Confluence Investment Management

Growth

Fourth Quarter 2020

Objective

Primarily focused on capital appreciation. Profile is similar to that of a diversified all-equity portfolio.

Investment Philosophy

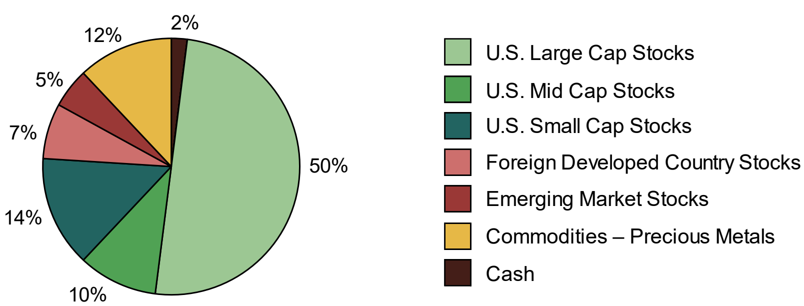
Asset allocation is a portfolio management process where various asset classes are combined in one portfolio. Properly implemented, asset allocation is a time-tested approach that addresses risk through diversification. The Confluence approach to asset allocation is different than traditional asset allocation 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

- Positioned to pursue capital appreciation
- Allocation may include equity asset classes ranging from small cap to large cap
- International allocations may include both developed and emerging markets
- Commodities, real estate and fixed income may be utilized for total return and diversification
- Profile is similar to that of a diversified all-equity portfolio
- Appropriate for equity-oriented investors with an average risk tolerance

Asset Allocation[1]



Characteristics[1]

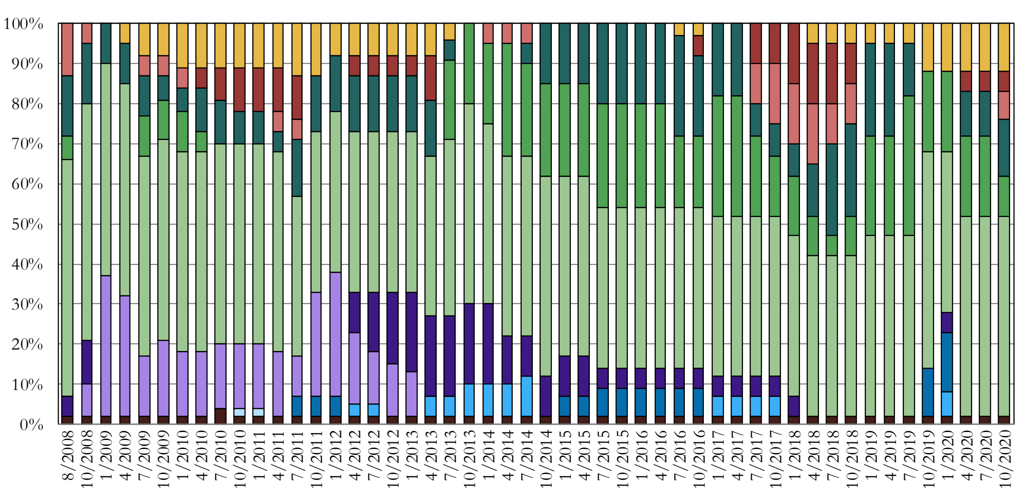
Weighted SEC Yield	1.5%
Number of Securities	10-21
Annual Turnover (3-Year Rolling)	74%

5 Largest Holdings[1]

SPDR® S&P 500 Growth - SPYG	19.5%
SPDR® S&P 500 Value - SPYV	19.5%
iShares Gold Trust - IAU	10.0%
SPDR® Developed World ex-US - SPDW	7.0%
SPDR® S&P 600 Small Cap Growth - SLYG	7.0%

[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 10/20/20 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 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. 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. Yield data source: Morningstar. 30-day SEC yield for the model portfolio as of 10/20/20. Annual turnover 3-year rolling calculated from sample accounts for periods ending 12/31/2019.

Historical Model Allocations[2]



Short-Term Bonds
Intermediate-Term Bonds
Long-Term Bonds
Speculative Grade Bonds
Real Estate
U.S. Large Cap Stocks
U.S. Mid Cap Stocks
U.S. Small Cap Stocks
Foreign Developed Country Stocks
Emerging Market Stocks
Commodities
Cash

[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 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.

Fourth Quarter 2020 Growth Market Observations

- ♦ We believe that we are now in an economic recovery which we expect to be long and slow moving.
- ♦ The Federal Reserve will likely continue to be aggressively accommodative, as will other global central banks, providing a favorable backdrop for equities.
- ♦ With an accommodative Fed, we retain elevated relative weightings to equities, yet exposures in the strategies have shifted toward an emphasis on cyclical stocks.
- ♦ Given the upcoming U.S. elections and the accompanying uncertainty of policies in its wake, we initiated a position in non-U.S. equities. Their favorable valuations and the potential for a softening in the exchange rate for the U.S. dollar make them attractive for U.S.-based investors.
- ♦ Exposure to gold is retained in each of the strategies given its ability to act as a hedge against geopolitical risks and for its appreciation potential due to global central bank accommodation and in the event of a decline in the exchange rate of the U.S. dollar.

The asset class changes to the Growth strategy this quarter involved removing half of the U.S. mid-cap stock exposure and reallocating to U.S. small cap stocks and non-U.S. developed market stocks. This move was encouraged by mid-caps being priced closer to fair valuation and more attractive valuations available in small caps and overseas. In addition, the non-U.S. developed market exposure not only holds near-term benefits for risk reduction if the U.S. elections cause elevated volatility but longer-term advantages for U.S.-based investors should the dollar weaken. In U.S. stocks, we retain the neutral posture of the growth/value baseline. However, in the large cap segment, the prior overweight sectors that had produced a tacit growth tilt were removed in favor of more cyclically oriented overweights. Gold continues to be positioned to both mitigate against heightened geopolitical risk as well as its potential benefit from global central bank accommodation, while silver holds attendant benefits and demand from industrial uses.

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, 2020)

	Pure Gross-of-Fees[1]	Net-of-Fees[2]	Benchmark (S&P 500)	Inflation
Since Inception**	8.1%	4.9%	10.6%	1.6%
10-Year*	10.5%	7.2%	13.7%	1.7%
5-Year*	12.0%	8.7%	14.1%	1.6%
3-Year*	10.5%	7.2%	12.3%	1.6%
1-Year	22.4%	18.8%	15.1%	1.3%
YTD	15.1%	12.6%	5.6%	0.9%
QTD	7.7%	6.9%	8.9%	0.4%

**Average annualized returns*
***Inception is 9/1/2008*

Calendar Year	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**	(29.8%)	(30.5%)	(28.9%)	(0.0%)	(0.9%)	2	$252	$291,644	N/A	N/A	N/A
2009	29.2%	25.4%	26.5%	1.1%	2.7%	73	$10,824	$533,832	N/A	N/A	0.0%
2010	14.5%	11.1%	15.1%	1.6%	(0.5%)	124	$18,719	$751,909	N/A	N/A	0.2%
2011	(1.5%)	(4.5%)	2.1%	1.9%	(3.7%)	155	$32,263	$937,487	17.8%	18.7%	0.2%
2012	11.0%	7.7%	16.0%	2.0%	(5.0%)	152	$36,374	$1,272,265	14.0%	15.1%	0.1%
2013	17.7%	14.2%	32.4%	2.0%	(14.7%)	119	$35,195	$1,955,915	11.2%	11.9%	0.2%
2014	14.6%	11.2%	13.7%	1.8%	0.9%	115	$38,771	$2,589,024	8.5%	9.0%	0.3%
2015	(0.4%)	(3.3%)	1.4%	1.4%	(1.8%)	133	$35,486	$3,175,419	9.5%	10.5%	0.1%
2016	13.1%	9.7%	12.0%	1.5%	1.1%	70	$24,178	$4,413,659	10.1%	10.6%	0.2%
2017	16.0%	12.5%	21.8%	1.8%	(5.8%)	76	$15,068	$5,944,479	9.2%	9.9%	0.1%
2018	(10.1%)	(12.7%)	(4.4%)	2.0%	(5.7%)	65	$11,109	$5,486,737	10.5%	10.8%	0.2%
2019	23.9%	20.2%	31.5%	1.6%	(7.6%)	60	$15,524	$7,044,708	11.7%	11.9%	0.2%

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 48%, S&P 400 15%, Russell 2000 15%, ML U.S. Corporate, Government, and Mortgage 10%, MSCI EAFE 10% (gross), 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, 0.1% 2019.

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 12/31/2019. 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 Growth–Plus Composite was created on September 1, 2008. 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.

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 Growth–Plus Composite contains fully discretionary Growth–Plus wrap accounts. The 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 Growth strategy. The allocation 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. This portfolio may be appropriate for equity-oriented investors with an average risk tolerance.

**Results shown for the year 2008 represent partial period performance from September 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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