

# Nuance Concentrated Value Perspectives Discussion



November 30, 2011

from Montage Investments

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

The month of November was a relatively quiet month as the market was basically flat. We thought we would use this month's Perspectives to remind you that your team at Nuance prides itself on longer term value investing. While we write to you each and every month to give you an update on your portfolio, we do not believe that monthly performance is something our investors should focus on. Rather, we believe that long-term performance of investment products should be a client's primary focus. As we write this month's note, we are continuing to find leading business franchises trading at a discount to our internal view of fair value and have added two new names to your portfolio. As always, we like to remind you that we study each company we own on its own business merits, confirm that the company maintains number one or number two market share positions in its various niche businesses, and that its market share positions are sustainable competitively. We want to avoid poorly positioned companies or companies losing market share on a sustainable basis as those companies are quite difficult to value in our opinion.

### Performance Update

We continue to be pleased with our overall performance. Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through November 30, 2011) is up 22.15 percent (annualized and net of fees) versus the Russell 3000 Value Index, up 10.88 percent, and the S&P 500 Index, up 13.33 percent.

Year-to-date through November 30, 2011, the Nuance Concentrated Value Composite is up 5.17 percent (net of fees) versus the Russell 3000 Value Index, down 2.00 percent, and the S&P 500 Index, up 1.08 percent.

	YTD		Since Inception	Since Inception	Since Inception	Since Inception
11/13/08 - 11/30/11	2011	1 Year	Inception APR	Inception Return	Sharpe Ratio (A)	Standard Deviation (A)
<b>Nuance Concentrated Value Composite (Gross)</b>	<b>5.70</b>	<b>13.65</b>	<b>22.71</b>	<b>86.55</b>	<b>1.39</b>	<b>15.96</b>
<b>Nuance Concentrated Value Composite (Net)</b>	<b>5.17</b>	<b>13.08</b>	<b>22.15</b>	<b>83.94</b>	<b>1.36</b>	<b>15.92</b>
Russell 3000 Value Index	(2.00)	5.79	10.88	36.98	0.50	21.06
S&P 500 Index	1.08	7.83	13.33	46.40	0.69	18.75

Please visit our new and improved website at [www.nuanceinvestments.com](http://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, e-mail, or on Facebook.

Thank you for your continued confidence and support.

Scott A. Moore, CFA

Please note: Commencement of the Nuance Concentrated Value Composite was 11/13/08. Return figures for the Nuance Concentrated Value Composite are provided by Advent Portfolio Exchange. The Primary benchmark for the Nuance Concentrated Value Composite is the Russell 3000 Value Index. The secondary benchmark is the S&P 500 Index. Return figures for all indices are provided by Bloomberg. Annualized Standard Deviation & Annualized Sharpe Ratio figures are provided by Style Advisor. Periods over one year are annualized total return. The Sharpe Ratio is a calculation of a product's risk-adjusted performance over time. The ratio was calculated by taking the product's annualized excess return over a risk-free rate (using the Citigroup 3-month Treasury Bill as the risk-free rate) and dividing by its annualized standard deviation calculated using monthly return data. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The S&P 500 Index is a market-value weight index provided by Standard & Poor's comprised of 500 stocks chosen for market size and industry group representation. 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 portfolio may differ markedly from that of compared indices due to varying degrees of diversification and/or other facts. Individuals cannot invest directly in any index. Nuance's performance returns have been audited by Absolute Performance Verification through March 31, 2011. To obtain a copy of the Global Investment Performance Standards (GIPS®) authorization letter or a GIPS® compliant presentation please contact Katie Carver at 816.743.7080 or [Katie.Carver@nuanceinvestments.com](mailto:Katie.Carver@nuanceinvestments.com). Past Performance is not a guarantee of future results. Please request a copy of Nuance's Full General Disclosures for more information. 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. The views and opinions expressed are those of the portfolio manager at the time of publication and are subject to change. There is no guarantee that these views and opinions will come to pass. Investing involves risk, including the possible loss of principal.

## Stocks we recently added to your portfolio:

**Kellogg Co. (K):** We have added K to the portfolio following the company's earnings release which clearly disappointed the market. Kellogg Co. is a leading branded food company with leading market share positions across its products. Increased costs associated with manufacturing and supply chain issues have temporarily depressed earnings and cash flows. Due to the market's disappointment the stock is now trading at levels where we believe the risk versus reward profile is quite attractive.

**Becton Dickinson & Co. (BDX):** BDX is a leading medical technology company engaged in developing, manufacturing, and selling medical devices, instruments systems, and reagents used by a variety of healthcare firms. BDX gave the market guidance into 2012 that was not well received. From our perspective, these guidances do not impact the long term franchise value of the company, and the recent underperformance represents an excellent opportunity to initiate positions.

## Stocks we recently sold from your portfolio:

None