HILLIARD LYONS

November 2017

EQUITY HIGHLIGHTS

from *Investment Perspectives*

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Activision Blizzard, Inc. (ATVI) Consumer Sector (Discretionary)

Upgraded to Neutral rating

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY EPS ----- 2016	2017E	2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
Ntrl-2	Activision Blizzard, Inc.	ATVI	$64.55	$67	$35	$2.20	$2.20	$2.53	25.5	0.5%		11/8/17

On November 8th, we raised our rating on Activision Blizzard, Inc. to Neutral from Underperform. We are mindful of above-average valuations; however, we believe substantial long-term earnings power exists from nascent businesses such as e-sports (competitive gaming with worldwide viewing). Recent developments such as sales of team franchises and securing of corporate sponsorships could be viewed as favorable indicators for this initiative, in our view. Our suitability rating remains 2.

Q3 results were strong. Non-GAAP revenues of $1.902 billion were up 17% from a year ago, as each of the main operating segments (Activision, Blizzard, and King Digital) surpassed our expectation. The street consensus revenue estimate was $1.740 billion. One product highlight was *Destiny 2*, which was released in mid September and sold encouragingly well, in our view.

Profits also exceeded expectations. Gross margin was down due partly to initial disk-based sales and launch expenses for *Destiny 2*. However, operating expenses grew less than revenues, leading to a 15% gain in non-GAAP diluted EPS to $0.60 versus $0.52 a year ago. This was above company guidance of $0.45 and street consensus of $0.50. The company has produced considerable EPS "beats" in all three quarters of 2017.

The balance sheet remained solid. Total cash and equivalents as of September 30, 2017, were $3.576 billion. Total debt was $4.388 billion, or 31% of total capitalization. Interest coverage and leverage ratios were adequate, indicating additional borrowing power, if desired.

Management updated its financial guidance. Non-GAAP revenue guidance for 2017 was set at $6.850 billion, up $275 million from the previous figure. Non-GAAP EPS guidance was set at $2.16, up $0.16 from the previous figure. We have fine-tuned our projections, which are slightly above company guidance.

Please see our latest Activision Blizzard, Inc. report dated November 8, 2017.

The Kroger Company (KR) Consumer Sector (Staples)

Recent investor conference

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY EPS ----- 2016	2017E	2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
LTB-3	*The Kroger Co. FY(1)*	*KR*	*$21.85*	*$36*	*$20*	*$2.12*	*$1.96*	*$1.99*	*11.0*	*2.3%*	*$27*	*10/13/17*

On October 11th, Kroger Company held an investor conference to discuss the industry environment, competitive advantages, strategic direction, and the financial outlook. While competitive forces are not likely to ease anytime soon, in our view, we believe KR has strengths that should help it compete and succeed in a dynamic industry environment.

To us, the conference served as a reminder of Kroger's strengths. These range from physical assets such as its broad store base to intangible assets such as its strong management team and industry leading data research capabilities.

The company also announced it is exploring strategic alternatives for its convenience store business. Management is intrigued by existing valuations in that business and would consider purchase offers. Annual revenues for KR's convenience store business are about $4 billion.

Management reaffirmed its fiscal 2017 financial outlook. This includes identical supermarket sales growth (excluding fuel) of 0.5%-1.0% and adjusted EPS of $2.00-$2.05. The EPS figures exclude nonrecurring items and reflect an approximate $0.09 benefit from a 53rd week (extra week in Q4 this year).

The company is exploring complementary businesses for incremental revenue. These include a stand-alone, full-service restaurant (*Kitchen 1883*) to open later this month, and creation of a private-label apparel line to be sold in the large-concept Fred Meyer and Kroger Marketplace stores beginning in late 2018.

We recently fine-tuned our financial estimates. We project fiscal 2017 adjusted EPS of $1.96, slightly below management's guided range and one penny above our previous figure. Also, we lowered our fiscal 2018 adjusted EPS estimate by one penny to $1.99 based on modest changes to various line items.

We reiterate our Long-term Buy rating, our two-year price target of $27 per share, and our suitability rating of 3. We believe the current valuation is attractive, presenting a good buying opportunity for risk-tolerant, longer-term investors. Given industry dynamics, we suggest an investment time horizon of two years.

Please see our latest The Kroger Company report dated October 13, 2017.

Gladstone Investment Corp. (GAIN) Financial Sector

What's driving the recent rally?

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY NII ----- 2016	2017E	2018E	P/NII Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
Ntrl-3	Gladstone Investment FY(3) * (H) (I) (W)	GAIN	$11.08	$11	$8	$0.68	$0.74A	$0.71	15.6	7.0%		11/2/17

Gladstone Investment Corp. is a business development company (BDC) that differs from most small-cap BDCs in that it holds more equity investments. The typical small-cap BDC has approximately 10% and 90% of its investments in equity and debt, respectively, while GAIN targets a mix of 25% equity and 75% debt at cost.

As of this writing, GAIN has surged to 107% of net asset value (NAV) versus the small-cap BDC median of 100% and the company's historical five-year multiple of 86.0%. We believe there are countervailing factors that should be considered in examining GAIN's valuation.

Certain attributes of the company would argue against a premium valuation relative to the sector. For example, all other factors being equal, GAIN would tend to possess a riskier investment portfolio given its higher level of equities. Additionally, management reiterated in its FQ2'18 call that M&A valuations for lower middle market businesses remain rich and it will remain disciplined with regard to deal pricing. While this approach is prudent, it will nevertheless constrain growth in investments.

Offsetting these factors are several positive aspects. While certain small-cap BDCs have seen credit quality erosion, GAIN's nonaccrual investments were flat sequentially in Q3. Furthermore, all of its debt investments are secured, including 78% by first lien positions and the remainder with second liens. Lastly, we believe yield-hungry investors have been a driver of the recent price rally. In addition to increasing FQ3'18 quarterly dividends by 1.6% to $0.195, GAIN declared a $0.060 supplemental dividend. Management expects to declare future semi-annual supplemental dividends that would be funded primarily through capital gains. Including the supplemental dividend, the current dividend yield is 7.6%.

We currently rate GAIN Neutral as we await a more compelling entry point to recommend accumulating shares.

* - Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2016 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2016 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

Please see our latest Gladstone Investment Corp. report dated November 2, 2017.

Zoetis Inc. (ZTS) Health Care Sector

Q3'17 earnings review

Rating - Suit.	Company	Symbol	Price 10/04/17	Year High	Year Low	----- FY EPS ----- 2016	2017E	2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
Buy-2	Zoetis Inc.	ZTS	$63.57	$66	$47	$1.96	$2.31	$2.59	24.5	0.7%	$76	8/9/17

Zoetis Inc. reported strong Q3'17 results, beating our estimate and the street consensus for revenue and beating the street consensus for operating EPS as well. Only one category, cattle, fell short of our expectations. The rest were either in line with or exceeded our forecast.

The cattle category continues to face headwinds due to both market conditions (healthier animals needing less medicine) and regulations. Management noted the Veterinary Feed Directive (VFD) regulations have subtracted about $30 million from the top line in both the cattle and swine categories year to date. The livestock business has remained strong outside the United States.

The real story of the quarter, in our opinion, was the companion animal (CA) segment, particularly the growth driven by new products for dogs. The dermatology portfolio, consisting of dermatitis drugs *Apoquel* and *Cytopoint*, generated 77% year over year growth, while *Simparica*, an oral parasiticide, generated 21% sequential growth. Not only was this impressive growth, but management raised their intermediate-term revenue projections for the dermatology portfolio, suggesting sales could climb over $500 million versus previous guidance in the $400 to $500 million range. We had forecasted sales slightly over $400 million next year but now expect that to reach $500 million. This was the main source of our increased estimates.

As we have stated in the past, we believe the animal health industry presents an attractive investment opportunity over the long term. This, plus the incredible momentum of the CA portfolio, are reasons we believe investors should add Zoetis to their portfolio.

Please see our latest Zoetis Inc. report dated November 3, 2017.

Leggett & Platt (LEG) Industrials Sector

Better than expected Q3

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY EPS ----- 2016	2017E	2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
LTB-2	*Leggett & Platt*	*LEG*	*$45.72*	*$55*	*$43*	*$2.49*	*$2.47*	*$2.78*	*16.4*	*3.1%*	*$66*	*10/27/17*

Leggett & Platt, Inc., founded in 1883, is a leading diversified manufacturer of industrial components. LEG products are sold into various end-markets, including bedding, residential and commercial furniture, flooring, automotive, and aerospace. Leggett employs ~21,000 people, trades on the NYSE, and is headquartered in Carthage, MO.

We reiterated our Long-term Buy-rating and 2-year $66 price target in late October. Leggett continues to weather a soft big-ticket consumer environment and a headwind to margins from rising steel costs; however, LEG posted its best same-store-sales in several years in Q3, and has an established framework for passing along raw cost inflation. We see shares as embodying very favorable long-term risk/reward at current levels.

LEG reported Q3'17 EPS of $0.61, down $0.06 year/year but $0.01 ahead of consensus. Revenues for the quarter were up 6.4% yr/yr, in line with our expectations and representing the best growth rate since Q1'15. Management increased the low-end of guidance for full year 2017, moving the midpoint closer to what we were already anticipating.

LEG holds a dominant positon in bed springs. The company's Bedding business groups sell to all major mattress makers in North America, including brand names with high name recognition such as Sealy (TPX-$53.65) and Serta.

Continued growth for the higher-margin Specialized business group remains key to our long-term investment thesis. Outsized growth for the segment should create upward pressure on firm-wide normalized margins, which in our view, holds positive implications for long-term valuation. Auto and Aero are important end markets for this group.

Leggett is a member of the S&P 500 Dividend Aristocrats and is our preferred income play in the Industrials sector. LEG has raised its payout for 46 consecutive years, and currently yields 3.1%.

Please see our latest Leggett & Platt report dated October 27, 2017.

Intel Corp. (INTC) Information Technology Sector

Strong Q3 results, recent price target increase

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	FY EPS 2016	FY EPS 2017E	FY EPS 2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
LTB-2	*Intel Corp.*	*INTC*	*$46.70*	*$47*	*$33*	*$2.72*	*$3.27*	*$3.37*	*13.9*	*2.3%*	*$52.50*	*10/27/17*

Intel Corp.'s strategic vision is transitioning from a PC centric chipmaker to a company focused on empowering a data driven economy. The coming rollout of the 5G network in 2018/2019 will drastically increase the amount, speed, and complexity of data requirements.

INTC has a monopolistic 98% share of the server market, the backbone of the digital economy. Intel's pole position in the data center will allow it to better connect to smart connected end devices including PCs, smartphones, autonomous cars, automated factories, and health information better known as the Internet of Things. New experiences such as artificial intelligence, augmented reality, and the 5G network are expected to increase semiconductor demand over the next decade.

Global semiconductor revenue was an all-time high in September at $36 billion, up 22% year/year. Gartner now anticipates over $400 billion in semiconductor sales in 2017, representing yr/yr growth of 17%. We have only experienced this level of growth a few times in recent decades, including in 2010 as we exited the global recession and during the dot com era.

Intel is also entering new ancillary markets including memory, field-programmable gate arrays (FPGAs), and autonomous driving systems. These growth markets are growing at double-digit rates for Intel and now represent roughly 50% of revenue.

We believe we are at the beginning, not the end, of a decade long investment cycle within the semiconductor industry. We believe the 5G rollout will be the largest technology spending cycle in history. This includes the rollout of the Internet of Things, including autonomous driving where the average car in 10 years could have $3,000 worth of semiconductors versus $150 today.

We view Intel as a conservative holding currently trading at a 14 times forward P/E multiple, a significant discount to the S&P 500. We believe it is an excellent time to add a GARP (growth at a reasonable price) name like Intel to investment portfolios especially for those seeking income and long-term capital appreciation needing diversified exposure to the technology sector.

INTC currently yields 2.3% and we expect the company to grow the dividend at a 4% CAGR. Following Q3 results, we forecast Intel to earn $3.37 per share in 2018 versus our original estimate of $2.96 and FY'19 EPS of $3.50.

Please see our latest Intel Corp. report dated October 27, 2017.

Simon Property Group (SPG) Real Estate Sector

Third quarter results

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY FFO ----- 2016	2017E	2018E	P/FFO Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
Buy-2	Simon Property Group, Inc.	SPG	$157.03	$189	$150	$10.49	$11.20	$12.22	12.9	4.7%	$189	10/27/17

Simon Property Group, Inc., headquartered in Indianapolis, IN, owns or has an interest in retail properties in North America, Europe, and Asia. On October 27th, Simon reported third quarter FFO of $2.89 per share versus $2.70 per share in the year ago period. Results were slightly below our estimate but above the consensus, and were positively impacted by strong releasing spreads.

Occupancy was down 100 basis points year/year at 95.3%. We note Simon combines occupancy and rental rates for the regional malls and premium outlets, instead of reporting them separately. Releasing spreads for the trailing twelve months were up 11.2%.

Total sales per square foot at Simon's malls and premium outlets were up 3.0% on a rolling twelve month basis. Base minimum rent per square foot was up 3.3% yr/yr and releasing spreads were up 11.2%. We believe many retailers with expansion plans would rather open up shop in quality class A malls like many of Simon's, instead of class B and C malls.

On the earnings call management mentioned they are seeing strong demand for space. SPG is seeing interest from fitness/wellness, food, cosmetic and mixed-use retailers wanting space. The percentage of new leases signed with apparel retailers is lower than in the past.

Management provided 2017 FFO per share guidance of $11.17 to $11.22. Our revised FFO per share estimate is $11.20, down from $11.22 previously. We maintain our Buy rating. Our one year price target is $189.

Please see our latest Simon Property Group report dated October 27, 2017.

AT&T Inc. (T) Telecommunications Sector

Maintain Buy rating for income oriented investors

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY EPS ----- 2016	2017E	2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
Buy-2	AT&T Inc. (G) (I)	T	$33.44	$43	$33	$2.84	$2.92	$2.97	11.3	5.9%	$39	10/25/17

We maintain our Buy rating on AT&T Inc. The company recently reported third quarter results that were generally viewed as disappointing. Although earnings were in line with expectations, revenues were about $400 million shy of expectations, and the stock declined on this news.

Revenue was below expectations at both T's consumer wireless and entertainment segments. The wireless business was pressured by slow equipment sales. Service revenue continues to be impacted by consumers choosing unlimited plans. Entertainment revenues were pressured by the loss of 89,000 video subscribers in the quarter. The losses were due to cord cutting, a tighter credit policy, and storm impacts.

On a more positive note, AT&T Mobility recorded record high wireless margins in the third quarter. Also, the company posted a record low third quarter churn rate of 0.84%, and free cash flow grew by 13% to $5.9 billion.

While we are maintaining our Buy rating, we recently lowered our price target to $39 due to the challenging business environment. Although the stock has performed poorly this year, it still appears attractive on both a valuation and yield basis. The stock trades at just 11.3x estimated 2018 earnings while offering an attractive 5.9% dividend yield.

As long as the company can generate modest earnings growth we believe a positive stance is warranted. We will also be particularly interested to see what new developments emerge relative to AT&T's discussions with the Department of Justice (DOJ) concerning the company's proposed acquisition of Time Warner (TWX-$88.50). There have been reports the DOJ will require T to sell certain assets. Regardless, there is increased uncertainty surrounding the transaction's approval.

We believe T is suitable for income oriented investors seeking modest capital appreciation potential. We expect a dividend hike for the 34th consecutive year by year-end.

Please see our latest AT&T Inc. report dated October 25, 2017.

NextEra Energy (NEE) Utilities Sector

Positive Q3 results

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY EPS ----- 2016	2017E	2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
LTB-2	*NextEra Energy Inc.*	*NEE*	*$154.92*	*$157*	*$110*	*$6.19*	*$6.75*	*$7.25*	*21.4*	*2.5%*	*$170*	*10/27/17*

NextEra Energy is a leading clean energy company with more than 45,000 megawatts of generating capacity. NEE's principal subsidiaries are Florida Power & Light Company, which serves more than 4.8 million customer accounts in Florida, and NextEra Energy Resources, LLC, which together with its affiliated entities is the world's largest generator of renewable energy from the wind and sun.

The company recently reported higher and better than expected third quarter earnings. Q3 adjusted earnings were $1.85 per share versus $1.74 per share in last year's third quarter. Both of NextEra's primary businesses contributed higher earnings during the quarter. Florida Power & Light posted earnings of $1.19 per share compared to $1.11 per share a year ago. Results were helped by continued investments in its regulated utility operations and customer growth of 62,000. Energy Resources, the competitive energy business of NextEra Energy, had earnings of $0.62 per share versus $0.60 per share in 2016's third quarter. This segment benefitted from contributions from new investments.

We maintain our Long-term Buy rating and recently raised our two-year price target to $170 per share. We still believe NEE has an attractive fundamental outlook, and that both of the company's primary businesses appear poised to deliver sustained significant long-term growth. We expect earnings growth to be near the upper end of the company's 6% to 8% guidance.

We also anticipate another 13% dividend hike next February. Although the stock has performed well thus far in 2017, NEE continues to represent, in our view, a strong core holding for utility investors seeking long-term capital appreciation and rising dividends.

Please see our latest NextEra Energy report dated October 27, 2017.

South Jersey Industries, Inc. (SJI) Utilities Sector

Growth remains elusive in Q3, but outlook intact

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY EPS ----- 2016	2017E	2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
Buy-3	South Jersey Industries, Inc.	SJI	$32.05	$38	$29	$1.33	$1.21	$1.47	21.8	3.4%	$38	11/9/17

South Jersey Industries, Inc. is an energy services holding company that provides a variety of products and services. It provides natural gas to 350,000+ customers in southern New Jersey, and sells natural gas to wholesale customers in the interstate market. Through its non-utility operations, the company markets energy services including natural gas, electricity, energy management, and consulting services; SJI also owns/operates a portfolio of solar power generation assets.

We reiterated our Buy rating and 1-year $38 price target in early November. We see SJI as a slightly contrarian pick at this juncture, and hold high conviction growth will re-accelerate across the next several quarters. Our target suggests SJI trades at ~26x our 2018E EPS, which is the stock's current multiple based on consensus 2017E EPS.

Q3 Economic EPS (EEPS) came in a penny above our estimate. Results fell short of consensus, which we suspect may have been drawing against an unfair comparison. We were fine with execution in the seasonally least-impactful quarter for earnings; while we do not see much from Q3 to act as a catalyst, we do find the period constructive from the standpoint of putting in a reasonable 'base' year from which to grow.

In mid October, SJI announced a $1.7 billion deal to acquire Elizabethtown Gas (New Jersey) and Elkton Gas (Maryland). In total the company is set to add ~294,000 customers primarily in New Jersey, nearly doubling the current customer base. We model the deal to be completed in Q4'18, adding $40 million - $45 million of net income in the 12 months following close, although substantially offset from an EPS standpoint due to dilution.

The above-noted acquisition is additive to the previously targeted '2020 Plan' of $150 million in economic earnings. We believe this is an important recent clarification from management, as we believe the lack of addressing the milestone upon the deal announcement played into the negative stock price pressure.

Please see our latest South Jersey Industries, Inc. report dated November 9, 2017.

American Water Works Co. (AWK) Utilities Sector

Benign Q3'17 supports optimistic view to 2018/2019

Rating - Suit.	Company	Symbol	Price 11/08/17	Year High	Year Low	----- FY EPS ----- 2016	2017E	2018E	P/E Ratio 2018E	Ind. Div. Yield	Target Price	Latest Report
LTB-1	*American Water Works Co.*	*AWK*	*$89.82*	*$90*	*$69*	*$2.85*	*$3.00*	*$3.37*	*26.7*	*1.8%*	*$110*	*11/2/17*

American Water Works Co. is the largest investor-owned US water and wastewater utility company. Headquartered in Voorhees, NJ, the company employs more than 7,000 professionals who provide drinking water, wastewater, and other related services to approximately 15 million people in more than 30 states and parts of Canada.

We reiterated our Long-term Buy-rating and $110 price target in early November. We expect AWK continues to garner incremental investor interest as the leader in secular growth for the water industry. Despite trading near all-time highs, AWK sits below its own peak valuations.

AWK reported Q3'17 EPS of $1.08 versus $1.05 in Q3'16. The modest growth was below our expectations, but in line with the street, and enough to keep our 2018/2019 forecast sufficiently intact. An interesting item from the quarter, in our view, was that bottom line net income doubled in the quarter despite substantial revenue decline.

A settlement agreement was recently reached in Pennsylvania, which awards AWK an annualized rate increase of $62 million. Final approval by an administrative law judge is expected by year-end, meaning impact should be in effect for January 2018; both timeliness and dollar value were ahead of our previous model.

The regulatory calendar remains full. Despite the case in Pennsylvania coming to completion, AWK has outstanding rate cases in New Jersey and Missouri, requesting $129.3 million and $74.6 million, respectively. These amounts are additive to more modest surcharge activity, which continues in a range of other smaller jurisdictions.

By our count, American Water has announced seven acquisitions of water and wastewater systems in 2017. This number is more/less consistent with prior years, although size of deals has skewed a bit higher since Scranton Sewer was announced ~2 years ago. We expect the McKeesport acquisition of 22,000 wastewater customers (announced 2016) to close December 1, 2017.

Please see our latest American Water Works Co. report dated November 2, 2017.

Additional information, including a report on each common stock mentioned, is available upon request. Check with your Financial Consultant for the investment appropriate for you.

Explanations & Disclaimers

A - Actual
Ann. - Annual/annualized
Bps - Basis points
E - Estimated
EBITDA - Earnings before income, taxes, depreciation, amortization
EBITDDA - Earnings before income, taxes, depreciation, depletion, amortization
EPS - Earnings per share
EV - Enterprise value
FFO - Funds from operations
FFOA - Funds from operations adjusted
FFOM - Funds from operations modified
FY - Fiscal year
FY(1-11) - EPS are for fiscal years (1=January, 2=February, etc.)
GAAP - Generally accepted accounting principles
Ind. Div. Yield - Indicated dividend yield
NA - Not available/acceptable
NAV - Net asset value
NM - Non-meaningful
P/E - Price/earnings ratio -- current price divided by EPS
Q - Quarter
(1-4)Q - 1=First quarter, 2=Second quarter, 3=Third quarter, 4=Fourth quarter
REIT - Real estate investment trust
TR - Total return
TTM - Trailing twelve months
YTD - Year to date

All data is adjusted for stock splits or stock dividends.

Unless otherwise noted, EPS are from continuing operations and exclude non-recurring items.

We recognize each client's investment needs and goals are different. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors.

Analysts' Certification

The contributors to this report hereby certify that the views expressed in this report accurately reflect their personal views about the subject. They also certify that they have not been, are not, and will not be receiving direct or indirect compensation in exchange for expressing the specific points of view in this report.

Important Disclosures

The contributors to this report or members of their households typically have positions in the companies they follow, which may include, but are not limited to, common stock, options, rights, warrants, or futures contracts. They may not engage in buying or selling securities contrary to their recommendation.

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

G - Hilliard Lyons expects to receive investment banking compensation from AT&T Inc. in the coming three months.

H - Hilliard Lyons has received investment banking compensation from Gladstone Investment Corp. within the past 12 months.

I - Hilliard Lyons has been a manager or co-manager of an offering of securities of AT&T Inc. and Gladstone Investment Corp. within the past 12 months.

W - Gladstone Capital Corp. (GLAD-$9.78), Gladstone Commercial Corp. (GOOD-$22.60), Gladstone Investment Corp., and Gladstone Land Corp. (LAND-$13.70) share the same board and management.

Investment Ratings

Buy: We believe the stock has significant total return potential in the coming 12 months.
Long-term Buy: We believe the stock is an above average holding in its sector, and expect solid total returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.
Neutral: We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.
Underperform: We believe the stock is vulnerable to a price set back in the next 12 months.

Suitability Ratings

1 - A large cap, core holding with a solid history. **2** - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks. **3** - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage. **4** - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base.

	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
Rating	**# of Stocks Covered**	**% of Stocks Covered**	**Banking**	**No Banking**
Buy	32	29%	13%	88%
Hold/Neutral	73	65%	7%	93%
Sell	7	6%	0%	100%

As of 8 November 2017

Other Disclosures

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of J.J.B. Hilliard, W.L. Lyons, LLC or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed here.

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