

Hillman Capital Management  
1st Quarter 2021  
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 for 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 intrinsic 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.

During the quarter, U.S. equity investors took heart from the rollout of COVID-19 vaccinations, congressional passage of a \$1.9 trillion emergency spending package and anticipation of the creation of a large public sector infrastructure spending program. The Russell 1000 Value TR Index and the S&P 500 TR Index climbed 11.26% and 6.18%, respectively. U.S. Small Cap Stocks, as measured by the Russell 2000 TR Index, gained 12.70%. Internationally, the MSCI EAFE Index and MSCI Emerging Markets Index increased by 3.60% and 2.34%, respectively.

With forward looking economic optimism pervading, investors took more seriously the possibility of inflation returning to more historically normal levels. The yield on the benchmark Ten Year US Treasury Note nearly doubled during the quarter, ending the period at 1.74%. Rates in developed countries rose a bit, with the yield on the German Ten Year Government Bond and the Japanese Ten-Year Government Bond settling at -0.292% and 0.095%, respectively.

We continue to believe that the road to pandemic and economic recovery will be bumpy, as new strains of COVID-19 appear and hiccups in vaccination distribution slow the road to herd immunity. Vast sums of public and private debt have been assumed to help corporations and households weather the economic storm. Servicing and repaying these debts over time will have an impact on the economy. The medical profession and the population should eventually prevail, 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

**Disclosure:**

Past performance is not indicative of future results. Hillman Capital Management, Inc. is an independent registered investment advisor. Registration does not imply a certain level of skill or training. More information about the about the advisor including its investment strategies and objectives can be obtained by visiting [www.hillmancapital.com](http://www.hillmancapital.com). The firm maintains a complete list and description of composites, which is available upon request. Visit our website for a fully compliant performance presentation. HCM-21-51