, the late 1990's and then again the last couple of years. Troughs of around 5% were observed in the mid 1990's and then again in the early 2000's. If future industry deliveries were to revert down to the long-term average of 7% and BA held its market share, then BA's EBITDA would be negatively affected. The second reason BA is over-earning is related to its R&D expense, which as a percent of revenues is currently just over 3%. Over the last 20 years, BA's R&D expense has averaged closer to 5% of revenues. While a 2% difference may not sound like much, for a company that has historically averaged under 10% EBITDA margins, a swing of two full percentage points does end up being quite meaningful to net income. If competitive pressures were to force BA to start spending more on R&D over the next few years and R&D expense were to revert higher to long-term averages, then EBITDA would reset lower.

As of 3/31/18 BA is trading at \$328 per share or over 14x this year's consensus EBITDA estimate. This level of valuation has been observed twice over the last two decades: first in the late 1990's and then more recently in the mid 2000's. The Investment Team believes this high multiple, when combined with BA's average business model and potential for future market share losses leaves limited room for material upside from here. From a short seller's perspective, this implies the potential for limited downside. On the flip side, if BA's EBITDA were to step-change lower because of the reasons highlighted above, and its EV/ EBITDA multiple were to retreat to the 20-year average of around 10x, then meaningful upside could be generated from shorting BA 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 BA 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.

Boeing (BA) represents -4.12% of the assets in the portfolio as-of 3/31/2018.

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.