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.

Mid-Year Update

The first half of 2022 has been turbulent for equity investors worldwide. Concerns about reaching a peak in global growth, the highest rates of inflation experienced in many years, and the increasing costs of capital have all created the necessary confluence of events to challenge equity markets. The developed market indices domestically and abroad have recorded their weakest December to June performance in decades. Specifically, for the MSCI World ex-U.S. Index, the first half of 2022 was the worst since the first six months of 1970. This stretch of negative returns has been arduous and, unfortunately, we do not expect conditions to improve either quickly or materially in the near term as concerns have not abated regarding growth, inflation, and the rising cost of capital.

While not the most upbeat of forecasts, some perspective of where international developed equity markets stand may be a bit more comforting. The MSCI World ex-U.S. Index ended June by trading at an index level of 1,883.4. While this is nearly 8% lower than the pre-COVID period of December 2019 and over 20% below the December 2021 market high, the index remains nearly 22% above the COVID pandemic low of March 2020. The year-to-date drawdown in stock prices means the MSCI World ex-U.S. Index now trades at a 22% discount on a Price/Earnings basis and an 8% discount on a Price/Book basis versus the 10-year trailing average of the index. The index dividend yield remains at 3.4%, twice the yield offered by the S&P 500.

Another topic to revisit is the strength of the U.S. dollar (USD). The U.S. Dollar Index has continued to strengthen substantially against all the world's major currencies, including the euro, Japanese yen, British pound, Canadian dollar, and Chinese yuan. As of this writing, the euro is trading at near parity with the USD and is at its weakest level in over 20 years. The collapse of the yen (nearly 24% since June 2021) has left that currency at its weakest reading in 24 years. Similarly, the British pound has lost so much value against the USD that these levels of currency conversion have not been experienced since the Summer Olympic Games last took place in Los Angeles in 1984. From June 30, 2021, through mid-July 2022, the dollar has gained more than 17%. The nearly unceasing strength of the USD since 2008 continues to be a tremendous headwind for international equities in both developed and emerging markets. Our best estimate is that the U.S. dollar's strength will probably persist throughout the remainder of this year. We also believe the topic of competitive devaluation of currencies will become much more of a hot button and mainstream issue as these conditions persist and create additional headwinds for the U.S. economy.

While the USD continues to stretch its relative valuation to historically high levels, the era of USD strength may be peaking. This prognostication has proven to be elusive to predict in terms of timing, but when the dollar eventually reverses course, we know it tends to favor international equities. The most recent and extended period of dollar weakness (March 2002-March 2008) resulted in international developed markets returning an annualized rate of over 12% versus the S&P 500 annualized return of 4%. For reference, emerging market equities recorded gains of 24% during this same time frame. Additionally, Capital Economics estimates that more than 84% of the world's GDP is generated outside of the U.S., and this international contribution is set to rise throughout the next decade. Capital Economics forecasts that growth from developed and developing markets will outpace the domestic economy through 2024. Confluence's macroeconomic team has also been forecasting that globalization is in decline. Chief Market Strategist Bill O'Grady, Market Strategist Patrick Fearon-Hernandez, and the rest of the team have written several pieces that support this thesis, with a recent *Bi-Weekly Geopolitical Report* entitled "**Parsing the World's New Geopolitical Blocs**" as an example.

Should the world continue to fracture and regionalize, there is an additional case for owning international equities, supported by the likelihood that many Western/developed companies may not be able to participate in these new blocs, at least to the extent they have in the past. Therefore, an allocation to non-U.S. equities in portfolios could help investors benefit from more regionalized growth.

We invite you to read the most recent update to our *2022 Outlook*, "**The Tails Become Fatter**," in order to gain additional perspective about our forward view of the global economy.

Quarterly Trade Summary

In early April, we purchased POSCO Holdings Inc. (PKX), a South Korean Materials sector company, to replace Tencent Holdings Ltd. (TCEHY). POSCO has been a holding within our Emerging Markets strategy since 2016, so we have significant familiarity with the company. It operates with three divisions: steel, global infrastructure, and new growth. POSCO's products are used by a global customer base in businesses that include construction, mobility, green energy, hydrogen, LNG, agricultural resources, and, importantly, lithium-ion battery materials. POSCO sees itself as a key partner to other companies that are building today's green energy infrastructure and transportation systems. When purchased, POSCO traded on an EV/EBITDA basis at a 30% discount versus its own five-year average, a P/E ratio of only 3.4, and paid a dividend of nearly 7%.

We sold China-based internet and technology company Tencent as shares had languished during the past year and were underperforming both the MSCI World ex-U.S. Index and the Communication Services sub-component of the benchmark. Tencent was originally purchased in 2017, but a multitude of headwinds had converged to reduce growth and earnings. Virtually all of the company's digital business units, including video games, mobile payments, music, and social networks, were adversely impacted by Chinese President Xi's implementation of strict new regulations governing technology companies. The negative economic consequences of a widespread outbreak of COVID-19 in China also weighed on the stock. Tencent founder Pony Ma stated during the late March earnings call that the company would be required to undergo a period of structural changes to achieve more sustainable long-term growth. Tencent, like all listed Chinese stocks, also faces regulatory scrutiny from U.S. authorities over audit inspections. As a result of these factors, Tencent missed earnings on both the top and bottom lines during its late March earnings release. The opaque nature of regulation combined with slowing growth and uncertainties surrounding COVID in China led to the decision to exit the name.

In mid-May, we purchased United Kingdom-based CNH Industrial (CNHI) using the proceeds from the sale of PagSeguro Digital Ltd. (PAGS). CNH specializes in building equipment and providing services for agriculture and construction under iconic brand names, including Case, New Holland, and Steyer. The company also owns and operates a financial arm that services these two business units. CNH's agricultural business is globally diversified and continues to benefit from the consolidation of farms within Europe and emerging markets. CNH offers shareholders a 2.6% dividend yield and trades with undemanding valuation characteristics. We believe the company will benefit significantly from a multi-year bull market for agricultural commodities.

Both domestically and abroad, payment processing companies have significantly underperformed the market, and as a result we decided in mid-May to sell Brazil-based financial technology and digital payments company PagSeguro (PAGS). Specifically regarding PAGS, while the company continued to add meaningfully to its client base (+10% y/y merchant growth and +66% y/y active user growth), resulting in total revenue expansion of more than 80% year-over-year, margins compressed as a direct result of higher customer acquisition costs alongside regulatory changes capping fees charged to customers. The decision to sell PAGS was also supported by the rapid increase in interest rates implemented by the Central Bank of Brazil to fight inflation within the country, thus increasing borrowing costs, as well as our desire to decrease the direct exposure to emerging markets within the portfolio.

In late June, we added Australia's Woodside Energy Group Ltd. (WDS), formed through a merger with BHP Petroleum. Now a true global energy producer (top 10), Woodside operates three distinct business segments, or pillars of growth as company management describes them, including oil, gas, and new energy (hydrogen and ammonia). With assets in Australia, the Gulf of Mexico, Canada, Trinidad & Tobago, Senegal, and elsewhere, Woodside is prepared to benefit from the vastly altered global energy market as many of the world's largest companies strive to attain energy security following Russia's invasion of Ukraine. It primarily services a customer base in the Asia-Pacific. Woodside has a very strong balance sheet with more than $6 billion in cash and a dividend yield of 9%. This purchase increased the portfolio allocation to the Energy sector to a slight overweight versus the benchmark.

Performance Review

Global equity markets have struggled throughout the first half of 2022 as investors grappled with war, inflation, rising interest rates, slowing growth, and recession fears. Against this backdrop, the MSCI World ex-U.S. Index posted a return of -14.7%, while the Confluence International Growth strategy recorded a return of -16.1% (gross of fees) during the second quarter. *[The net-of-fees return for the same period was -16.8% QTD. See disclosures on last page for fee description; actual investment advisory fees may vary.]*

Once again, the largest relative headwind to International Growth was the outperformance of the MSCI World ex-U.S. Value Index. The MSCI World ex-U.S. Growth Index recorded a return of -17.3% in the second quarter versus -12.4% for the MSCI World ex-U.S. Value Index. MSCI World ex-U.S. Value has now outperformed MSCI World ex-U.S. Growth on a year-to-date basis by more than 13%. This is the largest December-to-June outperformance of value versus growth since 2000. Equities within the MSCI EAFE Quality Index also underperformed the broad index by 2.4% during the past three months. This further illustrates the difficulty for high-quality growth companies (including those held within our International Growth portfolio) operating in the current macroeconomic environment.

Performance Review continued...

The two best-performing countries within our portfolio on an absolute basis were the Netherlands (+0.8%) and Australia (-2.7%), while the two worst returns were recorded by Brazil (-46.6%) and India (-24.9%). From a sector standpoint, Energy (-0.4%) and Health Care (-11.1%) were the strongest sectors during the quarter, and Information Technology (-25.4%) and Materials (-20.6%) were the weakest.

From a relative standpoint, the most accretive country allocation was the underweight to Australia (+77 bps), followed by the underweight to Germany (+64 bps). The overweight allocation to Ireland detracted 184 bps from performance, while the overweight to Canada subtracted 172 bps. From a sector perspective, our zero allocation to Real Estate added 42 bps of relative performance, followed by the zero allocation to Utilities (+39 bps). On the downside, the overweight allocation to Information Technology detracted 199 bps, and the overweight to Consumer Staples detracted 60 bps.

The top contributors and detractors for the portfolio thus far in 2022 are shown in the below table.[1]

Security	Avg Weight (%)	Contribution (%)
Top 5		
Shell plc	2.40	0.18
Jazz Pharmaceuticals plc	*Sold*	0.10
AIA Group Ltd.	*Sold*	0.07
Fanuc Limited ADS	*Sold*	0.03
Chubb Ltd.	2.47	0.03
Bottom 5		
Taiwan Semiconductor Manufacturing Co. Ltd.	3.97	(1.32)
Accenture plc	3.86	(1.39)
Aptiv plc	2.66	(1.51)
DSV A.S.	3.68	(1.64)
Shopify Inc.	1.26	(1.81)

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

What We Are Watching

During the past few months, there has been a spate of unplanned political upheavals, adding stress to the complicated global macroeconomic backdrop now plaguing equity investors. There are also several planned, high-profile elections scheduled for the second half of this year that could further consternate or placate markets. Here we highlight some of the events at or near the top of the long list of items we are closely watching.

Six months ago, few, if any, could fathom the global ramifications of Vladimir Putin's decision to wage war on Ukraine. Now that the battle has been ongoing for several months, consumers worldwide must adapt to the effects of the invasion and navigate higher food and energy prices. These inflationary pressures have added to global supply chain woes and product shortages that were exasperated by the worldwide attempts to re-open following the COVID-19 pandemic. The imbalanced supply chain recovery, combined with intensifying costs of basic needs and transportation, has started to spill over in the form of protests and political dissatisfaction. This displeasure is manifesting itself in countries large and small. On July 7, United Kingdom Prime Minister Boris Johnson announced he would step down following multiple scandals, a narrow survival in a no-confidence vote, and numerous resignations from his cabinet. Although Johnson was able to finalize the so-called Brexit from the European Union, he will leave a great deal of controversy and unresolved issues, including those with Northern Ireland, that now must be addressed by the next prime minister. There are currently eight Conservative Party candidates seeking Johnson's position and the election is scheduled for later this fall. We will be closely monitoring developments within the U.K. as the country is the largest single European component of the index. Our portfolios are underweight versus the benchmark allocation to the U.K., and this positioning is likely to remain at least until the political situation sorts itself out.

Another unforeseeable but solemn and noteworthy event transpired on July 8, when the world learned of the assassination of former Japanese Prime Minister Shinzo Abe. He was campaigning in Japan on behalf of candidates for his Liberal Democratic Party (LDP). While no longer directly leading Japan, Abe's economic policies (dubbed Abenomics) remain in place. These policies have been supported by current Bank of Japan (BOJ) Governor Haruhiko Kuroda, who was nominated for his position by Abe. Kuroda, slated to retire next spring, has continued the loose monetary policy reminiscent of Abenomics. It has manifested itself into a severely weak Japanese yen and the controversial implementation of yield control, which is a strategy designed by Kuroda to control Japan's yield curve at both the long and short end while allowing inflation to reach the BOJ's long-term 2% inflation target. Absent both Abe and Kuroda, the possibility exists for an abrupt change of course in monetary policy implementation. Our portfolio currently has a large underweight to Japan, and we remain cautious about Japanese equities amid the current policy regime. Importantly, Japanese stocks make up roughly one-fifth of the benchmark.

What We Are Watching continued...

Moving back to Europe, French President Emmanuel Macron was recently re-elected for a second term. Macron is the first two-term French president since Jacques Chirac (1995 and 2002). However, while Macron won the election over far-right candidate Marine Le Pen, voter satisfaction with his first term proved finite as he lost his ruling coalition to opponents on both the far right and hard left. France is the second largest European nation within the benchmark. As of June 30, the portfolio has an equal-weight allocation to France. We are also monitoring macroeconomic and political developments within Germany, where Chancellor Olaf Scholz has his hands full of economic challenges. Conditions in the country have deteriorated significantly during the past few months following the war in Ukraine. The *Financial Times* reported, "Germany is rationing hot water, dimming its street lights, and shutting down swimming pools as the impact of its energy crunch begins to spread from industry to offices, leisure centers, and homes. A huge increase in gas prices triggered by Russia's move last month to sharply reduce supplies to Germany has plunged Europe's biggest economy into its worst energy crisis since the oil price shock of 1973." The impact of rising prices and lack of supply is greatly restricting Germany's export-dependent economy. Nevertheless, energy issues are not isolated to Germany. French officials have announced the total nationalization of EDF, one of Europe's largest power producers, due to the growing energy shortfall in the country. We remain underweight to Germany because of these conditions.

Inflationary pressures have not limited themselves to creating political dysfunction in large and developed economies. Unrest is also becoming noteworthy in emerging and developing nations. The Sri Lankan president and prime minister were both forced to resign in mid-July as protestors brought down the government over discourse related to the cost of food, energy, and medicine. Our strategy has no direct exposure to Sri Lanka, but we do not expect the political pressures of inflation to be limited to this country.

As autumn draws nearer, we will be watching several key political elections around the globe. Brazil will hold elections during the first weekend of October, where former President Luiz Inácio Lula da Silva is leading current President Jair Bolsonaro in the polls. Brazil is one of the few significant "swing" producers of agricultural and raw material commodities that could be used to offset the loss of Russian materials on the open market. New leadership in Brazil could change policies that impact the availability of these products. The situation in the U.K. as Boris Johnson's successor is identified should be sorted out by the end of October. The U.S. midterm elections will be held in early November, when Republicans are likely to gain seats in both the House and Senate. Lastly, the 20th National Congress of the Chinese Communist Party is slated to meet later this year (possibly in November), and it is likely that Chinese President Xi will seek his third term in power. While much ink has been spilled covering the regulatory regime Xi has put in place, as well as the deterioration in relations between China and the U.S., one issue that is arguably the most globally important is the country's policy of "Zero-COVID." The Chinese economy has slowed significantly from the lockdowns, and this lack of growth has hurt global GDP given China's economic rank and manufacturing prowess. It will be important to note any change resulting from pressure within the Chinese Communist Party that may cause Xi to alter his approach to COVID suppression or the regulatory environment he has put in place.

Portfolio Characteristics[2] (as of 6/30/2022)

10 Largest Holdings	Weight
CyberArk Software Ltd.	3.3%
Franco-Nevada Corp.	3.3%
Accenture plc	3.3%
ICON plc	3.3%
Waste Connections Inc.	3.2%
Brookfield Asset Management Inc.	3.0%
Infosys Ltd.	3.0%
Taiwan Semiconductor Manufacturing Co. Ltd.	3.0%
DSV A.S.	3.0%
Shell plc	3.0%

Sector Allocation	Weight
Consumer Discretionary	7.4%
Consumer Staples	10.8%
Energy	8.1%
Financials	20.3%
Health Care	10.1%
Industrials	14.6%
Information Technology	15.0%
Materials	10.3%
Communication Services	0.0%
Cash	1.2%

10 Largest Countries	Weight
Canada	14.7%
Switzerland	12.5%
Ireland	11.1%
France	10.6%
United Kingdom	10.5%
Japan	8.4%
Denmark	5.6%
Singapore	4.9%
Israel	3.3%
India	3.0%

Performance Composite Returns[3] (For Periods Ending June 30, 2022)

	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]*	5.7%	7.6%	3.7%	6.0%	5.7%	4.2%	(19.2%)	(22.2%)	(16.1%)
Net-of-Fees[5]	2.6%	4.4%	0.6%	2.9%	2.5%	1.1%	(21.6%)	(23.4%)	(16.8%)
MSCI World ex-U.S. (Net)	3.7%	5.5%	1.6%	5.4%	2.7%	1.7%	(16.8%)	(18.8%)	(14.7%)

Calendar Year	Pure Gross-of-Fees[4]	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%

**Average annualized returns* *See performance disclosures on last page.*

***Since 10/1/1999*

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)*

(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. recognized and relevant than the primary benchmark.)

Disclosures

Market & Strategy Commentary—Information is presented as supplemental information to the disclosures required by GIPS® standards. 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. Holdings identified do not represent all of the securities purchased, sold or recommended. Sector and country allocations represent a portion currently or previously held in a representative (model) portfolio invested in accordance with the stated investment strategy.

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 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 returns do not include any expenses, fees or sales charges, which would lower performance.

1 **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. Individual client portfolios in the strategy may differ, sometimes significantly, from these listings. Contact Confluence for a complete list of holdings. 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.

2 **Portfolio Characteristics—**The listing of "10 Largest Holdings" is not a complete list of all stocks in the portfolio or which Confluence may be currently recommending. Application of the investment strategy as of a later date will likely result in changes to the listing. 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, 2021. 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 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.

**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.

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 International Equities Investment Committee

Mark Keller, CFA	Tore Stole	Matthew Sinkovitz	Blair Brumley, CFA
Bill O'Grady	Greg Tropf, CFA	Kaisa Stucke, CFA	Patrick Fearon-Hernandez, CFA

For more information contact a member of our sales team:

Wayne Knowles	Ron Pond, CFA | *West*	Jason Gantt | *East*	Michael Kelnosky | *North-Central*	Jim Taylor | *Mid-South*
National Sales Director	Sr. Regional Sales Director	Sr. Regional Sales Director	Regional Sales Director	Regional Sales Director
(314) 526-0914	(314) 526-0759	(314) 526-0364	(314) 526-0622	(314) 526-0469
wknowles@confluenceim.com	rpond@confluenceim.com	jgantt@confluenceim.com	mkelnosky@confluenceim.com	jtaylor@confluenceim.com

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