HAMLIN
CAPITAL MANAGEMENT, LLC

July 2018

Second Quarter 2018 Update

Contact Information:
Mark Stitzer
640 Fifth Avenue, 6th Floor
NY, NY 10019
Tel: 212.752.8777
Fax: 212.752.5698

Overview

Hamlin equity accounts advanced over the last three months. The S&P 500 gained 3.43% during the second quarter, defying skeptics. Stocks celebrated strong Q1 corporate earnings performance, digesting another Federal Reserve rate hike and trade policy uncertainty.

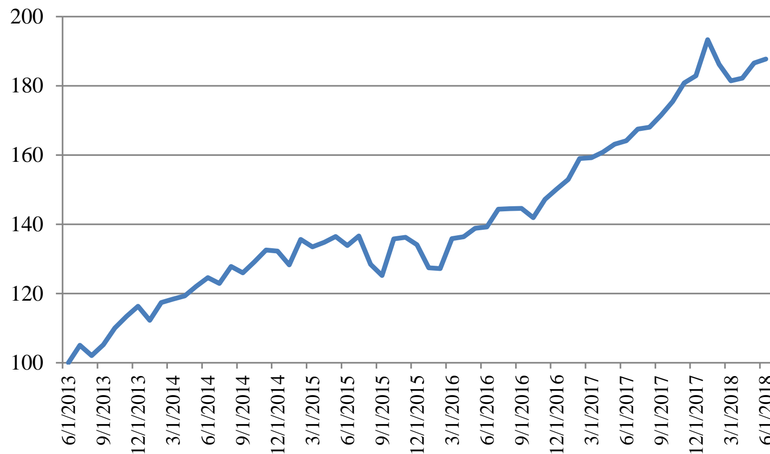
We are returning to a "question and answer" format for the summer-time newsletter. We have tried to answer the questions posed most frequently by our clients and business partners over the last few months.

Performance

Equity Performance

The Hamlin Equity Composite increased 1.06% during the second quarter, lagging the S&P 500 Index's 3.43% quarterly return.[1] Value stocks remain out of favor. While the S&P 500 Growth index has gained 6.55% through the end of June of this year, the S&P 500 Value index has *declined* 3.44%! Our 1.08% decline year-to-date is more in line with the Russell 3000 Value Index's 1.16% decline and the Lipper Equity Income Index's -0.83% return. Please remember that we are not managing your account to track or beat any 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. Our goal is to preserve client capital while protecting against inflation with future dividend increases and long-term capital appreciation. We are satisfied with our 9.5% compound annual net return over the last five years given the duration and strength of the current bull market. These numbers match our 8-10% annual return target.[2]

Figure 1: Hamlin Equity Composite – 5 Year Cumulative Return



Source: Hamlin Capital Management.

[1] The performance provided is a preliminary estimate as Q2 performance has not yet been examined by ACA Performance Services, and may be subject to change.

[2] There can be no guarantee that the return target will be met going forward.

As stock market volatility reappears, we hope that you find comfort in knowing that Hamlin stocks pay a compensatory and growing cash return. We believe that our holdings are managed by executives who demonstrate a commitment to increase future dividend payouts. We are investing in businesses with high dividend yields, manageable debt, attractive returns on equity, and ample free cash flow-to-dividend coverage ratios. We are happy to report that 30 of Hamlin's holdings have announced dividend hikes so far this year, with an average year-over-year boost of 8.8%. This welcome action validates our research analysis, increases your portfolio cash flow, and reminds us that your dividend stream is not fixed.

Figure 2: Equity Performance

	HAMLIN EQUITY COMPOSITE (Net of Fees)	Cumulative	S&P 500 (No Transaction Costs or Fees)	Cumulative
2001	1.0	101.0	(11.9)	88.1
2002	0.9	101.9	(22.1)	68.7
2003	30.4	132.9	28.7	88.4
2004	22.8	163.2	10.9	98.0
2005	20.8	197.1	4.9	102.8
2006	7.9	212.7	15.8	119.0
2007	4.0	221.1	5.5	125.5
2008	(28.6)	157.8	(37.0)	79.1
2009	21.0	190.9	26.5	100.0
2010	20.7	230.3	15.1	115.1
2011	10.2	253.7	2.1	117.5
2012	11.0	281.7	16.0	136.3
2013	32.7	373.9	32.4	180.5
2014	10.9	414.8	13.7	205.2
2015	(4.5)	395.9	1.4	208.0
2016	14.9	455.1	12.0	232.9
2017	15.8	527.2	21.8	283.7
YTD 2018	(1.1)	521.5	2.7	291.2
17.50 Years Annual Compound	**9.90**		**6.30**	

Source: Hamlin Capital Management. 2Q18 performance has not yet been examined by our independent verification service provider ACA Performance Services. See GIPS disclosure at the end of this report.

Equity Q&A

Q: Where is the stock market headed?

It remains quite possible that we have seen the highs for the market this year. Our best guess is a broad range. An incremental 14% sell-off to 2337 is possible were investors to contemplate an earnings plateau, perhaps anticipating a recession in late 2019. The narrative might revolve around an inverting yield curve, Federal Reserve quantitative tightening, an ECB taper, and corporate margin pressure with higher wages and incremental tariffs. Should recession fears spread, stocks could easily trade at the fifteen-year average PE of 14.8 times the 2018 consensus estimate of $156/share in earnings, an elegant 20% correction from the January 26 high of 2873.

Conversely, an 8% rally to 2935 is possible were we to maintain the current 17x NTM PE on next year's optimistic $170/share consensus estimate. While a 17x PE may seem high to some, Goldilocks reasoning — *not too hot, not too cold* — could prevail should investors anticipate an end to Fed rate hikes in late 2019 and a 3.25%-ish cap on 10-year Treasury yields. While a near-term bounce could occur as strong earnings and prospects for trade negotiation with China confront today's attractive multiples, meaningful progress appears unlikely before late October. In the meantime we face the combination of a tougher seasonal period for equities[3] and warranted November congressional election jitters. [4]

Taking into account these possible outcomes, it weighs on our minds that we are in the midst of the second longest bull market at 3400 days. Only in the period of 1987-2000 did the S&P 500 go this long without a 20% correction. If the market finishes positive this year, it will be the 10th straight year of positive returns, a feat never before accomplished (2015 eked out a 1.4% return when you include dividends). We know a more significant sell off is in our future, and we should all prepare to welcome the eventual episode of value restoration.

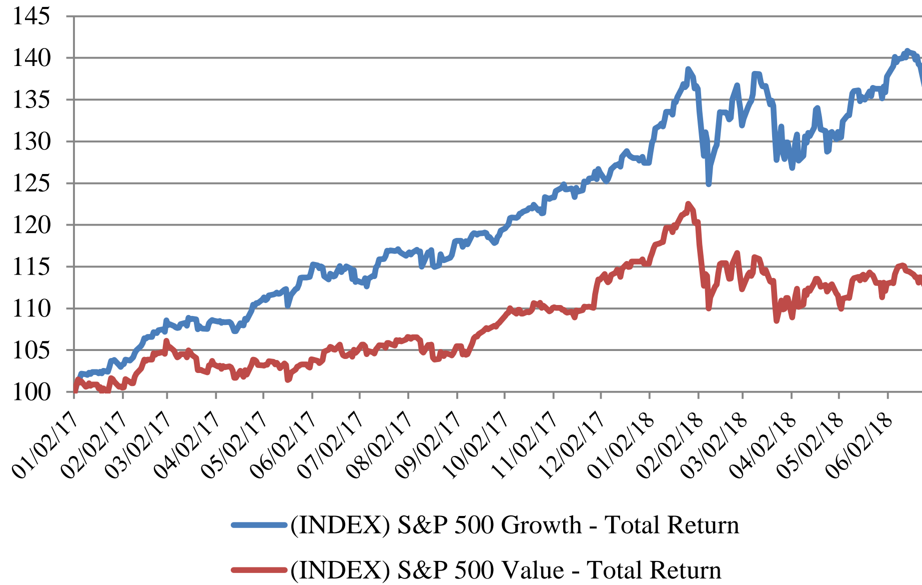
Q: Why not capitulate and buy the FAANG stocks?

Surely this seems simple enough: buy the stocks that only go up. FAANG, the acronym for the top 5 technology growth stocks—FB, AMZN, AAPL, NFLX, GOOG—has delivered the goods. Year to date these stocks are up an average of 35% and represent 13% of the S&P 500 index capitalization. This small list of stocks is responsible for 2.1% of the S&P 500's returns in 2018; the remaining 495 stocks are essentially flat on the year. This is even more impressive when you consider that these 5 stocks were up 49% last year. They are up an average of 104% in 18 months, powering the broader Growth Stock sector's historic outperformance relative to Value Stocks. When most thought this trend could not possibly continue, it accelerated in 2018.

[3] According to Stifel analyst Barry Bannister, an initial lump-sum of $10,000 in the year 1945 that was subsequently invested only in the 6 months November to April each year is now worth 37x more than if that initial $10,000 in 1945 had been invested only in the other 6 months, May to October. Please note that past performance does not guarantee future results.

[4] According to PolitiFact, nearly all Presidents lose Congressional seats during the midterm elections. Since the Roosevelt era, the President's party has gained seats in the House and Senate during the midterm elections only twice – in 1934 and 2002.

Figure 3: S&P 500 Growth vs. Value – Last 18 Months



Source: FactSet.

Hamlin buys stocks that offer a generous dividend at a reasonable valuation. The growth stocks by definition rarely offer these attributes, and thus a Hamlin client will not see a FAANG-type stock in their portfolio. We write to remind you that trees do not grow to the sky and that a seemingly sleepy Hamlin value portfolio can deliver attractive returns with “sleep at night”-type volatility.

Luckily we have history as a guide. When considering previous time periods that exhibited similar type moves by a “group” of stocks, the most obvious is the Dot-Com bubble of the late 1990s. From 1995 to March of 2000, the NASDAQ rose by 579%. Investors were so enamored with the proliferation of internet business models that they were willing to invest at any valuation. Price to earnings ratios were ignored as the Nasdaq Index price peaked at 5049. Eventually the Tech heavy Nasdaq index dropped 78% and many of the high flying dot com stocks no longer exist.

We see examples of similar excesses today. Tesla is up over 1400% since 2012 despite earning nothing and taking on $12.6 bil in debt. Netflix (whose shares are priced at $391) is up ~1160% over the last 5 years and it earned $1.25 per share in 2017.[5]

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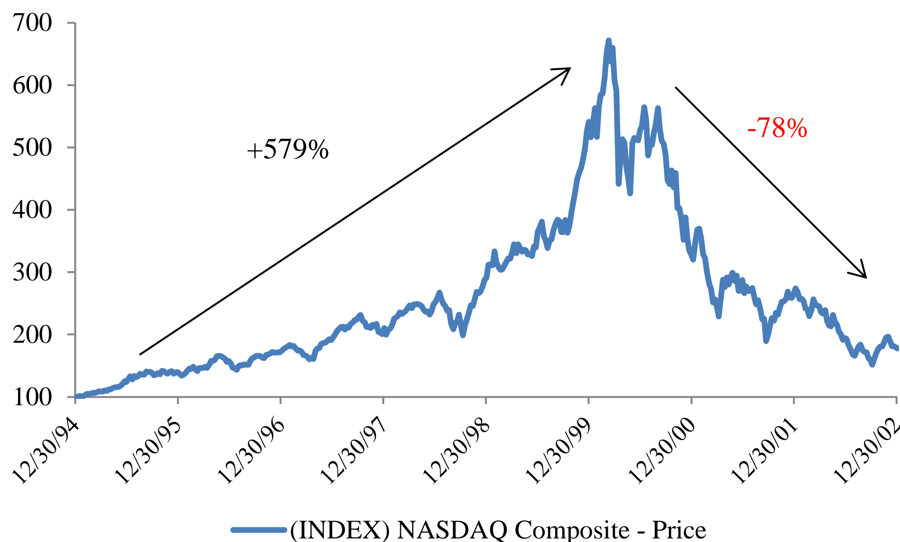
[5] We can’t help pointing out that one of Hamlin’s video entertainment investments, Cinemark earned $2.26 last year (nearly $1 more than Netflix). Cinemark is priced at $36.

Figure 4: NASDAQ – Boom and Bust



Source: FactSet

Although the internet bubble is the one most of us remember, we do not believe it is the most analogous. Many of those internet stocks never had earnings or cash flow, just eyeballs and promises of riches. We have to dig deeper into history back to the late 1960's and early 1970's to consider a group of stocks known as the "Nifty Fifty," a term coined by Morgan Guaranty Trust. They represented some of the fastest growing companies of the day and sparked a shift from value investing to frenzied growth investing that had been out of favor since the 1929 crash.

Known as "one decision" stocks, buy and never sell, most expected their respective prices could only go up. These companies saw astronomical gains in the decade leading up to the 1973-74 bear market. Based on available data on the Nifty Fifty during the bull market from 1962-1973, Hamlin calculates a median price gain of 503%.[6] Investors were not bothered by paying 50 times, 70 times or, in the case of Polaroid, 95 times earnings to acquire shares. In fact the average price-to-earnings ratio of the 50 stocks in 1972 was 42 times, more than double the S&P 500 at 19 times.[7]

Unlike the Dot-Com era, investors were right about these businesses. They were mostly good companies, with durable models. Most would grow earnings at a faster rate than the S&P 500 for decades. In fact many are still around today, including IBM, McDonalds, Coca-Cola, Pfizer, Halliburton. We suspect that the FAANG companies have bright long-term futures; we are proud of the American innovators. We are not

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[6] Hamlin was able to obtain data on 41 of the 50 companies using the William O'Neil Database. We quote price only returns using month end dates depicting the bull market from June 1962 to January 1973, and from January 1973 to September 1974 depicting the bear market.

[7] Source: "Valuing Growth Stocks: Revisiting the Nifty Fifty" from Professor Jeremy Siegel's book "Stocks for the Long Run," published by McGraw-Hill.

bearish on FAANG corporate growth prospects; rather we think a successful future may already be reflected in their stock prices.

When the great bear market of 1973-1974 hit, the Nifty Fifty were not immune. The median price dropped 53%. Many were down 60%, 70% even 80%. The valuation at which these stocks were purchased suddenly mattered.[8] So as FAANG continues its ascent and Netflix approaches the same market cap where AOL peaked in 2000, we ask clients to recall the history of dominant “one decision” stocks. We expect there will be a reversion back to earth. These great businesses may well thrive, but we imagine that value might matter once again.

Q: Can you describe HCM Equity portfolio return prospects?

Attractive Hamlin equity upside potential is the by-product of the value category’s woeful underperformance. At 13 times forward consensus earnings estimates, your portfolio trades at a 20% discount to the median S&P 500 company’s PE. The portfolio’s 8.3x average EV/EBITDA ratio also compares quite favorably to the market’s heady 11.2x multiple. The portfolio’s free cash flow yield of 6.7% not only looks attractive relative to the median S&P 500 company’s 4.7% yield but also covers a generous 4.2% average dividend yield 1.7 times. First quarter portfolio average revenues and earnings grew at healthy 6.9% and 14.2% clips, respectively. Nearly all of our holdings are expected to grow earnings for calendar 2018, and their dividend decisions reflect optimism. Both the number of portfolio dividend hikes and average percentage increase exceed Hamlin’s five-year average, and we think lower tax rates explain only a portion of the accelerated growth rate. Our dividend discount models and earnings power models project meaningful average 23% upside to target prices. Finally, we like our chances should a bear market develop: beyond cash generation and valuation support, we own a quality list of companies - debt levels are manageable with an average 27.0% net debt-to-capital ratio, and five-year average returns on equity are attractive at 20.6%.

[8] The 25 stocks in the Nifty Fifty with the highest P/E ratios (averaging 54x) generated only about half the subsequent return compared to the 25 stocks with the lowest price-earnings ratios (averaging 30x). Source: Professor Jeremy Siegel, “Valuing Growth Stocks: Revisiting the Nifty Fifty.”

Fixed Income Commentary

Q: How has the rise in interest rates affected my Hamlin holdings?

Short interest rates continued to drift up again in the second quarter of 2018. As in the first quarter, this was largely driven by the Fed's recent tightening measures, including raising the Fed Funds rate and allowing the Fed's Treasury holdings to mature. This has translated more directly into an interest rate rise on the shorter end of the yield curve. While both the 2-and 10-Year Treasury yields have moved up, the spread between them has shrunk from just over 50 basis point to just over 30 as of quarter end. This flattening yield curve is something investors watch closely. The Fed has shown a willingness to continue raising rates and the market expects at least one and possibly more increases this year. However, while short interest rates may continue to go up, as long as German and Japanese bonds are yielding well below what their U.S. counterpart yields,[9] there may be an upward limit on longer term U.S. interest rates. It is possible we may see an inverted yield curve[10] by the middle of next year if the current trends continue.

Due to the unattractive general market pricing in place for several years, we have doubled down on our strategy of sourcing, structuring, and buying offerings away from the market. HCM bond clients continue to buy bonds with attractive absolute yields at above market spreads. We have also focused on shortening the duration of the portfolio with an increased emphasis on shorter maturities and rate resets features. Some of our time tested strategies for dealing with a rising interest environment include:

- Higher coupons – Compounding large coupon payments in a rising interest rate environment is a defensive force and a potent tool for driving returns. As rates move up, the larger coupons Hamlin clients receive provide them more income to reinvest at the new higher market rates.[11]

- Shorter term variable and adjustable rate debt – During this recent period of low interest rates, Hamlin has structured many deals that allow for shorter maturities and floating or adjustable rate debt. This gives bondholders some interest rate protection (and coupon upside) when rates rise.

- Amortization of debt – Hamlin bond projects actively pay their debt down during the life of the bond. The steady principal payments allow client portfolios to reinvest principal as rates rise.

- Dollar cost averaging – New Hamlin clients are invested slowly over the course of months and even years. If rates move and the market adjusts, the bonds purchased by client portfolios will gradually reflect the new rate environment.

- Yield discipline – In addition to spread discipline, we keep absolute yield levels in mind. While there may be some exceptions, we are committed to achieving minimum absolute yield levels of 6-7% for credit risk assumed on the long end of the yield curve and 5.25%-6% inside of 10 years.

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[9] Source: TM3/US Treasury.

[10] The yield curve is said to be inverted when shorter term rates are higher than longer term rates.

[11] Compounding Interest – The 8th Wonder of the World at http://www.hamlincm.com/commentary/.

Over the last three years, we have worked hard to bring the option adjusted duration[12] of the portfolio down. We have focused on structuring bonds in recent years with shorter maturites or with an array of adjustable coupons – fixed for a period of time that then reset to prevailing rates. This effort coupled with other variable rate securities, puts, calls, and simply shorter maturities has helped bring the duration of the portfolio down.

Should I be nervous the price of my bonds will go down in a rising rate environment?

To the extent that some temporary capital depreciation may be inevitable in a rising rate environment, it is also important to remember the goal of this strategy and the nature of bond returns. Absent default, any bond purchased at par with a fixed coupon and held to maturity over time will return the investor exactly what the coupon has promised – the return in this case equals the coupon. So let's test that against a rising rate environment: Imagine that a fixed rate bond is purchased at par and 6 months later interest later rates go up, and the bond's price goes down. While the pricing may change your return in the near term, absent default, it **does not** change your total return over the life of the bond – all it does is defer some of that return to a later date. As the bond gets closer to maturity, the price will creep back up towards par – eventually returning that "lost" performance to you. The kicker is that the coupon hasn't changed despite the decrease in price so that full coupon (and in our case some principal) can be reinvested at the new higher rates, increasing the yield and return of the portfolio.[13]

As we preach over and over, the key to generating sustainable returns is through the income derived from the tax exempt coupons. That income is not affected by rising interest rates and the ability to reinvest at prevailing interest rates is a powerful multiplier. Further, the steps outlined above that limit the duration of the portfolio means that price moves should be less pronounced than comparable investments that lack these features.

Has market issuance recovered from the tax reform shock of last year?

The answer appears to be yes. While the uncertainty pushed issuers to the market in the waning hours of 2017, issuance recovered this quarter. After a paltry $65bil in new issuance in the first quarter, the market got back on track in the second quarter getting close to a healthier $100bil mark. It is still well below last year and the majority of that comes from a lack of refundings – both because pre-refundings are no longer allowed for tax-exempt private activity bonds under the tax code and simply because rates have increased. The summer can traditionally be a slow time for muni issuance but we do not expect issuance to drop meaningfully for the remainder of the year.

Unfortunately the uptick in issuance has been met with renewed fund flows into municipal bonds and expecially high yield funds in the second quarter. Just over $7bil has come into municipal mutual funds this

[12] Duration is a measure of the sensitivity of a bond's price to changes in the interest rate environment. The option adjusted duration incorporates other features that a bond may have other than purely yield, amortization, and maturity.

[13] Rising Rates: Dispelling the Myth Available Online at: https://www.pimco.com/en-us/riseaboverates/rising-rates-dispelling-the-myth

year and just under $2.5bil has gone into the high yield sector.[14] This inflows are, in part, why Hamlin continues to stay away from the broader high yield market. Until flows start to move in the other direction, there will also be limited secondary oppurtunies.

Should I feel good about my Hamlin fixed income investments?

We think you should for many reasons. Most importantly you should feel comforted by the security provisions built into each project and the tax efficient income they deliver. However, you should also feel good about what client funds are being used to build. The two largest sectors of the portfolio are senior living and education – the money invested in these sectors is generally being used to build or refinance schools and senior housing.

We recently mined the portfolio for some broad data. What we found could be rewarding for clients:

- Hamlin clients are helping to educate over 60,000 K-12 Students. Almost half of those kids are from lower income families that received subsidized funding for school lunch and just under 60% are from various minority populations. These kids are 10% more likely to graduate from highschool than their traditional public school counterparts (91.3% vs 81.9%).

- Hamlin clients have helped finance facilities for national nonprofits that provide housing and services to over 23,000 seniors. Many of those facilities include components of subsidized care as well as memory care facilities for the residents.

The goal of Hamlin is always to provide tax exempt income for clients while protecting capital. However, there is no reason clients can't also feel good about where their money is going!

Fixed Income Performance

The Hamlin Capital Management Municipal Bond Composite returned 1.71% for the first half of 2018.[15] Interest rate movement up in the first half led to slight declines in pricing. As the market bounces around, we strive to continuously deliver a robust stream of tax exempt income to clients. As the Fed continues with their slow and steady position on hiking rates, we believe that we have positioned the portfolio in a way that will capture value for clients regardless of the direction interest rates take for the remainder of the year.

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.

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[14] Lipper US Fund Flows.

[15] The performance provided is a preliminary estimate as Q2 performance has not yet been examined by ACA Performance Services, and may be subject to change.

Figure 5: Fixed Income Performance

	HAMLIN BOND COMPOSITE (% Net of Fees)	Cumulative	BARCLAYS HIGH YIELD MUNICIPAL INDEX (No Transaction Costs or Fees)	Cumulative
2001	4.5	104.5	4.5	104.5
2002	7.2	112.0	2.0	106.5
2003	9.1	122.2	13.2	120.6
2004	7.5	131.4	10.5	133.3
2005	7.9	141.8	8.6	144.7
2006	6.8	151.5	10.7	160.3
2007	4.3	157.9	-2.3	156.6
2008	-16.7	131.5	-27.0	114.3
2009	16.4	153.0	32.7	151.7
2010	7.1	163.8	7.8	163.6
2011	6.1	173.9	9.3	178.7
2012	7.4	186.8	18.1	211.1
2013	2.5	191.5	-5.5	199.5
2014	7.2	205.2	13.8	227.1
2015	4.8	215.0	1.8	231.2
2016	3.9	223.3	3.0	238.1
2017	8.5	242.2	9.7	261.2
2018 YTD	1.7	245.7	3.6	270.4
17.5 Years Annual Compound	**5.27**		**5.85**	

Source: Hamlin Capital Management. 2018 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.

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 or reasonably modify existing restrictions.

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 Vivian Pan 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.

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 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.*
- *The S&P 500 Growth Index is a market capitalization-weighted index of the growth segment of the S&P 500.*
- *The S&P 500 Value Index is a market capitalization-weighted index of the value segment of the S&P 500.*
- *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 Lipper Equity Income Fund Index consists of funds that seek relatively high current income and growth of income through investing 65% or more of their portfolio in equities.*
- *The Nasdaq Composite Index is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange. The types of securities include American depositary receipts, common stocks, real estate investment trusts, tracking stocks and limited partnership interests.*
- *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.*
- *EV/EBITDA is a valuation metric that considers the ratio of the enterprise value (value of equity plus debt less cash) to the company's earnings before adjustments for interest, taxes, depreciation and amortization.*
- *Free Cash Flow Ratio or FCF ratio represents the cash a company is able to generate after required investment to maintain or expand its asset base.*
- *NTM means "Next Twelve Months."*

Hamlin Capital Management, LLC
Equity Only Composite
Annual Disclosure Presentation
January 1, 2001 through March 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
*YTD 2018	4,489	1,720	689	-2.12%	-0.76%	N.A.	N.A.	N.A.
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%		

* Performance represents a non-annualized partial period return ending on March 31, 2018.

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 March 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 March 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 March 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
*YTD 2018	4,489	739	234	0.46%	0.58%	N.A.	N.A.	N.A.
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%		

* Performance represents a non-annualized partial period return ending on March 31, 2018.

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 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.

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. Hamlin 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 Bond 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 March 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 Bond Only Composite has been examined for the periods beginning January 1, 2001 through March 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.