

**FEDERATED MDTA LLC  
(INCLUDING ITS MDT ADVISERS DIVISION)**

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March 17, 2014

**Federated MDTA LLC (including its MDT Advisers division) 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 MDTA LLC (including its MDT Advisers division). If you have any questions about the content of this brochure, please contact us at 1-800-685-4277. 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 MDTA LLC (including its MDT Advisers division) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2. MATERIAL CHANGES

As required by SEC rules, through this summary, Federated MDTA LLC is identifying and discussing the changes from its last annual update to its Form ADV, Part 2A, brochure, dated March 13, 2013, that it believes may be material.

In the discussion immediately below, we are discussing only changes believed to be material from the last annual update of our brochure dated March 13, 2013. In the section below labeled “Certain Other Changes,” we also discuss certain (but not all) other changes to our brochure from our last annual update. We encourage you to use this summary to determine whether to review our amended annual updated brochure, dated March 17, 2014 (Updated Brochure), in its entirety or to contact Federated MDTA LLC with questions about the changes.

**Under Section F (“Our Assets Under Management”) in Item 4 (“Advisory Business”) of our brochure, we are updating our assets under management because they have changed. Accordingly, under Section F in Item 4, please replace the existing text with the following:**

As of December 31, 2013, Federated MDTA LLC had \$2,455,200,073 in assets under management. As of such date, our assets under management consisted of \$2,236,546,276 of assets that we managed on a discretionary basis. These include assets for which we provided Investment Supervisory Services and exercised discretionary authority or nondiscretionary authority with trading responsibility. As of such date, our assets under management also consisted of \$218,653,798 of assets that we managed on a non-discretionary basis. These include assets for which we provided nondiscretionary services and did not have trading responsibility. This latter category generally includes our Model Portfolio Management Services.

**Federated MDTA LLC’s parent company, Federated Investors, Inc. holds a non-voting, minority interest in both Dix Hills Partners, LLC, and its affiliate, Dix Hills Associates, LLC, (“Dix Hills”) and has had solicitation and business alliance arrangements with Dix Hills as well as strategic arrangements with GML Capital LLP. While Federated Investors, Inc. continues to hold a non-voting, minority interest in both Dix Hills Partners, LLC, and its affiliate, Dix Hills Associates, LLC, the solicitation and business alliance arrangements have been terminated. The strategic arrangements with GML Capital LLP have also been terminated. Accordingly, references to the solicitation and business alliance arrangements with Dix Hills and GML Capital LLP have been removed throughout our brochure including in the following sections:**

- Section E (“Sales Compensation”) in Item 5 (“Fees and Compensation”);
- Section B (“Relationships with Commodity Pool Operators and Commodity Trading Advisors”) and Section D (“Relationships with Certain Investment Advisers”) in Item 10 (“Other Financial Industry Activities and Affiliations”); and
- Section A (“Arrangements Involving Receipt of Economic Benefits from Non-Clients”) in Item 14 (“Client Referrals and Other Compensations”).

**Under Section B.6 (“Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices”) in Item 6 (“Performance-Based Fees and Side by Side Management”) of our brochure, Federated MDTA LLC is updating the fourth through sixth paragraphs to clarify our practices and describe new trade rotation practices for equity investment strategies in connection with affiliated advisers’ Managed Accounts and our Model Portfolio Management Services. Accordingly, under Section B.6 in Item 6, please replace the third through sixth paragraphs under “Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices” with the following:**

Due to operational, technological and other reasons, Federated MDTA LLC’s related persons (*e.g.*, the other Federated Advisory Companies) do not utilize the same rotation approach as Federated MDTA LLC. These other Federated Advisory Companies have policies in place which are reasonably believed to be 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 aggregated trades for the other Federated Advisory Companies and clients of the other Federated Advisory Companies 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.

Taking these scenarios and factors into account, Federated MDTA LLC, 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. (Please refer to “Brokerage Practices” in this brochure for more information on directed brokerage/trading and trade aggregation.)

#### Federated Clover Investment Advisors Division of Federated Global Investment Management Corp.

As a result of the acquisition of Clover Capital Management, Inc. (the business of which is now operated as the Federated Clover Investment Advisors, a division of Federated Global Investment Management Corp., another Federated Advisory Company), the Federated Clover Investment Advisors division of Federated Global Investment Management Corp. has policies in place which are reasonably believed to be designed to commence trade execution as concurrently as practicable for Managed Accounts, on the one hand, and other client accounts (e.g., institutional and high net worth Separate Accounts and Investment Companies), on the other hand, at the different trading desks. When Federated Global Investment Management Corp. is 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 Federated Global Investment Management Corp.’s equity investment strategies utilized in providing its non-discretionary Model Portfolio Management Services, Federated Global Investment Management Corp. includes the Overlay Managers in the trade rotation process for its discretionary Managed Accounts and Federated Global Investment Management Corp. currently communicates model changes to the Overlay Managers during the Overlay Manager’s turn in the trading rotation. In implementing Federated Investment Counseling’s trade rotation process, Federated Investment Counseling may allot a period of time 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. 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, traded at the Federated Clover Investment Advisors division location are processed on a rotational basis by group. The Investment Company accounts will be 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. The institutional and high net worth Separate Accounts will be eligible for trade aggregation amongst such accounts themselves, which are traded using a different trade management system. For initial public offerings, the institutional and high net worth Separate Accounts traded using this different trade management system also may be aggregated on a cumulative basis with initial public offering trades with the Investment Company accounts of the Federated Clover Investment Advisors division, as well as the accounts of the other Federated Advisory Companies, that are traded using the other trade management system. In such a case, the institutional and high net worth Separate Accounts traded using this different trade management system will receive a pro rata allocation of the initial public offering. Within each group, the accounts will be allocated on a random or pro-rata basis. Trades for a client that has directed use of a particular broker or dealer are typically placed at the end of aggregated trading activity. Accordingly, directed transactions may be subject to the conditions discussed in this brochure under “Directed Brokerage” under “Selection Criteria for Brokers/Dealers” under “Brokerage Practices.” 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 Investment Counseling

Except as discussed below, when Federated Investment Counseling is 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 Federated Investment Counseling’s equity investment strategies utilized in providing its non-discretionary Model Portfolio Management Services, Federated Investment Counseling includes the Overlay Managers in the trade rotation process for its discretionary Managed Accounts and Federated Investment Counseling currently communicates model changes to the Overlay Managers during the Overlay Manager’s turn in the trading rotation. In implementing Federated Investment Counseling’s trade rotation process, Federated Investment Counseling may allot a period of time 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 Federated Investment Counseling’s fixed income investment strategies utilized in providing its 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, Federated Investment Counseling communicates fixed income model changes to Overlay Managers as concurrently as practicable (outside of its trade rotation process) with commencing trading with respect to the

Managed Accounts it manages on a discretionary basis. This fact generally results in fixed income model changes being communicated to Overlay Managers promptly after Federated Investment Counseling's discretionary fixed income trading has commenced.

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 MDTA LLC or other Federated Advisory Companies may in our or their discretion (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.

**Under Section C. 3 (“Other Actual or Potential Conflicts of Interest - Conflicts of Interest Relating to Voting Securities Held in Client Accounts”) in Item 6 (“Performance-Based Fees and Side by Side Management”) of our brochure, Federated MDTA LLC is clarifying that if a client is an Investment Company or Private Investment Company, we would take direction from its board of directors/trustees or other governing body in the circumstances described in the last paragraph. Accordingly, under Section C.3 in Item 6, please replace the last paragraph with the following:**

If a client's account holds shares of an Investment Company or Private Investment Company for which Federated MDTA LLC acts as an investment adviser, the Proxy Committee will vote the proxies in the same proportion as the votes cast by shareholders who are not clients of Federated MDTA LLC at any shareholders' meeting called by such Investment Company or Private Investment Company, unless otherwise directed by the client (or, in the case of an Investment Company or Private Investment Company, its board of directors/trustees or other governing body).

**Under Section 8.A (“Basic Information”) in Item 8 (“Methods of Analysis, Investment Strategies, and Risk of Loss”) of our brochure in the section entitled “Equity Securities,” clarifications were made regarding “technology risks” and “Eurozone risks,” and “medium size company risk” and “small company risk” were consolidated.**

**Under Section 8. B (“Strategy Specific Disclosures”) in Item 8 (“Methods of Analysis, Investment Strategies, and Risk of Loss”) of our brochure, clarifications were made regarding “quantitative modeling risks” for all strategies, and “medium size company risk” and “small company risk” were consolidated into “risks related to company size” in the following strategies: “MDT Mid Cap Growth,” “MDT Small Cap Core,” “MDT Small Cap Growth,” “MDT Small Cap Value.”**

**Edgewood Services, Inc., a broker/dealer affiliated with Federated MDTA LLC was deregistered as a broker/dealer in 2013. Accordingly, references to Edgewood Services, Inc. have been removed throughout our brochure, including in the following sections:**

- Section A (“Relationships with Broker-Dealers”) and Section C (“Relationships with Certain Related Persons”) in Item 10 (“Other Financial Industry Activities and Affiliations”); and
- The Privacy Policy that is attached as an addendum to our brochure has also been updated to remove Edgewood Services, Inc.

**Under Section B. (“Participation or Interest in Client Transactions”) in Item 11 (“Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”) of our brochure, Federated MDTA LLC is adding a statement at the end of the second paragraph to clarify that Federated MDTA LLC may sponsor, create and manage in the future private funds or other Pooled Investment Vehicles in which client assets will be invested. Accordingly, under Section B in Item 11, please add the following sentence to the end of the second paragraph:**

“Federated MDTA LLC, or other Federated Advisory Companies, also may sponsor, create and manage in the future other private funds or other Pooled Investment Vehicles in which client assets will be invested.”

**Under Section A. (“Selection Criteria for Brokers/Dealers”) in Item 12 (“Brokerage Practices”) of our brochure, we are updating the text to clarify the review of broker/dealer performance. Accordingly, under Section A in Item 12, please replace the fourth paragraph under “Selection Criteria for Brokers/Dealers” with the following text:**

Federated MDTA LLC has adopted written policies for brokerage allocation (Brokerage Policies), which are also part of and are periodically reviewed as part of our Soft Dollar Policy and Procedure. Senior management approves the allocation budget annually and reviews the annual budget in relation to projected and actual brokerage activity quarterly. The budget is determined with input from senior investment personnel. The performance of brokers/dealers is periodically reviewed by the applicable Chief Investment Officer (CIO) and other members of the Brokerage Practice Committee. Senior investment managers are responsible for periodically evaluating the quality and usefulness of the products and services received from or through brokers/dealers which are deemed to assist us in fulfilling our investment management responsibilities (Research Services) and/or executing clients' securities trades (Brokerage Services), subject to the limitation that such Brokerage Services are used during the period of time beginning when the trade order is transmitted to the brokers/dealers and ending with the clearance and settlement of that trade. Compliance personnel monitor the implementation of the Brokerage Policies and associated procedures.

**Under Section B.1 (“Our Proxy Voting Policies and Procedures – Proxy Voting Policies”) in Item 17 (“Voting Client Securities”) of our brochure, Federated MDTA LLC is updating the third paragraph to clarify that we will not vote for any Director who has not attended at least 75% of the board meetings during the previous year. Accordingly, under Section B.1 in Item 17, please replace the third paragraph under “Proxy Voting Policies” with the following:**

On matters of corporate governance, generally Federated MDTA LLC will vote for the full slate of directors nominated in an uncontested election but against any Director who has not attended at least 75% of the board meetings during the previous year; and for proposals to:

- Require a company's audit committee to be comprised entirely of independent directors;
- Require independent tabulation of proxies and/or confidential voting by shareholders;
- Reorganize in another jurisdiction (unless it would reduce the rights or preferences of the securities being voted);
- Ratify the board's selection of auditors, unless compensation for non-audit services exceeded 50% of the total compensation received from the company, or the previous auditor was dismissed because of a disagreement with the company; and
- Repeal a shareholder rights plan (also known as a poison pill).

We will generally vote against the adoption of such a plan (unless the plan is designed to facilitate, rather than prevent, unsolicited offers for the company).

**Under Section B.1 (“Our Proxy Voting Policies and Procedures – Proxy Voting Policies”) in Item 17 (“Voting Client Securities”) of our brochure, Federated MDTA LLC is updating the sixth paragraph to remove the phrase “even though we typically vote against such measures in other contexts.” Accordingly, under Section B.1 in Item 17, please replace the sixth paragraph under “Proxy Voting Policies” with the following:**

On matters relating to corporate transactions, we will vote proxies relating to proposed mergers, capital reorganizations, and similar transactions in accordance with the general policy, based upon our analysis of the proposed transaction. We will vote proxies in contested elections of directors in accordance with the general policy, based upon our analysis of the opposing slates and their respective proposed business strategies. Some transactions may also involve proposed changes to the company's corporate governance, capital structure or management compensation. We will vote on such changes based on our evaluation of the proposed transaction or contested election. In these circumstances, we may vote in a manner contrary to the general practice for similar proposals made outside the context of such a proposed transaction or change in the board. For example, if we decide to vote against a proposed transaction, we may vote for anti-takeover measures reasonably designed to prevent the transaction.

### **Certain Other Changes**

Under Section B (“Our Ownership Structure”) in Item 4 (“Advisory Business”) we clarified that our ultimate parent company, Federated Investors, Inc., which is a public company, has two share classes, Class A Common Stock and Class B Common Stock, and that, 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, which is a Voting Shares Irrevocable Trust, dated May 31, 1989 (the “Voting Trust”) for the benefit of the members of the family of John F. Donahue, the Chairman of Federated Investors’ Board of Directors.

Our affiliate, Federated Securities Corp., is withdrawing its registration as a municipal advisor. Accordingly, we have removed references to Federated Securities Corp.’s registration as a municipal advisor, and to rules applicable to municipal advisors, throughout our brochure, including in the following sections:

- Section E (“Sales Compensation”) in Item 5 (“Fees and Compensation”);
- Section A (“Relationships with Broker-Dealers”) in Item 10 (“Other Financial Industry Activities and Affiliations”);
- Section A (“Arrangements Involving Receipt of Economic Benefits from Non-Clients”) in Item 14 (“Client Referrals and Other Compensation”); and
- Section C.1. (“Other Actual or Potential Conflicts of Interest - Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees”) in Item 6 (“Performance-Based Fees and Side by Side Management”).

Under Section A (“Relationships with Broker-Dealers”) in Item 10 (“Other Financial Industry Activities and Affiliations”) of our brochure, Federated MDTA LLC is updating the sixth paragraph to add Jeremy D. Boughton as an Assistant Treasurer of Federated MDTA LLC. Accordingly, under Section A in Item 10, please delete the sixth paragraph under “Relationships with Broker-Dealers” and replace it with the following:

The following management persons of Federated MDTA LLC are registered representatives of Federated Securities Corp.:

- J. Christopher Donahue, Director, Chairman
- Gordon J. Ceresino, Vice Chairman
- Brian P. Bouda, Chief Compliance Officer

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

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

Under Section B (“Relationships with Commodity Pool Operators and Commodity Trading Advisors”) in Item 10 (“Other Financial Industry Activities and Affiliations”) of our brochure, we are updating the list of Federated Advisory Companies that have registered as commodity pool operators. Accordingly, under Section B in Item 10, please replace the first paragraph under “Relationships with Commodity Pool Operators and Commodity Trading Advisors” with the following text:

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.

Under Section C.2 (“Relationships with Certain Related Persons – Other Investment Advisers”) in Item 10 (“Other Financial Industry Activities and Affiliations”) of our brochure, Federated MDTA LLC is updating the

**list of Foreign Advisers to reflect a name change and a new adviser. Accordingly, under Section C.2 in Item 10, please replace the list of Foreign Advisers with the following:**

Foreign Advisers

Federated International Management Limited; Federated Asset Management GmbH, Federated Investors (UK) LLP. and Federated Investors Australia PTY LTD.

Federated International Management Limited has filed as an exempt reporting adviser with the SEC.

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#### **ITEM 4. ADVISORY BUSINESS**

This brochure explains Federated MDTA LLC's advisory business, and provides important information about us and, in certain cases, our affiliates and our related persons. Our related persons include our affiliates, as well as our non-clerical/administrative employees and our officers, partners, and directors/trustees (and any person performing a similar function).

Thank you for considering Federated MDTA LLC 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 a Federated Advisory Company and, collectively, the Federated Advisory Companies) also is available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). These registrations do not imply a certain level of skill or training.

##### **A. How We are Organized**

We organized as a Delaware limited liability company on February 13, 1997. Our original name was HBSS Newco LLC. We first registered with the SEC as an investment adviser under the Advisers Act on November 13, 1997. This registration does not imply a certain level of skill or training.

##### **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., which is a Delaware corporation. FII Holdings owns 100% of the outstanding voting securities of Federated MDTA LLC Trust, which is a Massachusetts business trust. Federated MDTA LLC Trust owns 100% of the outstanding voting securities of HBSS Acquisition Company, which is a Delaware corporation. Federated MDTA LLC Trust owns a majority (approximately 63%), and HBSS Acquisition Company holds a minority (approximately 37%), of the outstanding membership interests in Federated MDTA LLC.

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' Chairman of the Board of Directors, Mr. John F. Donahue, his wife, and his son, Mr. J. Christopher Donahue, who is Federated Investors' President and Chief Executive Officer and a member of the Board of Directors, for the benefit of the members of the family of John F. Donahue.

Federated Investors owns seven other domestic advisory subsidiaries that are under common control with, and affiliates of, Federated MDTA LLC. These other Federated Advisory Companies are identified in the section of this brochure entitled "Other Financial Industry Activities and Affiliations." 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 broker-dealers, investment advisers, management companies, commodity pool operators, and trust companies. (Please refer to "Other Financial Industry Activities and Affiliations" in this brochure for further information regarding our affiliates.)

##### **C. Our Advisory Services**

Federated MDTA LLC currently provides investment supervisory services, model portfolio management services, and other investment advisory services as discussed in this brochure. These services are both discretionary and nondiscretionary advisory services.

We are a quantitative investment management firm, and our investment strategies utilize our proprietary quantitative investment process. Our process strives to provide a disciplined, quantitative approach to investing in U.S. equity securities by seeking to exploit multiple market inefficiencies to outperform the appropriate benchmark with moderate relative risk. The process consists of three main elements: portfolio selection, trading, and model construction. Portfolio selection is a bottom-up process that integrates stock selection, trading cost control, and risk control to trade portfolios daily. A model analyzes stock selection variables to assess profit trends, company valuation, and earnings risk from fundamental and behavioral perspectives. These assessments combine with estimates of potential trading costs and, where applicable, tax costs in an attempt to determine the optimal portfolio subject to diversification constraints. Consistent with our process, we review proposed trades produced by our computer model in an effort to ensure that they are based on accurate and current information. If a proposed trade is deemed to be based on inaccurate or stale information, the trade decision is deferred until the model incorporates timely and accurate information. Models are constructed using advanced, computer-intensive algorithms and proprietary software. The software aims to uncover non-linear relationships inherent in financial data and to estimate all model parameters simultaneously in a dynamic real world multi-period portfolio selection context. Updated models are released periodically (*e.g.*, approximately every two years). (Please refer to “Methods of Analysis, Investment Strategies and Risk of Loss” in this brochure for further information on our investment strategies and significant risks.)

## **1. Investment Supervisory Services**

Federated MDTA LLC provides continuous and regular investment supervisory or management services (Investment Supervisory Services) to clients as discussed in this brochure. We provide Investment Supervisory Services when we have discretionary authority over a client's assets and provide ongoing supervisory or management services with respect to the client's assets. We generally exercise discretionary authority without prior client consultation. (Please refer to “Investment Discretion” in this brochure for further information regarding the discretionary authority we accept when managing client assets.)

We 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. In these instances, 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. Because we do not have discretionary authority, we may refer to these services as non-discretionary advisory services.

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. We review a client's investment guidelines and discuss them with the client. 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, and “Investment Discretion,” in this brochure for further information on our methods of analysis and investment strategies (and the risks associated with them and the restrictions clients may impose on our services.)

In connection with the Investment Supervisory Services that Federated MDTA LLC provides, we also generally are responsible for providing investment research and investment evaluation services. We also typically provide certain reports, as requested by clients and agreed to by us, to our clients. Additional information, including performance reports prepared in compliance with Global Investment Performance Standards (GIPS), is available at [FederatedInvestors.com](http://FederatedInvestors.com). (Please refer to “Review of Accounts” in this brochure for additional information regarding the nature and frequency of regular reports that we provide to our clients.)

When acting in our capacity as investment adviser to Investment Companies and certain Proprietary Accounts, Federated MDTA LLC 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 MDTA LLC also furnishes investment advice and recommendations through the provision of model portfolios for certain of our investment strategies and periodic updates to the model portfolios (Model Portfolio Management Services). We typically provide these services to investment advisory firms or other managers (Overlay Managers). 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. In certain cases, we provide our model portfolios, and periodic updates, to technology or other companies or turn-key asset management providers that operate platforms or programs (Platform Providers) in which Overlay Managers participate. These Platform Providers make our model portfolios available to Overlay Managers that use their platforms.

When providing Model Portfolio Management Services, we generally do not have investment discretion (the Overlay Manager has investment discretion). We generally do not have trading responsibilities. We do not have an advisory relationship with the Overlay Manager's clients. We also do not manage our model portfolios on the basis of the financial situation or investment objectives of individual clients. We generally only manage our model portfolio. Given that we generally do not have investment discretion when providing our Model Portfolio Management Services, these services are sometimes referred to as non-discretionary investment advisory services.

In connection with our Model Portfolio Management Services, Federated MDTA LLC also generally is responsible for providing investment research and investment evaluation services, all on a non-discretionary basis.

## **3. Other Advisory Services**

Federated MDTA LLC provides Investment Supervisory Services to banks, trust companies and other investment advisers (collectively, Other Advisors) and to 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, Investment Companies, and Pooled Investment Vehicles, such as collective investment 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.

Unless our Other Advisory Services are separately discussed in this brochure, the discussion in this brochure of Federated MDTA LLC's Investment Supervisory Services includes our Other Advisory Services as well.

## **D. The Types of Accounts/Products We Manage**

Federated MDTA LLC provides Investment Supervisory Services, Model Portfolio Management Services and Other Advisory Services in connection with Managed Accounts, Separate Accounts, 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 MDTA LLC provides Investment Supervisory Services to high net worth and institutional investors. (Please refer to "Types of Clients" in this brochure for more information about the types of clients to which we provide our investment advisory services.) When providing such services, we enter into an investment management agreement with the client. This agreement, among other provisions, 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. The client's account is custodied at a qualified custodian (typically either a bank or, in the case of high net worth individuals, a broker-dealer) selected by the client. (Please refer to "Custody" in this brochure for further information regarding custody of client assets.)

Our advisory services are available to both domestic and foreign accounts.

Advising certain client accounts raises various conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of these conflicts of interest.)

The investment management agreements governing our provision of advisory services to Separate Accounts typically may be terminated at any time, or after a 30-day notice period, either by the client or by us; however, termination rights vary between clients, so clients should refer to their investment management agreement with us for a complete understanding of their termination and other rights.

## **2. Managed Accounts**

Federated MDTA LLC 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. (Please refer to “Types of Clients” in this brochure for more information about the types of clients to which we provide our investment advisory services.) Managed Account Programs generally are investment programs under which a client is charged a specified fee or fees not based directly upon transactions in a client's account for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and execution of client transactions. Custody and other services also may be provided (but not by us) for the specified fee or fees. (Please refer to “Custody” in this brochure for further information regarding custody of client assets.) 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 MDTA LLC to manage designated client assets in accordance with one or more of our investment strategies. The Sponsors of the Managed Account Programs typically are broker-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 in which we participate. We typically have sub-advisory agreements or other program agreements with the Sponsors. 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. In certain Managed Account Programs, rather than serve as a sub-adviser to the Sponsor, we may get a direct grant of investment discretion through the investment management agreement between the Sponsor and the client. 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 only provide advisory services to Managed Account Program clients.

In addition to being structured as sub-advisory relationships, Managed Account Programs also can be structured as dual contract or unbundled relationships. In dual contract or unbundled Managed Account Programs, Sponsors (typically broker-dealers) will enter into brokerage agreements with clients and Federated MDTA LLC will enter into separate investment management agreements directly with the same 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 versus 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, as well as Federated MDTA LLC and our investment strategy, for the client. We typically are only responsible for managing clients' assets in accordance with our investment strategy that has been selected and any reasonable restrictions imposed by the Managed Account clients. In certain Managed Account Programs, Sponsors and Platform Providers may limit the information available to us. 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. We also generally do not have discretion over the investment of uninvested cash; such cash is typically invested in money market mutual funds or other liquid investments selected by the client or the Sponsor. The money market mutual funds into which uninvested cash may be invested may include, in certain cases, money market mutual funds advised by Federated Advisory Companies or serviced by certain of our other affiliates). This may raise certain conflicts of interest for us and our employees and supervised persons. (Please refer to "Performance-Based Fees and Side by Side Management" in this brochure for a discussion of these conflicts of interest.)

Federated MDTA LLC also may provide Model Portfolio Management Services to Overlay Managers, Sponsors or Platform Providers that participate as managers in, sponsor or operate Managed Account Programs.

The agreements governing Federated MDTA LLC's provision of Investment Supervisory Services to Managed Accounts typically may be terminated at any time by clients, and either at any time or after a 30-day notice period, by us, Sponsors or Platform Providers. The agreements governing our provision of Model Portfolio Management Services to Overlay Managers, Sponsors or Platform Providers typically may be terminated at any time, or after a 30- to 60-day notice period, by us or the Overlay Managers, Sponsors or Platform Providers. In each case, however, termination rights vary, so clients, Sponsors and Platform Providers and, if applicable, Overlay Managers, should refer to their governing agreements for a complete understanding of their termination and other rights.

### **3. Investment Companies**

Federated MDTA LLC provides Investment Supervisory Services to Investment Companies. Investment Companies are pooled investment vehicles that are registered as investment companies under the Investment Company Act. Investment Companies issue shares that are registered, and publicly offered under, the Securities Act of 1933 (1933 Act). We may act as either an investment adviser or sub-adviser to our Investment Company clients.

Advising affiliated Investment Companies raises various conflicts of interest for us and our employees and supervised persons. (Please refer to "Performance-Based Fees and Side by Side Management" in this brochure for a discussion of these conflicts of interest.)

The investment management agreements governing our provision of advisory services to Investment Companies typically may be terminated upon 60 days notice either by the Board of Directors/Trustees of the Investment Company or by us. These agreements also generally have an initial two year term and, thereafter, are subject to annual renewal by the Board of Directors/Trustees of the Investment Company.

### **4. Other Pooled Investment Vehicles**

Federated MDTA LLC may provide Investment Supervisory Services to a variety of other pooled investment vehicles, such as, for example:

- Investment vehicles or funds that are domiciled outside of the United States;
- Collective funds;
- Hedge funds; and
- Other investment vehicles or products.

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).

Advising collective or hedge funds raises various conflicts of interest for us and our employees and supervised persons. (Please refer to "Performance-Based Fees and Side by Side Management" in this brochure for a discussion of these conflicts of interest.)

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. Clients should refer to their investment management or other agreement with us for a complete understanding of their termination and other rights.

## **5. Proprietary Accounts**

Federated MDTA LLC may from time to time provide Investment Supervisory Services to Proprietary Accounts. We typically manage Proprietary Accounts that are Managed Accounts, Separate Accounts, Investment Companies or Pooled Investment Vehicles. The clients, account holders, shareholders or investors in these Proprietary Accounts may include:

- Federated MDTA LLC;
- Another Federated Advisory Company;
- Another one of our affiliates; or
- Employees of Federated MDTA LLC or our affiliates.

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.

Advising Proprietary Accounts raises various conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of these conflicts of interest.)

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

Federated MDTA LLC shares certain managers/directors/trustees and officers with the other Federated Advisory Companies. We also share certain supervised persons with certain of the other Federated Advisory Companies. In connection with providing our Investment Supervisory Services, Model Portfolio Management Services and Other 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 Federated MDTA LLC. For example, we receive certain shared services from another Federated Advisory Company, Federated Advisory Services Company. A third party proxy voting service also has been engaged in accordance with our Proxy Voting Policy. (Please refer to “Voting Client Securities” in this brochure for a discussion of our Proxy Voting Policy.) 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.

### **F. Our Assets Under Management**

As of December 31, 2013, Federated MDTA LLC had \$2,455,200,073 in assets under management. As of such date, our assets under management consisted of \$2,236,546,276 of assets that we managed on a discretionary basis. These include assets for which we provided Investment Supervisory Services and exercised discretionary authority or nondiscretionary authority with trading responsibility. As of such date, our assets under management also consisted of \$218,653,798 of assets that we managed on a non-discretionary basis. These include assets for which we provided nondiscretionary services and did not have trading responsibility. This latter category generally includes our Model Portfolio Management Services.

### **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 MDTA LLC 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 our services also is subject to the following performance standards:\*



- Federated MDTA LLC renders our 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 MDTA LLC does not guarantee future performance, any specific level of performance or the success of any particular investment decision or strategy;
- Federated MDTA LLC does not guarantee that any particular person will provide the investment advisory services to be provided by us;
- Federated MDTA LLC shall not be liable for (a) any act or omission of any person or entity other than Federated MDTA LLC and our affiliated companies, or (b) any act or omission taken or made by Federated MDTA LLC 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 MDTA LLC 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 MDTA LLC, Federated MDTA LLC 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 MDTA LLC 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 MDTA LLC 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 MDTA LLC 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 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” under “Our Advisory Fees” under “Fees and Compensation” in 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 MDTA LLC’s fees and how fees are charged. To the extent that our 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 MDTA LLC'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 MDTA LLC'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 or 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 MDTA LLC's basic fee schedules for Separate Accounts are as follows:

#### MDT - All Cap Core; Large Cap Growth; Large Cap Value:

First \$25 million	0.70%
Next \$25 million	0.65%
Next \$50 million	0.60%
Over \$100 million	negotiated

#### MDT - Tax Aware/All Cap Core:

First \$25 million	0.80%
Next \$25 million	0.75%
Next \$50 million	0.70%
Over \$100 million	negotiated

#### MDT - Mid Cap Growth:

Up to \$100 million	1.00%
Over \$100 million	negotiated

#### MDT - Small Cap Core; Small Cap Growth; Small Cap Value; All Cap Core Balanced:

Up to \$100 million	1.00%
Over \$100 million	negotiated

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" under "Our Advisory Fees" under "Fees and Compensation" in this brochure for additional information on the negotiability of our fees. Also, please refer to "Performance-Based Fees and Side by Side Management" in this brochure for a discussion of the conflicts of interest raised by performance-based fees.)

### **Separate Accounts**

Federated MDTA LLC'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 new or additional contributions to or withdrawals from the assets in client's account that we are managing are made. Any refunding would take place as and when provided in the client's investment management agreement with us.

## **Managed Accounts**

As discussed under "Advisory Business" in this brochure, Managed Account clients typically pay a single fee or fees (a "wrapped fee") which cover Federated MDTA LLC'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 MDTA LLC 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. 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 MDTA LLC'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.

Our advisory fees will comply with the Sponsor's or Platform Provider's standards and applicable disclosures. 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 MDTA LLC'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 MDTA LLC 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 MDTA LLC'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 MDTA LLC'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 Investment Companies, Pooled Investment Vehicles, Proprietary Accounts and Subadvised Accounts**

This section sets forth information regarding Federated MDTA LLC's fees for Investment Companies, 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 this brochure for a discussion of these conflicts of interest.)

### **Investment Companies**

Federated MDTA LLC's fees for providing Investment Supervisory Services to Investment Companies generally are based upon the client's average net assets. When our fee is negotiated, it may vary based on discussions with the Board

of Directors/Trustees of an Investment Company, and is specified in our investment management agreement for the Investment Company. Our fees currently range from 0.75% to 1.15% (0.50% for sub-advised Investment Companies). Our investment management agreements may provide for “breakpoints” at which the percentage charged is reduced if the client’s average net assets exceed a specified amount. We also may agree to or voluntarily limit or reimburse our fees to maintain an Investment Company’s general expenses at a specified percentage of average net assets.

Our fees are payable as provided in our investment management agreements, and typically are paid daily. We do not require any Investment Company to prepay investment advisory fees (therefore, our fees are not refundable).

### **Pooled Investment Vehicles**

Federated MDTA LLC’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 (hedge fund, etc.) and the scope of services being provided. The asset-based fees currently generally range from 0.15 % to 1.00%. We also receive a performance-based fee that is calculated as a percentage of excess performance above certain levels as discussed in the Pooled Investment Vehicle’s governing documents. We do not require any Pooled Investment Vehicles to prepay investment advisory fees (therefore, our fees are not refundable).

Federated MDTA LLC’s fees for non-U.S. investment companies (*i.e.*, Pooled Investment Vehicles) also are based on the client’s average net assets. The advisory agreement currently calls for a fee of 0.15% per annum. 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 MDTA LLC’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 MDTA LLC provides Investment Supervisory Services with respect to Proprietary Accounts, we may not charge an advisory fee. If we charge an advisory fee, our fees may be 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, Investment Companies 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 MDTA LLC provides Investment Supervisory Services as a sub-adviser or in another capacity to Other Advisors, our fees may be consistent with the basic fee information and terms discussed above for the type of client (*e.g.*, Separate Accounts, Managed Accounts, Investment Companies 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 Advisor or the governing bodies or managers of the client.

## **3. Negotiation and Modification of Fees**

The fee information presented above describes Federated MDTA LLC’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 MDTA LLC charges and collects our fees varies by the type of client account (*e.g.*, Separate Accounts, Managed Accounts, Investment Companies, 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 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 MDTA LLC 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**

In the case of Managed Accounts, the Sponsor or Platform Provider for the Managed Account Program generally calculates Federated MDTA LLC'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. Investment Companies**

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

### **4. 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 their investment management agreement with us for additional information regarding how we charge and collect our fees.

### **5. 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, Investment Company or Pooled Investment Vehicle). Our investment management agreements for these accounts contain additional information regarding how we charge and collect any fees.

### **6. 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 Advisor or the primary Other Advisor calculates our fees. In this case, the primary Other Advisor generally pays our fees out of the investment advisory fees that the primary Other Advisor receives from the client; or
- In the case of an Investment Company or Pooled Investment Vehicle, the custodian, fund accountant or administrator calculates our fees, which are then deducted by the custodian from the Investment Company's or Pooled Investment Vehicle's assets, and remitted to us; or
- In the case of an Investment Company or 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 Investment Company's or Pooled Investment Vehicle's assets, and remitted to the primary Other Advisor, and the primary Other Advisor 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 MDTA LLC manages clients' assets. Clients will incur brokerage costs, other transaction costs and other related costs and expenses. Also, if an Other Advisor is involved, any investment advisory fees of the Other Advisor 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 Investment Companies (*e.g.*, mutual funds and exchange traded funds), Private Investment Companies 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. Investment Companies, Private 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 Advisor 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. 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 MDTA LLC 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 this brochure for a discussion of Federated MDTA LLC’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 MDTA LLC’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” under “Fees and Compensation” in this brochure for further information regarding when clients may be entitled to a refund of Federated MDTA LLC’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., an affiliate of Federated MDTA LLC, serves as distributor of the Federated family of Investment Companies (*i.e.*, mutual funds). Federated Securities Corp. is a registered broker-dealer, municipal securities dealer, and investment adviser. These registrations do not imply a certain level of skill or training. Federated Securities Corp. receives distribution-related fees for services relating to the sale of shares of Federated mutual funds. Some of its employee-representatives also receive compensation based on the sale of mutual fund shares.

Federated Securities Corp. also:

- Provides 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 MDTA LLC, serves as trustee; 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.

Employee-representatives of Federated Securities Corp. also serve as sales people for the investment services and products sponsored by Federated Investors and investment advisory services offered by Federated MDTA LLC and certain of the other Federated Advisory Companies. Federated Securities Corp., and its employee-representatives, act in the capacity of solicitors for Federated MDTA LLC and certain other Federated 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 MDTA LLC and other Federated Advisory Companies.

Federated Securities Corp.'s services, and its employee-representatives' services, are provided to Federated MDTA LLC, and certain other Federated Advisory Companies, pursuant to one or more written agreements with Federated MDTA LLC, and the other relevant Federated 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 employee-representatives on behalf of Federated MDTA LLC and the other relevant Federated Advisory Companies;
- Describe the compensation to be received for such services;
- Require that Federated Securities Corp.'s, and its employee-representatives' status as its employee-representatives, be disclosed to the client or potential client of Federated MDTA LLC or the other relevant Federated Advisory Companies at the time of the solicitation or referral; and
- Require that the affiliation between Federated Securities Corp., and its employee-representatives, and Federated MDTA LLC, or the other relevant Federated Advisory Companies, be disclosed to the client or potential client of Federated MDTA LLC or the other relevant Federated 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 relevant regulatory history be disclosed to clients and potential clients of Federated MDTA LLC and the other relevant Federated 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 Federated Advisory Companies) or by including it in a separate document. (Please refer to the discussion of Federated Securities Corp.'s relevant regulatory history under "Disciplinary Information" in this brochure.)

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

Federated Securities Corp.'s employee-representatives are salaried employees of Federated Securities Corp. 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.

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

Federated MDTA LLC 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 Federated Advisory Companies or distributed by Federated Securities Corp. (Affiliated Investment Vehicles). Federated MDTA LLC, or our affiliated companies (including Federated 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 Securities Corp.'s employee-representatives, and Federated MDTA LLC (or other Federated 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 this brochure for a discussion of these conflicts of interest.)

Clients always have the option to purchase investment products that Federated Securities Corp., Federated Securities Corp.'s employee-representatives, or Federated MDTA LLC (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 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 MDTA LLC.

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

This section of our brochure discusses performance based fees, and side by side management, and the actual or potential conflicts of interest that they present for Federated MDTA LLC and our employees and supervised persons. In order to provide clients with further information regarding other actual or potential conflicts of interest faced by Federated MDTA LLC or our related persons in connection with our advisory business, this section of our brochure also discusses other conflicts of interest that we believe are important for clients to understand. This section also discusses how we seek to address these various actual or potential conflicts of interest.

As a general matter, in addition to actual or potential conflicts of interest discussed below that arise from our fee practices and side by side management, other actual or potential conflicts of interest arise from Federated MDTA LLC's common economic interests with our affiliates (including the other Federated 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 managers/directors/trustees and officers with the other Federated Advisory Companies. We also share certain supervised persons with certain of the other Federated Advisory Companies. We also receive shared services from another Federated Advisory Company, Federated Advisory Services Company. Given these relationships:

- 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. (Please refer to “Our Use of ‘Shared Personnel’ and Third-Party Service Providers” under “Advisory Business,” “Other Financial Industry Activities and Affiliations,” and “Conflicts of Interest Relating to Affiliated Investment Vehicles” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance Fees and Side by Side Management” in this brochure for more information on these relationships and conflicts of interest that arise.); and
- To the extent that we face actual or potential conflicts of interest and/or our affiliates (*e.g.*, the other Federated Advisory Companies) engage in practices similar to those discussed below, it is likely that our shared directors/trustees, officers, employees or supervised persons and affiliated service provider, and the other Federated Advisory Companies, have the same incentives, and face the same actual or potential conflicts of interest, as those discussed below.

Federated MDTA LLC, and our related persons, 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 Federated Advisory Companies by an Affiliated Investment Vehicle into which we invest client assets);
- Delegation – we engage a neutral third-party to act or make a decision (*e.g.*, we engage a proxy voting service);
- 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 limit the benefit that creates 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 Federated Advisory Companies);
- Disclosure/Consent – we disclose the conflict of interest to our clients (*e.g.*, we disclose the solicitation arrangement with our affiliate, Federated Securities Corp., and its employee-representatives); or
- Setting a *DeMinimis* 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 *deminimis* political contributions as permitted under SEC Rule 206(4)-5 under the Advisers Act.)

We have adopted a Code of Ethics as required under SEC rules. (Please refer to “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” in this brochure for further information on our Code of Ethics). We also have adopted written compliance policies and procedures as required under SEC rules. We believe our compliance policies and procedures are reasonably designed to prevent, detect and cure violations by Federated MDTA LLC and our employees and supervised persons of the Advisers Act and other applicable federal securities laws. Our Code of Ethics and compliance policies and procedures address potential and actual conflicts of interest that we, and our employees and supervised persons, face. 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. To that end, we have procedures in place which we believe are reasonably designed to treat our clients fairly and prevent clients from being systematically favored or disadvantaged. The other Federated Advisory Companies have adopted similar Codes of Ethics and written policies and procedures.

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, that we believe are important for our clients to understand. It is important for clients to understand that the actual or potential conflicts of interests discussed in this section of our brochure arise. We generally address these conflicts of interests as described above. Specific examples of how we seek to address the conflicts of interest discussed below also are provided.

## **A. Conflicts of Interest Relating to Performance-Based Fees**

Federated MDTA LLC manages client accounts for performance-based fees. We also manage both accounts that are charged a performance-based fee and another type of fee (*e.g.*, asset-based fees or flat fees). Performance-based fees are generally defined as fees based on a share of capital gains upon, or the capital appreciation of, the assets or any portion of the assets of a client. We charge performance-based fees only 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 “Our Advisory Fees” under “Fees and Compensation” in this brochure for more information on the types of client accounts for which we may charge a performance-based fee.) We also may agree to manage other types of client accounts or investment products for performance-based fees or a combination of performance-based fees and asset-based fees. Certain of the other Federated Advisory Companies also charge performance-based fees to qualified clients.

Actual or potential conflicts of interest arise in connection with Federated MDTA LLC’s charging of performance-based fees on certain client accounts while managing other client accounts at the same time for asset-based fees. We, and our employees and supervised persons, have an incentive to favor any account for which we 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, and our employees and supervised persons, may have an opportunity to receive greater fees or compensation from any client account or investment product 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, and our employees and supervised persons, 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. Similar conflicts of interest arise when other Federated Advisory Companies charge performance-based fees.

To address these actual or potential conflicts of interest, Federated MDTA LLC’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. Other Conflicts of Interest Relating to Side by Side Management**

“Side by side management” refers to an investment adviser’s business of managing different types of client accounts and/or investment products simultaneously. (Please refer to “Advisory Business” in this brochure for more information on the types of client accounts or investment products to which we provide our investment advisory services.)

As a general matter, when engaging in side by side management, Federated MDTA LLC and our employees and supervised persons may have conflicts in allocating their time and services among clients. Federated MDTA LLC and our employees and supervised persons will endeavor to devote such time to each client as Federated MDTA LLC 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.

The following discusses certain more specific actual or potential conflicts of interest relating to side by side management (in addition to the conflicts of interest relating to performance-based fees and time allocation discussed above).

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

Federated MDTA LLC provides investment advisory services to Pooled Investment Vehicles, such as hedge funds. We also manage client assets with different investment objectives, policies, strategies, and limitations/restrictions. In addition to actual or potential conflicts of interest relating to performance-based fees, actual and potential conflicts of interest arise from the differing investment strategies of our clients, including certain Pooled Investment Vehicles, such as hedge funds, and other client accounts or investment products. For example, it is possible that the various accounts managed 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, exiting the transaction. Client accounts also may be invested in different parts of an issuer's capital structure (e.g., private versus public securities), or different classes of securities of the same issuer, which have different preferences and rights. Some accounts managed by Federated MDTA LLC or our related persons (e.g., the other Federated Advisory Companies), as part of their investment strategy, 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. Uncovered option strategies, portfolio leveraging and significant positions in illiquid securities also may result in conflicts of interest for us and our employees and supervised persons when managing certain client assets side by side with other client accounts and investment products. Regarding Federated Advisory Companies that utilize derivatives, taking concurrent conflicting positions in certain derivative instruments also may result in a loss to one client and a gain for another client.

To address these actual or potential conflicts of interest, our policies and procedures generally prohibit concurrent short and long positions between certain Pooled Investment Vehicles (e.g., hedge funds) and related portfolios, unless 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 (i.e., at least semi-annually) 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 MDTA LLC 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 Federated Advisory Companies or distributed by our affiliate, Federated Securities Corp.). These Affiliated Investment Vehicles generally pay their investment advisers and service providers based on a percentage of their average net assets. Accordingly, we, and our employees, supervised persons and related persons (e.g., the other Federated Advisory Companies), 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 Federated Advisory Companies and/or our affiliates by these Affiliated Investment Vehicles, rather than investing client assets in our clients' best interests.

To address these actual or potential conflicts of interest, 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. To the extent required under applicable law, prior to recommending or making investments in Affiliated Investment Vehicles, Federated MDTA LLC or our related persons will:

- Disclose to the client of the applicable Federated Advisory Company (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. For Managed Accounts and our Model Portfolio Management Services, the Managed Account Program Sponsor, Platform Provider or Overlay Manager generally do not allow for (or their systems cannot support) such waivers or reimbursements, but rather address this conflict of interest through disclosure. We and our related persons will also comply with the conditions of any applicable exemptive law, rule or order regulating investments in Affiliated Investment Vehicles.

## **3. Conflicts of Interest Relating to Uninvested Cash Positions**

As discussed under "The Types of Accounts/Products We Manage" under "Advisory Business" in this brochure, when Federated MDTA LLC is providing Investment Supervisory Services with respect to Managed Accounts or Model

Portfolio Management Services, we generally do not have discretion over the investment of uninvested cash; such cash is typically invested in money market mutual funds or other liquid investments or cash management vehicles selected by the client or the Sponsor, Platform Provider or Overlay Manager. These cash positions generally are small portions of each overall portfolio and are maintained for operational purposes (e.g., payment of fees, settlement of transactions, etc.). The money market mutual funds or other cash management vehicles into which uninvested cash may be invested may include, in certain cases, money market mutual funds or other cash management vehicles that are Affiliated Investment Vehicles. In these circumstances, we are not recommending the investment of the cash positions maintained in the Managed Accounts in the Affiliated Investment Vehicles (we are taking direction from the Program Sponsor, Platform Provider or Managed Account client), and our discretion over the amounts of the cash positions in the Managed Accounts is generally limited to certain target levels/parameters established for each Managed Account Program.

Outside of Managed Accounts and Model Portfolio Management Services, when we have investment discretion, we generally have the ability to determine whether a portion of a client's portfolio will be uninvested. If cash is uninvested, the client's custodian may invest the uninvested cash in money market mutual funds or other liquid investments or cash management vehicles selected by the client or the client's custodian (which could be Affiliated Investment Vehicles) or we may invest the cash in Affiliated Investment Vehicles, subject to a client's investment policies, guidelines and restrictions, and applicable law.

Actual and potential conflicts of interest arise in connection with uninvested cash. For example, since Federated MDTA LLC, or our affiliates, may receive investment advisory fees, other service fees, or other compensation from Affiliated Investment Vehicles, we, and our employees, supervised persons and related persons, have an incentive to leave larger cash balances in client accounts because the cash balances may be invested in Affiliated Investment Vehicles.

In connection with Managed Accounts and our 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. We also 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. Finally, 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. For Managed Accounts and our Model Portfolio Management Services, the Managed Account Program Sponsor, Platform Provider or Overlay Manager generally do not allow for (or their systems cannot support) such waivers or reimbursements, but rather address this conflict of interest through disclosure. (Please refer to "Conflicts of Interest Relating to Affiliated Investment Vehicles" under "Other Conflicts of Interest Relating to Side by Side Management" under "Performance-Based Fees and Side by Side Management" in this brochure for further information regarding our waiver and reimbursement policy.)

#### **4. Conflicts of Interest Relating to Proprietary Accounts**

As discussed under "Proprietary Accounts" under "The Types of Accounts/Products We Manage" under "Advisory Business" in this brochure, Federated MDTA LLC manages Proprietary Accounts (e.g., Separate Accounts, Managed Accounts, Investment Companies and other Pooled Investment Vehicles). As a result, we, and our employees and supervised persons, 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 our related persons, 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 short-sell the securities in our Proprietary Account while holding the same securities long in the client's account, causing 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 MDTA LLC's allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating client accounts managed by Federated MDTA LLC (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. Records are maintained regarding the investment and allocation decisions made by our portfolio managers, and our Compliance Department periodically (*i.e.*, at least semi-annually) reviews documentation of allocations in an effort to confirm compliance with allocation policies and procedures.

## **5. Conflicts of Interest Relating to Certain Cross Transactions**

Certain of Federated MDTA LLC's related persons (*e.g.*, certain of the other Federated Advisory Companies) may recommend trades (including cross trades) between client accounts (including Proprietary Accounts) for various reasons, such as an attractive price or ability to fill sell and purchase orders and where the trade will not disadvantage either client. (Please refer to "Participation or Interest in Client Transactions" under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" in this brochure for additional information on cross transaction practices.) Such cross transactions create actual or potential conflicts of interest for Federated MDTA LLC and certain other Federated Advisory Companies. For example, it is possible that trades could conceivably be effected for an account merely to create a market to aid the selling account or that the price at which the trade is executed does not represent the reasonable market value for either the selling or buying account.

To address these actual or potential conflicts of interest, our policies and procedures provide that when engaging in such cross transactions, neither Federated MDTA LLC nor our affiliates receive any compensation for acting as a broker-dealer. For cross-trades involving Investment Companies or Private Investment Companies, the Federated Advisory Companies follow procedures that comply with SEC Rule 17a-7 under the Investment Company Act. Similar procedures are followed for cross trades between accounts that do not involve an Investment Company or a Private Investment Company. Given the monitoring obligations involved, "plan assets" subject to ERISA generally are not used in cross trades. ERISA plan assets would only be used in a cross trade if permitted under ERISA, an exception to our policy is made and a client requests, or consents to, the transaction. For non-ERISA accounts, the client is sent a consent disclosing the Federated Advisory Companies' policy regarding cross trades. The letter specifically articulates that the Federated Advisory Companies do not act as a broker (*i.e.*, receive any compensation) and the client has been provided full and fair disclosure regarding our procedure for cross trades. A list is maintained of accounts that are prohibited from participating in cross trades. Finally, records are maintained regarding each cross transaction, including the price at which the transactions are effected.

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

As a general matter, certain actual or potential conflicts of interest may arise in connection with a portfolio manager's management of an account's investments, on the one hand, and the investments of other accounts for which the portfolio manager is responsible, on the other. 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 MDTA LLC 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. We, and the other Federated Advisory Companies, also may advise clients with conflicting strategies or objectives. Legal restrictions on the combined size of positions which may be taken for all assets managed by Federated MDTA LLC and/or the other Federated 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, also create actual or potential conflicts of interest. These activities and/or restrictions 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 is managing Investment Company (mutual fund), Managed Account and other client assets, and providing Model Portfolio Management Services, 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, Investment Companies, or Pooled Investment Vehicles) managed in the same style, or to the same model portfolio, as Managed Accounts. In these situations, when selecting securities for these various clients, consistent with client investment objectives, policies, guidelines and restrictions, Federated MDTA LLC takes into account a variety of factors, including, for example, general management techniques, cash flows, permissible investments and restrictions, and applicable regulatory requirements. To address these actual or potential conflicts of interest, Federated MDTA LLC's allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating client accounts managed by Federated MDTA LLC (which include Proprietary Accounts). Records are maintained regarding the investment and allocation decisions made by our portfolio managers, and our Compliance Department periodically (*i.e.*, at least semi-annually) reviews documentation of allocations in an effort to confirm compliance with allocation policies and procedures.

There also will be times when the same security is being purchased or sold concurrently for Investment Company (mutual fund), Managed Account, Model Portfolio Management Services, and other client accounts or portfolios. Federated MDTA has established a policy whereby purchases and sales of securities are processed on a rotational basis by group. Groups are comprised of accounts with similar trade execution characteristics, including executing broker-dealer, security being traded, and size of trade. Groups are assigned positions in the rotation sequence on a random basis. Trades are allocated to accounts using a method that combines elements of random and pro rata approaches. (Please refer to "Directed Brokerage" under "Selection Criteria for Brokers/Dealers" under "Brokerage Practices" in this brochure for additional considerations relating to directed brokerage/trading). 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, higher or lower, for the same security. Also, for example, when providing our nondiscretionary Model Portfolio Management Services, except as discussed below, we currently communicate model changes to Overlay Managers as concurrently as practicable with 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 either before or after trades for Federated MDTA LLC's 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.

Due to operational, technological and other reasons, Federated MDTA LLC's related persons (*e.g.*, the other Federated Advisory Companies) do not utilize the same rotation approach as Federated MDTA LLC. These other Federated Advisory Companies have policies in place which are reasonably believed to be 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 aggregated trades for the other Federated Advisory Companies and clients of the other Federated Advisory Companies 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. Taking these scenarios and factors into account, Federated MDTA LLC, 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. (Please refer to "Brokerage Practices" in this brochure for more information on directed brokerage/trading and trade aggregation.)

#### Federated Clover Investment Advisors Division of Federated Global Investment Management Corp.

As a result of the acquisition of Clover Capital Management, Inc. (the business of which is now operated as the Federated Clover Investment Advisors, a division of Federated Global Investment Management Corp., another Federated Advisory Company), the Federated Clover Investment Advisors division of Federated Global Investment Management Corp. has policies in place which are reasonably believed to be designed to commence trade execution as concurrently as practicable for Managed Accounts, on the one hand, and other client accounts (*e.g.*, institutional and high net worth Separate Accounts and Investment Companies), on the other hand, at the different trading desks. When Federated Global Investment Management Corp. is 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 Federated Global Investment Management Corp.'s equity investment strategies utilized in providing its non-discretionary Model Portfolio Management Services, Federated Global Investment Management Corp. includes the Overlay Managers in the trade rotation process for its discretionary Managed Accounts and Federated Global Investment Management Corp. currently communicates model changes to the Overlay Managers during the Overlay Manager's turn in the trading rotation. In implementing Federated Investment Counseling's trade rotation process, Federated Investment Counseling may allot a period of time 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. 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, traded at the Federated Clover Investment Advisors division location are processed on a rotational basis by group. The Investment Company accounts will be 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. The institutional and high net worth Separate Accounts will be eligible for trade aggregation amongst such accounts themselves, which are traded using a different trade management system. For initial public offerings, the institutional and high net worth Separate Accounts traded using this different trade management system also may be aggregated on a cumulative basis with initial public offering trades with the Investment Company accounts of the Federated Clover Investment Advisors division, as well as the accounts of the other Federated Advisory Companies, that are traded using the other trade management system. In such a case, the institutional and high net worth Separate Accounts traded using this different trade management system will receive a pro rata allocation of the initial public offering. Within each group, the accounts will be allocated on a random or pro-rata basis. Trades for a client that has directed use of a particular broker or dealer are typically placed at the end of aggregated trading activity. Accordingly, directed transactions may be subject to the conditions discussed in this brochure under "Directed Brokerage" under "Selection Criteria for Brokers/Dealers" under "Brokerage Practices." 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 Investment Counseling

Except as discussed below, when Federated Investment Counseling is 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 Federated Investment Counseling's equity investment strategies utilized in providing its non-discretionary Model Portfolio Management Services, Federated Investment Counseling includes the Overlay Managers in the trade rotation process for its discretionary Managed Accounts and Federated Investment Counseling currently communicates model changes to the Overlay Managers during the Overlay Manager's turn in the trading rotation. In implementing Federated Investment Counseling's trade rotation process, Federated Investment Counseling may allot a period of time 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 Federated Investment Counseling's fixed income investment strategies utilized in providing its 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, Federated Investment Counseling communicates fixed income model changes to Overlay Managers as concurrently as practicable (outside of its trade rotation process) with commencing trading with respect to the Managed Accounts it manages on a discretionary basis. This fact generally results in fixed income model changes being communicated to Overlay Managers promptly after Federated Investment Counseling's discretionary fixed income trading has commenced.

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 MDTA LLC or other Federated Advisory Companies may in our or their discretion (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 MDTA LLC, or our affiliates (*e.g.*, the other Federated 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 Federated 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; or
- Specific uses of commissions from client account portfolio trades (for example, soft dollar benefits).

We, or our affiliates, also may have other relationships with broker-dealers, commodity pool operators, commodity trading advisors, trust companies, other investment advisers and others in the financial industry that benefit us or our affiliates whether through increased advisory fees or other compensation or in other ways. (Please refer to “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations,” “Research and Other Soft Dollar Benefits” under “Selection Criteria for Brokers/Dealers” under “Brokerage Practices,” and “Client Referrals and Other Compensation” in this brochure for further information.)

The actual and potential conflicts arise because the 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 rather than our clients’ needs. For example, certain of our directors/trustees, officers or supervised persons may be officers of the Federated mutual funds or other Pooled Investment Vehicles sponsored by Federated Investors, Inc., our ultimate parent company. Federated Securities Corp., and its employee-representatives who serve as sales people, also may receive compensation for the sale of mutual 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 mutual fund, we, and our affiliates, or any of their respective employees, supervised persons or other representatives, 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 Federated Advisory Company. Federated MDTA LLC, in hopes of gaining clients through a Managed Account Program, 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 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 MDTA LLC 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” under “Fees and Compensation,” “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations,” and “Research and Other Soft Dollar Benefits” under “Selection Criteria for Brokers/Dealers” under “Brokerage Practices” in this brochure for further information.)

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. With respect to solicitation arrangements, we disclose through this brochure our affiliation with Federated Securities Corp. and its employee-representatives who serve as sales people for our services and

products. Our solicitation policies relating to advisory clients also require any unaffiliated third-party solicitor to whom we pay a cash solicitation fee to provide a separate disclosure statement to clients and prospective clients. Our policies and procedures are reasonably designed to comply with applicable SEC rules.

Also, as discussed in more detail under “Conflicts of Interest Relating to Uninvested Cash Positions” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in this brochure, we will, for example, waive or reimburse a Separate Account 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 the client's assets. Finally, Federated MDTA LLC'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. 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 MDTA LLC, and/or our employees, supervised persons and related persons (*e.g.*, the other Federated 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. (Please refer to “Personal Trading” under “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” in this brochure for further information.) These practices create actual or potential conflicts of interest for Federated MDTA LLC and our employees, supervised persons and 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 reasonably believed to be designed to prevent Federated MDTA LLC, and our employees, supervised persons and related persons, from buying or selling securities contemporaneously with client transactions in an impermissible manner. For example, as discussed above and under “Our Code of Ethics” under “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” in this brochure, as required by SEC rules, we, and the other Federated Advisory Companies, have adopted a Code of Ethics. Although the Code of Ethics does permit investment personnel to trade in securities, including those that could be recommended to clients, it does contain significant 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 prior preclearance will apply, 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 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. 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. Among other policies, the Code of Ethics also contains 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 this brochure, Federated MDTA LLC will accept the authority to vote securities held in client accounts. Conflicts of interest arise from time to time between the interests of Federated MDTA LLC, and our affiliates (e.g., the other Federated Advisory Companies), and the interests of our clients. Federated MDTA LLC 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 MDTA LLC or our affiliates. This may occur where a significant business relationship exists between Federated MDTA LLC (or our affiliates) and a company involved with a proxy vote. A company that is a proponent, opponent, or the subject of a proxy vote, and which to the knowledge of Federated MDTA LLC's, or the other Federated Advisory Companies', Proxy Committee has this type of significant business relationship, is referred to as an "Interested Company."

We have implemented the following procedures in order to avoid concerns that the conflicting interests of Federated MDTA LLC, or our affiliates, have influenced proxy votes. Any employee of Federated MDTA LLC, or another Federated Advisory Company, who is contacted by an Interested Company regarding proxies to be voted by us must refer the Interested Company to a member of the Proxy Committee, and must inform the Interested Company that the Proxy Committee has exclusive authority to determine how we will vote. Any Proxy Committee member contacted by an Interested Company must report it to the full Proxy Committee and provide a written summary of the communication. Under no circumstances will the Proxy Committee or any member of the Proxy Committee make a commitment to an Interested Company regarding the voting of proxies or disclose to an Interested Company how the Proxy Committee has directed such proxies to be voted. If general instructions already provide specific direction on the proposal in question, the Proxy Committee shall not alter or amend such directions. Alternatively, the Proxy Committee may seek direction from the client on how a proposal concerning an Interested Company shall be voted. In seeking such direction, the Proxy Committee will disclose the reason such company is considered an Interested Company and may provide a recommendation, which recommendation may be other than as provided in general instructions, on how such proposal should be voted and the basis for such recommendation. If general instructions require the Proxy Committee to provide further direction, the Proxy Committee shall do so in accordance with our proxy voting policies, without regard for the interests of Federated MDTA LLC with respect to the Interested Company. If the Proxy Committee provides any direction as to the voting of proxies relating to a proposal affecting an Interested Company, it must disclose to the client information regarding: the significant business relationship; any material communication with the Interested Company; the matter(s) voted on; and how, and why we voted as we did.

If an investment company client of the Federated Advisory Company holds 10% or more of an issuer's voting securities at the time of a solicitation, and a Federated Advisory Company has any relationship with such issuer that creates an actual conflict of interest, the Proxy Voting Committee is required to receive advice from counsel to the Proxy Voting Committee and to address any such conflict with the Board of Directors/Trustees of the investment company client. If the Proxy Voting Committee votes contrary to applicable proxy voting policies with respect to a solicitation involving such an issuer, the Proxy Voting Committee also is required to provide a report at the next meeting of the Board of Directors/Trustees of the investment company client providing an explanation of the relationship with the issuer, the proposals that were the subject of the solicitation in question, any material communications between a Federated Advisory Company and such issuer regarding such proposals, and the rationale for the decision to vote contrary to applicable proxy voting guidelines.

If a client's account holds shares of an Investment Company or Private Investment Company for which a Federated MDTA LLC acts as an investment adviser, the Proxy Committee will vote the proxies in the same proportion as the votes cast by shareholders who are not clients of Federated MDTA LLC at any shareholders' meeting called by such Investment Company or Private Investment Company, unless otherwise directed by the client (or, in the case of an Investment Company or Private Investment Company, its board of directors/trustees or other governing body).

### **4. 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:

- Consideration of sales of Federated mutual funds when allocating trades to brokers or dealers;

- 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.

To address these actual or potential conflicts of interest, our policies and procedures prohibit investment personnel from considering an intermediary's (such as a broker's or dealer's) sale of Federated mutual fund shares when allocating trades to brokers and dealers. 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 political or charitable contributions or serve on boards of directors/trustees. (Please refer to "Our Code of Ethics" under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" in this brochure for further information on our Code of Ethics.) Portfolio manager compensation also has been structured in a manner reasonably designed to safeguard client accounts from being negatively affected as a result of these actual or potential conflicts of interest. For example, we do not allow compensation and promotion incentives that reward traders based on the volume or size of trades or asset growth.

## **ITEM 7. TYPES OF CLIENTS**

### **A. Types of Clients**

Federated MDTA LLC 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;
- Investment Companies;
- 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 funds, hedge funds, and other Pooled Investment Vehicles.

Federated MDTA LLC manages a Pooled Investment Vehicle (Fund). We also provide investment advisory services to the Fund, which is organized as an investment company exempt from registration under the Investment Company Act. Interests in the Fund are offered only through non-public transactions in compliance with the uniform exemptions from registration and qualification provided by Regulation D and Section 18(b)(4)(d) of the 1933 Act, as amended.

(Please refer to "The Types of Accounts/Products We Manage" under "Advisory Business" in this brochure for further information on the Investment Companies and Pooled Investment Vehicles to which we provide investment advisory services.)

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

- Federated MDTA LLC;
- Another Federated Advisory Company;
- Another one of our affiliates; or
- Employees of Federated MDTA LLC or our affiliates.

(Please refer to “The Types of Accounts/Products We Manage” under “Advisory Business” in 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” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of these conflicts of interest.)

## **B. Requirements for Accounts**

Federated MDTA LLC 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. 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 requirements are stated below.

Generally, the minimum size account acceptable for a Separate Account client is \$5 million for Mid Cap and Small Cap Strategies, and \$10 million for All Cap and Large Cap Strategies. Generally, the minimum size account acceptable for a Managed Account Program client ranges between \$100,000 and \$250,000, depending upon the particular Managed Account Program.

Federated MDTA LLC 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” under “Advisory Business” in this brochure for further information.)

Federated MDTA LLC 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 MDTA LLC 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 MDTA LLC is a quantitative investment management firm, and our investment strategies utilize our quantitative investment process. (Please refer to “Our Advisory Services” under “Advisory Business” in this brochure for further information regarding our quantitative investment process.)

There are risks associated with the above methods of 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. More specifically, Federated MDTA LLC employs quantitative models as a management technique. These models examine multiple economic factors using large data sets. The results generated by quantitative analysis may be different than expected and may negatively affect performance for a variety of reasons. For example, human judgment plays a role in building, utilizing, testing and modifying the financial algorithms and formulas used in these models. Additionally, the data, which is typically supplied by third parties, can be imprecise or become stale due to new events or changing circumstances. Market performance can be affected by non-quantitative factors (for example, investor fear or over-reaction or other emotional considerations) that are not easily integrated into quantitative analysis. There may also be technical issues with the

construction and implementation of quantitative models (for example, software or other technology malfunctions, or programming inaccuracies).

Federated MDTA LLC also 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 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 Investment Companies or Pooled Investment Vehicles.

## **A. Basic Information**

Federated MDTA LLC employs fundamental analysis and uses bottom-up stock selection with a disciplined quantitative process. The process selects stocks based on fundamental variables, controls risk through diversification constraints, and controls turnover by taking into account the impact of trading costs. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect. (Please refer to "Our Advisory Services" under "Advisory Business" in this brochure for further information regarding our quantitative investment process.)

Federated MDTA LLC 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;
- Foreign securities;
- Repurchase agreements;
- Reverse repurchase agreements; and/or
- Mutual fund shares (including shares of Investment Companies, Private Investment Companies and Pooled Investment Vehicles advised or sub-advised by Federated MDTA LLC or other Federated Advisory Companies and distributed by Federated Securities Corp.).

We primarily provide advice with respect to equity, rather than fixed income or money market, investment strategies. Also, while the investment objectives, guidelines and restrictions/limitations for certain client accounts or investment products may permit the use of derivatives and hybrid instruments (including, for example, (1) for duration and/or volatility management, (2) for performance enhancement through the purchase of options, or (3) for offsetting changes in securities value caused by currency movement by use of currency hedges), we would need to make alterations to our normal investment process to facilitate the use of derivatives; accordingly, we currently do not enter into derivatives and hybrid instruments on behalf of our clients. Equity securities (which are discussed in more detail below) represent a share of an issuer's earnings and assets, after the issuer pays its liabilities. Fixed-income securities pay interest, dividends or distributions at a specified rate. Client investment objectives, guidelines and restrictions/limitations also may permit firm or standby commitments to purchase securities on delayed delivery transactions, and asset segregation may be

required by client investment guidelines or applicable law. 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 under the Investment Company Act. Derivative contracts are financial instruments that generally require payments based upon changes in the values of designated securities, commodities, currencies, indices or other assets or instruments, including other derivative contracts. Hybrid instruments combine elements of two different kinds of securities or financial instruments (such as a derivative contract). Investments in fixed income securities, money market securities, derivative contracts and hybrid instruments involve investment risk. Investments in derivative contracts and hybrid instruments also involve risks different from, and possibly greater than, the risks of investing directly in securities and other traditional investments. If we manage an investment account or product pursuant to a balanced or other investment strategy that permits investments in fixed income or money market securities, we generally engage another investment adviser (which may be another affiliated Federated Advisory Company) to act as sub-adviser with respect to the fixed income or money market component of the investment strategy. Similarly, if derivative contracts or hybrid instruments are to be utilized in connection with a particular investment strategy or investment account or product, another subadviser (which may be another affiliated Federated Advisory Company) generally would be engaged, unless we alter our normal investment process. In these cases, clients should refer to any brochure for the applicable sub-adviser for further information on fixed income or money market securities, and/or derivative contracts or hybrid instruments, and the risks related to investing in those types of investments.

While we primarily provide advice with respect to equity investment strategies, we do not recommend primarily a particular type of security, and our advice is not limited to the above list of securities and other investments. For example, in addition to the investments in the securities and other investments identified above, other investment techniques that Federated MDTA LLC may employ include long term purchases, short term purchases, trading, short sales, and margin transactions. 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, real estate investment trusts, 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.

### **Foreign Securities**

Foreign securities are securities of issuers based outside the United States. We generally consider an issuer to be based outside the United States if:

- It is organized under the laws of, or has a principal office located in, another country;
- The principal trading market for its securities is in another country; or
- 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.

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**

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.

## **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.

### **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 or liquid securities 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. 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.

### **Portfolio Turnover**

Federated MDTA LLC's investment strategies are implemented using Federated MDTA LLC's investment process, which can create high portfolio turnover in a client account or investment product. As discussed under "Fees and Expenses, Other Than Our Advisory Fees" under "Fees and Compensation" in 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, this may indicate higher transaction costs and may result in higher taxes. These costs affect a client account's performance.

Federated MDTA LLC 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 an Investment Company, 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.

### **B. Strategy-Specific Disclosure**

The following discusses in more detail each significant investment strategy that Federated MDTA LLC offers and the risks involved. Clients should review this disclosure carefully and in tandem with the basic information provided above. As noted above, clients also should review any presentations, investment guidelines, marketing materials and other documents provided, or discussions held, 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).

#### **MDT All Cap Core**

This strategy utilizes a whole market, all-cap/all-style approach by selecting most of its investments from companies listed in the Russell 3000® Index, an index that measures the performance of the 3,000 largest U.S. companies by market capitalization representing approximately 98% of the investable domestic equity market. Risks for this strategy

include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that growth stocks are more volatile than value stocks, risks that value stocks may lag behind growth stocks in an up market, quantitative modeling risks and risks that a particular sector will underperform other sectors.

### **MDT Large Cap Growth**

This strategy utilizes a large-cap growth approach by selecting most of its investments from companies listed in the Russell 1000® Growth Index, an index that measures the performance of those companies with higher price-to-book ratios and higher forecasted growth values within the large-cap segment of the U.S. equity universe, which includes the 1,000 largest U.S. companies by market capitalization. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that growth stocks are more volatile than value stocks, quantitative modeling risks and risks that a particular sector will underperform other sectors.

### **MDT Large Cap Value**

This strategy utilizes a large-cap value approach by selecting most of its investments from companies listed in the Russell 1000® Value Index, an index that measures the performance of those companies with lower price-to-book ratios and lower expected growth values within the large-cap segment of the U.S. equity universe, which includes the 1,000 largest U.S. companies by market capitalization. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that value stocks may lag behind growth stocks in an up market, quantitative modeling risks and risks that a particular sector will underperform other sectors.

### **MDT Tax Aware/All Cap Core**

This strategy utilizes a whole market, all-cap/all-style approach by selecting most of its investments from companies listed in the Russell 3000® Index, an index that measures the performance of the 3,000 largest U.S. companies by market capitalization representing approximately 98% of the investable domestic equity market. The strategy seeks to maximize after-tax compound annual return. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that growth stocks are more volatile than value stocks, risks that value stocks may lag behind growth stocks in an up market, risks that a particular sector will underperform other sectors, quantitative modeling risks and risks that managing the portfolio for after-tax returns may hurt the performance of the portfolio.

### **MDT Mid Cap Growth**

This strategy utilizes a mid-cap growth approach by selecting most of its investments from companies listed in the Russell MidCap® Growth Index, an index that measures the performance of those companies with higher price-to-book ratios and higher forecasted growth values within the mid-cap segment of the U.S. equity universe. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that growth stocks are more volatile than value stocks, risks that a particular sector will underperform other sectors, quantitative modeling risks and risks related to company size.

### **MDT Small Cap Core**

This strategy utilizes a small-cap/all-style approach by selecting most of its investments from companies listed in the Russell 2000® Index, an index that measures the performance of approximately 2,000 of the smallest U.S. companies by market capitalization. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that growth stocks are more volatile than value stocks, risks that value stocks may lag behind growth stocks in an up market, risks that a particular sector will underperform other sectors, quantitative modeling risks and risks related to company size.

### **MDT Small Cap Growth**

This strategy utilizes a small-cap growth approach by selecting most of its investments from companies listed in the Russell 2000® Growth Index, an index that measures the performance of those companies with higher price-to-book ratios and higher forecasted growth values within the small-cap segment of the U.S. equity universe. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that

growth stocks are more volatile than value stocks, risks that a particular sector will underperform other sectors, quantitative modeling risks and risks related to company size.

### **MDT Small Cap Value**

This strategy utilizes a small-cap value approach by selecting most of its investments from companies listed in the Russell 2000® Value Index, an index that measures the performance of those companies with lower price-to-book ratios and lower expected growth values within the small-cap segment of the U.S. equity universe. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that value stocks may lag behind growth stocks in an up market, risks that a particular sector will underperform other sectors, quantitative modeling risks and risks related to company size.

### **MDT Market Neutral**

This strategy utilizes a market neutral approach by maintaining approximately equal long and short investments in the market. It does so by selecting most of its long and short investments from companies listed in the Russell 3000® Index, an index that measures the performance of the 3,000 largest U.S. companies by market capitalization representing approximately 98% of the investable domestic equity market. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that growth stocks are more volatile than value stocks, risks that value stocks may lag behind growth stocks in an up market, risks that a particular sector will underperform other sectors, risks related to selling securities short, quantitative modeling risks, and risks related to investing in commodities, such as the adverse effects of unpredicted international monetary and political developments.

### **MDT Balanced**

This strategy currently is only made available to Investment Company clients. For the equity portion of the portfolio, this strategy utilizes a whole market, all-cap/all-style approach by selecting most of its investments from companies listed in the Russell 3000® Index, an index that measures the performance of the 3,000 largest U.S. companies by market capitalization representing approximately 98% of the investable domestic equity market. The equity strategy may also invest in exchange traded funds and other instruments the performance of which is linked to commodities. Investment may also be made in American Depositary Receipts to obtain exposure to foreign markets. For the fixed income portion of the portfolio, a balance between total return and risk is sought to enhance the portfolio's performance through investment in domestic, investment-grade debt securities, U.S. government obligations and mortgage-backed securities. A portion of the portfolio may also be invested in non-investment grade debt securities, foreign debt and derivatives. Risks for this strategy include, for example, risks of the value of equity securities rising and falling, risks of business failure, risks that growth stocks are more volatile than value stocks, risks that value stocks may lag behind growth stocks in an up market, risks that a particular sector will underperform other sectors, risks related to foreign investing, including investing in American Depositary Receipts (ADRs), risks of investing in emerging market countries, currency risks, risks that, as interest rates rise and fall, bond prices will fluctuate, risks that an issuer will default, risks that an issuer may redeem a fixed income security before maturity at a price below or above its current market price, risks of investing in exchange traded funds (ETFs), risks of investing in derivatives, quantitative modeling risks, risks related to investing in commodities, such as the adverse effects of unpredicted international monetary and political developments, and risks that certain types of securities may not be readily sold. Since this investment strategy includes investments in fixed income investments and derivatives, as noted above, we generally engage another investment adviser, such as our affiliate, Federated Investment Counseling, to act as sub-adviser with respect to the non-equity security components of this investment strategy. Clients should refer to any brochure for the applicable sub-adviser for further information on fixed income investments, and/or derivative contracts or hybrid instruments, and the risks related to investing in those types of investments.

## **ITEM 9. DISCIPLINARY INFORMATION**

Federated MDTA LLC has not been subject to any legal or disciplinary event that it is required to disclose under applicable SEC rules.

Given the interrelationships between Federated MDTA LLC, and the other Federated Advisory Companies and our other related persons, and given that the Federated Advisory Companies also share common compliance policies and

procedures, the following discusses certain disciplinary events involving relevant other Federated Advisory Companies and another affiliated company. (Please refer to “Our Use of ‘Shared Personnel’ and Third-Party Service Providers” under “Advisory Business,” “Sales Compensation” under “Fees and Compensation,” and “Other Financial Industry Activities and Affiliations,” in this brochure for information on these interrelationships.)

In 2005, the SEC and New York Attorney General (NYAG) settled proceedings against three subsidiaries of Federated Investors, Inc., Federated Securities Corp., Federated Investment Management Company, and Federated Shareholder Services Company, involving undisclosed market timing arrangements and late trading. The SEC made findings that:

- Federated Securities Corp., in its capacity as distributor of the Federated mutual funds, and its affiliate, Federated Investment Management Company, an SEC-registered investment adviser to many of the Federated mutual funds, violated provisions of the Advisers Act and Investment Company Act, by approving, but not disclosing, three market timing arrangements, or the associated conflict of interest between Federated Investment Management Company and the funds involved in the arrangements, either to other fund shareholders or to the funds' board; and
- Federated Shareholder Services Company, formerly an SEC-registered transfer agent, and another affiliate of Federated Securities Corp., failed to prevent a customer and a Federated employee from late trading in violation of provisions of the Investment Company Act.

Federated Investment Management Company, Federated Securities Corp. and Federated Shareholder Services Company were censured. The NYAG found that such conduct violated provisions of New York State law. Federated entered into the settlements without admitting or denying the regulators' findings. Federated Securities Corp. was ordered to cease and desist from committing or causing any violations of Section 17(d) of the Investment Company Act and SEC Rule 17d-1 thereunder, and from causing any violations of Section 206(1) and 206(e) of the Advisers Act. Federated Securities Corp., however, was not barred from acting in any capacity under the Federal securities laws. Federated paid approximately \$8.0 million in 2004 to certain funds as determined by an independent consultant. As part of these settlements, Federated agreed to pay disgorgement (\$27 million) and a civil money penalty (\$45 million) in the aggregate amount of an additional \$72 million and, among other things, agreed that it would not serve as investment adviser to any registered Investment Company unless:

- At least 75% of the fund's directors are independent of Federated;
- The chairman of each such fund is independent of Federated;
- No action may be taken by the fund's board or any committee thereof unless approved by a majority of the independent trustees of the fund or committee, respectively; and
- The fund appoints a "senior officer" who reports to the independent trustees and is responsible for monitoring compliance by the fund with applicable laws and fiduciary duties and for managing the process by which management fees charged to a fund are approved.

The settlements are discussed in Federated's announcement which, along with previous press releases and related communications on those matters, is available in the "About Us" section of Federated's website at [FederatedInvestors.com](http://www.federatedinvestors.com). The settlements can be obtained at <http://www.sec.gov/litigation/admin/34-52839.pdf> and at <http://www.oag.state.ny.us/press/2005/nov/federated%20investment%20aod%2011.17.05.pdf>.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Relationships with Broker-Dealers**

As discussed under “Sales Compensation” under “Fees and Compensation” in this brochure, Federated MDTA LLC is an affiliate through common ownership with Federated Securities Corp., a dually-registered investment adviser, municipal securities dealer and broker-dealer. These registrations do not imply a certain level of skill or training.

Federated Securities Corp., Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222, acts as distributor of the registered Investment Company clients of Federated MDTA LLC and affiliated advisers (*i.e.*, the other Federated Advisory Companies). Federated Securities Corp.'s employees are registered representatives of Federated Securities Corp. and are salaried employees. As discussed under “Sales Compensation” under “Fees and Compensation” in this

brochure, employee-representatives of Federated Securities Corp. serve as sales people for, and provide certain investment advice on behalf of, Federated MDTA LLC, and are supervised persons of Federated MDTA LLC.

(Please refer to “Sales Compensation” under “Fees and Compensation” in this brochure for additional information regarding Federated Securities Corp.’s other activities and related arrangements).

The following management persons of Federated MDTA LLC are registered representatives of Federated Securities Corp.:

- J. Christopher Donahue, Director, Chairman
- Gordon J. Ceresino, Vice Chairman
- Brian P. Bouda, Chief Compliance Officer

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

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

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

Passport Research, Ltd., another Federated Advisory Company that is affiliated with Federated MDTA LLC, is a limited partnership. The General Partner of Passport Research, Ltd. is Federated Investment Management Company, another Federated Advisory Company that is affiliated with Federated MDTA LLC, and its Limited Partner is Edward D. Jones & Co., L.P. (Edward Jones). Edward Jones is a broker-dealer whose clients are solicited to invest in Investment Companies advised by Passport Research, Ltd., and other Federated Advisory Companies. Edward Jones also receives certain transfer agent, distribution and/or services-related fees from these Investment Companies, and for services provided to these Investment Companies and their shareholders. Edward Jones’ limited partnership interest in Passport Research, Ltd., and the receipt of this compensation, creates certain potential conflicts of interest for Edward Jones and its registered representatives similar to those discussed under “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in this brochure. No management persons of Passport Research, Ltd. are registered representatives of Edward Jones. Given that Edward Jones’ customers, and their assets, constitute all or a significant number of the shareholders, and assets, in the Investment Companies to which Passport Research, Ltd. serves as investment adviser, we, and the other Federated Advisory Companies and our related persons, have an incentive to favor Edward Jones, and its customers, which creates a conflict of interest.

(Please refer to “Performance-Based Fees and Side by Side Management” in 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.

In addition, Federated Investors, Inc., which is Federated MDTA LLC’s ultimate parent company, owns a non-voting, minority interest in both Dix Hills Partners, LLC, an unaffiliated, SEC registered investment adviser and commodity trading advisor, and its affiliate, Dix Hills Associates, LLC (collectively, Dix Hills). These registrations do not imply a certain level of skill or training.

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

## **C. Relationships with Certain Related Persons**

The following discusses other arrangements and relationships that Federated MDTA LLC has with our related persons, other than Federated Securities Corp. (Please refer to “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations” in this brochure for a discussion of our arrangements and relationship with Federated Securities Corp.)

In addition to the other relationships discussed below, Federated MDTA LLC has certain managers/directors/trustees, officers and supervised persons in common with:

- Certain other Federated Advisory Companies and other affiliated investment advisers discussed under “Other Investment Advisers” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure; and
- Certain other affiliated companies owned by Federated Investors, Inc. (such as, among others, the broker-dealer discussed under “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations” in this brochure and the trust company discussed under “Banking or Thrift Institutions” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure).

Certain of these shared/common managers/directors/trustees, officers, and supervised persons of Federated MDTA LLC 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” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure.

(Please refer to “Performance- Based Fees and Side by Side Management” in this brochure for 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” under “Advisory Business” in this brochure, Federated MDTA LLC serves as investment adviser or sub adviser to domestic and foreign funds (*i.e.*, Pooled Investment Vehicles) and Investment Companies managed and distributed by the Federated Advisory Companies or their affiliates, as well as to other non-affiliated funds and accounts. As discussed under “Fees and Compensation” in 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 MDTA LLC 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” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in 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 MDTA LLC, the other Federated Advisory Companies or other affiliated companies.

Federated MDTA LLC also has certain related persons who are general partners of certain family limited partnerships.

(Please refer to “Performance-Based Fees and Side by Side Management” (including “Conflicts of Interest Relating to Affiliated Investment Vehicles” under “Other Conflicts of Interest Relating to Side by Side Management”) in 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” under “Advisory Business” in this brochure, Federated MDTA LLC is an affiliate through common ownership with other SEC-registered investment advisers (*i.e.*, the other Federated

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 Use of ‘Shared Personnel’ and Third-Party Service Providers” under “Advisory Business” in this brochure, we share certain managers/directors/trustees and officers with the other Federated Advisory Companies. We also share certain supervised persons with certain of the other Federated Advisory Companies. We also receive certain shared services from another Federated Advisory Company, Federated Advisory Services Company. 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. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Federated MDTA LLC 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 MDTA LLC and the other Federated Advisory Companies)

- Federated MDTA LLC;
- Federated Investment Counseling;
- Federated Advisory Services Company;
- Federated Equity Management Company of Pennsylvania;
- Federated Global Investment Management Corp.;
- Federated Investment Management Company;
- Federated Securities Corp.; and
- Passport Research, Ltd.

Foreign Advisers

Federated International Management Limited, Federated Asset Management GmbH, Federated Investors (UK) LLP, and Federated Investors Australia PTY LTD.

Federated International Management Limited has filed as an exempt reporting adviser with the SEC.

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

**3. Banking or Thrift Institutions**

Federated MDTA LLC 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 MDTA LLC. Federated Securities Corp., an affiliate of Federated MDTA LLC, and its employee-representatives, sell units of these collective investment trust(s)/fund(s). (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of this relationship.)

**4. Sponsor or Syndicator of Limited Partnerships**

Federated MDTA LLC and related persons of Federated MDTA LLC are the Managing Member or General Partner in a limited liability company and a partnership respectively: Optimum Q Market Neutral LLC (Market Neutral) and Federated Core Trust II, L.P. (Core Trust II). Clients of Federated MDTA LLC are generally not actively solicited to invest in these funds. However, a client's assets may be invested in Core Trust II by Federated MDTA LLC 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 Core Trust II are being 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 this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

#### **D. Relationships with Certain Investment Advisers**

Federated MDTA LLC does not recommend or select other investment advisers for our clients for either direct or indirect compensation. As discussed above, however, Federated MDTA LLC, and/or our affiliates, do have business relationships with both affiliated investment advisers (*e.g.*, the other Federated Advisory Companies) and non-affiliated, SEC-registered investment advisers. These registrations do not imply a certain level of skill or training. The business relationships can create conflicts of interest for Federated MDTA LLC, the other Federated 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 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**

As required by SEC rules, Federated MDTA LLC has adopted a Code of Ethics for Access Persons (Code of Ethics). The other Federated Advisory Companies also have adopted the same Code of Ethics. Although it does permit investment personnel to trade in securities, including those that could be recommended to clients, it does contain significant safeguards designed to protect clients from abuses in this area, such as requirements to obtain prior approval for, and to report, particular transactions. Among other policies, the Code of Ethics also contains certain restrictions on insider trading, misuse of customer information, serving on boards of directors of issuing companies by investment personnel, disclosure of conflicts of interest and receiving/giving gifts and political and charitable contributions. (Please refer to "Conflicts of Interest Relating to Personal Trading" under "Other Actual or Potential Conflicts of Interest" under "Performance-Based Fees and Side by Side Management" in this brochure for more information regarding our Code of Ethics.) We will provide a copy of our Code of Ethics to any client or prospective client upon request.)

#### **B. Participation or Interest in Client Transactions**

Federated MDTA LLC and our related persons may, from time to time, invest client assets in or recommend investments in registered Investment Companies (*e.g.*, mutual funds or Private Investment Companies) and unregistered investment companies (*e.g.*, hedge funds or other Pooled Investment Vehicles) managed, distributed or administered by Federated MDTA LLC or our related persons (*e.g.*, Affiliated Investment Vehicles). (Please refer to "The Types of Accounts/Products We Manage" under "Advisory Business" in this brochure for further information.) This includes, for example, investment of uninvested cash in such Affiliated Investment Vehicles.

Federated MDTA LLC and a related person of Federated MDTA LLC are the Managing Member or General Partner in a limited liability company and a partnership respectively: Optimum Q Market Neutral LLC (Market Neutral) and Federated Core Trust II, L.P. (Core Trust II). Clients of Federated MDTA LLC are generally not actively solicited to invest in these funds. However, a client's assets may be invested in Core Trust II by Federated MDTA LLC as part of the overall investment strategy for that client. (Please refer to "Sponsor or Syndicator of Limited Partnerships" under "Relationships with Certain Related Persons" under "Other Financial Industry Activities and Affiliations" in this brochure for further information.) Federated MDTA LLC, or other Federated Advisory Companies, also may sponsor, create and manage in the future other private funds or other Pooled Investment Vehicles in which client assets will be invested.

Federated MDTA LLC 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" under "The Types of Accounts/Products We Manage" under "Advisory Business" and "Performance-Based Fees and Side by Side

Management” (including “Conflicts of Interest Relating to Proprietary Accounts” under “Other Actual or Potential Conflicts of Interest Relating to Side by Side Management”) in this brochure for more information.)

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

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

When engaging in such cross transactions, neither Federated MDTA LLC 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.

The above activities can create various actual or potential conflicts of interest for Federated MDTA LLC 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” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in this brochure for further information regarding conflicts of interest and how they are addressed.)

### **C. Personal Trading**

Federated MDTA LLC, 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 MDTA LLC and our employees, supervised persons and related persons. (Please refer to “Conflicts of Interest Relating to Personal Trading” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest and how they are addressed.)

## **ITEM 12. BROKERAGE PRACTICES**

This section of our brochure discusses how Federated MDTA LLC selects broker-dealers and intermediaries (collectively, brokers/dealers) for client transactions and 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 MDTA LLC has a "Brokerage Practices" committee charged with oversight of the firm's brokerage and trading practices, which are more fully discussed below. A primary function, among others, of the Committee is to oversee our efforts to seek to achieve "best execution" in connection with client transactions. Generally, best execution can be described as seeking the best available price, in the best available market - giving effect to quantitative and qualitative factors. In seeking “best execution,” the trader looks for the best available price in the best available market so that a client’s total cost or proceeds from any trade are the most favorable under the circumstances. Cost includes “all in” costs of the trade proceeds, not necessarily the lowest commission rate nor the most expeditious execution. In making the selection, the trader considers the following:

- Trader’s 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;
- The broker's/dealer's capital commitment;
- The broker's/dealer's knowledge of the market;
- The broker's/dealer's ability to execute desired volume;
- The broker's/dealer's ability to act with minimum market impact;
- The broker's/dealer's confidentiality;
- The broker's/dealer's error correction capability;
- The broker's/dealer's familiarity with the security, market conditions, trader, and similar factors;
- The broker's/dealer's reliability; and/or
- The broker's/dealer's financial strength and record.

Equity securities may be traded through broker-dealers in the over-the-counter market through dealers acting as principal or agent, or in transactions directly with other investors. Transactions may also be executed on a securities exchange or through an alternative trading venue. Federated MDTA LLC seeks to obtain best execution of our clients' trades by balancing the costs inherent in trading, including opportunity costs, market impact costs and commissions. As a general matter, we seek to add value to our investment management by using market information to capitalize on market opportunities, actively seek liquidity and discover price. We continually monitor our trading results in order to improve execution.

As discussed under "Methods of Analysis, Investment Strategies and Risk of Loss" in this brochure, if we manage an investment account or product pursuant to a balanced or other investment strategy that permits investments in fixed income or money market securities, we generally engage another investment adviser (which may be another affiliated Federated Advisory Company) to act as sub-adviser with respect to the fixed income or money market component of the investment strategy. Any fixed-income securities purchased and sold on behalf of clients by an applicable Federated Advisory Company 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 compensation by offering securities at a higher price than they bid for them. Some fixed income securities, particularly non-investment grade and municipal securities, may have only one primary market maker. The applicable Federated Advisory Company will seek to use dealers it believes to be actively and effectively trading the security being purchased or sold, but may not always obtain the lowest purchase price or highest sale price with respect to a security.

Federated MDTA LLC has adopted written policies for brokerage allocation (Brokerage Policies), which are also part of and are periodically reviewed as part of our Soft Dollar Policy and Procedure. Senior management approves the allocation budget annually and reviews the annual budget in relation to projected and actual brokerage activity quarterly. The budget is determined with input from senior investment personnel. The performance of brokers/dealers is periodically reviewed by the applicable Chief Investment Officer (CIO) and other members of the Brokerage Practice Committee. Senior investment managers are responsible for periodically evaluating the quality and usefulness of the products and services received from or through brokers/dealers which are deemed to assist us in fulfilling our investment management responsibilities (Research Services) and/or executing clients' securities trades (Brokerage Services), subject to the limitation that such Brokerage Services are used during the period of time beginning when the trade order is transmitted to the brokers/dealers and ending with the clearance and settlement of that trade. Compliance personnel monitor the implementation of the Brokerage Policies and associated procedures.

Federated MDTA LLC and certain other Federated Advisory Companies act as sub-adviser or secondary investment manager or consultant with respect to the assets of several Pooled Investment Vehicles that are European-domiciled investment companies (foreign funds). Under the terms and procedures with such foreign funds and their respective primary managers, Federated MDTA LLC and these other Federated Advisory Companies are provided with a list of approved brokers/dealers. Federated MDTA LLC and these other Federated Advisory Companies may request that additional brokers/dealers be added to such list; however, such brokers/dealers are subject to prior review and preapproval by the primary manager.

In addition to Federated MDTA LLC's brokerage selection policies discussed in this brochure (and the other Federated Advisory Companies' brokerage selection policies), a factor that is taken into consideration is the client's connectivity to the broker-dealer.

## **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 the use of soft dollars in connection with equity investment transactions by any Federated Advisory Company (such as Federated MDTA LLC) that provides advice, and effects transactions, relating to equity investments. Similar practices would be followed consistent with applicable law to the extent that soft dollars would be utilized in connection with fixed income investments. For example, soft dollars could be utilized to purchase research services that can be used in managing both equity and fixed income investments.

Federated MDTA LLC may execute portfolio transactions with broker-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. The Research and Brokerage Services that we receive are known as "soft dollar benefits." Such Research and Brokerage Services may be furnished directly to the client, to Federated MDTA LLC or to our related persons, and has included (and may include), for example:

- 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;
- Market Data;
- Order Management Software;
- 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 by Federated MDTA LLC for purposes of making investment decisions, we, based upon our allocation of expected use, bear that portion of the cost of Research and Brokerage Services that are not related to making investment decisions. The Soft Dollar Committee is responsible for periodically reviewing and approving the allocation of the cost of such Research and Brokerage Services.

When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. For example, to the extent that receipt of Research and Brokerage Services may supplant services for which Federated MDTA LLC or our related person might otherwise have paid, it would tend to reduce expenses. When Research and Brokerage Services are received, clients may pay commissions (or markups or markdowns) higher than those charged by other brokers/dealers (from or through which such Research and Brokerage Services were not received) in return for the soft dollar benefits received. This practice is known as "paying-up."

Research and Brokerage Services received from or through brokers/dealers are used by Federated MDTA LLC and our related persons (*e.g.*, the other Federated Advisory Companies) in advising their respective clients, are supplemental to our own research and, when utilized, are subject to internal analysis before being incorporated by us into our investment management process. Research and Brokerage Services (*i.e.*, soft dollar benefits) assist the Federated Advisory Companies in terms of 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 Services 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(s) may be used in managing other accounts.

When allocating soft dollar benefits to client accounts or investment products, while we do not seek to allocate soft dollar benefits to client accounts strictly proportionally to the soft dollar credits the accounts generate, our procedures strive to allocate them in a relatively equal manner. The Group Head of 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 Group Head of Equity Trading regularly monitors the “commission type” breakdown of all trades executed by each individual trader. Under the directive of “best execution,” the Group Head of Equity Trading will work to have traders conform to the commission budget as best as possible. This seeks to ensure that the underlying accounts that are generating commissions, of which the traders transact for, are also consuming those services in a relatively equal manner. Both the soft dollar budget and brokerage allocations are reviewed with the Equity Brokerage Practices Committee quarterly.

When selecting brokers/dealers to execute transactions for client accounts or investment products in return for soft dollar benefits, each trader selects the brokers/dealers that the trader reasonably believes will provide the best execution for each trade.

The trader may determine that multiple brokers/dealers will provide comparable execution value to any trade. In such cases, the trader may select the broker-dealer that provides Research or Brokerage Services as defined within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

The receipt and use of Research and Brokerage Services creates various conflicts of interest for Federated MDTA LLC and our related persons. For example, we may have an incentive to select or recommend brokers/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 “Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side (Management)” in this brochure for a further discussion of these conflicts of interest and how they are addressed.)

## **2. Brokerage for Client Referrals**

Federated MDTA LLC, or our related persons (*e.g.*, the other Federated Advisory Companies), 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. This practice would create a conflict of interest in that we, and our related persons, would have an incentive to select or recommend a broker-dealer based on our, or our related persons’, interest in receiving client referrals, rather than on our clients’ interests in receiving most favorable execution. (Please refer to “Selection Criteria for Brokers/Dealers” generally and “Research and Other Soft Dollar Benefits” under “Selection Criteria for Brokers/Dealers,” under “Brokerage Practices” in this brochure for a discussion of how brokers/dealers are selected to execute client securities transactions.)

## **3. Directed Brokerage**

Federated MDTA LLC generally does not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. Some investment advisers do recommend, request or require client directed brokerage, but not all investment advisers require clients to direct brokerage. Conflicts of interest could arise if we, or our related persons, and the broker-dealer would be affiliated or would have another economic relationship.

Federated MDTA LLC does, however, permit clients to direct brokerage. Our practices surrounding permitting clients to direct brokerage are discussed below. When a client directs brokerage, we may be unable to achieve most favorable execution of client transactions. Directing brokerage also may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices. The willingness of Federated MDTA LLC 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. 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 MDTA LLC's discretionary authority in certain situations as mutually agreed. (Please refer to "Investment Discretion" in this brochure for more general information on the limitations that may be placed on our discretionary authority.) In particular, clients may direct us to use particular brokers/dealers to execute portfolio transactions for their accounts. Where a client directs the use of a particular broker-dealer, or brokers/dealers, we may not be in a position where we can negotiate commission rates or spreads or obtain volume discounts.

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 MDTA LLC. Trades for a client that has directed use of a particular broker-dealer typically are included in Federated MDTA LLC's trade rotation; however, depending upon the circumstances, such directed trades may be placed at the end of aggregated trading activity for a particular security. (Please refer to "Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices" under "Other Conflicts of Interest Relating to Side by Side Management" under "Performance-Based Fees and Side by Side Management" for a discussion of Federated MDTA LLC's trade rotation.) 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 of 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 negotiate commission rates or spreads freely, or select brokers/dealers based on best execution. It may also result in restrictions upon 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. Overall, client directed brokerage may prevent us from seeking best execution and may cost clients more money.

**b. Managed Account Programs**

Certain Managed Account Programs, while not requiring directed brokerage/trading, are structured in such a way (in terms of fees and other factors) that transactions for Managed Accounts are executed through the Sponsor or other brokers/dealers affiliated with those programs, consistent with the duty to seek to obtain best execution. In yet other circumstances, as discussed under "Advisory Business" in this brochure, Federated MDTA LLC and other Federated Advisory Companies that participate in Managed Account Programs may execute transactions with other brokers/dealers in pursuit of best execution.

Similar to Separate Accounts, Managed Account clients (either directly or through the Managed Account Program Sponsor or Platform Provider) also may limit Federated MDTA LLC's discretionary authority, including directing us to use a particular broker-dealer to execute portfolio transactions. (Please refer to "Investment Discretion" in this brochure for more general information on the limitations that may be placed on our discretionary authority.) In such a case, we may not be in a position where we can 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 MDTA LLC. (Please refer to "Separate Accounts and Other Investment Advisory Services" under "Directed Brokerage" under "Selection Criteria for Brokers/Dealers" under "Brokerage Practices" in this brochure for further information on the consequences of directing brokerage/trading.)

Brokerage commissions in Managed Account Programs are generally determined by the designated broker-dealer and included in the Managed Account Program fee. As discussed in more detail under "Fees and Compensation" in this brochure, clients participating in Managed Account Programs generally pay a single fee or fees which covers investment management, custody and brokerage commissions for transactions effected through the Sponsor or other broker-dealer

identified with the specific Managed Account Program. In a traditional Managed Account Program, given the wrapped fee, we generally are not in a position to negotiate commission rates with the broker-dealers or aggregate trades with trades for other client accounts for execution purposes (except that we may aggregate trades for accounts within each separate Managed Account Program). As discussed in more detail under “Fees and Compensation” in this brochure, in certain Managed Account Programs, Federated MDTA LLC’s advisory fees may be billed separately from brokerage, custody and other fees charged by Sponsors, Platform Providers or other designated broker-dealers or custodians. In any case, transactions executed through other brokers/dealers may result in additional charges to the client account. To the extent permitted by the Managed Account Program or to the extent required by law and consistent with the policies discussed under the heading “Selection Criteria for Brokers and Dealers” under “Brokerage Practices” in this brochure, Federated MDTA LLC may execute transactions with other brokers/dealers in pursuit of best execution in which case, we may aggregate such trades with trades for other client accounts for execution purposes.

## **B. Trade Aggregation or Allocation Policy**

Federated MDTA LLC has adopted written policies (Allocation Policies) for the allocation of securities transactions among our clients. The Allocation Policies are premised on Federated MDTA LLC’s general practice of aggregating the transactions executed on behalf of our clients and clients of our related persons. 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 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 the discussion on “Managed Account Programs” under “Directed Brokerage” under “Selection Criteria for Brokers/Dealers” under “Brokerage Practices” in this brochure for additional information on Federated MDTA LLC’s practices with respect to aggregating transactions for Managed Account Program client accounts and to “Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in this brochure for an additional discussion of factors that may result in trades not being aggregated.)

To the extent that Federated MDTA LLC aggregates such transactions, the Allocation Policies state that Federated MDTA LLC and our related persons 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 MDTA LLC or our related persons 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.

Federated MDTA LLC periodically reviews the aggregate allocation of our clients’ transactions among broker-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 copy 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 MDTA LLC’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 MDTA LLC’s other clients.

**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 MDTA LLC and our related persons (*e.g.*, the other Federated Advisory Companies). We, and the other Federated Advisory Companies, have established policies and procedures that we believe are reasonably designed to address conflicts of interest.

(Please refer to “Brokerage Practices,” as well as “Performance-Based Fees and Side by Side Management” (including “Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices” under “Other Conflicts of Interest Relating to Side by Side Management”) in this brochure for a discussion of these conflicts of interest.)

**D. Confidential and Privileged Information**

Federated MDTA LLC and our related persons (*e.g.*, the other Federated Advisory Companies) 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, Federated MDTA LLC or our related persons 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 MDTA LLC, 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. These restrictions may have an adverse impact on client accounts or investment products.

**ITEM 13. REVIEW OF ACCOUNTS**

**A. Account Reviews**

As part of our MDT portfolio optimization process, client accounts are reviewed daily. Reviews are performed by portfolio managers or analysts using our proprietary portfolio optimization software.

As part of the daily 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 (including, as applicable, primary advisers to sub-advised Investment Companies). Reports to shareholders of our clients that are Investment Companies (or non-U.S. investment companies) 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 MDTA LLC monthly or quarterly performance, current holdings, transaction activity and/or other reports as reasonably requested by the clients. Federated MDTA LLC’s reporting obligations typically are set forth in our investment management agreement with our clients. Separate Account clients also may 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 MDTA LLC’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 MDTA LLC 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 MDTA LLC'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 an Investment Company or non-U.S. investment funds managed by Federated MDTA LLC 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 MDTA LLC's reporting requirements typically are described in our investment management agreement or in board materials prepared for quarterly Board of Director/Trustees meetings.

Shareholders of U.S. Investment Companies receive an updated prospectus and annual and semi-annual reports from the Investment Companies' distributors. Shareholders of non-U.S. investment companies receive annual and semiannual reports.

Federated MDTA LLC may provide reports to Pooled Investment Vehicle clients as reasonably requested by the client, or its governing body, or as required in the organic documents for such client.

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 MDTA LLC 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 MDTA LLC's reporting obligations typically are set forth in our sub-investment management or other agreement with the Other Advisors.

When we perform sub-advisory services for an Investment Company, we may provide the Board of Directors/Trustees of an Investment Company sub-advised by us with such reports covering significant/material information as required by the Board of Directors/Trustees of the Investment Company or the Investment Company's primary investment adviser. Federated MDTA LLC's reporting requirements typically are described in our sub-investment management agreement or in board materials prepared for quarterly Board of Director/Trustees meetings.

In addition to the above reports, Federated MDTA LLC 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 this brochure, some brokers or dealers that execute portfolio transactions for Federated MDTA LLC 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" under "Advisory Business" in this brochure, Federated MDTA LLC 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” under “Fees and Compensation” in this brochure, Federated MDTA LLC and certain other Federated Advisory Companies have entered into a written agreement with our affiliate, Federated Securities Corp., a registered broker-dealer, municipal securities dealer, and investment adviser. Under this arrangement, employee-representatives of Federated Securities Corp. also serve as sales people for the investment services and products sponsored by Federated and investment advisory services offered by Federated MDTA LLC and certain of the other Federated Advisory Companies. Federated Securities Corp., and its employee-representatives, act in the capacity of solicitors for Federated MDTA LLC and certain other Federated Advisory Companies. In certain cases, Federated Securities Corp., and its 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 MDTA LLC and other Federated Advisory Companies. Federated Securities Corp. receives compensation from us and such other Federated Advisory Companies (in the form of an intercompany credit) for performing these activities on our and their behalf. Federated Securities Corp.’s employee-representatives also may receive compensation from Federated 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 relevant regulatory history is required to be disclosed to clients and potential clients. (Please refer to “Disciplinary Information” in this brochure for information on Federated Securities Corp.’s regulatory history.)

Employees and supervised persons of Federated MDTA LLC 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 employee-representatives are salaried employees of Federated Securities Corp. 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. 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 accounts/investment products managed by the investment professional and, to a lesser extent, Federated Investors’ overall financial results, and may be paid entirely in cash, or in a combination of cash and restricted stock of Federated Investors. Such employees and supervised persons also may receive certain entertainment and gifts from third parties to the extent permitted under Federated MDTA LLC’s, and the other Federated Advisory Companies’, Code of Ethics. (Please refer to “Our Code of Ethics” under “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” in this brochure for further information on Federated MDTA LLC’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 MDTA LLC 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. There also is an incentive to recommend Dix Hills Partners products or services to clients because of any return that Federated Investors, Inc., may receive on its non-voting minority interest in Dix Hills.

(Please refer to “Sales Compensation” under “Fees and Compensation” in 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” under “Other Actual or Potential Conflicts of Interest” under

“Performance-Based Fees and Side by Side Management” in 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 MDTA LLC and our affiliates (*e.g.*, certain other Federated Advisory Companies) may enter into various arrangements pursuant to which employees, or affiliated and unaffiliated third parties, may be compensated, directly or indirectly, for referring clients to Federated MDTA LLC or our affiliates. (Please refer to “Arrangements Involving Receipt of Economic Benefits from Non-Clients” under “Client Referrals and Other Compensation,” and “Sales Compensation” under “Fees and Compensation,” in 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 Federated 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 of the Federated Advisory Companies (including Affiliated Investment Vehicles).

Arrangements where we, or our affiliates (*e.g.*, certain other Federated 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 MDTA LLC 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” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in 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 MDTA LLC 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 this brochure for further information regarding these arrangements.) To address potential conflicts of interest, 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, our auditing department periodically reviews our practices. We also periodically test on a sample basis our fee calculations to confirm their accuracy. Federated MDTA LLC also is deemed to have custody of client assets that are invested in a Pooled Investment Vehicle for which Federated MDTA LLC serves as the Managing Member of such fund. The assets of such Pooled Investment Vehicle, however, are held by a qualified custodian as defined under SEC Rule 206(4)-2 under the Advisers Act. Except as described above, neither we, nor any related person, hold, directly or indirectly, funds or securities of Federated MDTA LLC’s clients or have any authority to obtain possession of them in connection with the advisory services that Federated MDTA LLC provides to our clients.

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 broker-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 qualified custodian.

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 MDTA LLC (*e.g.*, certain other Federated Advisory Companies) are sometimes asked by clients for suggestions of entities to act as custodians for accounts and, in response, recommend commercial banks or

broker-dealers that act in that capacity. When asked for a recommendation concerning a custodian, consideration will be given to 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.

#### **ITEM 16. INVESTMENT DISCRETION**

As discussed under "Our Advisory Services" under "Advisory Business" in this brochure, Federated MDTA LLC 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 MDTA LLC or our related persons 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 broker-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 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 that a client, or applicable law, consider to be supporting certain terrorist or embargoed nations;
- Not to invest in securities issued by companies affiliated with the client;
- Not to invest in securities of Federated Investors, Inc. or its affiliates; 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" under "Selection Criteria for Brokers/Dealers" under "Brokerage Practices" in this brochure for further information.)

In certain Managed Account programs, Federated MDTA LLC'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. For

Investment Companies and Private Investment Companies, 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” under “Types of Clients” in this brochure, Federated MDTA LLC 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” under “Types of Clients” in 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 this brochure, our investment discretion does not include the ability to withdraw client securities or other assets for our own benefit.

## **ITEM 17. VOTING CLIENT SECURITIES**

### **A. Accepting Voting Authority**

We will accept the authority to vote securities held in client accounts. This authority generally will include the authority to vote proxies and corporate actions, but may not include the authority to vote or file class action, bankruptcy or other litigation claims or related matters. The scope of our authority to vote securities held in client accounts 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.

### **B. Our Proxy Voting Policies and Procedures**

As required under SEC Rule 206(4)-6 under the Advisers Act, Federated MDTA LLC has adopted proxy voting policies and procedures.

#### **1. Proxy Voting Policies**

Under these policies, Federated MDTA LLC’s general policy is to cast proxy votes in favor of proposals that we anticipate will enhance the long-term value of the securities being voted. Generally, this will mean voting for proposals that we believe will: improve the management of a company; increase the rights or preferences of the voted securities; and/or increase the chance that a premium offer would be made for the company or for the voted securities.

The following examples illustrate how this general policy may apply to proposals submitted by a company’s board of directors. However, whether Federated MDTA LLC supports or opposes a proposal will always depend on the specific circumstances described in the proxy statement and other available information.

On matters of corporate governance, generally Federated MDTA LLC will vote for the full slate of directors nominated in an uncontested election; election but against any Director who has not attended at least 75% of the board meetings during the previous year; and for proposals to:

- Require a company’s audit committee to be comprised entirely of independent directors;
- Require independent tabulation of proxies and/or confidential voting by shareholders;
- Reorganize in another jurisdiction (unless it would reduce the rights or preferences of the securities being voted);

- Ratify the board's selection of auditors, unless compensation for non-audit services exceeded 50% of the total compensation received from the company, or the previous auditor was dismissed because of a disagreement with the company; and
- Repeal a shareholder rights plan (also known as a poison pill).
- We will generally vote against the adoption of such a plan (unless the plan is designed to facilitate, rather than prevent, unsolicited offers for the company).

On matters of capital structure, generally Federated MDTA LLC will vote: against proposals to authorize or issue shares that are senior in priority or voting rights to the securities being voted; and for proposals to:

- Reduce the amount of shares authorized for issuance;
- Authorize a stock repurchase program; and
- Grant preemptive rights to the securities being voted.
- We generally will vote against proposals to eliminate such preemptive rights.

On matters relating to management compensation, generally Federated MDTA LLC will vote:

- For stock incentive plans that align the recipients' interests with the interests of shareholders without creating undue dilution;
- Against proposals that would permit the amendment or replacement of outstanding stock incentives with new stock incentives having more favorable terms; and
- Against executive compensation plans that do not disclose the maximum amounts of compensation that may be awarded or the criteria for determining awards.

On matters relating to corporate transactions, we will vote proxies relating to proposed mergers, capital reorganizations, and similar transactions in accordance with the general policy, based upon our analysis of the proposed transaction. We will vote proxies in contested elections of directors in accordance with the general policy, based upon our analysis of the opposing slates and their respective proposed business strategies. Some transactions may also involve proposed changes to the company's corporate governance, capital structure or management compensation. We will vote on such changes based on our evaluation of the proposed transaction or contested election. In these circumstances, we may vote in a manner contrary to the general practice for similar proposals made outside the context of such a proposed transaction or change in the board. For example, if we decide to vote against a proposed transaction, we may vote for anti-takeover measures reasonably designed to prevent the transaction.

Federated MDTA LLC generally votes against proposals submitted by shareholders without the favorable recommendation of a company's board. We believe that a company's board should manage its business and policies, and that shareholders who seek specific changes should strive to convince the board of their merits or seek direct representation on the board. We generally will limit exceptions to this practice to shareholder proposals that we regard as likely to result in an immediate and favorable improvement in the price of the voted security and unlikely to be adopted by the company's board in the absence of shareholder direction.

Federated MDTA LLC will not vote if we determine that the consequences or costs outweigh the potential benefit of voting. For example, if a foreign market requires shareholders casting proxies to retain the voted shares until the meeting date (thereby rendering the shares "illiquid" for some period of time), we will not vote proxies for such shares. In addition, Federated MDTA LLC shall not be obligated to incur any expense to send a representative to a shareholder meeting or to translate proxy materials to English.

If securities lending is permitted in a client portfolio, Federated MDTA LLC will not have a right to vote securities while they are on loan. However, we will take reasonable steps to recall and vote such securities when the meeting raises issues that we believe would have a material effect on shareholder value. There can be no assurance that we will be able to terminate the loan in time to vote on such matters.

Due to the nature of Federated MDTA LLC's investment process, our personnel do not perform proprietary research on securities held in a client's portfolio. Therefore, if our affiliates' investment personnel provide proprietary research with respect to such securities held in another client's portfolio, we will vote proxies on such securities in accordance with our applicable general guidelines and in the same manner as the proxies are voted with respect to such securities in

the affiliate's client's portfolio. If our or our affiliates' investment personnel do not provide proprietary research with respect to such securities in either the client's or another client's portfolio, and there is not an applicable voting instruction from the client, we will vote as recommended by Glass Lewis & Company LLC (Glass Lewis), and, if none of the previous conditions apply, we will vote as recommended by the subject company's board of directors.

If proxies or corporate actions are not delivered in a timely or otherwise appropriate basis, Federated MDTA LLC may not be able to vote a particular proxy or corporate action.

## **2. Proxy Voting Procedures**

Federated MDTA LLC has established a Proxy Voting Committee (Proxy Committee), to exercise all voting discretion granted to us in accordance with the proxy voting policies. We have hired Glass Lewis to obtain, vote, and record proxies in accordance with the Proxy Committee's directions. The Proxy Committee has supplied Glass Lewis with general instructions that represent decisions made by the Proxy Committee in order to vote common proxy proposals. However, the Proxy Committee retains the right to modify these instructions at any time or to vote contrary to the instructions at any time in order to cast proxy votes in a manner that the Proxy Committee believes is consistent with Federated MDTA LLC's general policy. Glass Lewis may vote any proxy as directed in the instructions without further direction from the Proxy Committee and may make any determinations required to implement the instructions. However, if the instructions require case-by-case direction for a proposal, Glass Lewis shall provide the Proxy Committee with all information that it has obtained regarding the proposal and the Proxy Committee will provide specific direction to Glass Lewis.

## **3. Conflicts of Interest**

Conflicts of interest arise from time to time between the interests of Federated MDTA LLC, and our affiliates (including the other Federated Advisory Companies), and the interests of our clients. (Please refer to "Conflicts of Interest Relating to Voting Securities Held in Client Accounts" under "Other Actual or Potential Conflicts of Interest" under "Performance-Based Fees and Side by Side Management" in this brochure for a discussion of these conflicts of interest and how they are addressed.

## **C. Directing a Particular Vote**

To the extent that we have accepted authority to vote securities in a client's account, a client generally can direct how Federated MDTA LLC 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 MDTA LLC will endeavor to vote in accordance with any such written instructions that are timely communicated to Federated MDTA LLC and received by us reasonably in advance of the time that we, or our proxy voting service, votes with respect to a particular solicitation.

## **D. How to Obtain Information About How Federated MDTA LLC Voted With Respect to a Security Held in the Client's Account or a Copy of Our Proxy Voting Policies and Procedures**

### **1. Investment Company Clients**

A report on "Form N-PX" of how Federated MDTA LLC voted any proxies during the most recent 12-month period ended June 30 is available through Federated's website. Go to [FederatedInvestors.com](http://FederatedInvestors.com); from the home page, select "All" under "Asset Classes"; select the fund or account name to go to the next page; on the next page, select the "Literature and Prospectus" tab; at the bottom of that page, select "Proxy Voting Record Report (Form N-PX)." Form N-PX filings are also available at the SEC's website at [www.sec.gov](http://www.sec.gov).

## **2. Any Client**

Any client may obtain a copy of Federated MDTA LLC's Proxy Voting Policies and Procedures as required under SEC Rule 206(4)-6 under the Advisers Act upon request. A client may request a copy of our Proxy Voting Policies and Procedures, and/or a client may obtain information about how we voted with respect to a security held in the client's account, by sending us a written request at the following address:

Investment Administration-Proxy Services  
125 High Street  
Oliver Street Tower, 21st Floor  
Boston, Massachusetts 02110

### **E. What Happens When Federated MDTA LLC Does Not Have Authority to Vote Client Securities**

A client generally will receive proxies or other solicitations from their custodian, transfer agent or other intermediary (*e.g.*, for Managed Accounts, from the Managed Account Program Sponsor or Platform Provider if different from the custodian) to the extent that:

- Federated MDTA LLC does not have the authority to vote securities held in the client's account under our investment management agreement with our client or, in the case of Managed Account Programs, our agreements with the Managed Account Program Sponsors or Platform Providers; or
- The client has revoked our authority to vote securities held in the client's account.

Any revocation of our authority to vote securities held in a client's account generally must be in writing and sent 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 revocation to the Managed Account Program Sponsor or Platform Provider.

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.

To the extent that we do not have the authority to vote securities held in a client's account, the client can still ask questions of Federated MDTA LLC regarding the particular solicitation by sending us the question in writing at the address specified under "How to Obtain Information About How Federated MDTA LLC Voted. With Respect to a Security Held in the Client's Account or a Copy of Our Proxy Voting Policies and Procedures" under "Voting Client Securities" in this brochure. 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.

## **ITEM 18. FINANCIAL INFORMATION**

Federated MDTA LLC 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 this brochure and are deemed to have custody of client assets as discussed under "Custody" in 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**

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 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 marketing, legal, accounting or other professional services.

### **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.

## **E-Mail**

If you have opted to receive marketing information from Federated by e-mail, our policy requires that all messages include instructions for canceling subsequent e-mail programs. Some products or services from Federated are intended to be delivered and serviced electronically. E-mail 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 e-mail correspondence to us. We will not use unsecured e-mail 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. You can email us at [Services@FederatedInvestors.com](mailto:Services@FederatedInvestors.com) or call us at 1-800-341-7400.

This privacy disclosure applies to: Federated Investors, Inc. and each of its wholly owned broker-dealers, investment advisers and other subsidiaries, including Passport Research Ltd., Federated MDTA LLC, and each of the funds managed by Federated, whether or not named "Federated," including the Edward Jones Money Market Fund, and all portfolios of Cash Trust Series, Inc., Cash Trust Series II, and Money Market Obligations Trust.

This policy is effective December 1, 2013

## Certain Disclosures to ERISA Plan Fiduciaries

### Annual Update of Prior Disclosures.

This disclosure is intended to satisfy Federated MDTA LLC's (including its MDT Advisors Division) requirement to annually update the disclosures ("Prior Disclosures") that Federated MDTA LLC 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 MDTA LLC 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 MDTA LLC; and
- (2) where Federated MDTA LLC 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 MDTA LLC with (as applicable) the ERISA Plan/Responsible Plan Fiduciary or Primary Service Provider for Federated MDTA LLC's separate investment supervisory or management services, model portfolio management services and/or other investment advisory services (each an "Applicable Agreement");
- Federated MDTA LLC's Prior Disclosures; and
- any Summary of Material Changes to Federated MDTA LLC's Form ADV, Part 2A, firm brochure provided by Federated MDTA LLC, and Federated MDTA LLC's Form ADV, Part 2A, firm brochure previously provided by Federated MDTA LLC. Any Summary of Material Changes and Federated MDTA LLC's Form ADV, Part 2A, firm brochure are collectively referred to as Federated MDTA LLC'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 MDTA LLC and its affiliates and/or subcontractors is provided in:

- (i) the Applicable Agreement and
- (ii) Federated MDTA LLC's Brochure.

Where Federated MDTA LLC 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 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 MDTA LLC’s Brochure (the “Direct Service Provider Initial Fee Disclosures”).

Where Federated MDTA LLC 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 MDTA LLC; rather, Federated MDTA LLC 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:

- (A) July 1, 2012; or
- (B) for arrangements entered into after that date, immediately prior to the ERISA Plan/Responsible Plan Fiduciary entering into the contract or arrangement with (as applicable) Federated MDTA LLC 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 MDTA LLC’s applicable Initial Fee Disclosures either by a separate notice, an amendment to an Applicable Agreement with Federated MDTA LLC, or an interim update to Federated MDTA LLC’s Brochure (such a notice, amendment, or interim update being an “Interim Fee Disclosure Update”). For purposes of this disclosure, Federated MDTA LLC’s Initial Fee Disclosures and any Interim Fee Disclosure Updates are referred to collectively, as applicable, as Federated MDTA LLC’s “Required Fee Disclosures”.

#### Update to Federated MDTA LLC’s Required Fee Disclosures

Unless a Responsible Plan Fiduciary or Primary Service Provider (as applicable) received an Interim Fee Disclosure Update from Federated MDTA LLC, Federated MDTA LLC intends this disclosure, which is being delivered with Federated MDTA LLC’s Summary of Material Changes or updated Brochure (as applicable), as notice that Federated MDTA LLC’s Required Fee Disclosures continue to be accurate (except to the extent that Federated MDTA LLC’s Brochure has been changed as reflected in the most recent Summary of Material Changes to Federated MDTA LLC’s Brochure). To the extent any information described in the items of Federated MDTA LLC’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 MDTA LLC’s Brochure referenced in Federated MDTA LLC’s Required Fee Disclosures, and listed in the chart below, may have changed.

Accordingly, the following items from Federated MDTA LLC'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 MDTA LLC as a service provider or subcontractor to an ERISA Plan.

<b>Fee-Related Disclosures</b>	<b>Location(s)</b>
<b>A description of the services that Federated MDTA LLC and its affiliates and/or subcontractors ("MDTA") will provide to your ERISA Plan.</b>	Form ADV: Item 4. Advisory Business Item 16. Investment Discretion Item 17. Voting Client Securities
<b>A statement concerning the services MDTA will provide as an ERISA fiduciary.</b>	This statement is set forth in the Applicable Agreement
<b>Compensation MDTA and related parties will receive from your ERISA Plan</b>	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
<b>Compensation MDTA and related parties will receive from other parties that are not related to MDTA ("indirect" compensation)</b>	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
<b>Compensation that will be paid among MDTA and related parties.</b>	Form ADV: Item 4. Advisory Business; E. Our Use of "Shared Personnel" and Third-Party Service Providers
<b>Compensation MDTA will receive if you terminate your Applicable Agreement</b>	Form ADV: Item 5. Fees and Compensation; D. Obtaining a Refund for Fees Paid in Advance
<b>The cost to your ERISA Plan of recordkeeping services.</b>	NA

**EDWARD S. FOSS  
125 High Street  
Oliver Street Tower, 21<sup>st</sup> Floor  
Boston, Massachusetts 02110  
617-235-7105**

FEDERATED MDTA LLC  
(INCLUDING ITS MDT ADVISERS DIVISION)  
125 High Street  
Oliver Street Tower, 21<sup>st</sup> Floor  
Boston, Massachusetts 02110  
800-685-4277

March 17, 2014

**This brochure supplement provides information about Edward S. Foss 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 Edward S. Foss is available on the United States Securities and Exchange Commission's (SEC) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Mr. Foss is a supervised person of the investment advisory firm identified on the cover page to this brochure supplement.

Edward S. Foss  
*Year of Birth:* 1950

*Formal Education After High School:*  
BS – Union College

*Business Background (including Specific Positions Held) for Past Five Years:*

Federated MDTA LLC (Including Its MDT Advisers Division), Sr. Vice President (2009 - present), Chief Operating Officer, MDT (2006 - present)

## ITEM 3. DISCIPLINARY INFORMATION

There are no applicable legal or disciplinary events for Edward S. Foss.

## ITEM 4. OTHER BUSINESS ACTIVITIES

Mr. Foss, 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.

### A. Investment-Related Activities

The investment-related activities engaged in with respect to affiliated companies of the investment advisory firm identified on the cover page to this brochure supplement, and related actual or potential conflicts of interest, are discussed below.

Mr. Foss is a supervised person of the investment advisory firm listed on the cover of this brochure supplement which is a registered investment adviser under the Investment Advisers Act of 1940 (Advisers Act). This company also is an affiliate of other investment advisory firms registered under the Advisers Act: Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp. (Including its Federated Clover Investment Advisors Division), Federated Investment Counseling, Federated Investment Management Company, Federated Investors (UK) LLP and Passport Research, Ltd. These registrations do not imply a certain level of skill or training. All of these companies are subsidiaries of Federated Investors, Inc. (collectively, the Federated Advisory Companies). Federated Investors also owns a trust company, a broker-dealer, certain foreign advisory firms, and certain other companies, all of which are affiliated through common ownership with the Federated Advisory Companies. The Federated Advisory Companies share certain common managers, trustees, directors, officers, employees and supervised persons. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Mr. Foss performs certain functions on behalf of the Federated Advisory Company identified on the cover page of this brochure supplement which, in certain cases, can be construed as formulating investment advice. Mr. Foss is compensated for these activities as follows:

Mr. Foss is paid 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 individual's experience and performance. The annual incentive amount is determined based on a number of factors including growth in gross sales and net sales results in addition to the financial success of Federated Investors, Inc., the performance of the MDT investment accounts and/or products, overall quality and level of contribution, and the achievement of goals reflecting key initiatives and objectives. 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. Senior Management determines individual Financial Success bonuses on a discretionary basis, considering overall contributions and any other factors deemed relevant.

The relationships and compensation arrangements discussed above create actual and potential conflicts of interest for Mr. Foss, which generally are addressed in one of the following ways:

- Prohibition – the conduct that gives rise to the conflict of interest is prohibited;

- Disgorgement – any benefit received is given to the client;
- Delegation – a neutral third-party is engaged to act or make a decision;
- Isolation – information barriers are constructed to prevent a person from gaining knowledge that gives rise to a conflict of interest;
- Validation – a benchmark is established for conduct that is designed to protect client interests or limit the benefit that creates the conflict of interest;
- Disclosure/Consent – the conflict of interest is disclosed to clients; or
- Setting a *De Minimis* Threshold – a threshold for a benefit is set that is considered too small to influence conduct, and is therefore permitted.

The Federated Advisory Companies (including your investment adviser) endeavor to act consistently with applicable law and the interests of clients. Mr. Foss is subject to a Code of Ethics for Access Persons (Code of Ethics), which has been adopted by each Federated Advisory Company. Mr. Foss also is subject to written compliance policies and procedures that have been adopted by each Federated Advisory Company, which are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. Their Code of Ethics and compliance policies and procedures address potential and actual conflicts of interest and provide for various auditing and testing of their policies and procedures, which are reviewed no less frequently than annually as required by SEC rules. The Code of Ethics also covers receipt of entertainment and gifts, when political and charitable contributions can be made, and service on boards of directors/trustees.

The following are examples of the conflicts of interest that Mr. Foss faces when performing the activities described above:

- Mr. Foss has an incentive to favor any account or investment product for which a Federated Advisory Company receives performance-based fees as opposed to the client accounts or investment products that are not charged performance-based fees (*e.g.*, asset-based fees);
- Given the common economic interests between the various Federated Advisory Companies and their affiliates, and other persons or entities in the financial industry, Mr. Foss has an incentive to act in ways that benefit the Federated Advisory Companies, their affiliates, and others in the financial industry with whom they have relationships, rather than in the best interests of clients;
- Given the common economic interests between the various Federated Advisory Companies and their affiliates, Mr. Foss has an incentive to devote more time to or otherwise favor a proprietary account over other client accounts. A proprietary account is an account in which the client, accountholder, shareholder or investor is a Federated Advisory Company, an affiliate of a Federated Advisory Company or an employee of a Federated Advisory Company or an affiliate of a Federated Advisory Company;
- Mr. Foss may have access to client account or investment product portfolio information, or other confidential information, and may invest in the same securities, or related securities, that are invested in on behalf of, or recommended to, clients, including at or around the same time; and
- Mr. Foss's 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, can create actual or potential conflicts of interest.

Please refer to "Additional Compensation" below for further information on conflicts of interest and how they are addressed.

## **B. Non-Investment Related Business Activities**

Mr. Foss 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. Foss may receive as described under “Other Business Activity,” Mr. Foss also may:

- at management’s discretion, become eligible to purchase restricted stock awards (in addition to salary) from Federated Investors, Inc., and
- receive certain travel, entertainment and gifts from third parties (such as service providers and other entities with whom the Federated Advisory Companies have relationships) to the extent permitted under a Federated Advisory Company’s Code of Ethics.

Arrangements in which Mr. Foss receives economic benefits from non-clients (other than salary) create conflicts of interest. There is an incentive to favor the parties providing these benefits over the interests of clients.

The policy of the Federated Advisory Companies (including your investment adviser) is to act consistently with applicable law and the interests of clients. There are procedures in place which the Federated Advisory Companies believe are reasonably designed to address conflicts of interest. In addition to the general approach to addressing conflicts of interest discussed under “Other Business Activities” in this brochure supplement, the following are examples of the policies and procedures in place to address conflicts of interest:

- Compensation has been structured in a manner reasonably designed to safeguard client accounts from being negatively affected as a result of compensation arrangements.
- The Code of Ethics addresses entertainment and gifts, when political or charitable contributions can be made, and service on boards of directors/trustee.
- The Code of Ethics, while permitting trading in securities that could be recommended to clients, contains significant safeguards designed to protect clients from abuses in this area, such as requirements for black-out periods and to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. The Code of Ethics also contains certain restrictions on insider trading and misuse of customer information.
- Supervised Persons, including Mr. Foss, will endeavor to devote such time to each client as deemed appropriate under the circumstances.

You also should 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 discussed in this brochure supplement, and further information on the actual and potential conflicts of interest that arise for your investment adviser, and how they are addressed.

## ITEM 6.SUPERVISION

As a general matter, Mr. Foss is subject to the written compliance policies and procedures of the Federated Advisory Company identified on the cover page of this brochure supplement. These compliance policies and procedures are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. These compliance policies and procedures also provide for various auditing and testing and are reviewed no less frequently than annually as required by SEC rules.

John B. Fisher, President and Chief Executive Officer, Federated Advisory Companies (412-288-6303), is the person responsible for supervising Mr. Foss’s advisory activities on behalf of the investment advisory firm identified on the cover page to this brochure supplement.

**BRIAN M. GREENBERG  
OLIVER STREET TOWER  
125 HIGH STREET, 21ST FLOOR  
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(617) 235-7123**

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March 17, 2014

**This brochure supplement provides information about Brian M. Greenberg 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.**

## ITEM 2. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Mr. Greenberg is a supervised person of the investment advisory firm identified on the cover page to this brochure supplement.

Brian M. Greenberg  
*Year of Birth:* 1981

*Formal Education After High School:*

AB - Harvard College

SM - Harvard Graduate School of Arts and Sciences

*Business Background (including Specific Positions Held) for Past Five Years*

Federated MDTA LLC (Including Its MDT Advisers Division), Research Manager (2009 - present),  
Sr. Analyst (2007 - 2009)

## ITEM 3. DISCIPLINARY INFORMATION

There are no applicable legal or disciplinary events for Brian M. Greenberg.

## ITEM 4. OTHER BUSINESS ACTIVITIES

Mr. Greenberg, 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.

### A. Investment-Related Activities

The investment-related activities engaged in with respect to affiliated companies of the investment advisory firm identified on the cover page to this brochure supplement, and related actual or potential conflicts of interest, are discussed below.

Mr. Greenberg is a supervised person of Federated MDTA LLC (Including Its MDT Advisers Division), which is registered as an investment adviser under the Investment Advisers Act of 1940 (Advisers Act). This company is an affiliate of other investment advisory firms registered under the Advisers Act: Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp. (Including its Federated Clover Investment Advisers Division), Federated Investment Counseling, Federated Investment Management Company, Federated Investors (UK) LLP and Passport Research, Ltd. These registrations do not imply a certain level of skill or training. All of these companies are subsidiaries of Federated Investors, Inc. (collectively, the Federated Advisory Companies). Federated Investors also owns a trust company, a broker-dealer, certain foreign advisory firms, and certain other companies, all of which are affiliated through common ownership with the Federated Advisory Companies. The Federated Advisory Companies share certain common managers, trustees, directors, officers, employees and supervised persons. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Mr. Greenberg performs certain investment management functions on behalf of the Federated Advisory Company identified on the cover page of this brochure supplement. Mr. Greenberg is compensated for these activities as follows:

Mr. Greenberg 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 and/or products Mr. Greenberg manages and, to a lesser extent, Financial Success. 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 total combined annual incentive opportunity is intended to be competitive in the market for Mr. Greenberg's role. Investment performance is based on a variety of factors including performance versus product specific benchmarks. Funding for the Financial Success category may be determined on an

account/product or asset class basis, after corporate financial results are taken into consideration. Senior Management determines individual Financial Success bonuses on a discretionary basis, considering overall contributions and any other factors deemed relevant.

The relationships and compensation arrangements discussed above create actual and potential conflicts of interest for Mr. Greenberg, which generally are addressed in one of the following ways:

- Prohibition – the conduct that gives rise to the conflict of interest is prohibited;
- Disgorgement – any benefit received is given to the client;
- Delegation – a neutral third-party is engaged to act or make a decision;
- Isolation – information barriers are constructed to prevent a person from gaining knowledge that gives rise to a conflict of interest;
- Validation – a benchmark is established for conduct that is designed to protect client interests or limit the benefit that creates the conflict of interest;
- Disclosure/Consent – the conflict of interest is disclosed to clients; or
- Setting a *De Minimis* Threshold – a threshold for a benefit is set that is considered too small to influence conduct, and is therefore permitted.

The Federated Advisory Companies (including your investment adviser) endeavor to act consistently with applicable law and the interests of clients. Mr. Greenberg is subject to a Code of Ethics for Access Persons (Code of Ethics), which has been adopted by each Federated Advisory Company. Mr. Greenberg also is subject to written compliance policies and procedures that have been adopted by each Federated Advisory Company, which are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. Their Code of Ethics and compliance policies and procedures address potential and actual conflicts of interest and provide for various auditing and testing of their policies and procedures, which are reviewed no less frequently than annually as required by SEC rules. The Code of Ethics also covers receipt of entertainment and gifts, when political and charitable contributions can be made, and service on boards of directors/trustees.

The following are examples of the conflicts of interest that Mr. Greenberg faces when performing the activities described above:

- Mr. Greenberg has an incentive to favor any account or investment product for which a Federated Advisory Company receives performance-based fees as opposed to the client accounts or investment products that are not charged performance-based fees (e.g., asset-based fees);
- Mr. Greenberg may face actual and potential conflicts of interest arising from the differing investment objectives, policies, strategies and limitations/restrictions of the clients for whom he performs investment advisory services, including certain pooled investment vehicles, such as a hedge funds, and other client accounts or investment products. It is possible that the various accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client's account;
- Given the common economic interests between the various Federated Advisory Companies and their affiliates, and other persons or entities in the financial industry, Mr. Greenberg has an incentive to act in ways that benefit the Federated Advisory Companies, their affiliates, and others in the financial industry with whom they have relationships rather than in the best interests of clients. This includes, for example, recommending that client assets be invested in investment companies, private investment companies or pooled investment vehicles that are sponsored, or managed, serviced or distributed, by Federated Investors, Inc., the Federated Advisory Companies or affiliated companies (Affiliated Investment Vehicles);
- If uninvested cash can be invested in Affiliated Investment Vehicles, Mr. Greenberg has an incentive to recommend that more cash in a client account or investment product be left uninvested and then invested in Affiliated Investment Vehicles;

- Given the common economic interests between the various Federated Advisory Companies and their affiliates, Mr. Greenberg has an incentive to devote more time to, 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. A proprietary account is an account in which the client, accountholder, shareholder or investor is a Federated Advisory Company, an affiliate of a Federated Advisory Company or an employee of a Federated Advisory Company or an affiliate of a Federated Advisory Company;
- While trades may be recommended (including cross trades) between client accounts (including proprietary accounts) for various reasons, such as an attractive price or ability to fill sell and purchase orders and where the trade will not disadvantage either client, such cross transactions create actual or potential conflicts of interest. It is possible that Mr. Greenberg could conceivably recommend that a cross trade be effected for an account merely to create a market to aid the selling account or that the price at which the trade is executed does not represent the reasonable market value for either the selling or buying account;
- Certain actual or potential conflicts of interest may arise for Mr. Greenberg in connection with the management of an account's investments, on the one hand, and the investments of other accounts for which he provides investment advisory services, on the other. 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. Advice may be given or actions taken 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;
- The 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 a Federated Advisory Company, resulting in higher advisory, servicing or other compensation or other benefits. If an intermediary's (such as a broker-dealer's) customers represent a significant number of the shareholders of, and assets in, a Federated mutual fund, Mr. Greenberg has an incentive to favor that intermediary. There would be a similar incentive with respect to a solicitor who referred clients to a Federated Advisory Company. There also would be an incentive to execute brokerage transactions through a managed account program sponsor or platform provider (or an affiliated broker or dealer), who in turn has the power to recommend a Federated Advisory Company to its managed account program clients;
- Mr. Greenberg may have access to client account or investment product portfolio information, or other confidential information, and may invest in the same securities, or related securities, that are invested in on behalf of, or recommended to, clients, including at or around the same time; and
- Mr. Greenberg's 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, can create actual or potential conflicts of interest. While prohibited from doing so under each Federated Advisory Company's compliance policies and procedures, Mr. Greenberg has an incentive to consider sales of Federated mutual funds when allocating trades to brokers or dealers. Mr. Greenberg also can have a conflict in allocating his time and services among clients.

Please refer to "Additional Compensation" below for further information on conflicts of interest and how they are addressed.

## **B. Non-Investment Related Business Activities**

Mr. Greenberg 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. Greenberg may receive as described under “Other Business Activity,” Mr. Greenberg also may:

- at management’s discretion, become eligible to purchase restricted stock awards (in addition to salary) from Federated Investors, Inc., and
- receive 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.

Arrangements in which Mr. Greenberg receives economic benefits from non-clients (other than salary) create conflicts of interest. There is an incentive to favor the parties providing these benefits over the interests of clients. The policy of the Federated Advisory Companies (including your investment adviser) is to act consistently with applicable law and the interests of clients. There are procedures in place which the Federated Advisory Companies believe are reasonably designed to address conflicts of interest. In addition to the general approach to addressing conflicts of interest discussed under “Other Business Activities” in this brochure supplement, the following are examples of the policies and procedures in place to address conflicts of interest:

- Compensation has been structured in a manner reasonably 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 Code of Ethics addresses entertainment and gifts, when political or charitable contributions can be made, and service on boards of directors/trustees.
- Records are maintained regarding investment and allocation decisions, which are reviewed periodically by the Compliance Department of the Federated Advisory Companies in an effort to confirm compliance with allocation policies and procedures. Client assets will be invested, or recommended for investment, in Affiliated Investment Vehicles only when such investments are consistent with a client’s investment objectives, policies, guidelines and restrictions, and applicable law. Allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating client accounts (which include proprietary accounts).
- Policies are in place which are designed to commence trade execution as concurrently as practicable, address potential conflicts of interest and protect client interests. Various factors (such as operational differences inherent in the trade execution process and directed brokerage/trading) may result in trades for a client not being aggregated with batched trades for other clients and clients receiving a different price, either higher or lower, for the same security. In the case of certain Federated Advisory Companies, trade rotation policies have been implemented whereby purchases and sales of securities are processed on a rotational basis by group or different trading desks are utilized. 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.
- Parameters may be set around the amount of cash that remains uninvested for a particular client account, or a client may establish such parameters in the client’s investment policies, guidelines or restrictions.
- If client assets are invested in Affiliated Investment Vehicles, as described more fully in the brochure for the Federated Advisory Company that is your investment adviser, your investment adviser may waive or reimburse certain clients for the client’s share of advisory fees, if any, paid by the Affiliated Investment Vehicles to your investment adviser or related persons (i.e., the Federated Advisory Companies).

- When engaging in cross transactions, no Federated Advisory Company, nor any affiliate, receives any compensation for acting as a broker-dealer, and applicable laws are followed with respect to cross transactions.
- The Code of Ethics, while permitting trading in securities that could be recommended to clients, contains significant safeguards designed to protect clients from abuses in this area, such as requirements for black-out periods and to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. The Code of Ethics also contains certain restrictions on insider trading and misuse of customer information.
- Supervised persons, including Mr. Greenberg, will endeavor to devote such time to each client as deemed appropriate under the circumstances to perform their duties and obligations to such client in accordance with applicable law and the investment management agreement(s) that an applicable Federated Advisory Company has in place with such client.

You also should 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 discussed in this brochure supplement, and further information on the actual and potential conflicts of interest that arise for your investment adviser, and how they are addressed.

## **ITEM 6.SUPERVISION**

As a general matter, Mr. Greenberg is subject to the written compliance policies and procedures of the Federated Advisory Company identified on the cover page of this brochure supplement. These compliance policies and procedures are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. These compliance policies and procedures also provide for various auditing and testing and are reviewed no less frequently than annually as required by SEC rules.

Each client account or investment product also is subject to periodic, continuous review and monitoring on a daily basis by the portfolio manager(s), including Mr. Greenberg, assigned to the account or investment product. Client accounts or investment products are reviewed on an ongoing basis by the portfolio manager(s) and Chief Investment Officers for the applicable Federated Advisory Company identified on the cover page to this brochure supplement through the use of a set of summary control reports.

For managed accounts, one or more portfolio manager(s), including Mr. Greenberg, are assigned to establish portfolios of specific investment styles. Individual accounts are reviewed periodically by the portfolio manager(s), and by operations personnel (e.g. traders, among others) on a daily basis. Oversight is provided by a Chief Investment Officer and senior advisory personnel.

The portfolio managers 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. Specifically, the Compliance Department of the Federated Advisory Company identified on the cover page to this brochure supplement runs daily compare files/reports in an effort to test daily activity in client accounts and investment products, including as to whether a client's overall portfolio is in compliance with the client's investment objectives, policies, guidelines and/or restrictions/limitations. Investment advice is monitored by an applicable Chief Investment Officer responsible for a particular investment sector.

Daniel J. Mahr, Managing Director, Research (617-235-7100), is the person responsible for supervising Mr. Greenberg's advisory activities on behalf of the investment advisory firm identified on the cover page to this brochure supplement.

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March 17, 2014

**This brochure supplement provides information about Frederick L. Konopka 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.**



## ITEM 2. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Mr. Konopka is a supervised person of the investment advisory firm identified on the cover page to this brochure supplement.

Frederick L. Konopka, CFA

*Year of Birth:* 1960

*Formal Education After High School:*

AB - Dartmouth College

MS - MIT Sloan School of Management

*Business Background (including Specific Positions Held) for Past Five Years:*

Federated MDTA LLC (Including Its MDT Advisers Division), Portfolio and Trading Manager (2009 - present), Sr. Associate (2006 - 2009)

*Designation:*

The Chartered Financial Analyst (CFA) designation is issued by the CFA Institute. Candidates must complete a self-study program of 250 hours followed by an examination for each of three levels. Candidates must have an undergraduate degree and four years of professional experience involving investment decision-making, or four years qualified work experience (full time, but not necessarily investment related).

## ITEM 3. DISCIPLINARY INFORMATION

There are no applicable legal or disciplinary events for Frederick L. Konopka.

## ITEM 4. OTHER BUSINESS ACTIVITIES

Mr. Konopka, 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 that is your investment adviser and affiliated companies.

### A. Investment-Related Activities

The investment-related activities engaged in with respect to affiliated companies of the investment advisory firm identified on the cover page to this brochure supplement, and related actual or potential conflicts of interest, are discussed below.

Mr. Konopka is a supervised person of Federated MDTA LLC (Including Its MDT Advisers Division), which is a registered investment adviser under the Investment Advisers Act of 1940 (Advisers Act). This company is an affiliate of other investment advisory firms registered under the Advisers Act: Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp. (Including its Federated Clover Investment Advisors Division), Federated Investment Counseling, Federated Investment Management Company, Federated Investors (UK) LLP and Passport Research, Ltd. These registrations do not imply a certain level of skill or training. All of these companies are subsidiaries of Federated Investors, Inc. (collectively, the Federated Advisory Companies). Federated Investors also owns a trust company, a broker-dealer, certain foreign advisory firms, and certain other companies, all of which are affiliated through common ownership with the Federated Advisory Companies. The Federated Advisory Companies share certain common managers, trustees, directors, officers, employees and supervised persons. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Mr. Konopka performs certain investment management functions on behalf of the Federated Advisory Company identified on the cover page of this brochure supplement. Mr. Konopka is compensated for these activities as follows:

Mr. Konopka 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 and/or products Mr. Konopka manages and, to a lesser extent, Financial Success. 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 total combined annual incentive opportunity is intended to be competitive in the market for Mr. Konopka's role. Investment performance is based on a variety of factors including performance versus

product specific benchmarks. Funding for the Financial Success category may be determined on an account/product or asset class basis, after corporate financial results are taken into consideration. Senior Management determines individual Financial Success bonuses on a discretionary basis, considering overall contributions and any other factors deemed relevant.

The relationships and compensation arrangements discussed above create actual and potential conflicts of interest for Mr. Konopka, which generally are addressed in one of the following ways:

- Prohibition – the conduct that gives rise to the conflict of interest is prohibited;
- Disgorgement – any benefit received is given to the client;
- Delegation – a neutral third-party is engaged to act or make a decision;
- Isolation – information barriers are constructed to prevent a person from gaining knowledge that gives rise to a conflict of interest;
- Validation – a benchmark is established for conduct that is designed to protect client interests or limit the benefit that creates the conflict of interest;
- Disclosure/Consent – the conflict of interest is disclosed to clients; or
- Setting a *De Minimis* Threshold – a threshold for a benefit is set that is considered too small to influence conduct, and is therefore permitted.

The Federated Advisory Companies (including your investment adviser) endeavor to act consistently with applicable law and the interests of clients. Mr. Konopka is subject to a Code of Ethics for Access Persons (Code of Ethics), which has been adopted by each Federated Advisory Company. Mr. Konopka also is subject to written compliance policies and procedures that have been adopted by each Federated Advisory Company, which are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. Their Code of Ethics and compliance policies and procedures address potential and actual conflicts of interest and provide for various auditing and testing of their policies and procedures, which are reviewed no less frequently than annually as required by SEC rules. The Code of Ethics also covers receipt of entertainment and gifts, when political and charitable contributions can be made, and service on boards of directors/trustees.

The following are examples of the conflicts of interest that Mr. Konopka faces when performing the activities described above:

- Mr. Konopka has an incentive to favor any account or investment product for which a Federated Advisory Company receives performance-based fees as opposed to the client accounts or investment products that are not charged performance-based fees (e.g., asset-based fees);
- Mr. Konopka may face actual and potential conflicts of interest arising from the differing investment objectives, policies, strategies and limitations/restrictions of the clients for whom he performs investment advisory services, including certain pooled investment vehicles, such as a hedge funds, and other client accounts or investment products. It is possible that the various accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client's account;
- Given the common economic interests between the various Federated Advisory Companies and their affiliates, and other persons or entities in the financial industry, Mr. Konopka has an incentive to act in ways that benefit the Federated Advisory Companies, their affiliates, and others in the financial industry with whom they have relationships rather than in the best interests of clients. This includes, for example, recommending that client assets be invested in investment companies, private investment companies or pooled investment vehicles that are sponsored, or managed, serviced or distributed, by Federated Investors, Inc., the Federated Advisory Companies or affiliated companies (Affiliated Investment Vehicles);
- If uninvested cash can be invested in Affiliated Investment Vehicles, Mr. Konopka has an incentive to recommend that more cash in a client account or investment product be left uninvested and then invested in Affiliated Investment Vehicles;
- Given the common economic interests between the various Federated Advisory Companies and their affiliates, Mr. Konopka has an incentive to devote more time to, 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. A proprietary account is an account in which the client, accountholder, shareholder or investor is a Federated Advisory Company, an affiliate of a Federated Advisory Company or an employee of a Federated Advisory Company or an affiliate of a Federated Advisory Company;

- While trades may be recommended (including cross trades) between client accounts (including proprietary accounts) for various reasons, such as an attractive price or ability to fill sell and purchase orders and where the trade will not disadvantage either client, such cross transactions create actual or potential conflicts of interest. It is possible that Mr. Konopka could conceivably recommend that a cross trade be effected for an account merely to create a market to aid the selling account or that the price at which the trade is executed does not represent the reasonable market value for either the selling or buying account;
- Certain actual or potential conflicts of interest may arise for Mr. Konopka in connection with the management of an account's investments, on the one hand, and the investments of other accounts for which he provides investment advisory services, on the other. 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. Advice may be given or actions taken 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;
- The 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 a Federated Advisory Company, resulting in higher advisory, servicing or other compensation or other benefits. If an intermediary's (such as a broker-dealer's) customers represent a significant number of the shareholders of, and assets in, a Federated mutual fund, Mr. Konopka has an incentive to favor that intermediary. There would be a similar incentive with respect to a solicitor who referred clients to a Federated Advisory Company. There also would be an incentive to execute brokerage transactions through a managed account program sponsor or platform provider (or an affiliated broker or dealer), who in turn has the power to recommend a Federated Advisory Company to its managed account program clients;
- The receipt and use of brokerage and research services (i.e., "soft dollar benefits") from brokers or dealers also creates various conflicts of interest. There is an incentive to select or recommend brokers or dealers based on the desire to receive research or other products or services, rather than on a client's interest in receiving most favorable execution;
- Mr. Konopka may have access to client account or investment product portfolio information, or other confidential information, and may invest in the same securities, or related securities, that are invested in on behalf of, or recommended to, clients, including at or around the same time; and
- Mr. Konopka's 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, can create actual or potential conflicts of interest. While prohibited from doing so under each Federated Advisory Company's compliance policies and procedures, Mr. Konopka has an incentive to consider sales of Federated mutual funds when allocating trades to brokers or dealers. Mr. Konopka also can have a conflict in allocating his time and services among clients.

Please refer to "Additional Compensation" below for further information on conflicts of interest and how they are addressed.

## **B. Non-Investment Related Business Activities**

Mr. Konopka 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. Konopka may receive as described under “Other Business Activity,” Mr. Konopka also may:

- at management’s discretion, become eligible to purchase restricted stock awards (in addition to salary) from Federated Investors, Inc., and
- receive 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.

Arrangements in which Mr. Konopka receives economic benefits from non-clients (other than salary) create conflicts of interest. There is an incentive to favor the parties providing these benefits over the interests of clients. The policy of the Federated Advisory Companies (including your investment adviser) is to act consistently with applicable law and the interests of clients. There are procedures in place which the Federated Advisory Companies believe are reasonably designed to address conflicts of interest. In addition to the general approach to addressing conflicts of interest discussed under “Other Business Activities” in this brochure supplement, the following are examples of the policies and procedures in place to address conflicts of interest:

- Compensation has been structured in a manner reasonably designed to safeguard client accounts from being negatively affected as a result of compensation arrangements. Compensation and promotion incentives that reward traders based on the volume or size of trades or asset growth are not allowed. 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 Code of Ethics addresses entertainment and gifts, when political or charitable contributions can be made, and service on boards of directors/trustees.
- Records are maintained regarding investment and allocation decisions, which are reviewed periodically semi-annually by the Compliance Department of the Federated Advisory Companies in an effort to confirm compliance with allocation policies and procedures. Client assets will be invested, or recommended for investment, in Affiliated Investment Vehicles only when such investments are consistent with a client’s investment objectives, policies, guidelines and restrictions, and applicable law. Allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating client accounts (which include proprietary accounts).
- Policies are in place which are designed to commence trade execution as concurrently as practicable, address potential conflicts of interest and protect client interests. Various factors (such as operational differences inherent in the trade execution process and directed brokerage/trading) may result in trades for a client not being aggregated with batched trades for other clients and clients receiving a different price, either higher or lower, for the same security. In the case of certain Federated Advisory Companies, trade rotation policies have been implemented whereby purchases and sales of securities are processed on a rotational basis by group or different trading desks are utilized. 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.
- Parameters may be set around the amount of cash that remains uninvested for a particular client account, or a client may establish such parameters in the client’s investment policies, guidelines or restrictions.
- If client assets are invested in Affiliated Investment Vehicles, as described more fully in the brochure for the Federated Advisory Company that is your investment adviser, your investment adviser may waive or reimburse certain clients for the client’s share of advisory fees, if any, paid by the Affiliated Investment Vehicles to your investment adviser or related persons (i.e., the Federated Advisory Companies).
- When engaging in cross transactions, no Federated Advisory Company, nor any affiliate, receives any compensation for acting as a broker-dealer, and applicable laws are followed with respect to cross transactions.

- The Code of Ethics, while permitting trading in securities that could be recommended to clients, contains significant safeguards designed to protect clients from abuses in this area, such as requirements for black-out periods and to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. The Code of Ethics also contains certain restrictions on insider trading and misuse of customer information.
- Supervised persons, including Mr. Konopka, will endeavor to devote such time to each client as deemed appropriate under the circumstances to perform their duties and obligations to such client in accordance with applicable law and the investment management agreement(s) that an applicable Federated Advisory Company has in place with such client.

You also should 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 discussed in this brochure supplement, and further information on the actual and potential conflicts of interest that arise for your investment adviser, and how they are addressed.

## **ITEM 6.SUPERVISION**

As a general matter, Mr. Konopka is subject to the written compliance policies and procedures of the Federated Advisory Company identified on the cover page of this brochure supplement. These compliance policies and procedures are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. These compliance policies and procedures also provide for various auditing and testing and are reviewed no less frequently than annually as required by SEC rules.

Each client account or investment product also is subject to periodic, continuous review and monitoring on a daily basis by the portfolio manager(s), including Mr. Konopka, assigned to the account or investment product. Client accounts or investment products are reviewed on an ongoing basis by the portfolio manager(s) and Chief Investment Officers for the applicable Federated Advisory Company identified on the cover page to this brochure supplement through the use of a set of summary control reports.

For managed accounts, one or more portfolio manager(s), including Mr. Konopka, are assigned to establish portfolios of specific investment styles. Individual accounts are reviewed periodically by the portfolio manager(s), and by operations personnel (e.g. traders, among others) on a daily basis. Oversight is provided by a Chief Investment Officer and senior advisory personnel.

The portfolio managers 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. Specifically, the Compliance Department of the Federated Advisory Company identified on the cover page to this brochure supplement runs daily compare files/reports in an effort to test daily activity in client accounts and investment products, including as to whether a client's overall portfolio is in compliance with the client's investment objectives, policies, guidelines and/or restrictions/limitations. Investment advice is monitored by an applicable Chief Investment Officer responsible for a particular investment sector.

Daniel J. Mahr, Managing Director, Research (617-235-7100), is the person responsible for supervising Mr. Konopka's advisory activities on behalf of the investment advisory firm identified on the cover page to this brochure supplement.

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March 17, 2014

**This brochure supplement provides information about Daniel J. Mahr 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.**

## ITEM 2. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Mr. Mahr is a supervised person of the investment advisory firm identified on the cover page to this brochure supplement.

Daniel J. Mahr, CFA  
*Year of Birth:* 1981

*Formal Education After High School:*  
AB - Harvard University  
SM - Harvard University

*Business Background (including Specific Positions Held) for Past Five Years:*  
Federated MDTA LLC (Including Its MDT Advisers Division), Managing Director, Research (2008 - present)

*Designation:*

The Chartered Financial Analyst (CFA) designation is issued by the CFA Institute. Candidates must complete a self-study program of 250 hours followed by an examination for each of three levels. Candidates must have an undergraduate degree and four years of professional experience involving investment decision-making, or four years qualified work experience (full time, but not necessarily investment related).

## ITEM 3. DISCIPLINARY INFORMATION

There are no applicable legal or disciplinary events for Daniel J. Mahr.

## ITEM 4. OTHER BUSINESS ACTIVITIES

Mr. Mahr, 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.

### A. Investment-Related Activities

The investment-related activities engaged in with respect to affiliated companies of the investment advisory firm identified on the cover page to this brochure supplement, and related actual or potential conflicts of interest, are discussed below.

Mr. Mahr is a supervised person of Federated MDTA LLC (Including Its MDT Advisers Division), which is a registered investment adviser under the Investment Advisers Act of 1940 (Advisers Act). This company is an affiliate of other investment advisory firms registered under the Advisers Act: Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp. (Including its Federated Clover Investment Advisers Division), Federated Investment Counseling, Federated Investment Management Company, Federated Investors (UK) LLP and Passport Research, Ltd. These registrations do not imply a certain level of skill or training. All of these companies are subsidiaries of Federated Investors, Inc. (collectively, the Federated Advisory Companies). Federated Investors also owns a trust company, a broker-dealer, certain foreign advisory firms, and certain other companies, all of which are affiliated through common ownership with the Federated Advisory Companies. The Federated Advisory Companies share certain common managers, trustees, directors, officers, employees and supervised persons. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Mr. Mahr performs certain investment management functions on behalf of the Federated Advisory Company identified on the cover page of this brochure supplement. Mr. Mahr is compensated for these activities as follows:

Mr. Mahr 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 and/or products Mr. Mahr manages and, to a lesser extent, Financial Success. 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 total combined annual

incentive opportunity is intended to be competitive in the market for Mr. Mahr's role. Investment performance is based on a variety of factors including performance versus product specific benchmarks. Funding for the Financial Success category may be determined on an account/product or asset class basis, after corporate financial results are taken into consideration. Senior Management determines individual Financial Success bonuses on a discretionary basis, considering overall contributions and any other factors deemed relevant.

The relationships and compensation arrangements discussed above create actual and potential conflicts of interest for Mr. Mahr, which generally are addressed in one of the following ways:

- Prohibition – the conduct that gives rise to the conflict of interest is prohibited;
- Disgorgement – any benefit received is given to the client;
- Delegation – a neutral third-party is engaged to act or make a decision;
- Isolation – information barriers are constructed to prevent a person from gaining knowledge that gives rise to a conflict of interest;
- Validation – a benchmark is established for conduct that is designed to protect client interests or limit the benefit that creates the conflict of interest;
- Disclosure/Consent – the conflict of interest is disclosed to clients; or
- Setting a *De Minimis* Threshold – a threshold for a benefit is set that is considered too small to influence conduct, and is therefore permitted.

The Federated Advisory Companies (including your investment adviser) endeavor to act consistently with applicable law and the interests of clients. Mr. Mahr is subject to a Code of Ethics for Access Persons (Code of Ethics), which has been adopted by each Federated Advisory Company. Mr. Mahr also is subject to written compliance policies and procedures that have been adopted by each Federated Advisory Company, which are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. Their Code of Ethics and compliance policies and procedures address potential and actual conflicts of interest and provide for various auditing and testing of their policies and procedures, which are reviewed no less frequently than annually as required by SEC rules. The Code of Ethics also covers receipt of entertainment and gifts, when political and charitable contributions can be made, and service on boards of directors/trustees.

The following are examples of the conflicts of interest that Mr. Mahr faces when performing the activities described above:

- Mr. Mahr has an incentive to favor any account or investment product for which a Federated Advisory Company receives performance-based fees as opposed to the client accounts or investment products that are not charged performance-based fees (e.g., asset-based fees);
- Mr. Mahr may face actual and potential conflicts of interest arising from the differing investment objectives, policies, strategies and limitations/restrictions of the clients for whom he performs investment advisory services, including certain pooled investment vehicles, such as a hedge funds, and other client accounts or investment products. It is possible that the various accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client's account;
- Given the common economic interests between the various Federated Advisory Companies and their affiliates, and other persons or entities in the financial industry, Mr. Mahr has an incentive to act in ways that benefit the Federated Advisory Companies, their affiliates, and others in the financial industry with whom they have relationships rather than in the best interests of clients. This includes, for example, recommending that client assets be invested in investment companies, private investment companies or pooled investment vehicles that are sponsored, or managed, serviced or distributed, by Federated Investors, Inc., the Federated Advisory Companies or affiliated companies (Affiliated Investment Vehicles). Mr. Mahr also is an officer of some of the Federated mutual funds or other pooled investment vehicles sponsored by Federated Investors, Inc., which provides a further incentive to favor such Federated investment products;
- If uninvested cash can be invested in Affiliated Investment Vehicles, Mr. Mahr has an incentive to recommend that more cash in a client account or investment product be left uninvested and then invested in Affiliated Investment Vehicles;



- Given the common economic interests between the various Federated Advisory Companies and their affiliates, Mr. Mahr has an incentive to devote more time to, 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. A proprietary account is an account in which the client, accountholder, shareholder or investor is a Federated Advisory Company, an affiliate of a Federated Advisory Company or an employee of a Federated Advisory Company or an affiliate of a Federated Advisory Company;
- While trades may be recommended (including cross trades) between client accounts (including proprietary accounts) for various reasons, such as an attractive price or ability to fill sell and purchase orders and where the trade will not disadvantage either client, such cross transactions create actual or potential conflicts of interest. It is possible that Mr. Mahr could conceivably recommend that a cross trade be effected for an account merely to create a market to aid the selling account or that the price at which the trade is executed does not represent the reasonable market value for either the selling or buying account;
- Certain actual or potential conflicts of interest may arise for Mr. Mahr in connection with the management of an account's investments, on the one hand, and the investments of other accounts for which he provides investment advisory services, on the other. 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. Advice may be given or actions taken 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;
- The 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 a Federated Advisory Company, resulting in higher advisory, servicing or other compensation or other benefits. If an intermediary's (such as a broker-dealer's) customers represent a significant number of the shareholders of, and assets in, a Federated mutual fund, Mr. Mahr has an incentive to favor that intermediary. There would be a similar incentive with respect to a solicitor who referred clients to a Federated Advisory Company. There also would be an incentive to execute brokerage transactions through a managed account program sponsor or platform provider (or an affiliated broker or dealer), who in turn has the power to recommend a Federated Advisory Company to its managed account program clients;
- Mr. Mahr may have access to client account or investment product portfolio information, or other confidential information, and may invest in the same securities, or related securities, that are invested in on behalf of, or recommended to, clients, including at or around the same time; and
- Mr. Mahr's 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, can create actual or potential conflicts of interest. While prohibited from doing so under each Federated Advisory Company's compliance policies and procedures, Mr. Mahr has an incentive to consider sales of Federated mutual funds when allocating trades to brokers or dealers. Mr. Mahr also can have a conflict in allocating his time and services among clients.

Please refer to "Additional Compensation" below for further information on conflicts of interest and how they are addressed.

## **B. Non-Investment Related Business Activities**

Mr. Mahr 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. Mahr may receive as described under “Other Business Activity,” Mr. Mahr also may:

- at management’s discretion, become eligible to purchase restricted stock awards (in addition to salary) from Federated Investors, Inc., and
- receive 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.

Arrangements in which Mr. Mahr receives economic benefits from non-clients (other than salary) create conflicts of interest. There is an incentive to favor the parties providing these benefits over the interests of clients. The policy of the Federated Advisory Companies (including your investment adviser) is to act consistently with applicable law and the interests of clients. There are procedures in place which the Federated Advisory Companies believe are reasonably designed to address conflicts of interest. In addition to the general approach to addressing conflicts of interest discussed under “Other Business Activities” in this brochure supplement, the following are examples of the policies and procedures in place to address conflicts of interest:

- Compensation has been structured in a manner reasonably 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 Code of Ethics addresses entertainment and gifts, when political or charitable contributions can be made, and service on boards of directors/trustees.
- Records are maintained regarding investment and allocation decisions, which are reviewed periodically by the Compliance Department of the Federated Advisory Companies in an effort to confirm compliance with allocation policies and procedures. Client assets will be invested, or recommended for investment, in Affiliated Investment Vehicles only when such investments are consistent with a client’s investment objectives, policies, guidelines and restrictions, and applicable law. Allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating client accounts (which include proprietary accounts).
- Policies are in place which are designed to commence trade execution as concurrently as practicable, address potential conflicts of interest and protect client interests. Various factors (such as operational differences inherent in the trade execution process and directed brokerage/trading) may result in trades for a client not being aggregated with batched trades for other clients and clients receiving a different price, either higher or lower, for the same security. In the case of certain Federated Advisory Companies, trade rotation policies have been implemented whereby purchases and sales of securities are processed on a rotational basis by group or different trading desks are utilized. 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.
- Parameters may be set around the amount of cash that remains uninvested for a particular client account, or a client may establish such parameters in the client’s investment policies, guidelines or restrictions.
- If client assets are invested in Affiliated Investment Vehicles, as described more fully in the brochure for the Federated Advisory Company that is your investment adviser, your investment adviser may waive or reimburse certain clients for the client’s share of advisory fees, if any, paid by the Affiliated Investment Vehicles to your investment adviser or related persons (i.e., the Federated Advisory Companies).
- When engaging in cross transactions, no Federated Advisory Company, nor any affiliate, receives any compensation for acting as a broker-dealer, and applicable laws are followed with respect to cross transactions.

- The Code of Ethics, while permitting trading in securities that could be recommended to clients, contains significant safeguards designed to protect clients from abuses in this area, such as requirements for black-out periods and to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. The Code of Ethics also contains certain restrictions on insider trading and misuse of customer information.
- Supervised persons, including Mr. Mahr, will endeavor to devote such time to each client as deemed appropriate under the circumstances to perform their duties and obligations to such client in accordance with applicable law and the investment management agreement(s) that an applicable Federated Advisory Company has in place with such client.

You also should 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 discussed in this brochure supplement, and further information on the actual and potential conflicts of interest that arise for your investment adviser, and how they are addressed.

## **ITEM 6. SUPERVISION**

As a general matter, Mr. Mahr is subject to the written compliance policies and procedures of the Federated Advisory Company identified on the cover page of this brochure supplement. These compliance policies and procedures are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. These compliance policies and procedures also provide for various auditing and testing and are reviewed no less frequently than annually as required by SEC rules.

Each client account or investment product also is subject to periodic, continuous review and monitoring on a daily basis by the portfolio manager(s), including Mr. Mahr, assigned to the account or investment product. Client accounts or investment products are reviewed on an ongoing basis by the portfolio manager(s) and Chief Investment Officers for the applicable Federated Advisory Company identified on the cover page to this brochure supplement through the use of a set of summary control reports.

For managed accounts, one or more portfolio manager(s), including Mr. Mahr, are assigned to establish portfolios of specific investment styles. Individual accounts are reviewed periodically by the portfolio manager(s), and by operations personnel (e.g. traders, among others) on a daily basis. Oversight is provided by a Chief Investment Officer and senior advisory personnel.

The portfolio managers 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. Specifically, the Compliance Department of the Federated Advisory Company identified on the cover page to this brochure supplement runs daily compare files/reports in an effort to test daily activity in client accounts and investment products, including as to whether a client's overall portfolio is in compliance with the client's investment objectives, policies, guidelines and/or restrictions/limitations. Investment advice is monitored by an applicable Chief Investment Officer responsible for a particular investment sector.

Stephen F. Auth, CIO Federated Global Equity (412-288-2539), is the person responsible for supervising Mr. Mahr's advisory activities on behalf of the investment advisory firm identified on the cover page to this brochure supplement.

**SARAH A. STAHL  
OLIVER STREET TOWER  
125 HIGH STREET, 21ST FLOOR  
BOSTON, MASSACHUSETTS 02110  
(617) 235-7131**

FEDERATED MDTA LLC  
(INCLUDING ITS MDT ADVISERS DIVISION)  
125 High Street, 21st Floor  
Oliver Street Tower  
Boston, Massachusetts 02110  
1-800-685-4277

March 17, 2014

**This brochure supplement provides information about Sarah A. Stahl 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.**

## ITEM 2. EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Ms. Stahl is a supervised person of the investment advisory firm identified on the cover page to this brochure supplement.

Sarah A. Stahl, CIPM  
*Year of Birth:* 1959

*Formal Education After High School:*

AB - Harvard College

MBA - Harvard Graduate School of Business Administration

*Business Background (including Specific Positions Held) for Past Five Years:*

Federated MDTA LLC (Including Its MDT Advisers Division), Managing Director (2008 - present)

*Designation:*

A Certificate in Investment Performance Measurement (CIPM) is issued by the CFA Institute. Candidates must complete an on-line self directed curriculum testing proficiency in professional ethics, performance evaluations and investment reporting, followed by two professionally administered examinations.

## ITEM 3. DISCIPLINARY INFORMATION

There are no applicable legal or disciplinary events for Sarah A. Stahl.

## ITEM 4. OTHER BUSINESS ACTIVITIES

Ms. Stahl, as of the date of this brochure supplement, is not engaged in any business activities or occupations that are not related to her responsibilities for the investment advisory firm identified on the cover page to this brochure supplement and affiliated companies.

### A. Investment-Related Activities

The investment-related activities engaged in with respect to affiliated companies of the investment advisory firm identified on the cover page to this brochure supplement, and related actual or potential conflicts of interest, are discussed below.

Ms. Stahl is a supervised person of Federated MDTA LLC (Including Its MDT Advisers Division), which is a registered investment adviser under the Investment Advisers Act of 1940 (Advisers Act). This company is an affiliate of other investment advisory firms registered under the Advisers Act: Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp. (Including its Federated Clover Investment Advisers Division), Federated Investment Counseling, Federated Investment Management Company, Federated Investors (UK) LLP and Passport Research, Ltd. These registrations do not imply a certain level of skill or training. All of these companies are subsidiaries of Federated Investors, Inc. (collectively, the Federated Advisory Companies). Federated Investors also owns a trust company, a broker-dealer, certain foreign advisory firms, and certain other companies, all of which are affiliated through common ownership with the Federated Advisory Companies. The Federated Advisory Companies share certain common managers, trustees, directors, officers, employees and supervised persons. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Ms. Stahl performs certain investment management functions on behalf of the Federated Advisory Company identified on the cover page of this brochure supplement. Ms. Stahl is compensated for these activities as follows:

Ms. Stahl 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 and/or products Ms. Stahl manages and, to a lesser extent, Financial Success. 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 total combined annual incentive opportunity is intended to be competitive in the market for Ms. Stahl's role. Investment performance is based on a variety of factors including performance versus product specific benchmarks. Funding for the Financial Success category may be determined on an account/product or asset class basis, after corporate financial results are taken into consideration. Senior Management determines individual Financial Success bonuses on a discretionary basis, considering overall contributions and any other factors deemed relevant.

The relationships and compensation arrangements discussed above create actual and potential conflicts of interest for Ms. Stahl, which generally are addressed in one of the following ways:

- Prohibition – the conduct that gives rise to the conflict of interest is prohibited;
- Disgorgement – any benefit received is given to the client;
- Delegation – a neutral third-party is engaged to act or make a decision;
- Isolation – information barriers are constructed to prevent a person from gaining knowledge that gives rise to a conflict of interest;
- Validation – a benchmark is established for conduct that is designed to protect client interests or limit the benefit that creates the conflict of interest;
- Disclosure/Consent – the conflict of interest is disclosed to clients; or
- Setting a *De Minimis* Threshold – a threshold for a benefit is set that is considered too small to influence conduct, and is therefore permitted.

The Federated Advisory Companies (including your investment adviser) endeavor to act consistently with applicable law and the interests of clients. Ms. Stahl is subject to a Code of Ethics for Access Persons (Code of Ethics), which has been adopted by each Federated Advisory Company. Ms. Stahl also is subject to written compliance policies and procedures that have been adopted by each Federated Advisory Company, which are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. Their Code of Ethics and compliance policies and procedures address potential and actual conflicts of interest and provide for various auditing and testing of their policies and procedures, which are reviewed no less frequently than annually as required by SEC rules. The Code of Ethics also covers receipt of entertainment and gifts, when political and charitable contributions can be made, and service on boards of directors/trustees.

The following are examples of the conflicts of interest that Ms. Stahl faces when performing the activities described above:

- Ms. Stahl has an incentive to favor any account or investment product for which a Federated Advisory Company receives performance-based fees as opposed to the client accounts or investment products that are not charged performance-based fees (e.g., asset-based fees);
- Ms. Stahl may face actual and potential conflicts of interest arising from the differing investment objectives, policies, strategies and limitations/restrictions of the clients for whom she performs investment advisory services, including certain pooled investment vehicles, such as a hedge funds, and other client accounts or investment products. It is possible that the various accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client's account;
- Given the common economic interests between the various Federated Advisory Companies and their affiliates, and other persons or entities in the financial industry, Ms. Stahl has an incentive to act in ways that benefit the Federated Advisory Companies, their affiliates, and others in the financial industry with whom they have relationships rather than in the best interests of clients. This includes, for example, recommending that client assets be invested in investment companies, private investment companies or pooled investment vehicles that are sponsored, or managed, serviced or distributed, by Federated Investors, Inc., the Federated Advisory Companies or affiliated companies (Affiliated Investment Vehicles);

- If uninvested cash can be invested in Affiliated Investment Vehicles, Ms. Stahl has an incentive to recommend that more cash in a client account or investment product be left uninvested and then invested in Affiliated Investment Vehicles;
- Given the common economic interests between the various Federated Advisory Companies and their affiliates, Ms. Stahl has an incentive to devote more time to, 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. A proprietary account is an account in which the client, accountholder, shareholder or investor is a Federated Advisory Company, an affiliate of a Federated Advisory Company or an employee of a Federated Advisory Company or an affiliate of a Federated Advisory Company;
- While trades may be recommended (including cross trades) between client accounts (including proprietary accounts) for various reasons, such as an attractive price or ability to fill sell and purchase orders and where the trade will not disadvantage either client, such cross transactions create actual or potential conflicts of interest. It is possible that Ms. Stahl could conceivably recommend that a cross trade be effected for an account merely to create a market to aid the selling account or that the price at which the trade is executed does not represent the reasonable market value for either the selling or buying account;
- Certain actual or potential conflicts of interest may arise for Ms. Stahl in connection with the management of an account's investments, on the one hand, and the investments of other accounts for which she provides investment advisory services, on the other. 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. Advice may be given or actions taken 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;
- The 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 a Federated Advisory Company, resulting in higher advisory, servicing or other compensation or other benefits. If an intermediary's (such as a broker-dealer's) customers represent a significant number of the shareholders of, and assets in, a Federated mutual fund, Ms. Stahl has an incentive to favor that intermediary. There would be a similar incentive with respect to a solicitor who referred clients to a Federated Advisory Company. There also would be an incentive to execute brokerage transactions through a managed account program sponsor or platform provider (or an affiliated broker or dealer), who in turn has the power to recommend a Federated Advisory Company to its managed account program clients;
- Ms. Stahl may have access to client account or investment product portfolio information, or other confidential information, and may invest in the same securities, or related securities, that are invested in on behalf of, or recommended to, clients, including at or around the same time; and
- Ms. Stahl's 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, can create actual or potential conflicts of interest. While prohibited from doing so under each Federated Advisory Company's compliance policies and procedures, Ms. Stahl has an incentive to consider sales of Federated mutual funds when allocating trades to brokers or dealers. Ms. Stahl also can have a conflict in allocating her time and services among clients.

Please refer to "Additional Compensation" below for further information on conflicts of interest and how they are addressed.

## **B. Non-Investment Related Business Activities**

Ms. Stahl does not engage in any other non-investment related business activities or occupations that provide a substantial source of her income or involve a substantial amount of her time.

## ITEM 5.ADDITIONAL COMPENSATION

In addition to the compensation (including bonuses) that Ms. Stahl may receive as described under “Other Business Activity,” Ms. Stahl also may:

- at management’s discretion, become eligible to purchase restricted stock awards (in addition to salary) from Federated Investors, Inc., and
- receive 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.

Arrangements in which Ms. Stahl receives economic benefits from non-clients (other than salary) create conflicts of interest. There is an incentive to favor the parties providing these benefits over the interests of clients. The policy of the Federated Advisory Companies (including your investment adviser) is to act consistently with applicable law and the interests of clients. There are procedures in place which the Federated Advisory Companies believe are reasonably designed to address conflicts of interest. In addition to the general approach to addressing conflicts of interest discussed under “Other Business Activities” in this brochure supplement, the following are examples of the policies and procedures in place to address conflicts of interest:

- Compensation has been structured in a manner reasonably 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 Code of Ethics addresses entertainment and gifts, when political or charitable contributions can be made, and service on boards of directors/trustees.
- Records are maintained regarding investment and allocation decisions, which are reviewed periodically by the Compliance Department of the Federated Advisory Companies in an effort to confirm compliance with allocation policies and procedures. Client assets will be invested, or recommended for investment, in Affiliated Investment Vehicles only when such investments are consistent with a client’s investment objectives, policies, guidelines and restrictions, and applicable law. Allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating client accounts (which include proprietary accounts).
- Policies are in place which are designed to commence trade execution as concurrently as practicable, address potential conflicts of interest and protect client interests. Various factors (such as operational differences inherent in the trade execution process and directed brokerage/trading) may result in trades for a client not being aggregated with batched trades for other clients and clients receiving a different price, either higher or lower, for the same security. In the case of certain Federated Advisory Companies, trade rotation policies have been implemented whereby purchases and sales of securities are processed on a rotational basis by group or different trading desks are utilized. 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.
- Parameters may be set around the amount of cash that remains uninvested for a particular client account, or a client may establish such parameters in the client’s investment policies, guidelines or restrictions.
- If client assets are invested in Affiliated Investment Vehicles, as described more fully in the brochure for the Federated Advisory Company that is your investment adviser, your investment adviser may waive or reimburse certain clients for the client’s share of advisory fees, if any, paid by the Affiliated Investment Vehicles to your investment adviser or related persons (i.e., the Federated Advisory Companies).



- When engaging in cross transactions, no Federated Advisory Company, nor any affiliate, receives any compensation for acting as a broker-dealer, and applicable laws are followed with respect to cross transactions.
- The Code of Ethics, while permitting trading in securities that could be recommended to clients, contains significant safeguards designed to protect clients from abuses in this area, such as requirements for black-out periods and to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. The Code of Ethics also contains certain restrictions on insider trading and misuse of customer information.
- Supervised persons, including Ms. Stahl, will endeavor to devote such time to each client as deemed appropriate under the circumstances to perform their duties and obligations to such client in accordance with applicable law and the investment management agreement(s) that an applicable Federated Advisory Company has in place with such client.

You also should 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 discussed in this brochure supplement, and further information on the actual and potential conflicts of interest that arise for your investment adviser, and how they are addressed.

## **ITEM 6.SUPERVISION**

As a general matter, Ms. Stahl is subject to the written compliance policies and procedures of the Federated Advisory Company identified on the cover page of this brochure supplement. These compliance policies and procedures are believed to be reasonably designed to prevent, detect and cure violations of the Advisers Act and other applicable federal securities laws. These compliance policies and procedures also provide for various auditing and testing and are reviewed no less frequently than annually as required by SEC rules.

Each client account or investment product also is subject to periodic, continuous review and monitoring on a daily basis by the portfolio manager(s), including Ms. Stahl, assigned to the account or investment product. Client accounts or investment products are reviewed on an ongoing basis by the portfolio manager(s) and Chief Investment Officers for the applicable Federated Advisory Company identified on the cover page to this brochure supplement through the use of a set of summary control reports.

For managed accounts, one or more portfolio manager(s), including Ms. Stahl, are assigned to establish portfolios of specific investment styles. Individual accounts are reviewed periodically by the portfolio manager(s), and by operations personnel (e.g. traders, among others) on a daily basis. Oversight is provided by a Chief Investment Officer and senior advisory personnel.

The portfolio managers 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. Specifically, the Compliance Department of the Federated Advisory Company identified on the cover page to this brochure supplement runs daily compare files/reports in an effort to test daily activity in client accounts and investment products, including as to whether a client's overall portfolio is in compliance with the client's investment objectives, policies, guidelines and/or restrictions/limitations. Investment advice is monitored by an applicable Chief Investment Officer responsible for a particular investment sector.

Edward S. Foss, Chief Operating Officer, MDT (617-235-7105), is the person responsible for supervising Ms. Stahl's advisory activities on behalf of the investment advisory firm identified on the cover page to this brochure supplement.