

Nuance Concentrated Value Long-Short Fund



Second Quarter 2017

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 (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
26 Years of Experience

Chad Baumler, CFA
Vice President
10 Years of Experience

Performance as of June 30, 2017

As of 6/30/2017 Inception Date 12/31/15	Since Inception Return APR	1 YR	YTD	QTD	Gross Expense Ratio	Net Expense Ratio
Nuance Concentrated Value Long-Short Fund (NCLSX) - Institutional	10.20	8.40	-1.48	-0.96	3.88%	2.18%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	9.81	7.93	-1.75	-0.97	4.13%	2.43%
S&P 500 Index	14.45	17.90	9.34	3.09		
Morningstar Long/Short Equity	4.29	8.43	4.28	1.86		

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 08/27/2017. Net expense ratios are as-of the Fund's most recent prospectus and are applicable to investors.

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%	24.6%	25.1%	24.5%	-	-
Long Equities	87.6%	86.8%	75.9%	75.4%	74.9%	75.5%	-	-
Short Equities	30.7%	61.9%	61.6%	65.1%	67.7%	74.3%	-	-
Gross Exposure	118.3%	148.8%	137.6%	140.5%	142.7%	149.7%	-	-
Net Exposure	56.9%	24.9%	14.3%	10.4%	7.2%	1.2%	-	-

The Investment Team believes the opportunity set is beginning to be skewed to the short side of the Fund's investment portfolio. As a point of reference, as of 06/30/17, the median company in the proprietary Nuance long universe, which consists of approximately 250 companies we view as industry leaders, was trading at over a 20% premium to what the Investment Team would consider to be fair value. In other words, the universe appears to be more than 20% overvalued, on average, per our internal estimates.

As one can see from the table above, the Fund ended the quarter with a net 1.2% long equity exposure. On the long side of the portfolio, the Investment Team believes the opportunity set continues to narrow, as the stock prices of our 250 industry leaders have, on average, appreciated faster than our internal view of fair value over the last few years. However, investments with attractive risk/reward ratios can still be found within the Healthcare Equipment, Distillers & Vintners, and Air Freight & Logistics sub-industries, in our opinion. On the short side of the portfolio, the Investment Team believes the opportunity set continues to expand, with attractive short investments now to be found within seven of the eleven GICS sectors of the economy.

Featured Investment

Short Allstate (ALL) – ALL is the 3rd largest auto insurance company in the US with approximately 10% market share. The Investment Team, in general, considers the US auto insurance market to be a large and commoditized sub-industry of the economy, driven by low product differentiation and high levels of competition. ALL's operating results would support this theory, having averaged a 10% return on tangible common equity over the last decade, compared to 15% for other leading non-auto property & casualty insurance companies. Additionally, over the last decade, ALL has suffered from subtle but recurring market share losses. As recently as 2012, ALL was the #2 player in the industry before handing that designation over to GEICO in 2013. Given recent trends, it is possible that ALL could continue to lose market share and drop to the #4 position sometime over the next 5 years, in our opinion. Finally, longer term there is the potential for a large competitive transition for ALL and the other US auto insurers as semi-autonomous and autonomous vehicles, with their enhanced safety features, grow as a percentage of the US auto fleet. If there were to be a step change lower in the number of auto accidents due to mass adoption of dramatically improved safety features, then one could also expect there to be a step change lower in industry auto insurance premiums. When the commoditized nature of the US auto insurance industry is considered along with ALL's history of market share losses and the potential for a future competitive transition, the Investment Team believes that ALL's competitive position is solidly below average.

ALL is expected to earn around \$7.00 per share next year, and the Investment Team believes the company is over-earning its long-term potential. The primary reason for this over-earning is the current strong pricing environment for US auto insurers. Due to a recent cyclical uptick in accident frequency, driven by the combination of very low unemployment and low gasoline prices, auto insurers have had cover to implement very aggressive price increases in excess of their insurance claim costs. Per industry data, the greater than 7% price increases being passed through to consumers today are the highest they've been in a decade and the second highest in the last two decades. ALL has followed suit with the industry, and the result has flowed through their financial statements in the form of increased earnings per share. If ALL's pricing power were to return back to normal levels and insurance claim costs were to continue on their normal, steady upward trajectory, then earnings per share for ALL could reset meaningfully lower, as a very small percentage change in insurance prices can have a magnified effect on the bottom line given the low margin nature of auto insurance, in our opinion.

As of 6/30/17 ALL is trading at \$88 which equates to a price to tangible book value per share multiple of over 2.0x. ALL has traded at these valuation levels twice in the last two decades, first in the late 90's and more recently in the mid 00's. The Investment Team believes this high multiple, when combined with the commoditized nature of ALL's business model leaves limited room for material price appreciation on a go forward basis. From a short seller's perspective, this implies the potential for limited downside. Conversely, if the earnings power of ALL were to reset lower as highlighted above, and the company's price to tangible book value multiple were to revert down to its long term average of 1.3x, then meaningful upside could be generated from shorting ALL at these levels. This combination of limited downside potential and meaningful upside potential in a large, commoditized business is exactly what the Investment Team is looking for and explains why ALL 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 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. Earnings growth is not representative of the Fund's future performance.

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.

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

Price to Tangible Book Value per share-a ratio measuring the price of a company's stock to the net asset value of a company (calculated as total assets minus intangible assets and liabilities).

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.

Allstate (ALL) represents -4.0% of the assets in the portfolio as of 6/30/2017.

Geico is a wholly owned subsidiary of Berkshire Hathaway (BRK). Berkshire Hathaway (BRK) represents 0.0% of the assets in the portfolio.

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. 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.