

LARGE CAP VALUE

OBJECTIVE

Invests in large capitalization companies. Investment objective is capital appreciation with a secondary objective of dividend income.

INVESTMENT PHILOSOPHY

Confluence's investment philosophy is a bottom-up, fundamental approach that seeks to generate above-average returns over the long-term by identifying businesses that possess substantial competitive advantages and are trading at discounts to our estimate of intrinsic value. Advantages may include strong brand names, highly differentiated services or products, dominant market share, flexible pricing power, protected technology or specialized industrial skill sets. Companies have the ability to generate high levels of cash flow and are led by management teams that create shareholder wealth.

The investment process focuses on managing risk, which we define as the probability of a permanent loss of capital, by owning quality businesses at attractive valuations diversified across a variety of market sectors. This discipline strives to protect investors on the downside while enhancing upside potential. Over time, we believe this approach positions the portfolio to deliver superior risk-adjusted returns.

OVERVIEW

- Invests in seasoned businesses that generally have market capitalizations above \$10 billion
- Stocks selected through independent research, evaluating the fundamentals of individual companies, and purchased when trading at discounts to our estimate of intrinsic value
- 4% position sizes
- Low-to-moderate turnover
- Appropriate for clients whose primary objective is capital appreciation and whose secondary objective is dividend income

CHARACTERISTICS ¹	LARGE CAP VALUE	S&P 500	R1000 VALUE
Dividend Yield	1.0%	1.6%	2.3%
Number of Positions	23-25	505	855
Annual Turnover (5-yr Rolling)	11%		

¹This information is presented as supplemental information to the disclosures required by the GIPS® standards. Investing in securities involves the risk of loss of the amount invested that investors should be prepared to bear. There can be no assurance that any investment objective will be pachieved or that any investment objective will be pachieved or that any investment objective will be achieved or that any investment strategy as of a later date will likely prevail to compase to the listing. Sector weightings/holdings of individual client portfolios in the strategy as of a later date will likely result in changes to the listing. Sector weightings/holdings of individual client portfolios in the strategy as of holdings: Portfolio vield: composite level weighted average yield, calculated based on annualized current dividends; source: FactSet. Benchmark sources; S&P Dow Jones Indices/FTSE Russell. Annual turnover 5-yr rolling calculated from sample accounts for periods ending 12/31/2020.

MARKET CAP ¹	Large Cap Value	58P 500	R1000 Value
Weighted Avg. Market Cap (\$B)	149.1	489.3	133.7
Largest Market Cap (\$B)	1,681.6	2,256.0	1,185.1
Median Market Cap (\$B)	86.6	25.6	11.5
Smallest Market Cap (\$B)	6.7	3.2	-
Large Cap (>\$10B)	95%		
Mid Cap (\$10B-\$2B)	3%		
Small Cap (<\$2B)	0%		

10 LARGEST HOLDINGS ¹		SECTOR ALLO
Lowe's Companies, Inc.	4.6%	
Starbucks Corporation	4.6%	
Black Knight, Inc.	4.5%	
Stryker Corporation	4.4%	
Fastenal Company	4.3%	
NXP Semiconductors N.V.	4.2%	
Booking Holdings Inc.	4.2%	
IHS Markit Ltd.	4.2%	
Brookfield Asset Management Inc.	4.2%	
The TJX Companies, Inc.	4.2%	

OCATION¹

- Consumer Discretionary 18%
- Consumer Staples 7%
- Financials 15%
- Health Care 16%
- Industrials 19%
- Information Technology 16% Materials 3%
- Communication Services 4%
- Cash 2%

INVESTMENT PROCESS

SECURITY SELECTION

GREAT COMPANIES AT BARGAIN PRICES

Our disciplined investment process is research-driven, seeking to uncover "great companies" trading at bargain prices. We define great companies as those with the following attributes:

Durable Competitive Advantages

- Meaningful pricing power
- High barriers to entry
- Superior return on capital over extended periods of time

Free Cash Flow

- Substantial amount available to benefit shareholders
- Should far exceed the capital expenditures needed to maintain and grow the business

Capable Management

- Demonstrated ability to effectively allocate capital
- Alignment of management's interest with investors through large personal investments in company stock

BUY DISCIPLINE INVEST BASED ON PRICE AND PATIENCE

We believe focusing on high-quality companies and purchasing only when they're being offered at prices below our estimate of intrinsic value is an effective means for limiting downside risk, while maximizing total return potential over an investment cycle.

- Primary focus is price paid for a stock (discount to intrinsic value)
- Each portfolio company is evaluated to determine the highest price we will pay for a security
- This entry point is generally set at a 25%-50% discount to our internal estimate of intrinsic value
- Entry points are continually re-assessed
- Risk is defined as the probability of a permanent loss of capital as opposed to tracking error of a benchmark

New accounts may not be fully invested at inception if companies are trading above current entry points.

SELL DISCIPLINE

To help preserve capital, portfolio positions are continually reviewed.

A company's stock may be sold if:

- Share price reaches or exceeds our estimate of full valuation
- Company's fundamentals deteriorate
- More attractive opportunities are identified

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, companyspecific approach. The portfolio management philosophy begins by assessing risk and follows through by positioning clients to achieve their income and growth objectives



- Large Cap Value (Pure Gross)¹
- Large Cap Value (Net)²

■ S&P 500

Down Markets 5.1% 2.1%

(negative returns) -21.9% -24.1%

-28.5%

PERFORMANCE COMPOSITE RETURNS (For PERIODS ENDING DECEMBER 31, 2020)

33.0%

5.3%

(0-10% annualized returns) (>10% annualized returns)

Neutral-Up Markets

35.9%

29.2%

Strong Up Markets

STATISTICAL ANALYSIS⁴

Portfolio at Quarter End	vs. S&P 500	
Active Share (as of 12/31/20)	91.63%	
Since Inception**	Pure Gross-of-Fees ¹	S&P 500
Downside Capture Ratio	76.97	100.00
Alpha	2.09	0.00
Beta	0.87	1.00
Annualized Standard Deviation	15.66%	16.60%
R-Squared	0.86	1.00
Sharpe Ratio	0.59	0.49

**Inception is 10/1/1994

	Pure Gross-of- Fees ¹	Net-of- Fees ²	S&P 500	R1000 Value	Calendar Year	Pure Gross-of- Fees ¹	Net-of- Fees ²	S&P 500	R1000 Value	Difference (Gross- S&P500)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	S&P 500 3yr Std Dev	R1000V 3yr Std Dev	Composite Dispersion
Since	11.5%	8.4%	10.4%	9.6%	1994**	3.4%	2.6%	(0.0%)	(1.6%)	3.4%	122	\$10,206		N/A	N/A	N/A	N/A
Inception**	11.570	0.470	10.470	5.070	1995	32.7%	29.1%	37.6%	38.3%	(4.9%)	178	\$24,073		N/A	N/A	N/A	1.1%
25-Year*	10.8%	7.6%	9.6%	8.8%	1996	29.9%	26.4%	23.0%	21.6%	6.9%	417	\$63,132		N/A	N/A	N/A	1.7%
20-Year*	9.4%	6.2%	7.5%	6.8%	1997	31.9%	28.3%	33.4%	35.2%	(1.5%)	973	\$151,053		N/A	N/A	N/A	2.1%
15-Year*	10.9%	7.6%	9.9%	7.3%	1998	9.0%	6.0%	28.6%	15.6%	(19.6%)	2,360	\$297,953		N/A	N/A	N/A	1.8%
					1999	2.9%	0.1%	21.0%	7.3%	(18.1%)	2,138	\$260,171		N/A	N/A	N/A	1.7%
10-Year*	13.6%	10.2%	13.9%	10.5%	2000	11.5%	8.4%	(9.1%)	7.0%	20.6%	1,104	\$159,096		N/A	N/A	N/A	2.3%
5-Year*	12.8%	9.5%	15.2%	9.7%	2001	(2.5%)	(5.1%)	(11.9%)	(5.6%)	9.4%	1,065	\$145,683		N/A	N/A	N/A	1.1%
3-Year*	13.2%	9.8%	14.2%	6.1%	2002	(12.2%)	(14.6%)	(22.1%)	(15.5%)	9.9%	1,027	\$125,161		N/A	N/A	N/A	0.6%
					2003	30.9%	27.3%	28.7%	30.0%	2.2%	1,010	\$163,840		15.8%	18.1%	16.0%	1.0%
1-Year	13.0%	9.7%	18.4%	2.8%	2004	15.7%	12.6%	10.9%	16.5%	4.8%	1,052	\$197,447		13.7%	14.9%	14.8%	1.0%
YTD	13.0%	9.7%	18.4%	2.8%	2005	(1.6%)	(4.3%)	4.9%	7.1%	(6.5%)	1,064	\$188,332		8.7%	9.0%	9.5%	0.6%
QTD	12.4%	11.6%	12.1%	16.2%	2006	17.8%	14.5%	15.8%	22.2%	2.0%	957	\$198,952		5.8%	6.8%	6.7%	0.6%
					2007 2008	5.9% (27.0%)	3.0% (29.1%)	5.5% (37.0%)	(0.2%) (36.8%)	0.4% 9.9%	834 119	\$174,711 \$25,562	\$291,644	6.7% 13.2%	7.7% 15.1%	8.1% 15.4%	0.6% N/A
0	nualized retu	rns			2008	28.6%	24.8%	26.5%	(30.8%)	2.2%	149	\$53,387	\$533,832	17.7%	19.6%	21.1%	1.4%
**Inception is	3 10/1/1994				2003	12.1%	8.8%	15.1%	15.5%	(3.0%)	143	\$76.040	\$751,909	19.7%	21.9%	23.2%	0.4%
De Malla De					2010	6.4%	3.2%	2.1%	0.4%	4.3%	228	\$89,145	\$937.487	17.1%	18.7%	20.7%	0.4%
Portfolio Be	Index – A o	conitalizatio	on weighter	t index of	2012	19.0%	15.4%	16.0%	17.5%	3.0%	249	\$143,568	\$1.272.265	13.5%	15.1%	15.5%	0.4%
	designed to				2013	37.6%	33.6%	32.4%	32.6%	5.2%	373	\$208,844	\$1,955,915	10.6%	11.9%	12.7%	0.9%
	estic econo				2014	10.7%	7.5%	13.7%	13.4%	(2.9%)	618	\$278,339	\$2,589,024	8.6%	9.0%	9.2%	0.5%
aggregate market value of 500 stocks representing all				2015	1.6%	(1.4%)	1.4%	(3.8%)	0.2%	858	\$352,556	\$3,175,419	10.1%	10.5%	10.7%	0.5%	
major industries. Russell 1000® Value Index – A capitalization-weighted index designed to measure performance of those				2016	8.6%	5.4%	12.0%	17.3%	(3.4%)	1,003	\$396,038	\$4,413,659	10.0%	10.6%	10.8%	0.4%	
				2017	16.1%	12.6%	21.8%	13.6%	(5.7%)	1,049	\$380,737	\$5,944,479	9.0%	9.9%	10.2%	0.6%	
	0® Index com				2018	(4.6%)	(7.4%)	(4.4%)	(8.3%)	(0.2%)	1,029	\$364,805	\$5,486,737	10.4%	10.8%	10.8%	0.6%
	wer forecast				2019	34.5%	30.5%	31.5%	26.5%	3.0%	1,118	\$525,944	\$7,044,708	11.8%	11.9%	11.8%	0.6%
(Source: Bloomberg)				2020	13.0%	9.7%	18.4%	2.8%	(5.4%)	1,229	\$647.076	\$6.889.798	18.8%	18.5%	19.6%	0.9%	

ANNUALIZED RETURNS

11.5%

(AS OF 12/31/20)

8.4% 10.4%

Actual Since

Inception 10/1/1994-12/31/2020

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, 2019, through December 31, 20

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 sponsors. 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. The three-year annualized standard deviation measures the variability of the composite contains typical gross returns over the preceding 36-month results shown for the year 1994 represent partial period performance from October 1, 1994, through December 31, 1994. N/A-Composite Dispersion: Information is not statistically meaningful due to an insufficient number of portfolios in the composite does not have 3 years of monthly performance history and/or performance was calculated quarterly prior to January 2001.

composite for the entire year. N/A-3yr Std Dev: Composite does not have 3 years of monthly performance history and/or performance was calculated quarterly prior to January 2001. **3'Historical Performance Chart**—Annualized returns using calendar quarter performance data. *Down Markets:* annualized negative benchmark return; *Neutral-Up Markets:* annualized positive benchmark return is less than 10%; *Strong Up Markets:* annualized benchmark return is greater than 10%. The Standard & Poor's 500 Index (S&P 500) is an unmanaged market capitalization-weighted index of 500 common stocks chosen for market size, liquidity & industry group representation to represent U.S. equity performance. *Down Markets:* Q1 '94, Q3 '99, Q2' '00-Q1 '10, Q3 '10, Q1 '10, Q1 '10, Q3 '10, Q1 '10, Q

Confluence Value Equities Investment Committee

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