

Nuance Mid Cap Value Perspectives Semi-Annual Report



June 30, 2011

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

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Product Overview

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 -100 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.

Performance Update and Highlights

Since its inception on November 3, 2008, the Nuance Mid Cap Value Composite (through June 30, 2011) is up 22.61 percent (annualized and net of fees) versus the Russell Midcap Value Index up 21.75 percent, the S&P MidCap 400 Value Index up 21.60 percent, and the S&P 500 Index up 15.05 percent.

For the six month period ending June 30, 2011 the Nuance Mid Cap Value Composite was up 8.04 percent (net of fees) versus the Russell Midcap Value Index up 6.69 percent, the S&P MidCap 400 Value Index up 6.51 percent, and the S&P 500 Index up 6.02 percent.

11/03/08 – 06/30/11	YTD 2011	1 Year	2 Years APR	3 Years APR	5 Years APR	Since Inception APR	Since Inception Return
Nuance Mid Cap Value Composite (Gross)	8.20	31.65	29.34	N/A	N/A	23.25	74.18
Nuance Mid Cap Value Composite (Net)	8.04	30.52	28.62	N/A	N/A	22.61	71.79
Russell Midcap Value Index	6.69	34.28	31.56	N/A	N/A	21.75	68.62
S&P MidCap 400 Value Index	6.51	33.46	29.47	N/A	N/A	21.60	68.08
S&P 500 Index	6.02	30.69	22.29	N/A	N/A	15.05	45.10

	11/03/2008 -to- 12/31/2008	2009	2010	YTD 2011
Nuance Mid Cap Value Composite (Gross)	(4.13)	38.69	21.08	8.20
Nuance Mid Cap Value Composite (Net)	(4.13)	38.20	20.01	8.04
Russell Midcap Value Index	(5.60)	34.20	24.75	6.69
S&P MidCap 400 Value Index	(3.92)	33.77	22.79	6.51
S&P 500 Index	(5.95)	26.47	15.06	6.02

Please note: Commencement of the Nuance Mid Cap Value Composite was 11/03/08. Return figures for the Nuance Mid Cap Value Composite are provided by Advent Portfolio Exchange. The Primary benchmark for the Nuance Mid Cap Value Composite is the Russell Midcap Value Index. The secondary benchmarks are the S&P MidCap 400 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.

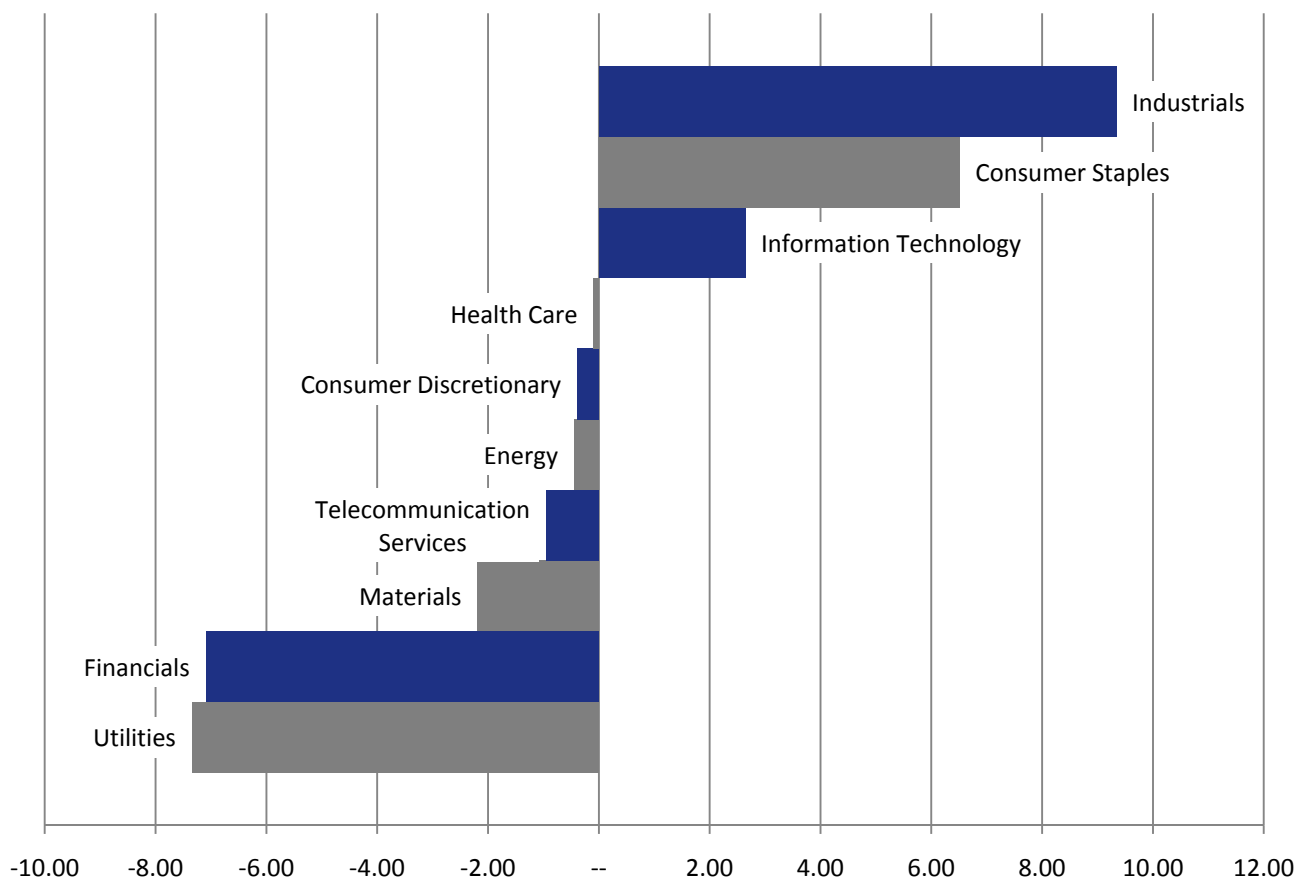
Portfolio Attribution and Investment Strategy Review

The bright spots in your portfolio for the first six months of the year centered on the Energy, Materials, and Industrial sectors. Imperial Oil Ltd., Graham Packaging Inc., and Cintas Corp. were all material contributors to our outperformance in the first half of 2011.

The primary detractors of performance during the first six months of the year focused on the Finance and Consumer Discretionary sectors. Hudson City Bancorp Inc. and Lowe’s Cos. were two examples of difficult stocks. Both of those stocks are still held in the portfolio and we continue to believe they are significantly undervalued.

Going forward, we continue to find opportunities in the Consumer Staples and Industrial sectors. We continue our underweight stance in the Finance and Utility sectors.

**Nuance Mid Cap Value Composite -vs- Russell Midcap Value Index
 Sector Diversification**



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 17.0x versus the Russell Mid Cap Value Index of 29.0x. We are achieving this ratio with a portfolio of companies that have returns on assets of 7.5 percent versus the Russell Midcap Value Index of 5.4 percent. This phenomenon of owning above average companies selling at below average multiples is a recipe for outperformance over the long term in our opinion.

Statistic	Nuance Mid Cap Value	Russell Midcap Value Index
Weighted Average Market Cap	12.2b	8.0b
Median Market Cap	8.8b	4.1b
PE Trailing 12 Months	20.4x	28.3x
PE EPS Estimates Year 1	17.0x	29.0x
Dividend Yield	2.60%	2.02%
Price to Sales	2.1x	2.4x
Return on Assets	7.5%	5.4%
Return on Equity	17.9%	10.3%
Number of Securities	66	529

Semi-Annual Review

Two years from teetering on the brink of the most serious economic and financial crisis since the Great Depression, the persistency of the market recovery continues. Despite debt and leverage issues in countries around the world, anemic growth in developed countries, and seemingly more frequent natural disasters, the world's best companies continue to execute at very high levels versus historical norms. Frankly, the ability of the companies we own and follow to manage their businesses through these issues has been more than impressive. As for your Nuance team, we continue to do 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.

We get asked a great deal what we think of the market. Is it expensive, inexpensive, or fairly valued? Our answer today is that our group of leading business franchise companies (over 300 companies in all) are performing at roughly the normal level of earnings potential versus history. This is impressive considering the economic environment in which they are operating. From a valuation perspective, your team would suggest that the market (as defined by our internal follow list of more than 300 companies) is modestly undervalued. This follows the impressive stock market gains of 2009, 2010, and the first six months of 2011. That said, 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.

Overall, we continue to be gratified that over these first 32 months of our young firm we have delivered above-average results for our clients with below-average risk. We want to mention, 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 at 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.

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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