

Nuance Concentrated Value Perspectives Annual Report

December 31, 2010



Commentary with President and Chief Investment Officer
Scott A. Moore, CFA

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Product Overview

•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 Russell Midcap Value Index and the S&P 500 Index.

Performance Update and Highlights for 2010

•Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through December 31, 2010) is up 29.98 percent (annualized and net of fees) versus the Russell 3000 Value Index up 17.02 percent, the Russell Midcap Value Index up 28.82 percent, and the S&P 500 Index up 18.98 percent.

•For the year ending December 31, 2010 the Nuance Concentrated Value Composite is up 18.12 percent (net of fees) versus the Russell 3000 Value Index up 16.26 percent, Russell Midcap Value Index up 24.75 percent, and the S&P 500 Index up 15.06 percent.

•2010 will be remembered as the second straight above average year for stock returns in general. With the S&P 500 Index up 15.06 percent, clearly the market cheered the modestly improving economy as well as higher than expected corporate profits. This coupled with below average market valuation levels at the beginning of the year led to an excellent year for investors.

11/13/08 – 12/31/10	1 Year	2 Years APR	3 Years APR	5 Years APR	Since Inception APR	Since Inception Return
Nuance Concentrated Value Composite (Gross)	18.78	29.97	N/A	N/A	30.53	76.47
Nuance Concentrated Value Composite (Net)	18.12	29.38	N/A	N/A	29.98	74.88
Russell 3000 Value Index	16.26	18.01	N/A	N/A	17.02	39.78
Russell Midcap Value Index	24.75	29.39	N/A	N/A	28.82	71.56
S&P 500 Index	15.06	20.63	N/A	N/A	18.98	44.83

	11/13/2008 –to- 12/31/2008	2009	2010
Nuance Concentrated Value Composite (Gross)	4.47	42.21	18.78
Nuance Concentrated Value Composite (Net)	4.47	41.72	18.12
Russell 3000 Value Index	0.38	19.78	16.26
Russell Midcap Value Index	2.47	34.20	24.75
S&P 500 Index	(0.47)	26.47	15.06

Please note: Commencement of the Nuance Concentrated Value Composite was 11/13/08. Return figures for the Nuance Concentrated Value Composite are provided by Advent Portfolio Exchange. The Primary benchmark for the Nuance Concentrated Value Composite is the Russell 3000 Value Index. The secondary benchmarks are the Russell Midcap Value Index and the S&P 500 Index. Return figures for all Indices are provided by Bloomberg. Periods over one year are annualized total return.

Portfolio Attribution and Investment Strategy Review

•The bright spots in your portfolio for the year centered on the Healthcare, Information Technology, Consumer Staples, and Financial sectors. Beckman Coulter Inc., General Mills Inc., Xilinx Inc., Texas Instruments Inc., and Chubb Corporation were all positive contributors to performance during 2010.

•The Consumer Discretionary and Industrial sectors were the primary disappointments during 2010. An underweight stance in both of these performing sectors was the primary negative to performance.

•Going forward, we continue to find opportunities in the Healthcare and the Information Technology sectors and have increased our weighting in the Consumer Staples sector as increased competitive pressure from generic companies coupled with rising commodity costs have pressured near term earnings. Kimberly-Clark Corporation and Clorox Co. are companies that we have increased our exposure to during recent months.

New Stock Added During December

•**Clorox Co. (CLX):** CLX is a leading household products company with over 80 percent of its brands being number one or number two market share in their respective categories. Recent increased competition from generic companies coupled with higher commodity costs has resulted in slowing earnings growth and negative sentiment for the stock. These factors have led to recent underperformance and have resulted in attractive valuation.

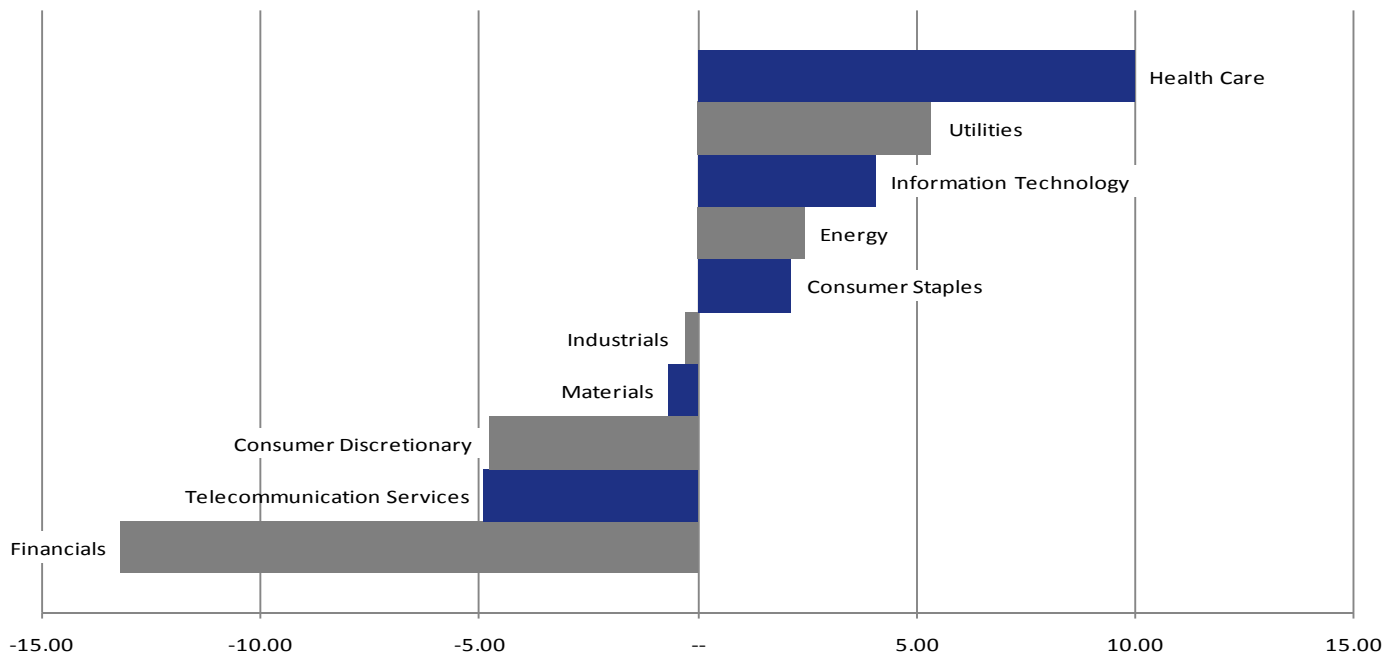
•**Kellogg Co. (K):** K is a leading food producer with dominant market share positions across its food categories. Recent competitive pressures from branded and generic competitors coupled with rising food and commodity costs have pressured the companies results and led to valuation levels that we find attractive.

•**Imperial Oil Ltd. (IMO):** This Canadian corporation is a leading producer of crude oil in North America and has a low-cost position in the race to produce oil in what is know as the Canadian Oil Sands. Earnings came under pressure in 2010 due to pressures on oil prices throughout the year which coincided with meaningful spending on major projects in the Canadian Oil Sands. Your team believes the earnings power potential will start to be recognized by the market over the next year or two and that the price of the stock is materially undervalued.

Stocks We Sold During December

•**Cintas Corp. (CTAS):** We sold CTAS during December as the team believed that were better and more asymmetrical risk versus reward profiles in other stocks available in the marketplace. We will continue to monitor CTAS for future investment opportunities.

**Nuance Concentrated Value Composite -vs- Russell 3000 Value Index
 Sector Diversification - 12/31/10**



Please note: Sector Classifications are generally determined by referencing the Global Industry Classification Standard (GICS) Codes developed by Standard & Poor's and Morgan Stanley Capital International. Sector Allocations are a percent of equity investments and subject to change.

Statistics and Valuation Support

We continue to be pleased with the overall composition of the portfolio. Remember that we are seeking to find investment opportunities in above average companies with better than average valuation support. Using the table below, you can see that the portfolio has a Price to Earnings ratio of 15.8x versus the Russell 3000 Value Index of 20.4x. We are achieving this ratio with a portfolio of companies that have returns on assets of 7.7 percent versus the Russell 3000 Value Index of 5.0 percent. This dichotomy of above average companies selling at below average multiples is a recipe for outperformance over the long term in our opinion.

Statistic	Nuance Concentrated Value	Russell 3000 Value Index
Weighted Average Market Cap	54.5b	62.9b
Median Market Cap	12.4b	0.93b
PE Trailing 12 Months	17.2x	29.2x
PE EPS Estimates Year 1	15.8x	20.4x
Dividend Yield	2.54%	2.10%
Price to Sales	2.1x	2.0x
Return on Assets	7.7%	5.0%
Return on Equity	16.9%	12.1%
Number of Securities	28	1,963

2010 Year End Review and 2011 Outlook

Since we opened the Nuance Investments, LLC doors in late 2008, we have endured the 2008 and 2009 financial and real estate crisis, the resulting recession, fears of a global depression, and a market meltdown and subsequent recovery that defined the term "volatility." Through it all, your team has continued to do what we always do. Focus our attention on studying one company at a time insuring that each company we own maintains a sound and solid competitive position and insuring that the companies we own are undervalued based on our own internally derived view of sustainable cash flows and earnings and valuation.

2010 was another excellent year for investors and we are certainly pleased with our overall results. Modestly improving economic news, solid earnings results, and inexpensive valuations at year-end 2009 resulted in another above-average year for stocks in general. As discussed above, your Nuance Concentrated Value Composite was up 18.12 percent (net of fees) versus the Russell 3000 Value Index up 16.26 percent, Russell Midcap Value Index up 24.75 percent, and the S&P 500 Index up 15.06 percent.

We are gratified that for these first 26 months of our young firm we have delivered above-average results for our clients. We want to emphasize, however, that we will not outperform our benchmark each and every year. That is simply not a realistic assumption over time and frankly watching indexes is not what we spend our time doing. Rather, we continue to search the world for leading business franchises selling out discounts to what they are worth. By diligently focusing on this task day in and day out, we believe that outperformance will accrue to our clients over the long term.

When considering our 2011 outlook, we started by looking at history first. Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through December 31, 2010) is up 74.88 percent (non-annualized and net of fees) versus the Russell 3000 Value Index up 39.78 percent, the Russell Midcap Value Index up 71.56 percent, and the S&P 500 Index up 44.83 percent. We are choosing to show our clients these non-annualized numbers to highlight just how much market values have appreciated in the past 26 months. In our opinion, valuation levels for stocks are not as attractive as they have been during these that last two years. That fact alone makes us appreciate that there are risks in today's marketplace. But within a marketplace with many fairly valued companies, we continue to find excellent company-specific opportunities. As of today, your portfolio is comprised of leading market share companies, with solid financial strength, that are trading at significant discounts to our internal view of fair or intrinsic value.

Please visit our website at www.nuanceinvestments.com for more information about our team, our process, and value investing. You can also get real-time access to the Nuance Investment website updates and information via traditional mail or e-mail. Simply contact us at client.services@nuanceinvestments.com or call 816-743-7080 to sign-up.

Thank you for your continued confidence and support,



Scott A. Moore, CFA

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