

FORM ADV
Part II – Page 1 **Uniform Application for Investment Adviser Registration**

Name of Investment Adviser: Confluence Investment Management LLC			
Address:	(Number and Street)	(City)	(State) (Zip Code)
349 Marshall Avenue, Suite 302, Saint Louis, MO 63119			Area Code: Telephone Number: (314) 743-5090

This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees.....	2
2	Types of Clients.....	2
3	Types of Investments.....	3
4	Methods of Analysis, Sources of Information and Investment Strategies.....	3
5	Education and Business Standards	4
6	Education and Business Background.....	4
7	Other Business Activities	4
8	Other Financial Industry Activities of Affiliations.....	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts.....	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion.....	6
13	Additional Compensation.....	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F
	Balance Sheet, if required.....	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.

FORM ADV
Part II – Page 2

Applicant:
Confluence Investment Management LLC

SEC File Number:
801-68723

Date:
8/20/2010

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate
% of total advisory billings from that service.
(See instruction below.)

Applicant:

- | | |
|---|------------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services | 99% |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services | _____ % |
| <input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above | _____ % |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription | _____ % |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above..... | _____ % |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may
use to evaluate securities | _____ % |
| <input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | _____ % |
| <input type="checkbox"/> (8) Provides a timing service | _____ % |
| <input checked="" type="checkbox"/> (9) Furnishes advice about securities in any manner not described above..... | 1% |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year,
provide estimates of advisory billings for that year and state that the percentages are estimates.)

- B. Does applicant call any of the services it checked above financial planning or some similar term? Yes No
☐ ☒

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input checked="" type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients — Applicant generally provides investment advice to: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input checked="" type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input checked="" type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV
Part II – Page 3

Applicant:	SEC File Number:	Date:
Confluence Investment Management LLC	801-68723	8/20/2010

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | <input type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options, or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV
Part II – Page 4

Applicant:	SEC File Number:	Date:
Confluence Investment Management LLC	801-68723	8/20/2010

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?

Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input checked="" type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... ☐ Yes ☒ No

(If yes, describe on Schedule F the partnerships and what they invest in>)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV
Part II – Page 5

Applicant:	SEC File Number:	Date:
Confluence Investment Management LLC	801-68723	8/20/2010

9. Participation or Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☐ A. As a principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sole to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No

☒ ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Investment personnel review each investment portfolio 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.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

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. Additional or different information is periodically provided to clients as agreed to by the Registrant and the client.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Confluence Investment Management LLC	SEC File Number: 801-68723	Date: 8/20/2010
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12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | | |
|-----|--|--|--------------------------------|
| (1) | securities to be bought or sold? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (2) | amount of the securities to be bought or sold? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (3) | broker or dealer to be used?..... | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |
| (4) | commission rates paid? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | | |
|----|--|--|---|
| A. | is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes
<input type="checkbox"/> | No
<input checked="" type="checkbox"/> |
| B. | directly or indirectly compensates any person for client referrals? | Yes
<input checked="" type="checkbox"/> | No
<input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or is registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?..... Yes ☐ No ☒

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Confluence Investment Management LLC	SEC File Number: 801-68723	Date: 8/20/2010
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- | | |
|---|-------------------------------------|
| 1. Full name of applicant exactly as stated on Item 1A of Part I of Form ADV:
Confluence Investment Management LLC | IRS Empl. Ident. No.:
26-1764456 |
|---|-------------------------------------|

Item 1.A.

Investment Advisory Services and Fees

Confluence Investment Management LLC ("Confluence") negotiates and enters into agreements to provide discretionary portfolio management and investment advisory services to individuals, institutions and investment companies sponsored by unaffiliated parties. Confluence also provides investment advice and management services as a non-discretionary investment adviser to certain clients, including other investment advisers. Confluence also intends to provide investment advisory services to investment vehicles it sponsors. Confluence provides investment advisory services for clients of a related person, Mariner Holdings, LLC through managing equity strategies in separately managed accounts.

Subject to applicable laws and regulations, Confluence retains complete discretion over the fees it charges to its clients, excluding supervisory services for Unit Investment Trusts. Upon entering into investment advisory or supervisory agreements, fees may be negotiated or 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 may make performance based fees available in certain situations. Confluence fees are generally payable quarterly in advance. The following fee schedules represent fees for investment services only, and do not include transaction or execution costs that may be incurred by the client. Confluence generally requires Advisor Based, Private Wealth and Institutional accounts to have minimum account values of \$100,000, \$500,000 and \$5 million, respectively. Transaction costs will vary depending on the broker/dealer used to execute trades.

Strategy

Asset Allocation	Large Cap, Equity Income, All Cap., Increasing Dividend Equity Account (IDEA) and Hard Asset		Small Cap, Value Opportunities, Global Macro and Listed Alternatives	
Advisor Based	Advisor Based		Advisor Based	
<u>Account Assets</u> <u>Annual Fee</u>	<u>Account Assets</u>	<u>Annual Fee</u>	<u>Account Assets</u>	<u>Annual Fee</u>
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	Private Wealth		Private Wealth	
<u>Account Assets</u> <u>Annual Fee</u>	<u>Account Assets</u>	<u>Annual Fee</u>	<u>Account Assets</u>	<u>Annual Fee</u>
First \$2,500,000 0.90%	First \$2,500,000	1.00%	First \$5,000,000	1.00%
Next \$2,500,000 0.80%	Next \$2,500,000	0.90%	Next \$5,000,000	1.00%
Over \$5,000,000 0.70%	Over \$5,000,000	0.80%	Over \$10,000,000	Neg.
Institutional	Institutional		Institutional	
<u>Account Assets</u> <u>Annual Fee</u>	<u>Account Assets</u>	<u>Annual Fee</u>	<u>Account Assets</u>	<u>Annual Fee</u>
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 anticipates that 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. In certain instances, clients may pay fees in advance, in which case upon termination, Confluence calculates the fee amount prorated through the termination date and refunds the difference to the client.

Confluence participates as an adviser providing investment management services to clients of wrap fee programs sponsored by Stifel, Nicolaus & Company, Incorporated, a subsidiary of Stifel Financial Corp (NYSE: SF), Robert W. Baird & Co. Inc., Benjamin F. Edwards & Company, and D.A. Davidson & Co. Confluence's services to the wrap fee clients are similar to its regular services provided to its other clients.

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Confluence Investment Management LLC	SEC File Number: 801-68723	Date: 8/20/2010
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1. Full name of applicant exactly as stated on Item 1A of Part I of Form ADV: Confluence Investment Management LLC		IRS Empl. Ident. No.: 26-1764456
Item 1.A. (continued)	<p>On November 17, 2008 the shareholders of First Trust Specialty Finance and Financial Opportunities Fund, formerly known as First Trust/Gallatin Specialty Finance and Financial Opportunities Fund (NYSE: FGB) voted to approve a new investment sub-advisory agreement with Confluence, as the Fund's investment sub-advisor. Confluence has been serving as the Fund's investment sub-advisor pursuant to an interim sub-advisory agreement since July 29, 2008, following the prior investment sub-advisor's resignation. Confluence entered into a sub-advisor agreement with First Trust Advisors L.P., the fund advisor, and the Fund with fees to be paid to Confluence based on a percentage of assets under management in the Fund.</p> <p><i>Non-Discretionary Advisory Services</i></p> <p>Confluence occasionally provides non-discretionary investment advisory services to certain clients, including other investment advisers, broker-dealers, account managers and fiduciaries. Such non-discretionary advice may take 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 or research reports. The non-discretionary advisory services, and related fees, are described in more detail below:</p> <p><i>Model Portfolios</i></p> <p>Currently, Confluence serves as a non-discretionary "Model Portfolio Provider" to BFE Asset Management ("BFEAM") in BFEAM's Asset Allocation strategies program ("BFEAM Program"). Under the program, Confluence provides non-discretionary recommendations to assist in the development of a portfolio of investments in industry and sector basket exchange-traded funds ("ETFs"), which are passively managed securities designed to track the performance of a specific industries, security type or country benchmark index, that BFEAM determines to be suitable for their clients using the BFEAM Program. Confluence's role is solely to provide research and portfolio recommendations to the program sponsors. BFEAM retains full discretion to accept, modify or reject Confluence's recommendations. The sponsors' clients are clients of each sponsor, not Confluence clients. Confluence's fees for non-discretionary management services are negotiable and Confluence does not maintain any standard fee schedule with respect to such services.</p>	
Item 4.B(8.)	Confluence may use any source of financial or other information available to it that is believed by Confluence to be relevant in determining the advice which it will render.	
Item 5	<p><i>Education and Business Standards</i></p> <p>Persons associated with Confluence whose duties relate to the provision of investment advice and generally required to have considerable professional experience and educational background. Confluence generally requires, at a minimum, a college degree, and preferably an MBA or other advanced degree, a CFA or comparable business experience for those employees providing investment advice to clients.</p>	
Item 6	<p><i>Education and Business Background of Principal Executive Officers and Individuals Who Provide Investment Advice to Clients</i></p> <p>Mark A. Keller (b. 1956) <i>Chief Executive Officer and Chief Investment Officer</i> Education: Bachelor of Arts – Wheaton College Professional Experience: 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. (1994 to May 2008); Chairman of A.G. Edwards' Investment Strategy Committee (1999-2008) Chartered Financial Analyst</p> <p>Brian N. Hansen (b. 1971) <i>President and Chief Operating Officer</i> Education: Master of Management Kellogg School of Management - Northwestern University Bachelors of Science in Commerce - DePaul University Professional Experience: Managing Director in the Financial Institutions & Real Estate investment banking practice at A.G. Edwards & Sons, Inc. Certified Public Accountant</p>	

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Confluence Investment Management LLC	SEC File Number: 801-68723	Date: 8/20/2010
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1. Full name of applicant exactly as stated on Item 1A of Part I of Form ADV:

Confluence Investment Management LLC

IRS Empl. Ident. No.:

26-1764456

Item 6 (continued)	<p>William D. O'Grady (b. 1956) <i>Executive Vice President and Chief Market Strategist</i> Education: Bachelor of Arts in History and Public Administration - Avila College Master of Economics - St. Louis University Professional Experience: Vice President and Chief Investment Strategist for Wachovia Securities. Chief Global Investment Strategist, Assistant Director of Market Analysis, and Manager of Futures Research for A.G. Edwards & Sons, Inc.</p> <p>Patricia A. Dahl (b. 1967) <i>Senior Vice President and Portfolio Manager</i> Education: Master of Business Administration - Saint Louis University Bachelors of Science in Business Administration - Washington University in St. Louis Professional Experience: Managing Director – Private Equity at A.G. Edwards & Sons, Inc.</p> <p>Joseph J. Hanzlik (b. 1968) <i>Sr. V.P., Chief Financial Officer and Chief Compliance Officer</i> Education: Master of Business Administration - Washington University in St. Louis Master of Professional Accountancy and Bachelors of Business Administration - University of Nebraska in Lincoln Professional Experience: Vice President in the Financial Institutions & Real Estate Group investment banking practice at A.G. Edwards & Sons, Inc. Certified Public Accountant</p> <p>David B. Miyazaki (b. 1968) <i>Senior Vice President and Portfolio Manager</i> Education: Bachelor of Arts – Texas Christian University Professional Experience: Portfolio Manager and Analyst with Gallatin Asset Management, Inc, a subsidiary of A.G. Edwards, Inc.; Member of the A.G. Edwards Investment Strategy Committee Chartered Financial Analyst</p> <p>Daniel T. Winter (b. 1970) <i>Senior Vice President and Portfolio Manager</i> Education: Bachelor of Arts – Eckerd College Master of Business Administration – Saint Louis University Professional Experience: Portfolio Manager and Analyst with Gallatin Asset Management, a subsidiary of A.G. Edwards, Inc. Chartered Financial Analyst</p> <p>Dustin A. Hausladen (b. 1975) <i>Vice President and Director of Business Development</i> Education: Master of Business Administration - University of Michigan Bachelor of Science in Engineering in Bioengineering and Mathematics - University of Pennsylvania Professional Experience: Member of the Financial Institutions & Real Estate Group investment banking practice at A.G. Edwards & Sons, Inc.</p> <p>Frederick C. Stein (b. 1974) <i>Vice President and Portfolio Manager</i> Education: Master of Business Administration - St. Louis University Bachelor of Science in Accounting and Finance - University of Dayton Professional Experience: Portfolio Manager and Analyst with Gallatin Asset Management, a subsidiary of A.G. Edwards, Inc.</p> <p>Tore L. Stole (b. 1952) <i>Vice President and Director of Research</i> Education: Master of Business Administration – University of Chicago Bachelor of Arts - University of Illinois Professional Experience: Analyst with Gallatin Asset Management, a subsidiary of A.G. Edwards, Inc.</p> <p>Thomas W. Dugan (b 1978) <i>Associate Vice President and Equity Analyst</i> Education: Master of Business Administration – Indiana University Bachelor of Science in Business Administration in Finance and Economics - Rockhurst Univ. Professional Experience: Equity Analyst with Gallatin Asset Management, a subsidiary of A.G. Edwards, Inc.; Equity Analyst with Martin Capital Management Chartered Financial Analyst</p> <p>John M. Wobbe (b. 1976) <i>Associate Vice President and Equity Analyst</i> Education: Bachelor of Science in Accounting - University of Missouri, Saint Louis Professional Experience: Equity Analyst with Gallatin Asset Management, a subsidiary of A.G. Edwards, Inc.</p>
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Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV Part II**

Applicant: Confluence Investment Management LLC	SEC File Number: 801-68723	Date: 8/20/2010
1. Full name of applicant exactly as stated on Item 1A of Part I of Form ADV: Confluence Investment Management LLC		IRS Empl. Ident. No.: 26-1764456

Item 8.C.	<p><i>Other Financial Industry Affiliations</i></p> <p>Tortoise Capital Advisors, L.L.C. ("Tortoise"), an investment advisor based in Leawood, KS (SEC Number: 801-61622) is a related person to Confluence with a minority equity ownership interest in Confluence. On September 15, 2009, Tortoise completed the sale of approximately 65% of the firm to Mariner Holdings, LLC ("Mariner"). Tortoise is an investment manager specializing in listed energy infrastructure, such as pipeline and power companies. Mariner is an independent investment firm focused on wealth and asset management. Confluence provides consulting services to Tortoise. David Schulte, a managing director of Tortoise, serves as a director of Confluence.</p> <p>Mark Keller is a member of the board of directors of Benjamin Edwards, Inc., the holding company of Benjamin F. Edwards & Company. Although he has no day to day decision making responsibilities for Benjamin Edwards, Inc., 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 B.F. Edwards & Company.</p> <p>B.F. Edwards & Company 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 Benjamin F. Edwards & Company versus those of any other investment firm similarly situated. Mr. Keller is compensated for his service as a board member of Benjamin Edwards, Inc. on the same terms as other board members.</p> <p>On May 7, 2008, First Trust Portfolios L.P., an affiliate of the Advisor, paid \$200,000 for an equity ownership interest in Confluence, which was subsequently converted into debt. Accordingly, First Trust Portfolios L.P. currently holds a promissory note from Confluence with a stated principal amount of \$200,000, an annual interest rate of 3.20% and a stated maturity date of June 30, 2015.</p> <p>Prior to several Confluence principals joining the firm, they previously managed investments at Gallatin Asset Management, Inc. ("Gallatin") for its affiliated brokerage firm, Wachovia Securities, LLC (n.k.a. "Wells Fargo Advisors"). On July 1, 2008, Confluence and Gallatin entered into an agreement whereby in exchange for allowing Confluence principals to continue managing legacy accounts at Wells Fargo Advisors and gaining access to the books and records solely for validating its performance track record, the firm shares a portion of these legacy account revenues with Gallatin. Gallatin subsequently assigned its contractual rights to an affiliate, Evergreen Investment Management Company, LLC ("Evergreen").</p>
Item 9. D.E.	<p><i>Participation or Interest in Client Transactions</i></p> <p>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 by a client. Confluence has adopted a Code of Ethics designed to ensure that those persons at the firm who are responsible for developing or implementing the firm's investment advice or who provide the investment advice to clients are not able to act thereon to the disadvantage of clients. The Code further prohibits Confluence's personnel from using any material non-public information in securities trading.</p> <p><i>Code of Ethics</i></p> <p>Pursuant to Rule 204A-1 under the Advisers Act, Confluence's Code of Ethics (the "Code") applies to all personnel of Confluence. The Code describes the standard of conduct required of personnel of Confluence and addresses potential conflicts of interest among Confluence, Confluence's advisory personnel and Confluence's advisory clients. Compliance with the Code is a condition of employment for all personnel, and a serious violation of the Code or related policies may result in dismissal.</p>
Item 10	A copy of the Code will be provided to clients upon request.
Item 12. A.B.	See Item 1 for general account minimums.

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Confluence Investment Management LLC	SEC File Number: 801-68723	Date: 8/20/2010
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1. Full name of applicant exactly as stated on Item 1A of Part I of Form ADV: Confluence Investment Management LLC		IRS Empl. Ident. No.: 26-1764456
Item 12. A.B. (cont.)	<p>For clients that choose not utilize a traditional financial advisor, Confluence may recommend that clients establish brokerage accounts with a preferred custodian, Fidelity Investments, to maintain custody of clients' assets and to effect trades for their accounts. Confluence does not custody client assets. The custodian sends statements directly to the clients. Confluence is independently owned and operated and not affiliated with this preferred custodian. These services provided by the preferred custodian are not contingent upon Confluence committing to the preferred custodian any specific amount of business (assets in custody or trading). The preferred 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 Confluence's client accounts maintained in its custody, a preferred custodian generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the preferred custodian or that settle into preferred custodian accounts.</p>	
Item 13.B.	<p>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. 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. In the event a client directs the use of a specific broker-dealer, the execution costs for the client may be higher than could be obtained by using a broker-dealer selected by Confluence. Such higher costs may result from the disparity of commission rates or prices among broker-dealers, the more limited ability of Confluence to negotiate lower commission rates or prices and the inability of the client to benefit from volume discounts Confluence may obtain from aggregating orders placed with other broker-dealers.</p> <p>It is Confluence's policy to allocate trades in a fair and equitable manner. Through a systematic rotation policy, Confluence rotates the trading order of each brokerage firm and then randomly allocates the executed trades to the various clients. In addition, the Firm rotates the order of each investment product it manages to ensure one investment vehicle is not at a disadvantage to another.</p>	
Additional Information	<p>Confluence has entered into a solicitation agreement with a solicitor that is not affiliated with Confluence. Under this agreement, Confluence compensates the solicitor in the amount of 30% of the fees for five years and 20% of the fees thereafter earned by Confluence related to certain assets of persons solicited by the solicitor and managed by Confluence. 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 this solicitation agreement. Confluence may engage other 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 federal regulations as set forth in 17 CFR Section 275.206(4)-3, and in each state where state law requires. 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 17 CFR Section 275.206(4)-3 prior to or at the time of entering into any advisory contract.</p> <p><i>Business Continuity</i></p> <p>Confluence has adopted a business continuity strategy that provides for the continuation of business critical functions in the event its primary offices become partially or totally inaccessible, or a technical problem occurs affecting its applications or network. The recovery strategies Confluence employs are designed to limit the impact on clients from such business interruptions or disasters. Although Confluence has taken reasonable steps to develop and implement detailed business continuity plans, unforeseen circumstances may create situations where Confluence is unable to fully recover from a significant business interruption. However, Confluence believes its planning and implementation process reduces the risk in this area.</p>	

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant: Confluence Investment Management LLC	SEC File Number: 801-68723	Date: 8/20/2010
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1. Full name of applicant exactly as stated on Item 1A of Part I of Form ADV:
Confluence Investment Management LLC

IRS Empl. Ident. No.:
26-1764456

Additional
Information (cont.)

Layering of fees

Confluence sub-advises a closed-end fund for which it receives fees from the fund for managing the investments. This closed-end fund invests in business development companies that, in turn, receive management fees for managing investments. As such, the closed-end fund's direct fees and expenses, including the applicable management fee to the advisor and sub-advisor, coupled with the compensation of the underlying managers, results in two levels of fees and greater expense than would be associated with direct investment. 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.

Offering Participation

From time to time, Confluence is presented with an opportunity to participate in public offerings. Typically, a firm is only allowed to participate in public offerings if it is willing to sign a customary lock-up agreement whereby the firm is precluded from selling shares for a predetermined period post offering. Since Confluence manages separate managed accounts (SMA) where a client can request immediate termination and liquidation, the firm would be unable to always meet potential lock-up provisions if a client requested such termination. Accordingly, Confluence does not allow its SMA clients to participate in public offerings. In contrast, the First Trust Specialty Finance and Financial Opportunities Fund can accommodate a lock-up and thus, it is allowed to participate in public offerings.

Proxy Voting

Confluence is generally responsible for voting all proxies with respect to securities held in the portfolios managed by it and keeps such records as may be required in connection with such activity. Confluence utilizes Broadridge Financial Solutions, Inc. (NYSE: BR), an outsourcing provider to the global financial industry, to coordinate, process, manage and maintain electronic records of Confluence's proxy votes. 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 shares in the managed portfolios.