

Nuance Concentrated Value Composite Perspectives



June 30, 2018

Description of the Product

The Nuance Concentrated Value Composite is a classic value investment product investing primarily in the equity or equity-linked securities of United States based companies. The product will typically maintain 15-35 positions in the securities of companies that, in the opinion of the Nuance Investments Team, have leading and sustainable market share positions, above average financial strength, and are trading at prices materially below our internally derived view of intrinsic value. The product's primary benchmark is the Russell 3000 Value Index. Clients may also compare the product to the S&P 500 Index.

Portfolio Managers



Scott Moore, CFA
President & CIO

27 Years of Experience

Chad Baumler, CFA
Vice President

11 Years of Experience

Risk-Adjusted Returns Rankings¹

1ST PERCENTILE

Lipper
Category: Multi-Cap Value
SI Rank in Cat: 3 of 213

Morningstar
Category: Large Value
SI Rank in Cat: 6 of 950

Morningstar
Category: Mid-Cap Value
SI Rank in Cat: 2 of 308

Longer Term Performance Update

Since Inception Return: The return since inception (11/13/2008) through 6/30/2018 is 15.6 percent (annualized and net of fees) versus the Russell 3000 Value Index and S&P 500 Index, which have returned 12.5 percent and 14.4 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 6/30/2018 is 1.3 (net of fees) versus Russell 3000 Value Index at 0.9 and the S&P 500 Index at 1.1.

Peer Group Returns through 6/30/2018: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/08, we ranked 47 out of 950 peer group members (5th percentile) in the Morningstar Large Cap Value universe, 94 out of 308 (30th percentile) in the Morningstar Mid-Cap Value universe, and 32 out of 213 (15th percentile) in the Lipper Multi-Cap Value universe.

Peer Group Risk-Adjusted Return through 6/30/2018: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 6 out of 950 peer group members (1st percentile) in the Morningstar Large Cap Value universe, 2 out of 308 (1st percentile) in the Morningstar Mid-Cap Value universe, and 3 out of 213 (1st percentile) in the Lipper Multi-Cap Value universe.

Peer Group Analysis 11/30/2008 - 6/30/2018	Since Inception APR ¹	Standard Deviation (A) ¹	Sharpe Ratio (A) ¹
Nuance Concentrated Value Composite (Gross)	15.9	12.3	1.3
Nuance Concentrated Value Composite (Net)	15.2	12.2	1.2
Lipper Multi-Cap Value Funds Peer Group (Median)	12.8	14.9	0.8
Peer Group Percentile and Ranking	15th (32 of 213)	6th (13 of 213)	1st (3 of 213)
Morningstar Large Value Peer Group (Median)	12.4	14.0	0.9
Peer Group Percentile and Ranking	5th (47 of 950)	13th (129 of 950)	1st (6 of 950)
Morningstar Mid-Cap Value Peer Group (Median)	14.4	15.4	0.9
Peer Group Percentile and Ranking	30th (94 of 308)	1st (2 of 308)	1st (2 of 308)

Performance 11/13/2008 - 6/30/2018	APR [*]	TR [*]	Standard Deviation [*]	Sharpe Ratio [*]	7 Years	5 Years	3 Years	1 Year	2018 YTD
Nuance Concentrated Value Composite (Gross)	16.3	328.0	12.2	1.3	12.0	11.0	7.5	4.3	(2.4)
Nuance Concentrated Value Composite (Net)	15.6	303.7	12.2	1.3	11.3	10.2	6.8	3.5	(2.8)
Russell 3000 Value Index	12.5	211.3	14.4	0.9	11.2	10.4	8.5	7.2	(1.2)
S&P 500 Index	14.4	266.3	13.2	1.1	13.2	13.4	11.9	14.4	2.7

^{*}Since Inception

Value. Delivered.

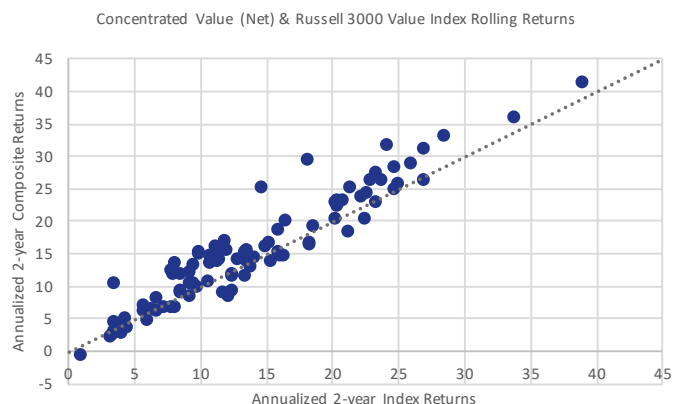
Shorter Term Performance Update (Two Year and Year-to-Date)

Rolling 2-Year Periods	Current 2-Year Period as of 6/30/2018		
11/30/2008 - 6/30/2018	Periods Beating the Index	Composite (%) Net of Fees ¹	Russell 3000 Value Index (%)
Nuance Concentrated Value Composite	63 / 92	68.5%	8.3
			11.6

Your team at Nuance cautions clients regarding the use of short-term performance as a tool to make investment decisions. That said, if a client wants to consider our short-term performance, we recommend emphasizing two-year rolling periods since our inception. Our normal discussion of short-term performance will center on two-year performance, but we will also note calendar year to date results as is our tradition.

For the period ending June 30, 2018, the Nuance Concentrated Value Composite two year rolling return is 8.3 percent (net of fees) versus the Russell 3000 Value Index and S&P 500 Index which have returned 11.6 percent and 16.1 percent respectively. Overall, we have outperformed in 63 out of the available 92 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned (2.8) percent (net of fees) versus the Russell 3000 Value Index and the S&P 500 Index, which have returned (1.2) percent and 2.7 percent respectively.



Calendar Year Performance as of 6/30/2018	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD
Nuance Concentrated Value Composite (Gross)	4.5	42.2	18.8	6.9	18.4	35.3	8.9	(1.3)	20.5	12.1	(2.4)
Nuance Concentrated Value Composite (Net)	4.5	41.7	18.1	6.3	17.8	34.5	8.1	(2.0)	19.7	11.3	(2.8)
Russell 3000 Value Index	0.4	19.8	16.3	(0.1)	17.6	32.7	12.7	(4.1)	18.4	13.2	(1.2)
S&P 500 Index	(0.5)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	21.8	2.7

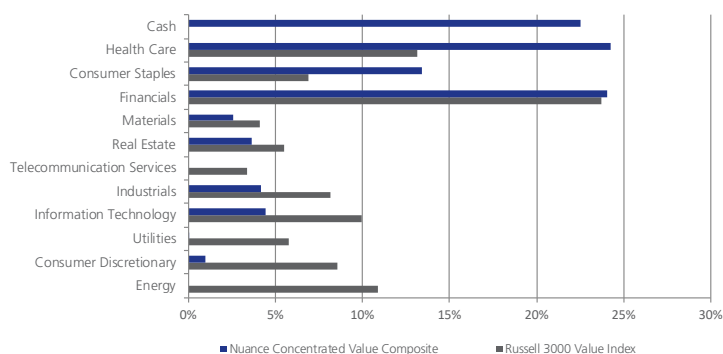
Composition of the Portfolio as of 6/30/2018

Portfolio Characteristics ²	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	50.4b	109.9b
Median Market Cap	19.8b	1.7b
Price to Earnings (internal and ttm)*	15.1x	16.8x
Forward Price to Earnings	15.4x	15.0x
Dividend Yield	1.7%	2.5%
Return on Equity	19.2%	17.8%
Return on Assets	6.2%	4.9%
Active Share vs Russell 3000 Value	92.9%	-
Upside/Downside Capture Ratio vs Russell 3000 Value	86.5% / 59.6%	-
Number of Securities	33	2,093

We continue to be pleased with the overall composition of the portfolio. Remember that we are seeking investment opportunities in leading business franchises with better than average valuation support. Using the adjacent table, you can see that the portfolio has a Price to Earnings ratio of 15.1x versus the Russell 3000 Value Index of 16.8x. We are achieving this ratio with a portfolio of companies that have a return on assets of 6.2 percent versus the Russell 3000 Value Index of 4.9 percent. This dichotomy of above average companies selling at below average multiples has the opportunity for outperformance over the long-term, in our opinion.

¹Based on Nuance internal estimates and benchmarked against the above noted Russell index.

Sector Weights and Portfolio Positioning as of 6/30/2018



We have increased our holdings in the Healthcare sector as we continue to find select leaders with what we believe are better risk-rewards than other market opportunities. We have also slightly increased our weight in the Financial sector where a combination of low interest rates and a higher than average catastrophe year has created some significant opportunities, in our view. While we remain overweight the Consumer Staples sector, we have lowered our weight and have moved into what we believe are more attractive competitive positions. Additionally, we have lowered our weight in the Industrial sector as several of our names are approaching our view of fair value. We continue to be underweight the Energy sector where we believe the sector is facing a multi-year period of competitive transition. We remain underweight the Consumer Discretionary and Information Technology sectors primarily due to valuation concerns.

Stocks We Added to Your Portfolio (June 2018):

Henkel AG & Co. (HENKY): HENKY is the world’s largest supplier of adhesives and sealants, a leading supplier of laundry care products in the U.S. and Europe, and a leading supplier of hair care product in Europe. The company’s adhesives products make up 50% of earnings, and we believe these are positioned to gain share from traditional fasteners over the long term as products such as automobiles, aircrafts, and electronics are trending toward lighter weight, more flexible, miniaturized components, that are manufactured in a more environmentally friendly way. The company’s laundry products also present an interesting opportunity, as HENKY is the leading supplier of private label laundry products for major retailers in the U.S., in addition to producing its own brands such as All, Persil, and Purex. The stock has underperformed recently as the company is dealing with rising input costs across its adhesives and consumer goods business, and it faced a temporary headwind in the U.S. that was caused by company-specific transportation and logistics issues. We believe this has created an attractive risk/ reward vs. other opportunities.

Universal Health Services (UHS): UHS is the leading provider of behavioral health services in the United States. After a period of underperformance related to a sluggish end-market, increased nursing labor costs and uncertainty around an outstanding DOJ inquiry, we were able to initiate a position at an attractive risk/ reward. We believe the DOJ inquiry is manageable. We like the company’s current position as the leader of a fragmented market with the ability to continue taking share by rolling up new locations and expanding its footprint. We also like the payor dynamics in behavior health as compared to traditional acute care hospitals, which is a smaller part of the company’s business. Finally, we believe UHS maintains the most conservative balance sheet in healthcare facilities, an industry that has historically embraced very large debt levels.

Wal-Mart Stores Inc. (WMT): WMT is the world’s largest retailer, the largest grocery retailer in North America, and the third-largest internet retailer. WMT is 60% grocery sales, which are gaining market share nicely; 10% Sam’s Club, which is holding market share; 10% health and wellness, which is holding market share; and 20% discount retail. We believe that the company’s leadership in grocery sales is sustainable, and its continued investments in e-commerce gives it an opportunity to retain and attack the retail transition towards more internet sales. With solid and stable returns on capital, a conservative balance sheet with under-appreciated real estate value and underperformance due to lower near-term earnings expectations, we think the risk/ reward is now attractive.

Stocks We Eliminated from Your Portfolio (June 2018):

California Water Service Group (CWT): We solid our position in CWT after modest outperformance following their announcement that they were willing to do a quite dilutive deal to buy SJW Group (SJW) for a significant premium. We will look for future opportunities in CWT once details are finalized regarding the financing and completion of this potential deal.

The Clorox Company (CLX): CLX is a leading producer of cleaning products and other household and personal care products in the U.S. We exited our position as we found more attractive risk/ reward opportunities.

Kimberly-Clark Corp (KMB): KMB is a leading global producer of paper-based personal care products, such as diapers, tissues, and toilet paper. We exited our position in KMB as we found more attractive risk/ reward opportunities elsewhere.

Orbital ATK, Inc. (OA): We exited our position in OA as Northrup Grumman Corporation (NOC) completed its acquisition for approximately \$134.50 per share in cash.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

At the end of the first half of 2018 (through 6/30/2018), your Nuance Concentrated Value Composite was down (2.82) percent (net of fees) versus the Russell 3000 Value Index down (1.16) percent and the S&P 500 Index up 2.65 percent. Most importantly, since our inception on 11/13/2008, the Nuance Concentrated Value Composite is up 15.58 percent (annualized and net of fees) versus the Russell 3000 Value Index up 12.51 percent and the S&P 500 Index up 14.43 percent.

As we've been writing about for the past 12-18 months, late cycle investing is not exactly your team's favorite period. Most of our clients, whether you joined us in late 2008 or just recently, have heard us clearly explain that the typical market traits of late cycle investing simply don't match our style or belief regarding how to invest in the best risk-adjusted returns that can be achieved over the long-term. Suffice to say, we believe we are in the middle of a late-cycle period much like those that occurred in late 1990's and the 2005-2007 period. All market cycles are different, but they also have common traits that bind them together and tell a story. Here a just a few of those traits:

1. Valuations are not emphasized by the broad market.
2. Narrowness of performance proliferates, and market participants begin to think that investing is pretty easy. Another way to explain it is that only a select few stocks or sectors are the "only place to put your money" per many market pundits as well as your aunt and uncle.
3. Leverage is typically involved as companies and investors forget the other side of the investing mountain for a levered company, society, or government.

Let's talk about three of these late cycle periods. The late 1990's was the tail end of the Nifty 50 era of the 1990's and the period of what is known as the "Technology Bubble." From a trait perspective, we would observe the following:

1. Valuations are not emphasized: This was clearly the case as mega-cap companies like Coca-Cola Co. (KO) were trading at 40-50x next year's earnings (Bloomberg Best P/E Ratio). KO then saw its multiple fall to a range of 14-20x over the following decade. General Electric Co. (GE) also traded at 30-50x next year's earnings (Bloomberg Best P/E Ratio) and subsequently fell to 10-15x over the next 10-20 years. Further, the Technology sector was king, and stocks like Microsoft Corporation (MSFT) and Intel Corporation (INTC) both traded at 40-60x next year's earnings only to see the multiples fall over the next 10-20 years to 10-20x. Each of these stocks have grown over this period, but only MSFT has kept up with the S&P 500 Index since 6/30/1999. Easy investing? Maybe not.
2. Narrowness of performance proliferates: Any student of investing clearly understands the narrowness of the late 1990's, and we won't rehash the old news here. Just one data point for fun, the S&P 500 Index (SPX) was up 21.04 percent (TR) in 1999 versus the Russell 3000 Value Index (RAV) up 6.55 percent (TR). The S&P 500 Information Technology Sector GICS Level 1 Index (S5INFT) was up a whopping 78.74 percent (TR) over the same period. What happened the next two years? The S&P 500 Index (SPX) was down (19.91) percent (TR) from 12/31/1999 to 12/31/2001. The Russell 3000 Value Index (RAV) up 3.70 percent (TR) during this dreadful period. Meanwhile, the easiest place to invest in 1999, the S&P 500 Information Technology Sector GICS Level 1 Index (S5INFT) was down a whopping (56.19) percent (TR). Easy investing? Maybe not.
3. Leverage is loved: Clearly leverage was being ignored as many of the new public companies driving the massive move in Technology did not have positive earnings or cash flows. A CNBC article by Keith Wright (an instructor at Villanova University)³ suggests about 80 percent of newly public companies had no earnings, and the average life of a newly public company was only four years – definitionally leveraged. While we haven't studied Mr. Wright's data, our experience suggests he is close. Easy investing? Maybe not.

The Bank and Commodity Era of 2005-2007.

1. Valuations are not emphasized: Once again, the vastness of the market spoke and decided that all things involving banking and commodities were the place to be regardless of valuation. The easy credit and abhorrent lending standards of this period drove a boom in capital spending that drove commodity prices across the board to well above cash costs to produce. This classic cyclical demand pull-forward caused valuations in energy and commodity companies to practically soar and helped sustain very high valuations for banks. In this case, the classic cyclical over-earnings caused stated valuations on a price to earnings basis to appear rational. However, the price to tangible book value metric told a completely different, and wiser, story. Bank of America Corp. (BAC) was trading at around 3.5-4.0x tangible book value per share from 2005-2007. BAC subsequently fell to less than 1.0x and today trades in the high 1.0's. Citigroup Inc. (C) also traded at 3.5-4.5x tangible book value per share from 2005-2007. It also fell to less than 1.0x. On the commodity side of the ledger, Exxon Mobile Corp. (XOM) traded at 3.5-4.5x tangible book value per share from 2005-2007. Today, XOM trades at 1.6-1.7x. Alcoa Corp. (AA) traded at 2.5-4.0x tangible book value per share during the 2005-2007 period before falling to less than 1.0x in 2016. Easy Investing? Maybe not.
2. Narrowness of performance proliferates: From 6/30/2004 to 6/30/2008 the S&P 500 Index was up 21.06 percent (TR), the Russell 3000 Value Index was up 25.77 percent (TR), the S&P Energy Sector GICS Level 1 Index (S5ENRS) was up an amazing 179.51 percent (TR), and the S&P Materials Sector GICS Level 1 Index (S5MATR) was up 71.80 percent (TR). Again, an incredibly narrow market and the prevailing sentiment of the day was that oil was headed to \$200 per barrel as predicted famously by Goldman Sachs⁴. There was also a prevalent belief that earnings and cash flows of Energy and Basic Materials companies would continue to perform without consequence of cycles, market forces, recessions, and other fun things like that. Fast forward with us to the years after 2005-2007. From 6/30/2008 to 6/30/2012 the S&P 500 Index was up 16.32 percent (TR), the Russell 3000 Value Index was up 10.96 percent (TR), the S&P Energy Sector GICS Level 1 Index (S5ENRS) was down (16.21) percent (TR), and the S&P Materials Sector GICS Level 1 Index (S5MATR) was down (6.34) percent (TR). Easy investing? Maybe not.

3. Leverage is loved: Well, certainly yes for this period, with an exclamation point on the banks. The primary cause of the entire market issue was a pull forward effect caused by easy lending and robust leverage in the world's largest banks. C, BAC, and many others took their leverage to historically high levels while simultaneously leveraging working class America through easy lending standards. The result was overspending on housing, commercial buildings, and many other items. The combination of leverage and over-spending is the classic boom/bust scenario and led to the recession and market disruption of 2008 and 2009.

How about today? The last 18 months - January 1, 2017 to today:

1. Valuations are not emphasized: Once again, the vastness of the market is speaking, and valuations do not appear to matter. This time is a bit more troubling to your team (believe it or not) as we have broad based valuation issues coupled with a slew of very large companies with mammoth valuations. It is the broad-based nature of the valuation issues that are particularly troubling. We could, of course, wonder aloud about the rationality of Netflix, Inc. (NFLX) trading at over 100x earnings (Best P/E Ratio per Bloomberg) or Amazon.com Inc. (AMZN) trading at 80x earnings (Best P/E Ratio per Bloomberg), but frankly, a few outliers are not the point – despite what you watch on television or read online. The bigger point to us is that Nuance's Approved List, approximately 250 leading and mature business franchises, is trading at about 25x our normal (mid-cycle estimate) of earnings per share. A relatively important example lies in the very simple natural gas distribution industry; an understandable, regulated monopoly that has slow growth and low returns on capital versus the broad market. The company is One Gas Inc. (OGS), which is a natural gas distributor based in Oklahoma. OGS trades today at 24x earnings (Best P/E Ratio per Bloomberg). After studying this entire space since the early 1990's, valuations have ranged from lows in the 10-13x P/E ratio range (depending on the company) to highs in the low-to-mid 20's that we are seeing right now. Scary to any of you? It is to your team. Another spooky data point is that OGS at today's prices pays a 2.38 percent dividend yield versus the United States Treasury 10-year yield of approximately 2.8 percent. One is more or less risk-free, and one is clearly not. We assure our avid readers this is not an anomalous example.

2. Narrowness of performance proliferates: Why yes indeed, we have narrowness once again as the Technology sector, and the ridiculously named FANG (my personal opinion) stocks are dominating market performance. From 12/31/2016 to 6/30/2018 the S&P 500 Index was up 25.05 percent (TR), the Russell 3000 Value Index was up 11.86 percent (TR), the NYSE FANG+ Index is up an impressive 104.76 percent (TR), the S&P 500 Information Technology Sector GICS Level 1 Index (S5INFT) is up 53.92 percent (TR) and the S&P 500 Consumer Discretionary Sector GICS Level 1 Index (S5COND) is up 37.12 percent (TR). Narrow enough for all of us, we would think.

3. Leverage is loved: Lastly, we get to leverage and once again this time appears worse than the other two in your team's opinion. We have written for months now about corporate leverage (ex-Financials) being at all-time highs for our analyzable periods. On top of that, Federal Government debt around the world is generally higher than it has been historically, and the United States, in particular, is at new and previously unobserved levels of debt while simultaneously raising interest rates in a move that feels a lot like a noose around the neck that might just start to tighten. State by state debt, corporate debt, government debt, and global debt are generally at levels that suggest risk. A logical investor would suggest that society has pulled forward demand a great deal by using debt. We would remind everyone that the leverage game is akin to the old game of musical chairs that most of us have played. That game rarely ended well.

That was a lot to read and wasn't exactly a positive message. What does it mean for our clients? A few things: first, we hope you realize how much we care about your risk even though it appears many of our peers and indexes don't seem to think you have much risk these days. The good news is the vast majority of our clients have clear eyes and a long-term view. Second, I hope our decade or so of meetings has warned our clients about these periods, and the fact that we are quite likely to underperform during them. We will certainly be working each and every day to offset the broader issues through stock selection, but sometimes that is tough to make happen. Lastly, we would caution investors to remember the long term and not get too enamored with 1, 3, or 5-year numbers as they get very skewed during these narrow performance periods at times. Take a look at our performance chart through 12/31/2016 – just 18 months ago. Then compare it to today's chart after going through 18 months of a very narrow market. Amazing how quickly something so attractive can look so average.

Performance 11/13/2008 - 12/31/2016	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year
Nuance Concentrated Value Composite (Gross)	18.3	291.4	13.1	1.4	14.8	15.7	9.0	20.5
Nuance Concentrated Value Composite (Net)	17.6	273.3	13.0	1.3	14.1	15.0	8.2	19.7
Russell 3000 Value Index	13.4	178.3	15.3	0.9	12.7	14.8	8.5	18.4
S&P 500 Index	14.1	192.9	14.0	1.0	12.8	14.6	8.9	12.0

*Since Inception

Performance 11/13/2008 - 6/30/2018	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year	2018 YTD
Nuance Concentrated Value Composite (Gross)	16.3	328.0	12.2	1.3	12.0	11.0	7.5	4.3	(2.4)
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S&P 500 Index	14.4	266.3	13.2	1.1	13.2	13.4	11.9	14.4	2.7

*Since Inception

Lastly, thanks for your confidence and support as we continue to fight to outperform, even in these late-cycle and very narrow periods. We began asking our clients for some “patience” about 12 months ago, and we appreciate that in today’s short-term performance world that 12 months can seem like a long time. After living through many market environments and seeing real life risk and rewards change overnight, we assure our clients that 12 months is indeed short-term and even 24-36 months is short-term. If you don’t agree, head back up to the narrowness of performance section of the two historical periods and cast a wayward eye towards what happens when the seas shift. Our Nuance process has been around a long time, and our steadfast approach to focusing on our risk-adjusted returns is and will continue to be our focus.

Please visit our [website](#) for more information about our team, our process and value investing. Follow us on [LinkedIn](#) and [Twitter](#)! You may also receive information via traditional mail or [email](#). Call us at 816-743-7080. Click [here](#) for historical Concentrated Value Perspectives.

Thank you for your continued confidence and support.



Scott A. Moore, CFA

GIPS Disclosures

	Gross of Fees Return	Net of Fees Return	Benchmark Return (RAV Index)	Benchmark Return (SPX Index)	Composite Dispersion (Full Period)	Number of Separate Accounts (End of Period)	Total Composite Assets (End of Period)	Total Firm Assets (End of Period)	% of Non-Fee paying accounts	3 Year Annualized Standard Deviation (Composite Gross)	3 Year Annualized Standard Deviation (RAV Index)
YTD 2008 (11/13/08-12/31/08)	4.5	4.5	0.4	(0.5)	N/A	7	\$9,126,951	\$18,657,997	4.6%	-	-
2009	42.2	41.7	19.8	26.5	1.2	79	\$87,342,803	\$137,943,058	0.6%	-	-
2010	18.8	18.1	16.3	15.1	0.3	145	\$119,543,453	\$181,201,036	0.5%	-	-
2011	6.9	6.3	(0.1)	2.1	0.5	181	\$96,831,359	\$152,976,943	1.1%	16.1	21.3
2012	18.4	17.8	17.6	16.0	0.2	259	\$154,693,966	\$214,936,666	1.0%	13.1	16.0
2013	35.3	34.5	32.7	32.4	0.7	411	\$418,085,862	\$507,569,897	0.4%	12.2	13.1
2014	8.9	8.1	12.7	13.7	0.2	581	\$886,246,169	\$1,071,186,382	0.2%	10.4	9.5
2015	(1.3)	(2.0)	(4.1)	1.4	0.2	607	\$715,577,980	\$913,545,839	0.1%	11.4	10.9
2016	20.5	19.7	18.4	12.0	0.1	694	\$937,752,729	\$1,466,221,847	0.1%	11.1	11.1
2017	12.1	11.3	13.2	21.8	0.1	726	\$1,011,853,027	\$1,784,338,191	0.0%	10.1	10.5
YTD 2018 (6/30/2018)	(2.4)	(2.8)	(1.2)	2.7	N/A	669	\$900,514,096	\$1,843,024,322	0.0%	9.7	10.4

Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Nuance has been independently verified for the periods 11/03/08 – 3/31/2018 by Absolute Performance Verification. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Nuance is an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary separate accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance returns and assets. Performance results are presented both net and gross of management fees and include the reinvestment of income. Both gross and net of fee returns are reduced by trading expenses. Net of fee returns are reduced by Actual investment advisory fees and other expenses that may be incurred in the management of the account. The firm does not currently assess any Performance Based Fees. From the inception of each composite until 12/31/10, Time Weighted Return was compounded on a monthly basis. Beginning 01/01/11 through present, Time Weighted Return was compounded on a daily basis.

Dispersion is calculated from gross of fee returns using an equal-weighted standard deviation methodology. Only those accounts included for the full calculation period are part of the dispersion calculation. The 3-year Ex-post annualized standard deviation value is calculated using 36 consecutive monthly gross of fee returns to the end calculation period. Prior to January 1, 2017 dispersion was calculated using an asset-weighted methodology. The calculation methodology was updated based on a new performance system dispersion calculation. Nuance has adopted the following Significant Cash Flow Policy. An account will be removed from a composite if a client has given specific instructions that prevent full investment of the cash flow(s) in a timely manner (defined as 5 business days or greater), or if a single cash flow is equal or greater than 10 percent of the total account value based on the beginning of month market value. If these circumstances exist, the account will be removed from the composite and added back to the composite on the first day of the following month.

Our Core offerings are the Nuance Mid Cap Value Strategy, the Nuance Concentrated Value Strategy and the Nuance Concentrated Value Long-Short Strategy. More information regarding Composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request by contacting client.services@nuanceinvestments.com or 816-743-7080.

Important Disclosures

Nuance Investments, LLC (the "Firm") is a Registered Investment Advisor. The Firm's Nuance Concentrated Value Composite (the "Composite") is a composite of actual accounts invested in the Nuance Concentrated Value investment strategy. The inception date for the Composite is 11/13/2008. The Composite includes all accounts that have invested in the strategy; including accounts no longer managed by the Firm and are presented in US Dollars. The Primary Benchmark for the Composite is the Russell 3000 Value Index. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The Secondary Benchmark for the Composite is the S&P 500 Index TR. The S&P 500 Index TR 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 Composite may differ markedly from that of compared indices due to varying degrees of diversification and/or other factors. Return calculations for the Composite are provided by Clearwater Analytics. Return calculations for all indices are provided by Bloomberg. A full schedule of fees for all Firm products is available upon request. The collection of fees has a compounding effect on the total rate of return net of investment management fees. Net of fee performance is presented after all actual investment management fees and trading expenses.

All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. The information contained herein should not be construed as personalized investment advice and should not be considered as a solicitation to buy or sell any security or engage in a particular investment strategy. Investing involves risk, including the possible loss of principal. Nuance Investments, LLC is majority owned by Montage Investments, LLC. Prior to September 1, 2010 Nuance operated under the name Mariner Value Strategies, LLC.

(1) Risk-Adjusted Return (Sharpe Ratio), Standard Deviation and return calculations for the Composite and indices provided by Zephyr Style Advisor. The Composite has been compared to various peer groups defined by investment style. The Composite is an all market capitalization value investment style. The Morningstar Large Value Peer Group, Mid Cap Value Group and the Lipper Multi-Cap Value Funds Peer Group have been presented as investment strategies with similar investment styles. For peer group comparisons all Returns, Standard Deviation and Sharpe Ratio calculations, including those of the Composite were calculated by Zephyr Style Advisor based upon strategies with monthly return data from December 2008 to 6/30/2018. Zephyr reports on month end returns only. For the purposes of peer group comparisons Since Inception returns are shown beginning 11/30/2008. The Sharpe Ratio is a calculation of a product's risk-adjusted performance over time. The Ratio is calculated by taking a product's annualized excess return over a risk-free rate (The Firm uses the Citigroup 3-Month Treasury Bill as the risk-free rate) and dividing by its annualized standard deviation calculated using monthly returns.

(2) Index statistics are provided by Russell. Characteristics calculations use holdings at market close on the stated date, including cash & cash equivalents. The following Composite characteristics are calculated using Bloomberg: Median Market Cap (midpoint of market capitalization of the stocks in the portfolio), Dividend Yield (annual dividends relative to share price), Return on Equity (net income divided by shareholder equity), Return on Assets (net income divided by average total assets). The P/E Statistics are a Nuance internal calculation. The dollar-weighted harmonic mean of individual company P/E ratios is used. This approach first considers holdings' E/P, which are then summed on a dollar-weighted basis across the entire portfolio to achieve a portfolio E/P ratio. Finally, the inverse of this ratio is taken to arrive at the Portfolio P/E ratio. Active share, as calculated by Morningstar Direct, is a statistic that measures a strategy's holdings relative to the holdings of the appropriate benchmark. Standard deviation is a measure of volatility showing the average deviations of a return series from its mean. The upside capture ratio is an indication of a manager's ability to match returns in periods of market strength, while the downside capture ratio measures a manager's ability to curtail losses in periods of index weakness. Results are gross of fees for the period since inception through present. Both upside/downside ratios and standard deviation are calculated using Style Advisor.

(3) <https://www.cnbc.com/2018/05/22/tech-bubble-is-larger-than-in-2000-and-the-end-is-coming.html>

(4) <https://www.marketwatch.com/story/goldman-sachs-raises-possibility-of-200-a-barrel-oil>

Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 6/30/2018 portfolio weights of names discussed are as follows: Henkel AG & Co. (HENKY) 1.00%, Universal Health Services (UHS) 1.47%, Wal-Mart Stores Inc. (WMT) 1.56%, Alcoa Corp. (AA) 0.00%, Amazon.com Inc. (AMZN) 0.00%, Bank of America Corp. (BAC) 0.00%, California Water Services Group (CWT) 0.00%, Citigroup Inc. (C) 0.00%, Coca-Cola Co. (KO) 0.00%, Exxon Mobile Corp. (XOM) 0.00%, General Electric Co. (GE) 0.00%, Intel Corporation (INTC) 0.00%, Kimberly-Clark Corp (KMB) 0.00%, Microsoft Corporation (MSFT) 0.00%, Netflix, Inc. (NFLX) 0.00%, One Gas Inc. (OGS) 0.00%, Orbital ATK, Inc. (OA) 0.00%, The Clorox Company (CLX) 0.00%. Historical index return figures and PE ratios compiled using Bloomberg data.

Past Performance is not a guarantee of future results. Any investment contains risk including the risk of total loss. There is no guarantee that an investment with the strategy will meet its investment objectives. Please request a copy of the Firm's Full General Disclosures for more information.