Balanced Increasing Dividend Equity Account (IDEA) 60/40

September 30, 2026

Overview

Balanced IDEA 60/40 is an efficient way for long-term investors to combine **equity** and **fixed income** exposure in a single account, with a target allocation of 60% equity and 40% fixed income. The equity allocation invests in high-quality companies that have consistently paid or increased their dividends over the last 10 years, while the fixed income portion utilizes fixed income taxable bond Exchange Traded Funds (ETFs) diversified across maturities and sectors. Balanced IDEA 60/40 is designed for clients seeking capital appreciation and dividend income from equities, along with the stability and lower volatility traditionally available from bonds.

- ***Increasing Dividend Equity Account (IDEA) (60%)***: The equity allocation utilizes Confluence's IDEA strategy, which invests in mid-to-large capitalization companies with long track records of distributing earnings to shareholders through dividends. Security selection, position sizes, industry/sector exposures, and valuation considerations are applied through Confluence's disciplined value equity portfolio management process. Stocks are selected using established criteria to create the initial investable universe coupled with a bottom-up, fundamental valuation approach to construct a well-diversified portfolio of companies that have the potential for continued dividend growth.
- ***Fixed Income (40%)***: The fixed income allocation utilizes Confluence's Fixed Income Taxable strategy, which invests in fixed income taxable bond ETFs with domestically oriented, investment-grade benchmarks and is constructed similarly to a traditional, laddered bond portfolio. Portfolio duration, sector allocations, and laddered maturity exposures are actively managed through Confluence's fixed income portfolio management process, driven by consensus views of the investment committee.
- ***Rebalancing***: Allocations are regularly monitored for general market drift. As drift occurs, portfolios are rebalanced closer to target.

Portfolio Holdings[1]

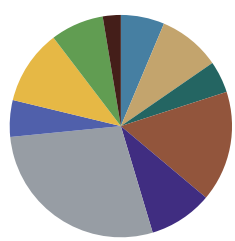
Overall Portfolio Characteristics			
Avg. Portfolio Yield	3.4%		
Equity Dividend Yield	2.2%	# of Equity Positions	49
Fixed Income SEC Yield	5.2%	# of Fixed Income Positions	8-15

Equity Investments

Market Cap	
Largest Market Cap ($B)	3,808.6
Median Market Cap ($B)	48.8
Smallest Market Cap ($B)	5.1

5 Largest Holdings	Weight
Expeditors Int'l of Washington Inc.	1.7%
Nordson Corp.	1.6%
Chevron Corp.	1.5%
Chubb Ltd.	1.5%
Ecolab Inc.	1.5%

Sector Allocation

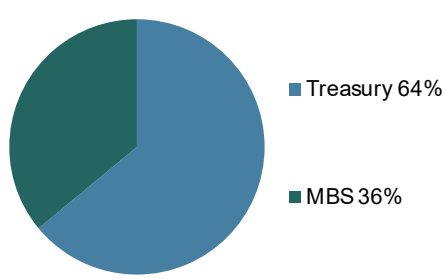


Fixed Income Investments

Characteristics	Weighted Average
Duration (years)	5.3
Maturity (years)	6.6
ETF Expense Ratio	0.06%
Rating Characteristics	**Weight**
AAA	1.0%
AA	99.0%
A	0.0%
BBB	0.0%
BB or Below	0.0%

5 Largest Holdings	Weight
SPDR Portfolio Mortgage Backed Bond ETF	7.3%
iShares MBS ETF	6.5%
iShares iBonds Dec 2034 Term Treasury ETF	4.2%
iShares iBonds Dec 2035 Term Treasury ETF	4.1%
iShares iBonds Dec 2031 Term Treasury ETF	4.0%

Sector Allocation



See GIPS Report on pages 3-4

Equity Investment Process

IDEA Security Screen Criteria

The initial security screen for the IDEA portfolio includes the following criteria:

Consistent, Growing Dividends:

- Consecutive dividends paid over the last 10 years
- No dividend reductions in the last 10 years
- Dividend raised in 7 of the last 10 years
- Dividend yield greater than 1%

IDEA Criteria Indicate:

- Stable and growing cash flow
- High-quality companies
- Moderate to low levels of debt

IDEA Portfolio Construction

- Approximately 180 companies meet the initial IDEA criteria:
  - Diversified across industries and market capitalizations
  - Narrowed universe is 50% large cap, 40% mid-cap, 10% small cap
- Value-based approach utilizes Confluence's internal 10-member research team to evaluate the business and valuation
- High-quality companies selected possess sustainable competitive advantages, are less capital intensive and less cyclical, and have lower debt leverage and growing cash flow
- Based on internal research, the portfolio management team can make special exceptions for companies that have growing dividends but do not pass all of the initial security screen criteria
- Portfolio management team constructs a well-diversified portfolio consisting of 49 names that have the potential for continued dividend growth and trade at attractive valuations

How is IDEA Different?

- Fundamental research in addition to the IDEA criteria
- Not just about dividends and yield, but about growing dividends
- New accounts are fully invested at inception
- A separately managed account – you know what you own
- An established approach – no new twists

Fixed Income Investment Process

High-Quality Investments & Committee Oversight

We invest in high-quality, fixed income ETFs following investment-grade benchmarks with domestic orientation, diversified across maturities and corporate, Treasury, and MBS sectors.

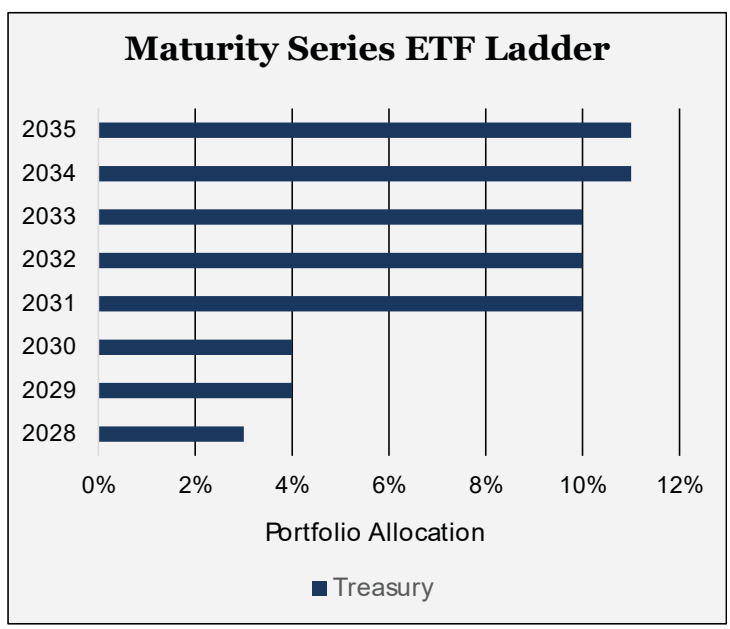
- Similar characteristics to traditional bond ladder by combining use of maturity-date ETFs with traditional fixed income ETFs
- Portfolio duration and maturity may be adjusted to be longer, shorter, or in line with the benchmark
- Sector allocations incorporate the investment committee's viewpoints on Fed policy, shape of the yield curve, relative yields, credit spreads, default rates, and other market factors
- Larger allocations may be directed to certain ETFs to alter the amount of credit or interest rate risk in the portfolio
- Continuously monitored and rebalanced at least annually

Diversified Bond Ladder Structure

Portfolio Construction Utilizes a Range of Maturity-Date ETFs

- ETFs hold large pools of bonds that mature near to, but always before, a specified end date; with the passage of time, the average maturity naturally shortens, thereby replicating some characteristics of an individual bond
- Maturity-series ETFs have more credit risk diversification, while oftentimes also providing liquidity improvement, relative to an individual bond
- We use ladder "rungs" from end dates ranging between 2028 and 2035, with more emphasis in the middle of the range
- We believe this laddered approach positions investors to participate in a wider range of yields, while also providing a mechanism to help address the risk of rising interest rates

The bond ladder is complemented by traditional fixed income ETFs with "static" maturity profiles, allowing for more precise exposures to maturities and sectors of the bond market.



Performance Composite Returns[2] (for periods ending September 30, 2026)

	Since Inception**	15-Year*	10-Year*	5-Year*	3-Year*	1-Year	YTD	QTD
Balanced IDEA 60/40 *Pure Gross-of-Fees*[3]	7.8%	8.1%	6.7%	3.5%	6.8%	(0.8%)	(0.1%)	(2.7%)
Max Net-of-Fees[4]	4.6%	4.9%	3.6%	0.4%	3.7%	(3.7%)	(2.3%)	(3.4%)
Benchmark 1 (60% R3000V / 40% BB-Agg)	8.2%	8.6%	7.4%	6.8%	13.5%	12.9%	10.0%	0.0%
Benchmark 2 (60% S&P 500 / 40% BB-Agg)	9.8%	10.1%	9.7%	8.0%	15.1%	8.5%	6.4%	0.0%

Calendar Year	Pure Gross-of-Fees[3]	Max Net-of-Fees[4]	Benchmark1 (60% R3000V/ 40% BB-Agg)	Benchmark2 (60% S&P500/ 40% BB-Agg)	Difference (Gross-Bchmrk1)	# of Portfolios	Composite wAssets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	60% R3000V/ 40% BB-Agg 3yr Std Dev	60% S&P 500/ 40% BB-Agg 3yr Std Dev	Composite Dispersion
2011**	4.1%	3.0%	3.7%	3.3%	0.4%	1	$493	$937,487	N/A	N/A	N/A	N/A
2012	8.9%	5.7%	12.2%	11.3%	(3.4%)	4	$1,294	$1,272,265	N/A	N/A	N/A	N/A
2013	17.9%	14.4%	17.8%	17.6%	0.1%	4	$1,263	$1,955,915	N/A	N/A	N/A	0.1%
2014	9.4%	6.2%	10.0%	10.6%	(0.6%)	4	$1,629	$2,589,024	5.3%	5.6%	5.5%	0.3%
2015	1.1%	(1.9%)	(2.1%)	1.3%	3.2%	6	$2,028	$3,175,419	6.0%	6.5%	6.4%	0.1%
2016	10.8%	7.6%	12.1%	8.3%	(1.2%)	8	$3,006	$4,413,659	5.7%	6.4%	6.3%	0.3%
2017	13.2%	9.9%	9.3%	14.2%	3.9%	10	$6,600	$5,944,479	5.2%	5.9%	5.8%	0.3%
2018	(2.6%)	(5.4%)	(5.0%)	(2.4%)	2.4%	7	$5,293	$5,486,737	6.1%	6.4%	6.4%	0.3%
2019	22.0%	18.4%	19.3%	22.2%	2.7%	7	$5,504	$7,044,708	6.9%	7.0%	7.1%	0.3%
2020	11.0%	7.7%	5.7%	14.7%	5.3%	20	$11,435	$6,889,798	10.5%	12.1%	11.3%	0.7%
2021	13.2%	9.9%	14.1%	15.8%	(0.9%)	30	$19,368	$7,761,687	10.1%	11.6%	10.5%	0.2%
2022	(8.6%)	(11.3%)	(9.7%)	(15.8%)	1.2%	38	$16,513	$6,931,635	12.6%	13.9%	13.8%	0.2%
2023	7.4%	4.2%	9.3%	17.7%	(1.9%)	49	$19,349	$7,200,019	11.2%	11.9%	12.5%	0.4%
2024	6.1%	3.0%	8.9%	15.0%	(2.7%)	45	$16,254	$7,280,773	11.5%	12.5%	12.7%	0.2%
2025	7.0%	3.8%	12.4%	13.7%	(5.3%)	36	$13,936	$6,769,052	8.5%	9.4%	8.7%	0.2%

**Average annualized returns* ***Inception is 9/1/2011* *See performance disclosures on last page.*

Portfolio Benchmarks

Custom blended benchmarks, calculated monthly: ***60% Russell 3000 Value / 40% BB-Agg 60% and S&P 500 / 40% BB-Agg*** *(Source: Bloomberg)*

Russell 3000® Value Index – Capitalization-weighted index designed to measure performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values;

S&P 500® Index – Capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries;

BB-Agg - Bloomberg US Aggregate Bond Index

For more information, contact a member of our Sales Team:

(314) 530-6729 or sales@confluenceim.com

See Territory Map on the Confluence website for sales coverage

Investment Teams

Confluence Value Equities Investment Committee

Mark Keller, CFA	Tore Stole	Tom Dugan, CFA	Dustin Hausladen	Brett Mawhiney, CFA	John Koenig, CFA
Dan Winter, CFA	John Wobbe	Joe Hanzlik	Blair Brumley, CFA	Ben Kim, CFA	

Confluence Fixed Income Strategy Committee

Mark Keller, CFA	David Miyazaki, CFA	Patrick Fearon-Hernandez, CFA
Greg Ellston	Kaisa Stucke, CFA	Daniel Ortwerth, CFA

Disclosures

[1] **Portfolio Holdings**—All investments carry a certain degree of risk, including possible loss of principal. It is important to review your investment objectives, risk tolerance & liquidity needs before choosing an investment style or manager. Each asset class is subject to market risk & may decline in value due to adverse company, industry or general economic conditions. There can be no assurance that any investment objective will be achieved. Avg. portfolio yield: blended yield consists of 60% of the equity portfolio yield plus 40% of fixed income portfolio yield as of the date shown. Equity portfolio yield: IDEA composite level weighted average yield, calculated based on annualized current dividends; source: FactSet. Fixed income portfolio yield: 30-day SEC yield of the Fixed Income Taxable model portfolio holdings as of the date shown; source Morningstar. Sector weightings/holdings of individual client portfolios in the strategy may differ, sometimes significantly, from these listings. Duration and maturity figures shown are based on holdings in the Fixed Income Taxable composite as of the date shown. ETF expense ratio is the weighted average expense based upon the holdings as of the date shown. ETF expense ratio is in addition to Confluence management fees. Rating categories reflect S&P ratings; source: Morningstar.

[2] **Performance Composite Returns—Confluence Investment Management LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Confluence Investment Management LLC has been independently verified for the periods August 1, 2008, through December 31, 2025. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards.**

Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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The Balanced Increasing Dividend Equity Account (IDEA) 60/40 strategy was incepted on September 1, 2011, and the Balanced Increasing Dividend Equity Account (IDEA) 60/40 Composite was created on April 1, 2023. Confluence Investment Management LLC is an independent registered investment adviser. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. The US Dollar is the currency used to express performance. Returns are presented gross and net of all fees and include the reinvestment of all income.

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

[4] Net-of-fee performance was calculated using the highest applicable annual bundled fee of 3.00% applied quarterly. This fee includes brokerage commissions, portfolio management, consulting services and custodial services. The Confluence fee schedule for this composite is as follows: 0.52% on the first $500,000; 0.47% on the next $500,000; and 0.42% over $1,000,000. There are no incentive fees. Clients pay an all-inclusive fee based on a percentage of assets under management. The collection of fees produces a compounding effect on the total rate of return net of fees. Bundled fee accounts make up 100% of the composite for all periods. Actual investment advisory fees incurred by clients may vary. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor.

A complete list of composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The annual composite dispersion is an equal-weighted standard deviation, using gross-of-fee returns, calculated for the accounts in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite gross returns over the preceding 36-month period. The Balanced IDEA 60/40 Composite contains fully discretionary Balanced IDEA 60/40 wrap accounts. Balanced IDEA 60/40 combines equity and fixed income allocations in a single account. The equity portion is selected from a universe of stocks, from all market capitalizations, meeting minimum criteria of paying and increasing dividends over the last 10 years. The fixed income portion is invested in taxable fixed income Exchange Traded Funds (ETFs), diversified across maturities and sectors.

**Results shown for the year 2011 represent partial period performance from September 1, 2011, through December 31, 2011.

N/A- Composite Dispersion: Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. N/A- 3yr Std Dev: Composite does not have 3 years of monthly performance history.