

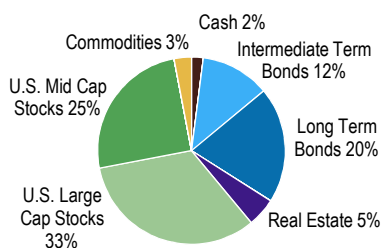


# ASSET ALLOCATION PORTFOLIOS

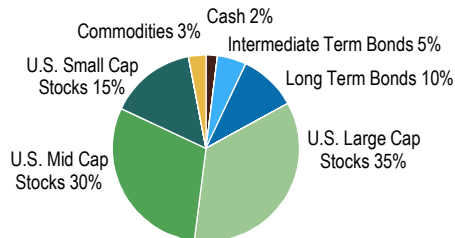
## INVESTMENT PROCESS

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, while positioning portfolios to achieve growth, income and other client-specific objectives. 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 a dynamic 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 are comprised of exchange-traded funds and notes (ETFs and ETNs). We may use ETFs that allow us to focus on or avoid particular industry sectors, bond maturities, commodities or countries.

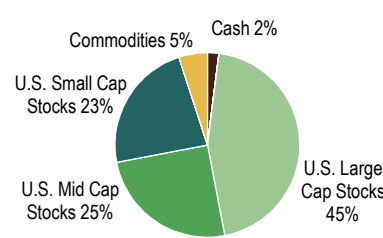
### INCOME WITH GROWTH<sup>1</sup>



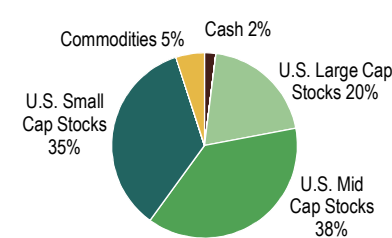
### GROWTH & INCOME<sup>1</sup>



### GROWTH<sup>1</sup>



### AGGRESSIVE GROWTH<sup>1</sup>



STRATEGY	INCOME WITH GROWTH	GROWTH & INCOME	GROWTH	AGGRESSIVE GROWTH
<b>Investment Objective</b>	Primary focus on reliable income with a secondary focus on growth	Combines objectives of growth and income, with more emphasis on growth	Primary objective is capital appreciation	Primary objective is capital appreciation with higher risk tolerance
<b>Profile</b>	Profile is similar to a well-diversified bond portfolio alongside an equity allocation	Profile is similar to a portfolio with a blend of stocks and bonds	Profile is similar to that of a diversified all-equity portfolio	Profile is similar to that of an aggressively positioned, all-equity portfolio
<b>Portfolio Characteristics</b>	Majority allocation in fixed-income asset classes	Allocations may include domestic and for-foreign equity asset classes, commodities, real estate and fixed income investments	Allocations may involve any of the asset classes, but are typically weighted toward equities, usually with an emphasis on domestic large-caps	Allocations may include a wide range of asset classes, but are typically weighted toward equities, sometimes involving concentrated allocations
<b>Weighted SEC Yield<sup>2</sup></b>	2.2%	1.7%	1.4%	1.3%
<b>Number of Securities</b>	17-21	17-21	10-21	10-21
<b>Turnover</b>	30-70%	50-90%	40-70%	50-80%
<b>5 Largest Holdings<sup>3</sup></b>	iShares S&P 500 Value ETF - IVE iShares S&P 500 Growth ETF - IVW iShares S&P Mid-Cap 400 Growth ETF - IJK iShares S&P Mid-Cap 400 Value ETF - IJJ iShares 20+ Year Treasury Bond ETF - TLT	iShares S&P Mid-Cap 400 Growth ETF - IJK iShares S&P Mid-Cap 400 Value ETF - IJJ iShares S&P 500 Growth ETF - IVW iShares S&P 500 Value ETF - IVE iShares S&P Small-Cap 600 Value ETF - IJS	iShares S&P 500 Growth ETF - IVW iShares S&P 500 Value ETF - IVE iShares S&P Mid-Cap 400 Growth ETF - IJK iShares S&P Mid-Cap 400 Value ETF - IJJ iShares S&P Small-Cap 600 Growth ETF - IJT	iShares S&P Mid-Cap 400 Growth ETF - IJK iShares S&P Mid-Cap 400 Value ETF - IJJ iShares S&P Small-Cap 600 Growth ETF - IJT iShares S&P Small-Cap 600 Value ETF - IJS iShares S&P 500 Growth ETF - IVW

<sup>1</sup>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 4/16/19 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. <sup>2</sup>Yield data source: Morningstar. 30-day SEC yield for the model portfolio as of 4/16/19. <sup>3</sup>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.

## PERFORMANCE COMPOSITE RETURNS

(FOR PERIODS ENDING MARCH 31, 2019)

### INCOME TAXABLE WITH GROWTH - PLUS

	Pure Gross-of-Fees <sup>1</sup>	Net-of-Fees <sup>2</sup>	40stock/ 60bond	Inflation
QTD	9.0%	8.2%	7.2%	0.4%
YTD	9.0%	8.2%	7.2%	0.4%
1-year	7.6%	4.4%	6.8%	1.9%
3-year	6.9%	3.8%	6.7%	1.8%
5-year	6.5%	3.3%	6.2%	1.7%
10-year	10.4%	7.1%	8.7%	1.7%
Since Inception*				
Annualized	9.6%	6.3%	8.2%	1.7%
2018	(3.8%)	(6.6%)	(1.5%)	2.0%
2017	10.5%	7.2%	10.6%	1.8%
2016	10.0%	6.7%	6.4%	1.5%
2015	(0.8%)	(3.7%)	1.1%	1.4%
2014	13.1%	9.8%	9.3%	1.8%
2013	7.8%	4.6%	10.5%	2.0%
2012	10.1%	6.9%	9.1%	2.0%
2011	4.9%	1.8%	5.9%	1.9%
2010	12.2%	8.9%	10.4%	1.6%
2009	22.9%	19.3%	13.8%	1.1%
2008**	4.5%	4.3%	2.4%	(0.0%)

### GROWTH - PLUS

	Pure Gross-of-Fees <sup>1</sup>	Net-of-Fees <sup>2</sup>	S&P 500	Inflation
QTD	11.8%	10.9%	13.6%	0.4%
YTD	11.8%	10.9%	13.6%	0.4%
1-year	1.1%	(1.9%)	9.5%	1.9%
3-year	8.8%	5.6%	13.5%	1.8%
5-year	7.7%	4.5%	10.9%	1.7%
10-year	12.3%	9.0%	15.9%	1.7%
Since Inception*				
Annualized	6.8%	3.7%	10.1%	1.6%
2018	(10.1%)	(12.7%)	(4.4%)	2.0%
2017	16.0%	12.5%	21.8%	1.8%
2016	13.1%	9.7%	12.0%	1.5%
2015	(0.4%)	(3.3%)	1.4%	1.4%
2014	14.6%	11.2%	13.7%	1.8%
2013	17.7%	14.2%	32.4%	2.0%
2012	11.0%	7.7%	16.0%	2.0%
2011	(1.5%)	(4.5%)	2.1%	1.9%
2010	14.5%	11.1%	15.1%	1.6%
2009	29.2%	25.4%	26.5%	1.1%
2008**	(29.8%)	(30.5%)	(28.9%)	(0.0%)

\*Inception: Income with Growth (12/1/08), Growth & Income (9/1/08), Growth (9/1/08), Aggressive Growth (8/1/08). \*\*Results for 2008 represent partial period performance: Income with Growth: 12/1/2008 thru 12/31/2008; Growth & Income: 9/1/2008 thru 12/31/2008; Growth: 9/1/2008 thru 12/31/2008; Aggressive Growth: 8/1/2008 thru 12/31/2008

### GROWTH & INCOME TAXABLE - PLUS

	Pure Gross-of-Fees <sup>1</sup>	Net-of-Fees <sup>2</sup>	70stock/ 30bond	Inflation
QTD	10.8%	9.9%	10.4%	0.4%
YTD	10.8%	9.9%	10.4%	0.4%
1-year	2.3%	(0.7%)	8.3%	1.9%
3-year	8.4%	5.2%	10.1%	1.8%
5-year	7.3%	4.2%	8.6%	1.7%
10-year	11.6%	8.3%	12.3%	1.7%
Since Inception*				
Annualized	7.0%	3.8%	8.5%	1.6%
2018	(8.1%)	(10.8%)	(2.8%)	2.0%
2017	15.5%	12.1%	16.1%	1.8%
2016	12.2%	8.9%	9.2%	1.5%
2015	(0.9%)	(3.8%)	1.3%	1.4%
2014	13.6%	10.3%	11.5%	1.8%
2013	11.7%	8.4%	21.0%	2.0%
2012	11.4%	8.1%	12.6%	2.0%
2011	1.3%	(1.7%)	4.1%	1.9%
2010	13.1%	9.8%	12.9%	1.6%
2009	26.4%	22.7%	20.2%	1.1%
2008**	(24.1%)	(24.9%)	(19.9%)	(0.0%)

### AGGRESSIVE GROWTH - PLUS

	Pure Gross-of-Fees <sup>1</sup>	Net-of-Fees <sup>2</sup>	S&P 500	Inflation
QTD	11.9%	11.0%	13.6%	0.4%
YTD	11.9%	11.0%	13.6%	0.4%
1-year	(0.8%)	(3.7%)	9.5%	1.9%
3-year	9.3%	6.0%	13.5%	1.8%
5-year	6.7%	3.5%	10.9%	1.7%
10-year	12.1%	8.8%	15.9%	1.7%
Since Inception*				
Annualized	6.7%	3.6%	10.2%	1.6%
2018	(11.1%)	(13.7%)	(4.4%)	2.0%
2017	13.9%	10.5%	21.8%	1.8%
2016	16.1%	12.6%	12.0%	1.5%
2015	(2.2%)	(5.1%)	1.4%	1.4%
2014	9.6%	6.4%	13.7%	1.8%
2013	23.7%	20.0%	32.4%	2.0%
2012	10.4%	7.2%	16.0%	2.0%
2011	(4.3%)	(7.2%)	2.1%	1.9%
2010	17.1%	13.6%	15.1%	1.6%
2009	30.9%	27.0%	26.5%	1.1%
2008**	(29.1%)	(30.0%)	(27.9%)	0.1%

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.

### About Confluence Investment Management LLC

Confluence Investment Management LLC is an independent Registered Investment Advisor located in St. Louis, Missouri founded in 2007. Confluence provides professional portfolio management & advisory services to institutional & individual clients. Our investment philosophy is based upon independent, fundamental research that integrates our evaluation of market cycles, macroeconomics & geopolitical analysis with our value-driven, fundamental company-specific approach. Confluence's portfolio management philosophy begins by assessing risk & follows through by positioning clients to achieve their income & growth objectives. The Confluence team has more than 500 years of combined financial experience & 300 years of portfolio management experience.

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Confluence claims compliance with the Global Investment Performance Standards (GIPS).<sup>1</sup> This information is presented as supplemental information to the disclosures required by the GIPS® standards. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. 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. Pure gross-of-fees returns are shown as supplemental information. <sup>2</sup>Net-of-fees 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. A GIPS-compliant presentation and/or the firm's list of composite descriptions are available upon request. Additional information regarding policies for calculating and reporting returns is available upon request. Past performance is not indicative of future results. Asset Allocation strategies are 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 respective strategy. **Income Taxable With Growth:** while majority of its allocation is typically in taxable fixed-income asset classes, a smaller portion may include real estate, equities, commodities or other asset classes; this minority allocation provides an aspect of growth potential, along with diversification benefits; may be appropriate for investors with a conservative risk tolerance. **Growth & Income Taxable:** growth allocation may include equity asset classes ranging from small cap to large cap, with both domestic and international equities; commodities may be utilized for total return as well as diversification benefits; fixed-income and real estate allocations will normally form the foundation to pursue taxable income objectives; may be appropriate for investors with a moderate risk tolerance. **Growth:** may include equity asset classes ranging from small cap to large cap; international allocations may include both developed and emerging markets, while commodities, real estate and fixed income may be utilized for total return and diversification; may be appropriate for equity-oriented investors with an average risk tolerance. **Aggressive Growth:** may include domestic and international equity asset classes, as well as commodities, real estate and, occasionally, fixed income investments; may be appropriate for equity-oriented investors with a higher risk tolerance.

Benchmarks changed retroactively on 7/1/13 to be more simplified. Inflation provided as additional information and represented by US 5-year TIP breakeven spread (Bloomberg: USGBE05 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. Custom Benchmarks prior to 7/1/13 (calculated monthly): Income with Growth: ML US Corporate, Gov't & Mortgage 48%, S&P500 30%, S&P400 10%, FTSE NAREIT 5%, MSCI EAFE (gross) 5%, ML T-Bill 2%. Growth & Income: ML US Corporate, Gov't & Mortgage 38%, S&P500 30%, S&P400 15%, Russell 2000 10%, MSCI EAFE (gross) 5%, ML T-Bill 2%. Growth: S&P500 48%, S&P400 15%, Russell 2000 15%, ML US Corporate, Gov't & Mortgage 10%, MSCI EAFE (gross) 10%, ML T-Bill 2%. Aggressive Growth: S&P500 38%, S&P400 20%, Russell 2000 20%, MSCI EAFE (gross) 15%, MSCI Emerging Markets (gross) 5%, ML T-Bill 2%.