



Governing Principles

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

The fixed income portfolio places an emphasis on investment grade quality bonds.

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 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 Blue Chip Dividend with Income Portfolio seeks to provide total return through a combination of equities and fixed income. The equity portion of the portfolio places an emphasis on selecting companies with above average dividends and those trading at reasonable discounts from our assessment of intrinsic value. The fixed income portion of the portfolio provides long-term growth of income and a moderate level of current income.

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

Equity portion will be invested in dividend-paying equities and the fixed-income portion of the portfolio will utilize electronically traded funds or select fixed-income securities.

St. James Investment Advisor

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 December 31, 2022 | Commentary

High inflation, followed by rising interest rates, dominated the market news in 2022. Inflation's surge to 40-year highs led the Federal Reserve to an unprecedented series of interest-rate increases, severely hurting the bond market and sending stocks into a bear market. Unfortunately, we were right in calling for an increase in market volatility for 2022, primarily because the Federal Reserve continues to raise interest rates, impacting the amount of liquidity within the financial system. We continue to expect future market volatility primarily due to interest rate policy adjustments from the Federal Reserve and central banks worldwide. We will continue with our disciplined investment approach, which focuses on fundamental analysis and patience in managing our portfolios based on the time-proven principles of value investing. An investment philosophy dictates how one should consistently make decisions, but even an intelligent investment philosophy is of little value if the investor cannot exercise discipline and patience. Historically, successful investment philosophies focus on the decision-making process with a long-term focus rather than short-term outcomes. We remain steadfast in our belief that a quality process derived from a fundamental value-driven investment philosophy is the best long-term approach to success.

During the last quarter the St. James Blue Chip Dividend with Income Portfolio benefitted with exposure to:

- Financials
- Consumer Staples
- Industrials

During the last quarter the St. James Blue Chip Dividend with Income Portfolio exposure to the following was negative:

- Real Estate
- Select Utilities
- Select Technology

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

Contributors:	Detractors:
Emerson Electric Co.	Dominion Energy Inc.
Lockheed Martin Corp.	Brookfield Corporation
Raytheon Technologies Corp.	Medtronic PLC

As of quarter-end, the St. James Blue Chip Dividend with Income Portfolio had the following compositions:

Equities:	51.00%
Fixed-Income:	47.50%
Cash Equivalents:	1.50%
Total:	100.00%

Investment Highlight

U.S. Bancorp (USB) financial services include deposits, checking, savings accounts, and CDs as well as a range of lending and investment services. Lending services include consumer and business loans, lines of credit and credit cards as well as personal loans, and others. U.S. Bancorp operates in 5 segments that include Corporate and Commercial Banking, Consumer and Business Banking, Wealth Management and Investment Services, Payment Services and Treasury and Corporate Support segments. U.S. Bancorp has operations in 26 states and its services are available through a network of 2,213 branch offices. U.S. Bancorp has a market capitalization of \$67.80 billion. 2022 annual revenue was \$23.51 billion. Current dividend yield is 4.31%.

All investing involves risk of loss, and the St. James Blue Chip Dividend with Income Portfolio investment strategy could lose money over short or even long periods. 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.