

Portfolio Objective: The Income With Growth portfolio is primarily focused on reliable income with a secondary focus on growth. The profile of this portfolio is similar to a well-diversified bond portfolio alongside an equity allocation.

Portfolio Overview

The focus in the Income With Growth portfolio is oriented toward reliable income, moderate volatility, long-term growth and principal preservation. Although the portfolio typically has the majority of its allocation in fixed-income asset classes, a smaller portion of the portfolio may include real estate, equities and commodities. These asset classes contribute growth potential along with diversification benefits. The profile is similar to that of a diversified bond portfolio alongside a smaller proportion of equities.

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. 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 (ETFs). We may use ETFs that allow us to focus on or avoid particular industry sectors, bond maturities, commodities or countries.

Portfolio Characteristics¹

	Portfolio
Dividend Yield (as of 3/31/18)	2.8%
Number of Securities	22-26
Annual Turnover	30-70%

Five Largest Holdings¹ (as of 4/17/18)

iShares S&P 500 Growth - IVW
 iShares S&P 500 Value - IVE
 iShares iBonds Dec 2021 Term Corp. - IBDM
 iShares Barclays 20+ Year Treasury - TLT
 iShares Residential Real Estate Capped - REZ

The listing of "Five Largest Holdings" is not a complete list of all securities 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.

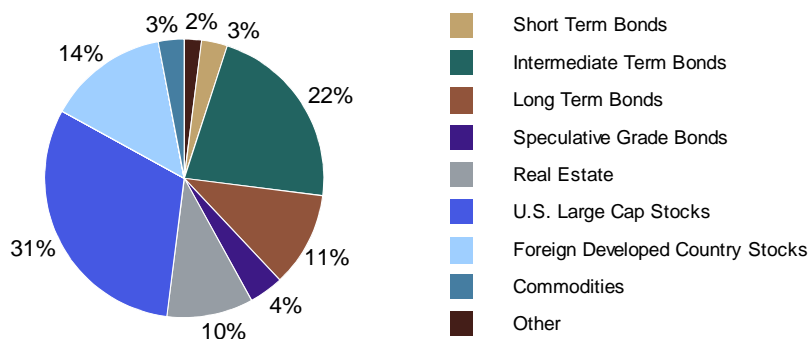
¹This information is presented as supplemental information to the disclosures required by the GIPS® standards. Information presented reflects wrap account composites with "Plus" strategies & taxable income (if applicable).

Second Quarter 2018 Income With Growth Market Observations

The allocation changes are modest and include reductions to long-term bonds and speculative grade bonds in favor of a marginal increase in large cap equity exposure and the introduction of a nominal exposure to gold, which adds diversification. Regarding equities, exclusively large cap for this strategy, we maintain a 60% tilt toward growth in the U.S. exposures based on our expectations of continued momentum stemming from the economic expansion.

The exposure to non-U.S. developed markets remains unchanged, though elevated, given these issues not only retain favorable valuations relative to U.S. counterparts but also due to our expectations for a continued soft U.S. dollar.

Sector Allocation¹ (as of 4/17/18)



¹Note: The asset allocation shown represents the allocation of assets in the Income With Growth model portfolio as of the second quarter of 2018 and does not represent the 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. ETFs trade like a stock but charge internal management fees; there will be brokerage commissions associated with buying and selling exchange traded funds unless trading occurs in a fee-based account. This information is presented as supplemental information to the disclosures required by the GIPS® standards.

Income Taxable With Growth – Plus Composite Returns
For Periods Ending 3/31/18

	Pure Gross-of-Fees ¹	Net-of-Fees ²	40stock/60bond	Inflation
QTD	(2.6%)	(3.3%)	(1.1%)	0.5%
YTD	(2.6%)	(3.3%)	(1.1%)	0.5%
1-year	4.9%	1.8%	6.3%	1.8%
3-year	4.4%	1.3%	5.1%	1.6%
5-year	6.6%	3.4%	6.4%	1.7%
Since Inception*				
Annualized	9.8%	6.5%	8.3%	1.7%

	Pure Gross-of-Fees ¹	Net-of-Fees ²	40stock/60bond	Inflation
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)%

*Inception is 12/1/08

**Results for 2008 represent partial period performance from 12/1/2008 through 12/31/2008.

The benchmark is calculated monthly and consists of a blend of 40% S&P 500 and 60% ML US Corporate, Government, and Mortgage Bond Index (Source: Bloomberg).

Inflation is provided as additional information and is represented by the 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.

The benchmark was changed retroactively on 7/1/13 to be more simplified. The custom benchmark prior to 7/1/13 (calculated monthly) consisted of: ML US Corporate, Government, and Mortgage 48%, S&P 500 30%, S&P 400 10%, FTSE NAREIT 5%, MSCI EAFE (gross) 5%, and ML T-Bill 2%.

Confluence claims compliance with the Global Investment Performance Standards (GIPS®).

¹ Pure gross-of-fees returns are shown as supplemental information to the disclosures required by the GIPS® standards. The Income Taxable With Growth - Plus Composite was created on December 1, 2008. 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-of-fees and net-of-fees and include the reinvestment of all income.

² 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.

The Income Taxable With Growth - Plus Composite contains fully discretionary Income Taxable With Growth - Plus wrap accounts. The Income Taxable With 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 Income Taxable With Growth strategy. Although the portfolio typically has the majority of its allocation in taxable fixed-income asset classes, a smaller portion of the portfolio may include real estate, equities, commodities or other asset classes. This minority allocation provides an aspect of growth potential, along with diversification benefits. This portfolio may be appropriate for investors with a conservative risk tolerance. A GIPS-compliant presentation and/or the firm's list of composite descriptions can be requested by contacting Confluence. Yield data source: FactSet. Weighted average dividend yield of holdings in the portfolio, calculated based on annualized current dividends.

Firm Overview

The Confluence Team

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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.

About Confluence Investment Management LLC

Confluence Investment Management LLC is an independent Registered Investment Advisor located in St. Louis, Missouri that was founded in 2007. Confluence provides professional portfolio management and advisory services to institutional and individual clients. The firm's investment philosophy is based upon independent, fundamental research that integrates our evaluation of market cycles, macroeconomics and geopolitical analysis with our value-driven, fundamental company-specific approach. Confluence's portfolio management philosophy begins by assessing risk, and follows through by positioning clients to achieve their income and growth objectives. The Confluence team has more than 400 years of combined financial experience and 200 years of portfolio management experience.

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