

OBJECTIVE

Focuses on hard asset companies that are directly responsible for mining, extracting or producing tangible commodities such as gold, oil or coal. Investment objective is capital appreciation.

INVESTMENT PHILOSOPHY

The Global Hard Assets strategy comprises investments in hard assets, which we define as tangible commodities, such as a gold bar, a barrel of oil or a ton of coal. The portfolio primarily includes common stocks of companies in the hard assets sector which are directly responsible for mining, extracting or producing the hard assets. The portfolio also typically holds various hard asset exchange-traded products (ETPs), specifically selected to avoid K-1s for tax considerations, thus giving the portfolio exposure to actual commodities which tend to be less affected by financial market factors.

We believe there is value in commodities due to long-term international economic and geopolitical trends that are likely to continue in place for many years and are likely to provide underlying support for commodity prices through the next several economic cycles, even if inflation fails to rise. In particular, we expect these three key trends will support rising hard asset prices in the long run: 1) lack of confidence in fiat currencies will undermine their function as stores of value, which will encourage global savers to use hard assets as an alternative; 2) growth of large emerging economies, which tend to be more resource intensive, will boost commodity demand; 3) decline of U.S. economic and military dominance will lead to a more unstable multi-polar world and encourage inventory accumulation.

OVERVIEW

- ◆ Focuses on hard asset companies directly responsible for mining, extracting or producing tangible commodities
- ◆ Investment approach utilizes a top-down, global market view coupled with bottom-up proprietary research
- ◆ Investable universe consists of global equities and ETPs focused on the hard assets sector
- ◆ Suitable for clients whose primary objective is capital appreciation

CHARACTERISTICS¹

PORTFOLIO

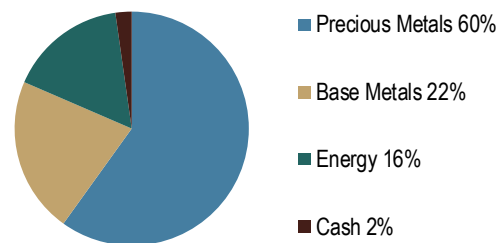
Dividend Yield	1.4%
Number of Securities	35-55
Annual Turnover	50-80%

¹This information is presented as supplemental information to the disclosures required by the GIPS® standards. Investing in securities involves the risk of loss of the amount invested that investors should be prepared to bear. There can be no assurance that any investment objective will be achieved or that any investment will be profitable or avoid incurring losses. The listing of "10 Largest Holdings" is not a complete list of all stocks 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. Sector weightings and holdings of individual client portfolios in the strategy may differ, sometimes significantly, from these listings. Contact Confluence for a complete list of holdings. Portfolio yield: composite level weighted average yield, calculated based on annualized current dividends; source: FactSet.

10 LARGEST HOLDINGS¹

iShares Gold Trust	12.1%
Pan American Silver Corp.	6.2%
Franco-Nevada Corporation	5.3%
Leagold Mining Corporation	5.3%
Royal Gold, Inc.	5.3%
Sandstorm Gold Ltd.	4.9%
Torex Gold Resources Inc.	4.7%
Livent Corporation	4.5%
Innophos Holdings, Inc.	4.5%
Seabridge Gold Inc.	4.2%

COMMODITY CLASS ALLOCATION¹



INVESTMENT PROCESS

TOP-DOWN APPROACH

Our disciplined investment process utilizes a top-down approach to identify investable sectors, coupled with bottom-up, security selection.

1) Geopolitical and global macro analyses define:

- ◆ Sector weightings
- ◆ Acceptable geographic locations of reserves

2) Allocation decisions:

- ◆ Investments are screened based upon our view of commodities compared to equities
- ◆ Commodity vs. equity weightings are decided

3) Security Selection:

- ◆ Equity security selection
- ◆ ETP selection

BOTTOM-UP SECURITY SELECTION CRITERIA

Once a universe of securities is identified utilizing the macro-analysis, we seek to identify companies that have the ability to increase production and grow reserves over time, thus appreciating capital.

- ◆ Companies that extract, mine or produce hard assets
- ◆ Suitable companies possess an ability to grow reserves and increase production
- ◆ Companies domiciled in politically stable countries with developed contract law
- ◆ Securities, including ETPs, provide exposure to a desired tangible asset
- ◆ Sector weights are defined by Confluence's macro and geopolitical views
- ◆ Securities provide exposure to underlying hard assets that are trading at significant discounts to our estimate of value

SELL DISCIPLINE

To help preserve capital, portfolio positions are continually reviewed.

A company's stock may be sold if:

- ◆ Strategic or macro views have changed
- ◆ The company reaches or exceeds our estimate of full valuation
- ◆ The underlying hard asset reaches or exceeds our estimate of full valuation causing sector rotation of capital
- ◆ Business fundamentals deteriorate
- ◆ The company's country of domicile becomes unstable
- ◆ The company's reserves drastically decline

ABOUT CONFLUENCE INVESTMENT MANAGEMENT LLC

Confluence Investment Management 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, company-specific approach. The portfolio management philosophy begins by assessing risk and follows through by positioning clients to achieve their income and growth objectives.

FOURTH QUARTER 2019 GLOBAL HARD ASSETS MARKET OBSERVATIONS

Commodities mostly recovered in Q4 2019 as the Bloomberg commodity index rose 3.9% for the quarter. Energy was up 6.3%, grains rose 2.1%, and softs had the strongest recovery, up 12.4%. Precious metals were up 2.0%, while industrial metals declined a modest 0.3%.

An improved global trade environment and a recovery in economic activity boosted commodity prices and related equities. Although commodity equities outside of precious metals tended to lag the broader market, the overall strength in equity markets and an improving economy lifted the portfolio.

We continue to skew the portfolio toward precious metals, with just over 50% in that sector. Energy and industrial metals both share nearly equal equity weightings. Given global monetary conditions, we expect the overweight to precious metals to continue for the time being.

The long-term case for hard assets remains in place and, if anything, is strengthening. Washington is trying to reduce America's global obligations, creating a power vacuum that is supportive for cautionary demand.

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 DECEMBER 31, 2019)

	Pure Gross-of-Fees ¹	Net-of-Fees ²	Custom Bnchmrk	Calendar Year	Pure Gross-of-Fees ¹	Net-of-Fees ²	Custom Bnchmrk	Difference (Gross-Bchmrk)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	Bnchmrk 3yr Std Dev	Composite Dispersion
Since Inception**	(1.9%)	(4.8%)	(0.3%)	2009**	14.3%	13.4%	10.2%	4.0%	1	\$1,660	\$533,832	N/A	N/A	N/A
				2010	37.7%	33.6%	30.8%	6.8%	13	\$6,853	\$751,909	N/A	N/A	N/A
10-Year*	(3.2%)	(6.1%)	(1.3%)	2011	(20.4%)	(22.8%)	(10.4%)	(10.0%)	122	\$24,223	\$937,487	N/A	N/A	0.5%
5-Year*	(2.9%)	(5.8%)	(0.5%)	2012	5.0%	1.9%	(0.9%)	5.9%	110	\$21,537	\$1,272,265	24.9%	20.4%	0.4%
3-Year*	(1.2%)	(4.2%)	(2.2%)	2013	(15.4%)	(18.0%)	(5.8%)	(9.7%)	92	\$16,831	\$1,955,915	22.4%	18.7%	0.6%
1-Year	12.4%	9.1%	7.3%	2014	(14.0%)	(16.6%)	(17.8%)	3.7%	79	\$11,842	\$2,589,024	17.1%	16.1%	0.3%
YTD	12.4%	9.1%	7.3%	2015	(27.4%)	(29.6%)	(31.5%)	4.0%	53	\$5,653	\$3,175,419	16.2%	18.1%	0.3%
QTD	8.7%	7.9%	8.7%	2016	23.3%	19.7%	52.3%	(29.0%)	41	\$5,596	\$4,413,659	18.6%	23.5%	0.3%
				2017	2.4%	(0.7%)	5.3%	(3.0%)	34	\$5,038	\$5,944,479	17.0%	21.4%	0.2%
				2018	(16.2%)	(18.7%)	(17.2%)	0.9%	27	\$3,540	\$5,486,737	15.0%	18.4%	0.3%
				2019	12.4%	9.1%	7.3%	5.1%	25	\$3,644	\$7,044,708	14.7%	15.3%	0.4%

*Average annualized returns

**Inception is 10/1/2009

Portfolio Benchmark

Custom Benchmark – The custom benchmark (blended monthly) consists of: CRB Commodity Index 30%, S&P Oil and Gas Exploration and Production 30%, S&P Metals and Mining 25%, NYSE Gold Miners Index 15%. (Source: Bloomberg)

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 12/31/2018. 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 Global Hard Assets Composite was created on October 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: 0.60% 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 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 Global Hard Assets Composite contains fully discretionary Global Hard Assets wrap accounts. The Global Hard Assets portfolio is focused on investments in hard assets which are defined as tangible commodities, such as a gold bar, a barrel of oil or a ton of coal. The portfolio comprises common stocks of companies in the hard assets sector and hard asset ETFs or ETNs which give the portfolio exposure to actual commodities.

**Results shown for the year 2009 represent partial period performance from October 1, 2009 through December 31, 2009. 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.

Global Hard Assets includes securities and asset classes that typically have greater price volatility. Global Hard Assets is subject to commodity pricing, supply and demand and regulatory risks, in addition to U.S. and non-U.S. equities, non-diversification and currency risks. Prices of various commodities and natural resources may be affected by factors such as drought, floods, weather, changes in storage costs, changing supply and demand relationships, transportation costs, embargoes, tariffs and other regulatory developments, as well as foreign currency exchange rates and international interest rates, many of which factors are unpredictable.

Confluence Global Hard Assets Committee

Mark Keller, CFA
Bill O'Grady
Patrick Fearon-Hernandez

Kaisa Stucke, CFA
Joe Hanzlik

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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