

Hamlin High Dividend Equity Fund

Q4 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: \$8.3B; Strategy AUM: \$4.1B

Investment Philosophy & Objectives

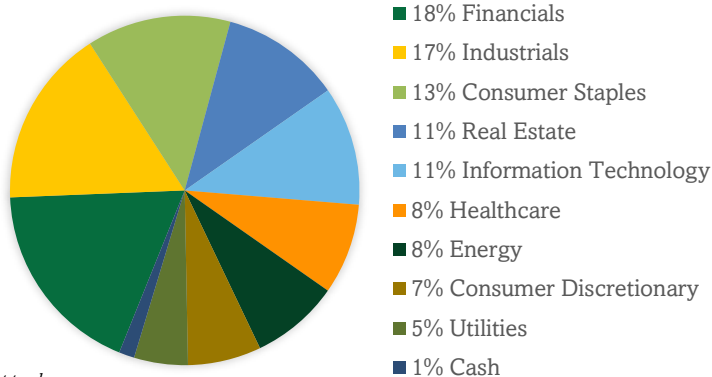
- **Income:** Target companies with a dividend yield at least 1.5x the S&P 500's with prospects for dividend growth
- **Downside Protection:** Versus the S&P 500
- **Quality:** Quantitative focus on free cash flow generation, balance sheet, and return on equity. Qualitative focus on secular growth, competitive 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, 2025

Sector Weights



Subject to change.

Net Performance

Since inception 3/30/2012	4Q24	1-year	Ann. 3-year	Ann. 5-year	Ann. 10-year	Ann. Since Inception
HHDFX	0.78%	19.80%	9.55%	12.56%	9.87%	11.37%
HHDVX	0.71%	19.44%	9.22%	12.22%	9.50%	10.96%
Russell 1000 Value Index	-1.98%	14.37%	5.63%	8.68%	8.49%	10.51%
S&P 500 Index	2.41%	25.02%	8.94%	14.53%	13.10%	13.98%

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

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

Top 10 Holdings†

Broadcom Inc.
 Public Service Enterprise Group Inc
 Ares Management Corporation
 AbbVie, Inc.
 Old Republic International Corporation
 Morgan Stanley
 Enterprise Products Partners L.P.
 CME Group Inc. Class A
 Cummins Inc.
 Paychex, Inc.

Portfolio Characteristics**

Number of Holdings	25	
Current Yield	3.13%	
ROE – Median 5 Year Average	24.0%	
Dividend Growth Rate – 3yr Average	8.9%	
Active Share	93.1%	
Price/Earnings (NTM) – Median	18.0x	
Market Capitalization – Median	\$62 Billion	
	Institutional	Investor
SEC 30-Day Yield – Subsidized	2.24%	1.95%
SEC 30-Day Yield – Unsubsidized	2.14%	1.85%

Performance and Portfolio Changes

The Hamlin High Dividend Equity Fund institutional class returned 0.78% in the fourth quarter of 2024, lagging the S&P 500's 2.41% increase and ahead of the Russell 1000 Value Index's -1.98% and Dow Jones U.S. Select Dividend's -1.85% return. Hamlin's 19.80% return for 2024 exceeded the Russell 1000 Value Index's and Dow Jones U.S. Select Dividend Index's 14.37% and 16.62% returns, respectively. We attribute this favorable outcome to selection within Information Technology and Utilities, our lack of Materials exposure, and a lower Health Care weighting. The S&P 500 Index's 25.02% return reflects that index's 32% weighting in the so-called "Magnificent Seven" low/no-dividend tech stocks to which we have no exposure. Those stocks jumped over 60% on average. The rest of the stock market rose at a much slower rate.

Within the portfolio, relative sector contributors to performance this quarter were Industrials, Financials, and Information Technology. Relative sector detractors were Consumer Staples, Consumer Discretionary, and Real Estate. The largest individual stock performance contributors were Broadcom Inc., Morgan Stanley, Snap-On, Inc., Ares Management Corporation, and Darden Restaurants, Inc. The weakest performers were Extra Space Storage Inc., Unilever PLC, Target Corporation, Keurig Dr Pepper Inc., and AbbVie Inc. During the quarter, we purchased Simon Property Group, Inc. and Ryman Hospitality Properties, Inc., which offered a yield on cost of 4.6% and 4.0%, respectfully, meaningfully above the S&P 500's 1.3% yield at quarter end. We sold Comcast Corp and Genuine Parts Company during the quarter.

Twenty-four of Hamlin's twenty-five year end holdings increased their dividends in 2024, with an average increase of 9.1%. 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 8.9% compound annual rate over the last three years.

Market Outlook

The stock market's ascent reflects positive fundamentals. Companies are likely to report more than 9% earnings growth in 2024 and Wall Street analysts see 15% earnings growth for 2025.¹ The Federal Reserve and foreign central banks are easing, though at a more measured pace than expected a few months ago. Consumers welcome the removal of election uncertainty, and they are well-versed with Trump's frenetic communications. Consumer incomes are growing faster than inflation. Their balance sheets are strong with record 401k balances and home prices, enabling future discretionary purchases. The promise of deregulation, a likely extension of most of the 2017 Trump tax cuts, and a friendlier deal environment are boosting corporate confidence. The CHIPS and Inflation Reduction Acts and companies' desire to onshore production and supply chains should continue to spur business investment and construction spending. These drivers should support earnings growth, probably more than offsetting possible demand and margin pressure from DOGE austerity, deportations, and tariffs. This narrative is comforting, plausible, and well-discounted in stock prices.

Our valuation thoughts remain mixed. We are well aware that the current 21.6x forward S&P 500 Index P/E multiple rests at a 20-year high, in line with the valuation level that preceded the 2020 COVID bear market. On the other hand, American profitability has improved meaningfully over the last decade. EBITDA margins for the S&P 500 companies have expanded by more than 200 basis points in the last 10 years while Return on Equity is up about 400 basis points.² While this mostly reflects the strong margin structure of our leading technology and internet companies that represent over 30% of the index's market capitalization, the remaining 493 companies are also bringing more dollars to the bottom line. It is possible that productivity-enhancing artificial intelligence solutions can sustain or even improve corporate margins. That said, we are conservative investors at heart and prefer to apply a heavy dose of skepticism to claims of structurally higher margins and multiples. Fortunately, the 16.4x Equal Weight S&P 500 Index P/E remains reasonable and more reflective of the opportunities we are currently researching.

Valuation levels do seem stretched for the growth stock sector. We believe that discount rates should remain elevated for the foreseeable future. Fed Funds have likely peaked for the cycle, but ZIRP is over.³ Moreover, the equity risk premium may have increased. Deglobalization and onshoring of supply chains should be costly, and offsetting price increases will be harder to come by. This dynamic may support value-oriented equities at a time when the gap between Value and Growth performance and valuation is historically stretched. Currency volatility can always be a catalyst as it was this past August.

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 As of 12/31/24. Source: Factset.

² Source: Factset.

³ Acronym for Zero Interest Rate Policy under which the Federal Reserve generally kept interest rates pinned to the floor for more than a decade.

Definitions: P/E is the price of a share divided by the earnings per share. 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.

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 – Median 5 Year Average, or the median company Return on Equity 5 year average, 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 calculated by dividing each security's annualized most recent dividend payment by the current price. Average dividend growth rate is a compound annual growth rate for all companies currently in the portfolio as of 12/31/24. NTM, or next twelve month, 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 twelve 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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