

Nuance Concentrated Value Perspectives Discussion



April 30, 2014

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

Category: Large Value

Ranking vs. Peers: 1st of 1,111

Lipper

Category: Multi-Cap Value

Ranking vs. Peers: 1st of 222

Performance Update

We continue to be pleased with our overall performance. Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through April 30, 2014) is up 23.49 percent (annualized and net of fees) versus the Russell 3000 Value Index, up 16.04 percent, and the S&P 500 Index, up 16.73 percent.

Year-to-date through April 30, 2014, the Nuance Concentrated Value Composite is up 7.51 percent (net of fees) versus the Russell 3000 Value Index, up 3.61 percent, and the S&P 500 Index, up 2.56 percent.

	YTD 2014	1 Year	3 Years APR	5 Years APR	Since Inception APR	Since Inception Return	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Concentrated Value Composite (Gross)	7.86	27.88	18.48	24.41	24.16	225.90	13.67	1.74
Concentrated Value Composite (Net)	7.51	26.97	17.81	23.73	23.49	216.51	13.64	1.70
Russell 3000 Value Index	3.61	20.79	13.90	19.47	16.04	125.39	16.99	0.93
S&P 500 Index	2.56	20.43	13.80	19.12	16.73	132.84	15.31	1.08

Monthly Review and Outlook

One-off stocks continue to dominate the Nuance story for 2014. As we analyze our year-to-date numbers we see leaders like Clean Harbors, Inc. (CLH), Compass Minerals International (CMP), and Goldcorp Inc. (GG). These are companies with very little in common with each other, having their own issues which resulted in the stock/business becoming inexpensive in our view. During the middle stages of economic recoveries this is not uncommon as stocks are becoming fully valued across most sub-industries. The market leaves your Nuance team with individual ideas that we can use to hopefully generate excess returns. Thus far in 2014 we have been able to do that and we are working to find the next idea for our clients each and every day. Overall, we continue to believe the market as a whole is within a range of fair value and as such is in a period of time that is more normal than abnormal relative to economic cycles and valuation. As always, our team continues to diligently study the leading business franchises that we have discovered over the years. We continue to determine that their competitive position is sound and quarter after quarter, normalize the company's earnings and cash flows and financial statements to allow for us to determine an appropriate value for the company. As of this writing, we continue to believe our portfolio is comprised of leading business franchises that are trading below our internal view of intrinsic value due to a specific transitory item.

Stocks we recently added to your portfolio:

Consolidated Edison Inc. (ED): ED provides electricity, natural gas, and other energy services to customers in New York, New Jersey, and Pennsylvania. Rate case uncertainty coupled with a natural gas explosion in New York City in March led to concerns about going forward earnings power and a new potential liability which could hamper the company's financial profile and valuation. After the fall in the stock due to these issues, we believe those risks are adequately reflected in the stock price and initiated a position.

ProAssurance Corporation (PRA): PRA is a risk management and claims defense company with licenses to write insurance across the United States. With leading market share positions in both the medical professional liability and workers compensation industries, PRA is well positioned to maintain its market leadership into the future in our view. Recent weakness in the stock appears due to concerns over the company's recent acquisition of Eastern Insurance Holdings, Inc. as well as general pricing pressures. At current prices we believe those concerns are adequately priced into the stock and believe that the potential for consolidation in the fragmented medical malpractice business could result in higher returns on capital over time versus today's levels as well as the potential for takeover activity in the space.

Stocks we recently sold from your portfolio:

Great Plain Energy (GXP): We sold the last of our position in GXP as the stock 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

President and Chief Investment Officer

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
2013	35.33	34.45	32.72	32.38	0.66	411	\$418,085,862	\$507,569,897	0.79%	12.20	13.08
YTD 2014 (04/30/2014)	7.86	7.51	3.61	2.56	N/A	520	\$732,516,937	\$902,098,625	0.06%	12.23	13.39

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.

The P/E Statistics are a Nuance internal calculation. The dollar-weighted harmonic mean of individual company P/E ratios is used. This approach first considers holdings' E/P, which are then summed on a dollar-weighted basis across the entire portfolio to achieve a portfolio E/P ratio. Finally, the inverse of this ratio is taken to arrive at the Portfolio P/E ratio. The Dividend Yield is calculated based on how much an investment pays in dividends each year relative to its share price. The Return on Equity is calculated by dividing net income by shareholder equity. The Return on Assets is calculated based on net income divided by average total assets. The Growth of \$100 chart is calculated by Zephyr Style Advisor assuming the same cash value at inception and the variance of the investment using monthly return data for each strategy.

(1) Risk-Adjusted Return (Sharpe Ratio) calculations 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 03/31/2014. 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.