ADV Part 2A

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This Brochure provides information about the qualifications and business practices of Confluence Investment Management LLC ("*Confluence*", "*the firm*", "*we*", "*us*" or "*our*"). If you have any questions about the contents of this Brochure, please contact us at 314-743-5090 and/or compliance@confluenceim.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("*SEC*") or by any state securities authority.

Confluence is registered with the SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information to use in your determination of whether to hire or retain an adviser. Additional information about Confluence is available on the SEC's website at www.adviserinfo.sec.gov. Clients can search this website by using our name or by using a unique identification number known as a CRD number. The CRD number for Confluence is 146019

Item 2—Material Changes

This item summarizes material changes that have been incorporated in this Brochure since Confluence's last update on July 20, 2018.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss – We expanded on our Fixed Income Portfolios Strategy investment methodology and include information regarding our Multi-Asset Income Strategy.

Item 10 – Other Financial Activities and Affiliations – We included additional information pertaining to our employee's activities and affiliations.

Item 17 – Voting Client Securities – We updated this section to reflect changes in our proxy voting policy.

Our Brochure may be requested by contacting Confluence at 314-743-5298 or compliance@confluenceim.com. Our Brochure is also available on our website at www.confluenceinvestment.com, free of charge.

Additional information about Confluence is available via the SEC's website at www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Confluence who are registered, or are required to be registered, as investment adviser representatives of Confluence.

Item 3—Table of Contents

Item 4—Advisory Business

Confluence was formed in December 2007 and registered as an investment adviser with the SEC in January 2008. Confluence was started by former investment management and investment banking professionals from A.G. Edwards & Sons and its investment management subsidiary, Gallatin Asset Management, Inc. ("*Gallatin*"). The firm is 100% employee-owned, with Mark Keller and Brian Hansen as the principal owners.

On April 30, 2018, Confluence acquired the assets of Gratry & Company, LLC, ("*Gratry*") an international and global equity adviser. The Gratry investment professionals joined Confluence and remain in place to continue management of our international and global equity products.

Confluence offers our clients portfolio management services focused on an array of equity strategies, asset allocation strategies, balanced strategies and alternative and sector strategies. Our clients include individuals (including high net worth individuals) and entities such as corporations and corporate pension and profit-sharing plans, Taft-Hartley plans, other investment advisers (on behalf of their clients), charitable institutions, foundations, endowments, municipalities, and registered investment companies. Confluence may also provide portfolio management services to investment vehicles it would sponsor.

We offer our portfolio management services on either a "discretionary" or a "non-discretionary" basis. In a discretionary account, Confluence is granted the authority to determine the securities or other assets to purchase or sell in the account, without the prior consent of the client. In a non-discretionary account, Confluence has the authority to recommend to the client (or a third-party acting on behalf of the client) the securities or other assets to be held in the account, but we do not have the authority to implement such recommendations; non-discretionary accounts also include those for which Confluence supervises the securities or other assets in the account, without any discretionary authority.

As of December 31, 2018, Confluence managed or supervised an aggregate of $7.88 billion of assets, of which $5.48 billion of assets were held in discretionary accounts and $2.40 billion were held in non-discretionary accounts. Confluence does not take possession of client assets, and all such discretionary and non-discretionary assets are held with the broker-dealer, bank or other qualified custodian ("*Custodian*") selected by the client.

<u>Discretionary Advisory Services</u>

Confluence negotiates and enters into agreements to provide discretionary portfolio management and investment advisory services to clients. We provide our discretionary advisory services primarily through separately managed accounts ("*SMAs*"), which may be offered through the client's financial or investment adviser or may be offered through a direct relationship with Confluence. In the former instance, clients open an account at a brokerage firm, bank, investment advisory firm or other financial institution (collectively, "*Financial Institutions*"), and work with their financial advisor at the Financial Institution to select third-party investment advisory firms—such as Confluence—to manage all or a portion of the assets in the account. Confluence's SMA arrangements may be "single contract", in which Confluence enters into contract with the Financial Institution to provide discretionary advisory services to the clients of such Financial Institution, or may be "dual contract", in which Confluence enters into a contract directly with the client to provide discretionary advisory services to the client, which contract is in addition to the client's contractual agreement with such Financial Institution. Confluence manages investments for clients at many Financial Institutions, including, but not limited to, Benjamin F. Edwards & Company; Charles Schwab & Co., Inc.; D.A. Davidson & Co.; Diastole Wealth Management, Envestnet, Fidelity Brokerage Services LLC; Harbour Investments, Merrill Lynch, Pierce, Fenner & Smith Incorporated; Mid-Atlantic Financial Management, Morgan Stanley Smith Barney LLC; Raymond James & Associates, Inc.; RBC Wealth Management, a division of RBC Capital Markets, LLC; Robert W. Baird & Co. Incorporated; Stifel, Nicolaus & Company, Incorporated; TD Ameritrade, Inc.; UBS Financial Services Inc.; and Wells Fargo Advisors, a subsidiary of Wells Fargo & Company.

Confluence does not take possession of client assets, as all securities and monies are held by the Custodian of the client's choice. Confluence offers SMAs utilizing various investment strategies, and SMAs within a particular investment strategy generally hold the same securities at the same percentage of assets in the strategy (depending on when the account is funded). Clients may impose reasonable restrictions on investing in certain securities or industry sectors, and other limitations on our investment discretion as mutually agreed.

With respect to the assets we manage for clients that are employee benefit plans covered under Rule 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), Confluence provides services as an ERISA "fiduciary" (as defined in Section 3(21) of ERISA) and is a registered investment adviser under the Investment Advisers Act of 1940.

Confluence's discretionary investment strategies may be offered by Financial Institutions as part of a unified managed account ("*UMA*") program at the Financial Institution. In a UMA program, the client may hold in a single account a wide variety of investments and investment strategies, including individual securities, mutual funds, exchange-traded funds, SMAs (offered by Confluence as well as other investment advisers) and other assets. As described more fully below, Confluence's discretionary investment strategies may also be offered by Financial Institutions as part of a wrap account ("*Wrap Account*") program at the Financial Institution. In a Wrap Account program, the client is charged a specified fee or fees by the Financial Institution sponsoring the program, which fee is not based directly on transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other advisers) and execution of client transactions. Confluence's fees for providing portfolio management and investment advisory services are paid from the fee charged for the Wrap Account. Clients who participate in Wrap Account programs should be aware that services similar to those provided as a participant in a Wrap Account Program may be available at a lower cost elsewhere separately or on an unbundled basis.

—<u>Wrap Account Programs</u>

Confluence participates as an investment adviser providing portfolio management and investment advisory services to clients of Wrap Account programs sponsored by respective Financial Institutions. Confluence's portfolio management and investment advisory services to the clients in Wrap Account programs are similar to its discretionary advisory services provided to its other clients. We manage the SMAs in a Wrap Account program in accordance with the guidelines provided to us by the program sponsor. In single contract Wrap Accounts, the program sponsor is responsible for the client relationship, client servicing, reporting and billing.

Clients in a Wrap Account program are charged a bundled fee by the Financial Institution sponsoring the program ("*Sponsor*"), typically based on a percentage of the market value of the assets in the Wrap Account. The bundled fee generally covers charges for custody services, brokerage commissions, investment management and other services as negotiated between the client and the Sponsor. Out of the bundled fee, the Sponsor pays Confluence a quarterly fee for providing portfolio management and investment advisory services. However, for dual contract Wrap Accounts, Confluence's fee may be paid directly by the client. Our fee is based on a percentage of the market value of the assets in the SMA for which we provide portfolio management and investment advisory services. For information regarding our fees, please see Item 5 of this Brochure, titled Fees and Compensation.

Because the bundled fee in Wrap Account programs typically includes charges for brokerage services, Sponsors and their clients generally expect Confluence to place trade orders through the Sponsor. If we execute trades for a Wrap Account with broker-dealers other than the Sponsor, the client may be subject to additional commissions, trade-away fees and other charges assessed by the Sponsors. For information regarding directed brokerage accounts, please see Item 12 of this Brochure, titled Brokerage Practices.

—<u>Registered Investment Companies</u>

Confluence sub-advises a closed-end fund, First Trust Specialty Finance and Financial Opportunities Fund (NYSE: FGB), and an open-end mutual fund, First Trust / Confluence Small Cap Value Fund (FOVIX, FOVAX, FOVCX, FOVRX). Confluence has a sub-adviser agreement with First Trust Advisors L.P., the investment adviser to both funds, with fees to be paid to Confluence based on a percentage of assets under management in the respective funds.

<u>Non-Discretionary Advisory Services</u>

Confluence provides non-discretionary investment advisory services to certain Financial Institutions. Such non-discretionary advice typically takes the form of model portfolios, which represent Confluence recommendations as to the composition of a portfolio of securities that would be reasonably appropriate to meet a stated investment objective, based on criteria provided by the client. Confluence's role is solely to provide to these Financial Institutions recommendations as to the securities composing the portfolio, and advice on changes to the portfolio. The Financial Institution may utilize our recommendations in managing the accounts of the clients of the Financial Institution. The Financial Institutions retain full discretion to accept, modify or reject our recommendations and retain trading authority over their clients' accounts. The non-discretionary accounts at the Financial Institutions for their clients may be Wrap Accounts, UMAs or other types of accounts. These clients are clients of the respective Financial Institution and are not Confluence clients.

The model portfolios that we develop as part of our non-discretionary investment advisory services may be similar to the portfolios in the SMAs with the same investment strategy that we manage as part of our discretionary portfolio management and investment advisory services described above. Although Confluence discretionary SMAs and non-discretionary model portfolios utilizing the same investment strategy may perform similarly, there are expected to be performance differences between them because Confluence does not have trading discretion over the model portfolios. For example, in an effort to accommodate our Financial Institution clients to which we provide model portfolios, and to minimize trades, the target investment percentages for each security holding in the portfolio may differ slightly between the model portfolio and the comparable SMA. In addition, Financial Institutions utilizing our model portfolio recommendations retain full discretion to modify or reject our recommendations, and the portfolio of securities (or the respective weighting of securities in the portfolio) in the accounts of the clients of such Financial Institutions may differ from the portfolios in comparable SMAs for which we have discretionary authority. Clients should speak to their financial advisor about the similarities and differences associated with discretionary SMAs and non-discretionary model account programs, so they fully understand their specific account structure.

—Model Portfolio Programs

Confluence provides non-discretionary model portfolios to asset allocation strategies programs sponsored by Benjamin F. Edwards & Company and by Stifel, Nicolaus & Company Incorporated, among others, as part of its Unified Managed Account (UMA) platform. Under these programs, Confluence provides non-discretionary recommendations to assist in the development of a portfolio of investments in exchange-traded funds (which are passively managed index funds designed to track the index performance of a specific industry or sector, asset class or country benchmark) that the respective sponsor determines to be suitable for its clients using the program. The Stifel UMA program also includes model portfolios based on certain other strategies. Confluence also provides equity model portfolios to many Financial Institutions, including, but not limited to, Wells Fargo Advisors, LLC, for its Diversified Managed Allocations (DMA) program; to Morgan Stanley Smith Barney LLC for its Select UMA program; to Envestnet, Inc. for its UMA program; to Adhesion Wealth Advisor Solutions Inc. for its UMA program; to Oppenheimer Asset Management Inc. for its UMA program; and to Wedbush Securities Inc. for its model portfolio program.

—Registered Investment Companies

Confluence provides non-discretionary investment advisory services to certain Financial Institutions in connection with the formation of unit investment trusts ("*UITs*"). A UIT is a registered investment company that buys and holds a generally fixed portfolio of equities, bonds, other securities or assets. Units in the UIT are sold by such Financial Institutions to investors. Confluence provides non-discretionary services to such Financial Institutions in connection with the construction and monitoring of the UIT's portfolio.

Item 5—Fees and Compensation

Subject to applicable laws and regulations, Confluence retains full authority to negotiate the fees it charges to its clients for discretionary portfolio management and investment advisory services, including "single and dual contract" agreements with Financial Institutions to provide such services to the clients of such Financial Institutions as part of a UMA or Wrap Account arrangement, and to registered investment companies. Confluence also retains authority to negotiate the fees it charges for non-discretionary investment advisory services, including agreements with Financial Institutions in connection with model portfolio programs, and to UITs. Confluence's fees may be modified based upon the size of the account and the nature and level of services provided by Confluence. Confluence may agree to offer certain clients a fee schedule that is lower than that of any other comparable client. Confluence fees are generally payable quarterly in advance, but certain Sponsors and accounts may be billed in arrears as agreed between the client and Confluence, and clients may authorize fees to be deducted from their accounts by the custodian, or by direct payment by the client. Confluence advisory agreements generally may be terminated at any time by either party by giving thirty (30) days written notice of such termination to the other party. Upon termination of the advisory agreement, the fee amount is prorated through the termination date and the difference is refunded to the clients who pay fees in advance.

Confluence is not affiliated with any broker-dealer. Clients have the option to purchase investment products directly through Confluence or through the Financial Institutions for which we provide services.

Confluence sub-advises an open-end mutual fund and a closed-end fund for which it receives fees from the fund's investment adviser for managing the investments. The closed-end fund invests in "business development companies" ("*BDCs*") that, in turn, receive management fees for managing portfolio investments held by the BDCs. As such, the closed-end fund's direct fees and expenses, including the applicable management fee to the fund's investment adviser and to Confluence, as sub-adviser, coupled with the compensation of the underlying managers of the BDCs, results in two levels of fees and greater expense than would be associated with direct investment in the BDCs. The closed-end fund's expenses constitute a higher percentage of net assets than expenses associated with other types of investment entities, such as mutual funds.

The following fee schedules are representative of fees for discretionary portfolio management and investment advisory services only, and do not include transaction or execution costs that may be incurred by the client. Confluence's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment and other third parties, such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, exchange fees, SEC fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Confluence's fee, and Confluence shall not receive any portion of these commissions, fees and costs. In addition, there can be brokerage commissions, including step-out costs, which are described below under Item 12 of this Brochure, titled Brokerage Practices. The Brokerage Practices section also describes the factors that Confluence considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Strategy

Asset Allocation, Fixed Income, International Managed ETF		All Cap Value, Balanced, Equity Income, Global Hard Assets, Multi-Asset Income, Increasing Dividend Equity Account (IDEA), Large Cap Value, International Developed, International Growth, Global Large Cap, Global Developed, Global Growth		IDEA Plus, Small Cap Value, Value Opportunities, Specialty Finance, BDC, Emerging Markets, International Opportunities	
Advisor Based					
Account Assets	Annual Fee	Account Assets	Annual Fee	Account Assets	Annual Fee
First $500,000	0.40%	First $500,000	0.60%	First $500,000	1.00%
Next $500,000	0.35%	Next $500,000	0.55%	Next $500,000	0.90%
Over $1,000,000	0.30%	Over $1,000,000	0.50%	Over $1,000,000	0.75%
Private Wealth					
Account Assets	Annual Fee	Account Assets	Annual Fee	Account Assets	Annual Fee
First $2,500,000	0.90%	First $2,500,000	1.00%	First $2,500,000	1.00%
Next $2,500,000	0.80%	Next $2,500,000	0.90%	Next $2,500,000	1.00%
Over $5,000,000	0.70%	Over $5,000,000	0.80%	Over $5,000,000	Neg.
Institutional					
Account Assets	Annual Fee	Account Assets	Annual Fee	Account Assets	Annual Fee
First $10,000,000	0.80%	First $10,000,000	0.75%	First $10,000,000	1.00%
Next $40,000,000	0.50%	Next $40,000,000	0.40%	Next $40,000,000	0.80%
Over $50,000,000	0.40%	Over $50,000,000	0.30%	Over $50,000,000	0.75%

Confluence sales personnel may receive a portion of the fees paid to Confluence for investment advisory services, creating a potential conflict in that they may have an incentive to recommend higher fee-generating products.

Item 6—Performance-Based Fees and Side-By-Side Management

Confluence does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7—Types of Clients

Confluence provides portfolio management services to individuals (including high net worth individuals) and entities such as corporations and corporate pension and profit-sharing plans, Taft-Hartley plans, other investment advisers (on behalf of their clients), charitable institutions, foundations, endowments, municipalities, and registered investment companies. Confluence may also provide portfolio management services to investment vehicles it would sponsor. Confluence generally requires Advisor Based accounts (which are generally single contract or dual contract arrangements, including Wrap Account programs, offered through Financial Institutions) to have a minimum account value of $100,000 ($200,000 in the case of balanced equity strategies and $50,000 for Asset Allocation strategies; Private Wealth accounts (which are generally high net worth individuals) to have a minimum account value of $500,000; and

Institutional accounts to a have minimum account value of $5 million. Confluence does not have the ability to impose minimum values on model portfolio program accounts.

Confluence does allow its employees and their family members to maintain accounts that Confluence manages. Some Confluence employees also invest in the mutual fund and closed-end fund that we sub-advise. We may also recommend investment companies that we manage to certain clients. This presents a possible conflict of interest, in that it could create an incentive for us to favor these funds over other clients. We maintain investment and trade allocation policies and procedures designed to manage such conflicts of interest. In addition, we have developed procedures to compare performance among client accounts managed using similar investment styles to detect favoritism or unusual investment results.

Item 8—Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Confluence employs fundamental and cyclical security analysis methods, which vary by the type of portfolio strategy provided. Confluence's Equity Strategies, which are comprised of specific company securities, utilize a bottom-up, fundamental approach. Confluence's Asset Allocation strategies and the fixed income portion of our Balanced Strategies are implemented using exchange-traded funds ("*ETFs*"), and utilize a top-down, cyclical approach. An ETF is an individual security that trades on an exchange and represents a basket of securities or other assets that are designed to track the performance of targeted indices, sectors or asset classes The firm's Global Hard Assets strategy, which is primarily comprised of common equity securities with a portion of ETFs, is a combination of the above two approaches. Confluence's Global Macro strategy is comprised solely of ETFs and is analyzed and managed similarly to the Asset Allocation strategies. Confluence also manages sector specific strategies (e.g., Business Development Companies, Real Estate Investment Trusts and Utilities) that utilize both top-down and bottom-up approaches.

For the Increasing Dividend Equity Account (IDEA) Plus strategy, which is an Equity Strategy combined with a covered call option strategy on the S&P 500 Index, the firm analyzes option securities for their strike price, premium, volatility and term. Approximately seventy-five percent of the portfolio is the IDEA portfolio of common equity securities, in which the stock selection utilizes qualitative analyses in an attempt to identify high-quality companies with long track records of distributing earnings to shareholders through dividends. The remaining twenty-five percent consists of an ETF position in the S&P 500 Index with a corresponding covered call position, although this allocation can range at times from 15% to 40% of the portfolio.

Most research is generated in-house. Confluence also utilizes external research sources, such as Bloomberg, Haver Analytics, Ned Davis, FactSet, Advantage Data, and various governmental banking and agency data. Confluence may also utilize analytics from other private market research institutions.

Investment Strategies

Equity Strategies

Value Equity Strategies. Confluence's Value Equity Strategies include All Cap Value, Equity Income, Increasing Dividend Equity Account (IDEA), IDEA Plus, Large Cap Value, Small Cap Value and Value Opportunities. Portfolios utilizing our Value Equity Strategies consist primarily of equity securities of U.S. issuers and U.S. listed securities of non-U.S. issuers. The IDEA Plus strategy utilizes, in addition to such equity securities, broad-based equity index ETFs and covered call options thereon. Confluence utilizes a team-based approach in which all equity investment committee members are fundamental analysts first and foremost. Each analyst is responsible for companies within specific industries and brings ideas to the Investment Committee for vetting of investment theses and analyzing new developments with the goal of ensuring that each security in a portfolio has the attributes Confluence looks for in its equity investments (e.g., sustainable competitive advantage, free cash flow, capable management, trading at a discount to intrinsic value, among other considerations)

Confluence analysts begin by compiling data, including independent and Wall Street research, on individual securities. Data gathering includes reviews of specific company and SEC documents, company visits, management interviews, newspaper and other media stories, industry publications, competitors' information and research reports. Much of the analysts' time is spent qualitatively analyzing this information to determine if a company possesses a sustainable competitive advantage that allows for product pricing flexibility, with additional time spent on a quantitative cash flow analysis to determine estimates of fair value of the company's equity securities.

Typically, the process begins with an equity analyst or portfolio manager analyzing and writing up a proposed company in his or her respective industry coverage. The information is disseminated to the Equity Investment Committee and subsequently vetted by the Committee. The vetting process is thorough, often requiring additional information or analysis. If investment in that company is approved, the Portfolio Management Committee decides placement into a portfolio based on weighting/contribution. Each portfolio has an established target number of holdings. The portfolio will become fully invested over time as targeted investments become available within the stated pricing discipline.

Before investing in any equity security of a company, Confluence conducts a rigorous investment review to:

- Determine if the company's business has a sustainable competitive advantage. This advantage usually protects its business or allows it to maintain market share leadership over time.
- Examine a company's free cash flow. Free cash flow is the amount of cash available after paying expenses and making necessary expenditures. Free cash flow can be used to build shareholder value through such things as dividends, stock buybacks and/or acquisitions. Confluence analyzes each business and forecasts future free cash to approximate the intrinsic value. Confluence then invests in those companies whose stocks trade below our estimates of fair value.

- Review a company's return on invested capital. A well-managed company should be able to reinvest capital to improve or grow its business. A company with high or increasing return on capital meets Confluence's criteria.
- Analyze a company's management team. Focused, passionate management teams are likely to make decisions in the best interest of shareholders with the goal of capital appreciation. Confluence looks for corporate managers with large personal investments in their companies' stocks.

—Buy Discipline

Confluence generally invests in companies whose stocks trade below our estimates of intrinsic or fair value, which we determine by analyzing historical and forecasted free cash flow in an attempt to estimate what a knowledgeable buyer would pay to purchase 100% of the company in an all-cash transaction. Buy limits generally are set at a 25% - 50% discount to Confluence's estimate of intrinsic value.

—Sell Discipline

In seeking to preserve capital, portfolio positions are reviewed continually. A company's stock may be sold if any of the following occurs:

- The share price reaches our estimates of full valuation.
- The business underperforms relative to its peer group or new market entrants.
- The company's fundamentals deteriorate.

There are other circumstances that may cause all or part of a stock position to be sold. Such instances may include a stock's value in the portfolio becoming disproportionately large or a more attractive investment opportunity presenting itself.

International and Global Equity Strategies. Confluence offers four International Equity Strategies—International Developed (developed countries only), International Growth*, International Opportunities (a concentrated strategy)* and Emerging Markets**, and three Global Strategies – Global Developed, Global Growth* and Global Large Cap. The Global Large Cap Strategy is managed in conjunction with the Value Equity Team; the two other global strategies are closed to new investors.

*These strategies may include emerging markets exposure.

** Strategy will include emerging and may include frontier markets exposure.

Our International and Global Equity Strategies investment process blends a top-down approach to country and sector allocations, with a fundamental, bottom-up approach to security selection. The top-down and bottom-up analysis are conducted simultaneously, and neither takes precedence over the other.

Our top-down analysis begins with a macro-economic review of the principal economies in our universe by grading a country's economic performance on a scale of above average to below average. On an ongoing basis, we evaluate trends in three primary factors: 1) macro-economic; 2) monetary; and 3) valuation. Macro-economic and monetary factors include: employment data, tax policies, balance of payments, inflation, the general level and direction of interest rates, among other considerations. Valuations of a country's stock markets take into account price/earnings ratios, dividend yields, and earnings growth prospects on both an absolute and historical basis. Once country allocations are determined, we then analyze the various global economic sectors. Depending on our view of the global economic climate, we then establish sector allocations at the portfolio level.

In our bottom-up approach to individual security selection, we seek to own high quality companies that trade at reasonable valuations relative to their growth prospects and we are patient, long-term investors. Company fundamentals are measured using both quantitative and qualitative analysis.

Security Selection Criteria:

Business Growth Orientation

- Companies with faster growth in sales and/or cash flow in a given sector
- Revenue/earnings growth in excess of peers
- Margins stable or expanding

High Quality

- Strong balance sheet
- Quality of earnings
- Caliber and credibility of management team

Attractive Valuations

- Price relative to future earnings potential of company
- Enterprise Value/EBITDA, Price/Free Cash-Flow, Price-to-Earnings ratio, Price-to-Book ratio and other valuations measures

All client accounts with similar investment objectives are managed according to a model portfolio.

ETF Strategies

Asset Allocation Strategies. Asset allocation is the process of developing a diversified investment portfolio by combining different assets in varying proportions. A portfolio's long-term performance is determined primarily by the apportionment of dollars in an account among the asset classes. Our Asset Allocation strategies are formed exclusively of ETFs. Specific Asset Allocation strategies (e.g., Income, Income with Growth, Growth & Income, Growth, Aggressive Growth and International Managed ETF*) are developed to meet investors' risk tolerance, investment goals and time frames. *This strategy may include emerging markets exposure.

Confluence's investment philosophy is based upon independent, fundamental research that integrates evaluation of market cycles, macroeconomics and geopolitical analysis with a valuation-driven approach. Confluence's portfolio management philosophy begins by assessing risk and follows through by positioning clients to seek to achieve income and growth objectives. Confluence's approach to asset allocation is more dynamic than most traditional strategic allocation strategies. Confluence extends the traditional approach by incorporating forward-looking analytics that address changing opportunities and risks as we move through economic and market cycles.

Investment objectives vary between growth and income, and may include a combination of the two, subject to limitations of overall portfolio volatility and risk. Equity allocations are typically the primary means to pursue growth objectives and may include ETFs focused on U.S. large-, mid- and small-cap equity securities, while non-U.S. equities may include ETFs focused on equity securities of issuers in non-U.S. developed countries or in emerging markets. Non-U.S. allocations may involve a focus or avoidance of certain countries or regions. Sector specific analysis may be involved in certain equity asset classes, particularly in large-cap equities. Growth and value style biases, as well as factor exposures, may also be included in allocation decisions.

Income objectives in our Asset Allocation strategies are typically pursued through proportionate allocations to fixed income-oriented securities. In pursuing fixed income objectives, Confluence utilizes ETFs that represent a basket of bonds or other income securities that are designed to track the performance of targeted indices, sectors or asset classes Allocations are actively managed to target specific duration or credit quality profiles, and may include speculative grade allocations. As described below, we utilize a similar methodology in pursuing the income objectives of our Balanced Strategies (the Balanced Strategies generally do not include ETFs that invest in speculative grade bonds).

Real estate and commodity allocations may be included for income, capital appreciation or diversification opportunities. This process draws upon Confluence's extensive experience of investing, on behalf of its clients, in a wide range of equity and fixed income securities during various market cycles in an attempt to provide attractive, risk-adjusted returns to its clients.

Allocations among the various asset classes are modified generally once a quarter, with the portfolios typically rebalanced during the first month of the quarter.

Fixed Income Strategies. The fixed income strategies invest exclusively in fixed income ETFs. The Taxable Fixed Income strategy focuses on ETFs that have exposure to fixed income sectors that pay interest that is generally not exempt from income taxes, including U.S. Treasuries, mortgage-backed securities (MBS) and corporate bonds. Alternately, the Tax Exempt Fixed Income strategy focuses on ETFs with bond holdings that pay interest generally exempt from federal income taxes. It is important to note that the Tax Exempt Fixed Income strategy is not managed with regard to state income taxes and Confluence does not provide advice, guidance, interpretation or any details regarding income taxes. Investors should seek guidance regarding the taxability of income independently from information provided by Confluence.

The investment objectives for the strategies are to deliver income and volatility characteristics of a diversified, investment grade, intermediate-maturity, domestic fixed income allocation. The benchmark for a Taxable Fixed Income strategy is the BAML Domestic Master, while the benchmark for the Tax Exempt Fixed Income strategy is the BAML Muni Master.

Both the Taxable Fixed Income strategy and the Tax Exempt Fixed Income strategy seek exposure to ETFs with investment grade, domestically-oriented benchmarks. Investment decisions are made by the Fixed Income Strategy Committee, which meets each quarter to review and monitor portfolio performance and positioning, while also evaluating a variety of macro factors and market conditions. (Committee members meet informally more frequently.) Macro factors may include issues related to inflation, economic growth, Fed policy, currency trends, commodity prices, quantitative easing or tightening, the regulatory environment, trade policies, budget deficits, national debt, as well as foreign central bank policies, global inflation and foreign economic growth rates. Market condition evaluations may involve topics including the outlook for the Fed's overnight target rate, LIBOR and other money-market rates, the shape of the yield curve, credit underwriting trends, corporate default rates, corporate bond spreads, corporate profitability, MBS option adjusted spreads and negative convexity, the nature of supply and demand for MBS caused by changes in the size of the Fed's balance sheet, marginal tax rates, the fiscal health of states and municipalities, domestic and global capital flows, liquidity trends and foreign sovereign yield curves.

The Fixed Income Strategy Committee adjusts the duration, maturity profile, and sector exposure of the portfolios by combining ETFs with a variety of characteristics. The Committee evaluates the ETFs individually, as well as collectively, building and maintaining a profile that positions the portfolios to pursue their investment objectives against the backdrop of current and projected economic and market conditions. Although the strategies usually maintain an intermediate duration and maturity profile, the Committee may adjust the strategies to have a long-term or short-term profile, depending upon its view of risk and return in the fixed income markets. The Committee may adjust sector exposures, also according to its view of risk and return within and across various fixed income sectors. Sector allocations are focused on investment grade exposures and the Committee avoids the inclusion of ETFs with below investment grade benchmarks.

The Committee also utilizes "maturity-series ETFs." Unlike traditional fixed income ETFs, maturity-series ETFs have a finite life, each with a stated end date when the ETF will be liquidated, with proceeds returned to investors though a final distribution. During their life, maturity-series ETFs are invested into bonds with maturities near to, but not beyond, their own stated end date. Through this structure, maturity-series ETFs tend to have increasingly shorter average duration and maturity profiles with the passage of time. Accordingly, maturity-series ETFs share some similarity to the shortening maturity profile created by an individual bond.

The Committee often constructs a "bond ladder' in both strategies by arranging positions in maturity-series ETFs across an array of end dates. As the bond ladder shortens with the passage of time, the Committee may elect to hold a maturity-series ETF through its end date, when the ETF liquidates, or sell the position beforehand. Proceeds from the distribution or sale can then be redeployed into a maturity-series ETF with a longer end date, there-by maintaining the bond ladder across time. The Committee believes the bond ladder can be helpful in addressing interest rate risk and changing market conditions. Usually, the bond ladder or maturity-series ETFs is combined with more traditional fixed income ETFs, which help facilitate a variety of sector, duration and maturity exposures.

Balanced Strategies

Balanced Strategies are pursued through a combination of either the Taxable Fixed Income strategy or the Tax Exempt Fixed Income strategy with one of the Equity Strategies, managed together in a single account. The allocations are generally set on 10% increments, with a few exceptions allowed for 5% increments. As an example, clients may elect to invest in a 50/50 Equity Income Taxable Fixed Income Balanced account. In this example, 50% of the portfolio would be invested in the Equity Income strategy and would be managed in identical form relative to previously described equity portfolios. The other 50% allocation would be invested in Taxable

Fixed Income strategy and be managed in identical form relative to the previously described fixed income strategies. Clients may select from a fairly wide range of equity and fixed income strategy combinations, subject to certain custodial limitations.

Although the equity and fixed income allocations in a balanced account are invested and managed independently from one another, Confluence continuously provides portfolio management oversight to both allocations by monitoring portfolio proportions and by evaluating natural drift that occurs in asset allocations. Tolerance bands, also known as guardrails, are placed around each balanced strategy and if the allocations drift outside of the guardrails, the overall allocation is corrected to maintain proportions near the client's initial target. To accommodate allocation drift within the guardrails, individual positions at the security level are adjusted and maintained at levels slightly above or below portfolio model targets. Two principal difference relative to the Asset Allocation strategies are that Balanced Strategies generally do not include ETFs that invest in speculative grade bonds and that they also have separate fixed income benchmarks.

Alternative and Sector Strategies

Confluence has developed strategies focusing on alternative asset classes and sector-specific investments, which we believe have the potential to achieve attractive risk-adjusted returns. Management of these strategies begins with top-down evaluations of the geopolitical environment, fundamental macroeconomic trends and technical patterns in the target markets.

<u>Alternative Strategies.</u> Our Global Hard Assets portfolio is focused on investments in "hard assets" which Confluence defines as tangible commodities, such as a gold bar, a barrel of oil or a ton of potash. The portfolio is comprised of the common stocks of companies engaged in the hard assets sector or various hard asset ETFs or exchange-traded notes ("*ETNs*"), thus giving the portfolio exposure to physical commodities. The companies in the hard assets sector are directly responsible for mining, extracting or producing the hard assets. Our investment philosophy seeks to identify companies that have the ability to increase production and grow reserves over time, thus appreciating capital. Confluence's investment process utilizes a top-down approach to identify investable sectors, coupled with bottom-up, security selection. Our geopolitical and global macro analyses define the sector weights along with acceptable geographic locations of reserves. Overall allocation is decided once this process is complete, based upon our view of hard asset sector company equities and hard asset ETFs and ETNs.

Our Global Macro portfolio seeks to take advantage of major macroeconomic trends in four primary asset classes: equities (domestic and international), fixed income, commodities and currencies. The portfolio's objective is to maximize absolute total return by investing in market categories using Confluence's evaluation of the geopolitical environment, fundamental macroeconomic trends and technical patterns. Confluence's investment process utilizes a top-down, macro-based approach driven by proprietary research. The investable universe includes exchange-traded products (ETFs and ETNs), tradable open-end mutual funds, closed-end funds and, in limited cases, individual equity securities (with no more than 10% of the portfolio invested in any single stock). The portfolio can employ leveraged exchanged traded products ("*ETPs*") and has the ability to invest in inverse ETPs; however, margin and shorting are not used in the management of the portfolio. The portfolio may at times be concentrated. However, no mutual fund or ETF can exceed 40% of the portfolio's value (at cost) and no single market category can make up more than 50% of the portfolio.

Our Multi-Asset Income Strategy seeks to produce an above-average level of income consistent with a tolerable level of risk. Capital appreciation is a secondary concern. We seek to mitigate risk to capital by diversifying into multiple asset classes and sectors. We utilize macro-economic and market analysis to guide our investment in both equity and fixed-income investments, and to determine investment characteristics within those categories. Such investment characteristics include the weights of sectors within the equity investments, or credit quality and duration within the fixed-income investments. The selection of individual equities and other securities will be based on our analysis of the underlying companies and entities. The investable universe consists of common stocks, preferred stocks, master limited partnerships ("*MLPs*"), equity and mortgage Real Estate Investment Trusts ("*REITs*"), convertible securities, and investment funds such as Business Development Companies ("*BDCs*") and exchange-traded funds ("*ETFs*"). The fixed income investments of the strategy will be made primarily via ETFs. The fixed income portion of the strategy can utilize ETFs that invest in investment grade corporate, non-investment grade corporate, floating rate, mortgage, international, and US Treasury securities. The equity portion of the strategy can be in any equity class, but is expected to be weighted toward the higher yielding sectors such as financial, energy, utility, and real estate securities.

Sector-Specific Strategies. Confluence also manages sector-specific strategies, such as Business Development Companies ("*BDCs*"), Real Estate Investment Trusts ("*REITs*") and Utilities that are by nature concentrated by industry or asset class. The BDC portfolio is focused on a niche of the financial sector in which specialty finance companies lend to, and invest in, the private debt and equity of, private small and middle market U.S. companies. REITs are companies that own, operate or finance income-producing real estate, including offices, apartment buildings, warehouses, hotels, retail centers and medical facilities. Utilities securities include companies engaged in the production, transmission or distribution of electric energy or natural gas; the operation of water supply networks or wastewater or sewage treatment facilities; the provision of telephone, mobile communication and other telecommunications services; or the provision of other utility or utility related goods or services, including entities engaged in solid waste, electric generation or in the provision of waste disposal systems.

Risk of Loss

Past performance is not a guarantee of future returns. Investing in securities involves the risk of loss of the amount invested that clients should be prepared to bear.

Equity Strategies

Confluence's Value Equity Strategies invest in a portfolio of securities which Confluence believes are undervalued or inexpensive relative to other investments. These types of securities may present risks in addition to the general risks associated with investing in them, including the risk that our estimate of the intrinsic value of the stock may never be realized by the market or that the price goes down. Equity securities generally are selected on the basis of our views on an issuer's business and economic fundamentals or the securities' current and projected credit and profit profiles, relative to current market price. Such securities are subject to the risk of our misestimating certain fundamental factors. Disciplined adherence to a value investment mandate during periods in which that style is out of favor can result in significant underperformance relative to overall market indices and other managed investment vehicles that pursue growth style investments and/or flexible style mandates.

Portfolios utilizing our Equity Strategies will typically hold securities of fewer issuers than, for example, a broadly diversified equity mutual fund. Our Equity Strategies portfolios may be more susceptible to a single adverse economic or regulatory occurrence affecting one or more of these issuers, experience increased volatility, and be concentrated in certain issues. Furthermore, because our Equity Strategies portfolios have a relatively small number of issuers, the portfolios have greater susceptibility to adverse developments in one issuer or group of issuers.

Confluence's Equity Strategies sometimes utilize American Depository Receipts (ADRs), which are typically issued by a U.S. bank or trust company and represent ownership of the underlying non-U.S. securities. While ADRs may not necessarily be denominated in the same currency as the securities into which they may be converted, many of the risks associated with non-U.S. securities often apply to ADRs as well. Issuers of non-U.S. securities are not generally subject to uniform accounting, auditing and financial standards comparable to those applicable to U.S. public companies. Dividend and interest income may be subject to withholding and other foreign taxes, which may adversely affect the return on such investments. Although ADRs are typically denominated in U.S. dollars, they may be vulnerable to currency risks in the event changes in foreign currency exchange rates adversely affect the value of the underlying non-U.S. securities.

The Small Cap Value, Equity Income, Value Opportunities and All Cap Value strategies can be comprised of smaller capitalization companies that, due to their size, generally are more vulnerable to adverse general market or economic developments than larger, more established companies. These small companies' securities often have abrupt and greater price volatility and may be less liquid because of limited financial resources, management inexperience and less publicly available information, among other factors. The firm's Value Opportunities strategy has a shorter investment horizon, has greater portfolio turnover and is typically more concentrated (e.g., 10 to 12 positions) than our other Equity Strategies.

The Increasing Dividend Equity Account (IDEA) strategy is focused on high-quality companies with long track records of distributing earnings to shareholders through dividends. Also of importance in securities selection is the anticipated dividend growth rate of the aggregate portfolio. However, companies are not required to continue to pay dividends and the IDEA strategy is subject to the risk that any or all of the portfolio companies could reduce or eliminate their dividends in the future, which would adversely affect the performance of the portfolios utilizing the strategy.

The IDEA Plus strategy is a combination of the IDEA strategy with a covered call option strategy on the S&P 500 Index. Approximately 75% of the portfolio is comprised of the IDEA portfolio and the remaining portion of the portfolio consists of an ETF position in the S&P 500 Index with a corresponding covered call option position. Confluence may write (sell) covered call options on all or a portion of the ETF position held in the IDEA Plus portfolio as determined to be appropriate, consistent with the strategy's investment objective. In addition to the risks associated with the IDEA strategy, the IDEA Plus strategy is subject to options risk. There are several risks associated with transactions in options on securities. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of a covered call option, the IDEA Plus portfolio forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but the portfolio has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

International and Global Equity Strategies

In addition to general equity risks, investing in securities of non-U.S. issuers involves risks not usually associated with owning securities of U.S. issuers. These risks can include fluctuations in foreign currencies, foreign currency exchange controls, political and economic instability, expropriation and nationalization, differences in financial reporting, differences in securities regulation and trading, and foreign taxation issues.

Investing in securities of issuers based in emerging markets entails all of the risks of investing in securities of non-U.S. issuers to a heightened degree. Emerging market countries generally include every nation in the world except the United States, Canada, Japan, South Korea, Australia, New Zealand and most countries located in Western Europe. These heightened risks include: (i) greater risks of expropriation, confiscatory taxation, nationalization, and less social, political and economic stability; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in lack of liquidity and in price volatility; and (iii) certain national policies which may restrict investment opportunities, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests. Investing in global and international equities, including emerging markets involves a high level of risk and investors should understand their tolerance for high levels of risk and volatility.

ETF Strategies

Asset Allocation Strategies

Confluence's Asset Allocation strategies involve apportioning the portfolio's assets among various asset classes, the success of which generally depends upon our ability to estimate the expected returns, volatility, and correlations of the relevant markets for such assets. Expected returns and volatility for different asset classes vary over time, as do the correlations of different asset classes. Therefore, we apply a dynamic process, one that evaluates economic and market variables in a forward-looking context. Our approach evaluates the investing landscape against the backdrop of the pending business cycle—a rolling time frame continuously looking forward at the next three years. Our 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 continue for several quarters without making significant allocation adjustments if we believe the existing posture remains optimal.

While this flexibility is generally expected to result in diversification of the portfolio across multiple asset classes, asset classes may not perform as expected and may not display the level of correlation that we anticipated. If our assessment of the risk and return potential of asset classes is incorrect, the portfolio could significantly underperform the markets in general, particular markets, or other asset allocation strategies. If our assessment of the correlations between different asset classes is incorrect, the portfolio may not achieve the level of diversification that we anticipated, which may increase the risk of underperformance or negative performance.

Confluence's Asset Allocation strategies are implemented using ETFs, which own a basket of securities that track a particular market index. Changes in the price of an ETF, before deducting expenses, typically track the movement of the associated index relatively closely. ETFs charge their own management fee and other expenses that come directly out of the ETF returns. In addition, a commission on each purchase or sale of shares of the ETF may be charged by the executing broker-dealer, and these commission expenses will reduce the performance of the client's portfolio. An ETF's performance sometimes may not perfectly track the targeted index the ETF seeks to mirror. ETFs are subject to various risks, including the ability of the ETF's managers to meet the investment objective, and to manage appropriately the ETF's portfolio when the underlying securities are redeemed or sold, particularly during periods of market turmoil and as investors' perceptions regarding ETFs or their underlying investments change. There is also no guarantee that an ETF will track its targeted index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the ETF's ability to adjust its exposure to the required levels in order to track the targeted index. Errors in index data, index computations and/or the construction of the targeted index in accordance with its methodology may occur from time to time and may not be identified and corrected by the provider of the targeted index for a period of time or at all, which may have an adverse impact on the ETF and its shareholders, including Confluence clients in its asset allocation strategies.

Unlike traditional open-end mutual funds, the shares of which can be purchased or redeemed at prices equal to the mutual fund's net asset value at the end of a business day, shares of ETFs trade on a securities exchange and are purchased or sold at market prices established on the exchange. ETFs enter into agreements with certain designated Authorized Participants (APs) who may purchase and redeem during the trading day large blocks of the ETF's shares at the then-current net asset value, which such purchases and redemptions are intended to (and in normal market conditions frequently do) maintain the approximate equivalence of the market price and net asset value of the ETF's shares. To the extent that one or more of such designated APs cease to or are unable to proceed with such purchases and redemptions, and no other designated AP is willing or able to make such purchases and redemptions, the market price of the ETF's shares may be more likely to trade at a premium or discount to net asset value and the shares could have limited liquidity. During periods of severe market volatility or disruption, these premiums or discounts could be significant and the exchange could impose trading halts on and/or delisting of the shares of the ETF.

There are also risks associated with the asset class in which the ETFs invest. The risks associated with equity-oriented ETFs include the risk that the securities in an ETF will decline in value due to factors affecting the issuing companies, their industries or the markets generally.

Industry specific ETFs by design provide concentrated risks in industries. For example, a REIT ETF has investments in companies that are subject to changes in the real estate market, vacancy rates and competition, volatile interest rates and economic recession. Confluence's Asset Allocation strategies can include commodity-oriented ETFs. Buying commodities allows for a source of potential diversification in consideration for the assumption of the risks inherent in the commodities markets, which include the global supply and demand for commodities being influenced by U.S. and foreign interest rates and inflation rates and global or regional political, economic or financial events and situations. Any commodity investment represents a transaction in a non-income-producing asset and is highly speculative.

Certain fixed income ETFs invest in investment grade and, at times, speculative grade bonds. Investment grade securities are subject to numerous risks including higher interest rates, economic recession, deterioration of the investment grade market or investors' perceptions thereof, possible downgrades and defaults of interest and/or principal. Changes in interest rates could affect the value of investments in fixed income ETFs. Rising interest rates tend to cause the prices of debt securities (especially those with longer maturities) to fall. The credit rating or financial condition of an issuer may affect the value of the debt security. Generally, the lower the quality rating of a security, the greater the risk that issuer will fail to pay interest fully and return principal in a timely manner. Credit ratings are not an absolute standard of quality, but rather general indicators that reflect only the view of the originating rating agencies from which an explanation of the significance of such ratings may be obtained. If an issuer defaults or becomes unable to honor its financial obligations, the security may lose some or all of its value. Speculative securities are usually issued by less credit worthy and/or highly leveraged (indebted) companies. Compared with investment-grade bonds, speculative bonds carry a greater degree of risk and are less likely to make timely payments of interest and principal.

Regarding the fixed income portion of Asset Allocation strategies and Balanced Strategies, there are risks associated with the use of ETFs. Fixed income ETFs are not bonds. During market disruptions, there may be times when they can trade at discounts or premiums to the net asset value of the underlying portfolio of securities, which can directly affect the return on an investment in the ETF. Liquidity can also vary depending on market conditions. A fixed income ETF does not mature like an individual bond. These and other various differences highlight the fact that fixed income ETFs may vary in performance relative to direct investments in bonds.

Fixed Income Strategies

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ETFs hold a basket of securities that track a particular market index. Changes in the price of an ETF, before deducting expenses, typically track the movement of the associated index relatively closely. ETFs charge their own management fee and other expenses that come directly out of the ETF returns. In addition, a commission on each purchase or sale of shares of the ETF may be charged by the executing broker-dealer, and these commission expenses will reduce the performance of the client's portfolio. An ETF's performance sometimes may not perfectly track the targeted index the ETF seeks to mirror. ETFs are subject to various risks, including the ability of the ETF's managers to meet the investment objective, and to manage appropriately the ETF's portfolio when the underlying securities are redeemed or sold, particularly during periods of market turmoil and as investors' perceptions regarding ETFs or their underlying investments change. There is also no guarantee that an ETF will track its targeted index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the ETF's ability to adjust its exposure to the required levels in order to track the targeted index. Errors in index data, index computations and/or the construction of the targeted index in accordance with its methodology may occur from time to time and may not be identified and corrected by the provider of the targeted index for a period of time or at all, which may have an adverse impact on the ETF and its shareholders, including Confluence clients in its asset allocation strategies.

Unlike traditional open-end mutual funds, the shares of which can be purchased or redeemed at prices equal to the mutual fund's net asset value at the end of a business day, shares of ETFs trade on a securities exchange and are purchased or sold at market prices established on the exchange. ETFs enter into agreements with certain designated Authorized Participants (APs) who may purchase and redeem during the trading day large blocks of the ETF's shares at the then-current net asset value, which such purchases and redemptions are intended to (and in normal market conditions frequently do) maintain the approximate equivalence of the market price and net asset value of the ETF's shares. To the extent that one or more of such designated APs cease to or are unable to proceed with such purchases and redemptions, and no other designated AP is willing or able to make such purchases and redemptions, the market price of the ETF's shares may be more likely to trade at a premium or discount to net asset value and the shares could have limited liquidity. During periods of severe market volatility or disruption, these premiums or discounts could be significant and the exchange could impose trading halts on and/or delisting of the shares of the ETF.

Balanced Strategies

Confluence's Balanced Strategies combine a specific Equity Strategy with fixed income allocations—either taxable fixed income or tax-exempt fixed income—utilizing income-oriented

ETFs. The risks associated with the Equity Strategy portion of a Balanced Strategy account are described above in the Equity Strategies section and the risks associated with the fixed income portion of a Balanced Strategy account are described above in the Asset Allocation section.

Alternative and Sector Strategies

Confluence's Alternative Strategies, such as Global Hard Assets and Global Macro, include securities and asset classes that typically have greater price volatility than our asset allocation and equity strategies. The Global Hard Assets strategy is subject to commodity pricing, supply and demand and regulatory risks, in addition to the, U.S. and non-U.S. equities, non-diversification and currency risks described above. Prices of various commodities and natural resources may be affected by factors such as drought, floods, weather, changes in storage costs, changing supply and demand relationships, transportation costs, embargoes, tariffs and other regulatory developments, as well as foreign currency exchange rates and international interest rates, many of which factors are unpredictable. In addition to these risks, the Global Macro strategy is also subject to the asset allocation and fixed income securities risks described above. Confluence's Multi-Asset Income Strategy is subject to the equity, BDC, ETF and REIT risks described in this "Risk of Loss" section, as well as risk associated with investments in preferred securities and MLPs. Preferred securities are typically subordinate to bonds and other debt instruments of the issuer, and are subject to greater credit risk; distributions payable to preferred securities may be skipped or deferred by the company without causing a default; preferred securities may be substantially less liquid than common stocks, and the issuer may redeem the preferred securities prior to a specified date. Investments in MLP units involve risks that differ from an investment in common stock of a corporation; holders of MLP units typically have more limited control and limited voting rights; and conflicts of interest may exist between common unit holders and the general partner of the MLP, including arising from incentive distribution payments. MLPs are also subject to interest rate risk and, to the extent the MLPs invest in a specific economic sector, the MLP will be subject to the risks specific to that sector. Much of the expected benefits derived from investments in MLPs result from the unique tax characterization of the MLP as a partnership (rather than a corporation), and not being subject to federal income tax at the partnership level. Investors in MLP units are required to include in their taxable income their allocable share of the MLP's income, gains, losses and expenses, regardless of whether the MLP distributes cash to its unitholders.

Confluence's Sector-Specific Strategies are concentrated by design and thus the portfolios do not provide investors with broad diversification. The focus of these strategies on specific sectors may present more risks than if a portfolio were broadly spread over numerous sectors of the economy. Adverse economic, political or regulatory occurrences affecting one or more of those sectors will have a larger impact on the sector-specific portfolio than on a portfolio that does not concentrate solely in those specific sectors. At times, the performance of companies in those sectors will lag the performance of other sectors or the broader market as a whole.

Our Business Development Companies ("*BDCs*") strategy is subject to risks inherent in the BDC industry. BDCs typically invest in and lend to small and medium-sized private and certain public companies that may not have access to public equity markets or capital raising. As a result, a BDC's portfolio typically will include a substantial amount of securities purchased in private placements, and its portfolio may carry risks similar to those of a private debt fund. Securities that are not publicly registered may be difficult to value and may be difficult to sell at a price representative of their intrinsic value. BDC portfolio companies may utilize a high degree of borrowing or leverage, may have limited financial resources and may be unable to meet their debt obligations, which may be accompanied by a deterioration of the collateral pledged to secure repayment of such obligations. Small and medium-sized companies also may have fewer lines of business so that changes in any one line of business may have a greater impact on the value of their stock than is the case with a larger company. Some BDCs invest substantially, or even exclusively, in one sector or industry group and therefore carry risk of that particular sector or industry group. To the extent a BDC focuses its investments in a specific sector, the BDC will be susceptible to adverse conditions and economic or regulatory occurrences affecting the specific sector or industry group, which tends to increase volatility and result in higher risk. Investments in BDCs are subject to various risks, including management's ability to meet the BDC's investment objective, and to manage the BDC's portfolio when the underlying securities are redeemed or sold, during periods of market turmoil and as investors' perceptions regarding a BDC or its underlying investments change. BDC shares are not redeemable at the option of the BDC shareholder and, as with shares of other closed-end funds, they may trade in the secondary market at a discount to their net asset value. BDCs may employ the use of leverage in their portfolios through borrowings or the issuance of preferred stock. While leverage may increase the yield of a BDC, this leverage also subjects the BDC to increased risks, including greater severity of loss, higher earnings volatility and adverse exposure to changing interest rates and the possibility that the BDC's common share income may fall if the interest rate on any borrowings rises.

Our Utilities strategy portfolios invest a significant portion of their assets in securities of public utility companies engaged in the production, transmission or distribution of electric energy, gas or telephone services. Risks that are intrinsic to public utility companies include difficulty in obtaining an adequate return on invested capital, difficulty in financing large construction programs during an inflationary period, restrictions on operations and increased cost and delays attributable to environmental considerations and regulation, difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets, technological innovations that may render existing plants, equipment or products obsolete, the potential impact of natural or man-made disasters, increased costs and reduced availability of certain types of fuel, occasional reduced availability and high costs of natural gas and other fuels, the effects of energy conservation, the effects of a national energy policy and lengthy delays and greatly increased costs and other problems associated with the design, construction, licensing, regulation and operation of nuclear facilities for electric generation, including, among other considerations, the problems associated with the use of radioactive materials, the disposal of radioactive wastes, shutdown of facilities or release of radiation resulting from catastrophic events, disallowance of costs by regulators which may reduce profitability, and changes in market structure that increase competition.

Our Real Estate Investment Trusts (“*REITs*”) strategy is subject to risks inherent in the REIT industry, including the risk that the strategy’s performance will be closely linked to the performance of the real estate markets. Property values may fall due to increasing vacancies or declining rents resulting from economic, legal, cultural or technological developments. Values of the REIT securities may fall, among other reasons, because of the failure of borrowers from such REITs to pay their loans or because of poor management of the real estate properties owned by such REITs. Many REITs utilize leverage (and some may be highly leveraged), which increases investment risk and could adversely affect a REIT's operations and market value in periods of rising interest rates. REITs may operate within particular sectors of the real estate industry, such as apartments, office and industrial, regional malls and community centers, storage, hotels and lodging and the health care sector, that are subject to specific sector-related risks. REITs are subject to highly technical and complex provisions of the Internal Revenue Code of 1986, as amended, which permit a REIT to avoid or limit its exposure to federal corporate income tax. Failure of a REIT to qualify for such provisions could adversely affect its operations and the investment returns to investors in the REITs securities.

Item 9—Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that have occurred in the last ten years that would be material to your evaluation of Confluence or the integrity of Confluence's management. Confluence has no information applicable to this item to disclose.

Item 10—Other Financial Industry Activities and Affiliations

Confluence professionals may from time to time assist other financial services organizations through providing advisory services for which they may be remunerated. These outside business activities are vetted by management prior to an employee's involvement and routinely reviewed to ensure Confluence clients are not disadvantaged.

Mark Keller, CEO and Chief Investment Officer of Confluence, is a member of the board of directors of Benjamin Edwards, Inc. ("*BEI*"), the holding company of Benjamin F. Edwards & Company ("*BFEC*"), and has a private investment in the equity securities of BEI. Although he has no day-to-day decision-making responsibilities for BEI, as a member of their board of directors he is involved in the development of strategy, policy and other important matters affecting the firm. Confluence offers its discretionary and non-discretionary investment advisory services to BFEC and its clients, as described above under Item 4 of this Brochure, entitled Advisory Business. As part of Mr. Keller's professional responsibilities with Confluence, he is involved in making investment decisions concerning portfolios of individual clients of BFEC. BFEC and its representatives do not receive any additional or different sales compensation in connection with recommendations to clients concerning Confluence versus any Financial Institution in comparable circumstances. Confluence and Mr. Keller do not receive any additional compensation in connection with client investments placed with Confluence through BFEC due to Mr. Keller's position on the board. Mr. Keller is compensated for his service as a board member of BEI on the same terms as other independent board members.

Brian Hansen, President and Chief Operating Officer of Confluence, is the sole owner of Hansen Investment Partners LLC ("*HIP*"). HIP provides non-investment advisory services to corporate clients for which it receives fixed fees. HIP and Confluence have a mutual client: First Trust Portfolios L.P. ("*First Trust*"), a Financial Institution for which Confluence provides discretionary portfolio management and investment advisory services by acting as a sub-advisor to an open-end mutual fund and a closed-end fund for which an affiliate of First Trust serves as investment adviser.

On November 1, 2012, Brian Hansen joined the board of directors of Franklin Street Properties Corp (NYSE: FSP), a publicly-traded Real Estate Investment Trust. Mr. Hansen has personal, long-term investments in securities issued by FSP and expects to make additional investments in FSP for his own account from time to time. Confluence evaluates each investment idea on its own merits and has established policies and procedures that address conflicts of interest that are or may be raised by Mr. Hansen's relationship with FSP. Mr. Hansen does not provide Confluence or Confluence's Investment Committee with information relating to FSP. Mr. Hansen's transactions in FSP securities must be effected in accordance with Confluence's policies and procedures relating to personal securities transactions as well as in accordance with applicable legal requirements.

Mr. Hansen is also a board member and investment committee member of certain religious and local government bodies. These organizations engage consultants to evaluate investment managers, such as Confluence, for management of the organizations investments. These consultants also may engage Confluence to manage their clients' investments. Mr. Hansen does not participate in Confluence meetings with these consultants and is not the sole decision maker when a board decides to retain a consultant.

Certain Confluence investment personnel may hold board positions with private companies in the industry that they cover as research analysts for Confluence. Confluence does not invest in these private companies and maintains insider trading and code of ethic procedures to address potential conflicts.

On April 30, 2018, Confluence acquired the assets of Gratry & Company, LLC ("*Gratry*") an international and global equity adviser. The Gratry investment professionals joined Confluence and remain in place to continue management of the international and global equity products.

Item 11—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Pursuant to SEC Rule 204A-1, Confluence has adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, potential conflicts of interest and fiduciary duties to its clients. This Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading and pay-to-play and restrictions on the acceptance of significant gifts, among other things. All supervised persons at Confluence must acknowledge the terms of the Code of Ethics annually and compliance with the Code is a condition of employment for all personnel. A serious violation of the Code or related policies may result in dismissal. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

<u>Participation or Interest in Client Transactions</u>

Confluence permits its employees to engage in personal securities transactions. Personal securities transactions by an employee may raise a potential conflict of interest if an employee trades in a security that is considered for purchase or sale for an investment strategy of Confluence. Our Code of Ethics is designed to ensure that those persons at the firm who are responsible for developing or implementing our investment advice or who provide the investment advice to clients are not able to act thereon to the disadvantage of clients. Client trading is required to be completed prior to an employee conducting any personal trading. The Code further prohibits Confluence's personnel from using any material nonpublic information in securities trading.

Confluence employees are permitted to invest in investment companies where we serve as sub-adviser. This may create an incentive for us to put the interests of these funds ahead of other clients. However, our Code requires employees to put clients' interests ahead of their own and to report personal transactions and holdings in funds sub-advised by Confluence.

It is Confluence's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Cross trades between client accounts are allowed in limited circumstances when in the best interest of the client and properly documented with all parties.

Public Offering Participation

From time to time, Confluence is presented, in connection with its discretionary portfolio management and investment advisory services, with an opportunity to participate in public offerings of securities. Certain of our clients, including those in certain Wrap Account Programs, may be prohibited from participating in such offerings by their respective Financial Institution. Certain of our other clients may be unable to participate in such offerings if their respective Financial Institution did not participate in the initial distribution of securities in such offering, depending on their particular Financial Institution or Custodian. Accordingly, Confluence's policy is to not purchase shares in such public offerings for its clients. In contrast, the First Trust Specialty Finance and Financial Opportunities Fund and the First Trust Confluence Small Cap Value Fund, the open-end mutual fund and the closed-end fund for which we act as sub-adviser, and our institutional clients are not similarly restricted, and are therefore allowed to participate in public offerings.

Item 12—Brokerage Practices

As described under Item 4 of this Brochure, titled Advisory Business, Confluence offers our portfolio management services on either a "discretionary" or a "non-discretionary" basis.

Non-Discretionary Accounts

We provide non-discretionary investment advisory services to certain Financial Institutions. In a non-discretionary account, Confluence has the authority to recommend to the client (or a third-party acting on behalf of the client) the securities or other assets to be held in the account, but we do not have the authority to implement such recommendations. Such non-discretionary advice typically takes the form of model portfolios, which represent Confluence's recommendations as to the composition of a portfolio of securities that would be reasonably appropriate to meet a stated investment objective, based on criteria provided by the client. Confluence's role is solely to provide to these Financial Institutions recommendations as to the securities composing the portfolio, and advice on changes to the portfolio. The Financial Institution may utilize our recommendations in managing the accounts of the clients of the Financial Institution. The Financial Institutions retain full discretion to accept, modify or reject our recommendations and retain trading authority—including the discretion to select broker/dealers to execute purchase and sale transactions—over their clients' accounts. The non-discretionary accounts at the Financial Institution for their clients may be Wrap Accounts, UMAs or other types of accounts. These clients are clients of the respective Financial Institution and are not Confluence clients.

Discretionary Accounts

In a discretionary account, Confluence is granted the authority to determine the securities or other assets to purchase or sell in the account, without the prior consent of the client.

—Factors Used to Select Broker-Dealers for Discretionary Accounts

For those discretionary client accounts for which Confluence also has discretion to select broker/dealers to execute purchase and sale transactions, Confluence is responsible for the placement of the client's transactions, the negotiation of the commissions to be paid on brokered transactions, the prices for dealer trades in securities, and the allocation of portfolio brokerage and dealer business. It is our policy to seek the best execution at the best security price available with respect to each transaction, and with respect to brokered transactions in light of the overall quality of brokerage and research services provided to Confluence and its clients. The best price to the client means the best net price without regard to the mix between purchase or sale price and commission, if any. Purchases may occasionally be made from underwriters and dealers. The purchase price of portfolio securities purchased from an underwriter or dealer may include underwriting commissions and dealer spreads. The client may pay markups on dealer transactions. In selecting broker/dealers and in negotiating commissions, Confluence considers, among other things, the broker/dealer's reliability, the quality of its execution services on a continuing basis, the research services provided and its financial condition. We may, therefore, use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. In certain instances, we will execute securities transactions through broker-dealers that will trade over-the-counter securities on an agency basis. In these cases, the broker-dealer may charge an extra commission to complete the transaction.

Confluence recommends that clients choose their own financial advisor and broker/dealer. In certain circumstances when requested by the client, Confluence may provide a broker/dealer recommendation. For clients that choose not to utilize a traditional financial advisor, Confluence may recommend that clients establish brokerage accounts with certain Custodians to maintain custody of clients' assets, to effect trades for their accounts and to send statements directly to the clients. Confluence does not take possession of or custody client assets and is not affiliated with any Custodian. The services provided by any Custodian so recommended by Confluence are not contingent upon Confluence committing to such Custodian any specific amount of business (assets in custody or trading). Any such Custodian's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For those Confluence's client accounts maintained with such Custodians, the Custodian generally does not charge separately for custody but is compensated by the client account holders through commissions or other transaction-related fees for securities trades that are executed through such Custodians or that settle into such Custodian's accounts.

—Designated Brokerage for Discretionary Accounts

Clients in a Wrap Account program or with discretionary accounts in certain UMA programs are charged a bundled fee or fees by the Financial Institution sponsoring the program ("*Sponsor*"), typically based on a percentage market value of the assets in the Wrap Account or UMA. The bundled fee or fees generally covers charges for custody services, brokerage commissions, investment management and other services as negotiated between the client and the Sponsor. Because of this, we cannot negotiate commissions and cannot assure best execution. Confluence will generally place trades for clients in Wrap Account and UMA programs with the Sponsor of the program. In general, we have determined that it is in the client's best interest to trade with the Sponsor, in consideration of the cost to trade through a different broker/dealer. Most Sponsors assess clients a "trade away" fee for trades not executed through the Sponsor. However, we may choose to trade away if we are able and believe we can achieve best execution for a particular trade at another broker-dealer.

Discretionary account clients also may instruct us to use a designated broker-dealer ("*Designated Broker*") for all or a portion of the transactions in their accounts. Designated Brokers may provide certain consulting, performance evaluation, monitoring and oversight, commission recapture, and other services to the client for which the broker is compensated through commissions or other transaction fees generated by trades. In such cases, we generally make no attempt to negotiate commissions on the client's behalf. Clients using Designated Brokers may sacrifice execution quality or pay higher commissions and fees than other clients for whom we have discretion to select executing broker/dealers. We cannot assure "best execution" on trades for client accounts when we are instructed to use a Designated Broker.

Clients using Designated Brokers are not generally able to participate in "block trades" in which we enter trade orders for multiple accounts in a single block. Confluence may be able to include the order of a client using Designated Brokers with orders of other accounts with the objective of obtaining a better execution for the client using Designated Brokers if the executing broker-dealer will transfer the billing and settlement of the order to the Designated Broker (generally known as a "step-out"). Reconciliation of the portion of the trade given to a Designated Broker is done through the clearing process between the two broker-dealers. In such circumstances the client may incur both a transaction cost for the execution of the trade and a transaction cost for the billing and settlement of the trade. Confluence so aggregates the trades of Designated Broker client accounts only in circumstances in which executing the order in this manner is deemed to be in the best interest of the client using Designated Brokers.

<u>Research and Other Soft Dollar Benefits</u>

Section 28(e) of the Securities Exchange Act of 1934 permits an investment adviser, in certain circumstances, to cause an account to pay a broker or dealer who supplies brokerage and research services a commission for effecting a transaction in excess of the amount of commission another broker or dealer would have charged for effecting the transaction. Brokerage and research services include (a) furnishing advice as to the value of securities, the advisability of investing, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (b) furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and(c) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody). Such brokerage and research services are often referred to as "soft dollars" or "commission sharing agreements."

Confluence seeks best execution of trades in a manner intended, considering the circumstances, to secure that combination of net price and execution that will maximize the value of our investment decisions for the benefit of clients. Subject to our duty to seek best execution, our selection of brokers may be affected by our receipt of research services.

For client accounts for which Confluence has discretion to select broker/dealers to execute purchase and sale transactions, and in recommending broker-dealers to clients, we need not solicit competitive bids and do not have an obligation to seek the lowest available transaction cost (e.g., commission cost). It is generally not our practice to negotiate “execution only” transaction costs (e.g., commission rates); thus, our clients may be deemed to be paying for products and services provided by the broker-dealer which are included in the transaction charges. When we determine that more than one broker-dealer can offer the brokerage and execution services needed to obtain the best available price and most favorable execution, consideration may be given to using or recommending those broker-dealers which also supply products and services that assist us in fulfilling our investment advisory responsibilities. Products and services may be used by us in servicing some or all of our clients, and may receive products or services that benefit our firm but may not directly benefit our client’s accounts from the broker-dealers who we utilize to execute trades. These services include company and industry research as well as attendance at sponsored industry conferences.

In some instances, we may receive products and services that may be used for both research/brokerage and non-research/brokerage purposes. In such instances, we will make a good faith effort to determine the relative proportion of the products and services used for research/brokerage purposes and the relative proportion used for non-research/brokerage purposes. The proportion of the products and services attributable to research/brokerage purposes will be paid through brokerage commissions generated by client transactions; the proportion attributable to non-research/brokerage purposes will be paid for or reimbursed by us from our own resources. The receipt of “mixed-use” products and services and the determination of an appropriate allocation between research/brokerage and non-research/brokerage purposes create a potential conflict of interest between Confluence and its clients. These arrangements are periodically reviewed in relation to Section 28(e) of the Securities Exchange Act of 1934.

Only certain client transactions are used to generate soft dollars. However all clients may receive benefit from the products purchased. An investment adviser’s interest in generating soft dollars to obtain research and other services can potentially conflict with a client’s interest in obtaining best price and execution. The firm utilizes soft dollar credits to pay for financial data services and trading platforms, including Bloomberg L.P., Advantage Data, MSCI country and sector publications, Bank Credit Analyst, and Street Accounts. In no event are soft dollar credits used to offset losses from trading errors. Confluence may receive unsolicited research from firms used for execution. We do not consider such unsolicited materials as soft dollar research.

Confluence sub-advises a closed-end fund (NYSE: FGB), manages institutional accounts and sub-advises an open-end mutual fund with a small cap value strategy in which it can direct trades through various broker-dealers based on execution, costs and other services provided. In accordance with Section 28(e) of the Securities Exchange Act of 1934, broker-dealers are selected on the basis of their ability to execute transactions at the most favorable prices and lowest overall execution costs, taking into consideration other relevant factors, such as the reliability, integrity and financial condition of the broker-dealer, the size of and difficulty in executing the order, the quality of execution and custodial services and the provision of valuable research services that can be reasonably expected to enhance the investment return of the clients' portfolios. These services may be useful for all client accounts, and not all research may be useful for the account for which the particular transaction was effected. When broker-dealers are selected on the basis of their research services, Confluence may negotiate commissions that may be higher than for “execution only” transactions, but are nevertheless deemed reasonable in light of the value of such services provided, viewed in terms of either a particular transaction or the overall responsibilities of Confluence as to the accounts over which it exercises investment discretion.

Confluence generally uses between five and twenty brokers. Products and services may either be provided by a broker-dealer, or paid for by a broker-dealer (either by direct or reimbursement payments – in whatever form – or by commissions, mark-ups, mark-downs or credits or by any other means) to be provided by others. The availability of such products and services may create a conflict between the interests of the client in obtaining the lowest cost of execution and our interest in obtaining such services. In addition, several brokers through which we execute orders provide proprietary research on general economic trends or particular companies. Confluence benefits by obtaining research or other products and services without having to produce or pay for research, products or services.

Trade Order Aggregation and Allocation

As described above, portfolio transactions in client accounts may be executed through broker/dealers selected by Confluence (in the case of discretionary accounts for which Confluence has discretion to select broker/dealers), through Sponsors of Wrap Accounts and UMA discretionary accounts, through Designated Brokers selected by the client in a discretionary account, or by the Financial Institution with which Confluence has a non-discretionary or model or UMA portfolio account (collectively, “*Eligible Broker/Dealers*”). Confluence has developed policies and procedures with respect to the aggregation of trade orders and the allocations of trade execution among Eligible Broker/Dealers, which we believe to be fair and equitable to our clients. In some cases, however, these policies and procedures could have an adverse effect on the price or the amount of securities available to a client.

Aggregation and Allocation of Trades. For those discretionary accounts for which Confluence has discretion to select broker/dealers, Confluence seeks to aggregate trades for client accounts within a strategy or across multiple strategies (if multiple strategies are transacting in the same security) and enter trades in a single block order when we believe it is on our clients’ best interest. Trades for discretionary Wrap Accounts and UMA programs are generally aggregated by the Sponsor. It is Confluence’s policy to allocate trades in a fair and equitable manner and we generally will allocate pro-rata. However, in the event of a partial fill of an aggregated order, we may choose a random allocation process.

Depending on a portfolio manager’s process for making investment decisions for a strategy and reviewing accounts (including the investment restrictions and cash availability in each account) a portfolio manager may place an order to purchase or sell a security for an account or group of accounts before or after an order for the same security for another account or group of accounts. If this occurs, the first order could be fully executed before the subsequent order is received for execution, in which case the subsequent order would not be aggregated and may not receive the same price as the first order.

Confluence typically does not have trading discretion over non-discretionary accounts, such as model portfolio accounts, and such accounts are not eligible under our trade aggregation policies. Certain Financial Institutions that are model account clients may request that we assist in the implementation and execution of trades in such model accounts through such Financial Institution.

—Asset Allocation Strategies; Fixed-Income Strategies; Balanced Strategies (Fixed Income Portion); Alternative Strategies, International Equity and Managed ETF strategies; Global Strategies and Global Large Cap (International Portion)

As described above under Item 8 titled Methods of Analysis, Investment Strategies and Risk of Loss, our Asset Allocation Strategies, Fixed-Income Strategies, the fixed income portion of our Balanced Strategies and all or a portion of certain of our Alternative Strategies (such as the Global Hard Assets and Global Macro strategies) are implemented, for both discretionary SMAs and non-discretionary model accounts, using exchange-traded funds ("*ETFs*") our International and Global Equity strategies are typically implemented using equity securities. All client accounts within a particular investment strategy are generally treated alike with regard to the investment decisions made for that strategy. Confluence uses a rotational process to alternate the trading order between discretionary and non-discretionary accounts, and utilizes a random generator to determine the rotation among Eligible Broker/Dealers within each group.

—Value Equity Securities Strategies; Balanced Strategies (Equities Portion); Global Large Cap Strategy (Domestic Portion)

As described above under Item 8 titled Methods of Analysis, Investment Strategies and Risk of Loss, our Domestic Value Equity Strategies, the equities portion of our Balanced Strategies, our Global Large Cap Strategy (Domestic Portion), our Sector-Specific Strategies for both discretionary SMAs and non-discretionary model accounts, using equity securities of U.S. issuers and U.S. listed securities of non-U.S. issuers. All client accounts within one of these strategies are generally treated alike with regard to the investment decisions made for that strategy.

When Confluence purchases or sells an equity security within such a strategy for discretionary accounts, we use a random generator to alternate the trading order among Eligible Broker/Dealers with respect to such discretionary accounts which can include discretionary accounts for which Confluence does not have trading authority. In such a circumstance, Confluence may determine to provide notification to the respective Eligible Broker/Dealer and continue with the trade order, in which case Confluence will be trading concurrently with such Eligible Broker/Dealer. Alternatively, Confluence may determine to wait for trade confirmation from such Eligible Broker/Dealer before continuing with the trade rotation. Certain Financial Institutions that are model account clients may request that we assist in the implementation and execution of trades through such Financial Institution and, in such circumstances, trades are executed for such accounts after the execution of transactions for discretionary accounts as described in the preceding sentence. Financial Institutions with which we have non-discretionary accounts are notified using a random method, of purchase and sale recommendations after the execution of trades as described above.

—<u>Sector-Specific Strategies</u>

We may modify our policies for allocation of equity securities transactions in our Sector-Specific Strategies. In our BDC Strategy, we utilize a rotational process to alternate the trading order between discretionary accounts for which Confluence has discretion to select broker/dealers, on the one hand, and Wrap Accounts and other Designated Broker account on the other hand. Within the latter group, a random generator protocol is used to alternate the trading order among Eligible Broker/Dealers.

There will be circumstances that cause a particular Eligible Broker/Dealer to not be able to receive trade instructions in accordance with Confluence's trade rotation which will result in such entities moving to the end of the rotation. In such circumstances, such entities may receive different and perhaps less favorable prices for their transactions than they would have had such entities been able to receive the trade instructions in the original trade rotation.

Item 13—Review of Accounts

Investment personnel review discretionary account portfolios on a regular basis to ensure that investments are made in conformity with clients' stated objectives. Reviews are made in light of the client's stated investment objective, applicable economic or monetary developments, overall conditions in various markets and specific market and related developments affecting individual securities.

On a monthly or quarterly basis (as directed by each client), the client's Custodian sends reports to clients showing transactions for the period, portfolio holdings, performance reporting and appropriate commentary. For dual contract clients, Confluence sends quarterly portfolio appraisals that can be compared to the client statements provided by the Custodian. Investment commentary letters and additional information are periodically provided to clients as agreed to by Confluence and the client.

Item 14—Client Referrals and Other Compensation

From time to time, Confluence utilizes solicitors, who are persons who receive compensation for directly or indirectly soliciting clients for, or referring clients to, an investment adviser. Confluence may engage independent contractors for client referrals. For such referrals, Confluence would compensate the independent contractor with a percentage of fees relating to such referrals based on the level of services performed. Any such compensation would be paid pursuant to a written agreement that is in compliance with the applicable federal regulations and state law. Each prospective client so solicited is given a copy of Confluence's written disclosure statement and a separate written disclosure statement of the solicitor as required by applicable federal regulations prior to or at the time of entering into any advisory contract. There is no increase in the advisory fees payable to Confluence by the solicited persons as a result of the compensation paid to the solicitor, under any such solicitation agreement.

Item 15—Custody

Other than obtaining authorization for deducting investment management fees, Confluence does not take possession of client assets, and all discretionary and non-discretionary assets are held with the Custodian selected by the client. Clients should receive statements at least quarterly from the Custodian that holds and maintains the client's investment assets. Confluence reconciles accounts with custodial records and urges clients to carefully review such statements and compare such official custodial records to the account statements that Confluence may provide to the client. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16—Investment Discretion

For discretionary accounts, Confluence usually receives discretionary authority from the client at the outset of an advisory relationship to select securities and amount to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Confluence observes the investment policies, limitations and restrictions of the clients for whom it advises. Clients are able to restrict certain types of securities for social responsibility investing purposes or specific securities for other reasons. For registered investment companies, Confluence's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments.

Investment guidelines and restrictions must be provided to Confluence in writing.

Confluence does not have trading discretion over non-discretionary accounts, including certain UMA and model accounts.

Item 17—Voting Client Securities

Confluence is generally responsible for voting all proxies with respect to securities held in discretionary account portfolios we manage, if we are directed by the client or sponsor, and we keep such records as may be required in connection with such activity. Confluence utilizes Broadridge Financial Solutions, Inc., an outsourcing provider to the global financial industry, to vote, coordinate, process, manage and maintain electronic records of Confluence's proxy votes. Proxy statements received are voted using the Broadridge Proxy Policies and Insights Shareholder Value Template ("Proxy Policies and Insights"). Proxy Policies and Insights seeks to maximize shareholder value in proxy voting and is created using voting trends of large, top fund families that seek to maximize shareholder value. Proxy Policies and Insights produces data-driven voting guidelines that reflect majority voting trends based on logic described in the Proxy Policies and Insights Shareholder Value Template. Confluence has the ability to override these recommendations in the event Confluence determines that shareholder value is best served by voting differently than what management or the Proxy Policies and Insights Shareholder Value Template might recommend.

Proxy statements for the First Trust Specialty Finance and Financial Opportunities Fund under both the current and prior Confluence Proxy Voting Policy vote such proxies in the same proportion as the vote of all other shareholders of the fund (*i.e.* “echo vote” or ‘mirror vote”),

Upon a client's request, Confluence will provide to the client a copy of its Proxy Voting Policy as well as information concerning the voting of securities in such discretionary account portfolios. We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client’s account(s), including, but not limited to, the filing of “Proofs of Claim” in class action settlements.

Item 18—Financial Information

Confluence fees are generally payable quarterly in advance, although certain Wrap Sponsor firms bill fees in arrears. Confluence does not require such advance payment six months or more in advance of more than $1,200 in fees per client. Under applicable regulations, a balance sheet for Confluence is not required to be included in this Brochure. Confluence does not currently believe nor foresee any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients. Confluence has not been the subject of a bankruptcy petition.

This brochure supplement provides information about Confluence's Investment Team personnel that supplements the Confluence brochure. You should have received a copy of that brochure. Please contact Anne Kochevar, Chief Compliance Officer, at (314) 743-5298 if you did not receive Confluence's brochure or if you have any questions about the contents of this supplement.

Additional information about Confluence's Investment Team personnel is available on the SEC's website at www.adviserinfo.sec.gov

Confluence Investment Management LLC Investment Teams

Equity Strategies: All Cap Value; Equity Income; Increasing Dividend Equity Account (IDEA); Large Cap Value; Small Cap Value; Value Opportunities;

Mark Keller, CFA
Chief Executive Officer &
Chief Investment Officer

Daniel Winter, CFA
Chief Investment Officer – Value Equities

Chris Stein
Portfolio Manager

Tom Dugan, CFA
Portfolio Manager

Tore Stole
Director of Research

John Wobbe
Equity Analyst &
Asst. Dir. of Research

Joe Hanzlik
Equity Analyst

Dustin Hausladen
Equity Analyst

Kaisa Stucke, CFA
Equity Analyst

Blair Brumley, CFA
Equity Analyst

Brett Mawhiney, CFA
Equity Analyst

IDEA Plus: Equity Team listed above, plus:

John Laux
Senior Trader &
Options Strategist

Asset Allocation Strategies: Income; Income with Growth; Growth & Income; Growth; Aggressive Growth

Mark Keller, CFA
Chief Executive Officer &
Chief Investment Officer

William O'Grady
Chief Market Strategist

Gregory Ellston
Chief Investment Officer –
Asset Allocation

David Miyazaki, CFA
Portfolio Manager

Patty Dahl
Chief Financial Officer

Kaisa Stucke, CFA
Equity Analyst

Fixed Income Strategies: Taxable and Tax-Exempt

Mark Keller, CFA Chief Executive Officer & Chief Investment Officer	**William O'Grady** Chief Market Strategist

David Miyazaki, CFA Portfolio Manager	**Gregory Ellston** Chief Investment Officer – Asset Allocation	**Kaisa Stucke, CFA** Equity Analyst

Global Hard Assets Strategy

Mark Keller, CFA Chief Executive Officer & Chief Investment Officer	**William O'Grady** Chief Market Strategist
Kaisa Stucke, CFA Equity Analyst	**John Laux** Senior Trader & Options Strategist

Global Macro Strategy

Mark Keller, CFA Chief Executive Officer & Chief Investment Officer	**William O'Grady** Chief Market Strategist

Specialty Finance BDC Strategy

Mark Keller, CFA Chief Executive Officer & Chief Investment Officer	**David Miyazaki, CFA** Portfolio Manager	**Daniel Winter, CFA** Portfolio Manager

International Equity Strategies: International Growth; International Developed; Emerging Markets; International Opportunities; Global Developed

Mark Keller, CFA Chief Executive Officer & Chief Investment Officer	**William O'Grady** Chief Market Strategist	**Mark Anderson, CFA** Senior Vice President – International Equities
Gregory Tropf, CFA Senior Vice President – International Equities	**Matthew Sinkovitz** Vice President – International Equities	**Robert Tynes, CFA** Senior Vice President – International Equities

PROFESSIONAL CERTIFICATIONS

Select employees have earned certifications which are explained in detail below.

CHARTERED FINANCIAL ANALYST (CFA)

The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute. In order to earn the CFA designation, candidates must complete a series of three exams, hold a bachelor's degree from an accredited institution or have equivalent education or work experience as well as 48 months of qualified, professional work experience. CFA charter holders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

CERTIFIED PUBLIC ACCOUNTANT (CPA)

The Certified Public Accountant (CPA) designation is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA. Eligibility to sit for the Uniform CPA Exam requires a U.S. bachelor's degree which includes a minimum number of qualifying credit hours in accounting and business administration with an additional one year of study. CPAs are required to take continuing education courses in order to renew their license, and most states also require their CPAs to take an ethics course during every renewal period.

CERTIFICATE IN INVESTMENT PERFORMANCE MEASUREMENT® (CIPM®)

The Certificate in Investment Performance Measurement® (CIPM®) program is a specialized course of study that leads to the CIPM® designation—the only credential dedicated to investment performance evaluation and presentation. The program was developed by the CFA Institute to promote professional ethics; global best practices in investment performance measurement, attribution, appraisal, and reporting techniques; and proficiency in using the increasingly important Global Investment Performance Standards (GIPS)®. To earn the CIPM® certificate, candidates must pass two exams and have two years of professional experience substantially entailing performance-related activities or four years in the investment industry.

CERTIFIED INVESTMENT MANAGEMENT ANALYST® (CIMA®)

The Certified Investment Management Analyst® (CIMA®) certification is an advanced professional certification for financial advisors and investment consultants that provide sophisticated investment knowledge along with the practical tools to meet the real-world needs of individual and institutional investors. To earn the CIMA® designation, candidates must have three years of verifiable professional experience, complete an executive education program at one of three registered programs—The University of Chicago Booth School of Business, The Wharton School at the University of Pennsylvania, or the Yale School of Management—and pass a certification exam. CFA charter holders are not required to take the educational course in order to sit for the certification exam.

ACCREDITED INVESTMENT FIDUCIARY® (AIF®)

Accredited Investment Fiduciary® (AIF®) is a special financial designation that has been awarded by fiduciary company Fi360 since 2003. Fi360 grants the title to investment professionals who receive its course training in concepts and practices related to financial affairs.

Educational Background and Business Experience

Mark Keller, CFA

Chief Executive Officer and Chief Investment Officer

As Chief Investment Officer, Mark Keller oversees all of Confluence's investment strategies and investment operations including equity strategies, asset allocation and alternative investments. As an analyst, he focuses on Conglomerates and Special Situations. In addition to his active involvement in the investment decisions of the firm, Mark has been instrumental in product development. Mark has over 40 years of investment experience, with a focus on value-oriented equity analysis and management.

Prior to joining Confluence, Mark was a senior vice president of A.G. Edwards & Sons, Inc. and of Gallatin Asset Management, Inc., and was a member of the Board of Directors of both companies. From 1994 to May 2008, he was Chief Investment Officer of Gallatin Asset Management, Inc., and its predecessor organization, A.G. Edwards Asset Management, the investment management arm of A.G. Edwards, Inc. Mark and his team were responsible for the management of over $10 billion of assets across various equity, asset allocation and fixed income strategies.

From 1999 to 2008, Mark was Chairman of the A.G. Edwards Investment Strategy Committee, which set investment policy and established asset allocation models for the entire organization. He was a founding member of this body and served on it for over 20 years. Mark began his career with A.G. Edwards in 1978, serving as an equity analyst for the firm's Securities Research Department from 1979 to 1994. During his last five years in Securities Research, Mark was equity strategist and manager of the firm's Focus List.

Mark earned his Bachelor of Arts from Wheaton College (Illinois) and is a CFA charter holder.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

Mark Keller is a member of the board of directors of Benjamin Edwards, Inc. ("BEI"), the holding company of Benjamin F. Edwards & Company (BFEC), and has a private investment in the equity securities of BEI. Although he has no day to day decision making responsibilities for BEI, as a member of their board of directors, he is involved in the development of strategy, policy and other important matters affecting their firm. As part of his professional responsibilities with Confluence, he is involved in making investment decisions concerning portfolios of individual clients of BFEC. See disclosure of advisory services provided in Item 10 in the Disclosure Brochure.

BFEC and its representatives do not receive any additional or different sales compensation in connection with recommendations to clients concerning Confluence versus any other money manager under comparable circumstances. Confluence and Mr. Keller do not receive any additional or different compensation in connection with client investments placed with Confluence through BFEC versus those of any other investment firm similarly situated. Mr. Keller is compensated for his service as a board member of BEI on the same terms as other independent board members.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Mark Keller and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

William O'Grady

Chief Market Strategist

As Chief Market Strategist, Bill O'Grady performs market, economic and geopolitical research and is a member of the Asset Allocation Investment Committee. Bill also co-manages Confluence's Global Hard Assets portfolio, which focuses on tangible commodities investments. These strategies all rely on his top-down evaluations of the geopolitical environment, fundamental macroeconomic trends and technical patterns in the target markets. Additionally, Bill writes numerous reports for the firm, including the Daily Comment, Weekly Geopolitical Report, Asset Allocation Weekly and Quarterly Energy Comment, where he provides insights on these topics and discusses market effects.

Prior to joining Confluence, Bill served as Vice President and Chief Investment Strategist for Wachovia Securities. As Chief Investment Strategist, he provided short-term asset allocation advice for Wachovia's Advisory Services Group. In addition, Bill managed Wachovia's Global Macro Asset Allocation program, an ETF-based alternative asset program. Prior to this, Bill served in a variety of positions in his 19-year tenure at A.G. Edwards & Sons, Inc. including Chief Global Investment Strategist, Assistant Director of Market Analysis and Manager of Futures Research. He also served as a member of the A.G. Edwards Investment Strategy Committee. Previously, he was the International Economic and Administrative Officer of Mercantile Bank in St. Louis, developing country risk analyses for international lending activities.

In all, Bill has more than 30 years of experience following the energy, foreign exchange and futures markets. Bill is known for his geopolitical commentary along with his energy and currency background and is frequently quoted by such national media outlets as *The Wall Street Journal* and Bloomberg News.

Bill earned a master's degree in economics from St. Louis University and has undergraduate degrees in history and public administration from Avila College.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Bill O'Grady and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Patty Dahl

Chief Financial Officer

Patty Dahl is a member of the Asset Allocation Investment Committee. As Chief Financial Officer, she also leads finance and marketing functions for Confluence.

Prior to joining Confluence, Patty served for nine years as Managing Director – Private Equity at A.G. Edwards & Sons where she managed the firm's diversified private equity fund of funds portfolios. Her primary responsibilities included sourcing, evaluating, selecting and monitoring the private equity portfolios, which comprised buyout funds, venture capital funds and direct co-investments in private companies.

Before joining A.G. Edwards in 1999, Patty managed the private equity program for the University of California, which had over $1.4 billion committed to venture capital, buyout, subordinated debt and emerging markets private funds. Prior to joining the University of California, she was with Pacific Corporate Group (PCG), a La Jolla, California-based private equity consultant and gatekeeper to many large pension funds. Prior to working at PCG, Patty was with McDonnell Douglas Corporation, where she was a member of the two-person team responsible for the financial management of the company's $8 billion retirement funds.

Patty earned a Master of Business Administration from St. Louis University and a Bachelor of Science in business administration from Washington University in St. Louis.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Patty Dahl and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Daniel Winter, CFA

Chief Investment Officer – Value Equities

As Chief Investment Officer – Value Equities, Dan Winter chairs the firm's Equity Portfolio Management Committee. His responsibilities include directing the strategy implementation and trading execution for the equity portfolios. Dan, like all portfolio managers at Confluence, is also an analyst. His primary areas of coverage include the Financials and Information Technology sectors.

Prior to joining Confluence, Dan served as a portfolio manager and analyst with Gallatin Asset Management, the investment management arm of A.G. Edwards, Inc. While at Gallatin, Dan chaired the portfolio management team responsible for the firm's six value-oriented equity strategies. Additionally, Dan co-managed the First Trust/Gallatin Specialty Finance and Financial Opportunities Fund (NYSE: FGB) closed-end fund, primarily focused on Business Development Companies.

At Gallatin, Dan also served as a portfolio manager for the Cyclical Growth ETF and the Cyclical Growth and Income ETF portfolios, which were offered through variable annuities. He was also a member of the firm's Allocation Advisor Committee, which oversaw the A.G. Edwards exchange traded fund-focused strategies. Prior to joining the firm's Asset Management division in 1994, Dan served as a portfolio manager for A.G. Edwards Trust Company.

Dan earned a Master of Business Administration from Saint Louis University and a Bachelor of Arts in business management from Eckerd College. Dan is a CFA charter holder.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Dan Winter and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Gregory Ellston

Chief Investment Officer – Asset Allocation

Greg Ellston serves as Chief Investment Officer – Asset Allocation. In this role, Greg leads the Asset Allocation Investment Committee which is responsible for the firm's cyclical ETF strategies.

Prior to joining Confluence, Greg was Managing Director of Asset Allocation and Portfolio Construction for the Investment Management Group at TIAA-CREF for nine years. In this role, he initiated and constructed a discretionary management platform that grew to over $21 billion during his tenure. His group also provided oversight for another $20 billion in assets for a number of affiliates.

Before TIAA-CREF, Greg worked at A.G. Edwards as a vice president within the Gallatin Asset Management division, where he directed Manager Analysis and served as co-manager on the Cyclical Asset Allocation Portfolios. Prior to A.G. Edwards, Greg held roles at Rauscher Pierce Refsnes, Inc. and Stifel, Nicolaus & Company. Over the course of his more than 30 years of experience, Greg has been involved in building five fee-based platforms at three different firms, including separate accounts, open-end mutual funds and exchange-traded funds. He was involved in the first closed-end fund research effort and the first research group incorporating dedicated investment manager analysts.

Greg has served on the Securities Industry Association's Investment Company Committee and has been a member of Morningstar's Institutional Advisory Council. Greg earned his BBA from the University of Mississippi and his MBA from the A.B. Freeman School of Business at Tulane University.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Greg Ellston and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

David Miyazaki, CFA

Portfolio Manager

David Miyazaki is a portfolio manager at Confluence and manages the specialty finance portfolios with an emphasis on business development companies (BDCs). This work includes co-managing the First Trust Specialty Finance and Financial Opportunities Fund (NYSE: FGB). David is also a member of the Asset Allocation Investment Committee. In addition, he works with the firm's balanced portfolios, with a particular focus on the fixed income investments.

Prior to joining Confluence, David served as a portfolio manager and analyst with Gallatin Asset Management, the investment management arm of A.G. Edwards, Inc. David was responsible for separately managed accounts invested in individual stocks with a value discipline and co-managed the aforementioned FGB closed-end fund, then known as the First Trust/Gallatin Specialty Finance and Financial Opportunities Fund, as well as A.G. Edwards' ETF-based asset allocation program. In addition to portfolio management, David served as a member of the A.G. Edwards Investment Strategy Committee. As a strategist, he was responsible for the firm's quantitative asset allocation models, including its Cyclical Asset Allocation Program.

Prior to joining A.G. Edwards in 1999, David was a portfolio manager at Koch Industries in Wichita, Kansas, where he managed a short-term interest rate arbitrage portfolio Previously, he was a private placement debt analyst at Prudential Capital Group in Dallas, TX, a group that managed the world's largest portfolio of private placement debt, and worked as a mortgage bond trader for Barre & Company. He has over 25 years of financial experience, starting in the industry in 1991.

David earned a Bachelor of Arts in business administration from Texas Christian University and is a CFA charter holder.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

David Miyazaki provides investment advisory services to the Moneta Group that are solely related to product and ETF selection and unrelated to Confluence's business of providing specific investment recommendations for clients.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

David Miyazaki and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Chris Stein

Portfolio Manager

Chris Stein performs market research as a member of the Equity Investment Committee and has portfolio management responsibilities for all of Confluence's value equity investment strategies. Chris, like all portfolio managers at Confluence, is also an analyst. His primary areas of coverage include the Retail, Media and Industrials sectors.

Prior to joining Confluence, Chris spent seven years as a portfolio manager and analyst with Gallatin Asset Management, the investment management arm of A.G. Edwards, Inc. While at Gallatin, Chris was part of the portfolio management team responsible for Gallatin's value-oriented equity portfolios. His coverage was primarily focused on companies within the Consumer Discretionary sector. Additionally, Chris assisted the A.G. Edwards Trust Company in constructing and managing individual stock portfolios.

Before joining the Asset Management division in 2001, Chris was an associate analyst covering the Media & Entertainment sector for A.G. Edwards' securities research. Prior to A.G. Edwards, he was a financial consultant with Renaissance Financial.

Chris earned a Master of Business Administration from St. Louis University and has undergraduate degrees in accounting and finance from the University of Dayton.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Chris Stein and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Tom Dugan, CFA

Portfolio Manager

Tom Dugan performs market research as a member of the Equity Investment Committee and has portfolio management responsibilities for all of Confluence's value equity investment strategies, with a particular focus on the Increasing Dividend Equity Account (IDEA) strategy. Tom, like all portfolio managers at Confluence, is also an analyst. As an equity analyst, his primary areas of coverage include Insurance, Asset Management, Financial Tech and Industrials.

Tom has nearly 15 years of value-oriented equity research experience. Prior to joining Confluence, Tom served as an equity analyst with Gallatin Asset Management, the investment management arm of A.G. Edwards, Inc. At Gallatin, Tom's value-oriented research focused primarily on banks and insurance companies. Previously, Tom was an equity analyst with Martin Capital Management in Elkhart, Indiana.

Tom graduated summa cum laude with a Bachelor of Science in business administration in finance and economics from Rockhurst University. He earned his Master of Business Administration from the Kelley School of Business at Indiana University and is a CFA charter holder.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Tom Dugan and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Tore Stole

Director of Research

Tore Stole leads Confluence's market research efforts and chairs the firm's Equity Investment Committee. His research coverage includes Materials, Industrials and Consumer Staples.

Before joining Confluence, Tore spent the prior 18 years as an analyst with A.G. Edwards & Sons, Inc., the last eight years of which were with Gallatin Asset Management, the investment management arm of A.G. Edwards, Inc. Tore was part of the portfolio management team responsible for Gallatin's value-oriented equity portfolios. His coverage was primarily focused on Basic Industries, including chemicals and forest products, as well as the Food & Beverage sector.

Prior to joining the Asset Management division in 2000, Tore served as an equity analyst covering the pollution control, chemicals and paper & forest products industries. Tore has more than 30 years of experience covering stocks, starting in 1985 with Milwaukee-based Blunt Ellis & Loewi before moving to The Chicago Corporation in 1988.

Tore earned a Master of Business Administration from the University of Chicago and a Bachelor of Arts from the University of Illinois – Urbana.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Tore Stole and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

John Wobbe

Equity Analyst and Assistant Director of Research

John Wobbe is an equity analyst and a member of Confluence's Equity Investment Committee. His areas of coverage include the Health Care and Construction Materials sectors. John also serves as the firm's Assistant Director of Research.

Prior to joining Confluence, John served as an equity analyst with Gallatin Asset Management, the investment management arm of A.G. Edwards, Inc. John joined Gallatin in 2002 and was primarily responsible for the coverage of the Health Care industry. He also spent time covering the building material and business service industries.

Previously, John was an associate analyst for Ryback Management, the sub-advisor for the Lindner Funds. While at Lindner, John also maintained the position of Senior Fund Account and was responsible for the daily accounting for the Lindner Mutual Funds.

John earned his Bachelor of Science in accounting from the University of Missouri - St. Louis.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

John Wobbe and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Joe Hanzlik

Equity Analyst

Joe Hanzlik is an equity analyst and a member of Confluence's Equity Investment Committee. His areas of coverage include the Specialty Finance, Energy and Information Technology sectors.

Prior to joining Confluence, Joe served as a vice president in the Financial Institutions & Real Estate investment banking practice at A.G. Edwards & Sons. In 2006, he transitioned from technology to specialty finance, leveraging his previous experience in the insurance and financial services sectors. He has provided capital raising and M&A advisory services for a wide array of specialty finance and technology companies. Joe joined the A.G. Edwards Technology banking group in 2000, specializing in semiconductors and leading the firm's wireless communications banking efforts. Before joining A.G. Edwards, he was a manager in Corporate Finance with Deloitte & Touche in London. Previously, Joe worked with Deloitte & Touche in Omaha, Nebraska, in the audit and assurances group. Joe has worked in the financial industry for more than 25 years, starting in 1992.

Joe earned his Bachelor of Science in business administration and Master in Professional Accountancy from the University of Nebraska. He also has a Master of Business Administration from Washington University in St. Louis and is a Certified Public Accountant (CPA).

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Joe Hanzlik and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Dustin Hausladen

Equity Analyst

Dustin Hausladen is an equity analyst and a member of Confluence's Equity Investment Committee. His areas of coverage include Real Estate, Utilities, Leisure and Software Services.

Prior to joining Confluence, Dustin worked in the A.G. Edwards & Sons Investment Banking Group. As a member of the Financial Institutions and Real Estate practice, he assisted clients in raising over $7 billion in capital while advising numerous clients on strategic alternatives, dispositions and acquisitions. Before A.G. Edwards, Dustin worked at Credit Suisse First Boston in their Capital Markets group and worked within the operations and strategic development of different technology and healthcare start-up firms.

Dustin earned his Master of Business Administration, with honors, from the Stephen M. Ross School of Business at the University of Michigan. He graduated cum laude with a Bachelor of Science in engineering in bioengineering and mathematics from the University of Pennsylvania.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Dustin Hausladen and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Kaisa Stucke, CFA

Equity Analyst

Kaisa Stucke is an equity analyst and a member of the Equity Investment Committee. Her primary areas of coverage are the Health Care and Consumer Goods sectors. Kaisa is also a member of the Asset Allocation Investment Committee and works on the fixed income portfolios. Kaisa also contributes to the Global Hard Assets strategy where she covers the Metals and Mining sectors. She has previously contributed market commentary to the firm's Daily Comment and Weekly Geopolitical Reports.

Prior to joining Confluence, Kaisa served as a financial analyst for IPR International in Philadelphia. She has worked in Europe and the U.S., and has experience with the Estonian Stock Exchange and the National Bank of Estonia.

Kaisa graduated cum laude with a Bachelor of Arts in economics and mathematics from the University of Pennsylvania and is a CFA charter holder.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Kaisa Stucke and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

J. Blair Brumley, CFA

Equity Analyst

Blair Brumley joined Confluence in 2017 as an equity analyst and a member of Confluence's Equity Investment Committee. His primary areas of coverage include Industrials and related sectors, including Aerospace & Defense and Machinery, and Transportation.

Blair brings over 30 years of investment experience to the firm, starting his career with A.G. Edwards & Sons in 1986. Since that time, he has worked extensively on both the buy side – most recently at Columbia Management as well as The Boston Company – and the sell side, including stints with Credit Suisse First Boston, Dain Bosworth and Roulston and Company. His industry expertise has centered mostly on the Industrials sector and related areas such as multi-industry, all transports, automotive, agriculture, paper and packaging, engineering and construction, waste management and industrial distribution. Blair also brings experience in managing global portfolios and has analyzed and invested in companies headquartered and operating worldwide. Blair got his start producing a value investing product alongside Mark Keller, and has gone on to use many investment styles in addition to value investing, including core, yield and GARP approaches.

Blair earned his Bachelor of Science in business administration and Master of Business Administration from Washington University in St. Louis. Blair is a CFA charter holder.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Blair Brumley and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Brett Mawhiney, CFA

Equity Analyst

Brett Mawhiney is an equity analyst and a member of Confluence's Equity Investment Committee. His primary areas of coverage are Health Care and Software Services.

Prior to joining Confluence in 2018, Brett spent three years as an equity analyst at Rock Springs Capital in Baltimore, MD, a healthcare-dedicated hedge fund, where he was responsible for following healthcare services companies. Preceding his tenure at Rock Springs, Brett was an associate analyst at T. Rowe Price, where he performed equity research and portfolio management support for the Media & Telecom Fund and the New Horizons Fund, a small-cap growth strategy.

Brett graduated from Vanderbilt University with a Bachelor of Arts in economics, with minors in corporate strategy and financial economics. Brett is a CFA charter holder.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Brett Mawhiney and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

John Laux

Senior Trader and Options Strategist

John Laux handles the daily trading responsibilities at Confluence as well as designing and implementing the options strategy for the IDEA Plus portfolio. John has over 30 years of experience trading equities, options and futures.

Prior to joining Confluence, John served as Head Trader at Kennedy Capital and started his career as an Options Market Maker on the CBOE. John earned a Bachelor of Arts from the University of Missouri – Columbia.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

John Laux and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Mark Anderson, CFA
Senior Vice President – International Equities

Mark Anderson serves as a portfolio manager on the firm's International Equity Strategies Investment Committee. Prior to Confluence's acquisition of Gratry & Company in 2018, Mark served as a portfolio manager and managing director at Gratry, having joined the firm in 2000. Before joining Gratry, Mark was a portfolio manager with Renaissance Investment Management in Cincinnati, OH. His business experience includes positions with subsidiaries of Leucadia National Corp. as Assistant Treasurer of the Insurance Subsidiaries in New York, St. Louis and Philadelphia as well as Bank of America in St. Louis where he was an assistant vice president.

Mark earned both his MBA and Bachelor of Arts in mathematics/computer science from St. Louis University. He is a CFA charter holder and a member of the CFA Society of Cleveland.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Mark Anderson and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Gregory Tropf, CFA, CIPM®
Senior Vice President – International Equities

Gregory Tropf serves as a portfolio manager on the firm's International Equity Strategies Investment Committee. Prior to Confluence's acquisition of Gratry & Company in 2018, Gregory served as a portfolio manager and director of research at Gratry, having joined the firm in 1998. Before joining Gratry, Gregory spent 13 years as a senior investment analyst for the Centerior Energy Corporation.

Gregory earned both his MBA and Bachelor of Science in chemistry from John Carroll University, where he was a member of the business honor society Beta Gamma Sigma. He is a CFA charter holder and a member of the CIPM Association and the CFA Society of Cleveland.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Gregory Tropf and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Matthew Sinkovitz
Vice President – International Equities

Matthew Sinkovitz serves as a portfolio manager on the firm's International Equity Strategies Investment Committee. Prior to Confluence's acquisition of Gratry & Company in 2018, Matthew was a director and portfolio manager at Gratry. Matthew held several roles during his tenure at Gratry, having joined the firm in 2002 as a research associate, served as vice president-research from 2006 to 2015 before being promoted to director, and also assisted with marketing and client service efforts. Before joining Gratry, Matthew was a branch manager for Enterprise Corp.

Matthew earned his Bachelor of Arts in business administration from Malone University. He is a member of the CFA Society of Cleveland.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Matthew Sinkovitz and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Robert Tynes, CFA
Senior Vice President – International Equities

Robert Tynes serves on the firm's International Equity Strategies Investment Committee. Prior to Confluence's acquisition of Gratry & Company in 2018, Robert directed marketing and business development activities at Gratry, having joined the firm in 2007. Before joining Gratry, Robert was a senior investment specialist in the Private Client Group of JPMorgan. He also worked as a product manager for Goldman Sachs Asset Management and as national accounts manager for Ibbotson Associates.

Robert earned his MBA from Loyola University of Chicago and his BS/BA in finance/economics from the University of Missouri. He is a CFA charter holder and a member of the CFA Society of St. Louis. Robert also serves as the co-chairman of the Emerging Manager Committee of the Money Management Institute (MMI).

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Robert Tynes and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Educational Background and Business Experience

Michael Purcell, CIMA®, AIF®
Director of Institutional Relationships

As Director of Institutional Relationships at Confluence, Michael Purcell is responsible for the sales and servicing efforts with institutional consultants, mid-large market RIAs, foundations & endowments, multi-employer (Taft-Hartley) plans and family offices. Prior to joining Confluence, Michael served as Head of Distribution for Spouting Rock Asset Management, led the Corporate Retirement sales team at Manning & Napier and served as Director of Sales & Marketing, Wealth Management Group at Brandywine Global (Legg Mason).

Michael earned his Master of Business Administration (MBA) from the University of Notre Dame and his Bachelor of Science in finance from Arizona State University. Michael holds professional certifications from CIMA® (Certified Investment Management Analyst®) and AIF® (Accredited Investment Fiduciary®), along with a Series 65 (Uniform Investment Adviser Law Examination) license.

Item 3 – Disciplinary Information

There are no legal or disciplinary events that would be material to your evaluation of this supervised person providing investment advice.

Item 4- Other Business Activities

There are no outside business activities to report.

Item 5 – Additional Compensation

There is no additional compensation to report.

Item 6 – Supervision

Michael Purcell and all Confluence Investment Team professionals are supervised by policies and procedures relating to the provision of investment advice. These policies include preauthorization of all marketing materials, permanently recording all trading activity, reconciling accounts to custodians' records daily, and monitoring personal trading activities. For additional information regarding Confluence's supervisory activities, please call Mark Keller, Chief Executive Officer, at (314) 743-5091.

Privacy Notice

Privacy Policy

Confluence Investment Management LLC is committed to protecting your personal information to ensure your financial privacy. Because safeguarding your personal information is important to us, we will not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law and described below.

Information We Collect

We collect the following types of nonpublic personal information about you:

- Information you supply on applications or other forms, such as your name, address, social security number, assets, and income and similar information. We use this information in providing our investment advisory services to you.
- Information about your transactions with us or others, such as your account balance and account transactions. We use this information to evaluate your financial situation and provide better services to you.

Disclosure of Information

As permitted by law, we may disclose some or all of the information we collect, as described under "Information We Collect," to unaffiliated third parties to service your account and to provide services you request. Such unaffiliated third parties include:

- Companies that provide financial services, such as broker-dealers, banks, mutual fund companies and insurance companies.
- Non-financial companies, such as companies that assist us in marketing our services.
- Others who provide services to us, such as parties who provide technical support for our hardware and software systems and our legal and accounting professionals, as well as government agencies and other parties as permitted or required by applicable law.

The information we share with parties that provide us with marketing and other services is limited to information they need to perform their services and we require such parties to agree to use the information only for the purpose of performing their services.

Protection of Your Information

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide our services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information. We do not sell personal information to parties not affiliated with us for the purpose of marketing their services or products to you or for any other purpose, and we do not share your personal information with other parties except in the limited circumstance discussed above.

Continued Protection of the Privacy of Former Clients

Even if you are no longer our client, our privacy policy still applies to you.

Updates and Inquiries. As required by federal law, we will notify you of our privacy policy annually. We reserve the right to modify this policy at any time; however, if we do change it, we will notify you promptly. For questions about our policy, please contact us at compliance@confluenceim.com or 314-743-5090.

March 2019

CONFLUENCE INVESTMENT MANAGEMENT LLC
PROXY VOTING POLICIES AND PROCEDURES

1. Introduction

As a registered investment adviser, Confluence Investment Management LLC ("Confluence") has a fiduciary duty to act solely in the best interests of its clients. If the client is a registered investment company under the Investment Company Act of 1940 or the client requests Confluence to do so in writing, Confluence will vote proxy materials for its clients.

In cases where the discretionary client has delegated proxy voting responsibility and authority to Confluence, Confluence has adopted and implemented the following policies and procedures, which it believes are reasonably designed to ensure that proxies are voted in the best interests of its clients. In pursuing this policy, proxies should be voted in a manner that is intended to maximize value to the client. In situations where Confluence accepts such delegation and agrees to vote proxies, Confluence will do so in accordance with these Policies and Procedures. Confluence may delegate its responsibilities under these Policies and Procedures to a third party, provided that no such delegation shall relieve Confluence of its responsibilities hereunder and Confluence shall retain final authority and fiduciary responsibility for such proxy voting.

Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients; (b) disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

2. Voting Guidelines

Confluence has adopted the Broadridge Proxy Policies and Insights Shareholder Value Template ("Proxy Policies and Insights") to determine how each issue on proxy ballots is to be voted. The Proxy Policies and Insights is incorporated herein by this reference, and a copy of the Proxy Policies and Insights, as may be revised from time to time, is maintained with Confluence's proxy voting policy.

The Proxy Policies and Insights seeks to maximize shareholder value in proxy voting and is created using voting trends of large, top fund families that seek to maximize shareholder value. Proxy statements will be voted in accordance with this template unless:

- Confluence determines it has a conflict,
- Confluence investment team or portfolio manager determines there are other reasons not follow the Proxy Policies and Insights recommendation, or
- No recommendation is provided by the Proxy Policies and Insights, in which case Confluence will independently determine how a particular issue should be voted and such determination will be documented by the investment team.

In the event requests for proxies are received with respect to debt securities, Confluence will vote on a case by case basis in a manner it believes to be in the best economic interest of clients.

Any decisions regarding proxy voting where Confluence determines not to follow the Proxy Policies and Insights recommendation shall be determined by the Investment Committee or the Chief Investment Officer of Confluence. Confluence's Chief Compliance Officer must be notified of the decision and a memo regarding the reason for not following the Proxy Policies and Insights must be maintained in the security research file.

Confluence may determine not to vote a particular proxy, if the costs and burdens exceed the benefits of voting (e.g., when securities are subject to loan or to share blocking restrictions).

3. <u>Responsibility</u>

Confluence utilizes Broadridge Financial Solutions, Inc. ("Broadridge") an outsourcing provider to the global financial services industry, to coordinate, process, manage and maintain electronic records of Confluence proxy votes.

Confluence has adopted the Broadridge Proxy Policy and Insights. It is the responsibility of Confluence's respective investment team or Director of Research to at least annually, review the Proxy Policies and Insights for continued relevancy. Confluence's investment teams are also responsible for responding to any corporate actions as well as to vote any proxies for which a recommendation is not provided by Broadridge, unless it is determined that not voting is in the best interest of the client.

Confluence compliance is responsible for maintaining this policy, reviewing it at least annually, and updating it as required.

All proxy materials should be directed to Broadridge however if Confluence receives proxy statements on behalf of clients, the material should be forwarded to Broadridge unless the account is voted manually by Confluence. Confluence is not responsible for voting proxies it does not receive, but will make reasonable efforts to obtain missing proxies.

4. Registered Investment Companies

In cases in which the client is a registered investment company under the Investment Company Act of 1940, delegates proxy voting, Confluence will vote proxies pursuant to this policy. Where Confluence acts as a sub-adviser of a closed-end fund that invests in other investment company securities, and required by law, Confluence will vote such proxies in the same proportion as the vote of all other shareholders of the fund (*i.e.* "echo vote" or 'mirror vote"), unless otherwise required by law. When required by law, Confluence will also echo vote proxies of securities in unaffiliated investment vehicles. For example, section 12(d)(1)(F) of the Investment Company Act of 1940 requires echo voting of registered investment companies that sub-advise or manage securities of other registered investment companies.

5. Conflicts of Interest

In the event an employee determines that Confluence has a conflict of interest due to, for example, a relationship with a company or an affiliate of a company, or for any other reason which could influence the advice given, the employee will advise the Chief Compliance Officer and the Investment Committee, and the Investment Committee will decide whether Confluence should either (1) disclose to the client the conflict to enable the client to evaluate the advice in light of the conflict or (2) disclose to the client the conflict and decline to provide the advice.

Confluence shall use commercially reasonable efforts to determine whether a potential conflict may exist, and a potential conflict shall be deemed to exist only if one or more members of the Confluence Investment Committee (on which the Chief Investment Officer is a member) actually knows or should have known of the conflict. Confluence is sensitive to conflicts of interest that may arise in the proxy decision-making process and has identified the following potential conflicts of interest:

- A principal of Confluence or any person involved in the proxy decision-making process currently serves on the Board of the portfolio company.

- An immediate family member of a principal of Confluence or any person involved in the proxy decision-making process currently serves as a director or executive officer of the portfolio company.

- Confluence, any fund managed by Confluence, or any affiliate holds a significant ownership interest in the portfolio company.

This list is not intended to be exclusive. All employees are obligated to disclose any potential conflict to Confluence's Chief Compliance Officer.

If a material conflict is identified, Confluence management may (i) disclose the potential conflict to the client and obtain consent; or (ii) establish an ethical wall or other informational barriers between the person(s) that are involved in the conflict and the persons making the voting decisions.

Confluence will resolve identified conflicts of interest in the best interest of the client.

6. Oversight of Third Parties

Annually, the Broadridge Proxy Policies and Insights Shareholder Value Template will be reviewed by Confluence's Director of Research or his designee. Annually, Confluence compliance will request Broadridge SSAE 16/SOC 1 report, BCP/DR plan and any other documents necessary to evaluate Broadridge continuing ability to adequately provide services to Confluence and its clients.

Confluence compliance will perform periodic review of Broadridge through reports available on the Broadridge Proxy Edge site.

7. Client Requests for Information

All client requests for information regarding proxy votes, or policies and procedures, received by any employee should be forwarded to Confluence compliance. Confluence compliance will prepare a written response to the client with the information requested.

8. Disclosure

- Confluence will provide required disclosures in response to Item 17 of Form ADV Part 2A summarizing this proxy voting policy and procedures, including a statement that clients may request information regarding how Confluence voted client's proxies;
- Confluence will also disclose how clients may obtain a copy of the firm's proxy voting policies and procedures, however Confluence will not disclose how proxies were voted to third-party non-clients, and;
- Confluence shall make known its proxy voting policy in its advisory agreement or along with its advisory agreement.

9. Recordkeeping

The Chief Compliance Officer or his/her designate is responsible for maintaining the following records, however Confluence may rely on its third party service provider to retain certain records:

• proxy voting policies and procedures;

• proxy statements (provided, however, that Confluence may rely on the Securities and Exchange Commission's EDGAR system if the issuer filed its proxy statements via EDGAR or may rely on a third party as long as the third party has provided Confluence with a copy of the proxy statement promptly upon request);

• records of electronic votes cast and abstentions; and

• any records prepared by Confluence that were material to a proxy voting decision or that memorialized a decision.

Policy:
Revised: 2018-12