

Item 1 Cover Page



Part 2A of Form ADV  
“The Brochure”

September 15, 2015

This brochure provides information about the qualifications and business practices of Hamlin Capital Management, LLC (“Hamlin,” “we,” or “our”). If you have any questions about the contents of this brochure, please contact Hamlin’s Chief Compliance Officer Jeremi Roux at (212) 752-8777 or [compliance@hamlincm.com](mailto:compliance@hamlincm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Hamlin is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration as an investment adviser does not imply a certain level of skill or training.

640 Fifth Avenue, 6<sup>th</sup> Floor  
New York, NY 10019  
[www.hamlincm.com](http://www.hamlincm.com)

**Item 2 Material Changes**

There are no material changes since Hamlin's last annual update of Form ADV Part 2A dated March 19, 2015.

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## Item 4 Advisory Business

Hamlin draws its investment history from its predecessor sister firm, RRH Capital Management, Inc., founded in 1984. Hamlin registered with the SEC in 2002. Hamlin is primarily owned by Lucy and Mark Stitzer and Vivian Pan. As of May 31, 2015, Hamlin managed \$3,322,355,026 on a discretionary basis on behalf of separately managed accounts, two pooled investment vehicles (the “Private Funds”), the Hamlin High Dividend Equity Fund (the “Mutual Fund”), an open-end management investment company registered under the Investment Company Act of 1940, and the Hamlin High Dividend Equity UCITS Fund, a UCITS sub-fund of Hamlin ICAV (the “UCITS Fund”).

Hamlin offers equity and debt security investment advice for a fee through separately managed accounts and the Private Funds. Fees are described in the *Fees and Compensation* section below.

Hamlin manages its client’s assets based on the individual needs of each client. At the onset of a client relationship, Hamlin identifies client-specific investment objectives and/or restrictions, mutually agreed upon asset allocation between equities, debt securities, and cash or cash equivalents, and the types of investments that shall be held by the client. Clients may impose restrictions on their account based on specific securities, security type, or industry type, among others.

Hamlin’s approach to asset management emphasizes current income. High-yield equities and high-yield bonds (primarily tax-exempt and taxable municipal bonds) may constitute a majority of a client’s Hamlin portfolio. The balance of a client’s portfolio generally will be invested in government instruments, money market funds, and cash or cash instruments. Hamlin’s investment supervisory services include transactions in certificates of participation, which are fixed-income investments that have a very similar structure to the municipal bonds managed by Hamlin. The primary difference between certificates of participation and municipal bond investments is that the typical certificate of participation gives the lender a lien on a lease while the typical municipal bond structure gives the lender a lien on property. With respect to the Private Funds, the Mutual Fund, and the UCITS Fund, this Brochure is qualified in its entirety by the respective product’s offering memorandum, operating or limited partnership agreement, prospectus, statement of additional information, or similar disclosure and governing documents.

Hamlin serves as a portfolio manager and sub-advisor for several clients who have been introduced to Hamlin by unaffiliated third-party advisers. Hamlin has entered into a sub-advisory agreement with most of the advisers and does not maintain separate investment management agreements with sub-advisory clients. Accordingly, Hamlin is relying on the advisers’ assessment to determine if Hamlin’s investment strategy is suitable and appropriate for such clients.

In addition, Hamlin participates in wrap fee programs sponsored by Credit Suisse Securities (USA), LLC, Stifel, Nicolaus & Company, Inc., and UBS Financial Services, Inc. by providing portfolio management services. As part of the wrap fee programs, Hamlin manages the debt security allocation of certain client’s accounts and receives a portion of the wrap fee for its advisory services which is paid by the client to the sponsor of the wrap fee program.

## **Item 5 Fees and Compensation**

The fee schedule for separate account clients is up to 1.25% of the clients' assets under management. Advisory fees are negotiable depending on the size and nature of the portfolio and whether the account is managed through a wrap fee program. Hamlin may, in its sole discretion, charge lower management fees or waive management fees on certain holdings and/or certain product types, such as the Mutual Fund or UCITS Fund. As noted above, Hamlin acts as a sub-advisor for certain clients; in such instances, Hamlin may reduce fees to such clients. Advisory fees are payable quarterly in arrears and are often debited directly from the client's custody account in line with standing instructions from the client. Certain clients, at Hamlin's sole discretion, have arranged for their advisory fees to be charged in a manner other than arrears. Some clients request to receive an invoice for fees, rather than the fee being directly debited from their account. An advisory contract may be terminated by either party on thirty days prior written notice. However, a client may also terminate an advisory contract with Hamlin within five business days after execution of such contract without penalty. Hamlin participates in various wrap fee programs. The sponsors of the wrap fee programs are responsible for calculating the wrap fee that is charged to clients who participate in the wrap fee program. Hamlin generally invests excess cash in client accounts in unmanaged variable rate bonds, direct treasury obligations or money market funds. Hamlin does not include the value of the unmanaged variable rate bonds when calculating the clients' asset based advisory fee. Any clients referred to Hamlin through a wrap fee program should understand that the sponsor of the wrap program may include the value of unmanaged variable rate bonds when calculating the clients' wrap fee. As such, clients who are referred to Hamlin through a wrap fee program may pay a higher asset based fee for investment advisory services than clients who open an account directly with Hamlin.

In addition to the fees and expenses mentioned above for the advisory services of Hamlin, Hamlin reserves the right to charge clients a reasonable fee for certain administrative services performed by Hamlin on behalf of the client. Hamlin shall obtain approval from client prior to client incurring any such administrative charges.

Hamlin also provides investment advice to the Private Funds which are offered to persons or entities meeting certain minimum net worth requirements. Hamlin receives a 1.00% annual management fee, which is negotiable, and is payable quarterly in arrears.

Hamlin has significant experience in negotiating and structuring municipal offerings for investment by its clients and, in so doing, may notify the sell-side broker-dealers regarding changes to the structure of the offering necessary to meet Hamlin's investment criteria. In analyzing these potential investments, Hamlin may incur significant direct and indirect costs and expenses, and, as a result, the sell-side broker or the obligor on the financing, including those described in the paragraph below, may sometimes reimburse Hamlin for these costs/expenses out of the proceeds of the issue. Such reimbursements are retained by Hamlin and are not shared with or remitted back to any of Hamlin's clients including those that participate in the relevant transaction. On occasion, Hamlin will utilize this money to pay legal, consulting or administration fees associated with the structuring or re-structuring of a bond transaction. In some cases, the borrower or issuer of the bond may be or become a Hamlin investment advisory client.

In connection with certain bond investments made by Hamlin on behalf of its advisory clients, Hamlin may become the Bondholder Representative, if its clients hold a certain percentage of the bonds. In such cases, Hamlin may have special rights including, but not limited to, the ability to

change the bond interest rate, reduce its redemption price, create an equal or priority lien or deprive any owner of a bond of the lien created by the trust indenture. Hamlin does not receive any additional fees or compensation for acting as a Bondholder Representative from clients. Further, where a project in which Hamlin clients have invested is experiencing financial or operational difficulty, Hamlin or its principals may provide short term loans to these projects. In so doing, Hamlin or its principals will only receive customary interest and principal payments and fees. In the event of a workout, select issue closings, or for select variable rate bonds, Hamlin may receive a Bondholder Representative fee from the Borrower at the closing of a realization or issue, or on the Interest Payment Date for the fees paid by borrower under the terms of select variable rate bonds.

Hamlin Capital Advisors, LLC (“HCA”), which has common ownership with Hamlin, is registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934 and, in this role, may perform certain services for existing Hamlin clients that are municipal issuers, not-for-profit corporations or other ultimate obligors on municipal securities. These services could include contracting with these clients to perform certain advisory services, including advising on the structure, timing and terms of a municipal offering or undertaking a solicitation of any such municipal entity on behalf of a third party. HCA may act as a municipal advisor in situations where Hamlin purchases all, part or none of the offering, with personnel separate and apart from Hamlin acting for the obligors.

Investors in the Mutual Fund and UCITS Fund pay expenses in addition to an investment management fee. These expenses generally include administration, organizational, investment expenses, such as brokerage commissions, legal, custodian, transfer agency, line of credit, accounting, audit, and other professional fees and expenses. These expenses are typically incorporated in the Mutual Fund’s, and the UCITS Fund’s, respective share price. For additional detail on these fees and expenses, please refer to the Mutual Fund’s prospectus and statement of additional information, and the UCITS Fund’s prospectus and the Key Investor Information Document. Client assets invested in the Mutual Fund and the UCITS Fund may pay both the Hamlin investment management fee and the respective Fund’s fees and expenses. To the extent Hamlin invests clients’ assets in the Mutual Fund or UCITS Fund, these assets generally will not be included as client assets for purposes of calculating or charging the client’s management fee. Neither Hamlin nor any of its related persons generally receives additional compensation on client assets that are invested in the Mutual Fund or UCITS Fund.

Investors in the Private Funds pay expenses in addition to an investment management fee. Such expenses typically include administrative expenses, investment expenses (such as brokerage commissions and interest expense), audit expenses, legal expenses, and tax preparation expenses. Investors should refer to the relevant Private Fund’s private placement memoranda for a full description of fees and expenses paid by the Private Fund.

Clients will incur brokerage and other transaction costs in addition to the fees discussed above. Please refer to the *Brokerage Practices* section of this brochure for additional information.

Clients should be aware of the fact that asset based advisory fees charged for the provision of Hamlin’s investment management services are based on Hamlin’s valuation of securities and investments which are reflected in Hamlin’s internally generated portfolio appraisal statements. These statements may show different market values for particular investments than what is reflected on a client’s custodial statement. Hamlin maintains policies and procedures regarding

the valuation of securities and investments held in clients' accounts. In the case of a security with no readily available market quotation, such security or investment shall be valued in a manner determined in good faith by Hamlin to reflect its fair market value. Such fair market value may be based on prices and/or quotes obtained by Hamlin from independent third parties (e.g., underwriters/brokers). Hamlin will also solicit pricing data from additional independent sources to determine if the security's value is appropriate. As part of its investment strategy, Hamlin typically purchases the entire issuance of a bond and, as such, is generally unable to obtain secondary trading information on such issues due to the illiquid nature of the bonds. Furthermore, HCM believes that transactions of less than 100,000 notional bonds are generally not representative of a bond's fair value due to the retail nature of the transaction. Generally, given the small size of any bond transaction under 100,000 notional bonds in the open market, Hamlin will not reset the market value of the security in Hamlin's inventory.

The non-rated tax-exempt bonds Hamlin manages are unique investments; therefore, the Hamlin appraisal may show a different market value than what is reflected on a client's custodial statements. This is because most custodians use one of several pricing services which estimate bond prices based on a matrix system and usually excludes the actual creditworthiness of the bond issuer. In general, our portfolio appraisal provides clients with pricing information taken directly from the underwriters who have specific knowledge about each individual bond issue.

On a monthly basis, underwriters/brokers of certain bond offerings may provide Hamlin with advice related to the pricing and/or valuation of certain of the investments related to these offerings, and employees of these underwriters may be advisory clients of Hamlin's. However, these advisory clients are prohibited from participating in any bond deals that they have helped price, and are not given any preferential treatment as a result of their business relationship with Hamlin.

## **Item 6 Performance Based Fees and Side-by-Side Management**

Hamlin does not charge any performance based fees.



## **Item 7 Types of Clients**

Hamlin primarily provides customized investment advisory services to individuals and associated trusts, estates, charitable organizations, pension and profit sharing plans, corporations or business entities, a UCITS Fund, and a registered investment company, the Mutual Fund. In addition, Hamlin serves as the general partner of and the investment manager and/or investment adviser to the Private Funds.

Hamlin generally requires the following minimum account sizes:

\$2,000,000 – for separately managed bond only accounts

\$2,500,000 – for separately managed balanced accounts

\$1,000,000 – for separately managed equity accounts

\$1,000,000 – for an initial investment by limited partners in Hamlin Income Plus Fund, LP

\$250,000 – for an initial investment by limited partners in Hamlin Yield Partners, LP

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

As mentioned previously, Hamlin's approach to asset management emphasizes current income. High-yield equities and high-yield bonds constitute a majority of a client's portfolio. The balance of client assets of a client's portfolio generally will be invested in government instruments, money market funds, and cash or cash instruments. Hamlin can utilize long term purchases and trading to implement its investment strategies.

The objective of investing in high-yield equities and bonds is to allow client portfolios to compound income. Taxable clients benefit from municipal bond income as it is not taxed by the Federal government (unless an Alternative Minimum Tax is applied). If the bond is issued by a municipality in which the client is domiciled, the client's income from that particular bond may also be free of state and local taxes.

### *Equities*

We seek an immediate cash return on equity dollars invested. We believe that a healthy and consistent dividend policy enhances investor total return, endorses historic accounting statements, and acts as an effective governor on capital allocation. We focus on stocks with dividend yields at approximately one and a half times or higher than that of the S&P 500 index yield. Within this high income universe, we search for companies with manageable debt, ample free cash flow and attractive returns on equity. While our strong balance sheet and dividend discipline generates mostly large company holdings, we invest in all capitalizations. We are particularly interested in high dividend-yielding stocks with strong balance sheets that we believe are under-followed by other managers and Wall Street analysts.

Candidates for purchase typically have a history of increasing dividends and we seek to identify company management teams with experience, significant equity ownership and a tangible commitment to paying consistent and growing dividends over time. We are dedicated to rigorous analysis of company filings and financial statements, focusing on a company's true quality of earnings and capacity to cover an increasing dividend payment. Our goal is to understand the capital structure of the business and the consistency of cash generation. Through conversations with company management and their competitors, we seek to identify both fundamental company and industry investment theses strong enough to attract investor capital over the next several years.

Extensive valuation work completes our investment process. We triangulate between a proprietary Hamlin Dividend Discount Model, discounted future earnings power analysis and historical multiple analysis (absolute and relative to peers) to identify fair value. We purchase when the current price implies a wide margin of safety and significant upside to our assessment of fair value.

### *Debt Securities*

The municipal bonds that Hamlin analyzes and in which it invests clients' assets usually are non-rated, high-yield securities. These bonds typically pay a higher rate of interest than rated bonds. The term non-rated, in Hamlin's view, does not necessarily imply that a bond is not credit-worthy. Sometimes the size of a bond issue is too small to afford the cost of being rated by a rating agency. The price of a non-rated bond is generally based upon the current market conditions for a

security of similar size, rating and denomination that have similar purposes. These market valuations are influenced significantly by the fact that the securities are infrequently traded, non-rated, in large denominations, and other factors. Hamlin periodically discusses each bond issue with the underwriter of the bond or other dealers which price the non-rated issues. Among other things, Hamlin and the underwriter or broker-dealer review recent financial data, trades away from Hamlin, prices of the sector, and market conditions in the high yield bond marketplace.

Hamlin believes that it may be advantageous to purchase the entire issue of a non-rated bond. Hamlin generally structures the terms of such purchases with legal counsel. The ownership of an entire issue also gives Hamlin relatively more (but not total) control over the issue and subsequent events concerning the issue because Hamlin does not share control with other investors. As is the case with all bonds, there is always the possibility of default with respect to an issue. Controlling a majority of or the entire class of debt securities may result in additional challenges in determining the perceived market value of the security. Such challenges may occur due to the unique characteristics of the issuer, lack of trading of the specific security, and/or lack of other market participants willing to purchase the security. Certain securities purchased by Hamlin are substantially illiquid.

Non-rated municipal bonds typically are not general obligations of the municipal issuer, but are special, limited obligations of an obligor of the funded project. The bonds generally will not carry a rating from any rating service. From time to time, Hamlin may purchase non-rated municipal bonds that are issued without registration under the provisions of the Securities Act of 1933 (“Securities Act”), or any state laws. These bonds are purchased for clients who are “accredited investors” as the term is defined in Rule 501 of Regulation D promulgated under the Securities Act, or a “qualified institutional buyer” as the term is defined under Rule 144A of the Securities Act. Hamlin purchases bonds for clients for the purpose of long term investment without a current view to any distribution or sale of the bonds. For the unregistered bonds, there may be transfer restrictions in which bonds are allowed to be transferred only to “accredited investors” or a “qualified institutional buyer.” As with all investments, non-rated municipal bonds bear risks for an indefinite period of time and any sale prior to maturity may not be possible.

In certain instances, Hamlin’s bond investments will be due to engagements resulting from HCA’s municipal advisory services. Specifically, HCA intends to advise certain 501(c)(3) organizations concerning senior living and education facility construction and renovation to be financed with high-yield tax-exempt bonds. These potential investment opportunities will generally be presented to Hamlin initially by the underwriter of the issue, once the term sheet has been developed by HCA and the obligor. Hamlin will then review the terms of the proposed offering from the obligor, underwriter, and HCA to determine if the investment is appropriate and consistent with Hamlin’s investment guidelines. Because certain owners of HCA are also owners of Hamlin, and HCA’s knowledge of Hamlin’s investments objectives, it is expected that some of the investment opportunities will meet Hamlin’s investment guidelines. When evaluating the conflict of interest that exists between Hamlin and HCA concerning Hamlin investments resulting from HCA’s municipal advisory services, one should take into consideration Hamlin’s adherence to appropriateness and consistency with Hamlin’s investment guidelines.

Certain debt securities held in client’s portfolio may have greater minimum denomination requirements if held outside Hamlin’s supervision. Accordingly, clients generally give Hamlin the exclusive authority to trade or transfer debt securities, and clients also represent that clients will refrain from providing any instruction to trade or transfer debt securities without the express

written permission of Hamlin. Moreover, clients grant Hamlin the right, but not the obligation, exercisable at Hamlin's sole discretion and without notice to the client unless otherwise required, to liquidate in whole or in part, any funds and/or securities maintained in client's portfolio upon client's or Hamlin's termination without regard to client's tax liabilities that may be incurred upon such liquidation. Hamlin believes that such right is necessary and integral to its management of all client accounts in order to ensure bondholders interests are as well protected as possible.

Hamlin investment analysis methods include fundamental and technical analysis. Hamlin utilizes financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, annual reports, prospectuses and filings with the SEC, and company press releases, among other items, as part of the research process. In addition, Hamlin examines legal documents pertaining to municipal bond issues. Hamlin coordinates such review with Hamlin's legal counsel, which is retained specifically for this purpose.

### *Risk of Loss*

Investments in securities involve the risk of financial loss that clients should be prepared to bear. Discussing the factors that can potentially lead to such loss is therefore a key consideration when selecting the investment opportunities with a prospective or an existing client. Each strategy involves investments in a certain type or types of securities of which have their own risks.

For example:

*Market Risk:* This is a factor in any investment, and a high level of volatility in the financial markets, increases the risk, regardless of strategy. Continued volatility could disrupt the investment strategy, decrease the value of a client's portfolio, and impact its profitability adversely.

*Concentration Risk:* This is the risk of being invested in a single security or issuer. While diversification in general is sought by Hamlin, there is no assurance that this will necessarily mitigate or eliminate the risk of loss in every market environment.

*Geographical and Sector Risk:* This is risk arising from concentrating investments in geographic regions or business or industry sectors. While geographic and sector diversification is in general sought, there is no assurance that this will necessarily mitigate or eliminate risk of loss.

*Credit Risk:* This is the risk that the issuer of a debt security could default on its obligation to pay interest and/or principal, or go bankrupt, which could cause the holder of such a security to lose money.

*Interest Rate Risk:* Generally interest rates and the prices of debt securities move in opposite directions. When interest rates fall, the prices of most debt securities rise; when interest rates rise, prices fall. Changes in interest rates will affect client's performance to the extent they are primarily invested in debt securities.

*Liquidity risk:* Debt securities can become difficult to sell, or less liquid, for a variety of reasons, such as lack of an active trading market.

*Inflation Risk:* When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.

*Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to debt securities

*Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Conversely, investors in the UCITS fund will find that US investments are subject to fluctuations in the value of the pound sterling, Swiss franc, or Euro against the dollar. This is also referred to as exchange rate risk

There is no assurance that any investment risk mitigation efforts undertaken by Hamlin will be successful or otherwise eliminate the relevant risk.

**Item 9 Disciplinary Information**

Hamlin and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Item 10 Other Financial Industry Activities and Affiliations**

Hamlin and HCA share common ownership by certain Hamlin principals. HCA contracts with municipal entities and obligated persons (including not-for-profit corporations and other obligors) to perform certain advisory services including advising on the structure, timing, and terms of a municipal issue. Hamlin's clients may invest in municipal issues that were structured by HCA, or otherwise recommended by HCA to the municipal entity or obligated person. Because certain owners of HCA are also owners of Hamlin, and HCA's knowledge of Hamlin's investments objectives, it is expected that some of the investment opportunities will meet Hamlin's investment guidelines. When evaluating the conflict of interest that exists between Hamlin and HCA concerning Hamlin investments resulting from HCA's municipal advisory services, one should take into consideration Hamlin's adherence to appropriateness and consistency with Hamlin's investment guidelines.

Hamlin recommends HCA's municipal advisory services to its investment clients and HCA recommends Hamlin's investment advisory services to its municipal entity and obligated person clients.

Clients should be aware that most of Hamlin's principals share in the profits of HCA. As such, Hamlin's principals are potentially incentivized to purchase issues which were structured by HCA. Hamlin is presented with potential investment opportunities from a number of firms other than HCA. Hamlin's decision to purchase a particular investment for its clients is based on a thorough due diligence process including which investment best fits the clients' investment strategy. Furthermore Hamlin is incentivized to refer potential obligors to HCA.

Hamlin has adopted a Code of Ethics (the "Code"), described below, as well as other policies and procedures to address the conflicts of interest presented by its affiliation with HCA.

### *Registered Investment Company*

Hamlin furnishes investment advice, as investment adviser, trade execution and certain administrative, and compliance services to the Mutual Fund. The Mutual Fund may compensate Hamlin for costs in providing these services. Detailed information on the services and fees can be found in the Mutual Fund's prospectus and statement of additional information.

### *UCITS Fund*

Hamlin is the investment adviser and sponsor of the UCITS Fund, and in that capacity provides investment advice, compliance, certain administrative, trade execution services to the UCITS Fund. The UCITS Fund may compensate Hamlin for costs related to these services. For further information on the services and fees, please consult the UCIT Fund's prospectus and the Key Investor Information Document.

## **Item 11 Code of Conduct and Ethics, Participation or Interest in Client Transactions, and Personal Trading**

Hamlin or a related person may purchase securities from, or sell securities to a client. Generally, such transactions are executed only upon client request. In accordance with Section 206(3) of the Investment Advisers Act of 1940 (“Advisers Act”), as amended, and the interpretations thereunder, prior to the completion of any such transaction, Hamlin will disclose to the client in writing that Hamlin or a related person will be acting in a principal capacity. Prior to the completion of any such transaction, Hamlin will obtain such client’s specific consent to the transaction. In no event will a Hamlin client be obligated to enter into, or consent to, any such “principal” transaction.

Hamlin recommends that its clients invest in the Funds that it sponsors and manages. Hamlin benefits from certain clients investing in the Funds since it receives an asset based investment management fee for such investment. A potential conflict of interest also exists when Hamlin permits its employees to buy and sell the same securities in which clients invest. Many of Hamlin’s employees maintain separate accounts with Hamlin and pay a fee for the management of such accounts. As such, certain of Hamlin’s employees are clients of Hamlin and will invest in the same securities as clients. As discussed in the *Brokerage Practices* section below, Hamlin effects batched transactions in a manner designed to ensure that no participating client, including any related account, is favored over any other client. Please see the Fees and Expenses section above for a discussion of Hamlin acting as Bondholder Representative in connection with certain bond investments made by Hamlin on behalf of its advisory clients, and for Hamlin or its principals providing loans to projects in which its clients have invested.

To avoid potential conflicts of interest involving personal trading, Hamlin has adopted a Code, which includes a formal code of conduct and ethics and insider trading policies and procedures. Hamlin’s Code requires, among other things, that Employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Hamlin above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- To the extent practicable, avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with the Code;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession; and



- Comply with applicable provisions of the federal & state securities laws.

Hamlin's Code requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide Hamlin with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

Portfolio managers and other investment personnel (or members of their families) may personally invest in the Mutual Fund, Separately Managed Accounts and Private Fund products. Personal investments may vary from product to product and investment personnel may choose not to invest in all products they manage. These investments may create a potential conflict of interest as investment personnel may have an incentive to favor the products in which they have a personal interest. Portfolio managers or other investment personnel, including any employee of Hamlin who invests in the Mutual Fund are restricted from short-term trading in the Mutual Fund as further described in the Code and the prospectus.

A copy of Hamlin's Code shall be provided to any client or prospective client upon request.

## **Item 12 Brokerage Practices**

In considering through which firm brokerage transactions should be made, Hamlin considers research provided to it, among other things. Generally, Hamlin will attempt to place portfolio transactions with broker-dealers who, in its opinion, provide the best combination of price and execution (including brokerage commissions). Hamlin may have an incentive to select or recommend a broker-dealer based on the interest of receiving research products and services, rather than on the client's interest in receiving the most favorable execution.

In deciding whether to effect brokerage transactions for its clients through brokers or dealers who provide Hamlin with "research services," as that term is used in Section 28(e)(3) of the Securities Exchange Act of 1934, Hamlin will determine in good faith that the amount of commission paid is reasonable in relation to the value of the products and brokerage and research services received from such broker or dealer, viewed with respect to either the particular transactions involved or Hamlin's overall responsibilities to all of its clients. The research services obtained may include a broad variety of financial and related information and services, including written or oral research and information relating to the economy, industries or industry segments, a specific company or group of companies, software or written financial data, electronic or other quotations or market information systems, financial or economic programs or seminars, or other similar services or information believed to assist Hamlin and its advisory functions and services. Hamlin believes that its ability to obtain such products, research and services, is an integral factor in the level of the advisory fees charged to clients and may benefit all clients. Hamlin shall make a good faith effort to determine that the products and services received are commensurate with the costs paid to such broker-dealers. As is always the case, Hamlin will continue to seek to obtain the best execution on its clients' securities transactions.

Hamlin maintains an informal internal allocation procedure to identify those brokers who have provided it with research and execution services that Hamlin considers useful to its investment decision-making process. These internal guidelines are based, in part, on the quality and usefulness of the research provided and its value to Hamlin. The amount of brokerage specifically allocated to any broker will be based, in part, on the cost of such research to the broker, and the amount allocated is may be higher than that which Hamlin would pay for the research were it to pay for it in cash using its own funds. When Hamlin uses client brokerage commissions to obtain research or other products or services, the firm receives a benefit because it does not have to produce or pay for the research, products, or services. Clients should consider that there is a potential conflict of interest between their interests in obtaining best execution and Hamlin's receipt of and payment for research through brokerage allocations as described above. Hamlin at all times attempts to match the interest of clients but may not be able to do so in best execution and in the accumulation of research funds that are critical for Hamlin investment management services.

The soft dollar research obtained by Hamlin normally benefits many accounts rather than just the one(s) for which the order is being executed, and not all research may be used by Hamlin in connection with the account(s) which paid commissions to the broker providing the research. For example, Hamlin utilizes the commissions paid by its clients who invest in equity securities to obtain debt security research services. In this situation, the debt security research may benefit only a select group of Hamlin's clients that is different from the group whose commissions generated the soft dollar credits. Certain clients require that their accounts be custodied at broker-dealers that do not generate soft dollar commissions. Such accounts will not pay commissions for

soft dollar research but will benefit from the soft dollar research paid for by other accounts managed by Hamlin. Within the last fiscal year, Hamlin received certain third-party products and services, including, among other things: the William O'Neill database, Value line, Factset Research, Arbor Research and Trading, Capital Economics, Ned Davis Research, Fourteen Research Corporation, Grant's Interest Rate Observer, McDep LLC, Omgeo, Street Account LLC, Telemet America, Inc., access to Bloomberg research, and trade magazines and technical journals not targeted to a wide, public audience.

In addition to maintaining formal third-party soft dollar arrangements, many of the broker-dealers utilized by Hamlin provide the firm with access to proprietary research reports (such as standard investment research) which are used to manage all accounts at Hamlin. To the best of Hamlin's knowledge, these and other products and services are generally made available to all institutional investors doing business with such broker-dealers. Certain of these bundled services are made available to Hamlin on an unsolicited basis and without regard to the rates of commissions charged or paid by Hamlin or the volume of business Hamlin directs to such broker-dealers. Since these products and services are merely made available by broker-dealers as part of a bundled business package to Hamlin, who may or may not use the research, it is Hamlin's understanding that such broker-dealers do not set discrete prices for such products and services. Accordingly, Hamlin does not separately compensate such broker-dealers for the provision of such services and does not believe that it "pays up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services.

Certain clients direct Hamlin to utilize a particular broker-dealer to execute some or all transactions for the client's account. In such circumstances, the client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. Hamlin will not seek better execution services or prices from other broker-dealers or be able to aggregate the client's transactions, for execution through other brokers-dealers, with orders for other accounts advised or managed by Hamlin. As a result, Hamlin may not be able to obtain best execution on behalf of the client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account than would otherwise be the case. Additionally, Hamlin will exclude directed brokerage accounts from certain quantitative aspects of its best execution analysis. In the event that a client is referred to Hamlin by a broker-dealer, Hamlin may have a potential conflict between the client's interest in obtaining best execution and Hamlin receiving future referrals from the broker-dealer. Orders for clients who direct Hamlin to utilize a specific broker-dealer shall typically be placed after those executed for clients who do not place trading restrictions on Hamlin. Accordingly, such clients may not pay the same price, or receive the same or as favorable an execution, for same-way trades that Hamlin executes in a security for multiple clients on the same day. Hamlin has adopted trade allocation procedures to address the potential conflict and for the treatment of directed brokerage accounts.

Transactions for each client account will occasionally be effected independently; generally, Hamlin decides to purchase or sell the same securities for a number of client accounts simultaneously. When possible, orders for the same security are combined or "batched" to facilitate best execution and to allocate equitably among Hamlin's clients differences in prices that might have been obtained had such orders been placed independently. Accounts in which a related person or affiliate of Hamlin has a financial interest ("related accounts") participate in batched transactions with Hamlin's other advisory clients. Hamlin effects batched transactions in a manner designed to ensure that no participating client, including any related account, is favored

over any other client. Specifically, each client that participates in a batched transaction will participate at the average share price for all of Hamlin's transactions in that security on that business day, with respect to that batched order. Certain related accounts may not be batched because they are considered 'directed broker' accounts or where Hamlin does not have the discretion to select the executing broker. As such, prices obtained by these related accounts may receive a better or less favorable execution price than those accounts that were batched at the same executing broker. Securities purchased in a batched transaction are generally allocated based on the highest cash percentage. There are additional factors considered when allocating debt security transactions, including but not limited to, the state of domicile, sector percentage, commitment levels, custodian, minimum denomination and account open date. Securities sold in batched transactions are generally allocated based on the highest position percentage. If total allocations are not filled the same day, all unfulfilled orders will be placed in the allocation for the next trading day. Hamlin may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular clients.

Hamlin will take into consideration an account's cash availability, investment objectives, investment restrictions and custodianship in determining whether an account may be allocated an IPO. Allocation of IPO shares will not be made to client accounts that are custodied at certain broker/dealers who will not settle away-trades from third party broker/dealers (i.e., the IPO underwriting institution or syndicate institutions) or to accounts that do not have enough free cash to purchase at least 100 shares. Hamlin employees will not be permitted to participate in an IPO that our clients participate in. In the event of a partial allocation, shares will be allocated on a random basis by our order management system, Moxy.

Hamlin occasionally executes over-the-counter securities transactions on an agency basis. Thus, Hamlin's clients may incur two transaction costs for a single trade: a commission paid to Hamlin's executing broker-dealer plus any mark-up or mark-down charged by the market-making broker-dealer, which is included in the offer or bid price of the securities purchased or sold. Hamlin would execute such transactions on a principal basis if it believed that doing so would be favorable compared to executing on an agency basis.

Hamlin uses client cross transactions to reallocate bonds among clients. A cross transaction occurs when Hamlin causes one client to sell a bond to another client in an arms-length transaction. Following are several reasons why a cross transaction may occur:

- Liquidation - Hamlin frequently executes cross transactions in client portfolios due to client requested liquidations of their portfolios. Hamlin will cross bonds from a liquidating account to a client who has the need for additional bonds.
- Raise Cash - A selling client requires cash, and the buying client has the required cash to buy bonds.
- Diversification - Hamlin is purchasing a new issue that clients will best utilize if Hamlin rebalances their existing portfolio. The word "rebalance" means that Hamlin has determined that some or all of Hamlin's clients will benefit by purchasing the new issue and simultaneously selling portions of their current positions to other clients. One benefit is widened diversification among all client portfolios.
- Tax Harvesting - Hamlin believes a client may benefit from a tax harvesting situation and another account has cash and requires bonds.

Clients that participate in cross transactions may incur a markup or mark-down charged by the broker-dealer. Crosses are executed at current market price provided by the executing broker. Generally, brokerage costs are split between participating accounts, except in the following situations: Full Liquidation – the seller bears the full cost of execution; and Raise Cash – the seller bears the full cost of execution whether trade is executed on a discretionary or non-discretionary basis.

For clients interested in evaluating such transaction costs, certain municipal bond transactions are posted on the Municipal Securities Rulemaking Board's website and available for public viewing. Hamlin maintains procedures which require that all cross trades are made at an independent current market price. In addition, if one of the parties to the cross trade is a registered investment company, such as the Mutual Fund, the transaction must comply with procedures adopted under Rule 17a-7 under the Investment Company Act of 1940.

If Hamlin manages the client account of a wrap fee client, the client should be aware that Hamlin may not be provided sufficient information by the wrap fee program sponsor to perform an assessment as to the suitability of Hamlin's services for the client. Hamlin will rely on the wrap program sponsor who, within its fiduciary duty, must determine not only the suitability of Hamlin's services for the client, but also the suitability of the wrap fee program itself for the client. Furthermore, Hamlin will make every effort to obtain best execution within any constraints that may be set forth by the client and the wrap fee program sponsor.

Any clients referred to Hamlin through a wrap fee program should understand that in almost all, if not all, cases, Hamlin will execute such clients' securities transactions with broker-dealers other than the wrap sponsor. Such "trading away" from the wrap sponsor that referred the clients results in agency commissions and/or transaction costs that are imbedded into the price of the securities Hamlin purchases (also known as trades that are executed on a "net" or "principal" basis as is the case with most securities traded in an over-the-counter or dealer market). Hamlin believes that its ability to trade away from the wrap sponsor ensures that it continues to seek to obtain best execution on all client orders. Accordingly, a client's selection of Hamlin as investment manager through the wrap fee program means that such client shall typically pay multiple layers of transactions costs for all trades executed by Hamlin – a transaction cost paid to the executing broker-dealer other than the wrap sponsor (trade-away brokers) and transaction costs included in the wrap fee paid to the wrap sponsor. Management fees paid to Hamlin are included in the wrap fee. The fees described above, in aggregate, may be higher than if the broker dealer and investment adviser's services were unbundled and engaged separately. Debt security wrap programs do not involve a high frequency of trading. If a client has met their capital obligations and there is not an ample cash balance, there may be little to no trading in an account.

### **Item 13 Review of Accounts**

Hamlin's Portfolio Management Committee (the "Committee") reviews client accounts on a quarterly basis. The Portfolio Management Committee consists of Vivian Pan, Charlie Garland, Chris D'Agnes, Parker Stitzer, Benjamin Kaufman, Brian Sergeant and Charlie Harkin. Vivian Pan is the Chairman of the Portfolio Management Committee.

The Committee will examine each portfolio and will compare the respective portfolios of securities. The Committee will then look at the major attributes of each portfolio such as yield, percent of assets in debt, equities, concentration of assets in sectors, total rates of return and discuss any changes to specific client objectives.

Reports of the market value of a client's portfolio, including performance, are posted on Hamlin's secure website on a quarterly basis for clients under Hamlin's direct management. It should be noted that the aforementioned reporting excludes portfolios managed by Hamlin as a sub-advisor. The adviser is responsible for providing each client referred to Hamlin account with statements and any other required regulatory reports.

#### **Item 14 Client Referrals and Other Compensation**

Certain unaffiliated third-parties are compensated by Hamlin for client referrals based on a percentage of the advisory fees paid by the referred client. Hamlin will ensure that such arrangements comply with Rule 206(4)-3 under the Advisers Act.

Hamlin and HCA may recommend one another to a not-for-profit corporation or other obligor. Clients should be aware that some of Hamlin's principals share in the profits of HCA. As such, Hamlin's principals are incentivized to recommend municipal entities and obligated persons to HCA.

## **Item 15 Custody**

All client assets are held in custody by unaffiliated broker-dealers, banks, or other qualified custodians. Separate account clients shall receive account statements directly from their broker-dealer, bank, or other qualified custodian on at least a quarterly basis. Hamlin urges clients to carefully review those statements and compare them to any statements produced directly by Hamlin.

Hamlin is deemed to have custody of certain client assets because of the authority that Hamlin and/or its affiliated entities have over those assets and these clients receive statements at least on a quarterly basis directly from custodians. In addition, these separate accounts for which Hamlin has custody are subject to an annual unannounced verification audit performed by an independent accounting firm.

The Private Funds' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Private Funds' fiscal year end.



## **Item 16 Investment Discretion**

Hamlin has investment discretion over clients' accounts, including the amount and price of securities bought and sold, the preferred broker-dealer, and the commission rate, as applicable. The discretionary authority granted to Hamlin for separate account clients is evidenced in the investment advisory agreement that is executed by Hamlin and the client at the inception of the advisory relationship. Clients can place reasonable restrictions on Hamlin's investment discretion. For example, clients can request specific limitations on discretion over the broker-dealer used and impose investment restrictions on the account as discussed in the *Advisory Business* section of this brochure. For the Private Funds, investors sign a subscription agreement to document the discretionary authority granted to Hamlin as investment manager or adviser to the Private Fund. Hamlin generally retains an exclusive right to trade or transfer debt securities.

## Item 17 Voting Client Securities

### *Proxy Voting*

Unless Hamlin is otherwise directed in writing by a client, the client shall be responsible for: (1) directing the manner in which proxies solicited by issuers of equity securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to assets that are not debt securities. Hamlin is authorized to instruct the custodian to forward to client copies of all proxies and shareholder communications relating to the assets.

To the extent a client instructs Hamlin to vote proxies on the client's behalf, Hamlin has selected an unaffiliated third party proxy research and voting service, Glass Lewis & Co LLC, ("Proxy Voting Service") to assist in researching and voting proxies. With respect to each proxy received, the Proxy Voting Service researches the financial implications of the proposals and provides a recommendation to Hamlin as to how to vote on each proposal based on the Proxy Voting Service's research of the individual facts and circumstances and the Proxy Voting Service's application of its research findings to a set of guidelines, the Glass Lewis' United States Policy Guidelines, by highlighting the key policies applied to companies listed in the United States. Hamlin intends to vote consistent with the voting recommendation of the Proxy Voting Service, however, Hamlin may determine to override any recommendation made by the Proxy Voting Service.

Hamlin will not accept direction on how to vote individual proxies for which it has voting responsibility from any other person or organization other than the research and information provided by its independent Proxy Voting Service, subject to specific provisions in a client's account documentation related to exception voting.

Hamlin is authorized by the client to vote the proxies of fixdebt securities, give general or specific proxies or powers-of-attorney with or without power of substitution, and generally to exercise any of the powers of an owner with respect to debt securities held in the clients' accounts. Hamlin accepts the clients will direct or cause the custodian to deliver proxies related to debt securities to Hamlin in a timely manner. These authorizations will be continuing ones and will remain in full force and effect until Hamlin has received written notice of revocation or termination. Hamlin's Fixed Income Team is responsible for researching and issuing recommendations for voting proxies. With respect to each proxy received, the Fixed Income Team researches the financial implications of the proxy proposal and makes voting recommendations specific for each client that holds the related debt security. Hamlin considers each proposal regarding a debt security on a case-by-case basis taking into consideration any relevant contractual obligations as well as other relevant facts and circumstances at the time of the vote.

Hamlin may encounter potential conflicts of interest in the course of voting a particular proxy. Determinations as to whether a conflict of interest is material will be made after internal discussion among members of a committee that will include at a minimum, Hamlin's President and CCO. Materiality determinations are fact based, and will depend on the details of a particular situation.

In the event Hamlin does not exercise proxy-voting authority over a client's account or certain client securities, then the obligation to vote client proxies shall at all times rest with client. Client

shall no way be precluded from contacting Hamlin for advice or information about a particular proxy vote. However, Hamlin shall not be deemed to have proxy-voting authority solely as a result of providing such advice to client.

#### *Class Actions*

Hamlin will not take any formal action or render any formal advice with respect to any securities in separate client accounts which are named in or subject to class action lawsuits. Hamlin will, however, forward to client any information received or maintained by Hamlin regarding class action legal matters involving any security held in the account.

If class action documents are received by Hamlin for the Mutual Fund, Hamlin will notify the Mutual Fund's CCO and forward it to the Mutual Fund's Administrator, to enable the Mutual Fund to determine whether it should file the class action at their discretion. Hamlin will not file class actions on behalf of the Fund but may assist in providing records. In the event that Hamlin is to be a lead or co-lead plaintiff in class action, or intends to bring suit against an issuer, it will notify the Mutual Fund's CCO prior to making any public filings of suit or announce that it is a lead or co-lead plaintiff in a class action.

Hamlin will make all decisions pertaining to class actions on behalf of the Private Funds it manages.

#### *Proxy Voting – Availability of Policies and Procedures and Proxy Voting Record*

Questions or concerns, regarding the Policy, or how Hamlin voted proxies on portfolio securities can be obtained free of charge from Hamlin by contacting the Chief Compliance Officer, Jeremi Roux, at (212) 752-8777 or [compliance@hamlincm.com](mailto:compliance@hamlincm.com).

**Item 18 Financial Information**

Hamlin has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.