Enhanced Income

Balanced Income

A diversified income focused investment strategy using exchange traded funds.

This strategy seeks to provide investors with current income and long-term capital appreciation using cost-effective exchange traded funds. Through the underlying exchange traded funds, the strategy owns a diversified mix of stocks and bonds. The portfolio emphasizes all market capitalization stocks of domestic companies and, to a lesser extent, companies located outside the United States. The portfolio's bond holdings focus predominantly on government, mortgage, and corporate securities.

Investment Overview

Inception Date	12/1/2006
Composite AUM ($mil)	12
Strategy AUM ($mil)	73
Firm AUM ($mil)	1,880
Current Yield	3.1

Risk Statistics*

Standard Deviation	9.24
Beta	1.10
Sharpe Ratio	0.12
Annual Turnover %	11.43

**5 year annualized*

Value and Yield Focus

The enhanced income strategy places a priority on generating above average income yield while investing across the value capitalization spectrum. Investing for dividends provides a cushion in down markets and growing dividends help hedge against inflation. Fama and French research suggests strong long-term returns are associated with value and smaller capitalization factors.

Annualized Total Return (%)	YTD	1-yr	3-yr	5-yr	10-yr	Inception
Composite Gross Return	0.23	5.60	2.18	2.84	4.23	4.68
Benchmark Return	1.58	7.66	2.40	3.16	3.92	4.12

As of September 30, 2023

Calendar Year Returns (%)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Composite Gross Return	9.43	8.63	-1.68	9.26	8.84	-3.73	15.52	5.13	10.42	-10.96
Benchmark Return	10.38	5.51	-0.98	7.41	7.44	-3.22	13.99	6.40	7.50	-8.17

About First American Trust

First American Trust strives to deliver favorable client outcomes through trustworthy professional experts. As a subsidiary of First American Financial Corporation (NYSE: FAF), First American Trust provides trust and fiduciary services, investment advisory services and investment management services to individuals, families, charities, corporations and retirement plans.

Benefits and Efficiency

Exchange traded funds (ETFs) offer several benefits including; diversification, low operating costs and tax-efficient access to capital markets. These funds generally track specified indexes that represent a variety of styles and asset classes, including stocks, bonds, commodities, and currencies. Broad based ETFs provide quick diversification via a single investment. An important feature of these funds is low operating costs, which tend to be less than mutual funds as a result of lower administrative and service costs. Additionally, ETFs do not charge 12b-1 fees, front or back-end loads, or early redemption fees. They also have greater tax-efficiencies compared to traditional funds by minimizing capital gain distributions and allowing the investor to control the recognition of capital gains upon trading.

Enhanced Income Balanced Income Composite contains fully discretionary Balanced Income accounts managed within our Enhanced Income Strategy (AAI) process. This strategy utilizes exchange traded funds for all asset classes with a focus on enhancing income. Taxable bond funds are primarily utilized for the fixed income allocation. Returns are based on actual asset-weighted composite returns and do not include any carved out segments. The composite inception date was December 1, 2006. The Composite Benchmark consists of the Russell 3000 Value Index (32%), the MSCI ACWI ex US Index (8%), the Barclays Intermediate Government/Credit Index (57%) and the Lipper Money Market Index (3%) since August 1, 2008. Please consult the Enhanced Income Balanced Income Composite performance presentation for the benchmark composite and weight changes prior to that date. The Composite Benchmark is rebalanced on a monthly basis.

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Investment Team

Jerry Braakman
Chief Investment Officer
Years of Experience
26

Jason Nerio
Co-Manager
Years of Experience
25

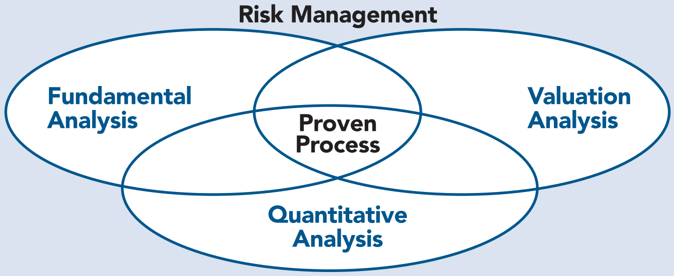
Scott Dudgeon, CFA
Co-Manager
Years of Experience
25

Edward Hakopian
Analyst
Years of Experience
25

Our Enhanced Income Strategy investment team is comprised of seasoned professionals who are an integral part of the client service team and average over 25 years of experience.

Investment Process

Investment selection is based on a proven process to mitigate downside risk.

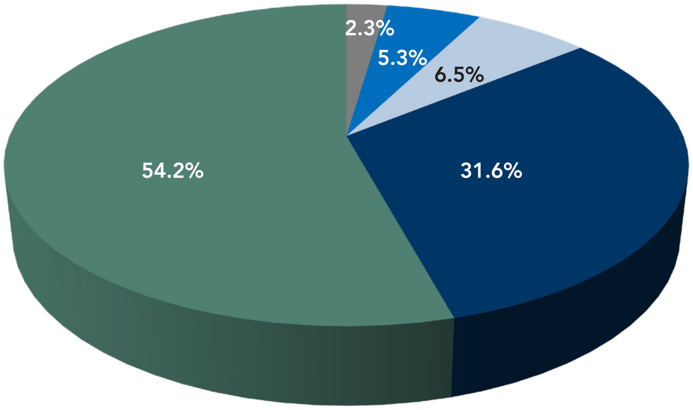


Fundamental Analysis
Determines macro environment, with resulting asset class and style factor beneficiaries

Valuation Analysis
Evaluates opportunities based on historical relative valuations

Quantitative Analysis
Provides timeliness and actionable sell discipline

Market Value Allocation*



Top 5 Holdings*

	Ticker	Security
1	BND	Vanguard Total Bnd Mkt ETF
2	LGLV	SPDR SSGA US Lrg Cap Low ETF
3	VTV	Vanguard Value ETF
4	IEF	iShares 7-10 Year Treasury ETF
5	BSV	Vanguard Short-Term Bond ETF

**as of September 30, 2023*

Past performance is no guarantee of future results. Individual account performance will vary. Not FDIC insured. No Bank guarantee. May lose value. There is no guarantee that the strategy will achieve its investment goal. The strategy is subject to various risks, including market risk, asset allocation risk, credit risk, interest rate risk, liquidity risk, currency risk, concentration risk, trading risk, emerging market risk, turnover risk, and commodity risk. **This strategy may not be suitable for all investors.** Please consult your tax advisor for personal tax questions and concerns. This report is intended for informational purposes only and does not constitute or contain an investment recommendation and is issued without regard to the specific investment objectives, financial situation or particular needs of any specific recipient. First American Trust, FSB and its affiliates do not accept any liability for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.

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