

Nuance Concentrated Value Long-Short Fund



Third Quarter 2016

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:	\$1,000,000	\$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
25 Years of Experience

Chad Baumler, CFA
Vice President
9 Years of Experience

Performance as of September 30, 2016

As of 09/30/16 Inception Date 12/31/15	Since Inception Return	3 YR	1 YR	YTD	QTD	Gross Expense Ratio	Expense Cap
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	12.10	-	-	12.10	5.06	3.88%	1.30%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	11.90	-	-	11.90	4.97	4.13%	1.55%
S&P 500 Index	7.84	-	-	7.84	3.85		
Morningstar Long/Short Equity	0.50	-	-	0.50	2.32		

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. Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made solely based on returns. 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 August 27, 2017.

General Market Commentary

	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17
Cash	12.4%	13.2%	24.1%	-	-	-	-	-
Long Equities	87.6%	86.8%	75.9%	-	-	-	-	-
Short Equities	30.7%	61.9%	61.6%	-	-	-	-	-
Gross Exposure	118.3%	148.8%	137.6%	-	-	-	-	-
Net Exposure	56.9%	24.9%	14.3%	-	-	-	-	-

The Investment Team continued to find attractive investment opportunities on both sides of the Fund's investment portfolio. As a point of reference, as of 9/30/16 the median company in the proprietary Nuance long universe, which consists of approximately 250 companies we view as industry leaders, was trading at roughly a 15% premium to what the Investment Team would consider to be fair value, in our opinion. In other words, the universe appears to be approximately 15% overvalued on average according to our internal estimates.

As one can see from the table above, the Fund ended the quarter with a net 14% long equity exposure. On the long side, the Investment Team believes the opportunity set has narrowed slightly, as the stock prices of our 250 industry leaders have, on average, appreciated faster than our internal view of fair value this calendar year. That being said, we believe investments with attractive risk/reward ratios can still be found within the Regional Banks, Agricultural & Farm Machinery, Trucking, and Oil & Gas Equipment & Services sub-industries. On the short side, the Investment Team believes the opportunity set is expanding with attractive short investments to be found within the Consumer Staples, Consumer Discretionary and Real Estate sectors.

Featured Investment

Long Franks International (FI) - FI is the global leader in providing highly engineered tubular services for energy exploration and production companies around the world. The company specializes in installing engineered casing for the most complex oil and gas wells in both onshore and offshore environments. The market for highly engineered tubular services is, for all intents and purposes, a global duopoly with FI and one other primary competitor. In our view, FI, with its proprietary technology and decades of expertise, is considered to be the gold standard within this very specialized energy service offering. When this market leadership position is combined with almost \$600M of net cash on the balance sheet and very rational capital allocation policies stemming from decades of being run as a privately held family business, the Investment Team considers the overall competitive position of FI to be outstanding.

FI has generated roughly breakeven earnings per share over the last twelve months and the Investment Team believes they are under-earning their long term potential due to three transitory issues. The first transitory issue is that total company revenues are currently at a cyclical low. Since 2014, revenues have dropped around 55% for FI, roughly in-line with the energy equipment & services industry peers and in line with the global oil and gas rig count. If global oil and gas drilling activity were to revert to more normal levels, (think higher than today but lower than 2014) then earnings per share would recover materially, in our opinion. The second transitory issue that FI faces is their stockpile of almost \$600M in cash that is currently contributing virtually no earnings to the bottom line. Over time, we expect this cash will be deployed via reasonable acquisitions and/or share buybacks, which could contribute positively to earnings per share, in our opinion. The final transitory issue the company faces is bloated selling, general and administrative (SG&A) expense. If there was an area that the Investment Team miscalculated regarding FI's business during this downturn, SG&A would be it. While the company has done a reasonable job managing their cost of goods sold and working capital over the last few years, the management of their SG&A costs has underwhelmed. For perspective, while revenues for the company have been more than cut in half over the last two years, SG&A costs have barely budged, and as of the 2nd quarter of 2016 represented around 50% of revenues. This compares unfavorably versus the company's history and versus peers. From 2008 to 2015, SG&A as a % of revenues averaged around 20% for FI, including 22% during the 2009 energy downturn. Additionally, FI's SG&A looks too high when compared to SG&A as a % of revenue for industry peers in the low-to-mid teens. Even mild improvements in this SG&A% could cause notable enhancements to FI's earnings per share, in our opinion.

As of 9/30/16, FI was trading around \$13 per share. Over the last 15 years, the energy equipment & services industry has on average traded at approximately 19x its trailing twelve month earnings. If FI's earnings per share were to reset higher through the resolution of the three transitory issues highlighted above, and FI's stock were to trade at an earnings multiple close to the industry's historical average, then FI's stock could experience material appreciation from its current \$13 price, in our opinion. Additionally, because FI has nearly \$600M in net cash on its balance sheet vs. a meaningfully more levered Oil & Gas Equipment & Services sub-industry, the Investment Team believes the downside potential seems manageable. This combination of significant upside potential and manageable downside potential in a company that has a strong competitive position and is, in our view, under-earning its long term potential is exactly what the Investment Team is looking for in a long candidate, and underscores why FI is a top long investment idea as of 9/30/16.

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.

Fund holdings and sector allocations are subjected to change and are not a recommendation to buy or sell any security. Franks International NV (FI) represents 10.03% of assets in the portfolio as of 9/30/2016.

Earnings per share (EPS)-portion of a company's profit allocated to each outstanding share of common stock.

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. 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.