Nuance Concentrated Value Perspectives Discussion

nuance INVESTMENTS

from Montage Investments

February 28, 2015

Commentary with President and Chief Investment Officer Scott 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.

Performance Update

We continue to be pleased with the long term performance for Nuance Concentrated Value. Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through February 28, 2015) is up 20.48 percent (annualized and net of fees) versus the Russell 3000 Value Index up 15.42 percent and the S&P 500 Index up 16.72 percent.

On a year to date basis (ending February 28, 2015), the Nuance Concentrated Value Composite was up 1.55 percent (net of fees) versus the Russell 3000 Value Index up 0.62 percent and the S&P 500 Index up 2.57 percent.

Risk-Adjusted Returns Rankings[1]

1st PERCENTILE

Morningstar
Category: Large Value
Ranking vs. Peers: 5th of 1,302

Lipper
Category: Multi-Cap Value
Ranking vs. Peers: 1st of 209

Scott Moore, CFA

President and Chief Investment Officer

- 22+ years of investment analyst experience
- 20+ years of classic value investment experience
- 14+ years of portfolio management experience using a classic value approach
- Lead Portfolio manager of the Nuance Concentrated Value Separate Account product
- Lead Portfolio manager of the Nuance Mid Cap Value Separate Account product
- Former Sr. Portfolio Manager at American Century Investments managing over $10 billion

11/13/2008 - 02/28/2015	YTD 2015	1 Year	3 Years APR	5 Years APR	Since Inception APR	Since Inception TR	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Nuance Concentrated Value Composite (Gross)	1.70	5.69	17.66	17.61	21.16	234.59	13.35	1.57
Nuance Concentrated Value Composite (Net)	1.55	4.93	16.89	16.91	20.48	223.06	13.33	1.52
Russell 3000 Value Index	0.62	12.70	17.64	15.39	15.42	146.73	16.20	0.94
S&P 500 Index	2.57	15.50	17.79	16.17	16.72	164.72	14.63	1.13

Stocks we recently added to your portfolio (during February 2015):

Johnson and Johnson (JNJ): JNJ manufactures health care products and provides related services for consumers, pharmaceuticals and medical devices and diagnostics. With leading, and we believe sustainable, market share positions across all lines of business and net cash on the balance sheet, JNJ has always been a favorite of our team at the right valuation. Recent concerns surrounding one of JNJ's largest drugs, and potential competition for that drug, along with slowing in the medical devices segment has resulted in lowered growth expectations from many investors. This has resulted in underperformance in the stock and valuation levels that are reasonable.

Emerson Electric Co. (EMR): EMR designs and manufactures a variety of electronic and electrical equipment, automation products and systems and a variety of other products and services for industrial, commercial and consumer markets globally. With dominant market share positions in the vast majority of their franchises, excellent returns on capital over time and a solid balance sheet, EMR fits Nuance and its goal of buying well financed, leading business franchises during periods when a transitorily negative event is or has occurred. In this case, EMR has underperformed the market for multiple years as poor acquisitions and lost market share in the network communication portion of their business has led to slowing growth and negative sentiment regarding EMR's ability to allocate capital appropriately for shareholders. With those issues largely behind us and the network business now accounting for only 10 percent of the overall company's cash flows, we believe that the business mix at EMR is improved. Further, we believe that their going forward view of capital allocation will improve as they appear to have learned from their past issues. Trading at a significant discount to our view of its value and giving us north of 3.0 percent dividend yield while we wait on the market's perception to change, we are excited to enter the stock for the first time in quite awhile.

Stocks we recently sold from your portfolio (during February 2015):

Clean Harbors Inc. (CLH): Following a positive quarter and news that an activist might want to break up CLH, the stock moved to levels that achieved our internal view of fair value. We would note that after visiting CLH in the winter we came away with greater confidence that we want to own CLH at the right valuation levels due in particular to its excellent environmental waste business. However, the company recently articulated an aggressive appetite for acquisitions, combining that with a balance sheet that has actually worsened since we became involved with the stock has widened the range of outcomes and heightened our downside price target. This combination along with the positive move in the shares resulted in our elimination from your portfolio. We will look for more attractive risk reward entry points in the future.

Monthly Review and Outlook:

We are two months into 2015 and I believe our team has now met or talked with the vast majority of our clients regarding our first underperforming year for Nuance Concentrated Value since inception in 2008. Thus far in 2015 we are modestly ahead of our primary benchmark and we certainly believe that last year's underperformance has led to even better risk rewards for our clients for this going forward investment period. We continue to like Energy as a theme as valuation levels for our top-tier and competitively and financially advantaged equipment and services companies are very attractive. We also like high quality regional banks as returns on capital are compressed due to the historically low levels of interest rates. Valuation levels have followed that move. Both groups have excellent leading business franchises for us to own, excellent valuations versus history and sustainable market share positions and outstanding financial flexibility in general. That being said, we are now clearly seeing signs of being in the latter stages of the valuation and economic cycle. Many industries and sectors are trading near the higher band of their historical valuation ranges and quite frankly, we do not see an appreciation that this is the 7th year of this economic expansion and that valuation multiples in general have nearly doubled since 2008. That, combined with high debt levels and policy tactics promoting the pull forward of demand by global governments, leaves us reminding our clients that there is always risk in an equity portfolio. For some reason many investors seem to forget this fact at just the wrong times historically. So what does that mean for our clients? We hope very good things over the coming months and years. But as always, timing is not something we know nor predict. What we do know is that in a market that appears to be overvalued by nearly 10 percent and has significantly more downside than that in a difficult economic period, we have constructed a portfolio of outstanding businesses with significant upside potential, and while certainly some downside risk, not as much as the market in our view. In fact, that is our job each and every day for our clients- to find you leading business franchises trading at discounts to their intrinsic value due to transitory reasons and buy those stocks for you when there is more downside protection than other stocks and more upside as well.

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 Investment 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.

Scott A. Moore, CFA

GIPS Disclosures

	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 Gross)	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	1.13%	16.13	21.31
2012	18.41	17.79	17.62	16.00	0.19	259	$154,693,966	$214,936,666	0.98%	13.05	16.02
2013	35.33	34.45	32.72	32.38	0.66	411	$418,085,862	$507,569,897	0.41%	12.20	13.08
2014	8.88	8.07	12.69	13.68	0.20	581	$886,246,169	$1,071,186,382	0.16%	10.44	9.49
2015 (YTD 02/28/2015)	1.70	1.55	0.62	2.57	N/A	585	$ 873,980,576	$ 1,061,902,606	0.17%	10.66	10.02

Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Nuance has been independently verified for the periods 11/03/08 – 03/31/14 by Absolute Performance Verification. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards 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. Nuance is an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary separate accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance returns and assets. Performance results are presented both net and gross of management fees and include the reinvestment of income. Both gross and net of fee returns are reduced by trading expenses. Net of fee returns are reduced by Actual investment advisory fees and other expenses that may be incurred in the management of the account. The firm does not currently assess any Performance Based Fees. From the inception of each composite until 12/31/10, Time Weighted Return was compounded on a monthly basis. Beginning 01/01/11 through present, Time Weighted Return was compounded on a daily basis.
Dispersion is calculated from gross of fee returns using an asset-weighted standard deviation methodology. Only those accounts included for the full calculation period are part of the dispersion calculation. The 3-year Ex-post annualized standard deviation value is calculated using 36 consecutive monthly gross of fee returns to the end calculation period. Since Inception, Nuance has adopted the following Significant Cash Flow Policy for both composites. An account will be removed from a composite if a client has given specific instructions that prevent full investment of the cash flow(s) in a timely manner (defined as 5 business days or greater), or cumulative cash flow(s) are equal or greater than 3 percent of the total composite market value based on the end of month market value, or if cumulative cash flow(s) are equal or greater than 20 percent of the total account value based on the end of month market value. If these circumstances exist, the account will be removed from the composite and added back to the composite on the first day of the month following the date that the account is fully invested (defined as being within ten percent of the model portfolios cash target).

Our Core offerings are the Nuance Mid Cap Value Strategy and the Nuance Concentrated Value Strategy Nuance. More information regarding Composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request by contacting client.services@nuanceinvestments.com or 816-743-7080.

Important Disclosures

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 TR. The S&P 500 Index TR 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.

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 Equity is calculated by taking the net income divided 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), Standard Deviation and return 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 an all 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 12/31/2014. 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.

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.