

March 31, 2017

## 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

25 Years of Experience

Chad Baumler, CFA  
Vice President

9 Years of Experience

### Risk-Adjusted Returns Rankings<sup>1</sup>

#### 1<sup>ST</sup> PERCENTILE

Lipper  
Category: Multi-Cap Value  
Ranking vs. Peers: 1 of 249

Morningstar  
Category: Large Value  
Ranking vs. Peers: 5 of 989

Morningstar  
Category: Mid-Cap Value  
Ranking vs. Peers: 1 of 304

## Longer Term Performance Update

Since Inception Return: The return since inception (11/13/2008) through 3/31/2017 is 17.4 percent (annualized and net of fees) versus the Russell 3000 Value Index and S&P 500 Index, which have returned 13.4 percent and 14.5 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 3/31/2017 is 1.3 (net of fees) versus Russell 3000 Value Index at 0.9 and the S&P 500 Index at 1.0.

Peer Group Returns through 3/31/2017: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/08, we ranked 27 of 989 peer group members (3rd percentile) in the Morningstar Large Cap Value universe, 64 of 303 (21st percentile) in the Morningstar Mid-Cap Value universe, and 24 of 249 (9th percentile) in the Lipper Multi-Cap Value universe.

Peer Group Risk-Adjusted Return through 3/31/2017: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 5 of 989 peer group members (1st percentile) in the Morningstar Large Cap Value universe, 1 of 304 (1st percentile) in the Morningstar Mid-Cap Value universe, and 1 of 249 (1st percentile) in the Lipper Multi-Cap Value universe.

Peer Group Analysis 11/30/2008 - 3/31/2017	Since Inception APR <sup>1</sup>	Standard Deviation (A) <sup>1</sup>	Sharpe Ratio (A) <sup>1</sup>
Nuance Concentrated Value Composite (Gross)	17.7	12.9	1.4
Nuance Concentrated Value Composite (Net)	17.0	12.9	1.3
Lipper Multi-Cap Value Funds Peer Group (Median)	13.7	15.7	0.9
Peer Group Percentile and Ranking	9th (24 of 249)	6th (16 of 249)	1st (1 of 249)
Morningstar Large Value Peer Group (Median)	13.0	14.8	0.9
Peer Group Percentile and Ranking	3rd (27 of 989)	15th (146 of 989)	1st (5 of 989)
Morningstar Mid-Cap Value Peer Group (Median)	15.7	16.2	0.9
Peer Group Percentile and Ranking	21st (64 of 304)	1st (3 of 304)	1st (1 of 304)

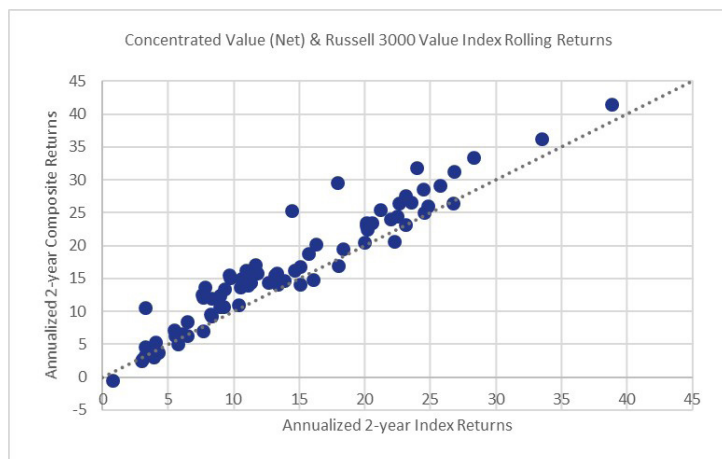
Performance 11/13/2008 - 3/31/2017	APR <sup>*</sup>	TR <sup>*</sup>	Standard Deviation <sup>*</sup>	Sharpe Ratio <sup>*</sup>	7 Years	5 Years	3 Years	1 Year	2017 YTD
Nuance Concentrated Value Composite (Gross)	18.1	302.7	12.9	1.4	14.5	14.1	7.9	16.2	2.9
Nuance Concentrated Value Composite (Net)	17.4	283.3	12.9	1.3	13.8	13.3	7.1	15.5	2.7
Russell 3000 Value Index	13.4	186.6	15.2	0.9	12.1	13.1	8.6	20.0	3.0
S&P 500 Index	14.5	210.7	13.8	1.0	12.9	13.3	10.4	17.2	6.1

<sup>\*</sup>Since Inception

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

Rolling 2-Year Periods	Current 2-Year Period as of 3/31/2017		
11/13/2008 - 3/31/2017	Periods Beating the Index	Composite (%) Net of Fees <sup>1</sup>	Russell 3000 Value Index (%)
Nuance Concentrated Value Composite	62/77	80.5%	9.2
			8.4

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 March 31, 2017, the Nuance Concentrated Value Composite two year rolling return is 9.2 percent (net of fees) versus the Russell 3000 Value Index and S&P 500 Index which have returned 8.4 percent and 9.2 percent respectively. Overall, we have outperformed in 62 out of the available 77 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned 2.7 percent (net of fees) versus the Russell 3000 Value Index and the S&P 500 Index, which have returned 3.0 percent and 6.1 percent respectively.

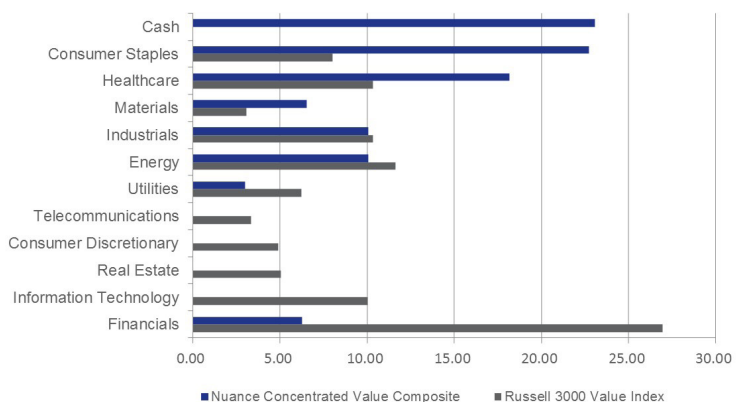
Calendar Year Performance as of 3/31/2017	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Nuance Concentrated Value Composite (Gross)	4.5	42.2	18.8	6.9	18.4	35.3	8.9	(1.3)	20.5	2.9
Nuance Concentrated Value Composite (Net)	4.5	41.7	18.1	6.3	17.8	34.5	8.1	(2.0)	19.7	2.7
Russell 3000 Value Index	0.4	19.8	16.3	(0.1)	17.6	32.7	12.7	(4.1)	18.4	3.0
S&P 500 Index	(0.5)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	6.1

**Composition of the Portfolio** as of 3/31/2017

Portfolio Characteristics <sup>2</sup>	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	67.9b	112.9b
Median Market Cap	19.6b	1.5b
Price to Earnings (internal and ttm)*	16.7x	20.7x
Forward Price to Earnings	24.4x	17.6x
Dividend Yield	2.2%	2.4%
Return on Equity	24.5%	11.6%
Return on Assets	6.4%	4.1%
Active Share vs Russell 3000 Value	92.8%	-
Upside/Downside Capture Ratio vs Russell 3000 Value	89.0%/60.9%	-
Number of Securities	24	2,044

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 adjacent table, you can see that the portfolio has a Price to Earnings ratio of 16.7x versus the Russell 3000 Value Index of 20.7x. We are achieving this ratio with a portfolio of companies that have a return on assets of 6.4% percent versus the Russell 3000 Value Index of 4.1% percent. This dichotomy of above average companies selling at below average multiples has the opportunity for outperformance over the long-term, in our opinion.

<sup>1</sup>Based on Nuance internal estimates and benchmarked against the above noted Russell index.

**Sector Weights and Portfolio Positioning** as of 3/31/2017

Following several changes to the portfolio in the 4th quarter of 2016, the portfolio was stable from a sector perspective during the 1st quarter of 2017. We have continued to add to our positions in the Consumer Staples sector and remain overweight as a slowdown in emerging market economies and currency headwinds have caused modest under-earnings across numerous global leaders. We continue to be overweight the Healthcare sector, as the push for healthcare reform following the election in November caused modest underperformance and created buying opportunities in select high quality Healthcare stocks. Our underweight position in Financials was unchanged during the quarter as just a slight rise in interest rates and the newly recognized possibility of lessened regulation, resulted in significant expectations of returns on capital and earnings expansion during the last several months. We continue to be underweight in the Information Technology, Real Estate and Consumer Discretionary sectors due to valuation concerns.

**Stocks We Added to Your Portfolio (March 2017):**

None.

**Stocks We Eliminated from Your Portfolio (March 2017):**

None.

**Nuance Perspectives from President & CIO, Scott Moore, CFA**

Dear Clients,

The first quarter of 2017 is now behind us and your Nuance Concentrated Value Composite was up 2.70 percent (through 3/31/2017 and net of fees) versus the Russell 3000 Value Index up 2.99 percent and the S&P 500 Index up 6.07 percent. More importantly, since our inception on 11/13/2008, the Nuance Concentrated Value Composite is up 17.40 percent (annualized and net of fees) versus the Russell 3000 Value Index up 13.38 percent and the S&P 500 Index up 14.48 percent.

This month, we wanted to touch on an example of how new stocks get in the portfolio. As most of our regular readers know, we study companies from a bottom-up perspective, ensuring first that a company has what we consider to be a leading and sustainable competitive position. After that, we perform a proprietary review and create mid-cycle or normal financial statements. With that normalized data, we then derive what we consider to be fair value and downside price targets for the leaders that pass our Nuance tests. That group of approximately 250 companies is our Nuance universe and we pick from that group the stocks with what we view as the best risk rewards in the market today based on our process and fundamental work. But how do we choose which stocks go into the portfolio, and what is an example of an outside force that created a new opportunity set for our clients?

The Healthcare sector is a recent example of a group of companies that underperformed the market. This underperformance resulted in several of our leading healthcare companies becoming more attractive at the same time. As of September 30, 2016, the Nuance Concentrated Value Composite had 3.93 percent of the portfolio in one healthcare stock – Patterson Cos Inc. This compared to the Russell 3000 Value Index Healthcare weight of 10.98 percent and clearly represented a significant underweight. At that time, valuations for our leading healthcare companies were simply not attractive to us. However, in the 4th quarter of 2016, that changed and created a good example of our Nuance process at work. Sometimes investment opportunities show up one company at a time, but sometimes they show up as a group due to a bigger-picture uncertainty. During the 4th quarter of 2016, that uncertainty came in the form of a newly elected President and fears that a repeal of the Affordable Care Act could disrupt a large portion of the healthcare sector. Stocks like Cerner Corporation, Globus Medical Inc., and Smith and Nephew PLC all went down during this period and either became attractive enough to initiate a new position or enhanced the risk reward enough to allow us to add to our weightings at more attractive risk rewards. By January 31, 2017, our weighting had grown from the September 30, 2016 weight of 3.93 percent to 17.60 percent, and the underweight had changed to an overweight. The stocks in Healthcare (among others) helped our portfolio during the quarter as the uncertainty faded quickly, and we saw significant upward movement in the prices. As a result, over the recent six-month period our total attribution effect for this space (per Bloomberg attribution reports dated 9/30/2016 to 03/31/2017) was over 125 basis points and was one of our best sectors for this short period of time. The critical point here is not to focus on short term performance but rather to illustrate how short term

uncertainty can change valuation levels for long-term businesses with solid prospects. This uncertainty creates what we believe are solid risk rewards for the patient and disciplined team and process.

Please visit our [website](#) 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](#). Call us at 816-743-7080. Click [here](#) for historical Concentrated Value Perspectives.

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)	4.5	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
2016	20.5	19.7	18.4	12.0	0.1	694	\$937,752,729	\$1,466,221,847	0.1%	11.1	11.1
YTD 2017 (3/31/2017)	2.9	2.7	3.0	6.1	N/A	729	\$999,756,200	\$1,584,779,205	0.0%	10.8	10.7

## 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 – 03/31/2016 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 10 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 Strategy. 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 3/31/2017. 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 that 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.

Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 3/31/2017 portfolio weights of names discussed are as follows: Cerner Corporation (CERN) 1.74%, Globus Medical Inc. (GMED) 1.16%, Smith and Nephew PLC (SNN) 4.00%, Abbott Laboratories (ABT) 4.02%, Patterson Companies Inc. (PDCO) 3.57%.

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.