

# Hamlin High Dividend Equity Fund

## Q4 2025

**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: \$8.7B; Strategy AUM: \$4.2B

### Investment Philosophy & Objectives

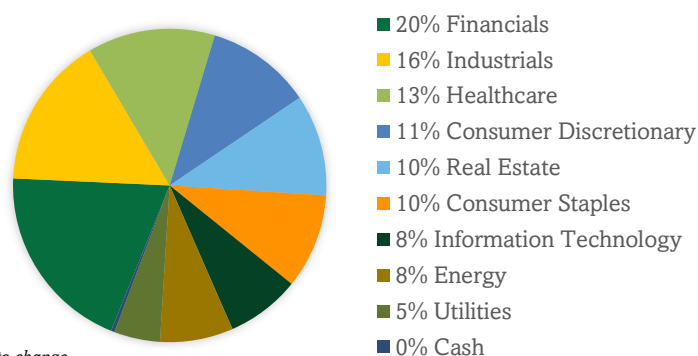
- Income:** Target companies with a dividend yield at least 1.5x the S&P 500's with prospects for dividend growth
- Downside Protection:** Versus the S&P 500
- Quality:** Quantitative focus on free cash flow generation, balance sheet, and return on equity. Qualitative focus on secular growth, competitive 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, 2026

### Sector Weights



Subject to change.

### Net Performance

Since inception 3/30/2012	4Q25	1-year	3-year	5-year	10-year	Inception
HHDFX	0.55%	8.16%	13.78%	13.29%	11.31%	11.14%
HHDVX	0.45%	7.84%	13.44%	12.96%	10.94%	10.73%
Russell 1000 Value Index	3.81%	15.91%	13.90%	11.33%	10.53%	10.91%
S&P 500 Index	2.66%	17.88%	23.01%	14.42%	14.82%	14.26%

### Investment Team

#### Michael M. Tang, CFA, Portfolio Manager

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

#### Christopher M. D'Agnes, CFA, Portfolio Manager

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

#### Ross Gabrielson, CFA, Analyst

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

#### Jaclyn Hourihan, CFA, Analyst

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

#### Riggs McDermott, CFA, Associate

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

### Top 10 Holdings†

Morgan Stanley  
Broadcom Inc.  
Cummins Inc.  
Old Republic International Corporation  
AbbVie, Inc.  
CME Group Inc. Class A  
Public Service Enterprise Group Inc  
Enterprise Products Partners L.P.  
Johnson & Johnson  
Lamar Advertising Company Class A

### Portfolio Characteristics\*\*

Number of Holdings	28	
Current Yield	3.09%	
ROE – Median 5 Year Average	24.6%	
Dividend Growth Rate – 3yr Average	10.6%	
Active Share	92.4%	
Price/Earnings (NTM) – Median	16.9x	
Market Capitalization – Median	\$65 Billion	
	<b>Institutional</b>	<b>Investor</b>
SEC 30-Day Yield – Subsidized	2.34%	2.04%
SEC 30-Day Yield – Unsubsidized	2.23%	1.93%

Performance data quoted represents past performance and does not guarantee future results. Periods greater than 1-year are annualized. 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.

## Performance and Portfolio Changes

The Hamlin High Dividend Equity Fund institutional class returned 0.55% in the fourth quarter of 2025, lagging the S&P 500's 2.66% increase and the Russell 1000 Value Index's 3.81% gain, and in line with the Dow Jones U.S. Select Dividend's 0.56% return. Following five consecutive years of outperformance versus the Value benchmark, Hamlin's 8.16% return for 2025 trailed the Russell 1000 Value Index's and Dow Jones U.S. Select Dividend Index's 15.91% and 12.12% returns, respectively. Equity markets were led higher by large- and mega-cap, AI-related, and deep value stocks while quality and yield factors were in less demand in both the fourth quarter and full year 2025. The Russell 1000 Value Index notably pivoted into more AI- and tech-oriented holdings midyear.<sup>1</sup> At the portfolio level, performance versus the Value benchmark was impacted by our exposure to consumer and housing-related holdings, along with limited exposure to the Communication Services sector, where the benchmark now includes Google. The S&P 500's third straight year of near 20% or more gains is beginning to rhyme with the historic five year run from 1995-1999. The index holds a 35% weighting in the Magnificent 7 stocks that were up 23% on average this year and contributed 7.59% to the S&P's 17.88% gain in the year. The rest of the stock market and dividend paying stocks were not as strong, as evidenced by the S&P 500 Equal Weight Index and the S&P 500 Dividend Aristocrats Index, which gained 11.43% and 4.28%, respectively.<sup>2</sup>

Within the portfolio, relative sector contributors to performance this quarter were Financials, Information Technology, and Real Estate. Relative sector detractors were Consumer Discretionary, Health Care, and Consumer Staples. The largest individual stock performance contributors were Cummins, Morgan Stanley, Johnson & Johnson, Old Republic, and Broadcom. The weakest performers were Watsco, Home Depot, Paychex, Dick's Sporting Goods, and Mondelez. During the quarter, we purchased CVS Health, which offered a yield on cost of 3.4%, meaningfully above the S&P 500's 1.2% yield at quarter end.<sup>3</sup> We sold Mondelez during the quarter.

*Twenty-five of our year end twenty-eight holdings increased their dividends in 2025, with an average increase of 8.2%. Dividend growth 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 10.6% compound annual rate over the last three years.*

## Market Outlook

The extraordinary run in the S&P 500 over the last three years has been supported by growing earnings and an increasingly lofty valuation.<sup>4</sup> Historic capital expenditure spend by large hyperscale and tech companies to build out the backbone of Artificial Intelligence has been a key driver since ChatGPT was released to the public in 2022. Last year was more of the same. 2025 was also defined by elevated volatility as the Trump administration rapidly implemented a wide range of policy changes including: the largest tariff regime since the Smoot-Hawley era, aggressive government spending cuts and workforce reductions, contentious tax negotiations, heightened border enforcement and deportations, the longest government shutdown in history, and significant rollbacks of financial, energy, and environmental regulations. 2026 is a potential transition year. With most known major policy initiatives now implemented, markets and businesses can begin to assess their cumulative impact, reducing uncertainty, and allowing investment, hiring, and capital allocation decisions to normalize around a more clearly defined policy framework.

As we enter 2026, the investment backdrop is defined by a mix of legitimate headwinds and meaningful tailwinds. Valuations are elevated (although we acknowledge the median S&P 500 stock trades at a more reasonable 18.9x), market concentration remains historically high, long-term interest rates are stubbornly anchored above 4%, housing activity is frozen, and pockets of the economy—particularly lower- and middle-income consumers, manufacturing, and housing—continue to feel strain. Inflation, while well off its peak, remains above pre-Pandemic norms, fiscal deficits are large, geopolitical risks persist, and rapid technological change, especially around AI, all introduce new uncertainties that markets are still learning to price. At the same time, many of these risks are increasingly understood and reflected in valuations. Importantly, several powerful offsets are emerging: monetary policy is easing, fiscal policy is turning stimulative via tax cuts, regulatory burdens are declining, banks and credit markets remain healthy, and policy uncertainty may finally be transitioning to policy clarity after a volatile 2025. Early signs of market broadening suggest earnings growth could extend beyond a narrow group of mega-cap stocks, while the wealth effect from strong equity and real estate markets continues to support consumption. Structural forces—including shrinking public equity supply, ongoing buybacks, accelerating AI-driven productivity, renewed power and infrastructure investment, and catalysts such as the 2026 World Cup—provide additional support.

Taken together, while 2026 is unlikely to be free of volatility or periodic setbacks, including the potential for early-year disruption stemming from an adverse Supreme Court ruling on tariffs, the balance of risks and opportunities points to a market environment that remains resilient and supportive of disciplined, long-term investors. We do not attempt to forecast short-term market outcomes; however, history suggests that following three consecutive years of double-digit equity returns, the probability of a fourth positive year has been closer to a coin flip, with average returns well below long-term norms. The same coin flip probability of an upmarket applies to midterm election years as well.

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.

<sup>1</sup> The three largest additions to the Russell 1000 Value Index in 2025 were GOOG/GOOGL, AMZN, and META. As of 12/31/2025, they comprised 3.92%, 2.03%, and 0.86% of the index, respectively.

<sup>2</sup> The equally weighted S&P 500 Dividend Aristocrats Index tracks S&P 500 companies that have increased their dividends for at least 25 consecutive years.

<sup>3</sup> Excludes new positions that comprise less than 1.00% of the fund.

<sup>4</sup> As of 12/31/2025, the S&P 500 Index trades at 22.0x forward earnings. This is up from 16.6x at the end of 2022.

Definitions: P/E is the price of a share divided by the earnings per share. NTM P/E uses consensus analyst earnings expectations for the next twelve months in the denominator. Beta is a measure of a stock's volatility relative to the S&P 500. Median is the midpoint value in a dataset. Yield on Cost is a company's annual dividend per share payment divided by stock purchase price.

*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 12/31/25. 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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