

Nuance Concentrated Value Perspectives Discussion

January 31, 2011



Commentary with President and Chief Investment Officer
Scott A. Moore, CFA

One Ward Parkway, Suite 126
Kansas City, MO 64112
816.743.7080
www.nuanceinvestments.com

Performance Update

- Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through January 31, 2011) is up 29.63 percent (annualized and net of fees) versus the Russell 3000 Value Index up 17.40 percent, the Russell Midcap Value Index up 28.86 percent, and the S&P 500 Index up 19.45 percent.
- Year-to-date through January 31, 2011, the Nuance Concentrated Value Composite is up 1.64 percent (net of fees) versus the Russell 3000 Value Index up 2.08 percent, the Russell Midcap Value Index up 2.25 percent, and the S&P 500 Index up 2.37 percent.
- We continue to find investment opportunities in individual companies across the market. Some areas of emphasis are the Consumer Staples and Healthcare sectors. Conversely, we are struggling to find investment opportunities in the Consumer Discretionary, Telecommunications sectors, and Real Estate Investment Trust industry. We have also been reducing our exposure to the Utility sector due to valuation concerns.
- Remember that we study each company that we own on its merits, bottom-up, one at a time. During that process, we place an emphasis on sustainable and leading market share position companies that deliver above average returns on capital versus peers, and have strong financial positions. With those characteristics studied and understood, we then review each company to determine their intrinsic value. Our portfolio is a diversified mix of these leading business with material undervaluation relative to the what we believe they are worth.

Stocks we recently added to your portfolio

- There were no new stocks added to your portfolio during the month.

Stocks we recently sold from your portfolio

- **Helmerich & Payne Inc. (HP):** We recently sold our position in HP as after a positive earnings announcement and increased energy commodity prices helped the company achieve a stock price that was in the range of our internal view of its fair value. We will continue to monitor HP for future investment opportunities.
- **Charles Schwab Corp. (SCHW):** We recently sold our position in SCHW after a meaningful increase in its stock price which appears to be a result of increasing stock market prices as well as increased bond yields across the market. These factors led the stock to increase to a level consistent with our view of fair value. We will continue to monitor SCHW for future investment opportunities.

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 fair value. Despite the large market movements that we have seen over the last two years, we continue to see individual stocks that are compelling values.

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 that reads "Scott A. Moore".

Scott A. Moore, CFA