

Portfolio Objective: The portfolio's primary investment objective is capital appreciation with dividend income as its secondary objective.

Portfolio Overview

The IDEA portfolio is focused on companies that have paid or increased dividends over the last 10 years and have market capitalizations greater than \$1 billion. These companies tend to be established companies that generate free cashflow and have management teams committed to growing their dividends. The portfolio is selected from a universe of stocks meeting minimum criteria of paying and increasing dividends over the last 10 years. Also of importance is the anticipated dividend growth rate of the aggregate portfolio, since inflation can erode investment returns and lower purchasing power. However, because the targeted portfolio dividend growth rate is higher than inflation, real income to investors can grow over time.

Investment Process

Our investment philosophy builds upon the required criteria established to create the investable universe. Stocks selected for the portfolio are diversified across a variety of sectors, avoiding excess concentrations in particular industries. Companies typically have well-positioned business models, ones that can grow during economic expansions and persevere through recessions and industry downturns.

Valuations play an important role, as we believe avoiding excessive valuations is a key metric in managing risk. We also focus on companies where debt levels are manageable. The result is a diversified portfolio of high-quality companies operating stable businesses from which they can offer the prospect of rising dividends to shareholders.

Security Selection – Rules-Based with a Value Approach

- Common stocks traded on U.S. exchanges
- Dividend yield greater than one percent
- Market capitalization greater than \$1 billion
- Dividend paid for the last 10 years
- No dividend reductions in the last 10 years
- Dividend raised in seven of the last 10 years
- Stable and growing cashflow
- Attractive valuations
- High-quality companies - moderate to low levels of debt

Sell Discipline

To help preserve capital, portfolio positions are continually reviewed. A company's stock may be sold if:

- The stock no longer meets the appropriate increasing dividend criteria.
- The share price reaches our estimate of full valuation.
- The company's fundamentals deteriorate.
- More attractive opportunities are identified.

About Confluence Investment Management LLC

Confluence Investment Management LLC is an independent, SEC Registered Investment Advisor located in St. Louis, Missouri that was founded in 2007. Confluence provides professional portfolio management and advisory services to institutional and individual clients. Our investment philosophy is based upon independent, fundamental research that integrates our evaluation of market cycles, macroeconomics and geopolitical analysis with our value-driven, fundamental company-specific approach. Confluence's portfolio management philosophy begins by assessing risk, and follows through by positioning clients to achieve their income and growth objectives.

The Confluence team has more than 300 years of combined financial experience and nearly 100 years of portfolio management experience.

Portfolio Characteristics¹

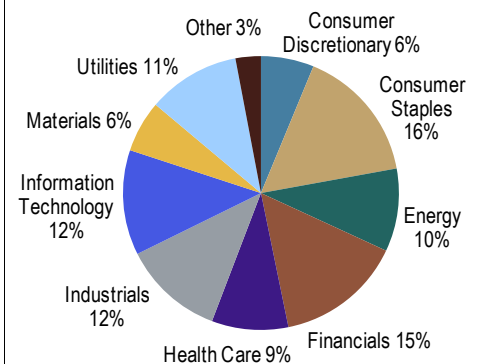
	Portfolio	S&P 500
Wtd. Avg. Market Cap.(\$B)	61.8	112.9
Dividend Yield	2.7%	2.0%
Number of Securities	49	500
Annual Turnover	10-20%	

Ten Largest Holdings¹

- WW Grainger Inc.
- Graco Inc.
- IBM
- Nordstrom Inc.
- American Express
- T Rowe Price Group Inc.
- Microsoft Corp.
- Brown Forman Corp. (Class B)
- McDonald's Corp.
- Sigma Aldrich Corp.

The listing of "Ten Largest Holdings" is not a complete list of all stocks in the portfolio or which Confluence may be currently recommending. Furthermore, application of the investment strategy as of a later date will likely result in changes to the listing.

Sector Allocation¹



There can be no assurance that a purchase of the stocks in this portfolio will be profitable, either individually or in the aggregate, or that such purchase will be more profitable than alternative investments.

¹This information is presented as supplemental information to the disclosures required by the GIPS® standards.

Composite Returns (%)
For Periods Ending 3/31/12

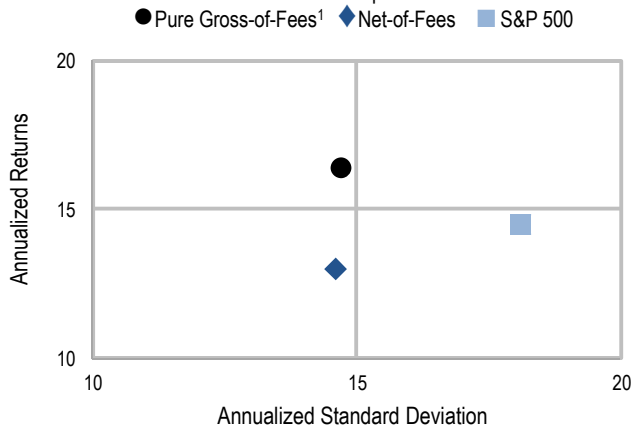
	Pure Gross-of-Fees ¹	Net-of-Fees	S&P 500	R3000 Value
QTD	7.0	6.2	12.6	11.2
1 Year	11.2	7.9	8.5	4.3
Since Inception* Annualized	16.4	13.0	14.5	12.6

	Pure Gross-of-Fees ¹	Net-of-Fees	S&P 500	R3000 Value
2011	8.9	5.7	2.1	-0.1
2010	16.8	13.3	15.1	16.3
2009	7.5	6.7	6.0	4.2

Statistical Analysis¹
Since Inception*

	Pure Gross-of-Fees ¹	Net-of-Fees	S&P 500
Annualized Standard Deviation	14.7%	14.6%	18.1%
Sharpe Ratio	1.11	0.88	0.80
Beta	0.77	0.77	1.00
R-Squared	92.69	92.68	100.00

Risk/Reward Scatterplot¹
Since Inception*



*Inception is 10/1/09

Portfolio Benchmark

S&P 500 Index – A capitalization-weighted index of 500 stocks. The Index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Financial Terms

Standard Deviation – A measure of price variability (risk) over a period of time. A higher Standard Deviation indicates more variability in returns from month to month.

Sharpe Ratio – Quantifies risk-adjusted performance by measuring the excess return per unit of risk. A higher Sharpe Ratio suggests better risk-adjusted performance.

Beta – A measure of a stock or portfolio's volatility (systematic risk) compared to an appropriate benchmark index. A Beta of 1.1 indicates the investment has approximately 10% more volatility in returns than the benchmark index.

R-Squared – Indicates whether the comparison index is an appropriate benchmark based on correlation. Generally an R-Squared above 70 is desirable.

Firm Overview

The Confluence Team

Mark Keller, CFA	Dustin Hausladen
Brian Hansen	Chris Stein
William O'Grady	Tore Stole
Patty Dahl	Tom Dugan, CFA
Joe Hanzlik	John Wobbe
David Miyazaki, CFA	Kaisa Stucke
Daniel Winter, CFA	John Laux

The Confluence Mission

Our mission is to provide our clients with superior investment solutions and exceptional client service with the highest standards of ethics and integrity. Our team of investment professionals is committed to delivering innovative products and sound, practical advice to enable investors to achieve their investment objectives.

¹Confluence claims compliance with the Global Investment Performance Standards (GIPS®). This information is presented as supplemental information to the disclosures required by the GIPS® standards.

The Increasing Dividend Equity Account (IDEA) Composite was created on October 1, 2009.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. The U.S. dollar is the currency used to express performance. Returns are presented gross-of-fees and net-of-fees and include the reinvestment of all income. Gross-of-fees returns are shown as supplemental information. Net-of-fees performance was calculated using the highest applicable annual bundled fee of 3.00% applied quarterly. There are no incentive fees. Clients pay an all-inclusive fee based on a percentage of assets under management. The collection of fees produces a compounding effect on the total rate of return net-of-fees. This fee includes brokerage commissions, portfolio management, consulting services and custodial services. Bundled fee accounts make up 100% of the composite for all periods. The Confluence fee schedule for this composite is as follows: 0.60% on the first \$500,000; 0.55% on the next \$500,000; and 0.50% over \$1,000,000. Actual investment advisory fees incurred by clients may vary. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor.

A complete list and description of composites and/or fully compliant GIPS® presentations are available upon request. Additional information regarding policies for calculating and reporting returns is available upon request. The IDEA Composite contains fully discretionary IDEA accounts.

For more information,
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