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## Firm Overview

Since its founding in 1955, Federated Investors, Inc. (NYSE:FII) and its subsidiaries have grown to become one of the nation's largest investment management organizations with assets under management of approximately \$365 billion in investment strategies of domestic and international equity, fixed-income and money market asset classes. Federated offers depth and breadth in its selection of products to meet the needs of virtually any client, from the large institutional investor and high net worth individuals, to retirement plan participants.

## Composite

Strategic Value Dividend  
Managed Account

## Index

Dow Jones Select Dividend  
(Index)

## Key Investment Team

**Walter C. Bean, CFA**  
Senior Portfolio Manager  
43 Years Experience

**Daniel Peris, Ph.D., CFA**  
Senior Portfolio Manager  
14 Years Experience

**Deborah D. Bickerstaff**  
Portfolio Manager  
17 Years Experience

**Jared S. Hoff**  
Associate Portfolio Manager  
12 Years Experience

# Strategic Value Dividend Managed Account

Preliminary Performance as of 9/30/13

## Wrap Strategy Inception

October 1, 2001

## Objective

The strategy's objective is to provide a high level of current income, long-term capital appreciation driven by dividend growth, and lower downside risk.

## Positioning

The strategy pursues income and long-term capital appreciation by investing primarily in high-yielding stocks with dividend growth potential. The strategy seeks to deliver a dividend yield that is higher than the broad market average, to invest in companies that are positioned to increase their dividend distribution over time, and to pursue competitive performance in both up and down markets.

## Philosophy

- We believe client assets should be invested in a businesslike manner, with an eye to cash returns and the long-term, using the stock market as a platform to make investments in major enterprises rather than as an end unto itself.
- We believe the discipline of high payout, plus the commitment of management to return funds to investors through regular dividends, are attractive investment characteristics — particularly in a time when cash flows are too readily squandered in low or no return projects.
- We believe a portfolio of high dividend paying stocks can produce attractive total returns and offer lower levels of long-term volatility compared to low or non-dividend paying stocks.
- We believe an investment product with a high current yield, a growing income stream that offsets inflation, and lower downside risk will help meet the needs of a wide range of investors, including those entering a distribution phase over the next decade.

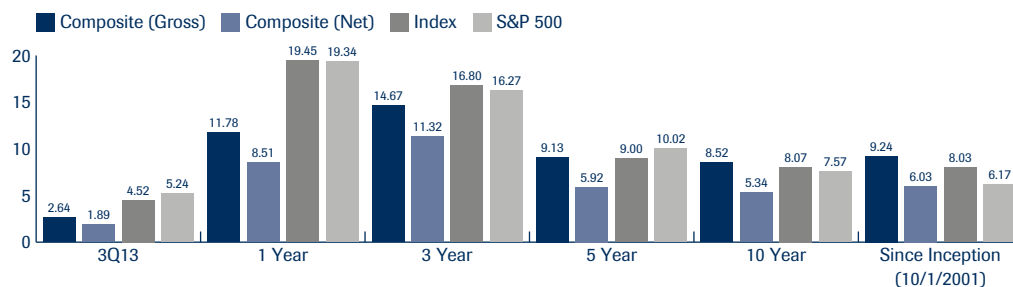
## Investment Approach

- Bottom-up approach striving to emphasize high-yielding stocks.
- Emphasis on seeking reliable dividend income growth and the resulting capital appreciation.
- Aims to offer diversification across the dividend paying sectors of the market.

## Dividend Yield (%)

Portfolio: 4.6 Index: 3.7 S&P 500: 2.1

## Annualized Returns (%)



All performance information for the designated time frame of 9/30/13 is based on preliminary performance and is subject to change.

Preliminary data as of 9/30/13. Information is supplemental to the attached GIPS presentation.

Net returns reflect the deduction of the maximum annual wrap fee of 3.00%.

While there is no assurance that the Strategy will achieve its objective, the Advisor endeavors to do so by selecting securities in the manner described in this document. Performance data quoted represents past performance which is no guarantee of future results.

# Strategic Value Dividend

## Portfolio Characteristics

	Portfolio	Index	S&P 500
Dividend Yield (%)	4.59	3.65	2.13
P/E Ratio (LTM)*	17.61x	17.44x	18.50x
EPS Growth-Next 5 years**(%)	5.93	7.15	11.45
Price/Book Value Ratio*	2.80x	2.30x	3.07x
Price/Cash Flow Ratio*	11.06x	10.25x	11.60x
R-Squared (5 year) vs. Index	0.78	1.00	—
R-Squared (5 year) vs. S&P 500	0.69	—	1.00
Beta (5 year)**	0.58	0.80	1.00
Wtd. Avg. Mkt. Capitalization (Bil.)	\$89.8	\$31.2	\$106.7
Holdings	38	100	500

## Sector Weightings (%)

	Portfolio	Index	S&P 500
Consumer Discretionary	2.4	9.3	12.5
Consumer Staples	22.7	13.1	10.0
Energy	17.4	3.8	10.5
Financials	6.9	11.9	16.3
Health Care	19.9	3.9	13.0
Industrials	0.0	17.6	10.7
Information Technology	0.0	1.3	17.9
Materials	0.0	7.6	3.5
Telecomm Services	14.5	2.2	2.4
Utilities	16.2	29.3	3.2

## Top Holdings (%)

	Portfolio
Vodafone Group PLC	4.8
ConocoPhillips	4.7
AT&T, Inc.	4.4
Merck & Co., Inc.	4.4
Total SA	4.4
AstraZeneca PLC	4.3
Kraft Foods Group, Inc.	4.2
Altria Group, Inc.	4.2
Verizon Communications	4.0
Royal Dutch Shell PLC	3.8

## Calendar Year Returns (%)

	Composite (Gross)	Composite (Net)	Index	S&P 500
2004	17.52	14.08	23.71	10.87
2005	6.92	3.77	12.64	4.90
2006	30.97	27.18	20.22	15.80
2007	-4.55	-7.39	-5.16	5.49
2008	-27.29	-29.50	-30.97	-37.00
2009	10.50	7.25	11.13	26.47
2010	13.15	9.84	18.32	15.06
2011	16.85	13.44	12.42	2.11
2012	7.53	4.37	10.84	16.00
2013 (YTD)	13.83	11.35	19.00	19.79

Performance YTD is preliminary as of 9/30/2013 and is supplemental to the attached GIPS presentation.

Portfolio information is derived from a model portfolio managed in the Strategy as of 9/30/13. Since this is a managed portfolio and market conditions can fluctuate suddenly and frequently, the portfolio holdings and investment mix will change. Information is supplemental to the attached GIPS presentation.

\*Weighted Median

\*\*Weighted Average

**Past performance is no guarantee of future results.**

# Schedule of Rates of Returns and Statistics

Composite **Strategic Value Dividend Managed Account Composite**  
 Index **Changed 1/07 to Dow Jones Select Dividend from Russell Midcap<sup>®</sup> Value Index**  
 Periods Ending **6/30/2013**

Returns (%)			
	Gross Composite Return	Index	Net Composite Return (Assuming Maximum Fee)
<b>Q2 13</b>	1.20	1.86	0.44
<b>YTD</b>	10.91	13.85	9.28
<b>1 Year</b>	12.40	18.45	9.11
<b>3 Years (Annlzd)</b>	18.93	19.36	15.46
<b>5 Years (Annlzd)</b>	8.63	10.38	5.44
<b>7 Years (Annlzd)</b>	5.41	4.62	2.30
<b>10 Years (Annlzd)</b>	8.81	9.58	5.61
<b>Oct 01 - Jun 13 (Annlzd)</b>	9.20	9.35	5.99

	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>2003</b>	28.90	25.16	38.07	N/A	N/A	692	1.20	0.00%	191.9	193.9
<b>2004</b>	17.52	14.08	23.71	12.44	14.47	2,298	0.60	0.00%	612.3	177.0
<b>2005</b>	6.92	3.77	12.64	9.59	10.92	4,653	0.39	0.00%	1,015.6	210.9
<b>2006</b>	30.97	27.18	20.22	8.28	8.65	7,326	0.42	0.00%	1,889.8	227.2
<b>2007</b>	-4.55	-7.39	-5.16	7.91	8.85	9,420	0.38	0.00%	1,979.6	294.9
<b>2008</b>	-27.29	-29.50	-30.97	12.51	15.48	7,774	0.67	0.00%	1,221.5	402.8
<b>2009</b>	10.50	7.25	11.13	15.46	22.26	6,970	0.47	0.00%	1,401.0	384.4
<b>2010</b>	13.15	9.84	18.32	17.18	23.70	5,818	0.31	0.00%	1,470.9	354.3
<b>2011</b>	16.85	13.44	12.42	14.33	19.86	5,869	1.10	0.00%	1,678.9	363.9
<b>2012</b>	7.53	4.37	10.84	10.48	11.50	6,300	0.47	0.00%	1,817.0	371.3

\*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)

This composite is comprised of all domestic portfolios investing in 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. Within eligible portfolios, securities are selected based on dividend yields, dividend growth rates, valuation attractiveness, a fundamental assessment of their financial strength, and their performance during periods of market weakness. The benchmark was changed to the Dow Jones Select Dividend Index which proved to be more representative of the current strategy. Effective April 2010, the composite name was changed from Strategic Value Managed Account Composite to provide additional clarification. 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. Wrap fee accounts make up 100% of this composite for all time periods. This composite was created in December 2001. Federated Investors has managed portfolios in this investment style since July 1997. Federated Investors claims compliance with the Global Investment Performance Standards ("GIPS<sup>®</sup>") and has prepared and presented this report in compliance with the GIPS<sup>®</sup> standards. Federated Investors has been independently verified for the period of January 1, 1992, through March 31, 2013. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS<sup>®</sup> 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<sup>®</sup> 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 model fee equal to the highest 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 0.70%) 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. 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, Frankfurt, and Australia. 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; Passport Research, Ltd.; 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 Prime Rate Capital Management, 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.*
- 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 euro 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. The composites may include the equity or fixed segments of balanced separate accounts, when appropriate. Client directed cash flows for balanced accounts are accounted for independently in the appropriate segment using the portfolio's cash position in place at the time of the cash flow.*
- 7. 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.*
- 8. 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.*
- 9. Past performance is not indicative of future results.*
- 10. See disclosures on the Schedule of Rates of Return and Statistics Reports for additional information.*



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