

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

- ◆ Seeks 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
- ◆ Suitable for clients seeking an aggressive approach to generating capital appreciation

CHARACTERISTICS¹

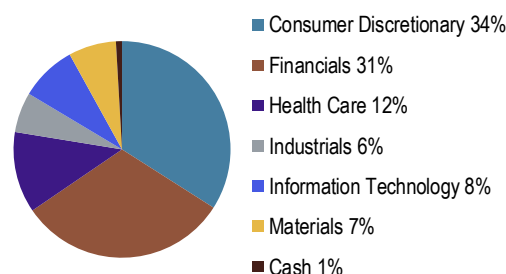
	VALUE OPPORTUNITIES	S&P 500
Dividend Yield	0.5%	2.3%
Number of Positions	8-12	505
Annual Turnover (5-Year Rolling)	29%	

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 and holdings of individual client portfolios in the strategy may differ, sometimes significantly, from these listings. Contact Confluence for a complete list of holdings. Portfolio yield: composite level weighted average yield, calculated based on annualized current dividends; source: FactSet. Benchmark yield source: Bloomberg. Annual turnover 5-year rolling calculated from sample accounts for periods ending 12/31/2019.

MARKET CAP ¹	VALUE OPPS	S&P 500
Weighted Avg. Market Cap (\$B)	57.5	284.0
Largest Market Cap (\$B)	442.9	1,203.1
Median Market Cap (\$B)	9.5	17.4
Smallest Market Cap (\$B)	1.3	1.5
Large Cap (>\$10B)	51%	
Mid Cap (\$10B-\$2B)	35%	
Small Cap (<\$2B)	12%	

5 LARGEST HOLDINGS¹

Frontdoor, Inc.	11.7%
Cannae Holdings, Inc.	10.7%
Dollar Tree, Inc.	10.5%
Berkshire Hathaway Inc. (Class B)	10.4%
Markel Corporation	10.3%

SECTOR ALLOCATION¹

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

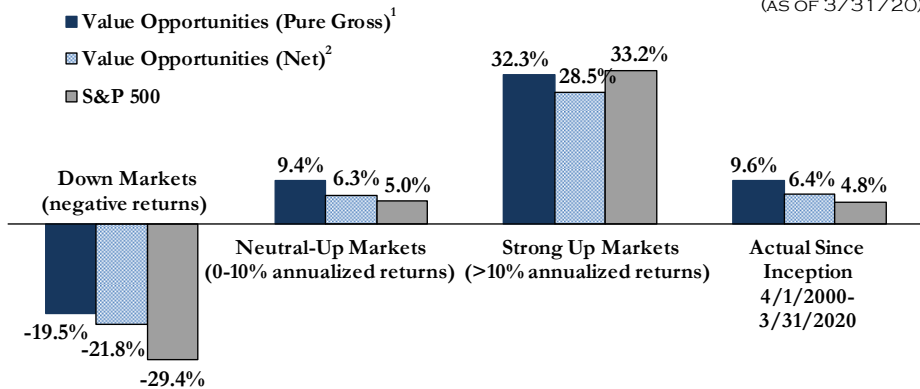
ABOUT CONFLUENCE INVESTMENT MANAGEMENT LLC

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

HISTORICAL PERFORMANCE³

ANNUALIZED RETURNS

(AS OF 3/31/20)



STATISTICAL ANALYSIS⁴

Portfolio at Quarter End	vs. S&P 500	
Active Share (as of 3/31/20)	99.65%	
Since Inception**	Pure Gross-of-Fees ¹	S&P 500
Downside Capture Ratio	66.48	100.00
Alpha	5.58	0.00
Beta	0.89	1.00
Annualized Standard Deviation	18.76%	16.39%
R-Squared	0.62	1.00
Sharpe Ratio	0.43	0.20

**Inception is 4/1/2000

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

	Pure Gross-of-Fees ¹	Net-of-Fees ²	S&P 500	R3000 Value	Calendar Year	Pure Gross-of-Fees ¹	Net-of-Fees ²	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 Inception**	9.6%	6.4%	4.8%	5.5%	2000**	43.6%	40.7%	(11.1%)	7.3%	54.8%	1	\$74		N/A	N/A	N/A	N/A
15-Year*	8.4%	5.3%	7.6%	5.3%	2001	1.1%	(1.7%)	(11.9%)	(4.3%)	13.0%	79	\$7,097		N/A	N/A	N/A	0.4%
10-Year*	9.3%	6.1%	10.5%	7.5%	2002	(14.8%)	(17.1%)	(22.1%)	(15.2%)	7.3%	107	\$7,786		N/A	N/A	N/A	0.9%
5-Year*	(0.0%)	(3.0%)	6.7%	1.6%	2003	40.4%	36.5%	28.7%	31.1%	11.7%	126	\$23,976	\$23,976	25.2%	18.1%	16.0%	0.9%
3-Year*	(6.9%)	(9.7%)	5.1%	(2.7%)	2004	4.8%	2.0%	10.9%	16.9%	(6.1%)	189	\$25,252	\$25,252	20.1%	14.9%	14.8%	1.0%
1-Year	(12.9%)	(15.5%)	(7.0%)	(18.0%)	2005	4.4%	1.6%	4.9%	6.9%	(0.5%)	179	\$23,399	\$23,399	11.7%	9.0%	9.7%	0.8%
YTD	(25.6%)	(26.2%)	(19.6%)	(27.3%)	2006	27.0%	23.6%	15.8%	22.3%	11.3%	171	\$19,132	\$19,132	7.6%	6.8%	7.0%	1.7%
QTD	(25.6%)	(26.2%)	(19.6%)	(27.3%)	2007	2.1%	(0.7%)	5.5%	(1.0%)	(3.4%)	197	\$20,510	\$20,510	8.4%	7.7%	8.3%	0.7%
					2008	(22.3%)	(24.5%)	(37.0%)	(36.2%)	14.7%	29	\$8,299	\$291,644	18.6%	15.1%	15.5%	N/A
					2009	31.5%	27.6%	26.5%	19.8%	5.0%	37	\$14,001	\$533,832	25.2%	19.6%	21.3%	2.0%
					2010	6.9%	3.7%	15.1%	16.3%	(8.2%)	51	\$7,429	\$751,909	27.9%	21.9%	23.5%	0.7%
					2011	(1.7%)	(4.6%)	2.1%	(0.1%)	(3.8%)	53	\$7,694	\$937,487	23.7%	18.7%	21.0%	0.6%
					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%
					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%
					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%

Portfolio Benchmarks

S&P 500 Index – A capitalization-weighted index of 500 stocks. The Index is 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 index designed to measure performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values.

(Source: Bloomberg)

Confluence complies with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Confluence has been independently verified for the periods of 8/1/2008 through 12/31/2018. A copy of the verification report is available upon request. Verification assesses whether: 1. the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis, and 2. the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The Value Opportunities Strategy was inception on April 1, 2000, and the current Value Opportunities Composite was created on August 1, 2008. Performance presented prior to August 1, 2008, occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the primary individuals responsible for selecting the securities to buy and sell. 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.

¹Pure gross returns are shown as supplemental information to the disclosures required by the GIPS® standards.

²Net-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; and 0.75% 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. Additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations 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 Value Opportunities Composite contains fully discretionary Value Opportunities wrap accounts. Value Opportunities is a concentrated, value-based, bottom-up portfolio that utilizes stocks from all market capitalizations with a focus on near-term catalysts. Catalysts include reorganizations, turnarounds and other unique situations that are anticipated to come to fruition in approximately six to 18 months. This short-term investment time frame often leads to high turnover. *Because of the concentrated positions, the portfolio is more susceptible to movements of any one holding.* **Results shown for the year 2000 represent partial period performance from April 1, 2000, through December 31, 2000. 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.

³Historical 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, and industry group representation to represent U.S. equity performance. *Down Markets*: Q2 '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 '05, Q4 '05, Q1 '07, Q3 '07, Q2 '11, Q1 '14, Q3 '14, Q1 '15-Q2 '15, Q1 '16, Q3 '19; *Strong Up Markets*: Q2 '01, Q4 '01, Q4 '02, Q2 '03-Q4 '03, Q4 '04, Q3 '05, Q1 '06, Q3 '06-Q4 '06, Q2 '07, Q2 '09-Q1 '10, Q3 '10-Q1 '11, Q4 '11-Q1 '12, Q3 '12, Q1 '13-Q4 '13, Q2 '14, Q4 '14, Q4 '15, Q2 '16-Q4 '17, Q2 '18-Q3 '18, Q1 '19-Q2 '19, Q4 '19

⁴Statistical Analysis—Active Share: Measures percentage of portfolio holdings that differ from the benchmark index; calculated by taking the sum of the absolute value of the differences of the weight of each holding in the manager's portfolio and the weight of each holding in the 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 the manager protected capital better during a market decline. *Alpha*: Measures nonsystematic return or return that cannot be attributed to the market, i.e., how the manager performed if the market had no gain or loss. *Beta*: Measures portfolio volatility (systematic risk) compared to an appropriate benchmark index, e.g., Beta of 1.1 indicates the investment has approx. 10% more volatility in returns than benchmark index. *Standard Deviation*: Measures price variability (risk) over a period of time; higher Standard Deviation indicates more variability in returns. *R-Squared*: Indicates whether comparison index is an appropriate benchmark based on correlation; generally, RSquared above 0.70 is desirable. *Sharpe Ratio*: Quantifies risk-adjusted performance by measuring excess return per unit of risk; higher Sharpe Ratio suggests better risk-adjusted performance. (Data source: Zephyr's PSN SMA Database)

Confluence Value Equities Investment Committee

Mark Keller, CFA Daniel Winter, CFA	Chris Stein Tom Dugan, CFA	Tore Stole John Wobbe	Joe Hanzlik Dustin Hausladen	Kaisa Stucke, CFA Blair Brumley, CFA	Brett Mawhiney, CFA
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