Nuance Concentrated Value Composite Perspectives

nuance INVESTMENTS

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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 2/29/2016) is 16.5 percent (annualized and net of fees) versus the Russell 3000 Value Index at 11.6 percent and the S&P 500 Index at 13.3 percent. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio (since inception on 11/13/2008 through 2/29/2016) is 1.2 (net of fees) versus Russell 3000 Value Index at 0.7 and the S&P 500 Index at 0.9.

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).

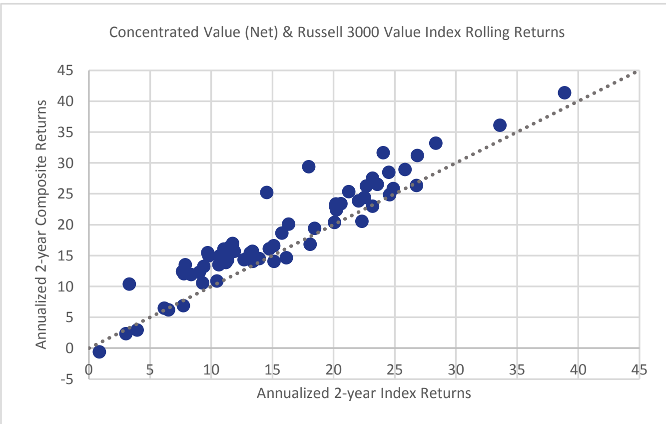
Peer Group Analysis 11/30/2008 - 12/31/2015	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	17.5	13.4	1.3
Nuance Concentrated Value Composite (Net)	16.8	13.3	1.3
Lipper Multi-Cap Value Funds Peer Group (Median)	13.5	16.0	0.8
Peer Group 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 - 2/29/2016	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year	2016 YTD
Nuance Concentrated Value Composite	17.2	217.2	13.2	1.3	19.3	11.2	9.5	(5.2)	(2.3)
Nuance Concentrated Value Composite (Net)	16.5	204.1	13.2	1.2	18.6	10.5	8.7	(5.9)	(2.5)
Russell 3000 Value Index	11.6	122.7	15.9	0.7	16.4	8.5	7.9	(9.7)	(5.3)
S&P 500 Index	13.3	148.3	14.5	0.9	17.2	10.1	10.7	(6.2)	(5.1)

*Since Inception

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

Rolling 2-Year Periods			Current 2-Year Period as of 2/29/2016	
11/13/2008 - 2/29/2016	Periods Beating the Index		Composite (%) Net of Fees[1]	Russell 3000 Value Index (%)
Nuance Concentrated Value Composite	53/64	82.8%	(0.6)	0.9



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 February 29, 2016, the Nuance Concentrated Value Composite two year rolling return is (0.6) percent (net of fees) versus the Russell 3000 Value Index 0.9 percent and the S&P 500 Index 4.1 percent. Overall, we have outperformed in 53 out of the available 64 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite was (2.5) percent (net of fees) versus the Russell 3000 Value Index (5.3) percent and the S&P 500 Index (5.1) percent.

Calendar Year Performance as of 2/29/2016	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	YTD 2016
Nuance Concentrated Value Composite (Gross)	4.4	42.2	18.8	6.8	18.4	35.3	8.9	(1.3)	(2.3)
Nuance Concentrated Value Composite (Net)	4.4	41.7	18.1	6.2	17.7	34.4	8.0	(2.0)	(2.5)
Russell 3000 Value Index	0.3	19.7	16.2	(0.0)	17.6	32.7	12.6	(4.1)	(5.3)
S&P 500 Index	(0.4)	26.4	15.0	2.1	16.0	32.3	13.6	1.4	(5.1)

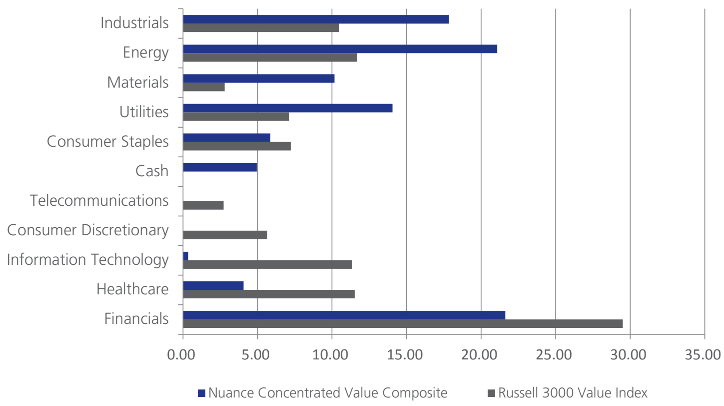
Composition of the Portfolio as of 2/29/2016

Portfolio Characteristics[2]	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	26.8b	97.7b
Median Market Cap	4.9b	1.2b
Price to Earnings (internal and ttm)*	11.4x	16.6x
Forward Price to Earnings	17.5x	15.7x
Dividend Yield	2.8%	2.8%
Return on Equity	23.4%	13.1%
Return on Assets	5.2%	4.5%
Active Share vs Russell 3000 Value	94.8%	-
Upside/Downside Capture Ratio vs Russell 3000 Value	88.7%/60.8%	-
Number of Securities	24	2,018

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

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 11.4x versus the Russell 3000 Value Index of 16.6x. We are achieving this ratio with a portfolio of companies that have return on assets of 5.2% percent versus the Russell 3000 Value Index of 4.5% percent. This dichotomy of above average companies selling at below average multiples has the opportunity for outperformance over the long-term, in our opinion.

Sector Weights and Portfolio Positioning as of 2/29/2016



The portfolio is currently overweight in the Energy, Industrials, Materials and Utilities sectors as it has been over the last several quarters. We have recently been adding to our positions in the banking industry as the risk reward in what we believe are high quality regional banks has become more attractive; however, we continue to be underweight the financial sector as a whole as the Real Estate Investment Trust (REIT) industry appears fully to overvalued due to what we have termed the chase for yield. We are also underweight the Consumer Discretionary, Healthcare and Technology sectors primarily due to valuation concerns as a result of the favor for growth over value.

Stocks We Added to Your Portfolio (February 2016):

Metlife Inc. (MET): After exiting MET back in 2014 in the mid-$50's, we have re-entered the stock this month in the mid-$30's. MET is a global leader in life insurance, annuities and employee benefits. Recently, the stock has been under pressure as a result of the move in the 10 year U.S. Treasury Yield from the mid 2%'s down to the high 1%'s. With the stock in the mid $30's, we consider the risk/ reward of the security once again attractive enough to start a position.

FMC Technologies, Inc. (FTI): FTI is the global leader in the design and manufacturing of subsea oil and gas production systems with approximately 40% market share. The recent drop in crude oil to the mid $20's has provided us the opportunity to add this very high quality oil service company to the portfolio at an attractive risk/ reward.

Stocks We Eliminated from Your Portfolio (February 2016):

Xylem Corporation (XYL): After many years of holding XYL, we have eliminated the stock from your portfolio. Having initially purchased the stock in the mid $20's in 2012, we have enjoyed solid results from our holding over time. We continue to like the competitive position of this leading water infrastructure company and will look for better valuation levels to re-enter the stock for our clients.

Nuance Perspectives from President & CIO, Scott Moore, CFA

We are pleased with the start we are having in 2016. Your Nuance Concentrated Value product is down 2.5 percent versus the Russell 3000 Value Index down 5.3 percent and the S&P 500 Index down 5.1 percent. Within the context of these first few months, we continue to field questions regarding our overweight portfolio position in the Energy sector. We own Frank's International NV (FI), Schlumberger LTD (SLB) and Cameron International (CAM) as examples. We thought a little walk back in time might help our clients understand our investment position a bit better.

Short memories are pervasive in the investment business. It was just a short decade ago (2006-2007) that the Energy sector was largely in favor while the Consumer Staples sector was largely abhorred. Even as recent as the summer of 2014, the Energy sector was once again in favor based on our internal individual stock valuation multiples. These periods of being "in favor" or "out of favor" occur quite frequently across all industries and sectors. But I want to focus on the 2006 and 2007 period as company fundamental data was fraught with classic bubble characteristics. At the time, the Energy sector as a group had returns on capital at or near historic peaks as a result of $100-$150 oil prices. Capital spending within the sector was also at or near historic peaks for most companies as companies chased those peak returns in a classic manner. Finally, the trifecta of classic bubble traits led to valuation multiples on mid-cycle earnings and cash flows that were at or near peak levels for most companies. Conversely, the Consumer Staples sector during that period was facing significant margin pressures due to high oil and other commodity prices. Plastic bottles, packaging and energy costs were rising significantly and faster than classic consumer companies like Clorox Corporation (CLX) or Kimberly Clark Corporation (KMB) could pass them through to customers. Returns on capital were below historical mid cycle, or what we term normal levels, capital spending was slowing due to margin pressures and valuation multiples were depressed as market participants didn't like the slowing of earnings and compression of margins. So what happened? All we have to do is take a look at the performance of both sectors during 2008 and 2009. The Energy sector displayed below average performance while the Consumer Staples sector displayed outperformance. The exact opposite of what most market participants would have thought or would have been preparing for in 2006 and 2007.

Now, hang with us and fast forward to 2016. Many Energy companies are at historically low returns on capital (near troughs in fact), capital spending has slowed to near historic lows and valuation levels are at historic lows on mid-cycle earnings and cash flows. Some might even say that the data would suggest the exact opposite of 2006 and 2007. Studying companies in the Consumer Staples sector today shows the group at or near historic highs for their returns on capital (some of that very much due to low input costs for plastics, other packaging and energy costs), while capital spending is approaching peak levels and valuations for many companies are near peak levels as well. We have talked with many of our clients over the years describing the risks of what we call "triple peak" returns, capital spending and valuation. While trumpeting the opportunity provided during "triple trough" returns on capital, capital spending and valuation.

Nuance Perspectives from President & CIO, Scott Moore, CFA

In today's market, this opportunity and data set is very interesting to us once again. Energy as a sector appears quite attractive and we like FI, SLB and CAM. Conversely, we are not fans of Consumer Staples due to the triple peak effect we are seeing based on our internal estimates. Companies like CLX and KMB do not make sense to us as the risk/reward appears skewed to the negative.

So, is this a bubble in Consumer Staples stocks? Bubble is a strong word, so I won't go quite that far. I would just say that we believe the traits of Energy stocks (particularly those that we believe to have an outstanding competitive advantage and excellent balance sheets) far surpass those of most of the stocks we follow in the Consumer Staples sector. Indeed, the traits appear to be almost the opposite of 2006 and 2007.

As we remind our clients each month, your team continues to find leading business franchises with sustainable competitive positions that are trading below our internally derived view of fair or intrinsic value. We believe that our time-tested process of finding best of breed businesses with better than the market downside support and better than the market upside over the long-term should lead to excellent risk adjusted returns versus our peers and benchmarks.

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
2015	(1.3)	(2.0)	(4.1)	1.4	0.2	607	$715,577,980	$913,545,839	0.1%	11.4	10.9
YTD 2016 (2/29/2016)	(2.3)	(2.5)	(5.3)	(5.1)	N/A	615	$682,568,483	$927,138,184	0.1%	10.9	11.0

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, the Nuance Concentrated Value Strategy and the Nuance Concentrated Value Long-Short Fund. 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.