

DEARBORN PARTNERS

Dear Investors,

Thank you for your continued interest in the Dearborn Partners Multi-Asset Separately Managed Account (SMA).

Third Quarter of 2022 Thoughts

Fall is harvest season here in the Midwest. If you live near enough to farmland, or farm yourself, you can see the culmination of another planting season as combines harvest corn and soybean fields. Farmers have already started planning next year's growing season. How many acres of corn will they plant? How many acres of soybeans, wheat, etc. will they plant? Midwestern farmers may start with a general plan of planting, say, 60% corn acres and 40% soybean acres. The plan is modified year-to-year based on their expected return for each crop. We view management of the Multi-Asset SMA similarly to planning for farming. We start with a general plan of 60% stocks and 40% fixed income. More specifically, we bias our long-term outlook to stocks, so 65% stocks and 35% fixed income is our base case. From our base case, we evaluate the expected returns of various assets including stocks, bonds, preferred stock, real estate, leveraged loans, Treasuries, etc. and thus, plan our planting—i.e., investing—accordingly.

At the end of the third quarter of 2022, our asset allocation stood at 65% equity, 33% fixed income, and 2% cash. Our allocation at the end of the second quarter of 2022 was 64% equity, 35% fixed income, and 1% cash. Over the course of the quarter, we made minimal changes, increasing our stock exposure by 1% and decreasing our short-term fixed income by a like amount.

Inflation is one of the most prominent risks facing investors in financial markets and is having a real negative impact on many American households. Dearborn Partners, in our view, is well-positioned for inflation. At the heart of what we do as a firm is to find quality companies—those with durable competitive advantages and an ability to grow and innovate—with the ability to raise dividends over the long term. Companies that offer attractive yields combined with the ability raise their annual dividends year-over-year allow investors the potential to outpace the rising costs of living, i.e., inflation.

As we have noted in previous quarters' letters, we view this period in financial history as quite unique. Since the early 1980s, fixed-income holdings (bonds) have usually offered ballast to diversified portfolios. That is, if equities (stocks) sold off, investors seeking more safety frequently bought bonds, driving up bond prices. However, we are currently seeing interest rates rise—as interest rates rise, bond prices decline—which does not help stabilize the value of portfolios if stock and bond markets are weak concurrently.

Although these are unique and unusual times in financial markets, our confidence in the U.S. businesses we own in this portfolio remains high. We continue to see the companies we own as capable of increasing earnings and increasing dividends through the utilization of their competitive advantages and incremental productivity. Over time, stock prices should follow earnings and cash flow generated by these companies. We continue to monitor investments across the investment spectrum—both equity and fixed income—to find the most attractive uses of capital for the Multi-Asset SMA.

As we do every quarter, we like to reiterate our long-term investment philosophy: Over the long term, our bias within the Multi-Asset SMA is to weight more to stocks versus bonds relative to our 60/40 benchmark. We view stocks of high-quality companies as having an ability to earn attractive total returns beyond the rate of inflation over the long term. We equate owning stocks to owning businesses and we like to do so for the long term. We

look for quality businesses that can innovate and retain pricing power in almost any environment and maintain discipline around excellent uses of capital.

We are managing the Dearborn Partners Multi-Asset SMA, a balanced portfolio containing various asset classes, to be well-positioned for the macroeconomic and microeconomic uncertainties of our current environment. As active managers, we will attempt to achieve attractive total returns in future economic environments, as well.

Dearborn Partners Multi-Asset SMA

On September 30, 2022, the yield on the Dearborn Partners Multi-Asset SMA was 4.4%. We are constantly evaluating the risk and reward of asset classes and sectors. However, our over-arching strategy is to anchor the Multi-Asset SMA in equities offering attractive current yields, many of which also offer dividend growth potential.

On the equity side, we conduct bottom-up research on companies (analyze corporate filings, talk to management, visit companies, consult third parties, etc.) looking for opportunities in Real Estate, Utilities, Consumer Staples, Communications Services, Industrials, Financials, Consumer Discretionary, Health Care, Information Technology, Energy, and Materials companies.

On the fixed income side (including both bonds and dividend-paying but not necessarily dividend-growing equities), we continue to weigh our best use of capital amongst Corporate Credit, Government Credit, Treasuries, Midstream Equity, Business Development Companies, Bank Loans, High-Yield Credit, and Preferred Stock.

What is the yield of this portfolio's benchmark?

As the benchmark for our Dearborn Multi-Asset portfolio, we use what historically has been considered a bellwether asset allocation strategy: an asset allocation of 60% stocks and 40% bonds. Principal growth and dividend income could be provided by the 60% allocation to stocks, while portfolio stability and interest income could be provided by the 40% allocation to bonds. As of September 30, 2022, the bellwether 60/40 portfolio benchmark yields 3.43%¹.

¹ 60% of S&P 500 Index yield (1.85% x 60% = 1.11%) + 40% of Bloomberg Barclays US Intermediate Term Corporate Credit Index yield (5.80% x 40% = 2.32%), or 1.11% + 2.32% = 3.43%.

Third Quarter 2022 Performance

As a reminder, the Dearborn Multi-Asset benchmark is a blended benchmark, consisting of 60% S&P 500 and 40% Investment Grade Corporate Bonds.

Here is our performance for the period ended September 30, 2022:

	Quarter To Date	Year To Date	Latest 1 Year	Latest 3 Year*	Latest 5 Year*	Inception To Date²
Multi-Asset (Gross)	-3.75%	-17.09%	-10.51%	2.62%	5.48%	5.48%
Multi-Asset (Net)	-4.02%	-17.79%	-11.52%	1.47%	4.44%	4.44%
Blended Index ³	-4.27%	-19.63%	-14.47%	4.13%	5.58%	5.58%
Fixed Income Index	-3.57%	-13.35%	-13.63%	-2.41%	0.18%	0.18%
S & P 500 Total Return ⁴	-4.88%	-23.87%	-15.47%	8.16%	9.24%	9.24%

**Annualized Performance*

Big Picture

The Dearborn Partners Multi-Asset SMA is a portfolio built on balance and diversity. While we can “go anywhere” with our investments, we view the portfolio as a higher yielding alternative to what is currently available from a traditional 60/40 (60% stock / 40% bond) portfolio. We want our investors to feel a level of comfort holding this portfolio over the long term.

Our investment philosophy remains unchanged. The Dearborn Multi-Asset SMA portfolio seeks to provide attractive current income with the potential for growth in income over the long term. The portfolio is diversified across various asset classes.

We maintain the view that diversification across and within various asset classes can help moderate portfolio risk. Holding companies with the ability (and willingness) to pay and raise dividends over time is, we believe, one of the most prudent uses of capital for our Dearborn Multi-Asset SMA.

Quarter-End Asset Allocation Mix

The Dearborn Multi-Asset SMA official asset mix as of September 30, 2022, was 65% equity, 33% fixed income, and 2% cash. However, within the equity portion, we view approximately 11% of the portfolio as fixed income alternatives, namely Midstream Pipeline Companies and Business Development Companies. Therefore, unofficially, we view the portfolio asset mix more as 54% equity, 44% fixed income (and “fixed income-like”), and 2% cash. (Totals may not sum to 100% due to rounding.)

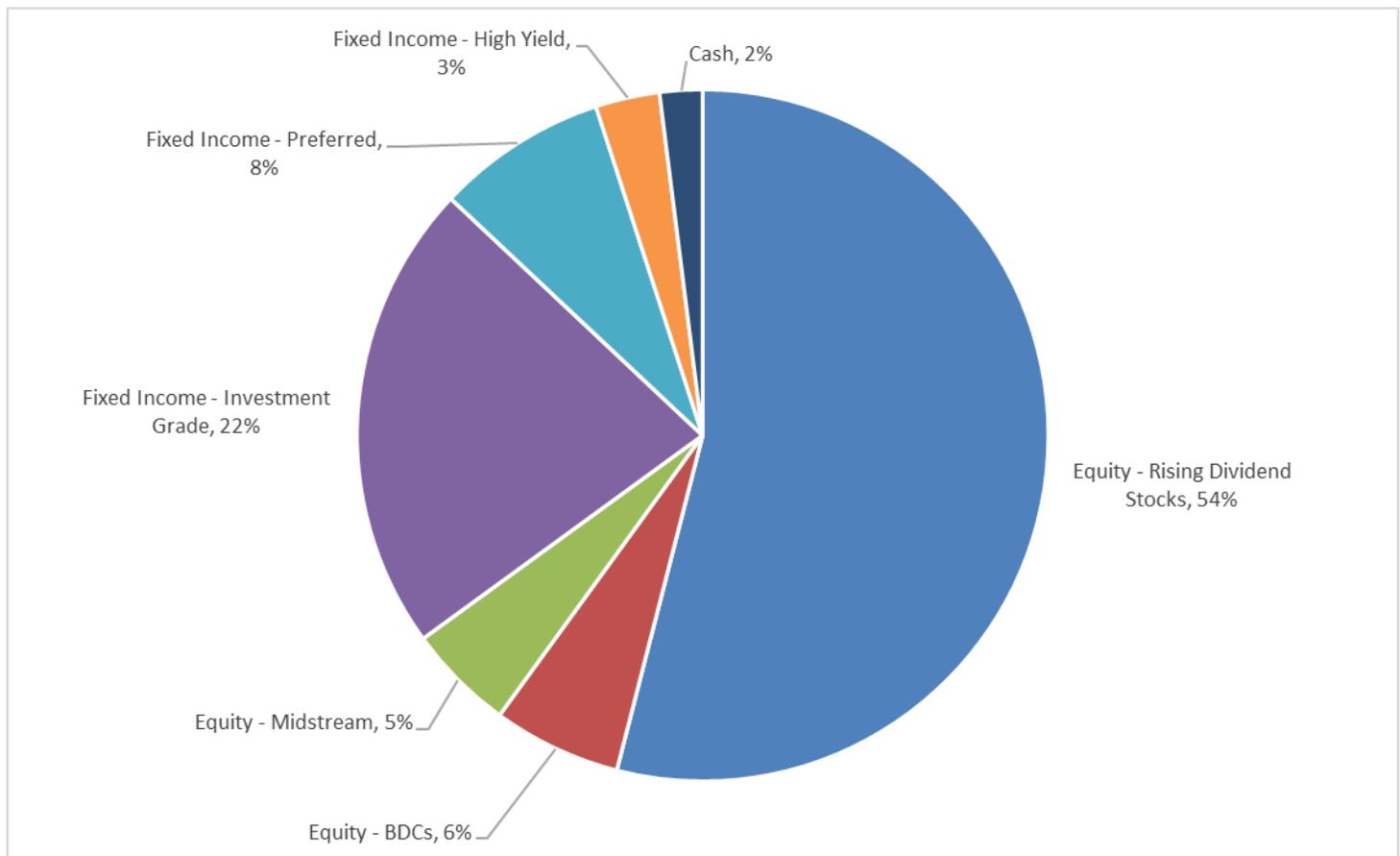
² Inception date is 09/30/2017.

³ Blended index is an equal weighted average of the performance of the S&P 500 and Bloomberg Barclays U.S. Intermediate Credit TR Index Value through 03/31/19. After 03/31/19, the benchmark is 60% S&P 500 and 40% Bloomberg Barclays U.S. Intermediate Credit TR Index Value.

⁴The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered to be representative of the U.S. stock market. Inclusion of this index is for illustrative purposes only. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark.

Here is the portfolio breakdown (totals may not sum to 100% due to rounding) at quarter end: 35 stocks, 9 ETFs (exchange traded funds), 1 cash position. (Also, see pie graph below.)

- 65% Equity
 - 54% Traditional dividend-growing equity.
 - These are 31 individual stocks of companies that we expect to raise dividends year after year. These businesses – ***remember, we view owning stocks as owning businesses over the long term*** - provide the expected dividend growth and total return potential over long periods of time.
 - 6% Business Development Companies (BDCs).
 - 5% Midstream pipelines.
- 33% Fixed Income
 - 22% Investment-grade bonds (Corporate, Government).
 - 8% Preferred securities.
 - 3% High yield bonds.
- 2% Cash



Dividend Increases

Here are the companies within our Dearborn Partners Multi-Asset SMA that announced dividend increases or special dividends in the third quarter of 2022, listed in reverse order by date, beginning with the most recent announcement:

*The percentage change of dividend payments reflects the new dividend rate compared with the similar payment made in the prior year.

Company	Ticker	Percent Change	Date of Increase Announcement	New Amount	Old Amount	Consecutive Annual Increases
Microsoft Corp.	MSFT	9.7%	9/20/2022	0.68	0.62	17
U.S. Bancorp	USB	4.3%	9/13/2022	0.48	0.46	12
Verizon Communications, Inc.	VZ	2.0%	9/6/2022	0.65	0.64	16
Illinois Tool Works Inc.	ITW	7.4%	8/5/2022	1.31	1.22	60
Sixth Street Specialty Lending, Inc.	TSLX	2.4%	8/2/2022	0.42	0.41	1
Main Street Capital Corporation	MAIN	2.3%	8/2/2022	0.66	0.645	2
Kellogg Company	K	1.7%	7/29/2022	0.59	0.58	17

If you would like any additional details on the Dearborn Partners Multi-Asset SMA, please contact me directly or contact our Internal Wholesaler, Evan Bindas (ebindas@dearbornpartners.com, 312-795-5338).

Sincerely,

Peter Deakos, CFA

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Disclaimer

Past performance is no guarantee of future results. Dividends are not guaranteed and must be authorized by the company's board of directors. Dividend yield is one component of performance and should not be the only consideration for investment.

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