

FEDERATED INVESTMENT COUNSELING

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Federated Investment Counseling is a registered investment adviser. This registration does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Federated Investment Counseling. If you have any questions about the content of this brochure, please contact us at 1-800-245-4770 (select option 2). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Federated Investment Counseling also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

As required by SEC rules, through this summary, Federated Investment Counseling is identifying and discussing certain changes from the last annual update to its Form ADV, Part 2A, brochure.

The discussion immediately below addresses only changes believed to be material from the last annual update of our brochure dated March 16, 2018. We encourage you to use this summary to determine whether to review our amended brochure, dated March 18, 2019 (Updated Brochure), in its entirety or to contact Federated Investment Counseling with questions about the changes.

Item 4 Section B (“Advisory Business - Our Ownership Structure”): Information in this section has been updated to reflect our relationship with certain affiliates, including several subsidiaries of Hermes Fund Managers Limited. Accordingly, the section has been restated as follows:

We are an indirect, wholly-owned subsidiary of Federated Investors, Inc. Federated Investors is organized as a Pennsylvania corporation and is a publicly owned company (Ticker Symbol: FII). Federated Investors owns 100% of the outstanding voting securities of FII Holdings, Inc., a Delaware corporation. FII Holdings owns 100% of the outstanding voting securities of Federated Investment Counseling.

Federated Investors, a public company, has shares of both Class A Common Stock and Class B Common Stock. The Class B Common Stock is listed on the New York Stock Exchange (“NYSE”). Except under certain limited circumstances, the entire voting power of Federated Investors is vested in the holder of the outstanding shares of the Class A Common Stock. All of the outstanding shares of Class A Common Stock are held by a Voting Shares Irrevocable Trust, dated May 31, 1989 (the “Voting Trust”), the three trustees of which are Federated Investors' President and Chief Executive Officer and Chairman of its Board of Directors, Mr. J. Christopher Donahue, his brother, Thomas R. Donahue, Federated's Vice President, Treasurer and Chief Financial Officer and a director, and their mother, for the benefit of the members of the Donahue family.

Federated Investors owns a number of domestic and foreign advisory subsidiaries that are under common control with, and affiliates of, Federated Investment Counseling. Effective July 1, 2018, Federated Investors, Inc. completed a transaction whereby its subsidiary, Federated Holdings (UK) II Limited, became the majority shareholder of Hermes Fund Managers Limited and its subsidiaries, including, among other entities, its registered investment adviser subsidiaries (the “Hermes Advisory Companies”) and Hermes Equity Ownership Services (“Hermes EOS”), an entity that provides stewardship services, including engagement on environmental, social, corporate governance, strategic and financial matters, as well as proxy voting recommendations and administrative services, and research services. Hermes EOS is discussed further in Item 10. Although the Hermes Advisory Companies are under common control with, and affiliates of, Federated Investment Counseling and the other Advisory Companies (together with us, each, as applicable, a “Federated Advisory Company” and, collectively, as applicable, the “Federated Advisory Companies”), the disclosure and discussion of the policies and practices of the Federated Advisory Companies herein does not include the Hermes Advisory Companies, except where specifically noted, as it is presently anticipated that the Hermes Advisory Companies will generally operate their investment management and trading functions independently, and will have no material effect on the advisory activities of the Federated Advisory Companies. However, Federated Investment Counseling or other Federated Advisory Companies will provide coordination and oversight of the investment management activities of the Hermes Advisory Companies when the Hermes Advisory Companies act in a subadvisory capacity for clients of the Federated Advisory Companies. As discussed under “Conflicts Related to Information Sharing Among Affiliates” in Item 6, information barriers have been implemented between the Advisory Companies to prevent the exchange of material non-public information between the Federated Advisory Companies and the Hermes Advisory Companies, and which requires that all investment-related activities, including trading activity and the allocation and aggregation of trades, of the Federated Advisory Companies are operated independent of, and are not integrated with, the investment related activities of the Hermes Advisory Companies. (Please refer to “Other Financial Industry Activities and Affiliations” in Item 10 of this brochure for further information.)

The Federated Advisory Companies collectively provide advisory services to a variety of separately managed accounts or wrap fee accounts (Managed Accounts), institutional, or high net worth individual, separate accounts (Separate Accounts), registered investment companies or mutual funds (Investment Companies), private investment companies (Private Investment Companies), other pooled investment vehicles (Pooled Investment Vehicles), and proprietary accounts and funds (Proprietary Accounts). Federated Investors also owns other companies, both in the United States

and in certain other countries, such as brokers/dealers, investment advisers, management companies, commodity pool operators, and trust companies.

Item 5 Section A.1 (“Fees and Compensation - Our Advisory Fees - Advisory Fee Information for Separate Accounts, Managed Accounts, and Model Portfolio Management Services”): The subsection “Our Basic Fee Schedules - Separate Accounts, Managed Accounts, and Model Portfolio Services” has been revised to reflect the updated basic fee schedules. Accordingly, the subsection has been restated as follows:

**Our Basic Fee Schedules --
Separate Accounts, Managed Accounts, and Model Portfolio Management Services**

Federated Investment Counseling’s basic fee schedules are as follows:

Large Cap Accounts; Balanced Accounts:

70 basis points - first \$5 million in assets under management (AUM)
60 basis points - over \$5 million to \$25 million in AUM
50 basis points - over \$25 million to \$50 million in AUM
40 basis points - over \$50 million to \$100 million in AUM
35 basis points - over \$100 million in AUM

Managed Risk Accounts:

85 basis points - first \$5 million in assets under management (AUM)
75 basis points - over \$5 million to \$25 million in AUM
65 basis points - over \$25 million to \$50 million in AUM
55 basis points - over \$50 million to \$100 million in AUM
50 basis points - over \$100 million in AUM

Money Market Accounts:

10 basis points - first \$500 million in assets under management (AUM)
8 basis points - over \$500 million in AUM

Active Cash Fixed Income Accounts:

20 basis points - first \$50 million in assets under management (AUM)
15 basis points - over \$50 million to \$100 million in AUM
12 basis points - over \$100 million in AUM
\$50 million minimum

Low Duration Fixed Income Accounts:

25 basis points - first \$25 million in assets under management (AUM)
20 basis points - over \$25 million to \$100 million in AUM
18 basis points - over \$100 million in AUM
\$25 million minimum

General Fixed Income Accounts:

35 basis points - first \$5 million in assets under management (AUM)
30 basis points - on the first \$25 million in AUM
25 basis points - over \$25 million to \$100 million in AUM
22.5 basis points - over \$100 million in AUM

Core Plus Fixed Income Accounts:

35 basis points - first \$25 million in assets under management (AUM)
30 basis points - over \$25 million to \$100 million in AUM
27.5 basis points - over \$100 million in AUM

Opportunistic Corporate Fixed Income Accounts:

35 basis points - first \$25 million in assets under management (AUM)
30 basis points - over \$25 million to \$75 million in AUM
25 basis points - over \$75 million in AUM

High Yield Fixed Income Accounts:

50 basis points - first \$50 million in assets under management (AUM)
35 basis points - over \$50 million to \$100 million in AUM
25 basis points - over \$100 million in AUM

International Fixed Income Accounts:

45 basis points - first \$25 million in assets under management (AUM)
40 basis points - over \$25 million to \$50 million in AUM
35 basis points - over \$50 million to \$100 million in AUM
30 basis points - over \$100 million in AUM

Trade Finance Fixed Income Accounts:

85 basis points - first \$25 million in assets under management (AUM)
75 basis points - on the next \$25 million to \$50 million in AUM
65 basis points - on the next \$50 million to \$75 million in AUM
50 basis points - over \$75 million in AUM

Floating Rate Strategic Multi-Sector Fixed Income Accounts:

50 basis points - first \$50 million in assets under management (AUM)
35 basis points - over \$50 million to \$100 million in AUM
25 basis points - over \$100 million in AUM

Bond Ladders:

25 basis points - first \$100 million in assets under management (AUM)
20 basis points - over \$100 million in AUM

Short Municipal Accounts:

25 basis points - on the first \$25 million in assets under management (AUM)
22.5 basis points - over \$25 million to 100 million in AUM
20 basis points - over \$100 million in AUM

Intermediate to Long Municipal Accounts:

35 basis points - first \$5 million in assets under management (AUM)
30 basis points - on the first \$25 million in AUM
27.5 basis points - over \$25 million to \$50 million in AUM
25 basis points - over \$50 million to \$100 million in AUM
22.5 basis points - over \$100 million in AUM

Institutional Separate Accounts that Include Project and Trade Finance Investments as Part of Investment Strategy:

For any institutional separate account that may be invested in Project and Trade Finance investments as part of its investment strategy, Federated Investment Counseling reserves the right to increase its standard fee schedule noted above as follows:

- If exposure to project and trade finance investments in the strategy is intended to be at 5% up to 10%, each tier of the applicable standard fee schedule may be raised by 5 basis points (so 35 basis points on the first \$25 million becomes 40 basis points, etc.);

- If exposure to project and trade finance investments in the strategy is intended to be at 10% or above, each tier of the standard fee schedule may be raised by 10 basis points.
- This structure applies regardless of whether the actual exposure fluctuates, and regardless of whether the exposure to project and trade finance investments is achieved through investments in individual securities, investments in Investment Companies, Private Investment Companies, or other Pooled Investment Vehicles, or a combination of individual securities and funds.

For accounts sourced through our affiliate, Federated Clover Investment Advisors, a division of Federated Global Investment Management Corp. (Federated Clover division):

50 basis points - first \$3.0 million in assets under management (AUM)

40 basis points - next \$7.0 million in AUM

35 basis points - next \$15.0 million in AUM

30 basis points - next \$25.0 million in AUM

25 basis points - over \$50.0 million in AUM

For certain of the investment strategies noted above where our basic fee schedule is an asset-based fee schedule based on a percentage of assets under management, we may be willing to accept a performance-based fee, which generally would be calculated as a percentage of excess performance above certain levels and described in the investment management agreement with our client, or a combination of an asset-based fee and a performance-based fee. Performance-based fees only may be charged to qualified clients as and when permitted under Section 205 of the Advisers Act and SEC Rule 205-3 promulgated under the Advisers Act. (Please refer to “Negotiation and Modification of Fees” in Item 5 of this brochure for additional information on the negotiability of our fees. Also, please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of the conflicts of interest raised by performance-based fees.)

Item 5 Section A.2 (“Fees and Compensation - Our Advisory Fees - Advisory Fee Information for Pooled Investment Vehicles, Proprietary Accounts and Subadvised Accounts”): This section has been revised to reflect the updated fee ranges for Pooled Investment Vehicles. Accordingly, the section has been restated as follows:

This section sets forth information regarding Federated Investment Counseling’s fees for Pooled Investment Vehicles, Proprietary Accounts and Subadvised Accounts. We charge asset-based fees, which are determined as a percentage of AUM or average net assets. We also may charge performance-based fees. Managing accounts for performance-based fees creates various conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of these conflicts of interest.)

Pooled Investment Vehicles

Federated Investment Counseling’s fees for providing Investment Supervisory Services to Pooled Investment Vehicles may be consistent with the basic fee information and terms discussed above but also may vary depending upon the type of Pooled Investment Vehicle (private fund, collective or common fund, local government investment pool, etc.) and the scope of services being provided. The asset-based fees we currently receive generally range from 0.020% to 0.35%. (0.08% to 0.40% for current sub-advised Pooled Investment Vehicles). We do not require any Pooled Investment Vehicles to prepay investment advisory fees (therefore, our fees are not refundable).

Federated Investment Counseling’s fees for non-U.S. investment companies (*i.e.*, Pooled Investment Vehicles) also are based on the client’s average net assets. The fees we currently receive generally range from 0.20% to 2.0%, plus, in certain cases, a performance-based fee, as provided in each client’s investment management agreement. Our fees may be payable daily, monthly or quarterly.

In the case of either U.S. or non-U.S. Pooled Investment Vehicles, when Federated Investment Counseling’s fee is negotiated, it may vary based on discussions with the governing bodies or managers of such Pooled Investment Vehicles and is specified in our investment management or other agreements for the Pooled Investment Vehicles.

Proprietary Accounts

When Federated Investment Counseling provides Investment Supervisory Services with respect to Proprietary Accounts, we may not charge an advisory fee. If we charge an advisory fee, our fees generally are consistent with the basic fee information and terms discussed above for the type of investment product that constitutes the Proprietary Account (e.g., Separate Accounts, Managed Accounts, or other Pooled Investment Vehicles). This includes regarding whether our fees may be charged in advance and are refundable. Our fees, however, may vary (and could be lower or higher) depending upon the investment strategy or style, types of investment securities and number of portfolios or accounts for which services are provided, the purpose for which the Proprietary Account is established and maintained and other relevant factors.

Subadvised Accounts

When Federated Investment Counseling provides Investment Supervisory Services as a sub-adviser or in another capacity to Other Advisors, our fees generally are consistent with the basic fee information and terms discussed above for the type of client (e.g., Separate Accounts, Managed Accounts, or other Pooled Investment Vehicles). This includes regarding whether our fees may be charged in advance and are refundable. Our fees may be payable daily, monthly or quarterly. When our fee is negotiated, it may vary based on discussions with an Other Adviser or the governing bodies or managers of the client.

Item 6 Section C.3 (“Performance-Based Fees and Side by Side Management - Other Actual or Potential Conflicts of Interest - Conflicts of Interest Relating to Voting Securities Held in Client Accounts”): This section has been updated to describe the stewardship services provided by Hermes EOS (as defined below) and the related conflicts of interest. Accordingly, the section has been restated as follows:

As discussed under “Voting Client Securities” in Item 17 of this brochure Federated Investment Counseling will accept the authority to vote securities held in client accounts. Conflicts of interest arise from time to time between the interests of Federated Investment Counseling, and our affiliates (e.g., the other Advisory Companies), and the interests of our clients. Federated Investment Counseling has adopted procedures to address situations where a matter on which a proxy is sought may present a potential conflict between the interests of the client and those of Federated Investment Counseling or our affiliates. (Please refer to “Voting Client Securities” in Item 17 of this brochure for a discussion of these conflicts of interest and how they are addressed.)

In addition, Federated Investment Counseling and our affiliates may retain Hermes EOS to provide stewardship and engagement services in connection with the advisory services we provide. Conflicts may arise to the extent that Hermes EOS consequently benefits from the opportunity to broaden the scope of its business and engagement with companies due to this expanded asset base.

Item 6 Section C.4 (“Performance-Based Fees and Side by Side Management - Other Actual or Potential Conflicts of Interest - Conflicts of Interest Relating to Information Sharing Among Affiliates”): This section has been revised to describe the implementation of controls related to the sharing of material non-public information among certain Federated Advisory Companies (as defined below) and their affiliates. Accordingly, the section has been restated as follows:

Actual or potential conflicts of interest could arise to the extent that Federated Investment Counseling, or our affiliates (e.g., the other Advisory Companies and Hermes EOS), share material non-public information related to a security (“MNPI”). In order to address such potential conflicts and protect client interests, information barriers have been established between the Federated Advisory Companies, the Hermes Advisory Companies, and Hermes EOS such that personnel of the Federated Advisory Companies, the Hermes Advisory Companies, and Hermes EOS are generally precluded from sharing investment-related information, including MNPI, across the barriers. The entities will generally operate their investment management and trading functions independently, and will be subject to their own internal personal dealing, trade allocation, and side by side management policies. The Federated Advisory Companies, the Hermes Advisory Companies, and Hermes EOS may from time to time share internally-generated research that does not contain MNPI or information regarding trading for client accounts. It is possible that future investment products may be mutually developed by the Advisory Companies or that specific engagements may be entered between the two groups. These new products or engagements will be structured with appropriate information sharing limitations specific to that product or engagement.

Federated Investment Counseling and the other Advisory Companies will frequently be required by law in the U.S., the U.K. and certain other jurisdictions, to make regulatory filings based on the investments made and resulting fund ownership in securities when the ownership of such securities exceeds thresholds specified in relevant law. It is possible that services provided by Hermes EOS may from time to time necessitate similar filings. These filings may in turn require the sharing of certain information between the Hermes Advisory Companies and the Federated Advisory Companies. This information may contain detailed holdings or positions data that would not otherwise be shared between the two groups and could constitute MNPI. To address this potential conflict, the Advisory Companies have implemented internal controls which require that such information will be shared only among such limited personnel as is necessary to make accurate and timely regulatory filings and to maintain proper trading limitations. Similar controls have been established to appropriately manage other instances of information sharing, to the extent that personnel of a Federated Advisory Company must receive certain investment-related information from a Hermes Advisory Company (or vice versa). To mitigate any potential conflicts, such personnel will generally be subject to the codes of ethics of both the Federated Advisory Companies and the Hermes Advisory Companies.

Item 6 Section C.5 (“Performance-Based Fees and Side by Side Management - Other Actual or Potential Conflicts of Interest - Conflicts of Interest Relating to Hermes EOS”): This section has been added to describe certain conflicts of interest that may arise to the extent that the Federated Advisory Companies engage Hermes EOS to provide stewardship services. Accordingly, the section is as follows:

Actual or potential conflicts of interest may arise to the extent that the Federated Advisory Companies engage Hermes EOS to provide some or all of its stewardship services in connection with Investment Supervisory Services provided by the Federated Advisory Companies. For example, to the extent that the Federated Advisory Companies retain Hermes EOS to provide stewardship services, Hermes EOS may benefit from the opportunity to broaden the asset base that it represents with respect to these services in the aggregate, and consequently broaden the scope of its business. In addition, certain stewardship services provided by EOS may be contrary to the personal views of our clients as they relate to ESG or other stewardship matters. In order to mitigate this potential conflict, the Federated Advisory Companies will use Hermes EOS stewardship services ultimately to seek to increase the value of positions held in the Federated Advisory Companies’ client accounts. To the extent advocacy is determined not to result in an increase in value, Federated may request that its holdings not be included in any advocacy with an issuer. While there is no intent on the part of the Federated Advisory Companies to act jointly with other Hermes EOS clients on any matter, it is also possible that certain stewardship services entered into by Hermes EOS may be viewed as joint action by Hermes EOS and/or its clients, including the Federated Advisory Companies. Hermes EOS and the Federated Advisory Companies seek to mitigate this potential conflict of interest through policies that provide that the Federated Advisory Companies will not direct Hermes EOS with respect to the companies with which it engages or the positions that inform its engagement. Hermes EOS also maintains policies and procedures related to client engagement and voting that are intended, in part, to limit the reporting obligations of Hermes EOS and its clients under U.S. securities laws.

Item 8 Section A (“Methods of Analysis, Investment Strategies and Risk of Loss - Basic Information”): The subsection “Environmental, Social, and Governance Characteristics” has been added to describe the extent to which the Federated Advisory Companies will take into consideration environmental, social, and governance characteristics when implementing certain investment strategies. Accordingly, the subsection is as follows:

To the extent consistent with its fiduciary responsibilities, Federated Investment Counseling may integrate environmental, social, and governance (“ESG”) characteristics into its investment analysis and decision-making process when implementing certain investment strategies. As part of the assessment of quality and its approach to risk management, risks associated with a company’s approach to ESG issues are actively addressed. By taking ESG characteristics into account, Federated Investment Counseling intends to promote responsible governance practices and corporate behavior that may contribute to the long-term growth and sustainability of certain issuers and ultimately to an increase in the value of securities in its client accounts. Notwithstanding the foregoing, the Federated Advisory Companies do not intend to invest exclusively in issuers that do (or do not) take into consideration ESG issues. As discussed under “Other Service Providers” in Item 10.C.5 of this brochure, we may take into account internal research on ESG issues obtained from Hermes EOS, among other sources.

Item 10 Section C.5 (“Other Financial Industry Activities and Affiliations - Relationships with Certain Related Persons - Other Service Providers”): This section has been added to describe the stewardship services provided to the Federated Advisory Companies by Hermes EOS. Accordingly, the section is as follows:

Hermes EOS, a sister company of our affiliated Advisory Company, Hermes Investment Management Limited, is dedicated to the provision of certain stewardship services, including engagement on environmental, social, corporate governance, strategic and financial matters, as well as proxy voting recommendations and administrative services, and research services. With respect to its stewardship services, Hermes EOS’s purpose is to assist asset owners and asset managers in adding long-term value to their investments and managing their risks, by engaging with companies and policy-makers on environmental, social, governance, strategic and financial matters. Hermes EOS also provides engagement-led proxy voting research and recommendations, and publishes research on ESG issues and reports regarding the aggregate stewardship activities it has performed on behalf of its clients. (Please refer to “Conflicts of Interest Relating to Hermes EOS” in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of this relationship.)

Item 10 Section D (“Other Financial Industry Activities and Affiliations - Relationships with Certain Investment Advisers”): Disclosure in this section has been revised to reflect that certain Federated Advisory Companies may from time to time solicit on behalf of the Hermes Advisory Companies (as defined below). Accordingly, the section has been restated as follows:

Federated Investment Counseling does not typically recommend or select other investment advisers for our clients for either direct or indirect compensation. As discussed above, however, Federated Investment Counseling, and/or our affiliates, do have business relationships with affiliated investment advisers (e.g., the other Advisory Companies). Registration does not imply a certain level of skill or training. As such, Federated Investment Counseling, or another Advisory Company, may from time to time solicit clients on behalf of the Hermes Advisory Companies, for which Federated Investment Counseling and/or our affiliates may receive direct or indirect compensation. These business relationships can create conflicts of interest for Federated Investment Counseling, the other Advisory Companies, and our employees, supervised persons, and related persons. For example, we may advise a client to invest in an investment product that is sponsored, managed, distributed or serviced by these other investment advisers to benefit them rather than serve the best interests of our clients or potential clients. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

Item 11 Section A (“Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Our Code of Ethics”): This section has been revised to clarify that, with certain exceptions, personnel of the Federated Advisory Companies and the Hermes Advisory Companies are generally subject to separate codes of ethics. Accordingly, the section has been restated as follows:

Federated Investment Counseling and the Federated Advisory Companies have adopted a Code of Ethics for Access Persons (“Code of Ethics”), which sets forth restrictions and safeguards on certain activities such as personal trading, insider trading, misuse of client information, serving on boards of directors by investment personnel, disclosure of conflicts of interest and receiving/giving gifts and political and charitable contributions. We will provide a copy of our Code of Ethics to any client or prospective client upon request. With the exception of certain personnel who collaborate with the Hermes Advisory Companies on regulatory or certain other matters and who are subject to the Code of Ethics, the employees of the Hermes Advisory Companies are subject to a separate code of ethics adopted by the Hermes Advisory Companies.

Item 6 of this brochure, “Performance-Based Fees And Side By Side Management”, contains a detailed discussion of Federated Investment Counseling’s Code of Ethics and how it addresses conflicts related to Federated Investment Counseling’s participation or interest in client transactions and personal trading. (Please refer to “Conflicts of Interest Relating to Personal Trading” in Item 6 of this brochure for further information regarding our Code of Ethics.)

Item 11 Section B.1 (“Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Participation or Interest in Client Transactions - Client Investments in Affiliated Investment Vehicles”): Disclosure in this section has been updated to reflect that Federated Investment Counseling generally does not waive or reimburse fees when it does not exercise discretion to invest cash in certain Affiliated Investment Vehicles (as defined below). Accordingly, the section has been restated as follows:

Federated Investment Counseling and the other Federated Advisory Companies may, from time to time, invest client assets in or recommend investments in Affiliated Investment Vehicles, including, for example, with respect to uninvested cash. (Please refer to “The Types of Accounts/Products We Manage” in Item 6 of this brochure as well as “Sponsor or Syndicator of Limited Partnerships” in Item 10 of this brochure for further information.) Federated Investment Counseling and the other Federated Advisory Companies will receive compensation for management of the Affiliated Investment Vehicles; consequently, Federated Investment Counseling may have an incentive to allocate client funds to Affiliated Investment Vehicles in lieu of other investment opportunities. Except in connection with Managed Accounts or our Model Portfolio Management Services, as required by our policies and applicable law, Federated Investment Counseling generally waives or reimburses a portion of its advisory fee equal to the advisory fee paid to the Affiliated Investment Vehicle into which we invest client assets to mitigate this conflict. We generally do not have discretion over the investment of uninvested cash in Managed Accounts, and in certain Separate Accounts; such cash is typically invested in money market mutual funds or other liquid investments selected by the client, the client’s agent, or the Sponsor. The money market mutual funds into which uninvested cash may be invested may include, in certain cases, Affiliated Investment Vehicles or money market mutual funds serviced by certain of our affiliates. We generally do not waive or reimburse fees when we do not exercise discretion to invest cash into such vehicles. (Please refer to “Conflicts of Interest Relating to Affiliated Investment Vehicles” and “Conflicts Of Interest Related to Uninvested Cash Positions” in Item 6 of this brochure for further information.)

Item 12-B (“Brokerage Practices - Trade Aggregation and Allocation Policy”): This section has been updated to reflect the potential impact of limitations imposed by certain issuers and intermediaries, including retail order periods, on the management of a Managed Account. Accordingly, the section has been restated as follows:

Federated Investment Counseling has adopted written policies (Allocation Policies) for the allocation of securities transactions among our clients. The Allocation Policies are premised on Federated Investment Counseling’s general practice of aggregating the transactions executed on behalf of our clients and clients of the other Federated Advisory Companies. We may, but are not obligated to, aggregate transactions. The type of client account or investment product (*e.g.*, direct Separate Account versus Managed Accounts), client transactions, client instructions (*e.g.*, directed brokerage/trading), the investment strategies applicable to client accounts, system capabilities and constraints, and other factors may result in transactions for certain client accounts not being aggregated. If a client transaction is not aggregated, the client may pay higher brokerage commissions, may receive a less favorable price, or incur other costs, which also may affect the performance of the client’s account. (Please refer to “Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices” in Item 6 of this brochure for a further discussion of factors that may result in trades not being aggregated, and related conflicts of interest and how they are addressed.)

To the extent that Federated Investment Counseling aggregates client transactions, the Allocation Policies state that Federated Investment Counseling and the other Federated Advisory Companies must do so in a manner:

- Consistent with the duty to seek best execution of client orders;
- That treats all clients fairly; and
- That does not systematically disadvantage any client.

The Allocation Policies expressly prohibit consideration of compensation or other benefits received by Federated Investment Counseling or the other Federated Advisory Companies in allocating transactions among clients.

The Allocation Policies set forth procedures for allocating primary and secondary market transactions among clients. The Allocation Policies also provide investment management personnel with guidelines for allocating securities among portfolios with common investment objectives. In some cases, the Allocation Policies may adversely affect the price paid or received by a client or amount of securities purchased or sold by a client. However, we believe that coordination and the ability to participate in volume transactions generally benefits clients.

The amount of assets in a Managed Account may impact the management of a Managed Account, including in ways that may adversely impact account liquidity and/or performance. For example, accounts with smaller assets may not be able to hold as many securities as accounts with larger assets or may have to hold a higher level of working capital. In certain circumstances, issuers and intermediaries also impose limitations or preferences on various classes of investors related to holding, trading, participating in primary offerings, and/or participating in corporate actions. For example, in some offerings of municipal securities, a “retail order period” may be designated during which orders will be accepted solely for retail customers, as defined by the issuer of the securities (or, in some cases, small orders for any type of customer). Due to minimum bond denomination requirements and other limitations and preferences, smaller fixed income or balanced accounts may not be able to hold certain bonds or may not be able to participate in certain corporation actions such as voluntary tenders. While Federated Investment Counseling seeks to take reasonable steps to prevent adverse consequences, there is no guarantee that Federated Investment Counseling will be successful. A variety of events or circumstances, including events or circumstances beyond Federated Investment Counseling’s control such as withdrawal requests and below minimum bond denomination securities being in a predecessor account that was transitioned to Federated Investment Counseling, can arise or exist that would prevent Federated Investment Counseling’s efforts from being successful.

Federated Investment Counseling periodically reviews the aggregate allocation of our clients’ transactions among brokers/dealers and the aggregate amount of commissions paid. Upon request, we will provide a client with aggregate allocation information relating to such client’s transactions. Compliance personnel review the Allocation Policies annually with senior trading and investment management personnel. We will furnish a summary of the Allocation Policies upon request.

The trading desk for certain institutional and high net worth separate accounts sourced through the Federated Clover Investment Advisors division of Federated Global Investment Management Corp., may be separate and apart from Federated Investment Counseling’s trading desk, so it is therefore possible that certain trades for such accounts may not be able to be batched or aggregated with trades of Federated Investment Counseling’s other clients. There will be no aggregation or allocation of trades between the Federated Advisory Companies and the Hermes Advisory Companies.

Item 14 Section B (“Client Referrals and Other Compensation - Arrangements Where Compensation is Paid to Another Person for Client Referrals”): Disclosure in this section has been updated to reflect that certain Hermes Advisory Companies may be compensated by the Federated Advisory Companies in connection with non-U.S. solicitation activities. Accordingly, the section has been restated as follows:

Federated Investment Counseling and our affiliates (*e.g.*, certain other Advisory Companies) may enter into various arrangements pursuant to which employees, or affiliated and unaffiliated third parties, including, with respect to non-U.S. solicitation activities, certain Hermes Advisory Companies, may be compensated, directly or indirectly, for referring clients to Federated Investment Counseling or our affiliates. (Please refer to “Arrangements Involving Receipt of Economic Benefits from Non-Clients” in Item 14 of this brochure and “Sales Compensation” in Item 5 of this brochure for further information.) Such compensation will not result in a charge to investment advisory clients, or in any differential in the level of advisory fees customarily charged, unless specifically disclosed to clients.

While not advisory clients of the Advisory Companies (unless a separate advisory relationship exists), we and our affiliates may enter into arrangements pursuant to which potential shareholders are solicited for investment in Investment Companies or other investment products sponsored, managed serviced or distributed by Federated Investors or the Advisory Companies (including Affiliated Investment Vehicles).

Arrangements where we, or our affiliates (*e.g.*, certain other Advisory Companies), pay compensation to solicitors for referrals create conflicts of interest for us, and our affiliates, as well as the solicitors. We, and our employees and supervised persons, and our affiliates, have an incentive to utilize or recommend the solicitor’s products and services. The solicitor also has a financial incentive to favor the services of, and products sponsored, distributed or managed by, Federated Investment Counseling and our affiliates, over the interest of clients. (Please refer to “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.)

Item 15 (“Custody”): This item has been revised to clarify the instances in which Federated Investment Counseling may be deemed to have custody of a client account and the actions that will be taken in such instances. Accordingly, the item has been restated as follows:

Under SEC Rule 206(4)-2 under the Advisers Act, Federated Investment Counseling is deemed to have custody of client funds because, in certain cases, we have arrangements that authorize us to have our advisory fees deducted from client accounts. (Please refer to “Fees and Compensation” in Item 5 of this brochure for further information regarding these fee arrangements.) We may also be deemed to have custody of a client account because we have the authority to engage custodians on behalf of Separate Account clients or Pooled Investment Vehicles, or are deemed to control Pooled Investment Vehicles. Generally, in these instances, we will annually distribute audited financial statements prepared in accordance with U.S. GAAP to all limited partners, members, or other beneficial owners pursuant to Rule 206(4)-2(b)(4) (the “Audit Exception”). To the extent that we cannot rely on the Audit Exception for such clients (*e.g.*, for clients for whom audited financials are not prepared according to U.S. GAAP), a surprise examination will be conducted annually to verify the existence of assets in the account.

To address potential conflicts of interest associated with the deduction of fees, and other possible client concerns with these arrangements, we have policies and procedures in place which we believe are reasonably designed to seek to ensure that the amount of assets under management on which our fees are billed is accurate and that our fees are consistent with the terms of our investment management agreements with our clients. For example, we either have segregated the responsibilities of employees responsible for invoicing and collecting our fees or our auditing department periodically reviews our practices. We also periodically test on a sample basis our fee calculations to confirm their accuracy.

With the exception of certain Pooled Investment Vehicles, we generally do not open accounts for our clients with qualified custodians. Clients generally are responsible for opening their own accounts directly with a qualified custodian or through an intermediary, such as a Managed Account Program Sponsor, Platform Provider or Overlay Manager. Qualified custodians include banks, savings associations, registered brokers/dealers, registered futures commission merchants, and foreign financial institutions that customarily hold financial assets for their customers on a segregated basis. For Investment Company (*i.e.*, mutual fund) shares, the Investment Company’s transfer agent is considered the custodian.

Certain Managed Account Program Sponsors require us to execute trades for clients using prime brokerage arrangements. In these Managed Account Programs, we serve as a discretionary portfolio manager for clients in the Managed Account Program Sponsor’s Managed Account Program. Under these prime brokerage arrangements, the Managed Account Program Sponsor, acting as the prime broker, generally requires that we only utilize clearing brokers (“Executing Brokers”) with which the Managed Account Program Sponsor has prime brokerage agreements in place. In addition to our agreement with the Managed Account Program Sponsor, we are required to enter into agreements with the Executing Brokers for their execution/clearing services on behalf of the clients. These agreements with the Executing Brokers establish accounts at the Executing Broker in the name, or for the benefit, of the clients for purposes of executing trades. Under the client agreement between the Managed Account Program Sponsor and the client, in addition to other provisions relating to the prime brokerage arrangements, the client grants the authority to give instructions to each Executing Broker and to take all other actions necessary or incidental to the execution of such instructions. Based on this authorization, the Managed Account Program Sponsor also grants the authority to us to give instructions to each Executing Broker. The Managed Account Program Sponsor also has confirmed that we have the authority under the client agreement, and our agreement with the Managed Account Program Sponsor, to enter into the agreements with the Executing Brokers required by the prime brokerage arrangement. In addition to establishing accounts in the name, or for the benefit of, clients for purposes of executing trades, these agreements with the Executing Brokers purport to bind clients to arbitration clauses, confirmation waivers, consents to disclosure of financial information, acknowledgements of receipt of required disclosures, security interest grants and other provisions, all in connection with executing trades through the prime brokerage arrangement required by the Managed Account Program Sponsor. When entering into the agreements with the Executing Brokers, and executing trades through these prime brokerage arrangements, (1) we are acting pursuant to the authority granted, and requirements imposed by, the Managed Account Program Sponsor and the clients for purposes of effecting trades in the clients’ accounts under the Managed Account Program, (2) we do not have possession or control over the client assets or the authority to withdraw client cash, securities or other assets or to otherwise obtain possession of client cash, securities or other assets, and (3) we do not have ownership of or access to client cash, securities or other assets.”

Clients will receive account statements from the broker/dealer, bank or other qualified custodian for their accounts and clients should carefully review those statements. If you also receive an account report from us, we urge you to compare the account statement that you receive from the qualified custodian with any report you receive from us.

Related persons of Federated Investment Counseling (*e.g.*, certain other Advisory Companies) are sometimes asked by clients for suggestions of entities to act as custodians for accounts and, in response, recommend commercial banks or brokers/dealers that act in that capacity. When asked for a recommendation concerning a custodian, we will share our views regarding a number of factors such as the ability to execute trades, the custodian's experience in acting as custodian for the type(s) of assets owned by the client, the overall cost of the custodian's services, the custodian's willingness to allow trading through other brokers or dealers, the custodian's willingness to perform the recordkeeping necessary to allow clients to pool their transactions in order to obtain the best price and execution, the custodian's geographic proximity to the client which may enhance the client's ability to deal with the custodian, the willingness and ability of the custodian to assist the client in transferring assets and distributions and overall service. In limited circumstances where we are authorized to select custodians for Pooled Investment Vehicles, consideration is given to the same factors, to the extent applicable to the Pooled Investment Vehicle in question.

Item 17 ("Voting Client Securities"): This item has been updated to describe the extent to which the Federated Advisory Companies will take into consideration certain proxy voting research and/or recommendations from Hermes EOS. Accordingly, the item has been restated as follows:

We will accept the authority to vote proxies with respect to securities held in client accounts to which we provide discretionary investment advisory services. The scope of our authority to vote proxies typically is set forth in our investment management agreements with our clients or, in the case of Managed Accounts, in our agreements with the Managed Account Program Sponsors and Platform Providers and the client's Managed Account documentation. With respect to Model Portfolio Management Services and other non-discretionary investment advisory services, we typically will not vote proxies. However, we may provide voting recommendations to such clients or Managed Account Program Sponsors, Platform Providers and Overlay Managers.

Federated Investment Counseling has adopted proxy voting policies and procedures. Federated Investment Counseling's general policy is to cast proxy votes in favor of management proposals and shareholder proposals that we anticipate will enhance the long-term value of the securities being voted. Federated Investment Counseling may also take into account certain proxy voting research and/or recommendations provided by Hermes EOS. However, Federated Investment Counseling does not grant proxy voting authority to Hermes EOS and considers such research and/or recommendations among other factors it deems relevant to its proxy voting determinations.

Federated Investment Counseling also generally votes consistently on the same matter when securities of an issuer are held by multiple client portfolios, unless Federated Investment Counseling has received explicit voting instructions from a client to vote differently on behalf of its portfolio.

To the extent that we have accepted authority to vote securities in a client's account, a client generally can direct how Federated Investment Counseling votes with respect to a particular solicitation. A client wishing to do so should submit a written instruction to us at the address specified for notices in the client's investment management agreement with us. Managed Account Program clients may be required to submit a written instruction to the Managed Account Program Sponsor or Platform Provider. Federated Investment Counseling will endeavor to vote in accordance with any such written instructions that are timely communicated to Federated Investment Counseling and received by us reasonably in advance of the time that we, or our proxy voting service, votes with respect to a particular solicitation.

Conflicts of interest arise from time to time between the interests of Federated Investment Counseling and/or our affiliates (*e.g.*, the other Advisory Companies), and the interests of our clients. Federated Investment Counseling has adopted procedures to address situations where a matter on which a proxy is sought may present a potential conflict between the interests of the client and those of Federated Investment Counseling or our affiliates. If such potential material conflicts of interest do arise, Federated Investment Counseling will analyze and document them and shall ultimately vote the relevant proxies in what Federated Investment Counseling believes to be the best long-term economic interests of its clients. The Federated Proxy Voting Committee is responsible for monitoring and reporting with respect to such potential material conflicts of interest.

If we do not have the authority to vote proxies for a client's account, a client generally will receive proxies or other solicitations from their custodian, transfer agent or other intermediary. If we inadvertently receive a proxy or other solicitation, we will endeavor to return it promptly to the custodian, transfer agent or other intermediary (e.g., a proxy aggregator or, for Managed Accounts, from the Managed Account Program Sponsor or Platform Provider if different from the custodian) for the client's account, although there is no guarantee that it would be returned either by us or the intermediary prior to the voting deadline for the solicitation. The client can still ask us questions regarding the particular solicitation by sending us the question in writing at the address specified below. We will endeavor to respond to questions in a timely manner, but there is no guarantee that a response will be received by the client prior to the voting deadline for the solicitation.

We will furnish a copy of our proxy voting policies and procedures to any client upon such client's written request. A client can additionally request at any time a record of all votes cast for its portfolio. The record reflects the proxy issues that we voted for the client during the past year, as well as the position taken with respect to each issue. Written requests should be sent to:

Investment Administration-Proxy Services
c/o Federated MDT Advisers
125 High Street
Oliver Street Tower, 21st Floor
Boston, Massachusetts 02110

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ITEM 4. ADVISORY BUSINESS

This brochure explains Federated Investment Counseling's advisory business, and provides important information about us and, in certain cases, our affiliates and our related persons. As used within this section, "we" shall refer to Federated Investment Counseling, our affiliates and/or our related persons, as appropriate.

Thank you for considering Federated Investment Counseling as your investment adviser. We encourage you to read this brochure completely and carefully. You may contact us at the phone number provided on the cover page of this brochure if you have any questions or to request another copy of this brochure. You also may obtain this brochure from our website (FederatedInvestors.com) free of charge. Additional information about us, our investment adviser representatives, and our affiliates that are domestic registered investment advisers (together with us, each, as applicable, an "Advisory Company" and, collectively, as applicable, the "Advisory Companies") also is available via the SEC's website at www.adviserinfo.sec.gov.

A. How We are Organized

We organized as a Delaware statutory trust on April 11, 1989. We first registered with the SEC as an investment adviser under the Advisers Act on June 12, 1989.

B. Our Ownership Structure

We are an indirect, wholly-owned subsidiary of Federated Investors, Inc. Federated Investors is organized as a Pennsylvania corporation and is a publicly owned company (Ticker Symbol: FII). Federated Investors owns 100% of the outstanding voting securities of FII Holdings, Inc., a Delaware corporation. FII Holdings owns 100% of the outstanding voting securities of Federated Investment Counseling.

Federated Investors, a public company, has shares of both Class A Common Stock and Class B Common Stock. The Class B Common Stock is listed on the New York Stock Exchange ("NYSE"). Except under certain limited circumstances, the entire voting power of Federated Investors is vested in the holder of the outstanding shares of the Class A Common Stock. All of the outstanding shares of Class A Common Stock are held by a Voting Shares Irrevocable Trust, dated May 31, 1989 (the "Voting Trust"), the three trustees of which are Federated Investors' President and Chief Executive Officer and Chairman of its Board of Directors, Mr. J. Christopher Donahue, his brother, Thomas R. Donahue, Federated's Vice President, Treasurer and Chief Financial Officer and a director, and their mother, for the benefit of the members of the Donahue family.

Federated Investors owns a number of domestic and foreign advisory subsidiaries that are under common control with, and affiliates of, Federated Investment Counseling. Effective July 1, 2018, Federated Investors, Inc. completed a transaction whereby its subsidiary, Federated Holdings (UK) II Limited, became the majority shareholder of Hermes Fund Managers Limited and its subsidiaries, including, among other entities, its registered investment adviser subsidiaries (the "Hermes Advisory Companies") and Hermes Equity Ownership Services ("Hermes EOS"), an entity that provides stewardship services, including engagement on environmental, social, corporate governance, strategic and financial matters, as well as proxy voting recommendations and administrative services, and research services. Hermes EOS is discussed further in Item 10. Although the Hermes Advisory Companies are under common control with, and affiliates of, Federated Investment Counseling and the other Advisory Companies (together with us, each, as applicable, a "Federated Advisory Company" and, collectively, as applicable, the "Federated Advisory Companies"), the disclosure and discussion of the policies and practices of the Federated Advisory Companies herein does not include the Hermes Advisory Companies, except where specifically noted, as it is presently anticipated that the Hermes Advisory Companies will generally operate their investment management and trading functions independently, and will have no material effect on the advisory activities of the Federated Advisory Companies. However, Federated Investment Counseling or other Federated Advisory Companies will provide coordination and oversight of the investment management activities of the Hermes Advisory Companies when the Hermes Advisory Companies act in a subadvisory capacity for clients of the Federated Advisory Companies. As discussed under "Conflicts Related to Information Sharing Among Affiliates" in Item 6, information barriers have been implemented between the Advisory Companies to prevent the exchange of material non-public information between the Federated Advisory Companies and the Hermes Advisory Companies, and which requires that all investment-related activities, including trading activity and the allocation and aggregation of trades, of the Federated Advisory Companies are operated independent of, and are not integrated with, the investment

related activities of the Hermes Advisory Companies. (Please refer to “Other Financial Industry Activities and Affiliations” in Item 10 of this brochure for further information.)

The Federated Advisory Companies collectively provide advisory services to a variety of separately managed accounts or wrap fee accounts (Managed Accounts), institutional, or high net worth individual, separate accounts (Separate Accounts), registered investment companies or mutual funds (Investment Companies), private investment companies (Private Investment Companies), other pooled investment vehicles (Pooled Investment Vehicles), and proprietary accounts and funds (Proprietary Accounts). Federated Investors also owns other companies, both in the United States and in certain other countries, such as brokers/dealers, investment advisers, management companies, commodity pool operators, and trust companies.

C. Our Advisory Services

Federated Investment Counseling currently provides investment supervisory services, model portfolio management services, and other discretionary and non-discretionary investment advisory services as discussed in this brochure.

1. Investment Supervisory Services

Federated Investment Counseling provides continuous and regular investment supervisory or management services (Investment Supervisory Services) pursuant to which we have discretionary authority over a client's assets and provide ongoing supervisory or management services with respect to the client's assets. Such discretionary authority generally does not require prior client consultation.

We may also provide Investment Supervisory Services when we do not have discretionary authority over a client's assets, but we have ongoing responsibility to select and make recommendations to a client as to specific securities or other investments that may be purchased or sold for a client's account. Under these arrangements, if our recommendations are accepted by the client, we are responsible for arranging or effecting the purchase or sale of such securities or other investments.

We strive to tailor our Investment Supervisory Services to the individual needs of our clients. We generally discuss investment strategy and permissible investment with clients during the account set-up process. We generally permit clients to impose reasonable restrictions on investment in certain securities or types of securities. A restriction is reasonable if, in our judgment, the restriction does not impose any material or significant impairment on our ability to manage a client's assets in accordance with the investment strategy and guidelines established for that client's account. We review a client's investment guidelines and discuss them with the client. Following approval, relevant rules and restrictions are inputted into our trade management system. We also intend to perform our Investment Supervisory Services in accordance with SEC Rule 3a-4 under the Investment Company Act of 1940 (Investment Company Act) to the extent required under applicable law or the terms of a client's investment management agreement(s) (Please refer to “Methods of Analysis, Investment Strategies and Risk of Loss” in Item 8 and “Investment Discretion” in Item 16 of this brochure for further information on our methods of analysis, investment strategies, and related risks).

Investment Supervisory Services provided to Managed Accounts and our Model Portfolio Management Services are not intended for use with respect to any collective fund, Investment Company, Private Investment Company, other Pooled Investment Vehicle or unitized accounts/vehicles without written consent of Federated Investment Counseling.

In the case of Managed Accounts and other discretionary investment accounts that we manage, we may invest client assets in certain affiliated Investment Companies (or mutual funds) advised by Federated Investment Counseling or other Federated Advisory Companies. These affiliated Investment Companies may bear expenses as disclosed in their prospectuses. For example, while these affiliated Investment Companies may not pay certain of the investment management fees or other fees to Federated Investment Counseling or other Federated Advisory Companies or their affiliates, they typically pay (directly or indirectly by investing in other investment companies) third-party expenses (including custodian fees, transfer agency fees, legal expenses and other third-party expenses). In certain cases, however, an affiliated Investment Company may invest in another affiliated Investment Company, Private Investment Company or Pooled Investment Vehicle that pays, or that invests in yet another affiliated Investment Company, Private Investment Company or Pooled Investment Vehicle that pays, management fees or other fees to Federated Investment Counseling or other Federated Advisory Companies or their affiliates, in which case clients may bear those fees indirectly, including as part of the investment return of the affiliated Investment Company, Private Investment Company

or Pooled Investment Vehicle. Please refer to “Conflicts of Interest Relating to Affiliated Investment Vehicles” and “Conflicts of Interest Relating to Uninvested Cash Positions” in Item 6 of this brochure for further information regarding actual or potential conflicts of interest that may arise in connection with investments in affiliated investment vehicles. Clients also bear expenses charged directly to the Managed Accounts. We may invest client assets in a portfolio of individual securities or investments, or in a combination of individual securities or investments and affiliated Investment Companies. We determine how to invest the client assets based upon several factors, including the type of client account, the investment strategy, and applicable client investment objectives, guidelines and policies, restrictions or instructions, or other relevant factors. In these cases, the affiliated Investment Companies are reasonably believed to be designed to purchase securities required for the fixed income, equity or other investment strategies that cannot be efficiently held individually in client accounts, but can be efficiently held in a pooled vehicle, such as a mutual fund. Regarding Managed Accounts, affiliated Investment Companies may only be held in Managed Accounts of clients that are “eligible investors.” “Eligible investors” in an affiliated Investment Company, generally do not include investment companies under the Investment Company Act, or private funds exempt from registration under the Investment Company Act pursuant to Sections 3(c)(1) or 3(c)(7), unless appropriate exemptive relief is obtained under the Investment Company Act and the affiliated Investment Company determines to accept the purchase order for such an investment. In addition, unless an affiliated Investment Company determines to accept a purchase order for an investment, an “eligible investor” in the affiliated Investment Company does not include: (i) a resident alien within the meaning of Internal Revenue Code (“I.R.C.”) § 7701(b)(1)(A) who is a natural person; (ii) a non-resident alien within the meaning of I.R.C. § 7701(b)(1)(B) who is a natural person; (iii) a covered expatriate (i.e., a U.S. citizen temporarily residing abroad) within the meaning of I.R.C. § 877A(g)(1)(A); (iv) a foreign institutional investor; or (v) a fund or investor in the European Union. If a Managed Account client ceases to be an “eligible investor,” the affiliated Investment Companies are authorized to redeem shares held by or on behalf of such a client. Dividends paid by affiliated Investment Companies to Managed Accounts are paid in cash; Managed Account clients may not reinvest dividends into affiliated Investment Companies. (Please refer to “Performance-Based Fees and Side by Side Management,” in Item 6, “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” in Item 11 and “Brokerage Practices” in Item 12 of this brochure for further information regarding investments in affiliated Investment Companies.)

In connection with the Investment Supervisory Services that Federated Investment Counseling provides, we generally are responsible for providing investment research and investment evaluation services. We may also provide certain reports to our clients. Additional information, including performance reports prepared in compliance with Global Investment Performance Standards (GIPS), is available at FederatedInvestors.com.

When acting in our capacity as investment adviser to certain Proprietary Accounts, Federated Investment Counseling provides investment research and supervises the investments of our clients and conducts a continuous program of investment evaluation. We also provide advice regarding appropriate sales or other dispositions and reinvestment of such client’s portfolios. In all cases, our advice is subject to the investment objective, policies and limitations of our clients.

2. Model Portfolio Management Services

Federated Investment Counseling also furnishes investment advice and recommendations through the provision of model portfolios for certain of our investment strategies and provides periodic updates to the model portfolios (Model Portfolio Management Services). We typically provide these services to investment advisory firms or other managers (Overlay Managers), either directly or through turn-key asset management providers that operate platforms or programs (Platform Providers) in which Overlay Managers participate. These Overlay Managers utilize our model portfolios and periodic updates, either alone or together with other model portfolios provided by the Overlay Managers or other investment advisers, to manage the assets of the Overlay Manager’s clients. We generally do not have investment discretion or trading responsibilities in such arrangements, nor do we have an advisory relationship with the Overlay Manager’s clients, and do not manage model portfolios on the basis of the financial situation or investment objectives of individual clients that participate in these programs.

Investment Supervisory Services provided to Managed Accounts and our Model Portfolio Management Services are not intended for use with respect to any collective fund, Investment Company, Private Investment Company, other Pooled Investment Vehicle or unitized accounts/vehicles without written consent of Federated Investment Counseling.

3. Other Advisory Services

Federated Investment Counseling provides Investment Supervisory Services to banks, trust companies and other investment advisers (collectively, Other Advisors) and to Private Investment Companies, Pooled Investment Vehicles and Proprietary Accounts. These services (Other Advisory Services) may include:

- Acting as an adviser or a sub-adviser for trust funds, Managed Accounts, Separate Accounts, Private Investment Companies, and Pooled Investment Vehicles, such as collective investment funds, private funds, common trust funds, and other investment accounts or products managed by Other Advisors; and
- Assisting Other Advisors in reviewing and managing investment accounts or products.

The process by which we implement decisions may vary based on type or size of account, restrictions of intermediary firms, applicable investment objectives, guidelines and policies, and, if applicable, client-imposed investment restrictions.

Depending upon our arrangement with our clients, we may make asset allocation decisions along with security selection decisions, and may provide asset allocation recommendations and periodic updates to clients.

D. The Types of Accounts/Products We Manage

Federated Investment Counseling provides Investment Supervisory Services, Model Portfolio Management Services and Other Advisory Services in connection with Managed Accounts, Separate Accounts, Private Investment Companies, Pooled Investment Vehicles, and Proprietary Accounts. The following further describes each of these types of client accounts or investment products.

1. Separate Accounts

Federated Investment Counseling provides Investment Supervisory Services to high net worth and institutional investors. We provide these services pursuant to an investment management agreement with the client that describes or attaches the client's investment policy statement and/or our investment strategy or mandate pursuant to which we will manage the client's account, and the rights and responsibilities of the client in connection with the termination of the agreement. Custody of the client's assets is maintained by a qualified custodian selected by the client.

For certain Separate Account strategies, we may retain a sub-adviser to assist us with the management of the Separate Account. Federated Investment Counseling may have an ownership interest in or be affiliated with such sub-advisers.

2. Managed Accounts

Federated Investment Counseling participates as an investment manager or portfolio manager in certain separately managed account or wrap fee programs (Managed Accounts or Managed Account Programs) and provides Investment Supervisory Services to individuals, high net worth individuals, pension plans, charitable organizations and certain small institutional investors. Managed Account Programs generally are investment programs under which a client is charged a single specified fee for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers), execution of client transactions by the program's sponsor, and custodial services. However, as described in "Managed Account Programs" in Item 12 of this brochure, with respect to certain Managed Account Programs, the single Managed Account fee does not cover the cost of execution of client transactions. We receive a portion of the fees paid by the Managed Account client for our services.

In Managed Account Programs, clients (with or without the assistance of the sponsors (Sponsors) of the Managed Account Program) select or appoint Federated Investment Counseling to manage designated client assets in accordance with one or more of our investment strategies. The Sponsors of the Managed Account Programs typically are brokers/dealers, financial institutions or other investment advisory firms which sponsor, operate and administer the Managed Account Programs.

When providing Investment Supervisory Services to Managed Accounts, we typically act as a sub-adviser to the Sponsors of the Managed Account Programs. The Sponsors typically enter into investment management agreements with clients; we typically do not have direct investment management agreements with clients that participate in Managed Account Programs. Managed Account Programs may also be structured as dual contract or unbundled relationships, in

which Sponsors (typically brokers/dealers) will enter into brokerage agreements with clients and Federated Investment Counseling will enter into separate investment management agreements directly with the same clients. In all cases, the Sponsors typically provide portfolio manager selection, performance monitoring and evaluation, custody, brokerage and other administrative services (or a combination of these services) to clients. We exclusively provide advisory services to Managed Account Program clients.

In certain cases, Sponsors operate their Managed Account Programs on platforms, or use systems developed and supported by Platform Providers (*i.e.*, technology companies or certain other companies or turn-key asset management providers). In these cases, we may have an agreement with the Platform Provider, and the Platform Provider has agreements with the Sponsors that utilize the Platform Provider's platform or systems.

There are certain differences between how we manage Managed Accounts and how we manage other client accounts. For example, when participating in Managed Account Programs, the Sponsor is typically responsible for determining the suitability of the Managed Account Program, including Federated Investment Counseling and our investment strategy, for the client. We typically are only responsible for managing client assets in accordance with the designated investment strategy. In certain Managed Account Programs, Sponsors and Platform Providers may limit the information that is available to us about the client, the client's other investments or risk tolerance, and other information that would be relevant to determining whether the investment strategy or certain specific investments would be suitable for the client. Likewise, we may be restricted by Sponsors and Platform Providers from communicating directly with clients; all communications, including communications with respect to the clients' investment objectives, financial condition and reasonable investment restrictions, typically must be directed through the Sponsor or Platform Provider.

Federated Investment Counseling also provides Model Portfolio Management Services to Overlay Managers, Sponsors or Platform Providers that participate as managers in, sponsor or operate Managed Account Programs.

3. Other Pooled Investment Vehicles

Federated Investment Counseling may provide Investment Supervisory Services to a variety of pooled investment vehicles, including:

- Investment vehicles or funds that are domiciled outside of the United States;
- Collective funds, common funds, common and collective trust funds, or group trusts (collectively, collective or common funds);
- Privately offered investment funds that are available only to certain sophisticated investors (private funds); and
- Local government investment pools.

These Pooled Investment Vehicles typically are exempt from registration under the Investment Company Act, and the interests in such Pooled Investment Vehicles typically are exempt from registration under the 1933 Act (although in some cases such interests may be registered under the 1933 Act or similar foreign regulation).

The investment management or other agreements governing our provision of advisory services to Pooled Investment Vehicles typically vary between clients, including with respect to termination provisions. In certain circumstances, Federated Investment Counseling is authorized to select qualified custodians on behalf of Pooled Investment Vehicles. Clients should refer to their investment management or other agreement with us for a complete understanding of their termination and other rights.

4. Proprietary Accounts

Federated Investment Counseling may from time to time provide Investment Supervisory Services to Proprietary Accounts. At any given time, we may manage Proprietary Accounts that are Managed Accounts, Separate Accounts, Private Investment Companies or Pooled Investment Vehicles. The clients, account holders, shareholders or investors in these Proprietary Accounts may include: Federated Investment Counseling, another Federated Advisory Company or affiliate, or employees of these entities.

Proprietary Accounts typically are established when we or another Federated Advisory Company are establishing an investment strategy or creating or seeding an Investment Company, Private Investment Company or other Pooled

Investment Vehicle, although investment vehicles with unaffiliated investors may also be treated as Proprietary Accounts if we and/or the other Federated Advisory Companies also have a significant ownership interest in the investment vehicle.

E. Our Use of “Shared Personnel” and Third-Party Service Providers

Federated Investment Counseling shares certain directors/trustees and officers with the other Advisory Companies. We also share certain employees and supervised persons (*e.g.*, portfolio managers) with certain of the other Federated Advisory Companies. In connection with providing advisory services to our clients, certain proxy voting services, and other service providers (collectively, Service Providers) have been engaged to perform services on our behalf. These Service Providers may or may not be affiliated with us. For example, we receive certain shared services from other Federated Advisory Companies, Federated Advisory Services Company and Federated Investors (UK) LLP, such as performance attribution and corporate action administration. We also may engage another Federated Advisory Company as a subadviser in connection with certain investment strategies. In cases where Service Providers have been engaged, we may disclose confidential information, including non-public personal information about clients, to these Service Providers for the purpose of processing transactions for and servicing clients’ accounts. We will typically only make such disclosure when the Service Provider is subject to contractual or other obligations not to misuse or publicly disclose this information.

F. Our Assets Under Management

As of December 31, 2018, Federated Investment Counseling had \$114,114,739,600 in total assets under management. As of such date, our assets under management consisted of \$75,689,111,046 of assets that we managed on a discretionary basis. These include assets for which we provided Investment Services and exercised discretionary authority or non-discretionary authority with trading responsibility and accounts over which Federated Investment Counseling shares investment discretion with another affiliated or unaffiliated adviser. As of such date, our assets under management also consisted of \$38,425,628,554 of assets that we managed on a non-discretionary basis. These include our Model Portfolio Management Services and other accounts for which we provided non-discretionary services and did not have trading responsibility.

G. Standard of Care

Investment advisers are permitted to include performance standard provisions in their investment management agreements under certain conditions. These provisions are sometimes referred to as “hedge clauses.” Unless Federated Investment Counseling specifically agrees in writing (in an investment management agreement or otherwise) to comply with different performance standards, we provide our Investment Supervisory Services, Model Portfolio Management Services and Other Advisory Services as discussed in this brochure in accordance with the following performance standards. Our responsibility and liability relating to the provision of advisory services also is subject to the following performance standards:*

- Federated Investment Counseling renders advisory services and/or manages client accounts in accordance with our duties and obligations under the Advisers Act, and the rules and regulations of the SEC promulgated under the Advisers Act from time to time, and other applicable law (including, if applicable, ERISA);
- Investment decisions are subject to various market, currency, economic, political and business risks. Investment decisions will not always be profitable and may subject client accounts to overall investment loss. Federated Investment Counseling does not guarantee future performance, any specific level of performance or the success of any particular investment decision or strategy;
- Federated Investment Counseling does not guarantee that any particular person will provide the investment advisory services to be provided by us;
- Federated Investment Counseling shall not be liable for (a) any act or omission of any person or entity other than Federated Investment Counseling and our affiliated companies, or (b) any act or omission taken or made by Federated Investment Counseling at the direction of any client, or Sponsor of a Managed Account Program or Platform Provider or Overlay Manager or based on inaccurate, incomplete or obsolete information provided to Federated Investment Counseling by any person or entity other than our affiliated companies; and

- Absent gross negligence, willful misconduct, bad faith or reckless disregard of our obligations on the part of Federated Investment Counseling, Federated Investment Counseling shall not be liable for any investment decision or other act or omission taken or made by us or our affiliated companies.

**Applicable provisions of state, federal, and, as applicable, foreign securities laws (and certain other non-waivable provisions of state, Federal, and, as applicable, foreign, law, including, if applicable, ERISA), may impose liability under certain circumstances on persons or entities that act in good faith. Therefore, these performance standards are not intended to and shall not constitute a waiver or limitation of any liability that Federated Investment Counseling may have, or rights that any client, Sponsor, Platform Provider or Overlay Manager may have, under any such laws.*

As indicated above, it is important to understand that these performance standards (or any different performance standards agreed to by Federated Investment Counseling in writing (in an investment management agreement or otherwise)) do not constitute a waiver of any provision of state, Federal, and, as applicable, foreign securities or other laws that by its terms, or by judicial or regulatory decisions or authority, cannot be waived. If you have any questions regarding your rights, you should consult with legal counsel or contact us. (Please refer to the cover page of this brochure for our contact information.)

ITEM 5. FEES AND COMPENSATION

A. Our Advisory Fees

When we are providing Investment Supervisory Services and Model Portfolio Management Services to our clients, Federated Investment Counseling typically charges and receives advisory fees determined as a percentage of either assets under management or average net assets, depending upon the type of client or account. We also may receive performance-based fees when rendering Investment Supervisory Services and Other Advisory Services to certain accounts, such as, for example, Pooled Investment Vehicles. Managing accounts for performance-based fees creates various conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of these conflicts of interest.)

Our fees also are negotiable and may vary based on investment style and other factors. (Please refer to “Negotiation and Modification of Fees” in Item 5 of this brochure for further information.)

Except when we specifically contract with a client to receive a performance-based fee, our investment management agreements do not provide for us to receive compensation on the basis of a share of capital gains upon or capital appreciation of the assets or any portion of the assets of a client.

The following describes in more detail Federated Investment Counseling’s fees and how fees are charged. To the extent that our basic fee schedules may vary depending upon the type of service we are providing or the type of client receiving the service, such variations also are discussed below.

1. Advisory Fee Information for Separate Accounts, Managed Accounts, and Model Portfolio Management Services

This section sets forth Federated Investment Counseling’s basic fee schedules for Separate Accounts, Managed Accounts and Model Portfolio Management Services. We typically charge asset-based fees, which are determined as a percentage of assets under management (AUM). Our fee schedules may provide for “breakpoints” at which the percentage is reduced if AUM exceeds certain agreed upon amounts.

Federated Investment Counseling’s compensation for Managed Accounts may be higher or lower than our compensation for Separate Accounts. While our compensation for Model Portfolio Management Services may be higher or lower than our compensation for Separate Accounts or for Managed Accounts, in certain cases, given the involvement of an Overlay Manager and the nature of the services that we provide, our compensation for providing Model Portfolio Management Services may be lower than our compensation for Separate Accounts and generally is lower than our compensation for Managed Accounts.

More specific information regarding the fee arrangements applicable to Separate Accounts, Managed Accounts and Model Portfolio Services follows our basic fee schedules.

**Our Basic Fee Schedules --
Separate Accounts, Managed Accounts, and Model Portfolio Management Services**

Federated Investment Counseling's basic fee schedules are as follows:

Large Cap Accounts; Balanced Accounts:

70 basis points - first \$5 million in assets under management (AUM)
60 basis points - over \$5 million to \$25 million in AUM
50 basis points - over \$25 million to \$50 million in AUM
40 basis points - over \$50 million to \$100 million in AUM
35 basis points - over \$100 million in AUM

Managed Risk Accounts:

85 basis points - first \$5 million in assets under management (AUM)
75 basis points - over \$5 million to \$25 million in AUM
65 basis points - over \$25 million to \$50 million in AUM
55 basis points - over \$50 million to \$100 million in AUM
50 basis points - over \$100 million in AUM

Money Market Accounts:

10 basis points - first \$500 million in assets under management (AUM)
8 basis points - over \$500 million in AUM

Active Cash Fixed Income Accounts:

20 basis points - first \$50 million in assets under management (AUM)
15 basis points - over \$50 million to \$100 million in AUM
12 basis points - over \$100 million in AUM
\$50 million minimum

Low Duration Fixed Income Accounts:

25 basis points - first \$25 million in assets under management (AUM)
20 basis points - over \$25 million to \$100 million in AUM
18 basis points - over \$100 million in AUM
\$25 million minimum

General Fixed Income Accounts:

35 basis points - first \$5 million in assets under management (AUM)
30 basis points - on the first \$25 million in AUM
25 basis points - over \$25 million to \$100 million in AUM
22.5 basis points - over \$100 million in AUM

Core Plus Fixed Income Accounts:

35 basis points - first \$25 million in assets under management (AUM)
30 basis points - over \$25 million to \$100 million in AUM
27.5 basis points - over \$100 million in AUM

Opportunistic Corporate Fixed Income Accounts:

35 basis points - first \$25 million in assets under management (AUM)
30 basis points - over \$25 million to \$75 million in AUM
25 basis points - over \$75 million in AUM

High Yield Fixed Income Accounts:

50 basis points - first \$50 million in assets under management (AUM)
35 basis points - over \$50 million to \$100 million in AUM
25 basis points - over \$100 million in AUM

International Fixed Income Accounts:

45 basis points - first \$25 million in assets under management (AUM)
40 basis points - over \$25 million to \$50 million in AUM
35 basis points - over \$50 million to \$100 million in AUM
30 basis points - over \$100 million in AUM

Trade Finance Fixed Income Accounts:

85 basis points - first \$25 million in assets under management (AUM)
75 basis points - on the next \$25 million to \$50 million in AUM
65 basis points - on the next \$50 million to \$75 million in AUM
50 basis points - over \$75 million in AUM

Floating Rate Strategic Multi-Sector Fixed Income Accounts:

50 basis points - first \$50 million in assets under management (AUM)
35 basis points - over \$50 million to \$100 million in AUM
25 basis points - over \$100 million in AUM

Bond Ladders:

25 basis points - first \$100 million in assets under management (AUM)
20 basis points - over \$100 million in AUM

Short Municipal Accounts:

25 basis points - on the first \$25 million in assets under management (AUM)
22.5 basis points - over \$25 million to 100 million in AUM
20 basis points - over \$100 million in AUM

Intermediate to Long Municipal Accounts:

35 basis points - first \$5 million in assets under management (AUM)
30 basis points - on the first \$25 million in AUM
27.5 basis points - over \$25 million to \$50 million in AUM
25 basis points - over \$50 million to \$100 million in AUM
22.5 basis points - over \$100 million in AUM

Institutional Separate Accounts that Include Project and Trade Finance Investments as Part of Investment Strategy:

For any institutional separate account that may be invested in Project and Trade Finance investments as part of its investment strategy, Federated Investment Counseling reserves the right to increase its standard fee schedule noted above as follows:

- If exposure to project and trade finance investments in the strategy is intended to be at 5% up to 10%, each tier of the applicable standard fee schedule may be raised by 5 basis points (so 35 basis points on the first \$25 million becomes 40 basis points, etc.);
- If exposure to project and trade finance investments in the strategy is intended to be at 10% or above, each tier of the standard fee schedule may be raised by 10 basis points.
- This structure applies regardless of whether the actual exposure fluctuates, and regardless of whether the exposure to project and trade finance investments is achieved through investments in individual securities, investments in Investment Companies, Private Investment Companies, or other Pooled Investment Vehicles, or a combination of individual securities and funds.

For accounts sourced through our affiliate, Federated Clover Investment Advisors, a division of Federated Global Investment Management Corp. (Federated Clover division):

50 basis points - first \$3.0 million in assets under management (AUM)

40 basis points - next \$7.0 million in AUM

35 basis points - next \$15.0 million in AUM

30 basis points - next \$25.0 million in AUM

25 basis points - over \$50.0 million in AUM

For certain of the investment strategies noted above where our basic fee schedule is an asset-based fee schedule based on a percentage of assets under management, we may be willing to accept a performance-based fee, which generally would be calculated as a percentage of excess performance above certain levels and described in the investment management agreement with our client, or a combination of an asset-based fee and a performance-based fee. Performance-based fees only may be charged to qualified clients as and when permitted under Section 205 of the Advisers Act and SEC Rule 205-3 promulgated under the Advisers Act. (Please refer to “Negotiation and Modification of Fees” in Item 5 of this brochure for additional information on the negotiability of our fees. Also, please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of the conflicts of interest raised by performance-based fees.)

Separate Accounts

Federated Investment Counseling’s fees generally are payable in arrears at or after the end of each quarter for services rendered during the quarter and are not refundable. The value of the client’s AUM is determined as and when provided in the client’s investment management agreement with us. While not typical, we may agree with a client that the client will pay for advisory services in advance of the quarter in which such services are to be rendered. If paid in advance, our fees typically will be refunded on a pro-rated basis in the event of the early termination of the investment management agreement between such client and us. If provided for in our investment management agreement with a client, we also may refund or pro-rate our fees according to the number of days during a quarterly period if the amount of any new or additional contributions to or withdrawals from the assets in client’s account that we are managing since the end of the previous quarterly period exceeds 1% of such assets in the client’s account. Any refunding would take place as and when provided in the client’s investment management agreement with us. Federated Investment Counseling generally will continue to charge management fees during any period that a client limits our discretion over the client account. As permitted under applicable law, we offer certain Separate Account strategies to certain eligible clients for which we receive an asset-based fee and a performance-based fee. Such performance-based fees are calculated and payable as provided in the investment management agreements between the applicable clients and us. Managing accounts for performance-based fees creates various conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of these conflicts of interest.)

Managed Accounts

As discussed under “Advisory Business” in Item 4 of this brochure, Managed Account clients typically pay a single fee or fees (a “wrapped fee”) which cover Federated Investment Counseling’s Investment Supervisory Services (including Other Advisory Services), as well as other services provided by the Managed Account Program Sponsor or a Platform Provider. These other services typically include, for example, portfolio manager selection, performance monitoring and evaluation, custody, brokerage and/or other administrative services. The total Managed Account Program fee(s) charged under such programs may be up to 3.00%. Certain Managed Account Program Sponsors or Platform Providers may charge brokerage commission and/or fees separately or as part of the client’s overall Managed Account Program fee(s). Certain Managed Account Program Sponsors or Platform Providers also may charge a minimum annual Managed Account Program fee to each client that participates in their Managed Account Program. We are not generally informed of the specific fee arrangements negotiated between each Managed Account Sponsor and each client participating in the Sponsor’s Managed Account Program. We receive a portion of the fees paid by the Managed Account client for our services.

Our fees for Managed Accounts generally are asset-based fees that are paid quarterly by, or through, the Managed Account Program Sponsor or Platform Provider as a component of the “wrapped fee.” Our fees generally equal a percentage of the total assets in the Managed Account Program for which we provide advisory services. For Managed

Accounts, any “breakpoints” at which the percentage charged is reduced generally are measured based on the aggregate AUM that we manage pursuant to a Managed Account Program (rather than on the AUM of any specific client account).

In certain Managed Account Programs, our advisory fees may be limited to the Managed Account Program fees actually collected by the Managed Account Sponsor or Platform Provider.

Unless Federated Investment Counseling enters into a direct investment management agreement with a Managed Account client in connection with a dual contract or unbundled Managed Account Program, our fees typically may be negotiated only between us and the Managed Account Sponsor or Platform Provider.

Our fees may either be payable in arrears at or after the end of each quarter (in which case they are not refundable) or payable in advance of the quarter in which such services are to be rendered. If paid in advance, our fees typically will be refunded on a pro-rated basis in the event that we are terminated from managing the client’s Managed Account or the Sponsor or Platform Provider terminates its agreement with us. The Sponsor or Platform Provider also may pro rate fees if a certain amount of assets are contributed to or withdrawn from a client’s account during an applicable period. In any case, any refunding would take place as and when provided in the Managed Account Program agreements between us and the Sponsor or Platform Provider. Federated Investment Counseling generally will continue to charge management fees during any period that a client, Sponsor, or Platform Provider limits our discretion over the Managed Account. In certain Managed Account Programs, our fees may be billed separately from brokerage, custody and other fees. The Sponsors or Platform Providers that operate the Managed Account Program in which clients participate generally determine:

- Whether Federated Investment Counseling’s fees for Managed Accounts are payable in advance or in arrears;
- Whether and when a client will receive a refund;
- Whether our fees are bundled or unbundled;
- Whether brokerage fees will be commission-based; and
- The level and frequency of payment of advisory fees generally.

Reference should be made to the Sponsor’s Managed Account Program brochures and related Managed Account Program documentation, including the client’s account documentation, for the specific terms and conditions applicable in connection with the Managed Account Programs in which we participate.

Clients that participate in Managed Account Programs should be aware that services similar or comparable to those provided to them as a participant in a Managed Account Program may be available at a higher or lower aggregate cost elsewhere separately or on an unbundled basis. The overall cost to a client that participates in a Managed Account Program may be higher than paying Federated Investment Counseling’s standard advisory fee for a Separate Account, negotiating custody fees with a custodian and negotiating transaction charges with a broker/dealer payable on a per-transaction basis, depending upon the level of custody fees and the number of securities transactions in the client’s account. However, most clients that participate in Managed Account Programs would not be eligible (due to the size of the client’s accounts) for our Separate Account management services and, therefore, could not otherwise become our clients. Other than in connection with our obligations to seek to obtain best execution for securities transactions as provided under applicable law and the client’s Managed Account documentation, we do not undertake any ongoing responsibility to assess for any client that participates in a Managed Account Program the value of the services provided by the Managed Account Program Sponsor or Platform Provider.

Model Portfolio Management Services

The fees Federated Investment Counseling charges and receives for providing Model Portfolio Management Services generally are asset-based fees that are paid quarterly by, or through, an Overlay Manager (which, in the case of Managed Account Programs, may be the Managed Account Program Sponsor or Platform Provider), and generally equal a percentage of the total assets (or a portion of the assets) invested by the Overlay Manager in the Overlay Manager’s investment strategy derived from our model portfolio. For Model Portfolio Management Services, any “breakpoints” at which the percentage charged is reduced generally are measured based on the aggregate AUM managed by the Overlay Manager using our model portfolio(s) (rather than the AUM of any specific Overlay Manager client account).

Federated Investment Counseling's fees typically may be negotiated only between the Overlay Manager and us. A client of the Overlay Manager typically pays an advisory fee to the Overlay Manager for the Overlay Manager's discretionary management. In such cases, the client does not pay a separate fee to us for the Model Portfolio Management Services we provide to the Overlay Manager. We receive from the Overlay Manager a portion of the fees paid by the Overlay Manager's client for our services. We are not generally informed of the specific fee arrangements negotiated between each Overlay Manager and the Overlay Manager's clients.

Federated Investment Counseling's fee for Model Portfolio Management Services may either be payable by the Overlay Managers in arrears at or after the end of each quarter for services rendered during the quarter (in which case they are not refundable) or payable in advance of the quarter in which such services are to be rendered. If paid in advance, the Overlay Manager would receive a pro-rated refund in the event that we are terminated. The Overlay Manager also may pro rate fees if a certain amount of assets are contributed to or withdrawn from a client's account during an applicable period. In any case, any refunding would take place as and when provided in the Overlay Manager's agreement with us. Clients of an Overlay Manager (or, as applicable, Sponsor or Platform Provider) should reference their agreements with, and related documentation from, the Overlay Manager (or, as applicable, Sponsor or Platform Provider) for the specific terms and conditions applicable in connection with the refunding of fees charged by the Overlay Manager (or, as applicable, Sponsor or Platform Provider).

2. Advisory Fee Information for Pooled Investment Vehicles, Proprietary Accounts and Subadvised Accounts

This section sets forth information regarding Federated Investment Counseling's fees for Pooled Investment Vehicles, Proprietary Accounts and Subadvised Accounts. We charge asset-based fees, which are determined as a percentage of AUM or average net assets. We also may charge performance-based fees. Managing accounts for performance-based fees creates various conflicts of interest for us and our employees and supervised persons. (Please refer to "Performance-Based Fees and Side by Side Management" in Item 6 of this brochure for a discussion of these conflicts of interest.)

Pooled Investment Vehicles

Federated Investment Counseling's fees for providing Investment Supervisory Services to Pooled Investment Vehicles may be consistent with the basic fee information and terms discussed above but also may vary depending upon the type of Pooled Investment Vehicle (private fund, collective or common fund, local government investment pool, etc.) and the scope of services being provided. The asset-based fees we currently receive generally range from 0.020% to 0.35% (0.08% to 0.40% for current sub-advised Pooled Investment Vehicles). We do not require any Pooled Investment Vehicles to prepay investment advisory fees (therefore, our fees are not refundable).

Federated Investment Counseling's fees for non-U.S. investment companies (*i.e.*, Pooled Investment Vehicles) also are based on the client's average net assets. The fees we currently receive generally range from 0.20% to 2.0%, plus, in certain cases, a performance-based fee, as provided in each client's investment management agreement. Our fees may be payable daily, monthly or quarterly.

In the case of either U.S. or non-U.S. Pooled Investment Vehicles, when Federated Investment Counseling's fee is negotiated, it may vary based on discussions with the governing bodies or managers of such Pooled Investment Vehicles and is specified in our investment management or other agreements for the Pooled Investment Vehicles.

Proprietary Accounts

When Federated Investment Counseling provides Investment Supervisory Services with respect to Proprietary Accounts, we may not charge an advisory fee. If we charge an advisory fee, our fees generally are consistent with the basic fee information and terms discussed above for the type of investment product that constitutes the Proprietary Account (*e.g.*, Separate Accounts, Managed Accounts, or other Pooled Investment Vehicles). This includes regarding whether our fees may be charged in advance and are refundable. Our fees, however, may vary (and could be lower or higher) depending upon the investment strategy or style, types of investment securities and number of portfolios or accounts for which services are provided, the purpose for which the Proprietary Account is established and maintained and other relevant factors.

Subadvised Accounts

When Federated Investment Counseling provides Investment Supervisory Services as a sub-adviser or in another capacity to Other Advisors, our fees generally are consistent with the basic fee information and terms discussed above for the type of client (*e.g.*, Separate Accounts, Managed Accounts, or other Pooled Investment Vehicles). This includes regarding whether our fees may be charged in advance and are refundable. Our fees may be payable daily, monthly or quarterly. When our fee is negotiated, it may vary based on discussions with an Other Adviser or the governing bodies or managers of the client.

3. Negotiation and Modification of Fees

The fee information presented above describes Federated Investment Counseling's basic fee schedules and practices; however, we reserve the right, in our sole discretion, to negotiate and to modify our fees (either up or down) for any client to reflect among other things:

- The number and type of services provided;
- The investment strategy or style, types of investment securities and number of portfolios or accounts for which services are provided;
- The level of reporting and administrative operations required to service an account;
- The terms of the investment management agreement; and
- Other circumstances concerning our relationship with the client.

Because our fees are negotiable, the actual fee paid by any client or group of clients may be different than the fees reflected in our basic fee schedules or otherwise discussed above in this brochure. Clients should refer to the investment management agreement with us and/or, in the case of Managed Accounts, their account documentation, for the specific level of fees payable by the client. Once we enter into an investment management or other agreement with a client, we will only modify our fees as permitted under that agreement and applicable law.

B. How We Charge and Collect Our Advisory Fees

The manner by which Federated Investment Counseling charges and collects our fees varies by the type of client account (*e.g.*, Separate Accounts, Managed Accounts, Pooled Investment Vehicles, Proprietary Accounts and Subadvised Accounts). For example:

- We may invoice a client directly and the client will pay us directly;
- We may invoice a client's custodian or other intermediary and the custodian or other intermediary will deduct our fees from the client's account and remit them to us (Please refer to "Custody" in Item 15 of this brochure for a discussion of the implications of having arrangements in place for the deduction of fees from client accounts); or
- A client's intermediary (*e.g.*, for Managed Accounts, a Managed Account Program Sponsor or Platform Provider) may calculate our fees, deduct our fees from the client's account and remit them to us.

We are open to discussing with any client the manner in which the client would like to be charged and pay our fees. For certain types of accounts (*e.g.*, Managed Accounts), there may be restrictions or other factors that limit the flexibility we have regarding how our fees are charged to and paid by our clients.

The following provides additional information regarding how we charge and collect our fees based on the type of client account that we are managing.

1. Separate Accounts

Federated Investment Counseling generally invoices Separate Account clients directly, and the Separate Account clients generally remit payment directly to us or instruct their custodians to pay us. If a client requests, and if certain operational matters can be addressed, we may submit our invoice to the client's custodian and the client's custodian may deduct our fees from the client's Separate Account and remit them to us. Clients should refer to their investment management agreement with us for additional information regarding how we charge and collect our fees.

2. Managed Accounts and Model Portfolio Management Services

In the case of Managed Accounts, the Sponsor or Platform Provider for the Managed Account Program generally calculates Federated Investment Counseling's fees, deducts them from clients' accounts, and remits them to us. If a Managed Account Program is structured as a dual contract or unbundled relationship, in most cases, we submit invoices to the Sponsor or Platform Provider and the Sponsor or Platform Provider deducts our fees from the clients' accounts, and remits them to us. In certain cases, we may invoice a client directly, and the client may pay us directly, in a dual contract or unbundled relationship.

The terms of the Managed Account Programs in which we participate as a portfolio manager generally prescribe how our fees are charged and collected. Clients should refer to their account documentation for additional information regarding how our fees are charged and collected.

3. Pooled Investment Vehicles

The custodian, fund accountant or administrator for a Pooled Investment Vehicle generally calculates our fees. The custodian then deducts them from the Pooled Investment Vehicle's assets. The fees are then remitted to us. Clients should refer to the Pooled Investment Vehicle's offering statement or to their investment management agreement with us, as applicable, for additional information regarding how we charge and collect our fees.

4. Proprietary Accounts

If fees are charged in connection with a proprietary account, our fees generally are charged and paid consistent with the type of Proprietary Account (*i.e.*, Separate Account, Managed Account or Pooled Investment Vehicle). Our investment management agreements for these accounts contain additional information regarding how we charge and collect any fees.

5. Subadvised Accounts

For sub-advised accounts or investment products, our fees are charged or collected in one of the following ways:

- We either invoice the primary Other Adviser or the primary Other Adviser calculates our fees. In this case, the primary Other Adviser generally pays our fees out of the investment advisory fees that the primary Other Adviser receives from the client; or
- In the case of a Pooled Investment Vehicle, the custodian, fund accountant or administrator calculates our fees, which are then deducted by the custodian from the Pooled Investment Vehicle's assets, and remitted to us; or
- In the case of a Pooled Investment Vehicle, the custodian, fund accountant or administrator calculates the primary Other Advisor's fees, which are then deducted by the custodian from the Pooled Investment Vehicle's assets, and remitted to the primary Other Advisor, and the primary Other Adviser then calculates our fees and remits them to us out of the fees it received.

Clients or primary Other Advisors should refer to their investment management agreement with us for additional information regarding how we charge and collect our fees.

C. Fees and Expenses, Other Than Our Advisory Fees

As with other investment accounts, clients will incur fees and expenses, other than our investment advisory fees, when Federated Investment Counseling manages clients' assets. Clients will incur brokerage costs, other transaction costs and other related costs and expenses. Also, if an Other Adviser is involved, any investment advisory fees of the Other Adviser will be incurred if charged separately. Examples of these other costs and expenses may include:

- Brokerage commissions;
- Markups, mark-downs and other amounts included in the price of a security;
- Custodian fees;
- Administrative fees;
- Interest charges;

- Odd-lot differentials;
- Transfer taxes;
- Wire transfer fees;
- Electronic fund fees;
- Exchange and SEC fees; and
- Expenses assessed to holders of securities or other investments relating to litigation involving that security or investment.

Investments in Private Investment Companies, Investment Companies (*e.g.*, mutual funds and exchange traded funds) and other Pooled Investment Vehicles also may be subject to sales charges (*e.g.*, front-end or contingent deferred sales charges), redemption fees and exchange fees. Private Investment Companies, Investment Companies and other Pooled Investment Vehicles also generally have internal fees and expenses that will be borne by clients whose assets are invested in these investment products. These internal fees and expenses include, for example:

- Management fees (including Other Adviser investment advisory fees);
- Transfer agent fees;
- Distribution fees;
- Custody fees;
- Administration fees;
- Shareholder servicing fees;
- Networking fees;
- Recordkeeping fees;
- Costs of registering shares;
- Acquired funds fees and expenses;
- Dividends on short positions and other expenses related to short positions;
- Extraordinary expenses (such as litigation-related expenses);
- Mailing and printing of prospectuses or other offering documents; and
- Other administrative expenses.

In most Managed Account Programs, the “wrapped fee” charged to clients covers portfolio manager selection, performance monitoring and evaluation, custody, investment advice, brokerage and/or other administrative services. In some cases, brokerage commissions and/or our fees for providing investment advice may be charged separately. Situations in which Managed Account Program clients may bear additional brokerage expenses are further described in “Managed Account Programs” in Item 12 of this brochure. In certain Managed Account Programs, the Sponsors or Platform Providers may impose a minimum annual fee. In certain Managed Account Programs, the Sponsors or Platform Providers also may impose a separate fee if, in seeking best execution, Federated Investment Counseling executes trades through a broker, dealer or other securities intermediary other than the Sponsor or Platform Provider (or their affiliated broker or dealer). In these cases, this additional fee may cause us to determine that better execution (in terms of price) may be obtained by executing the trade through the Sponsor or Platform Provider (or their affiliated broker or dealer).

(Please refer to “Brokerage Practices” in Item 12 of this brochure for a discussion of Federated Investment Counseling’s brokerage practices, including the factors that we consider when selecting brokers, dealers or other securities intermediaries for client transactions.)

D. Obtaining a Refund for Fees Paid in Advance

As discussed in more detail above, Federated Investment Counseling’s fees may either be payable in arrears at or after the end of each quarter (in which case they are not refundable) or payable in advance of the quarter in which such services are to be rendered. (Please refer to “Our Advisory Fees” in Item 5 of this brochure for further information regarding when clients may be entitled to a refund of Federated Investment Counseling’s investment advisory fees.) If paid in advance, our fees typically will be refunded on a pro-rated basis in the event of the early termination of the client’s investment management agreement or account. Typically, refunds of prepaid investment advisory fees are pro-rated based on the number of days remaining in the applicable billing period when the client’s investment management agreement or account is terminated. Any refunding would take place as and when provided in the client’s investment

management agreement with us or, in the case of Managed Accounts, the account documentation with the Sponsor or Platform Provider of the Managed Account Program. Clients should refer to their investment management agreement with us or, in the case of Managed Accounts, their account documentation for a complete understanding of when and how refunds are determined. If you have any questions regarding a refund, you may contact your client service representative or you may contact us at the telephone number provided on the cover page to this brochure.

E. Sales Compensation

Federated Securities Corp. and Federated International Securities Corp. are affiliates of Federated Investment Counseling. Federated Securities Corp. serves as distributor of the Federated family of Investment Companies (*i.e.*, mutual funds, Private Investment Companies) and of certain other Pooled Investment Vehicles. Federated Securities Corp. is a registered broker/dealer, municipal securities dealer, and investment adviser. Federated International Securities Corp. is a registered broker/dealer and investment adviser. Federated Securities Corp. and Federated International Securities Corp. receive distribution-related fees for services relating to the sale of shares of Federated mutual funds. Some of their employee-representatives also receive compensation based on the sale of mutual fund shares.

Federated Securities Corp. also:

- May provide services to banks, financial institutions or other advisors in connection with Federated Securities Corp. acting as liquidation agent for such entities and locating purchasers for assets held in pooled investment vehicles for which such entities serve as trustees;
- Sells units of certain collective investment trust(s)/fund(s) for which Federated Investors Trust Company, an affiliate of Federated Investment Counseling, serves as trustee;
- Sells shares of certain private funds for which Federated Investment Counseling or another Advisory Company may serve as trustee, managing member or investment adviser; and
- Engages in certain sales-related activities relating to certain local government investment pools.

Federated Securities Corp. receives, and its employee representatives may receive, compensation for these liquidation agent, placement agent, sales-related, and other activities.

Federated International Securities Corp. also:

- Sells units of certain collective investment trust(s)/fund(s) for which Federated Investors Trust Company, an affiliate of Federated International Securities Corp., serves as trustee; and
- Sells shares of certain private funds for which other Advisory Companies serve as trustee, managing member or investment adviser;

Federated International Securities Corp. receives, and its employee representatives may receive, compensation for these, placement agent, sales-related, and other activities.

Employee-representatives of Federated Securities Corp. and Federated International Securities Corp. also serve as sales people for the investment services and products sponsored by Federated Investors and investment advisory services offered by Federated Investment Counseling and certain of the other Advisory Companies. Federated Securities Corp., Federated International Securities Corp. and their employee/representatives, act in the capacity of solicitors for Federated Investment Counseling and certain other Advisory Companies and, in certain cases, also provide advice on behalf of us and other Federated Advisory Companies to the institutional, high-net worth, separately managed account/wrap-fee account and other clients of Federated Investment Counseling and other Federated Advisory Companies.

Federated Securities Corp.'s and Federated International Securities Corp.'s services, and their employee-representatives' services, are provided to Federated Investment Counseling, and certain other Advisory Companies, pursuant to one or more written agreements with Federated Investment Counseling, and the other relevant Advisory Companies, entered into pursuant to SEC Rule 206(4)-3 under the Advisers Act. These written agreements:

- Describe the solicitation activities to be engaged in by Federated Securities Corp.'s and Federated International Securities Corp.'s employee-representatives on behalf of Federated Investment Counseling and the other relevant Advisory Companies;
- Describe the compensation to be received for such services;
- Require that Federated Securities Corp.'s, Federated International Securities Corp.'s and their employee-representatives' status as employee-representatives, be disclosed to the client or potential client of Federated Investment Counseling or the other relevant Advisory Companies at the time of the solicitation or referral; and
- Require that the affiliation between Federated Securities Corp., Federated International Securities Corp. and their employee-representatives, and Federated Investment Counseling, or the other relevant Advisory Companies, be disclosed to the client or potential client of Federated Investment Counseling or the other relevant Advisory Companies at the time of the solicitation or referral.

Pursuant to applicable SEC guidance, these written agreements also require that Federated Securities Corp.'s or Federated International Securities Corp.'s relevant regulatory history, if any, be disclosed to clients and potential clients of Federated Investment Counseling and the other relevant Advisory Companies. As permitted by applicable SEC guidance, this disclosure may be provided to clients or potential clients by including it in our brochure (or the brochures of the relevant other Advisory Companies) or by including it in a separate document.

Federated Securities Corp. and Federated International Securities Corp. receive compensation from us and such other Advisory Companies (in the form of an intercompany credit) for performing these activities on our and their behalf. Federated Securities Corp.'s or Federated International Securities Corp.'s employee-representatives also may receive compensation from Federated Securities Corp. or Federated International Securities Corp. for performing such solicitation and other functions.

Federated Securities Corp.'s or Federated International Securities Corp.'s employee-representatives are salaried employees of Federated Securities Corp. or of Federated International Securities Corp., respectively and receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses may be based on a number of factors, including mutual fund/account sales, net sales, increase in average annual assets and/or revenue of assigned accounts/investment products or territories, and, for certain sales managers, Federated Investors, Inc.'s overall financial results. Certain employee-representatives may be eligible to receive a portion of their annual bonus in cash or a combination of cash and restricted stock of Federated Investors, Inc. Certain representatives of Federated Securities Corp. or Federated International Securities Corp., who are not employees of Federated Securities Corp. or Federated International Securities Corp. but are salaried employees of Federated affiliated companies, receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses for these representatives are based on revenue of assigned accounts/investment products.

Even though Federated Securities Corp.'s or Federated International Securities Corp.'s employee-representatives are not employees of Federated Investment Counseling or the other Advisory Companies for which Federated Securities Corp.'s or Federated International Securities Corp.'s employee-representatives serve as sales people, Federated Securities Corp., Federated International Securities Corp. and their employee-representatives, are supervised persons of Federated Investment Counseling and such other Federated Advisory Companies. They also are deemed to be "persons associated with" us and such other Federated Advisory Companies. Federated Securities Corp.'s and Federated International Securities Corp.'s employee-representatives also are registered as investment adviser representatives of Federated Investment Counseling and such other Federated Advisory Companies, as and to the extent required under applicable law. Federated Securities Corp., Federated International Securities Corp. and their employee-representatives are subject to the supervision and control of Federated Investment Counseling and such other Federated Advisory Companies. As such, they are subject to the compliance programs of Federated Investment Counseling and such other Federated Advisory Companies when soliciting clients or potential clients for them or providing advice on their behalf.

Federated Investment Counseling does not receive commissions or other compensation for the sale of investment products. Since we do not receive commissions, we do not charge our investment advisory fees in addition to commissions or markups. Under appropriate circumstances, we may advise our clients to invest assets in certain Investment Companies (or mutual funds), including no-load funds, Private Investment Companies, or Pooled Investment Vehicles advised by us or other Advisory Companies or distributed by Federated Securities Corp. (Affiliated Investment Vehicles). Federated Investment Counseling, or our affiliated companies (including Federated Securities Corp. and Federated International Securities Corp.), may receive investment advisory, administrative, distribution or other fees and compensation from such Affiliated Investment Vehicles.

The practices discussed above create actual and potential conflicts of interest because Federated Securities Corp., Federated International Securities Corp., their employee-representatives, and Federated Investment Counseling (or other Advisory Companies) have an incentive to recommend investment services or products based on the compensation received rather than a client's needs. (Please refer to "Performance-Based Fees and Side by Side Management" in Item 6 of this brochure for a discussion of these conflicts of interest.)

Clients always have the option to purchase investment products that Federated Securities Corp., Federated International Securities Corp., their employee-representatives, or Federated Investment Counseling (or any of our affiliates) recommend, or to preclude investment in any investment product (including Affiliated Investment Vehicles). If a client desires to preclude investment in a particular investment product, the client should impose a restriction on the client's account by instructing us in writing. (Please refer to "Investment Discretion" in Item 16 of this brochure for further information.) Clients also have the option to purchase any investment products through any broker, dealer or other securities intermediary that is not affiliated with Federated Investment Counseling.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

The following disclosures relate to performance-based fees and side by side management of client accounts, and the actual or potential conflicts of interest that they present for Federated Investment Counseling and our employees and supervised persons. In addition to these conflicts, other actual or potential conflicts of interest arise from Federated Investment Counseling's common economic interests with our affiliates (including the other Advisory Companies), our relationships with our affiliates and other persons or entities in the financial industry, and our, and our related persons', self-interests. We share certain directors/trustees, officers, employees and supervised persons (*e.g.*, portfolio managers) with certain of the other Advisory Companies, and receive shared services from other Federated Advisory Companies, Federated Advisory Services Company and Federated Investors (UK) LLP. As used within this section, "we" shall refer to Federated Investment Counseling, our employees and supervised persons, and/or our related persons, as appropriate.

Given these relationships, as described in further detail below:

- We have an incentive to act in ways that benefit our affiliates and others in the financial industry with which we have relationships rather than in the best interests of our clients; and
- It is possible that our shared directors/trustees, officers, employees or supervised persons and affiliated service providers, and the other Advisory Companies, face similar incentives.

We generally address actual and potential conflicts of interest in one of the following ways:

- Prohibition – we prohibit the conduct that gives rise to the conflict of interest (*e.g.*, insider trading is prohibited under our Code of Ethics);
- Disgorgement – we give the benefit received to the client (*e.g.*, we will waive or reimburse a Separate Account client for the client's share of the advisory fees, if any, paid to us or the other Advisory Companies by an Affiliated Investment Vehicle into which we invest client assets);
- Deference – we defer to third parties to act or make decisions (*e.g.*, we will review a matter with the Board of an Investment Company or a client or sub-advised client);
- Isolation – we construct information barriers to prevent a person from gaining knowledge that gives rise to a conflict of interest (*e.g.*, we may isolate a portfolio manager from knowing information about a strategic transaction that Federated Investors is considering);
- Validation – we establish a benchmark for conduct that is designed to protect client interests or impose limitations on activities that create the conflict of interest (*e.g.*, we follow SEC Rule 17a-7 under the Investment Company Act to obtain a reasonable value for securities in cross-trades involving Investment Companies advised by us or other Advisory Companies);

- Disclosure/Consent – we disclose the conflict of interest to our clients (e.g., we disclose the solicitation arrangement with our affiliates, Federated Securities Corp., Federated International Securities Corp. and their employee/representatives); or
- Setting a De Minimis Threshold – we set a threshold for a benefit that is considered too small to influence conduct, and is therefore permitted (e.g., we set limits on entertainment and gifts under our Code of Ethics, and permit de minimis political contributions as permitted under SEC Rule 206(4)-5 under the Advisers Act).

We have adopted a Code of Ethics and written compliance policies and procedures that are reasonably designed to prevent, detect and cure violations by Federated Investment Counseling and our employees and supervised persons of the Advisers Act and other applicable federal securities laws. Our compliance policies and procedures also provide for various auditing and testing of our policies and procedures, which are reviewed no less frequently than annually as required by SEC rules. Our policy is to manage client accounts and investment products consistent with applicable law and with the other client accounts and investment products that we manage. The other Advisory Companies have adopted similar Codes of Ethics and written policies and procedures. (Please refer to “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” in Item 11 of this brochure for further information regarding our Code of Ethics).

The following is a further discussion of certain actual or potential conflicts of interest relating to (A) performance-based fees, (B) side by side management and (C) other aspects of our business, and how we seek to address these conflicts of interest.

A. Conflicts of Interest Relating to Performance-Based Fees

Federated Investment Counseling and certain of the other Federated Advisory Companies manage client accounts subject to performance-based fee arrangements, or subject to a performance-based fee in addition to another type of fee (e.g., asset-based fees or flat fees).

Actual or potential conflicts of interest arise in connection with charging performance-based fees on certain client accounts while managing other client accounts at the same time for asset-based fees or flat fees. We have an incentive to favor any account for which we or other Federated Advisory Companies receive performance-based fees. For example, when offering investment advisory services to eligible clients for an asset-based fee and a performance-based fee, we may have an opportunity to receive greater fees or compensation from the client accounts or investment products that we charge performance-based fees as opposed to the client accounts that we do not charge performance-based fees (e.g., asset-based fees). As a result, we have an incentive to direct the best investment ideas to, or to allocate, aggregate or sequence trades in favor of, or to otherwise favor (whether in terms of better execution, brokerage commissions, directed brokerage/trading or otherwise), a client account or investment product that pays a performance-based fee.

To address these actual or potential conflicts of interest, Federated Investment Counseling’s trade allocation policies prohibit the consideration of the compensation or other benefits received by us or our affiliates, or by any of our officers or employees, when allocating trades among participating client accounts or investment products. Our Compliance Department reviews and reaffirms these allocation policies annually as well as the procedures adopted by our Trading Department and portfolio managers to comply with these policies. Our Compliance Department also monitors for favoring an account or product, front running and inconsistencies among similarly managed accounts or products.

B. Conflicts of Interest Relating to Side by Side Management

“Side by side management” refers to an investment adviser’s practice of managing different types of client accounts and/or investment products simultaneously. Federated Investment Counseling and our employees and supervised persons may have conflicts of interest in allocating their time and services among clients. To address these conflicts, Federated Investment Counseling will endeavor to devote such time to each client as Federated Investment Counseling deems appropriate under the circumstances to perform our duties and obligations to each such client in accordance with applicable law and our investment management agreement(s) with each such client.

Certain actual or potential conflicts of interest may arise in connection with a portfolio manager's management of an account's investments and the investments of other accounts for which the portfolio manager is responsible. To the extent that the same investment opportunities might be desirable for more than one account, possible conflicts could arise in determining how to allocate them. Federated Investment Counseling or other Federated Advisory Companies may give advice or take action with respect to investments of one or more clients that may not be given or taken with respect to other clients with similar investment strategies or objectives. Accordingly, clients with similar strategies or objectives may not hold the same securities or instruments or achieve the same performance. In addition, legal restrictions on the combined size of positions which may be taken for all assets managed by Federated Investment Counseling and/or some or all of the other Advisory Companies, and the difficulty of liquidating an investment for more than one client where the market cannot absorb the sale of the combined positions, may affect (including in an adverse manner) the prices and availability of certain securities or other investments held by or considered for one or more clients. There also are times when the same portfolio manager manages an Investment Company (mutual fund), Managed Account and other client assets, and/or provides Model Portfolio Management Services, all with the same investment style or strategy. This includes, for example, mutual funds managed in the same style and/or other institutional investment accounts (*e.g.*, Separate Accounts, Private Investment Companies, or Pooled Investment Vehicles) managed in the same style, or to the same model portfolio, as Managed Accounts. In certain cases, however, an affiliated Investment Company may invest in another affiliated Investment Company, Private Investment Company or Pooled Investment Vehicle that pays, or that invests in yet another affiliated Investment Company, Private Investment Company or Pooled Investment Vehicle that pays, management fees or other fees to Federated Investment Counseling or other Federated Advisory Companies or their affiliates, in which case clients may bear those fees indirectly, including as part of the investment return of the affiliated Investment Company, Private Investment Company or Pooled Investment Vehicle. Please refer to "Conflicts of Interest Relating to Affiliated Investment Vehicles" and "Conflicts of Interest Relating to Uninvested Cash Positions" in Item 6 of this brochure for further information regarding actual or potential conflicts of interest that may arise in connection with investments in affiliated investment vehicles.

The following discusses certain more specific examples of actual or potential conflicts of interest relating to side by side management.

1. Conflicts of Interest Relating to Management of Different Investment Strategies and Certain Pooled Investment Vehicles

Federated Investment Counseling provides investment advisory services to Pooled Investment Vehicles, including private funds. We also manage client assets according to different investment objectives, policies, strategies, and limitations/restrictions. In addition to conflicts of interest relating to performance-based fees, actual and potential conflicts of interest arise from managing client accounts with different investment approaches. For example, it is possible that the various investment approaches could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client's account. One account may seek to participate in a transaction in which another account may have made (or may seek to make) an investment. The two accounts may have conflicting interests and objectives in connection with the transactions, including how they view the operations or activities of the portfolio or issuer, the targeted returns from the transaction, and the timeframe for, and method of, executing the transaction. Client accounts also may be invested in different parts of an issuer's capital structure which have different preferences and rights, and thus, disparate interests (*e.g.*, credit quality versus growth potential). Some accounts managed by Federated Investment Counseling and/or the other Federated Advisory Companies may short securities which we have purchased in other accounts. A concurrent long/short position between one account and another account can result in a loss to one account based on a decision to take a gain in the other account. Taking concurrent conflicting positions in certain derivative instruments also may result in a loss to one client and a gain for another client. Uncovered option strategies, portfolio leveraging and significant positions in illiquid securities also may result in conflicts of interest for us when managing certain client assets side by side with other client accounts and investment products.

To address these actual or potential conflicts of interest, our policies and procedures generally prohibit concurrent short and long positions in client portfolios managed by us and/or other Federated Advisory Companies, unless the concurrent short and long positions are managed by separate investment teams or approved pursuant to an exceptions process. Records are maintained regarding the investment and allocation decisions made by our portfolio managers, and our Compliance Department periodically reviews documentation of allocations in an effort to confirm compliance with allocation policies and procedures. The Compliance Department also periodically monitors against limits or other guidance amounts imposed on short sales, derivatives usage, options strategies, leverage and liquidity.

2. Conflicts of Interest Relating to Affiliated Investment Vehicles

Federated Investment Counseling may invest client assets in Affiliated Investment Vehicles (*i.e.*, Investment Companies, Private Investment Companies or other Pooled Investment Vehicles) that are advised by us or other Advisory Companies. These Affiliated Investment Vehicles generally pay their investment advisers and service providers based on a percentage of their average net assets. Accordingly, we have an incentive to invest client assets in these Affiliated Investment Vehicles in order to increase the compensation that will be paid to us, other Advisory Companies and/or our other affiliates by these Affiliated Investment Vehicles.

To address these actual or potential conflicts of interest, we invest client assets in Affiliated Investment Vehicles only when such investments are consistent with a client's investment objectives, policies, guidelines and restrictions, and applicable law. To the extent required by applicable law, prior to recommending or making investments in Affiliated Investment Vehicles, Federated Investment Counseling or our related persons will:

- Disclose to the client (or, as applicable, the client's Board of Trustees or Directors) the nature of the affiliation;
- Obtain the client's authorization to invest in Affiliated Investment Vehicles; and
- Specify in the client's authorization whether: (a) we or our related persons will charge, waive or reimburse the client for advisory fees attributable to investments in Affiliated Investment Vehicles; or (b) we or our related persons will waive or reimburse the client for the client's share of the advisory fees, if any, paid by the Affiliated Investment Vehicle to us or our related persons.

Any client authorization will be in writing (which may include Board minutes) and may, to the extent permitted by law, authorize investments in Affiliated Investment Vehicles generally. With respect to certain accounts (*e.g.*, managed accounts) where written authorization is impracticable, we address this conflict of interest through disclosure. This authorization or disclosure may apply, for example and as required by applicable law, where advisory fees would be paid twice for duplicative services rendered by Federated Investment Counseling or our affiliates.

In certain cases when Federated Investment Counseling is providing Investment Supervisory Services, Model Portfolio Management Services or Other Advisory Services, we can invest (or recommend investment), subject to a client's investment policies, guidelines and restrictions and applicable law in an Affiliated Investment Vehicle (such as, for example, to obtain exposure to a particular asset class), and that Affiliated Investment Vehicle may in turn invest its cash in another Affiliated Investment Vehicle for cash management purposes; in that case, Clients may bear advisory and other fees paid by such Affiliated Investment Vehicles to Federated Investment Counseling or other Federated Advisory Companies or their affiliates, either indirectly or as part of the investment return of the Affiliated Investment Vehicle. We and our related persons will also comply with the conditions of any applicable law, rule or exemptive order regulating client investments in Affiliated Investment Vehicles.

3. Conflicts of Interest Relating to Uninvested Cash Positions

When Federated Investment Counseling is providing Investment Supervisory Services with respect to Managed Accounts, Model Portfolio Management Services and certain other accounts, we generally do not have discretion over the investment of uninvested cash; investment decisions with respect to uninvested cash will typically be made by, or by an agent appointed by, the client or the Sponsor, Platform Provider or Overlay Manager. Outside of Managed Accounts and Model Portfolio Management Services, we may, in certain cases, be responsible for the investment of excess cash in a client's portfolio, or for recommending investment options to the client, the client's custodian, or another agent of the client, subject to the client's investment policies, guidelines and restrictions, and applicable law. Excess cash is typically invested in money market mutual funds or other liquid investments or cash management vehicles, which may include, in certain cases, Affiliated Investment Vehicles.

Actual and potential conflicts of interest arise in connection with uninvested cash. For example, since Federated Investment Counseling or our affiliates may receive investment advisory fees, other service fees, or other compensation from Affiliated Investment Vehicles, we have an incentive to leave larger cash balances in client accounts because the cash balances may be invested in Affiliated Investment Vehicles. However, in connection with Managed Accounts and Model Portfolio Management Services, we generally do not know prior to the uninvested cash being invested whether the uninvested cash will be invested in an Affiliated Investment Vehicle because the selection of the cash sweep vehicle for a client's account may be changed without our knowledge by the client and/or Sponsor, Platform Provider or

Overlay Manager. The same is true outside of Managed Accounts and our Model Portfolio Management Services when a client's custodian invests the uninvested cash.

To address these actual or potential conflicts of interest, we may set parameters around the amount of cash that remains uninvested for a particular Managed Account Program or client account, or our client may establish such parameters in its investment policies, guidelines and restrictions. With respect to accounts where we have discretion to invest cash balances, we will invest client assets in Affiliated Investment Vehicles only when such investments are consistent with a client's investment objectives, policies, guidelines and restrictions, and applicable law. Except in connection with Managed Accounts and our Model Portfolio Management Services, to the extent required under applicable law, we will waive or reimburse the client for the client's share of the advisory fees, if any, paid to us or the other Federated Advisory Companies by an Affiliated Investment Vehicle into which we invest client assets. With respect to certain accounts (*e.g.*, managed accounts) where written authorization is impracticable, we address this conflict of interest through disclosure. This authorization or disclosure may apply, for example, and as required by applicable law, where advisory fees would be paid twice for duplicative services rendered by Federated Investment Counseling or our affiliates.

4. Conflicts of Interest Relating to Proprietary Accounts

Federated Investment Counseling manages Proprietary Accounts (*e.g.*, Separate Accounts, Managed Accounts, and other Pooled Investment Vehicles). Federated Investment Counseling may, from time to time, also manage Private Investment Companies. As a result, we have an incentive to devote more time to Proprietary Accounts or direct the best investment ideas to, or to allocate, aggregate or sequence trades in favor of, or to otherwise favor (whether in terms of better execution, brokerage commissions, directed brokerage/trading or otherwise), a Proprietary Account over other client accounts. For example, we could have an incentive to cause client accounts to participate in an offering because:

- We desire to participate in the offering on behalf of our Proprietary Account and the account would otherwise be unable to meet minimum purchase requirements; or
- We desire to increase our overall allocation of securities in that offering, or to increase our ability to participate in future offerings by the same underwriter or issuer.

When we, or the other Federated Advisory Companies, hold for our own benefit through a Proprietary Account the same securities as another client account, we could be seen as potentially harming the performance of a client's account for our own benefit if we sell (or short-sell) the securities in our Proprietary Account while holding the same securities long in the client's account, which may cause the market value of the securities to move lower. We also could be viewed as having an actual or potential conflict of interest if a transaction for a Proprietary Account closely precedes a transaction in related securities in a client account, such as when a subsequent purchase by a client account increases the value of securities that were previously purchased for a Proprietary Account.

To address these actual or potential conflicts of interest, Federated Investment Counseling's allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating accounts, which includes all client accounts managed pursuant to the same strategy by Federated Investment Counseling (which include Proprietary Accounts). Our trade allocation policies prohibit the consideration of the compensation or other benefits received by us or our affiliates, or by any of our officers or employees, when allocating trades among participating client accounts, and Proprietary Accounts are treated the same as any other accounts pursuant to these policies. We maintain records regarding the investment and allocation decisions made by our portfolio managers, and our Compliance Department periodically reviews documentation of allocations in an effort to confirm compliance with allocation policies and procedures, and identify any other activity that may favor Proprietary Accounts.

5. Conflicts of Interest Relating to Certain Cross Transactions

Trades may be recommended between client accounts (including Proprietary Accounts) for various reasons. Such reasons may include an opportunity to reduce transaction fees or ability to fill sell and purchase orders, when the trade will not disadvantage either client. (Please refer to "Principal and Cross Transactions" in Item 11 of this brochure for further information regarding our cross transaction practices.) Such cross transactions create actual or potential conflicts of interest between clients, and for Federated Investment Counseling and other Advisory Companies. For example, it is possible that we may seek to effect a cross trade to create a market to aid the selling account, to the detriment of the purchasing account.

To address these actual or potential conflicts of interest, our policies and procedures require that neither Federated Investment Counseling nor our affiliates may receive any compensation for acting as a broker/dealer when we engage in cross transactions. For cross trades involving Investment Companies or Private Investment Companies, we follow procedures that comply with SEC Rule 17a-7 under the Investment Company Act, and we follow similar procedures for cross trades between client accounts that do not involve an Investment Company or a Private Investment Company. When we engage in cross transactions, we maintain records regarding each cross transaction, including the price at which the transactions are effected. Given the monitoring obligations involved, we generally do not allow client accounts that are “plan assets” subject to the Employee Retirement Income Securities Act of 1974 (ERISA) to participate in cross trades. To ensure compliance with this requirement, we also maintain a list of accounts that are prohibited from participating in cross trades.

6. Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices

There will be times when the same security is being purchased or sold concurrently for multiple client accounts or portfolios. In these situations, except as discussed below, Federated Investment Counseling has policies in place which are reasonably designed to commence trade execution as concurrently as practicable, or otherwise in a fair and equitable manner, address potential conflicts of interest and protect client interests. Various factors, however, may result in trades for a client not being aggregated with batched trades for other clients of Federated Investment Counseling or another Federated Advisory Company and clients receiving a different price, either higher or lower, for the same security. For example, certain operational differences inherent in the trade execution process result in trades for certain clients (such as Managed Accounts and other accounts managed to the same model portfolio as Managed Accounts) being effected either before or after trades for other clients. Also, for example and except as discussed below, when providing discretionary advisory services to Managed Account clients, purchases and sales of securities generally are processed on a rotational basis by Managed Account Program Sponsor and Program. With respect to our equity investment strategies utilized in providing our non-discretionary Model Portfolio Management Services, we include the Overlay Managers in the trade rotation process for our discretionary Managed Accounts and we currently communicate model changes to the Overlay Managers during the Overlay Manager’s turn in the trading rotation. In implementing our trade rotation process, Federated Investment Counseling may allot a period of time, which may be adjusted periodically, for a Sponsor or Overlay Manager to arrange executions for accounts before moving to the next Sponsor’s or Overlay Manager’s turn in the rotation process. With respect to our fixed income investment strategies utilized in providing our non-discretionary Model Portfolio Management Services, given the operational aspects inherent in trading fixed income securities, decisions with respect to changes in fixed income model portfolios depend upon the availability of fixed income securities in the market; as a result, we communicate fixed income model changes to Overlay Managers as concurrently as practicable (outside of our trade rotation process) to commencing trading with respect to the Managed Accounts we manage on a discretionary basis. The Overlay Managers have discretion to accept or reject our recommended model portfolio changes and will execute trades in accordance with the Overlay Manager’s policies and procedures, which may result in trades for Overlay Manager clients being effected before, after or at the same time as trades for other Federated Investment Counseling clients. Managed Account Programs that require directed brokerage/trading (and other clients who direct brokerage/trading) may instruct that client transactions be executed through specific brokers/dealers. Except as discussed below, the other Federated Advisory Companies have adopted similar policies. Taking these scenarios and factors into account, Federated Investment Counseling and the other Federated Advisory Companies, have procedures in place which we believe are consistent with our duty to seek to obtain best execution of client trades and designed to treat clients fairly and prevent clients from being systematically favored or disadvantaged.

Federated Global Investment Management Corp. (Including its Federated Clover Investment Advisors Division)

With respect to most investment strategies, Federated Global Investment Management Corp. (including its Federated Clover Investment Advisors Division) has policies in place which are reasonably designed to commence trade execution as concurrently as practicable, or otherwise in a fair and equitable manner, for Managed Accounts and other client accounts (e.g., institutional and high net worth Separate Accounts and Investment Companies) at different trading desks.

With respect to certain Managed Account strategies, including the large cap growth equity strategy and the small cap value strategy of the Federated Clover Investment Advisors division, Federated Global Investment Management Corp. rebalances or optimizes portfolios on a periodic basis, on schedules that generally differ by strategy. Based on market or other events or circumstances, securities may also be bought or sold prior to a scheduled rebalancing. Trading for these strategies is performed by personnel that do not coordinate trading with personnel responsible for trading other client

accounts. Consequently, Federated Global Investment Management Corp. (including its Federated Clover Investment Advisors Division) may purchase or sell securities for Managed Accounts on different days than it does for other accounts and, in certain circumstances, on the same day before or after trades for such other accounts. Federated Global Investment Management Corp. (including its Federated Clover Investment Advisors Division) will periodically review trading to seek to identify, and if necessary address, any material impact on performance created by these trading practices.

The Federated Clover Investment Advisors division also has established a policy whereby purchases and sales of securities for certain institutional and high net worth Separate Accounts, and certain Investment Companies advised by the Federated Clover Investment Advisors division (Group A) are eligible for cross trades and trade aggregation with accounts (including, among others, Investment Companies) of other Federated Advisory Companies that are traded utilizing the same trade management system. Certain other institutional and high net worth Separate Accounts managed by the Federated Clover Investment Advisors division (Group B) will be eligible for trade aggregation solely amongst themselves with the exception of initial public offerings. All trades for accounts within Group B will be allocated on a random or pro-rata basis. However, with respect to initial public offering trades, all accounts managed by the Federated Clover Investment Advisors division may be aggregated with accounts of the other Federated Advisory Companies. Trades for a client that has directed use of a particular broker or dealer are typically placed at the end of aggregated trading activity. There can be no assurance that each client will receive the same price for a security, and, depending upon the circumstances, different clients may receive different prices, either higher or lower, for the same security.

Federated MDTA LLC

Due to operational, technological and other reasons, Federated MDTA LLC, another Federated Advisory Company, also has adopted a rotation policy whereby purchases and sales of securities are processed on a rotational basis. Federated Investment Counseling clients do not participate in the trading rotation of MDTA LLC accounts. When providing nondiscretionary Model Portfolio Management Services, Federated MDTA LLC currently communicates model changes to Overlay Managers as concurrently as practicable with commencing trading with respect to the Managed Accounts Federated MDTA LLC manages on a discretionary basis.

Clients also should be aware that conflicts of interest arise because portfolio decisions regarding one client's account may impact the accounts of the other clients. If authorized under an investment management agreement, Federated Investment Counseling or other Federated Advisory Companies may (a) participate in bankruptcy proceedings or join creditor committees on behalf of some or all of our or their clients with respect to securities or other assets held in client accounts, (b) participate in other litigation, actions or decisions involving securities or other assets held in client accounts, or (c) otherwise pursue or enforce rights available to creditors with respect to a security held in a client's account. For example, we may seek to enforce rights with respect to a security of an issuer in which a client's assets have been invested, and those activities may potentially have an adverse effect on that or other securities of that issuer held in client accounts. As a result, prices, availability, liquidity and other investment terms may be negatively impacted by such activities, and transactions for client accounts may be impaired or effected at prices or on terms that may be different (including less favorable) than would otherwise have been the case.

C. Other Actual or Potential Conflicts of Interest

1. Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees

Actual or potential conflicts of interest arise to the extent that Federated Investment Counseling, or our affiliates (*e.g.*, the other Advisory Companies), or any of their respective employees, supervised persons or other representatives, receive compensation or benefits other than advisory fees. Additional compensation or benefits may be received by us or our affiliates, for example, for:

- Soliciting business for other Advisory Companies;
- Providing investment advice on behalf of another investment adviser;
- Providing services to another investment adviser or investment product;
- Selling, marketing or distributing mutual fund shares or other investment products or services or acting as a placement agent;

- Directing brokerage/trades to a particular broker or dealer;
- Specific uses of commissions from client account portfolio trades (for example, soft dollar benefits); or
- Providing stewardship services, including engagement on environmental, social, corporate governance, strategic and financial matters.

We, or our affiliates, also may have other relationships with brokers/dealers, commodity pool operators, commodity trading advisors, trust companies, other investment advisers and others in the financial industry that benefit us or our affiliates. (Please refer to “Relationships with Brokers/Dealers” in Item 10, “Research and Other Soft Dollar Benefits” in Item 11, and “Client Referrals and Other Compensation” in Item 14 of this brochure for further information.)

Additional compensation or other benefits create an incentive to recommend or favor our interests, and the interests of our affiliates, Affiliated Investment Vehicles (*e.g.*, the Federated mutual funds), and other products or services, based on the compensation that will be received. For example, certain of our directors/trustees, officers or supervised persons may be officers of the Federated mutual funds or other Private Investment Companies or Pooled Investment Vehicles sponsored by Federated Investors, Inc., our ultimate parent company. Federated Securities Corp. or Federated International Securities Corp. may receive compensation for the sale of fund shares or other services or products. If an intermediary’s (such as a broker/dealer’s) customers represent a significant number of the shareholders of, and assets in, a Federated fund, we may have an incentive to favor that intermediary. We would have a similar incentive with respect to a solicitor who referred clients to us or another Advisory Company, or any other intermediary or service provider that otherwise provides a material source of revenue for us or our related persons. We may have an incentive to execute brokerage transactions through the Managed Account Program Sponsor or Platform Provider (or an affiliated broker or dealer), which in turn has the power to recommend us to Managed Account Program clients. Outside of Managed Accounts, our willingness to direct brokerage/trades to a particular broker or dealer when instructed to do so by clients likewise may encourage a broker or dealer to refer business to us or our related persons, resulting in higher advisory, servicing or other compensation or other benefits. We also may receive “soft dollar benefits” from certain brokers or dealers. The receipt and use of brokerage and research services also creates various conflicts of interest for Federated Investment Counseling and our related persons. For example, we may have an incentive to select or recommend brokers or dealers based on our interest in receiving research or other products or services, rather than on our clients’ interest in receiving most favorable execution. (Please refer to “Sales Compensation” in Item 5, “Relationships with Brokers/Dealers” in Item 10 and “Research and Other Soft Dollar Benefits” in Item 12 of this brochure for further information.) Given the differences in the structure of certain accounts, Investment Companies, Private Investment Companies and other Pooled Investment Vehicles, as well as the terms of applicable investment management and other service agreements, Federated Investment Counseling and our affiliates may be able to charge or pass through to certain clients certain out of pocket expenses, or other fees and expenses, that cannot be charged to or passed through to other clients, which gives us and our affiliates an incentive to favor the clients to whom such expenses and fees may be charged or passed through.

To address these actual or potential conflicts of interest, we will invest (or recommend the investment of) client assets in Affiliated Investment Vehicles only when such investments are consistent with a client’s investment objectives, policies, guidelines and restrictions. Also, we will waive or reimburse a Separate Account client for the client’s share of the advisory fees, if any, paid to us or the other Advisory Companies by an Affiliated Investment Vehicle into which we invest the client’s assets as required by our policies and applicable law. (Please see “Conflicts of Interest Relating to Uninvested Cash Positions” and “Conflicts of Interest Relating to Affiliated Investment Vehicles” in this section for further information.) Federated Investment Counseling’s trade allocation and directed brokerage policies prohibit the consideration of the compensation or other benefits received by us or our affiliates, or by any of our officers or employees, when allocating trades among participating client accounts. This includes a prohibition on investment personnel from considering an intermediary’s sale of Federated mutual fund shares when allocating trades to brokers and dealers.

2. Conflicts of Interest Relating to Personal Trading

Federated Investment Counseling, and/or our employees, supervised persons and related persons (*e.g.*, the other Advisory Companies), may invest in the same securities, or related securities, that we or our related persons invest in on behalf of, or recommend to, clients, including at or around the same time, which may create conflicts of interest. These practices may create actual or potential conflicts of interest for Federated Investment Counseling and our employees, supervised persons and other related persons. For example, our portfolio managers could make a personal investment in a thinly-traded security and then invest large quantities of client assets in that same security in order to drive up the value

of that security or our portfolio managers could sell a personal investment in a security in advance of selling clients' positions in such security if the selling of clients' positions in such security would drive the value of the security down.

To address these actual or potential conflicts of interest, our internal controls, including our Code of Ethics, are designed to prevent Federated Investment Counseling from buying or selling securities contemporaneously with client transactions in a manner likely to disadvantage the client. For example, although our Code of Ethics permits investment personnel to trade in securities, including those that could be recommended to clients, it contains safeguards designed to protect clients from abuses in this area, such as requirements to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. No access person (*e.g.*, portfolio managers and research analysts) may execute a personal transaction, directly or indirectly, in any covered security and no preclearance will be granted, when he or she knows, or should have known, that the covered security is being considered for purchase or sale, or purchased or sold, by or for a client account. In addition, portfolio managers and research analysts identified as serving a client or group of clients are prohibited from purchasing or selling any covered security for which there is an open "buy" or "sell" order or any covered security that has been purchased or sold by or for those client accounts within fifteen (15) calendar days before or after the security is purchased or sold if the aggregate related open "buy" or "sell" orders and/or purchases or sells of that covered security by those accounts are thereafter determined to have been of an amount sufficient to trigger a blackout period. All such transactions will trigger a blackout period, and this provision supersedes any prior preclearance. Investment personnel who are not among the portfolio managers and research analysts identified as serving client accounts, as provided above, may not purchase or sell a covered security within seven (7) calendar days after one or more open "buy" or "sell" orders are placed and/or purchases or sales are made for the client accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. All other access persons may not purchase or sell a covered security on any day during which one or more open "buy" or "sell" orders are placed and/or purchases or sales are made for the client accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. The Code of Ethics and other compliance procedures also contain certain restrictions on insider trading and misuse of customer information.

3. Conflicts of Interest Relating to Voting Securities Held in Client Accounts

As discussed under "Voting Client Securities" in Item 17 of this brochure Federated Investment Counseling will accept the authority to vote securities held in client accounts. Conflicts of interest arise from time to time between the interests of Federated Investment Counseling, and our affiliates (*e.g.*, the other Advisory Companies), and the interests of our clients. Federated Investment Counseling has adopted procedures to address situations where a matter on which a proxy is sought may present a potential conflict between the interests of the client and those of Federated Investment Counseling or our affiliates. (Please refer to "Voting Client Securities" in Item 17 of this brochure for a discussion of these conflicts of interest and how they are addressed.)

In addition, Federated Investment Counseling and our affiliates may retain Hermes EOS to provide stewardship and engagement services in connection with the advisory services we provide. Conflicts may arise to the extent that Hermes EOS consequently benefits from the opportunity to broaden the scope of its business and engagement with companies due to this expanded asset base.

4. Conflicts of Interest Relating to Information Sharing Among Affiliates

Actual or potential conflicts of interest could arise to the extent that Federated Investment Counseling, or our affiliates (*e.g.*, the other Advisory Companies and Hermes EOS), share material non-public information related to a security ("MNPI"). In order to address such potential conflicts and protect client interests, information barriers have been established between the Federated Advisory Companies, the Hermes Advisory Companies, and Hermes EOS such that personnel of the Federated Advisory Companies, the Hermes Advisory Companies, and Hermes EOS are generally precluded from sharing investment-related information, including MNPI, across the barriers. The entities will generally operate their investment management and trading functions independently, and will be subject to their own internal personal dealing, trade allocation, and side by side management policies. The Federated Advisory Companies, the Hermes Advisory Companies, and Hermes EOS may from time to time share internally-generated research that does not contain MNPI or information regarding trading for client accounts. It is possible that future investment products may be mutually developed by the Advisory Companies or that specific engagements may be entered between the two groups. These new products or engagements will be structured with appropriate information sharing limitations specific to that product or engagement.

Federated Investment Counseling and the other Advisory Companies will frequently be required by law in the U.S., the U.K. and certain other jurisdictions, to make regulatory filings based on the investments made and resulting fund ownership in securities when the ownership of such securities exceeds thresholds specified in relevant law. It is possible that services provided by Hermes EOS may from time to time necessitate similar filings. These filings may in turn require the sharing of certain information between the Hermes Advisory Companies and the Federated Advisory Companies. This information may contain detailed holdings or positions data that would not otherwise be shared between the two groups and could constitute MNPI. To address this potential conflict, the Advisory Companies have implemented internal controls which require that such information will be shared only among such limited personnel as is necessary to make accurate and timely regulatory filings and to maintain proper trading limitations. Similar controls have been established to appropriately manage other instances of information sharing, to the extent that personnel of a Federated Advisory Company must receive certain investment-related information from a Hermes Advisory Company (or vice versa). To mitigate any potential conflicts, such personnel will generally be subject to the codes of ethics of both the Federated Advisory Companies and the Hermes Advisory Companies.

5. Conflicts of Interest Relating to Hermes EOS

Actual or potential conflicts of interest may arise to the extent that the Federated Advisory Companies engage Hermes EOS to provide some or all of its stewardship services in connection with Investment Supervisory Services provided by the Federated Advisory Companies. For example, to the extent that the Federated Advisory Companies retain Hermes EOS to provide stewardship services, Hermes EOS may benefit from the opportunity to broaden the asset base that it represents with respect to these services in the aggregate, and consequently broaden the scope of its business. In addition, certain stewardship services provided by EOS may be contrary to the personal views of our clients as they relate to ESG or other stewardship matters. In order to mitigate this potential conflict, the Federated Advisory Companies will use Hermes EOS stewardship services ultimately to seek to increase the value of positions held in the Federated Advisory Companies' client accounts. To the extent advocacy is determined not to result in an increase in value, Federated may request that its holdings not be included in any advocacy with an issuer. While there is no intent on the part of the Federated Advisory Companies to act jointly with other Hermes EOS clients on any matter, it is also possible that certain stewardship services entered into by Hermes EOS may be viewed as joint action by Hermes EOS and/or its clients, including the Federated Advisory Companies. Hermes EOS and the Federated Advisory Companies seek to mitigate this potential conflict of interest through policies that provide that the Federated Advisory Companies will not direct Hermes EOS with respect to the companies with which it engages or the positions that inform its engagement. Hermes EOS also maintains policies and procedures related to client engagement and voting that are intended, in part, to limit the reporting obligations of Hermes EOS and its clients under U.S. securities laws.

6. Other Conflicts of Interest

In addition to the above described conflicts of interest, actual or potential conflicts of interest can arise in the following areas, among others:

- Portfolio managers', traders' and other supervised persons' relationships with counterparties, issuers, and obligors, including entertainment and gifts received from counterparties, issuers or obligors, political and charitable contributions, and positions on boards of directors/trustees; and
- Specific compensation arrangements relating to portfolio managers, traders and other supervised persons.

Portfolio manager and trader relationships with counterparties must be disclosed to our Compliance Department and they are monitored on an ongoing basis. Our Code of Ethics addresses entertainment and gifts, as well as when portfolio managers, traders and other supervised persons may make or solicit political or charitable contributions or serve on boards of directors/trustees. (Please refer to "Our Code of Ethics" in Item 11 of this brochure for further information.)

Regarding specific compensation arrangements for portfolio managers, traders and other supervised persons, compensation arrangements generally may contain a fixed salary component and a variable incentive amount determined primarily on the performance of investment accounts, strategies and/or funds/products, which can be paid in cash or a combination of cash and restricted stock of Federated Investors, Inc. In certain cases, certain portfolio managers, traders or other supervised persons may be eligible for certain annual payments based on revenue. Compensation arrangements can create actual and potential conflicts of interest, including, among others, with respect to the amount of time allocated to the accounts, strategies and/or funds/products for which a portfolio manager, trader or other supervised person is responsible and the allocation of investment opportunities among accounts, strategies and/or

funds/products managed by Federated Investment Counseling and the other Federated Advisory Companies. Other potential conflicts relating to compensation can include, for example, conflicts created by calculations within specific investment professional compensation arrangements. Under certain compensation arrangements, the treatment of the accounts, strategies and funds/products (or other activities) for which a portfolio manager, trader or other supervised person is responsible can vary (and may be adjusted periodically). This includes, for example, the weighting that is given to the performance of each account, strategy and/or fund/product (or other activity) for which a portfolio manager, trader or other supervised person is responsible when compensation is calculated; the weighting assigned to the performance of an account, strategy and/or fund/product (or other activity) can be greater than, equal to and/or lesser than the weighting assigned to the performance of other accounts, strategies and/or funds/products (or other activities), and can be adjusted periodically. The conflicts that can result from these compensation considerations generally are addressed by the written compliance policies and procedures and the Code of Ethics implemented by Federated Investment Counseling and the other Federated Advisory Companies and through the structuring of compensation arrangements.

ITEM 7. TYPES OF CLIENTS

A. Types of Clients

Federated Investment Counseling generally provides investment advisory services to:

- Individuals;
- High net worth individuals;
- Corporations, business entities and other institutional investors;
- Banks, thrift institutions and other financial institutions;
- Private, federal, state or government pension and profit sharing plans, including pension plans subject to the Employee Retirement Income Security Act of 1974 (ERISA);
- Trusts (including group trusts);
- Estates;
- Charitable foundations and organizations;
- Federal, state and municipal government entities;
- Foreign accounts; and
- Collective or common funds, private funds, and Pooled Investment Vehicles.

Federated Investment Counseling also may from time to time provide investment advisory services to Private Investment Companies and investment vehicles formed for the benefit of a single investor.

(Please refer to “The Types of Accounts/Products We Manage” in Item 4 of this brochure for further information on the Private Investment Companies and Pooled Investment Vehicles to which we provide investment advisory services.)

We also manage, from time to time, Proprietary Accounts. The clients, account holders, shareholders or investors in these Proprietary Accounts may include:

- Federated Investment Counseling;
- Another Federated Advisory Company;
- Another one of our affiliates; or
- Employees of Federated Investment Counseling or our affiliates.

(Please refer to “The Types of Accounts/Products We Manage” in Item 4 of this brochure for further information on the Proprietary Accounts to which we provide investment advice.) Advising Proprietary Accounts raises various conflicts of interest for us and our employees and supervised persons. (Please refer to “Conflicts of Interest Relating to Proprietary Accounts” in Item 6 of this brochure for a discussion of these conflicts of interest.)

B. Requirements for Accounts

Federated Investment Counseling requires clients to enter into an investment management agreement. Our investment management agreements contain grants of authority from our clients that allow us to manage client assets and, in certain cases, we may request clients to execute and deliver a separate, stand-alone power of attorney. Except in the case of a dual contract or unbundled Managed Account Program, Managed Account clients typically will not enter into an investment management agreement directly with us. In that case, Managed Account clients will enter into investment management and/or other agreements with the Sponsors or Platform Providers for the Managed Account Program.

While we reserve the right to waive minimum account size requirements, our minimum account size targets are stated below.

Our targeted account size for accounts other than Managed Account Program accounts generally is \$25 million.

For fixed income accounts sourced through our affiliate, the Federated Clover Investment Advisors division of Federated Global Investment Management Corp., the minimum is \$1 million.

Accounts (including accounts below the relevant investment minimums) may utilize Investment Companies, Private Investment Companies and certain Pooled Investment Vehicles managed by Federated Investment Counseling or other Federated Advisory Companies that meet the objectives of the client.

Federated Investment Counseling's target account size for Managed Account Program accounts is \$100,000. Certain asset classes may require larger account minimums to seek proper diversification. The minimum account sizes for Managed Account Programs also may differ based on the requirements of the program Sponsors, Platform Providers or Overlay Managers.

Federated Investment Counseling may request clients to provide proof of authority, directed trading letters, qualified purchaser or accredited investor letters/certifications, or other information to allow us to manage client assets.

We provide investment advisory services for our Managed Account and other clients in accordance with the performance standards and limitations of liability as discussed in this brochure. (Please refer to "Standard of Care" in Item 4 of this brochure for further information.)

Federated Investment Counseling also may be restricted by the securities laws of jurisdictions outside of the U.S. from managing the assets of certain clients living or located in such jurisdictions.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear. Investment decisions are subject to various market, currency, economic, political and business risks. Investment decisions will not always be profitable and may subject client accounts to overall investment loss. Past performance is not necessarily an indication of future results. Federated Investment Counseling does not guarantee future performance, any specific level of performance or the success of any particular investment decision or strategy.

The following discussion is a general discussion of our methods of analysis, investment strategies and risks. Federated Investment Counseling is a multi-strategy investment adviser, so it is possible that certain methods of analysis, investment strategies and risks may not apply to our management of any particular client's account or investment product. The specific investment strategies and risks relating to our management of a specific client's account or investment product may be described in more detail in presentations, investment guidelines, marketing materials and other documents provided, or discussions held, with that client or investment guidelines provided by the client (or, in the case of Managed Account Program accounts, provided in the Managed Account Program Sponsor's brochure or other Program documentation).

Clients that are Private Investment Companies or Pooled Investment Vehicles should refer to the registration statements (*e.g.*, prospectuses and statements of additional information) or similar offering documents for the Private Investment Companies or Pooled Investment Vehicles.

A. Basic Information

Federated Investment Counseling employs one or more of the following methods of analysis in providing our advisory services:

- Fundamental analysis;
- Technical analysis;
- Cyclical analysis;
- Quantitative security selection models; and
- Subjective evaluation of non-quantifiable factors (*e.g.*, quality of management or environmental, social, and governance characteristics) and judgment decisions.

There are risks associated with the above methods of analysis. For example, the price of an investment can change regardless of the economic and financial factors we consider when using fundamental analysis to evaluate an investment and a poorly managed issuer can underperform regardless of market movements identified through technical analysis. Quantitative models may be based on assumptions that, and subjective judgments may, prove to be incorrect. In using these methods of analysis, we also rely on publicly available sources of information, which may be inaccurate or misleading. When proprietary and third-party data and systems are utilized to support decision-making, data imprecision, software, and other technology malfunctions, programming inaccuracies, and similar circumstances may impair the performance of these systems, which may negatively affect performance.

Federated Investment Counseling provides our advisory services consistent with:

- The terms of the relevant investment management agreement(s) applicable to the management of a client's assets;
- Any information provided to us regarding a client's investment objectives or guidelines, or a client's financial condition;
- Any reasonable investment restrictions imposed by a client;
- The investment objectives, strategies, policies and limitations of clients provided to us; and/or
- Our knowledge of restrictions imposed under applicable law on the management of a client's assets.

Subject to the considerations identified in the above bullet points, we may recommend, invest and reinvest a client's assets in a variety of securities and other investments. These securities and other investments may include, among other securities or other investments permitted under client investment guidelines:

- Equity securities;
- Fixed income securities or bonds;
- Tax-exempt or municipal securities or bonds;
- Money market securities;
- Derivative contracts and hybrid instruments (including, for example, (1) for yield curve, duration and/or volatility management, (2) for performance enhancement through the purchase of options, and (3) for offsetting changes in securities value caused by currency movement by use of currency hedges);
- Foreign securities;
- Repurchase agreements;
- Reverse repurchase agreements;
- Mutual fund shares (including shares of Investment Companies, Private Investment Companies and Pooled Investment Vehicles advised or sub-advised by Federated Investment Counseling or other Federated Advisory Companies and distributed by Federated Securities Corp.); and/or
- Exchange Traded Funds.

We provide advice with respect to various types of securities, and our advice is not limited to any particular securities or investments. For example, in addition to long term purchases, short term purchases, trading, short sales, option writing, and investments in the securities and other investments identified above, other investment techniques that Federated Investment Counseling may employ include, for example: (1) firm or standby commitments to purchase securities on a when-issued or other delayed delivery basis, (2) asset segregation, (3) the purchase of market discount bonds and the use

of credit default swaps or other permissible activities which are likely to result in a limited amount of ordinary income and/or capital gains in an effort to seek to enhance total return in certain tax-exempt municipal bonds funds or accounts; and (4) purchasing trade finance investments. We also may effect certain other types of investment-related transactions involving a client's assets, such as securities lending.

Equity Securities

Equity securities represent a share of an issuer's earnings and assets, after the issuer pays its liabilities. The income an account will receive from equity securities cannot be predicted because issuers generally have discretion as to the payment of any dividends or distributions. However, equity securities offer greater potential for appreciation than many other types of securities, because their value increases directly with the value of the issuer's business. Types of equity securities include, for example, common stocks, preferred stocks, interests in limited liability companies or master limited partnerships, real estate investment trusts (REITs), including foreign REITs and REIT-like entities, and warrants. Equity securities may be subject to, for example, technology risk, stock market risks, sector risks, liquidity risks, risks related to investing for growth, risks related to investing for value, risks related to company size, currency risks (including Euro risks), risks of investing in a specific country or region, Eurozone risks, risks of foreign investing, risks of investing in emerging market countries, leverage risks, credit risks, exchange traded funds risk, risks related to custodial services and related investment costs and share ownership concentration risk.

Fixed Income Securities

Fixed-income securities pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principal or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase with the issuer's earnings. This limits the potential appreciation of fixed-income securities as compared to equity securities. Types of fixed income securities include, for example, treasury securities, government securities, corporate debt securities, commercial paper, demand instruments, municipal securities, tax-exempt securities, mortgage-backed securities (MBS), collateralized mortgage obligations (CMOs), sequential CMOs, planned amortization classes and targeted amortization classes and companion classes, interest only and principal only CMOs, floaters, inverse floaters, Z classes and residual classes, non-government mortgage-backed securities, commercial mortgage-backed securities (CMBS), municipal mortgage-backed securities, inflation protected securities, asset-backed securities (ABS), bank instruments, insurance contracts, zero coupon securities, callable securities, loan instruments, assignments and participations, and convertible securities. Fixed income securities may be subject to, for example, technology risk, credit risk, call risks, prepayment and extension risks, asset-backed securities risk, liquidity risk, sector risks, risks associated with non-investment grade securities or junk bonds, risks related to the economy, risks associated with complex CMOs, currency risks (including Euro risks), risks of investing in a specific country or region, risks of foreign investing, risks of investing in emerging market countries, leverage risks, tax risks, risks of inflation-protected securities, risks associated with investment share proceeds, credit enhancement risk, and risks associated with investment activities of other accounts.

Tax-Exempt or Municipal Securities or Bonds

Tax-exempt or municipal securities or bonds (tax-exempt securities) are fixed income securities that, in the opinion of bond counsel to the issuer or on the basis of another authority believed to be reliable, pay interest that is not subject to federal regular income taxes. Typically, states, counties, cities and other political subdivisions and authorities issue tax-exempt securities. The market categorizes tax-exempt securities by their source of repayment. Certain tax-exempt securities may be subject to credit enhancement. Types of tax exempt securities include, for example, general obligation bonds, special revenue bonds, private activity bonds, tax-increment financing bonds, municipal notes, municipal auction rate securities, variable rate demand instruments, demand instruments, municipal leases and tax-exempt commercial paper. Tax-exempt securities may be subject to the same risks as fixed income securities.

Although many municipal securities are tax-exempt securities, there are municipal securities that are taxable municipal securities. Taxable municipal securities also are issued by states, counties, cities and other political subdivisions and authorities. The amount of public information available about tax-exempt securities is generally less than for corporate equities or bonds. The secondary market for tax-exempt securities also tends to be less well-developed and less liquid than many other securities markets, which may limit the client account's ability to sell its tax-exempt securities at attractive prices. Taxable municipal securities also may be subject to the same risks as fixed income securities.

Money Market Securities

Money market securities are short-term, liquid, high-quality securities that are eligible for investment by money market Investment Companies under SEC Rule 2a-7, and other Pooled Investment Vehicles that invest in a manner similar to the requirements of SEC Rule 2a-7, under the Investment Company Act. Money market securities can be subject to, for example, interest rate, credit, and other risks.

Derivative Contracts and Hybrid Instruments

Derivative contracts are financial instruments that require payments based upon changes in the values of designated securities, commodities, currencies, indices, or other assets or instruments including other derivative contracts, (each a Reference Instrument and, collectively, Reference Instruments). Each party to a derivative contract is referred to as a counterparty. Some derivative contracts require payments relating to an actual, future trade involving the Reference Instrument. These types of derivatives are frequently referred to as “physically settled” derivatives. Other derivative contracts require payments relating to the income or returns from, or changes in the market value of, a Reference Instrument. These types of derivatives are known as “cash settled” derivatives, since they require cash payments in lieu of delivery of the Reference Instrument.

Many derivative contracts are traded on securities or commodities exchanges. In this case, the exchange sets all the terms of the contract except for the price. Investors make payments due under their contracts through the exchange. Most exchanges require investors to maintain margin accounts through their brokers to cover their potential obligations to the exchange. Parties to the contract make (or collect) daily payments to the margin accounts to reflect losses (or gains) in the value of their contracts. This protects investors against potential defaults by the counterparty. Trading contracts on an exchange also allows investors to close out their contracts by entering into offsetting contracts.

Federated Investment Counseling may also trade derivative contracts over-the-counter (OTC) in transactions negotiated directly between a client account and the counterparty. OTC contracts do not necessarily have standard terms, so they may be less liquid and more difficult to close out than exchange-traded contracts. In addition, OTC contracts with more specialized terms may be more difficult to value than exchange-traded contracts, especially in times of financial stress.

The market for swaps and other OTC derivatives was largely unregulated prior to the enactment of federal legislation known as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). Although the Commodity Futures Trading Commission (the CFTC) has released final rules implementing many of the statutory requirements of the Dodd-Frank Act, additional regulations are expected to be proposed by both the CFTC and the SEC. Ongoing changes to the regulation of the derivatives markets and potential changes in the regulation of OTC derivative instruments could limit an account’s ability to pursue its investment strategies. The extent of these changes is not yet fully known and their impact cannot be predicted.

Regulations enacted by the CFTC under the Dodd-Frank Act require the clearing of certain swap contracts through a clearing house or central counterparty (CCP). Central clearing is presently required only for certain interest rate and credit default swaps; and the CFTC is expected to impose a mandatory central clearing requirement for additional derivative instruments over time until the majority of the swaps market is ultimately subject to central clearing. To clear a swap through the CCP, a contract will be submitted to, and margin will be posted with, a futures commission merchant (FCM) that is a clearing house member. A swap may be entered with a financial institution other than the FCM and arrange for the contract to be transferred to the FCM for clearing, or enter into the contract with the FCM itself. If a transaction must be centrally cleared, the CFTC’s regulations also generally require that the swap be executed on a registered exchange or through a market facility that is known as a swap execution facility (SEF). CCPs, SEFs, and FCMs are all subject to regulatory oversight by the CFTC. In addition, many derivative market participants are now regulated as swap dealers or major swap participants and are subject to certain minimum capital and margin requirements and business conduct standards. Similar regulatory requirements are expected to apply to derivative contracts that are subject to the jurisdiction of the SEC, although the SEC has not yet finalized its regulations.

Payment obligations arising in connection with derivative contracts are frequently required to be secured with collateral (in the case of OTC contracts) or margin (in the case of exchange-traded contracts). The CFTC and prudential regulators’ variation and initial margin requirements for uncleared swaps increase the amount of margin necessary to conduct uncleared swap transactions and limit the types of assets that can be used as collateral for such transactions. These margin requirements may affect the ability of a client account to use swap agreements to implement its investment

strategies and may substantially increase regulatory and compliance costs. The ultimate impact of these requirements remains uncertain. OTC swaps may also be subject to non-U.S. regulations that require counterparties to exchange a minimum amount of collateral. These requirements could further adversely affect Federated Investment Counseling's ability to enter into swaps in the OTC market or could cause the termination of new or existing swap agreements at an inopportune time. To the extent necessary to meet such margin or collateral requirements, we may purchase U.S. Treasury and/or government agency securities for an account.

We may invest in a derivative contract if an account is permitted to own, invest in, or otherwise have economic exposure to the Reference Instrument. Depending on how an account permits use of derivative contracts and the relationships between the market value of a derivative contract and the Reference Instrument, derivative contracts may increase or decrease the account's exposure to the risks of the Reference Instrument, and may also expose the fund to liquidity and leverage risks. An account may not be required to own a Reference Instrument in order to buy or sell a derivative contract relating to that Reference Instrument. We also may trade, for example, in the following specific types and/or combinations of derivative contracts to the extent permitted for a client account: futures contracts (including interest rate futures, index futures, security futures, currency futures and currency forward contracts), option contracts (including put options and call options), and swap contracts (including interest rate swaps, caps and floors, total return swaps, credit default swaps, currency swaps, volatility swaps and total return swaps).

Hybrid instruments combine elements of two different kinds of securities or financial instruments (such as a derivative contract). Frequently, the value of a hybrid instrument is determined by reference to changes in the value of a Reference Instrument (that is a designated security, commodity, currency, index, or other asset or instrument including a derivative contract). To the extent permitted for a client account, we may use hybrid instruments in connection with permissible investment activities. Hybrid instruments can take on many forms including, for example, the following forms. First, a common form of a hybrid instrument combines elements of a derivative contract with those of another security (typically a fixed-income security). In this case all or a portion of the interest or principal payable on a hybrid security is determined by reference to changes in the price of a Reference Instrument. Second, a hybrid instrument may also combine elements of a fixed-income security and an equity security. Third, hybrid instruments may include convertible securities with conversion terms related to a Reference Instrument. Depending on the type and terms of the hybrid instrument, its risks may reflect a combination of the risks of investing in the Reference Instrument with the risks of investing in other securities, currencies, and derivative contracts. Thus, an investment in a hybrid instrument may entail significant risks in addition to those associated with traditional investments or the Reference Instrument. Hybrid instruments are also potentially more volatile than traditional securities or the Reference Instrument. Moreover, depending on the structure of the particular hybrid, it may expose the account to leverage risks or carry liquidity risks. Types of hybrid instruments include, for example, credit linked notes and equity linked notes.

A client account's exposure to derivative contracts and hybrid instruments (either directly or through an investment in an Investment Company or Private Investment Company) involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. First, changes in the value of the derivative contracts and hybrid instruments in which an account may be invested may not be correlated with changes in the value of the underlying Reference Instruments or, if they are correlated, may move in the opposite direction than originally anticipated. Second, while some strategies involving derivatives may reduce the risk of loss, they may also reduce potential gains or, in some cases, result in losses by offsetting favorable price movements in portfolio holdings. Third, there is a risk that derivative contracts and hybrid instruments may be erroneously priced or improperly valued and, as a result, a client's account may need to make increased cash payments to the counterparty. Fourth, exposure to derivative contracts and hybrid instruments may have tax consequences to a client's account (and, in the case of an Investment Company or Private Investment Company, its interest holders or shareholders). Fifth, a common provision in OTC derivative contracts permits the counterparty to terminate any such contract between it and an account, if the value of an account's total net assets declines below a specified level over a given time period. Factors that may contribute to such a decline (which usually must be substantial) include significant redemptions and/or a marked decrease in the market value of the account's investments. Any such termination of OTC derivative contracts may adversely affect an account (for example, by increasing losses and/or costs, and/or preventing a full implementation of investment strategies). Sixth, a derivative contract may be used to benefit from a decline in the value of a Reference Instrument. If the value of the Reference Instrument declines during the term of the contract, an account makes a profit on the difference (less any payments the account is required to pay under the terms of the contract). Any such strategy involves risk. There is no assurance that the Reference Instrument will decline in value during the term of the contract and make a profit for an account. The Reference Instrument may instead appreciate in value creating a loss for the

account. Finally, derivative contracts and hybrid instruments may also involve other risks, such as stock market, interest rate, credit, currency, liquidity and leverage risks.

Foreign Securities

Foreign securities are securities of issuers based outside the United States. To the extent a Fund invests in securities included in its applicable broad-based securities market index, the Fund may consider an issuer to be based outside the United States if the applicable index classifies the issuer as based outside the United States. Accordingly, the Fund may consider an issuer to be based outside the United States if the issuer satisfies at least one, but not necessarily all, of the following:

- It is organized under the laws of, or has its principal office located in, another country;
- The principal trading market for its securities is in another country;
- It (directly or through its consolidated subsidiaries) derived in its most current fiscal year at least 50% of its total assets, capitalization, gross revenue or profit from goods produced, services performed, or sales made in another country; or
- It is classified by an applicable index as based outside the United States.

Foreign securities are primarily denominated in foreign currencies. Types of foreign securities include, for example, depository receipts, American depository receipts, domestically traded securities of foreign issuers, foreign exchange contracts, and foreign government securities. Along with the risks normally associated with domestic securities of the same type, foreign securities are subject to currency risks and risks of foreign investing. Trading in certain foreign markets is also subject to liquidity risks.

Repurchase Agreements

Repurchase agreements are transactions in which a security is purchased for an account from a dealer or bank and the account agrees to sell the security back at a mutually agreed upon time and price. The repurchase price exceeds the sale price, reflecting the account's return on the transaction. This return is unrelated to the interest rate on the underlying security. We will enter into repurchase agreements on behalf of accounts only with banks and other recognized financial institutions, such as securities dealers, that we deem creditworthy. An account's custodian will take possession of the securities subject to repurchase agreements. We or a custodian typically will monitor the value of the underlying security each day to seek to ensure that the value of the security always equals or exceeds the repurchase price. In addition to taxable repurchase agreements, there also are municipal repurchase agreements. Repurchase agreements generally are subject to credit risks.

Reverse Repurchase Agreements

Reverse repurchase agreements are repurchase agreements in which a client's account is the seller (rather than the buyer) of the securities, and agrees to repurchase them at an agreed upon time and price. A reverse repurchase agreement may be viewed as a type of borrowing by a client's account. In addition to taxable reverse repurchase agreements, there also are municipal reverse repurchase agreements. Reverse repurchase agreements are subject to credit risks. In addition, reverse repurchase agreements create leverage risks because an account must repurchase the underlying security at a higher price, regardless of the market value of the security at the time of repurchase.

Shares of Investment Companies, Private Investment Companies and Other Pooled Investment Vehicles (including Exchange Traded Funds)

To the extent permitted, we may invest client account assets in securities of Investment Companies (mutual funds), Private Investment Companies or other Pooled Investment Vehicles, including the securities of Affiliated Investment Vehicles. These investments also may include preferred shares of a closed-end Investment Company that are eligible for purchase by money market mutual funds. These investments may be made as an efficient means of implementing investment strategies and/or managing uninvested cash. These other Investment Companies (mutual funds), Private Investment Companies or other Pooled Investment Vehicles are managed independently of a client's account and incur additional fees and/or expenses which would, therefore, be borne indirectly by the client's account in connection with any such investment. These investments are subject to the same risks as the underlying Investment Company, Private Investment Company or Pooled Investment Vehicle.

To the extent permitted, we also may invest client assets in exchange traded funds (ETFs) as an efficient means of carrying out its investment strategies. As with traditional mutual funds, ETFs charge asset-based fees, although these fees tend to be relatively low. ETFs are traded on stock exchanges or on the over-the-counter market. ETFs generally do not charge initial sales charges or redemption fees and investors typically pay only customary brokerage fees to buy and sell ETF shares. An investment in an ETF generally presents the same primary risks as an investment in a conventional fund (*i.e.*, one that is not exchange traded) that has the same investment objectives, strategies, and policies. The price of an ETF can fluctuate up or down, and a client account could lose money investing in an ETF if the prices of the securities owned by the ETF go down. In addition, ETFs may be subject to the following risks that do not apply to conventional funds:

- The market price of an ETF's shares may trade above or below their net asset value;
- An active trading market for an ETF's shares may not develop or be maintained; or
- Trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

Trade Finance Investments

Trade finance investments include investments primarily in trade, structured-trade, export and project finance or related assets of companies or other entities (including sovereign entities) located primarily in or having exposure to global emerging markets by way of a purchase, assignment, participation, guarantee, insurance or other appropriate financial interest. Investments in trade finance-related securities may entail credit, liquidity, currency and market risks, in addition to other risks such as risks of investing in foreign securities and emerging market securities as well as risks that may result from the use of agents and other interposed financial institutions. Investments in less developed or emerging markets generally entail greater political, economic, market, tax, credit and other risks, and generally have greater price volatility, than securities issued or traded in developed markets.

Short Sales

To the extent permitted, we may sell a security for a client account short in an effort to take advantage of an anticipated decline in the price of the security. In a short sale, the account sells a security it does not own, and must borrow the security in order to deliver it at completion of the sale. The account then has an obligation to replace the borrowed security. While the securities are borrowed, the proceeds from the sale are deposited with the lender and an account pays interest to the lender. If the value of the securities declines between the time that the account borrows the securities and the time it repurchases and returns the securities to the lender, the account makes a profit on the difference (less any interest the account is required to pay the lender). Short selling involves risk, is speculative in nature, and may reduce returns or increase volatility. There is no assurance that securities will decline in value during the period of the short sale and make a profit for an account. Securities sold short may instead appreciate in value creating a loss for the account. An account also may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from which the account has borrowed securities may go bankrupt and the account may lose the collateral it has deposited with the lender. We will endeavor to adhere to controls and limits that are intended to offset these risks by short selling only liquid securities and by limiting the amount of exposure for short sales.

Delayed Delivery Securities

Delayed delivery transactions, including when issued transactions, are arrangements in which we buy securities for a client account for a set price, with payment and delivery of the securities scheduled for a future time. During the period between purchase and settlement, no payment is made by the account to the issuer and no interest accrues to the account. The transaction typically is recorded when the agreement to buy the securities is effected. Settlement dates may be a month or more after entering into these transactions so that the market values of the securities bought may vary from the purchase prices. Types of delayed delivery securities include, for example, to-be-announced securities and dollar rolls. Therefore, delayed delivery transactions create interest rate risks. Delayed delivery transactions also involve credit risks in the event of a counterparty default. These transactions also may create leverage risks.

Securities Lending

To the extent permitted, we may lend a client account's portfolio securities to borrowers that we deem creditworthy. In return, the account receives cash from the borrower as collateral. The borrower must furnish additional collateral if the market value of the loaned securities increases. Also, the borrower must pay the account the equivalent of any dividends or interest received on the loaned securities. We will reinvest cash collateral for a client's account in securities that qualify as an acceptable investment for the account. However, the account must pay interest to the borrower for the use of cash collateral. An acceptable investment into which the Fund may reinvest cash collateral includes, among other acceptable investments, securities of affiliated money market funds (including affiliated institutional prime money market funds with a "floating" net asset value that can impose redemption fees and liquidity gates, impose certain operational impediments to investing cash collateral, and, if net asset value decreases, result in the Fund having to cover the decrease in the value of the cash collateral. Loans are subject to termination at the option of the account or the borrower. The account will not have the right to vote on securities while they are on loan. However, we will attempt to terminate a loan in an effort to reacquire the securities in time to vote on matters that we deem to be material. There can be no assurance that we will have sufficient notice of such matters to be able to terminate the loan in time to vote thereon. An account may pay administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash collateral to a securities lending agent or broker. Securities lending activities are subject to interest rate risks and credit risks. These transactions also may create leverage risks.

Asset Segregation

In order to cover obligations in connection with derivative contracts or certain other transactions, accounts of Investment Company clients and other client accounts may either own the underlying assets, enter into offsetting transactions or set aside cash or readily marketable securities in each case, as provided by the SEC or SEC Staff guidance. This may cause a client's account to miss favorable trading opportunities, due to a lack of sufficient cash or readily marketable securities. This requirement also may cause an account to realize losses on offsetting or terminated derivative contracts or certain other transactions.

Portfolio Turnover

An investment strategy may experience high portfolio turnover during a particular period of time depending upon market conditions, an account's investment strategies and objectives, the types of investments utilized in pursuing relevant investment strategies and objectives (*e.g.*, futures contracts) and other factors. As discussed under "Fees and Expenses, Other Than Our Advisory Fees" in Item 5 of this brochure, a client account pays transaction costs, such as commissions, when securities are bought and sold for the account (or an account's portfolio "turns over"). To the extent a client's investment strategy involves a higher portfolio turnover rate due to active trading or other factors, this may indicate higher transaction costs and may result in higher taxes (for example, because active trading may generate more short-term capital gains or losses). These costs affect a client account's performance.

Large Shareholder

When a Pooled Investment Vehicle is first launched, or is being liquidated, and potentially at certain other times during their existence, a significant percentage of a Pooled Investment Vehicle's shares may be owned or controlled by a large shareholder, such as other funds or accounts, including those of which the Adviser or an affiliate of the Adviser may have investment discretion. Accordingly, the Pooled Investment Vehicle can be subject to the potential for large scale inflows and outflows as a result of purchases and redemptions made by significant shareholders. These inflows and outflows could be significant and, if frequently occurring, could negatively affect the Pooled Investment Vehicle's net asset value and performance and could cause them to sell securities at inopportune times in order to meet redemption requests.

Environmental, Social, and Governance Characteristics

To the extent consistent with its fiduciary responsibilities, Federated Investment Counseling may integrate environmental, social, and governance ("ESG") characteristics into its investment analysis and decision-making process when implementing certain investment strategies. As part of the assessment of quality and its approach to risk management, risks associated with a company's approach to ESG issues are actively addressed. By taking ESG characteristics into account, Federated Investment Counseling intends to promote responsible governance practices and

corporate behavior that may contribute to the long-term growth and sustainability of certain issuers and ultimately to an increase in the value of securities in its client accounts. Notwithstanding the foregoing, the Federated Advisory Companies do not intend to invest exclusively in issuers that do (or do not) take into consideration ESG issues. As discussed under “Other Service Providers” in Item 10.C.5 of this brochure, we may take into account internal research on ESG issues obtained from Hermes EOS, among other sources.

Other Investment Strategies

Federated Investment Counseling also may implement other investment strategies as developed or requested by clients. The specific investment strategy(ies) that we will follow in managing assets for a particular client typically is (are) described:

- In, or as an attachment to, the client’s investment management agreement with us;
- If the client participates in a Managed Account Program, in our agreement with the Managed Account Sponsor or Platform Provider and other Managed Account documentation; or
- If the client is a Private Investment Company or Pooled Investment Vehicle, in the registration statement (*e. g.*, prospectus and statement of additional information) or similar offering document for such client.

Cybersecurity

Like Other Advisers and business enterprises, Federated Investment Counseling business relies on the security and reliability of information and communications technology, systems and networks. The Adviser uses digital technology, including, for example, networked systems, email and the Internet, to conduct business operations and engage clients, customers, employees, products, accounts, shareholders, and relevant service providers, among others. The Adviser, as well as certain service providers, also generate, compile and process information for purposes of preparing and making filings or reports to governmental agencies, and a cybersecurity attack or incident that impacts that information, or the generation and filing processes, may prevent required regulatory filings and reports from being made. Cyber incidents involving Federated Investment Counseling’s, or its products’ or service providers’, regulators or exchanges to which confidential, personally identifiable or other information is reported or filed also may result in unauthorized disclosure or compromise of, or access to, such information. The use of the Internet and other electronic media and technology exposes the Adviser, its clients, and its service providers, and their respective operations, to potential risks from cybersecurity attacks or incidents (collectively, “cyber-events”).

Cyber-events can result from intentional (or deliberate) attacks or unintentional events by insiders or third parties, including cybercriminals, competitors, nation-states and “hacktivists,” among others. Cyber-events may include, for example, phishing, use of stolen access credentials, unauthorized access to systems, networks or devices (such as, for example, through “hacking” activity), structured query language attacks, infection from or spread of malware, ransomware, computer viruses or other malicious software code, corruption of data, and attacks (including, but not limited to, denial of service attacks on websites) which shut down, disable, slow, impair or otherwise disrupt operations, business processes, technology, connectivity or website or internet access, functionality or performance. Like Other Advisers and business enterprises, the Adviser and its service providers have experienced, and will continue to experience, cyber-events on a daily basis. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. To date, cyber-events have not had a material adverse effect on the Adviser’s business, results of operation, financial condition and/or cash flows.

Cyber-events can affect, potentially in a material way, the Adviser’s relationships with its clients, customers, employees, products, accounts, shareholders and relevant service providers. Any cyber-event could adversely impact the Adviser and its clients and service providers and cause the Adviser to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage and additional compliance costs associated with corrective measures. A cyber-event may cause the Adviser, or its service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions or other disruptions to operations), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support the Adviser and its service providers. Federated Investment Counseling may incur additional, incremental costs to prevent and mitigate the risks of such cyber-events or incidents in the future. The Adviser and its relevant affiliates have established practices and systems reasonably designed to seek to reduce the risks associated with cyber-events. The Adviser employs various measures aimed at mitigating cybersecurity risk, including,

among others, use of firewalls, system segmentation, system monitoring, virus scanning, periodic penetration testing, employee phishing training, and an employee cybersecurity awareness campaign. Among other vendor management efforts, Federated Investment Counseling also conducts due diligence on key service providers (or vendors) relating to cybersecurity. The Federated Advisory Companies have established a committee to oversee Federated Investment Counseling's information security and data governance efforts and updates on cyber-events and risks are reviewed with relevant committees, as well as the Adviser's parent company's Boards of Directors (or a committee thereof), on a periodic (generally quarterly) basis (and more frequently when circumstances warrant) as part of risk management oversight responsibilities. However, there is no guarantee that the efforts of the Adviser or its affiliates, or other service providers, will succeed, either entirely or partially, as there are limits on Federated Investment Counseling's ability to prevent, detect or mitigate cyber-events. Among other reasons, the cybersecurity landscape is constantly evolving, the nature of malicious cyber-events is becoming increasingly sophisticated. The Adviser, and its relevant affiliates, cannot control the cybersecurity practices and systems of issuers or third-party service providers.

B. Strategy-Specific Disclosure

The following discusses in more detail significant investment strategies that Federated Investment Counseling offers and the risks involved. Clients should review this disclosure carefully and in tandem with the basic information provided above. As noted, clients also should review any offering documents, presentations, investment guidelines, marketing materials and other documents provided, or discussed with the client or any investment guidelines provided by the client (or, in the case of Managed Account Program accounts, provided in the Managed Account Program Sponsor's brochure or other Program documentation).

EQUITY

These strategies encompass client objectives for domestic or foreign equity portfolios. Portfolios reflect various investment objectives and styles, including a variety of capitalization targets along with different investment styles including value, growth and/or income.

Dividend Income

This strategy encompasses client objectives for stock portfolios composed primarily of domestic and foreign large and mid capitalization stocks, with an orientation toward income and dividend growth. Small capitalization stocks may also be represented in the strategy on a limited basis. Among others, securities held in accounts may include domestic common stock, real estate investment trusts (REITs), including foreign REITs and REIT-like entities, foreign common stocks, American Depositary Receipts (ADRs), derivative contracts and exchange traded funds (ETFs). The strategy may gain exposure to certain asset classes or instruments (e.g., ADRs, foreign common stocks) either by purchasing and holding individual securities or shares of investment companies or other pooled investment vehicles.

The strategy focuses on high dividend yielding stocks with dividend growth potential. From a broad universe, stocks are screened and prioritized based on criteria including dividend yield, dividend and earnings growth, financial condition and performance during periods of market weakness. Companies highly ranked in the screening process are scrutinized to determine whether the company is an attractive investment proposition. This process is driven primarily by bottom-up fundamental proprietary research. Broad macro economic trends that can influence the outlook of sectors and industries are also taken into account when constructing portfolios. Risk is managed through exposure to multiple sectors and industries and, at the individual stock level, portfolios adhere to position size limits which may be adjusted over time and are designed to further control portfolio risk. Accounts are managed to conform to client-directed parameters which include portfolios consisting solely of domestic securities, international securities or a combination of both.

Risks for this strategy include, among others, risks of the value of equity securities rising and falling, risks of business failure, risks related to investing for dividend income, risks that a particular sector will underperform other sectors, risks related to company size, technology risks, risks of investing in derivative contracts, and risks that a party to a transaction involving the portfolio will fail to meet its obligations. Foreign stocks may be subject to economic or political conditions which are less favorable than those of the United States and may lack financial reporting standards or regulatory requirements comparable to those applicable to U.S. companies. Exchange rates for currencies fluctuate daily. The combination of currency risk and market risk tends to make securities traded in foreign markets more volatile than securities traded exclusively in the United States. Exposure to derivatives and hybrid instruments involves risks in

addition to those associated with investing directly in securities and other traditional investments, including leverage, counterparty and liquidity risk.

FIXED INCOME

Taxable Fixed Income

This strategy encompasses client objectives for taxable fixed income portfolios with various duration targets and asset class exposures. Accounts may include domestic and foreign fixed and floating rate instruments rated both investment grade and non-investment grade. Among others, securities held in accounts may include U.S. Treasury notes and bonds, government agency securities, foreign sovereign debt, corporate debt, mortgage backed securities, asset backed securities, taxable municipal bonds, derivative contracts, trade-finance related securities, bank loans and currency. The strategy may also hold fixed income mutual funds.

The process concentrates on analysis of sectors, yield curve, and security characteristics along with assessments of major long-term indicators of interest rate direction and volatility. The duration committee determines the cyclical interest rate outlook. For purposes of risk control, portfolios are typically managed within a specified duration range of a given benchmark. The yield curve committee makes recommendations for positioning portfolios along the yield curve. Typically, key rate durations are weighted to specified percent ranges against a given benchmark, depending on relative attractiveness and expectations of future shape changes. The sector allocation committee reviews spread relationships among each of the allowable sectors in search of relative value opportunities, obtaining input from each of the sector teams. Our economic overlay is an important input in determining whether the spread relationships are reasonable. Typically, respective sector exposure limits are targeted to specified percent ranges against a given benchmark. In terms of individual security selection, each sector team is responsible for developing sub-portfolios within each sector designed to outperform a sector-specific benchmark. As an example, the corporate team applies a fundamental analysis approach to determine the best securities within specific credit quality constraints. The mortgage-backed team utilizes sophisticated quantitative models and analysis of pool-specific characteristics to recommend mortgage securities within their sector. Each account is managed to conform to client-directed parameters typically defined through the use of a broad market or custom benchmark. Portfolio Managers utilize model portfolio recommendations provided by each sector team, allocates the portfolio across sectors utilizing sector allocation recommendations provided by the sector allocation committee, and implements modest duration and yield curve management techniques with input from the firm's duration and yield curve committees. The strategy makes active use of futures to efficiently implement portfolio adjustments in reaction to changes in the macro calls.

For certain accounts, to conform to client-directed parameters, portfolios may be structured as ladders which, as a general rule, do not experience active trading.

Risks related to this strategy include, among others, interest rate risk and prepayment and extension risk. Generally, as interest rates rise, prices of fixed income securities fall, with longer duration securities reacting more than shorter duration securities. As interest rates decline, the value of mortgage-backed securities rise, however, they may experience accelerated prepayments. High yield bonds carry increased levels of credit and default risk and are generally less liquid than government and investment-grade bonds. Investments in trade finance-related securities may entail credit, liquidity, currency and market risks, in addition to other risks such as risks of investing in foreign securities and emerging market securities. Investments in less developed or emerging markets generally entail greater political, economic, market, tax, credit and other risks, and generally have greater price volatility, than securities issued or traded in developed markets. Exposure to derivatives and hybrid instruments involves risks in addition to those associated with investing directly in securities and other traditional investments, including leverage, counterparty and liquidity risk. Investments in currency entail risks related to daily fluctuations in the value of currency, which may be more volatile in times of increased market risk.

Municipal Fixed Income

This strategy encompasses client objectives for accounts oriented toward income which is exempt from federal regular income tax. Accounts may include fixed and floating rate tax-exempt municipal securities of various durations, rated both investment grade and non-investment grade, and may include tax-exempt municipal securities subject to federal alternative minimum tax for individuals (AMT). Among others, securities held in accounts may include general obligation bonds, special revenue bonds, private activity bonds, variable rate demand instruments, municipal notes and

municipal auction rate securities. Certain securities may include credit enhancement. Derivative contracts also may be utilized to implement this investment strategy.

This strategy utilizes our primary fixed income process which focuses on the analysis of sector, yield curve, and security characteristics, and assessment of major long-term indicators of interest rate direction and volatility, in building a tax-exempt portfolio.

Risks related to this strategy include, among others, that as interest rates rise and fall the price of the securities will fluctuate, that a party to a transaction will fail to meet its obligations, that an issuer may redeem a security before maturity at a price above or below its current price, that a particular sector will underperform other sectors, that changes in tax laws may cause prices of securities to fluctuate, that a security may not be marketable, that prepayment of principal will cause the portfolio to reinvest proceeds at a less favorable interest rate, issuer default, and default of a credit enhancement provider. Exposure to derivatives (including futures contracts) and hybrid instruments involves risks in addition to those associated with investing directly in securities and other traditional investments, including leverage, counterparty and liquidity risk.

BALANCED

This strategy encompasses client objectives for exposure to equity and fixed income markets in tandem. Accounts include various pre-set or variable target allocations between client-defined equity and fixed income strategies of the Adviser. Accounts with pre-set allocations will rebalance to a target percent exposure on a periodic basis, based on the amount of drift from the target. Accounts with variable target allocations will adjust the exposure based on a variety of models tracking relative valuation, growth, and technical factors, along with our macro economic forecast and stock market outlook. Allocations are established within pre-set percentage limits. The macro economic team utilizes both qualitative and quantitative research factors, based on a highly defined asset allocation framework, in combination with inputs from the equity and fixed income teams, to recommend asset class over- or under-weights. Securities held in accounts will be reflective of the equity and fixed income strategies previously noted, along with their associated risks.

MANAGED RISK

This strategy seeks to achieve a diversified mix of investment exposure to various asset classes by investing in securities, mutual funds, ETFs and derivatives. The asset classes in which the strategy invests may include both Equity and Fixed Income investments, and may provide exposure to both domestic and foreign securities. Investments are not allocated according to a prescribed or set allocation, but instead will be dependent on the interplay of risk and return profiles of the underlying asset classes. This strategy can utilize unconstrained equity, fixed and alternative investments. The strategy also selectively employs a risk overlay intended to mitigate downside risk and/or to seek upside participation. Risks for this strategy include, among others, stock market risk, risk related to company size, asset allocation risk, risk of foreign investing, issuer and counterparty credit risk, leverage risk, exchange-traded funds risk, underlying funds risk, sector risk, liquidity risk, interest rate risk, risk of investing in noninvestment-grade securities, risk of investing in commodities, risk of investing in derivatives, short selling risk, and technology risk.

MONEY MARKET

This strategy invests in any securities, inclusive of commercial paper, variable rate instruments, bank instruments, and asset-backed securities, eligible under the requirements of SEC Rule 2a-7 under the Investment Company Act as well as both direct and indirect obligations of the U.S. government, including U.S. government and government agency-issued securities and repurchase agreements backed by such securities. All securities must have a maturity of not more than 397 days. The average maturity of the portfolio, computed on a dollar-weighted basis, will be 60 days or less. Risks for this strategy include, for example, risks that as interest rates rise and fall the price of the securities will fluctuate, risks of issuer default, risks that a party to a transaction will fail to meet its obligations, risks that the financial services sector will perform poorly, risks of default of a credit enhancement provider, risks that prepayment of principal will cause the portfolio to reinvest proceeds at a less favorable interest rate, and risks of foreign investing.

ITEM 9. DISCIPLINARY INFORMATION

To the best of Federated Investment Counseling's knowledge, there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of us.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Relationships with Brokers/Dealers

As discussed under "Sales Compensation" in Item 5 of this brochure Federated Investment Counseling is an affiliate through common ownership with Federated Securities Corp., a dually-registered investment adviser, municipal securities dealer and broker/dealer and with Federated International Securities Corp., a dually-registered investment adviser and broker/dealer.

Federated Securities Corp., Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222, acts as distributor of the registered Investment Company and Private Investment Company clients of affiliated advisers (*i.e.*, the other Federated Advisory Companies) and as placement agent for Pooled Investment Vehicle clients of Federated Investment Counseling and other Advisory Companies. Federated International Securities Corp., Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222 may also act as placement agent for Pooled Investment Vehicle clients of other Advisory Companies. Federated Securities Corp.'s and Federated International Securities Corp.'s employees are registered representatives of Federated Securities Corp. and/or Federated International Securities Corp., respectively and are salaried employees. As discussed under "Sales Compensation" in Item 5 of this brochure, employee-representatives of Federated Securities Corp. and of Federated International Securities Corp. serve as sales people for, and provide certain investment advice on behalf of, Federated Investment Counseling, and are supervised persons of Federated Investment Counseling.

(Please refer to "Sales Compensation" in Item 5 of this brochure for additional information regarding Federated Securities Corp.'s and Federated International Securities Corp.'s other activities and related arrangements).

The following management persons of Federated Investment Counseling are registered representatives of Federated Securities Corp.:

- J. Christopher Donahue, Trustee
- Stephen Van Meter, Chief Compliance Officer
- Paul A. Uhlman, Executive Vice President
- Steven A. Friedman, Vice President
- Mary Anne DeJohn, Assistant Vice President.

The following management persons of Federated Investment Counseling are registered financial and operations principals of Federated Securities Corp.:

- Jeremy D. Boughton, Assistant Treasurer
- Richard A. Novak, Assistant Treasurer

The following management persons of Federated Investment Counseling are registered representatives of Federated International Securities Corp.:

- Stephen Van Meter, Chief Compliance Officer
- Steven A. Friedman, Vice President

The following management persons of Federated Investment Counseling are registered financial and operations principals of Federated International Securities Corp.:

- Jeremy D. Boughton, Assistant Treasurer
- Richard A. Novak, Assistant Treasurer

Federated Investment Counseling also has certain related persons who are general partners, members or trustees of certain family limited partnerships, limited liability companies or trusts or similar family entities. From time to time, these family entities may invest in companies (such as a broker/dealer) that participate in the financial services industry.

(Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

B. Relationships with Commodity Pool Operators and Commodity Trading Advisors

Certain other Federated Advisory Companies, Federated Investment Management Company, Federated Equity Management Company of Pennsylvania and Federated Global Investment Management Corp., discussed under “Other Investment Advisers” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” are registered as commodity pool operators.

C. Relationships with Certain Related Persons

The following discusses other arrangements and relationships that Federated Investment Counseling has with our related persons, other than Federated Securities Corp. and Federated International Securities Corp. (Please refer to “Relationships with Brokers/Dealers” in Item 10 of this brochure for a discussion of our arrangements and relationship with Federated Securities Corp. and Federated International Securities Corp.)

In addition to the other relationships discussed below, Federated Investment Counseling has certain directors/trustees, officers, employees and supervised persons in common with:

- Certain other Advisory Companies and other affiliated investment advisers discussed under “Other Investment Advisers” in Item 10 of this brochure; and
- Certain other affiliated companies owned by Federated Investors, Inc. (such as, among others, Federated Securities Corp. and Federated International Securities Corp.) discussed under “Relationships with Brokers/Dealers” in Item 10 of this brochure and the trust company (Federated Investors Trust Company) discussed under “Trust Company” in Item 10 of this brochure).

Certain of these shared/common directors/trustees, officers, employees and supervised persons of Federated Investment Counseling also may be directors/trustees or officers of the Investment Companies, Private Investment Companies and Pooled Investment Vehicles discussed under “Investment Companies, Private Investment Companies and Pooled Investment Vehicles” and “Sponsor or Syndicator of Limited Partnerships” in Item 10 of this brochure. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure a discussion of conflicts of interest that arise as a result of these relationships.)

1. Investment Companies, Private Investment Companies and Pooled Investment Vehicles

As discussed under “The Types of Accounts/Products We Manage” in Item 4 of this brochure, Federated Investment Counseling serves as investment adviser or sub-adviser to domestic and foreign funds (*i.e.*, Pooled Investment Vehicles) managed and/or distributed by the Federated Advisory Companies or their affiliates, as well as to other non-affiliated funds and accounts. Federated Investment Counseling also may from time to time provide advisory services to Private Investment Companies. As discussed under “Fees and Compensation” in Item 5 of this brochure, we may charge our advisory clients a fee other than the fund’s fees on assets which are invested in U.S. registered funds which we or other Federated Advisory Companies may advise. Under appropriate circumstances, Federated Investment Counseling also may advise our clients to invest assets in certain Affiliated Investment Vehicles (*i.e.*, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles advised by us or other Federated Advisory Companies and distributed by Federated Securities Corp.). Except as discussed under “Conflicts of Interest Relating to Affiliated Investment Vehicles” in Item 6 of this brochure, our clients can pay the fees and expenses charged or assessed by any Investment Companies, Private Investment Companies or Pooled Investment Vehicles to the extent that we invest our clients’ assets in Investment Companies, Private Investment Companies and Pooled Investment Vehicles, including those (such as Affiliated Investment Vehicles) that are managed by, are distributed by or receive services from Federated Investment Counseling, the other Federated Advisory Companies or other affiliated companies.

Federated Investment Counseling also has certain related persons who are general partners, members or trustees of certain family limited partnerships, limited liability companies or trusts or similar family entities.

(Please refer to “Performance-Based Fees and Side by Side Management” (including “Conflicts of Interest Relating to Affiliated Investment Vehicles”) in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

2. Other Investment Advisers

As discussed under “Our Ownership Structure” in Item 4 of this brochure, Federated Investment Counseling is an affiliate through common ownership with other SEC-registered investment advisers (*i.e.*, the other Advisory Companies). Registration does not imply a certain level of skill or training. These investment advisers are identified below under “SEC-Registered Advisers.”

As discussed under “Our Ownership Structure” in Item 4 of this brochure, it is anticipated that the Hermes Advisory Companies will generally operate their investment management and trading functions independently, and will have no material effect on the advisory activities of the Federated Advisory Companies. As such, there will be no integration of operations between the Hermes Advisory Companies and the Federated Advisory Companies, including for purposes of trade aggregation or allocation, and neither entity will exercise investment discretion over accounts managed by the other. It is possible that future investment products may be mutually developed by the Advisory Companies or that the Advisory Companies may enter into specific engagements (for example, sub-advisory relationships) that may alter this arrangement. As discussed under “Conflicts Related to Information Sharing Among Affiliates” in Item 6, information barriers have been implemented to prevent the exchange of material non-public information, including information with respect to trading activities, between the respective advisers.

As discussed under “Our Use of ‘Shared Personnel’ and Third-Party Service Providers” in Item 4 of this brochure, we share certain directors/trustees and officers with the other Advisory Companies. We also share certain employees and supervised persons (*e.g.*, portfolio managers) with certain of the other Federated Advisory Companies. We also receive certain shared services from other Federated Advisory Companies, Federated Advisory Services Company and Federated Investors (UK) LLP. Federated Advisory Services Company provides services exclusively to related persons that are registered investment advisers (*i.e.*, certain of the Federated Advisory Companies). These services vary depending upon whether a Federated Advisory Company manages equity or fixed income assets and consist of equity trading and settlement, fundamental analysis, quantitative analysis, performance attribution, administration and risk management. Federated Advisory Services Company also provides certain back-office, administrative and other services to Federated Investment Counseling, Federated MDTA LLC and Federated Global Investment Management Corp. in support of their Managed Account and Model Portfolio Management businesses. Federated Investors (UK) LLP provides certain credit research services to Federated Investment Counseling and another Federated Advisory Company, Federated Investment Management Company. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Federated Investment Counseling also is affiliated through common ownership with certain investment advisers registered with a Foreign Financial Regulatory Authority (foreign adviser) identified below under “Foreign Advisers.”

Federated Investors, Inc. is the ultimate parent company for the following investment advisers:

SEC-Registered Advisers

(*i.e.*, Federated Investment Counseling and the other Advisory Companies)

- Federated Investment Counseling;
- Federated Advisory Services Company ;
- Federated Equity Management Company of Pennsylvania;
- Federated Global Investment Management Corp.;
- Federated Investment Management Company;
- Federated MDTA LLC;
- Federated Securities Corp.;
- Federated International Securities Corp.;
- Federated Investors (UK) LLP;

- Hermes Investment Management Limited; and
- Hermes European Equities Limited

Hermes Fund Managers Limited, which is ultimately majority owned by Federated Investors, Inc., has a 50% ownership interest in the following joint ventures that are SEC-registered investment advisers:

- Hermes GPE LLP; and
- Hermes GPE (USA) Inc.

Foreign Advisers

Federated International Management Limited, Federated Asset Management GmbH, Federated Investors (UK) LLP, Federated Investors Asia Pacific PTY LTD, Federated Investors Australia Services Ltd., Federated Investors Canada ULC, and Hermes GPE (Singapore) Pte. Limited.

Federated International Management Limited and Hermes Alternative Investment Management LTD have each filed as exempt reporting advisers with the SEC. Although registered with the SEC, Federated Investors (UK) LLP, Hermes GPE LLP, Hermes Investment Management LTD, and Hermes European Equities LTD each have a principal place of business outside of the U.S. Hermes Fund Managers Ireland Limited also serves as a manager to Irish UCITS funds. As of March 1, 2016, Federated Investors Asia Pacific PTY LTD and Federated Investors Australia Services Ltd. are operationally inactive.

(Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

3. Trust Company

Federated Investment Counseling acts as investment adviser to Federated Investors Trust Company in its capacity as trustee for one or more collective investment trust(s)/fund(s) (a type of Pooled Investment Vehicle). Federated Investors Trust Company is affiliated through common ownership with Federated Investment Counseling, Federated Securities Corp. and Federated International Securities Corp., affiliates of Federated Investment Counseling, and their employee-representatives, may sell units of these collective investment trust(s)/fund(s). (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of this relationship.)

4. Sponsor or Syndicator of Limited Partnerships

Related persons of Federated Investment Counseling are the Managing Member or General Partner of certain Pooled Investment Vehicles. Clients of Federated Investment Counseling are generally not actively solicited to invest in these funds. However, a client’s assets may be invested in one or more of these Pooled Investment Vehicles by Federated Investment Counseling as part of the overall investment strategy for that client. Assets are invested pursuant to an exemption from the registration requirements of the 1933 Act, and not as part of a public offering. Shares of the Pooled Investment Vehicles are offered for investment only to individuals, organizations or entities that are “accredited investors” within the meaning of Regulation D of the 1933 Act. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of certain conflicts of interest that arise as a result of these relationships.)

5. Other Service Providers

Hermes EOS, a sister company of our affiliated Advisory Company, Hermes Investment Management Limited, is dedicated to the provision of certain stewardship services, including engagement on environmental, social, corporate governance, strategic and financial matters, as well as proxy voting recommendations and administrative services, and research services. With respect to its stewardship services, Hermes EOS’s purpose is to assist asset owners and asset managers in adding long-term value to their investments and managing their risks, by engaging with companies and policy-makers on environmental, social, governance, strategic and financial matters. Hermes EOS also provides engagement-led proxy voting research and recommendations, and publishes research on ESG issues and reports regarding the aggregate stewardship activities it has performed on behalf of its clients. (Please refer to “Conflicts of Interest Relating to Hermes EOS” in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of this relationship.)

D. Relationships with Certain Investment Advisers

Federated Investment Counseling does not typically recommend or select other investment advisers for our clients for either direct or indirect compensation. As discussed above, however, Federated Investment Counseling, and/or our affiliates, do have business relationships with affiliated investment advisers (*e.g.*, the other Advisory Companies). Registration does not imply a certain level of skill or training. As such, Federated Investment Counseling, or another Advisory Company, may from time to time solicit clients on behalf of the Hermes Advisory Companies, for which Federated Investment Counseling and/or our affiliates may receive direct or indirect compensation. These business relationships can create conflicts of interest for Federated Investment Counseling, the other Advisory Companies, and our employees, supervised persons, and related persons. For example, we may advise a client to invest in an investment product that is sponsored, managed, distributed or serviced by these other investment advisers to benefit them rather than serve the best interests of our clients or potential clients. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Our Code of Ethics

Federated Investment Counseling and the Federated Advisory Companies have adopted a Code of Ethics for Access Persons (“Code of Ethics”), which sets forth restrictions and safeguards on certain activities such as personal trading, insider trading, misuse of client information, serving on boards of directors by investment personnel, disclosure of conflicts of interest and receiving/giving gifts and political and charitable contributions. We will provide a copy of our Code of Ethics to any client or prospective client upon request. With the exception of certain personnel who collaborate with the Hermes Advisory Companies on regulatory or certain other matters and who are subject to the Code of Ethics, the employees of the Hermes Advisory Companies are subject to a separate code of ethics adopted by the Hermes Advisory Companies.

Item 6 of this brochure, “Performance-Based Fees And Side By Side Management”, contains a detailed discussion of Federated Investment Counseling’s Code of Ethics and how it addresses conflicts related to Federated Investment Counseling’s participation or interest in client transactions and personal trading. (Please refer to “Conflicts of Interest Relating to Personal Trading” in Item 6 of this brochure for further information regarding our Code of Ethics.)

B. Participation or Interest in Client Transactions

1. Client Investments in Affiliated Investment Vehicles

Federated Investment Counseling and the other Federated Advisory Companies may, from time to time, invest client assets in or recommend investments in Affiliated Investment Vehicles, including, for example, with respect to uninvested cash. (Please refer to “The Types of Accounts/Products We Manage” in Item 6 of this brochure as well as “Sponsor or Syndicator of Limited Partnerships” in Item 10 of this brochure for further information.) Federated Investment Counseling and the other Federated Advisory Companies will receive compensation for management of the Affiliated Investment Vehicles; consequently, Federated Investment Counseling may have an incentive to allocate client funds to Affiliated Investment Vehicles in lieu of other investment opportunities. Except in connection with Managed Accounts or our Model Portfolio Management Services, as required by our policies and applicable law, Federated Investment Counseling generally waives or reimburses a portion of its advisory fee equal to the advisory fee paid to the Affiliated Investment Vehicle into which we invest client assets to mitigate this conflict. We generally do not have discretion over the investment of uninvested cash in Managed Accounts, and in certain Separate Accounts; such cash is typically invested in money market mutual funds or other liquid investments selected by the client, the client’s agent, or the Sponsor. The money market mutual funds into which uninvested cash may be invested may include, in certain cases, Affiliated Investment Vehicles or money market mutual funds serviced by certain of our affiliates. We generally do not waive or reimburse fees when we do not exercise discretion to invest cash into such vehicles. (Please refer to “Conflicts of Interest Relating to Affiliated Investment Vehicles” and “Conflicts Of Interest Related to Uninvested Cash Positions” in Item 6 of this brochure for further information.)

2. Proprietary Accounts

Federated Investment Counseling or an affiliate (*e.g.*, the other Federated Advisory Companies) will, from time to time, temporarily seed a Proprietary Account for the purposes of establishing an investment strategy or seeding an Investment Company, Private Investment Company or Pooled Investment Vehicle. These investments are generally nominal in relation to both our total managed client assets and our own assets. (Please refer to “Proprietary Accounts” in Item 4 of this brochure and “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for further information.)

3. Principal and Cross Transactions

Federated Investment Counseling or an affiliate (*e.g.*, the other Federated Advisory Companies) also may from time to time buy or sell portfolio securities:

- Between a Proprietary Account and another client account (including Separate Accounts, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles);
- Between client accounts (including Separate Accounts, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles); or
- Between Proprietary Accounts.

When engaging in such principal or cross transactions, neither Federated Investment Counseling nor our affiliates receive any compensation for acting as a broker/dealer and follow any applicable SEC rules or guidance for cross transactions or, if applicable, principal transactions. (Please refer to “Conflicts of Interest Relating to Certain Cross Transactions” in Item 6 of this brochure for further information regarding conflicts of interest and how they are addressed.)

The above activities can create various actual or potential conflicts of interest for Federated Investment Counseling and our employees, supervised persons and related persons. (Please refer to “Conflicts of Interest Relating to Uninvested Cash Positions,” “Conflicts of Interest Relating to Affiliated Investment Vehicles,” “Conflicts of Interest Relating to Proprietary Accounts” and “Conflicts of Interest Relating to Certain Cross Transactions” in Item 6 of this brochure for further information regarding conflicts of interest and how they are addressed.)

C. Personal Trading

Federated Investment Counseling, and/or our related persons, may invest in the same securities, or related securities, that we or our related persons invest in on behalf of, or recommend to, clients, including at or around the same time. Personal trading practices can create various actual or potential conflicts of interest for Federated Investment Counseling and our employees, supervised persons and related persons. The Code contains significant safeguards designed to protect clients from abuses in this area, such as requirements to obtain prior approval for, and to report, particular transactions. (Please refer to “Conflicts of Interest Relating to Personal Trading” in Item 6 of this brochure for a discussion of conflicts of interest and how they are addressed.)

ITEM 12. BROKERAGE PRACTICES

The following discussion relates to Federated Investment Counseling’s selection of brokers/dealers and intermediaries (collectively, brokers/dealers) for client transactions and the means by which Federated Investment Counseling determines the reasonableness of broker/dealer compensation. The other Federated Advisory Companies apply similar policies and procedures, and engage in similar practices, to those described below to the extent relevant to their businesses.

A. Selection Criteria for Brokers/Dealers

Federated Investment Counseling has two committees responsible for oversight of the firm’s brokerage and trading practices - one for equity securities and one for fixed income securities (each, a Brokerage Practices Committee). A primary function, among others, of the committees is to oversee and evaluate the efforts of all Federated Advisory Companies to attain the best available price and most favorable execution (best execution) for client transactions. In

seeking “best execution,” we seek to obtain for clients the most favorable total cost or proceeds reasonably obtainable under the circumstances. Total cost includes “all in” costs of the trade proceeds, not necessarily the lowest commission rate nor the most expeditious execution. Several quantitative and qualitative factors are considered by our traders when executing a trade, and by our Brokerage Practices Committee when evaluating the quality of execution over time. These factors include:

- Evaluation of each broker/dealer, in total, and in each asset and market group;
- Price;
- Order size;
- Type of security;
- Market conditions;
- Cost and difficulty of execution;
- Likelihood of execution;
- Capital commitment;
- Knowledge of the market;
- Past experience;
- Ability to execute difficult transactions in unique or complex securities;
- Operational coordination and automation;
- Ability to execute desired volume;
- Ability to act with minimum market impact;
- Confidentiality;
- Error correction capability;
- Familiarity with the security, market conditions, trader, and similar factors;
- Reliability;
- Financial strength and record;
- Primary offerings, including IPOs; and
- Deal support or remarketing.

Equity securities may be traded through brokers/dealers (acting as principal or agent) on exchanges or in the over-the-counter market, or in transactions directly with the issuer or with other investors. Transactions may also be executed on a securities exchange or through an alternative trading venue. Federated Investment Counseling seeks to obtain best execution of our clients’ trades by balancing the costs inherent in trading, such as opportunity costs, market impact costs and commissions. Generally, we seek to add value to our investment management by using market information to capitalize on market opportunities, actively seek liquidity and discover price.

Fixed-income securities purchased and sold on behalf of clients are generally traded in an over-the-counter market on a net basis (*i.e.*, without commission) through dealers acting as principal or in transactions directly with the issuer. Dealers derive an undisclosed amount of profit by offering securities at a higher price than their bid price. Some fixed income securities, particularly non-investment grade and municipal securities, may have only one primary market maker.

Federated Investment Counseling has adopted written policies and procedures for brokerage allocation and the use of “soft dollars” (Brokerage Policies). On an annual basis, senior management approves the brokerage commission budget; on a quarterly basis, the Equity Brokerage Practices Committee reviews the annual budget in relation to projected and actual brokerage activity. The budget is determined with input from senior investment personnel. The Chief Investment Officer (CIO) and other members of the Brokerage Practices Committee periodically review the performance of brokers/dealers. Senior investment personnel are responsible for periodically evaluating the quality and usefulness of the products and services received from or through brokers/dealers that are deemed to assist us in fulfilling our investment management responsibilities (Research Services) and/or executing clients’ securities trades (Brokerage Services). Compliance personnel monitor the implementation of the Brokerage Policies.

Although Federated Investment Counseling seeks to use brokers and dealers that we believe to be actively and effectively trading the security being purchased or sold, we may not always obtain the lowest purchase price or highest sale price with respect to a security.

1. Research and Other Soft Dollar Benefits

The Federated Advisory Companies generally do not generate soft dollars in connection with fixed income investment transactions. Accordingly, the soft dollar practices described in this section primarily relate to soft dollars generated in connection with equity transactions by the Federated Advisory Companies (including Federated Investment Counseling) that provide advice and effect transactions relating to equities. To the extent that soft dollars are generated in connection with fixed income investments, similar practices would be followed, consistent with applicable law. For example, soft dollars could be used to purchase research services for managing both equity and fixed income client accounts.

Federated Investment Counseling may execute portfolio transactions with brokers/dealers from or through which we receive Research and Brokerage Services. This means that we receive research and other products or services (other than execution from brokers/dealers or third parties) in connection with client securities transactions. These Research and Brokerage Services are commonly known as “soft dollars” or “soft dollar benefits.” The Federated Advisory Companies also may from time to time receive research and other products or services from the Hermes Advisory Companies. To the extent that such services are received from the Hermes Advisory Companies, similar practices to those described herein with respect to research received from or through third parties will be followed.

Research and Brokerage Services may be furnished directly to the client, to Federated Investment Counseling or to the other Federated Advisory Companies. These services have included (and may in the future include):

- Analytical Software;
- Connectivity Service with Broker;
- Connectivity Service with Custodian;
- Connectivity Service with Trading System;
- Consultation regarding Investment or Trading Strategy;
- Economic Data;
- External or Telephonic Seminar or Conference;
- Financial Data;
- Financial Newsletter;
- Governance Research or Ratings;
- In-office Presentation;
- Market Data;
- Meetings with Company Management;
- Order and Execution Management System;
- Research Report on Security, Industry or Market;
- Trade Analysis;
- Trade Magazine or Technical Journal; and
- Other advice, analysis or data reflecting the expression of reasoning or knowledge.

Where Research and Brokerage Services are not used exclusively for the permissible purposes of making or executing investment decisions, Federated Investment Counseling bears the portion of the cost related to other activities. The Soft Dollar Committee is responsible for establishing good faith allocations based on the expected use of such Research and Brokerage Services, and for periodically reviewing and approving the allocations.

When we use client brokerage commissions (or markups or markdowns in relation to disclosed riskless principal transactions) to obtain research or other products or services for which Federated Investment Counseling or the other Federated Advisory Companies might otherwise have paid, our expenses are reduced because we do not have to pay for or otherwise provide such services. When selecting brokers/dealers that provide Research and Brokerage Services to execute transactions for client accounts, our traders select the brokers/dealers that the trader reasonably believes will provide the best overall execution (taking into account the provision of Research and Brokerage Services as well as other factors) for each trade. Clients may pay commissions (or markups or markdowns in relation to disclosed riskless principal transactions) to brokers/dealers that provide Research and Brokerage Services that are higher than those charged by other brokers/dealers.

Research and Brokerage Services received from or through brokers/dealers are used by Federated Investment Counseling and other Federated Advisory Companies in advising and executing transactions on behalf of our respective clients. These services are supplemental to our own research and, when utilized, are subject to internal analysis before being incorporated into our investment management process. Research and Brokerage Services assist the Federated Advisory Companies in their overall investment responsibilities to investment companies and investment accounts for which they have investment discretion. However, any particular Research or Brokerage Services received by the Federated Advisory Companies may not be used to service each and every account, and may not benefit the particular accounts that generated the brokerage commissions. In addition, Research and Brokerage Services paid for with commissions generated by an account may be used in managing other accounts, including accounts that generate limited or no brokerage commissions, and thus, limited or no soft dollar credits (e.g., fixed income accounts, wrap-fee accounts, and non-discretionary accounts). The Federated Advisory Companies believe that each account benefits from this practice because the research and brokerage services received by the Federated Advisory Companies assist the Federated Advisory Companies in fulfilling their overall fiduciary duty to all clients.

When furnishing soft dollar benefits to client accounts, or to a Federated Advisory Company or the other Federated Advisory Companies for the benefit of client accounts, we do not seek to allocate the soft dollar benefits to client accounts in strict proportion to the soft dollar credits generated by the accounts. However, our procedures strive to allocate Research and Brokerage Services in a relatively equitable manner. The Head of Global Equity Trading and the CIO of Equities establish a commission budget for the year identifying a breakdown in commission types (for example: discount, proprietary research, etc.). Equity investment personnel vote on the Research Services to which they would like to subscribe. That output further defines the underlying breakdown of the applicable commission types. The Head of Global Equity Trading regularly monitors the “commission type” breakdown of all trades executed by each individual trader. Consistent with seeking “best execution,” the Head of Global Equity Trading directs traders to conform to the commission budget as best as possible. This process is intended to ensure that the underlying commission-generating accounts are also consuming Research Services in a relatively equitable manner. The soft dollar budget and brokerage allocations are reviewed with the Equity Brokerage Practices Committee quarterly.

The receipt and use of Research and Brokerage Services creates various conflicts of interest for Federated Investment Counseling and the other Federated Advisory Companies. For example, we may have an incentive to select or recommend brokers/dealers based on our interest in receiving Research and Brokerage Services, rather than on other factors that contribute to most favorable execution. (Please refer to “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.)

2. Brokerage for Client Referrals

We do not consider, in selecting or recommending brokers/dealers, whether we or our related persons receive client referrals from brokers/dealers or any third-party.

3. Directed Brokerage

Federated Investment Counseling generally does not recommend, request or require that a client direct us to execute transactions through a specified broker/dealer. The willingness of Federated Investment Counseling to accept such direction may encourage a broker/dealer to refer business to us or our related persons and may result in other conflicts of interest. Federated Investment Counseling does, however, permit clients to direct brokerage, as discussed in further detail below. When a client directs brokerage, we may be unable to achieve most favorable execution of client transactions, and the cost of execution may exceed the cost of execution for similarly situated accounts that do not direct brokerage. For example, in a directed brokerage account, the client may pay higher brokerage commissions because we may not be able to aggregate the client’s orders with those of other clients to reduce transaction costs, or the client may receive less favorable prices. Clients subject to ERISA also must determine that any such direction is for the exclusive purpose of providing benefits to participants and beneficiaries of the plan and will not constitute or cause the plan to engage in a “prohibited transaction” as defined by ERISA.

a. Separate Accounts and Other Investment Advisory Services

Clients may limit Federated Investment Counseling's discretionary authority in certain, mutually agreed upon, situations. In particular, clients may direct us to use particular brokers/dealers, in whole or in part, to execute portfolio transactions for their accounts. Where a client directs the use of a particular broker/dealer or a narrow universe of brokers/dealers, we may not be in a position to negotiate commission rates or spreads or obtain volume discounts. (Please refer to "Investment Discretion" in Item 16 of this brochure for more general information on the limitations that may be placed on our discretionary authority).

In addition, it is possible that transactions for a client that directs brokerage may not be aggregated for execution purposes with orders for the same securities for other accounts managed by Federated Investment Counseling. Trades for a client that has directed use of a particular broker/dealer may be placed at the end of aggregated trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is more or less favorable than the price obtained for the aggregated order.

Under these circumstances, the direction by a client to use a particular broker/dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if we could select brokers/dealers and negotiate commission rates freely based on best execution. It may also result in limitations on the securities available for purchase for the client's account, such as:

- The purchase of bonds where the designated broker may have a limited inventory and, therefore, may be unable to offer the desired bonds to the client; or
- The purchase of certain thinly-traded securities which may not be readily available at competitive prices from all brokerage firms.

The inability to purchase such securities may reduce the overall portfolio return.

b. Managed Account Programs

Certain Managed Account Programs do not expressly direct the use of a particular broker/dealer, but are structured in such a way (in terms of fees and other factors) that transactions are typically executed through the program sponsor or other brokers/dealers affiliated with the programs, consistent with the duty to seek best execution. In certain circumstances, Federated Investment Counseling and other Federated Advisory Companies will execute transactions with other brokers/dealers in pursuit of best execution.

As discussed in more detail under "Fees and Compensation" in Item 5 of this brochure, clients participating in Managed Account Programs generally pay a single fee or fees to cover investment management, custody and brokerage commissions for transactions effected through the Sponsor or other broker/dealer identified with the specific Managed Account Program. Brokerage commissions in Managed Account Programs are generally determined by the designated broker/dealer and included in the Managed Account Program fee. Transactions executed through other brokers/dealers would typically result in additional charges to the client account. Thus, in a traditional Managed Account Program, given the wrapped fee, we generally are not in a position to negotiate commission rates with the brokers/dealers or to aggregate trades with other client accounts for execution purposes (except that we may aggregate trades for accounts within each separate Managed Account Program). However, to the extent permitted by the Managed Account Program and consistent with the policies discussed under the heading "Selection Criteria for Brokers/Dealers" in Item 12 of this brochure, Federated Investment Counseling will execute transactions with other brokers/dealers in pursuit of best execution, which transactions may be aggregated with trades for other client accounts. For example, among other instances where we can trade away, we may execute time-sensitive orders with other brokers/dealers consistent with our obligation to seek best execution; these brokers/dealers may or may not waive or reduce commission costs in exchange for high trade volumes. In addition, in lieu of purchasing or selling ADRs, we may exchange ADRs for local shares or local shares for ADRs directly with an ADR's Sponsor. Although such exchanges typically do not incur commissions, they may incur certain other fees or administrative costs. As a result of these transactions, Managed Account Program clients typically bear additional brokerage expenses in addition to the single fee associated with such programs. Federated Investment Counseling will typically execute transactions in fixed income securities with other broker/dealers; the extent to which Federated Investment Counseling will execute transactions in other types of securities with other broker/dealers will vary over time and by account.

Certain other Managed Accounts may pay a single fee or fees for investment management and custody, except that unlike a traditional Managed Account Program, the wrapped fee would not include brokerage commissions. Thus, to the extent permitted by the Managed Account Program and consistent with the policies discussed under the heading “Selection Criteria for Brokers and Dealers” in this section, Federated Investment Counseling typically would execute transactions with other brokers/dealers in pursuit of best execution, which transactions may be aggregated with trades for other client accounts, and which would result in additional charges to such account.

Similar to Separate Accounts, Managed Account clients (either directly or through the Managed Account Program Sponsor or Platform Provider) may also expressly limit Federated Investment Counseling’s discretionary authority, including directing us to use a particular broker/dealer to execute portfolio transactions. In such a case, we may not be in a position to negotiate commission rates or spreads or obtain volume discounts, and such transactions may not be aggregated with orders for the same securities of other accounts managed by Federated Investment Counseling. (Please refer to “Separate Accounts and Other Investment Advisory Services” in this section for further information on the consequences of directing brokerage/trading.)

B. Trade Aggregation and Allocation Policy

Federated Investment Counseling has adopted written policies (Allocation Policies) for the allocation of securities transactions among our clients. The Allocation Policies are premised on Federated Investment Counseling’s general practice of aggregating the transactions executed on behalf of our clients and clients of the other Federated Advisory Companies. We may, but are not obligated to, aggregate transactions. The type of client account or investment product (*e.g.*, direct Separate Account versus Managed Accounts), client transactions, client instructions (*e.g.*, directed brokerage/trading), the investment strategies applicable to client accounts, system capabilities and constraints, and other factors may result in transactions for certain client accounts not being aggregated. If a client transaction is not aggregated, the client may pay higher brokerage commissions, may receive a less favorable price, or incur other costs, which also may affect the performance of the client’s account. (Please refer to “Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices” in Item 6 of this brochure for a further discussion of factors that may result in trades not being aggregated, and related conflicts of interest and how they are addressed.)

To the extent that Federated Investment Counseling aggregates client transactions, the Allocation Policies state that Federated Investment Counseling and the other Federated Advisory Companies must do so in a manner:

- Consistent with the duty to seek best execution of client orders;
- That treats all clients fairly; and
- That does not systematically disadvantage any client.

The Allocation Policies expressly prohibit consideration of compensation or other benefits received by Federated Investment Counseling or the other Federated Advisory Companies in allocating transactions among clients.

The Allocation Policies set forth procedures for allocating primary and secondary market transactions among clients. The Allocation Policies also provide investment management personnel with guidelines for allocating securities among portfolios with common investment objectives. In some cases, the Allocation Policies may adversely affect the price paid or received by a client or amount of securities purchased or sold by a client. However, we believe that coordination and the ability to participate in volume transactions generally benefits clients.

The amount of assets in a Managed Account may impact the management of a Managed Account, including in ways that may adversely impact account liquidity and/or performance. For example, accounts with smaller assets may not be able to hold as many securities as accounts with larger assets or may have to hold a higher level of working capital. In certain circumstances, issuers and intermediaries also impose limitations or preferences on various classes of investors related to holding, trading, participating in primary offerings, and/or participating in corporate actions. For example, in some offerings of municipal securities, a “retail order period” may be designated during which orders will be accepted solely for retail customers, as defined by the issuer of the securities (or, in some cases, small orders for any type of customer). Due to minimum bond denomination requirements and other limitations and preferences, smaller fixed income or balanced accounts may not be able to hold certain bonds or may not be able to participate in certain corporation actions such as voluntary tenders. While Federated Investment Counseling seeks to take reasonable steps to prevent adverse consequences, there is no guarantee that Federated Investment Counseling will be successful. A variety of events or

circumstances, including events or circumstances beyond Federated Investment Counseling's control such as withdrawal requests and below minimum bond denomination securities being in a predecessor account that was transitioned to Federated Investment Counseling, can arise or exist that would prevent Federated Investment Counseling's efforts from being successful.

Federated Investment Counseling periodically reviews the aggregate allocation of our clients' transactions among brokers/dealers and the aggregate amount of commissions paid. Upon request, we will provide a client with aggregate allocation information relating to such client's transactions. Compliance personnel review the Allocation Policies annually with senior trading and investment management personnel. We will furnish a summary of the Allocation Policies upon request.

The trading desk for certain institutional and high net worth separate accounts sourced through the Federated Clover Investment Advisors division of Federated Global Investment Management Corp., may be separate and apart from Federated Investment Counseling's trading desk, so it is therefore possible that certain trades for such accounts may not be able to be batched or aggregated with trades of Federated Investment Counseling's other clients. There will be no aggregation or allocation of trades between the Federated Advisory Companies and the Hermes Advisory Companies.

C. Other Considerations for Certain Separate Accounts, Managed Accounts, Model Portfolio, Management Services, and Other Advisory Services

From time to time, various potential and actual conflicts of interest arise from the investment and brokerage activities of Federated Investment Counseling and our related persons. We have established policies and procedures that we believe are reasonably designed to address conflicts of interest. (Please refer to "Performance-Based Fees and Side by Side Management" in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.) When we provide recommendations (including recommendations related to security allocations) to Model Portfolio Management Services clients, our recommendations may be based on pricing sources that differ from the pricing sources used by the Sponsors, Platform Providers and/or Overlay Managers of such programs. This in turn may result in variations between the security allocations we provide to the program Sponsor, Platform Provider and/or Overlay Manager and the actual allocations implemented by the program Sponsor, Platform Provider and/or Overlay Manager in Model Portfolio Management Services client accounts.

D. Confidential and Privileged Information

We may from time to time come into possession of confidential or privileged information about issuers of securities, or other persons or entities and their securities, as a result of their business activities. In such cases, we may be restricted from executing certain trades if doing so could violate our, or our related persons', insider trading policies and procedures or applicable legal requirements/laws. Federated Investment Counseling, and the other Federated Advisory Companies, have adopted policies and procedures to address the treatment of such confidential or privileged information in a manner that we believe to be reasonable, which may include the imposition of trading restrictions even in the absence of a legal requirement to do so, for example when we believe it is necessary or appropriate to seek to avoid even the possibility or appearance of trading on confidential or privileged information.

These restrictions may have an adverse impact on client accounts or investment products because Federated Investment Counseling may be restricted from executing or recommending transactions that it would otherwise execute or recommend for client accounts or investment products.

E. Error Resolution

Federated Investment Counseling has adopted written policies and procedures that we believe are reasonably designed to identify and resolve errors that we make in the trade execution and management process ("Trade Errors"). We will evaluate any exception made in the process of managing or placing an order for, or executing a security transaction on behalf of, a client account over which we have investment discretion to determine if it is a Trade Error. Regarding Model Portfolio Management Services, we also will evaluate any exception that we make in the process of providing a model recommendation to an Overlay Manager in a program to determine if it is a model delivery error (collectively, as applicable, with Trade Errors, "Errors"). Consistent with our policies and procedures, and our obligations under applicable law, we strive to identify and resolve Errors that we make promptly, document such Errors, take reasonable steps to seek to prevent the reoccurrence of such Errors and treat clients fairly in resolving such Errors. Where a single

Error that we make results in multiple transactions in a client account, gains and losses on these transactions may be netted in evaluating the net impact of such an Error.

ITEM 13. REVIEW OF ACCOUNTS

A. Account Reviews

Federated Investment Counseling assigns one or more portfolio manager(s) to each account or investment product. Each account is subject to periodic, continuous review and monitoring on a daily basis by the portfolio manager(s) assigned to the account or investment product. Individual portfolio manager accounts typically range from one to twenty client relationships. All accounts or investment products are reviewed on an ongoing basis by the portfolio manager(s) and Chief Investment Officers for Federated Investment Counseling through the use of a set of summary control reports. Reviews with clients are conducted at time intervals established by each client and generally cover all significant investment aspects of an account's portfolio.

For Managed Accounts, we assign one or more portfolio manager(s) to establish portfolios of specific investment styles. Individual accounts are reviewed by the portfolio manager(s) and traders and operations personnel on a daily basis. Oversight is provided by a Chief Investment Officer and senior advisory personnel. Reviews also are conducted at least quarterly by each Managed Account Program Sponsor.

For fixed income accounts sourced through the Federated Clover Investment Advisors division of Federated Global Investment Management Corp., a portfolio manager, with the assistance of portfolio coordinators, is responsible for reviewing each Separate Account. Portfolio coordinators take direction from portfolio managers as to the overall investment strategy, characteristics-based models and individual security/issuer assessments and approvals. Reviews are conducted periodically, and the frequency of reviews depends on market conditions and client requirements. Accounts are not reviewed in any particular sequence. There is no limit to the number of accounts assigned to one portfolio manager/coordinator. Client service representatives also assist with the reviews to seek to ensure portfolios are in-line with stated investment objectives and models. They also may meet with clients periodically as coordinated with or requested by clients.

The portfolio managers/coordinators observe the portfolio objectives and special requirements of each account as well as the investment restrictions. Triggering events for review include, among others, changes in account objectives and restrictions, assessments of the outlook in research, and cash inflows and outflows.

As part of the regular, ongoing, periodic reviews discussed above, or at other times determined necessary, reviews also are triggered for compliance purposes, such as in connection with compliance monitoring and testing for compliance with investment guidelines and investment restrictions.

B. Reports to Clients

The reports described below are typically written, but may be delivered electronically as requested by our clients (including, as applicable, their Board of Directors/Trustees or other governing body), or, as applicable, Managed Account Program Sponsors, Platform Providers, Overlay Managers, Trustees or Other Advisors. Reports to shareholders of our clients that are non-U.S. investment companies or if we have any Private Investment Company clients also are typically written, but may be delivered electronically as authorized by such shareholders and applicable law.

Our Separate Account clients may receive from Federated Investment Counseling monthly or quarterly performance, current holdings, transaction activity and/or other reports as reasonably requested by the clients. Federated Investment Counseling's reporting obligations typically are set forth in our investment management agreement with our clients and/or addressed through the account setup process. Separate Account clients also will receive account statements and other reports from the custodians for their accounts.

We may provide quarterly performance or other reports to Managed Account Program Sponsors or Platform Providers as required by the Managed Account Program Sponsors or Platform Providers. Federated Investment Counseling's reporting requirements typically are set forth in our agreement with the Managed Account Program Sponsor or Platform

Provider. Managed Account Program Sponsors and Platform Providers typically have the ability to reasonably modify, duplicate or incorporate such reports into the reports that they provide to Managed Account Program participants. Participants in these Managed Account Programs may receive quarterly performance and/or other reports, typically from the Managed Account Program Sponsor or Platform Provider, as provided in the Managed Account Program documentation.

As part of our Model Portfolio Management Services, Federated Investment Counseling provides Overlay Managers with model portfolios and updates thereto, as well as model performance and other reports as reasonably requested by the Overlay Managers. Federated Investment Counseling's reporting requirements typically are set forth in our agreement with the Overlay Manager. Overlay Managers may incorporate such model performance or other reports into the reports the Overlay Managers provide to their clients.

We may provide the Board of Directors/Trustees of non-U.S. investment funds or if we have any Private Investment Company clients managed by Federated Investment Counseling with monthly and/or quarterly fund performance, sales, securities holdings, securities transaction, affiliate transaction, investment exposure, currency and other reports covering significant/material information as required by the Board of Directors/Trustees. Federated Investment Counseling's reporting requirements typically are described in our investment management agreement or in board materials prepared for quarterly Board of Director/Trustees meetings.

If we have Private Investment Company clients, shareholders of the Private Investment Company receive an updated prospectus, private placement memorandum, offering circular or similar offering document, and semi-annual and annual reports of the Private Investment Company, as required under the Investment Company Act and other applicable law. Shareholders of non-U.S. investment companies receive annual and semi-annual reports.

Federated Investment Counseling may provide reports to Pooled Investment Vehicle clients as reasonably requested by the client, or its governing body, or otherwise agreed with a client. Federated Investment Counseling may also assist Federated Securities Corp. in the preparation of reports regarding Pooled Investment Vehicles.

We provide the Trustee of collective investment funds with daily and monthly reports on transaction activity, performance, and other matters as reasonably requested by the Trustee.

Participant Trusts of collective investment funds and common funds may receive quarterly and/or annual reports and annually-updated offering circulars.

When Federated Investment Counseling performs sub-advisory or other services for Other Advisors, we may provide monthly or quarterly performance, current holdings, transaction activity and/or other reports as reasonably requested by the Other Advisors. Federated Investment Counseling's reporting obligations typically are set forth in our sub-investment management or other agreement with the Other Advisors.

In addition to the above reports, Federated Investment Counseling generally will provide our clients with reasonable, periodic access to our investment personnel through conference calls or other reasonably agreed upon means (such as quarterly in-person meetings) to discuss their accounts or our services and any questions regarding their accounts or our services.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

A. Arrangements Involving Receipt of Economic Benefits from Non-Clients

As discussed under "Brokerage Practices" in Item 12 of this brochure, some brokers or dealers that execute portfolio transactions for Federated Investment Counseling and our affiliates (*e.g.*, certain other Federated Advisory Companies) and their clients, may furnish Research and Brokerage Services which may be used by us and our affiliates in advising Investment Companies, Private Investment Companies, Pooled Investment Vehicles, Separate Accounts, Managed Accounts and other accounts. To the extent that receipt of these services and software may supplant services for which we or our affiliates might otherwise have paid, expenses would be reduced.

As discussed under "Our Advisory Services" in Item 4 of this brochure, Federated Investment Counseling and our affiliates (*e.g.*, certain other Federated Advisory Companies) act as portfolio managers in Managed Account Programs. In

Managed Account Program arrangements, we, and certain of our affiliates, receive fees from Sponsors to the Managed Account Programs, or Related Platform Providers, for services rendered to Managed Account Program participants. To the extent that the Sponsor or Platform Provider is not considered a client, and Managed Account Program participants may be deemed to be clients, we, and certain of our affiliates, could be viewed as receiving cash from a non-client in connection with advice given to Managed Account Program participants. Similarly, we, and certain of our affiliates, receive fees for investment advisory services provided to sub-advisory clients from the primary advisers for those clients.

As discussed under “Sales Compensation” in Item 5 of this brochure, Federated Investment Counseling and certain other Advisory Companies have entered into a written agreement with our affiliate, Federated Securities Corp., a registered broker/dealer, municipal securities dealer, and investment adviser as well as with Federated International Securities Corp., a registered broker/dealer and investment adviser. Under these arrangements, employee-representatives of Federated Securities Corp. or Federated International Securities Corp. may also serve as sales people for the investment services and products sponsored by Federated and investment advisory services offered by Federated Investment Counseling and certain of the other Advisory Companies. Federated Securities Corp., Federated International Securities Corp. and their employee-representatives, act in the capacity of solicitors for Federated Investment Counseling and certain other Advisory Companies. In certain cases, Federated Securities Corp. or Federated International Securities Corp., and their employee-representatives, also provide advice on behalf of us and other Federated Advisory Companies to the institutional, high-net worth, separately managed account/wrap fee account and other clients of Federated Investment Counseling and other Federated Advisory Companies. Federated Securities Corp. and Federated International Securities Corp. receive compensation from us and such other Advisory Companies (in the form of an intercompany credit) for performing these activities on our and their behalf. Federated Securities Corp.’s or Federated International Securities Corp.’s employee-representatives also may receive compensation from Federated Securities Corp. or from Federated International Securities Corp. for performing such solicitation and other functions. In connection with these services, under applicable guidance issued by the SEC, Federated Securities Corp.’s and Federated International Securities Corp.’s relevant regulatory history, if any, is required to be disclosed to clients and potential clients.

Employees and supervised persons of Federated Investment Counseling and/or our affiliates (*e.g.*, the other Federated Advisory Companies) also may receive salaries, bonuses and certain sales awards, such as travel and entertainment, from Federated Investors or other affiliates. For example, Federated Securities Corp.’s or Federated International Securities Corp.’s employee-representatives are salaried employees of Federated Securities Corp. or of Federated International Securities Corp., respectively and receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses may be based on a number of factors, including mutual fund/account sales, net sales, increase in average annual assets and/or revenue of assigned accounts/investment products or territories, and, for certain sales managers, Federated Investors, Inc.’s overall financial results. Certain employee-representatives may be eligible to receive a portion of their annual bonus in cash or a combination of cash and restricted stock of Federated Investors, Inc. Certain representatives of Federated Securities Corp. or Federated International Securities Corp., who are not employees of Federated Securities Corp. or Federated International Securities Corp., but are salaried employees of Federated Advisory Services Company, receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses for these representatives are based on revenue of assigned accounts/investment products. Finally, investment professionals may receive a fixed-base salary and a variable annual incentive or bonus. Base salary is determined within a market competitive, position-specific salary range, based on the portfolio manager’s experience and performance. The annual incentive amount or bonus is determined based primarily on the performance of the investment accounts, strategies and/or funds/products managed by the investment professional and may be paid entirely in cash, or in a combination of cash and restricted stock of Federated Investors. There also can be a discretionary component based on a variety of factors, including, among others, financial measures and performance. The allocation or weighting given to the performance of any account, strategy and/or fund/product when compensation is calculated, can vary. The performance of any such account, strategy and/or fund/product may or may not represent a significant portion of the calculation at any point in time (and may be adjusted periodically). Investment performance is based on a variety of factors including performance versus account, strategy and/or fund/product specific benchmarks. (Please refer to “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.) Such employees and supervised persons also may receive certain entertainment and gifts from third parties to the extent permitted under Federated Investment Counseling’s, and the other Federated Advisory Companies’, Code of Ethics. (Please refer to “Our Code of Ethics” in Item 11 of this brochure for further information on Federated Investment Counseling’s Code of Ethics.)

We also may be provided with office space, phone systems, computer systems, internet and other administrative, clerical and technical support from or through our ultimate parent company, Federated Investors, Inc., or its affiliates.

Arrangements in which Federated Investment Counseling or our related persons receive economic benefits from non-clients create conflicts of interest for us and our related persons. We, and our employees and supervised persons, have an incentive to favor these non-clients over the interests of our clients. For example, we, and our employees and supervised persons, have an incentive to utilize the services of a particular broker/dealer, or recommend a particular security to or buy a particular security for, a client account based on economic benefits received from the broker/dealer or issuer or placement agent.

(Please refer to “Sales Compensation” in Item 5 of this brochure for additional information regarding these arrangements.) Conflicts of interest also arise in connection with certain portfolio manager or other employee and supervised person compensation arrangements. (Please refer to “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.)

B. Arrangements Where Compensation is Paid to Another Person for Client Referrals

Federated Investment Counseling and our affiliates (*e.g.*, certain other Advisory Companies) may enter into various arrangements pursuant to which employees, or affiliated and unaffiliated third parties, including, with respect to non-U.S. solicitation activities, certain Hermes Advisory Companies, may be compensated, directly or indirectly, for referring clients to Federated Investment Counseling or our affiliates. (Please refer to “Arrangements Involving Receipt of Economic Benefits from Non-Clients” in Item 14 of this brochure and “Sales Compensation” in Item 5 of this brochure for further information.) Such compensation will not result in a charge to investment advisory clients, or in any differential in the level of advisory fees customarily charged, unless specifically disclosed to clients.

While not advisory clients of the Advisory Companies (unless a separate advisory relationship exists), we and our affiliates may enter into arrangements pursuant to which potential shareholders are solicited for investment in Investment Companies or other investment products sponsored, managed serviced or distributed by Federated Investors or the Advisory Companies (including Affiliated Investment Vehicles).

Arrangements where we, or our affiliates (*e.g.*, certain other Advisory Companies), pay compensation to solicitors for referrals create conflicts of interest for us, and our affiliates, as well as the solicitors. We, and our employees and supervised persons, and our affiliates, have an incentive to utilize or recommend the solicitor's products and services. The solicitor also has a financial incentive to favor the services of, and products sponsored, distributed or managed by, Federated Investment Counseling and our affiliates, over the interest of clients. (Please refer to “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.)

ITEM 15. CUSTODY

Under SEC Rule 206(4)-2 under the Advisers Act, Federated Investment Counseling is deemed to have custody of client funds because, in certain cases, we have arrangements that authorize us to have our advisory fees deducted from client accounts. (Please refer to “Fees and Compensation” in Item 5 of this brochure for further information regarding these fee arrangements.) We may also be deemed to have custody of a client account because we have the authority to engage custodians on behalf of Separate Account clients or Pooled Investment Vehicles, or are deemed to control Pooled Investment Vehicles. Generally, in these instances, we will annually distribute audited financial statements prepared in accordance with U.S. GAAP to all limited partners, members, or other beneficial owners pursuant to Rule 206(4)-2(b)(4) (the “Audit Exception”). To the extent that we cannot rely on the Audit Exception for such clients (*e.g.*, for clients for whom audited financials are not prepared according to U.S. GAAP), a surprise examination will be conducted annually to verify the existence of assets in the account.

To address potential conflicts of interest associated with the deduction of fees, and other possible client concerns with these arrangements, we have policies and procedures in place which we believe are reasonably designed to seek to ensure that the amount of assets under management on which our fees are billed is accurate and that our fees are consistent with the terms of our investment management agreements with our clients. For example, we either have segregated the

responsibilities of employees responsible for invoicing and collecting our fees or our auditing department periodically reviews our practices. We also periodically test on a sample basis our fee calculations to confirm their accuracy.

With the exception of certain Pooled Investment Vehicles, we generally do not open accounts for our clients with qualified custodians. Clients generally are responsible for opening their own accounts directly with a qualified custodian or through an intermediary, such as a Managed Account Program Sponsor, Platform Provider or Overlay Manager. Qualified custodians include banks, savings associations, registered brokers/dealers, registered futures commission merchants, and foreign financial institutions that customarily hold financial assets for their customers on a segregated basis. For Investment Company (*i.e.*, mutual fund) shares, the Investment Company's transfer agent is considered the custodian.

Certain Managed Account Program Sponsors require us to execute trades for clients using prime brokerage arrangements. In these Managed Account Programs, we serve as a discretionary portfolio manager for clients in the Managed Account Program Sponsor's Managed Account Program. Under these prime brokerage arrangements, the Managed Account Program Sponsor, acting as the prime broker, generally requires that we only utilize clearing brokers ("Executing Brokers") with which the Managed Account Program Sponsor has prime brokerage agreements in place. In addition to our agreement with the Managed Account Program Sponsor, we are required to enter into agreements with the Executing Brokers for their execution/clearing services on behalf of the clients. These agreements with the Executing Brokers establish accounts at the Executing Broker in the name, or for the benefit, of the clients for purposes of executing trades. Under the client agreement between the Managed Account Program Sponsor and the client, in addition to other provisions relating to the prime brokerage arrangements, the client grants the authority to give instructions to each Executing Broker and to take all other actions necessary or incidental to the execution of such instructions. Based on this authorization, the Managed Account Program Sponsor also grants the authority to us to give instructions to each Executing Broker. The Managed Account Program Sponsor also has confirmed that we have the authority under the client agreement, and our agreement with the Managed Account Program Sponsor, to enter into the agreements with the Executing Brokers required by the prime brokerage arrangement. In addition to establishing accounts in the name, or for the benefit of, clients for purposes of executing trades, these agreements with the Executing Brokers purport to bind clients to arbitration clauses, confirmation waivers, consents to disclosure of financial information, acknowledgements of receipt of required disclosures, security interest grants and other provisions, all in connection with executing trades through the prime brokerage arrangement required by the Managed Account Program Sponsor. When entering into the agreements with the Executing Brokers, and executing trades through these prime brokerage arrangements, (1) we are acting pursuant to the authority granted, and requirements imposed by, the Managed Account Program Sponsor and the clients for purposes of effecting trades in the clients' accounts under the Managed Account Program, (2) we do not have possession or control over the client assets or the authority to withdraw client cash, securities or other assets or to otherwise obtain possession of client cash, securities or other assets, and (3) we do not have ownership of or access to client cash, securities or other assets."

Clients will receive account statements from the broker/dealer, bank or other qualified custodian for their accounts and clients should carefully review those statements. If you also receive an account report from us, we urge you to compare the account statement that you receive from the qualified custodian with any report you receive from us.

Related persons of Federated Investment Counseling (*e.g.*, certain other Advisory Companies) are sometimes asked by clients for suggestions of entities to act as custodians for accounts and, in response, recommend commercial banks or brokers/dealers that act in that capacity. When asked for a recommendation concerning a custodian, we will share our views regarding a number of factors such as the ability to execute trades, the custodian's experience in acting as custodian for the type(s) of assets owned by the client, the overall cost of the custodian's services, the custodian's willingness to allow trading through other brokers or dealers, the custodian's willingness to perform the recordkeeping necessary to allow clients to pool their transactions in order to obtain the best price and execution, the custodian's geographic proximity to the client which may enhance the client's ability to deal with the custodian, the willingness and ability of the custodian to assist the client in transferring assets and distributions and overall service. In limited circumstances where we are authorized to select custodians for Pooled Investment Vehicles, consideration is given to the same factors, to the extent applicable to the Pooled Investment Vehicle in question.

ITEM 16. INVESTMENT DISCRETION

As discussed under “Our Advisory Services” in Item 4 of this brochure, Federated Investment Counseling accepts discretionary authority on behalf of clients to manage their accounts. If we accept discretionary authority, we typically obtain this authority at the outset of an advisory relationship. This authority permits us to select the identity and amount of securities to be bought and sold for a client’s account without prior consultation with the client. The types and amounts of securities traded by Federated Investment Counseling or the other Federated Advisory Companies on behalf of any client’s portfolio are limited by the written investment objectives, policies, guidelines and restrictions/limitations that may be provided by the client or which are adopted by such client’s board of trustees/directors or other governing body (the Board). Ordinarily, the Board does not adopt express limitations on which brokers/dealers may be used or what commissions are paid.

We strive to tailor our Investment Supervisory Services to the individual needs of our clients. For example, we generally permit clients to impose reasonable restrictions on investment in certain securities or types of securities. We will consider a restriction reasonable if, in our judgment, the restriction does not impair, in any material or other significant manner, our ability to manage a client’s assets in accordance with the investment strategy and guidelines for that client’s account. In all cases, our investment discretion is exercised in a manner consistent with the stated investment objectives, policies, guidelines, and restrictions/limitations for a particular client account or investment product.

Examples of restrictions or limitations that clients may (or customarily do) place on our discretionary authority include, among other possible restrictions or limitations:

- Not to invest in certain securities or types of securities or other investments (such as privately issued securities or Rule 144A securities, or all or certain derivatives);
- Not to engage in certain investment-related techniques or practices, such as soft dollars, securities lending or shorting of securities;
- Not to invest in securities issued by companies in certain specific industries or categories identified by a client (such as, for example, tobacco companies), including any industries that the client does not consider to be socially responsible;
- Not to invest in investments that will result in a tax-exempt client receiving unrelated business taxable income;
- Not to invest in securities issued by companies affiliated with the client; and
- To direct brokerage/trading of securities transactions to particular brokers/dealers (we do not recommend, request or require directed brokerage/trading. (Please refer to “Directed Brokerage” in Item 12 of this brochure for further information.)

We also endeavor to comply with restrictions or limitations under applicable law for example, such as, not investing in securities issued by companies that a client, or applicable law, consider to be supporting certain terrorist or embargoed nations.

In certain Managed Account programs, Federated Investment Counseling’s investment discretion also may be limited by policies, procedures and limitations imposed in connection with the Managed Account Programs (whether by the program Sponsor, Platform Provider, custodian or other third parties involved with the administration, operation and management of the Managed Account Programs). For example, our ability to purchase a security for a Managed Account client’s account may be limited, or delayed for a period of time (sometimes at least 31 days) if a Managed Account Program has a policy of preventing the acquisition of a security within 30 days of its disposition (a transaction sometimes referred to as a “wash sale”) in order to preserve potential losses realized on the disposition of such security under applicable tax law.

Our discretionary authority also may be limited by applicable securities, tax, and other laws. For example, for accounts subject to ERISA, our discretionary authority may be limited by certain requirements of or prohibitions in ERISA. If we have Private Investment Company clients, our discretionary authority also may be limited by certain federal securities laws or tax laws that require diversification of investments or, to obtain a more favorable tax treatment, favor the holding of investments once made.

As discussed under “Requirements for Accounts” in Item 7 of this brochure, Federated Investment Counseling requires clients to enter into an investment management agreement with us. Our investment management agreements contain

grants of authority from our clients that allow us to manage client assets and, in certain cases, we may request clients to execute and deliver a separate, stand-alone power of attorney. Managed Account clients may not enter into an investment management agreement directly with us. In that case, Managed Account clients will enter into investment management and/or other agreements with the Sponsors, Platform Providers or Overlay Managers for the Managed Account Program. We also may request clients to provide proof of authority, directed trading letters, qualified purchaser or accredited investor letters/certifications, or other information to allow us to manage client assets. (Please refer to “Requirements for Accounts” in Item 7 of this brochure for further information.)

Investment objectives, policies, guidelines, and restrictions/limitations generally are required to be in writing. The scope of our investment discretion is generally described in our investment management agreements with our clients and/or in the disclosure documents for the investment products that we manage. Except for the limited ability to have fees deducted from client accounts as discussed under “Fees and Compensation” in Item 5 of this brochure, and limited circumstances where we are authorized to select custodians for Pooled Investment Vehicles as discussed in Item 15 of this brochure, our investment discretion does not include the ability to withdraw client securities or other assets.

ITEM 17. VOTING CLIENT SECURITIES

We will accept the authority to vote proxies with respect to securities held in client accounts to which we provide discretionary investment advisory services. The scope of our authority to vote proxies typically is set forth in our investment management agreements with our clients or, in the case of Managed Accounts, in our agreements with the Managed Account Program Sponsors and Platform Providers and the client’s Managed Account documentation. With respect to Model Portfolio Management Services and other non-discretionary investment advisory services, we typically will not vote proxies. However, we may provide voting recommendations to such clients or Managed Account Program Sponsors, Platform Providers and Overlay Managers.

Federated Investment Counseling has adopted proxy voting policies and procedures. Federated Investment Counseling’s general policy is to cast proxy votes in favor of management proposals and shareholder proposals that we anticipate will enhance the long-term value of the securities being voted. Federated Investment Counseling may also take into account certain proxy voting research and/or recommendations provided by Hermes EOS. However, Federated Investment Counseling does not grant proxy voting authority to Hermes EOS and considers such research and/or recommendations among other factors it deems relevant to its proxy voting determinations.

Federated Investment Counseling also generally votes consistently on the same matter when securities of an issuer are held by multiple client portfolios, unless Federated Investment Counseling has received explicit voting instructions from a client to vote differently on behalf of its portfolio.

To the extent that we have accepted authority to vote securities in a client’s account, a client generally can direct how Federated Investment Counseling votes with respect to a particular solicitation. A client wishing to do so should submit a written instruction to us at the address specified for notices in the client’s investment management agreement with us. Managed Account Program clients may be required to submit a written instruction to the Managed Account Program Sponsor or Platform Provider. Federated Investment Counseling will endeavor to vote in accordance with any such written instructions that are timely communicated to Federated Investment Counseling and received by us reasonably in advance of the time that we, or our proxy voting service, votes with respect to a particular solicitation.

Conflicts of interest arise from time to time between the interests of Federated Investment Counseling and/or our affiliates (e.g., the other Advisory Companies), and the interests of our clients. Federated Investment Counseling has adopted procedures to address situations where a matter on which a proxy is sought may present a potential conflict between the interests of the client and those of Federated Investment Counseling or our affiliates. If such potential material conflicts of interest do arise, Federated Investment Counseling will analyze and document them and shall ultimately vote the relevant proxies in what Federated Investment Counseling believes to be the best long-term economic interests of its clients. The Federated Proxy Voting Committee is responsible for monitoring and reporting with respect to such potential material conflicts of interest.

If we do not have the authority to vote proxies for a client’s account, a client generally will receive proxies or other solicitations from their custodian, transfer agent or other intermediary. If we inadvertently receive a proxy or other solicitation, we will endeavor to return it promptly to the custodian, transfer agent or other intermediary (e.g., a proxy

aggregator or, for Managed Accounts, from the Managed Account Program Sponsor or Platform Provider if different from the custodian) for the client's account, although there is no guarantee that it would be returned either by us or the intermediary prior to the voting deadline for the solicitation. The client can still ask us questions regarding the particular solicitation by sending us the question in writing at the address specified below. We will endeavor to respond to questions in a timely manner, but there is no guarantee that a response will be received by the client prior to the voting deadline for the solicitation.

We will furnish a copy of our proxy voting policies and procedures to any client upon such client's written request. A client can additionally request at any time a record of all votes cast for its portfolio. The record reflects the proxy issues that we voted for the client during the past year, as well as the position taken with respect to each issue. Written requests should be sent to:

Investment Administration-Proxy Services
c/o Federated MDT Advisers
125 High Street
Oliver Street Tower, 21st Floor
Boston, Massachusetts 02110

ITEM 18. FINANCIAL INFORMATION

Federated Investment Counseling is not required to include a balance sheet for our most recent fiscal year because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Even though we do not require prepayment of our advisory fees, since we accept discretionary investment authority over client assets as discussed under "Investment Discretion" in Item 16 of this brochure and are deemed to have custody of client assets as discussed under "Custody" in Item 15 of this brochure, we disclose that there are no financial conditions affecting us that are reasonably likely to impair our ability to meet contractual commitments to our clients. We also disclose that we have not been subject to a bankruptcy petition at any time during the past ten years.

PRIVACY POLICY AND NOTICE

Federated is committed to maintaining the confidentiality, security and integrity of client and shareholder information. We want you to understand how Federated obtains information, how that information is used and how it is kept secure.

Personal Information Federated Collects

Federated may collect nonpublic personal information about you from the following sources:

- We may collect information from you or your financial representative on account applications, other forms or electronically, such as your name, address, Social Security Number, assets and income.
- We may collect information from you or your financial representative through transactions, correspondence and other communications, such as specific investments and account balances.
- We may obtain other personal information in connection with providing you a financial product or service, such as depository or debit account numbers.

Information Sharing Policy

Except as described below, Federated does not share customer information or disclose any personal information about you. If you decide to close your account(s) or become an inactive customer, we will continue to follow these privacy policies and practices.

Federated will not disclose personal information, account numbers, access numbers or access codes for deposit or transaction accounts to any nonaffiliated third party for use in telemarketing, direct mail or other marketing purposes.

Federated limits the sharing of nonpublic personal information about you with financial or non-financial companies or other entities, including companies affiliated with Federated, and other, nonaffiliated third parties, to the following:

- Information that is necessary and required to process a transaction or to service a customer relationship. For example, with a company that provides account record keeping services or proxy services to shareholders.
- Information that is required or permitted by law. For example, to protect you against fraud or with someone who has a legal or beneficial interest, such as your power of attorney, or in response to a subpoena.
- We may disclose some or all of the information described above with companies that perform joint marketing or other services on our behalf. For example, with the financial intermediary (bank, investment advisor, or broker-dealer) through whom you purchased Federated products or services, or with providers of joint marketing, legal, accounting or other professional services.

Notwithstanding any other provision of this policy, for the avoidance of doubt, nothing herein prevents reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures, protected under the whistleblower provisions of federal law or regulation. However, the protections provided for nonpublic personal information under state and federal privacy rules are not superseded by the federal whistleblower rules. As a result, the release of nonpublic personal information, even to a government agency or entity, remains protected under state and federal privacy rules, and could be considered a violation of federal privacy rules, until the SEC or other government entity specifically request the nonpublic personal information to support a claim made by the whistleblower.

Information Security

Federated maintains physical, electronic, and procedural safeguards to protect your nonpublic personal information, and has procedures in place for its appropriate disposal and protection against its unauthorized access or use when we are no longer required to maintain the information.

When Federated shares nonpublic personal information, the information is made available for limited purposes and under controlled circumstances. We require third parties to comply with our standards for security and confidentiality. These requirements are included in written agreements between Federated and such third-party service providers.

Each of the following sections explains an aspect of Federated's commitment to protecting your personal information and respecting your privacy.

Employee Access to Information

All Federated employees must adhere to Federated's privacy and confidentiality policies. Employee access to nonpublic personal information is authorized for business purposes only and is based on an employee's need for the information to service a customer's account or comply with legal requirements.

Visiting a Federated Website

- Federated's website maintains statistics about the number of visitors and the information viewed most frequently. These statistics are used to improve the content and level of service we provide to our clients and shareholders.
- Information or data entered into a website will be retained.
- Where registration or reentering personal information on a website is required, "cookies" are used to improve your online experience. A cookie is a small file stored on your computer that recognizes whether you have visited our site before and identifies you each time you visit. Cookies provide faster access into the website.
- We may also obtain non-personally identifiable Internet Protocol ("IP") addresses for all other visitors to monitor the number of visitors to the site; these addresses are never shared with any third party.

Restricted Access Website

Federated provides restricted sections of its websites for Investment Professionals and certain clients or shareholders. Information entered in these sites is only accessible by those individual clients or shareholders, persons with whom they share access information, a limited number of Federated employees and Federated's service providers who maintain website functionality. Federated does not permit the use of that information for any purpose, or the renting, selling, trading, or otherwise releasing or disclosing of information to any other party.

Email

If you have opted to receive marketing information from Federated by email, our policy requires that all messages include instructions for canceling subsequent email programs. Some products or services from Federated are intended to be delivered and serviced electronically. Email communication may be utilized in such cases. Please do not provide any account or personal information such as Social Security Numbers, account numbers, or account balances within your email correspondence to us. We will not use unsecured email to execute transaction instructions, provide personal account information, or change account registration.

Surveys / Aggregate Data

Periodically, Federated may conduct surveys about financial products and services or review elements of customer information in an effort to forecast future business needs. We then generate reports that are used for Federated's planning, analytical and other corporate purposes.

Changes to Our Privacy Statement

Federated reserves the right to modify this privacy statement at any time. We will notify you of any changes that may affect your rights under this policy statement.

We Welcome Your Comments

Federated welcomes your questions and comments about our Privacy Policy. Client Service Representatives are available at 1-800-341-7400, Monday through Friday from 8:00 a.m. to 6:00 p.m. ET.

This privacy disclosure applies to: Federated Investors, Inc. and each of its wholly owned broker-dealer, investment advisor and other subsidiaries.

This policy is effective December 1, 2018.

Certain Disclosures to ERISA Plan Fiduciaries

Annual Update of Prior Disclosures.

This disclosure is intended to satisfy Federated Investment Counseling's requirement to update the disclosures ("Prior Disclosures") that Federated Investment Counseling has provided pursuant to regulations ("Fee Disclosure Rules") issued by the U.S. Department of Labor ("DOL") under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974 ("ERISA") either:

- (1) where Federated Investment Counseling provides services directly to an applicable employee pension benefit plan covered by ERISA (each an "ERISA Plan"), to the named fiduciary (each a "Responsible Plan Fiduciary") responsible for engaging/continuing the services of service providers to the ERISA Plan, such as Federated Investment Counseling; and
- (2) where Federated Investment Counseling provides services as a subcontractor to another investment adviser, Managed Account Program Sponsor or Overlay Manager (each a "Primary Service Provider"), to the Primary Service Provider for use by the Primary Service Provider in providing the Primary Service Provider's required disclosures, or annual updates thereto, to applicable Responsible Plan Fiduciaries.

As applicable, Responsible Plan Fiduciaries and Primary Service Providers should read this disclosure in conjunction with:

- the investment management agreement, program agreement, model provider agreement or other agreement entered into by Federated Investment Counseling with (as applicable) the ERISA Plan/Responsible Plan Fiduciary or Primary Service Provider for Federated Investment Counseling's separate investment supervisory or management services, model portfolio management services and/or other investment advisory services (each an "Applicable Agreement");
- Federated Investment Counseling's Prior Disclosures; and
- any Summary of Material Changes to Federated Investment Counseling's Form ADV, Part 2A, firm brochure provided by Federated Investment Counseling, and Federated Investment Counseling's Form ADV, Part 2A, firm brochure previously provided by Federated Investment Counseling. Any Summary of Material Changes and Federated Investment Counseling's Form ADV, Part 2A, firm brochure are collectively referred to as Federated Investment Counseling's "Brochure".

Summary of Fee Disclosure Rules.

The Fee Disclosure Rules require service providers to an applicable ERISA Plan to disclose to the Responsible Plan Fiduciary comprehensive information about the services provided and compensation received by the service provider in a manner intended to assist the Responsible Plan Fiduciary in:

- (a) assessing the "reasonableness" of total compensation, both direct and indirect, received by the service provider, its affiliates and/or subcontractors;
- (b) identifying any potential conflicts of interest; and
- (c) assisting the Responsible Plan Fiduciary in obtaining the information the Responsible Plan Fiduciary needs to both (x) comply with the Responsible Plan Fiduciary's reporting and disclosure obligations under ERISA and, if applicable (y) satisfy the Responsible Plan Fiduciary's separate investment disclosure obligations to participants in ERISA Plans that allow participants to direct their own investments.

Required Disclosures.

All of the information required to be disclosed by the Fee Disclosure Rules in connection with the services provided by Federated Investment Counseling and its affiliates and/or subcontractors is provided in:

- (i) the Applicable Agreement and
- (ii) Federated Investment Counseling's Brochure.

Where Federated Investment Counseling provides its separate investment supervisory or management services, model portfolio management services or other investment advisory services (as applicable) as a fiduciary or investment advisor to an ERISA Plan pursuant to a contractual agreement with the ERISA Plan or its Responsible Plan Fiduciary, then, in order to assist each Responsible Plan Fiduciary in its review of the particular items subject to the Fee Disclosure Rules,

such Responsible Plan Fiduciary also should have received, upon account inception, a separate letter, “guide” or similar disclosure document expressly intended to assist them in locating where the disclosures required by the Fee Disclosure Rules are set out in their Applicable Agreement and Federated Investment Counseling’s Brochure (the “Direct Service Provider Initial Fee Disclosures”).

Where Federated Investment Counseling provides its separate investment supervisory or management services, model portfolio management services or other investment advisory services (as applicable) as a subcontractor to a Primary Service Provider, and the Primary Service Provider has, in turn, entered into a contractual agreement with the ERISA Plan or its Responsible Plan Fiduciary, the Responsible Plan Fiduciary will not have received a Direct Service Provider Initial Fee Disclosure from Federated Investment Counseling; rather, Federated Investment Counseling should have made relevant disclosures to the Primary Service Provider (the “Subcontractor Initial Fee Disclosures”), and the Primary Service Provider, in turn, should have made required disclosures directly to the Responsible Plan Fiduciary. For purposes of this disclosure, the Direct Service Provider Initial Fee Disclosures and the Subcontractor Initial Fee Disclosures are referred to collectively, as applicable, as the “Initial Fee Disclosures”.

Timing of Required Fee Disclosures.

The required disclosures to each Responsible Plan Fiduciary or Primary Service Provider, as applicable, should have been made not later than immediately prior to the ERISA Plan/Responsible Plan Fiduciary entering into the contract or arrangement with (as applicable) Federated Investment Counseling or the Primary Service Provider.

Any updates/changes to the following categories of information (collectively, the “Fee-Related Disclosures”) disclosed in the required disclosures must be provided to the Responsible Plan Fiduciary as soon as practicable, but generally not later than 60 days, after the date on which the covered service provider is informed of the change:

- services provided;
- fiduciary status;
- service-provider compensation;
- recordkeeping services; and
- manner in which compensation is received.

Responsible Plan Fiduciaries or Primary Service Providers (as applicable) would have received any required disclosures of updates/changes regarding Federated Investment Counseling’s applicable Initial Fee Disclosures either by a separate notice, an amendment to an Applicable Agreement with Federated Investment Counseling, or an interim update to Federated Investment Counseling’s Brochure (such a notice, amendment, or interim update being an “Interim Fee Disclosure Update”). For purposes of this disclosure, Federated Investment Counseling’s Initial Fee Disclosures and any Interim Fee Disclosure Updates are referred to collectively, as applicable, as Federated Investment Counseling’s “Required Fee Disclosures”.

Update to Federated Investment Counseling’s Required Fee Disclosures

Unless a Responsible Plan Fiduciary or Primary Service Provider (as applicable) received an Interim Fee Disclosure Update from Federated Investment Counseling, Federated Investment Counseling intends this disclosure, which is being delivered with Federated Investment Counseling’s Summary of Material Changes or updated Brochure (as applicable), as notice that Federated Investment Counseling’s Required Fee Disclosures continue to be accurate (except to the extent that Federated Investment Counseling’s Brochure has been changed as reflected in the most recent Summary of Material Changes to Federated Investment Counseling’s Brochure). To the extent any information described in the items of Federated Investment Counseling’s Brochure and referenced in the Required Fee Disclosures has changed as described in the Summary of Material Changes, then delivery of the Summary of Material Changes (or updated Brochure) and this disclosure is intended to constitute the notice of changes in any Fee-Related Disclosures required by the Fee Disclosure Rules.

Fee Related Disclosure Summary Chart

Regardless of whether a Responsible Plan Fiduciary or Primary Service Provider has been provided with any Interim Fee Disclosure Update, it is possible that the information in the particular items of Federated Investment Counseling’s Brochure referenced in Federated Investment Counseling’s Required Fee Disclosures, and listed in the chart below, may have changed. Accordingly, the following items from Federated Investment Counseling’s Brochure (including any Summary of Material Changes delivered in connection with its Brochure) should be reviewed (in conjunction with each

Applicable Agreement and all prior Required Fee Disclosures) as part of any determination to continue Federated Investment Counseling as a service provider or subcontractor to an ERISA Plan.

Fee-Related Disclosures	Location(s)
A description of the services that Federated Investment Counseling and its affiliates and/or subcontractors (“FIC”) will provide to your ERISA Plan.	Form ADV: Item 4. Advisory Business Item 8. Methods of Analysis, Investment Strategies and Risk of Loss Item 12. Brokerage Practices Item 16. Investment Discretion Item 17. Voting Client Securities
A statement concerning the services FIC will provide as an ERISA fiduciary.	This statement is set forth in the Applicable Agreement
Compensation FIC and related parties will receive from your ERISA Plan	Form ADV: Item 5. Fees and Compensation; A. Our Advisory Fees Item 5. Fees and Compensation; B. How We Charge and Collect Our Advisory Fees Item 5. Fees and Compensation; C. Fees and Expenses, Other than Our Advisory Fees
Compensation FIC and related parties will receive from other parties that are not related to FIC (“indirect” compensation”)	Form ADV: Item 5. Fees and Compensation; C. Fees and Expenses, Other Than Our Advisory Fees Item 12. Brokerage Practices; A. Selection Criteria for Brokers / Dealers; 1. Research and Other Soft Dollar Benefits
Compensation that will be paid among FIC and related parties.	Form ADV: Item 4. Advisory Business; E. Our Use of “Shared Personnel” and Third-Party Service Providers
Compensation FIC will receive if you terminate your Applicable Agreement	Form ADV: Item 5. Fees and Compensation; D. Obtaining a Refund for Fees Paid in Advance
The cost to your ERISA Plan of recordkeeping services.	Federated does not provide recordkeeping services to the Plan.

DENIS P. DOHERTY, CFAⁱ
FEDERATED INVESTORS TOWER
1001 LIBERTY AVENUE
PITTSBURGH, PENNSYLVANIA 15222-3779
(412) 288-4876

March 15, 2019

Federated Investment Counseling
Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, Pennsylvania 15222-3779
1-800-245-4770 (select Option 2)

This brochure supplement provides information about Denis P. Doherty that supplements the brochure of the investment advisory firm identified above. You should have received a copy of the brochure for the investment advisory firm identified above. Please contact such investment advisory firm at the number provided above if you did not receive a brochure for your investment adviser or if you have any questions about the contents of this supplement.

Additional information about Mr. Doherty is available on the United States Securities and Exchange Commission's (SEC) website at www.adviserinfo.sec.gov.

Item 2: Educational Background and Business Experience

Year of Birth:	1963
Educational Background:	BS - University at Albany, State University of New York MBA - Fordham University
Business Background (past five years):	Federated Investment Counseling, Sr. Vice President, Head of Managed Accounts Group, Sr. Portfolio Manager, Investment Adviser Representative (2005 - present)

Item 3: Disciplinary Information

There are no applicable legal or disciplinary events for Mr. Doherty.

Item 4: Other Business Activities

Investment-Related Activities. Mr. Doherty, as of the date of this brochure supplement, is not engaged in any business activities or occupations that are not related to his responsibilities for the investment advisory firm identified on the cover page to this brochure supplement and affiliated companies.

Mr. Doherty is a supervised person of the investment advisory firm listed on the cover page of this brochure supplement, which is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940. This registration does not imply a certain level of skill or training. This company shares certain common managers, trustees, directors, officers, employees and supervised persons with several affiliated registered investment advisers (collectively, the "Federated Advisory Companies"), registered and unregistered investment advisers affiliated with Hermes Fund Managers Limited (the "Hermes Advisory Companies"), as well as an affiliated trust company, two affiliated broker-dealers, and other companies, all of which are subsidiaries of Federated Investors, Inc.

Mr. Doherty is paid a fixed-base salary and a variable annual incentive. Base salary is determined within a market competitive, position-specific salary range, based on the individual's experience and performance. The annual incentive amount is determined based primarily on the performance of the investment accounts, strategies, and/or products ("accounts") Mr. Doherty manages, and may also include a discretionary component based on a variety of factors deemed relevant, such as financial measures and performance. All or a portion of any annual incentive amount may be paid in cash or a combination of cash and restricted stock of Federated Investors. The allocation or weighting given to the performance of any account, for which Mr. Doherty is responsible, when compensation is calculated, can vary. The performance of any such account may or may not represent a significant portion of the calculation at any point in time (and may be adjusted periodically). Investment performance is based on a variety of factors including performance versus account specific benchmarks. Any individual allocations from the discretionary component may be determined by executive management on a discretionary basis using various factors, such as, for example, on a product, strategy or asset class basis, and considering overall contributions and any other factors deemed relevant (and may be adjusted periodically).

The relationships and compensation arrangements described herein can create actual and potential conflicts of interest for Mr. Doherty, including, among others, with respect to: (i) the amount of time allocated to the management of the accounts for which he is responsible; (ii) the allocation of client brokerage or other business opportunities to counterparties with whom Mr. Doherty has relationships; and (iii) the allocation of investment opportunities among accounts managed by the Federated Advisory Companies and/or Hermes Advisory Companies. Other potential conflicts can include, for example, conflicts created by specific investment professional compensation arrangements (including, for example, the allocation or weighting given to the performance of accounts for which Mr. Doherty is responsible when compensation is calculated). These conflicts generally are addressed by the written compliance policies and procedures and the Code of Ethics implemented by the Federated Advisory Companies (including your investment adviser) and through the structuring of compensation arrangements. You should also refer to the brochure for the Federated Advisory Company that is your investment adviser for further information on the actual and potential conflicts of interest that arise for your investment adviser, and how they are addressed.

Substantial Non-Investment Related Activities. Mr. Doherty does not engage in any other non-investment related business activities or occupations that provide a substantial source of his income or involve a substantial amount of his time.

Item 5: Additional Compensation

In addition to the compensation (including bonuses) that Mr. Doherty may receive as described under “Other Business Activities,” Mr. Doherty may also receive the following forms of compensation from non-clients:

- at management's discretion, become eligible to purchase restricted stock awards (in addition to salary) from Federated Investors, Inc., and
- certain travel, entertainment and gifts from third parties (such as broker-dealers, issuers or service providers) to the extent permitted under a Federated Advisory Company's Code of Ethics or other policies and procedures.

While these benefits are not sales-based compensation, Federated seeks to ensure they do not influence the advice provided by Federated personnel. The Federated Advisory Companies have established several controls designed to safeguard client accounts from being negatively affected as a result of compensation arrangements. Trade allocation policies prohibit the consideration of the compensation or other benefits received by the Federated Advisory Companies or their affiliates, or by any of their officers or employees, when allocating trades among participating client accounts or investment products. Portfolio manager and trader relationships with counterparties must be disclosed to the Compliance Department of the Federated Advisory Companies and are monitored on an ongoing basis. The written compliance policies and procedures and the Code of Ethics address and provide oversight of the receipt of entertainment and gifts, when political or charitable contributions can be made, and service on boards of directors/trustees.

Item 6: Supervision

The portfolio managers observe the portfolio objectives and special requirements of each account as well as the investment restrictions. Client accounts and/or investment products are reviewed on an ongoing basis by the portfolio manager(s) under general supervision of the Chief Investment Officer(s) for the applicable Federated Advisory Company identified on the cover page to this brochure supplement. Robert J. Ostrowski, CIO Taxable Fixed Income (412-288-2626), is the person responsible for supervising Mr. Doherty's advisory activities on behalf of the investment advisory firm identified on the cover page to this brochure supplement.

In addition, as part of the regular, ongoing, periodic reviews discussed above, or at other times determined necessary, reviews also are triggered for compliance purposes, such as in connection with monitoring and testing for compliance with investment guidelines and investment restrictions.

ⁱ The Chartered Financial Analyst (CFA) designation is issued by the CFA Institute. Candidates must complete a self-study program followed by an examination for each of three levels. Candidates must have an undergraduate degree and four years of professional experience involving certain investment-related activities.