Hillman Capital Management
4th Quarter 2023
Advantage Value Equity
Commentary and Portfolio Review

At Hillman Capital Management (HCM), we strive to prudently add value for our clients over the long term. In doing so, we work hard to construct and maintain portfolios appropriate for the goals, risk tolerance and time horizon of each client. Within the equity component of our portfolios, we take a long-term approach, investing in companies that we believe enjoy sustainable competitive advantage. Our goal is to purchase securities of advantaged firms when they sell at a discount to estimates of fair market value. We believe that our approach may offer a prudent way to control risk, with the potential to outperform the market over time. Within that context, we offer a quarterly commentary.

The fourth quarter of 2023 was the first since the fourth quarter of 2021 that the US Federal Reserve Bank's Open Market Committee did not increase the target federal funds rate. Investors reacted favorably to this development, driving the Russell 1000 Value TR Index and the S&P 500 TR Index higher by 9.50% and 11.69%, respectively. U.S. Small Cap Stocks, as measured by the Russell 2000 TR Index, rose 14.03%. International equities followed suit, with the MSCI EAFE TR Index and MSCI Emerging Markets TR Index gaining 10.47% and 7.93%, respectively.

Bond traders pushed bond prices higher after the US Fed conceded that rates could decline in 2024, pushing the yield on the Ten-Year US Treasury Note down from 4.59% to 3.88%. The German Ten-Year Government Bond yield decreased as well, from 2.838% to 2.028%. The Japanese Ten-Year Government Bond yield similarly nudged downward from 0.771% to 0.616%.

In the quarter, we benefitted mainly from our excellent performance within and the overweight position of the Information Technology sector. The most significant negative contributor was the Financials sector, as HCM portfolio holdings lagged the index constituents.

International economic growth, fueled by the elimination of COVID related restrictions, may be tempered by the new war in Gaza, the ongoing confrontation in Ukraine, and local economic stagnation in China. Developed economies and large companies are adept at navigating these types of disruptions, and we caution against investing based upon overly optimistic or unnecessarily dire scenarios. We implore investors to adhere to their long-term asset allocation programs.

We will continue to focus our energies on making prudent long-term investment decisions within the context of our clients' needs. Our equity strategies continue to be driven by our core belief that competitively advantaged companies will outperform their peers through economic cycles and market cycles. Our goal is to invest in great enterprises at attractive prices. We will continue to invest according to this precept for the long-term interests of our clients.

Performance Attribution

The top five contributing stocks:

- Intel Corporation
- The Boeing Company
- Simon Property Group, Inc.
- Equifax Inc.
- Salesforce, Inc.

The bottom five contributing stocks:

- The Western Union Company
- Becton Dickinson and Company
- Pfizer Inc.
- Constellation Brands, Inc.
- Air Products and Chemicals, Inc.

Purchases and Sales

Purchased

Pfizer Inc. (Ticker: PFE)

See thesis in section for Bottom Five Contributing Stocks.

Sold

Adobe Inc. (Ticker: ADBE)

Adobe was sold when it exceeded our fair value calculation.

Ongoing Investment Thesis for Top Five Contributing Stocks

Intel Corporation (Ticker: INTC)

Intel, one of the world's biggest computer chip makers, is best known for designing and manufacturing microprocessors for personal computers and data centers. The company makes chips for smartphones and tablets as well. Intel produces semiconductors embedded in products for the industrial, medical, and automotive markets through one of the largest manufacturing systems in the industry.

We believe that Intel's competitive advantages stem from its design and manufacturing capabilities, R&D prowess, and financial resources.

Intel's ability to, roughly every two years, double the number of transistors on integrated circuits provides an edge over competitors. This practice, known as Moore's Law, produces more transistors per chip, increasing manufacturing capacity, lowering unit cost, and providing manufacturing flexibility through higher productivity. Unlike most industry competitors, the company makes its products, allowing it to ramp up capacity quickly without relying on third-party foundries. As the resources needed to manufacture smaller chips increase, Intel's manufacturing expertise presents a formidable competitive advantage, allowing it to pick the most appropriate in-house manufacturing and outsourcing mix.

Intel's focus on R&D has resulted in an accelerated product release schedule known as Tick-Tock. The company shrinks its process node in the first year and optimizes the architecture in the next two years. We believe that this strategy has accelerated the development and manufacturing speed at which products come to market, increasing the pressure on rivals to maintain a similar pace.

INTC supports its strong intellectual commitment with an equally strong financial commitment. In the last three fiscal years (2020-2022), the company spent, on average, approximately 21.5% of sales ($15.4 billion per year) on R&D. In 2022, R&D spending totaled $17.5 billion.

INTC's strong financial position, including $7.6 billion in cash and cash equivalents, gives it the flexibility to acquire assets to keep pace with a constantly evolving technology environment. Recent asset acquisitions were Altera in 2015 (Field Programmable Gate Arrays), Nervana and Movidius in 2016 (Artificial Intelligence related chips), and Habana Labs in 2019 (Artificial Intelligence chips). Intel's financial strength also enables significant investment in its manufacturing capabilities. The company is currently targeting five node transitions (7, 4, 3, 20A, and 18A) in four years with expected completion in 2025.

Historically, semiconductor companies seem to be impacted by economic cycles and the pace of innovation. Intel is no exception. The CEO, Pat Gelsinger, appears equipped to manage industry volatility. A technology industry veteran of multiple companies, including 30 years at Intel, he seems to have the experience of navigating a post-pandemic world and the technological and operational obstacles ahead.

Going forward, Gelsinger appears to be committing the resources necessary to restore INTC to a preeminent industry position by regaining a technological edge and becoming a significant contract chip maker. On the immediate horizon, the firm plans to slow hiring and sell nonessential businesses to mitigate current macroeconomic headwinds.

The Boeing Company (Ticker: BA)

Boeing, the world's largest aerospace company, is best known for producing commercial jet aircraft, including the 737 narrow-body model and the 747, 767, 777, and 787 wide-body models. Three reportable segments hold all company operations: Commercial Airplanes (BCA), Defense, Space & Security (BDS), and Global Services (BGS). Through a portfolio of high performing non-commercial airplane products, such as the F-15 fighter jet, KC-46 aerial refueling tanker, AH-64 Apache helicopter, V-22 Osprey military aircraft, CST-100 Starliner spacecraft, and Echo Voyager undersea vehicle, BA addresses the needs of military, science, space, and sea exploration customers. The remaining segment, BGS, provides aftermarket servicing to commercial and military aircraft. BCA, BDS, and BGS generate roughly 39%, 35%, and 26% of annual revenue, respectively.

Manufacturing infrastructure cost, manufacturing complexity, and regulatory compliance create significant barriers to entry, providing multiple sources of competitive advantage in the commercial jet industry. As only one of two major manufacturers of airplanes with a minimum of 130 seats, the company benefits from its duopoly status, competing and winning orders against one company, Airbus. Boeing's current product suite provides its customers with operating cost advantages versus Airbus's comparable models. Product cycles in the commercial aircraft market are relatively long, often spanning multiple decades, raising switching costs.

Boeing's Commercial Airplanes segment has endured several reputation setbacks, including two 737 MAX crashes in 2019 and the recent 737 MAX 9 mid-flight fuselage panel failure. The company has proven capable of weathering the fallout of past mechanical failures, lending confidence that it can do so now as well. BA's ability to mitigate damage will be greatly lessened if mechanical issues and major incidents persist. After addressing the flight control system issues responsible for the crashes, most regulatory agencies worldwide permitted the aircraft to fly in mid-April 2021, marking a two-year absence. On the COVID front, with vaccinations and a suspension of travel restrictions, a more normal pattern of airline passenger traffic has resumed.

Regarding Boeing's BDS segment, the essential nature of its products, the lengthy duration of product life cycles, and the collaborative nature of the customer/contractor relationship raise switching costs, providing a competitive advantage. This business segment has continued integrating its defense, intelligence, communications, and space resources to deliver unique cost-efficient solutions to its customers. Although governmental budget challenges are likely to be a significant headwind, we believe that BDS will continue to leverage its core capabilities to win domestic contracts while simultaneously expanding into international markets.

Simon Property Group, Inc. (Ticker: SPG)

Simon Property Group, Inc., one of the largest shopping mall and retail center owners in the United States, develops, manages, and owns real estate properties. The U.S. and Puerto Rico hold most of its properties. A Simon family member continues managing the enterprise. The son of one of the founders, David Simon, serves as the chairman of the board, chief executive officer, and president.

We feel that a premium-centric portfolio, network effect, and occupancy rates form the basis of SPG's competitive advantage.

The Simon Property Group occupies the preeminent position in mall and retail center real estate due to its ownership and management of a slew of top-tier class-A malls. These malls appeal to and attract one of the most sought-after demographics, the affluent shopper. With more wealth, higher income, and a willingness to spend, this shopper is a constant presence in upscale stores, helping high-quality malls thrive in the e-commerce era.

For decades, malls represented the shopping locale of choice, as they offered an efficient way of finding and comparing items and prices. To this day, malls remain a viable option even with the popularity of e-commerce. Surprisingly, despite higher growth than brick-and-mortar stores, e-commerce accounts for roughly only 15.6% of all retail sales (U.S. Dept of Commerce Q3 2023 preliminary estimate), indicating that a relatively high proportion of consumers still choose to shop the old-fashioned way.

In the premium mall world that Simon dominates, high-quality anchor tenants attract other high-quality tenants and entertainment options, drawing more affluent shoppers (Network Effect).

Despite an understandable dip during the COVID outbreak, SPG's occupancy rates have rebounded to pre-pandemic levels. At 94.9%, U.S. Malls and Premium Outlets are slightly below the 2019 pre-pandemic level of 95.1%, while The Mills occupancy of 98.2% is the highest since 2019.

Equifax Inc. (Ticker: EFX)

Equifax Inc (EFX) is primarily known as a credit bureau. In that capacity, it sells credit reports and credit scores that play a crucial role in determining the creditworthiness of potential borrowers. Creditors (e.g., banks and financial institutions) rely on this information when assessing their customers' credit risk. Today, verification (e.g., income and employment), housed in the Workforce Solutions business segment, has supplanted credit as the driver of revenue and income growth. Three business segments make up all operations: Workforce Solutions (46% of total revenue), U.S. Information Solutions (32%), and International (22%). In the 2022 fiscal year, the Workforce Solutions segment saw 14% revenue growth.

We feel that brand strength, barriers to entry, and industry structure make up EFX's competitive advantages.

Equifax's brand strength stems from trust. Over several decades, thousands of financial institutions have trusted it not to abuse or misuse the hundreds of millions of consumer records they voluntarily supply. Moreover, those same institutions depend on EFX to transform the data into an actionable decision tool (reports and scores) to assess creditworthiness. This longstanding arrangement has built a trusting relationship between EFX and its clients, bestowing strength to the brand in the credit and verification spaces. EFX's reputation (along with Transunion and Experian) as one of a few accurate and reliable sources of an individual's creditworthiness confirms the brand's strength.

Formidable barriers to entry exist because of the highly personal nature and the sheer volume of the information given to Equifax. The massive quantity of sensitive information entrusted to a handful of bureaus from data furnishers, such as banks, credit unions, credit card issuers, collection agencies, and loan services creates a considerable obstacle for would-be competitors. Moreover, given the increasing fear of personal data theft, it would take some time for a new player to gain the same level of trust that the big three have with the data furnishing community.

Three major consumer credit bureaus control the market for credit report data, forming an oligopoly. Of the roughly 400 consumer reporting companies, the bulk specialize in specific data types, e.g., checking accounts and payday loans.

Salesforce, Inc. (Ticker: CRM)

Salesforce.com develops and sells enterprise software delivered through the cloud. Clients rely on CRM to manage customer relationships, particularly sales, customer service, digital marketing campaigns, and e-commerce. Financial services, telecommunications, manufacturing, entertainment, and government represent the broad spectrum of industries using its software. Approximately ninety percent of Fortune 500 companies are CRM customers.

We believe that market acumen and switching costs form the basis of Salesforce's competitive advantage.

Foresight and insight define CRM's market acumen. The foresight to start a significant industry changing-software category and the insight to leverage the popularity of its software to expand to other areas exemplify its forward-thinking. More than 20 years ago, its introduction of software-as-a-service transformed the way users accessed and paid for software. This method proved far superior to the model providers and users had at the time. Then, Salesforce, capitalizing on its first-mover status, expanded to other functional areas (e.g., customer service) with similar needs.

High switching costs tend to accompany the software that CRM sells. User familiarity with current software, the price of a new package, the time needed to acclimate personnel, and potential data loss contribute to an extreme reluctance to change software, raising high switching costs.

Ongoing Investment Thesis for Bottom Five Contributing Stocks

The Western Union Company (Ticker: WU)

Western Union is the world's largest money transfer company, competing in the roughly $669 billion global remittance market (Source: World Bank). It serves customers through one business segment: Consumer-to-Consumer.

We believe that global brand recognition and an unrivaled international agent network form the basis of Western Union's competitive advantage.

Over time, the Western Union brand has earned a reputation worldwide as a reliable and speedy money transfer tool. As a result, consumers and businesses place great trust in the firm, assuming the timely arrival of any money sent through the WU network. That steadfast trust and operational scope would be difficult for any competitor to duplicate, raising switching costs.

A central element in Western Union's competitive advantage rests with the convenience of its roughly 400,000 agent locations. WU's low-cost, scalable business model becomes more valuable with the addition of more agents. The company provides software to facilitate money transfers, while agents assume the cost of operation. It has built a global footprint at minimal cost by partnering with national postal services, retail chains, and other outlets. WU reaches customers in remote areas often overlooked by traditional banks. We believe that this increases the value of the Western Union network and has helped the company become a well-recognized and trusted brand. An exclusive multi-year agreement with agents helps raise barriers to entry and lockout competitors.

A year-over-year drop in some profitability measures may have dragged down Western Union shares. The company reported a decline in net income (- 2%) and operating margin (- 210 basis points) during the quarter. That news, combined with posting poor year-to-date (nine months) results for the two metrics (net income -25%, operating margin -180 basis points), could have unsettled investors. Two factors seemed to hamper performance: 1) higher technology costs and 2) Evolve 2025 (turnaround strategy) costs. WU's bottom line troubles possibly overshadowed positive transaction news, as the period marked the second consecutive quarter of growth and the third quarter of sequential improvement in the number of transactions. Going forward, while we continue to monitor the threat of competition from electronic substitutes, we currently believe that WU, with an expansive network of agents reinforcing the strongest brand in the industry, should continue outperforming its peers.

Becton Dickinson and Company (Ticker: BDX)

Becton Dickinson, a global medical technology company, develops, manufactures, and sells a range of medical supplies, devices, laboratory equipment, and diagnostic products. Primary customers include hospitals, clinics, extended care facilities, physicians, life science researchers, clinical laboratories, the pharmaceutical industry, and the general public. Three business segments, BD Medical, BD Life Sciences, and BD Interventional accounted for 49%, 26%, and 24% of 2022 fiscal year revenue, respectively. The US represented 57% of total revenue in that fiscal year.

We feel that scale, switching costs, and a large installed base make up BDX's competitive advantages.

In many product areas, such as needles/syringes, infusion pumps, and medication dispensing equipment, Becton has amassed scale due to its market leadership. As the largest manufacturer of needles/syringes and the leader in infusion pumps and medication dispensing equipment, the company can offer attractive pricing and maintain healthy margins because of the low unit cost achieved through scale. This scale provides a formidable barrier to entry, as would-be competitors would have to invest considerable time and resources to match BDX.

Becton's products often play a vital role in a person's health, maintaining or restoring quality of life. A medication dispensing device or infusion pump is an integral part of the care regimen for a patient. The cost of and the time involved in training and the uncertainty surrounding a product change raise switching costs considerably, making decision-makers reluctant to change one of these products.

The large installed base of BDX's diagnostic business provides a steady flow of recurring aftermarket revenue throughout the life of its devices. This base keeps sales reps in regular contact with customers, supplying a captive stream of cross-selling opportunities.

Becton posted weak bottom-line performance, most likely causing shares to come under pressure. With the latest quarterly net income and operating margin down 62.5% and 691 basis points, respectively, management, understandably, lowered fiscal 2024 EPS guidance. The depth of that downward adjustment appeared to have surprised analysts, as it was more than expected. A 26% year-over-year increase in the cost of products sold weighed heavily in the quarterly financials. On a more positive note, revenue grew in each of the three business segments.

Looking ahead, we think that there are ample opportunities for Becton Dickinson. In developed markets, an aging population is increasing the demand for BDX's products. In emerging markets, where HIV and Hepatitis rates are higher and where people are gaining access to medical care, BDX's products continue to see strong growth. BDX works with governments worldwide to increase vaccinations of local populations, raising demand for its safety syringes. We think that BDX is well positioned to benefit from these trends, rewarding shareholders over time.

Pfizer Inc. (Ticker: PFE)

Pfizer is one of the world's largest pharmaceutical companies, generating almost all of its revenue from prescription drugs. Ten drugs produce more than one billion dollars each annually. Leading sellers in that group include Comirnaty ($37.8 billion, COVID-19), Paxlovid ($18.9 billion, COVID-19), Eliquis ($6.48 billion, atrial fibrillation), Prevnar family ($6.3 billion, pneumococcal pneumonia), and Ibrance ($5.1 billion, metastatic breast cancer).

We believe that patent-protected drugs, research commitment, and a global sales platform support Pfizer's competitive advantage.

A product roster of highly touted, problem-solving patent-protected drugs has maintained Pfizer's status as a top-tier drug company. Traditionally, patented drugs provide higher returns and longer development time than non-patented drugs. Elevated returns stem from a degree of pricing power, while patent duration grants time to develop the next generation before generic launches. Pfizer's success in this area continues with more recent product launches, Comirnaty, Paxlovid, and Vyndaqel family (cardiovascular disease).

On R&D, over the last three years, Pfizer spent, on average, $11 billion or about 17% of annual revenue. The company's product pipeline includes promising drugs for pain, cancer, and cardiovascular disease.

Pfizer operates one of the industry's largest global distribution networks, providing a tremendous advantage in selling its drugs and making it a top-choice partner for smaller pharmaceutical companies needing help distributing their products.

PFE announced weak financial performance due to significantly lower demand for its COVID-19 products, causing the stock to underperform. During the period, the company posted a 42% revenue decline and a net loss of $2.38 billion (roughly $11 billion less than a year ago) driven by plummeting sales of its COVID vaccine (-70% year-over-year) and Paxlovid treatment (- 97% year-over-year). As a result, the company booked a $5.6 billion charge for inventory write-offs in the quarter, stemming from taking back millions of Paxlovid doses from the U.S. government. The news of that steep fall off in demand probably eclipsed any positive growth stories, such as Prevnar family (+ 15%), Vyndaqel family (+48%), and Eliquis (+2).

Constellation Brands, Inc. (Ticker: STZ)

Due to its dominant position in the imported beer market, Constellation ranks as the third-largest beer company by sales volume in the U.S. (behind Anheuser-Busch and Molson Coors). The company holds the exclusive license to produce, import, and sell Grupo Modelo brands, a prominent Mexican beer manufacturer, in the U.S. Besides beer, STZ sells many wine and spirits brands and holds an interest in a cannabis products company. Several prominent brands reside in the company's portfolio: Beer (Corona, Modelo, and Pacifico), Wine (Robert Mondavi and Kim Crawford), and Spirits (SVEDKA). In the 2023 fiscal year, beer, wine, and spirits accounted for 79.0%, 18.2%, and 2.8% of total net sales, respectively. The U.S. represents more than 97% of total net sales, with Canada primarily responsible for the remainder.

We believe that scale and a loyal and growing ethnic customer base are the cornerstones of the company's competitive advantage.

A slew of leading imported beers enables STZ to enjoy a scale advantage in the non-domestic market segment. Modelo and Corona, the top two premium imported beers over the past decade, have helped it to achieve that scale, paving the way to superior operating margins. In the latest available operating margin data, Constellation holds a sizable advantage over its peers: STZ 30.1%, Heineken 15.5%, and Molson Coors 14.6%.

Constellation has carved out quite a niche in the U.S. imported beer market, controlling more than 50% of the market (almost 2.5 times more than the next largest competitor, Heineken) with its Mexican brands. Mexican beer, the largest segment of U.S. beer imports, represents 65% - 70% of total imports. Within the Mexican segment, STZ registers more than an 80%-unit market share.

Constellation's market share strength is a function of a loyal and growing customer base. An increasing Hispanic population's continued desire to buy products from the home country or a neighboring country delivered high single-digit growth for Mexican imports versus flat-to-down results for beer overall. The forecasted growth of the Hispanic population, the core but not only constituency for Mexican-produced beer, indicates an upward trajectory for its brands, provided that STZ maintains its appeal and relevance to the target audience.

Underperformance in the wine and spirits business segment could have caused Constellation shares to lag almost all others in the portfolio. Investors may have been concerned that quarterly results revealed the fourth straight double-digit shipment volume decline for that segment. That fact alone, while troubling, omits the strong performance of the all-important beer segment (roughly 80% of revenue, five times the size of wine and spirits). During the quarter, STZ reported a high single-digit volume gain for the second consecutive quarter for the beer business. Going forward, we believe that Constellation Brands' dominant position should allow it to continue to grab its fair share of the imported beer market.

Air Products and Chemicals, Inc. (Ticker: APD)

Air Products and Chemicals provides industrial gases, related equipment, and applications expertise to customers in various industries, including refining, chemical, metals, electronics, manufacturing, and food and beverage. Operations in fifty countries and an international client roster have made it the world's largest hydrogen supplier and a leader in helium and liquified natural gas (LNG) process technology and equipment. Among other items that it produces and distributes are:

- atmospheric gases (oxygen, nitrogen, and argon)
- process gases (carbon dioxide, carbon monoxide, and syngas)
- specialty gases

Roughly fifty-five percent (55%) of total revenue comes from outside the United States.

We feel that switching costs and strategic thinking form the basis of APD's competitive advantage.

For industrial customers, uninterrupted access to low-cost gases is essential to ensuring the continuous operation of production processes. Large customers are willing to pay more and sign long-term contracts (10 – 20 years) to guarantee a high degree of operational certainty, thereby raising switching costs.

Since the July 2014 appointment of materials and industrial sector veteran Seifi Ghasemi as Chairman and CEO, Air Products has enjoyed much success. Within three months after assuming the helm, his five-point plan became the strategic road map for the organization. This plan focused resources and energy on:

1. a core business,
2. the organization's structure,
3. the culture,
4. cost management, and
5. rewarding performance (based on a critical metric, EBITDA).

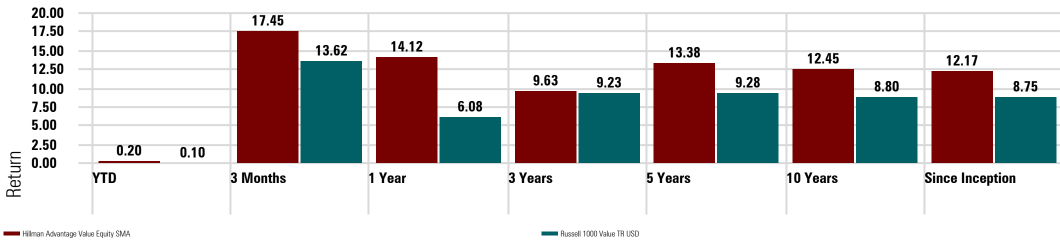
Management's continued execution of this well-defined plan has resurrected a once-underperforming company. As a result, Air Products and Chemicals has exceeded expectations by all measures, raising EBITDA margins considerably, reducing debt, improving safety, and growing EPS over Mr. Ghasemi's tenure.

Revenue softness may have caused shares to underperform. During the period, APD reported a double-digit decline (-11%) in the fourth quarter and a slight dip (-1%) for the fiscal year, possibly disturbing some investors. Aside from the top-line stumble, Air Products posted positive quarterly results in key areas, including growing operating margin (+140 basis points) and net income (+3%) year-over-year. Looking ahead, armed with a suite of competitive advantages, APD should continue to garner its fair share of future business.

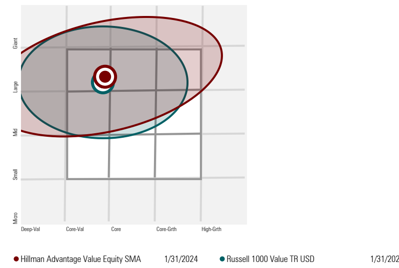
Hillman Advantage Value Equity SMA (Net of Fee)
Russell 1000 Value TR USD As of 1/31/2024

Returns - Net

Calculation Benchmark: Russell 1000 Value TR USD



Holdings-Based Style Map



Investment Philosophy: Hillman seeks to invest in strong companies when we believe their stocks are undervalued. The strength of this discipline is derived from our independent research focusing on companies believed to have a sustainable competitive advantage and investing in these companies only when they are trading at a discount to the HCM calculated fair market value of the business.

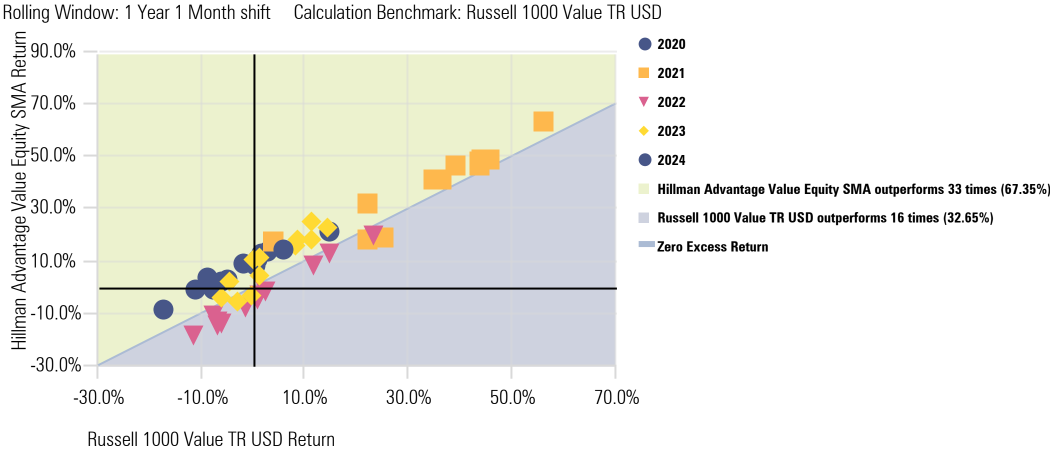
Hillman Total Firm Assets = $664 Million, AUM = $329 Million
Hillman Firm Large Cap Value = $630 Million, AUM = $295 Million
Hillman Advantage Value = $282 Million, AUM = $13 Million

Portfolio Characteristics

	Hillman Advantage Value Equity SMA	Russell 1000 Value TR USD
# of Stock Holdings	45	846
ROE %	18.54	16.82
Debt to Capital %	43.35	40.29
P/E	15.84	15.29
P/S	1.47	1.56
P/B	2.23	2.12
P/C	8.99	9.58
Div Yld	2.54	2.45
Inception Date	1/2/1996	1/1/1987

Over/Under Benchmark Performance - Trailing 5 Years (Outperforms 67.35% of the time)

Rolling Window: 1 Year 1 Month shift   Calculation Benchmark: Russell 1000 Value TR USD



Risk Metrics - Trailing 5 Yrs

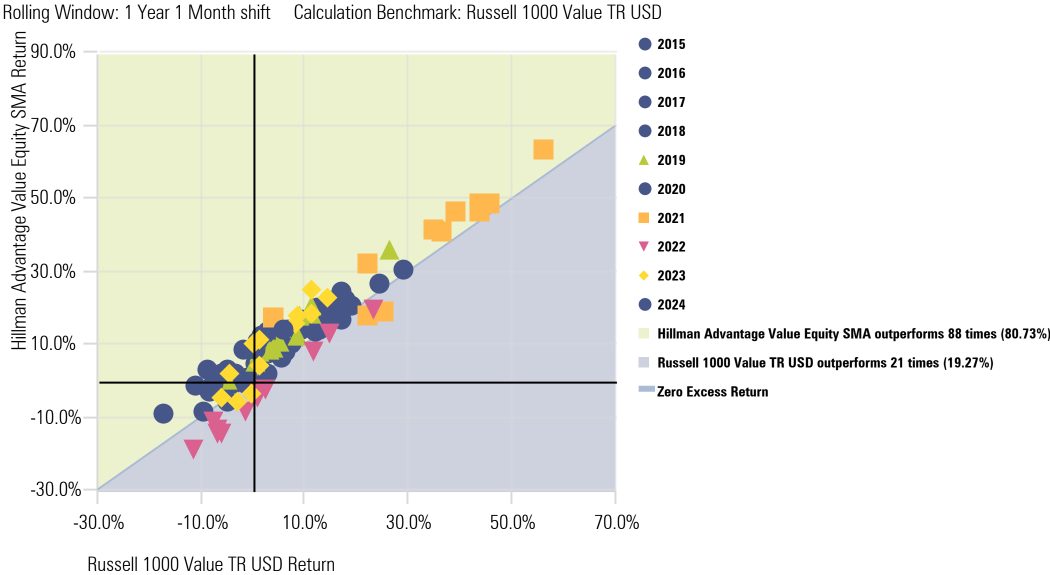
Time Period: 2/1/2019 to 1/31/2024

Calculation Benchmark: Russell 1000 Value TR USD

	Inv	Bmk1
Return	13.37	9.28
Alpha	3.89	0.00
Up Capture Ratio	104.85	100.00
Down Capture Ratio	89.78	100.00
R2	91.14	100.00
Beta	0.99	1.00
Std Dev	19.42	18.69
Sharpe Ratio	0.64	0.46
Information Ratio (geo)	0.65	—
Tracking Error	5.78	0.00
Best Quarter	21.54	16.25
Worst Quarter	-23.11	-26.73

Over/Under Benchmark Performance - Trailing 10 Years (Outperforms 80.73% of the time)

Rolling Window: 1 Year 1 Month shift   Calculation Benchmark: Russell 1000 Value TR USD



Risk Metrics - Trailing 10 Yrs

Time Period: 2/1/2014 to 1/31/2024

Calculation Benchmark: Russell 1000 Value TR USD

	Inv	Bmk1
Return	12.45	8.80
Alpha	3.46	0.00
Up Capture Ratio	106.46	100.00
Down Capture Ratio	89.45	100.00
R2	91.56	100.00
Beta	0.99	1.00
Std Dev	15.92	15.33
Sharpe Ratio	0.73	0.54
Information Ratio (geo)	0.72	—
Tracking Error	4.63	0.00
Best Quarter	21.54	16.25
Worst Quarter	-23.11	-26.73

Source: Morningstar Direct. Past performance is not indicative of future results. Returns are presented net of investment advisory fees and reflect the reinvestment of interest, capital gains, and dividends net of any withholding tax. Net of fees performance is calculated using actual management fees and are reflective of actual fees as fees paid vary by client. Since inception performance is based on Composite inception date of 1/1/1996. Execution of the Composite prior to 4/1/1998 occurred while the Portfolio Manager was affiliated with a prior firm and the Portfolio Manager was the only individual responsible for selecting securities to buy and sell. Information shown is supplemental only. Please see attached disclosures. Contains a GIPS Report.

HCM HILLMANCAPITAL MANAGEMENT

Hillman Advantage Value Equity SMA (Net of Fee)

Russell 1000 Value TR USD As of 1/31/2024

Trailing Returns

Calculation Benchmark: Russell 1000 Value TR USD

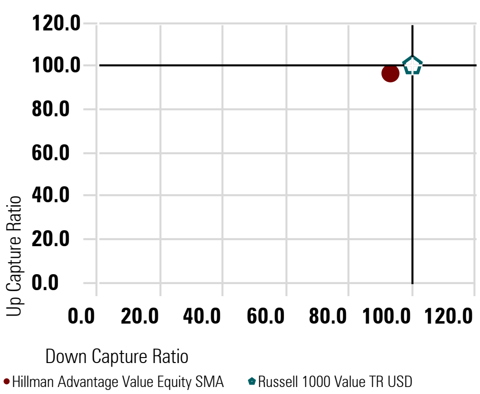
	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Hillman Advantage Value Equity SMA (Gross)	0.44	15.25	10.75	14.52	13.53	13.05
# of investments ranked in peer group (Gross)	144	144	135	128	117	23
Hillman Advantage Value Equity SMA (Net)	0.20	14.12	9.62	13.37	12.45	12.17
Russell 1000 Value TR USD	0.10	6.08	9.23	9.28	8.80	8.75
Peer group percentile (Net)	72	5	43	4	2	10
# of investments ranked in peer group (Net)	144	144	135	128	117	23

Performance Relative to Peer Group

Peer Group (5-95%): Separate Accounts - U.S. - Large Value   Calculation Benchmark: Russell 1000 Value TR USD

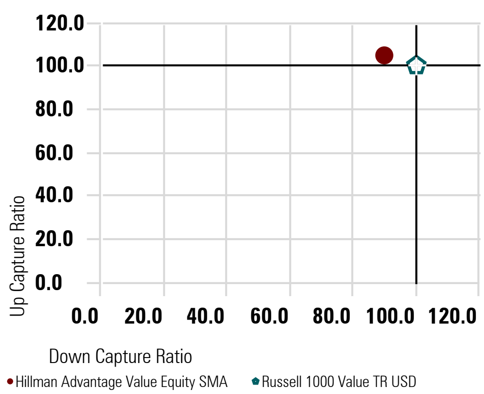
Risk-Reward - Trailing 3 Year

Calculation Benchmark: Russell 1000 Value TR USD



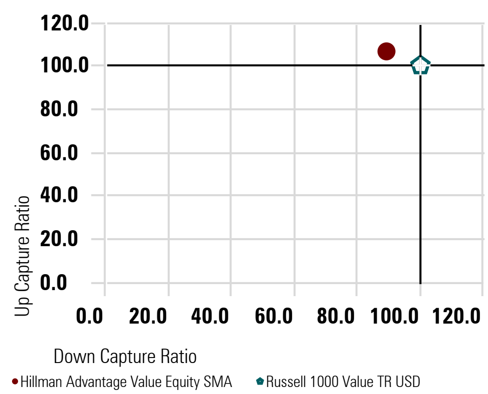
Risk-Reward - Trailing 5 Years

Calculation Benchmark: Russell 1000 Value TR USD



Risk-Reward - Trailing 10 Years

Calculation Benchmark: Russell 1000 Value TR USD



Hillman Advantage Value Equity

Calculation Benchmark: Russell 1000 Value TR USD

	Return	Excess Return
2023	24.77	13.31
2022	-11.13	-3.59
2021	18.78	-6.38
2020	13.28	10.48
2019	35.85	9.31

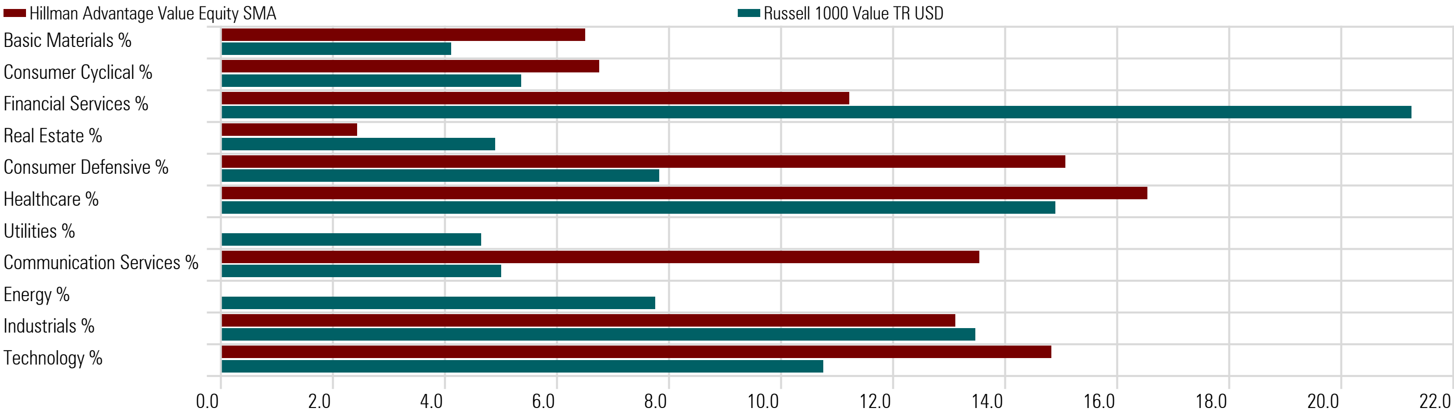
Source: Morningstar Direct. Past performance is not indicative of future results. Returns are presented net of investment advisory fees and reflect the reinvestment of interest, capital gains, and dividends net of any withholding tax. Net of fees performance is calculated using actual management fees and are reflective of actual fees as fees paid vary by client. Since inception performance is based on Composite inception date of 1/1/1996. Execution of the Composite prior to 4/1/1998 occurred while the Portfolio Manager was affiliated with a prior firm and the Portfolio Manager was the only individual responsible for selecting securities to buy and sell. Information shown is supplemental only. Please see attached disclosures. Contains a GIPS Report.

HCM HILLMANCAPITAL MANAGEMENT

Hillman Advantage Value Equity SMA (Net of Fee)

Russell 1000 Value TR USD As of 1/31/2024

Equity Sector Exposure



Top Holdings - Hillman Advantage Value Equity SMA

Portfolio Date: 1/31/2024

Company Name	Ticker	Portfolio Weighting %	Sector	Industry
ASML Holding NV ADR	ASML	2.71	Technology	Semiconductor Equipment & Materials
Salesforce Inc	CRM	2.60	Technology	Software - Application
International Flavors & Fragrances Inc	IFF	2.56	Basic Materials	Specialty Chemicals
ServiceNow Inc	NOW	2.48	Technology	Software - Application
Taiwan Semiconductor Manufacturing Co Ltd ADR	TSM	2.48	Technology	Semiconductors
Verizon Communications Inc	VZ	2.47	Communication Services	Telecom Services
AT&T Inc	T	2.45	Communication Services	Telecom Services
Simon Property Group Inc	SPG	2.43	Real Estate	REIT - Retail
General Electric Co	GE	2.42	Industrials	Specialty Industrial Machinery
Nordstrom Inc	JWN	2.39	Consumer Cyclical	Department Stores
Bank of New York Mellon Corp	BK	2.38	Financial Services	Asset Management
Equifax Inc	EFX	2.33	Industrials	Consulting Services
Microsoft Corp	MSFT	2.30	Technology	Software - Infrastructure
The Estee Lauder Companies Inc Class A	EL	2.29	Consumer Defensive	Household & Personal Products
Amazon.com Inc	AMZN	2.28	Consumer Cyclical	Internet Retail
RTX Corp	RTX	2.27	Industrials	Aerospace & Defense
Campbell Soup Co	CPB	2.25	Consumer Defensive	Packaged Foods
Wells Fargo & Co	WFC	2.24	Financial Services	Banks - Diversified
The Walt Disney Co	DIS	2.22	Communication Services	Entertainment
T. Rowe Price Group Inc	TROW	2.21	Financial Services	Asset Management
Intel Corp	INTC	2.20	Technology	Semiconductors
BlackRock Inc	BLK	2.19	Financial Services	Asset Management
Alphabet Inc Class C	GOOG	2.18	Communication Services	Internet Content & Information
GSK PLC ADR	GSK	2.17	Healthcare	Drug Manufacturers - General
Comcast Corp Class A	CMCSA	2.17	Communication Services	Telecom Services
Anheuser-Busch InBev SA/NV ADR	BUD	2.16	Consumer Defensive	Beverages - Brewers
Becton Dickinson & Co	BDX	2.15	Healthcare	Medical Instruments & Supplies
The Western Union Co	WU	2.15	Financial Services	Credit Services
The Kraft Heinz Co	KHC	2.15	Consumer Defensive	Packaged Foods
Conagra Brands Inc	CAG	2.13	Consumer Defensive	Packaged Foods
CVS Health Corp	CVS	2.11	Healthcare	Healthcare Plans
Zimmer Biomet Holdings Inc	ZBH	2.08	Healthcare	Medical Devices
CarMax Inc	KMX	2.07	Consumer Cyclical	Auto & Truck Dealerships
Boeing Co	BA	2.07	Industrials	Aerospace & Defense
Kellanova Co	K	2.06	Consumer Defensive	Packaged Foods
Biogen Inc	BIIB	2.05	Healthcare	Drug Manufacturers - General
Medtronic PLC	MDT	2.04	Healthcare	Medical Devices
3M Co	MMM	2.01	Industrials	Conglomerates
Baxter International Inc	BAX	2.00	Healthcare	Medical Instruments & Supplies
Warner Bros. Discovery Inc Ordinary Shares - Class A	WBD	2.00	Communication Services	Entertainment
DuPont de Nemours Inc	DD	1.99	Basic Materials	Specialty Chemicals
Constellation Brands Inc Class A	STZ	1.98	Consumer Defensive	Beverages - Wineries & Distilleries
Emerson Electric Co	EMR	1.93	Industrials	Specialty Industrial Machinery
Air Products & Chemicals Inc	APD	1.93	Basic Materials	Specialty Chemicals
Pfizer Inc	PFE	1.88	Healthcare	Drug Manufacturers - General

Source: Morningstar Direct. This is not a recommendation to buy or sell a particular security. Sector exposure is based on portfolio weighting. Information shown is supplemental only. Please see attached disclosures.

Disclosure Statements

ADVANTAGE VALUE EQUITY COMPOSITE

Past performance is not indicative of future results. This material is not financial advice or an offer to sell any product. The portfolio characteristics shown relate to the Hillman Advantage Value Equity Composite (the "Composite"). Not every client's account will have these exact characteristics. The actual characteristics with respect to any particular client account will vary based on a number of factors including but not limited to: (i) the size of the account; (ii) investment restrictions applicable to the account, if any; and (iii) market exigencies at the time of investment. Hillman Capital Management, Inc. reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed may not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the securities transactions, holdings or sectors discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Hillman Capital Management, Inc. ("HCM") is an independent registered investment adviser with the United States Securities and Exchange Commission, in accordance with the Investment Advisers Act of 1940, amended. Registration does not imply any particular level of skill or training. HCM has adopted the broadest firm definition. HCM provides investment advisory services to separately managed accounts, a mutual fund and a private fund. More information about the adviser, including its investment strategies and objectives can be obtained by visiting www.hillmancapital.com. The firm maintains a complete list and descriptions of composites and limited distribution pooled funds and list of broad distribution pooled funds, which is available upon request. HCM is headquartered in Bethesda, MD and does not maintain any other office locations.

The investment objective of the Advantage Value Equity Composite is long-term capital appreciation. The Advantage Value Equity Composite includes fully discretionary, fee paying client accounts managed according to the Advantage Value Equity Model (comprised of 45 securities), with the following characteristics: no margined accounts and accounts that do not pay incentive fees. The Composite was created April 1, 1998. The Composite's inception date is January 1, 1996. The benchmark of the Composite is the Russell 1000 Value Index, which measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. It is not possible to invest in this index. The volatility of the Composite may be greater or less than its respective benchmark. There are several risks related to this strategy which include the following: non-diversified risk, sector focus risk, and small-cap and mid-cap companies risk. More information about these risks is included in HCM's Form-ADV.

Hillman Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance the GIPS standards. Hillman Capital Management, Inc. has been independently verified for the periods April 1, 1998 through December 31, 2021. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. GIPS Reports and the verification report are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures 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. Verification does not provide assurance on the accuracy of any specific performance report.

The U.S. dollar is the currency used to express performance. Returns are presented gross and net of investment advisory fees and include the reinvestment of all income. All returns reflect the deduction of transaction costs and custodian expenses. Some accounts in the composite may pay zero commissions. Net of fee performance was calculated using actual management fees. The annual composite dispersion is an equal-weighted standard deviation calculated using gross returns for the accounts in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. HCM also licenses models of this portfolio to intermediaries which use the models to manage their client accounts. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

The fee schedule for Hillman's investment advisory services is 1.00% for the first $5 million, 0.85% for the next $15 million, 0.75% for the next $50 million, and 0.50% thereafter. Actual investment advisory fees incurred by clients may vary. A complete description of Hillman's fee schedule can be found under Form ADV Part 2 at www.hillmancapital.com.

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Hillman Advantage Value Equity Composite			
Annualized Performance as of 12/31/2023			
	1 Year	5 Year	10 Year
Composite Gross	25.99%	16.35%	13.06%
Composite Net	24.72%	15.18%	11.99%
Russell 1000 Value	11.45%	10.91%	8.40%

Year End	Total Firm Assets Under Management ($000)	Total Firm Advisory Only Assets [1] ($000)	Total Firm Assets Under Management & Advisory Only Assets [2] ($000)	Hillman Advantage Value Equity Composite Number of Accounts	Hillman Advantage Value Equity Composite Composite Assets ($000)	Hillman Advantage Value Equity Wrap Composite Composite Assets [2] ($000)	Hillman Advantage Value Equity Composite & Wrap Composite Composite & Wrap Composite Assets [2] ($000)	Hillman Advantage Value Equity Models Advisory Only Assets [1] ($000)	Hillman Advantage Value Equity Total Strategy Assets Composite, Wrap Composite, & Advisory Only Assets [1,2] ($000)
2023	329,384	294,631	624,015	7	5,522	906	6,428	230,624	237,052
2022	278,106	186,120	464,226	Five or fewer	3,651	5,528	9,180	145,813	154,993
2021	325,449	174,926	500,375	6	3,142	6,550	9,692	153,725	163,417
2020	210,934	41,187	252,121	Five or fewer	657	5,655	6,312	37,928	44,240
2019	156,703	22,837	179,540	Five or fewer	1,946	925	2,871	19,045	21,916
2018	85,758	4,710	90,468	Five or fewer	1,447	898	2,345	1,840	4,185
2017	87,678	7,758	95,436	Five or fewer	1,548	1,130	2,678	4,035	6,713
2016	76,431	6,764	83,195	Five or fewer	1,347	1,063	2,410	3,631	6,041
2015	76,852	7,400	84,252	Five or fewer	1,183	2,235	3,418	4,311	7,729
2014	77,240	8,075	85,315	Five or fewer	843	2,500	3,343	4,968	8,311
2013	77,477	7,910	85,387	Five or fewer	816	4,358	5,174	5,365	10,539
2012	63,536	28,600	92,136	Five or fewer	842	2,540	3,382	10,600	13,982

Annual Performance Results						
Year End	Hillman Advantage Value Equity Composite Gross	Hillman Advantage Value Equity Composite Net	Russell 1000 Value Index	Hillman Advantage Value Equity Composite Dispersion	Hillman Advantage Value Equity Composite 3-yr St Dev	Russell 1000 Value 3-yr St Dev
2023	25.99%	24.72%	11.45%	NM	17.64%	16.50%
2022	-11.30%	-12.21%	-7.55%	NM	21.80%	21.25%
2021	20.01%	18.79%	25.14%	NM	19.24%	19.06%
2020	14.42%	13.28%	2.79%	NM	20.15%	19.62%
2019	37.18%	35.81%	26.54%	NM	12.12%	11.85%
2018	-1.86%	-2.83%	-8.27%	NM	11.59%	10.82%
2017	20.99%	19.79%	13.66%	NM	10.85%	10.20%
2016	18.03%	16.97%	17.34%	NM	11.29%	10.77%
2015	-0.24%	-0.99%	-3.83%	NM	10.37%	10.68%
2014	14.52%	13.59%	13.45%	NM	9.60%	9.20%
2013	37.91%	36.54%	32.53%	NM	12.26%	12.70%
2012	14.42%	13.81%	17.51%	NM	15.22%	15.51%

NM - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
All values reported in USD.

[1] HCM licenses models to intermediaries who use those models to manage their client accounts. HCM does not have trading authority over these assets. These assets are labeled "advisory only."
[2] HCM manages accounts to the Hillman Advantage Value Equity Strategy with bundled fee arrangements; these assets are represented by the Hillman Advantage Value Equity Wrap Composite.

Statistic Descriptions

ROE %: or Return on Equity, is the percentage a company earns on its total equity in a given year. The calculation is return on assets times financial leverage.

Debt to Capital %: or Debt-to-Capital Ratio, applies to a fund's underlying stock holdings, is calculated by dividing each security's long-term debt by its total capitalization (the sum of common equity plus preferred equity and long-term debt) and is a measure of the company's financial leverage.

P/E: or Price/Earnings Ratio, is a stock's current price divided by the company's trailing 12-month earnings per share from continuous operations.

P/B: or Price/Book Ratio, is the ratio of a fund is the weighted average of the price/book ratios of all the stocks in a fund's portfolio. Book value is the total assets of a company, less total liabilities (sometimes referred to as carrying value). A company's book value is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding (stocks with negative book values are excluded from this calculation).

P/C: or Price/Cash Flow Ratio, represents the amount an investor is willing to pay for a dollar generated from a particular company's operations and attempts to provide an internationally standard measure of a firm's stock price relative to its financial performance

P/S: or Price/Sales Ratio, is the stock's current price divided by the company's trailing 12-month sales per share.

Div Yld: also know as the Dividend Yield Percentage, represents the dividends per share of the company over the trailing one-year period as a percentage of the current stock price.

Return: the amount of money your investment made for you, usually presented as a percentage.

Standard Deviation: a statistical measure of dispersion about an average which depicts how widely the returns varied over a certain period of time.

Sharpe Ratio: a risk-adjusted measure, calculated by using standard deviation and excess return to determine reward per unit of risk. It is calculated for the past 3 year (or 36-month) period by dividing a fund's annualized excess returns by the standard deviation of a fund's annualized excess returns. The higher the Sharpe Ratio, the better the fund's historical risk-adjusted performance.

Sortino Ratio: a variation of the Sharpe Ratio, differentiates harmful volatility from volatility in general by using a value for downside deviation. It is calculated by taking the excess return over the risk-free rate divided by the downside semi-variance, and so it measures the return to "bad" volatility. (Volatility caused by negative returns is considered bad or undesirable by an investor, while volatility caused by positive returns is good or acceptable.)

Information Ratio (geo): a geometric measure of risk-adjusted performance. The Information Ratio is a special version of the Sharpe Ratio, but unlike the

Sharpe Ratio, the benchmark doesn’t have to be the risk-free return.

Best Quarter: the highest quarterly return of the investment since its inception or for as long as data is available.

Worst Quarter: the lowest quarterly return of the investment since its inception or for as long as data is available.

Excess Return: is the fund's achieved rate of return minus the return for 91-day government treasury bills over the same period.

Alpha: a measure of the difference between a portfolio’s actual returns and its expected performance, given its level of risk as measured by beta. A positive alpha figure indicates the portfolio has performed better than its beta would predict. In contrast, a negative alpha indicates the portfolio has underperformed, given the expectations established by beta. Alpha is calculated by taking the excess average monthly return of the investment over the risk free rate and subtracting beta times the excess average monthly return of the benchmark over the risk free rate.

Beta: a measure of systematic risk with respect to a benchmark. Systematic risk is the tendency of the value of the composite and the value of the benchmark to move together. Beta measures the sensitivity of the composite’s excess return (total return minus the risk-free return) with respect to the benchmark’s excess return that results from their systematic co-movement. It is the ratio of what the excess return of the composite would be to the excess return of the benchmark if there were no composite-specific sources of return. If beta is greater than one, movements in value of the composite that are associated with movements in the value of the benchmark tend to be amplified. If beta is one, they tend to be the same, and if beta is less than one, they tend to be dampened. If such movements tend to be in opposite directions, beta is negative. Beta is measured as the slope of the regression of the excess return on the composite as the dependent variable and the excess return on the benchmark as the independent variable. The beta of the market is 1.00 by definition. Morningstar calculates beta by comparing a portfolio's excess return over T-bills to the benchmark's excess return over T-bills, so a beta of 1.10 shows that the portfolio has performed 10% better than its benchmark in up markets and 10% worse in down markets, assuming all other factors remain constant. Conversely, a beta of 0.85 indicates that the portfolio's excess return is expected to perform 15% worse than the benchmark’s excess return during up markets and 15% better during down markets.

R-Squared: Reflects the percentage of a portfolio's movements that can be explained by movements in its benchmark.

Tracking Error: measures how closely a fund tracks a benchmark by comparing the performance of the fund to that of the benchmark.

Upside Capture Ratio: measures a manager's performance in up markets relative to the market (benchmark) itself. It is calculated by taking the security’s upside capture return and dividing it by the benchmark’s upside capture return.

Downside Capture Ratio: measures a manager's performance in down-markets. A down-market is defined as those periods (months or quarters) in which market return is less than 0. In essence, it tells you what percentage of the down-market was captured by the manager. For example, if the ratio is 110%, the manager has captured 110% of the down-market and therefore underperformed the market on the downside.