

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.

INVESTMENT PHILOSOPHY

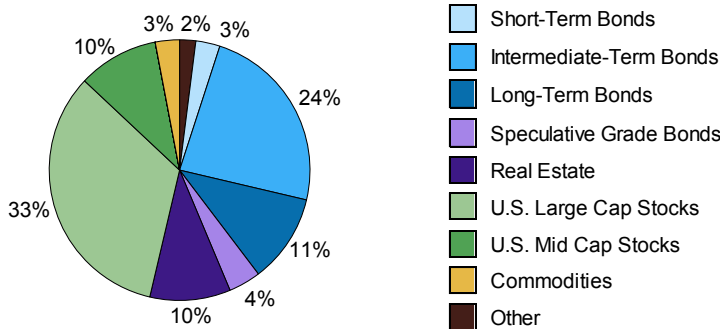
Asset allocation is a portfolio management process where various asset classes are combined in one portfolio. Properly implemented, asset allocation is a time-tested approach that addresses risk through diversification. The Confluence approach to asset allocation is different than traditional asset allocation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

PORTFOLIO OVERVIEW

- ◆ Focus of the portfolio is oriented toward reliable income, moderate volatility, long-term growth and principal preservation
- ◆ Typically has the majority of its allocation in fixed-income asset classes
- ◆ Smaller portion of the portfolio may include real estate, equities, commodities or other asset classes that contribute growth potential and diversification benefits
- ◆ Profile similar to that of a diversified bond portfolio alongside a smaller proportion of equities
- ◆ Suitable for investors with a conservative risk tolerance

ASSET ALLOCATION¹



CHARACTERISTICS¹

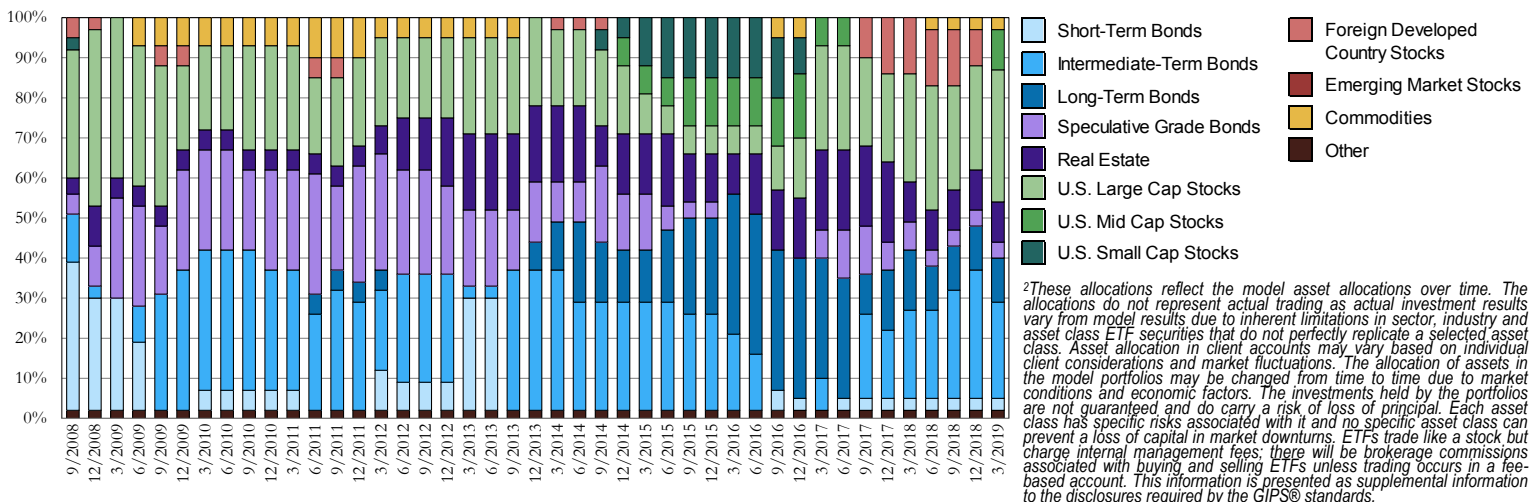
Weighted SEC Yield	3.0%
Number of Securities	22-26
Annual Turnover	30-70%

5 LARGEST HOLDINGS¹

iShares S&P 500 Value - IVE	13.4%
iShares S&P 500 Growth - IWV	13.0%
Vanguard Real Estate - VNQ	10.0%
iShares 10-20 Year Treasury Bond - TLH	7.7%
iShares Long-Term Corporate Bond - IGLB	5.7%

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). Asset allocations shown represent the individual ETFs used in the model portfolios as of 1/15/19 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. 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. Yield data source: Morningstar. Model portfolio 30-day SEC yield as of 1/15/19.

HISTORICAL MODEL ALLOCATIONS²



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 evaluation of market cycles, macroeconomics and geopolitical analysis with the firm's 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 500 years of combined financial experience and 300 years of portfolio management experience.

FIRST QUARTER 2019 INCOME WITH GROWTH MARKET OBSERVATIONS

- ◆ Our expectations are that the U.S. economy will continue to grow, albeit at a more modest pace of 2.7%
- ◆ While we anticipate the current economic expansion will become the longest on record this March, the risk of a downturn rises toward the end of our three-year forecast period
- ◆ We expect the Fed to suspend its recent string of rate increases and even pause its efforts to shrink its balance sheet
- ◆ Though unemployment remains low, the employment/population ratio indicates continued slack in the labor force, thereby blunting the full impact of wage growth on inflation
- ◆ We retain the high relative weightings to equities given economic health and expectations for continued GDP growth. However, our style guidance has shifted to 50/50 growth/value
- ◆ We eliminate exposures to equities outside the U.S. due to our expectations for a slowdown in global growth and difficulties in particular domiciles, notably continental Europe and the U.K.

We reduce the substantial overweight to intermediate-term bonds by 8% to 24% in favor of an increased weight to U.S. large cap equities and the introduction of a U.S. mid-cap equity position. The laddered maturity structure still occupies the majority of the bond exposure. Large caps now represent 33% of the portfolio and mid-caps are 10%. Our positive view on equities, especially with the Fed pausing its tightening efforts and valuations being much more compelling following last quarter's correction, leads to a historically high exposure to equities for the Income with Growth portfolio. However, this substantial equity allocation does not include non-U.S. equities, stemming from caution surrounding a number of issues being confronted in Europe in 2019. We maintain the modest 3% weighting to gold due to its potential to reduce overall portfolio risk accruing from geopolitical uncertainty and its attractiveness in the event of a decline in the value of the U.S. dollar.

Confluence Asset Allocation Committee

Mark Keller, CFA David Miyazaki, CFA
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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.

PERFORMANCE COMPOSITE RETURNS (FOR PERIODS ENDING DECEMBER 31, 2018)

	Pure Gross -of-Fees ¹	Net-of- Fees ²	Benchmark (40stock/ 60bond)	Inflation
QTD	(4.6%)	(5.3%)	(4.5%)	0.4%
YTD	(3.8%)	(6.6%)	(1.5%)	2.0%
1-Year	(3.8%)	(6.6%)	(1.5%)	2.0%
3-Year*	5.4%	2.2%	5.1%	1.8%
5-Year*	5.6%	2.5%	5.1%	1.7%
10-Year*	8.5%	5.3%	7.5%	1.7%
Since Inception**	8.9%	5.6%	7.7%	1.7%

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

The Income Taxable with Growth - Plus Composite was created on December 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 and/or fully compliant GIPS® presentations are available upon request. Additional information regarding policies for calculating and reporting performance 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 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.

*Average annualized returns
 **Inception is 12/1/2008

	Pure Gross-of- Fees ¹	Net-of- Fees ²	Benchmark (40stock/ 60bond)	Inflation	Difference (Gross- Bchmk)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	Benchmark 3yr Std Dev	Composite Dispersion
2018	(3.8%)	(6.6%)	(1.5%)	2.0%	(2.3%)	52	\$10,840	\$5,486,737	6.3%	4.4%	0.1%
2017	10.5%	7.2%	10.6%	1.8%	(0.1%)	47	\$11,956	\$5,944,479	6.4%	4.0%	0.1%
2016	10.0%	6.7%	6.4%	1.5%	3.6%	27	\$5,776	\$4,413,659	7.0%	4.4%	0.1%
2015	(0.8%)	(3.7%)	1.1%	1.4%	(1.9%)	70	\$27,222	\$3,175,419	6.1%	4.5%	0.1%
2014	13.1%	9.8%	9.3%	1.8%	3.8%	54	\$19,985	\$2,589,024	5.5%	3.9%	0.1%
2013	7.8%	4.6%	10.5%	2.0%	(2.7%)	50	\$20,925	\$1,955,915	7.0%	4.7%	0.2%
2012	10.1%	6.9%	9.1%	2.0%	1.1%	53	\$20,940	\$1,272,265	7.7%	5.5%	0.1%
2011	4.9%	1.8%	5.9%	1.9%	(0.9%)	43	\$14,679	\$937,487	11.8%	7.6%	0.1%
2010	12.2%	8.9%	10.4%	1.6%	1.9%	25	\$9,337	\$751,909	N/A	N/A	0.3%
2009	22.9%	19.3%	13.8%	1.1%	9.1%	14	\$4,276	\$533,832	N/A	N/A	N/A
2008**	4.5%	4.3%	2.4%	(0.0%)	2.2%	80	\$10,864	\$291,644	N/A	N/A	N/A

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

Portfolio Benchmark

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). 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: 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%. Inflation is provided as additional information and is represented by the US 5 year TIP breakeven spread (Bloomberg: USGGBE05 Index), which had 3-yr 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.

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