

Nuance Mid Cap Value Perspectives Discussion



June 30, 2012

from



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

The Nuance Mid Cap Value Composite is a classic value separate account 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

Since its inception on November 3, 2008, the Nuance Mid Cap Value Composite (through June 30, 2012) is up 16.92 percent (annualized and net of fees) versus the Russell Midcap Value Index up 15.25 percent, the S&P MidCap 400 Value Index up 15.07 percent, and the S&P 500 Index up 12.34 percent.

For the first half of 2012 (ending June 30, 2012), the Nuance Mid Cap Value Composite ended up 7.73 percent (net of fees) versus the Russell Midcap Value Index up 7.78 percent, the S&P MidCap 400 Value Index up 8.44 percent, and the S&P 500 Index up 9.49 percent.

Comparing our product to peers since our inception (ending June 30, 2012) also displays excellent results. On a total return basis, we ranked 65th out of 380 members (17th percentile) in the Morningstar Mid-Cap Value Peer Group. Versus the Lipper Mid-Cap Value Funds Peer Group we ranked 38th out of 202 members (19th percentile).

Compared to these same peer groups on a risk-adjusted return basis (as measured by Sharpe Ratio), the Nuance Mid Cap Value Composite also fared quite well. The product ranked 7th out of 380 members (2nd percentile) in the Morningstar Mid-Cap Value Peer Group. Versus the Lipper Mid-Cap Value Funds Peer Group we ranked 1st out of 202 members (1st percentile). The Sharpe Ratio is calculated by subtracting the return of the risk-free index (Citigroup 3-month Treasury Bill) from the Composite return divided by the Standard Deviation of the Composite to get the risk-adjusted return.

Separate Account Morningstar® Rating



Morningstar Rating Overall: 4 Stars
Category: Mid-Cap Value
Number Rated: 131*

*The top 10% of separate accounts in a category earn 5 stars.

Scott A. Moore, CFA



President and Chief Investment Officer

- 21+ years of investment analyst experience
- 19+ years of classic value investment experience
- 13+ years of portfolio management experience using a classic value approach
- Co-owner and founder of Nuance Investments, LLC
- Lead Portfolio manager of the Morningstar 5-Star rated Nuance Concentrated Value Separate Account product
- Lead Portfolio manager of the Morningstar 4-Star rated Nuance Mid Cap Value Separate Account product
- Former Sr. Portfolio Manager at American Century Investments managing over \$10 billion

	11/03/2008 - 06/30/2012	YTD 2012	1 Year	3 Years APR	Since Inception APR	Since Inception Return	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Nuance Mid Cap Value Composite (Gross)		8.59	4.42	20.43	17.78	81.88	17.76	0.99
Nuance Mid Cap Value Composite (Net)		7.73	3.08	19.47	16.92	77.08	17.83	0.94
Russell Midcap Value Index		7.78	(0.37)	19.92	15.25	67.99	22.29	0.67
S&P MidCap 400 Value Index		8.44	(0.62)	18.55	15.07	67.04	22.32	0.67
S&P 500 Index		9.49	5.45	16.40	12.34	53.01	19.98	0.45
			11/13/08 - 12/31/08		2009		2010	2011
Nuance Mid Cap Value Composite (Gross)				(4.13)	38.69		21.08	4.04
Nuance Mid Cap Value Composite (Net)				(4.13)	38.20		20.01	3.38
Russell Midcap Value Index				(5.60)	34.20		24.75	(1.38)
S&P MidCap 400 Value Index				(3.92)	33.77		22.79	(2.39)
S&P 500 Index				(5.95)	26.47		15.06	2.11

Peer Group Analysis 11/30/2008 - 06/30/2012

	Since Inception APR	Standard Deviation (A)	Sharpe Ratio (A)
Nuance Mid Cap Value Composite (Gross)	20.13	17.54	1.14
Nuance Mid Cap Value Composite (Net)	19.25	17.62	1.09
Morningstar Mid-Cap Value Peer Group (median)	17.29	20.96	0.81
Peer Group Percentile	17th	8th	2nd
Peer Group Ranking	65 of 380	32 of 380	7 of 380
Lipper Mid-Cap Value Funds Peer Group (median)	17.07	21.03	0.81
Peer Group Percentile	19th	4th	1st
Peer Group Ranking	38 of 202	9 of 202	1 of 202

Portfolio Attribution and Investment Strategy Review:

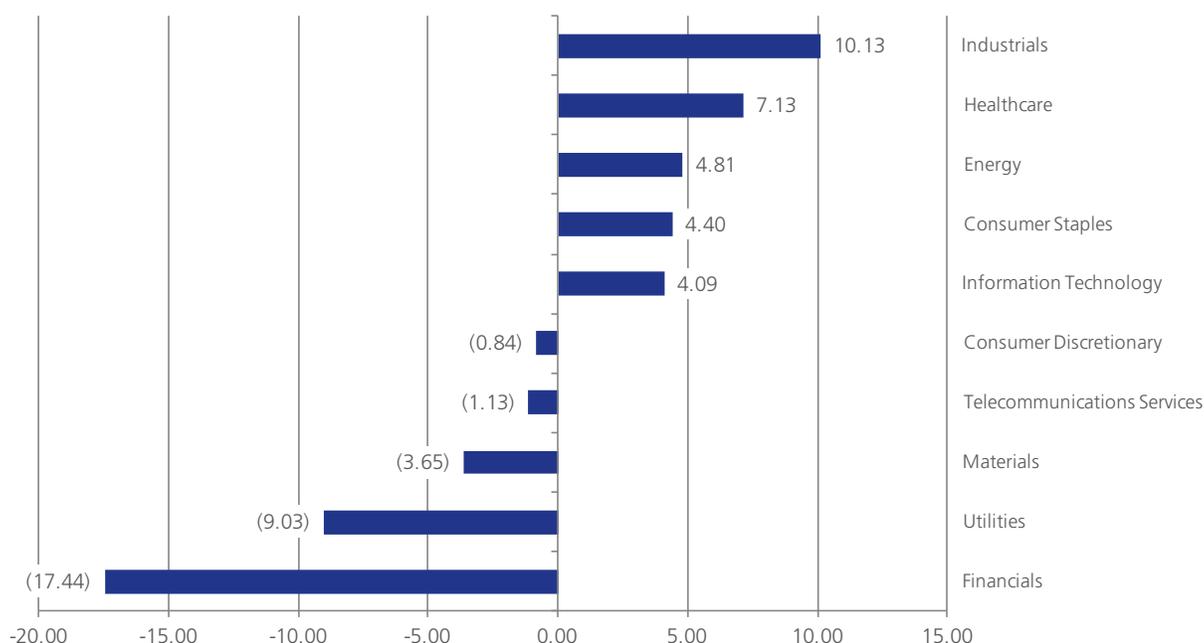
The bright spots in your portfolio for the first six months of 2012 centered on the Healthcare, Energy, and Utility sectors. In the Healthcare sector, Patterson Cos. Inc. performed well along with Stryker Corp. In the Energy sector, excellent stock selection offset an overweight stance in an underperforming group as Southwestern Energy Corp. and EQT Corp added to performance. Within the Utility sector, our continued bet against these stocks due to high valuations helped us as the sector underperformed during the period.

The biggest detractor of performance was our holdings in the Consumer Staples sector and they were the clear reason for our underperformance versus our benchmark. Kellogg Co. and Sysco Corp. both reported disappointing earnings due to Europe's economic issues as well as company specific issues. In both cases, we think these leading business franchises are undervalued and we continue to hold both.

Going forward, we are finding opportunities in the Industrial, Information Technology, and Healthcare sectors. We have also added significantly to our weight in the Energy sector and are focusing the portfolio on the natural gas industry. We continue to be underweight in the Utility sector and the Real Estate Investment Trust Industry. Those industries continue to be overvalued due to the market's current appetite for companies with a historically high dividend payout ratios and their subsequently high absolute dividend yield. We believe that while yield is a very important part of the total return equation, simply looking for high yielding stocks does not lead to outperformance.

Nuance Mid Cap Value Composite vs Russell Midcap Value Index

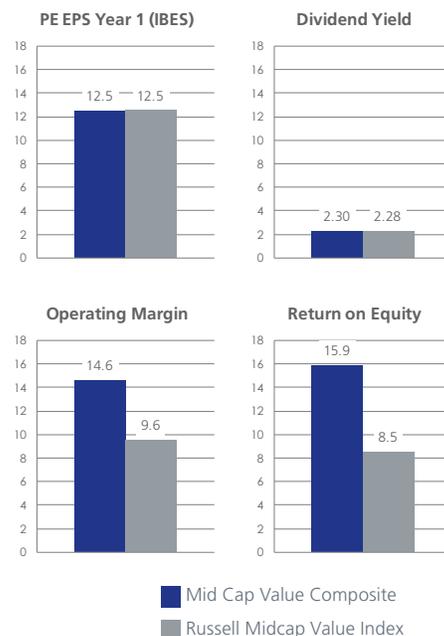
Sector Diversification as of 06/30/2012



Composition of the Portfolio

We continue to be pleased with the overall composition of the portfolio. Remember that we are seeking to find 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 12.3 x versus the Russell Midcap Value Index of 14.6 x. We are achieving this ratio with a portfolio of companies that have returns on equity of 15.9 percent versus the Russell Midcap Value Index of 8.5 percent. This dichotomy of above average companies selling at below average multiples is a recipe for outperformance over the long term in our opinion.

Characteristics as of 06/30/2012	Nuance Mid Cap Value Composite	Russell Midcap Value Index
Weighted Average Market Cap	12.4b	7.8b
Median Market Cap	8.4b	3.8b
PE Trailing 12 Months	12.3x	14.6x
PE EPS Year 1 (IBES)	12.5x	12.5x
Dividend Yield	2.30%	2.28%
Operating Margin	14.6%	9.6%
Return on Equity	15.9%	8.5%
Number of Securities	52	560



Composite & Index statistics provided by Bloomberg using holdings at market close on the date stated, including cash and cash equivalents.

Semi-Annual Review and Outlook

We are asked often about our view of the continuing economic issues around the world. Specifically, we get asked about 1) the U.S. budget issues, 2) the on-going debt issues in Europe and the future of the euro, and 3) the prospects for continued growth in China and other developing countries. We think investors presume that we have a crystal ball that might shed some light on short-term economic direction and government decision-making. Put quite simply, we don't. However, we do have something that we believe is even more powerful. We have list of leading business franchises around the world and year after year of studies on their fair values and potential trough values. Armed with this data, we are able to gauge how much uncertainty is priced into our stocks. This information is what brings total return potential to our clients in our opinion. The point here is to remind our clients that predicting short-term market movements and short-term economic direction is virtually impossible to do in a consistent manner. But understanding valuations and risk versus rewards is quite possible in our view and that is what we spend our time focusing on.

So what does all of this mean for our clients? First, we would like to remind you that we believe uncertainty breeds opportunity. The aforementioned economic and debt issues are providing us with the ability to purchase excellent companies at inexpensive valuations. Second, we would simply suggest that the "end of the world as we know it" rarely happens. In fact, investors often get caught up in concerns with big picture economic concerns at exactly the wrong time. Our view is that during these economically uncertain periods that many investors forget the rather simple things. One simple truth is that population growth results in overall corporate earnings growth over time. And overall corporate earnings growth results in positive total returns over time. As such, identifying leading business franchise with well financed top-tier assets will do well over time, particularly if you can buy them when they are inexpensive. We think that given today's uncertain economic environment that buying them inexpensive is exactly what we are doing.

As for the first six months of 2012 specifically, we were modestly disappointed with our underperformance. While being up over 6% was not bad, the market was up more and we frankly don't like underperforming. However, we continue to be gratified that we have delivered above-average results for our clients with below-average risk since our inception almost three and a half years ago. As we typically do, we want to remind our clients that we will not outperform our benchmark each and every year or certainly each and every quarter. 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

GIPS Disclaimer

	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)	(4.13)	(4.13)	(5.60)	(3.92)	N/A	1	\$9,531,045	\$18,657,997	0.00%	-	-
2009	38.69	38.20	34.20	33.77	-	4	\$50,600,141	\$137,943,058	0.94%	-	-
2010	21.08	20.01	24.75	22.79	0.20	4	\$60,702,099	\$181,201,036	1.36%	-	-
2011	4.04	3.38	(1.38)	(2.39)	0.13	4	\$55,186,800	\$152,976,943	0.86%	17.99	22.78
YTD 2012 (06/30/2012)	4.73	4.73	3.65	3.35	N/A	4	\$59,444,291	\$191,393,985	0.87%	17.76	22.29

Important Disclaimer

Please note: 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. 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 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 Advent Portfolio Exchange. Return calculations for all indices are provided by Bloomberg. Standard Deviation and Sharpe Ratio 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-Cap 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 present. Zephyr reports on month end returns only. For the purposes of peer group comparisons Since Inception returns are shown beginning 11/30/2008. The Standard Deviation of a product measures the average deviations of a return series from its mean, and is often used as a measure of risk. A large standard deviation implies that there have been large swings in the return series of the manager. 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. The Price-Earnings Ratio (P/E Ratio) is a valuation ratio of a company's current share price compared to its per-share earnings as calculated by the market value per share divided by earnings per share. The Dividend Yield is calculated based on how much an investment pays in dividends each year relative to its share price. The Operating Margin is calculated by dividing operating income by net sales. The Return on Equity is calculated by dividing net income by shareholder equity. The Growth of \$100 chart is calculated by Zephyr Style Advisor assuming the same cash value at inception and the variance of the investment using monthly return data for each strategy. 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.

The Composite's performance returns have been audited by Absolute Performance Verification through March 31, 2011. The verification report is available upon request by contacting Client Services at 816-743-7080 or Client.Services@nuanceinvestments.com. Verification assesses whether (1) The Firm has complied with all the composite requirements of the Global Investment Performance Standards (GIPS®) 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.

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. 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 June 1, 2010 Nuance operated under the name Mariner Value Strategies, LLC.

The Morningstar® ratings (the "Rating(s)") provided are as of 3/31/2012. The Rating is a measure of a separate account's risk-adjusted return, relative to other separate accounts in the same Morningstar Category. Separate accounts are rated from 1 to 5 stars, with the best performers receiving 5 stars and the worst performers receiving 1 star. Separate accounts are rated for up to three periods (three, five, and 10 years), and ratings are recalculated each quarter. The Morningstar Rating for separate accounts uses an enhanced risk-adjusted return measure, which accounts for all variations in a separate account's monthly performance, with more emphasis on downward variation. Separate accounts are ranked against others in the same category and stars are assigned as follows: the top 10% of separate accounts in a category earn 5 stars, the next 22.5% 4 stars, the middle 35% 3 stars, the next 22.5% 2 stars, and the bottom 10% 1 star. The Morningstar Category identifies separate accounts based on their actual investment styles as measured by their underlying representative holdings (portfolio statistics and compositions). Ratings are not indicative of Nuance's future performance. For more information regarding the rating methodology, please contact client.services@nuanceinvestments.com.

American Century Mid Cap Value received recognition while Mr. Moore was the Lead Portfolio Manager from 4/1/2004 to 10/31/2008. American Century Equity Income received recognition while Mr. Moore was a Co-portfolio manager from 2/1/1999 to 10/31/2008. American Century Value received recognition while Mr. Moore was a Co-portfolio manager from 2/1/1999 to 10/31/2008. Mr. Moore was a consultant, rather than portfolio manager due to an employment agreement with American Century Investments.