



Governing Principles

We will invest in companies with above-average dividend yields and an established history of paying dividends.

We will treat your investment with St. James as if it were our own.

We will remain significant investors with you in St. James Investment Advisors portfolios.

Our independence as a firm allows us to focus on the interests of our clients in our decision-making process.

Our decision-making process takes full advantage of individual insights within a partnership oriented culture.

We are patient, long-term investors.

We will discourage short-term speculators and market timers.

We will communicate with our investment partners as candidly as possible.

We think “benchmark risk” is part of investment life. Our firm’s goal is to earn good absolute investment returns over long periods of time without exposing our clients’ capital to undue risk. We do not think about any particular index when we make investment decisions.

Objective

The St. James High Dividend Yield Portfolio takes a total return approach to dividend investing, seeking attractive current income and capital appreciation through an actively managed portfolio of dividend-paying companies. The typical portfolio will have approximately 30 companies. The High Dividend Yield Portfolio, value-oriented approach, invests primarily in companies with above-average dividend yields and trading at reasonable discounts from our assessment of intrinsic value.

Philosophy

Absolute Return: We are absolute return investors and each investment must meet our strict fundamental research and macroeconomic criteria, not just offer opportunity relative to other alternatives.

Long-term focus: We believe the best way to accomplish our goals is to accept short-term underperformance in exchange for long-term success. We expect to hold our investment positions unless fundamental valuation parameters change. We are not speculators and adhere to a strict value investment discipline. We are willing to hold cash.

Why We Believe Dividends Are Important:

- Over the long term, the return from dividends has been a significant contributor to the total returns produced by equity securities. According to Standard & Poor’s, dividends comprised an average of 35% of the monthly total return of the S&P 500 from 1926 to 2009.
- Stocks with apparent high and sustainable dividend yields may be more resistant to a decline in price than lower yielding stocks because the stock is in effect “yield supported.”
- There is an abundance of empirical evidence which suggests that portfolios consisting of high dividend yielding securities may produce attractive total returns over long measurement periods.

Focus as bottom-up managers: Most of our energy goes to evaluating investment opportunities and trying to quantify potential downside scenarios. However, we do take some interest in the macro environment, as economic conditions profoundly affect the business models we are evaluating.

Primary Portfolio

Dividend-paying equities

St. James Investment Advisors

We are professional portfolio managers Committed to Value Investing. St. James is an independent, fee-only, United States Securities and Exchange Commission registered investment advisory firm, providing customized portfolio management services to individuals and their financial advisors.

Partnership Investing

We invest our money alongside you as partners in our process. As managers we have significant amounts of our own capital invested in the strategy.



Quarter Ending September 30, 2022 | Commentary

A difficult nine months so far in 2022 are now behind us; however, the unfortunate reality remains that some challenging economic factors are affecting the global economy. The short-term outlook will likely remain volatile as markets lack clarity on how and when our economic problems, such as high inflation, will be resolved. During rough investing times, such as now, investor emotions can quickly crowd out wisdom and long-term thinking. As portfolio managers, we remind ourselves, during these times, to always remember what we own within our portfolios. "Know what you own!" In challenging market environments, portfolio performance can be stressful, but the trade-off to temporary emotional discomfort is the greater likelihood of meeting long-term return objectives. While we know 2022 has been challenging; we do not know what the future holds. However, we take great comfort in knowing what we own and are confident that investments in world-class companies will eventually contribute to meeting your long-term investment objectives.

During the last quarter the St. James High Dividend Yield Portfolio benefitted with exposure to:

- Select Industrials
- Select Health Care
- Select Consumer Staples

During the last quarter the St. James High Dividend Yield Portfolio exposure to the following was negative:

- Financials
- Health Care
- Communications

These following are the individual contributors and detractors from the portfolio during the last quarter:

Contributors:	Detractors:
Walmart Inc.	Comcast Corp.
General Mills Inc.	Verizon Inc.
Waste Management Inc.	US Bancorp

As of quarter-end, the St. James High Dividend Yield Portfolio had the following compositions:

Equities:	88.25%
Ultra-Short Fixed Income:	9.00%
Cash:	2.75%
Total:	100.00%

Investment Highlight

Walmart (WMT) engages in the retail and wholesale operations in various formats worldwide. The company operates through three segments: Walmart U.S., Walmart International, and Sam's Club. It operates supercenters, supermarkets, hypermarkets, warehouse clubs, cash and carry stores, discount stores, drugstores, and convenience stores; membership-only warehouse clubs; e-commerce Websites, such as walmart.com, jet.com, hayneedle.com, shoes.com, moosejaw.com, modcloth.com, bonobos.com, and samsclub.com; and mobile commerce and voice-activated commerce applications. In addition, the company offers fuel and financial services and related products, including money orders, prepaid cards, wire and money transfers, check cashing, and bill payment, as well as consumer credit services. It operates approximately 11,200 stores and various e-commerce websites. Walmart reported annual sales of \$572.75 billion in 2022 and has a market capitalization of approximately \$359.77 billion. Current dividend yield is 1.72%.

All investing involves risk of loss, and the High Dividend Yield Portfolio investment strategy could lose money over short or even long periods. Companies with indicated dividend yields that are above the S&P 500 average are referred to as above-average dividend yields. Discussion and allocations of investments shown above reflect the portfolio's investments on the date of this presentation and may not be representative of the portfolio's future holdings. The Investment Highlight position described above was randomly selected and was not selected based on performance. Views expressed regarding a particular company, security, industry, or market sector should not be considered an indication of trading intent of any investments managed by St. James Investment Advisors. These views should not be considered investment advice, nor should they be considered a recommendation to buy or sell. Data is based on a representative account selected because it has the least number of restrictions and best represents the implementation of the strategy. Presentations of composite performance are available upon request. Part 2 of form ADV is available upon request or at www.stjamesia.com.