Nuance Concentrated Value Long-Short Fund

nuance INVESTMENTS

Fourth Quarter 2019

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 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
29 Years of Experience

Chad Baumler, CFA
Vice President
13 Years of Experience

Performance as of December 31, 2019

As of 12/31/2019 Inception Date 12/31/15	Since Inception Return	3 YR	1 YR	YTD	QTD	Gross Expense Ratio	Net Expense Ratio
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	6.15	2.64	4.78	4.78	5.47	3.79%	3.36%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	5.83	2.32	4.52	4.52	5.42	4.04%	3.61%
S&P 500 Index	14.43	15.27	31.49	31.49	9.07		
Morningstar Long/Short Equity	4.23	4.94	11.95	11.95	3.94		

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 08/28/2020. Net expense ratios are as-of the Fund's most recent prospectus and are applicable to investors.

General Market Commentary

	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19
Cash	24.2%	24.6%	23.8%	17.7%	17.4%	16.9%	14.4%	15.0%
Long Equities	75.8%	75.4%	76.2%	82.3%	82.6%	83.1%	85.6%	85.0%
Short Equities	87.9%	86.1%	99.6%	75.9%	98.3%	99.3%	100.9%	99.7%
Gross Exposure	163.7%	161.5%	175.8%	158.2%	181.0%	182.5%	186.6%	184.7%
Net Exposure	-12.0%	-10.7%	-23.4%	6.3%	-15.7%	-16.2%	-15.3%	-14.7%

The Investment Team believes the investment opportunity set continues to be skewed towards the short side of the Fund's investment portfolio. As a point of reference, as of 12/31/19, the median company in the proprietary Nuance long universe, which consists of approximately 250 companies we view as industry leaders, was trading at a roughly 35% premium to what the Investment Team would consider to be fair value. In other words, the universe appeared to be around 35% over-valued on average, per our internal estimates. In addition, according to our company-by-company valuation work, this same universe had more than 65% downside potential. This implies that if our list of 250 companies were to all trade down to their historic trough valuation multiples, then the average stock in our long universe could go down by more than 65%.

As one can see from the table above, the Fund ended the quarter with a net -14.7% short equity exposure. On the long side of the portfolio, the Investment Team believes attractive investments with reasonable risk/ rewards can be found within the Property & Casualty Insurance, Health Care Supplies, Health Care Equipment and Industrial Conglomerates sub-industries. On the short side of the portfolio, the Investment Team believes the opportunity set is healthy with attractive short investments to be found across all sectors of the economy, with many sub-industries currently both over-earning their long-term potential and over-valued, in our opinion. Specifically, we believe attractive short risk/ rewards can be found within the Industrial Machinery, Specialty Chemicals, Environmental & Facilities Services, and the Diversified Support Services sub-industries.

Featured Investment

Short Cintas Corporation (CTAS) CTAS is the leading provider of uniform rentals in the US with a 45% market share. Historically, the Investment Team had considered CTAS' overall competitive position to be above average. However, like other short positions highlighted in our more recent commentaries, several of the factors that encompass CTAS' competitive position have deteriorated, in our opinion. To begin with, CTAS' balance sheet leverage has ballooned to what we view as uncomfortable levels. CTAS Net Debt/ Normal EBITDAR has moved from an average of around 1.0x over the last two economic cycles to around 2.5x today. This metric has grown due to an increase in leverage to facilitate stock buybacks and from a large, leveraged transaction to acquire G&K Services in 2017 (after which there has been no meaningful paydown of debt). Given that CTAS' business model has a high level of economic cyclicality and that during the last US recession CTAS' EBITDAR fell by around 25% from peak to trough, we believe this high level of indebtedness will likely prove problematic to its equity holders during the next cyclical downturn. Additionally, we believe a significant percentage of CTAS' uniform rental revenues are likely to face structural headwinds over the coming decades. We estimate between 25% and 40% of CTAS' uniform rental revenues are tied to sub-industries that could face major disruptions to employee headcounts from new and emerging technologies. This list includes food service employees being displaced by self-serve kiosks, delivery drivers being replaced by autonomous delivery technologies, and oil change mechanics being displaced by electric vehicles, to name a few. This potential for future disruption risk, when linked with an uncomfortably high level of indebtedness has led the Investment Team to rate CTAS' overall competitive position below average.

CTAS is expected to earn around $8.75 this year, and the Investment Team believes the company is over-earning its long-term potential. Over the last two economic cycles, CTAS' EBITDAR/ Tangible Assets (a pre-tax cash return on capital metric that we use to model CTAS' business) has averaged around 32% with peaks in the high 30%'s and troughs in the low 20%'s. The expectation that CTAS will earn $8.75 per share this year represents an EBITDAR/ Tangible Assets ratio of 39%, an all-time high for the company. We believe this transitory high in returns on capital is logical given that CTAS' revenues are highly correlated to overall employment in the US, which sits today at 50-year highs. Only two other times in the last 20 years has CTAS' return on capital metric been close to current levels: first in 2007 and then again in 2016. Both events proved to be transitory with employment reverting to more normal levels in the case of the 2007 peak and with capital and competition entering the sub-industry to push returns on capital back down to levels more consistent with history in the case of the 2016 peak. The Investment Team believes the likelihood this time is different is low and on the flip side, the likelihood CTAS is transitorily over-earning its long-term potential today is high. If returns on capital were to revert to levels more consistent with CTAS' history, then CTAS' earnings per share would reset lower.

As of 12/31/19 CTAS was trading at $269 per share or over 30x this year's estimated earnings per share. Over the last 20 years CTAS has traded at this multiple level or higher during only one other time period, that being in the late 1990s. Interestingly enough, subsequent to that period, this high multiple eventually translated into CTAS' stock being an absolute and relative underperformer over the mid-2000s economic cycle. From a short seller's perspective, the higher-than-average multiple today implies limited downside potential. However, if CTAS' earnings per share were to step-change lower as highlighted above, and the multiple investors were willing to pay for those earnings were to retreat down to longer-term averages, then material upside could be garnered from shorting CTAS at today's prices. This mix of limited downside potential and meaningful upside potential in a company with a below-average competitive position that is likely over-earning its long-term potential, is exactly what the Investment Team is looking for and explains why CTAS is a 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 pr`ospectus 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 newer with limited 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 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.

EBITDAR = An expansion of EBITDA, the measure allows for comparing firms with different asset structures. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) is a metric used in assessing the operating earnings of a company.

Net Debt/EBITDAR = Net Debt to EBITDAR is a measurement of leverage which is calculated by taking a company's interest-bearing liabilities (net of cash and cash equivalents) and dividing by EBITDAR.

EBITDAR/tangible assets = EBITDAR to Tangible Assets is a ratio measuring a company's EBITDAR in relation to the company's net fixed assets.

Return on capital = Return On Capital is a calculation that indicates how well a firm can convert capital into earnings.

Earnings per share = The amount of Net Income, less any preferred dividends, allocated on a per share basis of common stock.

As of 12/31/2019 portfolio weights of names discussed are as follows: Cintas (CTAS) -4.21%. Fund holdings are subject to change and should not be considered recommendations to buy or sell any security.

Earnings growth is not representative of the Fund's future performance.

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). 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.