

Nuance Mid Cap Value Composite Perspectives



March 31, 2018

Description of the Product

The Nuance Mid Cap 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 50-90 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 Midcap® Value Index. Clients may also compare the product to the S&P MidCap 400 Value Index and 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: Mid-Cap Value
SI Rank in Cat: 1 of 100

Morningstar
Category: Mid-Cap Value
SI Rank in Cat: 2 of 310

Longer Term Performance Update (through March 31, 2018)

Since Inception Return: The return since inception (on 11/03/2008 through 3/31/2018) is 16.2 percent (annualized and net of fees) versus the Russell Mid Cap Value Index and S&P MidCap 400 Value Index which have returned 14.5 percent and 14.3 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 3/31/2018 is 1.2 (net of fees) versus Russell Midcap Value Index at 0.9, the S&P MidCap 400 Value Index at 0.9 and the S&P 500 Index at 1.0.

Peer Group Returns through 3/31/2018: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/2008, we ranked 17 out of 310 (5th percentile) peer group members in the Morningstar Mid Cap Value universe. Versus the Lipper Mid Cap Value universe we ranked 5 out of 100 (4th percentile).

Peer Group Risk-Adjusted Return through 3/31/2018: On a risk-adjusted return basis, since 11/30/2008, (as measured by the Sharpe Ratio) we ranked 2 out of 310 (1st percentile) peer group members in the Morningstar Mid Cap Value universe. Versus the Lipper Mid Cap Value universe we ranked 1 out of 100 (1st percentile).

Peer Group Analysis 11/30/2008 - 3/31/2018	Since Inception APR ¹	Standard Deviation (A) ¹	Sharpe Ratio (A) ¹
Nuance Mid Cap Value Composite (Gross)	17.9	13.4	1.3
Nuance Mid Cap Value Composite (Net)	17.1	13.4	1.3
Lipper Mid-Cap Value Funds Peer Group (Median)	14.6	15.3	0.9
Peer Group Percentile and Ranking	4th (5 of 100)	1st (1 of 100)	1st (1 of 100)
Morningstar Mid-Cap Value Peer Group (Median)	14.7	15.6	0.9
Peer Group Percentile and Ranking	5th (17 of 310)	8th (26 of 310)	1st (2 of 310)

Performance 11/03/2008 - 3/31/2018	APR [*]	TR [*]	Standard Deviation [*]	Sharpe Ratio [*]	7 Years	5 Years	3 Years	1 Year	2018 YTD
Nuance Mid Cap Value Composite (Gross)	17.0	339.4	13.6	1.2	14.3	13.7	12.3	11.1	(0.8)
Nuance Mid Cap Value Composite (Net)	16.2	311.0	13.6	1.2	13.4	12.9	11.6	10.3	(1.0)
Russell Midcap Value Index	14.5	256.8	15.9	0.9	11.2	11.1	7.2	6.5	(2.5)
S&P Midcap 400 Value Index	14.3	252.1	16.6	0.9	10.8	11.0	7.7	6.1	(3.0)
S&P 500 Index	13.7	234.6	13.6	1.0	12.7	13.3	10.8	14.0	(0.8)

^{*}Since Inception

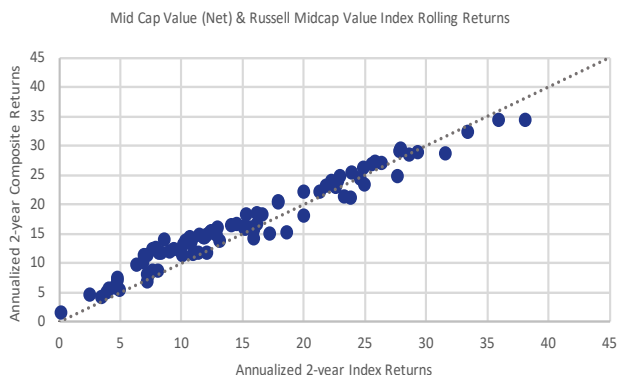
Shorter Term Performance Update (Two Year and Year-to-Date)

Rolling 2-Year Periods 11/30/2008 - 3/31/2018	Current 2-Year Period as of 3/31/2018		Composite (%) Net of Fees ¹	Russell Midcap Value Index (%)
	Periods Beating the Index			
Nuance Mid Cap Value Composite	69/89	77.5%	15.2	12.9

Your team at Nuance cautions our clients regarding the use of short-term performance as a tool to make manager or 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, 2018, the Nuance Mid Cap Value Composite two year rolling return is 15.2 percent (net of fees) versus the Russell Midcap Value Index and S&P 500 Index which have returned 12.9 percent and 15.6 percent respectively. Overall, we have outperformed in 69 out of the available 89 two-year periods as shown in the chart labeled Annual 2-Year Rolling Return.

Year-to-date, the Nuance Mid Cap Value Composite has returned (1.0) percent (net of fees) versus the Russell Mid Cap Value Index and the S&P 500 Index which have returned (2.5) percent and (0.8) percent respectively.



Calendar Year Performance as of 3/31/2018	11/03/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD
Nuance Mid Cap Value Composite (Gross)	(4.1)	38.7	21.1	4.0	22.0	35.5	9.8	3.0	21.9	16.2	(0.8)
Nuance Mid Cap Value Composite (Net)	(4.1)	38.2	20.0	3.4	20.6	34.2	9.1	2.3	21.1	15.4	(1.0)
Russell Midcap Value Index	(5.6)	34.2	24.8	(1.4)	18.5	33.6	14.7	(4.8)	20.0	13.3	(2.5)
S&P MidCap 400 Value Index	(3.9)	33.8	22.8	(2.4)	19.1	34.3	12.0	(6.7)	26.5	12.3	(3.0)
S&P 500 Index	(6.0)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	21.8	(0.8)

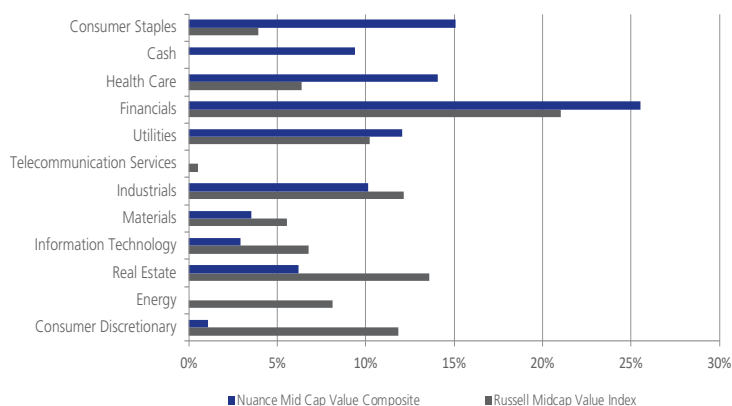
Composition of the Portfolio as of 3/31/2018

Portfolio Characteristics ²	Nuance Mid Cap Value Composite	Russell Midcap Value Index
Weighted Average Market Cap	18.0b	14.0b
Median Market Cap	12.7b	7.4b
Price to Earnings (internal and ttm)*	14.4x	17.8x
Forward Price to Earnings	15.4x	16.4x
Dividend Yield	2.0%	2.3%
Return on Equity	30.3%	10.7%
Return on Assets	6.2%	4.0%
Active Share vs Russell Midcap Value	95.6%	-
Upside/Downside Capture Ratio vs Russell Midcap Value	91.3% / 75.8%	-
Number of Securities	59	582

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 14.4x versus the Russell Midcap Value Index of 17.8x. We are achieving this ratio with a portfolio of companies that have a return on assets of 6.2 percent versus the Russell Midcap Value Index of 4.0 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 3/31/2018



While the portfolio was stable during the quarter, there were modest changes that took place. Overall, we continue to believe the opportunity set remains limited. We added to our position in the Utility sector as a modest rise in interest rates and classic regulatory lag has started to result in more attractive risk-rewards in the space. We remain overweight the Financial sector as an above-average catastrophe loss year created an opportunity in what we view as select high quality financial institutions in the insurance industry. We also continue to be overweight in the Consumer Staples and Healthcare sectors. The Industrial sector is now a slight underweight position in the portfolio as select names approached our view of fair value. 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 Consumer Discretionary and Information Technology sectors primarily due to valuation concerns.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

The first quarter of 2018 is now behind us. Year to date, your Nuance Mid Cap Value composite was down (1.02) percent (net of fees) versus the Russell Mid Cap Value Index down (2.50) percent and the S&P 500 Index down (0.76) percent. Most importantly to us, since our inception on 11/03/2008, the Nuance Mid Cap Value Composite is up 16.19 percent (annualized and net of fees) versus the Russell Mid Cap Value Index up 14.47 percent and the S&P 500 Index up 13.69 percent.

Our best performing stocks for the quarter centered on our focus on the insurance industry which was a highlighted industry of opportunity at year-end. Everest RE Group, Inc. (RE) is one example. After sharply lowering numbers due to a string of natural disasters, the company was able to begin the process of raising rates and improving their earnings off of temporarily low levels. We would also note that our avoidance of spaces we view as competitively transitioning also benefitted the strategy. The Energy sector is one example. Our holdings in the Healthcare sector also helped performance. In particular, our holding in Smith & Nephew PLC (SNN) added to the portfolio as solid quarterly results resulted in a positive period of performance. Lastly, our cash position clearly helped this quarter. For our avid readers, most of you know that we suggested in our 6/30/2017 commentary that the opportunity set of investment ideas was lacking due to valuation concerns, and as such, we asked our clients for some patience while we wait on better risk rewards.

The two spaces that detracted from performance were the Information Technology and Consumer Staples sectors. Our underweight in Information Technology was a modest detractor as the space outperformed. We continue to see our leaders in this space as largely over-earning their potential with valuation multiples that are also extended. Lastly, the Consumer Staples sector underperformed due largely – in our opinion – to the rise in interest rates that hurt this yield-focused sector.

Late cycle value investing is always interesting and can be a bit frustrating for your Nuance team. A lack of valuation focus, an apparent love of leverage by the market, and a lack of memory related to the downside risk in individual stocks and markets are all very common traits of late cycle periods. All of those traits are clearly apparent to us today. During these periods, your team focuses its attention on our investment process. Our Nuance investment process places a strong emphasis on trying to ensure that the company has leading and sustainable market share positions across the vast majority of its businesses, can deliver above average returns on capital versus peers over a business cycle, and has a strong financial position versus its peers. With those characteristics studied and understood, we then prepare our own proprietary financial statements for each company that attempt to normalize the financial statement to a state of normalcy or to what we think of as a mid-business cycle state. With those financial statements created, we then study historical valuation data to ascertain a fair value and downside risk value for each of the leading businesses that we believe have the traits of a successful investment. At that stage, we then only invest in the companies on our list that, in our opinion, have significantly better risk rewards than the market set of opportunities.

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 Mid Cap 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 (RMV Index)	Benchmark Return (MIDV 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 (RMV Index)
YTD 2008 (11/03/08-12/31/08)	(4.1)	(4.1)	(5.6)	(3.92)	N/A	1	\$9,531,045	\$18,657,997	0.0%	-	-
2009	38.7	38.2	34.2	33.77	-	4	\$50,600,141	\$137,943,058	1.1%	-	-
2010	21.1	20.0	24.8	22.79	0.1	4	\$60,702,099	\$181,201,036	1.1%	-	-
2011	4.0	3.4	(1.4)	(2.39)	0.1	4	\$55,186,800	\$152,976,943	0.9%	18.2	23.1
2012	22.0	20.6	18.5	19.10	0.1	4	\$58,463,905	\$214,936,666	1.0%	14.6	17.0
2013	35.5	34.2	33.6	34.25	0.1	8	\$80,358,264	\$507,569,897	1.0%	13.1	13.9
2014	9.8	9.1	14.7	12.04	0.1	13	\$130,238,086	\$1,071,186,382	0.7%	10.7	9.9
2015	3.0	2.3	(4.8)	(6.66)	0.1	17	\$145,638,450	\$913,545,839	0.6%	11.2	10.9
2016	21.9	21.1	20.0	26.5	0.1	17	\$416,346,621	\$1,466,221,847	0.0%	11.5	11.5
2017	16.2	15.4	13.3	12.3	0.0	23	\$586,931,538	\$1,784,338,191	0.0%	10.5	10.5
YTD 2018 (3/31/2018)	(0.8)	(1.0)	(2.5)	(3.0)	N/A	26	\$668,366,433	\$1,782,597,841	0.0%	10.3	10.8

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 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 Mid Cap Value Composite (the "Composite") is a composite of actual accounts invested in the Nuance Mid Cap Value investment strategy. The inception date for the Composite is 11/03/2008. 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 Midcap Value Index. The Russell Midcap Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. The Secondary Benchmarks for the Composite are the S&P MidCap 400 Value Index and the S&P 500 Index TR. The S&P MidCap 400 Value Index measures value in separate dimensions across six risk factors. The value factors include book value to price ratio, sales to price ratio, and dividend yield. 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 a mid market capitalization value investment style. The Morningstar Mid-Cap Value Peer Group and the Lipper Mid-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 3/31/2018. 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 3/31/2018 portfolio weights of names discussed are as follows: Everest Re Group, Inc. (RE) 2.82% and Smith & Nephew PLC (SNN) 4.28%.

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.