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from  Montage Investments

## Our opinion on the current market environment.

Market downturns and difficult economic environments are actually normal parts of market behavior and economic cycles. This particular period appears primarily based on very real debt issues in the United States and many parts of Europe coupled with higher than average unemployment levels. While not exactly a popular period for investors, these negative factors actually create opportunity for disciplined investors over the long term. At Nuance, we believe that a more normal economic period will return as population growth and demand for goods and services returns to normal levels. We certainly do not know when that will occur, but have a very high degree of confidence that it will return. While we wait on the recovery, we are pleased to be buying high quality companies that are materially undervalued. This is typically a recipe for consistent investor returns over the long term.

## Protecting capital in a negative market.

Since the inception of Nuance Investments, LLC, our portfolios have consisted of leading business franchise that are already discounting negative economic, company-specific, or industry-related issues. But that is not enough for us. We also insist on only buying these companies when their valuation levels are actually depressed versus their historical normal levels due to the negativity. Given that the companies we own already have a degree of negativity priced into their stocks, difficult market environments may not affect our portfolios as much as most other equity money managers. In other words, generally our portfolios may go down less than market – thus protecting our clients capital – more than most equity managers during negative market environments.

## How we determine a company's value in the current economic environment.

At Nuance, we value companies based on our view of how a company will perform fundamentally in a normal economic environment. This means periods when there are more normal levels of unemployment and overall economic growth. Based on these normal assumptions, we believe our portfolios contains value oriented opportunities today and that

the potential rewards for our clients are greater over the long run than they were just a few weeks or days ago. We do not believe that recessionary periods (or for that matter incredibly rapid expansion periods) affect the true value of a business franchise over the long term. Part of the reason that the opportunity for our clients may be better today than most periods for equities historically is that the slow growing economy, potential for another recession, and the budget/debt issues around the world are indeed negative issues. Negative issues of any type breed potential opportunity for us and our clients over time. It is critically important for investors to take a long term view and remember that – despite what many investors suggest – uncertainty and fear may create the best opportunities to grow capital over time.

### Disclosures

Nuance Investments, LLC (“Nuance”) is an investment advisor registered with the SEC since November 2008. Nuance is in compliance with the current notice filings required by the SEC and the requirements of the Investment Advisers Act of 1940. Nuance is in compliance with the current notice filings required by the states in which Nuance maintains clients. Any subsequent, direct communication by Nuance with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides.

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