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Q4 2022 Quarterly Newsletter

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Overview

Hamlin's equity composite advanced 12.14% over the last three months of 2022, outpacing the S&P 500 Index's 7.56% gain. Decelerating inflation readings and resilient corporate earnings trumped pervasive warnings of recession. Hamlin bond accounts increased 1.65% as the Bloomberg-Barclays High Yield Municipal Bond Index returned 3.48% over the quarter.

Equity Performance

Hamlin's -3.65% return for 2022 exceeded the S&P 500 Index and the Russell 1000 Value Index's -18.11% and -7.74% returns, respectively. We attribute this favorable outcome to our lower portfolio valuation relative to the Growth stock-laden S&P 500 Index, our quality focus, and strong company-specific execution. Energy, Defensives, and surprisingly resilient Industrials led performance. Having lagged Growth stocks for five consecutive years, Value stocks outperformed meaningfully in 2022. The Dow Jones U.S. Select Dividend Index had a strong year thanks to a big bet in Utilities and limited Consumer Discretionary exposure; Hamlin's trailing three, five, and ten-year records versus that dividend-oriented index remain satisfying.¹

Figure 1: Hamlin Composite Net Returns vs. Benchmarks as of December 31, 2022

	4Q22	2022	3-year	5-year	10-year	Inception
Hamlin Equity Composite (Net)	12.14%	-3.65%	10.06%	8.55%	10.93%	9.88%
Russell 1000 Value Index ETF (IWD)	12.21%	-7.74%	5.80%	6.46%	10.08%	6.70%
Dow Jones U.S. Select Dividend Index ETF (DVY)	13.43%	1.82%	8.43%	7.93%	11.48%	NA
S&P 500 Index	7.56%	-18.11%	7.66%	9.42%	12.56%	7.02%

Source: Hamlin Capital Management. Periods over 1 year are annualized. 4Q22 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. Please see additional disclosures at end.

When evaluating performance relative to benchmarks, recall that we don't select securities to align your portfolio with any index's sector weightings or holdings. We aim to construct a quality portfolio with high current income. Our goal is to preserve client capital while protecting against inflation with future dividend increases and long-term capital appreciation. Our 9.88% compound annual net return since inception indicates that an actively managed, concentrated portfolio of generous dividend paying stocks can provide attractive absolute and relative returns over time.

Equity Portfolio Discussion

Broadcom Inc, AbbVie Inc, and ConocoPhillips led the portfolio during Q4 – gaining 21.67% on average.² Broadcom guided above Street estimates for next quarter due to broadband and compute-offload strength and raised the dividend 12%. AbbVie delivered a decent quarter despite weaker aesthetics demand. The board raised the dividend 5% on the eve of Humira's loss of exclusivity as Skyrizi and Rinvoq revenue growth appear to be filling the expiration void. Conoco earnings doubled in the recent quarter, surpassing estimates. The company continues to lead the charge on capital returns, raising the regular dividend 11%, announcing another variable dividend of 70c, and increasing the buyback by \$20 billion.

¹ The Russell 1000 Value and Dow Jones Dividend Index returns above refer to the underlying ETF's, IWD and DVY, respectively

² Genuine Parts Company and Procter & Gamble Co were the 4th and 5th top contributors – increasing 18.84% on average.

CME Group Inc, Hasbro, Inc, and Keurig Dr Pepper Inc were the weakest quarterly performers – declining 3.65% on average.³ CME’s future contract volumes slowed in October and November having seen 20% growth for most of 2022. The P/E multiple declined as investors consider peak interest rates and lower associated interest rate contract volume. We welcome the announcement of a large \$4.50/share special dividend to be paid in January. In October, Hasbro lowered revenue and earnings guidance and laid out a risky strategy of heavy investments in digital gaming. We have since sold the stock. Keurig brewer shipments dropped 15% in Q3, raising concerns that the company may have pulled forward sales during the pandemic. KDP also recently guided to more marketing expense and interest expense in 2023, in part to finance a new energy drink partnership.

We are happy to announce that 23 of our year-end 25 holdings announced dividend hikes in 2022 with an average increase of 11.59%.⁴ Dividend growth validates our research analysis and increases your portfolio cash flow. Corporate boards generally announce dividend increases only when they envision strong cash flow growth in the future. We expect our portfolio companies to increase their cash pay-outs in 2023 at attractive rates. Client income has been compounding at 9.00% over the last ten years through 2022⁵, and we aspire to grow portfolio income at a mid-single digit rate over time.

Equity Market & Portfolio Outlook

Knowing that markets rarely accommodate a consensus opinion, your Hamlin equity team is wondering what could confound the pundits’ predictions for economic, earnings, and stock market weakness ahead. Beyond the Depression era, consecutive down years for the stock market are rare with the notable exceptions of 2000-2002 and 1973-1974. The third year of the presidential cycle has been reliably profitable for equity investors, with the S&P 500 Index advancing 18.8% on average with only two down years since 1929.⁶

Perhaps we will achieve the proverbial soft landing, whereby the Fed succeeds in slowing the rate of inflation without tipping us into recession. The inverted yield curve, shrinking money supply, and the lagged impact from a myriad of global central bank rate hikes should dampen economic activity. Yet GDP would be slowing from an elevated rate of growth. Last quarter, the economy grew 3.2% and the Atlanta Fed GDP tracker currently predicts a 3.8% growth rate for Q1 2023 despite recessionary manufacturing data and recent lay-off announcements. Maybe wage growth, the remaining \$900 million in excess savings, and milder inflation⁷ can buttress consumer confidence—slowing GDP

³ Target Corporation and Paychex, Inc were the 4th and 5th top detractors – increasing 2.36% on average.

⁴ Bloomberg. This includes current holdings that raised their dividend in 2022 prior to being added to the Hamlin portfolio. 25 companies increased dividends while in the portfolio in 2022 at an average rate of 10.79%. Having increased the dividend 100% in the past five years, MDC chose not to grow the dividend in 2022. We note that the management team was an industry stand-out in 2008-2009, maintaining their distribution through the housing crisis. We expect Unilever, a new holding, to grow the dividend over time with earnings.

⁵ The 10-year CAGR of portfolio income reflects the increase in income for calendar 2012 through 2022 for the universe of accounts defined below. Portfolio income growth is updated on an annual basis. Future growth may be materially different and is not guaranteed. Income is shown net of foreign dividend withholding taxes for the period prior to 10/1/2016 and gross subsequent. Income includes dividend accruals starting 10/1/2016. The income and performance shown is for the universe of accounts, measured annually, that: (1) had no contributions or withdrawals other than Hamlin’s management fee in the year that income and portfolio value was captured, (2) open for the entire year in question; and (3) present in the equity only composite. The values and income were captured on a year-by-year basis and normalized based on the prior year values with a starting value of \$1,000,000. While Hamlin believes that the performance for the accounts are representative of the Equity Only Composite, some differences may exist and performance may diverge from that of the Equity Only Composite going forward. Dividend growth represents the average dividend increase of the companies that raised their dividend while they were owned in the Equity Only Composite. Individual portfolio and the Equity Only Composite returns and dividend income vary.

⁶ Beyond pressuring Prime Minister Zelensky to negotiate a truce with Russia, we are not sure what pro-markets policies President Biden could pursue with a divided Congress, elevated budget deficit, and hawkish Federal Reserve.

⁷ The St. Louis Fed 5yr TIPS are implying a 2.11% CPI as of 1/4/23.

growth to a sustainable 2-2.5% clip just as the Fed pauses likely in the spring of 2023. A re-opening China could also soften the readily apparent macro headwinds.

If a recession does occur, we should expect an undercut of recent lows. Earnings typically drop 18.7% during downturns.⁸ The chart below shows that the S&P 500 Index bottoms towards *the end* of an economic contraction. While our conversations with company management teams generally focus on through-the-cycle earnings power, we are trying to estimate earnings in both the soft landing and recessionary scenarios. Any purchases reflect our best assessment of earnings risk in a downturn.

Figure 2: S&P 500 Index Performance in Recession



Source: Macrotrends. S&P 500 Index charted using a logarithmic scale since 1969. Data is inflation-adjusted using headline CPI.

Paying an attractive price for quality businesses that generate ample free cash today *matters* as we believe that discount rates should remain elevated for the foreseeable future. ZIRP⁹ is over, and we think the risk-free rate is likely to plateau around 5%. Moreover, the equity risk premium may have increased. We expect margin volatility. Deglobalization and onshoring of supply chains should be costly, and last year's pace of price increases could prove unsustainable. New populist polices such as Modern Monetary Theory may also render the economic cycle inherently more volatile. This dynamic may extend the value sector's recent resurgence.

We remain excited about our companies' long-term revenue growth prospects driven by product cycles and market share gain opportunities, and we expect modest earnings growth for our twenty-five holdings in 2023. We are equally excited about several watchlist companies that meet Hamlin criteria and trade more cheaply than the broader market. Expecting another volatile year for stocks, we are comforted to own quality businesses with an average net debt-to-capital ratio of 37.5% and median 28.3% return on equity.

⁸ Factset, National Bureau of Economic Research (NBER). Average S&P 500 peak to trough EPS change in the eight recessions since 1957, excluding the 2009 Global Financial Crisis and the 2001 technology bubble recessions, where unusual circumstances led to earnings declines of 54.0% and 91.9%, respectively. Wall Street analysts currently see 4.85% profit growth in 2023, according to Factset as of 1/5/23

⁹ Acronym for Zero Interest Rate Policy under which the Federal Reserve generally kept interest rates pinned to the floor for more than a decade.

Fixed Income Performance

The Hamlin Capital Management High Yield Municipal Bond Composite performed well during a historically difficult year for fixed income, down -3.42%. The last several years of disciplined investment helped protect HCM client portfolios from the pronounced move up in interest rates – even as broader indices and funds in the high yield municipal space fell dramatically.

Our steadfast commitment to putting money to work only at attractive absolute yields on quality projects has put the portfolio in good position to weather this period of interest rate increases. In addition, consistent focus on credit has helped shelter the portfolio from defaults throughout and following the Pandemic. We will continue to manage through this new volatility with the same steady hand you have come to expect from us here at Hamlin and which guided us through 2008, 2011, 2013 and 2020.

We believe our commitment to absolute return (not just spread investing) and duration management is particularly important and evident in our YTD outperformance. This commitment protected the portfolio during the extreme interest rate volatility in 2020 and has done so again in 2022. For years we have focused on not only buying above market yields but also pursuing bond deals with shorter maturities or with an array of adjustable coupons – fixed for a period with a reset to prevailing rates. This is not a knee-jerk reaction: it has been a thoughtful and purposeful transition we started in 2016. This effort coupled with other variable rate securities, puts, and simply shorter maturities, has produced a portfolio that we believe has stood up to rising rates.

Figure 3: Fixed Income Market Color

	Calendar Year 2022 Total Return (Net)	Calendar Year 2021 Total Return (Net)	Calendar Year 2020 Total Return (Net)
HCM Main Composite	-3.42%	5.44%	5.17%
HCM Short Composite	-2.47%	4.63%	3.38%
Bloomberg HY Muni Index (LMHYTR)	-13.10%	7.77%	4.89%
VanEck HY Muni ETF (HYD)	-15.98%	5.05%	0.18%
iShares National Muni ETF (MUB)	-7.35%	1.02%	5.12%
iShares Core US Aggregate ETF (AGG)	-13.02%	-1.77%	7.48%

Please see disclosures for 1yr/3yr/5yr/10yr/Inception performance. Non-HCM performance sourced from Bloomberg COMP function; assumes reinvestment of dividends. HYD represents the largest High Yield Municipal Bond ETF by assets and reflects the HY municipal market; MUB represents the largest Investment Grade Municipal Bond ETF by assets and reflects the IG municipal market; AGG is provided for broad fixed income market color; Hamlin Composite Q4 2022 performance has not been examined by ACA Performance Services and is subject to change; Data accessed on 1/4/2024.

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

- Higher coupons – Compounding large tax-exempt 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 tax-exempt coupons Hamlin clients receive provide them more income to reinvest at the new higher market rates. This robust stream of income gives us fresh capital to be opportunistic during market corrections.
- 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 seek to target minimum absolute yield levels of 6.5% plus for credit risk assumed on the long end of the yield curve and 5.75 to 6.25% 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 and help explain why price moves should be less pronounced than comparable investments that lack these important features.

Market Commentary

Volatility continued in the fixed income markets throughout the final quarter of the year. As inflation stayed hot in August and September, the Fed, which initially may have been slow to raise, made it very clear they were (and are) willing to take the pain on the economy necessary to limit inflation. They backed this up with another 75 basis point hike to the target Federal Funds rate in September. The rate market reacted accordingly, continuing to sell off through early November when the 10-year Treasury hit its recent high of 4.22% – up 271 basis points from the 1.51% base it began the year.¹⁰ As some inflation numbers cooled in November and economic data softened, the rate market rallied towards the end of the year with the 10-year finishing the year at 3.88%, still up significantly on the year.

The Federal Funds Rate now stands at 4.25-4.50%, and the Fed's most recent Summary of Economic Projections released in December implies a median target rate of 5.125% by the end of 2023 followed by a decrease in calendar year 2024.¹¹ Even as they have lowered expectations on the magnitude of each hike, the Fed has increased their expectations for the ceiling. Municipal bond yields followed Treasuries in fits and starts all year with 10-year AAA Muni yields climbing throughout the year to finish at 2.63%. After resisting all year, the municipal curve finally did invert slightly in the 4th quarter – although not nearly to the extent Treasuries have.

We are not expecting the 10-year Treasury yield to increase by the same magnitude as it did last year. However, we do not expect a major retrenchment in interest rates either. While the magnitude of the move (on a percentage basis) was large and the havoc it caused most fixed income portfolios was pervasive, in many ways this move was an overdue normalization. We may see rates continue to grind higher as the Fed continues to raise in 2023. We expect to see volatility and increased spreads in high yield in 2023 if/when there is a selloff in high yield fixed income due to continued economic softening.

Municipal mutual funds continued to see large outflows through the end of the year. Total muni funds lost approximately -\$121.6 billion in calendar year 2022, while high yield municipal bond funds saw approximately \$20.5 billion march out the door in the same period.¹² After the highest year of inflows on record in 2021, this reversal has had a major effect on pricing for both new deals coming to market and projects available for purchase in the secondary

¹⁰ As of 12/31/22.

¹¹ Per the FOMC Summary of Economic Projections (SEP) released on 12/14/2022.

¹² Per Lipper US Fund Flows; data as of 12/28/2022 which was the last Lipper Fund Flows data reported in CY 2022.

market. In 2021, even as interest rates broadly moved up, positive mutual fund flows kept a lid on rising municipal new issuance yields. In 2022, without those inflows, the market saw major adjustments.

Market Opportunity

This dislocation in rates and reversal of fund flows created a significant opportunity for HCM clients in 2022. After many years of patiently sourcing and negotiating “Hamlin” deals, we are seeing the broader “Street” market come back to our levels. We are taking inbound calls from bankers seeking execution on deals in the primary and brokers seeking execution on trades in the secondary. This does not mean that we will change our strict requirements for investment or our commitment to fundamental credit analysis. However, it does mean we are seeing more opportunities in the primary and secondary markets to buy quality names in our sectors at attractive yields.

We are capitalizing on the fact that we have funds to deploy when few others do and using this as an opportunity to increase credit quality and liquidity in the portfolio while simultaneously garnering what we believe are attractive total return investments, seeking higher coupons as well as capital appreciation – primarily focused on total returns in the 6% plus range with shorter duration. We are excited about the market right now and pleased with the risk/reward available for clients on new deals.

While the opportunity set is much improved, we remain disciplined on yield and credit. As mentioned earlier, we wouldn’t be surprised to see spreads widen if/when the economy sputters and we want to ensure clients are as well protected from another potential leg down as they have been this year.

Credit Update

Our portfolio has come through this volatility with very limited credit issues. While we are not currently expecting that to change – we do see trouble ahead for the broader market especially in the general high yield hospital and senior living sectors. Our clients are seeing the benefits now of years of focused and disciplined investment in the Hamlin Portfolio.

Senior Living: The broader municipal market saw an uptick in defaults in the senior living space in 2021 with over \$1.06 billion across 21 obligors¹³, a trend that has continued throughout 2022 with another ~\$847 million of defaults across 25 obligors¹⁴ through year end. The Pandemic-induced drop in census and revenue that hit many facilities continues to cause operational issues for many poorly capitalized facilities. There were several highly leveraged and high-profile deals that defaulted last year – all of which Hamlin skillfully avoided. The discipline we have shown over the years continues to benefit investors. While others often buy what is available, we prefer to wait for opportunities to work with quality non-profits on projects with cash equity and a margin of safety built in. However, labor and material driven cost pressures continue to create stress across the industry and Hamlin projects are not immune – we remain diligent in helping our projects manage through any operating issues they may face.

Having made it through the toughest times of the Pandemic, and while we continue to see some stress at projects (and expect more general market deals to default), we are hopeful a corner has been turned in terms of revenue and occupancy. Now that the vaccines and boosters have been distributed and marketing efforts have been restarted, we

¹³ Bloomberg Default & Distress Report as of 12/31/21; includes CCRCs, standalone Independent Living facilities, standalone Assisted Living facilities, and standalone Nursing Facilities; data accessed on 4/7/22.

¹⁴ Bloomberg Default & Distress Report as of 12/13/22; includes CCRCs, standalone Independent Living facilities, standalone Assisted Living facilities, and standalone Nursing Facilities; data accessed on 1/5/2023.

have seen a quick uptick in activity that is translating into move-ins and new occupancy. While we may have some issues on an idiosyncratic basis, we are confident that our projects will manage through any additional issues and come out strong on the other side.

Education: Defaults in the market for public charter school bonds remain muted. However, there has been a recent uptick in covenant violations resulting in technical defaults in the broader market¹⁵. This could be a canary in the coal mine for coming monetary defaults as stimulus money wears off and costs remain elevated. The sector within our portfolio has come through all the Pandemic-associated volatility with very few Covid-related issues and we do not see any lurking on the horizon at this time. Our schools continue to receive funding alongside other public schools and, as a reserve power of the states, education policy is still largely driven by state governments.

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

¹⁵ Article Available online Bloomberg Article: Charter Schools' Record Impairments Bring Back Default Specter

IMPORTANT DISCLOSURES:

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Investing, particularly in equities, involves the risk of a loss of principal. Any projections, targets, or estimates in this report are forward looking statements and are based on Hamlin Capital Management, LLC (“HCM”)’s research, analysis, and incorporate assumptions made by HCM. All expressions of opinion are subject to change without notice and HCM undertakes no obligation to update the statements presented herein. While HCM believes the sources of all data provided in this presentation are reliable, HCM does not guarantee accuracy, reliability or completeness. Data is presented as of the date indicated and HCM does undertake any duty to update the information presented here.

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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.*
- *Bloomberg High Yield Municipal Bond Index measures the return of a market value-weighted basket of non-investment grade municipal bonds.*
- *Current yield is calculated by dividing an investment’s annual income by the current price.*
- *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.*
- *P/E is the price of a share divided by the earnings per share.*

	1 Year	3 Year	5 Year	10 Year
Hamlin Bond Only Composite	-3.42%	2.31%	3.94%	4.61%
Hamlin Short Bond Composite	-2.47%	1.80%	3.41%	n/a
Bloomberg HY Muni Index (LMHYTR)	-13.10%	-0.59%	2.63%	3.49%
VanEck HY Muni ETF (HYD)	-15.98%	-4.02%	-0.24%	1.84%
iShares National Muni ETF (MUB)	-7.35%	-0.54%	1.23%	1.90%
iShares Core US Aggregate ETF (AGG)	-13.02%	-2.80%	-0.06%	0.99%

HCM Bond Only Composite Inception Date: 1/1/2001 | HCM Short Bond Composite Inception Date: 7/1/2016 | HYD Inception Date: 2/4/2009 | MUB Inception Date: 9/7/2007 | AGG Inception Date: 9/22/2003

Non-HCM performance sourced from Bloomberg using COMP function; assumes reinvestment of dividends; HYD represents the largest High Yield Municipal Bond ETF by assets; MUB represents the largest Investment Grade Municipal Bond ETF by assets; AGG is provided for broad fixed income market color; Hamlin Composite Q4 2022 performance has not been examined by ACA Performance Services and is subject to change; Data accessed on 1/4/2024.

Hamlin Capital Management, LLC
Equity Only Composite
GIPS Report
January 1, 2001 through September 30, 2022

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
*YTD 2022	5,928	1,593	592	-14.08%	-23.87%	-17.75%	N.A.	N.A.	N.A.	N.A.
2021	5,841	1,891	560	31.32%	28.71%	25.16%	0.65%	18.38	17.17	19.05
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%	26.54%	0.55%	9.45	11.93	11.85
2018	4,253	1,504	688	-6.97%	-4.38%	-8.27%	0.64%	10.37	10.80	10.82
2017	4,553	1,772	683	15.84%	21.83%	13.66%	1.29%	10.27	9.92	10.20
2016	3,617	1,623	679	14.93%	11.96%	17.34%	1.26%	11.05	10.59	10.77
2015	3,186	1,373	725	-4.54%	1.38%	-3.83%	0.66%	9.91	10.48	10.68
2014	3,077	1,414	704	10.93%	13.69%	13.45%	0.51%	8.57	8.97	9.19
2013	2,703	1,234	624	32.72%	32.39%	32.53%	1.04%	10.19	11.94	12.69
2012	2,029	798	480	11.03%	16.00%	17.51%	1.12%	12.39	15.09	15.51
2011	1,623	584	388	10.16%	2.11%	0.39%	0.71%	14.11	18.71	20.69
2010	1,033	191	220	20.65%	15.06%	15.51%	2.22%			
2009	714	30	51	20.98%	26.46%	19.69%	2.69%			
2008	584	12	30	-28.57%	-37.00%	-36.85%	4.45%			
2007	734	18	31	3.97%	5.49%	-0.17%	2.86%			
2006	869	29	48	7.90%	15.79%	22.25%	5.93%			
2005	716	31	42	20.80%	4.91%	7.05%	4.90%			
2004	501	19	26	22.80%	10.88%	16.49%	7.67%			
2003	130	8	24	30.40%	28.68%	30.03%	9.87%			
2002	49	5	29	0.90%	-22.06%	-15.52%	6.15%			
2001	21	6	34	0.99%	-11.93%	-5.59%	10.69%			

* Performance represents a non-annualized partial period return ending on September 30, 2022.

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 9/30/22 date, these accounts represent 22.79% 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 September 30, 2022. 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 September 30, 2022. 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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Bond Only Composite
GIPS Report
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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
*YTD 2022	5,928	1,405	412	-4.99%	-16.03%	N.A.	N.A.	N.A.
2021	5,841	1,293	370	5.43%	7.77%	0.60%	4.15	8.34
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%		

* Performance represents a non-annualized partial period return ending on September 30, 2022.

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 High Yield Municipal Bond Index (BHYMBI) is provided as a benchmark. Benchmark returns are not covered by the report of independent verifiers.

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. 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.

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. Hamlin 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 Bond 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 from January 1, 2009 through September 30, 2022. 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 Bond Only Composite has had a performance examination for the periods January 1, 2001 through September 30, 2022. 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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