

Nuance Concentrated Value Perspectives Discussion



March 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.

Performance Update

Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through March 31, 2014) is up 23.58 percent (annualized and net of fees) versus the Russell 3000 Value Index up 16.17 percent and the S&P 500 Index up 16.85 percent.

For the first three months of 2014 (ending March 31, 2014), the Nuance Concentrated Value Composite was up 6.08 percent (net of fees) versus the Russell 3000 Value Index up 2.92 percent and the S&P 500 Index up 1.81 percent.

Comparing our product to peers displays excellent results over time. On a total return basis, we ranked 4th of 1,111 (1st percentile) peer group members in the Morningstar Large Cap Value universe. Versus the Lipper Multi-Cap Value Funds Peer Group we ranked 17th of 222 (8th percentile).

As compared to these same peer groups on a risk-adjusted return basis (as measured by the Sharpe Ratio statistic), the Nuance Concentrated Value Composite also fared quite well. The product ranked 1st out of 1,111 (1st percentile) peers in the Morningstar Large Cap Value universe. Versus the Lipper Multi-Cap Value Funds Peer Group, we ranked 1st out of 222 (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 risk-adjusted return.

Risk-Adjusted Returns Rankings¹

1st PERCENTILE

Morningstar

Category: Large Value

Ranking vs. Peers: 1st of 1,111

Lipper

Category: Multi-Cap Value

Ranking vs. Peers: 1st of 222

Scott A. Moore, CFA



President and Chief Investment Officer

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

11/13/2008 - 03/31/2014	YTD	1 Year	3 Years	5 Years	Since Inception	Since Inception	Since Inception	Since Inception
	2014		APR	APR	APR	TR	Standard Deviation (A)	Sharpe Ratio (A)
Nuance Concentrated Value Composite (Gross)	6.23	27.09	19.77	26.30	24.21	220.97	13.78	1.74
Nuance Concentrated Value Composite (Net)	6.08	26.29	19.11	25.63	23.58	212.29	13.75	1.69
Russell 3000 Value Index	2.92	21.68	14.62	21.86	16.17	123.96	17.12	0.93
S&P 500 Index	1.81	21.85	14.63	21.13	16.85	131.13	15.43	1.08
	11/13/08 - 12/31/08			2009	2010	2011	2012	2013
Nuance Concentrated Value Composite (Gross)	4.47			42.21	18.79	6.85	18.41	35.33
Nuance Concentrated Value Composite (Net)	4.47			41.72	18.13	6.29	17.79	34.45
Russell 3000 Value Index	0.38			19.78	16.26	(0.06)	17.62	32.72
S&P 500 Index	(0.47)			26.47	15.06	2.11	16.00	32.38

Peer Group Analysis 11/30/2008 - 03/31/2014

	Since Inception APR	Standard Deviation (A)	Sharpe Ratio (A)
Nuance Concentrated Value Composite (Gross)	23.59	13.86	1.69
Nuance Concentrated Value Composite (Net)	22.94	13.83	1.65
Morningstar Large Value Peer Group (median)	15.96	16.34	1.00
Peer Group Percentile	1st	12th	1st
Peer Group Ranking	4 of 1,111	131 of 1,111	1 of 1,111
Lipper Multi-Cap Value Funds Peer Group (median)	18.04	17.29	1.03
Peer Group Percentile	8th	3rd	1st
Peer Group Ranking	17 of 222	7 of 222	1 of 222

Portfolio Attribution and Investment Strategy Review:

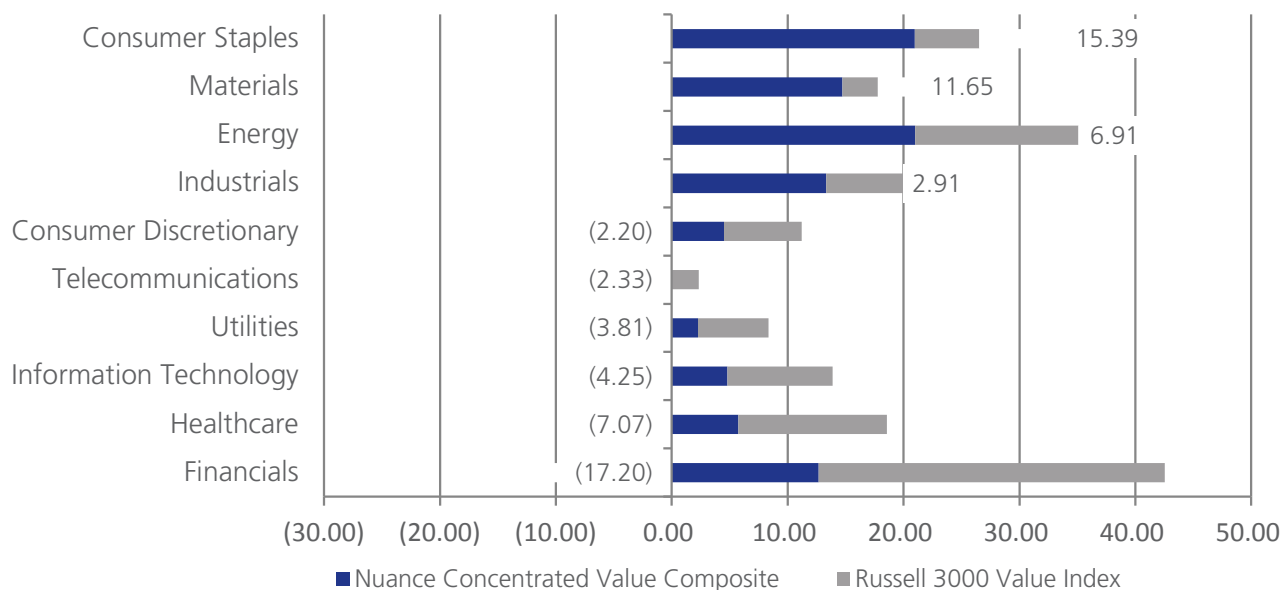
The bright spots in your portfolio for the first quarter of 2014 included the Materials and Energy sectors. Compass Minerals International, Inc., Goldcorp Inc., and Southwestern Energy Co. impacted our results in a positive way.

The biggest detractor to performance was our underweight in Real Estate Investment Trusts (REIT's). As interest rates fell from levels at year-end 2013, this space did quite well. As we were underweight the space it hurt our performance versus our primary benchmark.

Going forward, we continue to find interesting opportunities in the Basic Materials and Consumer Staples sectors. We continue to be underweight in the Consumer Discretionary sector and the Real Estate Investment Trust industry. Those two spaces are not showing opportunities and continue to appear fully valued or overvalued in our opinion.

Nuance Concentrated Value Composite vs Russell 3000 Value Index

Sector Diversification as of 03/31/2014

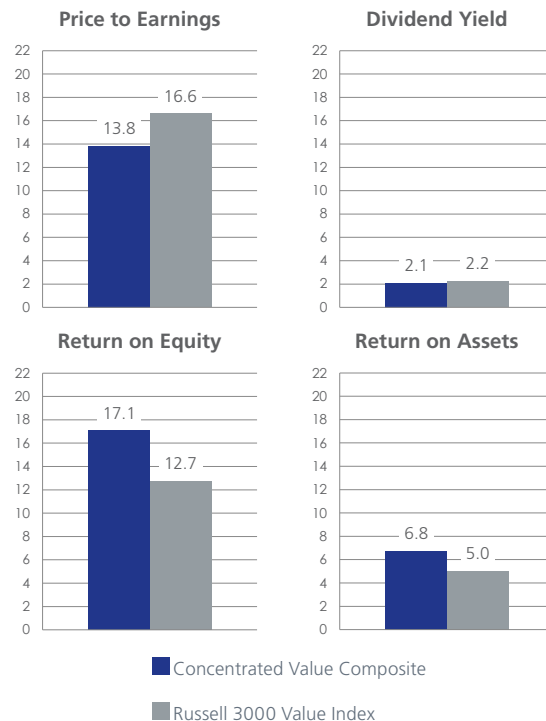


Composition of the Portfolio

We continue to be pleased with the overall composition of the portfolio. Remember that we are seeking 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 13.8x versus the Russell 3000 Value Index of 16.6x. We are achieving this ratio with a portfolio of companies that have returns on assets of 6.8 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.

Characteristics as of 03/31/2014	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	36.7b	105.1b
Median Market Cap	15.6b	1.3b
Price to Earnings	13.8x	16.6x
Dividend Yield	2.1%	2.2%
Return on Equity	17.1%	12.7%
Return on Assets	6.8%	5.0%
Number of Securities	23	2,038

Composite & Index statistics provided by Bloomberg & Russell, respectively: Weighted Average Market Cap, Median Market Cap, Dividend Yield & Number of Securities. Return on Equity & Return on Asset statistics are internally calculated using Bloomberg data. The P/E statistics are a Nuance internal calculation. Characteristics calculations use holdings at market close on the stated date, including cash and cash equivalents.



Stocks we recently added to your portfolio (during March 2014):

Franks International NV (FI): FI is a global provider of highly engineered tubular services to the oil and natural gas industry. With leading market share positions and an excellent balance sheet, FI fits the Nuance mold of interesting niche leaders across the economic landscape. Recent stock weakness as a result of slowing orders in the offshore exploration and development segment has led to an interesting entry point for this company.

Stocks we recently sold from your portfolio (during March 2014):

Altera Corporation (ALTR): We sold the last of our position in ALTR after the stock achieved our internal view of fair value. We continue to like this dominant global provider of programmable logic devices and will look for future opportunities at better valuation levels.

Exelon Corp (EXC): We exited our position in EXC as the combination of the entire utility segment rallying (mostly due to interest rates) coupled with a rise in natural gas prices due primarily to a very cold winter resulted in negative sentiment shifting to positive sentiment and the stock moving to our internal view of fair value.

Southwestern Energy Company (SWN): Another beneficiary of rising natural gas prices as a result of a very cold winter, this low cost provider of natural gas has been an outstanding performer for us since the middle part of 2012. As a result we have achieved what we believe to a full valuation for SWN and we will look to future disappointments for another opportunity to buy this company.

First Quarter 2014

It was a bifurcated quarter for the Nuance team and our clients. On the positive side we were able to achieve nice returns from our Materials, Energy, and some other stock positions and were able to outperform our primary benchmark. On the negative side, one of our biggest bets did not work at all. Since roughly late 2011, we have been consistently negative on most industries (and most but not all stocks) that are typically considered interest rate sensitive. We have found that the valuation multiples afforded spaces like Utilities and Real Estate Investment Trusts (REIT's) have been inflated due to the historically low levels of interest rates and the "chase for yield" by many investors. In the first quarter as the 10 year Treasury bond yield declined from approximately 3.0 percent to approximately 2.6-2.7 percent, the chase for yield was back in play. As a result those REIT's and Utilities did quite well and as we were underweight in those spaces that was a drag on our overall performance. In the aggregate it was another good lesson for us and our clients. At Nuance we do not focus on one quarter in any way, shape, or form. Rather, we focus on businesses and the value of those businesses over the long-term. We try and buy those businesses when the market believes there are problems that will persist for a very long time. And we – in contrast to the market – think the problems are transitory and thus an opportunity. In some periods of time, the market will reward us for these contrarian holdings and in some periods it won't. Particularly when you are looking at a very short three month period of time the results are nothing more than random. Some positions work and some don't.

We continue to be pleased with our long term performance, but as always, we remind our readers that outperformance versus our primary and secondary benchmarks is not a given nor should it be your expectation for any single year or quarter. There will be times that the market and our team will simply disagree and the result will be underperformance.

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 (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 Gross)	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	N/A	411	\$418,085,862	\$507,569,897	0.79%	12.20	13.08
YTD 2014	6.23	6.08	2.92	1.81	N/A	481	\$648,862,975	\$822,735,940	0.21%	12.38	13.41

The Composite's performance returns have been audited by Absolute Performance Verification through March 31, 2013. 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

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.

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 Return on Equity is calculated by dividing net income by shareholder equity. The Return on Equity is calculated by taking the net income divided by shareholder equity. The Return on Assets is calculated based on net income divided by average total assets. 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

(1) Risk-Adjusted Return (Sharpe Ratio) calculations and Standard Deviation 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 03/31/2014. 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.