



SEIZERT CAPITAL PARTNERS

## CORE COMMENTARY

In the fourth quarter, the Core composite had a preliminary gross return of -14.19% (net of fees -14.31%) compared to -13.52% for the S&P 500 Index.

Below you will find the portfolios best and worst performing stocks in the quarter.

<u>Best Securities</u>	<u>Average Weight</u>	<u>**Contribution to Portfolio Return</u>
Verizon Communications	2.76%	+0.30%
Walmart Inc	2.86%	+0.29%
Intel Corp	2.89%	+0.27%
Aetna Inc	1.85%	+0.26%
Amgen Inc	3.22%	+0.24%

<u>Worst Securities</u>	<u>Average Weight</u>	<u>**Contribution to Portfolio Return</u>
Western Digital Corp	2.58%	-0.70%
Acuity Brands Inc	2.54%	-0.37%
Celgene Corp	2.31%	-0.36%
Goldman Sachs Group	2.84%	-0.32%
Discover, Inc Class C	3.07%	-0.29%

\*\*Contribution calculation methodology is available upon request

Stock selection in Consumer Discretionary and Industrials in addition to being absent Energy, all contributed positively to the relative performance of the strategy during the quarter. Health Care, Information Technology, Consumer Staples and Financials along with being absent in Utilities, and Real Estate were negative contributors. We remained absent in Utilities, Materials and Real Estate sectors during the quarter and each sector added to relative performance.

Western Digital (WDC), in the Information Technology sector, was the strategy's largest underperformer during the quarter. Quarterly results were impacted by declines in flash selling prices with softening demand. Trade tensions with China continue to impact performance and the stock price. As a result, the company made a plan to reduce its output over the year to better align with weak demand. Overall, WDC trades at an attractive valuation, with high economic returns and a reasonable balance sheet.

In the Communication Services sector, Verizon Communications (VZ) was the largest contributor for the quarter. The stock had been under pressure for a number of quarters but strong free cash flow (FCF) generation and FCF margin, good services revenue growth, and double-digit return on capital were attractive in this volatile quarter. Verizon returned capital to shareholders via share repurchase and dividend payments while still investing in their business. We continue to hold the position.

As of December 31, 2018, the portfolio was overweight Health Care, Industrials, Information Technology, and Communication Services and underweight Consumer Staples, Financials and Consumer Discretionary. The portfolio was absent investments in Utilities, Materials, Energy and Real Estate.

Sector characteristics and security performance reflect information for a representative account from the Core composite over the time period. Results for accounts in the composite may vary over time, due to timing, cash flows, among others things. The information provided should not be considered a specific recommendation to purchase or sell any securities and is subject to change. Gross composite performance figures shown are based on time-weighted rates of return, and are net of transaction costs. The net composite performance figures shown reflect gross performance less investment management fees, net of transaction costs. Our advisory fees are disclosed in Form ADV, Part 2 A. All returns reflect the reinvestment of investment income (dividends and/or interest) and capital gains. At the time of publication, the highlighted holdings are "current" holdings of the composite. The holdings identified do not represent all securities purchased or sold for advisory clients during the relevant time periods. We make no representations that securities purchased, sold, or held in the composite or client accounts will be profitable or will equal the performance of the securities in this commentary. A complete list of holdings for the preceding 12-month period is available upon request. The securities mentioned are selected solely as the largest contributors and detractors to performance of the composite. Estimates and certain information contained in this commentary are based upon proprietary research and should not be considered as investment advice. The S&P 500 Index is a widely recognized capitalization-weighted index that measures the performance of the large-capitalization sector of the U.S. stock market. Index performance information was furnished by ICE Data Pricing and Reference Data LLC, is deemed reliable, and is believed to be accurate, but not guaranteed and the information is subject to correction. **Past performance does not guarantee future results.**