International Strategic Value Dividend Strategy

The Case for Dividend Investing Is Strong: 5 Reasons Why Now Is the Time to Consider Investing

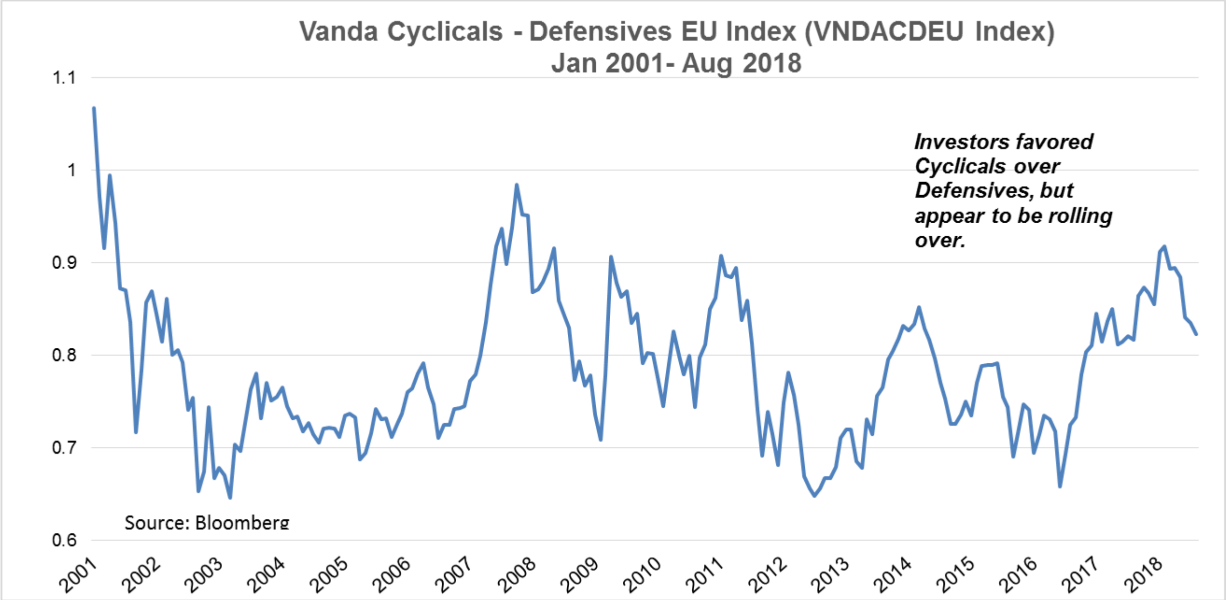
1. Dividend Yields and Dividend Growth are high relative to recent history.

When it comes to maximizing opportunity in the market, entry points are critical. For the past several years, high-quality, dividend-paying foreign stocks have been sidelined with investors favoring high-beta growth sectors, especially Technology, Industrials and Materials. Additionally, international leadership has been very narrow in the last 5 years as Japan, an income-starved market, has dominated foreign returns. In the meantime, earnings, cash flow, and dividend growth have pushed higher, all while stock advancement has been muted. With a gross dividend yield of 4.9% (as of 8/31/18), the International Strategic Value Dividend Strategy is offering its highest level of income since 2012. **For investors seeking a sustainable, growing income stream from exceptional international companies, it may be an opportune time to buy.**

Of equal importance, dividend growth has growth has been quite robust. Excluding the benefits of special dividends, dividend growth was 11% in 2017 and 15% in the first half of 2018! Again, the Strategy is offering its highest level of *rising* income since 2012.

2. Valuations are attractive.

As a result of very narrow market leadership, value has been painfully overlooked. The MSCI World Ex US Index has a forward price-to-earnings ratio of 16.4x at 8/31/2018. Meanwhile, the defensive dividend-paying and growing companies owned by the International Strategic Value Dividend Strategy have a weighted average P/E below 13.6x. **Buying high-quality businesses when they're trading below historic multiples may provide the opportunity for creating long-term wealth.** At a point, historically low multiples become too compelling to ignore. And according to Vanda, a move toward Defensive sectors may already be under way internationally.



The Vanda Cyclicals - Defensives Indices measure the relative performance of Cyclical sectors versus Defensive sectors. The above chart illustrates the relative performance of Cyclicals versus Defensives for the EU. Past performance is no guarantee of future results.

3. Expect the uptick in volatility to continue.

The International Strategic Value Dividend Strategy offers diversification outside of a U.S. market that has experienced rising uncertainty around the upcoming mid-term elections, geopolitical events and trade war concerns. Now may be an opportune time to consider overcoming home-market biases for those U.S. investors who continue to be under-invested in international markets. **As volatility rises in the U.S., consider high quality, recognizable, global businesses to diversify beyond home-grown worries.** Anchored by dividends, the Strategy may offer a lower-volatility entry point into international markets. Naturally, **international stocks selected for their high-quality income have historically offered lower risk during periods of global market turbulence.** Of note, in the 13 quarters* when the MSCI World Ex US Index posted negative returns, the Strategy captured only 76% of the broad market's downside. This relative stability can largely be attributed to the underlying companies' strong, mature global business profiles, solid balance sheets and ample free cash flow generation. Such reliable business models have enabled these companies to prudently grow their dividends over time.

4. Investors need income.

Even as bond yields have moved up in the U.S. in recent months, income available to investors remains historically low, domestically and abroad. The dividend yield of the International Strategic Value Dividend Strategy is compelling in a global market that is still starved for income as 10-Year sovereign debt is yielding just 40 bps in Germany and 10 bps in Japan. **High-quality dividend-paying international stocks have a long history of delivering both attractive income and the ability to help protect income-oriented investors against the threat of rising inflation.**

5. There's an added advantage for actively-managed strategies.

Although the international market has strongly favored growth-oriented sectors over the past several years, not all quality dividend-paying foreign companies are priced at a discount. **Active managers whose strategies have benefitted from these strong performers can sell all or a portion of the investment, lock in the profits and use the proceeds to purchase attractively-priced companies with the potential to reward investors with growing income for years to come.** Unlike passive investing, active portfolio management further strives to insulate the client from the full brunt of the market downside during a potential correction.

**Since the Strategy's inception in July 2008.*

Past performance is no guarantee of future results.

Information is supplemental to the attached GIPS presentation.

Views are as of 9/13/18, and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector

There is no guarantee that dividend paying stocks will continue to pay dividends. In addition, dividend paying stocks may not experience the same capital appreciation potential as non-dividend paying stocks.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in and other financial auditing standards.

Federated Investors, Inc.
Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, PA 15222-3779

Contact us at FederatedInvestors.com
Or call 1-888-400-7838.

Federated Investment Counseling, Advisor
A subsidiary of Federated Investors, Inc.

18-76081 (9/18)

Schedule of Rates of Return and Statistics

Composite	International Strategic Value Dividend ADR Managed Account Composite
Index	MSCI World x US High Div Yld (1/2016) from EAFE High Div Yld (net)
Periods Ending	06/30/2018

Annualized Returns (%)

	Composite Gross Return	Composite Net Return (Assuming Maximum Fee)	Index
Q2 18	(1.91)	(2.65)	(1.18)
YTD	(6.09)	(7.50)	(4.36)
1 Year	(2.64)	(5.53)	2.58
3 Years (Annlzd)	1.35	(1.65)	3.99
5 Years (Annlzd)	3.14	0.09	5.16
7 Years (Annlzd)	3.71	0.65	4.68
10 Years (Annlzd)	2.74	(0.29)	2.98
Jul 08 - Jun 18 (Annlzd)	2.74	(0.29)	2.98

Annual Returns %

	Composite Gross Return	Composite Net Return	Index Return	Composite* 3-Yr Std Dev	Benchmark* 3-Yr Std Dev	Number of Portfolios	Dispersion**	% of Carve Outs	Composite Assets (mil)	Firm Assets (bil)
2008	(30.53)	(31.64)	(36.71)	N/A	N/A	<5	N/A	0.00%	0.9	402.8
2009	25.08	21.44	40.53	N/A	N/A	<5	N/A	0.00%	14.1	384.4
2010	3.84	0.77	(0.32)	N/A	N/A	<5	N/A	0.00%	37.4	354.3
2011	4.90	1.80	(1.19)	19.14	24.37	6	N/A	0.00%	0.8	363.9
2012	15.42	12.04	13.38	16.95	19.54	10	N/A	0.00%	2.0	371.3
2013	15.96	12.57	23.90	13.51	15.37	58	N/A	0.00%	11.9	366.8
2014	0.16	(2.80)	(3.61)	12.12	13.80	142	N/A	0.00%	35.4	349.3
2015	(7.38)	(10.14)	(6.74)	12.06	13.47	226	N/A	0.00%	51.3	343.4
2016	2.30	(0.73)	5.70	11.84	12.77	27	N/A	0.00%	6.5	342.3
2017	16.12	12.72	19.90	10.42	11.30	23	N/A	0.00%	7.9	354.7

*Represents the 3-year annualized standard deviation for both the composite and index returns. The 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)
Please see the Notes to the Schedule of Rates of Return and Statistics.

This composite is comprised of all portfolios investing in foreign stocks that management believes will provide high yield, reasonable dividend growth and lower volatility in falling equity market environments, yet will provide potential participation in rising markets. Eligible portfolios are managed with wide latitude to choose the sectors and securities to fulfill the mandate. Portfolios may invest in less developed or emerging markets which generally entail greater political, economic, market, tax, credit and other risks, and may have greater price volatility than securities issued or traded in developed markets. Within eligible portfolios, securities are selected based on a fundamental assessment of their financial strength, dividend yields, dividend growth rates, and performance during periods of market weakness. Portfolios in this composite implement the strategy using American Depositary Receipts (ADR) versus directly purchasing shares of companies on foreign exchanges. Investments in ADRs entail risks related to daily fluctuations in the value of currency, which may be more volatile in times of increased market risk. Effective January 2013, performance for this composite is calculated in U.S. dollars net of foreign withholding taxes on dividends, interest, and capital gains. Individual tax rates may vary dependent on individual residency. Accounts deemed by the portfolio manager to have a category restriction shall be excluded from this composite. A category is defined as a collection of investments with similar attributes such as country restriction, industry classification, business sensitivity, social theme, or security features. Separate accounts eligible for this composite generally have a minimum of $100,000 at the time of opening and are a part of an asset-based pricing program. This composite was created in March 2011. Federated Investors has managed portfolios in this investment style since June 2008. Prior to April 2011, this composite consisted of the International Strategic Value Dividend Composite. For the period April 2011 through September 2011, wrap fee accounts made up 100% of this composite. Effective October 2011, non-fee paying portfolios comprise less than 5% of this composite, while the remainder of the composite is comprised of wrap fee paying portfolios. Performance shown for 2008 is for a partial period starting on July 1, 2008. 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 March 31, 2018. The verification report is available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. Performance results are presented both net and gross of total wrap fees and reflect the reinvestment of income. "Pure" gross returns are shown as supplemental and do not reflect the deduction of transaction costs. Net returns reflect the deduction of a maximum fee. A fee equal to the highest anticipated wrap fee that a client could pay (3.00% annually as charged by the program sponsor, inclusive of up to a maximum investment advisory fee of 0.75%) is used. This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

Notes to the Schedule of Rates of Return 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 US. dollars unless currency is denoted in composite title.

4. With the exception of the Federated Clover Investment Advisors 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 Advisors 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.