Nuance Concentrated Value Perspectives Discussion

nuance INVESTMENTS

May 31, 2015

from Montage Investments

Commentary with President and Chief Investment Officer Scott 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 May 30, 2015) is up 20.29 percent (annualized and net of fees) versus the Russell 3000 Value Index up 14.92 percent and the S&P 500 Index up 16.14 percent.

Year-to-date (ending May 30, 2015), the Nuance Concentrated Value Composite was up 5.30 percent (net of fees) versus the Russell 3000 Value Index up 1.35 percent and the S&P 500 Index up 3.23 percent.

Risk-Adjusted Returns Rankings[1]

1st PERCENTILE

Morningstar
Category: Large Value
Ranking vs. Peers: 3rd of 1,143

Lipper
Category: Multi-Cap Value
Ranking vs. Peers: 1st of 214

Scott 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
- 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 - 05/31/2015	YTD 2015	1 Year	3 Years APR	5 Years APR	Since Inception APR	Since Inception TR	Since Inception Standard Deviation (A)	Since Inception Sharpe Ratio (A)
Nuance Concentrated Value Composite (Gross)	5.62	7.18	21.75	18.11	20.96	247.50	13.19	1.57
Nuance Concentrated Value Composite (Net)	5.30	6.40	20.94	17.39	20.29	235.00	13.17	1.52
Russell 3000 Value Index	1.35	8.71	19.84	15.38	14.92	148.52	15.91	0.93
S&P 500 Index	3.23	11.80	19.67	16.52	16.14	166.42	14.39	1.11

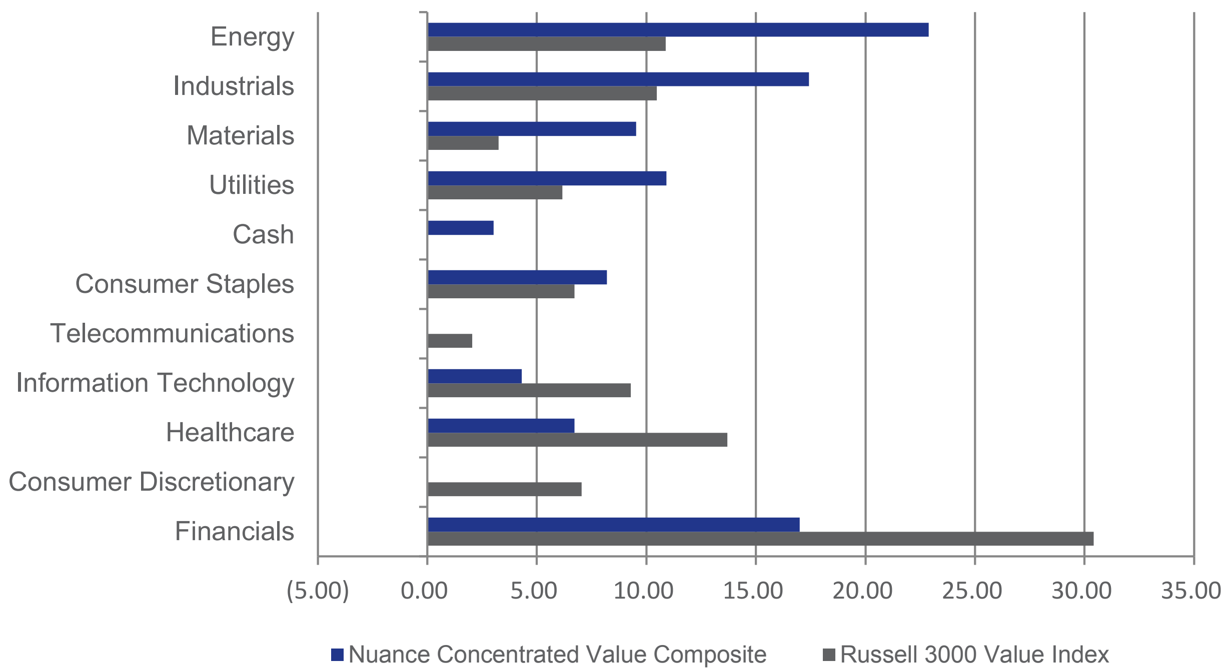
	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014
Nuance Concentrated Value Composite (Gross)	4.47	42.21	18.79	6.85	18.41	35.33	8.88
Nuance Concentrated Value Composite (Net)	4.47	41.72	18.13	6.29	17.79	34.45	8.07
Russell 3000 Value Index	0.38	19.78	16.26	(0.06)	17.62	32.72	12.69
S&P 500 Index	(0.47)	26.47	15.06	2.11	16.00	32.38	13.68

Peer Group Analysis 11/30/2008 - 03/31/2015

	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	20.23	13.35	1.51
Nuance Concentrated Value Composite (Net)	19.54	13.33	1.46
Morningstar Large Value Peer Group (Median)	14.79	15.49	0.97
Peer Group Percentile	1st	14th	1st
Peer Group Ranking	15 of 1,143	165 of 1,143	3 of 1,143
Lipper Multi-Cap Value Funds Peer Group (Median)	16.03	16.17	0.98
Peer Group Percentile	17th	5th	1st
Peer Group Ranking	36 of 214	11 of 214	1 of 214

Nuance Concentrated Value Composite vs Russell 3000 Value Index

Sector Diversification as of 05/31/2015



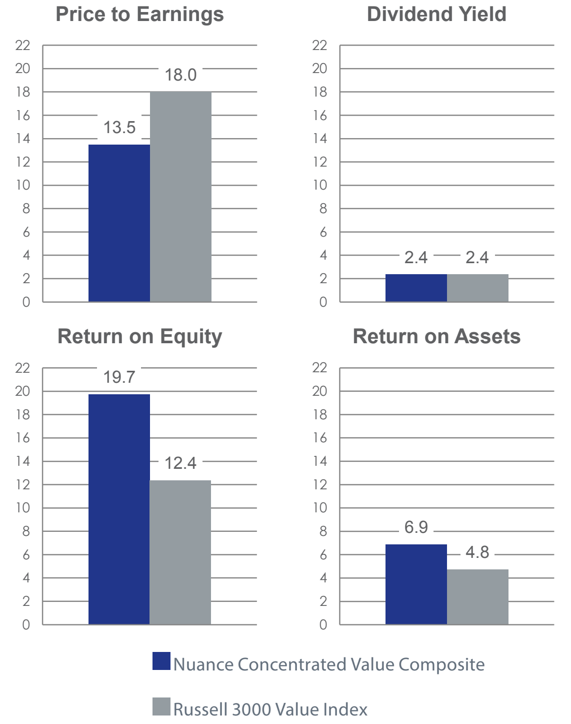
Composition of the Portfolio

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 13.5x versus the Russell 3000 Value Index of 18.0x. We are achieving this ratio with a portfolio of companies that have returns on assets of 6.9 percent versus the Russell 3000 Value Index of 4.8 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 05/31/2015	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	40.0b	102.9b
Median Market Cap	6.0b	1.4b
Price to Earnings (internal & ttm)*	13.5x	18.0x
Forward Price to Earnings	18.8x	17.3x
Dividend Yield	2.4%	2.4%
Return on Equity	19.7%	12.4%
Return on Assets	6.9%	4.8%
Number of Securities	24	2,069

*Based on Nuance internal estimates and benchmarked against the above noted Russell index.

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 (May 2015):

ITC Holdings Corporation (ITC): ITC Holdings is a pure-play independent electric transmission company which owns, operates and maintains high-voltage transmission lines and supporting facilities in seven states across the Midwest. Recent concerns surrounding the company's regulated allowed returns on capital has both lowered their expected returns on capital and earnings, but also resulted in lower valuation multiples for this top-tier utility company.

National Western Life Insurance Company (NWLI): National Western Life is a leading specialty issuer of annuities and life insurance policies to both US and foreign individuals and families. Historically low long-term interest rates have resulted in subdued earnings power for the company, which has subsequently lead to inexpensive valuation multiples for a historically very stable business.

Exxon Mobil Corporation (XOM): Exxon is the largest publicly traded integrated oil and gas company in the world with exploration and production, refining and marketing and chemical operations that span the globe. The recent sell-off in commodity prices has reduced estimates for current year earnings and provided our clients with an attractive entry point into this well-regarded industry leader.

Stocks we recently sold from your portfolio (May 2015):

Northern Trust Corp. (NTRS): After multiple years of holding NTRS and substantial gains and outperformance, we have decided to capture our gains and move on to better risk rewards. We continue to like the NTRS story and company and will look for better opportunities in the future.

Avery Dennison Corp (AVY): We sold our holdings in AVY after a sharp period of outperformance that resulted in the stock achieving our internal view of fair value.

Monthly Review and Outlook:

For this month's write-up we are going to focus our discussion on one of our holdings. National Fuel Gas Company (NFG) has become our 2nd largest holding and, in our view, provides our clients with an excellent risk reward versus the market. We would remind our clients that when we give these examples our purpose is twofold. The first reason is quite obvious, we want to provide you more detail about one of our largest holdings. But even more importantly, we want to use the opportunity to bring our time-tested process to life and hopefully provide a clear depiction of our investment process and how a particular stock fits into that process. This update is also timely as the company recently visited our Kansas City, Missouri office and confirmed our thesis and the fit of the holding in your portfolio.

As a reminder, the ultimate goal of the Nuance investment process is to find our clients leading business franchises that are trading at a discount to our internal view of fair value. More specifically, our process begins with a detailed study of a company's competitive position in all segments to ensure they have leading and sustainable competitive positions. We then study the company's financial statements and recast them into our internal Nuance framework that emphasizes a very structured normalization of the financial statements. Then we take those normalized financial statements and perform our proprietary valuation study from which we analyze a company's risk reward profile versus other companies that we deem worthy of investment over time. The typical company we invest in is trading at a discount to our fair value due to what we believe are transitorily negative items. These transitorily negative items result in valuation levels which represent downside risk protection coupled with the potential to outperform the market over time. With that refresher, we will now move on to NFG and how it fits into your portfolio and our process.

NFG runs three distinct businesses from its operational headquarters in Williamsville, New York. The first is a natural gas exploration and production (E&P) business which represent approximately 50% of the cash flow of the company. The second is its midstream pipeline and storage business which represents approximately 30% of the cash flow of the company. And lastly, the third segment is a natural gas distribution or utility part of the business which represents about 20% of the cash flow of the business.

Related to our process, the first step in analyzing NFG is studying the competitive position of the company. In NFG's case, the market position of each of the businesses is sound and represent leadership positions in each segment. The cost structure, acreage positions and reserve lives of the E&P business are all top-tier, in our opinion, while the pipeline business and utility business are both virtual monopolies within a regulated framework. In each case, we believe the sustainability of the competitive position is sound and long-lasting.

From a financial statement perspective, we believe the company is under-earning its potential largely due to natural gas prices being near the lower end of our internal view of normal over time at less than $3.00 per MCF. At more normal prices, NFG earnings power could reach closer to $5.50-6.00 per share versus today's $3.00-3.50 per share. In fact, our exact normal EPS estimate is $5.70 per share. NFG's returns on capital are clearly below historical levels which is providing the opportunity. We would also note that the balance sheet on a fully allocated basis is at or better than peers with what could be construed as a debt free E&P business, a reasonably leveraged utility business and a potentially under-leveraged pipeline business. After performing our traditional valuation study on each segment and for the company as a whole, we find that using reasonable valuation multiples for each line of business results in a normalized price to earnings target of close to 16.0x which results in the company being worth in the low to mid $90's versus its current price in the mid $60's. Catalysts to get us to our fair value include higher natural gas prices, the potential to create a Master Limited Partnership (MLP) structure with their pipeline business and continued growth of both the E&P assets and the pipeline assets. Importantly, using our normalized level of earnings per share, the company is trading at only 11.0x earnings. At that valuation level we believe the stock offers not only excellent upside potential, but also excellent downside protection. That combination is exactly what our process is trying to find our clients and we believe has led to excellent risk adjusted returns over time. In summary, NFG offers us sound competitive positions, excellent financial health and under-earnings due to transitory reasons which we believe is providing enough negative sentiment to create clear valuation support and outperformance potential.

As we write this monthly update, we continue to find leading business franchises with sustainable competitive positions that are trading below our internally derived view of fair or intrinsic value.

Please visit our website at www.nuanceinvestments.com for more information about our team, our process and value investing. You may also receive information via traditional mail or email by contacting us at client.services@nuanceinvestments.com or call 816-743-7080.

Thank you for your continued confidence and support.

Scott A. Moore, CFA

GIPS Disclosures

	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	1.13%	16.13	21.31
2012	18.41	17.79	17.62	16.00	0.19	259	$154,693,966	$214,936,666	0.98%	13.05	16.02
2013	35.33	34.45	32.72	32.38	0.66	411	$418,085,862	$507,569,897	0.41%	12.20	13.08
2014	8.88	8.07	12.69	13.68	0.20	581	$886,246,169	$1,071,186,382	0.16%	10.44	9.49
2015 (YTD 05/31/2015)	5.62	5.30	1.35	3.23	N/A	581	$ 860,789,892	$ 1,056,137,743	0.17%	9.8	9.02

Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Nuance has been independently verified for the periods 11/03/08 – 03/31/14 by Absolute Performance Verification. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards 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. Nuance is an investment adviser registered with the Securities and Exchange Commission. The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary separate accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance returns and assets. Performance results are presented both net and gross of management fees and include the reinvestment of income. Both gross and net of fee returns are reduced by trading expenses. Net of fee returns are reduced by Actual investment advisory fees and other expenses that may be incurred in the management of the account. The firm does not currently assess any Performace Based Fees. From the inception of each composite until 12/31/10, Time Weighted Return was compounded on a monthly basis. Beginning 01/01/11 through present, Time Weighted Return was compounded on a daily basis.

Dispersion is calculated from gross of fee returns using an asset-weighted standard deviation methodology. Only those accounts included for the full calculation period are part of the dispersion calculation. The 3-year Ex-post annualized standard deviation value is calculated using 36 consecutive monthly gross of fee returns to the end calculation period. Since Inception, Nuance has adopted the following Significant Cash Flow Policy for both composites. An account will be removed from a composite if a client has given specific instructions that prevent full investment of the cash flow(s) in a timely manner (defined as 5 business days or greater), or cumulative cash flow(s) are equal or greater than 3 percent of the total composite market value based on the end of month market value, or if cumulative cash flow(s) are equal or greater than 10 percent of the total account value based on the end of month market value. If these circumstances exist, the account will be removed from the composite and added back to the composite on the first day of the month following the date that the account is fully invested (defined as being within ten percent of the model portfolios cash target).

Our Core offerings are the Nuance Mid Cap Value Strategy and the Nuance Concentrated Value Strategy. More information regarding Composite descriptions and policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request by contacting client.services@nuanceinvestments.com or 816-743-7080.

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. 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 Assets is calculated based on net income divided by average total assets.

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. Specific securities discussed may not represent all of the securities purchased, sold or recommended. Investors should not assume that investments in securities identified/discussed were or will be profitable. 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 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 all market capitalization value investment style. The Morningstar Large Value Peer Group 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 03/31/2015. 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.

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.