Nuance Concentrated Value Composite Perspectives

nuance INVESTMENTS

December 31, 2015

from Montage Investments

Description of the Product

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.

Portfolio Managers

Scott Moore, CFA
President & CIO
23 Years of Experience

Chad Baumler, CFA
Vice President
8 Years of Experience

Risk-Adjusted Returns Rankings[1]

1ST PERCENTILE

Lipper
Category: Multi-Cap Value
Ranking vs. Peers: 1 of 216

Morningstar
Category: Large Value
Ranking vs. Peers: 5 of 1,176

Morningstar
Category: Mid-Cap Value
Ranking vs. Peers: 1 of 383

Longer Term Performance Update

Since Inception Return: The return since inception on (11/13/2008 through 12/31/2015) is 17.3 percent (annualized and net of fees) versus the Russell 3000 Value Index up 12.7 percent and the S&P 500 Index up 14.4 percent. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio (since inception on 11/13/2008 through 12/31/2015) is 1.3 (net of fees) versus Russell 3000 Value Index at 0.8 and the S&P 500 Index at 1.0.

Peer Group Returns through 12/31/2015: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/08, we ranked 31 of 1,176 (3rd percentile) peer group members in the Morningstar Large Cap Value universe, 87 of 383 (23rd perctile) in the Morningstar Mid-Cap Value universe and in the Lipper Multi-Cap Value universe we ranked 26 of 216 (12th percentile).

Peer Group Risk-Adjusted Return through 12/31/2015: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 5 of 1,176 (1st percentile) peer group members in the Morningstar Large Cap Vale universe, 1 of 383 (1st percentile) in the Morningstar Mid-Cap Value universe and in the Lipper Multi-Cap Value universe we ranked 1 of 216 (1st percentile).

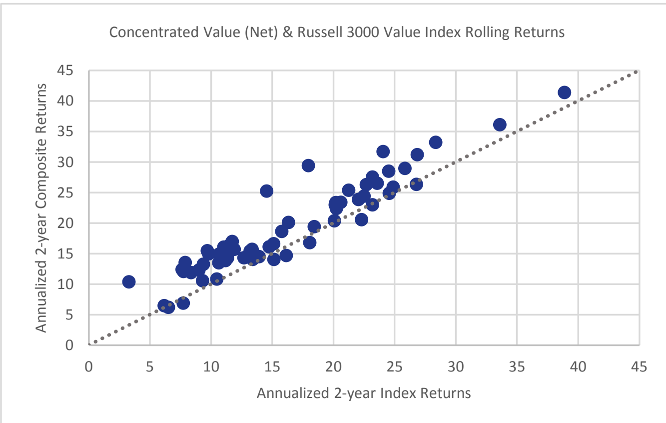
Peer Group Analysis 11/30/2008 - 12/31/2015	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	17.5	13.4	1.3
Nuance Concentrated Value Composite (Net)	16.8	13.3	1.3
Lipper Multi-Cap Value Funds Peer Group (Median)	13.5	16.0	0.8
Peer Group Ranking	26 of 216 (12th)	7 of 216 (3rd)	1 of 216 (1st)
Morningstar Large Value Peer Group (Median)	12.6	15.4	0.8
Peer Group Ranking	31 of 1,176 (3rd)	174 of 1,176 (15th)	5 of 1,176 (1st)
Morningstar Mid-Cap Value Peer Group (Median)	15.5	16.7	0.9
Peer Group Ranking	87 of 383 (23rd)	3 of 383 (1st)	1 of 383 (1st)

Performance 11/13/2008 - 12/31/2015	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year	2015 YTD
Nuance Concentrated Value Composite	18.0	224.8	13.3	1.3	17.6	13.0	13.3	(1.3)	(1.3)
Nuance Concentrated Value Composite (Net)	17.3	211.8	13.3	1.3	16.9	12.3	12.5	(2.0)	(2.0)
Russell 3000 Value Index	12.7	135.1	15.9	0.8	12.9	11.0	12.8	(4.1)	(4.1)
S&P 500 Index	14.4	161.6	14.5	1.0	14.8	12.6	15.1	1.4	1.4

*Since Inception

Shorter Term Performance Update (Two Year and Year-to-Date)

Rolling 2-Year Periods			Current 2-Year Period as of 12/31/2015	
11/13/2008 - 12/31/2015	Periods Beating the Index		Composite Avg (%) Net of Fees[1]	Russell 3000 Value Index Avg (%)
Nuance Concentrated Value Composite	53/62	85.5%	2.9	3.9



Your team at Nuance cautions clients regarding the use of short-term performance as a tool to make investment decisions. That said, if a client wants to consider our short-term performance we recommend emphasizing two-year rolling periods since our inception. Our normal discussion of short-term performance will center on two-year performance, but we will also note calendar year to date results as is our tradition.

For the period ending December 31, 2015, the Nuance Concentrated Value Composite two year rolling return is up 2.9 percent (net of fees) versus the Russell 3000 Value Index up 3.9 percent and the S&P 500 Index up 7.4 percent. Overall, we have outperformed in 53 out of the available 62 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite was down (2.0) percent (net of fees) versus the Russell 3000 Value Index down (4.1) percent and the S&P 500 Index up 1.4 percent.

Calendar Year Performance as of 12/31/2015	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	YTD 2015
Nuance Concentrated Value Composite (Gross)	4.4	42.2	18.8	6.8	18.4	35.3	8.9	(1.3)
Nuance Concentrated Value Composite (Net)	4.4	41.7	18.1	6.2	17.7	34.4	8.0	(2.0)
Russell 3000 Value Index	0.3	19.7	16.2	(0.0)	17.6	32.7	12.6	(4.1)
S&P 500 Index	(0.4)	26.4	15.0	2.1	16.0	32.3	13.6	1.4

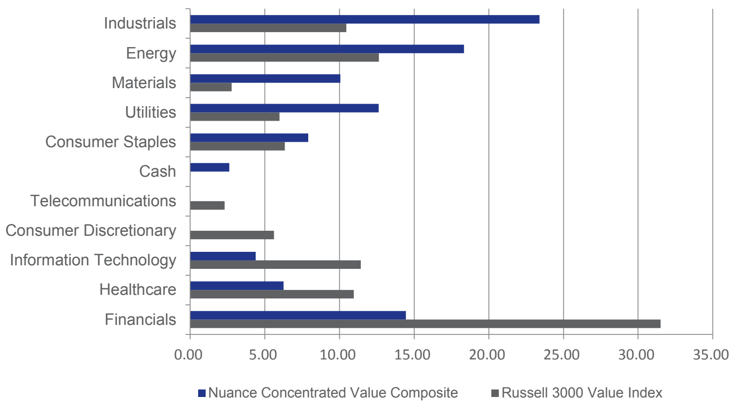
Composition of the Portfolio as of 12/31/2015

Portfolio Characteristics[2]	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	32.1b	101.2b
Median Market Cap	4.1b	1.3b
Price to Earnings (internal and ttm)*	12.0x	17.2x
Forward Price to Earnings	16.6x	15.4x
Dividend Yield	3.0%	2.6%
Return on Equity	24.0%	13.3%
Return on Assets	6.1%	4.6%
Active Share vs Russell 3000 Value	95.4%	-
Upside/Downside Capture Ratio vs Russell 3000 Value	88.9%/61.7%	-
Number of Securities	24	2,042

We continue to be pleased with the overall composition of the portfolio. Remember that we are seeking investment opportunities in leading business franchises with better than average valuation support. Using the table below, you can see that the portfolio has a Price to Earnings ratio of 12.0x versus the Russell 3000 Value Index of 17.2x. We are achieving this ratio with a portfolio of companies that have return on assets of 6.1% percent versus the Russell 3000 Value Index of 4.6% percent. This dichotomy of above average companies selling at below average multiples has the opportunity for outperformance over the long-term, in our opinion.

*Based on Nuance internal estimates and benchmarked against the above noted Russell index.

Sector Weights and Portfolio Positioning as of 12/31/2015



Overall, our portfolio has been relatively stable from a sector weighting perspective following our weighting additions in the Energy, Finance and Industrial sectors on underperformance that occurred in the last several months of 2014 and very early in 2015. We are now clearly overweight the Energy, Industrial sectors and Materials. Our underweights include the Consumer Discretionary sector as the combination of fully valued to overvalued stocks and evolving competitive positions make it difficult to find ideas that fit our process. We are also underweight the Real Estate Investment Trust (REIT) industry, the Information Technology sector, the Healthcare sector and the Telecommunication sector as those spaces continue to appear fully valued or overvalued driven broadly by what we have termed the chase for yield or recent market momentum particularly in Technology.

Stocks We Added to Your Portfolio (December 2015):

Hub Group Inc. Cl A (HUBG): HUBG is a full service transportation provider offering intermodal, truck brokerage and logistical services. The number two player in the intermodal market and one of the leaders in brokerage and logistics, HUBG provides an excellent market share position and long-term market share gaining potential. Short-term challenges in the intermodal business surrounding both volumes and costs are clouding the long-term potential of the business and its true value. With a debt free balance sheet and excellent long-term prospects, the recent stock underperformance is providing us with what we believe to be an excellent entry point.

Stocks We Eliminated from Your Portfolio (December 2015):

None.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

2015 was a solid year for us at Nuance. As we will detail below, we were able to outperform our primary benchmark this year and attempt to preserve capital for our clients better than most. Highlights from our year include:

- We outperformed our primary benchmark as the Nuance Concentrated Value product was down (2.0) percent (net of fees) versus the Russell 3000 Value Index down (4.1) percent.
- Nuance Concentrated Value has now outperformed its primary benchmark 6 out of the 7 full years it has been in existence (and 7 out of 8 including the stub year of 2008). Clearly, we are quite pleased with this level of consistent performance. There is never a guarantee of outperformance year-to-year, but we are pleased with this result.
- With that outperformance we added to our strong long-term performance. Since inception on 11/13/2008, we are up 17.3 percent (net of fees) versus the Russell 3000 Value Index up 12.7 percent and our secondary benchmark the S&P 500 Index up 14.4 percent.
- We achieved that outperformance with less risk that our benchmarks, as well. Our standard deviation since our inception on 11/13/2008 is 13.3 percent versus the Russell 3000 Value Index 15.9 percent and the S&P 500 Index 14.5 percent.
- Our best performing sector was the Energy sector, which is likely to surprise many of our clients. Two of our three largest holdings in Energy were up for the year. Frank's International NV (FI) was up modestly and Cameron International (CAM) was up significantly. Both stocks highlighted our positive stock picking this year.
- Other positive spaces included the Finance sector led by our holdings in Chubb Corporation (CB), LPL Financial Holdings (LPLA) and BOK Financial Corp. (BOKF), as well as the Consumer Staples sector and the Technology sector.
- The most significant negative was the Utility sector and that was driven by one stock – National Fuel Gas Co. (NFG). Our clients will note that we wrote at length about the unique risk reward that now exists at NFG in our November issue of Nuance Perspectives. Please refer to the November 2015 issue of the Nuance Concentrated Value Manager Commentary.

As for our 2016 outlook, I would start by reminding our clients that this might just be my least favorite topic to write about. Not because our team is not excited about our portfolio or the individual risk rewards in our portfolio today, but rather because of how our industry has too often pretended it can actually have a specific outlook or prediction for a quarter, semi-annual or annual period; as if there is some level of certainty surrounding that outlook. What I would remind our clients is that at Nuance, we simply do not think that way. We have zero idea what the overall market will think of various assets or stocks during 2016 nor what will happen with those various asset classes or stocks. Rather, we focus on studying companies, identifying leading business have sustainable competitive positions (to avoid value traps) and finding the ones that we believe have upside potential and downside protection that is significantly greater than that of the other market alternatives. Most of the time these opportunities are in pockets of the market that are unloved and that most people do not like. This negativity results in a period of time where we can buy best-in-class companies at solid valuation levels. This focus is why we believe we can outperform our benchmarks with less risk over the long-term.

Today our opportunities are focused on the Energy sector (FI and CAM), the Utility sector (NFG), the Materials sector (H.B Fuller Co.- FUL), and the incredibly diverse Industrial sector (Deere and Co. - DE, Lindsay Corp. - LNN, Emerson Electric Co. - EMR, and American Science and Engineering Corp. – ASEI). We are underweight Healthcare, Technology, Real Estate Investment Trusts and Consumer Cyclicals. All of these underweights are largely due to valuation concerns in these sectors or industries.

Lastly, I would note that valuation disparities between the overvalued and undervalued companies on our approved list of approximately 250 leading business franchise are significantly attractive. There are times in the market when valuation disparities between overvalued and undervalued businesses are modest and as such our potential to outperform is modest. Today that is not the case based on our bottoms-up studying of these businesses and their valuations. It is always an interesting time to be an investor. There is always uncertainty and there is always opportunity in our view. Today's market is ripe with opportunity and we look forward to our portfolio bearing fruit in the years to come as a result.

Please visit our website at www.nuanceinvestments.com for more information about our team, our process and value investing. Follow us on LinkedIn and Twitter! You may also receive information via traditional mail or email by contacting us at client.services@nuanceinvestments.com or call 816-743-7080.

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-	4.5	4.5	0.4	(0.5)	N/A	7	$9,126,951	$18,657,997	4.6%	-	-
2009	42.2	41.7	19.8	26.5	1.2	79	$87,342,803	$137,943,058	0.6%	-	-
2010	18.8	18.1	16.3	15.1	0.3	145	$119,543,453	$181,201,036	0.5%	-	-
2011	6.9	6.3	(0.1)	2.1	0.5	181	$96,831,359	$152,976,943	1.1%	16.1	21.3
2012	18.4	17.8	17.6	16.0	0.2	259	$154,693,966	$214,936,666	1.0%	13.1	16.0
2013	35.3	34.5	32.7	32.4	0.7	411	$418,085,862	$507,569,897	0.4%	12.2	13.1
2014	8.9	8.1	12.7	13.7	0.2	581	$886,246,169	$1,071,186,382	0.2%	10.4	9.5
YTD 2015 (12/31/2015)	(1.3)	(2.0)	(4.1)	1.4	0.2	607	$715,577,980	$913,545,839	0.1%	11.4	10.9

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 – 03/31/15 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 Performace 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 September 1, 2010 Nuance operated under the name Mariner Value Strategies, LLC.

(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, Mid Cap Value Group 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 12/31/2015. 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.

(2) Index statistics are provided by Russell. Characteristics calculations use holdings at market close on the stated date, including cash & cash equivalents. The following Composite characteristics are calculated using Bloomberg: Median Market Cap (midpoint of market capitalization of the stocks in the portfolio), Dividend Yield (annual dividends relative to share price), Return on Equity (net income divided by shareholder equity), Return on Assets (net income divided by average total assets). 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. Active share, as calculated by Morningstar Direct, is a statistic the measures a strategy's holdings relative to the holdings of the appropriate benchmark. Standard deviation is a measure of volatility showing the average deviations of a return series from its mean. The upside capture ratio is an indication of a manager's ability to match returns in periods of market strength, while the downside capture ratio measures a manager's ability to curtail losses in periods of index weakness. Results are gross of fees for the period since inception through present. Both upside/downside ratios and standard deviation are calculated using Style Advisor.

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.