

Income Growth | THIRD QUARTER 2026

STRATEGY OBJECTIVES

- Income Growth:** 2.3% yield¹; +5.1% growth in trailing-twelve-month (TTM) income as of 3Q2026².
- Downside Protection:** Daily downside capture of 50.9% and 72.8% across all S&P 500 and Russell 1000 Value down days, respectively, during the quarter³.
- Price Appreciation:** Since inception Sharpe ratio of 0.71 gross versus the S&P 500's 0.67 and Russell 1000 Value's 0.51 Sharpe ratios, respectively⁴. Since inception alpha of 1.21 gross and 2.86 gross versus the S&P 500 and Russell 1000 Value, respectively⁵.

3Q2026 RESULTS RELATIVE TO STRATEGY OBJECTIVES

Income Growth

- The Income Growth strategy grew TTM income by +5.1%, compared to S&P 500's and Russell 1000 Value's income growth rates of +5.8% and +2.1%, respectively².
- During the quarter, 9 strategy holdings announced dividend hikes; average TTM increase was +12.2%, reflecting the financial strength of these companies.

Downside Protection

- During the quarter, the strategy delivered daily downside capture of 50.9% and 72.8% across all S&P 500 and Russell 1000 Value down days, respectively. Over the trailing twelve months, the strategy delivered daily downside capture of 43.0% and 65.0% across all S&P 500 and Russell 1000 Value down days, respectively³.

Price Appreciation

- The strategy returned -1.57% gross / -2.30% net versus the S&P 500's +2.30% and Russell 1000 Value's +2.61% for the quarter, and +11.76% gross / +8.47% net versus +15.74% and +23.81%, respectively, over the trailing twelve months.
- Following a strong second quarter, U.S. large-cap equities posted a modest gain in 3Q2026, with the S&P 500 rising +2.3%. Improving market breadth carried into the start of the quarter, but leadership narrowed markedly by quarter-end as U.S.-Iran hostilities intensified, oil prices climbed above \$100 per barrel, and Treasury yields moved sharply higher. Market leadership concentrated in a handful of mega-cap technology and communication services companies to close the quarter, with those sectors being the only areas of the market to advance in September. As a result, the S&P 500 Equal Weight Index underperformed its cap-weighted counterpart by 4.5-percentage points during the month and 4.2 for the quarter. Energy led all sectors during the quarter with a +17.2% gain, while Utilities (-12.4%) and Industrials (-9.7%) were the weakest sectors.

3Q2026 Dividend Increases		
Company	TTM% Increase	Current Yield
Cummins (CMI)	10.0%	1.7%
Darden Restaurants (DRI)	8.0%	3.4%
Fastenal (FAST)	18.2%	2.1%
Illinois Tool Works (ITW)	6.8%	2.7%
Mondelez (MDLZ)	4.0%	3.6%
PNC Financial Services Group (PN)	17.6%	3.6%
Taiwan Semiconductor ADR (TSM)	40.0%	1.0%
Union Pacific (UNP)	2.9%	2.1%
VICI Properties (VICI)	2.2%	8.0%

3Q2026 Trades Executed	
Initiations	Eliminations
Elevance Health (ELV)	Intuit (INTU)
Smurfit Westrock (SW)	Kinder Morgan (KMI)
	Linde (LIN)
	Procter & Gamble (PG)
Increases	Reductions
AbbVie (ABBV)	Corning (GLW)
AvalonBay Communities (AVB)	Eli Lilly (LLY)
Chevron (CVX)	Garmin (GRMN)
CME Group (CME)	Kinder Morgan (KMI)
Microsoft (MSFT)	Procter & Gamble (PG)
Smurfit Westrock (SW)	Travelers Companies (TRV)
Taiwan Semiconductor ADR (TSM)	VICI Properties (VICI)
Texas Instruments (TXN)	
TKO Group Holdings (TKO)	

Source: Bahl & Gaynor and FactSet, 2026.

Portfolio Review

The Income Growth strategy returned -1.57% gross / -2.30% net versus the S&P 500's +2.30% during 3Q2026. Stock selection in Industrials and Consumer Discretionary, coupled with an underweight position in Consumer Discretionary relative to the S&P 500 Index, and to a lesser extent stock selection in Consumer Staples, aided results. Conversely, stock selection in Information Technology, along with an underweight position in the sector, as well as stock selection in Health Care and an overweight position in Utilities, detracted from results.

The largest positive drivers of current quarter performance:

- Stock selection within Industrials more than offset the slight drag from an overweight allocation, as the sector fell -9.6% for the quarter. Not owning Caterpillar (CAT), GE Aerospace (GE), and GE Vernova (GEV) aided results, as each declined between -16% and -24%. Among portfolio holdings, Automatic Data Processing (ADP) had a strong quarter, returning +16.0% as investors favored its steady, recurring payroll and HR business, strong client retention, and AI-driven efficiency gains.
- Within Consumer Discretionary, stock selection and an underweight allocation both positively contributed to results. Garmin (GRMN) returned +21.2% and was the portfolio's largest single contributor for the quarter. GRMN beat estimates, fitness revenue rose 25% on advanced-wearable demand, and management raised EPS guidance. Not owning Tesla (TSLA), a non-dividend payer which fell -15.6%, also helped. Higher oil prices and rising interest rates weighed on cyclical and consumer-oriented areas of the market, contributing to a weak quarter for the sector at large, which declined -5.1%.
- Consumer Staples had a roughly neutral impact for the quarter. Not owning Walmart (WMT) and Costco (COST) helped, as did a position in Philip Morris (PM). However, a position in British American Tobacco (BTI) roughly offset these gains.

The largest negative drivers of current quarter performance:

- Stock selection and a meaningful underweight allocation to Information Technology (averaging nearly 17 percentage points less over the quarter) were both headwinds to results. The sector was the second-best performing for the quarter. The two largest single-stock detractors were not owning NVIDIA (NVDA) and Apple (AAPL), both low-yielding stocks. Portfolio company Corning (GLW) fell -39.7%, underperforming despite reporting in-line results amid elevated expectations following its outsized gains in 1H2026. An underweight to Microsoft (MSFT, +37.8%) relative to the index also detracted as software stocks rebounded from their AI-driven sell-off.
- Stock selection in Health Care was a headwind for the quarter. Portfolio companies UnitedHealth Group (UNH) and Eli Lilly (LLY) returned -11.2% and -3.4%, respectively, pulling back after strong performance in the prior quarter.
- Within Utilities, an overweight allocation detracted from results. The sector was the quarter's worst performer, declining -12.4%, as concerns over rising Treasury yields weighed on rate-sensitive areas of the market, particularly later in the quarter. Positions in NextEra Energy (NEE), WEC Energy (WEC), and Sempra (SRE) were headwinds.

Largest Relative Portfolio Contributors

- 1. Garmin (GRMN):** GRMN, a vertically integrated provider of devices for navigation, communication, and information, outperformed during 3Q2026 after the company delivered another significant earnings beat, with growth across all five business segments. Fitness, the company's largest segment, again led the way, underscoring the strength of its wearables portfolio even against difficult prior-year comparisons. Margins expanded meaningfully on a favorable product mix, a growing subscription business, and disciplined cost control. Management raised full-year guidance despite flagging higher memory costs in the second half of the year. Recent launches, including the Fenix 9 and the Cirqa band, position the company well heading into the holiday season.
- 2. Chevron (CVX):** CVX, a U.S. based integrated oil & gas company, outperformed in 3Q2026 as the war-risk premium in oil prices rose through the quarter amid renewed conflict in the Middle East and heightened fears of persistent supply disruption. Continued escalation of the Russia-Ukraine conflict also reduced Russian refining capacity, widening refining margins that were already at record highs. CVX benefits on two fronts: higher crude prices lift realized prices on its upstream production, while wider refining margins improve the profitability of its downstream segment. CVX continued to deliver strong production growth, maintain cost discipline, and make progress on the Hess integration.
- 3. Accenture (ACN):** ACN, a global leader in IT services, consulting, and outsourcing, outperformed in 3Q2026, driven by a wave of AI-related strategic partnerships and a more favorable read on its role in enterprise AI adoption. As clients work through model safety concerns and the economics of token usage, the company's position as a partner of choice for large-scale AI deployments helped ease fears of disintermediation. ACN appears to be recapturing a portion of the valuation multiple that was compressed earlier in the year, reflecting growing confidence that it is positioned as the go-to-market partner for AI implementation.

Largest Relative Portfolio Detractors

- 1. UnitedHealth Group (UNH):** UNH, a diversified managed care organization, underperformed in 3Q2026 despite mixed results. Earnings came in light as management hired ahead of its new hospital partnerships to keep up with demand, but revenue beat and full-year guidance was reaffirmed. Investors have grown more confident as these partnerships materialize and ramp sequentially. The fundamental thesis remains intact, with stable patient demand, improving reimbursement, growing hospital partnerships, and a fragmented market full of M&A opportunities all setting up for a stronger back half of the year.
- 2. Corning (GLW):** GLW, a global leader in materials science, underperformed in 3Q2026 as an in-line print and a slightly lighter near-term guide failed to clear a high bar for a stock priced for exceptional execution. Chiefly, skepticism around the timing of optics adoption in data centers weighed on the shares, as copper continues to find ways to extend its role in scale-up networks. Even so, optical and enterprise demand remained strong, supported by multiyear customer agreements, and the sell-off appears to reflect a de-rating from an elevated valuation as the company moves into an execution phase, rather than a change in the underlying opportunity in connectivity.
- 3. Cummins (CMI):** CMI, a global industry leader in the design, manufacture, and distribution of engines and power generation systems, underperformed in 3Q2026 as a headline earnings miss moderated expectations for the degree of full-year margin expansion despite accelerating revenue strength. Forward estimates continue to move higher on a strengthening truck cycle and continued power momentum, which we see remaining stalwart over the next few years, with CMI overall offering significant earnings growth at a notable discount to the sector.

STRATEGY STYLE CATEGORIZATION

Asset Class	Benchmarks	Mandate
Domestic Equity	S&P 500 & Russell 1000 Value	Large Cap Core

Investment Philosophy

Bahl & Gaynor employs a Growth at a Reasonable Price discipline to purchase high-quality companies at sensible valuations. It is our goal to seek attractive performance while preserving capital in declining markets. In addition, our focus on companies that pay a growing dividend has benefited our clients in the form of a reliable income stream.

We are long-term investors and seek to identify companies that are managed conservatively and for growth, have stable and sustainable business models, and reward shareholders with a growing dividend. It is our intention to identify the best companies that meet these criteria and hold them for long periods of time.

Bahl & Gaynor's investment philosophy exemplifies our firm belief in the power of long-term investing and compounding dividend income.

Income Growth Positioning

Our Income Growth strategy focuses on generating a high level of current income that will grow over time. Protection in falling markets is a secondary goal, with long-term capital appreciation as a tertiary goal.

Bahl & Gaynor's equity selection process yields an investable universe of companies that are managed conservatively and for long-term growth, have stable and sustainable business models, and reward shareholders of the company with a growing dividend. From this investable universe, the Income Growth strategy seeks larger companies that reward shareholders with a high current dividend and have the ability to grow their dividend payments consistently in the future.

Over a full market cycle, Bahl & Gaynor's Income Growth strategy seeks to outperform its benchmark and large-capitalization core peers all in the context of a lower-than-average portfolio risk profile.

Client portfolios will generally be diversified among a selection of 40 to 50 common stock issues with each security typically held for three to five years. Low to moderate portfolio turnover combined with the favorable tax treatment of dividend income can result in a cost and tax-efficient portfolio.



Portfolio Details (as of September 30, 2026)

Top 10 Holdings	Income Growth Weight
Microsoft (MSFT)	5.2%
Taiwan Semiconductor ADR (TSM)	5.0%
Broadcom (AVGO)	4.5%
UnitedHealth Group (UNH)	4.3%
Johnson & Johnson (JNJ)	4.2%
AbbVie (ABBV)	4.2%
PNC Financial Services Group (PNC)	3.7%
Chevron (CVX)	3.6%
Apollo Global Management (APO)	3.1%
Williams Companies (WMB)	3.0%
Total:	41.0%

Sector	Income Growth Weight	S&P 500 Weight	Russell 1000 Value Weight
Information Technology	22.2%	39.7%	20.6%
Health Care	16.6%	9.3%	13.3%
Financials	14.8%	11.4%	18.3%
Industrials	11.7%	8.0%	10.5%
Energy	10.4%	3.4%	6.2%
Utilities	6.3%	1.9%	3.4%
Consumer Discretionary	6.3%	8.6%	10.2%
Consumer Staples	4.4%	4.4%	7.2%
Real Estate	3.0%	1.7%	3.4%
Materials	1.4%	1.7%	3.6%
Communication Services	1.4%	9.9%	3.4%
Cash	1.5%	-	-

Portfolio Statistics	Income Growth	S&P 500	Russell 1000 Value
P/E Ratio (trailing 12 months)	22.7x	25.5x	20.0x
Forward P/E Ratio	18.3x	20.2x	17.3x
Weighted Average Market Cap	\$609.7 B	\$1,677.5 B	\$857.2 B
Dividend Yield – Gross of Fees ¹	2.3%	1.1%	1.7%
Daily Downside Capture since inception (Gross) ³	76.9%	100.0%	96.5%
Beta since inception (Gross)	0.77	1.00	0.98
Sharpe ratio since inception (Gross) ⁴	0.71	0.67	0.51
Alpha since inception (Gross) ⁵	1.21	0.00	-1.82
TTM Turnover	34.1%	-	-

Source: Bahl & Gaynor, FactSet, Morningstar Direct, 2026. Inception date 12/31/2005.

Performance (Annualized)	Income Growth WRAP (Pure Gross)	Income Growth WRAP (Net)	S&P 500	Russell 1000 Value	Standard Deviation (Annualized)	Income Growth WRAP (Pure Gross)	Income Growth WRAP (Net)	S&P 500	Russell 1000 Value
QTD (Cumulative)	-1.57%	-2.30%	2.30%	2.61%	1 Year	10.59%	10.59%	13.18%	11.74%
YTD (Cumulative)	10.69%	8.23%	12.75%	19.27%	3 Years	9.35%	9.35%	12.42%	12.32%
1 Year	11.76%	8.47%	15.74%	23.81%	5 Years	13.02%	13.02%	15.64%	14.96%
3 Years	16.74%	13.30%	22.89%	20.07%	10 Years	13.19%	13.19%	15.36%	15.58%
5 Years	10.22%	6.97%	13.79%	11.92%	15 Years	12.07%	12.07%	14.06%	14.28%
10 Years	11.69%	8.40%	15.33%	11.43%	Since Inception	12.70%	12.70%	15.07%	15.57%
15 Years	12.58%	9.27%	15.68%	12.98%	Source: Bahl & Gaynor, Morningstar Direct, 2026. Inception date 12/31/2005.				
Since Inception	10.42%	7.17%	11.22%	8.93%					

¹Dividend yield includes cash holdings. ²The income growth rate for the Bahl & Gaynor Income Growth strategy is calculated as of the most recent quarter-end using the trailing twelve months of income earned in a model portfolio, with income reinvestment, compared to the income earned in the twelve-month period one year prior. The income growth rate for the SPDR® S&P 500 ETF Trust (SPY) and the iShares Russell 1000 Value ETF (IWD) are shown as investable proxies for the S&P 500 and Russell 1000 Value Indices that pays out real distributions of dividend income paid by the index constituents. SPY was chosen versus other S&P 500 Index-tracking ETFs due to its status as one of the largest ETFs tracking the S&P 500 Index and its longer history, with an inception date of 1/22/1993, versus peers. IWD was chosen versus other Russell 1000 Value Index tracking ETFs due to its status as the largest ETF tracking the Russell 1000 Value Index and its longer history, with an inception date of 5/22/2000, versus peers. SPY and IWD income is calculated as of the most recent quarter-end using the trailing twelve months of income earned per the distribution rate paid by the ETF, with income reinvestment at the end of each quarter, compared to the income earned in the twelve-month period one year prior. ³Source: Bahl & Gaynor; historical downside capture is the sum of strategy returns on all S&P 500 down days divided by the sum of the index's returns on all down days. Down days are defined as any trading day the index posts a negative total return. Income Growth return is derived from the daily internal rate of return (IRR) of the separately managed account "house" composite because it reflects the strategy's approach. It is calculated on a gross of fee basis and does not incorporate the impact of advisory and other fees which will be experienced by investors. Daily returns for the WRAP composite are not available. ⁴Sharpe Ratio measures the efficiency, or excess return per unit of risk (volatility), of a manager's returns. Inception: 12/31/2005. ⁵Alpha is a measure of risk-adjusted return expected from a portfolio above the benchmark return at any point in time. Inception: 12/31/2005. Source: FactSet, Bahl & Gaynor, 2026. Statistics and weight data is drawn from the Income Growth model portfolio that is fully discretionary, unconstrained and subject to change. Individual Bahl & Gaynor clients may or may not hold these positions or have similar characteristics. Gross dividend yield figures for individual stocks are presented prior to the deduction of any applicable taxes, including foreign withholding taxes from American Depositary Receipts (ADRs), and do not reflect investment-related fees, transaction costs, or advisory expenses. Risk and return data are representative of the Income Growth WRAP composite. Net of fee performance information shown is calculated by subtracting the highest applicable wrap fee (3.00% on an annual basis, or 0.75% quarterly) on a quarterly basis from the gross composite quarterly return and reflects the reinvestment of income and other earnings. The standard fee schedule in effect is 3.00% on total assets. **Past performance does not guarantee future results.** Other methods may produce different results and the results for individual accounts and for different periods may vary depending on market conditions and the composition of the account. Care should be used when comparing these results to those published by other investment advisers, other investment vehicles and unmanaged indices due to possible differences in calculation methods. No alteration of the composite as presented here has occurred because of changes in personnel or other reasons at any time.

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