

## Portfolio Objective

The Diversified Income (“DI”) Strategy’s objective is to provide income from diversified asset classes by opportunistically focusing on investments we believe offer relatively high income potential while attempting to avoid asset classes that we believe have relatively high risk. We also seek capital appreciation by investing in securities that we believe are fundamentally undervalued.

## Portfolio Characteristics

The DI Strategy’s investable universe includes dividend paying common equities, preferred and convertible preferred stocks, Exchange traded funds and bonds. The DI Strategy is tactically allocated to maximize income while controlling risk through asset class diversification.

## Risk Controls

The Portfolio Management Team controls risk by diversifying portfolios through asset allocation, security selection, sector weightings, credit ratings and maturity selection.

## INVESTMENT PROCESS

The DI investment process begins with a top-down approach by assessing income generating investments at the asset class level. We assess each asset class in the context of the general level of interest rates and our view of potential interest rate changes. Our asset allocation decisions are based on the goal of generating income and controlling risk through asset class diversification.

Once asset class weightings are determined, the portfolio management team employs a fundamental research process on individual securities within those asset classes. While we generally apply PCM’s fundamental value approach to common equity selection within the DI Strategy, we prioritize income with all investment decisions. Therefore, we seek to invest in common equities with higher than average dividend yields and dividend growth potential.

Fixed income or preferred stock analysis involves interest rate projection, yield curve analysis and credit analysis. The DI Strategy also uses specialty asset classes such as ETFs and REITs. The DI Strategy is actively monitored and tactical adjustments are made as relative value parameters change among asset classes or industry groups.

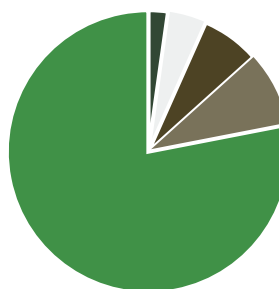
## Asset Classes

The portfolio is composed of the following asset classes: High Dividend Equities, U.S. and Foreign Bonds, Short Treasuries, Long Treasuries, Preferred Equities, and Cash. The long-term strategic weighting for each asset class is determined based on long-term historical expected return and risk characteristics.

## Strategy Statistics

|                         |  |
|-------------------------|--|
| Inception Date          | 11-01-2010   |
| Number of Holdings      | 30-40  |
| Current Projected Yield | 3.5% - 4.5%  |
| Minimum Investment      | \$100,000  |
| Market Benchmarks       | S&P 500/<br>Russell<br>1000 Value/<br>Bloomberg<br>Agg |

## Allocation Summary as of 09/30/24



|                           | Weight                          |
|---------------------------|---------------------------------|
| <b>DIVERSIFIED INCOME</b> | <b>Total Allocation: 100.0%</b> |
| Equity                    | 78.28%                          |
| Fixed Income              | 8.49%                           |
| Preferred Equity          | 6.67%                           |
| Short Treasuries          | 4.32%                           |
| Cash                      | 2.24%                           |

## Portfolio Management Team

At PCM the most important thing we do is investment research. All members of our investment team are research analysts, regardless of title. We run our Diversified Income Strategy using a collaborative team approach.

## Investment Philosophy

We believe that every security has a fundamentally determined long-term value that can differ materially from its current market price.

We contend that prices and valuations of securities tend to converge over time, perhaps due to the activities of value investors in the equity market.

We strive to acquire shares that are temporarily undervalued with an eye to sell them when their market prices converge with fair long term valuations over time.



## Portfolio Managers

### Bryn Harman, CFA

#### Chief Executive Officer & Chief Investment Officer

Bryn Harman, CFA, is the firm's Chief Investment Officer. He provides leadership to the firm's investment processes and specializes in equity research. Bryn's career with equities started in the early 1990's in the Western Canadian corporate finance industry. Since that time Bryn has served as a corporate finance consultant, stock exchange Listings Officer, Senior Equity Analyst, Director of Research, Public company Chief Financial Officer, Public company Director, Portfolio Manager and Chief Investment Officer. Bryn has focused on equity research for most of his career and he takes pride in applying a rigorous bottom-up analytical approach to evaluating investment opportunities. Bryn is a CFA charterholder and holds a Bachelor of Commerce degree from the University of Saskatchewan.

### Spencer Shelman, CFA

#### Portfolio Manager

Mr. Shelman joined Palouse as a Portfolio Manager in mid-2015. Spencer's background includes more than fifteen years of buy-side analytical and portfolio management experience. Virtually all of his experience has involved bottom-up fundamental research for individual and institutional equity portfolios. Spencer is a Chartered Financial Analyst and graduated cum laude with a B.A. in Business Administration with dual majors in Finance and Economics from Washington State University, where he was named The Outstanding Student in Finance his senior year. He was a 4-year member of the WSU football team that went to the Rose Bowl and the Holiday Bowl during his time on the team. Spencer is actively involved with the CFA Society of Spokane, as a Past President, is a member of the CFA Institute, is on the National Board of Advisors for the Washington State University College of Business, and was formerly on the Foundation Board of Trustees for the Spokane Guild's School and Neuromuscular Center.

## Disclosures

#### Disclosures

The S&P 500 is a capitalization-weighted index of the prices of common stock of the 500 leading companies representing the leading industries of the U.S. economy, which are actively traded in the United States on the New York Stock Exchange or the NASDAQ. The Russell 1000<sup>®</sup> Value Index measures the performance of the largecap value segment of the U.S. equity universe, specifically those companies from the Russell 1000 with lower price-to-book ratios and lower forecasted growth values. The Bloomberg Capital U.S. Aggregate Bond Index is an intermediate-term market capitalization-weighted index of investment grade bonds that includes treasury securities, government agency bonds, mortgage and asset backed bonds (including Agency Hybrid Adjustable Rate Mortgage securities), corporate bonds, and a small amount of foreign bonds traded in the U.S.

The information provided in this document should not be considered a recommendation to purchase or sell a security or securities in a particular asset class, industry, or sector. The investment strategy selected by the client provides Palouse Capital Management, Inc. (PCM) with a general guideline for investment; PCM cannot assure any client that PCM will achieve the selected investment objective. Accounts are managed in accordance with the investment objectives, guidelines, and restrictions established by each client, therefore portfolios within the same investment objective may differ as to securities held and performance achieved. A client's actual asset class weightings will vary depending on various factors. The income generated by the securities held in this strategy may decline. This strategy may include investments in lower quality, higher yielding fixed income securities which may be subject to greater price fluctuation than higher quality fixed income securities. This information is not intended to be used as the primary basis of investment decisions nor should it be construed as advice designed to meet the particular investment needs of any specific investor. Additional information regarding the services provided by PCM is available in Form ADV Part 2, which is available upon request.

REITs are required to pay 90 percent of their taxable income to investors; therefore, they rely on external funding as their main source of capital. Investors must consider a REIT's potential for success, determining whether individual REITs have access to debt or equity capital adequate to fund their future growth plans. Real estate values tend to fluctuate with current market conditions. Exchange-traded funds (ETFs) are sold by prospectus. Please consider the investment objectives, risk, charges and expenses carefully before investing. The prospectus, or summary prospectus if available, provides a balanced analysis of the investment risks and benefits. It can be obtained by contacting the fund advisor. Read it carefully before you invest.

The Current Projected Yield is an estimate based on current interest and dividend payments and current prices of the securities held in the Diversified Income strategy. The actual yield of the strategy could differ from the projected range if the prices of the underlying securities change dramatically or based on timing of dividend and interest payments.

For more information please contact Spencer Shelman at (800) 624-3833 or [sshelman@palousecap.com](mailto:sshelman@palousecap.com)

[www.palousecap.com](http://www.palousecap.com)

Palouse Capital Management, Inc.

Investment advice and services offered by Palouse Capital Management Inc., a registered investment adviser.