SUMMER 2026

RISING DIVIDEND *REPORT*

DONALDSON
CAPITAL MANAGEMENT

Our Shared Commitment to You

For 25 years, IMC Advisors in Columbus, Indiana, has cared for families across 16 states. For the last 12, I've advised clients and helped build the firm alongside my colleagues. This summer, we joined the Donaldson team, drawn to a firm with the same mission: providing the highest level of service and care to the families we serve.

We have known some of the senior Donaldson team for many years. Last year, we began seriously exploring the possibility of coming together. It quickly became clear that IMC and DCM care about clients the same way.

For IMC clients, I'm most excited about the continuity and long-term value this merger creates. You'll have a deeper bench behind you, more resources at your disposal, and the same relationships you've always counted on.

For existing DCM clients, this means a stronger, deeper firm committed to serving you in the long run.

I'm glad to be here and excited to serve our clients together.

Jody A. Littrell
Partner, Senior Investment Advisor

Highlights from the Investment Policy Committee

1 THE THREE PRIMARY COLORS OF INVESTING
Just as all colors derive from red, yellow, and blue, our strategies are built around three core objectives: Security, Income, and Growth.

2 A STRATEGY FOR EVERY OBJECTIVE
We offer four distinct equity strategies, each designed to emphasize a different blend of the three objectives.

3 YOUR PORTFOLIO IS UNIQUE
Like a custom color, each client's ideal mix of Security, Income, and Growth is shaped by their financial situation, risk tolerance, and stage of life.

4 PORTFOLIOS THAT EVOLVE WITH YOU
As life circumstances change, so should your strategy allocation. We actively adjust client portfolios to reflect their needs.

5 CHECK IN WITH YOUR ADVISOR
If your goals around income, growth, or risk have changed, we'd love to talk to you about it.

Read the IPC Letter on page 3

Our Favorite Ways to Connect

From sunny afternoons at the ballpark to swings at TopGolf, these gatherings are some of our favorite ways to spend time with you and your families. Here's a look at some recent moments together and what's coming up next.

Indianapolis Indians Family Day in Indianapolis, IN

UPCOMING EVENTS

- **GAME DAY WITH DCM**
  Saturday, October 24 • Fairway Social • Alpharetta, GA
- **INDIANAPOLIS OPEN HOUSE**
  Celebrate the opening of our new office with us. More to come.
- **COLUMBUS OPEN HOUSE**
  Come tour our newly expanded space. Details coming soon.
- **ALPHARETTA OPEN HOUSE**
  Explore our new office near Avalon. Stay tuned for details.

Gathering at TopGolf in Nashville, TN

Sarah Moore, CFP®
Partner, President & CEO

Between Us — *A personal note from Sarah*

CLEARING HURDLES TOGETHER

Just this week, my nine-year-old daughter Elizabeth had her first cross-country conditioning practice. It was raining, she didn't know anyone, and she was one of the youngest kids there. Beforehand, we talked about mental toughness and why hard things are worth doing. Looking into some pretty fearful eyes, I confirmed her terror: yes, this was a race. Individual and team. The point is to win.

Watching her shake her coach's hand at the end, beaming, is a moment I won't forget.

Running has been my passion for years, and it's one of the great metaphors for investing. A client told me recently that he stays with his advisor at Donaldson because when things get hard, even a small hurdle can feel too high to clear alone.

That stayed with me. We all have personal smarts and resolve, but not one of us can do it alone. We need coaches, parents, and trusted advisors. The people who help us stay on track when the course gets hard are the most sacred relationships we have.

The joy of helping you clear hurdles is why I love coming to work every day, and it will always be the heart of why Donaldson exists.

Testimonial provided by a current client, uncompensated.

Finding Your Color

by Nathan Winklepleck

Art class was one of my favorite subjects as a kid. Mrs. Engelhardt was a great teacher; I'll never forget that day when she taught us about primary colors.

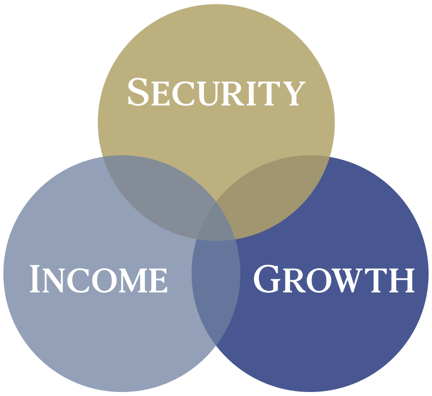
"By combining just three colors: red, yellow, and blue, you can make thousands of unique colors," Mrs. Engelhardt told our 2nd grade class. "For example, we can mix a bit of red and blue to get purple." She proceeded to demonstrate.

My mind was blown away.

How could all these colors, and millions of shades in between, all come from red, blue, and yellow? It amazed me then, and still amazes me today, how such beauty and diversity can come from such simplicity.

Just like there are three primary colors, there are three primary investment objectives:

- **SECURITY**[1]
  Minimizing the risk of not meeting your financial goals.
- **INCOME**
  Cover your expenses with cash flow generated by your portfolio.
- **GROWTH**
  Grow your portfolio's value and income over time.



Together, these three primary objectives create a custom mix unique to you. Your investment "color" reflects your financial situation, tolerance for risk, and stage of life.

Our job, as advisors, is to help you understand your needs in each season of your life, build a portfolio that fits those objectives, and adjust the portfolio over time as your circumstances evolve.

In this letter, we'd like to walk you through how we think about this process. We will start with the investment strategies—the primary colors—and then get into how those strategies combine to form your investment color, the one that meets your specific mix of Security, Income, and Growth.

PRIMARY COLORS: THE INVESTMENT MODELS

Colors are central to an artist's work. The foundation of color science is the primary colors. If they stay constant and reliable, your mixing of those colors will generate an expected result. **Without the consistency and integrity of the primary colors, it becomes impossible to reliably combine them to make the color that you need.**

We offer several investment strategies at DCM, each built to target different objectives. One of our crucial goals in managing these strategies is to keep them focused on their specific roles.

RISING DIVIDEND™ CORNERSTONE

Primary focus: Security; Secondary focus: Income; Tertiary: Growth

Our Rising Dividend Cornerstone model seeks to balance each of the three objectives: Security, Income, and Growth.

The foundation of this strategy is Security. We invest in approximately 30-35 high-quality, cash-generating businesses diversified across different industries to reduce risk. Next, we focus on providing income by targeting an above-average dividend yield and dividend growth. Finally, we look for companies where strong business performance is closely reflected in their stock prices. This gives us confidence that as these companies grow, their stock prices are likely to grow as well. **Over time, a rising income stream can help support higher stock prices, leading to long-term growth in both income and overall portfolio value.**

The foundation of Security never changes, but we will tilt a bit more between Income or Growth, depending on where we see opportunity. We've been tilted a bit more towards Growth in the last few years, as artificial intelligence (AI) and technology have become increasingly important themes.

1. Throughout this letter, "Security" refers to one of three investment objectives we use to describe portfolio positioning—it does not mean an account is protected from loss. All strategies discussed involve risk, including loss of principal.

While we do tilt the portfolio, we still strive to maintain balance—never reaching too far in one direction or the other. We've participated in the AI theme within the stocks and sectors we felt met our criteria for Security and Income, but we never want to go so far as to compromise the core targets of Security, Income, *and* Growth. Many of the companies that fit the AI theme don't fit one or more of those criteria.

Growth stocks have certainly been the focus over the last few years, both in the markets and amongst many of you. For many, the focus has shifted towards building a legacy for the next generation.

Rather than pushing Cornerstone further toward Growth, we built a separate Growth-oriented strategy designed specifically for investors with those objectives.

Sequoia

Primary focus: Growth

In 2021, we introduced Sequoia, which is entirely focused on maximizing total return. We built it as a complement to our other strategies; rather than changing the strategies themselves, each client could allocate a percentage to Sequoia, driving their allocation to Growth.

Sequoia is a concentrated portfolio of 20 stocks. It starts with a universe of 50 high conviction hedge fund holdings. We then apply many of the same quantitative data we use to manage our other strategies to score each stock. Based on those scores, our algorithm selects 20 stocks, each equal-weighted on a quarterly basis.

Just like Cornerstone, we want to remain consistent in our methodology and philosophy. When the market turned away from Growth stocks, as it did in 2022, we kept Sequoia's focus the same. From 2023 to 2025, the market favored Growth, and Sequoia has done well.

Going forward, there will come a time when Sequoia is out of favor, and the market shifts its preference back towards more Income/Security. When that happens, we won't panic; it would be a disservice to try to change Sequoia into something it's not just to chase whatever the market favors from one year to the next.

Income Builder

Primary focus: Income, Security, & Growth (in that order)

While Sequoia is a perfect fit for clients who want to shift more towards Growth, Income Builder is a great fit for clients who need less Growth, but more Income.

Income Builder, like Cornerstone, is a dividend-focused strategy. It, too, focuses on cash-flow positive companies that pay dividends. However, it seeks to maximize Income as much as possible *while still maintaining adequate Security.*

There are plenty of stocks with dividend yields of 8%+, and we could build a portfolio full of them; however, the risk of dividend cuts is dramatically higher, and we would need to sacrifice diversification. **We aim to build a portfolio that produces sustained income over time that grows at least with inflation.** At present, Income Builder has a dividend yield of around 4%.

While we do seek dividend growth, the growth rate of companies in Income Builder tends to be lower than Cornerstone. Our goal is to keep up with inflation, grow income with the companies themselves, and replace lower-yielding stocks with higher-yielding ones.

Navigator

Primary focus: Security; Secondary focus: Growth; Tertiary focus: Income

If you've never heard of Navigator before, that's because it's a new strategy. While it's new in title, it's really a refinement of our Core Select strategies, which we've managed for many years.

Core Select was built specifically for smaller accounts where buying individual stocks was not feasible; instead, we managed a portfolio of exchange-traded funds (ETFs) to target Security, Income, and Growth objectives.

ETFs are essentially mutual funds that trade on the exchange. The first ETF was launched in 1993. When we first launched Core Select, the ETF landscape was still relatively niche. In 2011, there were 1,200 ETFs with a 10% total market share.

Over the years, we've seen this change dramatically. ETFs have become a mainstream investment vehicle, with an increasingly complex landscape of choices. **In August 2025, the number of ETFs—then 4,300—surpassed the number of individual stocks—then 4,200.**

These ETFs have also evolved from simple index trackers into sophisticated tools that can express specific exposures, like quality, momentum, and value. These were once only accessible through individual stock selection.

Meanwhile, broad market indices like the S&P 500 have become increasingly concentrated. In 2025, only ten stocks represent more than 40% of the Index.[2] **The Technology sector is now at a 40% weight, surpassing its weight at**

the peak of the dot-com bubble in the late 1990s/early 2000s. What was once a relatively diversified basket of 500 stocks has become a concentrated bet on a few Growth stocks, many in the Technology sector. This has raised concerns about excessive concentration and potential bubbles.

Navigator is DCM's response to both. Built on years of ETF research and governed by DCM's Investment Policy Committee, Navigator is an actively managed strategy that combines three factors—quality, momentum, and value—into a portfolio designed to deliver a more attractive risk/return profile than the broader market.

Navigator is an active approach to passive management. Just like our other strategies, we will take an active approach to the portfolio, positioning it to take advantage when we see opportunity. The only difference is that we will use ETFs to implement our best thinking rather than individual stocks.

Navigator is for those who want broad market participation, actively managed to reduce exposure to concentrated indices.

YOUR PRIMARY COLOR

Now, let's transition away from the investment models—the primary colors, if you will—and start talking about how we can mix these together to make the strategy that best meets your unique combination of Security, Income, and Growth.

To do that, we'd like to go through a few cases. The following are hypothetical examples based on common client situations. They do not represent any specific client; rather, these are situations where objectives for Security, Income, and Growth may have shifted, and an example of where we might shift to different strategies to fit those changes.

■ CASE #1: *Legacy*

Many retirees find that, over time, their withdrawal rate changes. They may have initially needed 4% of their portfolios to cover living expenses. Over a few decades, however, that can change significantly.

One reason may be market growth. If your portfolio value were to double in relation to your spending, your need for income generation would be significantly reduced. In those cases, we've seen clients move from needing an equal blend of Security, Income, and Growth—which Endowment-Cornerstone targets—towards either more Security or more Growth.

2. *The "Great Narrowing": S&P 500 concentration.* RBC Wealth Management. www.rbcwealthmanagement.com/en-us/insights/the-great-narrowing-sp-500-concentration

Rather than lean more into Security to preserve what they already built, many have decided they'd rather consider investing more for the next generation. For those in this situation, we've shifted non-taxable accounts, especially Roth IRAs, more towards Sequoia. This keeps Endowment-Cornerstone to do the income-generation heavy lifting, while targeting more growth for accounts intended for legacy.

■ CASE #2: *Higher Income Objective*

There are other cases where situations cause need for more income. The death of a spouse can mean losing half of a pension and/or Social Security.

Often, shifting towards higher fixed income allocations (our "Preservation of Capital" strategy) and Income Builder strategy can boost income, helping to partially or completely offset the loss in fixed income sources.

■ CASE #3: *High-Tax Accumulators*

For an accumulator—someone who is not taking from, but adding to their investment portfolios—Income is of little concern. The primary objective in this phase of life tends to be Growth and maximizing savings by minimizing taxes.

This is where our Navigator strategy would be most appropriate, especially for taxable accounts. Once someone reaches pre-retirement, we would consider shifting their portfolio more towards fixed income and our dividend income strategies—Cornerstone and Income Builder—as they begin replacing their paychecks with dividend income.

DOES YOUR COLOR STILL FIT?

We hope this letter has given you insight into how we think about your objectives and how each portfolio fits those goals.

We want to ensure that we understand where you stand regarding your needs for Security, Income, and Growth. Are you entering a new phase of life? Have you become more accepting of risk over time? More desiring of faster growth? Needing more income?

If any of the above apply to you, we encourage you to share with your DCM Advisor. As your circumstances and priorities evolve, **we want to ensure your mix of Security, Income, and Growth continues to reflect your goals.**

As always, we appreciate your trust in us and take our obligation seriously. We remain committed to helping you meet your long-term financial objectives, whatever those may be.

Artificial Intelligence
From Investment to Impact

Artificial intelligence (AI) is now a major topic in investing. Whether in earnings calls or financial news, market conversations increasingly return to this subject. Much of that attention has focused on the technology itself for good reason. The capabilities of modern AI systems continue to improve at a remarkable pace.

At its core, artificial intelligence uses computing power and data to perform tasks that traditionally required significant human input. Whether generating content, analyzing information, writing software, or accelerating scientific research, the goal is to improve productivity and decision-making. As these tools improve and adoption expands, the demand for computing power is growing dramatically.

The Scale of Investment Behind AI

Many people may not realize how much investment is needed to meet AI's growing demand for computing power. The biggest tech companies are spending hundreds of billions of dollars on data centers, chips, networking gear, and other infrastructure.

The effects of this spending extend well beyond the technology sector. Building a data center requires land, steel, concrete, cooling systems, and backup power, creating demand across multiple industries. Engineering, construction, and finance firms all play a role in supporting this expansion. Utilities are also receiving requests for power loads that would have seemed unlikely just a few years ago, driving demand for transformers, switchgear, and other electrical equipment. Perhaps the most significant impact of this buildout is the growing demand for energy.

Rising Demand for Energy & Infrastructure

Over the past 20 years, power demand in the U.S. has grown slowly. Now, data centers are driving a lot of the new growth, causing utilities and regulators to rethink how much power they'll need in the future. Predictions differ, but it is clear that building the next wave of computing will require big investments in the electric grid.

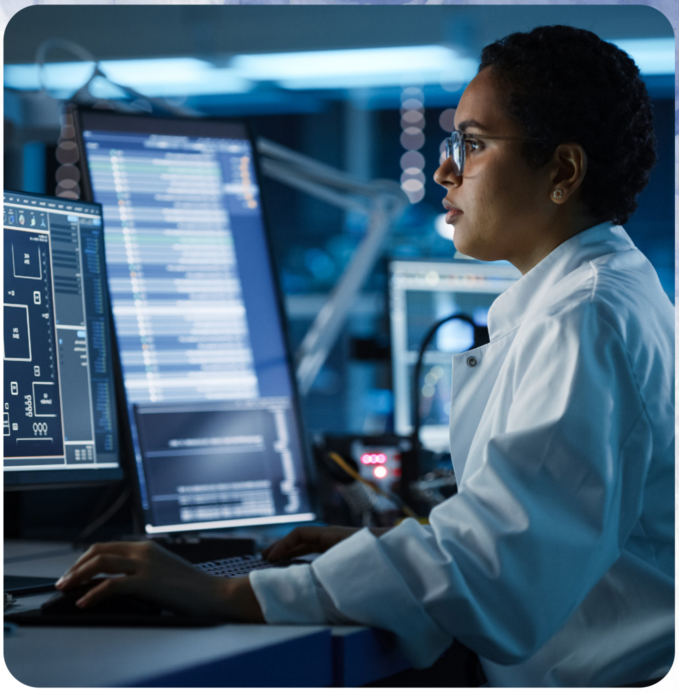
Artificial intelligence stands out from past innovations because it needs much more investment. Unlike earlier software advances that needed little physical spending, AI is pushing companies to spend as if they were building big factories. In many ways, AI is as much a capital spending story as it is a technology story.

Where Long-Term Value May Emerge

Today, most investment focuses on building the infrastructure that supports AI, but the larger long-term opportunity may lie with the businesses that use these tools to create value. The internet offers a useful example. The most successful companies of the last 25 years were not the ones who built the internet, but those who used it to improve operations, reach more customers, and create new ways of doing business. Artificial intelligence may follow the same pattern. Companies that use AI in their operations can become more productive, cut costs, accelerate research, and gain competitive advantages regardless of industry.

When evaluating AI, a key consideration is separating long-term potential from short-term expectations. Technology is advancing rapidly, but adoption across the broader economy will likely take time. Businesses must invest in systems, training, workflows, and processes before they can fully realize the benefits. Beyond adoption challenges, expanding AI's supporting infrastructure will require significant investment, permitting, and regulatory approvals. In some cases, constraints around power generation, transmission, and data center development could slow the pace of deployment. As with many technological shifts, the ultimate impact may be significant even if the path forward is uneven.

Technological change rarely occurs without disruption. Just as AI creates opportunities, it is also likely to challenge certain business models and reshape parts of the workforce. History shows new technologies often eliminate some jobs while creating new ones that were previously hard to imagine. Artificial intelligence may be no different. Some roles will evolve, some may disappear, and new opportunities will emerge as businesses adapt to new capabilities. These shifts could create important implications for investors.



The Challenge of Identifying Winners

The challenge for investors is that eventual winners are rarely obvious at the outset. Periods of significant innovation often attract large amounts of capital, elevated expectations, and intense competition. Some companies will generate attractive returns, while others will struggle to justify the resources they commit. Market leadership will change, and investor enthusiasm will sometimes get ahead of business fundamentals.

That uncertainty reinforces an important investment principle. The goal is not to predict every winner and loser. The goal is to identify durable businesses with strong competitive positions, sound balance sheets, and the ability to adapt as the economy evolves.

Artificial intelligence is already reshaping how companies allocate capital across the economy. Today, companies are investing heavily in the infrastructure that supports the technology, but over time, attention is likely to shift toward the businesses that create the greatest value from it. Building AI may require substantial investment, but the ultimate opportunity may lie with the businesses that put it to work most effectively.

DONALDSON

CAPITAL MANAGEMENT

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