HAMLIN
CAPITAL MANAGEMENT, LLC

March 2019

Fourth Quarter 2018 Update

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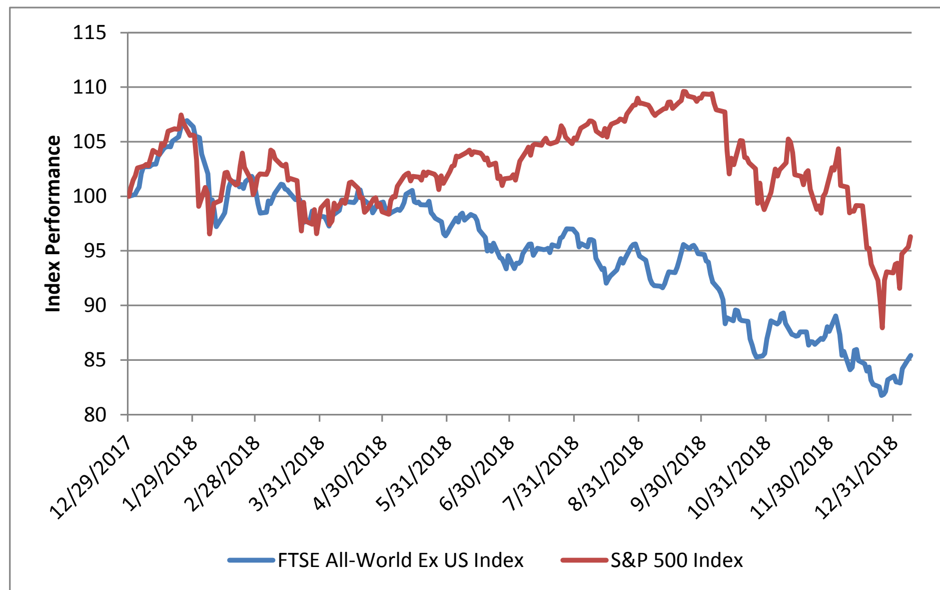
Overview

Hamlin equity accounts decreased in value during the fourth quarter. A long-overdue correction in high-flying technology growth stocks spread across sectors as investors contemplated the combination of a hawkish Federal Reserve, decelerating global economic data, and plunging oil prices. Hamlin bond accounts fared well as lower Treasury and rated municipal yields offset a moderate widening of high yield spreads.

Equity Market Outlook

At 14.4x bottom-up earnings estimates for 2019, the stock market valuation appears reasonably attractive relative to history.[1] Yet FedEx and Apple's recent negative earnings pre-announcements remind us that estimates are educated guesses. While bullish anecdotal company data points[2] imply that corporate profits could advance another 7% in 2019 as forecast by Wall Street analysts, we see negative earnings revisions on the horizon. The consensus expectation for earnings growth appears a stretch given weakening demand from China and Europe, the number two and three global economies responsible for more than a third of S&P 500 Index company revenues. Foreign bourses have been telegraphing a significant slowdown in business activity, and the USA appears to be following the trend.

Figure 1: US Stocks Finally Acknowledge Global Slowdown



Source: Bloomberg.

[1] The S&P 500's forward P/E multiple has averaged 15.3x since 1960. Source: FactSet, Longrundata.

[2] In late December, Lamar Advertising Company (LAMR) – which owns billboards across the US – pre-announced organic revenue growth of over 5% in the fourth quarter of 2018. Mastercard reported that US retail sales during the holiday season increased 5.1%, the strongest growth in the last six years. Verizon pre-announced 4Q18 postpaid phone subscriber net additions of 650k, well above consensus of 345k according to Goldman Sachs. Cisco Systems reported 3Q18 product order growth of 8% and emerging market orders up 16%.

While our estimate of fair value implies a 5-6% stock market advance in 2019, we believe the trend has changed. The S&P is unlikely to eclipse its September 20th high of 2940 in the near future. In fact, when the market declines 20% from an all-time high it takes a median of 32 months to make a new high. We would not be surprised to see the market revisit the Christmas Eve lows between now and spring.

We assume fourth quarter earnings end up a bit worse than expected, with full-year 2018 S&P 500 Index earnings around $158/share. Higher labor costs, higher interest expense, and an elevated dollar have taken a toll. Last Friday's strong jobs report—where hours worked and average hourly earnings growth portend strong personal income growth[3]—informs our estimate for five percent earnings growth to $166/share in 2019. Importantly, exactly one year ago, analysts were expecting $163 for 2019. While these numbers seem reasonable now, the Global Synchronized Growth narrative and tax cut-related boosts to investor confidence drove analyst estimates to a euphoric *peak of $177/share in early September* of last year. Applying a 16x PE, just below the 5-year average, to our 2019 $166/share guesstimate implies S&P 500 Index fair value of 2650. The recent availability of attractive investment alternatives to equities, including a 2.54% yielding six-month Treasury bill,[4] and less accommodative global central banks suggest that a higher multiple is unlikely.[5]

Dividend yield math supports the earnings-derived target above. Assuming a return to 5% distribution growth in line with earnings growth suggests a $56.43/share S&P 500 Index dividend in 2019. While the implied payout ratio of 35% based on our 2019 dividend and earnings estimates may be conservative in the context of a 57% long-term average,[6] we also think there is ample room for the market dividend yield to move back towards its 40-year average of 2.74% as we close the book on Quantitative Easing. Maintaining the current 2.14% dividend yield suggests fair value at 2637.

Growth Scare

Just as in past cycles, we are all wondering if the Fed over-did it with the best of intentions. Business activity is decelerating in response to tighter monetary policy. The Federal Funds rate has risen nine times to 2.50%, slowing automobile and home sales. The reversal of quantitative easing here and abroad has combined with rate hikes to exacerbate the slowdown in money supply growth—a key driver of higher asset values.

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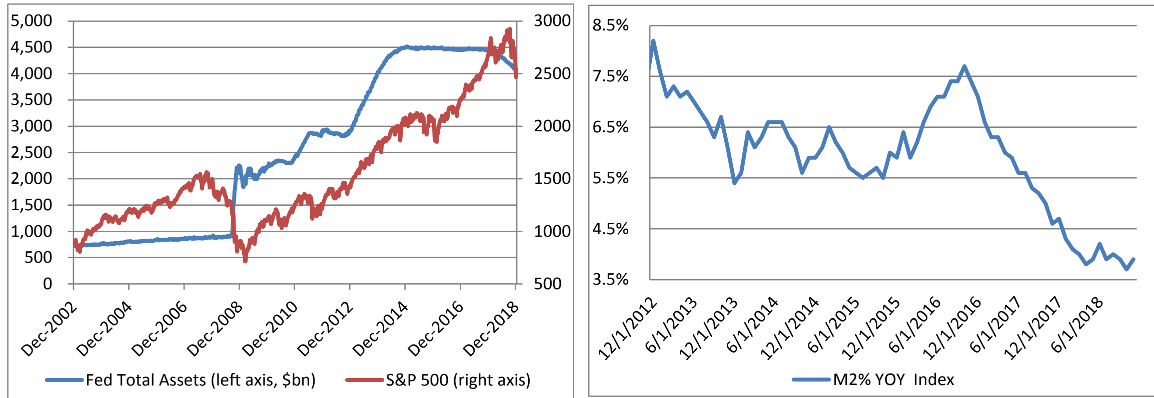
[3] The Labor Department reported that December hours worked in the U.S. increased 2% from a year ago. Add that to the average hourly earnings growth of 3.2%, and consumer nominal income appears to be growing at a 5.2% clip

[4] As of 1/8/2019

[5] This PE assumption could be very conservative based on the Rule of 20, which suggests market valuation should be 20x minus the rate of inflation—or an 18x PE in a 2% inflation environment.

[6] Payout ratio based on 92 years of data (1926-2018). Source: Ned Davis Research

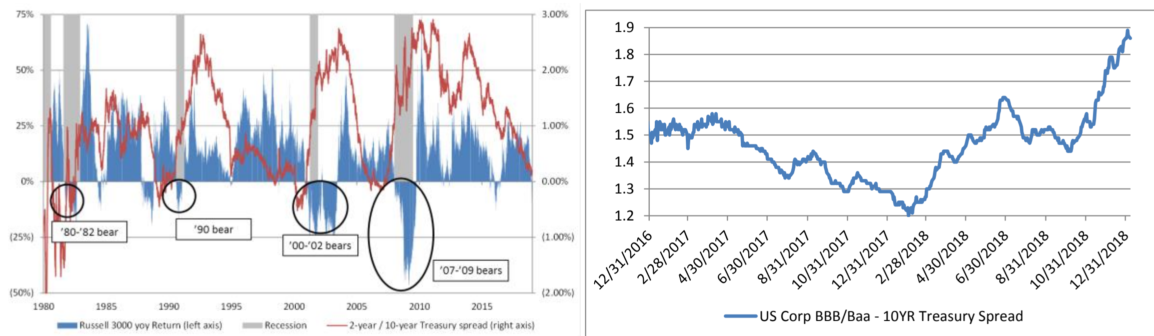
Figure 2: Federal Reserve Reducing the Balance Sheet, While Money Supply Growth Slows



Source: Federal Reserve Bank of St. Louis, Bloomberg.

Higher credit spreads, a reflection of draining liquidity, portend fewer new expansion projects, less merger activity, and perhaps smaller corporates share repurchase programs. As the yield curve moves further towards inversion—a reliable recession indicator—we confront a classic growth scare. Executive confidence is waning with 82% of Chief Financial Officers expecting a recession by 2020.[7]

Figure 3: US Yield Curve over Time & Widening Investment Grade Credit Spreads



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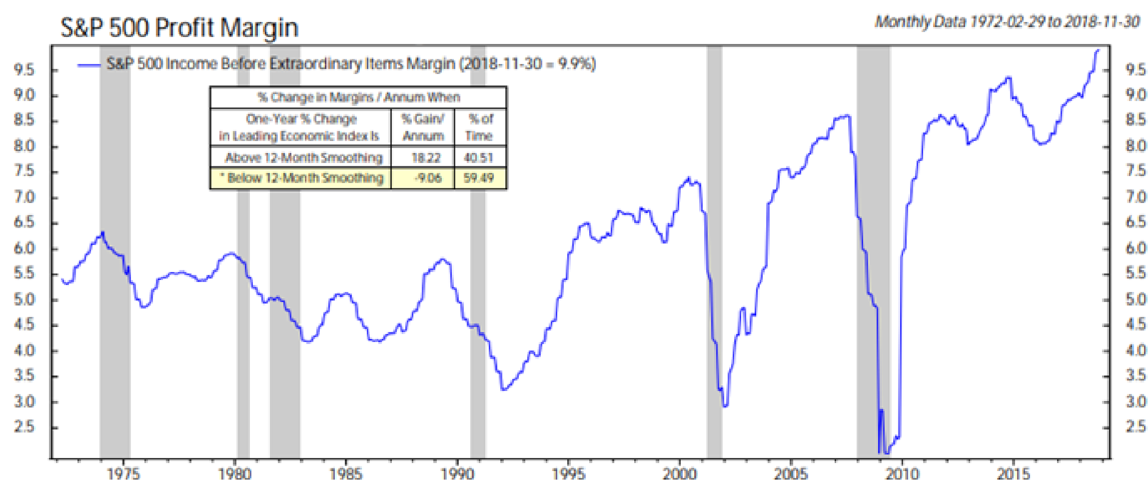
Plunging oil prices and the violent sectorial shift away from tech, industrials, and banks into utilities, healthcare, and consumer products companies appeared to confirm the peak of the economic cycle. Two-year risk-free Treasuries yielding 2.46%[8] now compete more effectively against uncertain equities in the asset allocation process. Analysts are reducing equity fair value assessments as they discount future cash flows with higher risk free rates. They are also pondering peak margins, wondering how corporate profitability could possibly improve from today's record levels as labor costs (at long last) grind persistently higher.

[7] Source: Duke University/CFO Global Business Outlook survey.

[8] As of 1/8/2019

Figure 4: S&P 500 Peak Margins



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Having read the tea leaves above, institutional investors began to anticipate a cycle-induced decline in corporate earnings. The S&P 500 dropped 19.78% from its peak on September 20th to the scary Christmas Eve low.[9] The S&P has dropped 20% or more only 25 times since 1929 and 12 times since 1946, about once every 5.8 years. *Historical analysis poses two challenges: when stocks drop at least 20% they tend to fall further, and speedy recoveries are unlikely*. The median peak to trough drop has been 33.5%, and the bottoming process has lasted an average of 250 days. As mentioned above, the median time elapsed before a new high is measured in *years*. Having coughed up 20% from an all-time high, the market has never made a new high in less than 14 months.

Bear markets include rip roaring rallies as lower valuation confronts inevitable positive fundamental developments. Retests occur with weaker earnings and economic data, and new lows accompany a loss of faith in policy makers' capacity to help. Although we suspect that the next recession will be much milder than the last one due to healthier bank and consumer balance sheets, we do worry about investor confidence. Higher government debt and deficits may finally necessitate some form of austerity or entitlement reform. And while there is some room to lower interest rates, many money managers could react *negatively* to a return to bond buying with newly printed script.

[9] While the index corrected more than 20% from the highs on an intraday pricing basis, most pundits define a "bear market" based on a 20% or greater correction from closing high to closing low. As the Nasdaq, Russell 2000, Value Line Geometric Composite Index and various foreign stock market indices have all attained bear market status, we will not be splitting hairs.

So Why Remain Invested?

The recession could easily be a ways off.[10] If so, forward returns might be very attractive. The S&P 500 has dropped 19% or more without a recession five other times since World War II. The corrections almost always end with central bank easing.[11] Fed Chair Jerome Powell's dovish comments on January 4th may have put the possibility of easing back in play. Importantly, in all cases but one (1998), the stock market is materially higher 5 and 10 years later by an average of 79.6% and 205% respectively. The forward twelve month returns were robust in each case.

Figure 5: One Year After a Significant Non Recession Correction

Closing Low	% Decline	S&P Closing Low	1 year later	Return
10/3/2011	(19.4%)	1,829	2,316	26.63%
8/31/1998	(19.3%)	957	1,320	37.93%
12/4/1987	(33.5%)	224	272	21.43%
10/7/1966	(22.2%)	73	97	32.88%
6/26/1962	(26.4%)	52	69	32.66%
AVERAGE	**(24.2%)**			**30.31%**

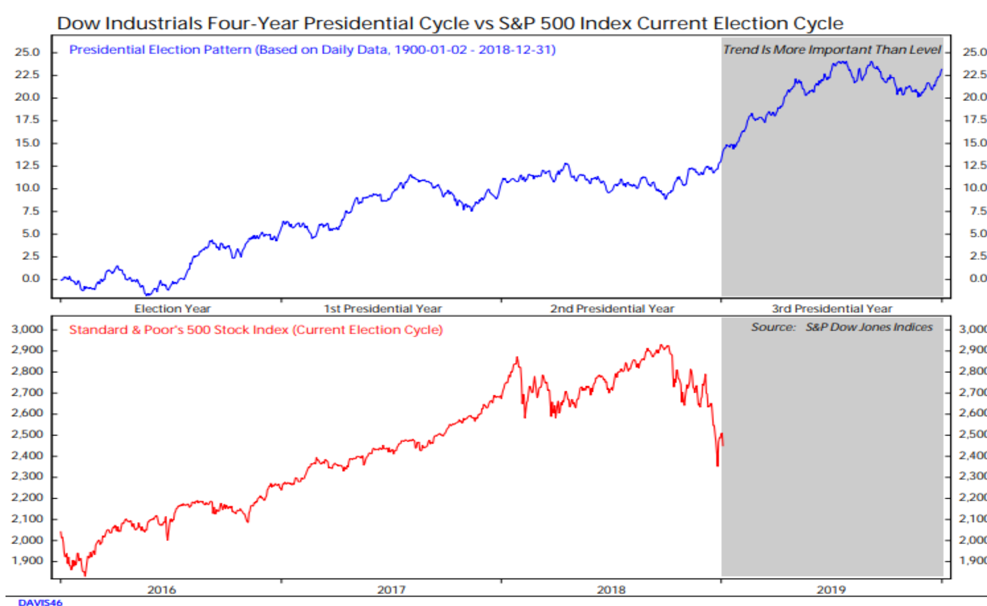
Source: William O'Neil + Company

There are plenty of conceivable favorable equity catalysts on the horizon. High employment and growing wages could sustain consumption, two-thirds of US GDP. While stocks were dropping in December, retailers were reporting robust 5%+ holiday period sales growth. The risk aversion that sent Treasury yields tumbling also brought a meaningful correction in mortgage rates and automobile rates. Notably, the home building and certain auto stocks have displayed remarkable relative strength during the fourth quarter. Perhaps the groups that led us down can lead us out. Some form of trade detente by spring is likely, particularly as economic growth has decelerated meaningfully in China. Lower tariffs would lower input costs, alleviate executive anxiety, and increase demand for American exports. Any credible bipartisan infrastructure plan proposal could stir animal spirits. The third year of the presidential cycle is notoriously strong because fiscal initiatives often occur in the year heading into an election.

[10] We are far more comfortable predicting a company's future revenues and cash flows than the direction the economy and markets overall.

[11] Ed Hyman, ISI Economic Team

Figure 6: Third Year of the Presidential Cycle Historically the Strongest Year for the Market



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China could also consider additional stimulus beyond their aggressive reserve rate requirements and tax cuts. Lower commodity prices should be a tailwind for margins. Finally, should any of the above happen as Chairman Powell refrains temporarily from raising rates or selling bonds, the bulls will have a compelling Goldilocks case. P/E multiples would have room to rise if 10-year Treasury yields remain anchored while GDP decelerates back to the seemingly sustainable pre-Trump 2% clip. Sentiment is also supportive of a move higher. The American Association of Individual Investors (AAII) bullish responders have dwindled to 33%, a reliable contrarian indicator.[12]

Hamlin Equity Strategy

While mindful of the macro-economic investment climate, we spend most of our time on security-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 payouts. We invest primarily in businesses with high dividend yields, manageable debt, attractive returns on equity, and ample free cash flow-to-dividend coverage ratios. We still think that aging Americans and their investment advisors will favor some of the very same high-income stocks that we are purchasing for you, particularly in light of a sub-3% 10-year Treasury yield and today's favorable tax treatment of qualified dividend income.

Importantly, your dividend stream is not fixed. We are happy to announce that 37 of Hamlin's holdings announced dividend hikes in 2018, with an average increase of 8.7%. This welcome action validates our

[12] As of 1/2/2019

research analysis and increases your portfolio cash flow. We expect our companies, on average, to increase their cash payouts faster than the rate of inflation in 2019 and beyond.

We are particularly excited about some recent purchases at year-end. The market's historic December sell-off presented an opportunity to purchase several generous dividend payers that had been on our shopping list for years. Hamlin equity traders were unusually busy in the last week of 2018 harvesting losses and high-grading the portfolio. We believe that our average balance sheet leverage and free cash flow-to-dividend ratios have improved markedly. Hamlin's equity composite holdings, on average, pay a 4.4% current dividend yield and trade at an attractive 11.7x next twelve months' earnings estimates. By comparison, the S&P 500 Index yields approximately 2.2% and sells for 14.4x forward estimates. Our portfolio companies' 3-year average return on equity is an attractive 18% and their balance sheets are healthy with an average net debt-to-capital ratio of 39%.[13]

Equity Performance

Hamlin's equity composite decreased 9.56% in the final three months of the year, [14] outperforming the S&P 500 Index's 13.52% decline. Hamlin edged out both the pesky Dow Jones Dividend ETF (DVY) and the Lipper Equity Income Index during Q4.[15] We were pleased to see our equity income portfolio display defensive characteristics, capturing 61% of the S&P 500 Index's decline since the market peaked on September 20th though last night.[16] The Hamlin Equity Composite would have ranked in the top 10% of the Equity Income Fund category for the bloody month of December, according to Lipper. Our -6.97% Composite return for the full year lagged the S&P 500 Index's -4.38% total return. Hamlin's value-oriented investment process was no match for the first three quarters' growth stock-driven rally. 2018's dispersion between value and growth rivalled last year's historic 12% divide, with the S&P 500 Growth Index flat this year while the S&P 500 Value Index returned -9.0%. Hamlin's composite return compared favorably to the all-capitalization Russell 3000 Value Index's -8.59% total return. That index may be more representative of our style.[17] Our annual number slightly outperformed the Lipper Equity Income Category's 7.24% decline.

The performance table below suggests that an actively-managed dividend portfolio delivered attractive returns over a volatile period. Clients with us for our entire eighteen-year history have compounded at 9.24% net of fees, well above the S&P 500's 5.70% annual return for the same period. We believe that income stocks outperform over the long haul because dividend policies act as a governor on the corporate capital allocation process and smooth investor returns in down markets.

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[13] As of 12/31/2018

[14] Performance is a preliminary estimate. Q4 performance has not yet been verified by ACA Performance Services and may be subject to change.

[15] We must note that the iShares Select Dividend ETF (DVY), an ETF tracking the Dow Jones US Select Dividend Index, returned -6.32% for the full year, slightly outperforming Hamlin due to its heavy weighting in utilities (over 27% at the start of 2018). Utilities were the second-best performing sector of the year and returned +3.92%.

[16] Through 1/8/19.

[17] Annualized performance vs. the Russell 3000 Value over 1-year, 2-year, 3-year, 5-year and since inception are 157bps, 210bps, 38bps, (20)bps and 305bps respectively.

We remind you that we are not managing your account to track or beat the S&P 500 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 help our institutions and individual clients meet their spending objectives. We aim to preserve financial security and lifestyles by protecting against inflation with future dividend increases and long-term capital appreciation.

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
18.00 Years Annual Compound	**9.24**		**5.70**	

Source: Hamlin Capital Management. 4Q18 performance has not yet been audited by our independent verification service provider ACA Performance Services. See GIPS disclosure at the end of this report.

Fixed Income Commentary

The Federal Reserve went ahead with a fourth fed funds hike this year in December, taking the target range from 2.25% - 2.5%. This marks the seventh hike in the last two years. Combined with the two prior increases (one in 2015 and the other in 2016) these moves have brought the Fed Funds rate from close to 0% to the current 2.4%. The upward trend has been consistent with the positive economic data that provided the Fed a window to try and normalize rates from their historic lows post the Great Recession. It was no surprise then that interest rates moved up for the majority of the year. The 10 Year Treasury hit a high of 3.22% as late as November 7th, up more than 75 basis points from below 2.50% where it started the year. However, volatility finally caught up with the fixed income market in the last quarter of 2018. After rising steadily throughout the year, interest rates moved aggressively down in November and December to end the year only slightly higher than where they started, a major reversal. This intra-year reversal has put future rate hikes into question and sent the 10 Year Treasury yield down to finish at 2.69%.

However, for most of the year yields on Treasuries, Municipals, and other fixed income sectors continued to steadily rise on the heels of Fed rate hikes and positive economic data, even in the face of increased stock market volatility. Interest rates on the long end of the curve for muni borrowers (AAA MMD Curve) moved up almost 50 basis points on the year (even as issuance dropped by close to 25% on the heels of the tax changes banning pre-refundings). While December's volatility caused a return to a more traditional "risk off" trade as the downward swing in the S&P 500 created a flight to safety, we haven't seen this permeate all corners of the market. The volatility has been largely muted in both the primary and secondary markets of our muni sectors and we have not seen a move away from risk in the broader municipal bond market. While spreads in corporate high yield did widen meaningfully, spread widening in municipal was more a function of high grade rates going down. High yield borrowers were not forced to pay an appreciably higher interest rate and deals continued to move across the finish line with financing at market rates. Partially to blame, the high yield muni market actually had several weeks of inflows in December and for the year high yield muni funds saw positive fund flows to the tune of approx. $1.5 Billion.

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. We continue to prepare the portfolio for any interest rate environment and have taken steps in recent years to mitigate the effects rising rates can have over a bond portfolio. While the finish of the year was dramatic we continue to take a long term view.

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 rates is a powerful multiplier. Further, the steps we have taken to limit the duration of the portfolio means that price moves should be less pronounced than comparable investments that lack these features. Regardless of which direction rates move we feel our performance this year is a reminder of the ballast a quality fixed income strategy could provide in times of market volatility.

Fixed Income Performance

The Hamlin Capital Management Municipal Bond Composite for 2018 delivered a return of 4.25%.[18] We were pleased to deliver solid results even into a rising rate environment that included four Fed Funds hikes in one year. As the market bounces around, we strive to continuously deliver a robust stream of tax exempt income to clients. We believe that we have positioned the portfolio in a way that will capture value for clients regardless of the direction of interest rates take. 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
18 Years Annual Compound	**5.27**		**5.75**	

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.

[18] The performance provided is a preliminary estimate as Q4 performance has not yet been examined by ACA Performance Services, and may be subject to change.

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 Mark Stitzer

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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 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 2000 Index is an index weighted by shares outstanding that measures the performance of approximately 2,000 small-cap companies in the Russell 3000 Index. The index serves as a benchmark for small-cap stocks in the United States.*
- *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 in the index include American depositary receipts, common stocks, real estate investment trusts and trading stocks, as well as limited partnership interests.*
- *The U.S. Dollar Index is an index of the relative value of the U.S. Dollar versus a basket of foreign currencies.*
- *The S&P 500 Value Index is a market capitalization-weighted index of the value segment of the S&P 500.*
- *Dow Jones U.S. Select Dividend Index is an index composed of relatively high dividend paying companies.*
- *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.*
- *Value Line Geometric Composite Index is an equally weighted index using geometric averages of returns of companies listed on the American Stock Exchange, the NASDAQ, the New York Stock Exchange, and the Toronto Stock Exchange.*
- *AAA MMD Curve is a proprietary yield curve that provides the offer-side of "AAA" rated state general obligation bonds, as determined by the MMD analyst team.*
- *A Pre-refunding bond is a type of bond issued to fund another callable bond. With a pre-refunding bond, the issuer decides to exercise its right to buy its bonds back before the scheduled maturity date. The proceeds from the issue of the lower yield and/or longer maturing pre-refunding bond will usually be invested in Treasury bills until the scheduled call date of the original bond issue occurs.*

Hamlin Capital Management, LLC
Bond Only Composite
Annual Disclosure Presentation
January 1, 2001 through September 30, 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	4,530	761	242	2.54%	4.45%	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 September 30, 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 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.

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 September 30, 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 September 30, 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 September 30, 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	4,530	761	242	2.54%	4.45%	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%		

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