

Forbes

INVESTING

Fund Is Finding Value In Europe's Biggest And Best Brands

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With stock markets in the United States at record highs and valuation multiples on the rise, some bargain-hunting investors are turning their attention abroad. Excitement over India's economic prospects is building, other investors are bottom fishing in scandal-scarred Brazil and South Korea. But it is Europe where investors may find opportunity without having to stray too far.

Marc Halperin, senior portfolio manager at the \$1.6 billion Federated International Leaders Fund, is seeing a nice recovery by buying up discount-priced blue chip European stocks. U.S. banks rallied after the election of Donald Trump, but Halperin still sees bargains across Europe, where he is overweight financials. Home to some of the world's best brands, many European giants also contain significant exposure to emerging market growth.

After a tough spell as fissures in Europe broke out and deflation fears set in last year, Halperin's fund is up over 16% through late May. Three of his current picks:

CREDIT SUISSE

Trading far below book value, Halperin remains a fan of CEO Tidjane Thiam's cost cutting efforts, which should offer a long-term payoff as organic growth bolsters profits. One growth catalyst: the Swiss bank's \$700 billion wealth-management business,



People sit next to sculptures outside a Prada.

which should see strong growth as Asia increases their market exposure. Consolidation also means businesses of scale should increase their market share.

DAIMLER

Down 3% in 2017 but with a dividend yield of 4.7%, Mercedes-maker Daimler is set to exceed \$3 billion in free cash flow this year. Accelerants include its truck division, Freightliner, and improving sales in Asia and Europe. Halperin believes Daimler's forecasts for truck sales in the U.S. this year are conservative.

PRADA

The Milanese powerhouse dominates luxury fashion. Its Hong Kong-listed shares, though, are 50% below 2013 highs due to overexpansion and a sales tumble in China. Halperin believes store retrenchment and low new-product inventories will write Prada's "recovery story" in the months ahead. Halperin believes 75% of Prada sales can be driven by new products, up from 50% presently, as it adjusts pricing. He thinks shares can hit \$50 in 2017, meaning there is still 35% upside. **F**

For more complete information, visit **FederatedInvestors.com** or contact your investment professional for prospectuses or summary prospectuses. You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the fund's summary prospectus or prospectus, which you should read carefully before investing.

Average Annual Total Returns (%) as of 6/30/17						
Federated International Leaders Fund Class A	1 Year	3 Year	5 Year	10 Year	Since Inception (9/30/1998)	Expense Ratio [†]
NAV	28.09	0.82	9.94	3.67	8.60	1.45*
LOAD	21.04	-1.06	8.70	3.08	8.28	1.25**

*Before Waivers **After Waivers

Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit FederatedInvestors.com or call 1-800-341-7400. Class A Share load returns reflect the maximum sales charge of 5.5%.

[†]The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 02/01/2018 or the date of the fund's next effective prospectus.

The holdings, which are referenced in the article, made up the following percentages of Federated International Leaders Fund's portfolio as of 3/31/17: Credit Suisse Group AG, 2.89%; Daimler AG, 1.52%; and Prada SPA, 1.45%. The Fund is a managed portfolio and holdings are subject to change. Current and future portfolio holdings are subject to risk. The holdings percentages are based on net assets at the close of business on 3/31/17 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Source: FactSet, Holdings are as of 3/31/17. The fund is a managed portfolio and holdings are subject to change.

Views are as of May 3, 2017, 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

Returns quoted in the article represent Daily Performance YTD Total Returns as of May 25, 2017 and are for Class A shares at NAV.

Total returns for periods less than one year are cumulative.

See the prospectus for other fees and expenses that apply to a continued investment in the fund.

Total return may have been lower in the absence of temporary expense waivers or reimbursement.

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



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