



HILLIARD LYONS

RECOMMENDED STOCKS

July 2017

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Buy Rated Equities

Company	Symbol	Price 07/07/17	52 Week Price Range	--FY EPS--			P/E	Ind. Ann. Dividend	Ind. Div. Yield	Target Price	Suit.	Notes
<i>Financial Sector</i>												
Triangle Capital Corp.	TCAP	\$17.58	\$21 - \$16	\$1.61	\$1.72	\$1.87	10.2	\$1.80	10.2%	\$19	3	FY3 CC HI
<i>Health Care Sector</i>												
Zoetis Inc.	ZTS	\$62.59	\$64 - \$47	\$1.96	\$2.33	\$2.61	26.9	\$0.42	0.7%	\$77	2	
<i>Real Estate Sector</i>												
Kite Realty Group Trust	KRG	\$18.75	\$30 - \$18	\$2.00	\$2.05	\$2.11	9.1	\$1.21	6.5%	\$27	3	*
Omega Healthcare Investors, Inc.	OHI	\$32.60	\$38 - \$28	\$3.41	\$3.49	\$3.63	9.3	\$2.52	7.7%	\$38	2	*
Simon Property Group, Inc.	SPG	\$156.64	\$229 - \$150	\$10.49	\$11.53	\$12.23	13.6	\$7.00	4.5%	\$196	2	
Tanger Factory Outlet Centers, Inc.	SKT	\$25.95	\$42 - \$25	\$2.36	\$2.41	\$2.52	10.8	\$1.37	5.3%	\$36.50	3	
<i>Telecommunications Sector</i>												
AT&T Inc.	T	\$36.98	\$44 - \$36	\$2.84	\$2.94	\$3.04	12.6	\$1.96	5.3%	\$43	2	

Long-term Buy Rated Equities

Company	Symbol	Price	52 Week	--FY EPS--			P/E	Ind. Ann. Div.	Ind. Div. Yield	Target	Suit.	Notes
		07/07/17	Price Range	2016	2017E	2018E	2017E	Dividend	Price			
<i>Consumer Discretionary Sector</i>												
Cedar Fair Entertainment Co. LP	FUN	\$69.90	\$73 - \$56	\$3.14	\$3.45	\$3.08	20.3	\$3.42	4.9%	\$80	3	#
The Walt Disney Company	DIS	\$103.32	\$116 - \$90	\$5.72	\$5.95	\$6.70	17.4	\$1.56	1.5%	\$135	1	FY9
Regal Entertainment Group	RGC	\$19.61	\$25 - \$19	\$1.11	\$1.12	\$1.30	17.5	\$0.88	4.5%	\$25	3	
The JM Smucker Company	SJM	\$115.39	\$157 - \$115	\$7.79	\$7.72A	\$7.90	14.9	\$3.00	2.6%	\$140	2	FY4
<i>Consumer Staples Sector</i>												
Kroger Co.	KR	\$23.16	\$38 - \$20	\$2.12	\$1.95	\$2.05	11.9	\$0.50	2.2%	\$30	3	FY1
Procter & Gamble Co.	PG	\$87.65	\$92 - \$81	\$3.67	\$3.87	\$4.11	22.6	\$2.76	3.1%	\$104	1	FY6
<i>Energy Sector</i>												
Alliance Resources Partners L.P.	ARLP	\$19.35	\$27 - \$17	\$9.18	\$8.59	\$9.57	2.3	\$1.75	9.0%	\$28	3	#
Approach Resources, Inc.	AREX	\$2.84	\$4 - \$1	\$1.22	\$0.82	\$0.97	3.5	\$0.00	0.0%	\$12	3	
ConocoPhillips	COP	\$43.00	\$53 - \$39	\$5.48	\$6.77	\$7.70	6.4	\$1.06	2.5%	\$65	2	
Exxon Mobil Corp.	XOM	\$80.22	\$96 - \$79	\$7.37	\$10.18	\$11.71	7.9	\$3.08	3.8%	\$90	2	
PDC Energy	PDCE	\$42.24	\$85 - \$40	\$8.88	\$9.20	\$12.86	4.6	\$0.00	0.0%	\$85	3	
<i>Financial Sector</i>												
BB&T Corp.	BBT	\$45.47	\$50 - \$35	\$2.83	\$3.10	\$3.67	14.7	\$1.20	2.6%	\$49	1	P
Chemical Financial Corp.	CHFC	\$49.01	\$56 - \$37	\$2.87	\$3.07	\$3.74	16.0	\$1.08	2.2%	\$55	2	

Long-term Buy Rated Equities (continued)

Company	Symbol	Price	52 Week	--FY EPS--			P/E	Ind. Ann. Div.	Ind. Div.	Target	Price	Suit.	Notes
		07/07/17	Price Range	2016	2017E	2018E	2017E	Dividend	Yield				
Health Care Sector													
Bristol-Myers Squibb Co.	BMY	\$55.91	\$77 - \$46	\$2.83	\$2.97	\$3.21	18.8	\$1.56	2.8%	\$65	3		
Eli Lilly & Company	LLY	\$82.29	\$87 - \$64	\$3.52	\$4.11	\$4.48	20.0	\$2.08	2.5%	\$93	1		
Information Technology Sector													
Apple Inc.	AAPL	\$144.18	\$157 - \$96	\$8.27	\$9.09	\$10.66	15.9	\$2.52	1.7%	\$170	1		FY9
eBay Inc.	EBAY	\$34.23	\$37 - \$24	\$1.89	\$2.00	\$2.27	17.1	\$0.00	0.0%	\$38.50	2		
Facebook Inc.	FB	\$151.44	\$157 - \$114	\$3.33	\$4.52	\$5.30	33.5	\$0.00	0.0%	\$170	3		
TripAdvisor Inc.	TRIP	\$36.64	\$72 - \$35	\$1.40	\$1.31	\$1.67	28.0	\$0.00	0.0%	\$65	3		
VeriFone Systems Inc.	PAY	\$17.85	\$21 - \$15	\$1.66	\$1.32	\$1.60	13.5	\$0.00	0.0%	\$24	4		FY10
VMware Inc.	VMW	\$88.19	\$98 - \$58	\$4.40		\$4.91	18.0	\$0.00	0.0%	\$107	3		
Real Estate Sector													
CBL & Associates Properties, Inc.	CBL	\$8.29	\$14 - \$7	\$2.69	\$2.20	\$2.24	3.8	\$1.06	12.8%	\$17.50	3		
Gladstone Land Corp.	LAND	\$11.53	\$13 - \$10	\$0.56	\$0.63	\$0.70	18.3	\$0.52	4.5%	\$14.40	4		*CC HI W
Physicians Realty Trust	DOC	\$19.02	\$22 - \$17	\$0.98	\$1.22	\$1.32	15.6	\$0.92	4.8%	\$23	3		*G HI
SoTHERLY Hotels Inc.	SOHO	\$6.65	\$8 - \$5	\$0.90	\$1.07	\$1.18	6.2	\$0.42	6.3%	\$8.50	4		*HI
Utilities Sector													
American Water Works Co.	AWK	\$77.76	\$83 - \$69	\$2.85	\$3.03	\$3.31	25.7	\$1.66	2.1%	\$105	1		
Chesapeake Utilities Corp.	CPK	\$76.65	\$78 - \$58	\$2.86	\$2.92	\$3.57	26.3	\$1.30	1.7%	\$81	3		HI
NextEra Energy	NEE	\$140.48	\$145 - \$110	\$6.19	\$6.70	\$7.15	21.0	\$3.93	2.8%	\$145	2		
South Jersey Industries, Inc.	SJI	\$33.68	\$38 - \$28	\$1.33	\$1.25	\$1.33	26.9	\$1.09	3.2%	\$40	3		
Spire Inc.	SR	\$69.95	\$73 - \$60	\$3.42	\$3.53	\$3.75	19.8	\$2.10	3.0%	\$77	2		FY9

Note: For VMW, fiscal year 2017 was changed to Dell FYE 2018. The P/E shown here is for 2018E.

Additional information is available upon request.

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

NII - Net investment income

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.

EPS and P/E multiples for Energy companies represent EBITDA. EPS and P/E for REITs represent FFO, FFOA, or FFOM. EPS and P/E for Specialty Finance companies represent NII.

52 week price range is rounded.

The dividend growth rate is the 5 year historical growth rate as provided by Baseline.

Note: it is not possible to invest directly in an index.

* - 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.

- **This entity is classified as a Partnership for US income tax purposes. Tax information is provided by the Partnership directly to the investor on Form 1065, Schedule K-1. Please discuss the tax implications of this investment with a qualified tax advisor.** Annual yield is calculated by dividing the distribution amount by the current price of the security. All or a portion of the Company's distributions are paid from the Partners Capital Account at the Company's discretion. Actual classification for income tax purposes is reported on IRS Form 1065, Schedule K-1 and is provided directly to the investor by the Company. For US income tax purposes, the Company will make a determination regarding all allocable tax information after calendar year end on Form 1065, Schedule K-1. Partnership interests held in tax-exempt accounts including retirement plans and Individual Retirement accounts may be subject to Unrelated Business Income Tax (UBIT). We urge each investor to consult with his or her own tax advisor to determine the tax consequences of ownership of partnership interests, including any state, local or foreign tax considerations.

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.

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.

See individual company reports for further disclosures.

BB - As of July 7, 2017, Hilliard Lyons or its affiliates beneficially own (as defined for purposes of Section 13d of the 1934 Act) 1% or more of Gladstone Commercial Corp. 7.95% pfd D (GOODM-\$26.09).

BBB - As of July 7, 2017, Hilliard Lyons or its affiliates beneficially own (as defined for purposes of Section 13d of the 1934 Act) 1% or more of Investors Real Estate Trust pfd B 7.95% (IRET.B-\$25.14).

C - Hilliard Lyons has participated in an underwriting for securities of this company within the past 12 months.

CC - Hilliard Lyons has participated in a selling group for securities of this company within the past 12 months.

CCC - Hilliard Lyons intends to participate in a selling group for a proposed offering of securities of this company within the coming three months.

G - Hilliard Lyons expects to receive investment banking compensation from this company in the coming three months.

H - Hilliard Lyons has received investment banking compensation from this company within the past 12 months.

I - Hilliard Lyons has been a manager or co-manager of an offering of securities of this company within the past 12 months.

J - From 1998 to 2008, Hilliard Lyons was owned by PNC Financial (PNC-\$126.54).

P - This company is/was a client of Hilliard Lyons within the past 12 months, received non-investment banking securities-related services, and Hilliard Lyons received compensation for those services.

PP - This company is/was a client of Hilliard Lyons within the past 12 months, received non-investment banking non-securities-related services, and Hilliard Lyons received compensation for those services.

S - This company is/was a client of Hilliard Lyons within the past 12 months, received investment banking securities-related services, and Hilliard Lyons received compensation for those services.

T - This company is/was a client of Hilliard Lyons within the past 12 months, received investment banking non-securities-related services, and Hilliard Lyons received compensation for those services.

U - Hilliard Lyons' customers owned at least 5% of the company's common stock outstanding as of July 7, 2017.

W - Gladstone Capital Corp. (GLAD-\$9.80), Gladstone Commercial Corp., Gladstone Investment Corp. (GAIN-\$9.44), and Gladstone Land Corp. share the same board and management.

	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of <u>Stocks Covered</u>	% of <u>Stocks Covered</u>	<u>Banking</u>	<u>No Banking</u>
Rating				
Buy	36	29%	14%	86%
Hold/Neutral	79	63%	5%	95%
Sell	10	8%	0%	100%

As of 7 July 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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