

# Hamlin High Dividend Equity Fund

1-855-HHD-FUND

**HAMLIN**  
CAPITAL MANAGEMENT, LLC

September 30, 2021

## Investment Objective

The Hamlin High Dividend Equity Fund seeks high current income and long-term capital appreciation.

## Investment Strategy

Recognizing that compounding income can be a potent force of growth, we invest in dividend-paying equities. Investors deserve cash compensation for risking capital, and our analysis shows that dividend paying stocks have historically outperformed the broader market with lower volatility\*. We believe that a healthy and consistent dividend policy enhances investor total return, endorses historic accounting statements, acts as an effective governor on capital allocation, and can smooth performance in down years. We focus on stocks with dividend yields at least 50% above the average yield of the components of the S&P 500 Index. Within this high income universe, we search for companies with low debt, ample free cash flow and high returns on equity. Typically candidates for purchase have a history of increasing dividends, and company management should be committed to a generous dividend policy. We are dedicated to rigorous financial statement analysis, focusing on our companies' true quality of earnings and capacity to cover an increasing dividend payment. While our strong balance sheet and dividend discipline generates many large company holdings, we invest across all capitalizations.

\*Kenneth French, "Portfolios Formed on Dividend Yield 1928-2011"

## About Hamlin Capital Management, LLC

Hamlin Capital Management, LLC, a Delaware limited liability company formed in 2001, serves as the investment adviser to the Fund. As of September 30, 2021, the Adviser had approximately \$5.4 billion in assets under management. The Adviser makes investment decisions for the Fund and continuously reviews, supervises and administers the Fund's investment program.

## Fund Statistics as of September 30, 2021

Number of Holdings	27	
Median Market Cap	\$40,552 mm	
Median Price-to-Earnings (next twelve months) †	14.6x	
SEC 30-Day Yield	Subsidized	Unsubsidized
Investor	2.31%	2.15%
Institutional	2.61%	2.45%

## Investment Team

### Charles S. Garland, CFA

Portfolio Manager

Yale University, BA English 1989

### Christopher M. D'Agnes, CFA

Portfolio Manager

Bucknell University, BS Accounting 1999

### Michael M. Tang, CFA

Portfolio Manager

Summa Cum Laude, Princeton University, BA Economics 2007

### Jaclyn Hourihan

Associate Analyst

Trinity College, BA Economics 2010

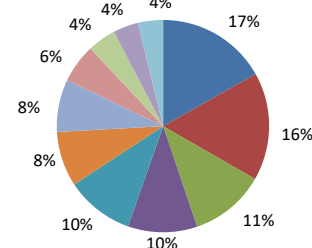
## Top Ten Holdings as of September 30, 2021 \*\*

KeyCorp	4.6%
Old Republic International Corporation	4.5%
Broadcom Inc.	4.4%
Interpublic Group of Companies, Inc.	4.3%
Lamar Advertising Company Class A	4.2%
Enterprise Products Partners L.P.	4.2%
ConocoPhillips	4.1%
Genuine Parts Company	4.1%
AbbVie, Inc.	4.0%
Public Service Enterprise Group Inc	3.8%

\*\* 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.

## Sector Breakdown as of September 30, 2021

- Consumer Discretionary
- Financials
- Information Technology
- Industrials
- Health Care
- Energy
- Real Estate
- Materials
- Communication Services
- Utilities
- Consumer Staples



Subject to change.

## Fund Facts

	Investor Shares	Institutional Shares
Fund Symbol	HHDVX	HHDFX
CUSIP	00769G733	00769G741
Fiscal Year End	December 31	December 31
Inception Date	March 30, 2012	March 30, 2012
Initial Minimum Investment	\$2,500	\$100,000
Subsequent Minimum Investment	N/A	N/A
Expense Ratio (Net) ‡	1.15%	0.85%
Expense Ratio (Gross)	1.31%	1.01%
Benchmark	S&P 500	S&P 500

‡ Fee waivers are contractual through April 30, 2022.

## Performance vs. Benchmark as of September 30, 2021

	QTD	YTD	One Year	Ann. Three Year	Ann. Five Year	Ann. Since Inception (3/30/12)
HHDVX	-0.89%	18.19%	35.94%	10.58%	10.33%	10.64%
HHDFX	-0.82%	18.42%	36.30%	10.91%	10.71%	11.08%
S&P 500	0.58%	15.92%	30.00%	15.99%	16.90%	14.77%

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.

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## PERFORMANCE and PORTFOLIO CHANGES

The Hamlin High Dividend Equity Fund institutional class returned -0.82% during the third quarter, lagging the S&P 500 Index's 0.58% return. The Russell 1000 Value Index ETF ("IWD") and the Dow Jones U.S. Select Dividend Index ETF ("DVY") returned -0.83% and -0.75%, respectively, for the quarter. We are pleased with our 18.42% year-to-date return, relative to the Russell 1000 Value Index ETF's 15.94% and S&P 500 Index's 15.92% advances. While we are lagging the Dow Jones U.S. Select Dividend Index ETF's ("DVY") 22.36% return so far in 2021, Hamlin's trailing three and five-year record versus that dividend-oriented index remains attractive.<sup>1</sup>

Within the portfolio, relative sector contributors to performance this quarter were Communication Services, Consumer Staples, and Energy. Relative sector detractors were Consumer Discretionary, Health Care, and Industrials. The largest individual stock performance contributors were Ares Management Corporation, Interpublic Group of Companies, Inc., ConocoPhillips, Lamar Advertising Company, and KeyCorp. The weakest performers were Leggett & Platt, Inc., CME Group Inc., Enterprise Products Partners L.P., Lockheed Martin Corporation, and Cummins Inc. There were no changes to the portfolio during the quarter.

Twenty-four Hamlin holdings have already announced dividend hikes so far in 2021, with an average increase of 10.9%.<sup>2</sup> 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 a 9.5% compound annual rate over the last three years.

## MARKET OUTLOOK

Valid concerns about a reduction in central bank accommodation, the expiration of fiscal stimulus, higher taxes, inflation-driven margin erosion, and elevated PE multiples have left some investors on the sidelines. Stocks tend to do confoundingly well when there is a visible "wall of worry" to climb. The stubborn resilience of our economically sensitive holdings during the worst of the Delta variant growth scare increases our confidence that the "big picture" remains improving nominal economic growth world-wide. Eleven million job postings and the mid-September lapsing of stimulus check payments imply strong future payroll gains. While wage growth at our companies is a margin headwind, paycheck increases mean more aggregate disposable income to spend purchasing our holdings' goods and services.

Meanwhile, we remain focused on individual equity research. We hunt for companies that can afford a compensatory and growing cash return, 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, ample free cash flow, and prospects for long-term revenue growth. We are excited about the growth prospects of our current holdings—particularly given the portfolio's attractive median 13.4x PE. We believe that companies with the attributes above are likely to generate attractive absolute and relative returns over the next decade as equity market returns may revert to their long-term averages.

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 protect against inflation with future dividend increases and long-term capital appreciation in order to preserve financial security and lifestyles.

<sup>1</sup>The Hamlin High Dividend Equity Fund institutional class returned 10.91% on a 3-year basis versus the IWD and DVY's 9.89% and 8.80% respective returns. On a 5-year basis, the Hamlin High Dividend Equity Fund returned 10.71% versus the IWD and DVY's 10.76% and 9.84% respective returns.

<sup>2</sup>Bloomberg. This includes companies added to the portfolio that raised their dividend prior to being added to the Hamlin portfolio. 24 companies increased dividends while in the portfolio at an average rate of 10.91%

<sup>†</sup>Not a forecast of the fund's future performance.

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. Lipper Equity Income Fund Index consists of funds that seek relatively high current income and growth of income through investing 65% or more of their portfolio in equities. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity universe. It includes those Russell 3000 companies with 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. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

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.

**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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