

Nuance Concentrated Value Perspectives Discussion

July 31st, 2010



Commentary with President and Chief Investment Officer
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Performance Update

• Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through July 31, 2010) is up 26.45 percent (annualized and net of fees) versus the Russell 3000 Value Index up 12.45 percent, the Russell Mid Cap Value Index up 25.01 percent, and the S&P 500 Index up 14.33 percent.

• Year-to-date through July 31, 2010 the Nuance Concentrated Value Composite is up 0.45 percent (net of fees) versus the Russell 3000 Value Index up 1.65 percent, the Russell Mid Cap Value Index up 6.50 percent, and the S&P 500 Index down 0.11 percent.

• This last month saw a sharp rise in the market as investors cheered reasonable earnings reports after fears regarding rising government debt levels in the United States, issues with Europe, and China's potential slowing growth led to difficult markets in the prior month. Nuance Concentrated Value lagged the market during the month with the primary reason being underperformance in our health care sector stock picks. Specifically, Beckman Coulter, Inc. (BEC) had a difficult month as the company lowered earnings guidance due to several factors, including FDA issues with its Troponin test kits. After reviewing the company fundamentals and financial models, we have added to this position as we believe the issues are transitory and the valuation even more compelling.

Stocks we recently added to your portfolio

• **People's United Financial, Inc (PBCT)**: PBCT is a Connecticut based regional bank with operations in Connecticut, Massachusetts, New Hampshire, Rhode Island, Maine, and New York. PBCT's stock has come under pressure due to overall price weakness in the bank group, an inability to utilize a well above average balance sheet to enhance earnings and cash flow, and further deterioration in credit losses across the industry. In our opinion, the market is under-estimating the earnings potential at the company due to an extremely under-leveraged balance sheet. As PBCT's management unlocks the earnings potential, we think we will be rewarded.

• **Texas Instruments (TXN)**: TXN is a leading designer and manufacturer of digital signal processors and analog semiconductors. With outstanding financial strength and a share gaining market position, we think TXN is well positioned to reward investors over time. Recent weakness in the stock has been related to the market expecting earnings power to erode substantially in the back half of 2010 and into 2011 for all semiconductor companies. At current prices, we believe these expectations are priced in and that the long term price appreciation potential is meaningful.

Stocks we recently sold from your portfolio

• **Xilinx Inc. (XLNX)**: We sold XLNX and captured nice gains from our purchases of a year ago. The primary reason we sold was that XLNX's stock approached our view of fair value while there are multiple opportunities to purchase materially undervalued stocks in the market today.

• **Westar Energy (WR)**: WR has been one the best performing utility stocks and has outperformed our benchmarks and the market materially as it has reached levels that suggest a fully valued stock in our opinion.

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. The continued economic uncertainties around the world are creating multiple valuation driven opportunities in leading business franchises.

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 Investments 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