

Nuance Concentrated Value Long-Short Fund



First Quarter 2020

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



Chad Baumler, CFA
Vice President & Co-CIO
13 Years of Experience

Scott Moore, CFA
President & Co-CIO
29 Years of Experience

Darren Schryer, CFA, CPA
Associate Portfolio Manager
4 Years of Experience

Performance as of March 31, 2020

As of 3/31/2020 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	7.29	4.91	10.37	6.24	6.24	3.79%	3.36%
Nuance Concentrated Value Long-Short Fund (NCLIX) - Investor	6.96	4.64	10.07	6.12	6.12	4.04%	3.61%
S&P 500 Index	7.85	5.10	-6.98	-19.60	-19.60		
Morningstar Long/Short Equity	0.69	-0.66	-7.72	-12.76	-12.76		

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 1.30% 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

	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19	3/31/20
Cash	24.6%	23.8%	17.7%	17.4%	16.9%	14.4%	15.0%	6.2%
Long Equities	75.4%	76.2%	82.3%	82.6%	83.1%	85.6%	85.0%	93.8%
Short Equities	86.1%	99.6%	75.9%	98.3%	99.3%	100.9%	99.7%	58.1%
Gross Exposure	161.5%	175.8%	158.2%	181.0%	182.5%	186.6%	184.7%	151.9%
Net Exposure	-10.7%	-23.4%	6.3%	-15.7%	-16.2%	-15.3%	-14.7%	35.8%

The Investment Team believes the investment opportunity set has become more balanced over the last few months with solid risk/ rewards to be found on both sides of the Fund's investment portfolio. As a point of reference, as of 3/31/20, 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 15% premium to what the Investment Team would consider to be fair value. In other words, the universe appeared to be around 15% over-valued on average, per our internal estimates. In addition, according to our company-by-company valuation work, this same universe had around 60% 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 around 60%.

As one can see from the table above, the Fund ended the quarter with a net 35.8% long equity exposure. On the long side of the portfolio, the Investment Team believes attractive investments with reasonable risk/ rewards have become more plentiful and can be found within a variety of sub-industries of the economy including the Health Care Supplies, Property & Casualty Insurance, Health Care Equipment, and Distillers & Vintners sub-industries. On the short side of the portfolio, the Investment Team believes the opportunity set has compressed some with the recent market pullback. However, we believe a variety of attractive short investments are still available and can be found within the Packaged Foods & Meats, Environmental & Facilities Services, Auto Insurers, and Hypermarkets & Super Centers sub-industries of the economy, to name a few.

Featured Investment

Long Travelers Corporation (TRV)- TRV is a leading commercial property and casualty (P&C) insurer for small and mid-sized businesses in the US. TRV has a #1 or #2 market share position in the majority of its product lines and has consistently generated stable to gaining market share in each of its lines over the last economic cycle. From the Investment Team's perspective, P&C insurance is one of the higher quality sub-industries within the Financials sector, with underwriting, claims processing, and low economic cyclicalities as meaningful competitive advantages. TRV, with its long history of industry-leading combined ratios and correspondingly high returns on assets and returns on equity, is one of our favorite competitors within the sub-industry. Additionally, TRV sports a debt to capitalization ratio in the low 20%'s and an A rating from S&P on its debt, both noticeably better than peers. When TRV's leading market share position and better-than-average balance sheet are combined with its extended history of wise capital allocation, including the repurchase of over half of its shares outstanding at attractive prices since 2007, it leads the Investment Team to conclude that TRV's overall competitive position is above average.

TRV is expected to earn around \$10.25 this year and the Investment Team believes it is under-earning its long-term potential. Over the last ten years TRV has experienced three other periods of what we refer to internally as "under-earning" periods. All three prior periods were related to excessive property loss claims on the property side of the business, due primarily to hurricanes, tornadoes, and wildfires. These types of events tend to happen about once every few years from our experience, after which earnings power recovers back to normal levels. Currently, TRV's under-earnings is related to the casualty side of the business, and in particular the soaring cost of tort litigation, or civil lawsuits that seek large dollar jury-awarded damages for negligence (think product liability, commercial auto accident liability and medical malpractice as examples.). This relatively sudden spike in casualty claims cost, which from our studies of the sub-industry tends to happen every 10 to 15 years, has caused TRV's return on assets and return on equity to dip below its long-term averages. If, as in prior cycles, the cost of tort litigation were to stabilize at these higher levels and casualty insurance pricing were to increase over the next few years, then TRV's earnings per share would reset back up to normalized levels.

As of 3/31/20 TRV was trading at around \$100 per share or just under 10.0x this year's estimated earnings per share. Relative to our internal estimate of TRV's normalized earnings power, TRV is trading at closer to 8.0x, a multiple that looks very attractive vs. our entire long universe that is today trading at closer to 22.0x. Since the 2004 merger between the St. Paul Companies and Travelers Property & Casualty, the combined entity has traded at around 11.5x earnings. If TRV's earnings per share were to normalize higher, as highlighted above, and TRV's multiple were to expand up to its long-term averages, then material upside could be generated by investing in TRV's stock at today's levels. This mixture of under-earnings and under-valuation in a company with an above average competitive position is exactly what our Investment Team is looking for in a long investment and explains why TRV is a top holding today.

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 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.

Combined Ratios = The combined ratio measures profitability of an insurance company's daily underwriting operation. Typically expressed as a percentage, the ratio is calculated by the sum of the incurred losses and expenses, divided by the earned premium. A ratio below 100% indicates an underwriting profit, while a ratio greater than 100% indicates an underwriting loss.

Returns on Assets = Return on Assets measures a company's ability to generate returns on total assets by dividing the earnings of a company by the company's total assets.

Returns on Equity = Return on Equity measures a company's ability to generate returns on invested capital by dividing the earnings of a company by the company's shareholders' equity.

Debt to Capitalization Ratio = Debt to Capitalization ratio is an indicator of a company's leverage. The ratio measures the company's debt relative to the total capitalization of the company and is expressed as a percent.

S&P Global Credit Rating = The S&P Global Credit Rating is a rating that measures a company's ability to meet their financial obligations on time and in full. These ratings are opinions about credit risk and are calculated by S&P Global Inc.

A Rating = An S&P debt rating of "A" indicates that the company's debt is considered investment grade and their capacity to repay the loan is strong.

P/E = The Price to Earnings ratio measures the price of a company's stock in relation to its earnings per share.

As of 3/31/2020 portfolio weights of names discussed are as follows: Long Travelers Corporation (TRV) -9.23%. 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.