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Hillman Capital Management
3rd Quarter 2018
Market Commentary

At Hillman Capital Management (HCM) we strive to prudently add value for our clients over the long term. In doing so, we work hard to construct and maintain portfolios appropriate for the goals, risk tolerance and time horizon for each client. Within the equity component of our portfolios, we take a long-term approach, investing in companies that we believe to enjoy sustainable competitive advantage. Our goal is to purchase securities of advantaged firms when they sell at a discount to estimates of intrinsic value. We believe that our approach may offer a prudent way to control risk, with the potential to outperform the market over time. Within that context, we offer a quarterly commentary.

The domestic stock market continued to run hot, with the S&P 500 TR Index rising a frothy 7.71% for the quarter and the Russell 2000 TR Index putting up a 3.58% gain. International Developed Markets mildly bounced back and the MSCI EAFE Index increased 1.35%. Confidence in Emerging markets continued to wane, with the MSCI Emerging Markets Index declining 1.09%.

The yield on the benchmark Ten Year US Treasury Note rose another 20 basis points, ending the quarter at 3.05%. Developed markets followed suit, as evidenced by the yield on the German Ten Year Government Bond and the Japanese Ten-Year Government Bond climbing to 0.472% and 0.130%, respectively.

Moderate and steady growth has been good for investors over the last nine years. Companies, investors and consumers enjoy operating in an environment characterized by predictability. As the new paradigm featuring uncertainty and volatility evolves, interesting investment opportunities may arise. Discipline and intestinal fortitude will be required of those who wish to capitalize. In this environment, we shall continue to dispassionately manage our clients' asset allocations appropriately, judge the competitive position of the companies that we follow and remain diligent about valuation.

We will continue to focus our energies on making prudent long-term investment decisions within the context of our clients' needs. Our equity strategies continue to be driven by our core belief that competitively advantaged companies will outperform their peers through economic cycles and market cycles. Our goal is to invest in great enterprises at attractive prices. We will continue to invest according to this precept for the long-term interests of our clients.

Disclosure:

Past performance is not indicative of future results. Hillman Capital Management, Inc. is an independent registered investment advisor. More information about the about the advisor including its investment strategies and objectives can be obtained by visiting www.hillmancapital.com. The firm maintains a complete list and description of composites, which is available upon request. Visit our website for a fully compliant performance presentation. HCM-18-76