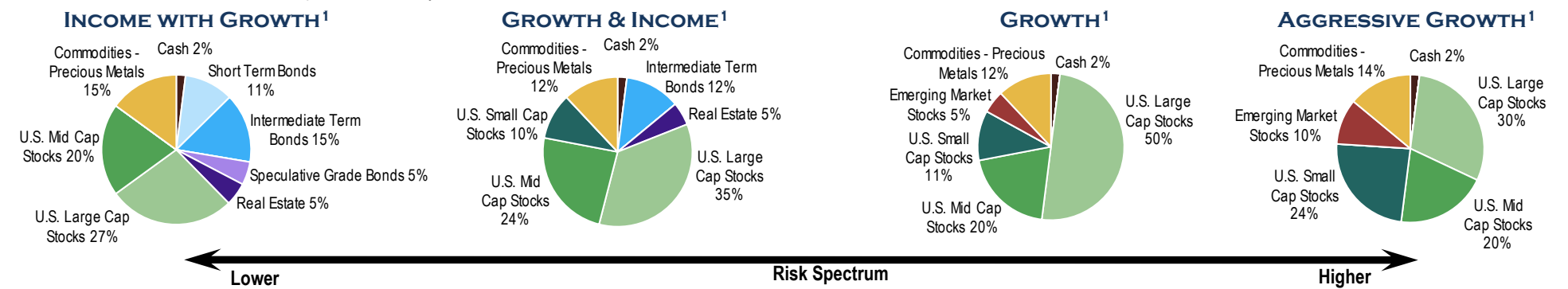


## INVESTMENT PROCESS

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 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 three 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.



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 a diversified all-equity portfolio	Profile is similar to an aggressively positioned, all-equity portfolio
<b>Portfolio Characteristics</b>	Majority allocation in fixed income asset classes	Allocations may include domestic and international equity asset classes, commodities, real estate, and fixed income investments	Allocations may include 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 in concentrated allocations
<b>Third Quarter 2020 Weighted SEC Yield<sup>2</sup></b>	1.6%	1.6%	1.6%	1.6%
<b>Number of Securities</b>	15-21	17-21	10-21	10-21
<b>Annual Turnover<sup>3</sup> (3-Year Rolling)</b>	85%	78%	74%	65%
<b>5 Largest Holdings<sup>4</sup></b>	iShares Gold Trust - IAU iShares Short-Term Corporate Bond ETF - IGSB SPDR® S&P 400 Mid Cap Growth ETF - MDYG SPDR® Portfolio S&P 500 Growth ETF - SPYG SPDR® Portfolio S&P 500 Value ETF - SPYV	SPDR® Portfolio S&P 500 Growth ETF - SPYG SPDR® Portfolio S&P 500 Value ETF - SPYV SPDR® S&P 400 Mid Cap Growth ETF - MDYG SPDR® S&P 400 Mid Cap Value ETF - MDYV iShares Gold Trust - IAU	SPDR® Portfolio S&P 500 Growth ETF - SPYG SPDR® Portfolio S&P 500 Value ETF - SPYV iShares Gold Trust - IAU SPDR® S&P 400 Mid Cap Growth ETF - MDYG SPDR® S&P 400 Mid Cap Value ETF - MDYV	SPDR® S&P 600 Small Cap Growth ETF - SLYG SPDR® S&P 600 Small Cap Value ETF - SLYV SPDR® Portfolio S&P 500 Growth ETF - SPYG SPDR® Portfolio S&P 500 Value ETF - SPYV iShares Gold Trust - IAU

<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 7/21/20 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 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 7/21/20. <sup>3</sup>Annual turnover 3-year rolling calculated from sample accounts for periods ending 12/31/2019. <sup>4</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. Application of the investment strategy as of a later date will likely result in changes to the listing. Individual client portfolios may differ, sometimes significantly, from these listings. Contact Confluence for a complete list of holdings.

## PERFORMANCE COMPOSITE RETURNS

(FOR PERIODS ENDING JUNE 30, 2020)

### INCOME TAXABLE WITH GROWTH – PLUS

	Pure Gross-of-Fees <sup>1</sup>	Net-of-Fees <sup>2</sup>	40stock/ 60bond	Inflation
Since Inception**	10.3%	7.0%	8.4%	1.6%
10-year*	9.2%	6.0%	8.1%	1.7%
5-year*	9.1%	5.9%	7.2%	1.6%
3-year*	9.9%	6.7%	7.9%	1.7%
1-year	17.0%	13.5%	9.0%	1.3%
YTD	9.7%	8.0%	2.9%	0.5%
QTD	14.8%	14.0%	9.8%	0.2%
2008**	4.5%	4.3%	2.4%	(0.0%)
2009	22.9%	19.3%	13.8%	1.1%
2010	12.2%	8.9%	10.4%	1.6%
2011	4.9%	1.8%	5.9%	1.9%
2012	10.1%	6.9%	9.1%	2.0%
2013	7.8%	4.6%	10.5%	2.0%
2014	13.1%	9.8%	9.3%	1.8%
2015	(0.8%)	(3.7%)	1.1%	1.4%
2016	10.0%	6.7%	6.4%	1.5%
2017	10.5%	7.2%	10.6%	1.8%
2018	(3.8%)	(6.6%)	(1.5%)	2.0%
2019	20.7%	17.1%	17.8%	1.6%

### GROWTH – PLUS

	Pure Gross-of-Fees <sup>1</sup>	Net-of-Fees <sup>2</sup>	S&P 500	Inflation
Since Inception**	7.6%	4.4%	10.1%	1.6%
10-year*	10.8%	7.5%	14.0%	1.7%
5-year*	8.9%	5.7%	10.7%	1.6%
3-year*	9.2%	6.0%	10.7%	1.7%
1-year	14.7%	11.3%	7.5%	1.3%
YTD	6.9%	5.4%	(3.1%)	0.5%
QTD	21.2%	20.3%	20.5%	0.2%
2008**	(29.8%)	(30.5%)	(28.9%)	(0.0%)
2009	29.2%	25.4%	26.5%	1.1%
2010	14.5%	11.1%	15.1%	1.6%
2011	(1.5%)	(4.5%)	2.1%	1.9%
2012	11.0%	7.7%	16.0%	2.0%
2013	17.7%	14.2%	32.4%	2.0%
2014	14.6%	11.2%	13.7%	1.8%
2015	(0.4%)	(3.3%)	1.4%	1.4%
2016	13.1%	9.7%	12.0%	1.5%
2017	16.0%	12.5%	21.8%	1.8%
2018	(10.1%)	(12.7%)	(4.4%)	2.0%
2019	23.9%	20.2%	31.5%	1.6%

\*Average Annualized Returns

\*\*Inception: *Income with Growth* (12/1/08), *Growth & Income* (9/1/08), *Growth* (9/1/08), *Aggressive Growth* (8/1/08). Results shown for calendar-year 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
Since Inception**	7.3%	4.1%	8.7%	1.6%
10-year*	9.5%	6.2%	11.1%	1.7%
5-year*	7.9%	4.7%	9.1%	1.6%
3-year*	7.4%	4.2%	9.5%	1.7%
1-year	8.5%	5.3%	8.5%	1.3%
YTD	2.3%	0.8%	0.1%	0.5%
QTD	17.0%	16.1%	15.1%	0.2%
2008**	(24.1%)	(24.9%)	(19.9%)	(0.0%)
2009	26.4%	22.7%	20.2%	1.1%
2010	13.1%	9.8%	12.9%	1.6%
2011	1.3%	(1.7%)	4.1%	1.9%
2012	11.4%	8.1%	12.6%	2.0%
2013	11.7%	8.4%	21.0%	2.0%
2014	13.6%	10.3%	11.5%	1.8%
2015	(0.9%)	(3.8%)	1.3%	1.4%
2016	12.2%	8.9%	9.2%	1.5%
2017	15.5%	12.1%	16.1%	1.8%
2018	(8.1%)	(10.8%)	(2.8%)	2.0%
2019	21.9%	18.3%	24.6%	1.6%

### AGGRESSIVE GROWTH – PLUS

	Pure Gross-of-Fees <sup>1</sup>	Net-of-Fees <sup>2</sup>	S&P 500	Inflation
Since Inception**	7.1%	3.9%	10.1%	1.6%
10-year*	10.0%	6.7%	14.0%	1.7%
5-year*	7.3%	4.1%	10.7%	1.6%
3-year*	7.4%	4.2%	10.7%	1.7%
1-year	10.1%	6.8%	7.5%	1.3%
YTD	3.5%	2.0%	(3.1%)	0.5%
QTD	20.9%	20.0%	20.5%	0.2%
2008**	(29.1%)	(30.0%)	(27.9%)	0.1%
2009	30.9%	27.0%	26.5%	1.1%
2010	17.1%	13.6%	15.1%	1.6%
2011	(4.3%)	(7.2%)	2.1%	1.9%
2012	10.4%	7.2%	16.0%	2.0%
2013	23.7%	20.0%	32.4%	2.0%
2014	9.6%	6.4%	13.7%	1.8%
2015	(2.2%)	(5.1%)	1.4%	1.4%
2016	16.1%	12.6%	12.0%	1.5%
2017	13.9%	10.5%	21.8%	1.8%
2018	(11.1%)	(13.7%)	(4.4%)	2.0%
2019	22.5%	18.8%	31.5%	1.6%

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, that provides professional portfolio management and advisory services to institutional and individual clients. Confluence'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. The investment team's portfolio management philosophy begins by addressing risk and follows through by positioning clients to achieve income and growth objectives.

**For more information contact a member of our sales team:**

Wayne Knowles | (314) 526-0914 | wknowles@confluenceim.com

Ron Pond | West | (314) 526-0759 | rpond@confluenceim.com

Steve Mikez | North-Central | (314) 526-0776 | smikez@confluenceim.com

Jason Gantt | East | (314) 526-0364 | jgantt@confluenceim.com

Jim Taylor | Mid-South | (314) 526-0469 | jtaylor@confluenceim.com

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 and net of all 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: 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, 0.1% 2019. 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%.