



**Firm Overview**

*Federated Clover Investment Advisors, part of Federated's global equity team, provides value-focused investment advisory services to institutional and private clients. Located in Rochester, NY, Federated Clover has dedicated itself to consistent value equity management since 1984.*

**Strategy Highlights**

**Style**

Small Cap Value

**Approach**

Bottom-up Fundamental Stock Selection

**Benchmark**

Russell 2000® Value Index

**Inception Date**

3/1/96

**Key Investment Team**

**Stephen K. Gutch, CFA**

*Senior Vice President,  
Senior Portfolio Manager,  
Head of Clover Value Team  
23 Years Experience*

**Martin A. Jarzebowski, CFA**

*Vice President,  
Portfolio Manager  
11 Years Experience*

**Investment Philosophy**

Federated Clover employs traditional value investment strategies. We believe the best value opportunities arise from adversity and uncertainty. When a company is faced with these situations, investors tend to react with pessimism and doubt, and that is when the greatest mispricings can occur. By identifying companies whose stocks are undervalued, with prospects for improving cash flow characteristics, we seek to obtain superior investment returns. We utilize disciplined fundamental analysis and rigorous quantitative analysis to seek to deliver portfolios with these attributes.

**Product Details**

Cash flow emphasis with a time-tested systematic way of categorizing change

■ **Identifying Fundamental Improvement through Pattern Recognition**

- Crossroads – Internal Change
- Coattails – External Change
- Competitive Advantage – Transitory Change

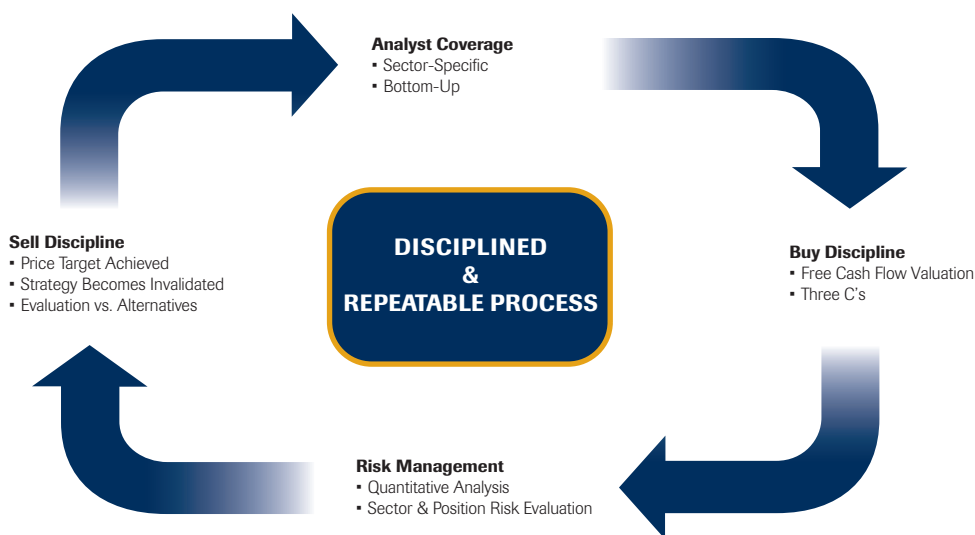
■ **Free Cash Flow Valuation Focus**

- Generation – High Free Cash Flow Yield
- Acceleration – Increasing Free Cash Flow Characteristics
- Allocation – Putting Cash to Work for Shareholders

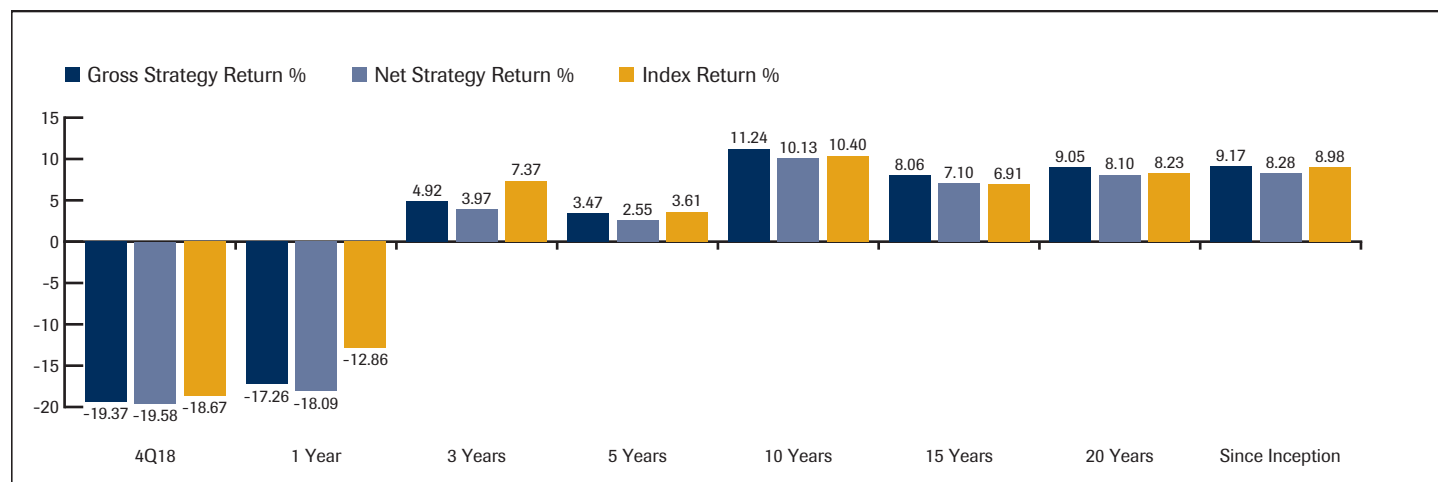
**Distinguishing Characteristics**

- **Disciplined Investment Process:** Repeatable process employing quantitative and fundamental analysis.
- **Focused on Risk:** History of strong risk-adjusted performance in both up and down markets.
- **Style Consistency:** True small cap value representation with consistency of style.

**Investment Process**



### Investment Performance as of December 31, 2018



Inception Date: 3/1/96  
Index: Russell 2000® Value

### Portfolio Performance and Statistics as of December 31, 2018

Portfolio Statistics	
Clover Small Cap Value Assets	\$507.5 million
Price/Earnings (LTM)	12.2
Price/Earnings (NTM)	11.8
Weighted Average Market Cap	\$2.1 billion
Number of Holdings	70-90

Sector Weightings (%)		
	Portfolio	Index <sup>1</sup>
Communication Services	5.1	3.1
Consumer Discretionary	5.9	9.4
Consumer Staples	3.3	2.6
Energy	6.3	5.4
Financials	29.2	29.5
Health Care	3.8	4.3
Industrials	9.9	11.8
Information Technology	12.4	10.8
Materials	4.3	4.1
Real Estate	10.0	11.7
Utilities	8.3	7.3

Calendar Year Returns (%)			
	Composite Gross	Composite Net	Index <sup>1</sup>
2009	29.88	28.50	20.58
2010	28.03	26.47	24.50
2011	-4.32	-5.49	-5.50
2012	15.45	14.23	18.05
2013	33.13	31.83	34.52
2014	8.44	7.52	4.22
2015	-5.28	-6.12	-7.47
2016	23.03	21.96	31.74
2017	13.45	12.50	7.84
2018	-17.26	-18.09	-12.86

<sup>1</sup> Index: Russell 2000® Value

See Notes to the Schedule of Rates of Return and Statistics.

Supplemental information to the GIPS presentation attached.

\*Assets include all Federated Clover Small Cap Value accounts.

Past performance is no guarantee of future results.

### Schedule of Rates of Return and Statistics

Composite	<b>Federated Clover Small Cap Value Institutional Composite</b>
Index	<b>Russell 2000 Value Index</b>
Periods Ending	<b>12/31/2018</b>

Returns (%)			
	Gross Composite Return	Index	Net Composite Return (Assuming Maximum Fee)
<b>Q4 18</b>	-19.37	-18.67	-19.58
<b>1 Year</b>	-17.26	-12.86	-18.09
<b>3 Years (Annlzd)</b>	4.92	7.37	3.97
<b>5 Years (Annlzd)</b>	3.47	3.61	2.55
<b>10 Years (Annlzd)</b>	11.24	10.40	10.13
<b>15 Years (Annlzd)</b>	8.06	6.91	7.10
<b>20 Years (Annlzd)</b>	9.05	8.23	8.10
<b>Mar 96 - Dec 18 (Annlzd)</b>	9.17	8.98	8.28

	Composite Gross Return	Composite Net Return	Benchmark Return	Composite* 3-Yr St Dev	Benchmark* 3-Yr St Dev	Number of Portfolios	Dispersion**	% of Carve-Outs	Composite Assets (mil)	Firm Assets (bil)
<b>2009</b>	29.88	28.50	20.58	24.14	25.62	9	N/A	0.00%	332.2	384.4
<b>2010</b>	28.03	26.47	24.50	26.73	28.37	12	0.27	0.00%	488.0	354.3
<b>2011</b>	-4.32	-5.49	-5.50	25.31	26.05	11	0.47	0.00%	479.8	363.9
<b>2012</b>	15.45	14.23	18.05	19.69	19.89	10	0.23	0.00%	831.1	371.3
<b>2013</b>	33.13	31.83	34.52	15.80	15.82	11	0.31	0.00%	1,566.2	366.8
<b>2014</b>	8.44	7.52	4.22	11.55	12.79	11	0.29	0.00%	1,521.7	349.3
<b>2015</b>	-5.28	-6.12	-7.47	11.99	13.46	10	0.12	0.00%	1,299.4	343.4
<b>2016</b>	23.03	21.96	31.74	13.76	15.50	9	0.17	0.00%	1,008.9	342.3
<b>2017</b>	13.45	12.50	7.84	12.45	13.97	9	0.17	0.00%	949.2	354.7
<b>2018</b>	-17.26	-18.09	-12.86	15.12	15.76	8	0.19	0.00%	507.0	377.2

\*Represents the 3-year annualized standard deviation for both the composite and index returns. This statistic is used to measure the volatility of composite returns.

\*\*Standard deviation is calculated using gross returns. Standard deviation is not applicable ("N/A") for any period if fewer than five accounts are in the composite for that period. (See footnote 5)

Portfolios in this composite must have an investment objective of long-term capital appreciation. The target mix of this composite is 100% equity, investing in securities of U.S. companies with small market capitalizations consistent with the benchmark of the Russell 2000 Value Index. A small cash position may be held in the portfolios. Portfolios eligible for this composite may include portfolios managed on behalf of registered investment companies (mutual funds) or separate account portfolios. In addition, this composite may include portfolios with client-directed trading requirements. All members of this composite must be fully discretionary portfolios with an asset market value of at least \$3 million, plus or minus 15%, solely due to unrealized appreciation or depreciation, respectively, and mutual funds that are managed according to a Small Cap Value objective. This composite was created in December 1997. Federated Clover Investment Advisors, a division of Federated Global Investment Management, has managed portfolios in this investment style since February 1996. Firm assets prior to December 2008 are of an acquired entity of Federated Investors. Performance presented prior to December 2008 occurred while the Portfolio Management Team members were affiliated with a prior firm. Performance shown for 1996 is for a partial period starting on March 1, 1996. Federated Investors claims compliance with the Global Investment Performance Standards ("GIPS®") and has prepared and presented this report in compliance with the GIPS® standards. Federated Investors has been independently verified for the period of January 1, 1992, through September 30, 2018. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis, and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Federated Clover Small Cap Value Composite has been examined for the period of January 1, 2008 through September 30, 2018. The verification and performance examination reports are available upon request. The firm's separately managed account fee schedule for this product is 0.85% on the first \$50 million; 0.75% on \$50 - \$100 million; 0.60% on assets over \$100 million. Schedule implies \$10 million minimum assets at inception. Net of fee performance is calculated monthly using the actual net of management fee return for all mutual funds or institutional and retail accounts in the composite; however, for subadvised portfolios in the composite, the net return is reflective of total expenses, which may also include distribution or other administrative fees. Actual fees may vary by client.

See Notes to the Schedule of Rates of Return and Statistics

## Notes to the Schedule of Rates of Returns and Statistics:

- 1. Federated Investors is a global, independent, multi-strategy investment management firm with offices in Pittsburgh, New York, Rochester, Boston, London, Dublin, and Frankfurt. For GIPS® purposes, Federated Investors is defined to include the assets of registered investment companies, separate (or private) accounts, managed accounts (including wrap accounts) and commingled or collective trusts that are advised or sub-advised by the following subsidiaries: Federated Advisory Services Co.; Federated Equity Management Co. of PA; Federated Investment Counseling; Federated Investment Management Co.; Federated Global Investment Management Corp.; International Management Limited; MDT Advisers; Federated Securities Corp.; effective December, 2008, (the date of acquisition) the institutional assets of Federated Clover Investment Advisors, and effective September, 2009, (the date the assets were brought into compliance) the SMA/Wrap assets of Federated Clover Investment Advisors; and effective April, 2012 (the date of acquisition) Federated Investors (UK) LLP. Effective with the January 1, 2011, change in GIPS® policies regarding fair value, the assets of the Capital Preservation Fund (a Guaranteed Investment Contract vehicle) were included in the defined firm assets. Prior to that date they were excluded as they are not market value based investments. Firm assets on this report exclude the advisory-only, model-based assets that maybe included in other reports providing total firm assets.*
- 2. Interest income and dividends are recognized on an accrual basis. Returns include the reinvestment of all income.*
- 3. All market values and performance information are valued in U.S. dollars unless currency is denoted in composite title.*
- 4. With the exception of the Federated Clover Investment Advisers composites, annual composite dispersion is measured and presented using the asset weighted standard deviation of the returns of all of the portfolios included in the composite over the entire year. Quarterly dispersion is measured using all portfolios included in the composite for that quarter. With regard to Federated Clover Investment Advisers composites, annual dispersion is measured using the equal weighted standard deviation of the returns of all the portfolios included in the composite over the entire year.*
- 5. Composite dispersion does not measure the risk of the product presented, it simply measures the return variance among portfolios managed in a similar fashion. This variance can be affected by variations in cash flow or specific client parameters among the portfolios comprising the composites, as well as by Federated's execution of strategy across accounts.*
- 6. See the composite description language on the prior page for a discussion on appropriate fees currently applied to calculate composite performance. With regard to the institutional composites not managed by the Federated Clover or MDT Advisers teams, for the period July 1, 1992 through September 30, 2009, net of fee performance was calculated monthly by reducing the gross composite return by the highest actual fee of any account in the composite for that month, regardless of investment vehicle. Prior to this, the maximum management fee charged for the period July 1, 1992 through September 30, 1992 was used to calculate net of fee performance back to inception of the composite. In addition, further fee information can be obtained from Federated's respective Forms ADV Part 2 Brochure Item 5.*
- 7. Additional information regarding the policies for valuing portfolios, calculating performance, and preparing compliant presentations, as well as a complete list and description of the firm's composites is available upon request.*
- 8. Past performance is not indicative of future results.*
- 9. See disclosures on the Schedule of Rates of Return and Statistics Reports for additional information.*

**For more information on the portfolio or other investment vehicles, please contact your Federated Representative.**

# Federated®

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INVESTMENT ADVISORS

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