Nuance Concentrated Value Long-Short Fund

nuance INVESTMENTS

Second Quarter 2018

Investment Objective

The Nuance Concentrated Value Long-Short Fund seeks long-term capital appreciation by taking long positions in securities priced below, and short positions in securities priced above, our internal view of their estimated intrinsic value.

Portfolio Constraints

- # of Long Holdings: 15 to 35
- # of Short Holdings: 0 to 50
- Long Exposure: 75% to 100%
- Short Exposure: 0% to 100%
- Max Gross Exposure: 200%

Fund Details

Class:	Institutional	Investor
Ticker:	NCLSX	NCLIX
Inception:	12/31/15	12/31/15
Cusip:	56166Y255	56166Y263
Min Invest:	$10,000	$2,500
Invest Mgmt Fee:	1.00%	1.00%

Process Overview

On the long side of the Nuance Concentrated Value Long-Short Fund (the Fund) investment portfolio, the Nuance Investment Team (the Investment Team) is looking for industry leading businesses with strong and stable competitive positions. Generally, these businesses have leading marketshares within their various areas of expertise, have strong balance sheets and exhibit rational capital allocation policies. The Investment Team is seeking to buy these businesses when they are under-earning their long-term potential due to cyclical and/ or transitory issues, and when security valuations offer what we believe to be meaningful upside potential and reasonable support on the downside.

On the short side of the Fund investment portfolio, the Investment Team is looking for large businesses with more commoditized or structurally challenged competitive positions. These businesses may or may not be industry leaders. The Investment Team is seeking to sell these businesses when they are over-earning their long-term potential due to cyclical and/ or transitory issues, and when security valuations offer what we believe to be reasonable support on the upside and meaningful downside potential.

Portfolio Managers

Scott Moore, CFA
President & CIO
26 Years of Experience

Chad Baumler, CFA
Vice President
10 Years of Experience

Performance as of June 30, 2018

As of 6/30/2018 Inception Date 12/31/15	Since Inception Return	1 YR	YTD	QTD	Gross Expense Ratio	Net Expense Ratio
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	6.34	0.81	1.40	-0.46	3.34%	2.79%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	5.96	0.45	1.22	-0.55	3.59%	3.04%
S&P 500 Index	14.42	14.37	2.65	3.43		
Morningstar Long/Short Equity	4.75	5.43	-0.66	0.14		

Performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-855-682-6233.

The Fund has contractually agreed to reduce its management fees, and may reimburse the Fund for its operating expenses, in order to ensure that Total Annual Fund Operating Expenses (Excluding acquired fund fees and expenses, leverage, interest, dividend and interest expense on short sales, taxes, brokerage commissions, and extraordinary expenses) do not exceed 1.55% of the average daily net assets of the Investor Class and 1.30% of the average daily net assets of the Institutional class through at least 8/27/2018. Net expense ratios are as-of the Fund's most recent prospectus and are applicable to investors.

General Market Commentary

	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18
Cash	24.1%	24.6%	25.1%	24.5%	24.2%	23.7%	24.2%	24.6%
Long Equities	75.9%	75.4%	74.9%	75.5%	75.8%	76.3%	75.8%	75.4%
Short Equities	61.6%	65.1%	67.7%	74.3%	77.9%	93.9%	87.9%	86.1%
Gross Exposure	137.6%	140.5%	142.7%	149.7%	153.7%	170.2%	163.7%	161.5%
Net Exposure	14.3%	10.4%	7.2%	1.2%	-2.1%	-17.6%	-12.0%	-10.7%

The Investment Team believes the investment opportunity continues to be skewed to the short side of the Fund's investment portfolio. As a point of reference, as of 6/30/18, the median company in the proprietary Nuance long universe, which consists of approximately 250 companies we view as industry leaders, was trading at more than a 20% premium to what the Investment Team would consider to be fair value. In other words, the universe, on average, appears to be greater than 20% overvalued, per our internal estimates. Additionally, according to our company-by-company valuation work, this same universe has more than 60% downside potential from today's prices. Meaning if our list of 250 companies were to all trend down to their historic trough valuation multiples, then the average stock on our list would be down by more than 60%.

As one can see from the table above, the Fund ended the quarter with a net 10.7% short equity exposure. On the long side of the portfolio, the Investment Team believes the opportunity set has narrowed significantly over the last few years. Current investment opportunities with reasonable risk/ rewards include investments in the Healthcare Equipment, Property & Casualty Insurance, Life and Health Insurance and Health Care Supplies sub-industries, in our opinion. On the short side of the portfolio, the Investment Team believes the opportunity set has expanded versus a few years ago, with attractive short investments currently held in nine of the eleven GICS sectors of the economy.

Featured Investment

Short Valero Energy (VLO)- VLO is the largest producer of crude oil refined products in the US with an estimated 15% market share. Historically, the Investment Team has considered VLO and its Refining & Marketing sub-industry peers to be highly commoditized with weak competitive positions. VLO's business model involves taking non-proprietary inputs in the form of crude oil and other base chemicals, and producing non-proprietary outputs in the form of gasoline and diesel, leaving limited room for any material value-add or competitive advantage. This limited value-add can be witnessed when examining VLO's EBITDA margins over the last 10 and 20 years, which have averaged around 5% for both periods. To give the reader some perspective, companies within the proprietary Nuance long universe (excluding financials) have averaged EBITDA margins of around 20% for both periods. Going forward, we believe VLO's already weak competitive position could face material structural headwinds if electric vehicles were to gain traction and total US motor fuel demand were to flatline or decline. Additionally, we believe VLO's capital allocation policy has turned overly aggressive the last few years towards dividends. VLO has historically paid out 10% of earnings in the form of dividends. While this dividend payout ratio may appear low, we believe this to be an appropriate ratio for a business model that can swing from extreme profits to extreme losses in very short time periods, sometimes over two or three quarters. Today, VLO is paying out $3.20 per share annualized, which represents a greater than 45% payout ratio on today's earnings. Given the business model's potential for volatility, we believe it is very possible that VLO's dividend could be cut during the next economic downturn. When this aggressive capital allocation policy is combined with a highly commoditized business model facing potential future structural headwinds, the Investment Team believes VLO's overall competitive position is below average.

VLO is expected to earn greater than $8.0B of EBITDA next year, and the Investment Team believes it is over-earning its long-term potential for a variety of key reasons including cyclically high refinery utilization and elevated refining margins. Rather than walk through the history of each of these factors, where the current metrics are clearly above long-term averages, we wanted to focus more on the overall economics of VLO's business model through a study of VLO's historical return on common equity (ROE). For the last 10 and 20 years, VLO has had a median ROE in the low teens, with a 13% ROE and a 14% ROE, respectively. The Investment Team believes an ROE in the low teens for a business model like VLO's is very logical, given its high level of commoditization. During our years of studying businesses and their return on capital profiles, we have observed that very high-quality businesses can produce average ROE's in the upper teens or even higher. While VLO's median ROE's for the last 10 and 20 years look consistent, VLO's actual year-to-year ROE's have been far from consistent. Over that timeframe, VLO has experienced multiple periods of temporarily higher and lower ROE's, but each time capital and competition has caused VLO's ROE to revert back to the low teens. The greater than $8.0B of EBITDA for next year cited above equates to an ROE in the high teens. Historically, this has proven to be an unsustainably high level, and the Investment Team does not believe this time will be different. If competition in this part of the economy were to heat up and capital investment were to accelerate, just as it has in the past, then VLO's refinery utilization could trend lower and refining margins could compress back down to longer term averages. If this were to occur, then VLO's EBITDA would contract, and its ROE would reset lower.

As of 6/30/18, VLO was trading at $111 per share or around 8.5x this year's consensus EBITDA estimate. This is an 85th percentile observation when studying data from the last 20 years, meaning that the multiple has been higher than 8.5x only 15% of the time and has been lower 85% of the time. The Investment Team believes this high multiple, when combined with VLO's below average competitive position leaves limited room for material upside from here. From a short seller's perspective, this implies the potential for limited downside. However, if VLO's EBITDA were to trend lower due to the reasons highlighted above, and its EV/ EBITDA multiple were to retreat back to the 20-year average of around 5.0x, then meaningful upside could be generated from shorting VLO at these levels. This combination of limited downside potential and meaningful upside potential in a large and below average competitive position is exactly what the Investment Team is looking for and explains why VLO is one of our top short investment idea.

You should consider the fund's investment objectives, risks, charges and expenses carefully before investing. For a statutory or summary prospectus, that contains this and other information about the Funds, call 1-855-NUANCE3 (855-682-6233) or visit our website at www.nuanceinvestments.com. Please read the prospectus carefully before investing.

Mutual fund investing involves risk. Principal loss is possible. Investments in small and mid-capitalization companies involve additional risk such as limited liquidity and greater volatility than larger capitalization companies. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. The Fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. Short sale of securities involves unlimited risk including the possibility that losses may exceed the original amount invested. However, a mutual fund investor's risk is limited to one's amount of investment in a mutual fund. The Fund is new with no operating history and there can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Trust's Board of Trustees ("Board of Trustees") may determine to liquidate the Fund.

The Primary Benchmark for the Fund 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 Fund may differ markedly from that of compared indices due to varying degrees of diversification and/or other facts. Return figures for all performance shown provided by US Bank.

Nuance Investments, LLC is majority owned by Montage Investments, LLC.

Nuance Investments is the advisor to the Nuance Mid Cap Value Fund, the Nuance Concentrated Value Fund and the Nuance Concentrated Value Long-Short fund which are distributed by Quasar Distributors, LLC.

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization, is a metric used in assessing the operating earnings of a company.

Valero Energy (VLO) represents -4.02% of the assets in the portfolio as-of 6/30/2018.

Return on Common Equity = Return on Common Equity measures a companies ability to generate returns on invested capital by dividing the earnings of a company by the company's shareholders' equity available to common shareholders.

EV/EBITDA = The ratio of a firm's Enterprise Value to its Earnings Before Interest, Taxes, Depreciation, and Amortization. Enterprise Value is an assessment of the total operating value of a firm and Earnings Before Interest, Taxes, Depreciation, and Amortization is a metric used in assessing the operating earnings of a company.

Morningstar Long-Short Equity-The Fund has been compared to various peer groups defined by investment style. The Fund is an all market capitalization value investment style. The Morningstar Long/Short Equity Peer Group (as selected by Morningstar) has been presented as an investment strategy with a similar investment style.

GIPS Compliance Statement

Nuance claims compliance with the Global Investment Performance Standards (GIPS®). The firm maintains a complete list and description of composites, which is available upon request. More information regarding Composite descriptions and policies for valuing portfolios, calculating performance, and compliant presentations are available upon request by contacting client.services@nuanceinvestments.com or 816-743-7080.

The definition of the firm is the foundation for firm-wide compliance and creates defined boundaries for determining the assets of the firm. In this instance, the firm is defined as Nuance Investments, LLC (Nuance), a majority owned subsidiary of Montage Investments, LLC ("Montage"). Montage is a wholly owned subsidiary of Mariner Holdings, LLC. Nuance founded on November 1, 2008, was formed on the belief that the ability to outperform the broad stock market is predicated on a consistent and disciplined value investing approach. The Investment Management Team selects securities for the Nuance investment portfolios by using an extensive quantitative screening and fundamental research process that identifies leading businesses selling at a discount to fair value and that have the potential to generate above-average rates of returns over time. The Investment Management Team seeks to identify companies across a range of industries and market sectors that have leading and sustainable market share positions, above-average financial strength, and are trading at a discount to their internal view of intrinsic value. The Investment Management Team may sell an investment when it believes it has surpassed its intrinsic value by applying the screening process described above, for purposes of portfolio construction or risk management, or when a more attractive investment opportunity becomes available. For the short side, the Investment Management team seeks to identify companies across a range of industries and market sectors that have average to below average competitive positions and unattractive risk reward profiles. The total firm assets will be defined as all discretionary and non-discretionary assets under management within Nuance. This includes primary investment management accounts, sub-advisory investment management accounts and wrap accounts as well as both fee-paying and non-fee paying assets.surpassed its intrinsic value by applying the screening process described above, for purposes of portfolio construction or risk management, or when a more attractive investment opportunity becomes available. This includes primary investment management accounts, sub-advisory investment management accounts and wrap accounts as well as both fee-paying and non-fee paying assets.