Aggressive Growth

Fourth Quarter 2019

Objective

Primary objective is capital appreciation with higher risk tolerance. Profile is similar to that of an aggressively positioned, all-equity portfolio.

Investment Philosophy

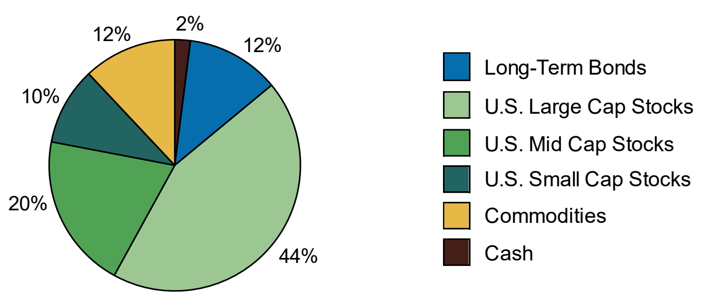
Asset allocation is a portfolio management process where various asset classes are combined in one portfolio. Properly implemented, asset allocation is a time-tested approach that addresses risk through diversification. The Confluence approach to asset allocation is different than traditional asset allocation approaches which rely on long-term historical averages for strategic capital market assumptions. Confluence recognizes that risk levels and return potential rise and fall over market and economic cycles. Therefore, we apply an adaptive process in which the Confluence team estimates the performance of 12 different asset classes in terms of risk, return and yield looking forward 3 years. This cyclical approach is not market *timing*. Rather, the intention is to remain within an acceptable risk profile, while changing the asset class mix to optimize return potential. We may adjust allocations in much shorter time frames, depending upon changing views of the marketplace and economy. Alternately, we may abstain from making significant allocation adjustments if we believe the existing posture remains optimal. The process may involve somewhat higher turnover than a more static strategic program, but usually involves less trading relative to tactical approaches.

The asset allocation portfolios utilize exchange-traded funds (ETFs). We may use ETFs that allow us to focus on or avoid particular industry sectors, bond maturities, commodities or countries.

Overview

- Focused on capital appreciation and can tolerate high levels of risk
- Allocation may include domestic and foreign equity asset classes, as well as commodities, real estate and occasionally fixed income investments
- At times, may be more concentrated in asset classes with higher return potential, including those with higher levels of volatility
- Profile is similar to that of an aggressively positioned, all-equity portfolio
- Suitable for equity-oriented investors with a higher risk tolerance

Asset Allocation[1]



Characteristics[1]

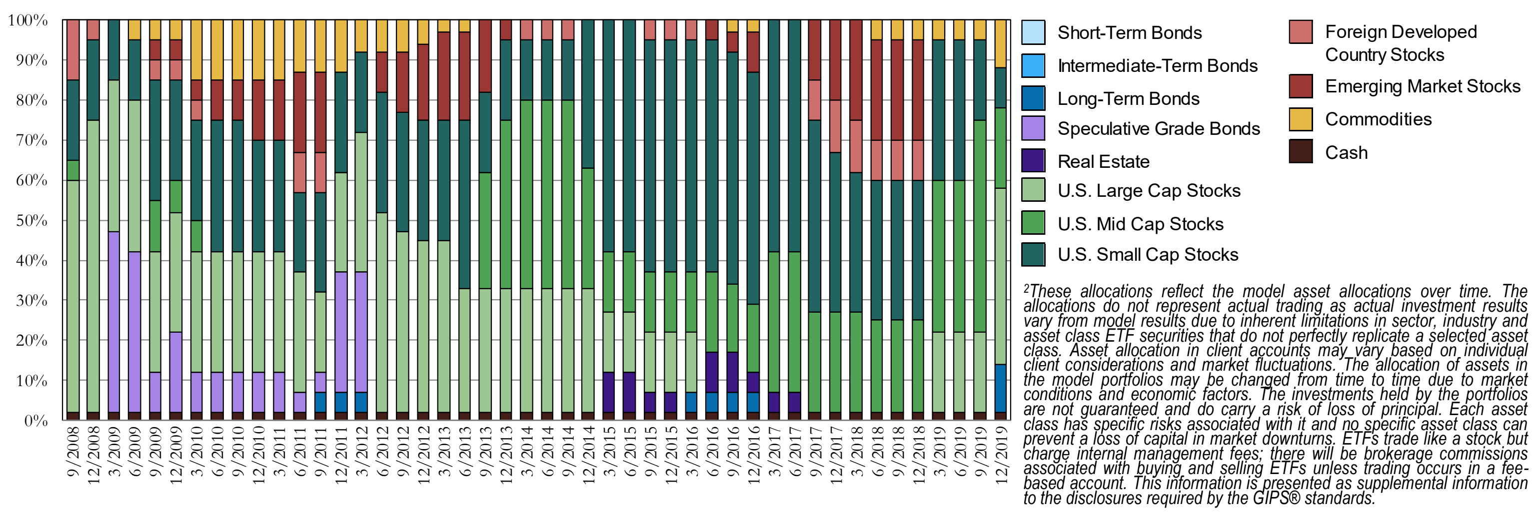
Weighted SEC Yield	1.6%
Number of Securities	10-21
Annual Turnover	50-80%

5 Largest Holdings[1]

iShares S&P 500 Value ETF - IVE	18.5%
iShares S&P 500 Growth ETF - IVW	12.3%
iShares Gold Trust - IAU	12.0%
iShares S&P Mid-Cap 400 Value ETF - IJJ	12.0%
iShares S&P Mid-Cap 400 Growth ETF - IJK	8.0%

[1]This information is presented as supplemental information to the disclosures required by the GIPS® standards. Information presented reflects wrap account composites with "Plus" strategies & taxable income (if applicable). Asset allocations shown represent the individual ETFs used in the model portfolios as of 10/15/19 and do not represent the precise allocation of assets in an actual client account. Asset allocation in client accounts may vary based on individual client considerations and market fluctuations. The allocation of assets in the model portfolio may be changed from time to time due to market conditions and economic factors. The investments held by the portfolio are not guaranteed and do carry a risk of loss of principal. Each asset class has specific risks associated with it and no specific asset class can prevent a loss of capital in market downturns The listing of "5 Largest Holdings" is not a complete list of all ETFs 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. Contact Confluence for a complete list of holdings. Yield data source: Morningstar. 30-day SEC yield for the model portfolio as of 10/15/19.

Historical Model Allocations[2]



[2]These allocations reflect the model asset allocations over time. The allocations do not represent actual trading as actual investment results vary from model results due to inherent limitations in sector, industry and asset class ETF securities that do not perfectly replicate a selected asset class. Asset allocation in client accounts may vary based on individual client considerations and market fluctuations. The allocation of assets in the model portfolios may be changed from time to time due to market conditions and economic factors. The investments held by the portfolios are not guaranteed and do carry a risk of loss of principal. Each asset class has specific risks associated with it and no specific asset class can prevent a loss of capital in market downturns. ETFs trade like a stock but charge internal management fees; there will be brokerage commissions associated with buying and selling ETFs unless trading occurs in a fee-based account. This information is presented as supplemental information to the disclosures required by the GIPS® standards.

About Confluence Investment Management LLC

Confluence Investment Management is an independent 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. The firm's investment philosophy is based upon independent, fundamental research that integrates evaluation of market cycles, macroeconomics and geopolitical analysis with the firm's value-driven approach. Confluence's portfolio management philosophy begins by assessing risk and follows through by positioning clients to achieve their income and growth objectives.

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Fourth Quarter 2019 Aggressive Growth Market Observations

- The U.S. Federal Reserve and other central banks are expected to continue their accommodative postures, especially considering issues stemming from trade impediments.
- While we retain a relatively sanguine view of the U.S. economy over our three-year cyclical forecast period, we recognize there is increased potential for an economic downturn.
- Each strategy reflects a more neutral posture, with risk exposure being trimmed and all residing in the U.S.
- Within equities, our style guidance has shifted to 60% value/40% growth.
- The prospect of trade-based earnings compression leads us to lean toward firms with larger market capitalizations, particularly those with more defensive characteristics.
- Heightened geopolitical uncertainty and the potential for elevated volatility in global equity markets encourages an increased allocation to long-term U.S. Treasuries and gold.

In the Aggressive Growth strategy, half of the U.S. small cap equity allocation was repositioned in long-term Treasuries given the resilience they have historically offered during periods of global economic uncertainty. Among stocks, which remain all U.S.-based, we introduced a tilt to value along with an allocation to the quality factor focusing on profitability, earnings quality and lower leverage. Large cap equities now occupy most of the exposure in the strategy. Within large cap sectors, we established overweights to Consumer Staples and Health Care for their favorable valuations and more defensive characteristics. Although we trimmed a portion of the Technology sector, it remains modestly overweight. We increased the gold allocation for its potential to reduce overall strategy risk accruing from geopolitical uncertainty, along with its attractiveness should the U.S. dollar decline or global equity markets experience increased volatility.

Information provided in this report is for educational and illustrative purposes only and should not be construed as individualized investment advice or a recommendation. The investment or strategy discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Opinions expressed are current as of the date shown and are subject to change.

Performance Composite Returns (For Periods Ending September 30, 2019)

	Pure Gross-of-Fees[1]	Net-of-Fees[2]	Benchmark (S&P 500)	Inflation
Since Inception**	6.7%	3.6%	10.3%	1.6%
10-Year*	8.9%	5.7%	13.2%	1.8%
5-Year*	7.1%	4.0%	10.8%	1.7%
3-Year*	7.0%	3.8%	13.4%	1.8%
1-Year	(0.0%)	(3.0%)	4.2%	1.6%
YTD	15.6%	13.0%	20.6%	1.2%
QTD	0.4%	(0.3%)	1.7%	0.4%

*Average annualized returns
**Inception is 8/1/2008

	Pure Gross-of-Fees[1]	Net-of-Fees[2]	Benchmark (S&P 500)	Inflation	Difference (Gross-Bchmrk)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	S&P 500 3yr Std Dev	Composite Dispersion
2008**	(29.1%)	(30.0%)	(27.9%)	0.1%	(1.3%)	1	$18	$291,644	N/A	N/A	N/A
2009	30.9%	27.0%	26.5%	1.1%	4.4%	12	$1,040	$533,832	N/A	N/A	N/A
2010	17.1%	13.6%	15.1%	1.6%	2.0%	23	$2,744	$751,909	N/A	N/A	0.3%
2011	(4.3%)	(7.2%)	2.1%	1.9%	(6.4%)	19	$2,613	$937,487	19.0%	18.7%	0.1%
2012	10.4%	7.2%	16.0%	2.0%	(5.6%)	23	$3,654	$1,272,265	15.8%	15.1%	0.1%
2013	23.7%	20.0%	32.4%	2.0%	(8.7%)	21	$4,949	$1,955,915	12.7%	11.9%	0.1%
2014	9.6%	6.4%	13.7%	1.8%	(4.1%)	22	$5,808	$2,589,024	10.0%	9.0%	0.1%
2015	(2.2%)	(5.1%)	1.4%	1.4%	(3.6%)	24	$5,925	$3,175,419	10.8%	10.5%	0.2%
2016	16.1%	12.6%	12.0%	1.5%	4.1%	21	$5,737	$4,413,659	11.9%	10.6%	0.2%
2017	13.9%	10.5%	21.8%	1.8%	(7.9%)	22	$6,967	$5,944,479	10.9%	9.9%	0.0%
2018	(11.1%)	(13.7%)	(4.4%)	2.0%	(6.7%)	22	$6,083	$5,486,737	11.9%	10.8%	0.3%

Portfolio Benchmark

The benchmark is the S&P 500 Index *(Source: Bloomberg)*
The benchmark was changed retroactively on 7/1/13 to be more simplified. The custom benchmark prior to 7/1/13 was calculated monthly and consisted of: S&P 500 38%, S&P 400 20%, Russell 2000 20%, MSCI EAFE (gross) 15%, MSCI Emerging Markets (gross) 5%, and ML T-Bill 2%. Inflation is provided as additional information and is represented by the U.S. 5-year TIP breakeven spread (Bloomberg: USGGBE05 Index), which had 3-year standard deviation as follows: 0.1% 2011, 0.1% 2012, 0.1% 2013, 0.1% 2014, 0.1% 2015, 0.1% 2016, 0.1% 2017, 0.1% 2018.

Confluence claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Confluence has been independently verified for the periods of 8/1/2008 through 12/31/2017. A copy of the verification report is available upon request. Verification assesses whether: 1. the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis, and 2. the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
The Aggressive Growth Strategy was incepted on August 1, 2008 and the current Aggressive Growth - Plus Composite was created on April 1, 2009. Confluence Investment Management LLC is an independent registered investment adviser. 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 and net of all fees and include the reinvestment of all income.
[1] Pure gross returns are shown as supplemental information to the disclosures required by the GIPS ® standards.
[2] Net of fee performance was calculated using the highest applicable annual bundled fee of 3.00% applied quarterly. This fee includes brokerage commissions, portfolio management, consulting services and custodial services. The Confluence fee schedule for this composite is as follows: 0.40% on the first $500,000; 0.35% on the next $500,000; and 0.30% over $1,000,000. 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. Bundled fee accounts make up 100% of the composite for all periods. 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.
Performance prior to April 1, 2009 is based on the Aggressive Growth - Foundation - Direct Composite which was created on August 1, 2008. This composite includes accounts that pursue the Aggressive Growth strategy, but have a different fee structure and have a smaller balance so they forgo the sector-specific breakout of equity market allocations. Gross returns from the Aggressive Growth - Foundation - Direct Composite include transaction costs and net of fee performance was calculated using the highest applicable annual bundled fee of 3.00% applied quarterly.
A complete list of composite descriptions is available upon request. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The annual composite dispersion is an equal-weighted standard deviation calculated for accounts in the composite for the entire year. The Aggressive Growth - Plus Composite contains fully discretionary Aggressive Growth - Plus wrap accounts. The Aggressive Growth strategy is implemented using ETFs and the investment objective is the pursuit of nominal returns (yield and growth) in excess of inflation, subject to the limitations of the risk constraint for the Aggressive Growth strategy. The allocation is implemented using ETFs and may include domestic and international equity asset classes, as well as commodities, real estate and occasionally, fixed income investments. This portfolio may be appropriate for equity-oriented investors with a higher risk tolerance.
**Results shown for the year 2008 represent partial period performance from August 1, 2008 through December 31, 2008. N/A- Composite Dispersion: Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. N/A- 3yr Std Dev: Composite does not have 3 years of monthly performance history.

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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.

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