International Growth • International Equity Strategies

International Growth invests primarily in large cap, growth-oriented companies in both developed and emerging markets. The strategy's management team employs both top-down and bottom-up fundamental analysis to identify attractive countries and economic sectors as well as high-quality companies worthy of a long-term investment allocation. The portfolio's primary objective is long-term capital appreciation. The maximum direct exposure to emerging markets is 25% of the portfolio's total value.

Market Commentary

So, what's the story with international equities? Day after day, there seem to be reports of events that add voraciously to an ever-mounting wall of worries facing the asset class. For instance, the ongoing war between Russia and Ukraine appears to be turning in favor of Russia as Western funding to support Ukraine's military withers. Even more unsettling is the fact that President Putin, his foreign minister, and the deputy secretary of the Russian Security Council have all continued to make repeated remarks that suggest the potential use of nuclear weapons if the Russian state becomes threatened. Furthermore, this scenario is unlikely to change soon as Putin won another six-year term as president in mid-March.

Turning the lens of focus away from war and toward the macroeconomic backdrop of the United Kingdom, the eurozone, and Japan (the largest components of the developed ex-US equity market), the news does not appear much better. The European Central Bank (ECB) and the Bank of England (BOE) continue to leave interest rates at elevated levels to stem a persistent rise in inflation. Currently, the ECB has rates set at 4%, an all-time high, while the BOE has set policy with a rate of 5.25%, a 16-year high. In March, the Bank of Japan (BOJ) started to unwind decades of easy monetary policy and yield curve control by increasing rates into positive territory. This means that while investors around the world expect the next move in rates from central banks to be downward, Japan is boldly embarking on a rate-tightening cycle that could stifle growth. The manifestation of the higher cost of capital in these markets has resulted in deteriorating growth. Using year-over-year Real GDP data for each country or region as the barometer for growth, the most recent readings stand at +0.1% for the eurozone, -0.2% for the UK, and a rapidly deteriorating +1.2% for Japan, which is down from a rate of +2.6% a year ago.

With mounting geopolitical disruptions and economic vitality not exactly in spring bloom for the world's developed markets internationally, another entrenched headwind of the past decade-plus that is buffering international equities remains the strong US dollar (USD). The US Dollar Index gained 3.1% during the first quarter of this year and remains nearly 2% stronger than a year ago. Based on the latest domestic inflation data, the likelihood of multiple rate cuts by the US Federal Reserve appears to have dwindled to as few as two cuts as inflation remains stubbornly above target and the employment rate remains incredibly resilient. Dealing with higher rates for even longer than expected may be the new reality for US investors and companies alike, and there is a good chance that this development will help to anchor the dollar at persistently high levels. The headlines certainly do not paint a rosy picture for equities outside the US, do they?

Fortunately, our international equity team spends a great deal of time applying our deep experience toward analyzing, understanding, and forecasting the risks and opportunities that each of the challenges highlighted above presents for our clients' portfolios. As a colleague likes to say, "There are always going to be problems if you look for them; the key is to view them with proper perspective." For instance, the macroeconomic environment in Japan may be slowing, but the MSCI Japan Index has recorded a return for the past year of +25.8%, and this is the third strongest single-country return out of our 22-country investment universe during this time frame. The wars between Russia-Ukraine and Israel-Gaza have caused enormous human sacrifice and suffering as well as significant economic upheaval while dramatically intensifying geopolitical tensions globally. However, these types of tragic headline-grabbing events have also created opportunities for us to dig more deeply into our investment universe to uncover companies that may be able to benefit from these realities. There will be challenges as the world continues to fracture politically, economically, and geopolitically, but new opportunities will also emerge. The formal incorporation of top-down macro and bottom-up micro analysis creates substantive flexibility within our investment process; it should be favorable for our selection of companies within the framework of desynchronized global growth and unequal conditions.

See GIPS Report on pages 5-6.

Market Commentary continued...

Over the past several months, we've received inquiries from investors asking us to reframe the case for international equities. The USD remains strong, but the value has been somewhat range-bound for the past year. As of March 31, 2024, the US Dollar Index was nearly 8.5% lower than its peak in September 2022 (114.11). Although a weakening dollar would be favorable to the asset class, the mere absence of aggressively higher moves is beneficial. The top-down macroeconomic picture for Europe and Japan has been weak, yet the bottom-up performance for developed market equities outside of the United States has remained remarkably strong, and a topic that we find to be virtually non-discussed outside of these pages. On a one-year trailing basis, the MSCI World ex-US Index return of 15.3% was materially higher than the 10-year (+5.9%), 20-year (+8.0%), and 25-year (+7.5%) averages. In short, international equities within the world's developed markets have had quite compelling returns.

From a bottom-up perspective, large cap international equities possess some characteristics that have helped insulate them from dour macroeconomic fundamentals. Performance has been strong, and foreign developed stocks remain attractively valued. Equities within the MSCI World ex-US Index continue to trade at a discount versus the 10-year trailing average on a Price/Earnings basis. On the other hand, the S&P 500 continues to trade with a premium valuation, now 17% above the 10-year trailing average for the index. International stocks pay, on average, a dividend that is twice that of the S&P 500, which could become a factor that investors seek as yields are lowered and cash deposits pay reduced rates. The significant valuation discounts of many foreign companies versus their domestic peers have pressured corporate executives into action. During the past year, several companies, including Irish materials company CRH plc, made the extraordinary decision to delist from their local market and switch their primary listing to a US exchange to close the valuation gap. In a similar but different approach, Japanese conglomerate SoftBank spun off British semiconductor company Arm Holdings plc in September 2023. However, instead of listing the company on an exchange within its home market, it was listed directly in the US, partly to attract more investment and avoid a potential valuation discount. In early April, *The Times* (London) reported that energy company (and Confluence portfolio holding) Shell plc warned that if its valuation discount does not soon close, the company may be forced to entertain relisting abroad. The point is that these management teams understand the unappreciated potential for investors to own some of the world's high-quality companies and they are taking action to change this perception.

In conclusion, we understand and appreciate the anxieties surrounding foreign stock investment. We are grateful for the confidence placed in our team to quiet the noise and put things into perspective. Here at Confluence, we continue to remain focused on our disciplined investment approach, which centers on assessing the macroeconomic environment while identifying high-quality companies through in-depth research.

Quarterly Trade Summary

In late February, we made the decision to exit one of the longest-tenured holdings within the portfolio, Aptiv (originally purchased in October 2013). Aptiv is a key supplier to the automotive industry and has transformed into the preeminent content provider for original equipment manufacturers' (OEM) production of electric vehicles (EVs). While the company has consistently logged record bookings and exceeded the growth rate of the global auto market, the issuance of downbeat guidance, wage pressures, continuous elongation of the development of commercial on-demand driving technology, and our growing concern about end-market demand for EVs in the medium term all contributed to the decision to sell. Shares of Aptiv have also traded well below their country, sector, and broad benchmark levels for more than a year.

Proceeds from the sale of Aptiv were used to purchase Japanese healthcare company Chugai Pharmaceutical. Partially owned by Switzerland-domiciled drugmaker Roche, Chugai is a $68 billion pharmaceutical company that specializes in the treatment of cancer, kidney disease, arthritis, hemophilia, and other diseases as well as the sale and distribution of Roche's medications within Japan. The company has revenue growing at a double-digit rate, ahead of many of its peers, and has a robust drug pipeline that should continue to drive sales in the medium and long term. Chugai should also continue to benefit from the tailwinds of Japan's aging population as one of the unique features of this company is that it derives more than half its sales domestically in Japan. The Japan-centric sales profile was a significant factor contributing to our purchase rationale as we believe recent changes in the implementation of Japanese monetary policy by the BOJ should help strengthen the yen (JPY) and provide yet another catalyst for the stock. The addition of Chugai also increased the portfolio's allocation to Japan, where we have had an underweight position for the majority of the past two decades.

The second set of trades completed during the quarter included the addition of Japanese trading company Itochu Corporation and the sale of Canadian gold and silver royalty and streaming company Franco Nevada. Franco Nevada, originally purchased in July 2019, was negatively affected in late 2023 when a Panamanian mine (Cobre) was abruptly forced to close following a ruling made by Panama's Supreme Court that the contract covering the operation of the mine was unconstitutional. The forced closure of the mine resulted in the need for Franco Nevada to lower forward guidance due to lost production. Franco Nevada's shares languished because of this court ruling and underperformed the broad index, MSCI Canada (the country of domicile), and the Materials sector. While both Franco Nevada and its partner in the Cobre mine, First Quantum Minerals, have initiated legal proceedings to rectify the court's decision, we believe this situation will remain an overhang on shares and therefore opted to exit the position in favor of the addition of Itochu.

Quarterly Trade Summary continued…

From a bottom-up perspective, Itochu has a market cap of $68 billion and operates eight broadly diversified business segments, with Food (35%) and Energy & Chemicals (25%) comprising the two largest. Itochu has a 2.4% dividend yield and trades at a lower Price/Earnings and EV/EBITDA ratio than its average competitor. Additionally, the company generates nearly 80% of its sales domestically, making it one of the larger Japan-centric companies within our investment universe. From a top-down perspective, the investment rationale is very similar to that of Chugai. In recent months, the Confluence macroeconomic team has recommended an increased exposure to Japan based on favorable macroeconomic conditions and a move away from yield curve control by the Bank of Japan, as discussed in the Market Commentary. Itochu should be a direct beneficiary of the strengthening Japanese consumer, while also gaining a boost from a stronger JPY. The purchase of Itochu further reduced the relative portfolio underweight to Japan compared to the benchmark.

Performance Review

During the first quarter of 2024, the MSCI World ex-US Index recorded a gain of 5.6%, while the Confluence International Growth strategy was up 6.9% (gross of fees). On a one-year trailing basis, Confluence International Growth returned 18.9% (gross of fees) versus 15.3% for the benchmark. [*The strategy's net-of-fees returns for the same periods were 6.1% QTD and 15.3% one-year. See disclosures on last page for fee description; actual investment advisory fees may vary.*]

For the second consecutive quarter, the MSCI World ex-US Growth Index outperformed the MSCI World ex-US Value Index, 6.9% versus 4.2%, respectively. However, on a one-year trailing basis as of quarter end, the MSCI World ex-US Value Index remains 3.2% ahead of the Growth Index (+16.9% versus +13.7%, respectively). The phenomenon of value outperforming growth within developed international equity markets is in stark contrast to what has been transpiring within the domestic equity market. The S&P 500 Growth Index has outgained the S&P 500 Value Index by 4.7% in the past three months and 8.2% during the past year. This is further evidence that investors are rewarding different types of companies in the domestic versus foreign developed stock markets and are supportive of allocating assets in a globally diversified manner.

Quality stocks, as measured by the MSCI EAFE Quality Index (there is no MSCI World ex-U.S. Quality Index), underperformed the broad MSCI EAFE Index as well as the EAFE Value and Growth indexes during the past three-month measurement period. This resulted in a minor performance headwind for our strategies.

In the first quarter, the two best-performing countries within our portfolio, on an absolute basis, were Germany and Taiwan, while Australia and South Korea recorded the worst returns. From a sector standpoint, Information Technology and Industrials were the strongest sectors during the quarter, while Consumer Discretionary and Materials were the weakest.

From a relative standpoint, the most accretive country allocation was the overweight to Germany, followed by the overweight to Taiwan. An underweight allocation to Japan detracted the most from performance, while an underweight United Kingdom position also proved unfavorable. From a sector perspective, our overweight allocations to both Industrials and Information Technology added the most alpha during the quarter, while our underweight positioning in the Consumer Discretionary sector coupled with an underweight to Materials contributed negatively to returns.

The direct emerging market allocation within the International Growth strategy remains at 7.5% for new money being invested today. The top contributors and detractors for the portfolio in 2024 are shown in the accompanying table.[1]

Security	Avg Weight (%)	Contribution (%)
Top 5		
Rheinmetall AG	3.13	1.88
CyberArk Software Ltd.	4.83	0.95
Taiwan Semiconductor Manufacturir	3.30	0.91
Novo Nordisk A.S.	3.55	0.78
ICON plc	3.25	0.60
Bottom 5		
Sony Group Corp.	1.80	(0.18)
Aptiv plc	*Sold*	(0.25)
DSV A.S.	3.42	(0.28)
POSCO Holdings Inc.	1.56	(0.33)
Rio Tinto plc	2.19	(0.37)

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

What We Are Watching

After more than two years, we continue to monitor the war waged between Russia and Ukraine. Western aid to Ukraine has slowed and become mired in political quagmire. As a result, Russia seems to have been emboldened by Ukraine's defense limitations. While potential solutions to the funding problems have been floated by the likes of NATO, a concrete plan has yet to be established. European leaders appear to be waking up to Russia's continued onslaught and ever-increasing nuclear rhetoric. Italian Foreign Minister Antonio Tajani recently appealed for the creation of a European army to provide greater offensive and defensive capabilities to deter Moscow. Elsewhere, tensions in the Middle East are rising as the Israel-Gaza conflict risks intensifying, with Iran potentially being pulled more formally into the conflict. Shipping in the Red Sea remains a navigational challenge as the Houthi rebels are committed to disrupting this key lane of global transit and trade, at least until a ceasefire between Israel and Hamas comes to fruition. We are also keenly watching the escalation of tensions between Venezuela and Guyana over territorial rights to oil-rich lands. A more in-depth discussion of this issue can be found in a recent Confluence *Bi-Weekly Geopolitical Report*.

What We Are Watching continued...

Nevertheless, we continue to closely follow the myriad geopolitical complexities existing today that can lead to durable investment ideas. For instance, we believe the push for Europe to rearm itself, even in the unlikely event of a truce between Russia and Ukraine, should result in lasting tailwinds for the European defense industry. The significant turmoil in shipping through the Suez Canal has disrupted trade and transit time and introduced challenges to the supply chain, which have caused higher costs that are leading to inflationary pressures but are benefiting global logistic providers. Any disruption to global oil production or refining capacity would also likely lead to higher costs that would levy an immediate reduction in disposable income globally. Yet, this could lead to strength in equities within the energy complex.

It is obvious that the post-COVID recovery of the Chinese economy has been underwhelming. Since the end of 2022, the MSCI China Index (a measure of Chinese equity performance) has recorded an annualized return of -10.7% versus +9.9% for the broad MSCI Emerging Markets Index. Disquieting regulatory implementation, significant challenges within the domestic Chinese real estate market, geopolitical tensions, and the absence of a large fiscal stimulus package, among others, have all conspired to dampen the Chinese economy and roil investor sentiment. Although much of the news from China has been negative, there may be quiet change afoot. The March reading of the Caixin China General Manufacturing PMI reached a level of 51.1 (all figures above 50 show expansion), the fifth consecutive month of expansion and the highest monthly reading in over a year. The Caixin China General Services PMI increased to 52.7 in March and has been in expansion territory for the past 15 months. As a result of this strength, Chinese equities have begun to recover and have outperformed the MSCI Emerging Markets Index by 2% (+9.4% versus +7.4%) since the end of January. Additionally, independent macroeconomic research shop Capital Economics has forecast Chinese GDP to reach 4.5% this year, more than three times that of the developed world (+1.2%). The Chinese economy is also not struggling to "tamp down" inflation like much of the rest of the world's major economies, with the most recent reading of its Consumer Price Index at 0.7%, the first monthly reading above zero in nine months. The low inflation rate provides Chinese policymakers with options should they decide to become more stimulative, even in targeted areas within the economy. The health, or lack thereof, of the Chinese economy is important to track because it is the world's second-largest economy, and any sustained improvement in demand and consumption should improve conditions for large export-driven economies (e.g., Germany) that have become dependent on external demand for growth.

One key presidential election in the second quarter of 2024 will take place in Mexico. Andrés Manuel López Obrador (AMLO) will reach the end of his elected term in June and, according to Mexican law, he cannot stand for re-election. The current frontrunner to replace AMLO is Claudia Scheinbaum, a member of the same political party (Morena) as Obrador. Scheinbaum has held several prominent political positions, including a term as mayor of Mexico City and secretary of the environment under AMLO. Some of Scheinbaum's policy initiatives, should she be elected as the first female president of Mexico, surround the support and development of green energy production and the continued growth of Mexico's recently nationalized vast lithium deposits. Understanding the priorities of the next Mexican president, even if it turns out to be someone other than Scheinbaum, will become an important task for investors as Mexico is now the largest trading partner with the United States, according to the US Census Bureau and US Bureau of Economic Analysis Data,. The Confluence macroeconomic team has tirelessly discussed over the past couple of years their concept of global economic decoupling and the resulting trend of near/friend-shoring that should emerge. Therefore, the continued growth and development of Mexico as a major manufacturing alternative to China and the willingness and ability of the next Mexican president to support and expand these initiatives could have investment ramifications for companies worldwide.

Another subject of global consequence for equity markets and investors to digest occurs when changes are made to monetary policy. Bank of Japan President Kazuo Ueda made such a change in mid-March when he decided to end the negative interest rate environment that had been in place for the better part of two decades in Japan. Japan became the last major global economy to exit a negative rate environment and simultaneously became the only major economy engaged in a rate-hiking cycle. While this well-telegraphed policy change was bound to happen, Japanese equities rallied. In fact, Japanese equities recorded the third highest single-country return within our developed market ex-US universe of the past year (+25.8%). We believe that in addition to Japan's banking sector, Japanese companies with a large portion of their sales made domestically should benefit, especially as the yen strengthens. This thesis has led our investment team to increase the portfolio allocation to Japan to its highest level dating back to 2018 as we believe that the Japanese economy should attract investment as interest rates normalize, the multi-decades-long deflationary spiral winds down, and the JPY strengthens.

In other regions, we are also closely monitoring the decisions made by the ECB. Economic growth in the eurozone has not exceeded more than 0.1% in any quarter dating back to Q3 2022. Germany has posted negative readings of GDP in two quarters since the end of 2022 and is likely stalled in a recession. Therefore, the ECB could look to stimulate growth by cutting rates at a much quicker cadence than was originally forecast. A more stimulative ECB could improve European demand and create investment opportunities.

Portfolio Characteristics[2] (as of 3/31/2024)

10 Largest Holdings	Weight
CyberArk Software Ltd.	5.1%
Reinmetall AG	4.1%
ICON plc	3.8%
Taiwan Semiconductor Manufacturing Co.	3.7%
Novo Nordisk A.S.	3.6%
AerCap Holdings N.V.	3.1%
Accenture plc	3.0%
L'Oréal S.A.	2.9%
Mitsubishi UFJ Financial	2.9%
Chubb Ltd.	2.8%

Sector Allocation	Weight
Consumer Discretionary	4.2%
Consumer Staples	11.1%
Energy	7.1%
Financials	20.4%
Health Care	13.0%
Industrials	17.5%
Information Technology	15.9%
Materials	5.5%
Communication Services	2.1%
Cash	3.2%

10 Largest Countries	Weight
Japan	15.5%
Switzerland	10.4%
France	10.1%
Ireland	9.2%
United Kingdom	8.8%
Canada	7.1%
Germany	6.9%
Denmark	6.1%
Netherlands	5.6%
Israel	5.1%

Performance Composite Returns[3] (For Periods Ending March 31, 2024)

	Since 10/1/99	20-year*	15-year*	10-year*	5-year*	3-year*	1-year	YTD	QTD
International Growth *Pure Gross-of-Fees*[4]	6.7%	8.0%	9.4%	6.6%	10.8%	6.1%	18.9%	6.9%	6.9%
Max Net-of-Fees[5]	3.5%	4.8%	6.2%	3.5%	7.5%	3.0%	15.3%	6.1%	6.1%
MSCI World ex-U.S. (Net)	4.6%	5.8%	8.4%	4.8%	7.5%	4.9%	15.3%	5.6%	5.6%

Calendar Year	Pure Gross-of-Fees[4]	Max Net-of-Fees[5]	MSCI World ex-US	Difference (Gross-MSCI World ex-US)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	MSCI World ex-US 3yr Std Dev	Composite Dispersion
1999**	26.6%	25.6%	17.4%	9.2%	131	$48,987	-	N/A	N/A	N/A
2000	(15.0%)	(17.6%)	(13.4%)	(1.7%)	58	$15,193	-	N/A	N/A	3.0%
2001	(18.1%)	(20.5%)	(21.4%)	3.3%	42	$7,128	-	N/A	N/A	1.1%
2002	(17.9%)	(20.4%)	(15.8%)	(2.1%)	32	$4,654	-	17.1%	16.1%	0.7%
2003	40.2%	36.1%	39.4%	0.8%	26	$4,642	-	18.1%	17.7%	0.9%
2004	18.7%	15.2%	20.4%	(1.6%)	25	$5,004	-	15.4%	15.3%	1.1%
2005	18.2%	14.7%	14.5%	3.8%	25	$6,651	-	12.1%	11.3%	0.5%
2006	29.5%	25.6%	25.7%	3.8%	35	$11,866	-	11.6%	9.5%	1.1%
2007	23.4%	19.7%	12.4%	10.9%	49	$16,292	-	12.5%	9.7%	2.9%
2008	(37.8%)	(39.6%)	(43.6%)	5.8%	76	$14,221	-	20.7%	19.5%	1.5%
2009	31.8%	27.9%	33.7%	(1.8%)	114	$28,437	-	23.0%	23.9%	2.1%
2010	13.2%	9.9%	8.9%	4.3%	168	$60,558	-	24.3%	26.3%	1.3%
2011	(11.4%)	(14.1%)	(12.2%)	0.8%	253	$80,988	-	20.1%	22.3%	0.6%
2012	16.1%	12.7%	16.4%	(0.3%)	254	$94,222	-	17.6%	19.0%	0.6%
2013	19.1%	15.6%	21.0%	(1.9%)	291	$113,801	-	14.4%	16.0%	0.6%
2014	(1.7%)	(4.6%)	(4.3%)	2.6%	177	$88,982	-	11.4%	12.7%	0.7%
2015	(2.1%)	(5.0%)	(3.0%)	0.9%	191	$81,898	-	11.5%	12.3%	0.4%
2016	(5.1%)	(7.9%)	2.7%	(7.8%)	113	$39,444	-	12.0%	12.3%	0.7%
2017	25.2%	21.4%	24.2%	1.0%	62	$28,303	-	11.1%	11.7%	0.8%
2018	(13.5%)	(16.1%)	(14.1%)	0.6%	30	$15,707	$5,486,737	11.7%	11.1%	0.2%
2019	30.1%	26.3%	22.5%	7.6%	24	$14,419	$7,044,708	12.5%	10.8%	0.3%
2020	20.6%	17.1%	7.6%	13.1%	25	$15,512	$6,889,798	18.0%	18.1%	0.4%
2021	14.3%	10.9%	12.6%	1.7%	24	$16,158	$7,761,687	16.7%	17.2%	0.9%
2022	(16.5%)	(19.0%)	(14.3%)	(2.2%)	24	$16,094	$6,931,635	20.7%	20.1%	0.8%
2023	19.8%	16.2%	17.9%	1.8%	18	$15,121	$7,200,019	18.1%	16.6%	0.4%

**Average annualized returns* ***Since 10/1/1999* *See performance disclosures on last page.*

Portfolio Benchmarks

MSCI World ex-U.S. (Net) Index – Free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. Performance results presented net of estimated foreign withholding taxes on dividends, interest and capital gains. *(Source: Bloomberg)*

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Indexes: The MSCI World ex-U.S. Index is shown as additional information. This index is unmanaged. An investor cannot invest directly in an index. It is shown for illustrative purposes only & does not represent the performance of any specific investment. Index performance figures are reported as net returns.

[1] **Contribution—**Table showing the top 5 contributors/detractors reflects the strategy's best and worst performers (net), based on each holding's contribution to the sample account for the period stated. Individual client portfolios in the strategy may differ, sometimes significantly, from these listings.

[2] **Portfolio Characteristics—**Listings of countries and holdings do not represent all of the countries/stocks currently or previously owned in the portfolio or which Confluence may be currently recommending. Sector/country weightings and holdings of individual client portfolios in the program may differ, sometimes significantly, from these listings.

[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, 2022. 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.**

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The International Growth Strategy was incepted on October 1, 1997, and the current International Growth Composite was created on May 1, 2018. Performance presented prior to May 1, 2018, occurred while the Portfolio Management Team was affiliated with a prior firm and was independently verified for the periods of 10/1/1999 through 12/31/2017. The Portfolio Management Team members were the primary individuals responsible for selecting securities to buy and sell. Composite performance is typically net of foreign withholding taxes on dividends, interest income and capital gains with some exceptions based on custodian treatment. 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. Prior to year-end 2018, the annual composite dispersion was an asset-weighted standard deviation calculated for 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 International Growth Composite contains fully discretionary International Growth wrap accounts. The International Growth portfolio invests in U.S.-listed shares of large capitalization, growth-oriented, non-U.S. companies from developed markets with up to 25% from emerging markets.

Prior to March 31, 2020, the S&P/BNY ADR Index was shown as a secondary benchmark. This index was removed to simplify the presentation, being less widely recognized and relevant than the primary benchmark.

**Results shown for the year 1999 represent partial period performance from October 1, 1999, through December 31, 1999. 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.