



Market Commentary

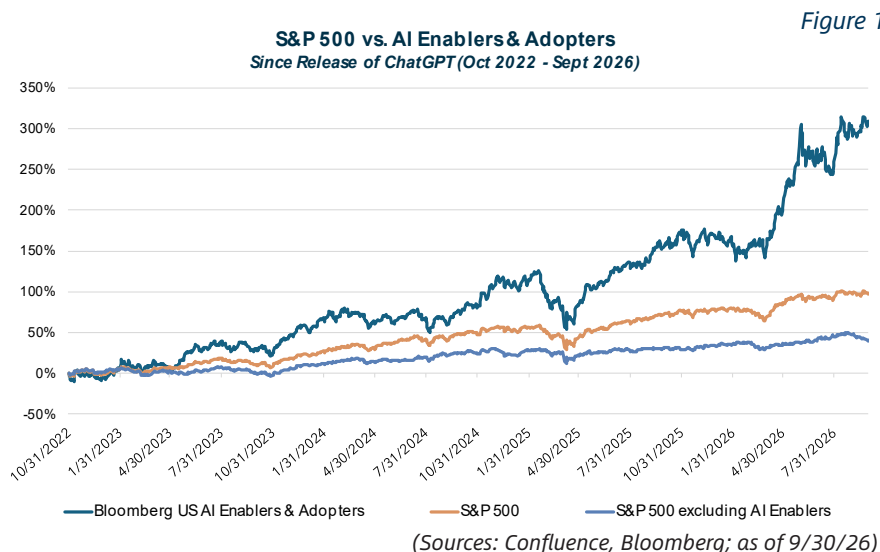
Value Equity Strategies



Third Quarter 2026

"Men, it has been well said, think in herds; it will be seen that they go mad in herds, while they only recover their senses slowly, and one by one." – Charles Mackay, *Extraordinary Popular Delusions and the Madness of Crowds* (1841)

Investors remain captivated by the potential of artificial intelligence (AI), and this enthusiasm has carried the equity markets. The euphoria appears unbridled but narrow, with concentration continuing to build (see Figure 1). While equities managed to rally, the bond market sold off sharply: the 10-year Treasury yield surged 85 bps to 5.3%, its highest level since 2007. On the geopolitical front, the re-escalation in Iran and the breakdown of the US-Iran framework deal drove oil prices higher, with Brent crude up 42% and WTI up 30%. Inflationary pressures, aggravated by the energy spike, remain elevated and well above the Fed's 2.0% target. In September, this led to the first rate hike since 2023. Meanwhile, the economy and earnings remain exceptionally strong, supported primarily by spending on AI infrastructure and energy. For now, the equity markets are looking past the sharp rise in rates.



Overall index returns were positive for the quarter, with the S&P 500 Index up 2.3%, but gains were driven by a small number of AI-focused names, as has been the case for much of the past few years. Year-to-date, the median stock is up only 2.6% compared with 12.7% for the overall S&P 500, and 45% of constituents posted negative returns. The top 10 names, all tech-related, contributed 67% of the index's year-to-date return.

More surprisingly, returns have skewed sharply in favor of value: the Russell 1000 Value Index is up a whopping 19.3% year-to-date versus only 6.3% for the Russell 1000 Growth Index. This seems counterintuitive amid the AI trade, given the Growth index's far larger Technology weighting (56% versus 21% for the Value index; see Figure 2). Technology and Energy led performance for both the quarter and the year, including double-digit YTD returns, while seven of the 11 sectors posted negative returns in the quarter.

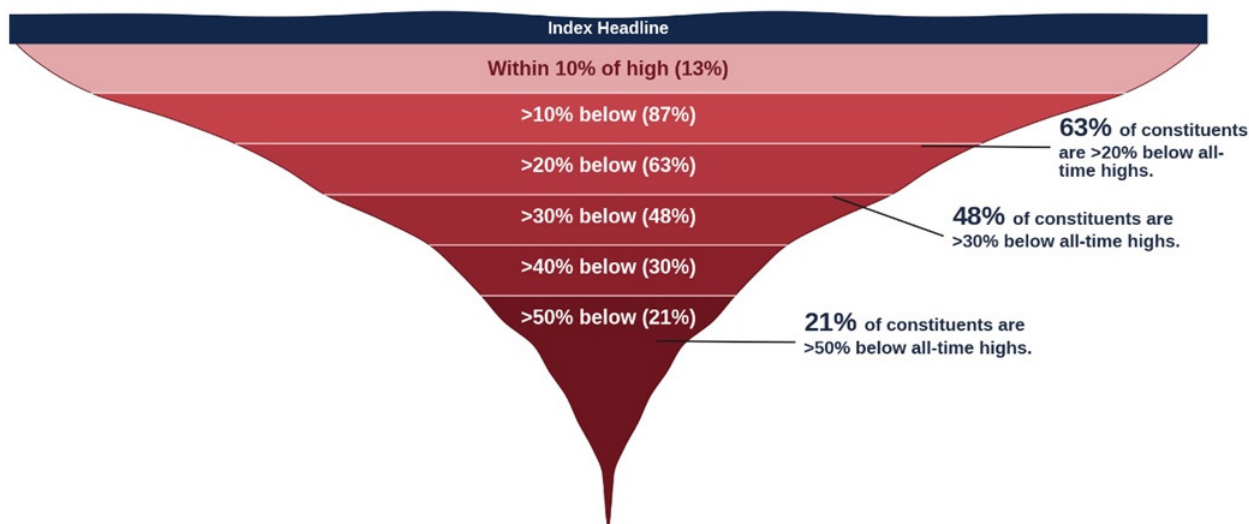
Figure 2 - Returns by Sector

	Energy	Materials	Financials	Industrials	Cons. Disc.	Tech.	Comm. Services	Real Estate	Health Care	Cons. Staples	Utilities	S&P 500
S&P 500 weight	3.4%	1.7%	11.4%	8.0%	8.6%	39.7%	9.9%	1.7%	9.3%	4.4%	1.9%	100.0%
Russell Growth weight	0.5%	0.2%	4.5%	7.4%	7.2%	56.4%	16.5%	0.4%	5.4%	1.2%	0.2%	100.0%
Russell Value weight	6.2%	3.6%	18.3%	10.5%	10.2%	20.6%	3.4%	3.4%	13.3%	7.2%	3.4%	100.0%
QTD	17.2	-2.8	-0.1	-9.7	-5.1	7.2	3.6	-5.6	6.5	-1.9	-12.4	2.3
YTD	40.3	8.8	-1.3	8.5	-5.8	28.4	4.5	5.3	10.2	6.0	-5.7	12.7

(Source: JP Morgan Asset Management; Guide to the Markets®, US 4Q 2026, as of September 30, 2026)

The market's lack of breadth reflects the small subset of stocks driving returns. A bear market is defined as a decline of 20% or more from peak, and despite the S&P 500 posting new highs, over 60% of its constituents are trading at least 20% below their all-time highs (see Figure 3, next page). For perspective, at the height of the dot-com bubble in March 2000, that figure reached 71%, a condition dubbed a "stealth bear market."

Figure 3 - The majority of the S&P 500 is already in a structural bear market



Context: By market value, 66% of IVV's weight sits within 20% of an all-time high, while 63% of its names are more than 20% below theirs. Median constituent: 27.5% below its high.

(Sources: Confluence, Bloomberg, FactSet, iShares Core S&P 500 ETF (IVV) holdings as of 9/30/26)

The Russell 1000 Value is experiencing similar narrowness. Year-to-date, its median return is only 2%, and close to half its constituents have negative total returns. Meanwhile, the top 20 names accounted for 75% of the index's year-to-date return.

This concentration is exposing a methodological flaw in "passive" style indexes: their risk profiles are fluid. We have written extensively about this phenomenon to help keep clients' investments aligned with their risk profiles, which are usually more constant (see related [Value Equity Insights](#) reports). The tables in Figure 4 show the dramatic changes in the Russell 1000 Value Index from May 2025 to late June 2026, following the index's annual style reconstitution. Over that span, the concentration of the top 10 names and the price-to-earnings ratio nearly doubled, while the dividend yield was cut in half.

Figure 4 - Russell 1000 Value Risk Profile Changes in Just 13 Months

Pre-June 2025 Reconstitution				Post-June 2026 Reconstitution			
Name	Wgt (%)	PE	Yield	Name	Wgt (%)	PE	Yield
Berkshire Hathaway Inc. (Class B)	3.7%	25x	0.0%	Amazon.com, Inc.	5.9%	27x	0.0%
JPMorgan Chase & Co.	3.0%	14x	2.0%	Apple Inc.	5.4%	33x	0.4%
Exxon Mobil Corp.	1.8%	16x	3.6%	Microsoft Corp.	3.9%	22x	1.0%
Walmart Inc.	1.7%	38x	0.8%	Berkshire Hathaway Inc. (Class B)	2.6%	24x	0.0%
Johnson & Johnson	1.5%	15x	3.4%	JPMorgan Chase & Co.	2.5%	15x	1.8%
The Procter & Gamble Co.	1.3%	25x	2.3%	Intel Corp.	1.7%	130x	0.0%
Bank of America Corp.	1.2%	12x	2.3%	Johnson & Johnson	1.7%	22x	2.5%
Philip Morris International Inc.	1.1%	24x	4.4%	Exxon Mobil Corp.	1.6%	12x	3.3%
UnitedHealth Group Inc.	1.0%	13x	1.6%	Cisco Systems, Inc.	1.3%	27x	2.4%
Cisco Systems Inc.	1.0%	17x	3.3%	Walmart Inc.	1.3%	39x	0.8%
Top 3	8.5%	18x	1.9%	Top 3	15.2%	27x	0.5%
Top 10	17.3%	20x	2.4%	Top 10	27.8%	35x	1.2%

(Sources: FactSet, Bloomberg, iShares Russell 1000 Value ETF (IWD))

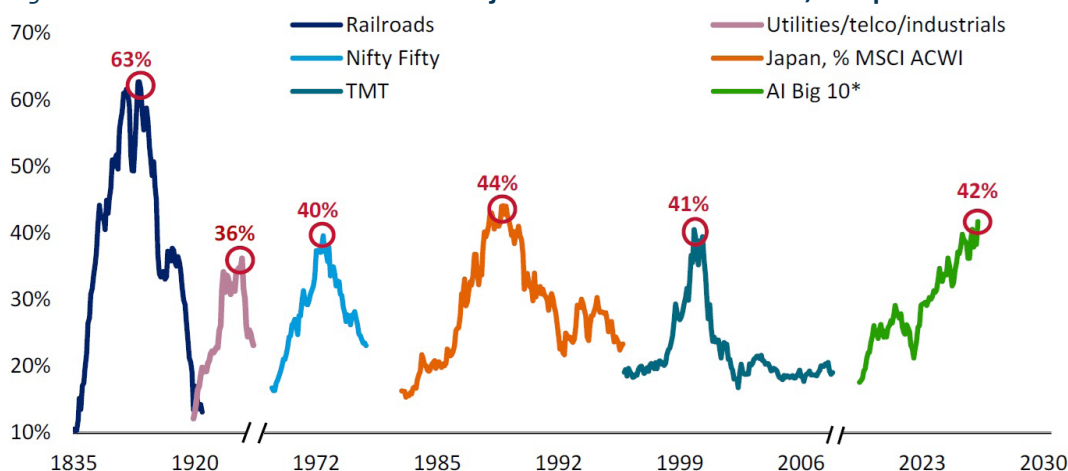
Of course, these extreme shifts have been driven by advances in AI and the arms race to build the data centers to support the technology. At the outset, the investment was funded primarily by the excess cash flow of mega-cap tech companies and venture capital. Today, however, spending has outstripped free cash flow, forcing companies to seek other sources of funding, such as stock issuance, bond issuance, circular vendor financing, and financial engineering (e.g., special purpose vehicles, asset-backed lending, sale-leasebacks, and third-party guarantees). The five largest hyperscalers alone went from \$130 billion in combined capital investment in 2021 to an expected \$800 billion in 2026, with \$1.2 trillion projected for 2028. Accounting standards allow for much of the financial engineering to remain off the financial statements until the data centers come online over the ensuing years; these off-balance-sheet commitments are estimated to exceed \$3 trillion. This capital spending also has the effect of driving revenue and earnings of the suppliers of the hardware (semis, memory, storage) as the buildout occurs, but it has yet to be depreciated/expensed or reflected on the financials of the data center builders. This elevates aggregate earnings in the interim and masks future obligations.

Perspective

No one knows how profoundly AI will transform the global economy – or whether it does indeed pose an existential threat to humanity – but the scale of investment and the financial engineering supporting it are elevating investor risk. Past waves of heavy investment in transformative technologies, from railroads and electricity to the internet, show that investors were often right about the opportunity but overly optimistic about price and timing (see Figure 5 for major historical bubbles). The recent sharp rise in interest rates has increased financing costs for the buildout and pressured valuations. If inflation remains elevated, rates may stay high or climb further. Geopolitical uncertainty in the Middle East and Ukraine is also roiling oil markets. That said, the economy remains on solid footing and employment is steady, supporting the outlook for earnings growth and broader market participation.

We remain steadfast in our process that focuses on protecting capital by emphasizing probabilities, as opposed to possibilities, and we do so by identifying competitively advantaged, conservatively financed businesses trading at attractive valuations.

Figure 5 - Peak concentration levels of major historical bubbles >40%, except railroads >60%



(Source: BofA Global Investment Strategy, GFD Finaeon, Bloomberg) Note: all US sectors, as % of US market cap, except for Japan (which is as % of MSCI ACWI). *AI Big 10 = Magnificent 7 + Broadcom, AMD, and Micron.

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Disclosures

Figure 1: Index data utilized: Bloomberg US AI Enablers and Adopters Price Return Index (BUSAIAE), Goldman Sachs US 500 Excluding Artificial Intelligence Enablers Price Return Index (SPXXAI), and S&P 500 Index (SPX). Returns through 9/30/2026.

Figure 3: Source: iShares Core S&P 500 ETF (IVV) holdings as of 9/30/2026; price data via Bloomberg/FactSet. All-time high = highest close from each stock's first trade through 9/30/2026. N = 514 constituents with data (5 excluded for no 9/30 price). Valley width at each depth = share of constituents at least that far below their all-time high.

Figure 4: Reflects constituents of the iShares Russell 1000 Value ETF (IWD). Pre-June 2025 Reconstitution as of 5/31/2025 and Post-June 2026 Reconstitution as of 6/30/2026.

Figure 5: Source: BofA Global Research. Reprinted by permission. Copyright © 2026 Bank of America Corporation ("BAC"). The use of the above in no way implies that BAC or any of its affiliates endorses the views or interpretation or the use of such information or acts as any endorsement of the use of such information. The information is provided "as is" and none of BAC or any of its affiliates warrants the accuracy or completeness of the information.

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All Cap Value

Value Equity Strategies



Third Quarter 2026

All Cap Value is focused on companies that range in market capitalization to create a diversified portfolio of businesses with capital appreciation potential. These companies are selected using a bottom-up, fundamental research process that seeks to identify individual businesses that possess substantial competitive advantages and are trading at discounts to our estimate of intrinsic value. The strategy is appropriate for clients whose primary objective is capital appreciation and whose secondary objective is dividend income.

Strategy Commentary

As in the first quarter, the third quarter of 2026 experienced several sharp thematic shifts. The market opened with a rotation into the broader economy, temporarily lifting companies detached from the artificial intelligence trade. That move quickly stalled as capital rotated within the Information Technology sector when semiconductors and memory fell out of favor, while software and hyperscalers rebounded. After the Federal Reserve raised its target rate, the long end of the yield curve topped 5% for the first time in more than two decades. By quarter-end, market attention returned squarely to AI leaders, fixating once more on whether anticipated revenues and returns can justify the colossal capital expenditures. Through it all, the underlying economy remained resilient, posting steady growth and low unemployment despite elevated energy prices and above-target inflation.

During the third quarter, the S&P 500 and Russell 3000 Value indexes were each up 2.3%, while Confluence All Cap Value rose 1.0% (gross of fees). Year-to-date, the S&P 500 was up 12.7%, the Russell 3000 Value gained 19.2%, and Confluence All Cap Value rose 2.0% (gross of fees). *[The strategy's max net-of-fees returns for the same periods were 0.2% QTD and -0.3% YTD. See disclosures on last page for fee description; actual investment advisory fees may vary.]*

As we have noted previously, the Russell 1000 Value Index* remains heavily concentrated in a handful of securities – a distortion compounded by the annual June style rebalance that shifted several large holdings between the Value and Growth indexes. In our recent *Value Equity Insights* report, [“A Narrow Market,”](#) we detailed how a narrow band of winners can mask broader benchmark weakness. That dynamic has persisted year-to-date: while the overall index is up 19.3%, the distribution of returns tells a far different story. Across roughly 950 constituents, the median return sits near 2%, while just 20 companies generated over 75% of the index's year-to-date advance. Furthermore, even as the index hit all-time highs, market breadth was remarkably fractured. Only about a quarter of the stocks have beaten the index's 19% return, and nearly half (45%) have posted a negative total return. Many of these top performers fall outside our investment criteria because they lack durable competitive advantages.

The strategy's relative lag against the Russell Value indexes stemmed primarily from an underweight in Information Technology, where hyperscalers alongside semiconductor and memory chip manufacturers disproportionately drove benchmark returns. Hyperscaler capital spending – approaching \$800 billion this year, double last year's pace – has ignited intense demand for tech hardware. Yet these semiconductor and memory chip producers remain capital-intensive, cyclical commodity businesses that lack cycle-tested pricing power. Concurrently, the hyperscalers themselves, historically cash-generative powerhouses, are exhausting their free cash flow after capex and are turning to aggressive, off-balance-sheet debt to finance continued infrastructure buildouts. While their multi-billion-dollar outlays are contractually committed today, the ultimate commercial payoff hinges on speculative future revenues and unproven economic returns. We deliberately avoid businesses bearing these financial and operational vulnerabilities, and instead focus on identifying companies with durable pricing power rooted in genuine, defensible moats.

Although our All Cap Value strategy posted positive returns year-to-date, it lagged the broader market. Our disciplined process is designed to maintain a consistent risk profile across full market cycles, even when doing so generates deviations from the indexes. We accept this tradeoff because we define risk as the permanent loss of capital rather than tracking error to a benchmark; thus, we prioritize capital preservation. Consequently, the portfolio proved resilient during the year's brief drawdowns, consistent with its behavior in prior downturns, before trailing as lower-quality, momentum-driven assets rallied to lead the market.

As we noted last quarter, while artificial intelligence will undoubtedly prove transformative, we question the timeline, certainty, and ultimate return on these massive capital investments. Historically, technological revolutions tend to trigger aggressive bets that end in capital destruction, from nineteenth-century railroads to the telecommunications boom of the late 1990s. Today, market prices reflect extreme optimism, yet both the scale of future AI profits and which businesses will capture them remain open questions. We refuse to abandon our disciplined process to chase near-term speculative rallies. Decades of experience confirm that adhering to our criteria during periods of market euphoria protects clients from permanent capital loss and that patience ultimately prevails.

As such, we remain confident that companies with durable competitive advantages compound earnings and outperform over a full business cycle. Over shorter, endpoint-sensitive intervals – such as quarters or single years – the portfolio can suffer sharp, temporary underperformance. We seek businesses whose cash flows and returns resist the competitive forces that can erode lesser firms. Though the market is currently rewarding our top contributors and discounting the laggards, we believe the concerns weighing on the latter do not threaten their long-term structural moats.

*Reflects iShares Russell 1000 Value ETF (IWD). ETF data is unavailable for the Russell 3000 Value Index (strategy benchmark), but the Russell 1000 Value and 3000 Value indexes are market cap-weighted and thus highly correlated.

Looking at the individual holdings, the strategy's best-performing holdings year-to-date were Keysight Technologies (KEYS), Charles River Laboratories International (CRL), and Paycom Software (PAYC).

Keysight makes test and measurement equipment used to validate electronic devices. Its instruments confirm that a chip, antenna, or circuit works as intended before it reaches a product. As components become smaller, faster, and more complex, the testing required grows more demanding. Keysight's engineering expertise and software platform make it the trusted partner for customers who cannot afford to discover failures after a product ships. Because the cost of a wrong answer far exceeds the cost of Keysight's tools, the company has durable pricing power. Keysight was a successful holding for us; however, during the third quarter, its market price converged with our estimate of its intrinsic value, and, having realized that upside, we exited the position.

Charles River Labs is the leading provider of early-stage drug discovery and development services for the biopharmaceutical industry, maintaining dominant positions in research models, safety assessment, and specialized manufacturing. The firm has earned an unmatched reputation for precision in an arena where quality is paramount; bringing a therapy to market depends directly on rigorous preclinical testing. Recently, renewed industry focus on pharmaceutical pipelines has lifted CRL's shares.

After lagging sharply in the first quarter, Paycom staged a notable rebound. The payroll and human capital management provider leads its peers in adopting artificial intelligence by integrating automation directly into its core workflow. While skeptics feared "internal cannibalization" – delivering greater functionality at lower price points – we viewed this shift as the hallmark of an owner-operator prioritizing long-term client retention over transient quarterly revenue. As Paycom posted consistently solid operational results through 2026, the market began to reward its competitive position. Investors finally recognized that fears of AI enabling enterprises to bring payroll in-house without specialized software were misplaced. While cyclical macroeconomic headwinds and softening employment could pressure headcount growth, anxieties that AI might render Paycom's business model obsolete were unfounded.

Detractors year-to-date include Broadridge Financial Solutions (BR), Lowe's Companies (LOW), and Copart (CPRT).

As discussed, fears of AI disruption have roiled multiple sectors. Yet businesses that hold proprietary data, embed themselves deeply in client workflows, and operate behind high regulatory hurdles should resist displacement. Broadridge commands a near-monopoly on investor communications and proxy processing, a structurally entrenched position that generative AI cannot easily dislodge. While the stock remains a meaningful detractor year-to-date, it rebounded to contribute positively to the portfolio in the third quarter.

Although Lowe's has generated strong gains since our initial purchase, recent macroeconomic anxiety surrounding consumer discretionary spending and housing-sensitive businesses dragged shares lower from their early-year peaks. While the housing turnover environment faces clear headwinds and consumers have trimmed spending on discretionary projects, Lowe's remains an exceptional operator within a resilient home-improvement duopoly alongside Home Depot (HD). We make no attempt to forecast the precise timing of a housing rebound, but Lowe's is well positioned to expand its market share and capture pent-up demand when conditions normalize.

Copart remains under pressure from slowing revenue growth and market-share skirmishes with its primary competitor. The company auctions salvaged and totaled vehicles on behalf of insurance carriers to a global buyer network. The business commands a potent two-sided network effect, where vast inventory draws international buyers, which in turn maximizes vehicle realization prices for insurers. Although Copart has recently ceded modest volume, this shift largely reflects market share realignments among its underlying insurance clients rather than competitive decay. The company also confronts cyclical headwinds as policyholders drop collision coverage to offset rising insurance premiums, which is a temporary pressure that we believe will normalize over time. Crucially, Copart's longtime former CEO and current chair has resumed executive leadership. Backed by an exceptional record of compounding capital and roughly \$800 million of personal equity in the business, his return strengthens our conviction that Copart will regain its operational momentum.

In addition to the sale of KEYS this quarter, we initiated positions in three new companies: Floor & Decor Holdings (FND), Ryan Specialty Holdings (RYAN), and Adyen (ADYEY).

Floor & Decor dominates the roughly \$40 billion domestic hard-surface flooring market. The company exploits scale within a focused category to build a dual competitive moat: it undercuts independent specialty retailers on price while matching their breadth, and it matches big-box home-improvement giants on price while dwarfing their selection. This distinctive positioning delivers durable advantages that should drive sustained market-share expansion. Although historically depressed housing turnover has dampened demand for flooring and large discretionary remodels, FND's scale leaves it far better insulated than its fragmented competitors, which are largely independent specialty shops that still hold roughly 60% of the industry.

In June, we sold regional broker Baldwin Insurance Group (BWIN) to fund the purchase of a higher-quality competitor, Ryan Specialty, at an attractive discount to our estimate of intrinsic value. RYAN is a premier wholesale broker commanding roughly 25% of the domestic market. Commercial insurance distribution possesses exceptional economic characteristics. It is resilient across economic cycles, generates 2-4% annual organic growth alongside accretive acquisitions, and, unlike an underwriter, bears no underwriting or balance-sheet loss-reserve risk. Success in specialty brokerage hinges on technical expertise, institutional relationships, and firm culture. RYAN excels on all three fronts, led by founder and industry pioneer Pat Ryan as executive chairman and Tim Turner as chief executive officer.

Founded in 2006, Adyen built its payments platform to serve merchants long treated as an afterthought by legacy acquiring banks. The business model is simple: land large global enterprises and expand volume by capturing additional transactions, new geographies, and adjacent products. Consequently, existing clients generate roughly 80% of net new business, with new client wins providing the remaining 20%. Remarkably, Adyen has driven this impressive expansion entirely organically while producing robust operating margins. Founder-led and capital-light, Adyen combines compounding revenue growth in excess of 20% with durable structural advantages, yet it trades at valuations typical of mature, low-growth payment processors.

Outlook

We use these quarterly commentaries to reaffirm the investment philosophy governing the All Cap Value strategy, a discipline most scrutinized during periods of relative underperformance. We seek companies armed with durable competitive moats that support pricing power, generate superior margins and cash flows, and earn high returns on capital across full market cycles. Throughout 2026, narrow market momentum tied to AI spending has dominated headline returns. This enthusiasm rotated from semiconductors and memory in the second quarter into enterprise software and hyperscalers in the third. While AI will transform commerce and bolster productivity, the magnitude and timing of corporate payoffs remain unknown.

Historically, when speculative capital herds into a transformative technology, the eventual reckoning proves severe. We experienced similar dynamics during the technology boom at the turn of the century, and we believe our decision to stay disciplined served clients well over the full cycle. We have observed early signals of a rotation toward cash-generative franchises with pricing power, yet we make no attempt to forecast when that transition will accelerate. However, our 30+ years of market experience confirm that long-term value creation belongs to companies with pricing power, fortress balance sheets, durable barriers to entry, and disciplined capital allocation. Anchoring our capital in these principles gives us enduring confidence that the strategy will compound wealth across complete market cycles.

Contribution¹

The top contributors and detractors for the portfolio thus far in 2026 are shown in the following table:

(YTD as of 9/30/2026)

Ticker	Security	Avg Weight (%)	Contribution (%)
Top 5			
KEYS	Keysight Technologies Inc.	<i>Sold</i>	2.23
CRL	Charles River Laboratories International Inc.	3.69	1.69
PAYC	Paycom Software Inc.	3.48	1.47
NDSN	Nordson Corp.	3.74	1.16
NXPI	NXP Semiconductors N.V.	2.89	0.61
Bottom 5			
SYK	Stryker Corp.	3.11	(0.68)
BRO	Brown & Brown Inc.	2.52	(0.69)
CPRT	Copart Inc.	2.53	(0.85)
LOW	Lowe's Co. Inc.	4.04	(0.94)
BR	Broadridge Financial Solutions Inc.	2.61	(0.96)

Performance Composite Returns² (For Periods Ending September 30, 2026)

	Since Inception**	20-Year*	15-Year*	10-Year*	5-Year*	3-Year*	1-Year	YTD	QTD
All Cap Value									
<i>Pure Gross-of-Fees³</i>	9.5%	9.9%	13.0%	10.4%	6.5%	11.0%	1.4%	2.0%	1.0%
<i>Max Net-of-Fees⁴</i>	6.3%	6.7%	9.6%	7.2%	3.3%	7.7%	(1.6%)	(0.3%)	0.2%
Russell 3000 Value	8.8%	8.5%	12.9%	11.3%	11.6%	19.9%	23.7%	19.2%	2.3%
S&P 500	10.9%	11.2%	15.7%	15.3%	13.8%	22.9%	15.7%	12.7%	2.3%

Calendar Year	Pure Gross-of-Fees ³	Max Net-of-Fees ⁴	R3000 Value	S&P 500	Difference (Gross-R3000V)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	R3000V 3yr Std Dev	S&P 500 3yr Std Dev	Composite Dispersion
2006**	14.4%	11.3%	22.3%	15.8%	(8.0%)	224	\$26,916		N/A	N/A	N/A	0.6%
2007	4.6%	1.8%	(1.0%)	5.6%	5.6%	220	\$27,835		6.9%	8.3%	7.7%	0.7%
2008	(26.9%)	(28.9%)	(36.2%)	(37.0%)	9.4%	19	\$1,778	\$291,644	13.9%	15.5%	15.1%	N/A
2009	26.8%	23.0%	19.8%	26.5%	7.0%	33	\$11,558	\$533,832	18.6%	21.3%	19.6%	2.8%
2010	9.7%	6.4%	16.3%	15.1%	(6.6%)	41	\$13,980	\$751,909	21.0%	23.5%	21.9%	0.5%
2011	3.6%	0.5%	(0.1%)	2.1%	3.7%	40	\$14,294	\$937,487	18.4%	21.0%	18.7%	0.6%
2012	18.0%	14.6%	17.6%	16.0%	0.4%	40	\$11,654	\$1,272,265	14.6%	15.8%	15.1%	0.3%
2013	35.3%	31.3%	32.7%	32.4%	2.6%	73	\$22,893	\$1,955,915	11.2%	12.9%	11.9%	0.7%
2014	14.7%	11.3%	12.7%	13.7%	2.0%	119	\$34,036	\$2,589,024	8.8%	9.4%	9.0%	0.4%
2015	0.1%	(2.9%)	(4.1%)	1.4%	4.2%	207	\$50,568	\$3,175,419	10.0%	10.7%	10.5%	0.6%
2016	14.2%	10.8%	18.4%	12.0%	(4.2%)	345	\$91,109	\$4,413,659	9.7%	11.0%	10.6%	0.6%
2017	15.7%	12.3%	13.2%	21.8%	2.6%	649	\$167,342	\$5,944,479	8.7%	10.3%	9.9%	1.1%
2018	(5.2%)	(8.0%)	(8.6%)	(4.4%)	3.4%	689	\$168,742	\$5,486,737	10.1%	11.1%	10.8%	0.6%
2019	35.6%	31.6%	26.2%	31.5%	9.4%	818	\$262,167	\$7,044,708	11.7%	12.0%	11.9%	1.1%
2020	17.3%	13.8%	2.9%	18.4%	14.4%	953	\$333,804	\$6,889,798	18.5%	20.0%	18.5%	0.9%
2021	23.4%	19.7%	25.3%	28.7%	(2.0%)	1,084	\$422,786	\$7,761,687	17.5%	19.3%	17.2%	0.6%
2022	(16.2%)	(18.7%)	(8.0%)	(18.1%)	(8.2%)	1,065	\$342,473	\$6,931,635	20.5%	21.5%	20.9%	0.7%
2023	18.8%	15.3%	11.6%	26.3%	7.2%	1,046	\$385,449	\$7,200,019	16.9%	16.7%	17.3%	0.7%
2024	14.3%	11.0%	14.0%	25.0%	0.4%	1,047	\$412,337	\$7,280,773	17.0%	16.9%	17.2%	0.5%
2025	5.8%	2.7%	15.7%	17.9%	(9.9%)	908	\$363,561	\$6,769,052	12.6%	12.7%	11.8%	0.5%

*Average annualized returns **Inception is 1/1/2005. Additional years of performance available on our website. See performance disclosures on last page.

Portfolio Benchmarks

Russell 3000® Value Index – A 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 – A 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. (Source: Bloomberg)

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¹ **Contribution**—Contribution data shown from a sample account, based on individual stock performance and portfolio weighting. Table showing the top 5 contributors/detractors reflects the strategy's best and worst performers (net), based on each holding's contribution to the sample account for the period stated. Holdings identified do not represent all of the securities purchased, sold or recommended. Individual client portfolios in the strategy may differ, sometimes significantly, from these listings.

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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 (2.75% prior to 7/1/08). This fee includes brokerage commissions, portfolio management, consulting services and custodial services. The Confluence fee schedule for this composite is as follows: 0.60% on the first \$500,000; 0.55% on the next \$500,000; and 0.50% over \$1,000,000. There are no incentive fees. Clients pay an all-inclusive fee based on a percentage of assets under management. The collection of fees produces a compounding effect on the total rate of return net of fees. Bundled fee accounts make up 100% of the composite for all periods. Actual investment advisory fees incurred by clients may vary. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor.

A complete list of composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The annual composite dispersion is an equal-weighted standard deviation, using gross-of-fee returns, calculated for the accounts in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite gross returns over the preceding 36-month period. The All Cap Value Composite contains fully discretionary All Cap Value wrap accounts. All Cap Value is a value-based, bottom-up portfolio that utilizes stocks from all market capitalizations.

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.