

Equity Strategies • All Cap Value

All Cap Value is focused on companies that range in market capitalization to create a diversified portfolio of businesses with capital appreciation potential. These companies are selected using a bottom-up, fundamental research process that seeks to identify individual businesses that possess substantial competitive advantages and are trading at discounts to our estimate of intrinsic value. The portfolio typically comprises 30-35 holdings and is expected to result in low to moderate turnover. The strategy is suitable for clients whose primary objective is capital appreciation and whose secondary objective is dividend income.

Strategy Commentary

The S&P 500 and Russell 3000 Value Indexes gained 4.3% and 3.7%, respectively, in the second quarter. By comparison, the All Cap Value portfolio rose 7.1% (gross of fees) over the same period. *(The strategy was up 6.3% (net of fees) over the same period. Net of fees calculated using the highest applicable annual bundled fee of 3.00%. See performance disclosures on p.2 for fee description; actual investment advisory fees may vary.)*

Modestly deteriorating economic conditions and uncertain global trade policy pressured stocks mid-quarter; however, markets ultimately finished the period strong. The June rally appears to have been largely driven by expectations that the Federal Reserve is amenable to cutting interest rates as a proactive measure aimed at extending the business cycle.

During the quarter, we added shares of Cannae Holdings to the portfolio and liquidated the position in Johnson & Johnson. The last phase of DowDupont's planned split also occurred during the quarter and we added to our position in the reconstituted Dupont.

Cannae is an investment holding company led by a chairman for whom we have a great deal of respect as a capital allocator and value creator. Cannae's primary assets include ownership positions in Ceridian HCM and Dun & Bradstreet, which we believe hold appreciation potential, especially given the chairman's long track record of creating substantial value with similar assets. Ceridian is publicly traded, while Dun & Bradstreet is operating outside the public markets. The performance of these two holdings will largely determine the share price of Cannae, in our view, but neither is consolidated on Cannae's financial statements. Rather, Cannae's income statement primarily reflects the operations of a restaurant group and, to a lesser extent, a medical documentation vendor, which together represent less than 15% of our estimate of Cannae's intrinsic value. We're optimistic regarding these

holdings and anticipate the shares will better reflect this opportunity as progress is made and Dun & Bradstreet is ultimately returned to the public markets.

Our decision to sell Johnson & Johnson wasn't easy as we've owned the shares for many years and the investment outcome achieved was largely in line with our expectations. We've always appreciated the company's diverse business mix, exceptional balance sheet and disciplined capital allocation, but its earnings power is increasingly levered to its pharmaceutical division and the success of its development pipeline. Although the pipeline appears robust, the shares currently trade at a narrow discount to our estimate of intrinsic value at a time when we believe the discount should be greater given the potential for near-term volatility and inherent uncertainty around legal proceedings.

The top-performing and worst-performing positions during the quarter were as follows:

Security	Avg Weight	Contribution
Top 5		
Allergan plc	1.77	0.27
Frontdoor, Inc	4.46	1.09
Broadridge Financial Solutions, Inc.	3.17	0.68
W.R. Berkley Corporation	3.25	0.52
Microsoft Corporation	3.83	0.51
Bottom 5		
Lowe's Companies, Inc.	3.18	(0.25)
MSC Industrial Direct Co., Inc.	2.45	(0.26)
Alphabet Inc. (Class C)	3.49	(0.29)
DowDuPont Inc.	1.89	(0.48)
Gates Industrial Corporation	2.33	(0.53)

(Contribution data shown from a sample account)

We remain focused on company specific fundamentals and growth prospects and believe the current market will continue to provide us with opportunities to buy quality companies at reasonable prices.

ABOUT CONFLUENCE INVESTMENT MANAGEMENT LLC

Confluence Investment Management LLC 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, 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.

Equity Strategies • All Cap Value

10 Largest Holdings (as of 6/30/19)

Company	Market Capitalization (\$ billions)	Portfolio Weight
Frontdoor, Inc.	3.7	4.7%
Mastercard Inc.	270.3	3.7%
Black Knight, Inc.	9.0	3.6%
W.R. Berkley Corporation	12.1	3.6%
Morningstar, Inc.	6.2	3.6%
Thermo Fisher Scientific Inc.	117.5	3.5%
Starbucks Corporation	101.5	3.5%
Diageo plc	102.2	3.5%
Broadridge Financial Solutions, Inc.	14.8	3.3%
Kinder Morgan, Inc.	47.3	3.3%

The listing of "10 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 weightings and holdings of individual client portfolios in the program may differ, sometimes significantly, from these listings. Contact Confluence for a complete list of holdings.

All investments carry a certain degree of risk, including possible loss of principal. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager. Equity securities are subject to market risk and may decline in value due to adverse company, industry or general economic conditions.

Performance Composite Returns For Periods Ending 6/30/19

	Pure Gross-of-Fees ¹	Net-of-Fees ²	S&P 500	R3000 Value	Pure Gross-of-Fees ¹	Net-of-Fees ²	S&P 500	R3000 Value	Difference (Gross-S&P500)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	S&P 500 3yr Std Dev	R3000V 3yr Std Dev	Composite Dispersion	
Since Inception**	9.3%	6.2%	8.5%	7.2%	2005	2.4%	(0.4%)	4.9%	6.9%	(2.5%)	242	\$27,603	N/A	N/A	N/A	0.5%	
					2006	14.4%	11.3%	15.8%	22.3%	(1.4%)	224	\$26,916	N/A	N/A	N/A	0.6%	
10-Year*	14.5%	11.1%	14.7%	13.1%	2007	4.6%	1.8%	5.5%	(1.0%)	(0.9%)	220	\$27,835	6.9%	7.7%	8.3%	0.7%	
					2008	(26.9%)	(28.9%)	(37.0%)	(36.2%)	10.1%	19	\$1,778	\$291,644	13.9%	15.1%	15.5%	N/A
5-Year*	10.6%	7.4%	10.7%	7.3%	2009	26.8%	23.0%	26.5%	19.8%	0.3%	33	\$11,558	\$533,832	18.6%	19.6%	21.3%	2.8%
					2010	9.7%	6.4%	15.1%	16.3%	(5.4%)	41	\$13,980	\$751,909	21.0%	21.9%	23.5%	0.5%
3-Year*	12.6%	9.2%	14.2%	10.2%	2011	3.6%	0.5%	2.1%	(0.1%)	1.5%	40	\$14,294	\$937,487	18.4%	18.7%	21.0%	0.6%
					2012	18.0%	14.5%	16.0%	17.6%	2.0%	40	\$11,654	\$1,272,265	14.6%	15.1%	15.8%	0.3%
1-Year	13.2%	9.8%	10.4%	7.3%	2013	35.3%	31.3%	32.4%	32.7%	2.9%	73	\$22,893	\$1,955,915	11.2%	11.9%	12.9%	0.7%
YTD	23.0%	21.2%	18.5%	16.0%	2014	14.7%	11.3%	13.7%	12.7%	1.0%	119	\$34,036	\$2,589,024	8.8%	9.0%	9.4%	0.4%
					2015	0.1%	(2.9%)	1.4%	(4.1%)	(1.3%)	207	\$50,568	\$3,175,419	10.0%	10.5%	10.7%	0.6%
QTD	7.1%	6.3%	4.3%	3.7%	2016	14.2%	10.8%	12.0%	18.4%	2.2%	345	\$91,109	\$4,413,659	9.7%	10.6%	11.0%	0.6%
					2017	15.7%	12.3%	21.8%	13.2%	(6.1%)	649	\$167,342	\$5,944,479	8.7%	9.9%	10.3%	1.1%
					2018	(5.2%)	(8.0%)	(4.4%)	(8.6%)	(0.8%)	689	\$168,742	\$5,486,737	10.1%	10.8%	11.1%	0.6%

*Average annualized returns
**Inception is 1/1/2005

Portfolio Benchmarks

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.

Russell 3000® Value Index – A capitalization-weighted index designed to measure performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Confluence claims compliance with the Global Investment Performance Standards (GIPS®).

The All Cap Strategy was inceptioned on January 1, 2005 and the current All Cap Value Composite was created on August 1, 2008. Performance presented prior to August 1, 2008 occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the primary individuals responsible for selecting the securities to buy and sell. 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 (2.75% prior to 7/1/08). This fee includes brokerage commissions, portfolio management, consulting services and custodial services. 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. 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.

A complete list of composite descriptions and/or fully compliant GIPS® presentations are available upon request. Additional information regarding policies for calculating and reporting performance 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 All Cap Value Composite contains fully discretionary All Cap Value wrap accounts. All Cap Value is a value-based, bottom-up portfolio that utilizes stocks of all market capitalizations.

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. Prior to August 1, 2008, the composite was named the All Cap Global Composite. Effective August 1, 2008, the composite definition was changed to no longer emphasize global ADRs but the underlying portfolio and strategy did not change.

Individual holding performance and contribution methodology as well as a list of every holding's contribution to the strategy can be obtained by contacting Confluence. Material is published solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or investment product. Holdings identified do not represent all of the securities purchased, sold or recommended. Information is presented as supplemental information to the disclosures required by GIPS® standards. Opinions and estimates are as of a certain date and subject to change without notice. Investment or investment services mentioned may not be suitable to an investor and the investor should seek advice from an investment professional, if applicable. Past performance is no guarantee of future results. 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, including the risk that our estimate of intrinsic value may never be realized by the market or that the price goes down. **Indices:** The S&P 500 Index and Russell 3000 Value Index are shown as additional information. These indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only & do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance.