Nuance Concentrated Value Perspectives Discussion

from Montage Investments

May 31, 2013

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

Another month and another up period in the market as the second quarter earnings season came and went with little more than a whisper. Earnings in general for our holdings were as expected and that general comment could be made throughout most of the economy. One interesting note for the month is that interest rates rose materially with the U.S. Government 10 Year Note's yield rising from 1.6 percent to 2.1 percent. This move caused some interest sensitive sectors to trade lower this month and helped us at the margin as we continue to be underweight in interest rate sensitive sectors like the Utility sector, the Real Estate Investment Trust industry, and the Consumer Staples sector. We certainly are not focused on predicting the direction of interest rates over time, but given that we find these interest sensitive spaces to be overvalued on their cash flows and earnings, the rising rates are certainly of interest to us.

Performance Update 11/13/2008 - 5/31/2013

We continue to be pleased with our overall performance. Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through May 31, 2013) is up 22.89 percent (annualized and net of fees) versus the Russell 3000 Value Index, up 15.43 percent, and the S&P 500 Index, up 16.24 percent.

Year-to-date through May 31, 2013, the Nuance Concentrated Value Composite is up 16.56 percent (net of fees) versus the Russell 3000 Value Index, up 16.78 percent, and the S&P 500 Index, up 15.37 percent.

	YTD 2013	1 Year	3 Years APR	Since Inception APR	Since Inception Return	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Concentrated Value Composite (Gross)	17.10	35.81	20.04	23.55	161.47	14.19	1.64
Concentrated Value Composite (Net)	16.56	34.77	19.31	22.89	155.22	14.15	1.59
Russell 3000 Value Index	16.78	32.76	16.45	15.43	92.07	18.05	0.84
S&P 500 Index	15.37	27.38	16.92	16.24	98.28	16.19	0.98

Separate Account Morningstar® Rating

★★★★★

Morningstar Rating Overall: 5 Stars
Category: Large Value
Number Rated: 407*

*The top 10% of separate accounts in a category earn 5 stars.

Stocks we recently added to your portfolio:

Rexnord Corp (RXN): We are returning to RXN this month after a period of significant underperformance versus peers and the market over the last year. You will recall that we bought this leading provider of gears, seals, couplings, bearings, and other motion related components at their initial public offering in March of 2012 at $18. We held the stock into the low $20's when we found better opportunities for your portfolio. Since those sales, RXN has significantly underperformed having retraced almost to their IPO price while the market has moved up sharply. At today's prices we think the risk versus reward profile is quite positive.

Stocks we recently sold from your portfolio:

Schwab Charles Corp (SCHW): We sold our position in SCHW as the stock price has surpassed our internal view of fair value. We are quite pleased with the capital appreciation achieved for our clients over our holding period and will look for future opportunities in the stock.

State Street Corp (STT): Much like SCHW, we have sold our stock in STT following a prolonged period of outperformance and given that the stock has surpassed our internal view of fair value.

Please 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, e-mail, or on Facebook.

Thank you for your continued confidence and support.

Scott A. Moore, CFA

GIPS Disclaimer

	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 Net)	3 Year Annualized Standard Deviation (RAV Index)
YTD 2008 (11/13/08-12/31/08)	4.47	4.47	0.38	(0.47)	N/A	7	$9,126,951	$18,657,997	4.57%	-	-
2009	42.21	41.72	19.78	26.47	1.17	79	$87,342,803	$137,943,058	0.60%	-	-
2010	18.79	18.13	16.26	15.06	0.25	145	$119,543,453	$181,201,036	0.46%	-	-
2011	6.85	6.29	(0.06)	2.11	0.48	181	$96,831,359	$152,976,943	0.85%	16.13	21.31
2012	18.41	17.79	17.62	16.00	0.19	259	$154,693,966	$214,936,666	0.77%	13.05	16.02
YTD 2013 (05/31/2013)	17.10	16.56	16.78	15.37	N/A	317	$244,610,344	$316,322,494	0.00%	12.52	14.87

Important Disclaimer

Please note: 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. The S&P 500 Index 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 Advent Portfolio Exchange. Return calculations for all indices are provided by Bloomberg. Standard Deviation and Sharpe Ratio calculations for the Composite and indices provided by Zephyr Style Advisor. The Standard Deviation of a product measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager. 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. 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.

The Composite's performance returns have been audited by Absolute Performance Verification through March 31, 2012. The verification report is available upon request by contacting Client Services at 816-743-7080 or client.services@nuanceinvestments.com. Verification assesses whether (1) The Firm has complied with all the composite requirements of the Global Investment Performance Standards (GIPS®) 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.

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. 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 June 1, 2010 Nuance operated under the name Mariner Value Strategies, LLC.

The Morningstar® ratings (the "Rating(s)") provided are as of 03/31/2013. The Rating is a measure of a separate account's risk-adjusted return, relative to other separate accounts in the same Morningstar Category. Separate accounts are rated from 1 to 5 stars, with the best performers receiving 5 stars and the worst performers receiving 1 star. Separate accounts are rated for up to three periods (three, five, and 10 years), and ratings are recalculated each quarter. The Morningstar Rating for separate accounts uses an enhanced risk-adjusted return measure, which accounts for all variations in a separate account's monthly performance, with more emphasis on downward variation. Separate accounts are ranked against others in the same category and stars are assigned as follows: the top 10% of separate accounts in a category earn 5 stars, the next 22.5% 4 stars, the middle 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. The Morningstar Category identifies separate accounts based on their actual investment styles as measured by their underlying representative holdings (portfolio statistics and compositions). Ratings are not indicative of Nuance's future performance. For more information regarding the rating methodology, please contact client.services@nuanceinvestments.com.