

Nuance Mid Cap Value Composite Perspectives



March 31, 2019

Description of the Product

The Nuance Mid Cap 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 50-90 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 Midcap® Value Index. Clients may also compare the product to the S&P MidCap 400 Value Index and the S&P 500 Index.

Portfolio Managers



Scott Moore, CFA
President & CIO
28 Years of Experience

Chad Baumler, CFA
Vice President
12 Years of Experience

Risk-Adjusted Returns Rankings¹

1ST PERCENTILE

Lipper
Category: Mid-Cap Value
SI Rank in Cat: 1 of 112

Morningstar
Category: Mid-Cap Value
SI Rank in Cat: 2 of 307

Longer Term Performance Update (through March 31, 2019)

Since Inception Return: The return since inception (on 11/03/2008 through 3/31/2019) is 15.4 percent (annualized and net of fees) versus the Russell Mid Cap Value Index and S&P MidCap 400 Value Index which have returned 13.3 percent and 13.2 percent respectively. We are pleased with this level of outperformance over time.

Risk-Adjusted Returns: Our Sharpe Ratio since inception through 3/31/2019 is 1.1 (net of fees) versus Russell Midcap Value Index at 0.8, the S&P MidCap 400 Value Index at 0.8 and the S&P 500 Index at 0.9.

Peer Group Returns through 3/31/2019: Comparing our product to peers displays positive results over time. On a total return basis, since 11/30/2008, we ranked 6 out of 307 (2nd percentile) peer group members in the Morningstar Mid Cap Value universe. Versus the Lipper Mid Cap Value universe we ranked 2 out of 112 (1st percentile).

Peer Group Risk-Adjusted Return through 3/31/2019: On a risk-adjusted return basis, since 11/30/2008, (as measured by the Sharpe Ratio) we ranked 2 out of 307 (1st percentile) peer group members in the Morningstar Mid Cap Value universe. Versus the Lipper Mid Cap Value universe we ranked 1 out of 112 (1st percentile).

Peer Group Analysis 11/30/2008 - 3/31/2019	Since Inception APR ¹	Standard Deviation (A) ¹	Sharpe Ratio (A) ¹
Nuance Mid Cap Value Composite (Gross)	17.0	13.3	1.3
Nuance Mid Cap Value Composite (Net)	16.2	13.3	1.2
Lipper Mid-Cap Value Funds Peer Group (Median)	12.9	15.8	0.8
Peer Group Percentile and Ranking	1st (2 of 112)	1st (2 of 112)	1st (1 of 112)
Morningstar Mid-Cap Value Peer Group (Median)	13.1	16.0	0.8
Peer Group Percentile and Ranking	2nd (6 of 307)	4th (13 of 307)	1st (2 of 307)

Performance 11/03/2008 - 3/31/2019	APR*	TR*	Standard Deviation*	Sharpe Ratio*	10 Years	7 Years	5 Years	3 Years	1 Year	2019 YTD
Nuance Mid Cap Value Composite (Gross)	16.2	377.7	13.4	1.2	18.5	14.3	10.2	13.5	8.7	12.5
Nuance Mid Cap Value Composite (Net)	15.4	343.7	13.5	1.1	17.6	13.4	9.5	12.7	7.9	12.3
Russell Midcap Value Index	13.3	267.0	16.1	0.8	16.4	11.3	7.2	9.5	2.9	14.4
S&P Midcap 400 Value Index	13.2	264.7	16.9	0.8	15.8	11.2	7.5	10.3	3.6	14.0
S&P 500 Index	13.3	266.3	13.8	0.9	15.9	12.8	10.9	13.5	9.5	13.7

*Since Inception

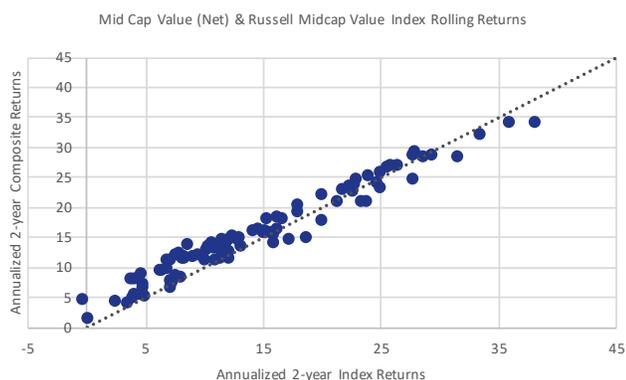
Shorter Term Performance Update (Two Year and Year-to-Date)

Rolling 2-Year Periods	Current 2-Year Period as of 3/31/2019			
	Periods Beating the Index		Composite (%) Net of Fees ¹	Russell Midcap Value Index (%)
11/30/2008 - 3/31/2019	80/101	79.2%	9.1	4.7

Your team at Nuance cautions our clients regarding the use of short-term performance as a tool to make manager or 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 March 31, 2019, the Nuance Mid Cap Value Composite two year rolling return is 9.1 percent (net of fees) versus the Russell Midcap Value Index and S&P 500 Index which have returned 4.7 percent and 11.7 percent respectively. Overall, we have outperformed in 80 out of the available 101 two-year periods as shown in the chart labeled Annual 2-Year Rolling Return.

Year-to-date, the Nuance Mid Cap Value Composite has returned 12.3 percent (net of fees) versus the Russell Mid Cap Value Index and the S&P 500 Index which have returned 14.4 percent and 13.7 percent respectively.



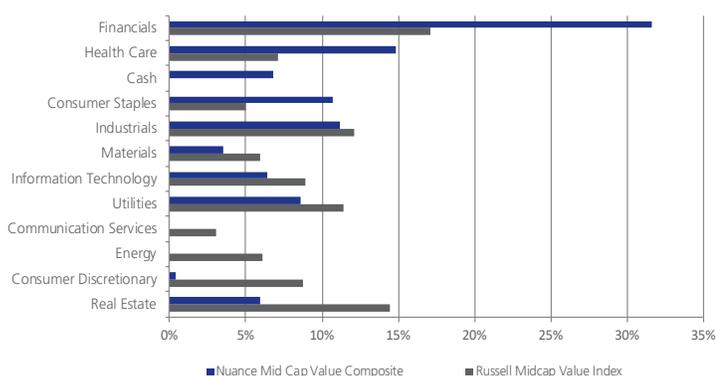
Calendar Year Performance as of 3/31/2019	11/03/08 - 12/31/08	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 YTD
Nuance Mid Cap Value Composite (Gross)	(4.1)	38.7	21.1	4.0	22.0	35.5	9.8	3.0	21.9	16.2	(4.2)	12.5
Nuance Mid Cap Value Composite (Net)	(4.1)	38.2	20.0	3.4	20.6	34.2	9.1	2.3	21.1	15.4	(4.9)	12.3
Russell Midcap Value Index	(5.6)	34.2	24.8	(1.4)	18.5	33.6	14.7	(4.8)	20.0	13.3	(12.3)	14.4
S&P MidCap 400 Value Index	(3.9)	33.8	22.8	(2.4)	19.1	34.3	12.0	(6.7)	26.5	12.3	(11.9)	14.0
S&P 500 Index	(6.0)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	21.8	(4.4)	13.7

Composition of the Portfolio as of 3/31/2019

Portfolio Characteristics ²	Nuance Mid Cap Value Composite	Russell Midcap Value Index
Weighted Average Market Cap	16.9b	14.9b
Median Market Cap	11.6b	7.5b
Price to Earnings (internal and ttm)*	18.4x	23.2x
Dividend Yield	1.9%	2.4%
Return on Equity	13.1%	12.5%
Return on Assets	5.0%	4.5%
Active Share vs Russell Midcap Value	97.8%	-
Upside/Downside Capture Ratio vs Russell Midcap Value	90.9% / 74.5%	-
Number of Securities	50	589

²Based 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 table below, you can see that the portfolio has a Price to Earnings ratio of 18.4x versus the Russell Midcap Value Index of 23.2x. We are achieving this ratio with a portfolio of companies that have a return on assets of 5.0% versus the Russell Midcap Value Index of 4.5%. 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 3/31/2019

The portfolio was stable from a sector weighting standpoint during the quarter, and we continue to believe the opportunity set remains limited. Our largest overweight remains the Financial sector as we continue to find what we believe to be attractive risk – rewards in the sector. Within the Financial sector, the largest weight is in the insurance industry where a combination of low interest rates and a higher than average catastrophe year has created some significant opportunities, in our view. While our position in the Healthcare sector remains overweight, we have lowered our weight as some of our select leaders are approaching our internal view of fair value. We continue to have an overweight position in the Consumer Staples sector as we are finding select opportunities in the Packaged Food & Meats sub-industry. We have added to our position in the Industrial sector and now have roughly an in-line position with the benchmark as we have started to see some modestly attractive risk-rewards in select leaders, and

we will continue to look for opportunities to add to those positions. Our underweight position in the Energy sector remains unchanged as we believe that crude oil related companies are likely facing a multi-year period of competitive transition. We continue to be underweight in the Real Estate, Communication Services, and Consumer Discretionary sectors due to valuation concerns.

Nuance Perspectives from President & CIO, Scott Moore, CFA

Dear Clients,

At the end of the first quarter of 2019, your Nuance Mid Cap Value Composite was up 12.33 percent (through 3/31/2019 and net of fees) versus the Russell Midcap Value Index up 14.37 percent and the S&P 500 Index up 13.65 percent. More importantly to us, since our inception on 11/03/2008, the Nuance Mid Cap Value Composite is up 15.37 percent (annualized and net of fees) versus the Russell Midcap Value Index up 13.30 percent and the S&P 500 Index up 13.28 percent.

The first quarter of 2019 showed an aggressive reversal of the late 2018 declines, which are still larger than the gains we saw during the first quarter of 2019. While we were reasonably pleased with our ability to hang in there for the first quarter, we continue to be concerned regarding the market's appetite for relatively expensive valuations in general, above-average leverage across most of the market, a general lack of focus on downside risk potential, and possible complacency regarding what we view to be an acceleration of technology competitive disruptions. The good news for our clients is that when combining the down 4th quarter of 2018 and the reversal in the 1st quarter of 2019, it resulted in your product gaining ground during the period of volatility. Specifically, your Nuance Mid Cap Value Composite was up 5.14 percent (9/30/2018 through 3/31/2019 and net of fees) versus the Russell Mid Cap Value Index down (2.75) percent and the S&P 500 Index down (1.73) percent.

Our Nuance investment team continues to focus our attention on optimizing your portfolio towards the very best risk reward stock situations we can find within the sea of investment opportunities that exist. In today's market, we are seeing opportunities in the Financial, Healthcare, and Consumer Staples sectors. In the Financial sector, we are particularly focused on the Insurance industry. Within the Insurance industry, we are finding what we believe to be attractive risk rewards in the Property & Casualty and Life & Health sub-industries. In the Property & Casualty sub-industry, we believe we are finding opportunities in select leaders such as The Travelers Companies, Inc. (TRV) and Everest Re Group, Ltd. (RE) due to under-earnings stemming from the relatively recent catastrophe impacts. In the Life and Health sub-industry, we believe we are finding attractive risk -rewards in leaders like MetLife, Inc. (MET) and Reinsurance Group of America, Inc. (RGA), largely due to continued low long-term interest rates and other company specific factors. We continue to see one off opportunities in the Healthcare sector, but we have lowered our weights in both Dentsply Sirona Inc. (XRAY) and Smith & Nephew PLC (SNN) after periods of outperformance. We remain overweight in the Consumer Staples sector where we see opportunities in leaders like Cal-Maine Foods, Inc. (CALM), a leading egg producer and Sanderson Farms, Inc. (SAFM), a leading poultry producer. Our underweight position in the Energy sector remains unchanged as we believe that crude oil related companies are likely facing a multi-year period of competitive transition. We continue to be underweight in the Utilities, Real Estate, Communication Services, and Consumer Discretionary sectors due to valuation concerns.

Focus Stock for the Quarter:

Reinsurance Group of America, Inc. (RGA) - RGA is a global leader in the reinsurance market for a variety of life, health and annuity products with an estimated global market share between 15% and 20%. We believe RGA has gained three or four points of global market share over this last economic cycle with reinsurance premiums growing on average 7% per year. One of the key tenets of our Nuance investment process is that we look to invest in sub-industry leaders that have historically demonstrated attractive financial metrics indicative of being a leader and prospectively have high levels of protection against future competitive disruption. While new competitive threats are affecting the business models of a variety of the Financials sector's constituents (asset managers and consumer banks for example), the business model for a high-quality life and health reinsurer such as RGA feels quite sound, in our opinion. The primary reason for this has to do with the long-term nature of a life reinsurance contract. When RGA partners with a major global life insurer on a new reinsurance contract, both parties must have a very high level of certainty that each will be in business for the next three or four decades and will have capital to pay claims over that same timeframe. This long-tailed nature of the contract creates a material barrier to new entrants, given that the major

global life insurer is quite literally betting its own creditworthiness on the fact that RGA can deliver on its side of the contract many years in the future. When RGA's long history of claims paying ability is combined with its decades of historic data on global mortality and morbidity trends and its AA- S&P Global credit rating, we believe RGA's competitive position is substantially above average.

RGA is expected to earn around \$11.50 per share this year, and we believe the company is under-earning its long-term potential for a couple of reasons, the most important of which is the current level of long-term interest rates. Over the last three years, the yield on 1-month US Treasury Bills has moved from around 0% to just over 2%. This large increase has benefited many in the Financials sector, such as commercial banks and trust banks but hasn't affected RGA's operating results. This is due to the very long-term nature of RGA's reinsurance contracts, which require RGA to invest its investment portfolio much farther out on the yield curve, oftentimes in 20-year and 30-year fixed income securities. As a point of comparison, the yield on 30-year US Treasury Bonds has been roughly flat over the last 3 years at around 3% and is down from around a 5% yield a decade ago. With this as the backdrop, it makes sense that the investment yields RGA has achieved in its investment portfolio have been falling over the last decade and have yet to inflect upwards, even though short-term interest rates have risen. If long-term interest rates were to trend higher over the next few years and RGA was able to successfully invest a part of its investment portfolio in fixed income securities with higher yields, then RGA's earnings power could reset higher, in our opinion.

As of 3/31/19, RGA was trading at \$142 per share or around 10.5x our internal estimate of normalized earnings. At this price, we believe that RGA's stock is around 20% under-valued, primarily driven by the under-earnings referenced above. This is meaningfully better than the average stock in our Nuance long universe, which as previously mentioned was greater than 25% over-valued, in our opinion, and trading at around 25.0x our internal estimate of normalized earnings. Furthermore, based on studying RGA's valuation cycles over the last 20 years, we believe that RGA's current downside potential of around 45% compares favorably to our Nuance long universe's downside potential of around 65%. This combination of significantly more upside and meaningfully less downside than our other investment options is exactly the type of risk/ reward that we are looking for and explains why RGA is one of our top long investment ideas.

As we remind our clients each quarter, our team studies each company that we own in the portfolio using a bottom-up, one stock at a time Nuance approach. During that process, we place a strong emphasis on trying to ensure that the company has leading and sustainable market share positions across the vast majority of its businesses, can deliver above-average returns on capital versus peers over a business cycle, and has a strong financial position versus its peers. With those characteristics studied and understood, we then prepare our own proprietary financial statements for each company that attempts to normalize the financial statement to a state of normalcy or to what we think of as a mid-business cycle state. With those financial statements created, we then study historical valuation data to ascertain a fair value and downside value for each of the leading businesses that we believe have the traits of a successful investment. At that stage, we then only invest in the companies on our list that, in our opinion, have significantly better risk rewards than the market set of opportunities.

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 Mid Cap 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 (RMV Index)	Benchmark Return (MIDV 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 (RMV Index)
YTD 2008 (11/03/08-12/31/08)	(4.1)	(4.1)	(5.6)	(3.9)	N/A	1	\$9,531,045	\$18,657,997	0.0%	-	-
2009	38.7	38.2	34.2	33.8	-	4	\$50,600,141	\$137,943,058	1.1%	-	-
2010	21.1	20.0	24.8	22.8	0.1	4	\$60,702,099	\$181,201,036	1.1%	-	-
2011	4.0	3.4	(1.4)	(2.4)	0.1	4	\$55,186,800	\$152,976,943	0.9%	18.2	23.1
2012	22.0	20.6	18.5	19.1	0.1	4	\$58,463,905	\$214,936,666	1.0%	14.6	17.0
2013	35.5	34.2	33.6	34.3	0.1	8	\$80,358,264	\$507,569,897	1.0%	13.1	13.9
2014	9.8	9.1	14.7	12.0	0.1	13	\$130,238,086	\$1,071,186,382	0.7%	10.7	9.9
2015	3.0	2.3	(4.8)	(6.7)	0.1	17	\$145,638,450	\$913,545,839	0.6%	11.2	10.9
2016	21.9	21.1	20.0	26.5	0.1	17	\$416,346,621	\$1,466,221,847	0.0%	11.5	11.5
2017	16.2	15.4	13.3	12.3	0.0	23	\$586,931,538	\$1,784,338,191	0.0%	10.5	10.5
2018	(4.2)	(4.9)	(12.3)	(11.9)	0.1	21	\$852,510,018	\$1,724,795,756	0.0%	10.2	12.1
YTD 2019 (3/31/2019)	12.5	12.3	14.4	14.0	N/A	23	\$1,176,492,214	\$2,194,498,801	0.0%	9.9	11.9

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 Performance 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 Fund. 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 Mid Cap Value Composite (the "Composite") is a composite of actual accounts invested in the Nuance Mid Cap Value investment strategy. The inception date for the Composite is 11/03/2008. 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 Midcap Value Index. The Russell Midcap Value Index measures the performance of the mid-cap value segment of the U.S. equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values. The Secondary Benchmarks for the Composite are the S&P MidCap 400 Value Index and the S&P 500 Index TR. The S&P MidCap 400 Value Index measures value in separate dimensions across six risk factors. The value factors include book value to price ratio, sales to price ratio, and dividend yield. 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.

(1) Rankings and peer groups created internally using data from Zephyr Style Advisor. Risk-Adjusted Return (Sharpe Ratio), Standard Deviation and return calculations for the Composite and indices provided by Zephyr Style Advisor. The Composites have been compared to various peer groups defined by investment style. Subsets of the Morningstar Large Value Peer Group, the Morningstar Mid Cap Value Peer Group and the Lipper Multi-Cap Value Funds Peer Group with performance history since inception have been presented as investment strategies with similar investment styles for the Nuance Concentrated Value Composite. Subsets of the Morningstar Mid Cap Value Peer Group and the Lipper Mid-Cap Value Peer Group with performance history since inception have been presented as investment strategies with similar investment styles for the Nuance Mid Cap Value Composite. 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 present. 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 that 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 3/31/2019 portfolio weights of names discussed are as follows: Dentsply Sirona Inc. (XRAY) 6.39%, Sanderson Farms, Inc. (SAFM) 6.28%, Travelers Companies, Inc. (TRV) 5.55%, Reinsurance Group of America, Inc. (RGA) 3.42%, MetLife, Inc. (MET) 3.42%, Everest Re Group, Ltd. (RE) 2.98%, Smith & Nephew PLC (SNN) 2.00%, and Cal-Maine Foods, Inc. (CALM) 1.97%.

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.