Nuance Concentrated Value Perspectives Discussion

from Montage Investments

May 31, 2014

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 Rankings[1]

1st PERCENTILE

Morningstar	Lipper
Category: Large Value	Category: Multi-Cap Value
Ranking vs. Peers: 1st of 1,111	Ranking vs. Peers: 1st of 222

Performance Update

We continue to be pleased with our overall performance. Since its inception on November 13, 2008, the Nuance Concentrated Value Composite (through May 31, 2014) is up 22.97 percent (annualized and net of fees) versus the Russell 3000 Value Index, up 16.07 percent, and the S&P 500 Index, up 16.94 percent.

Year-to-date through May 31, 2014, the Nuance Concentrated Value Composite is up 6.93 percent (net of fees) versus the Russell 3000 Value Index, up 5.06 percent, and the S&P 500 Index, up 4.96 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)	7.27	23.96	17.83	23.43	23.62	224.12	13.61	1.71
Concentrated Value Composite (Net)	6.93	23.12	17.16	22.76	22.97	214.78	13.57	1.67
Russell 3000 Value Index	5.06	19.37	14.87	18.46	16.07	128.61	16.86	0.94
S&P 500 Index	4.96	20.44	15.12	18.38	16.94	138.30	15.20	1.10

Monthly Review and Outlook

Sometimes the correct plan for a stock works out. Sometimes it does not. While this year has started off quite well for your portfolio. In our opinion, we are nicely outperforming our peers and benchmarks thus far, this past month included one painful reminder that stocks and management teams can be difficult to predict. The stock in question is Hillshire Brands Co. (HSH). HSH is a stock we purchased in the low $30's in the middle months of 2013 with the expectation that fair value could be in the upper $30's and that a potential takeover could take the stock nicely into the mid to upper $40's. All was going quite well with our thesis until the company decided to purchase Pinnacle Foods Inc. (PF) earlier this month. While purchasing PF was not a terrible choice in and of itself (PF is a company we know and admire), when coupled with the expensive price paid (our opinion) and the extremely leveraged capital structure of the proposed deal (our strong opinion), we were quite appalled. While our fair value was only diluted modestly, the proposed level of debt on this deal was so extreme that our downside risk grew outside of our team's financial expectations. After talking with the company, it was clear that the downside risk was not their emphasis and that they were quite excited about their deal. This is the point where things did not work out for us with our HSH investment. Due to the fact that the proposed deal fell well outside our own internal view of appropriate financial risk and given that we did not believe that the company would have proposed and worked on such a deal if other companies were expressing interest in buying it, we sold our stock at prices that resulted in a gain for those clients that participated since day one of our holding in the company. Not bad, but not great. Within weeks of our sale, two bidders came out of the woodwork and began a bidding war for HSH which would send the stock even higher than our own internal view of private market value. As you might imagine, after the amount of work by our team planning on this very occurrence and after the disappointment of the proposed PF deal, we were quite let down. That being said, lessons get learned and reminders of past mistakes linger. In this case, we did our work quite well in my view. Our mistake was not understanding that HSH's management team would actually take on a deal if others were circling to buy the company. Our decision was not taken lightly. It was a well thought out and very well vetted analysis and team discussion. Sometimes the correct plan for a stock works out. Sometimes it does not. Our job is to ensure that the majority of time it does. This time it did not.

Monthly Review and Outlook continued...

As we always do, our team continues to diligently study the leading business franchises that we have discovered over the years, continue to determine that their competitive position is sound, and quarter after quarter normalize the company's earnings and cash flows and financial statements to allow for us to determine an appropriate value for the company. As of this writing we continue to believe our portfolio is comprised of leading business franchises that are trading below our internal view of intrinsic value due to a specific transitory item.

Stocks we recently added to your portfolio:

Waters Corporation (WAT): WAT provides high-performance liquid chromatography products and services to the pharmaceutical, industrial, and environmental testing industries.   With stable and leading market share positions we believe WAT is well positioned competitively into the future. Recent below consensus earnings resulted in a significant underperforming period for the company which has led us to begin accumulating stock for our clients account as valuation levels appear reasonable.

Stocks we recently sold from your portfolio:

Hillshire Brands Co. (HSH): We sold the last of our positions in HSH after the company announced its intention to purchase Pinnacle Foods Inc. (PF). The proposed purchase price in combination with the degree of financial leverage being proposed to fund the deal was outside of our team's financial expectations for the company and created a combined company that would have had very large downside risk should the deal have gone through. After talking with the company after the deal, it became apparent they were committed to the deal and did not agree with our analysis. Unfortunately for us, competing bids for HSH came out of the woodwork and resulted in a bidding war for HSH that we did not get to participate in.   The good news is we made money for our clients on our positions in HSH. The bad news is that we left significant upside on the table as we did not believe that HSH's management would pursue the PF deal if others were showing significant interest in buying the company.   A disappointment as we could have made our clients significantly more money on our investment.

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 (05/31/2014)	7.27	6.93	5.06	4.96	N/A	514	$778,323,192	$951,862,069	0.17%	12.28	13.33

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 P/E Statistics are a Nuance internal calculation. The dollar-weighted harmonic mean of individual company P/E ratios is used. This approach first considers holdings' E/P, which are then summed on a dollar-weighted basis across the entire portfolio to achieve a portfolio E/P ratio. Finally, the inverse of this ratio is taken to arrive at the Portfolio P/E ratio. 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 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.