

April 2021

Q1 2021 Quarterly Newsletter

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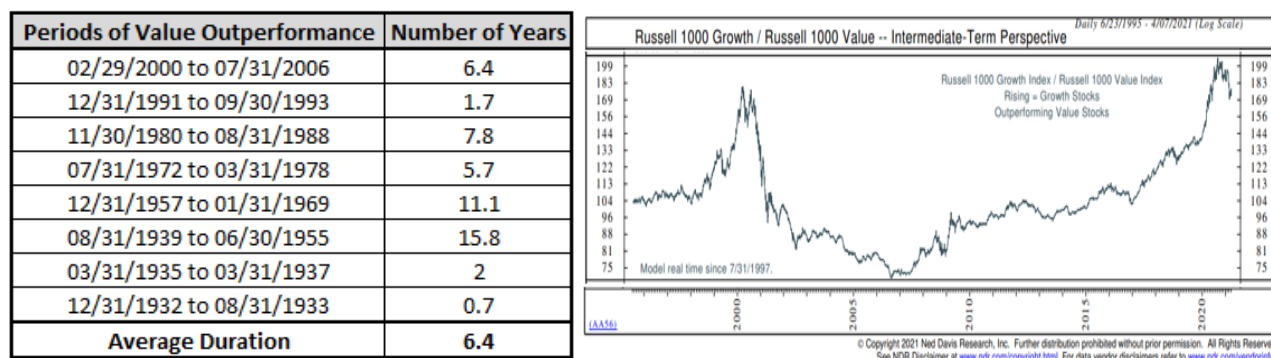
Overview

Hamlin equity accounts increased 12.48% during the first quarter. The S&P 500 Index advanced 6.17% for the quarter as investors anticipated strong earnings growth driven by flush consumers spending stimulus checks in a re-opening economy. Hamlin bond accounts increased modestly in value despite an 80-basis point back-up in the 10-year Treasury yield to 1.73% over the first three months of 2021.

Value Stocks Are Outperforming

Following four consecutive years of Growth stock outperformance¹, Value stocks are having a better year in 2021. The Russell 1000 Value Index has gained 11.29% year to date while the Russell 1000 Growth Index is up less than 1%. Our Value-oriented portfolio² has increased 27.59% since August 31, 2020—about when value stock relative performance appears to have bottomed—significantly exceeding the S&P 500 Index’s 14.55% over the same period. Hamlin equity professionals and many of our clients are wondering if the welcome rotation is a blip or the beginning of a sustainable trend. The table and chart below are encouraging. It suggests that past rotations from Growth to Value have typically persisted for years.

Figure 1: History Suggests that Value Sector Outperformance Can Continue



Periods of Value outperformance sourced from Ned Davis Research. Value relative to Growth chart sourced from Ned Davis Research.

We still think that the pace of economic growth, the direction of interest rates, and the performance of high-flying technology stocks will decide the fate of the Value sector. We remain optimistic that the vaccinated American consumer’s desire to reconnect with friends and family, high personal saving rates, and record consumer net worth³

¹ The multi-year value stock rout culminated in a brutal 2020 beat down; the Russell 1000 Value Index (IWD) gained only 2.73% in 2020, versus the Russell 1000 Growth Index’s (IWF) 38.25% advance.

² We own 16 Russell 1000 Value Index members and only 2 Russell 1000 Growth Index companies. We own 7 stocks that oddly sit in both indices and 3 that reside in neither index. Despite our emphasis on sustainable long-term top line growth, our focus on high dividend yields and 25% discounts to fair value—based on our earnings power analysis and dividend discount model—tends to assemble a portfolio with below average PEs. As of 3/31/2021, we trade at roughly 15x forward earnings vs. the S&P 500 Index’s 22x forward PE ratio.

³ The high personal savings rate and today’s astounding \$134 trillion consumer net worth tally reflect historic monetary and fiscal stimulus. Unspent stimulus checks have driven the savings rate to 13.6%, and 27% year-over-year growth in the money supply thanks to quantitative easing have driven stock and home prices higher. Longer-term, GDP growth could slow to a sustainable and attractive 2-2.5% clip in 2023 because the consumer has room to borrow and banks have room to lend. Household debt has corrected to 96.4% of disposable income from its 133.6% peak in 2007, and Tier One capital has risen to 11.6% of assets from 8% in 2009 for the country’s largest 25 banks. Source: Ned Davis Research and Bloomberg.

could drive impressive 6-10% GDP growth rates starting this summer. As inventories are rebuilt to accommodate growing demand for consumer discretionary products and services, industrial, materials, and energy companies should see increased revenues and enjoy easy year-over-year earnings comparisons. To the extent that brisk economic activity drives inflation and interest rates higher, financial services stocks should perform well. The sectors mentioned above are poised to grow earnings at 52.70% on average⁴ in 2021 and make up a large portion of the Russell 1000 Value Index⁵. A \$2.3 trillion infrastructure bill, if passed, could turbo-charge these trends. Technology stocks, representing 37% of the S&P 500 Index and 61% of the Russell 1000 Growth Index⁶, are forecasted to grow earnings at a slower 17.64% rate in 2021. The tech group trades at historically elevated valuations and should be susceptible to increases in discount rates.⁷ We know it won't be a straight line, but we think the Value sector has more room to run.

Though very mindful of deflationary pressure from debt and demographics, we still think that blistering M2 growth, populist Modern Monetary Theory initiatives, and the Fed's new average inflation targeting policy ("AIT") have raised the prospects for a Consumer Price Index materially above 2% for a period of time. While many Value investors are rooting for accelerating inflation⁸, we know to be careful what we wish for. Eventually, consistently higher inflation pushes *all* PEs lower and renders business operating conditions more difficult. The following chart shows what happened in the late 1960s and 70s when the country faced persistent and elevated rates of inflation. Here we gain some comfort. Stocks were volatile, meager and down years more frequent, but equities still compounded at a respectable 5% annually. Higher wages mean more demand, while more demand and higher selling prices mean higher corporate revenues. If costs can be somewhat contained, earnings and dividends can grow. *Importantly, Value stocks and high dividend yielding stocks performed quite well, compounding at 13.6% and 10.1%, respectively, during this volatile, high inflation period.*

Figure 2: Equity, Bond and Commodity Performance During the High-Inflation 1970s

Year	Average Annual CPI Change	S&P 500 Total Return	10yr Treasury Return	High Dividend Yielding Stocks	Value Stocks	Energy Index	Precious Metals Index
1973	6.20%	-14.31%	3.66%	-14.29%	-9.70%	42.69%	60.68%
1974	11.10%	-25.90%	1.99%	-16.62%	-23.40%	230.69%	67.68%
1975	9.10%	37.00%	3.61%	45.61%	52.05%	0.34%	-1.27%
1976	5.70%	23.83%	15.98%	38.24%	49.87%	10.98%	-16.16%
1977	6.50%	-6.98%	1.29%	2.65%	7.44%	10.26%	13.90%
1978	7.60%	6.51%	-0.78%	3.45%	9.13%	4.88%	27.27%
1979	11.30%	18.52%	0.67%	18.52%	27.93%	114.18%	72.15%
1980	13.50%	31.74%	-2.99%	19.65%	18.49%	20.82%	93.25%
1981	10.30%	-4.70%	8.20%	10.19%	12.85%	-0.24%	-32.82%
CAGR	9.00%	5.27%	3.38%	10.15%	13.64%	35.78%	24.57%

Source: WorldBank and the Kenneth R. French Data Library. The "High Dividend Yielding Stocks" column represents the annual performance of the highest two quintiles of stocks as measured by dividend yield. The "Value Stocks" column represents the annual performance of the cheapest two quintiles of stocks as measured by price-to-book ratios. Interestingly, and not shown in the table above, we note that the high price-to-book stocks in the Ken French database—a proxy for growth stocks—returned only 5.31% annually during the 1973-81 period.

⁴ Average 2021 year-over-year estimated EPS growth according to Factset: Consumer Discretionary (+54.12%), Industrials (+91.19%), Financials (+24.81%) and Materials (+40.67%).

⁵ Sector index weightings according to Factset: Consumer Discretionary (7.8%), Industrials (13.9%), Materials (4.8%), Financials (20.57%), and Energy (5.1%) comprise 52.2% of the Russell 1000 Value Index as of 3/31/2021.

⁶ "Technology stocks" includes the Information Technology Sector, and internet behemoths AMZN, FB, GOOG, GOOGL, NFLX, and TWTR within the "techy" Communications Services sector; Factset.

⁷ Technology stocks, as measured by the XLK ETF and according to Factset, trade at 7.3x forward revenues versus their 20-year average multiple of 2.92x. The tech and internet stocks may also face increased risk as privacy concerns proliferate, antitrust investigations continue, and Biden's corporate tax proposal looms.

⁸ We think many of our companies can more than offset higher costs with higher prices for their products, and we would like to see the PEs deflate for some of those non-dividend paying tech companies that populate the broader indices.

Hamlin Equity Positioning

While investment style rotations influence our results, the fundamental execution of our twenty-eight companies will always be central to your Hamlin equity portfolio performance. Recall that Hamlin stocks should offer a generous and growing cash return, and they should be managed by executives who demonstrate a commitment to increase future dividend pay-outs. We invest primarily in businesses with high dividend yields, manageable debt, attractive returns on equity, and ample free cash flow-to-dividend coverage ratios.

We are pleased with the portfolio's positioning. Thanks to purchases one year ago of quality companies with exposure to a re-opening of the economy, our concentrated list of businesses is poised to grow revenues and earnings at 10.06% and 21.82%, respectively, this year on average. Steel Dynamics, Snap-on Tools, and KeyCorp have been our leading contributors so far in 2021. Higher steel prices, prospects for an infrastructure bill, a recovery in miles driven, and higher interest rates are driving improving earnings growth and PE expansion for those holdings. Qualcomm, Procter & Gamble and STORE Capital have been pulling up the rear. We continue to hold all three companies. 5G wireless adoption is accelerating, and Qualcomm's addressable market has grown considerably since the last wireless technology transition. Staples are out of favor as investors gravitate towards more economically sensitive companies, yet revenue and earnings growth at P&G have been superb.⁹ In the short term, triple net lease real estate investment trusts like STORE have performed like "bond proxies"—struggling as Treasury yields rise. We expect the stock to do better as their strip mall tenants welcome vaccinated shoppers and acquisitions add to earnings.

We believe that our average balance sheet leverage, return profile and free cash flow-to-dividend ratios denote quality. Our portfolio companies' median 5-year weighted average return on equity is an attractive 18.1% and their balance sheets are healthy with a weighted average net debt-to-capital ratio of 32.1%.¹⁰ Hamlin's equity composite holdings, on average, pay a 3.2% current dividend yield and trade, on a median basis, at an attractive 15.1x next twelve months' Factset consensus earnings estimates. By comparison, the S&P 500 Index yields approximately 1.45% and sells for 22x forward estimates.¹¹

Hamlin company management teams share our optimism. *Fourteen Hamlin holdings have already announced dividend hikes so far in 2021, with an average increase of 7.6%.* We expect our companies, on average, to increase their cash pay outs faster than the rate of inflation in 2021 and beyond. While past performance does not predict future results, we note that our current portfolio holdings have increased their dividends at an impressive 9.8% compound annual rate over the last three years. This brisk dividend growth, underpinned by reasonable pay-out ratios relative to free cash flow, will help compensate for the sale of some higher yielding stocks over the last six months.

Finally, we are aware that the Biden administration has proposed higher taxes on dividends. Republican senators and representatives will certainly argue against increasing the double taxation of corporate profits, and it remains unclear if or how much dividends taxes will increase. We note that dividend-paying stocks, as measured by the Dow Jones U.S. Select Dividend Index, delivered a strong 28.85% total return in 2013 when the top dividend tax rate rose by 830 basis points. Dividend payers actually beat the market from 1990 through 1993 when dividend tax rates climbed

⁹ P&G's Q4 2020 organic sales and eps grew 8% and 15% year-over-year, respectively.

¹⁰ Based on the holdings of the Hamlin Equity Composite as of 3/31/21.

¹¹ Hamlin Equity Composite and S&P 500 yield and PE ratio as of 3/31/2021.

steeply from 28% to 39.60%.¹² Investors should note that dividends were taxed at the marginal income tax rate for much of the stock market’s history during which the asset class delivered strong relative returns. Importantly, nearly three-quarters of all equities are held in non-taxable individual, non-taxable institutional retirement, and foreign accounts.¹³

Equity Performance

Hamlin’s Equity Composite increased 12.48%¹⁴ in the first three months of 2021, exceeding the S&P 500 Index’s 6.17% increase. Value strategies were in favor for the second quarter in a row. The Russell 1000 Value Index (tracked by ETF IWD) was up an admirable 11.29% in the quarter, and the Dow Jones U.S. Select Dividend Index ETF (tracked by ETF DVY) leapt 19.64%.¹⁵ Clients with us for our entire 20.25-year history have compounded at 10.14% net of fees, above the S&P 500’s 7.69% annual return for the same period.

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.

Figure 3: Hamlin Composite Returns vs. Benchmarks

	1Q21	1-year	3-year	5-year	10-year	Inception
Hamlin Composite	12.48%	59.53%	11.04%	11.14%	11.08%	10.14%
Dow Jones Dividend Index ETF (DVY)	19.64%	61.33%	10.33%	10.76%	11.97%	NA
Russell 1000 Value Index ETF (IWD)	11.29%	56.07%	10.82%	11.58%	10.80%	7.11%
S&P 500	6.17%	56.40%	16.78%	16.29%	13.91%	7.69%

Source: Hamlin Capital Management. Periods over 1 year are annualized. 1Q21 performance has not yet been examined by our independent GIPS verification service provider ACA Performance Services. See GIPS disclosure at the end of this report. 1/1/01 Inception.

¹² From 1990 to 1993, the two highest quintiles of dividend-paying stocks, according to Ken French’s database, compounded at 13.01% vs. the S&P 500’s 10.60%.

¹³ Dividends were taxed at an individual’s maximum marginal income tax rate from 1954 to 2003. During that period, the two highest quintiles of dividend-paying stocks, according to Ken French’s database, compounded at 14.02% vs. the S&P 500’s 12.23%. The highest marginal income tax rate fell during this period from 91% to 35%. Only about one quarter of US stocks are held in taxable accounts according to a May 2016 Tax Policy Center Report.

¹⁴ Performance is a preliminary estimate. Q1 2021 performance has not yet been examined by ACA Performance Services and may be subject to change. Individual accounts vary.

¹⁵ Financial stocks, representing a 28% weighting in the dividend ETF¹⁵, jumped 15.7% in the first quarter as Treasury yields rose. Although our three financial holdings rallied an admirable 12-22%, Hamlin’s smaller 13% sector weighting explains much of the performance dispersion. The DVY also benefited from both strong performance from Viacom and Lumen—two stocks caught up in the Reddit short squeeze bonanza—and a higher energy sector weighting.

Fixed Income Performance

As we turn the page into the first quarter of a new year, we are pleased to report the Hamlin Capital Management Municipal Bond Composite continues to perform well, up 0.73% year to date. Faced with a historically volatile market in the first quarter of last year we protected client capital and deployed cash where possible. Increased stability for the general market this year (compared to one year ago) has meant less price volatility in the market but also less opportunity for new investment.

We believe the existing portfolio, augmented with recent additions has served clients well during the significant volatility created by the Covid-19 Pandemic. As always, we emphasize protection of capital and work to add opportunistically to help drive performance going forward. We will do so with the same management you have come to expect from us here at Hamlin and which guided us through 2008, 2011, 2013 and 2020.

Figure 4: Fixed Income Performance

	HAMLIN BOND COMPOSITE (% Net of Fees)	Cumulative	BLOOMBERG-BARCLAYS HIGH MUNICIPAL INDEX (% No Transaction Costs or Fees)	Cumulative
2001	4.54	104.54	4.45	104.45
2002	7.22	112.04	1.97	106.51
2003	9.14	122.20	13.22	120.59
2004	8.27	131.37	10.52	133.27
2005	7.94	141.81	8.58	144.71
2006	6.81	151.47	10.74	160.26
2007	4.27	157.93	-2.28	156.60
2008	-16.73	131.51	-27.01	114.31
2009	16.35	153.00	32.73	151.72
2010	7.06	163.81	7.80	163.56
2011	6.13	173.86	9.25	178.68
2012	7.43	186.78	18.14	211.10
2013	2.48	191.42	-5.51	199.47
2014	7.18	205.16	13.84	227.07
2015	4.80	214.97	1.81	231.18
2016	3.84	223.24	2.99	238.09
2017	8.22	241.59	9.69	261.17
2018	4.25	251.85	4.76	273.60
2019	8.69	273.74	10.68	302.82
2020	5.17	287.90	4.89	317.63
2021 YTD	0.73	289.99	2.11	324.33
20.25 Years Annual Compound	5.40		5.98	

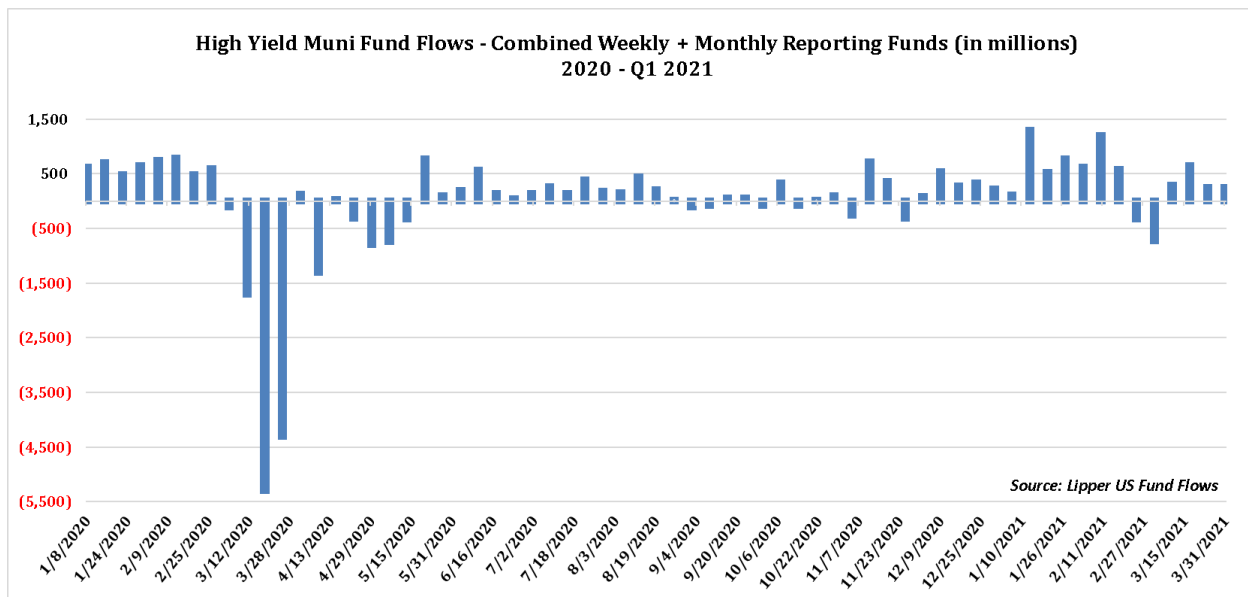
Source: Hamlin Capital Management and Bloomberg Index Services Limited. The performance provided is a preliminary estimate as Q1 2021 performance has not yet been examined by ACA Performance Services and may be subject to change. Individual accounts vary.

Market Commentary

After the dramatic first quarter in 2020, this year has been comparatively quiet although fixed income has faced its own, new challenges. While last year's global pandemic sent interest rates temporarily sky rocketing (then plummeting) and froze market liquidity, this year's nascent recovery and government spending is pushing interest rates steadily higher. The Biden Administration has made it clear they are going to spend and tax – already passing a new stimulus plan for \$1.9 trillion and now proposing a \$2+ trillion infrastructure plan. Growth and (maybe) inflation seem to be on the horizon and the move up in Treasury rates has been pronounced. The U.S. 10-Year Treasury started the year at 0.91% and almost doubled by the end of March to 1.74%. Municipal rates initially resisted the move up in Treasuries but did eventually start to follow suit as the AAA MMD 10-Year moved up 41 basis points from 0.71% to 1.12%. These rates are still low by historical standards but do represent a meaningful percentage increase for the quarter.

Still, compared to Treasuries, municipal yields are not up by nearly as much. This reflects several factors, chief among them the (perhaps) inevitable tax increases that will follow to pay for such aggressive planned government spending. As expectations of new taxes have increased, so have the flows into municipal funds. Since the crisis a year ago, flows have been almost entirely positive and post the elections in both November and January (Senate run-off) they have only increased. Paired with a fairly low supply, these large flows have kept a ceiling on municipal yields despite the increase in Treasury yields.

Figure 5: High Yield Muni Fund Flow



The inflow of capital and corresponding ceiling on municipal rates has once again almost priced us out of broader market opportunities. However, we continue to see opportunity in our Hamlin-sourced space. We are committed to deploying capital during times of dislocation in places that we believe will benefit clients for years to come. However, our primary focus, as ever, is to protect capital. The Covid-19 related dislocation was one of the best buying opportunities we have had in recent years. The current environment is not quite as exciting. If we cannot get the

absolute yield which we feel is necessary for investment, we prefer to hold the capital and wait. When fund flows reverse and opportunities become more abundant, we will take advantage.

While defaults in the broader municipal market have been up year over year, the market has not seen the type of pain many expected. Part of that is attributable to the generous government assistance that has been provided via the now three separate stimulus bills measuring into the trillions. These monies have helped various sectors – none more so than state government which have been able to use federal dollars to plug budget holes. The newest stimulus is no different, providing \$350 billion to state and local governments that should help them weather any issues. While this is a general credit positive for the market, it is not a panacea. We still expect to see continued difficulties in the high yield municipal sector on an individual project basis. It also does not solve long term issues for states that can't match their revenues with their expenditures. That said, we do not believe that it is likely a large city or municipal transit system (for example) defaults in the near future.

Our portfolio has come through this incredibly volatile time with no new defaults due to Covid-19 related issues and no new payment interruptions through 4/1/2021 payments. While the future remains uncertain, we are not currently expecting any new Covid-related payment interruptions for the large 6/1/2021 and 7/1/2021 payment cycles. We are seeing the benefits now of years of focused and discipline investment in the Hamlin Portfolio.

Hamlin Bonds in a Rising Interest Rate Environment

Interest rates have started to move back up across both the taxable and municipal universe. When the economy recovers, we think that rate normalization is important and seek to prudently invest into a rising interest rate cycle. A strengthening economy that supports higher interest rates is generally a healthy place for project finance – especially with so much potentially pent-up demand. While fast, large magnitude moves can create volatility, a reasonably steady transition (as we have seen so far) can leave volatility muted. Despite increasing yields, we have not seen any forced selling in the secondary market this year and there remains a healthy demand for long dated tax-exempt bonds. However, based on the speed and magnitude of any further moves this year, market conditions may change. If we do see a larger move coupled with fund outflows and increased volatility, we will take the opportunity to invest. We continue to prepare the portfolio for any interest rate environment and have taken steps in recent years to mitigate the effects rising rates can have over a bond portfolio.

One of our primary goals is always to find the highest risk adjusted coupons for our clients on the long end of the curve. However, as the market has changed (lower reward for long term bonds), we have increased our focus on the short end of the yield curve for all portfolios – always with an eye towards rising rates. For years now we have focused on not only buying high coupon bonds but also pursuing bond deals with shorter maturities or with an array of adjustable coupons – fixed for a period that then reset to prevailing rates. This effort coupled with other variable rate securities, puts, and simply shorter maturities has helped bring the adjusted duration on the short portion of the portfolio down to approximately 4.69 while maintaining a robust average coupon of 5.29%.¹⁶ In addition to focusing

¹⁶ As of 12/31/2020. Adjusted duration is calculated using the earliest of the applicable put, interest rate reset, mid point of sinking fund payments, and maturity dates.

on the shorter end of the curve, we also continue to implement tried and true strategies for a rising interest environment, including:

- Higher coupons – Compounding large coupon payments in a rising interest rate environment is a defensive force and a potent tool for driving returns. As rates move up, the larger coupons Hamlin clients receive provide them more income to reinvest at the new higher market rates.¹⁷
- Amortization of debt – Hamlin bond projects actively pay their debt down during the life of the bond. The steady principal payments allow client portfolios to reinvest principal as rates rise.
- Dollar cost averaging – New Hamlin clients are invested slowly over the course of months and even years. If rates move and the market adjusts, the bonds purchased by client portfolios will gradually reflect the new rate environment.
- Yield discipline – In addition to spread discipline, we keep absolute yield levels in mind. While there may be some exceptions, we are committed to achieving minimum absolute yield levels of 6% plus for credit risk assumed on the long end of the yield curve and 5.0% plus inside of 10 years.

As we preach over and over, the key to generating sustainable returns is through the income derived from the generally tax-exempt coupons. That income is not affected by rising interest rates and the ability to reinvest at prevailing interest rates is a powerful multiplier. Further, the steps outlined above that limit the duration of the portfolio means that price moves should be less pronounced than comparable investments that lack these important features.

As a reminder, Hamlin manages client assets based on the individual needs of each client. Please contact us if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your account or reasonably modify existing restrictions.

Thank you sincerely for your trust and confidence. Please call (212) 752-8777 with any questions or suggestions.

Joe Bridy • Chris D'Agnes • Deborah Finegan • Charlie Garland • Benjamin Kaufman

Mark Stitzer • Parker Stitzer • Michael Tang

¹⁷ Compounding Interest – The 8th Wonder of the World at <http://www.hamlincm.com/commentary/>.

IMPORTANT DISCLOSURES:

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DEFINITIONS

- AAA MMD Curve is a proprietary yield curve that provides the offer-side of “AAA” rated state general obligation bonds, as determined by the MMD analyst team.
- Consumer Price Index is a measure of the price level of a weighted average collection of consumer goods and services.
- Current yield is calculated by dividing an investment’s annual income by the current price.
- Dividend yield is the ratio of a company’s annual dividend compared to its share price.
- Dow Jones U.S. Select Dividend Index is an index composed of relatively high dividend paying companies.
- Duration is a measure of the number of years it takes for an investor to be repaid the price of a security and is a measure of interest rate sensitivity.
- Federal Funds Rate is the target rate, set by the Federal Reserve Bank’s Open Market Committee, at which depository institutions borrow and lend excess reserves overnight.
- Free Cash Flow represents the cash a company can generate after required investment to maintain or expand its asset base.
- M2 is a measure of the money supply which includes the monetary base, bank reserves, and close substitutes.
- Net Debt-to-Capital ratio is a balance sheet leverage measure calculated by dividing net debt (total debt minus cash) by total capital (shareholders’ equity plus total debt).
- Payout Ratio is a measure of dividend coverage calculated by dividing total dividends by free cash flow. Free Cash Flow Dividend Coverage is calculated using the reciprocal (free cash flow divided by total dividends).
- PE: The Price-to-Earnings Ratio or PE ratio is a ratio for valuing a company that measures its current share price relative to its per-share earnings. The price-earnings ratio can be calculated as: Market Value per Share / Earnings per Share.
- Purchasing Managers’ Index measures whether market conditions, as viewed by purchasing managers are expanding or contracting.
- Return on equity is a measure of financial performance calculated by dividing net income by shareholders’ equity.
- The Russell 1000 Growth Index is a market capitalization-weighted index of the growth segment of the 1,000 largest U.S. public companies.
- The Russell 1000 Value Index is a market capitalization-weighted index of the value segment of the 1,000 largest U.S. public companies.
- The S&P 500 Index is a market capitalization-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.

Hamlin Capital Management, LLC
Equity Only Composite
GIPS Report
January 1, 2001 through December 31, 2020

Year	Total Firm Assets (mm)	Composite Assets (mm)	Number of Portfolios	Composite Net Return	S&P 500 Return	Russell 1000 Value Return	Internal Dispersion (NET)	Composite 3-Yr St Dev (NET)	S&P 500 3-Yr St Dev	Russell 1000 Value 3-Yr St Dev
2020	4,847	1,442	522	5.36%	18.40%	2.80%	1.40%	17.66	18.53	19.62
2019	4,706	1,610	646	21.54%	31.49%	23.23%	0.55%	9.45	11.93	11.85
2018	4,253	1,504	688	-6.97%	-4.38%	-10.55%	0.64%	10.37	10.80	10.82
2017	4,553	1,772	683	15.84%	21.83%	10.90%	1.29%	10.27	9.92	10.20
2016	3,617	1,623	679	14.93%	11.96%	14.29%	1.26%	11.05	10.59	10.77
2015	3,186	1,373	725	-4.54%	1.38%	-6.19%	0.66%	9.91	10.48	10.68
2014	3,077	1,414	704	10.93%	13.69%	10.85%	0.51%	8.57	8.97	9.20
2013	2,703	1,234	624	32.72%	32.39%	29.45%	1.04%	10.19	11.94	12.70
2012	2,029	798	480	11.03%	16.00%	14.46%	1.12%	12.39	15.09	15.51
2011	1,623	584	388	10.16%	2.11%	-2.06%	0.71%	14.11	18.71	20.69
2010	1,033	191	220	20.65%	15.06%	12.88%	2.22%			
2009	714	30	51	20.98%	26.46%	16.26%	2.69%			
2008	584	12	30	-28.57%	-37.00%	-38.82%	4.45%			
2007	734	18	31	3.97%	5.49%	-2.65%	2.86%			
2006	869	29	48	7.90%	15.79%	19.22%	5.93%			
2005	716	31	42	20.80%	4.91%	4.43%	4.90%			
2004	501	19	26	22.80%	10.88%	13.70%	7.67%			
2003	130	8	24	30.40%	28.68%	26.74%	9.87%			
2002	49	5	29	0.90%	-22.06%	-17.47%	6.15%			
2001	21	6	34	0.99%	-11.93%	-100%	10.69%			

Equity Only Composite consists of fully discretionary accounts that are comprised of any amount of common stocks and cash. There is no minimum account size or time period to be included in the composite. Returns include the effect of foreign currency exchange rates. The exchange rate source for the composite is IDSI/IDC – FT Interactive Data Corporation. The S&P 500 Index and Russell 1000 Value Index are provided as benchmarks. Benchmark returns are not covered by the report of independent verifiers. The Russell 1000 Value Index was added retroactively on 10/1/2020.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. Investing entails the risk of loss of principal. The U.S. Dollar is the currency used to express performance. Returns are presented net of management fees and includes the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented net of foreign dividend withholding taxes, where applicable, for the period prior to October 1, 2016, and gross of foreign dividend withholding taxes thereafter. Composite performance accrues dividends starting October 1, 2016. The management fee schedule is as follows: 1.00% on all assets. Actual investment advisory fees incurred by clients may vary. Composite performance is shown net of custodial fees for the period prior to January 1, 2018, and gross of custodial fees and other charges that may occur as a result of a client's choice of service providers thereafter. Beginning 10/1/19, a significant number of accounts in the composite are custodied with a broker that does not charge trading expenses. Accounts custodied with other brokers may incur trading expenses which may reduce returns. As of 12/31/20 date, these accounts represent 23.29% of composite assets.

Hamlin is an independent registered investment advisory firm. Hamlin invests in fixed income and equities for separately managed accounts, as well as funds. In January 2004, Hamlin merged with RRH Capital Management Inc. and the performance returns are linked. The firm maintains a complete list and description of composites and pooled funds, which is available upon request. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request.

The Equity Only Composite has an inception date of January 1, 2001 and was created April 1, 2006. Hamlin claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Hamlin has been independently verified for the periods January 1, 2001 through December 31, 2008 by Ashland Partners & Company LLP. ACA Performance Services began verification for Hamlin on January 1, 2009 through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Equity Only Composite has had a performance examination for the periods January 1, 2001 through December 31, 2020. The verification and performance examination reports are available upon request. The policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

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Hamlin Capital Management, LLC
Bond Only Composite
GIPS Report
January 1, 2001 through December 31, 2020

Year	Total Firm Assets (mm)	Composite Assets (mm)	Number of Portfolios	Composite Net Return	BHYMBI Return	Internal Dispersion (NET)	Composite 3-Yr St Dev (NET)	BHYMBI 3-Yr St Dev
2020	4,847	1,062	324	5.17%	4.89%	0.78%	4.18	8.33
2019	4,706	814	260	8.69%	10.68%	0.99%	2.02	3.02
2018	4,253	789	245	4.25%	4.76%	0.64%	3.04	4.91
2017	4,553	733	234	8.22%	9.69%	1.67%	2.82	5.42
2016	3,617	634	219	3.84%	2.99%	0.76%	2.54	5.96
2015	3,186	758	193	4.80%	1.81%	0.77%	0.99	6.35
2014	3,077	538	138	7.18%	13.84%	1.03%	1.14	6.22
2013	2,703	546	190	2.48%	-5.51%	0.84%	1.44	5.90
2012	2,029	474	172	7.43%	18.14%	1.39%	1.52	4.17
2011	1,623	442	173	6.13%	9.25%	0.86%	2.67	7.81
2010	1,033	314	124	7.06%	7.80%	0.84%		
2009	714	220	90	16.35%	32.73%	1.64%		
2008	584	181	67	-16.73%	-27.01%	1.80%		
2007	734	173	50	4.27%	-2.28%	0.96%		
2006	869	153	55	6.81%	10.74%	1.14%		
2005	716	86	53	7.94%	8.58%	1.84%		
2004	501	53	33	8.27%	10.52%	1.61%		
2003	130	18	27	9.14%	13.22%	2.19%		
2002	49	17	29	7.22%	1.97%	2.63%		
2001	21	17	31	4.54%	4.45%	15.07%		

Bond Only Composite consists of fully discretionary bond only accounts that are comprised of any amount of bonds and cash. There is a 1 year waiting period to be included in the composite. There is no minimum account size for inclusion in the composite. The Bloomberg-Barclays High Yield Municipal Bond Index (BHYMBI) is provided as a benchmark. Benchmark returns are not covered by the report of independent verifiers.

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