

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.

Market Commentary: Mid-Year Update

With more than half of 2024 already in the rear-view mirror, it is the perfect opportunity to reflect on the status of international equities. For more than a year now, we have detailed the quiet strength within foreign developed equity markets. While index-level returns for the second quarter of 2024 were slightly negative, performance on both a year-to-date and one-year trailing basis remains historically strong. How strong? This first table shows returns for the first half of 2024 for the MSCI World ex-US Index versus the five-, 10-, 15-, 20-, and 25-year average returns for the first six months of the year. As you can see, 2024 is well above the historical “norm.”

Similarly, the one-year trailing MSCI World ex-US return as of June 30 is well ahead of the five-, 10-, 15-, 20-, and 25-year averages, as presented in the second table.

Admittedly, it is somewhat easy to understand why there isn’t more fanfare accompanying the recent uptick in foreign developed market equity performance when set against a backdrop of war, political dysfunction, lack of technology exposure, weak currencies, recessionary conditions in Germany, trade disagreements, and a slow fracturing of the global economy. Nevertheless, the current period of strong returns speaks to the quality, balance, and breadth of foreign markets’ ability to persevere and protect against downside risks.

While compelling, the performance story is far from the only advantage that developed country ex-US stocks offer investors. One of the primary reasons astute investors diversify their investment portfolios is to limit overconcentration and protect against inevitable volatility in ever-changing markets. Currently, in addition to the robust returns described above, foreign developed market stocks can provide meaningful diversification benefits. Let us explain. Domestically, investors are overwhelmingly favoring growth over value. The S&P 500 Growth Index has outgained the Value Index by nearly 28% in the past year. The opposite is true for the MSCI World ex-US Index, where value has outgained growth by over 4% during the past 12 months (see more details in the performance review section of this document). While the relative performance differential between the S&P 500 and MSCI World ex-US remains considerable, the fundamentals individually driving each market are disparate and therefore illustrate the benefits of asset allocation.

Drilling down further on the asset allocation concept, there is a significant difference in benchmark construct that can partially explain the performance divergence between domestic and foreign developed stock indexes over the past decade, and it is something to be mindful of when considering where to allocate assets. One of the primary catalysts for global equities during the past 10 years has been the strength of the Information Technology (IT) sector. Technology has outperformed the next closest of the 11 sectors domestically by an annualized 1,050 bps and by 530 bps annualized in foreign developed markets during this period. Then, consider that the current weight of the IT sector within the S&P 500 dwarfs that of the MSCI World ex-US, standing at 32.4% compared to 9.5%, respectively, as of June 30. There has also been a remarkable increase in the size of the IT sector just this year, having risen to its current level in the S&P 500 from 28.9% in December 2023. In comparison, IT comprised 8.7% of the MSCI World ex-US at year-end. Therefore, as one can easily ascertain, the more than double rate of return combined with the 70% larger allocation to the IT sector has provided a meaningful accelerant to S&P 500 returns.

MSCI World ex-US First Half Year Returns

Year-to-Date 2024	5.0%
5-Year Average	(0.8%)
10-Year Average	2.2%
15-Year Average	1.7%
20-Year Average	2.3%
25 Year Average	1.6%

(Sources: Confluence, MSCI)

MSCI World ex-US Annualized Trailing Returns

1 year (June 2023-June 2024)	11.3%
5-Year Trailing Average	8.0%
10-Year Trailing Average	5.3%
15-Year Trailing Average	7.8%
20-Year Trailing Average	7.2%
25-Year Trailing Average	6.3%

(Sources: Confluence, MSCI)

See GIPS Report on pages 5-6.

Market Commentary continued...

The potential and massive concentration risk within large cap domestic equities is beginning to jump out. Recently, Todd Sohn, managing director of Sector & ETF Research at Strategas, pointed out that the Technology sector is the only sector that has increased its weight percentage (+11.5%) within the S&P 500, while all other 10 sectors have decreased. Alternatively, during the past five years, foreign developed equity markets have experienced a more diverse transformation as five of the 11 sectors (Consumer Discretionary, Financials, Health Care, Industrials, and Information Technology) have all experienced increased allocations within the index construct. This is an important detail to consider should the tailwinds supporting technology abate and a rotation within the equity market occur.

Shifting the discussion slightly, some key factors are still in place that should support the forward returns of foreign equities. From a top-down perspective, Capital Economics has forecast that GDP growth for the larger countries within the international developed markets should bottom this year and then record marked improvement in both 2025 and 2026. The European Central Bank, the Bank of Canada, and the Swiss National Bank have all started cutting interest rates as inflation begins to subside to inject momentum into their respective economies. We expect the Bank of Japan to continue the path to monetary policy normalization (i.e., raise rates) as inflation is still persistent. Meanwhile, the Bank of England has signaled the possibility that rates are set to be lowered to help stimulate demand and investment. Together, the combination of lower rates and/or normalized policy (in the case of Japan) should make the estimates for GDP growth more attainable.

Should foreign developed market performance recover from the somewhat paltry rates of economic expansion, corporate earnings should be supported. As of mid-July, Bloomberg estimates that year-over-year earnings growth should be relatively flat in 2024 within developed ex-US stock markets but forecasts a high single-digit earnings-per-share increase for 2025.

Turning the lens of focus to valuation, the MSCI World ex-US ended the quarter trading at a multiple of 15.5. This is a 7% discount to the average P/E for the index over the past 10 years. For comparison's sake, the S&P 500 ended June trading at 25.6 times earnings, an 18% premium to the 10-year trailing average. A recent J.P. Morgan research note recently crystallized the valuation discussion by providing the following insight: On a forward P/E basis, Europe trades at a 37% discount to the S&P 500 compared to the 27% five-year average. Looking at this P/E discount another way, Novo Nordisk, domiciled in Denmark, and Eli Lilly, headquartered in Indianapolis, Indiana, are both leading healthcare companies at the forefront of the global GLP-1/weight-loss pharmaceutical development. However, while both companies operate similar businesses, Eli Lilly trades with a forward P/E of nearly 56, while Novo Nordisk is comparatively much cheaper, trading with a P/E of 37. This exemplifies the opportunity for appreciation in high-quality, well-managed, growth-oriented stocks, like Novo Nordisk, should the valuation premium between foreign and domestic stocks begin to narrow.

The final point that we'd like to highlight is that stocks within the MSCI World ex-US Index yield 3.0% versus 1.3% for the S&P 500. In closing, maybe it is time we begin to resoundingly "pound the table" to attract attention to the quiet strength exhibited by international developed market equities.

Quarterly Trade Summary

We completed three trades during the second quarter within the Confluence International Growth portfolio. In early May, we sold DSV (originally purchased in September 2017), the world's third-largest shipping and logistics company, and with the proceeds purchased UK defense contractor BAE Systems. DSV is a Denmark-based global shipping and logistics firm that operates three main business segments: ground, air, and sea. While the company has recently gained market share, the rate premiums it was able to generate during the COVID pandemic have now started to normalize. As a result, DSV has recently reported a year-over-year decline in revenue and profit. Additionally, DSV is facing higher capital costs at a time when the company is investing heavily (10 billion USD) in a newly formed joint venture in Saudi Arabia, where it is aiding in the construction of NEOM, a new 10-thousand+ square mile, ultra-modern urban area within the kingdom. The project has experienced regulatory delays, and we believe these issues, combined with lower freight rates, will create lasting headwinds. Thus, we saw better opportunities elsewhere.

Domiciled in London, England, BAE Systems is one of Europe's largest defense and advanced technology solution providers. The company operates multiple business segments, including Air, Electronic Systems, Platforms & Services, Maritime, and Cyber & Intelligence. Each of these business groups is designed to support defense initiatives spanning air, sea, land, and space. Specifically, BAE manufactures ammunition, tanks, and other mobile armaments. These include the Bradley fighting vehicle, submarines, warships and ship weaponry, components for the Eurofighter and F-35, drone and autonomous weapons platforms, and space-based defense solutions. It has capabilities relating to cyber warfare in addition to maintenance, repair, and modernization of existing equipment. BAE provides diverse products and services to several government partners worldwide. The governments of the United States, the United Kingdom, Saudi Arabia, and Australia are its four largest clients, while Italy and Japan are two additional countries that have recently engaged the company in new defense initiatives that will be built out during the next decade.

Quarterly Trade Summary continued...

From a top-down, macroeconomic/geopolitical perspective, companies within the defense sector continue to benefit from the ongoing war between Russia and Ukraine and, more recently, the war involving Israel and Hamas. Additional tailwinds for the defense industry include decades of underinvestment in Europe, the recent expansion of NATO, the significant increase in China’s military spending, and the slow fracturing of global markets, resulting in the realization by many countries that they may need to defend themselves from hostile actions. Houthi rebels disrupting Red Sea shipping activities is a prime example. The Stockholm International Peace Institute has reported that total global military expenditures exceeded \$2.4 trillion in 2023 and rose by nearly 7% on a year-over-year basis. This was the highest amount ever spent on defense in a single year and is the fifth consecutive year of record expenditures. We expect this trend to be far from reversing, even if one or both of the mentioned conflicts abate, as governments work to modernize their capabilities and fortify themselves against new and developing threats.

From a fundamental, bottom-up security selection perspective, BAE has record order intake and now boasts a record backlog. Compared to its global peers, BAE provides a Return on Equity over three times the industry average, and its Return on Assets and Return on Invested Capital are more than double the average of its peers. Furthermore, BAE has a dividend yield of more than 2% and has recently announced a 1.5 billion GBP share-buyback program to further enhance shareholder returns.

The final trade completed during the quarter was the sale of Canadian financial holding firm Brookfield Corp., originally added to client accounts in May 2020. Brookfield operates a complex and globally diversified portfolio of three core businesses: Alternative Asset Management, Wealth Solutions, and Operating Businesses which are involved in renewable power, infrastructure, business and industrial services, and real estate. Brookfield performed very strongly during the second quarter and presented what we believed to be an excellent exit point for shareholders as high interest rates combined with deteriorating global growth characteristics are likely to impede near-to-medium-term operating conditions for the company.

Performance Review

During the second quarter of 2024, the MSCI World ex-US Index recorded a loss of 0.6%, while the Confluence International Growth strategy was up 0.2% (gross of fees). On a year-to-date basis, Confluence International Growth gained 7.1% (gross of fees) versus 5.0% for the benchmark. *[The strategy’s net-of-fees returns for the same periods were -0.6% QTD and 5.5% YTD. See disclosures on last page for fee description; actual investment advisory fees may vary.]*

For the first time since Q3 2023, the MSCI World ex-US Growth Index underperformed the MSCI World ex-US Value Index (-0.9% versus -0.2%). On a one-year trailing basis, the MSCI World ex-US Value Index is 3.8% ahead of the Growth Index (+13.2% versus +9.4%). As discussed earlier in the Market Commentary section, the phenomenon of value outperforming growth within developed international equity markets remains in stark contrast to what has transpired in the domestic equity market. The S&P 500 Growth Index has outgained the Value Index by an incredible 11.6% in the past three months and by an astonishing 27.5% during the past year. Investors continue to reward different types of companies in the domestic versus foreign developed stock markets, which supports the concept of globally diversifying one’s assets.

Quality stocks, as measured by the MSCI EAFE Quality Index (there is no MSCI World ex-US Quality Index), slightly outperformed the broad MSCI EAFE Index as well as the EAFE Value and Growth indexes during the past three-month measurement period, resulting in a minor performance tailwind for our strategies.

In the second quarter, the two best-performing countries within our portfolio, on an absolute basis, were Taiwan and Singapore, while Mexico and France recorded the worst returns. From a sector standpoint, Health Care and Financials were the strongest sectors during the quarter, while Consumer Discretionary and Materials were the weakest.

From a relative standpoint, the most accretive country allocation was the portfolio’s overweight to Taiwan, followed by the underweight to Japan. An overweight allocation to Ireland detracted the most from performance, while underweight positioning to the United Kingdom also proved unfavorable. From a sector perspective, our overweight allocation to Information Technology and underweight to Consumer Discretionary added the most alpha during the quarter. Our overweight positioning to the Consumer Staples sector, coupled with our overweight allocation to Industrials, contributed negatively to returns.

The direct emerging market allocation within the International Growth strategy remains at 7.5% for new money being invested today. The top contributors and detractors for the portfolio in 2024 are shown in the accompanying table.¹

Security	Avg Weight (%)	Contribution (%)
Top 5		
Taiwan Semiconductor Manufacturing	3.62	1.91
Rheinmetall AG	3.61	1.50
Novo Nordisk A.S.	3.70	1.22
CyberArk Software Ltd.	3.81	0.84
AerCap Holdings N.V.	3.01	0.71
Bottom 5		
L'Oréal S.A.	2.99	(0.33)
Accenture plc	3.23	(0.42)
Wal-Mart de Mexico S.A.B. de C.V.	2.38	(0.52)
POSCO Holdings Inc.	1.43	(0.56)
DSV A.S.	Sold	(0.58)

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

What We Are Watching

The US dollar (USD) strengthened modestly (+1.3%) during the second quarter and is now nearly 3% stronger than it was a year ago. However, it appears the US currency is trading within a tight range when compared to foreign currencies. While there are numerous crosscurrents impacting the dollar, such as wars, geopolitical fracturing, macroeconomic challenges, inflation, varying monetary policies, etc., we are interested in studying how the USD will react should the Federal Reserve begin cutting rates this September, as expected. As we have discussed repeatedly in the past, foreign stocks usually benefit from a weaker USD. One of the currencies that may profit the most from a weaker USD is the Japanese yen (JPY). The yen ended the quarter with a value of 160.9 versus the dollar, meaning the JPY has weakened by more than 14% this year. This move has been somewhat surprising, given that the Bank of Japan has started to normalize monetary policy and raise rates above zero. Japanese inflation remains persistent, and this should provide Bank of Japan Governor Kazuo Ueda with the opportunity to continue the path of normalization, potentially strengthening the JPY. A stronger yen would likely benefit most of our Japanese holdings.

2024 has been filled with market-moving elections worldwide. The re-election of Narendra Modi to a third term in India and the election of Claudia Scheinbaum in Mexico both shook investor confidence for different reasons, and equities in these countries sold off. French President Emmanuel Macron called a shocking snap election following European Parliamentary elections that saw Marine Le Pen's far-right National Rally Party win a significant number of seats. On July 7, global markets had braced for a resounding win for Le Pen when a different turn of events occurred: Jean-Luc Mélenchon's far-left party, La France Insoumise, gained significant ground in the French elections, creating a divisive gridlock in French politics. We will be closely scrutinizing how Macron proceeds with establishing a coalition to govern the country. On July 4, UK voters went to the polls and resoundingly elected Labour Party member Keir Starmer as prime minister. Starmer replaces Rishi Sunak, who has held the office of prime minister since October 2022. As one of Europe's largest economies, the United Kingdom has experienced a literal "turnstile" in the prime minister position since 2016 when David Cameron left office. The combination of Theresa May, Boris Johnson, Liz Truss, Rishi Sunak, and Keir Starmer have averaged less than *two* years each on the job, so it will be important for Starmer to gain traction and inject stability so the UK can again thrive.

As we get closer to November, the global lens of political focus will shift to the US presidential race. As of this writing, there is considerable consternation surrounding President Joe Biden's ability to carry the Democratic ticket. There are also a sizeable number of questions about how a second Trump term will shake out in terms of global relations and trade. However, one area where most domestic (and foreign, for that matter) politicians seem to be able to find common ground surrounds the issue of legislating against China. Either candidate for president is likely to continue to enforce trade restrictions on Chinese goods and restrict high-tech gadgetry from being imported into China. The European Union is expected to install tariffs on Chinese electric vehicles to protect the European automotive complex. In fact, due to the sluggishness of China's local economy, Chinese companies are exporting cars, solar panels, lithium batteries, and other consumer goods at such a rate that the developed economies cannot consume them all. The "dumping" of Chinese goods into Western markets has roiled local markets and generated pushback from politicians. Therefore, one area we will watch very closely during the next several quarters is how global trade ebbs and flows because of the current environment.

We are also keeping a close eye on the wars between Russia and Ukraine, Israel and Hamas, and, as our in-house macroeconomic team has recently pointed out, the burgeoning tensions in the South China Sea between China and the Philippines. Each of these flashpoints has the possibility of worsening and disrupting equity markets.

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Portfolio Characteristics² (as of 6/30/2024)

10 Largest Holdings		Weight	Sector Allocation		Weight	10 Largest Countries		Weight
Taiwan Semiconductor Manufacturing		4.8%	Consumer Discretionary		3.8%	Japan		15.5%
Novo Nordisk A.S.		4.0%	Consumer Staples		10.1%	United Kingdom		11.2%
Rheinmetall AG		3.7%	Energy		7.2%	Switzerland		10.9%
ICON plc		3.5%	Financials		18.4%	France		9.3%
AerCap Holdings N.V.		3.3%	Health Care		13.6%	Ireland		8.5%
Mitsubishi UFJ Financial		3.1%	Industrials		17.1%	Germany		6.6%
Shell plc		3.0%	Information Technology		14.1%	Netherlands		6.0%
SAP S.E.		2.9%	Materials		5.6%	Canada		4.9%
DBS Group Holdings Ltd.		2.8%	Communication Services		2.0%	Taiwan		4.7%
Chubb Ltd.		2.8%	Cash		8.1%	Denmark		4.0%

Performance Composite Returns³ (For Periods Ending June 30, 2024)

	Since 10/1/99	20-year*	15-year*	10-year*	5-year*	3-year*	1-year	YTD	QTD
International Growth									
<i>Pure Gross-of-Fees⁴</i>	6.6%	8.1%	8.2%	6.1%	9.3%	3.6%	14.7%	7.1%	0.2%
<i>Max Net-of-Fees⁵</i>	3.5%	4.9%	5.0%	3.0%	6.0%	0.6%	11.3%	5.5%	(0.6%)
MSCI World ex-U.S. (Net)	4.5%	5.7%	6.7%	4.3%	6.6%	2.8%	11.2%	5.0%	(0.6%)

Calendar Year	Pure Gross-of-Fees ⁴	Max 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%
2022	(16.5%)	(19.0%)	(14.3%)	(2.2%)	24	\$16,094	\$6,931,635	20.7%	20.1%	0.8%
2023	19.8%	16.2%	17.9%	1.8%	18	\$15,121	\$7,200,019	18.1%	16.6%	0.4%

*Average annualized returns

**Since 10/1/1999

See performance disclosures on last page.

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)

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Indexes: 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 performance figures are reported as net returns.

¹Contribution—Table showing the top 5 contributors/detractors reflects the strategy's best and worst performers (net), 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.

²Portfolio Characteristics—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.

³Performance 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, 2023. 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 International Growth Strategy was inceptioned 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.

⁴Pure gross returns are shown as supplemental information to the disclosures required by the GIPS® standards.

⁵Net 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.

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.

**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.