

Nuance Concentrated Value Perspectives Discussion



January 31, 2014

from Montage Investments

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

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 S&P 500 Index.

Risk-Adjusted Returns Rankings¹

1st PERCENTILE

Morningstar

Category: Large Value

Ranking vs. Peers: 1st of 1,110

Lipper

Category: Multi-Cap Value

Ranking vs. Peers: 1st of 235

Performance Update

We continue to be pleased with our overall performance. Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through January 31, 2014) is up 22.80 percent (annualized and net of fees) versus the Russell 3000 Value Index, up 15.26 percent, and the S&P 500 Index, up 16.22 percent.

Year-to-date through January 31, 2014, the Nuance Concentrated Value Composite is down (0.84) percent (net of fees) versus the Russell 3000 Value Index, down (3.58) percent, and the S&P 500 Index, down (3.46) percent.

	YTD 2014	1 Year	3 Years APR	5 Years APR	Since Inception APR	Since Inception Return	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Concentrated Value Composite (Gross)	(0.71)	25.28	18.63	23.75	23.44	200.02	13.91	1.67
Concentrated Value Composite (Net)	(0.84)	24.44	17.98	23.09	22.80	191.91	13.87	1.62
Russell 3000 Value Index	(3.58)	20.21	13.75	18.81	15.26	109.82	17.34	0.87
S&P 500 Index	(3.46)	21.51	13.91	19.17	16.22	119.18	15.61	1.03

Monthly Review and Outlook

We are reasonably pleased with the first month of 2014. With the market giving back some of the impressive 2013 gains, we are pleased to be down only a modest amount thus far. Holdings in Compass Minerals International (CMP), Goldcorp Inc. (GG), and others have done well thus far versus the market. While we don't like to discuss short time periods, this first month of 2014 is a small window into our belief that buying leading business franchises when they have transitorily negative issues results in a portfolio with less downside that the market over time. The reason is that the stocks we are buying typically have so much negative sentiment and valuation support already reflected in the stock, that there is only so much downside left. As always there are no guarantees of capital protection, but this month is interesting in that context. We continue to believe the market as whole is within a range of fair value and as such is in a period of time that is more normal than abnormal relative to economic cycles and valuation. During these time periods, we typically have no problems finding one-off stock opportunities and that is the case today.

Stocks we recently added to your portfolio:

Altera Corporation (ALTR): ALTR is a global semiconductor company that designs, manufactures, and markets programmable logic devices as well as developmental tools. ALTR is one of two leading market share providers of these services, they have an excellent cash heavy balance sheet, and they excellent returns on capital versus its peers. Recent market share losses due to what we believe are normal product cycle issues are masking the longer term growth prospects in their primary business lines. In the low \$30's, we believe a great deal of the negative fundamentals are priced into the stock and we have started a position for our clients.

Stocks we recently sold from your portfolio:

None

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 Investments website updates and information via traditional mail, e-mail, or on Facebook.

Thank you for your continued confidence and support.



Scott A. Moore, CFA

President and Chief Investment Officer

GIPS Disclaimer

	Gross of Fees Return	Net of Fees Return	Benchmark Return (RAV Index)	Benchmark Return (SPX 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 Net)	3 Year Annualized Standard Deviation (RAV Index)
YTD 2008 (11/13/08-12/31/08)	4.47	4.47	0.38	(0.47)	N/A	7	\$9,126,951	\$18,657,997	4.57%	-	-
2009	42.21	41.72	19.78	26.47	1.17	79	\$87,342,803	\$137,943,058	0.60%	-	-
2010	18.79	18.13	16.26	15.06	0.25	145	\$119,543,453	\$181,201,036	0.46%	-	-
2011	6.85	6.29	(0.06)	2.11	0.48	181	\$96,831,359	\$152,976,943	0.85%	16.13	21.31
2012	18.41	17.79	17.62	16.00	0.19	259	\$154,693,966	\$214,936,666	0.77%	13.05	16.02
2013	35.33	34.45	32.72	32.38	0.66	411	\$418,085,862	\$507,569,897	0.79%	12.20	13.08
YTD 2014 (01/31/2014)	(0.71)	(0.84)	(3.58)	(3.46)	N/A	430	\$541,667,384	\$678,405,115	0.00%	12.27	13.37

Important Disclaimer

Nuance Investments, LLC (the "Firm") is a Registered Investment Advisor. The Firm's Nuance Concentrated Value Composite (the "Composite") is a composite of actual accounts invested in the Nuance Concentrated Value investment strategy. The inception date for the Composite is 11/13/2008. 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 3000 Value Index. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values. The Secondary Benchmark for the Composite is the S&P 500 Index. 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. 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.

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

(1) Risk-Adjusted Return (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 an mid market capitalization value investment style. The Morningstar Large Value Peer Group (as selected by Morningstar) and the Lipper Multi-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 12/31/2013. 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.