Market Commentary

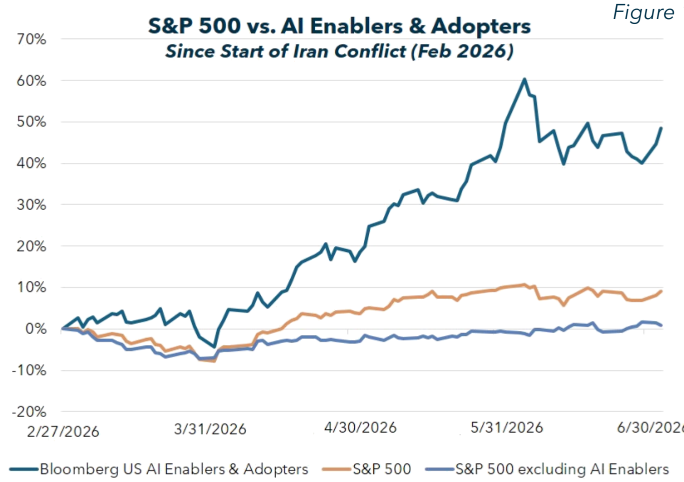
Value Equity Strategies

Confluence INVESTMENT MANAGEMENT

Second Quarter 2026

So far, 2026 has been a tale of two markets. The year began with the rotation that started in late 2025, but it quickly shifted back to the artificial intelligence (AI) trade after the Iran conflict emerged in late February. The reversal reflected concerns that disruptions to Middle Eastern oil flows would push energy prices higher, add inflation pressure, and move Fed policy from expected rate cuts toward possible hikes. That shift increased the probability of a slowdown or recession, leading investors to favor businesses more likely to grow through a downturn. The swing back to risk-on positioning in AI accounted for almost all the returns. Figure 1 reflects this trend as the Bloomberg US AI Enablers & Adopters Index is up around 50%, while the S&P 500 excluding these AI Enablers & Adopters has been flat since late February. More specific to the second quarter, the S&P 500 returned +15.2% in Q2 versus -4.4% in Q1, for a year-to-date return of +10.2%.

Figure 1



The recent move in the AI trade was sharp and narrow, but this time gains were driven by semiconductor and semiconductor-equipment providers, along with storage and peripheral technology companies, rather than the mega-cap Magnificent 7. Unprecedented data center investment has created shortages in memory chips and storage, giving suppliers significant pricing power and boosting margins and earnings. Although positive in the near term, these industries are highly capital intensive and prone to boom-and-bust cycles, making pricing and free cash flow volatile — the hallmark of commodity businesses. The surge in just a few industries was powerful enough to lift both the S&P 500 and Russell 1000 Value indexes (see tables below, Figure 2), while also underscoring the concentration risk and fluid risk profiles of the indexes, which often become most apparent during extreme markets.

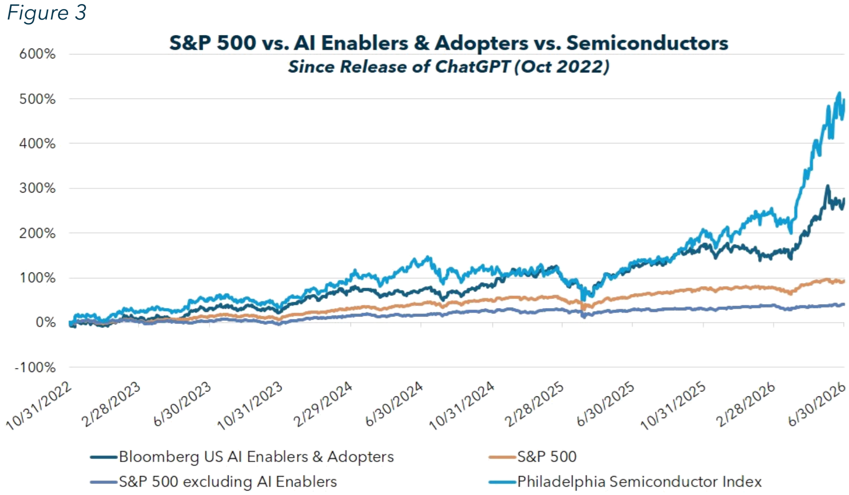
Figure 2

S&P 500 Top Contributors - Q2 2026				*(as of June 30, 2026)*
Company	***Ticker***	***Avg Wgt***	***Total Return***	***Contribution***
Micron Technology, Inc.	MU	1.32%	241.7%	1.59%
Alphabet Inc. - Class A & C	GOOG	6.04%	23.3%	1.34%
NVIDIA Corporation	NVDA	8.01%	14.9%	1.17%
Advanced Micro Devices, Inc	AMD	1.05%	185.6%	1.05%
Apple Inc.	AAPL	6.74%	14.1%	0.93%
Intel Corporation	INTC	0.75%	216.4%	0.79%
Broadcom Inc.	AVGO	3.04%	22.3%	0.63%
Amazon.com, Inc.	AMZN	3.93%	14.4%	0.58%
Applied Materials	AMAT	0.58%	111.8%	0.52%
LAM Research	LRCX	0.60%	103.0%	0.48%
Total		32.06%		9.08%
S&P 500			**15.2%**	**60%**

Russell 1000 Value Top Contributors - Q2 2026				*(as of June 30, 2026)*
Company	***Ticker***	***Avg Wgt***	***Total Return***	***Contribution***
Micron Technology, Inc.	MU	2.36%	241.7%	2.88%
Intel Corporation	INTC	1.32%	216.4%	1.38%
Advanced Micro Devices, Inc	AMD	0.78%	185.6%	0.70%
Sandisk Corporation	SNDK	0.58%	257.9%	0.68%
Cisco Systems, Inc.	CSCO	1.25%	52.2%	0.53%
Applied Materials	AMAT	0.75%	111.8%	0.52%
United Health Group	UNH	1.01%	54.5%	0.44%
Marvell Technology	MRVL	0.45%	200.9%	0.43%
Amazon.com, Inc.	AMZN	2.13%	14.4%	0.39%
Caterpillar Inc.	CAT	1.04%	50.6%	0.39%
Total		11.67%		8.34%
Russell 1000 Value			**13.9%**	**60%**

(Sources: Confluence, Bloomberg) Index data based on the respective ETF (S&P 500 & Russell 1000 Value).

Figure 3

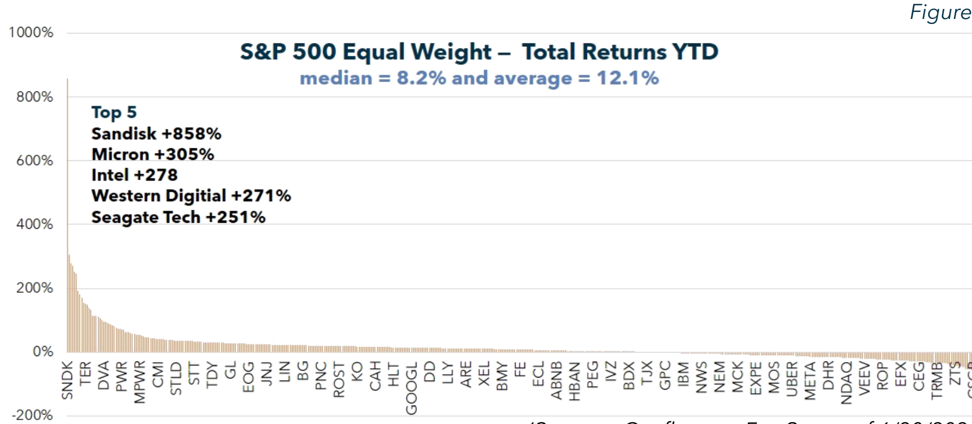


The recent parabolic move in semiconductors — and its impact on the indexes (see our recent *Value Equity Insights* piece, "A Narrow Market") — is even more striking when viewed from the start of the AI bull market, which began with the release of ChatGPT in late 2022. Figure 3 builds on the prior chart by adding the Philadelphia Semiconductor Index, highlighting the sector's influence on both the Bloomberg AI Enablers & Adopters Index and the S&P 500. Put another way, S&P 500 returns have been muted when the AI Enablers & Adopters are excluded.

(Sources, Figures 1 & 3: Confluence, Bloomberg)

This narrowness is also evident in the equal-weighted index, where a small group of sharp gainers pushed the average return well above the median stock's return (the S&P 500 Equal Weight Index rose 12% compared with 8% for the median stock). Such a gap is unusual and highlights how the "tail" can distort index-level returns (see Figure 4).

Figure 4



(Sources: Confluence, FactSet; as of 6/30/2026)

Viewing the market from a dividend perspective further highlights the shift away from quality. The Dividend Aristocrats (companies with 25 years of dividend growth) continued to lag (see Figure 5), and the S&P 500 yield sits at lows last seen during the dot-com bubble (Figure 6).

Figure 5

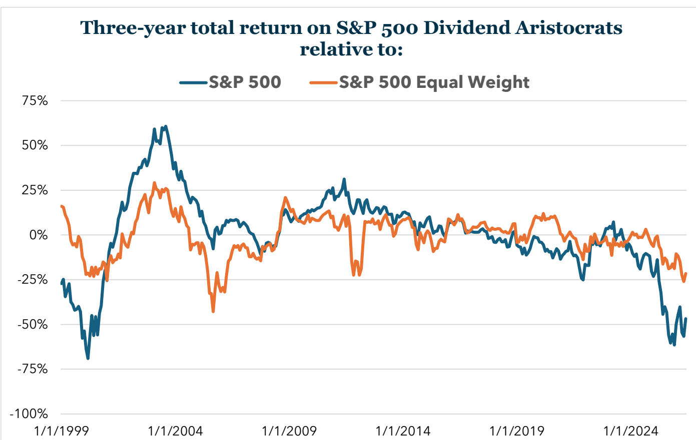
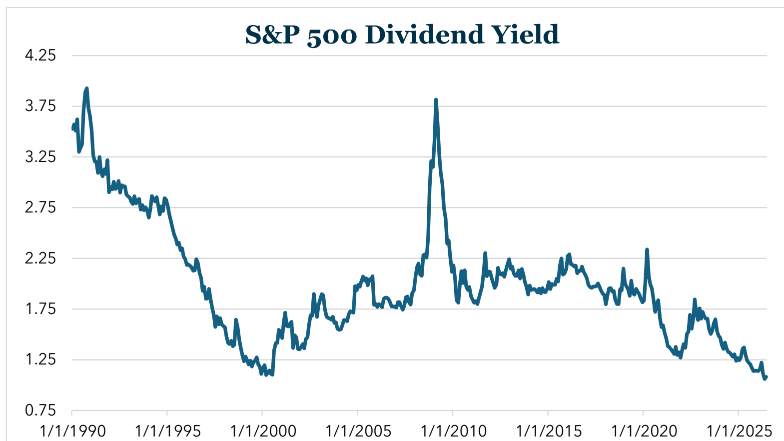


Figure 6



(Sources, Figures 5 & 6: Confluence, Bloomberg; as of 6/30/2026)

The pattern is also apparent across the yield spectrum as higher-yielding stocks underperformed both quarter-to-date and year-to-date. Readers should be familiar with the next two charts (Figures 7 and 8) using data from Ned Davis Research that groups the S&P 500 returns into quartiles by dividend yield, with the highest-yielding in Quartile 1 and the lowest-yielding in Quartile 4; Quartile 0 represents non-dividend payers.

Figure 7

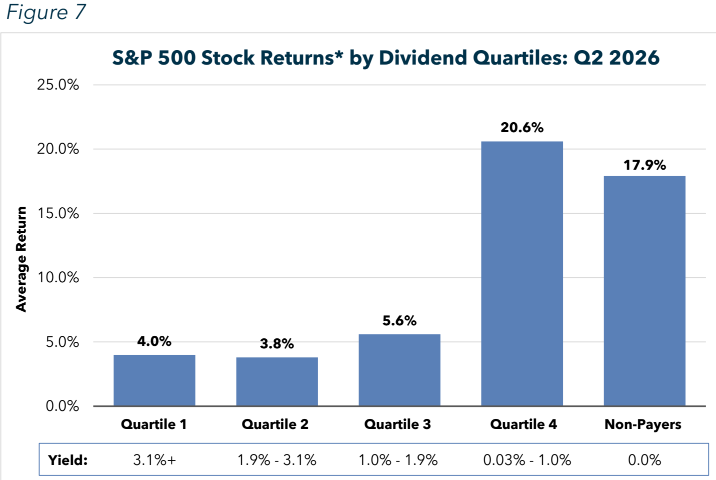
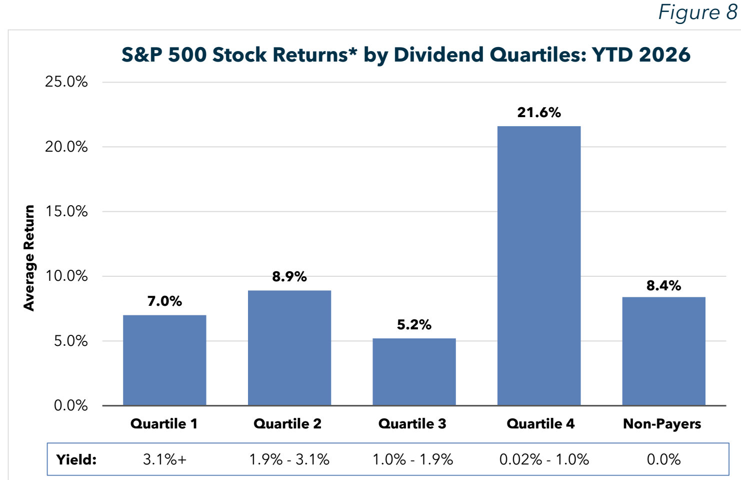


Figure 8



(Sources, Figures 7 & 8: Confluence, Ned Davis Research)
**Actual Historical Constituents. Returns through 6/30/2026.*

Given this backdrop, it should come as no surprise that tech drove the quarter and lifted year-to-date returns for the S&P 500. What was somewhat surprising was the weakness in oil in Q2 amid the Middle East concerns. It is also important to highlight that the memory/hardware names reside in the Value index. Given their commodity-like nature, these stocks are often afforded discounted multiples, which helped elevate Value over Growth with the Russell 1000 Value Index up 16.2% year-to-date compared with only 5.3% for the Russell 1000 Growth Index.

Figure 9 – **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	3.0%	1.8%	11.8%	8.9%	9.3%	38.0%	9.7%	1.8%	8.9%	4.6%	2.2%	100.0%
Russell Growth weight	0.4%	0.3%	4.4%	8.9%	8.2%	54.3%	16.1%	0.4%	5.4%	1.2%	0.3%	100.0%
Russell Value weight	5.5%	3.8%	19.1%	11.4%	10.6%	18.6%	3.3%	3.7%	12.6%	7.5%	3.9%	100.0%
QTD	-13.4	2.0	9.0	14.9	9.3	31.8	8.3	9.5	8.8	0.3	-0.5	15.2
YTD	19.7	12.0	-1.2	20.2	-0.8	19.8	0.8	14.8	3.5	8.0	7.7	10.2

(Source: J.P. Morgan Asset Management; Guide to the Markets®, US 3Q 2026, as of June 30, 2026)

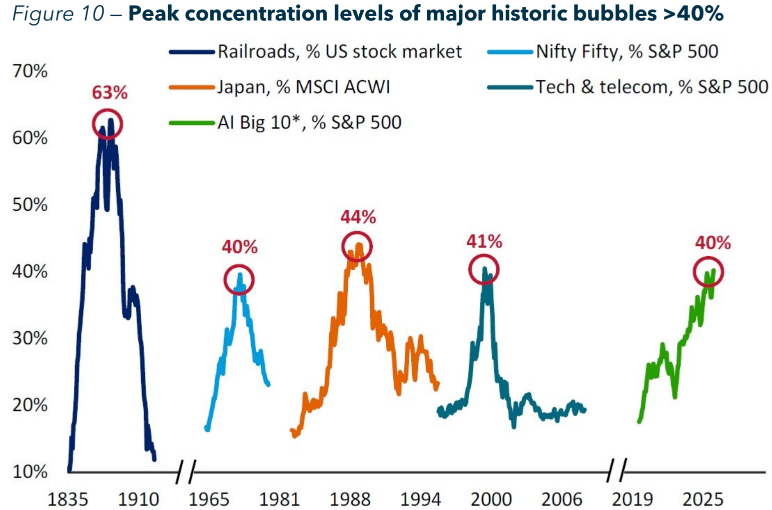
Small caps also posted a superb quarter as the Russell 2000 Index advanced 21.6%. The rally was supported by solid corporate earnings, easing concerns around the Iran conflict, lower oil prices, and continued investor enthusiasm around AI. More importantly, there were late signs of market broadening, which benefits the small cap market. This marked the second consecutive quarter in which small caps led the broader US equity market, with the Russell 2000 Index outperforming its large cap counterpart, the Russell 1000 Index, by nearly 650 basis points for the quarter. For the first half of the year, the Russell 2000 and 2000 Value were up 22.7% and 23.2%, respectively, representing the strongest first half performance for the Russell 2000 Index since 1991.

Perspective

The economy remained resilient through the first half of the year, with limited disruption from the Iran conflict. Inflation, however, is still above the Fed's 2.0% target – a point reiterated by new Chair Kevin Warsh – leaving less room for rate cuts in 2026. Against that backdrop, investor attention remains centered on AI and the massive data center buildout. Funding for this capital spending initially came from the large players' operating cash flow, but it is now increasingly supported by equity issuance, debt, off-balance-sheet financing through special-purpose vehicles, and future lease obligations. Much of this investment rests on the ambitious expectations of a small group of frontier-model providers, including OpenAI and Anthropic. Echoes of past excesses are also visible in circular investment arrangements, where one company invests in another and the recipient uses the proceeds to buy the investor's products. Investor appetite remains strong as markets absorb the steady supply of new stock and debt needed to finance the buildout, but leverage is rising as well. Margin debt is up 54% year-over-year and now stands at $1.4 trillion, or roughly 5% of GDP.

The scale of the AI frenzy is striking and resembles prior periods of excess that produced extreme concentration (see Figure 10), which distorts index-level returns. That distortion can be especially misleading when index construction is not well understood and the index is treated as a north star for investors, when in fact, particularly during periods of extreme concentration like this one, it may be more reflective of a shooting star fueled by lofty aspirations.

Figure 10 – **Peak concentration levels of major historic bubbles >40%**



Source: BofA Global Investment Strategy, Bloomberg. * AI Big Ten = Magnificent 7 + AVGO, MU, AMD

At Confluence, we remain committed to a disciplined philosophy centered on competitively advantaged, well-capitalized businesses trading at attractive valuations. Our process is designed to maintain a consistent risk profile across full market cycles, even when that creates tracking error versus the benchmarks. We accept that tradeoff because we define risk as the probability of a permanent loss of capital and manage our value equity portfolios with capital preservation as a priority. Our strategies were resilient during the year's early drawdown, consistent with their behavior in prior market declines, but later lagged as lower-quality and momentum-driven assets led the market in the second quarter. We continue to follow our fundamental approach, which has served clients well across market cycles over 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	

Figures 1 and 3: 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), S&P 500 Index (SPX), and Philadelphia Stock Exchange Semiconductor Index (SOX). Returns through 6/30/2026

Increasing Dividend Equity Account (IDEA)

Value Equity Strategies

Second Quarter 2026

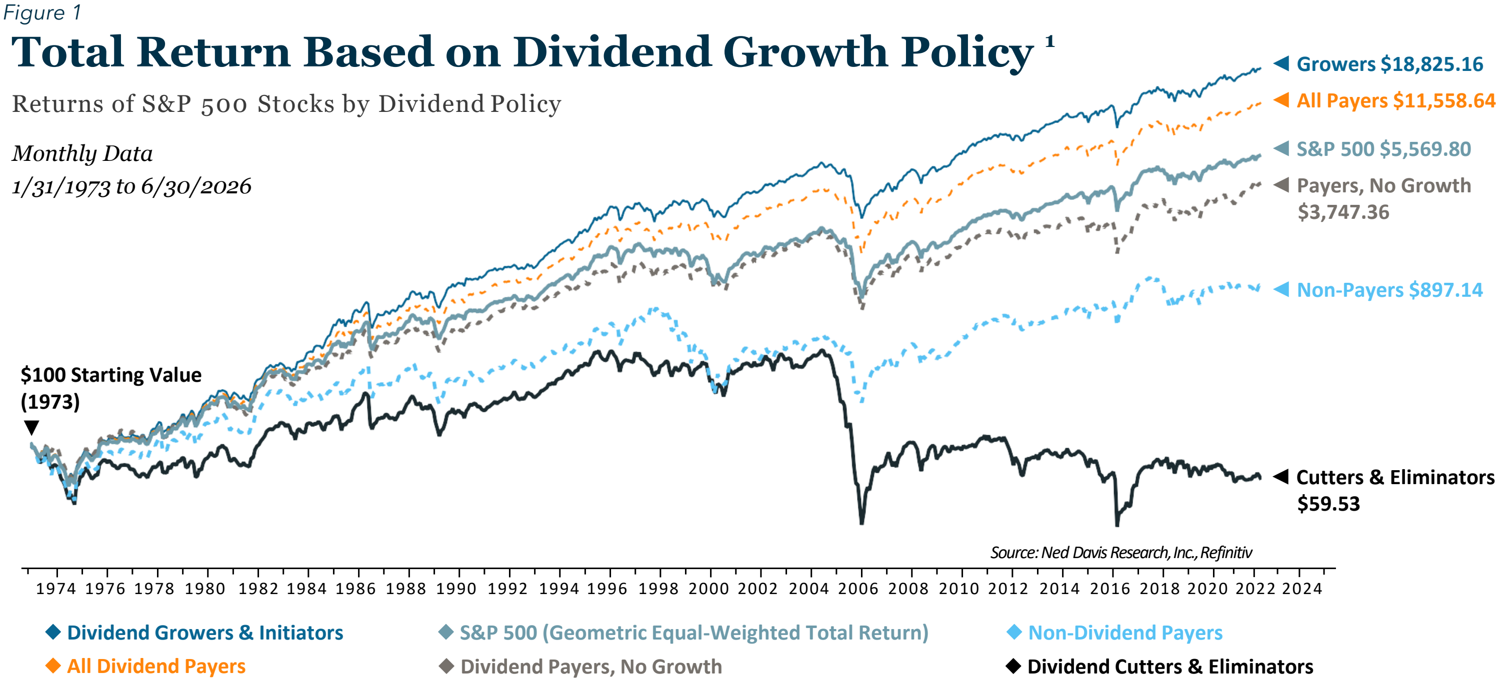
Increasing Dividend Equity Account (IDEA) is focused on high-quality companies with long track records of distributing earnings to shareholders through dividends. These companies tend to be established companies that generate free cash flow and have management teams committed to growing the dividend. 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 from Ned Davis Research (Figure 1), $100 invested in dividend growers in 1973 has grown to $18,825, while $100 invested in non-dividend payers over the same time frame is now worth $897, and $100 invested in dividend cutters is only worth $60 today.

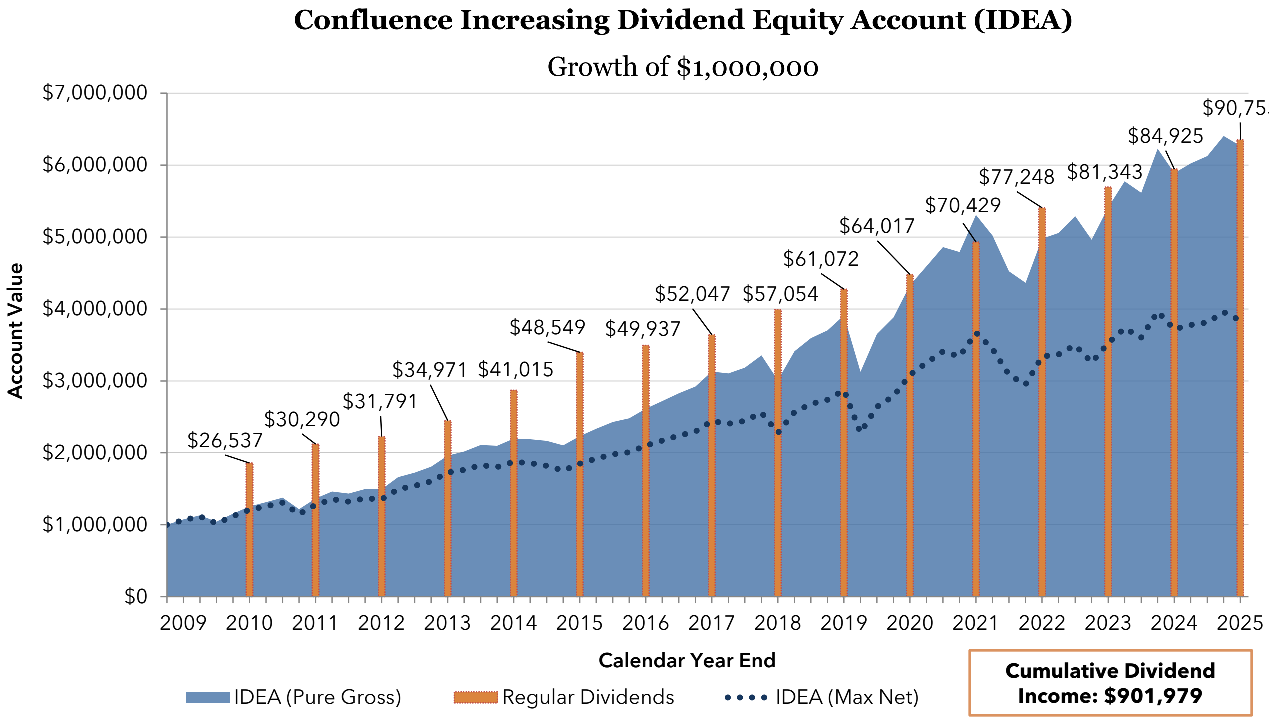
Figure 1



(Sources: Ned Davis Research, Confluence)

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



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

Annually, from 2009 to 2025, holdings in the IDEA portfolio increased their dividends at an average rate of 8.5% each year. Year-to-date in 2026, holdings in the IDEA portfolio have delivered an average dividend growth rate of 5.4%, with 23 of the 48 holdings having increased their dividend so far this year (see table, Figure 3).

The average year-to-date dividend growth of 5.4% for the strategy's holdings was slightly slower than expected, which we believe reflects companies' caution regarding overall economic growth in the near term. 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 (6/30/2026)	48	2.3%	23	-	0	5.4%

** 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.*

**** For YTD statistics, the average growth rate is calculated using only those holdings for which an increase or decrease in the indicated annual dividend amount has been announced. 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 6/30/2026 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 2,085-2,125 companies of the roughly 2,275 names 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.

Despite their solid history, dividend payers have at times been overlooked in favor of rapidly growing businesses that need to retain their cash flow, particularly during momentum-driven markets. We are currently in one such environment, which commenced a few years ago as attention turned toward artificial intelligence (AI) and its enablers.

Today, the yield on the S&P 500 is at trough levels last witnessed during the dot-com bubble of the late 1990s (see Figure 6 in the Market Commentary). Another indicator is the relative performance of the S&P 500 Dividend Aristocrats — businesses that have consistently grown their dividend for the past 25 years — which has lagged the past few years despite a history of outperformance (Figure 5 in the Market Commentary).

Against this backdrop, Confluence IDEA returned 2.1% (gross of fees) in the second quarter versus 15.2% for the S&P 500 Index and 14.0% for the Russell 3000 Value Index. Year-to-date, IDEA gained 4.2% (gross of fees) compared to 10.2% for the S&P 500 and 16.5% for the Russell 3000 Value. The Ned Davis Dividend Growers & Initiators group, shown previously in Figure 1, returned 8.3% during the year-to-date period. [*The strategy's net-of-fees returns for the same periods were 1.3% QTD and 2.6% YTD. See disclosures on last page for fee description; actual investment advisory fees may vary*.]

As we discussed in the Market Commentary, the first six months of the year unfolded as a tale of two markets, with January and February punctuated by a meaningful rotation back to quality and higher-yielding stocks. While the strategy benefited from this early rotation, there was an aggressive shift in the market away from quality and back toward the AI trade following the start of the Iran conflict in late February.

Fears of elevated energy prices (and the inflation they might cause) drove investors to question the current Fed outlook, elevating the probability of a rate hike as opposed to additional rate cuts. This in turn raised the specter of increased recession risk, prompting investors to pivot toward areas of growth, with the AI market seen as the primary vector for that trade. This aggressive shift continued and even accelerated in Q2, dominating market returns. During periods such as these, defined by euphoric sentiment and a significant appetite for risk, we would expect IDEA's performance relative to the benchmark to be muted as capital is siphoned into riskier momentum trades and away from stable dividend growers.

Year-to-date, over 60% of the S&P 500 and Russell 1000 Value* returns were generated by the Information Technology sector alone; the sector's weight in the index has roughly doubled in size since the beginning of the year. Within the Russell 1000 Value Index, the Information Technology sector was up 72% year-to-date and accounted for approximately four times the return contribution of the next best-performing sector, Industrials. Computer memory producers like Micron (MU) and Sandisk (SNDK) were among the hot trades in the index, notching returns over 240% and 630%, respectively , year-to-date. While these returns are sizeable, the memory market, in particular, is known for its history of volatile boom-and-bust cycles. During the dot-com era, for example, Micron shed nearly 90% of its stock price and didn't recover those levels for nearly two decades. Notably, Micron also eliminated its dividend in 1996 and didn't reinstate it until 2021. At current levels, the stock yields just 0.1%. Sandisk does not pay dividends at all. As a result, neither company would be eligible for the IDEA portfolio under our investment methodology.

In this environment, we continue to find opportunities, particularly as market volatility and uncertainty create dislocations between fundamentals and valuations. During the second quarter, we added AptarGroup (ATR) to the portfolio.

** Reflects the 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.*

Aptar is a global designer and manufacturer of dispensing systems, closures, and drug delivery devices serving the pharma, beauty, personal care, and food and beverage industries. The company has strong moats, particularly in the niche nasal and respiratory drug delivery market where the device is mission-critical to the therapy's performance and patient uses but typically represents only a small portion of the total cost of the drug. Aptar is involved early in the drug development process, helping pharma customers determine how the medication should be delivered, validating device performance, and supporting regulatory approval. This makes revenue highly sticky. The company maintains a conservative balance sheet, a strong capital allocation record, and a 30-year history of dividend increases.

During the second quarter, we sold Starbucks Corporation (SBUX).

Starbucks was a long-term holding for the strategy, which we valued for its competitive position in specialty coffee, its significant runway for store expansion over the years, and its strong free cash flow profile, ultimately culminating in robust dividend growth over time. More recently, however, Starbucks has struggled with slowing store growth and a more competitive landscape. While a new leadership team has been put in place to reinvigorate growth, and the company's strategy is showing some signs of progress, we believe these plans may create operational headaches and require elevated levels of capital investment for the foreseeable future, which could limit dividend growth. Further, at current valuation multiples, we believe much of the turnaround story has already been priced into the stock. Given the operational uncertainty, capital allocation constraints, and high valuation, we decided to exit the position in IDEA.

Outlook

As markets are experiencing near-record valuations, high levels of concentration, and rapidly shifting sentiment among a narrow group of stocks, we believe our emphasis on consistency of process matters more than ever.

Importantly, the IDEA strategy has not altered its methodology, fundamental research process, or risk management framework. Our recent *Value Equity Insights* publication, "Déjà vu for Dividends," discusses our investment process in further detail.

The strategy's performance has been driven by companies with strong fundamentals, disciplined capital allocation, and conservative risk profiles. We believe company fundamentals and valuations matter — particularly when markets seem to think otherwise — acting like gravity to draw markets back to economic reality over the long term. Market history and our own track record have demonstrated the long-term value of these attributes as we work to deliver sustainable income and wealth generation 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 6/30/2026)

Ticker	Security	Avg Weight (%)	Contribution (%)
Top 5			
ADI	Analog Devices Inc.	2.61	1.22
APH	Amphenol Corp.	2.49	0.70
MAS	Masco Corp.	2.17	0.61
LIN	Linde plc	2.95	0.59
NDSN	Nordson Corp.	2.46	0.57
Bottom 5			
MKC	McCormick & Co. Inc.	*Sold*	(0.43)
SPGI	S&P Global Inc.	1.70	(0.44)
MORN	Morningstar Inc.	1.49	(0.47)
NKE	NIKE Inc.	1.43	(0.61)
ZTS	Zoetis Inc.	1.57	(0.67)

Performance Composite Returns[5] (For Periods Ending June 30, 2026)

	Since Inception**	15-Year*	10-Year*	5-Year*	3-Year*	1-Year	YTD	QTD
IDEA *Pure Gross-of-Fees[6]*	11.9%	10.9%	10.4%	6.1%	7.3%	6.6%	4.2%	2.1%
Max Net-of-Fees[7]	8.5%	7.6%	7.1%	2.9%	4.1%	3.4%	2.6%	1.3%
Russell 3000 Value	11.7%	11.3%	11.5%	10.9%	17.8%	27.7%	16.5%	14.0%
S&P 500	14.5%	14.3%	15.5%	13.4%	20.6%	22.3%	10.2%	15.2%

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%	13.4%	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%	0.3%
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%	16.3%	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	6.4%	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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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—Figure 1:** 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.