

VALUE OPPORTUNITIES

OBJECTIVE

An aggressive approach to generating capital appreciation by investing in a concentrated portfolio of companies of any size capitalization.

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

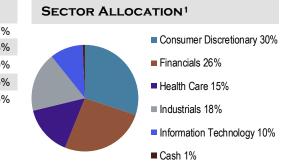
- Invests in companies with sustainable competitive advantages that have near-term catalysts (within 18 months) in which to unlock value
- Concentrated portfolio may have concentrations in individual holdings and industries
- Range of market capitalizations
- 8-12 positions
- High turnover
- Appropriate for clients seeking an aggressive approach to generating capital appreciation

CHARACTERISTICS ¹	VALUE OPPS	S&P 500	R3000 VALUE
Dividend Yield	0.3%	1.6%	2.3%
Number of Positions	8-12	505	2,341
Annual Turnover (5-yr Rolling)	37%		

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 achieved or that any investment will be profitable or avoid incurring losses. 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. Sector weightings/holdings of individual client portfolios in the strategy may differ, sometimes significantly, from these listings. Contact Confluence for a complete list of holdings. Portfolio vield: composite level weighted average yield calculated based on annualized current dividends; source: FactSet. Index 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	VALUE OPPS	S&P 500	R3000 Value
Weighted Avg. Market Cap (\$B)	19.3	489.3	125.3
Largest Market Cap (\$B)	91.2	2,256.0	1,185.1
Median Market Cap (\$B)	5.6	25.6	2.0
Smallest Market Cap (\$B)	2.1	3.2	-
Large Cap (>\$10B)	45%		
Mid Cap (\$10B-\$2B)	54%		
Small Cap (<\$2B)	0%		

5 LARGEST HOLDINGS ¹					
Frontdoor, Inc.	10.79				
Dollar Tree, Inc.	10.5				
NXP Semiconductors N.V.	10.09				
Vontier Corporation	9.5				
Cannae Holdings, Inc.	9.5				



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 interset with investor
- 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:

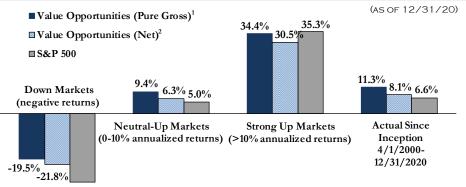
- Share price reaches or exceeds our estimate of full valuation
- Company's fundamentals deteriorate
- More attractive opportunities are identified

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



ANNUALIZED RETURNS



-29.4%

STATISTICAL ANALYSIS⁴

Portfolio at Quarter End	vs. S&P 500	
Active Share (as of 12/31/20)	99.47%	
Since Inception**	Pure Gross-of-Fees ¹	S&P 500
Downside Capture Ratio	66.48	100.00
Alpha	5.60	0.00
Beta	0.89	1.00
Annualized Standard Deviation	19.12%	16.84%
R-Squared	0.63	1.00
Sharpe Ratio	0.51	0.30

**Inception is 4/1/2000

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

	Pure Gross-of- Fees ¹	Net-of- Fees²	S&P 500	R3000 Value	Calendar Year	Pure Gross-of- Fees ¹	Net-of- Fees²	S&P 500	R3000 Value	Difference (Gross- S&P500)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	S&P 500 3yr Std Dev	R3000V 3yr Std Dev	Composite Dispersion
Since	11.3%	8.1%	6.6%	7.0%	2000**	43.6%	40.7%	(11.1%)	7.3%	54.8%	1	\$74		N/A	N/A	N/A	N/A
Inception**	11.070	0.170	0.070	1.070	2001	1.1%	(1.7%)	(11.9%)	(4.3%)	13.0%	79	\$7,097		N/A	N/A	N/A	0.4%
20-Year*	9.7%	6.5%	7.5%	6.9%	2002	(14.8%)	(17.1%)	(22.1%)	(15.2%)	7.3%	107	\$7,786		N/A	N/A	N/A	0.9%
15-Year*	11.0%	7.8%	9.9%	7.3%	2003	40.4%	36.5%	28.7%	31.1%	11.7%	126	\$23,976		25.2%	18.1%	16.0%	0.9%
10-Year*	13.0%	9.7%	13.9%	10.4%	2004	4.8%	2.0%	10.9%	16.9%	(6.1%)	189	\$25,252		20.1%	14.9%	14.8%	1.0%
					2005	4.4%	1.6%	4.9%	6.9%	(0.5%)	179	\$23,399		11.7%	9.0%	9.7%	0.8%
5-Year*	8.6%	5.4%	15.2%	9.7%	2006	27.0%	23.6%	15.8%	22.3%	11.3%	171	\$19,132		7.6%	6.8%	7.0%	1.7%
3-Year*	4.6%	1.5%	14.2%	5.9%	2007	2.1%	(0.7%)	5.5%	(1.0%)	(3.4%)	197	\$20,510		8.4%	7.7%	8.3%	0.7%
		6.2%	18.4%	2.9%	2008	(22.3%)	(24.5%)	(37.0%)	(36.2%)	14.7%	29	\$8,299	\$291,644	18.6%	15.1%	15.5%	N/A
1-Year	9.5%		10.4%		2009	31.5%	27.6%	26.5%	19.8%	5.0%	37	\$14,001	\$533,832	25.2%	19.6%	21.3%	2.0%
YTD	9.5%	6.2%	18.4%	2.9%	2010	6.9%	3.7%	15.1%	16.3%	(8.2%)	51	\$7,429	\$751,909	27.9%	21.9%	23.5%	0.7%
QTD	20.2%	19.3%	12.1%	17.2%	2011	(1.7%)	(4.6%)	2.1%	(0.1%)	(3.8%)	53	\$7,694	\$937,487	23.7%	18.7%	21.0%	0.6%
*Avorado an					2012	28.5%	24.7%	16.0%	17.6%	12.5%	53	\$9,576	\$1,272,265	18.3%	15.1%	15.8%	0.9%
*Average annualized returns **Inception is 4/1/2000					2013	32.3%	28.3%	32.4%	32.7%	(0.1%)	76	\$18,299	\$1,955,915	13.5%	11.9%	12.9%	0.4%
					2014	31.6%	27.7%	13.7%	12.7%	17.9%	110	\$31,040	\$2,589,024	11.4%	9.0%	9.4%	0.9%
Portfolio Benchmarks S&P 500° Index – A capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Russell 3000° Value Index – A capitalization-weighted					2015	2.3%	(0.7%)	1.4%	(4.1%)	1.0%	554	\$113,587	\$3,175,419	10.8%	10.5%	10.7%	0.3%
					2016	15.4%	12.0%	12.0%	18.4%	3.4%	959	\$207,565	\$4,413,659	10.9%	10.6%	11.0%	0.5%
					2017	14.5%	11.1%	21.8%	13.2%	(7.3%)	1,737	\$359,636	\$5,944,479	9.8%	9.9%	10.3%	0.8%
					2018	(18.8%)	(21.2%)	(4.4%)	(8.6%)	(14.4%)	1,494	\$236,097	\$5,486,737	11.9%	10.8%	11.1%	0.8%
					2019	28.6%	24.7%	31.5%	26.2%	(2.9%)	1,129	\$230,991	\$7,044,708	13.6%	11.9%	12.0%	0.7%
index designed to measure performance of those Russell 3000 [®] Index companies with lower price-to-book ratios and				2020	9.5%	6.2%	18.4%	2.9%	(8.9%)	745	\$165,389	\$6,889,798	20.0%	18.5%	20.0%	1.3%	

lower forecasted growth values (Source: Bloomberg)

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. 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.

Vermication provides assurance on whether the limits poinces and procedures tenter to Composite mainterfailted, as well as the Calculation, presentation, and distribution of performance, nave been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. 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 standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS standards and have been implement the immersion primary individuals responsible for selecting the securities to buy and sell. Confluence Investment Management LC 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 (2.75% prior to 7/1/08). This fee includes brokerage commissions, portfolio management, consulting services and custodial services. The Confluence fee schedule for this composite is as follows: 1.00% on the first \$500,000; 0.90% on the next \$500,000; 0.40% on the rest \$500,000. There are no incentive fees. Che enderside by independent was ponsors and 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 composi

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 unmaned ingelier benchmark etapitalization-weighted index of 500 common stocks chosen for market size, liquidity & industry group representation to represent U.S. equity performance. Down Markets: 20'00-Q1'01, Q3'01, Q2'02-Q3'02, Q1'03, Q3'04, Q1'05, Q2'06, Q4'07-Q1'09, Q2'10, Q3'11, Q2'12, Q4'12, Q3'15, Q1'18, Q4'18, Q1'20; Neutral-Up Markets: Q1'02, Q1'04-Q2'04, Q2'02, Q2'05, Q4'05, Q1'07, Q2'10, Q1'14, Q3'14, Q1'15-Q2'15, Q1'16, Q3'19; Strong Up Markets: Q2'03, Q4'01, Q4'02, Q2'03, Q4'03, Q4'04, Q3'05, Q4'105, Q1'06, Q3'06-Q4'06, Q2'07, Q2'10, Q3'10, Q1'11, Q4'11, Q4'11-Q1'12, Q3'12, Q1'13, Q2'14, Q4'14, Q4'15, Q2'16-Q4'17, Q2'18-Q3'18, Q1'19-Q2'19, Q4'19, Q2'20-Q4'20

4 Statistical Analysis—Active Share: Measures % of portfolio holdings that differ from benchmark index; calculated by taking the sum of the absolute value of the differences of the weight of each holding in benchmark index, as of the date shown, and dividing by two. (Calculated by Confluence. Index holdings/weights sourced from exchange-traded fund: IShares S&P 500 Core [IVV].) Downside Capture Ratio: Measures performance in down markets relative to index (down market: any quarter where the market return is less than zero); lower Downside Capture Ratio indicates manager protected capital better during a market decline. Alpha: Measures portfoliciates the investment has approx. 10% more volatility in returns share. Measures portfoliciates the investment has appropriate benchmark index. Standard Deviation: Measures portability in returns. R-Squared: Indicates whether comparison index is an appropriate benchmark index. Standard Deviation: Measures on. 2010 time; higher Standard Deviation: indicates more variability in returns. R-Squared: Indicates whether comparison index is an appropriate benchmark index. Standard Deviation: Measures portatio: Quantifies risk-adjusted performance. (Data source: Zephyr's PSN SMA Database) Confluence Value Equities Invest

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