Nuance Concentrated Value Composite Perspectives

October 31, 2018

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
27 Years of Experience

Chad Baumler, CFA
Vice President
11 Years of Experience

Risk-Adjusted Returns Rankings[1]

1ST PERCENTILE

Lipper
Category: Multi-Cap Value
SI Rank in Cat: 4 of 221

Morningstar
Category: Large Value
SI Rank in Cat: 8 of 942

Morningstar
Category: Mid-Cap Value
SI Rank in Cat: 2 of 312

Longer Term Performance Update

Since Inception Return: The return since inception (11/13/2008) through 10/31/2018 is 14.9 percent (annualized and net of fees) versus the Russell 3000 Value Index and S&P 500 Index, which have returned 12.0 percent and 14.0 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 10/31/2018 is 1.2 (net of fees) versus Russell 3000 Value Index at 0.8 and the S&P 500 Index at 1.0.

Peer Group Returns through 9/30/2018: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/08, we ranked 53 out of 942 peer group members (6th percentile) in the Morningstar Large Cap Value universe, 90 out of 312 (29th percentile) in the Morningstar Mid-Cap Value universe, and 32 out of 221 (15th percentile) in the Lipper Multi-Cap Value universe.

Peer Group Risk-Adjusted Return through 9/30/2018: On a risk-adjusted return basis, since 11/30/2008, (measured by the Sharpe Ratio) we ranked 8 out of 942 peer group members (1st percentile) in the Morningstar Large Cap Vale universe, 2 out of 312 (1st percentile) in the Morningstar Mid-Cap Value universe, and 4 out of 221 (1st percentile) in the Lipper Multi-Cap Value universe.

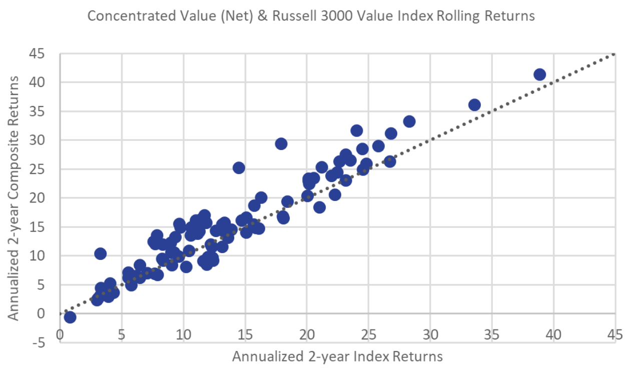
Peer Group Analysis 11/30/2008 - 9/30/2018	Since Inception APR[1]	Standard Deviation (A)[1]	Sharpe Ratio (A)[1]
Nuance Concentrated Value Composite (Gross)	15.9	12.1	1.3
Nuance Concentrated Value Composite (Net)	15.2	12.1	1.2
Lipper Multi-Cap Value Funds Peer Group (Median)	13.0	14.6	0.9
Peer Group Percentile and Ranking	15th (32 of 221)	6th (14 of 221)	1st (4 of 221)
Morningstar Large Value Peer Group (Median)	12.7	13.9	0.9
Peer Group Percentile and Ranking	6th (53 of 942)	14th (129 of 942)	1st (8 of 942)
Morningstar Mid-Cap Value Peer Group (Median)	14.4	15.2	0.9
Peer Group Percentile and Ranking	29th (90 of 312)	1st (2 of 312)	1st (2 of 312)

Performance 11/13/2008 - 10/31/2018	APR*	TR*	Standard Deviation*	Sharpe Ratio*	7 Years	5 Years	3 Years	1 Year	2018 YTD
Nuance Concentrated Value Composite (Gross)	15.6	325.2	12.2	1.3	12.5	7.9	8.0	(0.6)	(3.1)
Nuance Concentrated Value Composite (Net)	14.9	300.0	12.1	1.2	11.8	7.1	7.3	(1.3)	(3.7)
Russell 3000 Value Index	12.0	210.2	14.3	0.8	12.3	8.5	9.0	2.8	(1.5)
S&P 500 Index	14.0	267.5	13.2	1.0	14.0	11.3	11.5	7.3	3.0

*Since Inception

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

Rolling 2-Year Periods			Current 2-Year Period as of 10/31/2018	
11/30/2008 - 10/31/2018	Periods Beating the Index		Composite (%) Net of Fees[1]	Russell 3000 Value Index (%)
Nuance Concentrated Value Composite	63 / 96	65.6%	7.3	10.3



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 October 31, 2018, the Nuance Concentrated Value Composite two year rolling return is 7.3 percent (net of fees) versus the Russell 3000 Value Index and S&P 500 Index which have returned 10.3 percent and 15.2 percent respectively. Overall, we have outperformed in 63 out of the available 96 two-year periods as shown in the chart labeled Rolling 2-Year Return Periods.

Year-to-date, the Nuance Concentrated Value Composite has returned (3.7) percent (net of fees) versus the Russell 3000 Value Index and the S&P 500 Index, which have returned (1.5) percent and 3.0 percent respectively.

Calendar Year Performance as of 10/31/2018	11/13/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD
Nuance Concentrated Value Composite (Gross)	4.5	42.2	18.8	6.9	18.4	35.3	8.9	(1.3)	20.5	12.1	(3.1)
Nuance Concentrated Value Composite (Net)	4.5	41.7	18.1	6.3	17.8	34.5	8.1	(2.0)	19.7	11.3	(3.7)
Russell 3000 Value Index	0.4	19.8	16.3	(0.1)	17.6	32.7	12.7	(4.1)	18.4	13.2	(1.5)
S&P 500 Index	(0.5)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	21.8	3.0

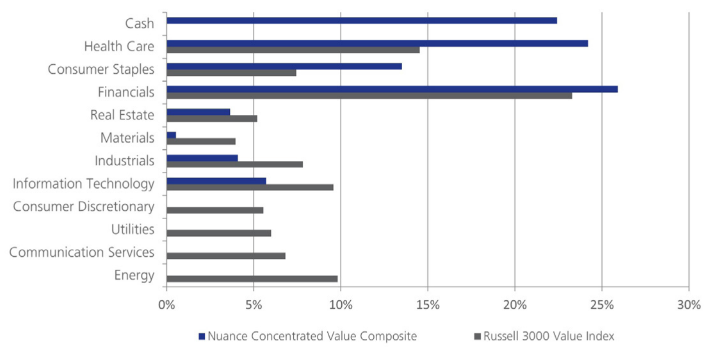
Composition of the Portfolio as of 10/31/2018

Portfolio Characteristics[2]	Nuance Concentrated Value Composite	Russell 3000 Value Index
Weighted Average Market Cap	49.2b	115.9b
Median Market Cap	19.8b	1.6b
Price to Earnings (internal and ttm)*	15.4x	17.7x
Dividend Yield	1.7%	2.6%
Return on Equity	17.8%	14.2%
Return on Assets	5.8%	5.4%
Active Share vs Russell 3000 Value	92.8%	-
Upside/Downside Capture Ratio vs Russell 3000 Value	85.9% / 60.2%	-
Number of Securities	34	2,099

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

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 15.4x versus the Russell 3000 Value Index of 17.7x. We are achieving this ratio with a portfolio of companies that have a return on assets of 5.8 percent versus the Russell 3000 Value Index of 5.4 percent. This dichotomy of above average companies selling at below average multiples has the opportunity for outperformance over the long-term, in our opinion.

Sector Weights and Portfolio Positioning as of 10/31/2018



The portfolio's sector weights remain stable. We remain overweight the Healthcare and Consumer Staples sectors as we continue to find select leaders with what we believe are better risk-rewards than other market opportunities. We are slightly overweight the Financial sector where a combination of low interest rates and a higher than average catastrophe year has created some significant opportunities, in our view. Specifically, we are finding opportunities within the Life & Health and Property and Casualty Insurance sub-industry. We remain underweight the Energy sector where we believe the sector is facing a multi-year period of competitive transition. Lastly, we remain underweight the Industrial, Utility, Consumer Discretionary and Communication Services sectors primarily due to valuation concerns.

Stocks We Added to Your Portfolio (October 2018):

Cal-Maine Foods (CALM): Cal-Maine Foods is the leading producer of fresh shell eggs in the U.S. Over the past 3-4 years, the company has dealt with extreme volatility in egg pricing due to supply/demand imbalances. Currently, egg prices are below the long-term average and the consensus expectation is that pricing will remain depressed in the near term as additional supply comes to market. Longer term, we believe eggs are an attractive food option as more people look to add fresh foods and protein into their diet. Additionally, CALM has a very strong balance sheet with a high net cash position and is looking to take advantage of the current environment by growing its cage-free egg production and acquiring smaller, family run egg companies. We believe the current environment presented an opportunity to buy Cal-Maine stock at an attractive risk/reward.

Charles Schwab Corp. (SCHW): We are initiating a position in SCHW in the low to mid $40's to help facilitate some tax loss harvesting. With over $3.5 trillion of client assets, SCHW is a leading provider of a variety of financial services to individual investors, independent investment managers, retirement plans and institutions. Recent market volatility has provided what we believe to be a reasonable entry point for our clients into this long-time favorite financial services provider.

Valley National Bancorp (VLY): VLY is a leading local commercial lender in the New Jersey metro. VLY provides commercial loans to a wide variety of small businesses in its geographic footprint and has maintained a history of strong credit quality. A 3Q18 earnings miss, along with recent underperformance in the banking space, led to an attractive entry point, in our opinion.

Stocks We Eliminated from Your Portfolio (October 2018):

AptarGroup, Inc. (ATR): ATR is the global leader across dispensing solutions Packaging niche with a balanced portfolio spanning Pharma, Home & Beauty, and Food & Beverage applications. We exited our position in ATR as the company's stock price exceeded our internal view of fair value following a period of outperformance. We will look for future opportunities to invest in ATR at a more attractive risk reward.

Autoliv, Inc. (ALV): ALV is the leading manufacturer of airbags, seatbelts and steering wheels for the automobile industry. With recent market volatility creating some price dislocations, we exited our position in favor of better risk/reward opportunities.

Becton, Dickinson and Co. (BDX): BDX is the leading manufacturer of needles, syringes, IVs, infusion pumps, medication dispensing equipment and other medical supplies. After a period of significant outperformance, we sold the stock as its price exceeded our view of fair value. We continue to like the company and will look to re-enter the stock at more attractive prices in the future.

Henkel AG & Co. (HENKY): Henkel is the world's largest supplier of adhesives and sealants, a leading supplier of laundry care products in the U.S. and Europe, and a leading supplier of hair care product in Europe. We exited the position as we found more attractive risk/reward opportunities elsewhere.

Xilinx (XLNX): Xilinx is the world's leading supplier of programmable logic semiconductors. These semiconductors are used in low volume or constantly changing environments such as communication networks, data centers, some industrial settings, and certain applications in automobiles. We exited the position as the stock had appreciated well past our view of fair value.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

Year to date your Nuance Concentrated Value Composite is down (3.70) percent (through 10/31/2018 and net of fees) versus the Russell 3000 Value Index down (1.51) percent and the S&P 500 Index up 3.00 percent. Most importantly to us, since our inception on 11/13/2008, the Nuance Concentrated Value Composite is up 14.91 percent (annualized and net of fees) versus the Russell 3000 Value Index up 12.02 percent and the S&P 500 Index up 13.95 percent.

A bit of downside market volatility was observed this month. Fears of a slowing global economy, maybe a bit of inflation, debt issues, which we have been discussing for the last year or so, and certainly valuations appear to be the broad cause of this downside movement. Our clients know we have been discussing these issues, and it has been our opinion that the market – in general – has been ignoring most of these potential problems for the last year or so in favor of a focus on near term earnings gains due to a tax cut that we doubt adds much long-term value for our companies. Since the peak of the S&P 500 Index on 9/20/2018 to 10/31/2018, your Concentrated Value product's composite is down (4.98) percent versus the Russell 3000 Value Index down (6.91) percent and the S&P 500 Index down (7.34) percent. We are reasonably pleased with our level of downside support thus far after our first glimpse at a possible valuation and market correction. After being up 14.91 percent net of fees since our inception (almost 10 years ago to the day I am writing this commentary) versus the Russell 3000 Value Index up 12.02 percent and the S&P 500 Index up 13.95 percent, we believe our clients appreciate what we have accomplished during the decade long up period of the market since the 2008 and 2009 recession. This might be a modest glimpse at what we aim to accomplish during a down period. No guarantees of course, but our risk metrics have clearly been low for our first ten years and would suggest better downside support than the market may be possible – and frankly expected by your team.

As we traditionally do as the holiday season approaches, we want to address tax related issues and remind our clients of our view on taxes and how our time-tested process deals with taxes. First and foremost, we are aware of taxes and the implications of taxes to your total return. We use multiple techniques to minimize the tax burden, including tax loss swaps and an awareness of the time horizon where investments change from short-term to long-term capital gains. Assuming nothing of significance happens in November and December, we are of the opinion that the tax burden for our taxable clients should be manageable but more than last year. While the exact tax gain or loss numbers vary by account, we estimate that the realized capital gains (both short and long term) for this year will likely be in a rough range of 10 percent of the value of the account with approximately 6.0-7.0% of that being long-term gains and 3.0-4.0% being short-term gains. Please understand that this is an estimate as we still have over a month left in the investment year, but it should be a reasonable approximation for your planning purposes. Some of our clients might be surprised by the tax burden during a year when our total return is flat to modestly down, but we are hopeful that most of our clients realize and appreciate that this burden relates to the significant gains of the last few years and the fact that some of those gains were captured this year as we rebalance your portfolio into better risk rewards as we move forward.

We get asked a great deal about taxes and turnover in our strategy. What we explain is that buying into weakness and selling stocks into strength (after achieving performance) is a natural part of our process. For example, if a stock goes up 20, 30, or 40 percent while the broader market is flat or increases 10 percent, then rest assured that the risk versus reward profile of that investment has changed significantly. Additionally, the risk potential, in particular, has gone up by about 20, 30, or 40 percent. As such, we start capturing profits for our clients to ensure the portfolio continues its long-term strategy of owning leading business franchises with sound competitive positions that, in our opinion, have better than the market upside potential coupled with better than the market downside support. This strategy does lead to some tax burden over time for our taxable accounts. Ultimately however, it positions us to hold investments with less than average downside potential, in our opinion. As always, our portfolio of companies is comprised of competitively well-positioned businesses that do not have unlimited upside potential, but certainly carry significant upside in our opinion. As the businesses achieve or surpass our view of fair value, we move on to what we view as better opportunities. This year, despite a modest decline in our overall return, there will be a tax burden. That burden relates to the significant gains of the last year or two which were captured this year as we rebalance your portfolio into what we view as better risk rewards going forward. That said, regardless of the tax burden in 2018, we hope the longer-term portfolio returns makes you feel a bit better about your visit to your tax consultant.

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
2017	12.1	11.3	13.2	21.8	0.1	726	$1,011,853,027	$1,784,338,191	0.0%	10.1	10.5
YTD 2018 (10/31/2018)	(3.1)	(3.7)	(1.5)	3.0	N/A	604	$787,403,526	$1,901,878,814	0.0%	8.7	9.5

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 – 3/31/2018 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 equal-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. Prior to January 1, 2017 dispersion was calculated using an asset-weighted methodology. The calculation methodology was updated based on a new performance system dispersion calculation. 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 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 9/30/2018. 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 10/31/2018 portfolio weights of names discussed are as follows: Cal-Maine Foods (CALM) 1.70%, Charles Schwab Corp. (SCHW) 0.52%, Valley National Bancorp (VLY) 2.00%, AptarGroup, Inc. (ATR) 0.00%, Autoliv, Inc. (ALV) 0.00%, Becton, Dickinson and Co. (BDX) 0.00%, Henkel AG & Co. (HENKY) 0.00% and Xilinx (XLNX) 0.00%.

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.