

Convergence Dividend Growth Commentary

Q4-2025

The Convergence Dividend Growth strategy had a total return of 3.37% net of fees in the fourth quarter, compared the Bloomberg 1000 Value Index which was up 4.14% for the quarter. For the year, Dividend Growth was up 20.35% versus 16.53% for the benchmark. In the last ten calendar years (2016 - 2025) the Convergence Dividend Growth strategy has outperformed in 7 of the 10 years (trailing only in 2019, 2021 and 2022).

Performance net of fees

Strategy	3 Month	1 Year	3 Year	5 Year	10 Year
Dividend Growth strategy	3.37%	20.35%	18.37%	14.87%	12.48%
Bloomberg US 1000 Value	4.14%	16.53%	13.14%	12.66%	11.07%

As of 12/31/2025

3-Year Risk Metrics

Strategy	Beta	Return	Alpha	Standard Deviation	Sharpe Ratio
Dividend Growth strategy	0.90	18.37%	5.97%	11.94%	1.12
Bloomberg US 1000 Value	1.00	13.14%	0.00%	12.91%	0.63

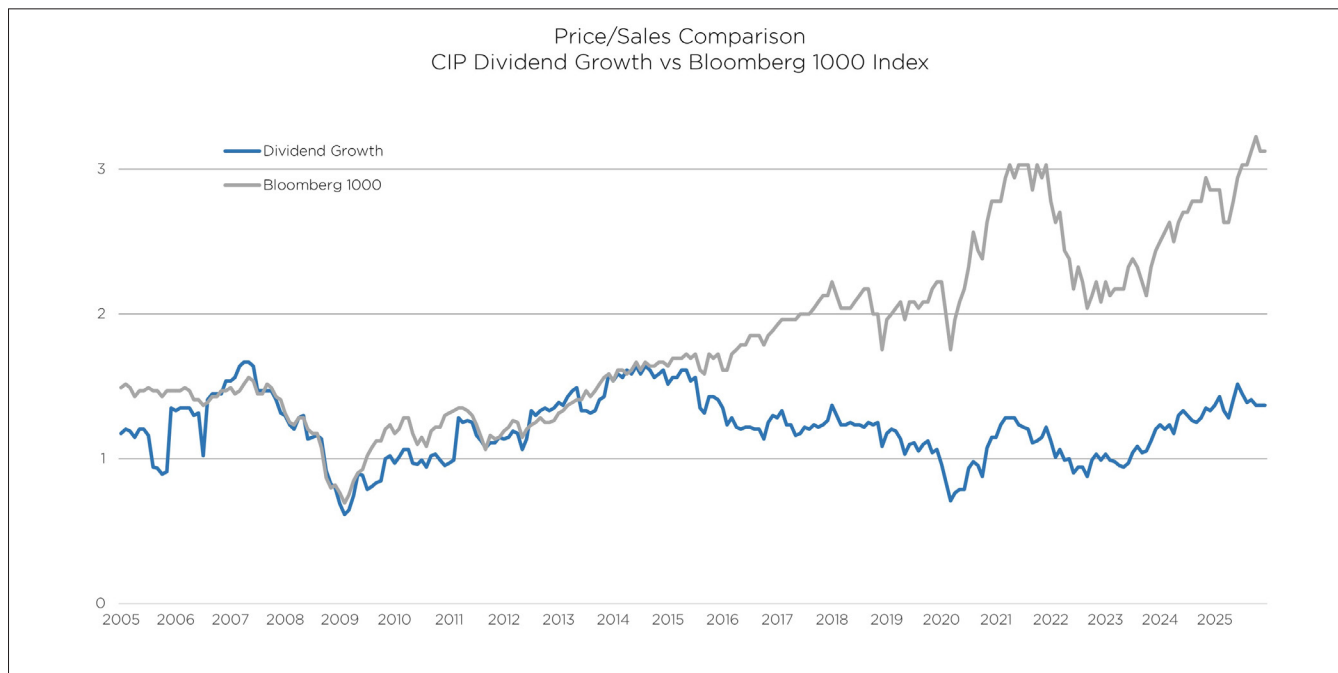
Source: Zephyr. Average monthly data, As of 12/31/2025.

Current Environment

Our Convergence Dividend Growth Strategy is designed to deliver consistent, long-term returns by investing in high-quality companies trading at below-market valuations — a disciplined approach that is especially relevant in today’s environment. While corporate earnings and profitability remain healthy, overall market valuations are elevated, particularly within large-cap growth stocks. This concentration suggests that traditional cap-weighted indexes may face difficulty generating meaningful returns going forward. Given current market dynamics, we believe further multiple expansion is less likely, absent significant changes in interest rates or a period of “irrational exuberance.”

In contrast, our focus on undervalued, high-quality dividend payers provides a compelling alternative. By emphasizing companies with durable fundamentals, strong balance sheets, and consistent dividend growth, the strategy seeks to offer a margin of safety and attractive risk-adjusted returns. Therefore, we believe Convergence Dividend Growth is well-positioned to navigate the current environment and provide long-term value for our investors.

As the next chart reveals, the strategy's portfolio stocks are currently trading at a considerable discount compared to the broader market. This presents a compelling value proposition for investors seeking high-quality companies at attractive prices.



Source: Wilshire Analytics as of 12/31/2025
 Chart measures the price-to-earnings ratio of the Convergence Dividend Growth strategy relative to the Bloomberg US 1000 Index

Pillars of Convergence Dividend Growth

The investment pillars within the strategy are built on a foundation of investing in companies with strong and improving cash flow, revenue, and earnings that can support robust and growing dividends. Companies found within the Dividend Growth strategy tend to have defensible and wide business moats that give them the ability to sustain and grow the dividends they pay out to shareholders over time. The result of our investment process is a portfolio of companies with powerful fundamentals and favorable valuations.



Why focus on Dividend Growers?

- **Quality** – Growth in dividend payments signals financial strength and capital discipline within the company. Consistently paying dividends indicates that the company generates sufficient profits to pay out and management’s confidence in the company’s future prospects.
- **Buffer against Market Volatility** – Dividends can help cushion losses when stock prices decline, providing a reliable source of income even when the market is turbulent. Stocks with robust and growing dividends will tend to exhibit below market volatility due to the composition of total return.
- **Lessens potential risks from rising rates** – Companies that are not simply a “yield play” demonstrate strong growth measures making them better able to increase payouts to shareholders over time, a potential advantage when interest rates are high or rising.

Our research has shown that companies that consistently grow their dividend tend to exhibit preferable traits in terms of growth, profitability, and quality metrics. The pillars of our philosophy are reflected in our portfolio statistics. Notably, the portfolio has consistently delivered a premium yield combined with below average valuation levels relative to the overall market.

	Current Yield (%)	5 Year Div. Growth	FCF Yield (%) FCF/P	Trailing P/E Ratio
Convergence Dividend Growth strategy	3.0	5.6	6.2	18.0
Bloomberg US 1000 Value Index	2.5	6.7	4.8	19.5
Bloomberg US 1000 Index	1.2	6.8	2.8	30.0

Source: Wilshire Analytics; data as of 12/31/2025

Performance Summary

As previously mentioned, the Convergence Dividend Growth strategy was up 3.37% in the fourth quarter compared to the Bloomberg 1000 Value Index that was up 4.14%. For the quarter, the strategy benefited from strong contributions within the Financial Services, Healthcare Equipment, and Retail industry groups. The groups that detracted from relative returns included Semiconductors, Food Beverage, and Consumer Staples. The following table summarizes the attribution of the Dividend Growth strategy versus the Bloomberg 1000 Value Index.

Convergence Dividend Growth: 3 Month Attribution as of 12/31/2025 (vs Bloomberg 1000 Value)

Convergence Dividend Growth: 3 Month Attribution			
	Stock Selection (%)	Allocation (%)	Total Variance (%)
Automobiles & Components	0.007	-0.023	-0.015
Banks	-0.126	-0.008	-0.134
Capital Goods	0.327	-0.040	0.287
Consumer Durables & Apparel	0.067	-0.065	0.003
Communication & Prof Services	0.000	0.056	0.056
Financial Services	0.679	0.005	0.683
Energy	-0.496	0.037	-0.459
Food Beverage & Tobacco	-0.410	-0.041	-0.451
Consumer Staples Dist & Retail	0.011	-0.025	-0.015
Health Care Eqpt & Services	0.508	0.097	0.605
Household & Personal Products	-0.169	0.086	-0.083
Consumer Services	-0.184	-0.069	-0.253
Technology Hardware & Equipment	-0.535	0.118	-0.417
Insurance	0.038	0.030	0.068
Materials	-0.302	-0.003	-0.305
Media & Entertainment	-0.020	0.063	0.043
Pharmaceuticals & Biotech	-0.099	-0.097	-0.196
Equity REITs	0.564	-0.280	0.285
Consumer Discretionary Dist & Retail	0.479	0.018	0.497
Software & Services	-0.113	-0.002	-0.115
Semiconductors & Semi Equipment	-0.860	0.028	-0.832
Telecommunication Services	-0.078	-0.106	-0.184
Transportation	0.000	-0.022	-0.022
Utilities	0.436	0.046	0.483
Real Estate Mgmt & Development	0.000	-0.004	-0.004

Source: Wilshire Analytics as of 12/31/2025. Green shading associated with positive values

Convergence has been successfully managing the Dividend Growth strategy for over 20 years. Our core tenants of providing competitive, long-term returns, while assuming below market level of volatility and above market level of dividends remain steadfast. Investing in companies that have sustainable and growing dividends tends to provide exposure to high-quality stocks and greater income over time, which can help buffer against market risks and volatility. Given current economic conditions, we believe that Convergence Dividend Growth offers an attractive core equity position for investors. Investing in companies with strong and improving cash flows which are supportive of growing dividend payments is the guiding mission of our Dividend Growth strategy. With history as our guide, companies with these types of characteristics should help to deliver favorable long-term risk-adjusted returns.

Data as of December 31, 2025

Past performance is not indicative of future results. Investing involves risks, including the potential loss of investment principal. Dividends represent past performance. Return performance includes the reinvestment of dividends. There is no assurance they will continue to be paid in the future. Holdings are subject to change and should not be considered a recommendation to buy or sell any security.

The results portrayed relate to the adviser's clients invested in the portfolio that meet the criteria for inclusion in composite performance. Strategy returns are presented after actual standard management fees and all trading expenses. The inception date is 2/2005 and period ended 12/31/2025.

Returns have been compared to benchmark indexes. The Bloomberg US 1000 Value Total Return Index provides exposure to companies with superior value factor scores based on their earnings yield, valuation, dividend yield, and growth. The Bloomberg US 1000 Total Return Index is a float market-cap-weighted benchmark of the 1,000 most highly capitalized US companies. You cannot invest directly in an index. Comparison is for illustrative purposes only and the volatility of the benchmarks may be materially different from the volatility of the Composite due to varying degrees of diversification and / or other factors. This communication is limited to the dissemination of general information pertaining to Convergence Investment Partners, LLC's (Convergence) services and general economic market conditions. The information contained herein is not intended to be personal legal or investment advice or a solicitation to buy or sell any security or engage in a particular investment strategy.

Source of market data: Wilshire Analytics and Bloomberg LLC

Alpha is a risk (beta)-adjusted return, which measures the difference between a portfolio's actual returns and what it might be expected to deliver based on its level of risk. Beta represents the systematic risk of a portfolio and measures its sensitivity to a benchmark. Information ratio is a measure of the consistency of excess returns. Sharpe Ratio measures the performance of an investment compared to a risk-free asset while adjusting for the volatility of the investment's returns. No graph, chart, or formula should in and of itself be used to determine which securities to buy or sell.