Nuance Mid Cap Value Composite Perspectives

June 30, 2017

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 Rankings[1]

1ST PERCENTILE

Lipper
Category: Mid-Cap Value
SI Rank in Cat: 1 of 97

Morningstar
Category: Mid-Cap Value
SI Rank in Cat: 2 of 312

Longer Term Performance Update (through June 30, 2017)

Since Inception Return: The return since inception (on 11/03/2008 through 6/30/2017) is 16.8 percent (annualized and net of fees) versus the Russell Mid Cap Value Index and S&P MidCap 400 Value Index which have returned 15.2 percent and 14.9 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 6/30/2017 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 6/30/2017: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/2008, we ranked 19 of 312 peer group members (6th percentile) in the Morningstar Mid Cap Value universe. Versus the Lipper Mid Cap Value universe we ranked 8th (7th percentile).

Peer Group Risk-Adjusted Return through 6/30/2017: On a risk-adjusted return basis, since 11/30/2008, (as measured by the Sharpe Ratio) we ranked 2 of 312 peer group members (1st percentile) in the Morningstar Mid Cap Value universe. Versus the Lipper Mid Cap Value universe we ranked 1st (1st percentile).

Peer Group Analysis 11/30/2008 - 6/30/2017	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Mid Cap Value Composite (Gross)	18.6	13.8	1.3
Nuance Mid Cap Value Composite (Net)	17.8	13.8	1.3
Lipper Mid-Cap Value Funds Peer Group (Median)	15.7	16.0	0.9
Peer Group Percentile and Ranking	7th (8 of 97)	1st (2 of 97)	1st (1 of 97)
Morningstar Mid-Cap Value Peer Group (Median)	15.4	16.0	0.9
Peer Group Percentile and Ranking	6th (19 of 312)	8th (27 of 312)	1st (2 of 312)

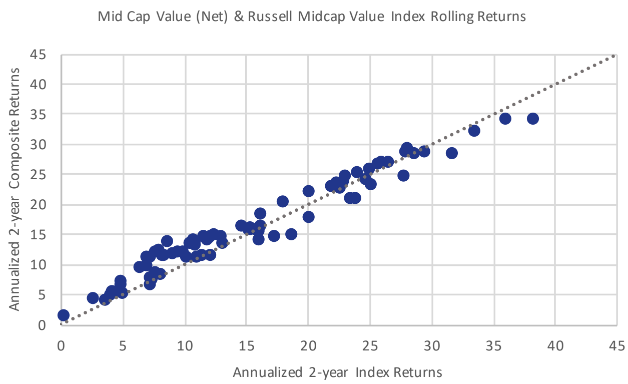
Performance 11/03/2008 - 6/30/2017	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year	2017 YTD
Nuance Mid Cap Value Composite (Gross)	17.6	308.0	14.0	1.3	17.4	17.5	9.9	21.0	7.0
Nuance Mid Cap Value Composite (Net)	16.8	283.7	14.0	1.2	16.5	16.7	9.2	20.3	6.6
Russell Midcap Value Index	15.2	239.7	16.4	0.9	15.3	15.2	7.4	15.9	5.2
S&P MidCap 400 Value Index	14.9	233.8	17.0	0.9	15.0	14.9	7.5	18.5	3.2
S&P 500 Index	13.6	202.6	13.9	1.0	15.4	14.6	9.6	17.9	9.3

*Since Inception

Value. Delivered.

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

	Rolling 2-Year Periods		Current 2-Year Period as of 6/30/2017	
11/30/2008 - 6/30/2017	Periods Beating the Index		Composite (%) Net of Fees[1]	Russell Midcap Value Index (%)
Nuance Mid Cap Value Composite	58/79	73%	12.3	9.4



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 June 30, 2017, the Nuance Mid Cap Value Composite two year rolling return is 12.3 percent (net of fees) versus the Russell Midcap Value Index and S&P 500 Index which have returned 9.4 percent and 10.7 percent respectively. Overall, we have outperformed in 58 out of the available 79 two-year periods as shown in the chart labeled Average Annual 2-Year Rolling Return.

Year-to-date, the Nuance Mid Cap Value Composite has returned 6.6 percent (net of fees) versus the Russell Mid Cap Value Index and the S&P 500 Index which have returned 5.2 percent and 9.3 percent respectively.

Calendar Year Performance as of 6/30/2017	11/03/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017 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	7.0
Nuance MId Cap Value Composite (Net)	(4.1)	38.2	20.0	3.4	20.6	34.2	9.1	2.3	21.1	6.6
Russell Midcap Value Index	(5.6)	34.2	24.8	(1.4)	18.5	33.6	14.7	(4.8)	20.0	5.2
S&P MidCap 400 Value Index	(3.9)	33.8	22.8	(2.4)	19.1	34.3	12.0	(6.7)	26.5	3.2
S&P 500 Index	(6.0)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	9.3

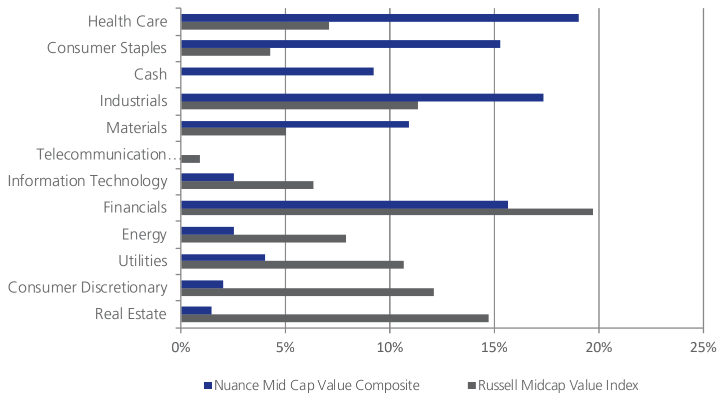
Composition of the Portfolio as of 6/30/2017

Portfolio Characteristics[2]	Nuance Mid Cap Value Composite	Russell Midcap Value Index
Weighted Average Market Cap	20.8b	13.4b
Median Market Cap	13.7b	7.0b
Price to Earnings (internal and ttm)*	16.2x	20.3x
Forward Price to Earnings	18.8x	19.0x
Dividend Yield	2.0%	2.2%
Return on Equity	22.0%	10.2%
Return on Assets	6.4%	3.7%
Active Share vs Russell Midcap Value	94.9%	-
Upside/Downside Capture Ratio vs Russell Midcap Value	91.2% / 76.6%	-
Number of Securities	75	590

*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 16.2x versus the Russell Midcap Value Index of 20.3x. We are achieving this ratio with a portfolio of companies that have a return on assets of 6.4 percent versus the Russell Midcap Value Index of 3.7 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 6/30/2017



We have recently added to our positions in Healthcare and Consumer Staples as we added arbitrage opportunities which we believe have little downside risk (due to our belief that the odds of the deal getting done are very high) and modest upside potential. As such, they have risk-rewards that are significantly better than opportunity set today. Outside of those arbitrage opportunities, the sector weightings in the portfolio have been stable. We remain overweight Materials and Industrials. We have lowered our position in the Utility sector as several of our select names are approaching our internal view of fair value. We continue to be underweight in the Information Technology, Real Estate and Consumer Discretionary sectors due to valuation concerns.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

We continue to be pleased with the performance of your Nuance Mid Cap Value Composite. During the first half of the year (through 6/30/2017) we were up 6.65 percent (net of fees) versus the Russell Midcap Value Index up 5.17 percent and the S&P 500 Index up 9.34 percent. For the last 12 months, we are up 20.32 percent (net of fees) versus the Russell Mid Cap Value Index up 15.91 percent and the S&P 500 Index up 17.89 percent. Most importantly, since our inception on 11/3/2008, the Nuance Mid Cap Value Composite is up 16.78 percent (annualized and net of fees) versus the Russell Mid Cap Value Index up 15.17 percent and the S&P 500 Index up 13.64 percent.

Throughout the history of Nuance Investments, we have ended many of our quarterly commentaries with the following statement:

> *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 what we consider to be better than the market downside support and better than the market upside over the long-term should lead to solid risk adjusted returns versus our peers and benchmarks.*

As of today, part of that phrase no longer completely applies. Specifically, the part of the phrase stating that we are finding leading business franchises "that are trading below our internally derived view of fair or intrinsic value" is no longer appropriate to say. Our Nuance universe (our internally researched and approved group of 250 leading business franchises) as a group – is now overvalued and the stock prices of most companies on that list do not reflect the potential risks inherent in their market valuations. Today, our universe is trading at 23x normalized earnings. Even accounting for the potential of a meaningful corporate tax rate change which would enhance the normal earnings of some (but not all) of our companies, the group is still trading above 21x our internal normalized earnings. These are extremely high valuations from our perspective and is the reason for our cautious commentary. We would note that this is a significant change for your team as earlier this year we were still finding one-off pockets of opportunity in the Healthcare sector, the Consumer Staples sector, and the Trucking and Transportation industries.

So where do we go from here? First, our team is using the word "patient" a great deal these days. Being patient as defined by Merriam-Webster is being "steadfast despite opposition, difficulty, or adversity" or "bearing pains or trails calmly or without complaint." We hope our clients can be a bit patient with us as we wait on better risk rewards to materialize. So, given the need for patience, what are we doing with your portfolio? We have taken several steps to mitigate risk while also trying to create upside for our clients that is better than the market as a whole and cash. We would group these shifts into three categories:

1. We have diversified your portfolio and now have 75 names in the portfolio compared to our more typical 50-60 names. The result is that we now own a group of stocks that are modestly overvalued but that we believe can grow into modest upside versus the market over the next 12-24 months. In general, these are top-tier companies with solid balance sheets and less downside than the market based on our work.

2. We have added merger arbitrage and convertible equity opportunities to your portfolio which we believe have more modest downside risk than the market as a whole and some modest upside potential. As such, they have risk rewards that are significantly better than the opportunity set today. These are tools our team has been able to use since inception and have used before, but until recently we have not needed to pull these out of our investment toolbox. For example, we have added significant positions in WFM (AMZN is buying for $42 cash, and we get a 2-3 dividends while we wait on the closing) as well as BCR (BDX is buying for cash $222.93 and stock .5077 shares of BDX). Our clients should expect to see more of these if we believe a deal has very high odds of completion from a Department of Justice / regulatory / competitive perspective and if the acquirer is a solid company with an solid financial profile to allow for funding of the deal with minimal issues even if the market corrects or sells-off.

3. We also continue to find a few one-off positive risk rewards due to company-specific issues. Hub Group Inc. (HUBG) is a leading trucking, intermodal, and transportation logistics company that is under-earning its normal potential due to cyclically low trucking rates and intermodal pricing due to low utilization levels. That under-earnings has led to poor stock performance recently, and we have been adding to our position.

These three areas have helped us maintain a better risk reward than the market as a whole in our opinion, which is our bigger-picture goal each and every day. While it may feel a bit uncomfortable for our clients to read about the relatively high valuations we are seeing, we hope a bit of patience will be rewarding for all of us.

In closing we have a modestly adjusted version of our closing phrase that seems more appropriate given today's valuation backdrop:

> *As we remind our clients each month, your team continues to find leading business franchises with sustainable competitive positions that are trading at prices that reflect risk rewards that are – in our view – significantly better than that of the market opportunities. We believe that our time-tested process of finding best of breed businesses with what we consider to be better than the market downside support and better than the market upside over the long-term should lead to solid risk adjusted returns versus our peers and benchmarks.*

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
YTD 2017 (6/30/2017)	7.0	6.6	5.2	3.2	N/A	26	$468,908,055	$1,637,724,837	0.1%	11.1	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 – 03/31/2017 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 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. 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 the 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 6/30/2017. 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 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.

Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 6/30/2017 portfolio weights of names discussed are as follows: Becton Dickinson Series A Convertible Preferred Stock (BDX) 6.0%, C.R. Bard Inc. (BCR) 6.0%, Whole Foods Market, Inc. (WFM) 6.0%, and Hub Group, Inc. (HUBG) 3.5%.

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.