HAMLIN
CAPITAL MANAGEMENT, LLC

June 2019

First Quarter 2019 Update

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Please note our new location on the 11th Floor.

Overview

Hamlin equity accounts increased 9.08% in value over the last three months. The S&P 500 Index roared back from the Christmas Eve lows on the heels of Fed Chairman Powell's abrupt policy reversal in early January. Hopes for trade détente with China also stirred animal spirits. The Hamlin Bond Composite gained 2.89% thanks to modest spread compression, lower market yields and generous coupons.[1]

Equity Outlook

As analysts reduced earnings forecasts to account for a steady deterioration in global economic data, stock prices turned in their best performance since the third quarter of 2009. The Federal Reserve pivoted from a hawkish stance in mid-December—predicting two Fed Funds hikes in 2019 and describing Quantitative Tightening policy as "on autopilot"—to a decidedly more accommodating message that included the possibility of an interest rate *cut* and a permanently larger Fed balance sheet. 10-year Treasury yields headed lower in response. The forward S&P 500 Index PE multiple expanded 15.6% from 14.7x to 17x, overwhelming a 5% reduction in 2019 earnings estimates to about $167.60/share since early October.[2] Stocks appear relatively more attractive when compared to puny (or even negative!) government bond rates of return, and all future cash flows are worth more when discounting them at a lower interest rate. Lower interest rates also support PE multiples as investors anticipate an eventual increase in consumer and corporate borrowing; cheaper money can mean more home purchases, more automobile purchases, more capital project approvals, and faster growth.[3]

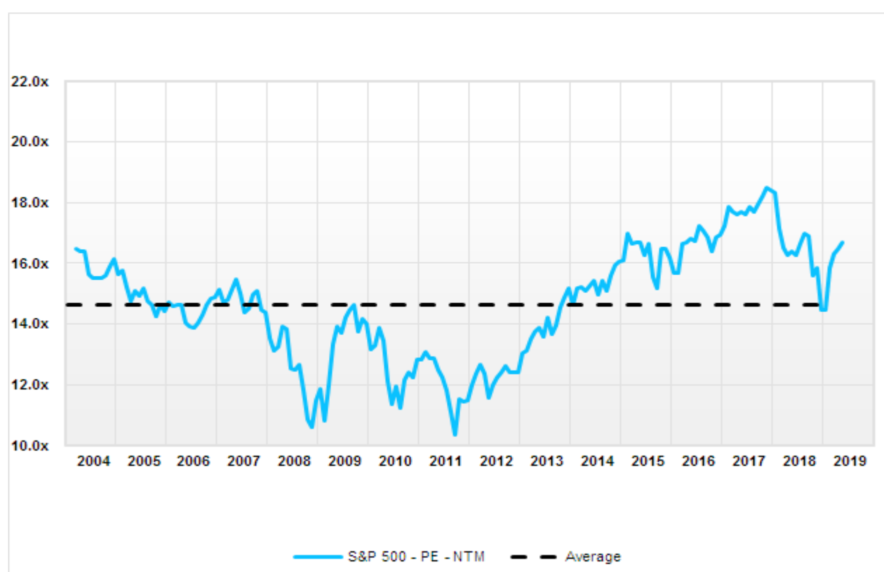
While the recent PE expansion makes sense to us in the context of tumbling yields, upside from here appears limited. The chart below shows that equity valuations have returned to the higher end of the last 15-year range. We believe that the stock market is more dependent than usual on earnings, and the near-term macro picture appears bleak at first glance. Two of the world's largest economies, responsible for just over a third of global GDP, have been slowing. While aggressive reserve rate requirement, VAT, and income tax reductions should improve business activity in China, Europe appears to have few levers to pull. Several key interest rates are already negative, and the combination of elevated deficits and political philosophy preclude meaningful spending increases or tax cuts.

[1] Bond and equity performance are preliminary estimates. Q1 performance has not yet been examined by ACA Performance Services and may be subject to change.

[2] Source: Factset as of 10/1/2018.

[3] Mortgage applications rose 18.6% in the week ended March 29, 2019 according to the latest MBA data, which could boost revenues for our title insurance and home builder investments. https://tradingeconomics.com/united-states/mortgage-applications.

Figure 1: S&P 500 NTM Price to Earnings Multiple 15-year History



Source: FactSet

So what happens to earnings from here? Economic growth appears ready to pick up in the near term. A likely U.S.-China trade deal should stimulate global economic activity. Rebounding Chinese exports would energize Chinese manufacturing, driving demand for German production tools. U.S. growth would likely accelerate on the heels of incremental demand for grain, natural gas, and oil from Beijing. Lower tariffs, perhaps painful for a few currently protected American industries, should improve corporate earnings while lowering consumer prices. Meanwhile, some important domestic tailwinds persist. Improving loan demand and stabilizing money supply growth are supportive. Low unemployment and 3.2% wage growth continue to support attractive 4.2% personal income growth.[4] When combined with an unusually high savings rate,[5] the household W2 picture portends sustained 3-4% growth in personal consumption, more than two-thirds of U.S. GDP. Earnings optimism and higher stock prices would be consistent with the Presidential cycle; the market has gained 11.5%[6] in the third calendar year of a president's term as the administration primes economic pumps to satisfy voters the following year. Recall that stocks have rallied 30% in the year following 19%+ S&P 500 Index corrections not connected to recessions.[7]

The gating factors remain yield curve inversion, corporate and government debt loads, and poorly acting financial stocks. As discussed in prior newsletters, yield curve inversions—where 10-year U.S. Treasuries yield less than 3-month or 2-year Treasuries—have preceded every U.S. recession since 1970.[8] When

[4] Bloomberg LP.

[5] U.S. personal savings was 7.5% of disposable income as of January 2019, well above the 20-year average of 5.9%. Bloomberg LP.

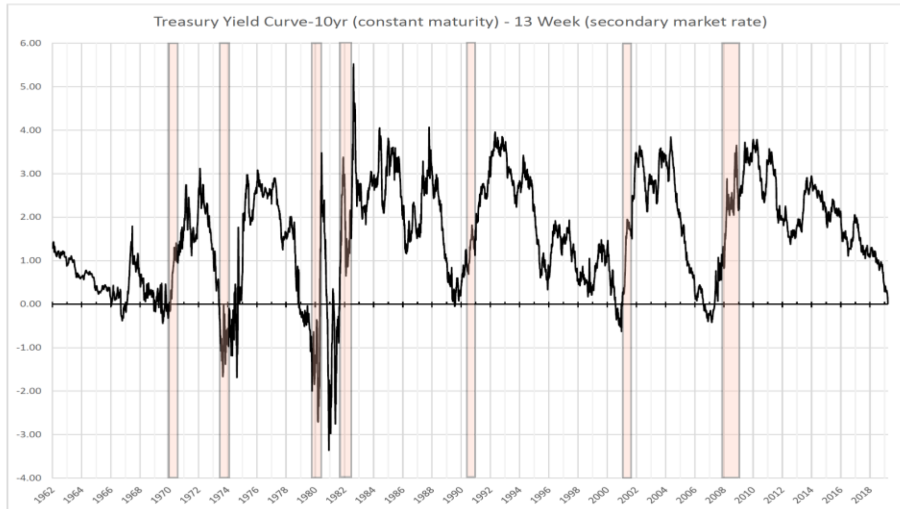
[6] The median S&P 500 gain in the third year of a Presidential term (pre-election year) is 11.5% since 1869. Cowles Commission estimates pre-1919. Ned Davis Research.

[7] The S&P 500 has dropped 19% or more without a recession five other times since World War II (1962, 1966, 1987, 1998 and 2011). The forward twelve month returns were robust in each case, with average return of 30.31% (tight range of ~27% to 38%). The S&P 500 was already 20% above the 12/24/18 low as of 3/31/19. William O'Neil + Company.

[8] https://www.clevelandfed.org/our-research/indicators-and-data/yield-curve-and-gdp-growth.aspx.

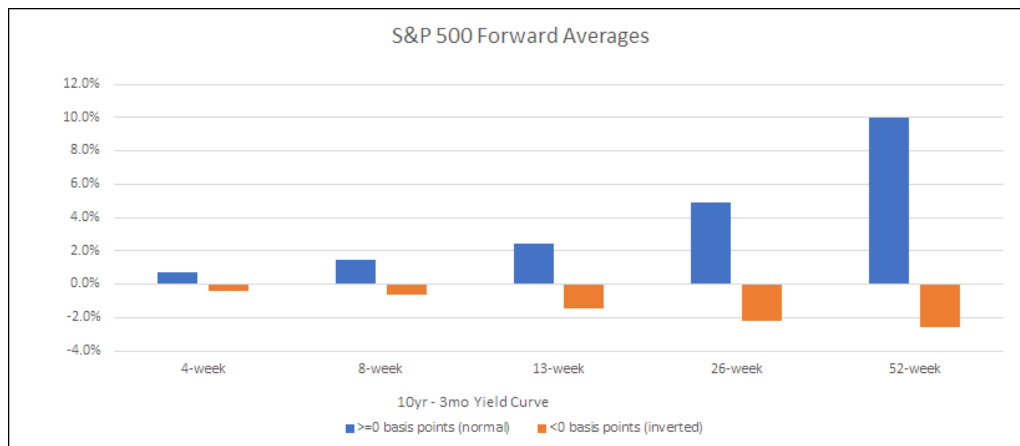
sophisticated investors are willing to lock up their money for long periods at rates lower than the current nearly risk-free short-term rate of interest, the markets are predicting a reduction in Fed Funds. In most cases, Fed Funds decline during recessionary periods. S&P 500 Index earnings have dropped an average of 16.8% during recessions since 1948.[9] The inversion that occurred for several days in late March puts the global investment community on Recession Watch. The Fed has already tightened a great deal: Fed Funds rose 9 times and Quantitative Tightening has removed $580 billion in liquidity from the system. Figure 3 indicates that an inverted yield curve, with few notable exceptions, has not been good for stocks in the past.

Figure 2: Treasury 10 year – 3 Month Inversions



Source: William O'Neil + Company. Pink bars reflect recessions.

Figure 3: S&P 500 Index Forward Average Returns During Inversions (1/1/1970 through 3/28/2019)

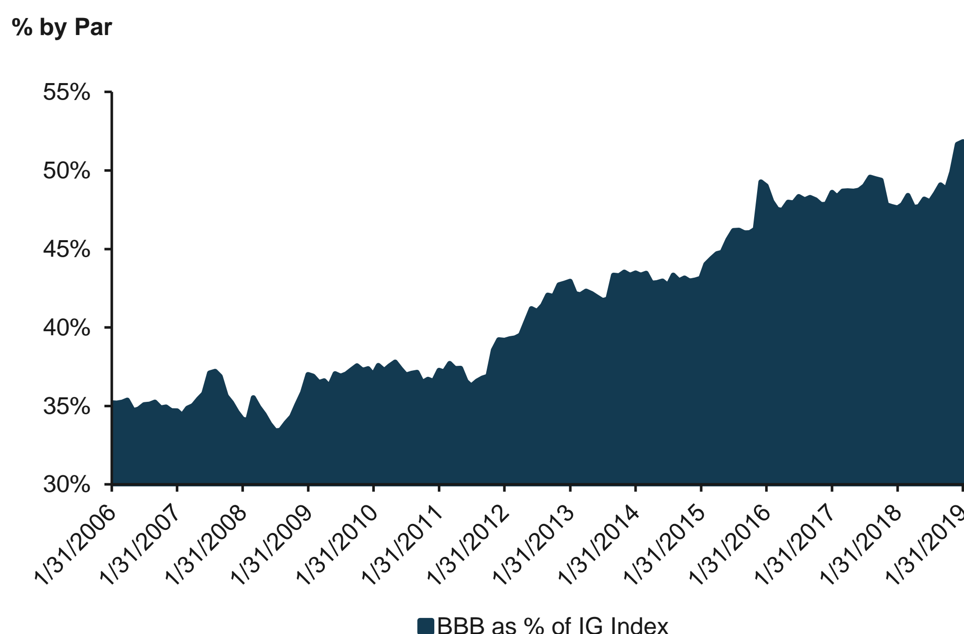


Source: William O'Neil + Company

[9] The largest S&P 500 earnings decline of 88.65% occurred during the 2007-09, while the 1973-75 recession saw an earnings increase of 3.55%. Source Ned Davis Research.

Elevated government and corporate debt are compounding the effect of recent Fed tightening, likely capping forward GDP and corporate revenue growth rates. With a ~$1 trillion budget deficit[10] and government debt at 76% of GDP,[11] politicians may call for spending cuts, entitlement reform and tax increases. All of those suggestions would slow domestic growth in the near-term. We also see less room for debt-fueled mergers, capital expenditures and buybacks. The portion of low-rated investment grade debt and junk debt has mushroomed since the last recession.[12] While we are hopeful for an investment spending bounce in the aftermath of a trade deal given strong corporate cash flows, the chart below suggests that the economy and earnings may have benefited from unsustainable debt issuance. Finally, large cap banks and brokers give us pause. They appear to be heeding the yield curve inversion warning. Banks' net interest margins should decline, theoretically impeding the creation of capital.

Figure 4: BBB-rated Outstanding Corporate Debt Has Grown as % of Investment Grade Debt Index



Source: Bloomberg-Barclays U.S. Corporate Investment Grade Index.

[10] According to the Congressional Budget Office, the current deficit was $897 billion as of January 28, 2019, and is expected to exceed $1 trillion each year beginning in 2022. https://www.cbo.gov/publication/54918.

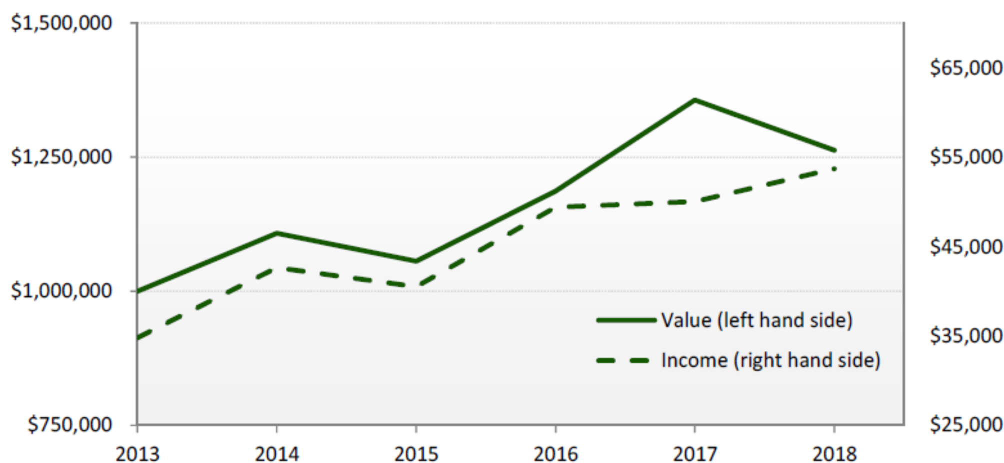
[11] As of 3Q18 Federal debt held by the public as a percentage of GDP was ~76%. https://fred.stlouisfed.org/series/FYGFGDQ188S.

[12] Through June of 2018, U.S. corporate debt had mushroomed to $6.7 trillion from $2.4 trillion heading into the Financial Crisis in 2007. We suspect that current debt-to-EBITDA multiples imply a slowing cadence of debt issuance, particularly within the low investment grade area. While corporate cash flow growth has funded a significant portion of buybacks, dividend growth, and cash mergers, some portion of these stock market-friendly activities have been financed by frenetic borrowing.

Equity Strategy

As you know, we spend most of our time on company-specific research. Recall that Hamlin stocks should pay us a compensatory and growing cash return, and they should be managed by executives who demonstrate a commitment to increase future dividend pay-outs. We invest primarily in businesses with high dividend yields, manageable debt, attractive returns on equity, ample free cash flow, and prospects for growth. We are happy to announce that 15 of our holdings announced dividend hikes so far in 2019, with an average increase of 5.8%.[13] This welcome action validates our research analysis and increases your portfolio cash flow. We expect most of our portfolio companies, on average, to increase their cash pay-outs faster than the rate of inflation in 2019 and beyond. The chart below illustrates the power of growing dividends and our capacity to ratchet portfolio cash flow by replacing winning stocks with new higher-yielding positions. Client income has been compounding at 9.1% over the last five years.[14] Importantly, portfolio income grew 6.36% in 2018 despite the negative total return.

Figure 5: Hamlin Equity Portfolio Income Growth



Source: Hamlin Capital Management

At quarter-end, our Equity Composite had an average current yield of 4.1% and traded at 12.8x and 8.4x 2019 earnings and EBITDA estimates, respectively. By comparison, the S&P 500 Index yielded approximately 2.0% and sold for 16.9x and 11.7x earnings and EBITDA estimates, respectively. Portfolio

[13] FactSet.

[14] The 5 year CAGR of portfolio income reflects the increase in income for calendar 2013 through 2018 for the universe of accounts defined below. Future growth may be materially different and is not guaranteed. Income is shown net of foreign dividend withholding taxes for the period prior to 10/1/2016 and gross subsequent. Income includes dividend accruals starting 10/1/2016. The income and performance shown is for the universe of accounts that were: (1) open for the entire period; (2) present in the equity only composite; and (3) had no contributions or withdrawals over the period shown other than Hamlin's management fee. The values and income were normalized to a starting value of $1,000,000 for the universe of accounts. While Hamlin believes that the performance for the accounts are representative of the Equity Only Composite, some differences may exist and performance may diverge from that of the Equity Only Composite going forward. Due to the time period requirements for inclusion, a survivorship bias may be present as only a small fraction of composite accounts are included. Dividend growth represents the average dividend increase of the companies that raised their dividend while they were owned in the Equity Only Composite. Individual portfolio and the Equity Only Composite returns and dividend income vary. Please see additional disclosures at the end of this presentation; this page is not complete without these disclosures.

valuation also compares favorably to popular dividend-focused ETFs. The Dow Jones U.S. Select Dividend Index ETF (DVY) traded at 14.8x 2019 earnings and 9.5x EBITDA.[15] Our current portfolio companies' average return on equity over the past three years is an attractive 24% and their balance sheets are healthy with an average net debt-to-capital ratio of 39%.[16]

The portfolio's attractive discount to the broader market reflects, in part, the sale of some recent winners with richer valuations. Eager to maximize portfolio cash flow and unleash the power of compounding, Hamlin investment professionals are always trying to repopulate the portfolio with generous dividend payers trading at attractive prices. We are still identifying opportunities as many generous yielders have yet to recover from the year-end 2018 correction. Since last fall, the Hamlin Equity Team has been actively researching and visiting with more than 25 potential investments across all sectors. You will have noticed that our current cash balance, approximately 9.6% of client assets, remains elevated. Although the cash balances primarily reflect last year's profit-taking, we are happy to have dry powder. The first quarter advance was rather unusual. Bonds, many commodities, and stocks all went up at the same time. The S&P 500's recent 21% run off the December 24, 2018 bottom has lasted 61 days, dwarfing the average 14% up leg over a median 31 days. Since 1900, up legs have been followed by a median 7.2% down legs.[17] There was also very little dispersion between stock sub-sectors.[18] We expect volatility to return as summer approaches and have identified several companies for purchase on weakness. Meanwhile, our cash is generating a ~2% return (finally!) thanks to five interest rate hikes.[19]

We are pleased to see a common measure of our expected market risk dropping. Lower beta probably explains some of our outperformance during the rocky fourth quarter. While we cannot promise that lower portfolio beta augurs outperformance in a future market draw down, investors *should* expect Hamlin to continue to lag the broader market in any future rallies. We are willing to sacrifice near-term upside in return for increased dividend stability and higher odds for reduced drawdowns.[20]

Equity Performance

The Hamlin Equity Composite increased 9.08% including dividends, net of fees, for the first quarter of 2019, lagging the S&P 500 Index's 13.65% total return. Our areas of focus, income and value, underperformed the tech stock-charged broader market. The Russell 3000 Growth Index jumped 16.17%, significantly outpacing the Russell 3000 Value Index's 11.93% return. The chart below quantifies the relentless shellacking sustained by value in recent years. 2019 is on pace to match the historic 1999 divide

[15] FactSet.

[16] FactSet.

[17] When the DJIA has experienced bull markets' waves (defined as 5% or greater move in either direction), each bull market starts and ends up an up leg (a leg is a wave in either direction), and each bear market starts and ends with a down leg. Source William O'Neil + Company.

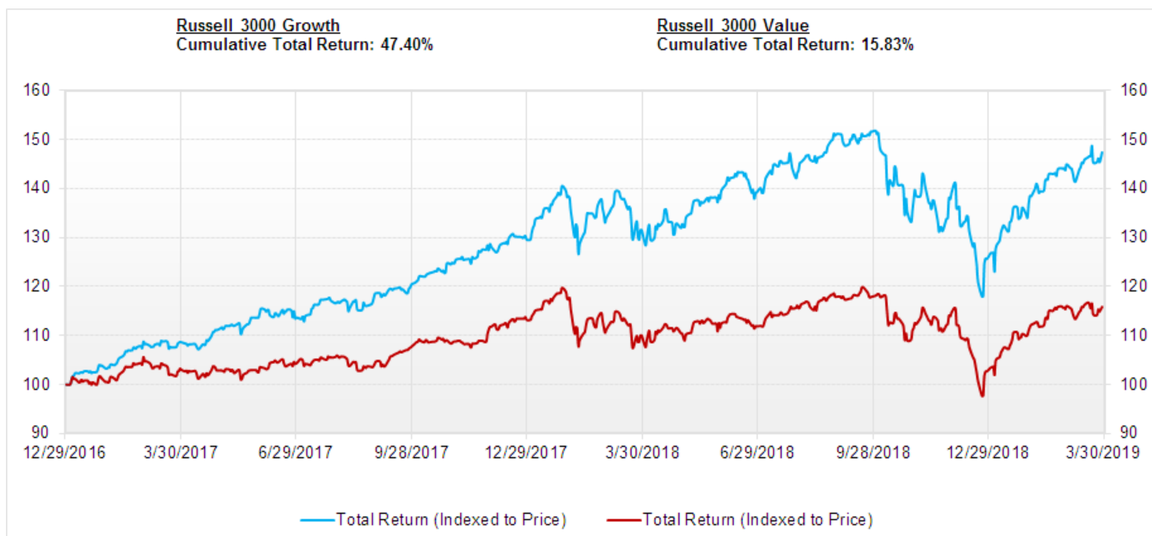
[18] On average from 1970 to 2018, the performance spread for 1Q between the best and worst O'Neil sectors has been 18%. By comparison, 1Q19 performance from best to worst demonstrated a 9.75% spread, tighter than normal.

[19] Actual cash yields vary depending on choice of custodian.

[20] The rolling 12 month portfolio beta to the S&P 500 was at the bottom of the range 0.65 as of 3/29/2019 (range from 2014 through 2019 YTD 0.65 to 1.0).

between value and growth. Dividend-oriented benchmarks also trailed the market with the Dow Jones Dividend Index ETF (DVY) and the Lipper Equity Income Fund Category both up 10.92% and 10.95% respectively.

Figure 6: Russell 3000 Growth vs. Russell 3000 Value



Source: FactSet

Hamlin's underperformance relative to the value and income categories primarily reflects our cash position.[21] Relative weakness in our European holdings and concerns around pharmaceutical pricing reform also held us back. Our lag relative to the S&P 500 Index for the first quarter was a mirror image of last year's final three months. Recall that we outperformed during the nearly 20% slide that began in late September. As advertised, we generally expect to lag the market during any double-digit quarterly advance. Stocks with the very same attributes that cushion the portfolio during bouts of turbulence—reasonably levered balance sheets, attractive return profiles, above-average free cash flow yields, and, especially, generous current dividend yields—often rise more slowly when investor confidence returns.

Interestingly, your portfolio has outperformed both the S&P 500 and the Russell 3000 Value indices over the last six months.[22] The Hamlin portfolio performance versus the broad market should improve as forward equity returns revert towards the mean. The S&P 500 Index had compounded at an astonishing 17.32% annual rate through the ten years ended March 9th, 2019.[23] More modest mid-single digit forward returns and/or a bear market are likely scenarios to bring the stock market's return stream back in line with

[21] Our 9.6% cash balance detracted approximately 106 basis points from gross performance; the indices hold zero cash balance.

[22] The S&P 500 has declined 1.72%, the Russell 3000 Value has declined 1.77%, compared to Hamlin Equity composite down 1.38%. FactSet.

[23] This impressive run reflects the starting point. The S&P 500 Index bottomed at 676 on 3/9/09, down 57% from its 2007 high. Bloomberg LP.

its long-term 9.5 % average annual gain.[24] We like our odds of keeping up in that sort of environment given our 4% current yield and history of below-average downside capture.

Although prospects for better relative performance may be improving, we remind you that we are not managing your account to track or beat an index. We don't select securities to align your portfolio with any index's sector weightings or holdings. We aim to construct a quality portfolio with high current income. *When making investment decisions, we think in absolute terms*. **We are trying to provide a solution, aspiring to compound client capital at high single digit rates over time in a tax-efficient manner while minimizing draw downs.**[25] Our goal is to preserve our individual clients' lifestyles and help our institutional clients meet their objectives while protecting against inflation with future dividend increases and long term capital appreciation.

Figure 7 below suggests that an actively-managed dividend portfolio can deliver attractive absolute and relative returns with acceptable volatility over time. We believe that high income stocks outperform over the long haul because generous dividend policies often act as a governor on the corporate capital allocation process and smooth investor returns in down markets.

Figure 7: Equity Performance

	HAMLIN EQUITY COMPOSITE (Net of Fees)	Cumulative	S&P 500 (No Transaction Costs or Fees)	Cumulative
2001	0.99	100.99	(11.93)	88.07
2002	0.90	101.90	(22.06)	68.64
2003	30.40	132.87	28.68	88.33
2004	22.80	163.17	10.88	97.94
2005	20.80	197.11	4.91	102.75
2006	7.90	212.69	15.79	118.97
2007	3.97	221.13	5.49	125.50
2008	(28.57)	157.95	(37.00)	79.07
2009	20.98	191.09	26.46	99.99
2010	20.65	230.55	15.06	115.05
2011	10.16	253.98	2.11	117.47
2012	11.03	281.99	16.00	136.27
2013	32.72	374.26	32.39	180.41
2014	10.93	415.16	13.69	205.10
2015	(4.54)	396.32	1.38	207.93
2016	14.93	455.49	11.96	232.80
2017	15.84	527.63	21.83	283.62
2018	(6.97)	490.86	(4.38)	271.20
YTD 2019	9.08	535.43	13.65	308.22
18.25 Years Annual Compound	**9.63**		**6.36**	

Source: Hamlin Capital Management YTD 2019 performance has not yet been examined by our independent GIPS verification service provider ACA Performance Services. See GIPS disclosure at the end of this report.

[24] The average annual S&P 500 return is 9.5% from 1928 through 2018 according to Damodaran.com; http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html.

[25] Losses may occur, Hamlin does not guarantee any level of returns, and actual investor returns may be lower.

Fixed Income Commentary

The first quarter of 2019 was generally a good quarter for fixed income as falling yields helped push prices higher (prices move inversely to yield). The Federal Reserve went ahead with a fourth fed funds hike last year in December, taking the target range from 2.25% - 2.5%. This marked the seventh hike in the last two years – and may be the last for this cycle. Since last December, we have seen a major change in the Fed's tune which is now tied to Chairman Powell's preference for "patience," as iterated to the world on *60 Minutes*. They will be data dependent (a reversal in Europe or China, for example, would change things) but see no additional hikes on the near horizon. The Fed is also ending their balance sheet shrink sooner than many expected. All of this points to a rather dovish direction and has helped push rates on Treasuries and municipal bonds down significantly in the 1st quarter of the year.

The Fed isn't the only force keeping a lid on rates in muni land. Fund flows into municipals this year have been fast and furious. Last year, high yield munis had inflows of around $1.5 Billion. In the first quarter of this year alone, high yield munis have taken in $5 Billion and all municipals close to $15 Billion. This tidal wave of cash pouring into the coffers of mutual funds helps keep rates on all grades of municipals depressed as the demand for bonds exceeds the supply available in the market. It is evident in the secondary market – where funds are bidding bonds in excess of their price. It is also evident in the primary market where "Street deals" are getting done at rates far below the level we think adequately compensates the investor. The new tax code, which severely limits the State and Local Tax ("SALT") deduction, ought to push even more cash into municipal bond strategies seeking to limit additional personal tax liabilities.

All of this points to a dynamic in our corner of the muni market where Street deal pricing remains unattractive for our clients and we continue to double down on our strategy of sourcing, structuring, and buying offerings away from the market. As we preach over and over, we believe the key to generating sustainable returns is through the income derived from the tax-exempt coupons and we refuse to compromise on either the absolute rate or yield spread at which we deploy capital for clients. We feel this is a superior way to generate returns than buying low coupon bonds and hoping interest rates go down even further. We continue to prepare the portfolio for any interest rate environment. If interest rates do rebound upward, the income received from clients' bonds is not affected by rising interest rates and the ability to reinvest at prevailing rates is a powerful multiplier. Further, the steps we have taken over the last three years to limit the duration of the portfolio (including by adding bonds with shorter maturities, put options, and coupons that reset after a period) means that price moves in response to interest rate changes should be less pronounced than for comparable investments that lack these features. Regardless of which direction rates move, we believe that our strategy will provide tax-efficient returns through income during all market cycles and levels of volatility.[26]

[26] Please note that the strategy includes some taxable bonds.

Fixed Income Performance

The Hamlin Capital Management Municipal Bond Composite delivered a return of 2.89% for the first quarter of 2019.[27] As the market bounces around, we strive to continuously deliver a robust stream of tax-exempt income to clients.[28] We believe that we have positioned the portfolio in a way that will capture value for clients regardless of the direction of interest rates. Hamlin will endeavor to continue to buy bonds with attractive absolute yields at above market spreads for HCM clients.

We remain dedicated to our fundamental credit analysis and research. In general, our portfolio holdings in essential social service projects in the Education and Senior Living sectors continue to perform well. HCM clients should rest assured that their bonds are generally secured by a first mortgage on property, plant, and equipment, not a pledge of *ad valorem* tax revenue. As always, we are committed to capital preservation and income generation.

Figure 8: Fixed Income Performance

	HAMLIN BOND COMPOSITE (% Net of Fees)	**Cumulative**	**BARCLAYS HIGH YIELD MUNICIPAL INDEX** (No Transaction Costs or Fees)	**Cumulative**
2001	4.54	104.54	4.45	104.45
2002	7.22	112.04	1.97	106.51
2003	9.14	122.20	13.22	120.59
2004	8.27	131.37	10.52	133.27
2005	7.94	141.81	8.58	144.71
2006	6.81	151.47	10.74	160.26
2007	4.27	157.93	-2.28	156.60
2008	-16.73	131.51	-27.01	114.31
2009	16.35	153.00	32.73	151.72
2010	7.06	163.81	7.80	163.56
2011	6.13	173.86	9.25	178.68
2012	7.43	186.78	18.14	211.10
2013	2.48	191.42	-5.51	199.47
2014	7.18	205.16	13.84	227.07
2015	4.80	214.97	1.81	231.18
2016	3.84	223.24	2.99	238.09
2017	8.22	241.59	9.69	261.17
2018	4.25	251.85	4.76	273.60
YTD 2019	2.89	259.12	3.83	284.08
18.25 Years Annual Compound	**5.36**		**5.82**	

Source: Hamlin Capital Management. 2019 YTD performance has not yet been examined by our independent verification service provider ACA Performance Services. See GIPS disclosure at the end of this report.

[27] The performance provided is a preliminary estimate as Q1 performance has not yet been examined by ACA Performance Services, and may be subject to change.

[28] Please note that the strategy includes some taxable bonds.

As a reminder, Hamlin manages client assets based on the individual needs of each client. Please contact us if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions on the management of your account.

Thank you sincerely for your trust and confidence. Please call (212) 752-8777 with any questions or suggestions.

Joe Bridy Chris D'Agnes Charlie Garland Mark Stitzer

Benjamin Kaufman Parker Stitzer Michael Tang

IMPORTANT DISCLOSURES:

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Investing, particularly in equities, involves the risk of a loss of principal. Any projections, targets, or estimates in this report are forward looking statements and are based on Hamlin Capital Management, LLC ("HCM")'s research, analysis, and incorporate assumptions made by HCM. All expressions of opinion are subject to change without notice and HCM undertakes no obligation to update the statements presented herein. While HCM believes the sources of all data provided in this presentation are reliable, HCM does not guarantee accuracy, reliability or completeness. HCM does undertake any duty to update the information presented here.

This document is provided for information purposes only and does not pertain to any equity security or bond product or service and is not an offer or solicitation to buy or sell any product or service. Due to rapidly changing market conditions and the complexity of investment decisions, supplemental information and other sources may be required to make informed investment decisions based on your individual investment objectives and suitability specifications. Clients should seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed or recommended in this report. Please refer to the attached Equity Only and Bond Only Composite Annual Disclosure Presentations for further information regarding any performance results or comparisons shown in this letter.

DEFINITIONS

- *The Bloomberg-Barclays High Yield Municipal Index is an index of high yield, non-investment grade municipal bonds.*
- *Beta: A coefficient that measures the systemic risk of an individual stock in comparison relative to the entire market; beta describes the activity of a security's returns responding to swings in the market.*
- *The Bloomberg-Barclays U.S. Corporate Investment Grade Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.*
- *The Dow Jones U.S. Select Dividend Index is an index composed of relatively high dividend paying companies.*
- *Downside capture ratio: A statistical measure of an investment manager's overall performance in down-markets. The ratio is calculated by dividing the manager's return by the returns of the comparable index during the down-market, and multiplying that factor by 100.*
- *EPS: Earnings per Share.*
- *EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization is an indicator of a company's financial performance and earning potential.*
- *Federal Funds: Balances purchased in Federal Reserve accounts for more than a single day, usually with a maximum term of 90-days. The rate at which large financial institutions borrown is known as the federal funds rate, also known as the interest rate that depository institutions, or banks, lend money to one another.*
- *Free cash flow: Free cash flow represents the cash a company generates after cash outflows to support operations and maintain its capital assets.*
- *GDP: Gross domestic product is a broad measurement of a nation's overall economic activity; the monetary value of all the finished goods and services produced within a country's borders in a specific time period.*
- *Lipper Equity Income Fund Category Index: An unmanaged index that tracks funds seeking relatively high current income and growth of income by investing at least 65% of their portfolio in dividend-paying equity securities.*
- *PE: The Price-to-Earnings Ratio or PE ratio is a ratio for valuing a company that measures its current share price relative to its per-share earnings. The price-earnings ratio can be calculated as: Market Value per Share / Earnings per Share.*
- *Quantitative Tightening is the withdrawal of monetary support by a central bank through a reduction in securities held on its balance sheet.*
- *Return on equity is a measure of financial performance calculated by dividing net income by shareholder's equity.*
- *The Russell 3000 Value Index is a market capitalization-weighted index of the value segment of the 3,000 largest U.S. public companies.*
- *The Russell 3000 Growth Index is a market capitalization-weighted index of the growth segment of the 3,000 largest U.S. public companies.*
- *The S&P 500 Index is a market capitalization-weighted index consisting of 500 stocks chosen for market size, liquidity, and industry group representation, with each stock's weight in the Index proportionate to its market value.*

Hamlin Capital Management, LLC
Equity Only Composite
Annual Disclosure Presentation
January 1, 2001 through December 31, 2018

Year	Total Firm Assets (mm)	Composite Assets (mm)	Number of Portfolios	Composite Net Return	S&P 500 Return	Internal Dispersion	Composite 3-Yr St Dev	S&P 500 3-Yr St Dev
2018	4,253	1,504	688	-6.97%	-4.38%	0.64%	10.37	10.80
2017	4,553	1,772	683	15.84%	21.83%	1.29%	10.27	9.92
2016	3,617	1,623	679	14.93%	11.96%	1.26%	11.05	10.59
2015	3,186	1,373	725	-4.54%	1.38%	0.66%	9.91	10.48
2014	3,077	1,414	704	10.93%	13.69%	0.51%	8.57	8.97
2013	2,703	1,234	624	32.72%	32.39%	1.04%	10.19	11.94
2012	2,029	798	480	11.03%	16.00%	1.12%	12.39	15.09
2011	1,623	584	388	10.16%	2.11%	0.71%	14.11	18.71
2010	1,033	191	220	20.65%	15.06%	2.22%		
2009	714	30	51	20.98%	26.46%	2.69%		
2008	584	12	30	-28.57%	-37.00%	4.45%		
2007	734	18	31	3.97%	5.49%	2.86%		
2006	869	29	48	7.90%	15.79%	5.93%		
2005	716	31	42	20.80%	4.91%	4.90%		
2004	501	19	26	22.80%	10.88%	7.67%		
2003	130	8	24	30.40%	28.68%	9.87%		
2002	49	5	29	0.90%	-22.06%	6.15%		
2001	21	6	34	0.99%	-11.93%	10.69%		

Equity Only Composite consists of fully discretionary accounts that are comprised of any amount of common stocks and cash. There is no minimum account size or time period to be included in the composite. Returns include the effect of foreign currency exchange rates. The exchange rate source for the composite is IDSI/IDC – FT Interactive Data Corporation. The S&P 500 index is provided solely as a widely recognized index. The index is in no way indicative of the strategy employed in this composite. It is the position of Hamlin Capital Management, LLC ("Hamlin") that a meaningful benchmark is not available for this strategy due to the frequent and customized changes in allocation in individual accounts. Benchmark returns are not covered by the report of independent verifiers.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. Investing entails the risk of loss of principal. The U.S. Dollar is the currency used to express performance. Returns are presented net of management fees and includes the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented net of foreign dividend withholding taxes, where applicable, for the period prior to October 1, 2016, and gross of foreign dividend withholding taxes thereafter. Composite performance accrues dividends starting October 1, 2016. The management fee schedule is as follows: 1.00% on all assets. Actual investment advisory fees incurred by clients may vary. Composite performance is shown net of custodial fees for the period prior to January 1, 2018, and gross of custodial fees and other charges that may occur as a result of a client's choice of service providers thereafter.

Hamlin is an independent registered investment advisory firm. Hamlin invests in fixed income and equities for separately managed accounts, as well as funds. In January 2004, Hamlin merged with RRH Capital Management Inc. and the performance returns are linked. The firm maintains a complete list and description of composites, which is available upon request. A copy of our current written disclosure statement discussing our advisory services and fees continues to remain available for your review upon request.

The Equity Only Composite was created April 1, 2006. Hamlin claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Hamlin has been independently verified for the periods January 1, 2001 through December 31, 2008 by Ashland Partners & Company LLP. ACA Performance Services began verification for Hamlin on January 1, 2009 through December 31, 2018. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Equity Only Composite has been examined for the periods beginning January 1, 2001 through December 31, 2018. The verification and performance examination reports are available upon request. The policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Hamlin Capital Management, LLC
Bond Only Composite
Annual Disclosure Presentation
January 1, 2001 through December 31, 2018

Year	Total Firm Assets (mm)	Composite Assets (mm)	Number of Portfolios	Composite Net Return	BHYMBI Return	Internal Dispersion	Composite 3-Yr St Dev	BHYMBI 3-Yr St Dev
2018	4,253	789	245	4.25%	4.76%	0.64%	3.04	4.91
2017	4,553	733	234	8.22%	9.69%	1.67%	2.82	5.42
2016	3,617	634	219	3.84%	2.99%	0.76%	2.54	5.96
2015	3,186	758	193	4.80%	1.81%	0.77%	0.99	6.35
2014	3,077	538	138	7.18%	13.84%	1.03%	1.14	6.22
2013	2,703	546	190	2.48%	-5.51%	0.84%	1.44	5.90
2012	2,029	474	172	7.43%	18.14%	1.39%	1.52	4.17
2011	1,623	442	173	6.13%	9.25%	0.86%	2.67	7.81
2010	1,033	314	124	7.06%	7.80%	0.84%		
2009	714	220	90	16.35%	32.73%	1.64%		
2008	584	181	67	-16.73%	-27.01%	1.80%		
2007	734	173	50	4.27%	-2.28%	0.96%		
2006	869	153	55	6.81%	10.74%	1.14%		
2005	716	86	53	7.94%	8.58%	1.84%		
2004	501	53	33	8.27%	10.52%	1.61%		
2003	130	18	27	9.14%	13.22%	2.19%		
2002	49	17	29	7.22%	1.97%	2.63%		
2001	21	17	31	4.54%	4.45%	15.07%		

Bond Only Composite consists of fully discretionary bond only accounts that are comprised of any amount of bonds and cash. There is a 1 year waiting period to be included in the composite. There is no minimum account size for inclusion in the composite. The Bloomberg-Barclays High Yield Municipal Bond Index (BHYMBI) is provided solely to allow for comparison to a widely recognized index. The index is in no way indicative of the strategy employed in this composite. It is the position of Hamlin Capital Management, LLC ("Hamlin") position that a meaningful benchmark is not available for this strategy due to the frequent and customized changes in allocation in individual accounts. Benchmark returns are not covered by the report of independent verifiers.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS. Investing entails the risk of loss of principal. The U.S. Dollar is the currency used to express performance. Returns are presented net of management fees and includes the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The management fee schedule is as follows: 1.00% on all assets. Actual investment advisory fees incurred by clients may vary. Composite performance is shown net of custodial fees for the period prior to January 1, 2018, and gross of custodial fees and other charges that may occur as a result of a client's choice of service providers thereafter.

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