

## PORTFOLIO STRATEGY

The Dearborn Partners 80/20 Concentrated Balanced Income Portfolio is designed for investors seeking the potential for rising income with the reduced portfolio risk and volatility historically attributed to adding fixed income to all-equity portfolios. Equity investments utilize Dearborn's existing High & Rising Dividend strategy of companies offering the potential to consistently increase dividends. Fixed income investments utilize a conservative, all-weather approach—known as a bond ladder—that consists of fixed income securities that mature each year over several years. The bond ladder, further described on the next page, uses defined-maturity exchange traded funds (ETFs). The Concentrated Balanced Income 80/20 has an equity/fixed income allocation targeted at 80% equity and 20% fixed income.

## INVESTMENT PHILOSOPHY - EQUITY

- ▶ Growth of dividend income
- ▶ Disciplined stock selection
- ▶ Participate in the long-term wealth-building potential of investing in great businesses
- ▶ Relatively low turnover
- ▶ Long-term investment time horizon (5+ years)

## ASSET ALLOCATION

- ▶ Current income from Fixed Income
- ▶ Rising dividend income from equities
- ▶ 25 stocks, 14 fixed income vehicles
- ▶ Flexibility for +/-10% Fixed Income/Equity Allocation

## PORTFOLIO ASSET ALLOCATION

The Dearborn Partners Concentrated Balanced Income 80/20 SMA is benchmarked against a custom blended index of 80% S&P 500 and 20% Bloomberg US Aggregate Bond Index, blended daily.

Rising Dividend Equities	76.4%
Fixed Income - Corporate	16.8%
Fixed Income - Preferred	2.6%
Fixed Income - High Yield	0.8%
Cash	3.4%

## DIVIDEND INCREASE ANNOUNCEMENTS

Companies	Quarter	YTD
Reporting Increase	9 of 25	24 of 25
Average Increase	7.7%	6.9%

## RETURNS (%)

	Quarter To Date <sup>^</sup>	Year To Date	Latest 1 Year*	Latest 3 Year*	Latest 5 Year*	Inception To Date**
Concentrated Balanced Income 80/20 (Pure Gross)	7.64%	8.04%	8.04%	6.70%	9.74%	8.44%
Concentrated Balanced Income 80/20 (Net)	6.84%	4.85%	4.85%	3.55%	6.50%	5.24%
Custom Blended Index †	10.72%	21.92%	21.92%	7.36%	12.86%	10.49%

† The Concentrated Balanced 80/20 composite is compared against a custom blended index of 80% S&P 500 and 20% Bloomberg US Aggregate Bond Index, blended daily.

\*Average annualized return

<sup>^</sup> Periodic returns

\*\*Inception date: 9/30/2017

## CHARACTERISTICS\*

## Yields:

Avg. Portfolio Yield	3.5%
Equities Yield	3.2%
Fixed Income Yield	5.5%

## Duration (Years):

Overall Portfolio Duration	0.9
Fixed Income Duration	4.6

## Beta (vs. S&amp;P 500)

0.63

\*Please see definitions on Page 2.

## TOP TEN HOLDINGS (% PORTFOLIO)

Watsco, Inc.	4.6%	McDonalds Corp	3.7%
Ares Management Corporation	4.4%	Home Depot Inc	3.6%
Automatic Data Processing	4.3%	Qualcomm Inc.	3.5%
Snap-On	4.1%	ONEOK, Inc.	3.2%
Republic Services Inc	4.0%	Exxon Mobil Corp	3.1%
Total		38.7%	

## THE PREMISE FOR OUR STRATEGY

### How does the Dearborn Partners Concentrated Balanced Income 80/20 Portfolio work?

**Equity, consisting of 25 individual stocks, is targeted at 80% of the portfolio.** For the equity portion, we utilize Dearborn's existing High & Rising Dividend separately managed account (SMA) portfolio. This strategy invests in a diversified set of companies with the potential for consistently raising dividends that offer an average current yield greater than that of the S&P 500 as well as our Dearborn Partners Core Rising Dividend portfolio. Companies selected offer the potential for anticipated **mid-single-digit** annual dividend growth over the long term. Please see our High & Rising Dividend portfolio fact sheet for more details. The combination of this attractive current yield plus potential regular dividend growth offers investors a stock portfolio that we believe will perform well in both rising and falling markets.

**Fixed income is targeted at 20% of the portfolio and consists of 14 exchange traded funds (ETFs).** We utilize preferred, high yield, and corporate bond ETFs to manage duration and credit exposure. For the fixed income portion, we primarily utilize a bond laddering strategy along with a few other fixed income asset classes benchmarked to the Bloomberg US Aggregate Bond Index. With a bond ladder, we use proceeds obtained when short-term bonds mature to reinvest into longer-dated bonds. In this way, we are not trying to make any predictions about the direction or level of interest rates, and we view the bond ladder as an effective, all-weather fixed income strategy. We believe that this approach allows income-oriented investors the potential to reduce interest rate risk and portfolio volatility.

**Bond ladder example:** In the portfolio, we invest in defined-maturity ETFs. Unlike traditional ETFs, the defined-maturity fixed income ETFs mature on a stated date—usually December 15<sup>th</sup> of its maturity year. We are investing the portfolio in a bond ladder with ETFs maturing in each of the next 10 years. We intend to take cash proceeds that we receive when the current year ETF matures to invest into a longer-dated maturity 10 years out.

**Portfolio allocation:** Overall, the 80/20 portfolio targets an 80% equity and 20% fixed income mix. As securities' market values fluctuate, these percentages may vary slightly.

Time Period	Composite TWR - Pure Gross**	Composite TWR - Net	Custom Blended Index	Standard Dispersion	3-Yr Ann Deviation Composite	3-Yr Ann Deviation Custom Blended Index	Portfolios in Composite	End of Period Composite Assets (\$ thousands)	End of Period Strategy Assets (\$thousands)	Pct of Composite \$ in Bundled-Fee	End of Period Total Firm GIPS Assets (\$ millions)
4 Qtr 17	4.65	3.87	5.38	N/A	N/A	N/A	1	\$253	\$253	0%	\$2,057
2018	-0.35	-3.29	-3.32	N/A	N/A	N/A	2	\$1,399	\$1,679	0%	\$2,297
2019	27.45	23.69	26.80	N/A	N/A	N/A	2	\$1,583	\$3,275	0%	\$3,103
2020	2.81	-0.22	16.69	N/A	13.68	14.87	2	\$1,371	\$5,118	0%	\$3,389
2021	18.20	14.71	22.15	N/A	13.36	13.80	2	\$1,528	\$7,145	0%	\$4,048
2022	-4.89	-7.70	-16.90	N/A	15.96	17.30	2	\$1,266	\$6,853	0%	\$3,564
2023	8.04	4.85	21.92	N/A	13.22	14.86	1	\$924	\$10,275	0%	\$3,804

## INVESTMENT TEAM

**Carol M. Lippman, CFA**  
Portfolio Manager, Rising Dividend Strategy  
30+ years investment experience

**Michael B. Andelman**  
Portfolio Manager, Rising Dividend Strategy  
15+ years investment experience

**Peter J. Deakos, CFA**  
Portfolio Manager, Rising Dividend Strategy  
20+ years investment experience

**Matthew Guttosch, CFA**  
Analyst, Rising Dividend Strategy  
10+ years investment experience

**Jonathan Woo, CFA**  
Analyst, Rising Dividend Strategy  
10+ years investment experience

**\*Avg. Portfolio Yield** is the weighted average percentage of the portfolio's equity, fixed income, and cash positions combined. **Equities Yield** refers to the average yield only from the equities as if the equities were a standalone portfolio. **Fixed Income Yield** refers to the yield only from the fixed income securities as if the fixed income securities were a stand-alone portfolio. **Overall Portfolio Duration** is a measure of the sensitivity of the price – the value of principal – of the entire portfolio to a change in interest rates. Duration is expressed in number of years. **Fixed Income Duration** refers to the duration of only the fixed income portion of the portfolio as if the fixed income portion were a stand-alone portfolio. **Beta** is a measure of the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than its benchmark index.

**\*\*These statistics are Supplemental Information.**

Past performance is no guarantee of future results. This report is not a complete description of or recommendation to invest in the Dearborn Partners Concentrated Balanced Income 80/20 SMA ("80/20 SMA") (the "Strategy"). There is no assurance the Strategy will be profitable, achieve its objectives, be suitable for you, or not incur losses. Dividends are not guaranteed and must be authorized by the company's board of directors. There is no assurance that any Rising Dividend portfolio company will increase its dividend, or not reduce its dividend, or not have a significant decrease in its stock price. Dividend yield is one component of performance and should not be the only consideration for investment. The Concentrated Balanced Income 80/20 Composite (the "Composite") contains discretionary accounts with a minimum size of \$100,000 that Dearborn manages pursuant to the Dearborn Partners Concentrated Balanced Income 80/20 SMA Strategy ("80/20 SMA"), which is a Dearborn Rising Dividend strategy. The Composite was created and inception on September 30, 2017. The Concentrated Balanced 80/20 composite is compared against a custom blended index of 80% S&P 500 and 20% Bloomberg US Aggregate Bond Index, blended daily. (Prior to December 2022, the custom benchmark comprised of 80% S&P 500 Total Return and 20% Bloomberg Credit Corp 5-10 Yr. This change to the current custom benchmark was made retroactively, as of the 4Q 2022 factsheet.) The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency). Source: Bloomberg Index Services Limited. Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material or guarantee the accuracy of completeness of any information herein, nor does Bloomberg make any warranty, express or implied, as to the results to be obtained therefrom, and, to the maximum extent allowed by law, Bloomberg shall not have any liability or responsibility for injury or damages arising in connection therewith. Dearborn claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Dearborn has been independently verified for the periods April 1, 1997 through December 31, 2022. The verification reports are available on request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with the applicable requirements for the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund 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 the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Dearborn maintains a list of broad distribution pooled funds, and a list of composite descriptions, which are both available upon request. Results are based on discretionary accounts under management, including those accounts no longer managed by Dearborn. The Standard Dispersion is an asset-weighted standard deviation calculated for the accounts that were in the Composite for an entire given year. The annual dispersion and 3-year annualized standard deviation are calculated using gross returns. Composite dispersion is not presented for periods with five or fewer portfolios in the composite for the entire year. The U.S. Dollar is the currency used to express performance. Returns are presented on a "pure gross" and net basis and include the reinvestment of all income. Pure gross returns do not reflect the deduction of any expenses, including trading costs, and are supplemental to net returns. For non-wrap fee-paying accounts, the gross returns are calculated net of transactions costs and net returns are calculated net of transaction costs and actual management fees. Net of fee returns are calculated using a model fee of 3%. Model fees are based on the highest fee payer in the composite. Net of fee returns are calculated by deducting the applicable monthly rate of the model fee from the monthly gross returns of the composite. In August 2023 we discovered that the net composite returns in the table above were not reflecting the disclosed net calculation methodology, which resulted in a material error. The net returns have now been corrected. Wrap fees include trading expenses, third party management fees, custodial fees, and other administrative expenses. Wrap accounts pay an all-inclusive fee which can range up to 3% and includes all management fees and expenses involved in managing the account. Dearborn's non-wrap management fees range from 0.30% to 0.75%. Some portfolios may pay \$0 trading commissions. Actual fees and expenses may vary. The End of Period Strategy Assets include the assets managed by model managers and is supplemental to the assets in the composite. Dearborn's policies for valuing investments, calculating performance and preparing GIPS Reports are available on request. Sector classifications are generally determined by referencing the Global Industry Classification Standard (GICS®). GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor's Financial Services LLC (S&P). GICS is a service mark of MSCI and S&P and has been licensed for use by Dearborn Partners, LLC. Dearborn is an SEC-registered investment adviser. Registration does not imply a certain level of training or skill.