SPRING 2026

RISING DIVIDEND REPORT

DONALDSON CAPITAL MANAGEMENT

Planning for More Than Numbers

Money is often measured in numbers, but the way it shapes our lives, and the lives of loved ones, runs much deeper.

As financial planners, it's easy to focus on the math. Investment returns, tax projections, and portfolio allocations matter, and much of our work involves analyzing those details. But over time, we've learned that the most important part of financial planning often has very little to do with spreadsheets.

At its best, financial planning helps people live intentionally and use their resources in ways that reflect their values.

For families, that often means stepping back and asking bigger questions. *What kind of life are we trying to build? What has shaped our relationship with money? What do we hope the next generation understands about both the assets and the purpose behind them?*

These conversations can be harder than running numbers. They require reflection, communication, and the courage to talk openly about things families don't always discuss. However, those conversations often create a deeper understanding across generations.

We believe financial planning should help people stay aligned with their priorities as life changes. A good plan evolves alongside them.

When those pieces come together, planning becomes more than strategies or projections—it becomes clarity, reducing stress and freeing you to focus on the people and values that matter most.

Chad Lange

Chad Lange, CFP®
Partner, Director of Wealth Solutions

Highlights from the Investment Policy Committee

1 STOCKS OUTPERFORM LONG-TERM
A $1 investment in U.S. stocks in 1802, reinvested and inflation-adjusted, became over $2.17 million by 2023—far ahead of other assets.

2 STOCKS ARE LESS RISKY
Despite short-term volatility, stocks become safer over longer horizons. After inflation, long-run returns have historically been more predictable than bonds.

3 POWERED BY ADAPTABILITY & INNOVATION
Stocks represent ownership in dynamic companies that raise prices, innovate, and manage costs. Over a 20+ year time period, stocks rarely post negative real returns.

4 HEADLINES HAVE LIMITED MARKET IMPACT
Markets mainly follow earnings expectations. Historically, major conflicts and midterm elections have caused only modest, temporary declines.

Read the IPC Letter on page 3

Preservation of Capital
Investment Strategy

When Growth Isn't the Only Goal

There comes a point in most financial plans when growth is no longer the only goal. Taxes come due. Gifts are made. Distributions begin and life happens. In those moments, how your money is allocated across different types of investments can make all the difference.

As priorities shift, investors may place greater emphasis on income, stability, and safeguarding what they've built. That's where bonds come into the picture. This part of the portfolio, commonly called fixed income, is intended to provide more predictable income and help manage volatility over time.

Equity strategies and fixed income can work together. Stocks support long-term growth, while bonds help provide income and stability along the way.

Focused on Income & Stability

Preservation of Capital, our actively managed fixed income strategy, is designed to generate steady income while helping preserve your original investment. The strategy aims to manage key risks, including borrowers' ability to repay their debts, sensitivity to interest-rate changes, and how income is reinvested. It invests across a diversified mix of securities, including agency, corporate, mortgage-backed, municipal, preferred, and U.S. Treasury securities.

Not all fixed income is the same. During years when the bond market declined, Preservation of Capital has historically experienced smaller losses than the broad bond market index.[1] A disciplined approach to these key risks can make a meaningful difference in periods of market stress, further supporting your financial goals.

Support Through Changing Markets

A thoughtfully constructed fixed income portfolio does more than cushion volatility; it helps fund both planned and unplanned needs. Everyday life obligations don't pause during market downturns. Without reliable income, investors may face a difficult choice: sell stocks at an unfavorable time or reduce spending.

Fixed income is sometimes viewed as a reluctant concession rather than a strategic choice. However, maintaining a stable bond portfolio during long periods of strong stock market performance is often what allows investors to stay committed when conditions change. Knowing a portion of the portfolio is steady and producing income can make periods of uncertainty easier to navigate.

A Foundation for Long-Term Confidence

Preservation of Capital can stand alone as a fixed income strategy or be paired with our other equity strategies based upon the needs of your portfolio. The goal remains the same: consistent income, principal protection, and support for the lasting success of your financial plan.

1. Bloomberg U.S. Aggregate Bond Index

Investing Beyond the Headlines

by Nathan Winklepleck

> *The stock market is a giant distraction from the business of investing.*
>
> *— Jack Bogle*

It's 1802. Napoleon Bonaparte has just been appointed Consul for Life of France, and the world is bracing for the eventual Napoleonic Wars.

Had you asked any European–or even American–what they thought was the best investment to make in 1802, gold would've been a common answer. Few would've said to invest in U.S.-based companies.

The headlines would've agreed with that sentiment. The U.S. had just elected Thomas Jefferson as its third president, following a contentious term by John Adams. Political infighting amongst the newly freed American colonies is threatening the viability of the new union, which is also drowning in debt. ($81 million!)

And that was just the beginning.

In the following year, the Napoleonic Wars began and lasted through 1815. Then the American Civil War from 1861 to 1865. We had two World Wars, the Spanish Flu, the Great Depression, Korean War, Cuban Missile Crisis, Vietnam War, 1973 Oil Crisis, inflation, stagflation, Black Monday (1987), September 11, the Global Financial Crisis (2008), COVID-19, and hundreds, if not thousands, of other negative headlines interspersed between.

Had you known all that ahead of time, would you have put your money in U.S. stocks? Probably not. Despite those headlines, a $1 investment made in the U.S. stock market in 1802, with all dividends reinvested, would have grown to $2,170,948 by 2023.[1] And that's after considering inflation; the nominal value would have been much higher.

What about gold? Considering the nasty headlines from 1802 on, you'd have thought gold would've been the best investment you could've made. A $1 investment in gold in 1802 grew to $4.18, on an inflation-adjusted basis, by 2023.[1]

U.S. Treasury Bonds grew $1 to $1,463 and U.S. Treasury bills $237.[1]

1. Siegel, Jeremy J. Stocks for the Long Run. 6th ed. McGraw Hill, 2022. Data updated through 2023.

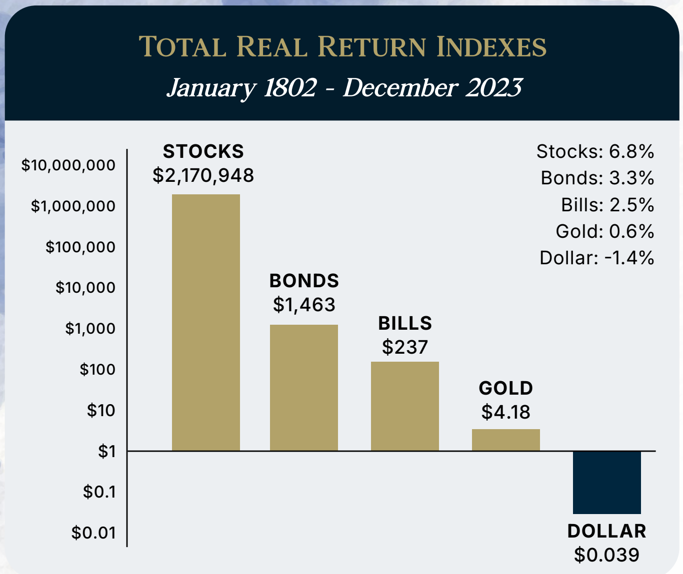


Figure 1: Source: Jeremy J. Siegel, Stocks for the Long Run: The Definitive Guide to Financial Market Returns and Long-Term Investment

Holding currencies was, and still is, the worst "investment" you could make. $1 in 1802 was worth $0.0392 in 2023.[1]

Excluding starting a business from scratch or buying concentrated positions in public or private companies, owning a diversified basket of public U.S. **businesses has been the single greatest wealth-building engine the world has ever seen.**

Are Stocks Really Riskier?

Yes, stocks tend to be more volatile than other assets, but that only is true **over short time periods**. The risks of stocks decline the longer you hold them. In the preface to his book, *Stocks for the Long Run*, Jeremy Siegel writes:

> *"[O]ver long periods of time, the returns on equities not only surpassed those on all other financial assets, but were far safer and more predictable than bond returns when inflation was taken into account."*

Gary Antonacci has the data to back that claim up. In his book, *Dual Momentum Investing*, he writes:

> *"For every five-year period since 1807, the worst performance of stocks (–11% per year) was only slightly worse than the worst five-year performance for bills and bonds."*

And, when you consider inflation, long-term government bonds can be almost as vulnerable to market shocks as stocks. Antonacci found the maximum drawdown of U.S. government bonds was 68% (inflation-adjusted) compared with 73% for stocks.

Why Stocks Win Over Time

There is a foundational logic to why stocks tend to do well over time. **Equities represent ownership in adaptive enterprises.** They are dynamic, and have the power to adjust prices, create new products and services where none previously existed, and optimize costs.

Jeremy Siegel notes that **stocks have never delivered a negative real return over any 20-year holding period in U.S. history.** The worst 20-year real return for stocks was +1.0% annually.

In short, **stocks represent an ownership claim on human progress and ingenuity.**

Do we get it wrong sometimes? Yes, of course, but the long-term trajectory of human history has been constant progress. From living in caves to living in 2,500 square foot houses built in less than 12 months. From campfires to barbecues. From walking to the neighbor's house a mile away to visiting Aunt Virginia 1,000 miles away while sitting on heated leather seats. From getting your information from a local newspaper to getting the entirety of human knowledge in a chat format on a sheet of glass that fits in your pocket.

The fundamental belief that underpins a long-term investment in stocks is that **the human impulse to innovate and solve problems is a more powerful force than the human impulse for conflict or the cyclical nature of political debate.**

2. LPL Financial: "Iran Escalation: How Markets Have Reacted to Geopolitical Events." March 4, 2026. https://www.lpl.com/research/blog/iran-escalation-how-markets-have-reacted-to-geopolitical-events.html

3. U.S. Bank Wealth Management. "How midterm elections affect the stock market." January 23, 2026. https://www.usbank.com/investing/financial-perspectives/market-news/stock-market-performance-after-midterm-elections.html

Geopolitical Events

Speaking of human impulse for conflict, the U.S. and Israel launched surprise airstrikes on Iran on February 28, 2026, killing Supreme Leader Ali Khamenei. Initial hopes for a short conflict have given way to the expectation that this could last a while.

As much as it *feels* like war leads to market collapse, that is rarely the case. Research shows that stocks largely take these events in stride, with the general stock market declining less than 5% on average through major geopolitical events going back to Pearl Harbor in 1941.[2]

Markets do not respond to the existence of conflict, but to **whether that conflict changes the amount of earnings companies are expected to earn**. If an event does not materially change global GDP growth or earnings trajectory, then the markets don't pay much attention.

Further, it's important to remember that there are some companies that benefit from geopolitical conflicts. That's part of the reason we maintain exposures to different sectors.

Barring a significant disruption in oil for months on end, the Iranian war is unlikely to have a material impact on earnings. If oil prices stay above $100+ for six months, that could change. However, the Trump administration is unlikely to risk driving the U.S. economy into recession ahead of the midterm elections.

Elections & Market Volatility

Speaking of midterm elections, the U.S. midterm elections are coming up in November 2026.

What impact will that have on markets? Research covering 31 midterm elections over 125 years shows a consistent pattern of performance.[3]

In the 12 months preceding mid-term elections, the S&P 500 averages a return of just 2.9%. This is significantly lower than the long-run norm of 8.9%.[3]

With the double whammy of *both* geopolitical and political headlines, we would not be surprised to see stocks enter a correction at some point in Q2. That's normal; corrections happen about once a year, on average.

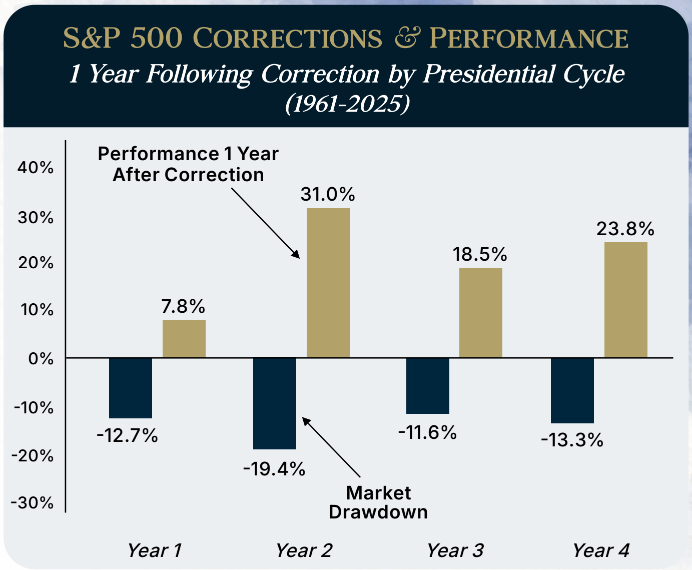


Figure 2: Source Data: Strategas Research Partners

The first half of a midterm election year has historically been the weakest of the presidential cycle. Going back to 1961, the average midterm election year saw a 19.4% top-to-bottom decline.[4] However, this could give way to a potential buying opportunity. We have been looking at some companies that we believe would be great fits for our portfolios and may give us a great entry point.

And from a bigger picture perspective, this could be a good opportunity to revisit your asset and strategy allocations. If you have been considering adding exposure to Sequoia or taking a more aggressive tilt to your asset allocation, Q2 2026 heading into Q3 2026 could present a great chance to do that.

Historically, the midterm election-year lull in the first half of the year tends to give way to a relief rally starting in the second half. From the midterm election lows, the average return over the next 12 months has been +31%.[4] That is historically the strongest period of the four-year presidential cycle.

But, what if *[insert your least favorite party here]* wins? **It's not about which party wins; it's about the removal of uncertainty.**

While war, inflation, recessions, and political upheaval temporarily shake markets, not even the worst of what our world has to offer has broken the underlying engine of progress. **Short-term market volatility has always given way to higher stock market prices. We don't think this time will be any different.**

As always, we are here to answer any questions, comments, or concerns you may have. Reach out to us anytime.

4. Strategas Research Partners. "S&P 500 Corrections & Performance." 2026.

My Stewardship Journey

Client Spotlight

Derek Riddle, CRPC®, CFP®
Lead Investment Advisor

"One of the greatest risks to generational wealth isn't poor investment decisions; it's the absence of conversation. Families often spend decades building wealth but never explain to the next generation what that wealth is meant to accomplish.

As an Investment Advisor and CERTIFIED FINANCIAL PLANNER® professional, part of my role is facilitating those conversations so that clients can articulate their legacy goals.

The following reflections come from a long time DCM client whose stewardship journey illustrates what these conversations can make possible."

Written by an anonymous DCM Client

I've been a Donaldson Capital Management (DCM) client for 25 years. I retired in 2019. The following is submitted in response to DCM's request for me to offer a few comments on my stewardship journey.

Stewardship requires planning—financial planning, tax planning, estate planning, legacy planning, etc. Benjamin Franklin said, "If you fail to plan, you plan to fail." Recently, I've become more mindful of my stewardship, and more specifically, my legacy.

Legacy is more than the distribution of the assets I'll leave behind when I die. It includes memories, values, wisdom, traditions, and yes, money. I can build and shape my legacy during my lifetime, intentionally, and with purpose.

My legacy includes things like helping one of my granddaughters sharpen her softball skills, family vacations, college funding for my grandchildren, being a Habitat volunteer, and yes, leaving an inheritance of money for my children. An equally important part of my legacy is pursuing Biblical generosity.

As a Christian, I know God wants me to be involved in His good work with a portion of my time, talent, and money. I believe all that I have belongs to God. I'm merely His caretaker, desiring to be a good steward. I know that God wants His people to store up treasures in Heaven.

In his book *The Treasure Principle*, Randy Alcorn writes, "You can't take it with you, but you can send it on ahead." That concept had, and continues to have, a profound impact on me.

This testimonial was provided by a current client who chose to remain anonymous.
No compensation was provided. The comments reflect the client's own views and opinions, and no conflicts of interest exist.

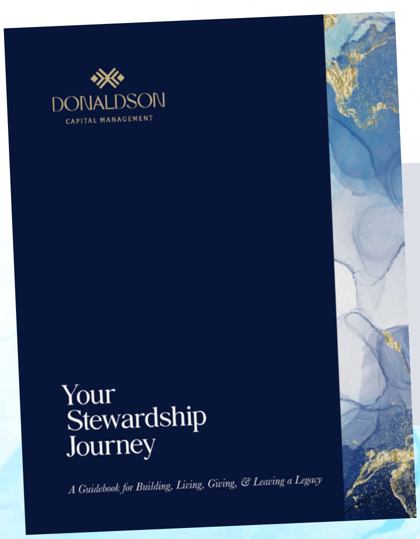
Through DCM, I became acquainted with the National Christian Foundation (NCF) and also learned how a Donor Advised Fund (DAF), a charitable giving fund, was a perfect addition to my stewardship journey and my legacy plan. NCF is the largest Christian foundation in the United States.

Through NCF's website, I have ready access to more than 60,000 charitable organizations, as well as access to NCF's charitable organization information database. The tax efficiency that a DAF provides enables me to be an even more generous charitable giver. My DAF with NCF also provides charitable giving simplicity, online giving with the click of a mouse.

Because legacy is meant to be positive and multi-generational, I've begun the process of educating and inviting my wife and children to share in this DAF with me. This includes participating in decisions about which charities to support, as well as the amount and timing of our giving.

This element of my stewardship journey is a work in progress. I'm learning that planning and patience are required of me regarding my children's participation in the DAF. They, much like me when I was their age, are busy with their young lives, with their children and careers, and their priorities differ from mine. And that's okay.

To paraphrase 2 Timothy 4:7, life is a race we all run. We all want to finish well. It's those who prepare that perform well. It's a warm feeling knowing I've begun my stewardship journey, but I have work yet to do.



If you'd like to explore the guidebook, just let your advisor know— they will make sure you have a copy.

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