

Nuance Concentrated Value Perspectives Discussion

February 28, 2011



Commentary with President and Chief Investment Officer
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Performance Update

- Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through February 28, 2011) is up 30.66 percent (annualized and net of fees) versus the Russell 3000 Value Index up 18.69 percent, the Russell Midcap Value Index up 29.74 percent, and the S&P 500 Index up 20.49 percent.
- Year-to-date through February 28, 2011, the Nuance Concentrated Value Composite is up 5.59 percent (net of fees) versus the Russell 3000 Value Index up 5.96 percent, the Russell Midcap Value Index up 5.90 percent, and the S&P 500 Index up 5.88 percent.
- We continue to find investment opportunities in individual companies across the market. Areas of emphasis include the Consumer Staples and Healthcare sectors. Conversely, we continue to lack investment opportunities in the Consumer Discretionary, Telecommunications sectors, and Real Estate Investment Trust industry. We have also been reducing our exposure to the Utility sector due to valuation concerns.
- Remember that your team studies each company that we own on its merits, bottoms-up, one at a time. During that process, we place an emphasis on sustainable and leading market share position companies that deliver above average returns on capital versus peers, and have strong financial positions. With those characteristics studied and understood, we then review each company to determine their intrinsic value. Our portfolio is a diversified mix of these leading business with material undervaluation relative to the what we believe they are worth.

Stocks we recently added to your portfolio

- **Merck & Co. Inc. (MRK):** This global healthcare giant delivers health related solutions through medicines, vaccines, and therapies. Recent lowering of guidance and a withdrawal of growth rate expectations has resulted in a poor stock performance and we think an interesting entry point for this company. Strong market position for its drugs, an excellent balance sheet, and going forward synergies from its acquisition of Schering-Plough Corp. in 2010 lead us to believe that MRK is one of the best positioned pharmaceutical companies within an industry struggling to return to its historic levels of growth and success.
- **Southwestern Energy (SWN):** This low cost natural gas and oil exploration and development company has come under pressure recently due to depressed natural gas prices relative to oil and other commodities. Your team believes that the longer term normal natural gas price is higher than today's depressed level and as such SWN's earnings power and market value are being understated by the market.

Stocks we recently sold from your portfolio

- **Beckman Coulter Inc. (BEC):** We recently sold our position in BEC after Danaher Corp. agreed to purchase the company for \$83.50 per share in cash. We had purchased this stock over the last couple of years at significantly lower prices and are pleased with this ultimate outcome.

Notes For the Month

- Overall, we continue to believe that each company we own in your portfolio is trading at a discount to our internal view of fair value. Despite the large market movements that we have seen over the last two years, we continue to see individual stocks that are compelling values.

Don't forget to 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 Investments 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.

A handwritten signature in black ink, appearing to read "Scott A. Moore".

Scott A. Moore, CFA

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 and are net of fees. 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.