Market Commentary

Value Equity Strategies

"The world is not driven by greed; it's driven by envy…avoiding envy is one of the simple secrets to living a long and happy life."

— Charlie Munger (former Berkshire Hathaway vice chairman), who lived to be 99 years old

First Quarter 2026

It's been a volatile start to the year as a number of unfolding events have weighed on investor sentiment — from the stunning capture of Venezuelan President Maduro, to the Supreme Court's invalidation of the administration's tariffs under the International Emergency Economic Powers Act (IEEPA), to the nomination of perceived hawk Kevin Warsh to succeed Fed Chair Jerome Powell, to the joint US-Israel strikes on Iran causing major disruptions in key channels for oil shipping, to emerging cracks in the private credit market, and, finally, growing anxiety over AI's impact on certain business segments. Despite the wide-ranging domestic, geopolitical, and economic events, the broad markets were essentially flat through February as economic strength was broadening. Even with a sharp pullback following the Iranian bombing on the weekend of February 28, the S&P 500 ended down only a few percentage points for the quarter. More importantly, underlying all of this turbulence was a continuation of the market rotation that began in the latter part of 2025.

The rotation appears to be widening market leadership toward more "old world" businesses, while mega-cap technology-oriented businesses are experiencing declines. These AI/technology-related businesses have dominated equity markets for the past number of years but have recently shed several trillion dollars of market value. As these names retreat and the market broadens, the first quarter saw continued outperformance from value over growth, small caps over large, international markets over domestic, and asset-intensive industries over asset-light ones (see Figure 1).

Figure 1

	Q1 2026	10/31/25 - 3/31/26
Russell 1000 Value	2.10%	5.52%
Russell 1000 Growth	(9.78%)	(11.96%)
Russell 2000	0.89%	1.27%
Russell 1000	(4.18%)	(3.94%)
MSCI EAFE (Net)	(1.24%)	2.35%
S&P 500	(4.33%)	(4.06%)
S&P 500 Equal Weight	0.67%	3.04%
Magnificent 7 (average)	(12.11%)	(12.93%)

(Sources: Confluence, FactSet, Bloomberg, FTSE Russell, S&P Global)

While the rotation is only five months old, and we will not know for certain until after the fact, we would not be surprised if we are in the early stages of a regime change. To assess, we can draw some perspective by looking to history. A three-part study from FTSE Russell, "Trends in Growth and Value" (Feb-Oct 2023), defines the distinct market regimes by time period and provides insights. This chart (Figure 2) reflects the regime rotations since the Russell styles (growth/value) commenced in the late 1970s, updated monthly through quarter end. The data reflects some glaring differences between the growth and value regimes, specifically that the transitions from growth to value are notably sharp compared to the more gradual transitions from value to growth. It underscores that the largest outperformance for growth tends to occur in the late stages of the regime, where the final 20% of the regime accounts for 50% of cumulative style gains. The opposite is true for value as its largest outperformance occurs in the early stages, with the first 20% of the regime capture accounting for 50% of the style gains. It appears that excess optimism occurs during the later stages of the growth regimes, typically marked by the advent of a new innovation when risk is not properly discounted. To simplify, the "new" environment leads investors to dream of possibilities and forgo the probabilities.

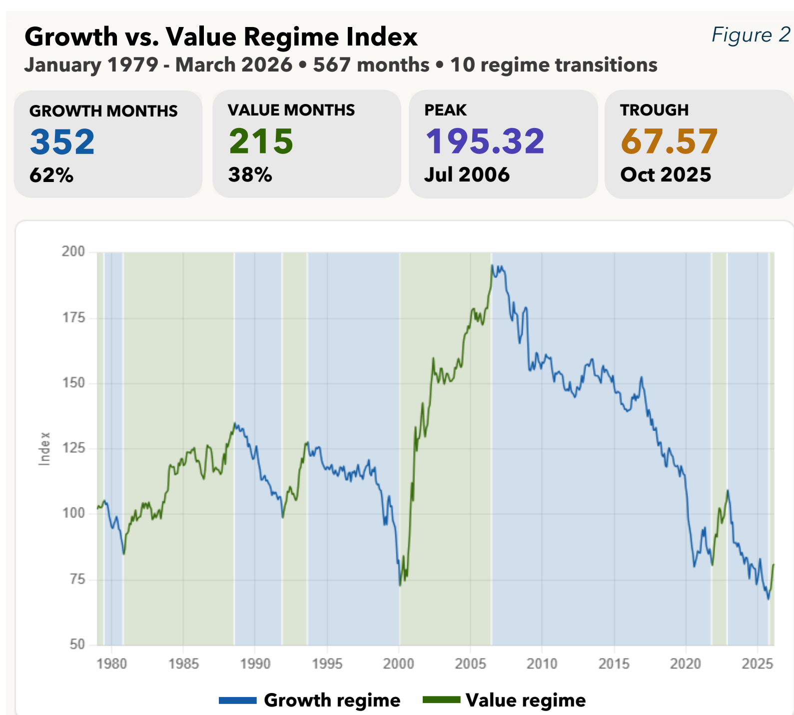


Figure 2

(Sources: Confluence, FTSE Russell)

What is also obvious from the chart is the elongated duration of the growth regime for most of the last 20 years. Since July 2006, growth has led 219 months out of 237 months, whereas the value regime has led in only 13 months: November 2021 to December 2022, and the past five months.

Of course, much of the past 20 years has been marked by easy monetary policy— namely ZIRP (Zero Interest Rate Policy) and Quantitative Easing — alongside fiscal deficits, which were only exacerbated by pandemic policies. These stimulative policies were able to remain for an extended period as globalization allowed us to import deflation, primarily through goods from China, which kept domestic inflation in check. At the same time, negative real rates distorted risk perceptions as cheap capital was in abundance.

Nevertheless, the landscape has changed. Globalization, and financialization, led to income inequality and ultimately the rise of populism. These shifts are causing global trade to fracture into new trading blocs and also putting upward pressure on inflation as cost efficiency is no longer the primary objective. Higher inflation combined with elevated debt levels hampers flexibility for monetary and fiscal policy. Thus, real rates will likely remain positive, which raises the cost of capital and removes the availability of cheap capital.

Against this backdrop, the sector performance of the first quarter reads less like a quarterly anomaly and more like an early confirmation of regime change. The conflict in the Middle East and the ongoing rotation toward value have driven strength in commodity-oriented and capital-intensive sectors; Energy, Materials, and Utilities produced returns of 38.2%, 9.7%, and 8.3%, respectively. Meanwhile, the Technology, Consumer Discretionary, and Communication Services sectors were down 9.1%, 9.2%, and 6.9%, respectively, as the bulk of their market caps are composed of the Magnificent 7: Alphabet and Meta (Communication Services), Amazon and Tesla (Consumer Discretionary), and Microsoft, NVIDIA, and Apple (Technology). The Financials sector was also down 9.3%, reflecting concerns over tighter lending spreads as inflation remains elevated, which has reduced the probability of future rate cuts. There are also fears that private credit risks will seep into the banking system, while the softer market for premiums in the insurance segment is pressuring earnings growth.

Figure 3 – **Returns by Sector**

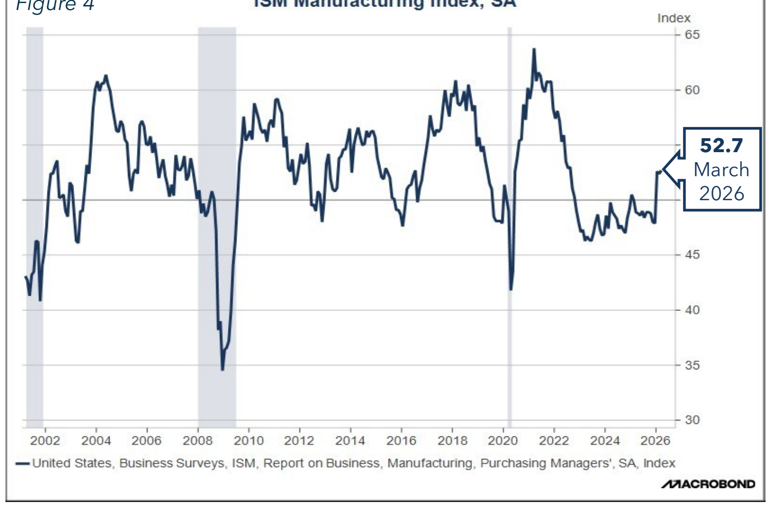
	Energy	Materials	Financials	Industrials	Cons. Disc.	Tech.	Comm. Services*	Real Estate	Health Care	Cons. Staples	Utilities	S&P 500 Index
S&P weight	4.0%	2.1%	12.6%	9.0%	9.9%	32.9%	10.3%	2.0%	9.5%	5.3%	2.5%	100.0%
Russell Growth weight	0.5%	0.3%	5.9%	6.7%	13.2%	49.6%	12.1%	0.5%	8.1%	2.9%	0.3%	100.0%
Russell Value weight	7.7%	4.4%	20.0%	13.5%	7.0%	11.7%	7.9%	4.0%	11.7%	7.5%	4.7%	100.0%
QTD	38.2	9.7	-9.3	4.6	-9.2	-9.1	-6.9	4.9	-4.9	7.7	8.3	-4.3

(Source: J.P. Morgan Asset Management; Guide to the Markets®, US 2Q 2026, as of March 31, 2026)

Perspectives

Prior to the late February US-Israel incursion into Iran, there were signs that economic growth was broadening outside the frenzied capital spend within the AI ecosystem. One indicator, the Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI), has now risen above 50 (expansion) for three consecutive months. The PMI fell below 50 (contraction) in November 2022 and remained in contraction territory for roughly 27 of the next 33 months, marking one of the longest manufacturing downturns in postwar history outside of recession; brief returns to expansion in March 2024 (50.3) and January-February 2025 proved short-lived, driven, in part, by businesses front-running tariff-related price increases. However, this March marked the third consecutive expansion month at 52.7, the best on record since July 2022 (see Figure 4).

Figure 4



Survey participants were clearly impacted by the sharp rise in the fed funds rate coming out of the pandemic, when the Fed raised rates from 0% to 5.25% in less than 16 months. Enthusiastic investment in AI has been holding up the economy while the rest of the market stagnated, attracting many envious bystanders to join the AI fray over the past few years, often at the expense of their own risk tolerance. It can be extremely tempting to abandon or temporarily ignore one's philosophy and risk profile in an effort to rationalize participation, but such adjustments often result in disappointment.

Investors and lenders alike are now beginning to question what the returns on investment might be for these nascent AI business models. This shift is helping to broaden the market which leads to a much healthier market overall…although it's important to note that the Iran conflict does have the potential to stall that progress.

Increasing Dividend Equity Account (IDEA)

Value Equity Strategies

First Quarter 2026

Increasing Dividend Equity Account (IDEA) is focused on high-quality companies with long track records of distributing earnings to shareholders through dividends. These companies tend to be established companies that generate free cash flow and have management teams committed to growing the dividend. The portfolio is selected from a universe of stocks meeting initial minimum criteria of paying and increasing dividends over the last 10 years. The strategy is appropriate for clients seeking total return from dividend income and capital appreciation.

Strategy Commentary

The Confluence IDEA strategy is focused on identifying high-quality companies with long track records of paying consistent, growing dividends. History indicates that dividend growers (like the companies owned in IDEA) have substantially outperformed companies whose dividends remained flat, companies that have cut their dividends, and companies that do not pay dividends over time.

As shown in this chart below from Ned Davis Research (Figure 1), $100 invested in dividend growers in 1973 has grown to $17,584, while $100 invested in non-dividend payers over the same time frame is now worth $792, and $100 invested in dividend cutters is only worth $62 today.

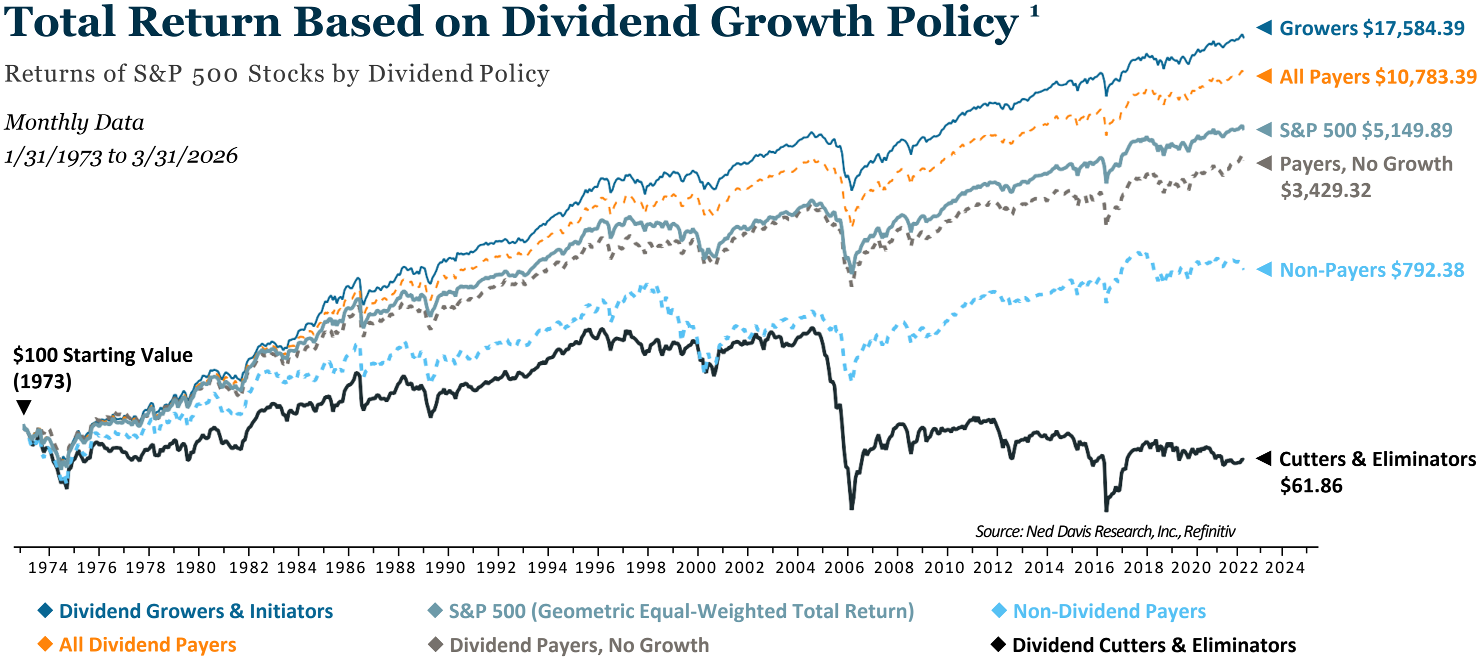
Furthermore, as depicted in the chart on the following page (Figure 2), the IDEA strategy has delivered consistent dividend growth for over 15 years, resulting in annual dividend income more than tripling since inception, alongside strong capital appreciation.

Figure 1

Total Return Based on Dividend Growth Policy [1]

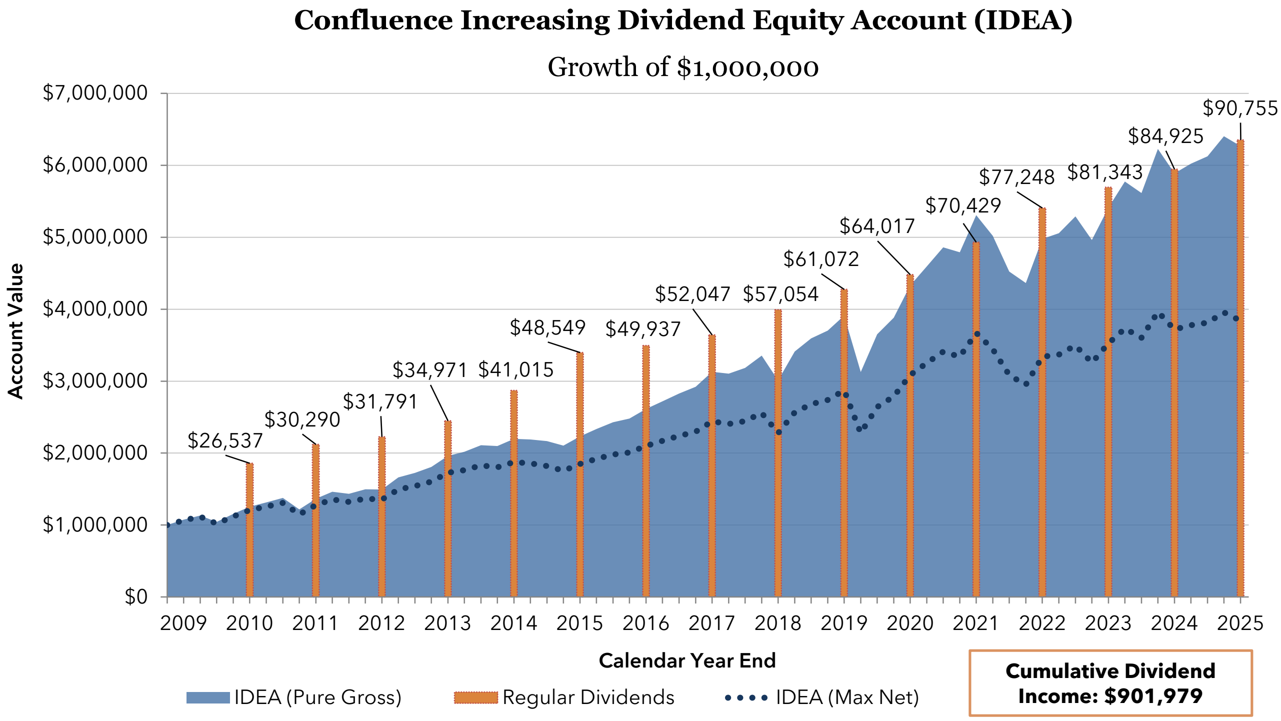
Returns of S&P 500 Stocks by Dividend Policy

Monthly Data
1/31/1973 to 3/31/2026



(Sources: Ned Davis Research, Confluence)

Figure 2 – **Growth of Investment & Dividends** [2]



(Annual dividend data as of 12/31/2025)

Annually, from 2009 to 2025, holdings in the IDEA portfolio have increased their dividends at an average rate of 8.5% each year. Year-to-date in 2026, holdings in the IDEA portfolio delivered an average dividend growth rate of 4.5%, with 13 of the 48 holdings having increased their dividend so far this year (see table, Figure 3).

The average year-to-date dividend growth of 4.5% for the strategy's holdings was slightly slower than expected, which we believe reflects management caution regarding overall economic growth in the near term. Further, Q1 is commonly a slower dividend growth period, and the portfolio's average growth rate often accelerates as the year progresses.

Figure 3 – **Annual Dividend Statistics for IDEA Portfolio at 12/31 *(Dividend Growth Using Announcement Date)*** [3]

			Dividend Change from Prior Year** *# of companies with*			
Year	**Holdings**	**Avg. Yield+**	Increase	Flat	Decrease	Avg. Growth***
2009	49	2.9%	39	10	0	5.6%
2010	49	2.9%	45	4	0	9.3%
2011	49	2.9%	46	3	0	9.6%
2012	48	3.3%	46	2	0	9.3%
2013	49	2.4%	47	2	0	10.6%
2014	49	2.5%	47	2	0	9.3%
2015	49	2.8%	46	3	0	8.9%
2016	50	2.4%	46	4	0	6.9%
2017	48	2.1%	44	4	0	7.4%
2018	49	2.5%	47	2	0	11.2%
2019	49	2.1%	48	1	0	9.4%
2020*	49	2.1%	42	7	0	6.4%
2021	49	1.9%	46	3	0	8.3%
2022	49	2.1%	47	2	0	9.5%
2023	48	2.2%	47	1	0	7.4%
2024	49	2.2%	47	2	0	8.2%
2025	48	2.3%	47	1	0	7.3%
Average-17 yrs (2009-2025)		2.4%	46	3	0	8.5%
YTD (3/31/2026)	48	2.2%	13	-	0	4.5%

** 2020 excludes impact of temporary dividend suspensions during the pandemic of 2020. ** Dividend Change from Prior Year excludes impact of special dividends and spin-offs.*
Full-year statistics are calculated as the average of all holdings, including those which did not announce a change to their indicated annual dividend during the year.
+ Avg. Yield column is the equal-weighted average dividend yield of portfolio holdings at 12/31, calculated based on annualized current dividends plus any special dividends announced during the year.
Avg. Yield as of 3/31/2026 calculated using Indicated Annual Dividend (IAD) from FactSet.

IDEA utilizes a strict set of initial investment screens and risk management metrics to accomplish the strategy's goals:

- We screen for companies with a history of paying dividends over the last 10 years, with dividend growth in at least seven of those 10 years, in order to capture their ability to maintain dividends through at least one full market cycle.
- We require a minimum dividend yield of 1% to ensure the company's commitment to paying a substantive dividend.
- We initiate positions at approximately 2% weightings and exercise discipline as they grow, trimming where necessary to maintain diversification and limit risk.

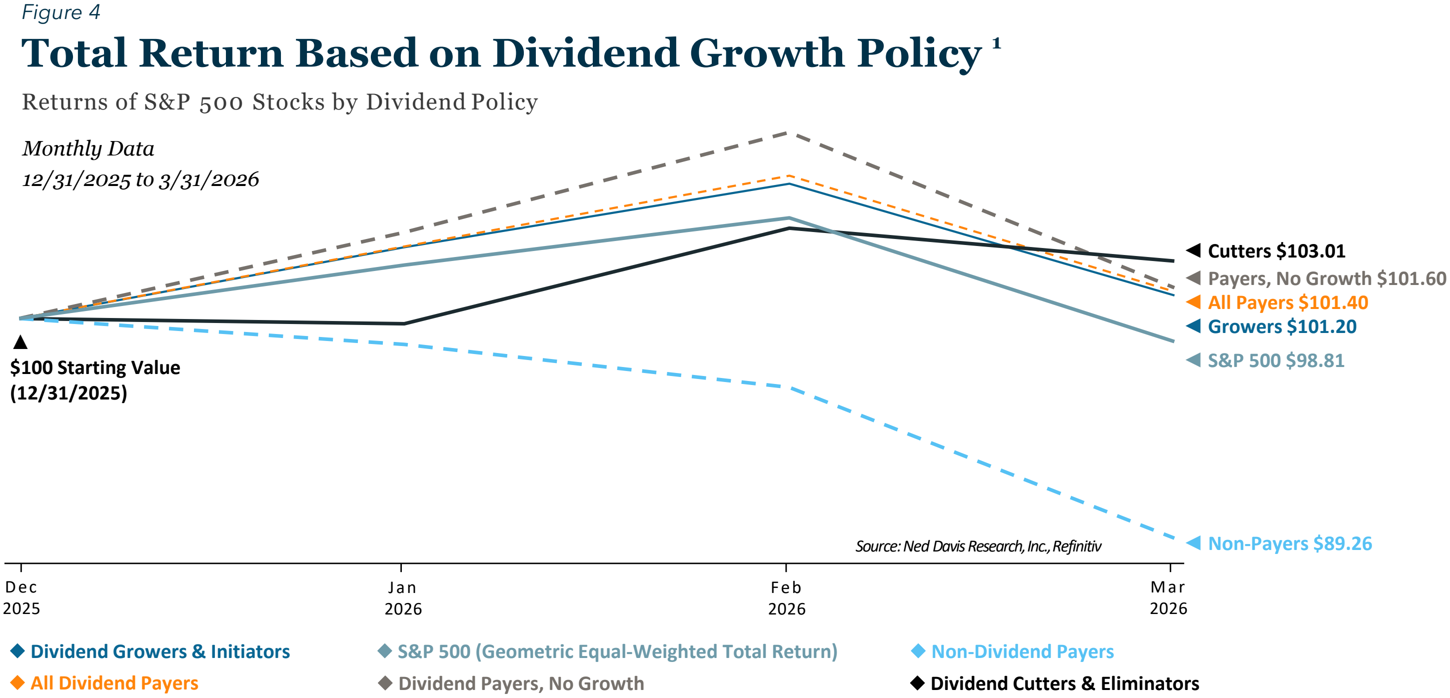
Generally, only 150-190 names pass our initial screens at any given point. Notably, this implies that 2,710-2,750 companies in the Russell 3000 Value Index and 310-350 names within the S&P 500 Index do not qualify for consideration in this portfolio, often because they don't pay a dividend, don't deliver a high enough yield, or haven't demonstrated a long history of dividend growth.

In addition to our dividend criteria, we maintain discipline around valuation, recognizing that high valuation multiples often provide a lower margin of safety for our clients and can create outsized exposure to adverse market conditions.

The underlying methodology and philosophy of the IDEA strategy are structured to create a portfolio of stocks that can generate sustainable above-average returns and dividend growth over long periods of time and across market cycles, including during periods of unusual volatility like we saw in Q1 of this year.

As mentioned in this quarter's Market Commentary, concerns over the true profitability of AI investments and risks in private credit weighed heavily on the concentrated group of stocks that drove returns in 2025, many of which paid very little or no dividends at all. Investors instead rotated toward "old world" businesses, in particular those companies with a demonstrated history of dividend growth. As calculated by Ned Davis Research, the group of Dividend Growers & Initiators modestly outperformed the S&P 500 Index and significantly outperformed the group of non-payers during the quarter (see Figure 4).

Figure 4



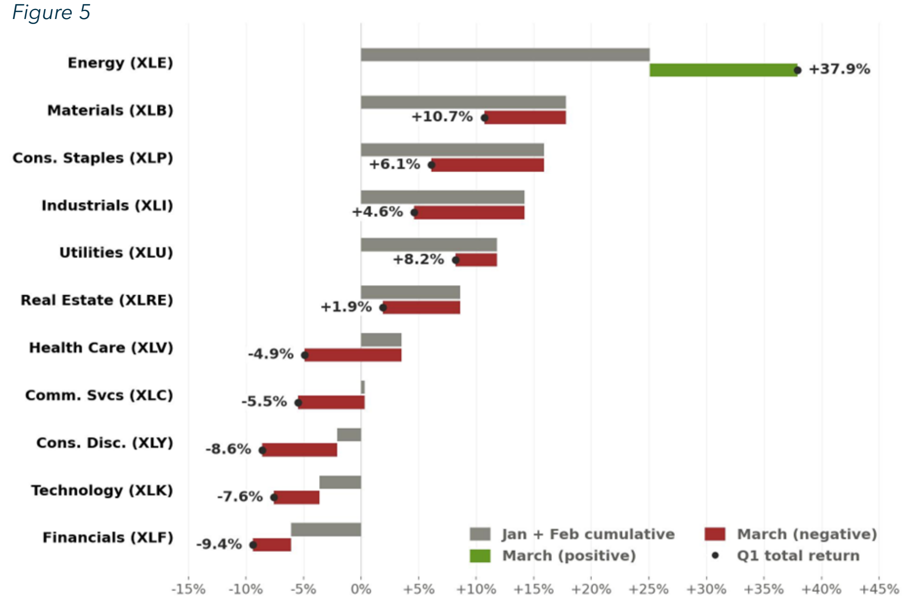
(Sources: Ned Davis Research, Confluence)

IDEA's performance mirrored the group of dividend growers above, with the strongest period of outperformance occurring in the year-to-date period through the end of February.

Consistent with our expectations given the current market environment, and despite the headwinds faced in March, the Confluence IDEA strategy gained 2.0% (gross of fees) for the first quarter versus a decline of 4.4% for the S&P 500 Index and an increase of 2.2% for the Russell 3000 Value Index. Comparatively, the Ned Davis Dividend Growers & Initiators group, shown above, returned 1.2% during the period. [*The strategy's net-of-fees return for the same period was 1.3% QTD. See disclosures on last page for fee description; actual investment advisory fees may vary.*]

Notably, the beginning of the Iran conflict at the end of February offset some of the gains for the quarter to date and dampened the impact of the underlying rotation toward dividend growers that had been underway. As concerns mounted over the follow-on effects on consumer inflation and commodity costs, the Consumer Staples and Industrials sectors were most heavily impacted, each declining 8.4% in March and giving back a meaningful portion of their prior year-to-date outperformance, as shown in Figure 5.

Figure 5



(Sources: Confluence, FactSet via Select Sector SPDR ETFs)
Total returns sorted by February 2026 YTD, descending.

Relative to the Russell 3000 Value Index, IDEA's strongest outperformance came in the Utilities sector. Despite delivering stronger absolute returns in the Energy sector versus the index, the strategy's relative performance lagged most in Energy due to its lower weighting in the portfolio. Prior to the Iran conflict, year-to-date through February, Consumer Staples and Industrials were among the best-performing sectors for the strategy, reflective of the strong sector rotation in the market that was underway. For the full quarter, however, most of this outperformance was offset during March, consistent with our analysis above.

During the quarter, we added Morningstar Inc. (MORN) and RLI Corporation (RLI) to the portfolio. Morningstar is a leading provider of highly proprietary investment data and research, providing insights to institutional investors, financial advisors, asset managers, and retail clients. Backed by this proprietary data, the company has a history of generating strong earnings growth, significant free cash flow, and subsequently meaningful returns on invested capital and solid dividend growth over time. As market concerns over the impact of AI have pressured information services and SaaS companies almost indiscriminately, we maintain confidence in the core competitive advantages of Morningstar and the strong moats around the business model. The resulting weakness in the stock has given us an opportunity to own a high-quality dividend grower at an attractive entry point, in our estimation.

RLI is a specialty insurer that operates in the Excess and Surplus (E&S) market, a less regulated and more flexible pocket of the insurance market that requires hands-on underwriting and high-touch customer relationships. RLI is a premier underwriter in the space, with a unique decentralized operating model that incentivizes profitable underwriting practices across the business from claims to actuarial functions. The company has increased its dividend in each of the last 50 years and typically pays a sizeable special dividend at year-end. As the insurance market has shifted to a softer pricing environment, the stock has come under some near-term pressure, allowing us to initiate a position in IDEA.

During the quarter, we sold Northern Trust Corporation (NTRS) and McCormick & Company (MKC). Northern Trust was a long-term holding for the strategy, which had recently benefited from an improved lending environment, the prospect of decreased regulation, and a rumored acquisition in mid-2025. While we still appreciate the company's strong competitive position in trust and banking services for high-net-worth clients and institutions, we decided to sell the position in favor of adding RLI, a company we believe is better positioned to generate above-average dividend growth going forward and is trading at an attractive discount to its historic valuations.

McCormick & Company was a more recent addition to the strategy, which we valued for the company's dominant position in the highly profitably spice market, its successful track record of strategic M&A, and its strong returns on capital and dividend aristocrat status. While the core competitive advantages of the company remain, McCormick recently announced its intent to acquire the food division of Unilever for roughly $40 billion compared to McCormick's approximately $14 billion market cap at the time of announcement. Undertaking a deal of this size would require significant debt and complex operational integration issues, diluting the company's core competitive advantages in our opinion. Under such circumstances, the company's ability to generate meaningful dividend growth will likely be challenged. Management's appetite for a large, highly levered, complex deal caused us to lose confidence in their capital allocation priorities and competencies, and we decided to exit the position.

Outlook

The risks and uncertainties that came to head during the first quarter are far from settled. Markets continue to grapple with the underlying impact of AI, private credit concerns persist, and however quickly the conflict in Iran may be settled, markets are likely to feel the impact in supply chains and geopolitical disruptions for some time.

Despite this uncertainty, there still remain opportunities for investors. The first quarter began with an underlying fundamental shift in investor sentiment back toward high-quality, cash-generative, and attractively valued companies which had previously been cast aside in 2025. While the timing and duration of any near-term resumption in this rotation is hard to predict, we continue to believe that over long periods of time fundamentals — not momentum and sentiment — are what drive meaningful wealth creation for our clients.

Contribution[4]

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

(YTD as of 3/31/2026)

Security	Avg Weight (%)	Contribution (%)
Top 5		
Lockheed Martin Corp.	2.92	0.59
EOG Resources Inc.	1.71	0.58
Analog Devices Inc.	2.83	0.44
Linde plc	2.79	0.42
Chevron Corp.	1.34	0.42
Bottom 5		
Brown & Brown Inc.	1.50	(0.30)
Morningstar Inc.	1.17	(0.33)
S&P Global Inc.	1.76	(0.36)
Mastercard Inc.	2.98	(0.40)
McCormick & Co. Inc.	*Sold*	(0.43)

Performance Composite Returns[5] (For Periods Ending March 31, 2026)

	Since Inception**	15-Year*	10-Year*	5-Year*	3-Year*	1-Year	YTD	QTD
IDEA *Pure Gross-of-Fees[6]*	11.9%	11.1%	10.6%	6.8%	8.1%	6.2%	2.0%	2.0%
Max Net-of-Fees[7]	8.6%	7.8%	7.3%	3.7%	4.9%	3.0%	1.3%	1.3%
Russell 3000 Value	11.0%	10.3%	10.5%	9.2%	14.2%	16.3%	2.2%	2.2%
S&P 500	13.8%	13.3%	14.1%	12.0%	18.3%	17.8%	(4.4%)	(4.4%)

Calendar Year	Pure Gross-of-Fees[6]	Max Net-of-Fees[7]	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
2009**	7.5%	6.7%	4.2%	6.0%	3.3%	40	$7,190	$533,832	N/A	N/A	N/A	N/A
2010	16.8%	13.3%	16.3%	15.1%	0.6%	138	$33,407	$751,909	N/A	N/A	N/A	0.4%
2011	8.9%	5.7%	(0.1%)	2.1%	8.9%	325	$68,562	$937,487	N/A	N/A	N/A	0.5%
2012	9.2%	6.0%	17.6%	16.0%	(8.4%)	414	$91,822	$1,272,265	12.7%	15.8%	15.1%	0.2%
2013	31.4%	27.5%	32.7%	32.4%	(1.3%)	536	$153,123	$1,955,915	10.3%	12.9%	11.9%	0.4%
2014	12.0%	8.7%	12.7%	13.7%	(0.7%)	942	$257,782	$2,589,024	8.1%	9.4%	9.0%	0.2%
2015	1.6%	(1.4%)	(4.1%)	1.4%	5.8%	1,265	$311,651	$3,175,419	9.5%	10.7%	10.5%	0.3%
2016	17.0%	13.5%	18.4%	12.0%	(1.4%)	1,714	$470,340	$4,413,659	9.2%	11.0%	10.6%	0.3%
2017	19.8%	16.2%	13.2%	21.8%	6.6%	2,254	$698,440	$5,944,479	8.5%	10.3%	9.9%	0.4%
2018	(3.8%)	(6.6%)	(8.6%)	(4.4%)	4.8%	2,539	$699,689	$5,486,737	9.8%	11.1%	10.8%	0.3%
2019	29.9%	26.0%	26.2%	31.5%	3.6%	3,193	$1,079,861	$7,044,708	10.9%	12.0%	11.9%	0.4%
2020	10.7%	7.4%	2.9%	18.4%	7.8%	3,269	$1,159,219	$6,889,798	16.5%	20.0%	18.5%	0.8%
2021	22.6%	19.0%	25.3%	28.7%	(2.7%)	2,083	$891,288	$7,761,687	16.0%	19.3%	17.2%	0.5%
2022	(6.2%)	(9.0%)	(8.0%)	(18.1%)	1.8%	2,105	$810,480	$6,931,635	18.7%	21.5%	20.9%	0.8%
2023	8.7%	5.5%	11.6%	26.3%	(2.9%)	2,158	$855,063	$7,200,019	16.0%	16.7%	17.3%	0.5%
2024	8.8%	5.6%	14.0%	25.0%	(5.2%)	2,134	$912,848	$7,280,773	15.9%	16.9%	17.2%	0.3%
2025	6.5%	3.3%	15.7%	17.9%	(9.2%)	1,823	$783,513	$6,769,052	11.9%	12.7%	11.8%	0.4%

**Average annualized returns* ***Inception is 10/1/2009* *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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Dan Winter, CFA	John Wobbe	Joe Hanzlik	Blair Brumley, CFA	Ben Kim, CFA	

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Indexes: The Russell 3000 Value and S&P 500 are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only & do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Effective September 1, 2025, the benchmark indexes for this composite were retroactively reassigned: the primary index was changed from the S&P 500 Index to the Russell 3000 Value Index, and the secondary index was changed from the Russell 3000 Value Index to the S&P 500 Index.

[1] **Total Return Based on Dividend Growth Policy—Figures 1 and 4:** Source: Ned Davis Research, Inc.; © Copyright 2026. Chart shows the S&P 500 Index split by each constituents' dividend policy. Returns are based on monthly equal-weighted geometric average of total returns of S&P 500 component stocks, with components reconstituted monthly. Dividends are assumed to be reinvested. Dividend rates are not guaranteed payments, nor can they guarantee a rate of return. *Dividend Paying* and *Non-Paying* stocks are defined by each stock's dividend policy determined on a rolling 12-month basis. The dividend figure used to categorize the stock is the company's indicated annual dividend, which may be different from the actual dividends paid. *Dividend Growers/Initiators* is a subset of dividend-paying stocks and include stocks that increased their dividend any time in the last 12 months. Once an increase occurs, it remains classified as a grower for 12 months or until another change in dividend policy. For illustrative purposes only and not representative of any specific investment.

[2] **Growth of Investment/Dividends—Figure 2:** Account value based on $1,000,000 invested in IDEA strategy on 10/1/2009 with dividends reinvested. Annual dividend income is annualized estimate based on representative, fee-paying accounts & includes regular dividends. In Dec. 2012, 10 portfolio holdings pulled forward their 2013 regular dividend payments into 2012 for tax purposes; those Dec. 2012 dividends are allocated to 2013 in this illustration to reflect the companies' regular dividend payment schedules. Additional information is available upon request.

[3] **Annual Dividend Statistics—Figure 3:** Annual dividend income history is available upon request. Current portfolio statistics exclude companies that have been sold and include companies that have been purchased year-to-date.

[4] **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.

[5] **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 Increasing Dividend Equity Account (IDEA) strategy was incepted on October 1, 2009, and the current Increasing Dividend Equity Account (IDEA) Composite was created on October 1, 2009. 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.

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

[7] 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: 0.60% 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 IDEA Composite contains fully discretionary IDEA wrap accounts. The IDEA portfolio is selected from a universe of stocks, from all market capitalizations, meeting minimum criteria of paying & increasing dividends over the last 10 years.

**Results shown for the year 2009 represent partial period performance from October 1, 2009, through December 31, 2009. 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.