Increasing Dividend Equity Account (IDEA) • Value Equity Strategies

Increasing Dividend Equity Account (IDEA) is focused on high-quality companies with long track records of distributing earnings to shareholders through dividends. These companies tend to be established companies that generate free cash flow and have management teams committed to growing the dividend. The portfolio is selected from a universe of stocks meeting initial minimum criteria of paying and increasing dividends over the last 10 years. The portfolio typically has approximately 49 holdings and is expected to result in low to moderate turnover. The strategy is appropriate for clients seeking total return from dividend income and capital appreciation.

Market Commentary

Equity markets struggled to start the new year as investors grappled with the latest Omicron wave, the Russian invasion of Ukraine, and the actions of the Federal Reserve. These concerns weighed not only on domestic equity markets but all asset classes except for commodities. Even Treasuries, often viewed as safe havens, reported losses across maturities, with the 10-year Treasury yield moving up from 1.62% to 2.32% and resulting in a -6.86% loss of principal. The only asset to escape the downdraft was commodities as supply has been slower to ramp back up despite solid demand as economies are reopening (see *Figure 1* with asset class returns, from Confluence's Asset Allocation Committee). Companies are also struggling with labor shortages as well as recent outages caused by Omicron which are putting upward pressure on wages. Inflation has also been pressured by supply chain issues that are testing the limits of the global just-in-time inventory approach – an approach that helped put downward pressure on inflation over the past few decades. The Russian invasion only advanced concerns surrounding the supply of agriculture products and certain commodities, which was further exasperated by the sanctions imposed on Russia. These headwinds offset the positive effects of economies reopening and the ensuing strong demand.

Figure 1

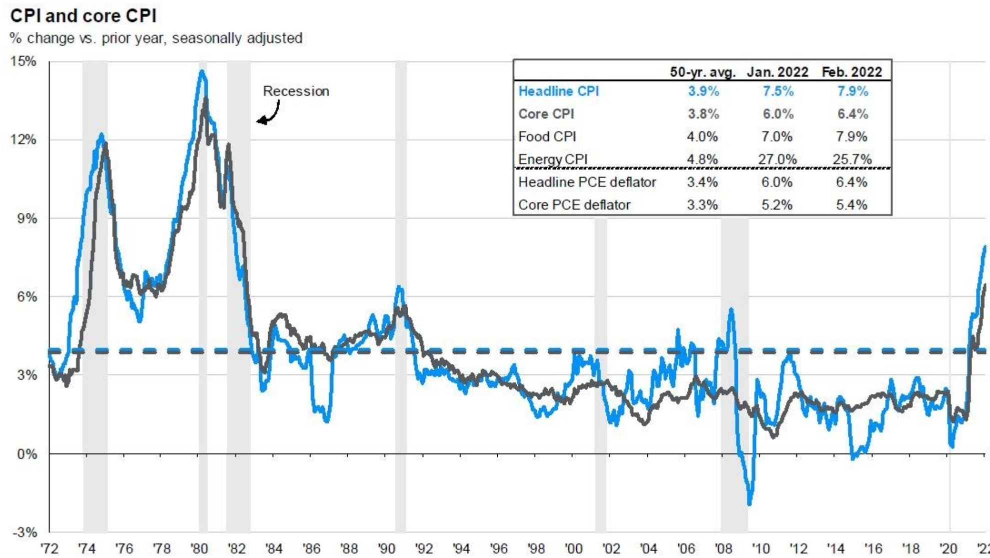
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Q1 2022
Emerging Markets 78.5%	REITs 28.0%	Long-Term Bonds 22.0%	Emerging Markets 18.2%	US Small Cap 41.3%	REITs 30.1%	REITs 3.2%	US Small Cap 26.6%	Emerging Markets 37.3%	Cash 1.9%	US Large Cap 31.5%	US Large Cap 18.4%	REITs 43.2%	Commodities 33.1%
Speculative Bonds 57.5%	US Mid-Cap 26.6%	Intermediate-Term Bonds 10.6%	REITs 18.1%	US Mid-Cap 33.5%	Long-Term Bonds 20.1%	US Large Cap 1.4%	US Mid-Cap 20.7%	Int'l Developed 25.0%	Short-Term Bonds 1.6%	US Mid-Cap 26.2%	Emerging Markets 18.3%	Commodities 40.4%	Cash 0.0%
US Mid-Cap 37.4%	US Small Cap 26.3%	REITs 8.3%	US Mid-Cap 17.9%	US Large Cap 32.4%	US Large Cap 13.7%	Intermediate-Term Bonds 1.4%	Speculative Bonds 17.5%	US Large Cap 21.8%	Intermediate-Term Bonds -0.1%	REITs 26.0%	Long-Term Bonds 15.5%	US Large Cap 28.7%	Short-Term Bonds -2.6%
Int'l Developed 31.8%	Emerging Markets 18.9%	Speculative Bonds 4.4%	Int'l Developed 17.3%	Int'l Developed 22.8%	US Mid-Cap 9.8%	Short-Term Bonds 0.7%	US Large Cap 12.0%	US Mid-Cap 16.2%	Speculative Bonds -2.3%	US Small Cap 22.8%	US Mid-Cap 13.7%	US Small Cap 26.8%	REITs -3.9%
REITs 28.0%	Speculative Bonds 15.2%	US Large Cap 2.1%	US Small Cap 16.3%	Speculative Bonds 7.4%	Intermediate-Term Bonds 6.8%	Cash 0.1%	Commodities 11.4%	US Small Cap 13.2%	Long-Term Bonds -4.1%	Int'l Developed 22.0%	US Small Cap 11.3%	US Mid-Cap 24.8%	Speculative Bonds -4.5%
US Large Cap 26.5%	US Large Cap 15.1%	Short-Term Bonds 1.6%	US Large Cap 16.0%	REITs 2.5%	US Small Cap 5.8%	Int'l Developed -0.8%	Emerging Markets 11.2%	Long-Term Bonds 10.4%	US Large Cap -4.4%	Long-Term Bonds 18.8%	Intermediate-Term Bonds 9.5%	Int'l Developed 11.3%	US Large Cap -4.6%
US Small Cap 25.6%	Long-Term Bonds 10.6%	US Small Cap 1.0%	Speculative Bonds 15.6%	Short-Term Bonds 0.7%	Speculative Bonds 2.5%	US Small Cap -2.0%	REITs 8.5%	Speculative Bonds 7.5%	REITs -4.6%	Emerging Markets 18.4%	Int'l Developed 7.8%	Speculative Bonds 5.4%	US Mid-Cap -4.9%
Commodities 13.5%	Intermediate-Term Bonds 9.6%	Cash 0.1%	Long-Term Bonds 8.7%	Cash 0.1%	Short-Term Bonds 0.8%	US Mid-Cap -2.2%	Long-Term Bonds 5.7%	Commodities 5.8%	US Small Cap -8.5%	Commodities 17.6%	Speculative Bonds 6.2%	Cash 0.0%	US Small Cap -5.6%
Intermediate-Term Bonds 7.4%	Commodities 9.0%	Commodities -1.2%	Intermediate-Term Bonds 7.2%	Commodities -1.2%	Cash 0.0%	Long-Term Bonds -2.8%	Intermediate-Term Bonds 3.2%	REITs 5.2%	US Mid-Cap -11.1%	Speculative Bonds 14.4%	Short-Term Bonds 3.3%	Short-Term Bonds -0.4%	Int'l Developed -5.9%
Short-Term Bonds 3.8%	Int'l Developed 7.8%	US Mid-Cap -1.7%	Short-Term Bonds 1.5%	Emerging Markets -2.6%	Emerging Markets -2.2%	Speculative Bonds -4.6%	Short-Term Bonds 1.3%	Intermediate-Term Bonds 3.9%	Int'l Developed -13.8%	Intermediate-Term Bonds 10.6%	Cash 0.7%	Intermediate-Term Bonds -2.2%	Intermediate-Term Bonds -6.5%
Long-Term Bonds 1.8%	Short-Term Bonds 2.8%	Int'l Developed -12.1%	Cash 0.1%	Intermediate-Term Bonds -3.4%	Int'l Developed -4.9%	Emerging Markets -14.9%	Int'l Developed 1.0%	Short-Term Bonds 0.9%	Commodities -13.8%	Short-Term Bonds 4.1%	REITs -8.0%	Emerging Markets -2.5%	Emerging Markets -7.0%
Cash 0.2%	Cash 0.1%	Emerging Markets -18.4%	Commodities 0.1%	Long-Term Bonds -9.4%	Commodities -33.1%	Commodities -32.9%	Cash 0.3%	Cash 0.9%	Emerging Markets -14.6%	Cash 2.3%	Commodities -23.7%	Long-Term Bonds -2.8%	Long-Term Bonds -10.9%

(Source: Confluence Asset Allocation Committee. See disclosures on p.6 for asset class composition.)

Market Commentary continued...

Inflation is the primary concern weighing on investors, which has not really been present for a few decades (see CPI and core CPI graph, *Figure 2*). In fact, we have to look back to the 1970s and early 1980s for the last time inflation wreaked havoc on markets. At that time, Paul Volcker was brought in to chair the FOMC to break inflation. He did so by aggressively raising interest rates to a high of 20%, which worked but also resulted in a double-dip recession. During the decades that followed we saw more prudent monetary policy combined with globalization and technological innovation, which kept inflation in check. It was so successful that the past few generations have little to no experience with inflation as the chart below illustrates from Confluence's macro team (*Figure 3*). Thus, with inflation running much higher than expected, investors are grappling with how much of the rise is transitory and how much is structural as they determine their inflationary expectations, which has induced the recent volatility. What is certain is that the FOMC will be shifting monetary policy away from easing conditions as shown during the quarter with an increase in rates of 25 bps and a reduction in the Fed's balance sheet. Of course, the key question is, what will be the pace and magnitude of future tightening?

Figure 2



(Chart source: J.P. Morgan Asset Management; Guide to the Markets - U.S., Data as of March 31, 2022)

Figure 3

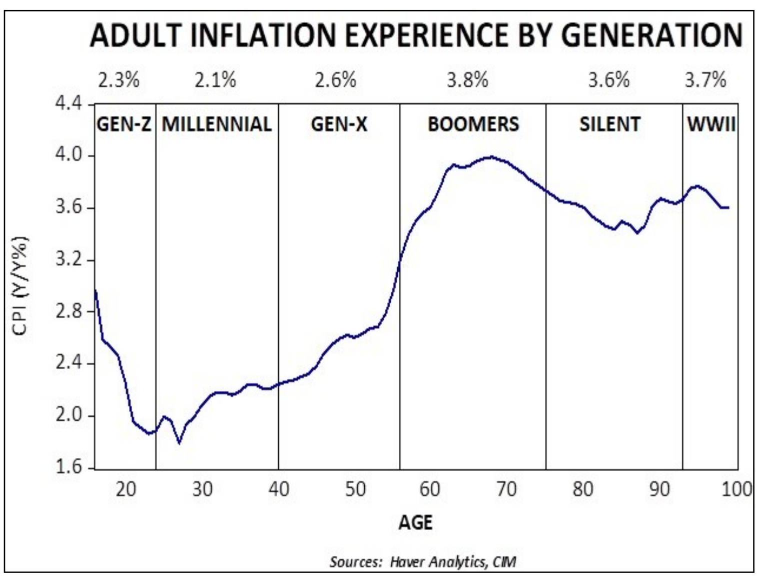
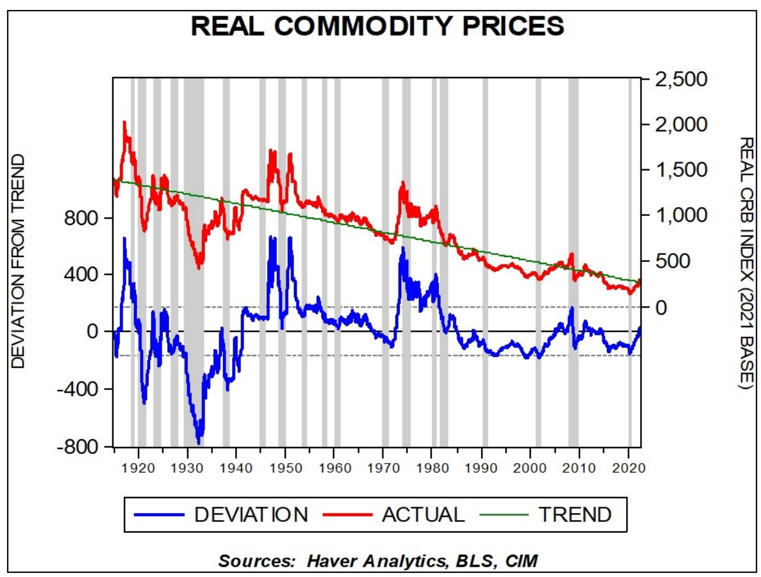


Figure 4



For the equity markets, the quarter reflected the strength of commodities as the Energy sector led the way with gains of 39% and was the only sector other than the Utilities sector, up 5%, to post a gain. The quarter ended with the broad market proxy, the S&P 500 Index, down 4.6% and the small capitalization proxy, the Russell 2000 Index, down 7.5%. Regarding style, the value indexes have larger exposures to commodities and utilities, thus value outperformed growth with the Russell 3000 Value Index down 0.8% and the Russell 3000 Growth Index down 9.3%. While commodities are drawing a lot of attention and have had some good periods from time-to-time, over the long run innovation via means of extraction and users finding more efficient usage have historically put downward pressure on commodity prices (see *Figure 4*).

Increasing Dividend Equity Account (IDEA) • Value Equity Strategies

Strategy Commentary

The first quarter of 2022 began with record COVID contagion, witnessed the start of the largest European war since World War II, saw inflation reach a 40-year high, and ended with a two-week market rally of 8.5% in the S&P 500 that coincided with a dramatic increase in the 10-year Treasury yield.

Despite this eventful start to the year, the companies held in the Increasing Dividend Equity Account (IDEA) strategy continued to grow their dividends. As detailed in the following table, 15 of the 49 companies in the portfolio have raised their dividend year-to-date as of 3/31/2022, with an average announced growth rate of 8.5%. Furthermore, the IDEA strategy has produced consistent dividend growth over the past 13 years, resulting in annual dividend income nearly tripling since the strategy's inception.

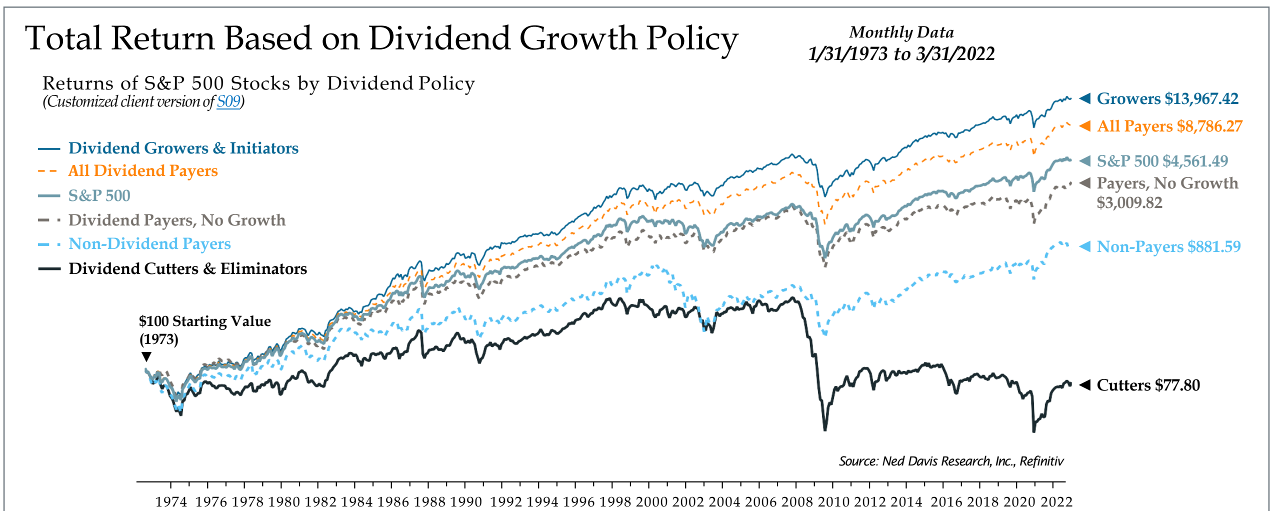
Figure 5 **Annual Dividend Statistics for IDEA Portfolio at 12/31** ***(Dividend Growth Using Announcement Date)*** [1]

			Dividend Change from Prior Year*			
			# of companies with			
Year	Holdings	Avg. Yield+	Increase	Flat	Decrease	Avg. Growth
2009	49	2.9%	39	10	0	5.6%
2010	49	2.9%	45	4	0	9.3%
2011	49	2.9%	46	3	0	9.6%
2012	48	3.3%	46	2	0	9.3%
2013	49	2.4%	47	2	0	10.6%
2014	49	2.5%	47	2	0	9.3%
2015	49	2.8%	46	3	0	8.9%
2016	50	2.4%	46	4	0	6.9%
2017	48	2.1%	44	4	0	7.4%
2018	49	2.5%	47	2	0	11.3%
2019	49	2.1%	48	1	0	9.5%
2020[1]	49	2.1%	42	7	0	6.2%
2021	49	1.9%	46	3	0	8.3%
Average—13 yrs		2.5%	45	4	0	8.6%
YTD (3/31/22)	49	2.0%	15		0	8.5%

[1] '2020' excludes impact of temporary dividend suspensions during the pandemic of 2020. * 'Dividend Change from Prior Year' excludes impact of special dividends and spin-offs.
+ 'Avg. Yield' is the average dividend yield of portfolio holdings at 12/31, calculated based on annualized current dividend plus any special dividend paid during the year.

Over the long term, dividend growers (like many of the companies owned in the IDEA portfolio), have substantially outperformed companies whose dividends remained flat, companies that have cut their dividends, and companies that do not pay dividends. As shown in this chart from Ned Davis Research (*Figure 6*), $100 invested in dividend growers in 1973 is now worth $13,967, while $100 invested in dividend cutters is only worth $77 today.

Figure 6



Portfolio Performance Statistics
Analysis Dates: 1/31/1973 to 3/31/2022

Portfolio	Gain/Annum	Growth of $100
Dividend Growers & Initiators	10.6%	$13,967.42
All Dividend-Paying Stocks	9.5%	$8,786.27
Dividend Payers w/ No Change in Dividends	7.2%	$3,009.82
Dividend Cutters & Eliminators	(0.5%)	$77.80
Non-Dividend Paying Stocks	4.5%	$881.59
S&P 500 Geometric Equal-Weighted Total Return	8.1%	$4,561.49

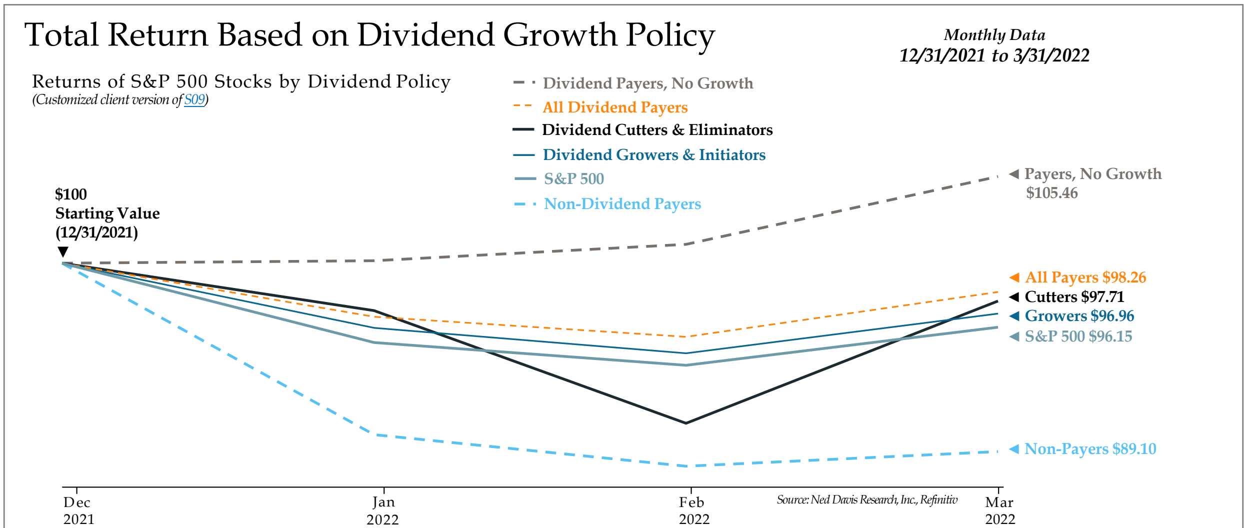
NDR

(Source: Ned Davis Research)

Strategy Commentary continued...

During the first quarter, growth stocks saw valuations contract, while value stocks (which tend to be slower growth) outperformed. This is illustrated in the below chart (*Figure 7*), where non-dividend-paying stocks were down year-to-date, while dividend payers with flat dividends were up. Dividend growers performed in the middle, similar to the S&P 500 Index.

Figure 7



Portfolio Performance Statistics Analysis Dates: 12/31/2021 to 3/31/2022		
Portfolio	**Holding Period Return***	**Growth of $100**
Dividend Growers & Initiators	(3.0%)	$96.96
All Dividend-Paying Stocks	(1.7%)	$98.26
Dividend Payers w/ No Change in Dividends	5.5%	$105.46
Dividend Cutters & Eliminators	(2.3%)	$97.71
Non-Dividend Paying Stocks	(10.9%)	$89.10
S&P 500 Geometric Equal-Weighted Total Return	(3.8%)	$96.15
*Non-annualized return		

(Source: Ned Davis Research)

Accordingly, the IDEA strategy was down 5.4% (gross of fees) in the first quarter of 2022 and the S&P 500 declined 4.6%. *[Net-of-fees return for the same period was -6.2% QTD. See disclosures on p.6 for fee description; actual investment advisory fees may vary.]*

From a company-specific perspective, the weaker contributors in the first quarter were companies that had been priced for strong post-pandemic consumer demand, like Home Depot (HD), Fortune Brands (building supplies; FBHS), Starbucks (SBUX), and Expeditors International (freight forwarding; EXPD). The top contributors year-to-date have been companies that are less dependent on strong economic growth, such as Chevron (CVX), Lockheed Martin (LMT), Raytheon Technologies (RTX), Chubb (insurance; CB), and Hershey (HSY).

As part of our valuation discipline, in early January, we sold Accenture (ACN) due to its high valuation, and bought Hershey (HSY). Hershey is an industry-leading snacks company known for its iconic brands, which include Hershey's, Reese's, Kisses, Jolly Rancher, and Ice Breakers. In the last four years, Hershey has significantly expanded into savory snacks through its acquisition of Amplify Brands, which includes SkinnyPop ready-to-eat popcorn and Pirate's Booty puffs. Both of these products have the #2 market share in their respective categories. In late 2021, Hershey expanded further into snacks by acquiring Dot's Pretzels, the #3 brand. The company now derives approximately 10% of revenues from its growing savory snacks business, and management continues to demonstrate solid capital allocation skills. The business has low capital intensity, industry-leading free cash flow margins, and has exhibited consistent pricing power. Hershey is a fairly economically defensive business that derives 90% of revenues from North America and as a result performed well during the pandemic. The company has demonstrated pricing power with low single-digit volume growth that should provide it with ample cash flow to continue to grow its dividend.

Outlook

As always, we continue to stay focused on owning quality companies with growing dividends at reasonable prices. Increasing dividends provide growing income for the investor and also indicate business attributes that have historically driven long-term stock outperformance, even throughout periods of higher inflation. For more information on the benefits of increasing dividends, please see our latest *Value Equity Insights* report, "**A Good IDEA for the Long Run**," available on the Confluence website.

Contribution[2]

(YTD as of 3/31/2022)

The top contributors and detractors for the portfolio thus far in 2022 are shown in this table:

Security	Avg Weight (%)	Contribution (%)
Top 5		
Chevron Corporation	1.80	0.58
Lockheed Martin Corporation	2.35	0.50
Chubb Limited	2.48	0.26
Raytheon Technologies Corporation	1.83	0.25
The Hershey Company	1.96	0.24
Bottom 5		
Starbucks Corporation	2.07	(0.53)
PPG Industries, Inc.	1.98	(0.54)
Fortune Brands Home & Security, Inc.	1.57	(0.54)
The Home Depot, Inc.	1.84	(0.56)
Expeditors International of Washington, Inc.	2.55	(0.68)

(Contribution data shown from a sample account, based on individual stock performance and portfolio weighting)

Performance Composite Returns[3] (For Periods Ending March 31, 2022)

	Since Inception**	10-Year*	5-Year*	3-Year*	1-Year	YTD	QTD
Pure Gross-of-Fees[4]	13.8%	13.1%	13.0%	13.7%	9.2%	(5.4%)	(5.4%)
Net-of-Fees[5]	10.4%	9.8%	9.7%	10.3%	6.0%	(6.2%)	(6.2%)
S&P 500	14.6%	14.6%	16.0%	18.9%	15.6%	(4.6%)	(4.6%)
Russell 3000 Value	11.8%	11.6%	10.1%	13.0%	11.1%	(0.8%)	(0.8%)

Calendar Year	Pure Gross-of-Fees[4]	Net-of-Fees[5]	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
2009**	7.5%	6.7%	6.0%	4.2%	1.4%	40	$7,190	$533,832	N/A	N/A	N/A	N/A
2010	16.8%	13.3%	15.1%	16.3%	1.7%	138	$33,407	$751,909	N/A	N/A	N/A	0.4%
2011	8.9%	5.7%	2.1%	(0.1%)	6.8%	325	$68,562	$937,487	N/A	N/A	N/A	0.5%
2012	9.2%	6.0%	16.0%	17.6%	(6.8%)	414	$91,822	$1,272,265	12.7%	15.1%	15.8%	0.2%
2013	31.4%	27.5%	32.4%	32.7%	(1.0%)	536	$153,123	$1,955,915	10.3%	11.9%	12.9%	0.4%
2014	12.0%	8.7%	13.7%	12.7%	(1.7%)	942	$257,782	$2,589,024	8.1%	9.0%	9.4%	0.2%
2015	1.6%	(1.4%)	1.4%	(4.1%)	0.3%	1,265	$311,651	$3,175,419	9.5%	10.5%	10.7%	0.3%
2016	17.0%	13.5%	12.0%	18.4%	5.1%	1,714	$470,340	$4,413,659	9.2%	10.6%	11.0%	0.3%
2017	19.8%	16.2%	21.8%	13.2%	(2.0%)	2,254	$698,440	$5,944,479	8.5%	9.9%	10.3%	0.4%
2018	(3.8%)	(6.6%)	(4.4%)	(8.6%)	0.6%	2,539	$699,689	$5,486,737	9.8%	10.8%	11.1%	0.3%
2019	29.9%	26.0%	31.5%	26.2%	(1.6%)	3,193	$1,079,861	$7,044,708	10.9%	11.9%	12.0%	0.4%
2020	10.7%	7.4%	18.4%	2.9%	(7.7%)	3,269	$1,159,219	$6,889,798	16.5%	18.5%	20.0%	0.8%
2021	22.6%	19.0%	28.7%	25.3%	(6.1%)	2,083	$891,288	$7,761,687	16.0%	17.2%	19.3%	0.5%

**Average annualized returns*

***Inception is 10/1/2009*

See performance disclosures on next page.

Portfolio Benchmarks

S&P 500® Index – A capitalization-weighted index of 500 stocks 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. *(Source: Bloomberg)*

Disclosures

Market & Strategy Commentary—*Figure 1*: Asset class representation: Cash (ICE BofA 3M T-Bill); Short-Term Bonds (ICE BofA 1-3 Year US Corp&Govt); Intermediate-Term Bonds (ICE BofA 5-10 Year US Corp&Govt); Long-Term Bonds (ICE BofA 10+Yr US Corp&Govt); Speculative Grade/High-Yield Bonds (ICE BofA US High Yield Master); REITs (FTSE NAREIT Equity); Large Cap (S&P 500); Mid-Cap (S&P MidCap 400); Small Cap (S&P Small Cap 600); Foreign Developed Country (MSCI EAFE); Emerging Markets (MSCI Emerging Markets); Commodities (S&P GSCI). Data source: Morningstar Direct.

Figures 6 and 7: Charts from Ned Davis Research show the S&P 500 Index split by each constituents' dividend policy. Returns are based on monthly equal-weighted geometric average of total returns of S&P 500 component stocks, with components reconstituted monthly. Dividends are assumed to be reinvested. Dividend rates are not guaranteed payments, nor can they guarantee a rate of return. *Dividend Paying* and *Non-Paying* stocks are defined by each stock's dividend policy determined on a rolling 12-month basis. The dividend figure used to categorize the stock is the company's indicated annual dividend, which may be different from the actual dividends paid. *Dividend Growers/Initiators* is a subset of dividend-paying stocks and include stocks that increased their dividend any time in the last 12 months. Once an increase occurs, it remains classified as a grower for 12 months or until another change in dividend policy. For illustrative purposes only & not representative of any specific investment.

Information is presented as supplemental information to the disclosures required by GIPS® standards. 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. Opinions and estimates are as of a certain date and subject to change without notice. Past performance is no guarantee of future results.

Investment or investment services mentioned may not be suitable to an investor and the investor should seek advice from an investment professional, if applicable. It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. All investments carry a certain degree of risk, including possible loss of principal, that investors should be prepared to bear. Equity securities are subject to market risk and may decline in value due to adverse company, industry, or general economic conditions. There can be no assurance that any investment objective will be achieved or that any investment will be profitable or avoid incurring losses.

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.

[1]**Annual Dividend Statistics—***Figure 5:* As of 12/31/2021, the methodology has been changed to show dividend growth based on when the increase was announced versus the previous methodology which used dividend pay dates. Using the announced date should be more timely and could impact which year a dividend increase falls within, but should not change a company's overall history of increasing dividends. Annual dividend income history is available upon request. 'YTD 2022' shows statistics for the portfolio at 3/31/2022.

[2]**Contribution—**Table showing the top 5 contributors/detractors reflects the strategy's best and worst performers, based on each holding's contribution to the sample account for the period stated. Holdings identified do not represent all of the securities purchased, sold or recommended. Individual client portfolios in the strategy may differ, sometimes significantly, from these listings. Contact Confluence for a complete list of holdings.

[3]**Performance Composite Returns—Confluence Investment Management LLC claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Confluence Investment Management LLC has been independently verified for the periods August 1, 2008, through December 31, 2020. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards.**
Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.
GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
The Increasing Dividend Equity Account (IDEA) strategy was incepted on October 1, 2009, and the Increasing Dividend Equity Account (IDEA) 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.
[4] Pure gross returns are shown as supplemental information to the disclosures required by the GIPS® standards.
[5] 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. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The annual composite dispersion is an equal-weighted standard deviation, using gross-of-fee returns, calculated for the accounts in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite gross returns over the preceding 36-month period. The IDEA Composite contains fully discretionary IDEA wrap accounts. The IDEA portfolio is selected from a universe of stocks, from all market capitalizations, meeting minimum criteria of paying & increasing dividends over the last 10 years.
**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.

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.

Confluence Value Equities Investment Committee

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