Income with Growth Portfolio

Second Quarter 2019

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

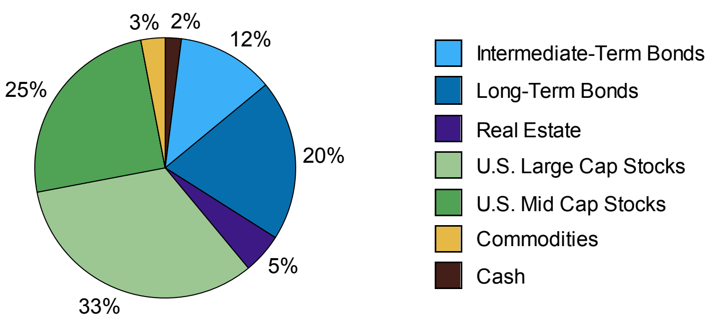
Characteristics[1]

Weighted SEC Yield	2.2%
Number of Securities	17-21
Annual Turnover	30-70%

5 Largest Holdings[1]

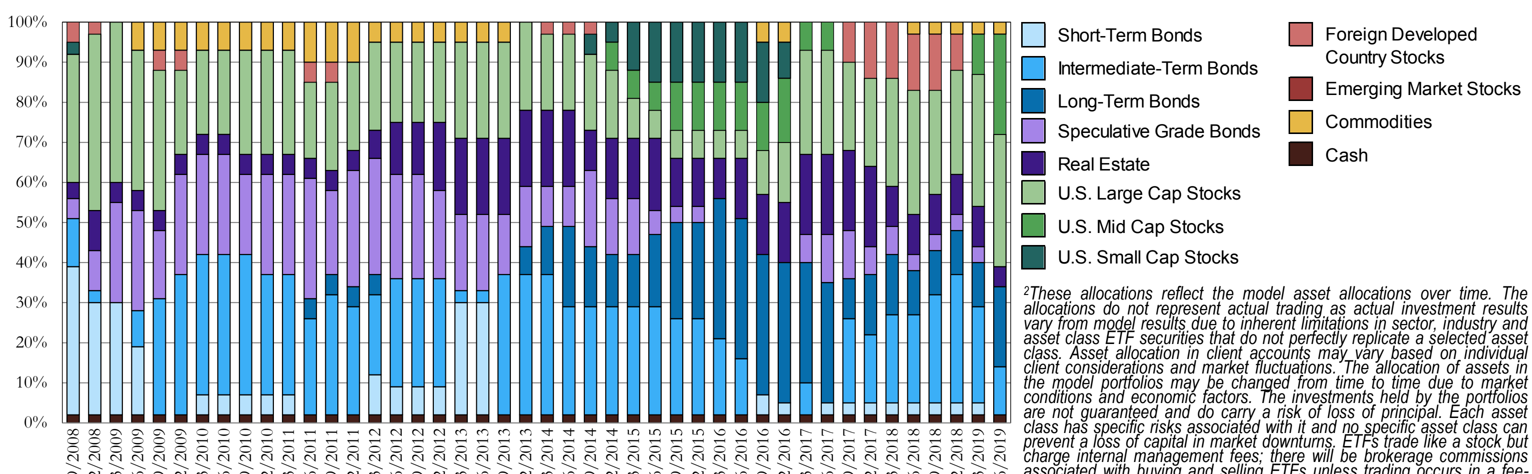
iShares S&P 500 Value ETF - IVE	13.4%
iShares S&P 500 Growth ETF - IVW	13.0%
iShares S&P Mid-Cap 400 Growth ETF - IJK	12.5%
iShares S&P Mid-Cap 400 Value ETF - IJJ	12.5%
iShares 20+ Year Treasury Bond ETF - TLT	9.2%

Asset Allocation[1]



[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 4/16/19 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. 30-day SEC yield for the model portfolio as of 4/16/19.

Historical Model Allocations[2]



[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 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.

20 Allen Ave., Ste. 300, St. Louis, MO 63119 • (314) 743-5090 www.ConfluenceInvestment.com

Second Quarter 2019 Income With Growth Market Observations

- The Federal Reserve shifted fully from its hawkish stance at the beginning of the year. We anticipate that the committee will maintain its newly dovish stance with the potential for further monetary accommodation.
- Though the employment/population ratio has improved, we find it still indicates slack in the labor force, blunting the full impact of wage growth on inflation.
- Should trade agreements be reached with China and the European Union, and Congress approves the replacement for NAFTA, U.S. equity markets will respond positively.
- Despite weakness abroad, we expect the U.S. economy to continue to grow through the balance of this year and into next.
- The Fed's accommodation and our expectations for continued U.S. growth over the next two years encourages our continued historically high weighting to U.S. equities in the strategies.

The prior 24% allocation to intermediate term bonds was reduced by half in favor of increasing long bond exposure from 11% to 20%. The laddered maturity structure still occupies a substantial portion of the bond exposure in the Income with Growth strategy. We eliminated the former 4% weight to speculative grade bonds due to potential embedded risk and our view that spreads will widen over our three-year forecast period. We reduced REIT exposure from 10% to 5%; while they offer a diversified income stream for this strategy, the tremendous price appreciation of the last quarter dulls our expectation that REITs will deliver much beyond dividends with a marginal growth rate. We further elevate the historically high equity weight for the strategy by adding 15% to mid-cap stocks, where we find valuations attractive relative to large caps and believe they offer advantages in the latter stages of an economic cycle. The style bias between growth and value stocks remains neutral and the Materials, Industrials and Technology sectors are overweight within the large cap sector. We retain the modest 3% gold weighting for its potential to reduce overall strategy risk accruing from geopolitical uncertainty and its attractiveness in the event of a decline in the U.S. dollar.

Confluence Asset Allocation Committee

Mark Keller, CFA — David Miyazaki, CFA
William O'Grady — Patty Dahl
Gregory Ellston — Kaisa Stucke, CFA

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 March 31, 2019)

	Pure Gross-of-Fees[1]	Net-of-Fees[2]	Benchmark (40stock/60bond)	Inflation
QTD	9.0%	8.2%	7.2%	0.4%
YTD	9.0%	8.2%	7.2%	0.4%
1-Year	7.6%	4.4%	6.8%	1.9%
3-Year*	6.9%	3.8%	6.7%	1.8%
5-Year*	6.5%	3.3%	6.2%	1.7%
10-Year*	10.4%	7.1%	8.7%	1.7%
Since Inception**	9.6%	6.3%	8.2%	1.7%

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

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.

	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.

For more information contact one of our sales team members:

Wayne Knowles
National Sales Director | Southeast
(919) 604-7604
wknowles@confluenceim.com

Ron Pond
Regional Mktg Rep | Southwest
(858) 699-7945
rpond@confluenceim.com

Steve Mikez
Regional Mktg Rep | North-Central
(480) 529-8741
smikez@confluenceim.com

Jason Gantt
Regional Mktg Rep | Northeast
(203) 733-9470
jgantt@confluenceim.com

Jim Taylor
Regional Mktg Rep | Mid-South
(630) 605-7194
jtaylor@confluenceim.com