

August 31, 2017

## 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

26 Years of Experience

Chad Baumler, CFA  
Vice President

10 Years of Experience

### Risk-Adjusted Returns Rankings<sup>1</sup>

#### 1<sup>ST</sup> PERCENTILE

Lipper  
Category: Multi-Cap Value  
SI Rank in Cat: 2 of 234

Morningstar  
Category: Large Value  
SI Rank in Cat: 5 of 988

Morningstar  
Category: Mid-Cap Value  
SI Rank in Cat: 1 of 312

## Longer Term Performance Update

Since Inception Return: The return since inception (11/13/2008) through 8/31/2017 is 16.8 percent (annualized and net of fees) versus the Russell 3000 Value Index and S&P 500 Index, which have returned 12.9 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 8/31/2017 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 6/30/2017: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/08, we ranked 24 out of 988 peer group members (2nd percentile) in the Morningstar Large Cap Value universe, 69 out of 312 (22nd percentile) in the Morningstar Mid-Cap Value universe, and 19 out of 234 (8th percentile) in the Lipper Multi-Cap Value universe.

Peer Group Risk-Adjusted Return through 6/30/2017: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 5 out of 988 peer group members (1st percentile) in the Morningstar Large Cap Value universe, 1 out of 312 (1st percentile) in the Morningstar Mid-Cap Value universe, and 2 out of 234 (1st percentile) in the Lipper Multi-Cap Value universe.

Peer Group Analysis 11/30/2008 - 6/30/2017	Since Inception APR <sup>1</sup>	Standard Deviation (A) <sup>1</sup>	Sharpe Ratio (A) <sup>1</sup>
Nuance Concentrated Value Composite (Gross)	17.4	12.8	1.3
Nuance Concentrated Value Composite (Net)	16.7	12.8	1.3
Lipper Multi-Cap Value Funds Peer Group (Median)	13.5	15.5	0.9
Peer Group Percentile and Ranking	8th (19 of 234)	5th (12 of 234)	1st (2 of 234)
Morningstar Large Value Peer Group (Median)	12.8	14.6	0.9
Peer Group Percentile and Ranking	2nd (24 of 988)	15th (145 of 988)	1st (5 of 988)
Morningstar Mid-Cap Value Peer Group (Median)	15.4	16.0	0.9
Peer Group Percentile and Ranking	22nd (69 of 312)	1st (3 of 312)	1st (1 of 312)

Performance 11/13/2008 - 8/31/2017	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year	2017 YTD
Nuance Concentrated Value Composite (Gross)	17.5	312.8	12.6	1.4	15.9	14.6	6.9	12.2	5.5
Nuance Concentrated Value Composite (Net)	16.8	291.7	12.6	1.3	15.2	13.9	6.1	11.4	5.0
Russell 3000 Value Index	12.9	190.3	14.8	0.9	13.9	13.2	6.7	11.7	4.3
S&P 500 Index	14.4	227.8	13.5	1.1	15.4	14.3	9.5	16.2	11.9

<sup>1</sup>Since Inception

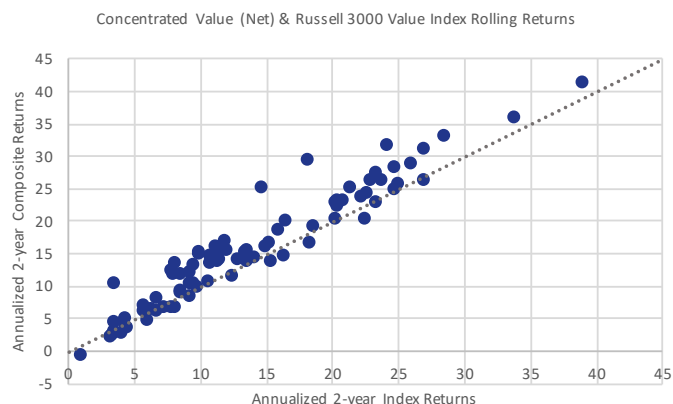
**Shorter Term Performance Update** (Two Year and Year-to-Date)

Rolling 2-Year Periods	Current 2-Year Period as of 8/31/2017		Composite (%) Net of Fees <sup>1</sup>	Russell 3000 Value Index (%)
	Periods Beating the Index	77%		
11/30/2008 - 8/31/2017	63/82		11.5	12.3
Nuance Concentrated Value Composite				

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 August 31, 2017, the Nuance Concentrated Value Composite two year rolling return is 11.5 percent (net of fees) versus the Russell 3000 Value Index and S&P 500 Index which have returned 12.3 percent and 14.4 percent respectively. Overall, we have outperformed in 63 out of the available 82 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned 5.0 percent (net of fees) versus the Russell 3000 Value Index and the S&P 500 Index, which have returned 4.3 percent and 11.9 percent respectively.



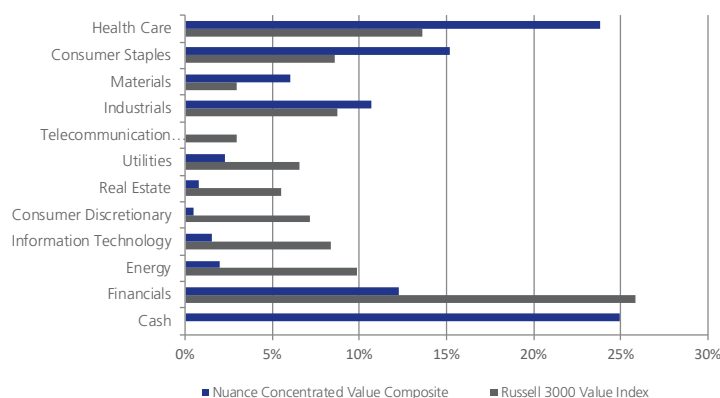
Calendar Year Performance as of 8/31/2017	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Nuance Concentrated Value Composite (Gross)	4.5	42.2	18.8	6.9	18.4	35.3	8.9	(1.3)	20.5	5.5
Nuance Concentrated Value Composite (Net)	4.5	41.7	18.1	6.3	17.8	34.5	8.1	(2.0)	19.7	5.0
Russell 3000 Value Index	0.4	19.8	16.3	(0.1)	17.6	32.7	12.7	(4.1)	18.4	4.3
S&P 500 Index	(0.5)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	11.9

**Composition of the Portfolio** as of 8/31/2017

Portfolio Characteristics <sup>2</sup>	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	51.6b	106.7b
Median Market Cap	18.1b	1.4b
Price to Earnings (internal and ttm)*	19.0x	18.5x
Forward Price to Earnings	20.5x	15.7x
Dividend Yield	1.8%	2.5%
Return on Equity	40.1%	12.6%
Return on Assets	7.3%	4.5%
Active Share vs Russell 3000 Value	94.3%	-
Upside/Downside Capture Ratio vs Russell 3000 Value	88.7% / 59.6%	-
Number of Securities	30	2,104

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 roughly the same Price to Earnings as the Russell 3000 Value Index, but we are achieving this ratio with a portfolio of companies that have a return on assets of 7.3 percent versus the Russell 3000 Value Index of 4.5 percent. This dichotomy of above average companies selling at average multiples has the opportunity for outperformance over the long-term, in our opinion.

<sup>1</sup>Based on Nuance internal estimates and benchmarked against the above noted Russell index.

**Sector Weights and Portfolio Positioning** as of 8/31/2017

We have increased our overweight position in the Healthcare sector as we continue to see attractive arbitrage opportunities which we believe have little downside risk (due to our belief that the odds of the deal getting done are very high) and modest upside potential. While we have lowered our weight in the Consumer Staples sector, we remain overweight the sector. We continue to be slightly overweight in both the Industrials and Materials sectors. Despite adding slightly to our Financials weighting during the month, we remain underweight Financials as a sector. We continue to be underweight the Utilities, Real Estate, Consumer Discretionary, and Information Technology sectors primarily due to valuation concerns.

**Stocks We Added to Your Portfolio (August 2017):**

**Equity Commonwealth (EQC):** EQC is an office property focused real estate investment trust (REIT) with holdings in a dozen different large metropolitan areas. We believe EQC is under-earning its long-term potential due to its 88% leased portfolio, which sits below a more normal occupancy level in the low 90%'s. Additionally, EQC has been a recent net seller of office buildings, taking advantage of aggressive capitalization rates in the market today. The company currently has \$1.5B, or \$13 per share, of net cash on its balance sheet. At 14x our estimate of normal EBITDA, EQC appears inexpensive today, and with the large net cash position, the risk reward of the security looks attractive.

**Kimberly-Clark Corporation (KMB):** KMB is a leading producer of personal care products. The company is the largest manufacturer of facial tissues, toilet paper, and baby wipes, and it is the second-largest manufacturer of diapers, feminine hygiene products, and paper towels. It has leading positions in North America, parts of Western Europe, and many emerging markets. KMB's leading brands include Kleenex, Huggies, Scott, Cottonelle, Kotex, Poise, and Depend. KMB has faced some headwinds recently, including increased competition from Procter & Gamble in many categories, slowing sales growth in certain emerging markets, and expectations for margin pressure due to higher pulp prices. The company has also faced headwinds from weaker birthrates in specific countries where it has a strong position in diapers, such as the U.S. and South Korea. We expected commodity costs to pressure margins at some point, but we believe that most of the other issues are transitory.

**UMB Financial Corporation (UMBF):** UMBF is the leading Kansas City, MO commercial bank with an estimated 20% deposit market share. UMBF has been a steady share gainer over the last decade and demonstrated impressive credit underwriting during the last credit downturn. Recent underperformance has been driven by both a 2Q17 miss resulting from a one-off commercial credit charge and general bank underperformance as future interest rate expectations have reset lower. With normalized earnings around \$4.50 per share and the stock in the low \$60's, the risk reward of the security is an attractive addition to the portfolio, in our opinion.

**VCA, Inc. (WOOF):** WOOF is pending acquisition by private company, Mars, Inc. for \$93 cash per share. We expect the transaction to close by the end of the third quarter of 2017 and do not foresee any regulatory or financing issues.

**Stocks We Eliminated from Your Portfolio (August 2017):**

**Patheon N.V. (PTHN):** PTHN is a leader in contract development and manufacturing for the pharmaceutical industry, a service of growing importance as more large molecule and complex drugs go to market at scale. The company tendered 95.3% of its shares to Thermo Fisher Scientific Inc. (TMO) for \$35 cash per share on Monday, August 28th.

**Whole Foods Market, Inc. (WFM):** WFM is the largest natural and organic grocery chain in the U.S. We entered into a position in WFM after it was announced that the company was being acquired by Amazon.com, Inc. (AMZN). We were confident that AMZN would be able to close this acquisition without any issues. We exited our position when the acquisition closed on Monday, August 28th.

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**Nuance Perspectives from President & CIO, Scott Moore, CFA**

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Dear Clients,

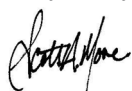
We continue to be pleased with the performance of your Nuance Concentrated Value Composite. Year to date (through 8/31/2017) we are up 4.96 percent (net of fees) versus the Russell 3000 Value Index up 4.32 percent and the S&P 500 Index up 11.93 percent. Most importantly to us, since our inception on 11/13/2008, the Nuance Concentrated Value Composite is up 16.77 percent (annualized and net of fees) versus the Russell 3000 Value Index up 12.87 percent and the S&P 500 Index up 14.44 percent.

With a relatively quiet month from a performance perspective, we thought it would be a good time to update our clients on our assets under management (AUM) and the potential to close our Nuance Concentrated Value product to new clients in the very near future. We also want to emphasize clearly that this will not impact our commitment to accepting new accounts and investment dollars for our existing clients. First, we have indeed eclipsed the long-stated asset size goal of \$1.0 billion of AUM. As such, we have begun the process of closing platforms with no assets or modest assets and are in the final stages of finalizing the time horizon and steps that relate to the entire closing process. As of this writing, we expect our formal selling process to new clients to conclude on or around December 31, 2017. From there, we will allow another 6 months for potential clients to finish their work and fund their accounts. As a result, we expect June 30, 2018 to be the official "closing to new clients" date.

What does that mean to our existing clients? We sincerely hope nothing at all, except a continued focus on outperforming our benchmarks and peers from your investment team and top-tier client service from your team of client portfolio managers. We are working diligently with our platform providers and clients to ensure that all existing clients can add new client accounts and certainly more assets into existing accounts into perpetuity. Since our inception in 2008, we have tried to be clear and consistent that the goal of Nuance Investments was to take care of our existing clients and their growth needs into perpetuity while making sure to have AUM levels that would not be so large as to create a performance-related burden. We also hope that with our new sales efforts subsiding that the customer service from our team can grow even better. If any of our clients or prospective clients have any questions or concerns, please do not hesitate to reach out to any of the Nuance team. One last note to be clear in advance: if the product were to fall back below \$950 million of AUM, for any reason, we will simply begin the selling process again and re-open platforms on a success-driven basis.

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
YTD 2017 (8/31/2017)	5.5	5.0	4.3	11.9	N/A	726	\$978,174,266	\$1,696,789,833	0.0%	10.4	10.5

## 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 – 03/31/2017 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 asset-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. 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 facts. 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 6/30/2017. 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.

Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 8/31/2017 portfolio weights of names discussed are as follows: Equity Commonwealth (EQC) 0.75%, Kimberly-Clark Corporation (KMB) 1.51%, UMB Financial Corporation (UMBF) 1.49%, and VCA, Inc. (WOOF) 4.0%.

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.