Asset Allocation

Income

Third Quarter 2026

Objective

Primarily focused on reliable income. Profile is similar to a diversified bond portfolio with a small portion allocated to equities, when appropriate.

Investment Philosophy

Asset allocation is a time-tested approach that addresses risk through diversification, while positioning portfolios to achieve growth, income, and other client-specific objectives. Confluence employs an *adaptive* approach to asset allocation that evaluates the investing landscape against the backdrop of the pending business cycle, as we recognize that risk levels and return potential rise and fall over market and economic cycles.

Through a disciplined, consensus-driven process, the Confluence team estimates the performance of 12 different asset classes in terms of risk, return, and yield looking forward three years. The intention is to remain within an acceptable risk profile, while changing the asset class mix to optimize return potential. Allocations are adjusted depending upon the investment committee's changing views of the marketplace and economy, utilizing over/underweights to focus on particular industry sectors, maturities, commodities, or countries. Confluence's Asset Allocation portfolios offer a broad spectrum of risk profiles and are implemented using exchange-traded funds (ETFs).

Overview

- Focus is reliable income with principal preservation; an element of long-term growth can be used to mitigate risk associated with inflation
- Majority of its allocation in fixed-income asset classes with the core being a ladder of target maturity ETFs, with each of the next 10 years representing a fixed percentage of assets
- A small portion of the portfolio may include real estate, equities, and commodities to contribute growth potential and diversification benefits
- Complementary strategy for investors in the distribution phase for their investments
- Strategy assets: $63.1 million[1]

[1] *Strategy assets=$1.8 million assets under management (AUM) + $61.3 million assets under advisement (AUA); as of 12/31/25.*

Current Holdings[2]

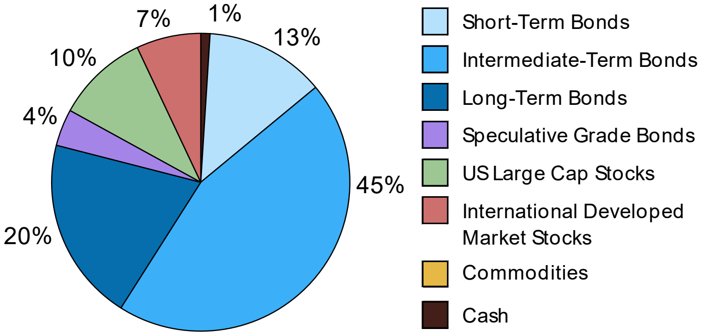
(As of 7/28/2026 rebalance)

See GIPS Report on pages 2-3

Characteristics	
Weighted SEC Yield	4.1%
Volatility Ceiling	7.0%
Number of Securities	20
Annual Turnover *(3-Yr Rolling as of 12/31/25)*	59%

5 Largest Holdings	
SPDR® Portfolio Mortgage Backed Bond ETF - SPMB	16.0%
iShares 20+ Year Treasury Bond ETF - TLT	10.0%
iShares 10-20 Year Treasury Bond ETF - TLH	9.0%
SPDR® Developed World ex-US ETF - SPDW	7.0%
SPDR® Portfolio S&P 500 Value ETF - SPYV	4.8%

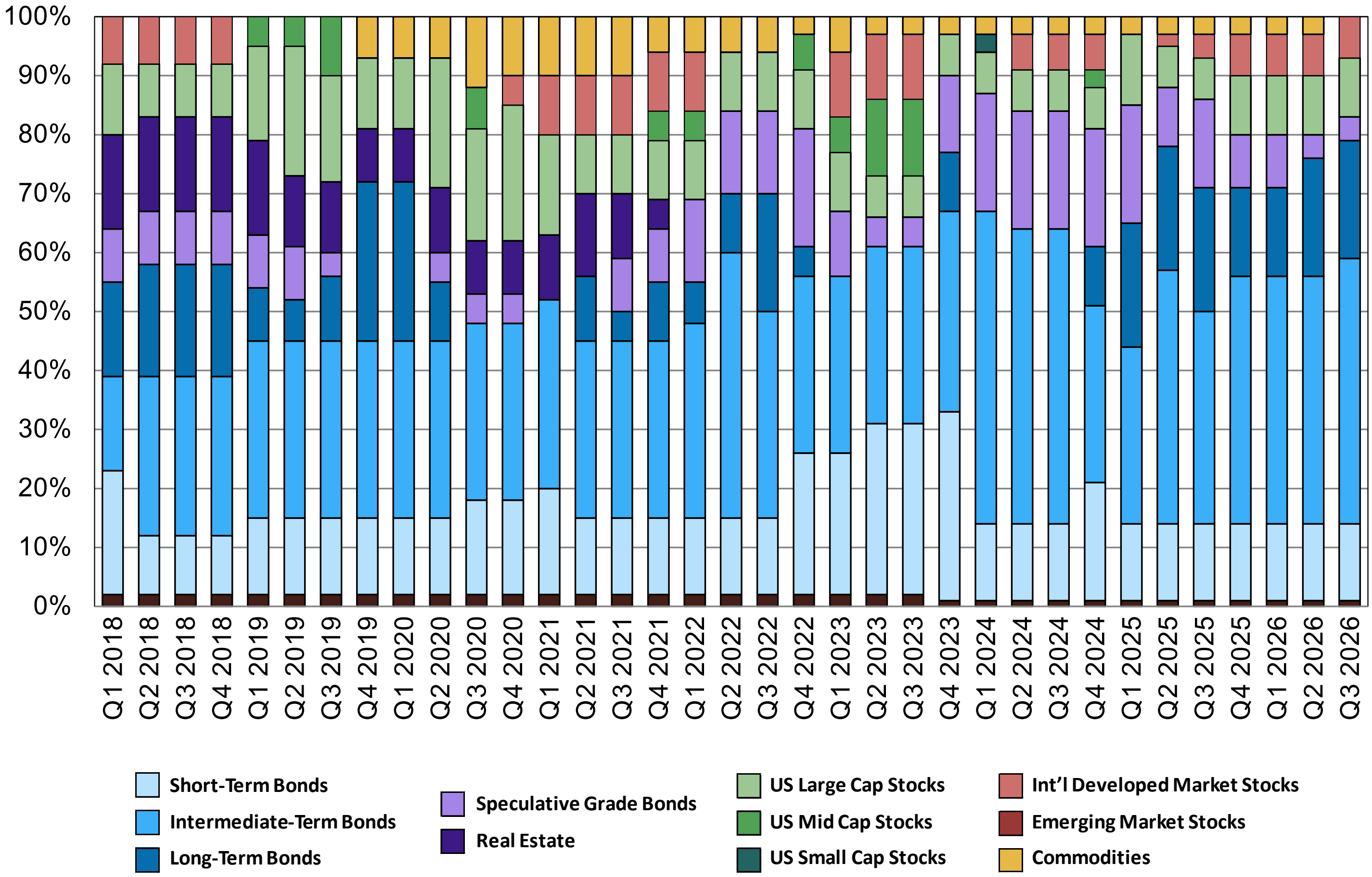
Asset Allocation



Recent Portfolio Changes[3]

The Income strategy emphasizes income generation through a laddered fixed income portfolio that continues to favor US Treasurys and agency mortgage-backed securities over investment-grade corporate bonds, where credit spreads remain near historically tight levels. We maintain a modest allocation to higher-quality speculative-grade bonds through BB-rated securities to enhance income, while preserving overall credit quality. Equity exposure remains focused on US large cap and international developed markets, with a value tilt reflecting our expectation that market leadership will broaden beyond the narrow group of mega-cap growth companies. We exited commodities this quarter in favor of intermediate bonds for additional portfolio yield.

Historical Model Allocation[2]



Performance Composite Returns[4] (For periods ending June 30, 2026)

	Since Inception**	5-Year*	3-Year*	1-Year	YTD	QTD
Income (Taxable) *Pure Gross-Of-Fees[5]*	6.1%	3.2%	6.9%	6.8%	2.3%	1.7%
Max Net-Of-Fees[6]	3.0%	0.1%	3.8%	3.7%	0.8%	0.9%
Benchmark (20stock/80bond)	4.4%	2.8%	7.4%	7.4%	2.6%	3.5%

Calendar Year	Pure Gross-Of-Fees[5]	Max Net-Of-Fees[6]	Benchmark (20stock/80bond)	Difference (Gross-Benchmark)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	Benchmark 3yr Std Dev	Composite Dispersion
2018	(2.6%)	(5.5%)	(0.7%)	(1.9%)	1	$448	$5,486,737	N/A	N/A	N/A
2019	15.0%	11.6%	13.1%	1.9%	1	$210	$7,044,708	N/A	N/A	N/A
2020	19.6%	16.1%	10.1%	9.5%	1	$242	$6,889,798	6.9%	4.7%	N/A
2021	9.4%	6.2%	4.0%	5.4%	1	$247	$7,761,687	6.5%	4.5%	N/A
2022	(11.7%)	(14.4%)	(13.8%)	2.1%	1	$201	$6,931,635	8.5%	7.6%	N/A
2023	9.5%	6.3%	9.5%	0.0%	4	$740	$7,200,019	7.9%	8.5%	0.0%
2024	4.6%	1.5%	5.7%	(1.1%)	8	$1,488	$7,280,773	7.9%	9.0%	0.0%
2025	9.4%	6.1%	9.4%	(0.1%)	6	$1,228	$6,769,052	5.6%	6.5%	0.1%

**Average annualized returns* ***Inception is 1/1/2018* *See performance disclosures on last page.*

Confluence Asset Allocation Committee

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See Territory Map on the Confluence website for sales coverage

Disclosures

[2] **Current Portfolio**—Information presented reflects wrap account composites with taxable income (if applicable). Asset allocations shown represent the individual ETFs used in the model portfolios as of 7/28/26 and do not represent the precise allocation of assets in an actual client account. Asset allocation in client accounts may vary based on individual client considerations and market fluctuations. The investments held by the portfolio are not guaranteed and do carry a risk of loss of principal. Each asset class has specific risks associated with it and no specific asset class can prevent a loss of capital in market downturns. Individual client portfolios may differ, sometimes significantly, from these listings. Yield data source: Morningstar. 30-day SEC yield of the model portfolio as of 7/28/26. Annual turnover 3-year rolling calculated from sample accounts for periods ending 12/31/2025.

[3] **Recent Portfolio Changes**—The investment or strategy discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances.

Benchmark: 20% stock / 80% bond – custom benchmark is calculated monthly and consists of a blend of 20% S&P 500 and 80% Bloomberg US Aggregate Bond Index.*(Source: Bloomberg)*

[4] **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. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Income Taxable strategy was incepted on January 1, 2018, and the current Income Taxable–Plus Composite was created on July 1, 2019. 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.

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

[6] 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: 0.40% on the first $500,000; 0.35% on the next $500,000; and 0.30% 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. Subsequent to July 1, 2019, bundled fee accounts make up 100% of the composite. 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 Income Taxable–Plus Composite contains fully discretionary Income Taxable–Plus wrap accounts. The Income Taxable strategy is implemented using ETFs and the investment objective is the pursuit of nominal returns (yield and growth) in excess of inflation, subject to the limitations of the risk constraint for the Income Taxable strategy. Although the portfolio typically has the majority of its allocation in taxable fixed income asset classes, a smaller portion of the portfolio may include real estate, equities, commodities or other asset classes. This minority allocation provides an aspect of growth potential, along with diversification benefits. This portfolio may be appropriate for investors with a conservative risk tolerance.

The Income Taxable—Plus composite report includes a correction of the information: the composite dispersion for the Income Taxable—Plus Composite for 2024 was originally presented as 5.3%, while it should have been 0.0%.

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.