

Nuance Concentrated Value Perspectives Discussion



August 31, 2013

from

Montage Investments

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

The Nuance Concentrated Value Composite is a classic value investment product investing primarily in the equity or equity-linked securities of United States based companies. The product will typically maintain 15-35 positions in the securities of companies that, in the opinion of the Nuance Investments Team, have leading and sustainable market share positions, above average financial strength, and are trading at prices materially below our internally derived view of intrinsic value. The product's primary benchmark is the Russell 3000 Value Index. Clients may also compare the product to the S&P 500 Index.

Risk-Adjusted Returns Rankings¹

1st PERCENTILE

Morningstar

Lipper

Category: Large Value

Category: Multi-Cap Value

Ranking vs. Peers: 1st of 1,128 Ranking vs. Peers: 1st of 233

Performance Update

We continue to be pleased with our overall performance. Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through August 31, 2013) is up 21.75 percent (annualized and net of fees) versus the Russell 3000 Value Index, up 14.63 percent, and the S&P 500 Index, up 15.44 percent.

Year-to-date through August 31, 2013, the Nuance Concentrated Value Composite is up 17.37 percent (net of fees) versus the Russell 3000 Value Index, up 17.46 percent, and the S&P 500 Index, up 16.15 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)	18.19	26.67	21.69	22.42	163.90	14.29	1.55
Concentrated Value Composite (Net)	17.37	25.60	20.90	21.75	157.00	14.24	1.50
Russell 3000 Value Index	17.46	23.23	18.20	14.63	92.59	17.86	0.81
S&P 500 Index	16.15	18.70	18.38	15.44	99.20	16.01	0.95

Monthly Review and Outlook

The market decided to take a breather this month and went down (-2.90 percent for the S&P 500 Index and -3.84 percent for the Russell 3000 Value Index while the Nuance Concentrated Value Composite declined -2.44 percent net of fees). This short-term downward period serves as a reminder to our clients that the stock market (and the Nuance Concentrated Value product) is not a one way street and that there are always risks in buying stocks. That being said, it is also a good time to remind our clients that our process is specifically designed to attempt to limit the downside risk exposure in your portfolio of stocks while providing ample upside potential in leading business franchises. While there are certainly no guarantees, our process of studying one company at a time and attempting to insure there are minimal competitive related risks, understood earnings risk and potential expansion to more normal levels in the future, and buying these companies when there is significant valuation support (in the form of low valuations) should provide our clients with downside protection over the long term. While one month is certainly a very short time horizon, this month is another example of our portfolio providing this sort of protection. Thank you for your continued interest and support.

Stocks we recently added to your portfolio:

Hillshire Brands Co (HSH): HSH is a leading supplier of various foods including breakfast foods, pork related products, and a wide variety of baked goods. HSH has brands like Jimmy Dean and Hillshire among others. Recent disappointing earnings guidance has led to a period of underperformance and good buying opportunity in our view. The company spun out of Sara Lee in the summer of 2012 and we think there are opportunities for the company to get more efficient and expand margins and thus earnings power over time. Further, given its size and market share positions, we think HSH is a buyout candidate.

Potash Corp Saskatchewan Inc (POT): POT is a low cost provider of potash, phosphate, and nitrogen to the agricultural and industrial industries globally. The entire potash industry came under pressure in late July 2013 as a Russian competitor decided to end a joint venture with a Belarusian competitor that essentially provided price stability in the entire industry for the last several years. As POT provides key commodity ingredients that assist in food production around the world, we like the longer term growth prospects of the company. That coupled with the near term sell-off in the stock which we believe discounts a return to less stable pricing and lower returns on capital versus history, suggests to us a reasonable risk versus reward trade-off.

Stocks we recently sold from your portfolio:

None

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 (08/31/2013)	18.19	17.37	17.46	16.15	N/A	355	\$302,771,810	\$376,894,814	0.96%	12.82	14.06

Important Disclaimer

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. 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.

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

(1) Risk-Adjusted Return (Sharpe Ratio) calculations and Standard Deviation for the Composite and indices provided by Zephyr Style Advisor. The Composite has been compared to various peer groups defined by investment style. The Composite is a mid market capitalization value investment style. The Morningstar Large Value Peer Group (as selected by Morningstar) and the Lipper Multi-Cap Value Funds Peer Group have been presented as investment strategies with similar investment styles. For peer group comparisons all Returns, Standard Deviation and Sharpe Ratio calculations, including those of the Composite were calculated by Zephyr Style Advisor based upon strategies with monthly return data from December 2008 to 06/30/2013. Zephyr reports on month end returns only. For the purposes of peer group comparisons Since Inception returns are shown beginning 11/30/2008. 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.