

OBJECTIVE

Primarily focused on reliable income with a secondary focus on growth. Profile is similar to a well-diversified bond portfolio alongside an equity allocation.

INVESTMENT PHILOSOPHY

Asset allocation is a portfolio management process where various asset classes are combined in one portfolio. Properly implemented, asset allocation is a time-tested approach that addresses risk through diversification. The Confluence approach to asset allocation is different than traditional asset allocation approaches which rely on long-term historical averages for strategic capital market assumptions. Confluence recognizes that risk levels and return potential rise and fall over market and economic cycles. Therefore, we apply an adaptive process in which the Confluence team estimates the performance of 12 different asset classes in terms of risk, return and yield looking forward three years. This cyclical approach is not market *timing*. Rather, the intention is to remain within an acceptable risk profile, while changing the asset class mix to optimize return potential. We may adjust allocations in much shorter time frames, depending upon changing views of the marketplace and economy. Alternately, we may abstain from making significant allocation adjustments if we believe the existing posture remains optimal. The process may involve somewhat higher turnover than a more static strategic program, but usually involves less trading relative to tactical approaches.

The asset allocation portfolios utilize exchange-traded funds (ETFs). We may use ETFs that allow us to focus on or avoid particular industry sectors, bond maturities, commodities or countries.

OVERVIEW

- ◆ Focus is oriented toward reliable income, moderate volatility, long-term growth, and principal preservation
- ◆ Allocations in fixed income asset classes, usually with an emphasis on U.S. investment-grade fixed income
- ◆ Portfolio may include real estate, equities, commodities, or other asset classes that contribute growth potential and diversification benefits
- ◆ Profile similar to that of a diversified bond portfolio alongside an equity allocation
- ◆ Appropriate for investors with a conservative risk tolerance

CHARACTERISTICS¹

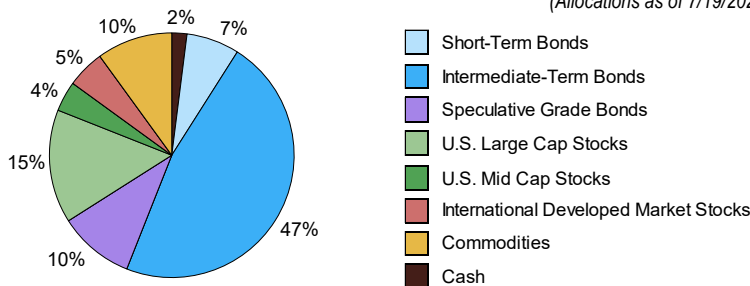
Weighted SEC Yield	3.1%
Volatility Ceiling	10.0%
Number of Securities	19
Annual Turnover (3-Year Rolling as of 12/31/21)	107%

5 LARGEST HOLDINGS¹

SPDR [®] Intermediate Term Treasury - SPTI	15.0%
iShares BB Rated Corporate Bond ETF - HYBB	10.0%
iShares iBonds Dec 2031 Term Corp ETF - IBDW	9.9%
iShares iBonds Dec 2030 Term Treasury - IBTK	9.5%
iShares iBonds Dec 2024 Term Treasury - IBTE	7.1%

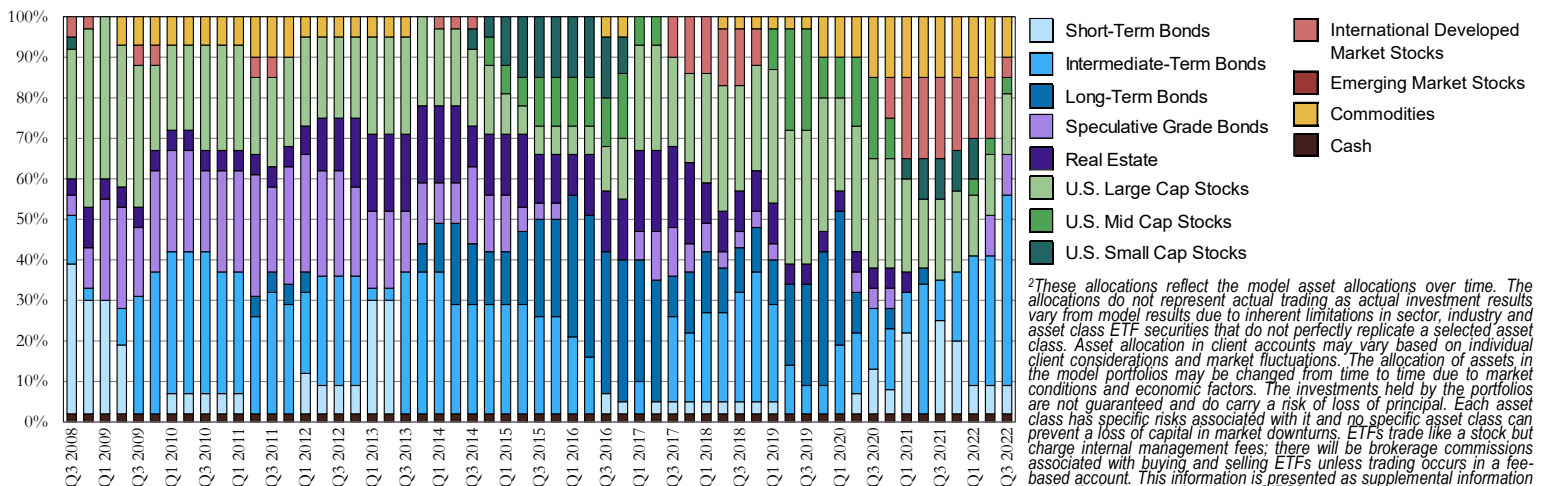
ASSET ALLOCATION¹

(Allocations as of 7/19/2022 rebalance)



¹This information is presented as supplemental information to the disclosures required by the GIPS[®] standards. Information presented reflects wrap account composites with "Plus" strategies & taxable income (if applicable). Asset allocations shown represent the individual ETFs used in the model portfolios as of 7/19/22 and do not represent the precise allocation of assets in an actual client account. Asset allocation in client accounts may vary based on individual client considerations and market fluctuations. The allocation of assets in the model portfolio may be changed from time to time due to market conditions and economic factors. The investments held by the portfolio are not guaranteed and do carry a risk of loss of principal. Each asset class has specific risks associated with it and no specific asset class can prevent a loss of capital in market downturns. The listing of "5 Largest Holdings" is not a complete list of all ETFs 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. Individual client portfolios may differ, sometimes significantly, from these listings. Contact Confluence for a complete list of holdings. Yield data source: Morningstar. 30-day SEC yield of the model portfolio as of 7/19/22. Annual turnover 3-year rolling calculated from sample accounts for periods ending 12/31/2021.

HISTORICAL MODEL ALLOCATIONS²



²These allocations reflect the model asset allocations over time. The allocations do not represent actual trading, as actual investment results vary from model results due to inherent limitations in sector, industry and asset class ETF securities that do not perfectly replicate a selected asset class. Asset allocation in client accounts may vary based on individual client considerations and market fluctuations. The allocation of assets in the model portfolios may be changed from time to time due to market conditions and economic factors. The investments held by the portfolios are not guaranteed and do carry a risk of loss of principal. Each asset class has specific risks associated with it and no specific asset class can prevent a loss of capital in market downturns. ETFs trade like a stock but charge internal management fees; there will be brokerage commissions associated with buying and selling ETFs unless trading occurs in a fee-based account. This information is presented as supplemental information to the disclosures required by the GIPS[®] standards.

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 approach. The investment team's portfolio management philosophy begins by addressing risk and follows through by positioning clients to achieve income and growth objectives.

THIRD QUARTER 2022 INCOME WITH GROWTH MARKET OBSERVATIONS

- ◆ Global growth is clearly slowing and the probability of a recession in the U.S. over the next year is significantly elevated.
- ◆ The Fed is continuing its aggressive attack on inflation through rapid increases in the fed funds rate and accelerating its balance sheet reduction.
- ◆ Economic data from overseas depicts difficulties, especially in Europe and China.
- ◆ The potential exists for defaults of selected emerging market sovereigns beyond Sri Lanka.
- ◆ Equity allocations are underweight and bond exposures were increased.
- ◆ BB-rated bonds are used as an equity proxy across the array of strategies.
- ◆ U.S. stock exposure remains heavily tilted toward value, with overweights to defensive sectors.

The allocation to international developed market stocks in the Income with Growth strategy was reduced significantly and the commodity exposure trimmed in order to increase the exposure to intermediate-term Treasuries. Stocks remain at a historical underweight in the strategy. The remaining exposure to commodities is utilized for the potential risk reduction benefits of gold and the advantages afforded from the broad-based commodity position, which includes an emphasis on oil and its derivatives.

Information provided in this report is for educational and illustrative purposes only and should not be construed as individualized investment advice or a recommendation. The investment or strategy discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances. Opinions expressed are current as of the date shown and are subject to change.

PERFORMANCE COMPOSITE RETURNS (FOR PERIODS ENDING JUNE 30, 2022)

	Pure Gross-of-Fees ¹	Net-of-Fees ²	Bchmrk (40stock/60bond)	Inflation	Calendar Year	Pure Gross-of-Fees ¹	Net-of-Fees ²	Benchmark (40stock/60bond)	Inflation	Difference (Gross-Bchmrk)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	Bchmrk 3yr Std Dev	Composite Dispersion
Since Inception**	10.0%	6.7%	7.4%	1.8%	2008**	4.5%	4.3%	2.4%	(0.0%)	2.2%	80	\$10,864	\$291,644	N/A	N/A	N/A
10-Year*	8.6%	5.4%	6.2%	1.9%	2009	22.9%	19.3%	13.8%	1.1%	9.1%	14	\$4,276	\$533,832	N/A	N/A	N/A
5-Year*	9.1%	5.9%	5.3%	2.0%	2010	12.2%	8.9%	10.4%	1.6%	1.9%	25	\$9,337	\$751,909	N/A	N/A	0.3%
3-Year*	10.9%	7.6%	3.9%	2.1%	2011	4.9%	1.8%	5.9%	1.9%	(0.9%)	43	\$14,679	\$937,487	11.8%	7.6%	0.1%
1-Year	(5.8%)	(8.6%)	(10.2%)	2.9%	2012	10.1%	6.9%	9.1%	2.0%	1.1%	53	\$20,940	\$1,272,265	7.7%	5.5%	0.1%
YTD	(8.8%)	(10.2%)	(14.2%)	1.5%	2013	7.8%	4.6%	10.5%	2.0%	(2.7%)	50	\$20,925	\$1,955,915	7.0%	4.7%	0.2%
QTD	(6.6%)	(7.3%)	(9.3%)	0.7%	2014	13.1%	9.8%	9.3%	1.8%	3.8%	54	\$19,985	\$2,589,024	5.5%	3.9%	0.1%
					2015	(0.8%)	(3.7%)	1.1%	1.4%	(1.9%)	70	\$27,222	\$3,175,419	6.1%	4.5%	0.1%
					2016	10.0%	6.7%	6.4%	1.5%	3.6%	27	\$5,776	\$4,413,659	7.0%	4.4%	0.1%
					2017	10.5%	7.2%	10.6%	1.8%	(0.1%)	47	\$11,956	\$5,944,479	6.4%	4.0%	0.1%
					2018	(3.8%)	(6.6%)	(1.5%)	2.0%	(2.3%)	52	\$10,840	\$5,486,737	6.3%	4.4%	0.1%
					2019	20.7%	17.1%	17.8%	1.6%	2.9%	61	\$13,757	\$7,044,708	6.2%	4.8%	0.1%
					2020	25.8%	22.1%	12.6%	1.3%	13.2%	94	\$24,340	\$6,889,798	10.0%	7.8%	0.2%
					2021	11.6%	8.2%	9.7%	2.6%	1.8%	115	\$30,151	\$7,761,687	9.6%	7.3%	0.1%

*Average annualized returns

**Inception is 12/1/2008

Portfolio Benchmark

The benchmark is calculated monthly and consists of a blend of 40% S&P 500 and 60% ICE BofA U.S. Corporate, Government, and Mortgage Bond Index (Source: Bloomberg)

Inflation is provided as additional information and is represented by the U.S. 5-year TIP breakeven spread (Bloomberg: USGGBE05 Index), which had 3-year standard deviation as follows: 0.1% 2011, 0.1% 2012, 0.1% 2013, 0.1% 2014, 0.1% 2015, 0.1% 2016, 0.1% 2017, 0.1% 2018, 0.1% 2019, 0.1% 2020, 0.2% 2021.

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.

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The Income Taxable with Growth-Plus strategy was inceptioned on December 1, 2008, and the Income Taxable with Growth-Plus Composite was created on December 1, 2008. 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.

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. This fee includes brokerage commissions, portfolio management, consulting services and custodial services. The Confluence fee schedule for this composite: 0.40% on the first \$500,000; 0.35% on the next \$500,000; 0.30% 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. The three-year annualized standard deviation measures the variability of the composite gross returns over the preceding 36-month period. The Income Taxable with Growth-Plus Composite contains fully discretionary Income Taxable with Growth-Plus wrap accounts. The Income Taxable with Growth strategy is implemented using ETFs and the investment objective is the pursuit of nominal returns (yield and growth) in excess of inflation, subject to the limitations of the risk constraint for the Income Taxable with Growth strategy. Although the portfolio typically favors an allocation to taxable fixed income asset classes, a smaller portion of the portfolio may include real estate, equities, commodities or other asset classes. These allocations provide an aspect of growth potential, along with diversification benefits. This portfolio may be appropriate for investors with a conservative risk tolerance. **Results shown for the year 2008 represent partial period performance from December 1, 2008, through December 31, 2008. 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.

Confluence Asset Allocation Committee

Mark Keller, CFA
 Gregory Ellston
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 David Miyazaki, CFA

Patty Dahl
 Kaisa Stucke, CFA
 Patrick Fearon-Hernandez, CFA

The Confluence Mission

Our mission is to provide our clients with superior investment solutions and exceptional client service with the highest standards of ethics and integrity. Our team of investment professionals is committed to delivering innovative products and sound, practical advice to enable investors to achieve their investment objectives.

FOR MORE INFORMATION CONTACT A MEMBER OF OUR SALES TEAM:

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