Market Commentary

Value Equity Strategies

Confluence INVESTMENT MANAGEMENT

Fourth Quarter 2025

This past year was marked by a very rough start followed by one of the strongest rallies on record, which produced yet another solid year for equity investors with the S&P 500 Index up 17.9%. The year began with a high level of anxiety surrounding the new administration's policies, specifically around tariffs, causing a 15% correction through early April. However, sentiment quickly shifted as concerns abated with indications of a softening tariff policy and, more importantly, the excitement surrounding artificial intelligence (AI) and the significant capital investment being outlaid for data centers and the infrastructure needed to power them. More broadly, international equity markets outperformed domestic markets as the dollar came under pressure due to continued elevated fiscal deficits and the geopolitical restructuring of trade. This backdrop led to an outstanding year for commodities, driven by demand for infrastructure materials such as copper and uranium, as well as investors hedging their fiat currency with gold and silver. All in all, the domestic equity markets, across all market caps, were carried by the continued momentum surrounding AI and its infrastructure.

The impact of AI, and related infrastructure needed to power it, has had a significant impact on the economy and equity markets. More specifically, J.P. Morgan Asset Management looked at the 42 businesses involved with AI or powering the data centers since the release of OpenAI's ChatGPT in November 2022 and measured the impact that those businesses have had on the equity markets, capital expense spending, and earnings growth through December 22, 2025. The accompanying table (Figure 1) shows that 78% of the market price return, 66% of the earnings growth, and 71% of capital expense/ research & development growth were derived from just these 42 names.

Figure 1 – **Returns, earnings and capex/R&D growth of AI-related stocks in the S&P 500 since ChatGPT launch in Q4 2022**

	Direct AI 28 stocks	AI Utilities 8 stocks	AI Cap Equip 6 stocks	Total AI 42 stocks	S&P 500 ex-AI
Since November 2022					
Price return	195%	66%	174%	190%	26%
Earnings growth	159%	64%	155%	153%	19%
Capex / R&D growth	72%	13%	20%	68%	19%
Share of changes since November 2022					
Price return	76%	0.8%	1.3%	78%	22%
Earnings growth	63%	1.6%	1.5%	66%	34%
Capex / R&D growth	70%	1.0%	0.2%	71%	29%

(Sources: J.P. Morgan Asset Management, Bloomberg; December 22, 2025)

This has resulted in extreme market concentration, with the 10 largest S&P 500 companies now accounting for 40% of the overall index weight as these leaders have delivered a disproportionate contribution to returns (see Figures 2 and 3). The table presents the annual contribution of the 10 largest businesses in the index dating back to 1991. Notably, five of the last six years rank among the highest in terms of contribution from the 10 largest names. A closer look reveals that 1996, 1998, and 1999, which took place during the dot-com bubble, also appear in the top 10 years.

Figure 2

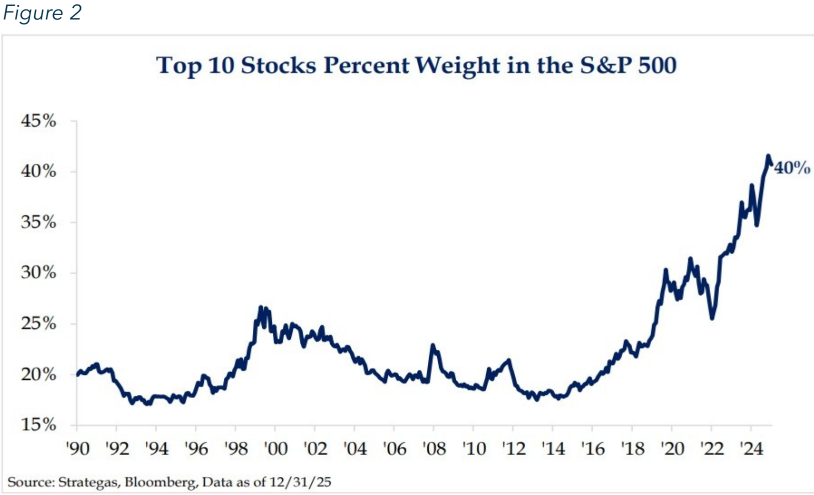


Figure 3

Annual S&P 500 Contribution of 10 Largest Weights During Positive Performance Years

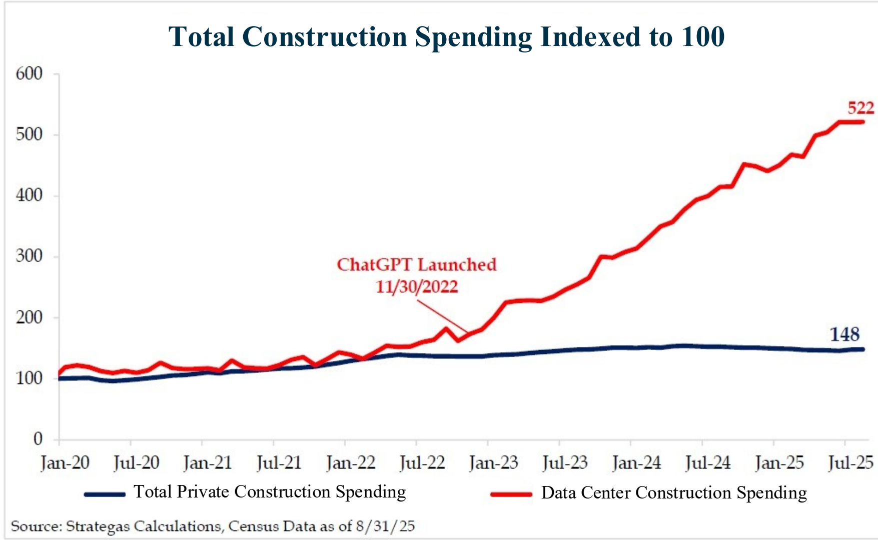
Year	Top 10 as % of Total	S&P 500 % Perf.
2007	78.7%	3.5%
2023	68.4%	24.2%
2024	68.1%	23.3%
2020	58.9%	16.3%
2025	**57.3%**	**16.4%**
1999	54.5%	19.5%
2021	45.0%	26.9%
1998	36.8%	26.7%
1996	33.9%	20.3%
2017	33.3%	19.4%
2019	32.8%	28.9%
1991	28.6%	26.3%
2006	27.6%	13.6%
2016	26.6%	9.5%
2003	23.6%	26.4%
1995	22.3%	34.1%
2014	22.2%	11.4%
2004	21.1%	9.0%
2005	20.5%	3.0%
2010	19.6%	12.8%
2012	19.2%	13.4%
1997	19.1%	31.0%
2013	17.6%	29.6%
2009	15.5%	23.5%
1992	14.9%	4.5%
1993	12.2%	7.1%

Source: Strategas, Bloomberg, 12/31/25

(Figures 2-3, sources: Strategas, Bloomberg; as of 12/31/25)

The scale of AI investment and the enthusiasm surrounding it have contributed to further bifurcation in the underlying economy and markets as its potential continues to draw funds. This trend is redirecting capital away from other areas of the economy and widening the divergence within the equity markets. This chart (Figure 4) reflects the rapid rise in construction spending on data centers, while construction spending across the rest of the economy has been muted over the past few years.

Figure 4

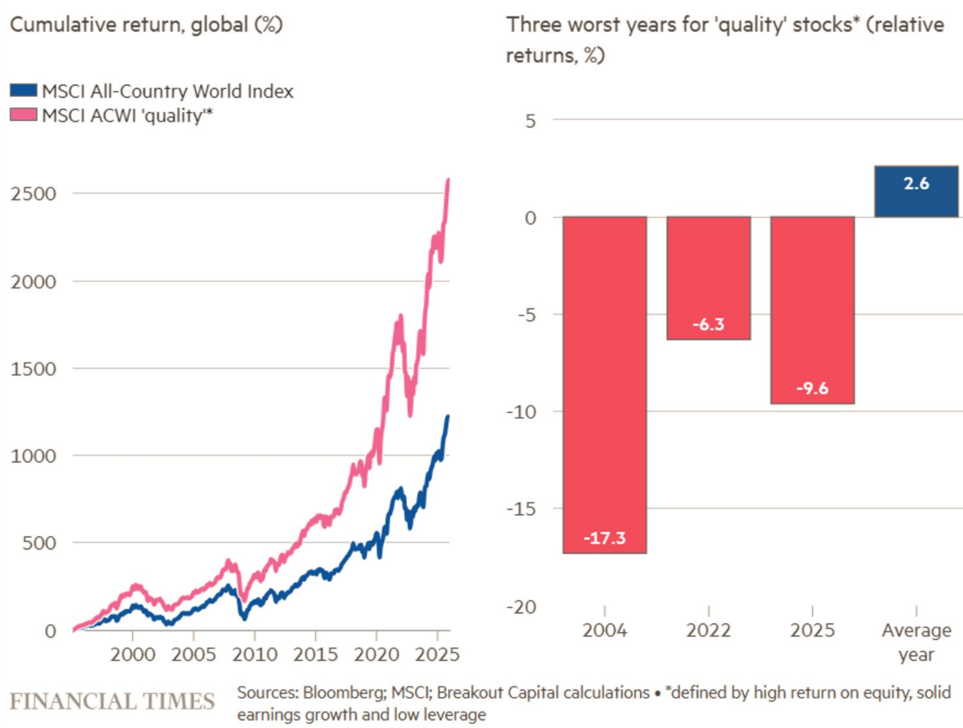


(Source: Strategas; census data as of 8/31/25)

Figure 5 – **Quality stocks have outperformed historically by a wide margin, but 2025 saw their second-worst decline on record**

The lopsided investment in AI has also produced dispersion in performance when defined by quality and level of dividends. Higher-quality stocks – defined by high ROE, solid earnings growth, and low leverage – dramatically lagged lower-quality stocks by 9.6%, the worst year since 2004 when they underperformed by 17.3%. Historically, quality has outperformed by 2.6%, on average, across world markets (see Figure 5).

Regarding quality, it was a tough year compared to the broad market as the Magnificent 7 (M7) and the AI infrastructure plays absorbed a disproportionate amount of capital at the expense of the high-quality, and often defensive, areas of the market.

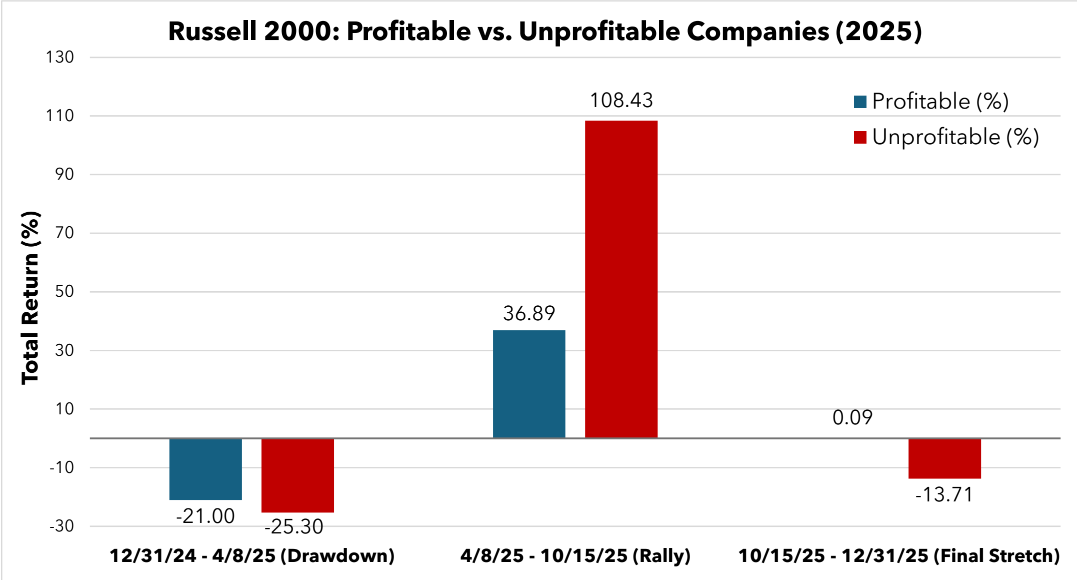


(Source: Ruchir Sharma, 2026, "Top 10 trends for 2026," FT.com, 05 January. Used under license from the Financial Times. All Rights Reserved.)

There was an even more pronounced gap in the small cap space between profitable and unprofitable businesses. In the Russell 2000 Index, unprofitable businesses, which compose about 40% of the index, outperformed profitable businesses by 26% (see Figure 6, next page, derived from the Morgan Stanley Russell 2000 Profitable and Unprofitable indexes).

The leading driver behind this performance is the euphoric interest in data centers, small nuclear reactors, rare earths, battery storage, and lithium to support the burgeoning AI development. For example, OKLO reached a market cap exceeding $25 billion despite having no assets or licenses and only a business plan to build small nuclear reactors for data centers. Fermi, also armed with only a business plan to develop infrastructure for data centers, came public in early October with a market cap of over $16 billion. To put it in perspective, Cheerios maker General Mills has a market cap of approximately $24 billion.

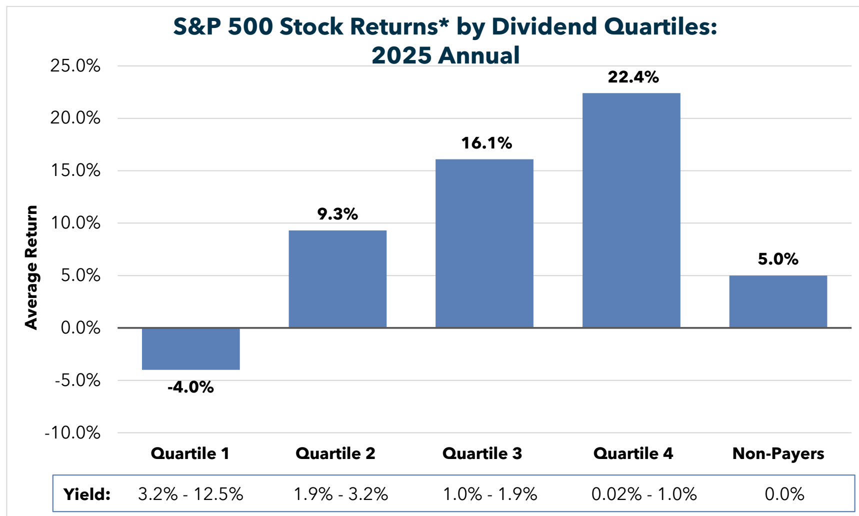
Figure 6



(Sources: Confluence, Bloomberg, Morgan Stanley Russell 2000 Profitable and Unprofitable Total Return indexes)

For higher-yielding dividend investors, the bifurcation over the last 12 months was extreme. Mature businesses with solid cash flow streams and above-average dividend yields are being overlooked for the next generation of AI players. Ned Davis Research breaks the S&P 500 into quartiles by dividend yield. Figure 7 reflects that the highest yielding quartile (Quartile 1) was down 4.0% in 2025, while the lowest yielding quartile (Quartile 4) returned 22.4%; Quartile 0 represents non-dividend payers. Quartile 4 consists of many marginal dividend payers (e.g., NVDA, 0.02%; META, 0.3%; GOOG, 0.3%; and AAPL, 0.4%). Of the M7, only Amazon (AMZN) and Tesla (TSLA) do not pay dividends.

Figure 7



**Actual Historical Constituents. Returns through 12/31/2025 (Sources: Confluence, Ned Davis Research)*

The pronounced concentration in the S&P 500 arises from the index construction methodology, which relies on market capitalization to determine inclusion and weighting. The index was designed to serve as a proxy for the US economy and, on average, it has done so over a full market cycle. However, when sentiment or emotions swings to the extremes of optimism or pessimism, the risk profile tends to change as valuations become stretched and top holdings grow larger and more concentrated.

The style indexes created by Russell introduced valuation factors that were intended to reduce sentiment impact and, in the case of the Value indexes, align more closely with fundamental, value-oriented investors. However, their methodologies also alter the indexes' risk profiles over a full market cycle. This shift is primarily caused by "drift," although to a lesser extent than in the broader, capitalization-weighted indexes. The reason is that the style indexes aim to maintain an aggregate market capitalization equally spread between their Growth and Value indexes at rebalance. This mechanism can result in "leakage," where growth flows into value, or vice versa, whenever one side of the seesaw attracts outsized inflows.

This dynamic is particularly evident today as the M7 companies have grown to represent very large weightings in the overall market, thereby forcing the market cap weightings of other businesses to shift toward the value style to rebalance. We present an in-depth examination of this concept in our recent report, "Understanding the Benchmark: The Russell 1000 Value Index," as well as in our earlier analysis on broader index methodology and its applications, "Shining a Light on Indexes." Today, nearly 90% of the largest 1,000 companies now have some representation in the Value index, with Alphabet (GOOG) as the largest holding at 3.8% and Amazon (AMZN) the fourth-largest at 2.1%.

Outlook

The magnitude of AI-related capital spending has buoyed the economy over the past few years. While GDP has stayed positive, inflation remains elevated (CPI at 2.7%), and unemployment continues to creep higher, ending 2025 at 4.5%, up from 3.5% at the beginning of 2023. These crosscurrents of rising unemployment and sticky inflation complicate the Fed's rate decisions. Meanwhile, the return on investment in AI has yet to be materially realized, even as debt financing for data centers has become more pronounced and creative. How this dynamic will ultimately play out we leave to the prognosticators, which we are not. Our focus remains on managing probabilities, not possibilities.

The AI excitement has led to rare levels of market concentration in the large cap arena, while creating pockets of euphoria in small caps, which has increased the risk profile of many indexes. It is extremely tempting to adapt one's philosophy and risk profile to this rapidly changing environment in an effort to rationalize participation, but such adjustments often result in severe disappointment.

At Confluence, we remain ardent in our disciplined philosophy focused on competitively advantaged businesses that are well capitalized and trading at attractive valuations. This process strives to maintain a consistent risk profile over full market cycles; however, by doing so, it will inevitably result in tracking error relative to the benchmarks. We accept tracking error because we manage risk by focusing on the protection of capital, or more specifically, we define risk as the *probability of a permanent loss of capital*. Our strategies displayed resilience during the year's initial drawdown, similar to their performance in large drawdowns in past cycles, but later fell out of favor as lower-quality and momentum-driven assets dominated the market for most of the year. We continue to maintain our fundamental approach, which has proven fruitful over the full market cycles of the past 30 years.

Confluence Value Equities Investment Committee

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

Sources: Figure 1: J.P. Morgan Asset Management, "2026 Eye on the Market Outlook" (1/1/2026). Figures 2-4: Strategas, "Quarterly Review in Charts" (1/5/2026). Figure 5: *Financial Times*, "Ruchir Sharma: top 10 trends for 2026" (1/5/2026) Used under license from the Financial Times. All Rights Reserved. Figure 6: Confluence Investment Management, Bloomberg, derived from Morgan Stanley Russell 2000 Profitable and Unprofitable indexes. Figure 7: Confluence Investment Management, Ned Davis Research.

All Cap Value

Value Equity Strategies

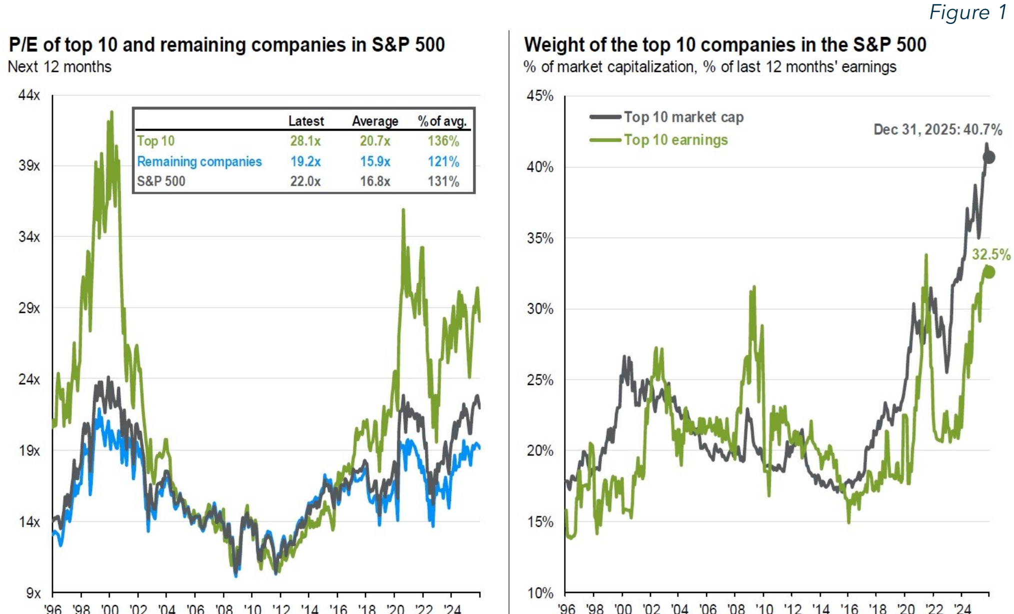
Fourth Quarter 2025

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

In 2025, the promise of artificial intelligence (AI) continued to captivate investors, prompting massive capital deployment into anything AI-related, from direct providers of AI to the builders of infrastructure, such as data centers and hardware, to suppliers of power and future potential power sources. In the early stages of transformative new technology – like the railroads in the late 1800s or the internet in the 1990s – companies can be rewarded for the size of their investments, and we have seen a large percentage of available capital flow toward this promising new technology. Currently, though, the return potential of these investments is unknown, both in the magnitude (if any) and timing. While many of these companies are being rewarded in both the private and public markets, compounding returns occur when free cash flow is reinvested into a company in a manner that produces a return on the invested capital. Our disciplined investment process prioritizes long-term risk management over shorter-term trends. Instead, we focus on businesses with strong competitive positions, sustainable cash flow, and reasonable valuations. Over time, we believe this approach will protect capital, while maintaining a consistent risk profile over time.

Figure 1



(Source: J.P. Morgan Asset Management; Guide to the Markets®, US 1Q 2026, as of December 31, 2025)

As mentioned in the Market Commentary, the market continues to be dominated by a small number of mega-cap, tech-oriented names. Due to their market cap weightings, these mega-cap companies have an outsized influence on both the performance and valuation of their underlying indexes (see Figure 1 here).

The heavy concentration of a few names is also impacting the style indexes, Growth and Value, as their methodologies require each to have an equal market cap weighting at rebalance, a concept we examine in-depth in our recent report, "Understanding the Benchmark: The Russell 1000 Value Index." For instance, in the report, we explain why the largest holding in the Russell 1000 Value is now Alphabet (GOOG), whose market cap is split approximately one-third to the Value index and two-thirds to Growth. Alphabet was not even in this style index at the beginning of 2025, nor were recent additions like Amazon (AMZN) and Meta (META), among others. This convergence of the holdings between Value and Growth has caused the indexes to move more in tandem and alter their risk/reward attributes.

In the fourth quarter of 2025, the Russell 3000 Value and the market-cap weighted S&P 500 indexes were up 3.8% and 2.7%, respectively, and they tended to move together throughout the year. By comparison, Confluence All Cap Value was down 0.6% (gross of fees) for the quarter, with most of the relative underperformance coming in October. For the full year 2025, the Russell 3000 Value and S&P 500 returned 15.7% and 17.9%, respectively. The All Cap Value strategy was up 5.8% (gross of fees) over the same time period. [*The strategy's net-of-fees returns for the same periods were -1.4% QTD and +2.7% YTD. See disclosures on last page for fee description; actual investment advisory fees may vary.*]

See GIPS Report on pages 4-5.

Our All Cap Value strategy underperformed the S&P 500 and Russell 3000 Value for the year. The investment philosophy of All Cap Value is to own competitively advantaged businesses that generate substantial excess free cash flow (FCF), deliver superior returns on capital, and trade at a discount to our estimate of intrinsic value. We believe in maintaining a consistent risk profile across the market cycle. With equity markets on a multi-year surge, we observe that investor psychology becomes motivated by the fear of missing out (FOMO). The result is that valuation discipline is set aside in favor of chasing the stocks and sectors that are working, regardless of quality or durability. We recognize investor frustration when the strategy lags during a period of strong equity market performance. However, we are steadfast in our view that maintaining discipline during such periods pays dividends over the long term.

Although we remain mindful of the benchmark index, our investment process is designed to establish a concentrated portfolio of superior-quality businesses. We believe the underlying attributes of the holdings in the strategy are healthy and reflect this process. In the face of underperformance, one avenue would be to abandon the investment process in favor of chasing the pockets of the market that are working. We reject this approach and instead trust that a portfolio of high-quality, competitively insulated businesses will outperform the market when allowed to compound over long holding periods. In the current short-term environment, the market "voting machine" is favoring high-growth companies and looking past profitability and cash flow. Our view is that over the long run, the "weighing machine" will eventually recognize the businesses that achieve profitable growth, cash flow, and high returns.

More specifically, the Financials and Industrials sectors were the primary detractors of performance. Former leaders in the Financials sector, Baldwin Insurance Group (BWIN) and Morningstar (MORN), were the biggest laggards during the year, which we discuss in more detail below. Regarding the Industrials sector, we saw underperformance in our exposure to niche businesses, specifically Paycom Software (PAYC, payroll/HR services) and Dun & Bradstreet (DNB, data provider), which are not your traditional industrial companies. Paycom simply gave back gains, while Dun & Bradstreet was sold to private equity this year for a substantial discount to what we thought it was worth and unfortunately represented an unsuccessful investment.

Baldwin Insurance Group (BWIN) and Morningstar (MORN) were two holdings that detracted the most from performance during the year. Baldwin Insurance Group is a small cap insurance broker with a strong record of both organic and inorganic growth via acquisition. BWIN has leveraged technology and scale to steadily expand its product offerings. Management is well regarded for its disciplined culture of consistent execution. This is a capital-light, cash-generative business model that helps commercial clients and individuals secure coverage for their risks, while earning commissions on the premiums it charges. Baldwin's stock came under pressure in the third quarter when management issued disappointing guidance, triggering weakness in the share price. We surmise this to be a short-term road bump for a company with the potential for long-term compounding.

Morningstar has faced concerns from investors that the advances in AI could disintermediate traditional software providers and erode pricing power. While we acknowledge the risk, we believe its proprietary and trusted datasets and focus on reliable information make the company less vulnerable to near-term AI disruption. Morningstar's data and software are deeply embedded in the workflows of financial advisors, institutional investors, and fund managers. The company supports a high-margin subscription model with meaningful switching costs, creating a defensible moat around its business model.

Primary contributors to the strategy in 2025 were Oracle Corp. (ORCL) and Dollar Tree (DLTR). Oracle's surge was driven by an announcement in Q3 of a massive contract worth more than $300 billion for its cloud business. Most of these contracts stem from a single customer, OpenAI (Chat GPT), which, at the time, was estimated to generate less than $15 billion of revenue. OpenAI has yet to show the magnitude or timing of its ability to generate free cash flow to reinvest in its business and compound growth. As a result, we chose to realize gains and exited our position in Oracle during the year.

After being the primary underperformer in 2024, Dollar Tree reversed course in 2025 to become one of the strategy's top performing holdings for the year. The company continues to focus on providing value to its customers through low-priced items. Having divested Family Dollar, management can now turn its focus toward the legacy Dollar Tree format and has recently shown its ability to increase same-store sales. DLTR speaks to Confluence's belief in its investment philosophy: despite temporarily dipping to a steep discount to intrinsic value, it remained, in our view, a good company with strong free cash flow and the potential to perform well over the long term.

During the quarter, we also trimmed the position in Alphabet back to the targeted 3%, due to the stock's performance and overall weight in the strategy.

Outlook

Broad market performance was strong in 2025, although, as discussed previously, this was mostly led by the concentration of a few mega-cap companies and businesses related to the surge in AI investment. These capital expenditures in AI no doubt helped support the market in 2025. GDP remained positive, yet inflation was elevated at 2.7% — higher than the Fed's target — and unemployment is creeping up. These conflicting factors make the year-end fed funds target hard to predict. The return on capital in AI-related investments has yet to be realized, but debt has begun to rise in these investments. At some point, these companies will need to begin delivering the lofty returns on investment expected by investors.

Our philosophy, informed by 30 years of successful application, is that long-term outperformance is rooted in owning businesses with durable competitive advantages. These advantages enable companies to earn and defend high returns on capital, generating cash flow that can be reinvested and compounded by capable, disciplined management teams. Accordingly, the majority of our effort is devoted to identifying businesses that exhibit these characteristics. We view All Cap Value not as a portfolio of stocks, but as a collection of high-quality businesses designed to compound value through long-term ownership.

All Cap Value • *Value Equity Strategies*

Contribution[1]

The top contributors and detractors for the portfolio in Q4 2025 and the full year are shown in the following tables:

(QTD as of 12/31/2025)

Security	Avg Weight (%)	Contribution (%)
Top 5		
Dollar Tree Inc.	4.12	1.10
Alphabet Inc.	3.71	0.95
Charles River Laboratories International Inc.	3.15	0.66
Keysight Technologies Inc.	3.41	0.52
Thermo Fisher Scientific Inc.	2.94	0.49
Bottom 5		
Vontier Corp.	2.83	(0.36)
Copart Inc.	2.71	(0.38)
Baldwin Insurance Group Inc.	2.60	(0.51)
Valvoline Inc.	2.59	(0.55)
Paycom Software Inc.	3.23	(0.89)

(YTD as of 12/31/2025)

Security	Avg Weight (%)	Contribution (%)
Top 5		
Oracle Corp.	*Sold*	2.29
Dollar Tree Inc.	3.59	1.97
Alphabet Inc.	3.18	1.83
TJX Co. Inc.	3.24	0.87
Keysight Technologies Inc.	3.10	0.82
Bottom 5		
Dun & Bradstreet Holdings Inc.	*Sold*	(0.67)
Paycom Software Inc.	3.90	(0.79)
Diageo plc	2.30	(0.81)
Morningstar Inc.	2.81	(1.18)
Baldwin Insurance Group Inc.	2.48	(1.19)

Performance Composite Returns[2] (For Periods Ending December 31, 2025)

	Since Inception**	20-Year*	15-Year*	10-Year*	5-Year*	3-Year*	1-Year	YTD	QTD
All Cap Value *Pure Gross-of-Fees*[3]	9.7%	10.1%	12.2%	11.5%	8.2%	12.8%	5.8%	5.8%	(0.6%)
Max Net-of-Fees[4]	6.5%	6.9%	8.9%	8.2%	5.0%	9.5%	2.7%	2.7%	(1.4%)
Russell 3000 Value	8.2%	8.3%	10.6%	10.4%	11.1%	13.7%	15.7%	15.7%	3.8%
S&P 500	10.7%	11.0%	14.1%	14.8%	14.4%	23.0%	17.9%	17.9%	2.7%

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%)	5.5%	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%	14.5%	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%	10.9%	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)*

Confluence Value Equities Investment Committee

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See Territory Map on the Confluence website for sales coverage.

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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.

[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, 2024. 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 All Cap Value Strategy was incepted on January 1, 2005, and the current All Cap Value Composite was created on August 1, 2008. Performance presented prior to August 1, 2008, occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the primary individuals responsible for selecting the securities to buy and sell. 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 (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.