



Performance Update

- Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through May 31, 2010) is up 30.45 percent (annualized and net of fees) versus the Russell Midcap Value Index up 27.48 percent, the Russell 3000 Value Index up 13.57 percent, and the S&P 500 Index up 15.02 percent.
- Year-to-date through May 31, 2010 the Nuance Concentrated Value Composite is up 1.37 percent (net of fees) versus the Russell Midcap Value Index up 5.61 percent, the Russell 3000 Value Index up 1.13 percent, and the S&P 500 Index down 1.50 percent.
- This last month was a tough one for the market as the Russell Midcap Value Index was down 7.80 percent, the Russell 3000 Value Index was down 8.24 percent, and the S&P 500 Index was 7.90 percent. The uncertainty in the market related to ongoing concerns regarding rising government debt levels in the United States and its implications, issues with overseas countries like Greece, and valuation levels suggesting certainty in the economy finally came back to roost and these uncertainties drove the market lower. Your portfolio held up better than the market, but we were still not particularly pleased. Your Nuance Concentrated Value product was down 5.84 percent. As is relatively typical in uncertain times, the downward movement in the market has led to some interesting opportunities for your portfolio.

Stocks we recently added to your portfolio

- **Graham Packaging (GRM):** GRM is a specialty packaging company supplying containers for juice, sport drinks, dressings, beer, liquid fabric care products, and many other items. GRM maintains a leading market share position within its niche industry, has solid returns on capital, and we believe is on track to materially improve its balance sheet over the next couple of years. This coupled with a meaningful valuation discount to its publicly traded peers suggests an excellent buy point for this small cap company.
- **Pall Corporation (PLL):** PLL is a leading designer and manufacturer of filtration and separation equipments. Recent expectations of weakness in their European segment has offset the longer term potential of the business as it relates to water purification needs around the world as well as life science opportunities and a host of other needs for their products. With an excellent balance sheet and the potential for improved returns on capital over time, PLL represents a good risk versus reward opportunity at these price levels in our view.
- **Helmerich & Payne Inc. (HP):** HP is the—in our opinion—leading land drilling service provider in North America. Multiple issues have resulted in meaningful stock price depreciation for HP. First, lower than normal natural gas prices have resulted in a slowdown of drilling from their customers. Second, the British Petroleum (BP) catastrophe in the Gulf of Mexico has led to indiscriminant selling across the energy space. In our opinion, over the long-term, we believe that the BP issue will help this land driller as we see more focus on natural gas as a leading energy alternative and we also believe natural gas prices will move higher over the next several years back to our team's more normal view of the natural gas price. This should result in an increase of drilling activity relative to today's levels.

Stocks we recently sold from your portfolio

- **AON Corporation (AON):** We sold AON and captured reasonable gains from our original purchases from last year and early this year. The primary reason were outperformance of the market and the fact that the recent market sell-off provided us with what we believe are better opportunities for your portfolio. We will look for better entry points in AON in the future and continue to monitor the company.

Notes For the Month

- Overall, we continue to believe that each company we own in your portfolio is trading at a discount to our internal view of intrinsic value. In fact, after this recent market sell-off, we are pleased with the new opportunities being presented us to buy leading business franchises and a material discount to our internal view of fair value.

Don't forget to visit our website at www.nuanceinvestments.com for more information about our team, our process, and value investing. You can also get real-time access to the Nuance Investment website updates and information via traditional mail or e-mail. Simply contact us at client.services@nuanceinvestments.com or call 816-743-7080 to sign-up.

Thank you for your continued confidence and support.

A handwritten signature in black ink, appearing to read "Scott A. Moore".

Scott A. Moore, CFA