Increasing Dividend Equity Account (IDEA)

Confluence INVESTMENT MANAGEMENT

September 30, 2026

Objective

Invests in companies that have paid or increased dividends over the last 10 years. Primary investment objective is capital appreciation with dividend income as a secondary objective.

Investment Philosophy

Confluence's investment philosophy builds upon the required criteria established to create the initial IDEA investable universe. Stocks selected are diversified across a variety of sectors, avoiding excess concentrations in particular industries. Companies typically have well-positioned business models, ones that can grow during economic expansions and persevere through recessions and industry downturns.

Valuations play an important role, as we believe avoiding excessive valuations is a key metric in managing risk. We also focus on companies where debt levels are manageable. The result is a diversified portfolio of high-quality companies operating stable businesses from which they can offer the prospect of rising dividends to shareholders.

Overview

- Invests in businesses with long track records of distributing earnings to shareholders through dividends – companies have paid or increased dividends over the last 10 years
- Generally focused on mid-to-large capitalization companies
- Approximately 2% position sizes
- New accounts fully invested at inception
- Low turnover
- Anticipated dividend growth rate of the aggregate portfolio is important since inflation can erode investment returns and lower purchasing power; however, because the targeted portfolio dividend growth rate is higher than inflation, real income to investors can grow over time

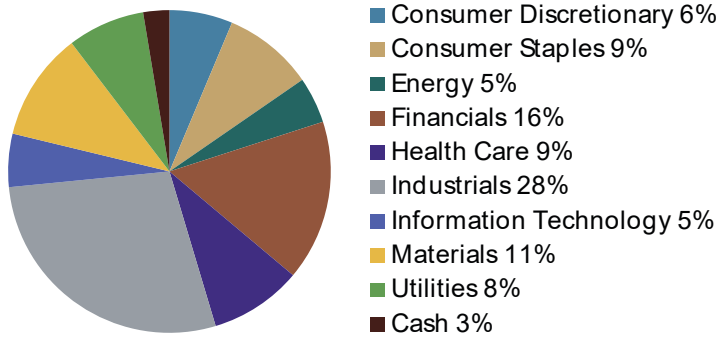
Portfolio Holdings[1]

Characteristics	IDEA	R3000 Value	S&P 500
Dividend Yield	2.2%	1.7%	1.1%
Number of Positions	49	2,283	503
Annual Turnover *(5-Yr Rolling as of 12/31/25)*	9%		

10 Largest Holdings	Weight
Expeditors International of Washington Inc.	2.7%
Nordson Corp.	2.7%
Chubb Ltd.	2.6%
W. R. Berkley Corp.	2.5%
Mastercard Inc.	2.5%
Chevron Corp.	2.5%
Ecolab Inc.	2.4%
Snap-on Inc.	2.4%
Toro Co.	2.4%
Linde plc	2.4%

Market Cap	IDEA	R3000 Value	S&P 500
Weighted Avg. Market Cap ($B)	130.8	826.5	1,676.6
Largest Market Cap ($B)	3,808.6	4,884.6	5,526.8
Median Market Cap ($B)	48.8	2.6	43.5
Smallest Market Cap ($B)	5.1	-	5.7
Large Cap (>$18B)	76%		
Mid Cap ($7B-$18B)	18%		
Small Cap (<$7B)	4%		

Sector Allocation



See GIPS Report on pages 3-4

Investment Process

IDEA Security Screen Criteria

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

Consistent, Growing Dividends:

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

IDEA Criteria Indicate:

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

Buy Discipline: Invest Based on Price and Patience

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

How is IDEA Different?

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

Portfolio Characteristics

Annual Dividend Statistics[2] For IDEA Portfolio at 12/31 *(Dividend Growth Using Announcement Date)*

Year	Holdings	Avg. Yield+	Dividend Change from Prior Year** # of companies with 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%

** 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.*
**** Avg. Growth 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 is the average dividend yield of portfolio holdings at 12/31, calculated based on annualized current dividend plus any special dividend paid during the year.

Statistical Analysis[3] (as of 9/30/26)

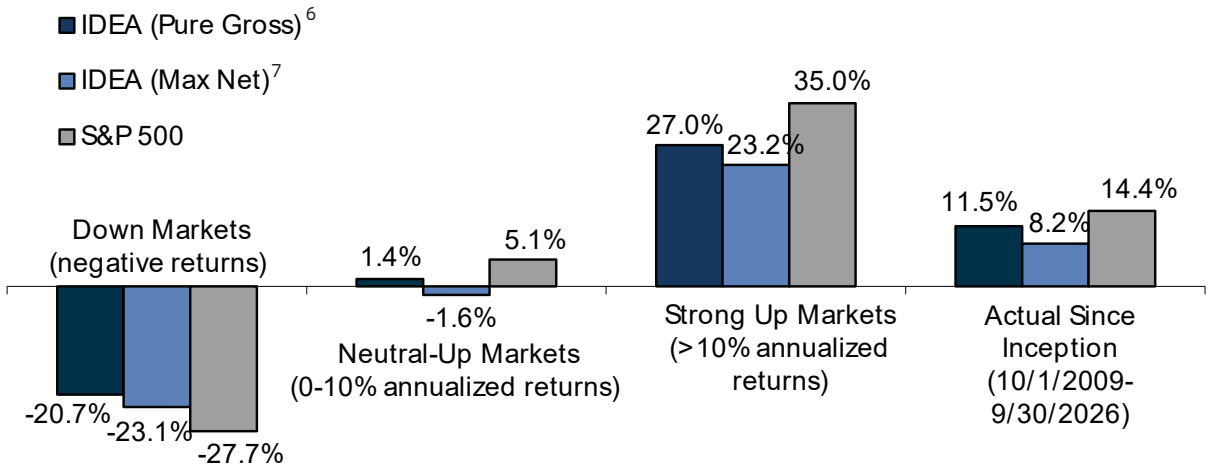
Since Inception**	Pure Gross-of-Fees[6]	S&P 500
Downside Capture Ratio	74.83	100.00
Alpha	0.16	0.00
Beta	0.77	1.00
Annualized Standard Deviation	12.82%	14.80%
R-Squared	0.77	1.00
Sharpe Ratio	0.78	0.87

Portfolio at Quarter End	vs. S&P 500
Active Share	92.82%

***Inception is 10/1/2009*

Performance

Historical Performance[4] Annualized Returns (As of 9/30/26)



See performance disclosures on last page.

Composite Returns[5] (For periods ending September 30, 2026)

	Since Inception**	15-Year*	10-Year*	5-Year*	3-Year*	1-Year	YTD	QTD
IDEA *Pure Gross-of-Fees[6]*	11.5%	11.7%	9.9%	5.9%	8.7%	(0.3%)	1.8%	(2.2%)
Max Net-of-Fees[7]	8.2%	8.4%	6.7%	2.8%	5.5%	(3.3%)	(0.4%)	(3.0%)
Russell 3000 Value	11.7%	12.9%	11.3%	11.6%	19.9%	23.7%	19.2%	2.3%
S&P 500	14.4%	15.7%	15.3%	13.8%	22.9%	15.7%	12.7%	2.3%

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.*

Confluence Value Equities Investment Committee

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Disclosures

[1] **Portfolio Holdings**—All investments carry a certain degree of risk, including possible loss of principal. It is important to review your investment objectives, risk tolerance & liquidity needs before choosing an investment style or manager. Equity securities are subject to market risk & may decline in value due to adverse company, industry or general economic conditions. There can be no assurance that any investment objective will be achieved. Sector weightings/holdings of individual client portfolios in the strategy may differ, sometimes significantly, from these listings. Portfolio yield: composite level weighted average yield, calculated based on annualized current dividends; source: FactSet. Benchmark sources: Bloomberg, S&P Dow Jones Indices/FTSE Russell. Annual turnover 5-yr rolling calculated from sample accounts for periods ending 12/31/2025.

[2] **Annual Dividend Statistics**—The IDEA strategy was incepted 10/1/2009. Annual statistics reflect IDEA portfolio holdings at 12/31. Annual dividend income history is available upon request.

[3] **Statistical Analysis**—*Active Share*: Measures % of portfolio holdings that differ from benchmark index; calculated by taking the sum of the absolute value of the differences of the weight of each holding in manager's portfolio & the weight of each holding in benchmark index, as of the date shown, and dividing by two. (*Calculated by Confluence. Index holdings/ weights sourced from exchange-traded fund: iShares S&P 500 Core [IVV].) Downside Capture Ratio*: Measures performance in down markets relative to index (down market: any quarter where the market return is less than zero); lower Downside Capture Ratio indicates manager protected capital better during a market decline. *Alpha*: Measures nonsystematic return or return that cannot be attributed to the market. *Beta*: Measures portfolio volatility (systematic risk) compared to an appropriate benchmark index. *Standard Deviation*: Measures price variability (risk) over a period of time. *R-Squared*: Indicates whether comparison index is an appropriate benchmark based on correlation. *Sharpe Ratio*: Quantifies risk-adjusted performance by measuring excess return per unit of risk. (*Data source: Zephyr's PSN SMA Database*)

[4] **Historical Performance Chart**—Annualized returns using calendar quarter performance data. *Down Markets*: annualized negative benchmark return; *Neutral-Up Markets*: annualized positive benchmark return is less than 10%; *Strong Up Markets*: annualized benchmark return is greater than 10%.

Benchmarks / Indexes— The Russell 3000® Value Index is 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. The S&P 500® Index is 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*) 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.

[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, 2025. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards.**
Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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The 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.

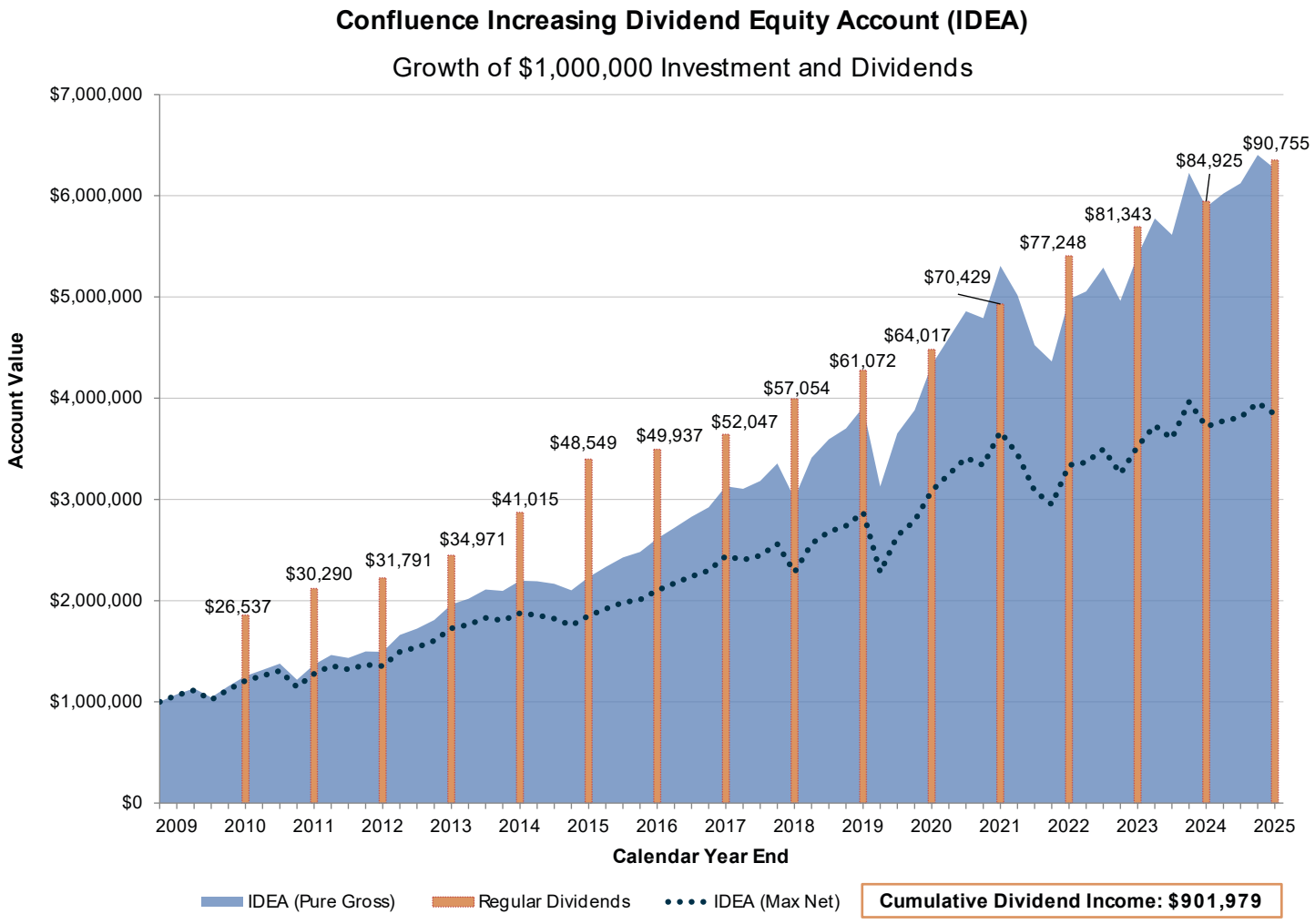
**Results shown for the year 2009 represent partial period performance from October 1, 2009, through December 31, 2009. N/A-Composite Dispersion: Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. N/A-3yr Std Dev: Composite does not have 3 years of monthly performance history.

Increasing Dividend Equity Account (IDEA)

Confluence INVESTMENT MANAGEMENT

Annual Investment & Dividend Illustration

As Of December 31, 2025



Disclosures

The Increasing Dividend Equity Account (IDEA) strategy and composite were created on October 1, 2009. The Max Net performance was calculated using the highest applicable annual bundled fee of 3.00% applied quarterly. This fee includes advisory, custody, financial intermediary, brokerage, commissions, and other fees the client will incur. Actual investment advisory fees incurred by clients may vary. Please refer to the Confluence Investment Management LLC Form ADV 2A for a standard fee schedule. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Please refer to the rest of this document for full performance and disclosures.

The account value is based on $1,000,000 invested in the Increasing Dividend Equity Account (IDEA) strategy on 10/1/2009 with dividends reinvested. The annual dividend income information is an annualized estimate based on representative, fee-paying accounts and includes regular dividends. In December 2012, 10 portfolio holdings pulled forward their 2013 regular dividend payments into 2012 for tax purposes. In this illustration, those December 2012 dividends were allocated to 2013 to reflect the companies' regular dividend payment schedules. Additional information is available upon request.

Past performance is no guarantee of future results. The US dollar is the currency used to express dividend performance. This information is not intended to forecast or predict future performance. Actual results may vary, and investors could realize losses on their investment.

This information is shown as supplemental information and must be accompanied by the full performance/disclosure pages included with this document.