

Nuance Concentrated Value Composite Perspectives



November 30, 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

26 Years of Experience

Chad Baumler, CFA
Vice President

10 Years of Experience

Risk-Adjusted Returns Rankings¹

1ST PERCENTILE

Lipper
Category: Multi-Cap Value
SI Rank in Cat: 2 of 244

Morningstar
Category: Large Value
SI Rank in Cat: 5 of 986

Morningstar
Category: Mid-Cap Value
SI Rank in Cat: 1 of 322

Longer Term Performance Update

Since Inception Return: The return since inception (11/13/2008) through 11/30/2017 is 17.0 percent (annualized and net of fees) versus the Russell 3000 Value Index and S&P 500 Index, which have returned 13.4 percent and 15.0 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 11/30/2017 is 1.4 (net of fees) versus Russell 3000 Value Index at 0.9 and the S&P 500 Index at 1.1.

Peer Group Returns through 09/30/2017: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/08, we ranked 26 out of 986 peer group members (3rd percentile) in the Morningstar Large Cap Value universe, 73 out of 322 (23rd percentile) in the Morningstar Mid-Cap Value universe, and 22 out of 244 (9th percentile) in the Lipper Multi-Cap Value universe.

Peer Group Risk-Adjusted Return through 09/30/2017: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 5 out of 986 peer group members (1st percentile) in the Morningstar Large Cap Value universe, 1 out of 322 (1st percentile) in the Morningstar Mid-Cap Value universe, and 2 out of 244 (1st percentile) in the Lipper Multi-Cap Value universe.

Peer Group Analysis 11/30/2008 - 09/30/2017	Since Inception APR ¹	Standard Deviation (A) ¹	Sharpe Ratio (A) ¹
Nuance Concentrated Value Composite (Gross)	17.2	12.6	1.4
Nuance Concentrated Value Composite (Net)	16.5	12.6	1.3
Lipper Multi-Cap Value Funds Peer Group (Median)	13.4	15.3	0.9
Peer Group Percentile and Ranking	9th (22 of 244)	5th (12 of 244)	1st (2 of 244)
Morningstar Large Value Peer Group (Median)	12.9	14.4	0.9
Peer Group Percentile and Ranking	3rd (26 of 986)	14th (142 of 986)	1st (5 of 986)
Morningstar Mid-Cap Value Peer Group (Median)	15.2	15.9	0.9
Peer Group Percentile and Ranking	23rd (73 of 322)	1st (3 of 322)	1st (1 of 322)

Performance 11/13/2008 - 11/30/2017	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year	2017 YTD
Nuance Concentrated Value Composite (Gross)	17.7	337.1	12.5	1.4	15.0	15.1	9.6	13.3	11.7
Nuance Concentrated Value Composite (Net)	17.0	314.1	12.4	1.4	14.3	14.3	8.8	12.5	10.9
Russell 3000 Value Index	13.4	211.0	14.7	0.9	13.3	14.2	8.5	14.7	11.8
S&P 500 Index	15.0	252.9	13.3	1.1	14.6	15.7	10.9	22.9	20.5

*Since Inception

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

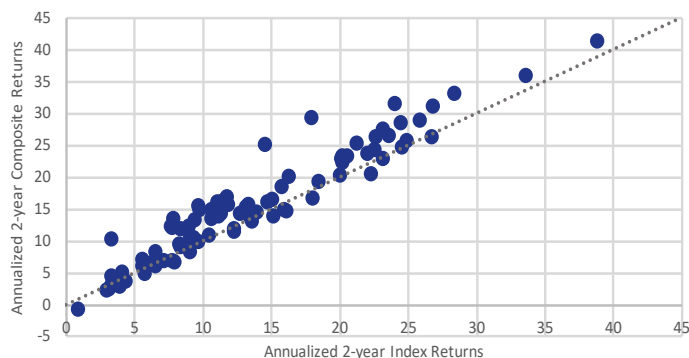
Rolling 2-Year Periods	Current 2-Year Period as of 11/30/2017		
	Periods Beating the Index	Composite (%) Net of Fees ¹	Russell 3000 Value Index (%)
11/30/2008 - 11/30/2017	63/85	74%	13.1
Nuance Concentrated Value Composite			13.6

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 November 30, 2017, the Nuance Concentrated Value Composite two year rolling return is 13.1 percent (net of fees) versus the Russell 3000 Value Index and S&P 500 Index which have returned 13.6 percent and 15.2 percent respectively. Overall, we have outperformed in 63 out of the available 85 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned 10.9 percent (net of fees) versus the Russell 3000 Value Index and the S&P 500 Index, which have returned 11.8 percent and 20.5 percent respectively.

Concentrated Value (Net) & Russell 3000 Value Index Rolling Returns



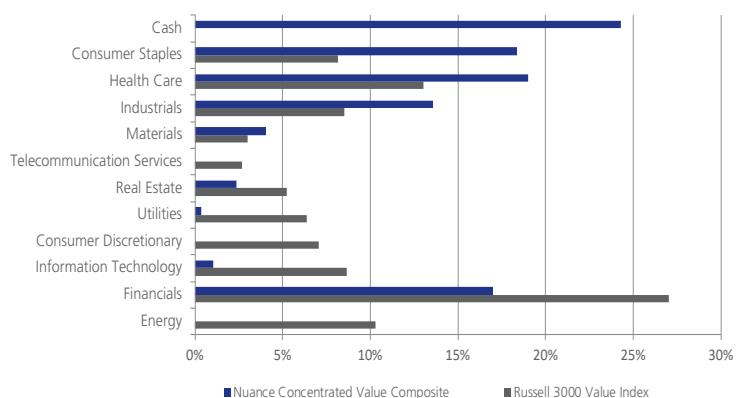
Calendar Year Performance as of 11/30/2017	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Nuance Concentrated Value Composite (Gross)	4.5	42.2	18.8	6.9	18.4	35.3	8.9	(1.3)	20.5	11.7
Nuance Concentrated Value Composite (Net)	4.5	41.7	18.1	6.3	17.8	34.5	8.1	(2.0)	19.7	10.9
Russell 3000 Value Index	0.4	19.8	16.3	(0.1)	17.6	32.7	12.7	(4.1)	18.4	11.8
S&P 500 Index	(0.5)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	20.5

Composition of the Portfolio as of 11/30/2017

Portfolio Characteristics ²	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	64.5b	114.7b
Median Market Cap	21.9b	1.6b
Price to Earnings (internal and ttm)*	19.6x	20.1x
Forward Price to Earnings	19.8x	16.7x
Dividend Yield	1.7%	2.4%
Return on Equity	69.1%	12.5%
Return on Assets	7.7%	4.4%
Active Share vs Russell 3000 Value	93.8%	-
Upside/Downside Capture Ratio vs Russell 3000 Value	88.5% / 59.6%	-
Number of Securities	32	2,089

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 19.6x versus the Russell 3000 Value Index of 20.1x. We are achieving this ratio with a portfolio of companies that have a return on assets of 7.7 percent versus the Russell 3000 Value Index of 4.4 percent. This dichotomy of above average companies selling at below average multiples has the opportunity for outperformance over the long-term, in our opinion.

¹Based on Nuance internal estimates and benchmarked against the above noted Russell index.

Sector Weights and Portfolio Positioning as of 11/30/2017

While the portfolio remains stable from a sector weighting perspective, we continue to make changes in order to optimize the risk reward. Our weighting in the Financial sector has been stable, but we lowered our exposure to some of our favorite regional banks as they approached our view of fair value and added to a select group of what we believe to be high quality insurance companies. We remain overweight the Consumer Staples sector as we believe we are able to buy high quality names with slower growth that do not excite investors enough during late cycle. Our underweight sectors remain unchanged. We continue to underweight the Energy sector as we believe the sector is facing a multi-year period of competitive transition. We also remain underweight the Utilities, Real Estate, Consumer Discretionary, and Information Technology sectors primarily due to valuation concerns.

Stocks We Added to Your Portfolio (November 2017):

United Bankshares, Inc. (UBSI): UBSI is a leading commercial bank in the Washington DC metro area with stable to gaining market share over the last decade. Following a recent period of underperformance driven by slower than expected loan growth, the risk reward for one of the few commercial banks that didn't cut its dividend during the Great Financial Crisis looked attractive.

Unum Group (UNM): UNM is the leading group disability insurance provider in the US with almost 15% market share and gaining. With UNM trading at around 13x our internal estimate of normalized earnings vs. our Nuance universe at over 25x, we felt UNM's risk reward was an attractive addition to our client's portfolios.

Stocks We Eliminated from Your Portfolio (November 2017):

None.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

We continue to be reasonably pleased with the performance of your Nuance Concentrated Value Composite. Year to date (through 11/30/2017), we are up 10.94 percent (net of fees) versus the Russell 3000 Value Index up 11.76 percent and the S&P 500 Index up 20.49 percent. Most importantly to us, since our inception on 11/13/2008, the Nuance Concentrated Value Composite is up 16.99 percent (annualized and net of fees) versus the Russell 3000 Value Index up 13.35 percent and the S&P 500 Index up 14.95 percent.

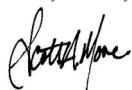
Opportunities at Nuance always center on optimizing the best risk reward situations we can find within the sea of investment opportunities that exist. Within the context of our Nuance process and out of thousands of companies, we have researched, and continue to study, value, and monitor approximately 250 companies (Nuance Master Group) that fit the competitive profile we seek. We believe the Nuance Master Group is superior to the members of the benchmarks we are trying to beat over the long term. These companies have strong market share positions and arguably the most sustainable market share positions in the world of the stock investment universe. Your portfolio then goes one step further and only consists of what we perceive to be the best risk rewards within that selective universe. In today's valuation environment, we believe the Nuance Master Group (on an equal weighted basis) is overvalued by approximately 25% and has downside (think recessionary period) of approximately 60%. As we have been clear about since this summer, our internal market set of opportunities is not exactly attractive on an absolute basis.

Within this subdued risk reward environment, where are the opportunities? We would cite three areas of potential opportunities and will discuss in more detail in our year-end 2017 and 2018 outlook piece next month. First, we are finding classic late cycle opportunities within the consumer staples sector. Historically, this higher quality but lower growth group does not excite investors enough during late cycles due to the mature and rather slow nature of its growth profile. Companies like The Procter & Gamble Co. (PG) and Kimberly-Clark Corp. (KMB) are two examples. A second area of opportunity appears to exist in the insurance industry. Very low interest rates are impacting rates of return on insurance companies' investment portfolios. This is resulting in modest under-earnings and less than stellar market sentiment and valuation levels leading to attractive risk rewards. Companies like The Travelers Companies, Inc. (TRV) and MetLife Inc. (MET) are examples. Lastly, good old-fashioned blocking and tackling from fundamental research can result in attractive risk rewards of companies going through mergers. These companies are often forgotten or underestimated by analysts. All-stock deals like Praxair, Inc. (PX) and Linde AG (LNEG), where we bought the PX stock of this merger of equal combination company, or Becton, Dickinson and Co.'s (BDX) acquisition of C. R. Bard, Inc. (BCR), where we purchased the company being acquired for cash and stock (BCR), can lead to better than average risk rewards versus most risk rewards in the market today. Both of these stocks worked out reasonably well during 2017, and we expect more to show up during 2018 as merger activity typically picks up steam during latter stages of the valuation and economic cycle.

In each of these three select opportunity sets (consumer staples, insurance, and merger combinations), we would be less than honest if we suggested or believed that the absolute upside was significant for any of these holdings during this rather aggressive latter stage of the valuation and economic cycle. That said, the risk reward of our portfolio is significantly better than that of our Nuance Master Group (in our opinion and based on our fundamental work) due to these opportunities. As such, we feel quite good about our risk reward versus the market as a whole. Importantly, that last sentence can apply to your Nuance Concentrated Value portfolio each day since the inception of the product in November of 2008 as optimizing our risk reward versus the market set of opportunities is the life blood of our product, our client's portfolios, and our firm.

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 (11/30/2017)	11.7	10.9	11.8	20.5	N/A	721	\$1,021,827,662	\$1,802,473,163	0.0%	10.1	10.5

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 – 03/31/2017 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. Nuance has adopted the following Significant Cash Flow Policy. 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 if a single cash flow is equal or greater than 10 percent of the total account value based on the beginning 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 following month.

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 Clearwater Analytics. 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 09/30/2017. 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 11/30/2017 portfolio weights of names discussed are as follows: C. R. Bard, Inc. (BCR) 9.02%, Procter & Gamble Co. (PG) 7.06%, Kimberly-Clark Corp (KMB) 3.61%, Travelers Companies, Inc. (TRV) 3.06%, MetLife, Inc. (MET) 3.00%, Praxair, Inc. (PX) 2.53%, Linde AG (LNEG) 0.00%, Becton, Dickinson and Co. (BDX) 0.00%.

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.