Hamlin High Dividend Equity Fund

1-855-HHD-FUND

HAMLIN CAPITAL MANAGEMENT, LLC

September 30, 2018

Investment Objective

The Hamlin High Dividend Equity Fund seeks high current income and long-term capital appreciation.

Investment Strategy

Recognizing that compounding income can be a potent force of growth, we invest in dividend-paying equities. Investors deserve cash compensation for risking capital, and our analysis shows that dividend paying stocks have historically outperformed the broader market with lower volatility*. We believe that a healthy and consistent dividend policy enhances investor total return, endorses historic accounting statements, acts as an effective governor on capital allocation, and can smooth performance in down years. We focus on stocks with dividend yields at least 50% above the average yield of the components of the S&P 500 Index. Within this high income universe, we search for companies with low debt, ample free cash flow and high returns on equity. Typically candidates for purchase have a history of increasing dividends, and company management should be committed to a generous dividend policy. We are dedicated to rigorous financial statement analysis, focusing on our companies' true quality of earnings and capacity to cover an increasing dividend payment. While our strong balance sheet and dividend discipline generates many large company holdings, we invest across all capitalizations.

*Kenneth French, "Portfolios Formed on Dividend Yield 1928-2011"

About Hamlin Capital Management, LLC

Hamlin Capital Management, LLC, a Delaware limited liability company formed in 2001, serves as the investment adviser to the Fund. As of September 30, 2018, the Adviser had approximately $4.6 billion in assets under management. The Adviser makes investment decisions for the Fund and continuously reviews, supervises and administers the Fund's investment program.

Fund Statistics as of September 30, 2018

Number of Holdings		36
Median Market Cap		$48,939 mm
Median Price-to-Earnings (next twelve months) †		14.8x
SEC 30-Day Yield	Subsidized	Unsubsidized
Investor	2.74%	2.56%
Institutional	3.09%	2.91%

Investment Team

Charles S. Garland, CFA
Sr. Portfolio Manager
Yale University, BA English 1989

Christopher M. D'Agnes, CFA
Sr. Portfolio Manager
Bucknell University, BS Accounting 1999

Michael M. Tang, CFA
Senior Analyst
Summa Cum Laude, Princeton University, BA Economics 2007

Madelena Lee
Associate Analyst
Stony Brook University, BA Political Science 2008

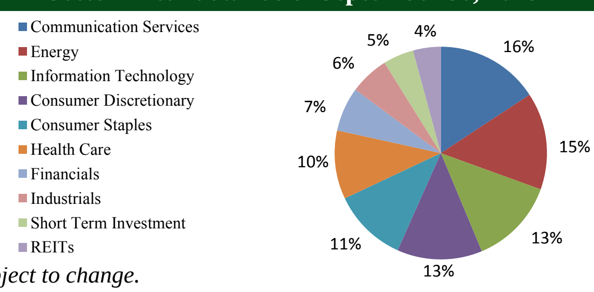
Jaclyn Hourihan
Associate Analyst
Trinitiy College, BA Economics 2010

Top Ten Holdings as of September 30, 2018 **

Pfizer Inc.	4.8%
Enterprise Products Partners L.P.	4.4%
AT&T Inc.	4.3%
QUALCOMM Incorporated	4.2%
Cisco Systems, Inc.	4.0%
International Business Machines Corporation	3.7%
Extended Stay America, Inc.	3.7%
General Motors Company	3.7%
Sanofi	3.5%
Verizon Communications Inc.	3.5%

** Holdings are subject to change and do not include the Fund's entire portfolio. Holdings data is presented to illustrate examples of the securities the Fund bought and the diversity of areas in which the Fund invests and may not be representative of the Fund's current or future investments. Current and future holding are subject to risk.

Sector Breakdown as of September 30, 2018



Subject to change.

Fund Facts

	Investor Shares	Institutional Shares
Fund Symbol	HHDVX	HHDFX
CUSIP	00769G733	00769G741
Fiscal Year End	December 31	December 31
Inception Date	March 30, 2012	March 30, 2012
Initial Minimum Investment	$2,500	$100,000
Subsequent Minimum Investment	N/A	N/A
Expense Ratio (Net) ‡	1.42%	1.02%
Expense Ratio (Gross)	1.60%	1.20%
Benchmark	S&P 500	S&P 500

‡ Fee waivers are contractual through April 30, 2019.

Performance vs. Benchmark as of September 30, 2018

	QTD	YTD	One Year	Ann. Three Year	Ann. Five Year	Ann. Since Inception (3/30/12)
HHDVX	3.85%	2.45%	7.92%	11.64%	8.72%	10.67%
HHDFX	3.95%	2.77%	8.39%	12.07%	9.17%	11.16%
S&P 500	7.71%	10.56%	17.91%	17.31%	13.95%	14.21%

Performance data quoted represents past performance and does not guarantee future results. The investment performance and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost, and current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, please call 1-855-HHD-FUND. The fund charges a redemption fee of 2.00% as a percentage of amounts redeemed, if shares redeemed have been held for less than 7 days. Investment performance does not reflect redemption fee; if it was reflected, the total return would be lower than shown.

PERFORMANCE and PORTFOLIO CHANGES

The Hamlin High Dividend Equity Fund institutional class returned 3.95% for the third quarter of 2018, trailing the S&P 500 Index's 7.71% total return. Stocks shrugged off trade war concerns and tightening Federal Reserve monetary policy, setting new records as strong domestic economic activity drove another double digit advance for corporate earnings. Year to date, the fund has returned 2.77% versus the S&P 500 Index's 10.56% total return. Value stocks remain out of favor. Our return year-to-date return is more in line with the Russell 3000 Value Index's 4.17% return and the Lipper Equity Income Index's 4.67% return. Please remember that we do not select securities to align with any index's sector weightings or holdings. We aim to construct a quality portfolio with high current income. 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.

Within the portfolio, relative sector contributors to performance this quarter were Communication Services, Materials, and Utilities. Relative sector detractors were Consumer Discretionary, Consumer Staples, Real Estate, Health Care and Energy. The largest individual stock performance contributors were Qualcomm, Pfizer, Cisco Systems, Target, and Cinemark Holdings. The weakest performers were General Motors, Weyerhaeuser, Flowers Foods, Extended Stay America and The Kraft Heinz Company. During the quarter we initiated positions in General Mills and The Kraft Heinz Company which offered a combined average yield of 4.0% on cost, meaningfully above the S&P 500 Index's 1.9% yield as of 09/30/2018. We did not exit any positions during the quarter.

OUTLOOK

We suspect that forward S&P 500 Index price to earning ratios peaked earlier this year at 18.7x as global central banks grow less accommodative. The Fed has telegraphed a rate hike for December followed by three more in 2019. The US central bank balance sheet has begun to shrink, withdrawing reserves from the system. The European Central Bank and the Bank of Japan are tapering bond purchases. Investors can tolerate tighter monetary policy when it reflects welcome strength in wages, retail sales, and corporate revenue growth. The stock market has risen this year to a new high because earnings have grown 25% while the price-to-earnings multiple corrected 8%. Importantly, bear markets tend to start after the *last* hike[1], and we assume that Fed funds should normalize around 3%.

Higher rates do eventually pose a problem. With the two-year Treasury note yielding 2.88%, bulls can no longer claim an absence of alternatives to equities. Future corporate cash flows are worth less when discounting with a higher risk free rate. Rolling debt burdens becomes more expensive. Record low interest rates have enabled companies to borrow an additional $2.5 trillion since 2008. Today's 45% corporate debt-to-GDP ratio is hovering just above levels seen at prior economic peaks. Inevitable de-leveraging will mean fewer corporate buybacks, fewer mergers, and lower capital expenditure. Government debt-to-GDP approaching 100% is another mess; higher interest rates and debt service costs could necessitate higher taxes and lower spending. Federal government outlays for interest expense have soared from $402 billion in 2015 to $523 billion in 2018, on its way to crowding out our $590 billion defense spending budget.[2]

While credit spreads remain tight, the odds of a misstep have increased. The stock market value-to-GDP ratio, unemployment rate, yield curve and the S&P 500 Index price-to-sales ratio give pause. The current levels have been associated with looming recessions and stock market peaks. They suggest that the market's heady trailing 5-year annual 13.9% total return needs to revert to the mean. As the bull market approaches ten years of age, we are preparing for turbulence and mid-single-digit equity asset class forward returns. In the near term, stocks could weaken ahead of the November 4 congressional elections. While Trump would veto any proposal to increase tax rates or regulation, investors may not appreciate the discussion. The House of Representatives tends to swing away from the sitting president's party in his first mid-term election, and the Dow Jones Industrial Average Index has lost an inflation-adjusted 6% per year during periods of a Republican President and a split Congress.[3]

While ever mindful of the macro-economic investment climate, we spend most of our time on security-specific research. Recall that Hamlin stocks should provide a compensatory 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 loads, attractive returns on equity, and ample free cash flow-to-dividend coverage ratios. We still believe that miniscule money market interest rates are confounding income-hungry retirees. We think that aging Americans and their investment advisors will favor the very same high-income stocks that we are purchasing for the mutual fund, particularly given the sector's current tax advantage.

[1]Evercore ISI's Ed Hyman has noted that the S&P 500 increases 9% on average in the year after the peak in Fed Funds, with real GDP growing 4.0% over the same period. During the 2004-2007 Fed tightening cycle, the S&P went up roughly +40% while Fed Funds increased +425bp. Almost half of the +40% increase in the S&P occurred after the last hike in fed funds.
[2]Federal interest expense courtesy of Trading Direct; The one category of debt that we do find encouraging is US consumer debt. As a percentage of disposable income, it has declined from over 130% at the peak in 1Q08 to 99.5% as of 2Q18. Source: Evercore ISI.
[3]The President's party has lost majority control of the House following mid-term elections in half of the last six presidential cycles. Going back to 1946, the President's party has picked up House seats during the mid-term election only twice out of 18 times. In all other instances, the party lost an average of 30 House seats during the mid-term. Source: Cornerstone Macro. DJIA performance during Republican presidencies with split congress courtesy of Ned Davis Research.