Nuance Concentrated Value Composite Perspectives

May 31, 2017

Description of the Product

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.

Portfolio Managers

Scott Moore, CFA
President & CIO
25 Years of Experience

Chad Baumler, CFA
Vice President
9 Years of Experience

Risk-Adjusted Returns Rankings[1]

1ST PERCENTILE

Lipper
Category: Multi-Cap Value
Ranking vs. Peers: 1 of 249

Morningstar
Category: Large Value
Ranking vs. Peers: 5 of 989

Morningstar
Category: Mid-Cap Value
Ranking vs. Peers: 1 of 304

Longer Term Performance Update

Since Inception Return: The return since inception (11/13/2008) through 5/31/2017 is 17.0 percent (annualized and net of fees) versus the Russell 3000 Value Index and S&P 500 Index, which have returned 13.0 percent and 14.5 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 5/31/2017 is 1.3 (net of fees) versus Russell 3000 Value Index at 0.9 and the S&P 500 Index at 1.0.

Peer Group Returns through 3/31/2017: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/08, we ranked 27 of 989 peer group members (3rd percentile) in the Morningstar Large Cap Value universe, 65 of 304 (21st perctile) in the Morningstar Mid-Cap Value universe, and 24 of 249 (9th percentile) in the Lipper Multi-Cap Value universe.

Peer Group Risk-Adjusted Return through 3/31/2017: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 5 of 989 peer group members (1st percentile) in the Morningstar Large Cap Vale universe, 1 of 304 (1st percentile) in the Morningstar Mid-Cap Value universe, and 1 of 249 (1st percentile) in the Lipper Multi-Cap Value universe.

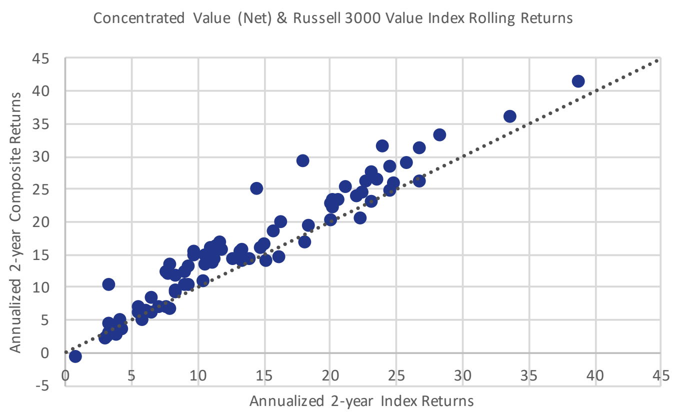
Peer Group Analysis 11/30/2008 - 3/31/2017	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	17.7	12.9	1.4
Nuance Concentrated Value Composite (Net)	17.0	12.9	1.3
Lipper Multi-Cap Value Funds Peer Group (Median)	13.7	15.7	0.9
Peer Group Percentile and Ranking	9th (24 of 249)	6th (16 of 249)	1st (1 of 249)
Morningstar Large Value Peer Group (Median)	13.0	14.8	0.9
Peer Group Percentile and Ranking	3rd (27 of 989)	15th (146 of 989)	1st (5 of 989)
Morningstar Mid-Cap Value Peer Group (Median)	15.7	16.2	0.9
Peer Group Percentile and Ranking	21st (65 of 304)	1st (3 of 304)	1st (1 of 304)

Performance 11/13/2008 - 5/31/2017	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year	2017 YTD
Nuance Concentrated Value Composite (Gross)	17.7	302.9	12.8	1.4	15.0	15.9	7.5	10.7	2.9
Nuance Concentrated Value Composite (Net)	17.0	283.0	12.8	1.3	14.3	15.1	6.7	10.0	2.6
Russell 3000 Value Index	13.0	185.2	15.0	0.9	13.0	14.6	7.7	15.1	2.5
S&P 500 Index	14.5	218.3	13.7	1.0	14.4	15.4	10.1	17.5	8.7

*Since Inception

Shorter Term Performance Update (Two Year and Year-to-Date)

Rolling 2-Year Periods			Current 2-Year Period as of 5/31/2017	
11/13/2008 - 5/31/2017	Periods Beating the Index		Composite (%) Net of Fees[1]	Russell 3000 Value Index (%)
Nuance Concentrated Value Composite	62/79	78.5%	6.9	7.1



Your team at Nuance cautions clients regarding the use of short-term performance as a tool to make investment decisions. That said, if a client wants to consider our short-term performance, we recommend emphasizing two-year rolling periods since our inception. Our normal discussion of short-term performance will center on two-year performance, but we will also note calendar year to date results as is our tradition.

For the period ending May 31, 2017, the Nuance Concentrated Value Composite two year rolling return is 6.9 percent (net of fees) versus the Russell 3000 Value Index and S&P 500 Index which have returned 7.1 percent and 9.3 percent respectively. Overall, we have outperformed in 62 out of the available 79 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned 2.6 percent (net of fees) versus the Russell 3000 Value Index and the S&P 500 Index, which have returned 2.5 percent and 8.7 percent respectively.

Calendar Year Performance as of 5/31/2017	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Nuance Concentrated Value Composite (Gross)	4.5	42.2	18.8	6.9	18.4	35.3	8.9	(1.3)	20.5	2.9
Nuance Concentrated Value Composite (Net)	4.5	41.7	18.1	6.3	17.8	34.5	8.1	(2.0)	19.7	2.6
Russell 3000 Value Index	0.4	19.8	16.3	(0.1)	17.6	32.7	12.7	(4.1)	18.4	2.5
S&P 500 Index	(0.5)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	8.7

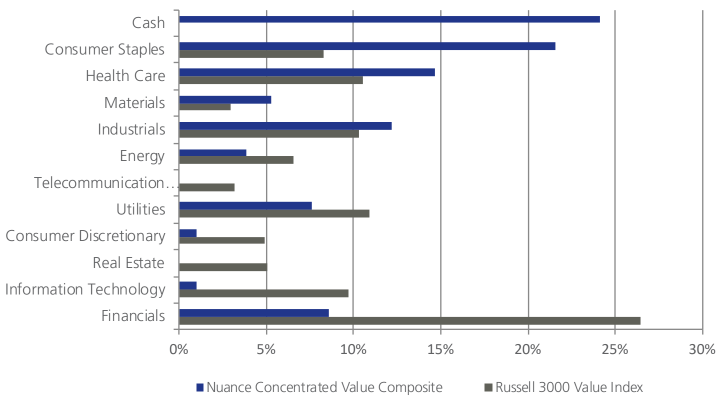
Composition of the Portfolio as of 5/31/2017

Portfolio Characteristics[2]	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	64.3b	110.2b
Median Market Cap	20.1b	1.5b
Price to Earnings (internal and ttm)*	16.9x	20.0x
Forward Price to Earnings	24.0x	17.4x
Dividend Yield	2.2%	2.4%
Return on Equity	27.8%	12.0%
Return on Assets	6.3%	4.3%
Active Share vs Russell 3000 Value	92.7%	-
Upside/Downside Capture Ratio vs Russell 3000 Value	89.0%/60.3%	-
Number of Securities	29	2,026

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 adjacent table, you can see that the portfolio has a Price to Earnings ratio of 16.9x versus the Russell 3000 Value Index of 20.0x. We are achieving this ratio with a portfolio of companies that have a return on assets of 6.3% percent versus the Russell 3000 Value Index of 4.3% percent. This dichotomy of above average companies selling at below average multiples has the opportunity for outperformance over the long-term, in our opinion.

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

Sector Weights and Portfolio Positioning as of 5/31/2017



Overall, the portfolio remains relatively stable from a sector weighting standpoint. We continue to be overweight the Consumer Staples and Healthcare sectors as concerns regarding political uncertainty have led to what we believe are better than market risk rewards in select names in the sectors. We did slightly trim our Healthcare sector exposure over the past month as select holdings are approaching our internal view of fair value. We remain slightly overweight the Materials sector as well. Our largest underweight is the Financials sector as just a modest rise in interest rates resulted in significant expectations of returns on capital and earnings expansion which lifted the space. We continue to be underweight the Real Estate, Consumer Discretionary, Utilities, and Information Technology sectors primarily due to valuation concerns.

Stocks We Added to Your Portfolio (May 2017):

Accenture PLC – CL A (ACN): Accenture is a leading global provider of IT services, including traditional technology services and consulting, as well as SAP implementation, cloud computing implementation and consulting, app development and services, platform integration, and security services. The company has exceled at adapting to new technologies and processes, gaining expertise and implementing those services for its clients, which has allowed it to gain market share from larger companies such as IBM and Hewlett Packard. This has led to strong, sustainable growth and higher returns on invested capital over the past decade. Recent deceleration in growth and disappointing guidance from the company was due to weakness from energy-related and media-related end market clients. This caused some mild underperformance in the stock, which has created in our view, an attractive entry point.

Commerce Bancshares (CBSH): We are re-entering CBSH after a period of relative underperformance in 2017. CBSH is a high-quality commercial bank with a leading market share position in both Kansas and Missouri. This leadership, when combined with multiple sources of high-quality fee income and historically conservative loan underwriting, makes CBSH one of our favorite companies within the Financials sector.

Genuine Parts Company (GPC): Genuine Parts is the leading distributor of auto parts to professional auto mechanics in the U.S. through its NAPA Auto Parts business. When combined with its auto parts distribution in Canada, Mexico, and Australia, this business is accounts for almost 60% of the company's earnings. Another 25% of the company's earnings comes from the distribution of industrial products used for repairs of manufacturing equipment, where the company also has a strong market share position. The company also has smaller positions in the distribution of office products and electrical/electronic parts. While the automotive parts business has seen strong growth since 2010, revenue growth has decelerated recently in the industry, which has led to weaker margins. Additionally, multi-year weakness from energy end markets has caused the industrial distribution business to decline. These two issues have led to modest under-earnings, which has caused the stock price to decline and has created in our view, an attractive buying opportunity.

The Travelers Companies Inc. (TRV): TRV is one of the largest commercial property and casualty companies in the US with a #1 or #2 market share position in a variety of commercial business insurance lines. At around 12 times our internal estimate of normalized earnings, TRV represents a reasonable value today vs. the market and justifies a position in the portfolio, in our opinion.

WGL Holdings Inc. (WGL): WGL is a utility company that sells and delivers natural gas and other energy related products to customers in the Washington D.C. and the surrounding region. WGL is in the midst of gaining regulatory approvals related to AltaGas Ltd's (ALA) offer to purchase WGL for $88.25 per share in cash. Based on our analysis of the pending transaction and the risk reward of WGL versus that of other opportunities, we have started a modest position in the low $80's.

Stocks We Eliminated from Your Portfolio (May 2017):

None.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

We continue to be pleased with the performance of your Nuance Concentrated Value Composite. Year to date your Nuance Concentrated Value Composite has returned 2.62 percent (through 5/31/2017 and net of fees) versus the Russell 3000 Value Index up 2.50 percent and the S&P 500 index up 8.66 percent. More importantly, since our inception on 11/13/2008, the Nuance Concentrated Value Composite has returned 17.00 percent (annualized and net of fees) versus the Russell 3000 Value Index's annualized return of 13.04 percent and the S&P 500 Index's of 14.50 percent.

The "volatility of the stock market" is a phrase as common as "good morning" and for years we have talked with our clients about how volatility is a very good friend of Nuance Investments and its products and clients. The reason for this is that our process takes advantage of volatility. By focusing on first finding and studying leading business franchises with excellent competitive situations, then studying and normalizing the company's entire set of financial statements, and finally concluding with a valuation study that emphasizes both the fair value of the businesses as well as the downside value potential of the business, we can quickly and efficiently discern when market or stock volatility may be providing opportunity. In general, our fair values and downside values for our leading businesses do not change a great deal. In most cases, they simply grow reasonably, quarter after quarter. That stability of value is a key point as our clients realize that public stock market prices are not stable at all over time and reflect fear, greed, perceived uncertainty, perceived certainty, and many other objective and emotional inputs. This volatility around our core value leads us to have opportunities to enhance your risk reward versus the market quite often through a market and valuation cycle. One such opportunity was the market volatility in the fourth quarter of 2016 in the Healthcare sector as election uncertainty and the potential for the Affordable Care Act to be changed resulted in significant downside volatility for many of our favorite healthcare companies. That uncertainty created volatility in individual stocks and their valuations which in turn created excellent risk rewards in companies like Abbot Laboratories (ABT), Globus Medical Inc. – A (GMED), and Cerner Corporation (CERN), among others in our opinion.

With this backdrop, our team would highlight to our clients the sharp decline in the volatility of the stock market over the last year or so. As measured by the Chicago Board Options Exchange SPX Volatility Index (VIX), and using data per Bloomberg, we are near all-time low levels of stock market volatility since the data was made available back to 1990. We find this fact extraordinary considering the political uncertainty, geopolitical uncertainty, level of technological disruption, and valuation levels of the market. We do not share this information to convey a particular investment thesis to our clients, but rather to note our rather stable portfolio throughout 2017. As volatility becomes low, opportunity for change shrinks and new opportunities are less for a period of time. During these periods, you will see your Nuance team be patient, stay the course, and you will see our portfolio turnover be less than our historical averages. Rest assured though that our portfolio continues to have the best possible risk reward for our clients and their portfolios based on the fundamental work our team has done for years on the companies we study for our clients.

Please visit our website for more information about our team, our process and value investing. Follow us on LinkedIn and Twitter! You may also receive information via traditional mail or email. Call us at 816-743-7080. Click here for historical Concentrated Value Perspectives.

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)	4.5	4.5	0.4	(0.5)	N/A	7	$9,126,951	$18,657,997	4.6%	-	-
2009	42.2	41.7	19.8	26.5	1.2	79	$87,342,803	$137,943,058	0.6%	-	-
2010	18.8	18.1	16.3	15.1	0.3	145	$119,543,453	$181,201,036	0.5%	-	-
2011	6.9	6.3	(0.1)	2.1	0.5	181	$96,831,359	$152,976,943	1.1%	16.1	21.3
2012	18.4	17.8	17.6	16.0	0.2	259	$154,693,966	$214,936,666	1.0%	13.1	16.0
2013	35.3	34.5	32.7	32.4	0.7	411	$418,085,862	$507,569,897	0.4%	12.2	13.1
2014	8.9	8.1	12.7	13.7	0.2	581	$886,246,169	$1,071,186,382	0.2%	10.4	9.5
2015	(1.3)	(2.0)	(4.1)	1.4	0.2	607	$715,577,980	$913,545,839	0.1%	11.4	10.9
2016	20.5	19.7	18.4	12.0	0.1	694	$937,752,729	$1,466,221,847	0.1%	11.1	11.1
YTD 2017 (5/31/2017)	2.9	2.6	2.5	8.7	N/A	724	$1,001,118,094	$1,581,035,230	0.0%	10.8	10.8

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 – 03/31/2017 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. 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 if a single cash flow is equal or greater than 10 percent of the total account value based on the beginning of the 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 following month.

Our Core offerings are the Nuance Mid Cap Value Strategy, the Nuance Concentrated Value Strategy and the Nuance Concentrated Value Long-Short 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 Disclosures

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 TR. The S&P 500 Index TR 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 Clearwater Analytics. 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.

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

(1) Risk-Adjusted Return (Sharpe Ratio), Standard Deviation and return 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 all market capitalization value investment style. The Morningstar Large Value Peer Group, Mid Cap Value 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 3/31/2017. 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.

(2) Index statistics are provided by Russell. Characteristics calculations use holdings at market close on the stated date, including cash & cash equivalents. The following Composite characteristics are calculated using Bloomberg: Median Market Cap (midpoint of market capitalization of the stocks in the portfolio), Dividend Yield (annual dividends relative to share price), Return on Equity (net income divided by shareholder equity), Return on Assets (net income divided by average total assets). 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. Active share, as calculated by Morningstar Direct, is a statistic the measures a strategy's holdings relative to the holdings of the appropriate benchmark. Standard deviation is a measure of volatility showing the average deviations of a return series from its mean. The upside capture ratio is an indication of a manager's ability to match returns in periods of market strength, while the downside capture ratio measures a manager's ability to curtail losses in periods of index weakness. Results are gross of fees for the period since inception through present. Both upside/downside ratios and standard deviation are calculated using Style Advisor.

Portfolio holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. As of 5/31/2017 portfolio weights of names discussed are as follows: Cerner Corporation (CERN) 1.02%, Globus Medical Inc. (GMED) 0.96%, Abbott Laboratories (ABT) 4.14%.

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.