

Hamlin High Dividend Equity Fund

Q1 2024

HAMLIN
CAPITAL MANAGEMENT, LLC

Firm Overview

- Employee-owned firm founded in 2001
- Hamlin partners have nearly all of their liquid net worth invested in our strategies
- Firm AUM: \$7.5B; Strategy AUM: \$3.5B

Investment Philosophy & Objectives

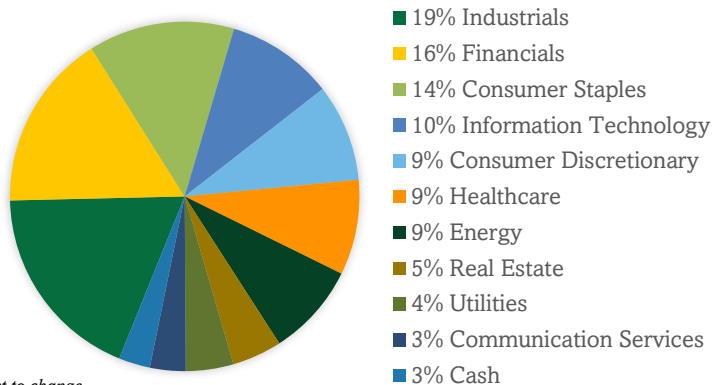
- **Income:** Target companies with a dividend yield at least 1.5x the S&P 500's with prospects for dividend growth
- **Downside Protection:** Versus the S&P 500
- **Quality:** Quantitative focus on free cash flow generation, balance sheet, and return on equity. Qualitative focus on secular growth, competitive advantage, management, and culture
- **Active:** Rigorous bottom-up, fundamental analysis

Fund Facts

	Institutional Shares	Investor Shares
Fund Symbol	HHDFX	HHDVX
CUSIP	00769G741	00769G733
Fiscal Year End	December 31	December 31
Inception Date	March 30, 2012	March 30, 2012
Initial Minimum Investment	\$100,000	\$2,500
Expense Ratio (Net)*	0.85%	1.15%
Expense Ratio (Gross)	0.98%	1.28%
Primary Benchmark	S&P 500	S&P 500
Secondary Benchmark	Russell 1000 Value	Russell 1000 Value

* Fee waivers are contractual through April 30, 2024

Sector Weights



Subject to change.

Net Performance

Since inception 3/30/2012	1Q24	1-year	Ann. 3-year	Ann. 5-year	Ann. 10-year	Ann. Since Inception
HHDFX	8.47%	19.91%	11.55%	12.80%	9.58%	11.21%
HHDVX	8.39%	19.55%	11.21%	12.45%	9.18%	10.79%
Russell 1000 Value Index	8.99%	20.27%	8.11%	10.32%	9.01%	10.76%
S&P 500 Index	10.56%	29.88%	11.49%	15.05%	12.96%	13.75%

Performance data quoted represents past performance and does not guarantee future results. The investment performance and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost, and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-855-HHD-FUND. The fund charges a redemption fee of 2.00% as a percentage of amounts redeemed, if shares redeemed have been held for less than 7 days. Investment performance does not reflect redemption fee; if it was reflected, the total return would be lower than shown.

Investment Team

Michael M. Tang, CFA, Portfolio Manager

16 years of industry experience – Joined Hamlin in 2013
Princeton University, BA Economics, Summa Cum Laude, 2007

Christopher M. D'Agnes, CFA, Portfolio Manager

24 years of industry experience – Joined Hamlin in 2001
Bucknell University, BS Accounting, 1999

Charles S. Garland, CFA, Client Portfolio Manager

34 years of industry experience – Joined Hamlin in 2008
Yale University, BA English, Cum Laude, 1989

Ross Gabrielson, CFA, Analyst

18 years of industry experience – Joined Hamlin in 2024
Columbia University, BA Political Science, 2006
Columbia Business School, MBA, 2012

Jaclyn Hourihan, CFA, Analyst

13 years of industry experience – Joined Hamlin in 2017
Trinity College, BA Economics, 2010

Riggs McDermott, Associate

4 years of industry experience – Joined Hamlin in 2019
Southern Methodist University, BA Finance, 2019

Top 10 Holdings†

Broadcom Inc.
 AbbVie, Inc.
 ConocoPhillips
 Enterprise Products Partners L.P.
 Lamar Advertising Company Class A
 Ares Management Corporation
 Public Service Enterprise Group Inc
 Old Republic International Corporation
 Procter & Gamble Company
 Cummins Inc.

Portfolio Characteristics**

Number of Holdings	25	
Current Yield	3.26%	
ROE (LTM) – Median	24.8%	
Dividend Growth Rate – 3yr Average	11.5%	
Active Share	92.6%	
Price/Earnings (NTM) – Median	17.5x	
Market Capitalization – Median	\$78 Billion	
	Institutional	Investor
SEC 30-Day Yield – Subsidized	2.40%	2.10%
SEC 30-Day Yield – Unsubsidized	2.30%	2.00%

Performance and Portfolio Changes

The Hamlin High Dividend Equity Fund institutional class returned 8.47% for the first quarter of 2024, slightly lagging the Russell 1000 Value Index's 8.99% advance and exceeding the Dow Jones U.S. Select Dividend Index's 6.10% gain. We attribute Hamlin's outperformance relative to the Dividend Index to strong company-specific execution from our eclectic, concentrated holdings and to lower relative exposure to Utilities. Our lag to the S&P 500's 10.56% first quarter return once again reflects that index's roughly 18% weighting in the so-called "Fab Four" low/no-dividend Tech stocks to which we have no exposure.

Within the portfolio, relative sector contributors to performance this quarter were Consumer Discretionary, Real Estate, and Health Care. Relative sector detractors were Financials, Industrials, and Communication Services. The largest individual stock performance contributors were Broadcom Inc, Target Corporation, AbbVie, Inc., Cummins, Inc., and Lamar Advertising Company. The weakest performers were Keurig Dr. Pepper Inc., United Parcel Service, Inc., Interpublic Group of Companies, Inc., Comcast Corporation, and Watsco, Inc. During the quarter, we purchased Darden Restaurants, Inc., which offered a 3.1% yield on cost, and sold Interpublic Group of Companies, Inc. and MDC Holdings Inc, which will be acquired for cash by Japanese Homebuilder, Sekisui.

Eleven Hamlin holdings have announced dividend hikes so far in 2024, with an average increase of 6.9%. This welcome action validates our research analysis and increases portfolio cash flow. Corporate boards generally announce dividend increases only when they envision strong cash flow growth in the future. While past performance does not predict future results, we note that our current portfolio holdings have increased their dividends at a 11.5% compound annual rate over the last three years.¹

Market Outlook

The market's rally year-to-date makes sense in the context of the tailwinds we reviewed in our January letter. Consumer net worth had soared in the aftermath of Covid-support policies, lifting consumption; corporate earnings growth had resumed; and equities have historically rallied briskly in the period between the last Fed Funds Rate hike to the first Federal Funds Rate cut.² The U.S. ISM Manufacturing Purchasing Managers Index's ascent above 50 for the first time in 16 months and rising productivity are two new and potentially powerful equity tailwinds. They imply revenue growth and margin expansion opportunities. Recognizing the favorable macroeconomic backdrop, investors have pushed PEs higher and credit spreads to historically low levels.³ Optimism may well be warranted as stocks have typically finished the year strong after 8%-plus Q1 returns.

While we have fretted about shrinking money supply – a reliable harbinger of tougher times for economic growth and stock prices – the absolute level of money supply remains well above pre-Covid levels. Abundant money supply helps explain levitating Bitcoin, gold, home prices, and AI stock PEs. Although PEs may be high enough to suggest sub-average forward 5-year returns, we do not sense a bubble. Valuation for the equal-weighted S&P 500 Index⁴ at about 17.0x appears neither problematic nor compelling relative to historical averages. The higher equal-weighted PE may reflect better stock performance for many Value-oriented companies, a welcome broadening of the stock market that may portend future gains. However, we believe prudent investors should rely on earnings progress for future market returns. Our chief big picture concerns remain the inverted yield curve's track record of predicting recession, soaring interest expense on the national debt, and mixed reports about demand from our companies.⁵

We remind you that we are not managing your account to track or beat the S&P 500 Index. We don't select securities to align your portfolio with any index's sector weightings or holdings. Our goal is to construct a quality portfolio with high current income. We strive to help our institutions and individual clients meet their spending objectives. We aim to preserve financial security and lifestyles by protecting against inflation with future dividend increases and long-term capital appreciation.

¹ NVDA, MSFT, AMZN, and META accounted for 4.80% of the S&P 500 Index's 10.56% gain in the first quarter.

² The market has rallied 16.35% on average between the last Fed rate hike and first rate cut over the past 5 rate cycles. Since the last hike on 7/27/23, the S&P 500 Index has returned 17.05%. Source: Factset.

³ PE refers to the Price to Earnings ratio which is calculated by dividing total equity market capitalization by total net income.

⁴ The equal-weighted index evenly depicts all underlying constituents unlike the market-weighted S&P 500 Index which produces metrics that are skewed towards its largest holdings.

⁵ Paychex reported slower hiring by small and mid-sized businesses; SnapOn Tools' mechanic customers may be suffering from higher living expenses; and Darden blamed weak traffic on low-income consumer confidence.

There is no guarantee that companies will declare dividends or, if declared, that they will remain at current levels or increase over time. Companies may reduce or eliminate dividends at any time. There is no guarantee that the Fund will achieve or maintain its investment strategy.

Mutual fund investing involves risk, including possible loss of principal. There can be no assurance that the Portfolio will achieve its stated objectives. Bond and bond funds will decrease in value as interest rates rise. A company may reduce or eliminate its dividend, causing losses to the fund. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, differences in generally accepted accounting principles, or from social, economic, or political instability in other nations.

The S&P 500 Index is a market-value weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation, with each stock's weight in the Index proportionate to its market value. The Russell 1000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes larger capitalization companies with a focus on lower price-to-book ratios and lower forecasted growth values. The Dow Jones U.S. Select Dividend Index tracks the performance of the 100 stocks with the highest dividend yields on the Dow Jones U.S. Total Market Index. This material represents an assessment of the market environment at a particular point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research, tax, or investment advice regarding the fund or any stock in particular. Please consult your tax/financial advisor for further information.

†Holdings are subject to change and do not include the Fund's entire portfolio. Holdings data is presented to illustrate examples of the securities the Fund bought and the diversity of areas in which the Fund invests and may not be representative of the Fund's current or future investments. Current and future holding are subject to risk.

***ROE (LTM) - Median, or the median Return on Equity for the last twelve months, is sourced from Factset and is calculated by dividing net income by average equity assets. Current Yield is the gross of fee weighted average dividend yield of the underlying holdings, including interest earned on cash and cash equivalents, sourced from Hamlin's portfolio management system and is the. Average dividend growth rate is a compound annual growth rate for all companies currently in the portfolio as of 3/31/24. NTM, or next twelve months, Price to Earnings is sourced from Factset and is calculated by dividing total equity market capitalization by sell-side analyst estimates for total net income over the forward 12 month period. NTM P/E is not a forecast of the fund's future performance. Active share is sourced from Bloomberg and is a measure that represents the difference in weightings between the portfolio and the S&P 500 Index.*

This material must be preceded or accompanied by a current prospectus. Investors should read it carefully before investing or sending money. Read the prospectus carefully before investing or sending money.

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