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Hillman Capital Management  
1<sup>st</sup> Quarter 2024  
Market Commentary

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.

For the second consecutive quarter, the US Federal Reserve Bank's Open Market Committee did not change the target federal funds rate. The Fed indicated that the range is set at 5.25% to 5.50%. Investors remained bullish, driving the Russell 1000 Value TR Index and the S&P 500 TR Index higher by 8.99% and 10.56%, respectively. U.S. Small Cap Stocks, as measured by the Russell 2000 TR Index, rose 5.18%. International equities followed suit, with the MSCI EAFE TR Index and MSCI Emerging Markets TR Index gaining 5.93% and 2.44%, respectively.

Bond yields took back some of the declines of the fourth quarter of 2023, as the economy showed resilience and the pace of the decline in inflation slowed. The yield on the Ten-Year US Treasury Note rose from 3.88 % to 4.20%. The German Ten-Year Government Bond yield increased from 2.028% to 2.2925%, and the Japanese Ten-Year Government Bond yield similarly nudged upward from 0.616 % to 0.732%.

International economic growth, fueled by the elimination of COVID related restrictions, may be tempered by the 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.

Regards,

Mark A. Hillman  
CEO and Chief Investment Officer

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