

**FEDERATED GLOBAL INVESTMENT MANAGEMENT CORP.  
(INCLUDING ITS FEDERATED CLOVER INVESTMENT ADVISORS DIVISION)**

101 Park Avenue  
Suite 4100  
New York, New York 10178-0002  
1-800-245-4770 (select option 3)  
FederatedInvestors.com

May 27, 2016

**Federated Global Investment Management Corp. (including its Federated Clover Investment Advisors 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 Global Investment Management Corp. (including its Federated Clover Investment Advisors division). If you have any questions about the content of this brochure, please contact us at 1-800-245-4770 (select option 3). 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 Global Investment Management Corp. (including its Federated Clover Investment Advisors division) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2. MATERIAL CHANGES

The discussion immediately below addresses changes from the last annual update of our brochure dated March 16, 2016. We encourage you to use this summary to determine whether to review our amended annual updated brochure, dated May 27, 2016 (Updated Brochure), in its entirety or to contact Federated Global Investment Management Corp. with questions about the changes.

**Items 9 (“Disciplinary Information”) Disclosure regarding an incident of an Order Instituting Administrative and Cease and Desist Proceedings in settlement of an Administrative Proceeding. Accordingly, the Item has been restated as follows:**

On May 27, 2016, Federated Global Investment Management Corp., without admitting or denying any findings except as to the Commission’s jurisdiction and the subject matter of the proceedings, consented to the entry of an Order Instituting Administrative and Cease and Desist Proceedings (Order) in settlement of an Administrative Proceeding. The proceeding related to the period from approximately 2001 to 2010 during which Federated Global Investment Management Corp.’s failed to establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of material nonpublic information in connection with its use of an outside consultant as part of its securities research and analysis activities. There was no finding of any misuse of material nonpublic information. Federated Global Investment Management Corp. was censured, and ordered to cease and desist from committing or causing any violations and any future violations of Section 204A of the Advisers Act, and paid a civil money penalty in the amount of \$1.5 million. The Order concluded the SEC’s inquiry into this matter.

The following summary identifies and discusses changes to Federated Global Investment Management Corp.’s Form ADV, Part 2A, brochure, between March 16, 2015 and March 16, 2016, that it believes may be material. In the section below labeled “Certain Other Changes,” we also discuss certain (but not all) other changes to our brochure during that period.

**Items 4 (“Advisory Business”), 6 (“Performance-Based Fees and Side by Side Management”), 11 (“Code of Ethics, Participation or Interest in Client Transactions and Personal Trading”) and 12 (“Brokerage Practices”) have been restated for clarity. Although the substance of these sections has not materially changed, other than as specifically indicated below, we encourage clients to review these sections.**

**Item 4 Section C.1 (“Advisory Business - Our Advisory Services - Investment Supervisory Services”): An additional paragraph has been added to the Section to provide disclosure regarding the investment of client assets in certain affiliated Investment Companies. Accordingly, the following paragraph has been added to the Section:**

In the case of Managed Accounts and other discretionary investment accounts that we manage, we may invest client assets in certain affiliated Investment Companies (or mutual funds) advised by Federated Global Investment Management Corp. or other Federated Advisory Companies. These affiliated Investment Companies may bear expenses as disclosed in their prospectuses. For example, while these affiliated Investment Companies may not pay certain of the investment management fees or other fees to Federated Global Investment Management Corp. or other Federated Advisory Companies or their affiliates, they typically pay (directly or indirectly by investing in other investment companies) third-party expenses (including custodian fees, transfer agency fees, legal expenses and other third-party expenses). Clients also bear expenses charged directly to the Managed Accounts. We may invest client assets in a portfolio of individual equity, fixed income, or other securities or investments, or in a combination of individual equity, fixed income, or other securities or investments and affiliated Investment Companies. We determine how to invest the client assets based upon several factors, including the type of client account, the investment strategy, and applicable client investment objectives, guidelines and policies, restrictions or instructions, instructions, or other relevant factors. In these cases, the affiliated Investment Companies are reasonably believed to be designed to purchase securities required for the fixed income, equity or other investment strategies that cannot be efficiently held individually in client accounts, but can be effectively held in a pooled vehicle, such as a mutual fund. (Please refer to “Performance-Based Fees and Side by Side Management,” in Item 6, “Code of Ethics, Participation or Interest in Client Transactions, and Personal

Trading” in Item 11 and “Brokerage Practices” in Item 12 of this brochure for further information regarding investments in affiliated Investment Companies.)

**Item 4 Section D.2 (“Advisory Business - The Types of Accounts/Products We Manage - Managed Accounts”):** The first paragraph has been updated to note that with respect to certain Managed Account Programs, the single fee charged by the Managed Account sponsor does not cover the cost of execution of client transactions. Accordingly, the first paragraph of the Section has been restated as follows:

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

**Item 6 Section B.6 (“Performance-Based Fees and Side by Side Management - Conflicts of Interest Relating to Side by Side Management - Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices”):** The subsection entitled “The Federated Clover Investment Advisors Division” has been revised to describe our policies regarding the execution of trades for certain clients of Federated Clover Investment Advisors Division. Accordingly, the subsection has been restated as follows:

The Federated Clover Investment Advisors division has policies in place which are reasonably designed to commence trade execution as concurrently as practicable for Managed Accounts and other client accounts (*e.g.*, institutional and high net worth Separate Accounts and Investment Companies) at different trading desks.

The Federated Clover Investment Advisors division also has established a policy whereby purchases and sales of securities for certain institutional and high net worth Separate Accounts, and certain Investment Companies advised by the Federated Clover Investment Advisors division (Group A) are eligible for cross trades and trade aggregation with accounts (including, among others, Investment Companies) of other Federated Advisory Companies that are traded utilizing the same trade management system. Certain other institutional and high net worth Separate Accounts managed by the Federated Clover Investment Advisors division (Group B) will be eligible for trade aggregation solely amongst themselves. However, for initial public offerings, accounts in Group B also may be aggregated on a cumulative basis with initial public offering trades of accounts in Group A, as well as the accounts of the other Federated Advisory Companies. In such a case, accounts in Group B will receive a pro rata allocation of the initial public offering. All trades for accounts within Group B will be allocated on a random or pro-rata basis, and Federated has established a process pursuant to which the traders responsible for trading each group do not have access to execution information regarding trades from the other group. Trades for a client that has directed use of a particular broker or dealer are typically placed at the end of aggregated trading activity. There can be no assurance that each client will receive the same price for a security, and, depending upon the circumstances, different clients may receive different prices, either higher or lower, for the same security.

**Item 6 Section B.6 (“Performance-Based Fees and Side by Side Management - Conflicts of Interest Relating to Side by Side Management - Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices”):** The subsection on “Federated MDTA LLC” has been revised to note Federated Global Investment Management Corp. clients do not participate in the trading rotation of Federated MDTA LLC accounts. Accordingly, the subsection has been restated as follows:

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

**Item 8 Section A (“Methods of Analysis, Investment Strategies and Risk of Loss - Basic Information”): The third paragraph has been revised to highlight additional potential risks from cybersecurity attacks or incidents. Accordingly, the third paragraph of the Section has been restated as follows:**

Like Other Advisers and business enterprises, the use of the Internet and other electronic media and technology exposes the Adviser, its clients, and its service providers, and their respective operations, to potential risks from cybersecurity attacks or incidents (collectively, “cyber-events”). Cyber-events may include, for example, unauthorized access to systems, networks or devices (such as, for example, through “hacking” activity), infection from or spread of malware, computer viruses or other malicious software code, corruption of data, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website or internet access, functionality or performance. Like Other Advisers and business enterprises, the Adviser and its service providers have experienced, and will continue to experience, cyber-events consistently. For example, the Adviser recently detected suspected malware on certain systems and equipment and devoted internal and external resources to the matter. Cyber-events have not had a material adverse effect on the Adviser’s business, results of operation, financial condition and/or cash flows. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the Adviser and its clients and service providers and cause the Adviser to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage and additional compliance costs associated with corrective measures. A cyber-event may cause the Adviser, or its service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support the Adviser and its service providers. The Adviser and its relevant affiliates have established risk management systems reasonably designed to seek to reduce the risks associated with cyber-events, however, there is no guarantee that the efforts of the Adviser or its affiliates, or other service providers, will succeed, either entirely or partially. Among other reasons, the nature of malicious cyber-attacks is becoming increasingly sophisticated and the Adviser, and its relevant affiliates, cannot control the cyber systems and cybersecurity systems of issuers or third-party service providers.

**Item 8 Section A (“Methods of Analysis, Investment Strategies and Risk of Loss - Basic Information”): The subsection “Derivative Contracts and Hybrid Instruments” has been updated to note certain regulatory risks associated with trading in those financial instruments. Accordingly, the third paragraph in the subsection “Derivative Contracts and Hybrid Instruments” has been restated and additional paragraphs added as follows:**

Federated Global Investment Management Corp. may also trade derivative contracts over-the-counter (OTC) in transactions negotiated directly between a client account and the counterparty. OTC contracts do not necessarily have standard terms, so they may be less liquid and more difficult to close out than exchange-traded contracts. In addition, OTC contracts with more specialized terms may be more difficult to value than exchange traded contracts, especially in times of financial stress. The market for swaps and other OTC derivatives was largely unregulated prior to the enactment of federal legislation known as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). Regulations enacted by the Commodity Futures Trading Commission (the CFTC) under the Dodd-Frank Act require the clearing of certain swap contracts through a clearing house or central counterparty (a CCP). To clear a swap through the CCP, a contract will be submitted to, and margin will be posted with, a futures commission merchant (FCM) that is a clearing house member. A swap may be entered with a financial institution other than the FCM and arrange for the contract to be transferred to the FCM for clearing, or enter into the contract with the FCM itself. If a transaction must be centrally cleared, the CFTC’s regulations also generally require that the swap be executed on a registered exchange or through a market facility that is known as a swap execution facility or SEF. Central clearing is presently required only for certain swaps; and the CFTC is expected to impose a mandatory central clearing requirement for additional derivative instruments over time.

The CCP, SEF and FCM are all subject to regulatory oversight by the CFTC. In addition, most derivative market participants are now regulated as swap dealers or major swap participants and are subject to certain minimum capital and margin requirements and business conduct standards. Similar regulatory requirements are expected to apply to derivative contracts that are subject to the jurisdiction of the SEC, although the SEC has not yet finalized its regulations. In addition, uncleared OTC swaps will be subject to regulatory collateral requirements that could adversely affect the

Adviser's ability to enter into swaps in the OTC market. These developments could cause the termination of new or existing swap agreements or to the realization of amounts to be received under such instruments at an inopportune time.

Until the mandated rulemaking and regulations are implemented completely, it will not be possible to determine the complete impact of the Dodd-Frank Act and related regulations.

**Item 8 Section A (“Methods of Analysis, Investment Strategies and Risk of Loss - Basic Information”): The subsection “Other Investment Strategies” has been revised to provide disclosure regarding strategies subadvised by another Federated Advisory Company. Accordingly, the subsection has been restated as follows:**

Federated Global Investment Management Corp. also may implement other investment strategies as developed or requested by clients, including strategies subadvised by another Federated Advisory Company. Where another Federated Advisory Company subadvises certain institutional and high net worth Separate Accounts, trades will typically be executed on behalf of those accounts pursuant to the trade execution processes and procedures applicable to Managed Account Programs described herein. 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;
- 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; or
- If the strategy is subadvised by another Federated Advisory Company, in the brochure of such Federated Advisory Company, which will be provided herewith.

**Item 9 (“Disciplinary Information”): Disclosure regarding an incident that occurred more than 10 years ago has been removed. Accordingly, the Item has been restated as follows:**

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

**Item 10 Section C.1 (“Other Financial Industry Activities and Affiliations - Relationships with Certain Related Persons - Investment Companies, Private Investment Companies and Pooled Investment Vehicles”): The first paragraph has been updated to describe our responsibilities when acting as a co-adviser, and an additional paragraph has been added to describe arrangements where another Federated Advisory Company acts as a subadviser. Accordingly, the Section has been updated as follows:**

As discussed under “The Types of Accounts/Products We Manage” in Item 4 of this brochure, Federated Global Investment Management Corp. serves as investment adviser, co-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. When we act as a co-adviser, Federated Global Investment Management Corp. and another Federated Advisory Company are jointly responsible for providing Investment Supervisory Services to the Investment Company. As discussed under “Fees and Compensation” in Item 5 of this brochure, we may charge our advisory clients a fee other than the fund's fees on assets which are invested in U.S. registered funds which we or other Federated Advisory Companies may advise. Under appropriate circumstances, Federated Global Investment Management Corp. also may advise our clients to invest assets in certain Affiliated Investment Vehicles (*i.e.*, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles advised by us or other Federated Advisory Companies and distributed by Federated Securities Corp.). Except as discussed under “Conflicts of Interest Relating to Affiliated Investment Vehicles” in Item 6 of this brochure, our clients can pay the fees and expenses charged or assessed by any Investment Companies, Private Investment Companies or Pooled Investment Vehicles to the extent that we invest our clients' assets in Investment Companies, Private Investment Companies and Pooled Investment Vehicles, including those (such as Affiliated Investment Vehicles) that are managed by, are distributed by or receive services from Federated Global Investment Management Corp., the other Federated Advisory Companies or other affiliated companies.

Federated Global Investment Management Corp. 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”) in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

Federated Global Investment Management Corp. also may develop, offer, and implement investment strategies subadvised by another Federated Advisory Company. (Please refer to “Strategy-Specific Disclosures” in Item 8 of this brochure for additional information.)

**Item 12 Section A.3 (“Brokerage Practices - Selection Criteria for Brokers/Dealers - Directed Brokerage”): The section has been updated to note that for accounts that direct brokerage, the cost of execution may exceed the cost of execution for similarly situated accounts that do not direct brokerage. Accordingly, the first paragraph of the Section has been restated as follows:**

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

**Item 12 Section A.3.b (“Brokerage Practices - Selection Criteria for Brokers/Dealers - Directed Brokerage - Managed Account Programs”): The second paragraph has been updated to include additional disclosure regarding the brokerage expenses for Managed Account Programs. Accordingly, the second paragraph has been restated as follows:**

As discussed in more detail under “Fees and Compensation” in Item 5 of this brochure, clients participating in Managed Account Programs generally pay a single fee or fees to cover investment management, custody and brokerage commissions for transactions effected through the Sponsor or other broker/dealer identified with the specific Managed Account Program. Brokerage commissions in Managed Account Programs are generally determined by the designated broker/dealer and included in the Managed Account Program fee. Transactions executed through other brokers/dealers would typically result in additional charges to the client account. Thus, in a traditional Managed Account Program, given the wrapped fee, we generally are not in a position to negotiate commission rates with the brokers/dealers or to aggregate trades with other client accounts for execution purposes (except that we may aggregate trades for accounts within each separate Managed Account Program). However, to the extent permitted by the Managed Account Program and consistent with the policies discussed under the heading “Selection Criteria for Brokers and Dealers” in Item 12 of this brochure, Federated Global Investment Management Corp. may execute transactions with other brokers/dealers in pursuit of best execution, which transactions may be aggregated with trades for other client accounts. As a result of these transactions, Managed Account Program clients may bear additional brokerage expenses in addition to the single fee associated with such programs.

**Item 17 Section B (“Voting Client Securities - Our Proxy Voting Policies and Procedures”): This section has been restated to conform to Federated Investment Counseling’s updated proxy voting policies and procedures. Accordingly, the Section has been restated as follows:**

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

## 1. Proxy Voting Policies

Under these policies, Federated Global Investment Management Corp.'s general policy is to cast proxy votes in favor of management proposals and shareholder proposals that we anticipate will enhance the long-term value of the securities being voted. Generally, this will mean voting for proposals that we believe will: (a) improve the management of a company; (b) increase the rights or preferences of the voted securities; and/or (c) increase the chance that a premium offer would be made for the company or for the voted securities. This approach to voting proxy proposals will be referred to hereafter as the "General Policy".

The following examples illustrate how this General Policy may apply to management proposals and shareholder proposals submitted for approval or ratification by holders of the company's voting securities. However, whether Federated Global Investment Management Corp. 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 Global Investment Management Corp. will vote in favor of:

- a proposal to require a company's audit committee to be comprised entirely of independent directors;
- shareholder proposals to declassify the board of directors;
- shareholder proposals to require a majority voting standard in the election of directors;
- proposals to grant shareholders the right to call a special meeting if owners of at least 25% of the outstanding stock agree;
- a proposal to require independent tabulation of proxies and/or confidential voting of shareholders;
- a proposal to ratify the board's selection of auditors, unless: (a) compensation for non-audit services exceeded 50% of the total compensation received from the company, or (b) the previous auditor was dismissed because of a disagreement with the company
- a proposal to repeal a shareholder rights plan (also known as a "poison pill") and against the adoption of such a plan, unless the plan is designed to facilitate, rather than prevent, unsolicited offers for the company;
- shareholder proposals to eliminate supermajority requirements in company bylaws;
- shareholder proposals to separate the roles of chairman of the board and CEO; and
- shareholder proposals to allow shareholders owning at least 3% of the outstanding common stock for at least three years to nominate candidates for election to the board of directors ("Proxy Access").

In favor of the full slate of directors nominated in an uncontested election, but against any Director who

- had not attended at least 75% of the board meetings during the previous year;
- serves as the company's chief financial officer;
- has committed himself or herself to service on a large number of boards, such that we deem it unlikely that the director would be able to commit sufficient focus and time to a particular company;
- is the chair of the nominating or governance committee when the roles of chairman of the board and CEO are combined and there is no lead independent director;
- served on the compensation committee during a period in which compensation appears excessive relative to performance and peers; or
- or served on a board that did not implement a shareholder proposal that Federated supported and received more than 50% shareholder support the previous year.

On matters of capital structure, generally Federated Global Investment Management Corp. will vote: against proposals to authorize or issue shares that are senior in priority or voting rights to the securities being voted; and in favor of proposals to:

- reduce the amount of shares authorized for issuance (subject to adequate provisions for outstanding convertible securities, options, warrants, rights and other existing obligations to issue shares);
- grant preemptive rights to the securities being voted and against a proposal to eliminate such preemptive rights; and
- authorize a stock repurchase program.

On matters relating to management compensation, generally Federated Global Investment Management Corp. will vote in favor of stock incentive plans (including plans for directors) that align the recipients of stock incentives with the interests of shareholders, without creating undue dilution, and against:

- the advisory vote on executive compensation plans (“Say On Pay”) when the plan has failed to align executive compensation with corporate performance;
- proposals that would permit the amendment or replacement of outstanding stock incentives with new stock incentives having more favorable terms (e.g., lower purchase prices or easier vesting requirements); and
- 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 terms, conditions and anticipated results of the proposed transaction and the expected impact on the long-term value of the securities being voted. We will vote proxies in contested elections of directors based upon our analysis of the opposing slates and their respective proposed business strategy and the expected impact on the long-term value of the securities being voted.

In addition, Federated Global Investment Management Corp. will not vote any proxy if it determines that the consequences or costs of voting outweigh the potential benefit of voting. For example, if a foreign market requires shareholders voting proxies to retain the voted shares until the meeting date (thereby rendering the shares “illiquid” for some period of time), Federated Global Investment Management Corp. will not vote proxies for such shares. Federated Global Investment Management Corp. is not obligated to incur any expense to send a representative to a shareholder meeting or to translate proxy materials into English.

If securities lending is permitted in a client portfolio, Federated Global Investment Management Corp. will not have the right to vote on securities while they are on loan. However, Federated Global Investment Management Corp. will take all reasonable steps to recall shares prior to the record date when the meeting raises issues that Federated Global Investment Management Corp. believes materially affect shareholder value, including, but not limited to, excessive compensation, mergers and acquisitions, contested elections and weak oversight by the audit committee. There can be no assurance that Federated Global Investment Management Corp. will have sufficient notice of such matters to be able to terminate the loan in time to vote thereon.

Federated Global Investment Management Corp. may employ an investment strategy for certain funds or accounts that does not make use of qualitative research. Further, Federated Global Investment Management Corp. may utilize a quantitative strategy to manage certain funds or accounts. In both of these cases, (“Non-Qualitative Accounts”), Federated Global Investment Management Corp. may not have the kind of research to make decisions about how to vote proxies for them. Therefore, Federated Global Investment Management Corp. will vote the proxies of these Non-Qualitative Accounts as follows: (a) in accordance with the Standard Voting Instructions (defined below) adopted by us with respect to issues subject to the proxies; (b) if we are directing votes for the same proxy on behalf of a regular qualitative accounts and a Non-Qualitative Account, the Non-Qualitative Account would vote in the same manner as the regular qualitative account; (c) if neither of the first two conditions apply, as the proxy voting service is recommending; and (d) if none of the previous conditions apply, as recommended by the Proxy Voting Committee (Proxy Committee).

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

## **2. Proxy Voting Procedures**

Federated Global Investment Management Corp. has established a Proxy Voting Committee (Proxy Committee), to exercise all voting discretion granted to us in accordance with the proxy voting policies. To assist it in carrying out the day-to-day operations related to proxy voting, the Proxy Committee has created the Proxy Voting Management Group (PVMG). The day-to-day operations related to proxy voting are carried out by the Proxy Voting Operations Team (PVOT) and overseen by the PVMG. This work includes, interacting with a proxy voting service on the Proxy Committee’s behalf on case-by-case items referred to the Proxy Committee by the proxy voting service; soliciting voting recommendations from Federated Global Investment Management Corp.’s investment professionals, as necessary; bringing requests to the Proxy Committee from Federated Global Investment Management Corp.’s investment



professionals for voting contrary to the Standard Voting Instructions; filing any required proxy voting reports; providing proxy voting reports to clients and investment companies as they are requested from time to time; keeping the Proxy Committee informed of any issues related to proxy voting; and voting client shares as directed by the Proxy Committee.

Federated Global Investment Management Corp. has hired Glass Lewis to obtain, vote, and record proxies in accordance with the directions of the Proxy Committee. The Proxy Committee has supplied Glass Lewis with general instructions (the “Standard Voting Instructions”) that represent decisions made by the Proxy Committee in order to vote common proxy proposals. As the Proxy Committee believes that a shareholder vote is equivalent to an investment decision, the Proxy Committee retains the right to modify the Standard Voting Instructions at any time or to vote contrary to them at any time in order to cast proxy votes in a manner that the Proxy Committee believes is: (a) in the best interests of Federated Global Investment Management Corp.’s clients (including shareholders of the funds advised by Federated Global Investment Management Corp.); and (b) will enhance the long-term value of the securities being voted. The proxy voting service may vote any proxy as directed in the Standard Voting Instructions without further direction from the Proxy Committee. However, if the Standard Voting Instructions require case-by-case direction for a proposal, the PVOT will work with the investment professionals and the proxy voting service to develop a voting recommendation for the Proxy Committee and to communicate the Proxy Committee’s final voting decision to the proxy voting service. Further, if the Standard Voting Instructions require the PVOT to analyze a ballot question and make the final voting decision, the PVOT will report such votes to the Proxy Committee on a quarterly basis for review.

### **3. Conflicts of Interest**

Conflicts of interest arise from time to time between the interests of Federated Global Investment Management Corp., and our affiliates (*e.g.*, the other Federated Advisory Companies), and the interests of our clients. Federated Global Investment Management Corp. 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 Global Investment Management Corp. or our affiliates. This may occur where a significant business relationship exists between Federated Global Investment Management Corp. (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 Global Investment Management Corp.’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 Global Investment Management Corp., or our affiliates, have influenced proxy votes. Any employee of Federated Global Investment Management Corp., 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 the Standard Voting Instructions already provide specific direction on the proposal in question, the Proxy Committee shall not alter or amend such directions.

If the Standard Voting Instructions require the Proxy Committee to provide further direction, the Proxy Committee shall do so in accordance with the proxy voting policies, without regard for the interests of Federated Global Investment Management Corp. 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 annually 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, Federated Global Investment Management Corp. voted as it did. Alternatively, the Proxy Committee may seek direction from the client on how a proposal concerning an Interested Company shall be voted, and shall follow any such direction provided by the client. In seeking such direction, the Proxy Committee will disclose the reason such company is considered an Interested Company and may provide a recommendation on how such proposal should be voted and the basis for such recommendation.

In certain circumstances it may be appropriate for Federated Global Investment Management Corp. to vote in the same proportion as all other shareholders, so as to not affect the outcome beyond helping to establish a quorum at the shareholders’ meeting. This is referred to as “proportional voting.” If a client’s account owns shares of another

Federated mutual fund, Federated Global Investment Management Corp. will proportionally vote the client's proxies for that fund or seek direction from the client on how the proposal should be voted. If the client owns shares of an unaffiliated mutual fund, Federated Global Investment Management Corp. may proportionally vote the client's proxies for that fund depending on the size of the position. If the client owns shares of an unaffiliated exchange traded fund, Federated Global Investment Management Corp. will proportionally vote the client's proxies for that fund.

If the Proxy Committee gives further direction, or seeks to vote contrary to the Standard Voting Instructions, for a proxy relating to a portfolio company in which a client of Federated Global Investment Management Corp. owns more than 10% of the portfolio company's outstanding voting securities at the time of the vote ("Downstream Affiliate"), the Proxy Committee must first receive guidance from Counsel to the Proxy Committee as to whether any relationship between Federated Global Investment Management Corp. and the portfolio company, other than such ownership of the portfolio company's securities, gives rise to an actual conflict of interest. If Counsel determines that an actual conflict exists, the Proxy Committee must address any such conflict with the Executive Committee of Federated's Board of Directors or Trustees of any Investment Company client prior to taking any action on the proxy at issue.

#### Proxy Advisers' Conflicts of Interest

Proxy advisory firms, such as Glass Lewis and ISS, may have significant business relationships with the subjects of their research and voting recommendations. For example, a Glass Lewis client may be a public company with an upcoming shareholders' meeting and Glass Lewis has published a research report with voting recommendations. In another example, a Glass Lewis board member also sits on the board of a public company for which Glass Lewis will write a research report. These and similar situations give rise to an actual or apparent conflict of interest.

In order to avoid concerns that the conflicting interests of Glass Lewis have influenced proxy voting recommendations, we will take the following steps:

1. A due diligence team made up of employees of Federated Global Investment Management Corp. and/or its affiliates will meet with the Glass Lewis on an annual basis and determine through a review of their policies and procedures and through inquiry that the proxy voting service has established a system of internal controls that provide reasonable assurance that their voting recommendations are not influenced by the business relationships they have with the subjects of their research.
2. Whenever the standard voting guidelines call for voting a proposal in accordance with Glass Lewis recommendation and Glass Lewis has disclosed that they have a conflict of interest with respect to that issuer, the PVOT will take the following steps: (a) The PVOT will obtain a copy of the research report and recommendations published by ISS for that issuer; (b) The Head of the PVOT, or his designee, will review both the Glass Lewis research report and the IDD research report and determine what vote will be cast. The PVOT will report all proxies voted in this manner to the Proxy Committee on a quarterly basis. Alternatively the PVOT may seek direction from the Committee on how the proposal shall be voted.

#### Certain Other Changes

**Item 4 Section F ("Advisory Business - Our Assets Under Management"): Our assets under management have been updated because they have changed. Accordingly, the Section has been restated as follows:**

As of December 31, 2015, Federated Global Investment Management Corp. had \$17,086,361,036 in assets under management. As of such date, our assets under management consisted of \$16,790,828,992 of assets that we managed on a discretionary basis. These include assets for which we provided Investment Supervisory Services and exercised discretionary authority or non-discretionary authority with trading responsibility. As of such date, our assets under management also consisted of \$295,532,044 of assets that we managed on a non-discretionary basis. These include assets for which we provided non-discretionary services and did not have trading responsibility. This latter category generally includes our Model Portfolio Management Services.

**Item 10 Section A ("Other Financial Industry Activities and Affiliations - Relationships with Broker-Dealers"): The list of management persons that are registered representatives of Federated Securities has been updated to add Stephen Van Meter as Chief Compliance Officer and remove Brian P. Bouda. Accordingly, the list of**

**management persons that are registered representatives of Federated Securities in the Section has been revised as follows:**

- J. Christopher Donahue, Director, Chairman
- Stephen Van Meter, Chief Compliance Officer
- Steve Friedman, Assistant Vice President
- Mary Anne DeJohn, Assistant Vice President

**Item 10 Section C.2 (“Other Financial Industry Activities and Affiliations - Relationships with Certain Related Persons - Other Investment Advisers”): The “Foreign Advisers” subsection has been updated to reflect the addition of Federated Investors Australia Services Ltd. and Federated Investors Canada ULC to the list of related Foreign Advisers. As such, the subsection on “Foreign Advisers” has been revised as follows:**

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

Federated International Management Limited has filed as an exempt reporting adviser with the SEC. Although registered with the SEC, Federated Investors (UK) LLP has a principal place of business outside of the U.S. As of March 1, 2016, Federated Investors Australia PTY LTD and Federated Investors Australia Services Ltd. are operationally inactive.

### ITEM 3. TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
ITEM 1. COVER PAGE.....	i
ITEM 2. MATERIAL CHANGES .....	ii
ITEM 3. TABLE OF CONTENTS .....	xii
ITEM 4. ADVISORY BUSINESS .....	1
A.    How We are Organized.....	1
B.    Our Ownership Structure.....	1
C.    Our Advisory Services .....	2
1.    Investment Supervisory Services .....	2
2.    Model Portfolio Management Services.....	3
3.    Other Advisory Services .....	3
D.    The Types of Accounts/Products We Manage.....	3
1.    Separate Accounts .....	3
2.    Managed Accounts.....	4
3.    Investment Companies .....	5
4.    Other Pooled Investment Vehicles .....	5
5.    Proprietary Accounts.....	5
E.    Our Use of “Shared Personnel” and Third-Party Service Providers .....	5
F.    Our Assets Under Management.....	5
G.    Standard of Care .....	6
ITEM 5. FEES AND COMPENSATION .....	7
A.    Our Advisory Fees .....	7
1.    Advisory Fee Information for Separate Accounts, Managed Accounts and Model Portfolio Management Services.....	7
2.    Advisory Fee Information for Investment Companies, Pooled Investment Vehicles, Proprietary Accounts and Subadvised Accounts.....	11
3.    Negotiation and Modification of Fees.....	12
B.    How We Charge and Collect Our Advisory Fees.....	12
1.    Separate Accounts .....	13
2.    Managed Accounts.....	13
3.    Investment Companies .....	13
4.    Pooled Investment Vehicles .....	13
5.    Proprietary Accounts.....	13
6.    Subadvised Accounts .....	13
C.    Fees and Expenses, Other Than Our Advisory Fees.....	14
D.    Obtaining a Refund for Fees Paid in Advance.....	15
E.    Sales Compensation .....	15

<b>ITEM 6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT</b> .....	17
<b>A. Conflicts of Interest Relating to Performance-Based Fees</b> .....	18
<b>B. Conflicts of Interest Relating to Side by Side Management</b> .....	19
1. Conflicts of Interest Relating to Management of Different Investment Strategies and Certain Pooled Investment Vehicles .....	19
2. Conflicts of Interest Relating to Affiliated Investment Vehicles .....	20
3. Conflicts of Interest Relating to Uninvested Cash Positions .....	20
4. Conflicts of Interest Relating to Proprietary Accounts .....	21
5. Conflicts of Interest Relating to Certain Cross Transactions .....	21
6. Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices .....	22
<b>C. Other Actual or Potential Conflicts of Interest</b> .....	23
1. Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees .....	23
2. Conflicts of Interest Relating to Personal Trading .....	24
3. Conflicts of Interest Relating to Voting Securities Held in Client Accounts .....	25
4. Other Conflicts of Interest .....	25
<b>ITEM 7. TYPES OF CLIENTS</b> .....	25
<b>A. Types of Clients</b> .....	25
<b>B. Requirements for Accounts</b> .....	26
<b>ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS</b> .....	27
<b>A. Basic Information</b> .....	27
<b>B. Strategy-Specific Disclosure</b> .....	33
<b>ITEM 9. DISCIPLINARY INFORMATION</b> .....	37
<b>ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS</b> .....	37
<b>A. Relationships with Brokers/Dealers</b> .....	37
<b>B. Relationships with Commodity Pool Operators and Commodity         Trading Advisors</b> .....	38
<b>C. Relationships with Certain Related Persons</b> .....	38
1. Investment Companies, Private Investment Companies and Pooled Investment Vehicles .....	39
2. Other Investment Advisers .....	39
3. Banking or Thrift Institutions .....	40
4. Sponsor or Syndicator of Limited Partnerships .....	40
<b>D. Relationships with Certain Investment Advisers</b> .....	41
<b>ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING</b> .....	41
<b>A. Our Code of Ethics</b> .....	41

B.	Participation or Interest in Client Transactions .....	41
1.	Client Investments in Affiliated Investment Vehicles .....	41
2.	Proprietary Accounts .....	42
3.	Principal and Cross Transactions .....	42
C.	Personal Trading .....	42
ITEM 12.	<b>BROKERAGE PRACTICES</b> .....	42
A.	Selection Criteria for Brokers/Dealers .....	42
1.	Research and Other Soft Dollar Benefits .....	44
2.	Brokerage for Client Referrals .....	45
3.	Directed Brokerage .....	45
a.	Separate Accounts and Other Investment Advisory Services .....	46
b.	Managed Account Programs .....	46
B.	Trade Aggregation and Allocation Policy .....	47
C.	Other Considerations for Certain Separate Accounts, Managed Accounts, Model Portfolio Management Services, and Other Advisory Services .....	47
D.	Confidential and Privileged Information .....	48
ITEM 13.	<b>REVIEW OF ACCOUNTS</b> .....	48
A.	Account Reviews .....	48
B.	Reports to Clients .....	49
ITEM 14.	<b>CLIENT REFERRALS AND OTHER COMPENSATION</b> .....	50
A.	Arrangements Involving Receipt of Economic Benefits from Non- Clients .....	50
B.	Arrangements Where Compensation is Paid to Another Person for Client Referrals .....	51
ITEM 15.	<b>CUSTODY</b> .....	51
ITEM 16.	<b>INVESTMENT DISCRETION</b> .....	52
ITEM 17.	<b>VOTING CLIENT SECURITIES</b> .....	53
A.	Accepting Voting Authority .....	53
B.	Our Proxy Voting Policies and Procedures .....	54
1.	Proxy Voting Policies .....	54
2.	Proxy Voting Procedures .....	56
3.	Conflicts of Interest .....	56
C.	Directing a Particular Vote .....	548
D.	How to Obtain Information About How Federated Global Investment Management Corp. Voted With Respect to a Security Held in the Client's Account or a Copy of Our Proxy Voting Policies and Procedures .....	58
1.	Private Investment Company Clients .....	58
2.	Any Client .....	58

<b>E.</b>	<b>What Happens When Federated Global Investment Management Corp. Does Not Have Authority to Vote Client Securities.....</b>	<b>58</b>
<b>ITEM 18.</b>	<b>FINANCIAL INFORMATION.....</b>	<b>59</b>
<b>PRIVACY POLICY.....</b>		<b>60</b>

#### ITEM 4. ADVISORY BUSINESS

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

We primarily do business under the name "Federated Global Investment Management Corp." We also have an operating division, Federated Clover Investment Advisors, and do business under the names "Federated Clover Investment Advisors, a division of Federated Global Investment Management Corp." and "Federated Clover Investment Advisors." Federated Clover Investment Advisors is not a separate company from Federated Global Investment Management Corp. This division was formed through the acquisition of Clover Capital Management Inc. as of the close of business on December 1, 2008. For purposes of this brochure, we refer to ourselves as "Federated Global Investment Management Corp." To the extent that there are separate policies, procedures or practices for the Federated Clover Investment Advisors division, any significant differences from Federated Global Investment Management Corp.'s policies, procedures or practices are highlighted in the appropriate sections of this brochure.

Thank you for considering Federated Global Investment Management Corp. 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.

If you have specific questions concerning the Federated Clover Investment Advisors division, you may contact the division directly by calling 1-800-343-7151. The Federated Clover Investment Advisors division is located at 400 Meridian Centre, Suite 200, Rochester, New York, 14618-3991. Additional websites for the Federated Clover Investment Advisors division also include [www.clovercap.com](http://www.clovercap.com) and [FederatedClover.com](http://FederatedClover.com).

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

We organized as a Delaware corporation on May 12, 1995. Our original name was Federated Global Research Corp. We first registered with the SEC as an investment adviser under the Advisers Act on June 22, 1995. 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., a Delaware corporation. FII Holdings owns 100% of the outstanding voting securities of Federated Global Investment Management Corp.

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 a number of domestic and foreign advisory subsidiaries that are under common control with, and affiliates of, Federated Global Investment Management Corp. (Please refer to "Other Financial Industry Activities and Affiliations" in Item 10 of this brochure for further information.) The Federated Advisory Companies collectively provide advisory services to a variety of separately managed accounts or wrap fee accounts (Managed Accounts), institutional, or high net worth individual, separate accounts (Separate Accounts), registered investment companies or mutual funds (Investment Companies), private investment companies (Private Investment Companies), other pooled



investment vehicles (Pooled Investment Vehicles), and proprietary accounts and funds (Proprietary Accounts). Federated Investors also owns other companies, both in the United States and in certain other countries, such as brokers/dealers, investment advisers, management companies, commodity pool operators, and trust companies.

## **C. Our Advisory Services**

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

### **1. Investment Supervisory Services**

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

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

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

In the case of Managed Accounts and other discretionary investment accounts that we manage, we may invest client assets in certain affiliated Investment Companies (or mutual funds) advised by Federated Global Investment Management Corp. or other Federated Advisory Companies. These affiliated Investment Companies may bear expenses as disclosed in their prospectuses. For example, while these affiliated Investment Companies may not pay certain of the investment management fees or other fees to Federated Global Investment Management Corp. or other Federated Advisory Companies or their affiliates, they typically pay (directly or indirectly by investing in other investment companies) third-party expenses (including custodian fees, transfer agency fees, legal expenses and other third-party expenses). Clients also bear expenses charged directly to the Managed Accounts. We may invest client assets in a portfolio of individual equity, fixed income, or other securities or investments, or in a combination of individual equity, fixed income, or other securities or investments and affiliated Investment Companies. We determine how to invest the client assets based upon several factors, including the type of client account, the investment strategy, and applicable client investment objectives, guidelines and policies, restrictions or instructions, instructions, or other relevant factors. In these cases, the affiliated Investment Companies are reasonably believed to be designed to purchase securities required for the fixed income, equity or other investment strategies that cannot be efficiently held individually in client accounts, but can be effectively held in a pooled vehicle, such as a mutual fund. (Please refer to "Performance-Based Fees and Side by Side Management," in Item 6, "Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading" in Item 11 and "Brokerage Practices" in Item 12 of this brochure for further information regarding investments in affiliated Investment Companies.)

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

When acting in our capacity as investment adviser to Investment Companies and certain Proprietary Accounts, Federated Global Investment Management Corp. 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.

Federated Global Investment Management Corp. was registered as a Commodity Pool Operator effective October 17, 2013.

## **2. Model Portfolio Management Services**

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

## **3. Other Advisory Services**

Federated Global Investment Management Corp. 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, co-adviser, or a sub-adviser for 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.

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

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

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

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

## 2. Managed Accounts

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

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

When providing Investment Supervisory Services to Managed Accounts, we typically act as a sub-adviser to the Sponsors of the Managed Account Programs. The Sponsors typically enter into investment management agreements with clients; we typically do not have direct investment management agreements with clients that participate in Managed Account Programs. Managed Account Programs may also be structured as dual contract or unbundled relationships, in which Sponsors (typically brokers/dealers) will enter into brokerage agreements with clients and Federated Global Investment Management Corp. will enter into separate investment management agreements directly with the same clients. In all cases, the Sponsors typically provide portfolio manager selection, performance monitoring and evaluation, custody, brokerage and other administrative services (or a combination of these services) to clients. We provide advisory services, and in certain circumstances, performance reporting, to Managed Account Program clients.

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

There are certain differences between how we manage Managed Accounts and how we manage other client accounts. For example, when participating in Managed Account Programs, the Sponsor is typically responsible for determining the suitability of the Managed Account Program, including Federated Global Investment Management Corp. and our investment strategy, for the client. We typically are only responsible for managing client assets in accordance with the designated investment strategy. In certain Managed Account Programs, Sponsors and Platform Providers may limit the information that is available to us about the client, the client's other investments or risk tolerance, and other information that would be relevant to determining whether the investment strategy or certain specific investments would be suitable for the client. Likewise, we may be restricted by Sponsors and Platform Providers from communicating directly with clients; all communications, including communications with respect to the clients' investment objectives, financial condition and reasonable investment restrictions, typically must be directed through the Sponsor or Platform Provider. 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 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 Item 6 of this brochure for a discussion of these conflicts of interest.)

Federated Global Investment Management Corp. 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.

### **3. Investment Companies**

Federated Global Investment Management Corp. 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, co-adviser, or sub-adviser to our Investment Company clients.

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

Federated Global Investment Management Corp. may provide Investment Supervisory Services to a variety of other pooled investment vehicles, including:

- Investment vehicles or funds that are domiciled outside of the United States; and
- Collective funds, common funds, common and collective trust funds, or group trusts, (collectively, collective or common funds).

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

The investment management or other agreements governing our provision of advisory services to Pooled Investment Vehicles typically vary between clients, including with respect to termination provisions. 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 Global Investment Management Corp. may from time to time provide Investment Supervisory Services to Proprietary Accounts. At any given time, we may manage Proprietary Accounts that are Managed Accounts, Separate Accounts, Investment Companies or Pooled Investment Vehicles. The clients, account holders, shareholders or investors in these Proprietary Accounts may include: Federated Global Investment Management Corp., another Federated Advisory Company or affiliate, or employees of these entities.

Proprietary Accounts typically are established when we or another Federated Advisory Company are establishing an investment strategy or creating or seeding an Investment Company, Private Investment Company or other Pooled Investment Vehicle, although investment vehicles with unaffiliated investors may also be treated as Proprietary Accounts if we and/or our related persons also have a significant ownership interest in the investment vehicle.

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

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

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

As of December 31, 2015, Federated Global Investment Management Corp. had \$17,086,361,036 in assets under management. As of such date, our assets under management consisted of \$16,790,828,992 of assets that we managed on a discretionary basis. These include assets for which we provided Investment Supervisory Services and exercised

discretionary authority or non-discretionary authority with trading responsibility. As of such date, our assets under management also consisted of \$295,532,044 of assets that we managed on a non-discretionary basis. These include assets for which we provided non-discretionary 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 Global Investment Management Corp. specifically agrees in writing (in an investment management agreement or otherwise) to comply with different performance standards, we provide our Investment Supervisory Services, Model Portfolio Management Services and Other Advisory Services as discussed in this brochure in accordance with the following performance standards. Our responsibility and liability relating to the provision of advisory services also is subject to the following performance standards:\*

- Federated Global Investment Management Corp. renders advisory services and/or manages client accounts in accordance with our duties and obligations under the Advisers Act, and the rules and regulations of the SEC promulgated under the Advisers Act from time to time, and other applicable law (including, if applicable, ERISA);
- Investment decisions are subject to various market, currency, economic, political and business risks. Investment decisions will not always be profitable and may subject client accounts to overall investment loss. Federated Global Investment Management Corp. does not guarantee future performance, any specific level of performance or the success of any particular investment decision or strategy;
- Federated Global Investment Management Corp. does not guarantee that any particular person will provide the investment advisory services to be provided by us;
- Federated Global Investment Management Corp. shall not be liable for (a) any act or omission of any person or entity other than Federated Global Investment Management Corp. and our affiliated companies, or (b) any act or omission taken or made by Federated Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp., Federated Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp. typically charges and receives advisory fees determined as a percentage of either assets under management or average net assets, depending upon the type of client or account. We also may receive performance-based fees when rendering Investment Supervisory Services and Other Advisory Services to certain accounts, such as, for example, Pooled Investment Vehicles. Managing accounts for performance-based fees creates various conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of these conflicts of interest.)

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

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

The following describes in more detail Federated Global Investment Management Corp.’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 Global Investment Management Corp.’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 Global Investment Management Corp.’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 Global Investment Management Corp.’s basic fee schedules are as follows:

##### Federated Global Investment Management Corp.

##### International Equity Accounts:

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

65 basis points - over \$25 million to \$50 million in AUM

55 basis points - over \$50 million to \$100 million in AUM

45 basis points - over \$100 million in AUM

International Small Cap Equity Accounts:

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

Managed Risk Accounts:

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

Kaufmann Large Cap Growth:

75 basis points on all assets  
Minimum Account size is \$100 million

Federated Clover Investment Advisors Division

This section sets forth information regarding Federated Global Investment Management Corp.'s fees for its Federated Clover Investment Advisors division. The schedule below assumes an account minimum of \$10 million at inception.

All Cap Value, Large Cap Value Equity Accounts:

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

Mid Cap Value Equity Accounts:

85 basis points - first \$10 million in assets under management (AUM)  
70 basis points - over \$10 million to \$50 million in AUM  
60 basis points - over \$50 million to \$100 million in AUM  
50 basis points - over \$100 million in AUM

Small Cap Value Equity Accounts:

100 basis points - first \$10 million in assets under management (AUM)  
85 basis points - over \$10 million to \$50 million in AUM  
75 basis points - over \$50 million to \$100 million in AUM  
60 basis points - over \$100 million in AUM

Balanced, Moderately Aggressive and Income Emphasis Accounts:

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

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

## **Separate Accounts**

Federated Global Investment Management Corp.'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. The value of the client's AUM is determined as and when provided in the client's investment management agreement with us, or as otherwise agreed with the client. If paid in advance, our fees typically will be refunded on a pro-rated basis in the event of the early termination of the investment management agreement between such client and us. If provided for in our investment management agreement with a client, we also may refund or pro-rate our fees according to the number of days during a quarterly period if the amount of any new or additional contributions to or withdrawals from the assets in client's account that we are managing since the end of the previous quarterly period exceeds 1% of such assets in the client's account. Any refunding would take place as and when provided in the client's investment management agreement with us. Federated Global Investment Management Corp. generally will continue to charge management fees during any period that a client limits our discretion over the client account.

## **Managed Accounts**

As discussed under "Advisory Business" in Item 4 of this brochure, Managed Account clients typically pay a single fee or fees (a "wrapped fee") which cover Federated Global Investment Management Corp.'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 Global Investment Management Corp. enters into a direct investment management agreement with a Managed Account client in connection with a dual contract or unbundled Managed Account Program, our fees typically may be negotiated only between us and the Managed Account Sponsor or Platform Provider.

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



The Sponsors or Platform Providers that operate the Managed Account Program in which clients participate generally determine:

- Whether Federated Global Investment Management Corp.'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 Global Investment Management Corp.'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 Global Investment Management Corp. 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 Global Investment Management Corp.'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 Global Investment Management Corp.'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 Global Investment Management Corp.'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 Item 6 of this brochure for a discussion of these conflicts of interest.)

### **Investment Companies**

Federated Global Investment Management Corp.'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 0.00% to 1.25% (0.35% to 1.615% 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 investment management agreements with certain Investment Companies also may provide for additional fees based upon an Investment Company's gross income. In addition, with respect to certain Investment Companies for which we act as co-adviser, our investment management agreements may provide for the payment of a single advisory fee by the Investment Company to a single co-adviser and permit such co-adviser to allocate the advisory fee in a manner commensurate with the services provided by each co-adviser to the Investment Company, all pursuant to a methodology approved by the board of directors/trustees of such Investment Company.

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

### **Pooled Investment Vehicles**

Federated Global Investment Management Corp.'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 and the scope of services being provided. The advisory agreement currently generally calls for a fee of 0.20%. We do not require any Pooled Investment Vehicle to prepay investment advisory fees (therefore, our fees are not refundable).

Federated Global Investment Management Corp.'s fees for non-U.S. investment companies (*i.e.*, Pooled Investment Vehicles) also are based on the client's average net assets. The fees we currently receive generally range from 0.05% to 0.15%. 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 Global Investment Management Corp.'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 Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp.'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 Global Investment Management Corp. 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 Item 15 of this brochure for a discussion of the implications of having arrangements in place for the deduction of fees from client accounts); or
- A client's intermediary (*e.g.*, for Managed Accounts, a Managed Account Program Sponsor or Platform Provider) may calculate our fees, deduct our fees from the client's account and remit them to us.

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

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

## **1. Separate Accounts**

Except as discussed below, Federated Global Investment Management Corp. 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. The Federated Clover Investment Advisors division of Federated Global Investment Management Corp. generally submits invoices to its clients' custodians for payment. 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 Global Investment Management Corp.'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. In addition, with respect to certain Investment Companies for which we act as co-adviser, our investment management agreements may provide for the payment of a single advisory fee by the Investment Company to a single co-adviser and permit such co-adviser to allocate the advisory fee in a manner commensurate with the services provided by each co-adviser to the Investment Company, all pursuant to a methodology approved by the board of directors/trustees of such Investment Company.

## **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 Global Investment Management Corp. 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 Global Investment Management Corp. executes trades through a broker, dealer or other securities intermediary other than the Sponsor or Platform Provider (or their affiliated broker or dealer). In these cases, this additional fee may cause us to determine that better execution (in terms of price) may be obtained by executing the trade through the Sponsor or Platform Provider (or their affiliated broker or dealer).

(Please refer to “Brokerage Practices” in Item 12 of this brochure for a discussion of Federated Global Investment Management Corp.’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 Global Investment Management Corp.’s fees may either be payable in arrears at or after the end of each quarter (in which case they are not refundable) or payable in advance of the quarter in which such services are to be rendered. (Please refer to “Our Advisory Fees” in Item 5 of this brochure for further information regarding when clients may be entitled to a refund of Federated Global Investment Management Corp.’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.

If you are a client of the Federated Clover Investment Advisors division of Federated Global Investment Management Corp., you also may contact the Federated Clover Investment Advisors division directly by calling the number for the division provided in “Advisory Business” in Item 4 of this brochure.

#### **E. Sales Compensation**

Federated Securities Corp., an affiliate of Federated Global Investment Management Corp., 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 Global Investment Management Corp., 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 Global Investment

Management Corp. and certain of the other Federated Advisory Companies. Federated Securities Corp., and its employee-representatives, act in the capacity of solicitors for Federated Global Investment Management Corp. 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 Global Investment Management Corp. and other Federated Advisory Companies.

Federated Securities Corp.'s services, and its employee-representatives' services, are provided to Federated Global Investment Management Corp., and certain other Federated Advisory Companies, pursuant to one or more written agreements with Federated Global Investment Management Corp., 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 Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp., or the other relevant Federated Advisory Companies, be disclosed to the client or potential client of Federated Global Investment Management Corp. 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 Global Investment Management Corp. 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.

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. Certain representatives of Federated Securities Corp., who are not employees of Federated Securities Corp. but are salaried employees of Federated Advisory Services Company, receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses for these representatives are based on revenue of assigned accounts/investment products.

Even though Federated Securities Corp.'s employee-representatives are not employees of Federated Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp. and such other Federated Advisory Companies. As such, they are subject to the compliance programs of Federated Global Investment Management Corp. and such other Federated Advisory Companies when soliciting clients or potential clients for them or providing advice on their behalf.

Federated Global Investment Management Corp. 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 Global Investment Management Corp., 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 Global Investment Management Corp. (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 Item 6 of this brochure for a discussion of these conflicts of interest.)

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

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

The following disclosures relate to performance-based fees and side by side management of client accounts, and the actual or potential conflicts of interest that they present for Federated Global Investment Management Corp. and our employees and supervised persons. In addition to these conflicts, other actual or potential conflicts of interest arise from Federated Global Investment Management Corp.'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 directors/trustees, officers, employees and supervised persons with certain of the other Federated Advisory Companies, and receive shared services from another Federated Advisory Companies, Federated Advisory Services Company. As used within this section, "we" shall refer to Federated Global Investment Management Corp., our employees and supervised persons, and/or our related persons, as appropriate.

Given these relationships, as described in further detail below:

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

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

- Prohibition – we prohibit the conduct that gives rise to the conflict of interest (*e.g.*, insider trading is prohibited under our Code of Ethics);
- Disgorgement – we give the benefit received to the client (*e.g.*, we will waive or reimburse a Separate Account client for the client's share of the advisory fees, if any, paid to us or the other 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 impose limitations on activities that create the conflict of interest (*e.g.*, we follow SEC Rule 17a-7 under the Investment Company Act to obtain a reasonable value for securities in cross-trades involving Investment Companies advised by us or other 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 De Minimis Threshold – we set a threshold for a benefit that is considered too small to influence conduct, and is therefore permitted (*e.g.*, we set limits on entertainment and gifts under our Code of Ethics, and permit *de minimis* political contributions as permitted under SEC Rule 206(4)-5 under the Advisers Act).

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

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

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

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

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

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

## **B. Conflicts of Interest Relating to Side by Side Management**

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

Certain actual or potential conflicts of interest may arise in connection with a portfolio manager’s management of an account’s investments and the investments of other accounts for which the portfolio manager is responsible. To the extent that the same investment opportunities might be desirable for more than one account, possible conflicts could arise in determining how to allocate them. Federated Global Investment Management Corp. or other Federated Advisory Companies may give advice or take action with respect to investments of one or more clients that may not be given or taken with respect to other clients with similar investment strategies or objectives. Accordingly, clients with similar strategies or objectives may not hold the same securities or instruments or achieve the same performance. In addition, legal restrictions on the combined size of positions which may be taken for all assets managed by Federated Global Investment Management Corp. 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, may affect (including in an adverse manner) the prices and availability of certain securities or other investments held by or considered for one or more clients. There also are times when the same portfolio manager manages an Investment Company (mutual fund), Managed Account and other client assets, and/or provides Model Portfolio Management Services, all with the same investment style or strategy. This includes, for example, mutual funds managed in the same style and/or other institutional investment accounts (*e.g.*, Separate Accounts, Investment Companies, or Pooled Investment Vehicles) managed in the same style, or to the same model portfolio, as Managed Accounts.

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

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

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

To address these actual or potential conflicts of interest, our policies and procedures generally prohibit concurrent short and long positions in client portfolios managed pursuant to related strategies by us and/or other Federated Advisory Companies, 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 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 Global Investment Management Corp. 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. These Affiliated Investment Vehicles generally pay their investment advisers and service providers based on a percentage of their average net assets. Accordingly, we have an incentive to invest client assets in these Affiliated Investment Vehicles in order to increase the compensation that will be paid to us, other Federated Advisory Companies and/or our other affiliates by these Affiliated Investment Vehicles.

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

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

Any client authorization will be in writing (which may include Board minutes) and may, to the extent permitted by law, authorize investments in Affiliated Investment Vehicles generally. With respect to certain accounts (*e.g.*, managed accounts) where written authorization is impracticable, we address this conflict of interest through disclosure. We and our related persons will also comply with the conditions of any applicable law, rule or exemptive order regulating investments in Affiliated Investment Vehicles.

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

When Federated Global Investment Management Corp. is providing Investment Supervisory Services with respect to Managed Accounts or Model Portfolio Management Services, in certain high net worth Separate Accounts, 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 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 accounts is generally limited to certain target levels/parameters established for each account.

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 Global Investment Management Corp. or our affiliates may receive investment advisory fees, other service fees, or other compensation from Affiliated Investment Vehicles, we have an incentive to leave larger cash balances in client accounts because the cash balances may be invested in Affiliated Investment Vehicles. However, in connection with Managed Accounts and Model Portfolio Management Services, we generally do not know prior to the uninvested cash being

invested whether the uninvested cash will be invested in an Affiliated Investment Vehicle because the selection of the cash sweep vehicle for a client's account may be changed without our knowledge by the client and/or Sponsor, Platform Provider or Overlay Manager. The same is true outside of Managed Accounts and our Model Portfolio Management Services when a client's custodian invests the uninvested cash.

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

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

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

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

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

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

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

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

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

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

There will be times when the same security is being purchased or sold concurrently for multiple client accounts or portfolios. In these situations, except as discussed below, Federated Global Investment Management Corp. has policies in place which are reasonably designed to commence trade execution as concurrently as practicable, or otherwise in a fair and equitable manner, address potential conflicts of interest and protect client interests. Various factors, however, may result in trades for a client not being aggregated with batched trades for other clients of Federated Global Investment Management Corp. and clients receiving a different price, either higher or lower, for the same security. For example, certain operational differences inherent in the trade execution process result in trades for certain clients (such as Managed Accounts and other accounts managed to the same model portfolio as Managed Accounts) being effected either before or after trades for other clients. Also, for example and except as discussed below, when providing discretionary advisory services to Managed Account clients, purchases and sales of securities generally are processed on a rotational basis by Managed Account Program Sponsor and Program. With respect to our equity investment strategies utilized in providing our non-discretionary Model Portfolio Management Services, we include the Overlay Managers in the trade rotation process for our discretionary Managed Accounts and we currently communicate model changes to the Overlay Managers during the Overlay Manager’s turn in the trading rotation. In implementing our trade rotation process, Federated Global Investment Management Corp. 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 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 Global Investment Management Corp.’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. Taking these scenarios and factors into account, Federated Global Investment Management Corp. and the other Federated Advisory Companies, have procedures in place which we believe are consistent with our duty to seek to obtain best execution of client trades and designed to treat clients fairly and prevent clients from being systematically favored or disadvantaged.

### Federated Clover Investment Advisors Division

The Federated Clover Investment Advisors division has policies in place which are reasonably designed to commence trade execution as concurrently as practicable for Managed Accounts and other client accounts (*e.g.*, institutional and high net worth Separate Accounts and Investment Companies) at different trading desks.

The Federated Clover Investment Advisors division also has established a policy whereby purchases and sales of securities for certain institutional and high net worth Separate Accounts, and certain Investment Companies advised by the Federated Clover Investment Advisors division (Group A) are eligible for cross trades and trade aggregation with accounts (including, among others, Investment Companies) of other Federated Advisory Companies that are traded utilizing the same trade management system. Certain other institutional and high net worth Separate Accounts managed by the Federated Clover Investment Advisors division (Group B) will be eligible for trade aggregation solely amongst themselves. However, for initial public offerings, accounts in Group B also may be aggregated on a cumulative basis with initial public offering trades of accounts in Group A, as well as the accounts of the other Federated Advisory Companies. In such a case, accounts in Group B will receive a pro rata allocation of the initial public offering. All trades for accounts within Group B will be allocated on a random or pro-rata basis, and Federated has established a process pursuant to which the traders responsible for trading each group do not have access to execution information regarding trades from the other group. Trades for a client that has directed use of a particular broker or dealer are typically placed

at the end of aggregated trading activity. There can be no assurance that each client will receive the same price for a security, and, depending upon the circumstances, different clients may receive different prices, either higher or lower, for the same security.

#### Federated MDTA LLC

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

#### Federated Investment Counseling

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

### **C. Other Actual or Potential Conflicts of Interest**

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

Actual or potential conflicts of interest arise to the extent that Federated Global Investment Management Corp., 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 brokers/dealers, commodity pool operators, commodity trading advisors, trust companies, other investment advisers and others in the financial industry that benefit us or our

affiliates. (Please refer to “Relationships with Brokers/Dealers” in Item 10, “Research and Other Soft Dollar Benefits” in Item 11 of this brochure and “Client Referrals and Other Compensation” in Item 14 of this brochure for further information.)

Additional compensation or other benefits create an incentive to recommend or favor our interests, and the interests of our affiliates, Affiliated Investment Vehicles (*e.g.*, the Federated mutual funds), and other products or services, based on the compensation that will be received. For example, certain of our directors/trustees, officers or supervised persons may be officers of the Federated mutual funds or other Pooled Investment Vehicles sponsored by Federated Investors, Inc., our ultimate parent company. Federated Securities Corp. 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 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. We may have an incentive to execute brokerage transactions through the Managed Account Program Sponsor or Platform Provider (or an affiliated broker or dealer), which in turn has the power to recommend us to Managed Account Program clients. Outside of Managed Accounts, our willingness to direct brokerage/trades to a particular broker or dealer when instructed to do so by clients likewise may encourage a broker or dealer to refer business to us or our related persons, resulting in higher advisory, servicing or other compensation or other benefits. We also may receive “soft dollar benefits” from certain brokers or dealers. The receipt and use of brokerage and research services also creates various conflicts of interest for Federated Global Investment Management Corp. and our related persons. For example, we may have an incentive to select or recommend brokers or dealers based on our interest in receiving research or other products or services, rather than on our clients’ interest in receiving most favorable execution. (Please refer to “Sales Compensation” in Item 5, “Relationships with Brokers/Dealers” in Item 10 and “Research and Other Soft Dollar Benefits” in Item 12 of this brochure for further information.)

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

## **2. Conflicts of Interest Relating to Personal Trading**

Federated Global Investment Management Corp., 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, which may create conflicts of interest. These practices may create actual or potential conflicts of interest for Federated Global Investment Management Corp. 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 designed to prevent Federated Global Investment Management Corp. from buying or selling securities contemporaneously with client transactions in a manner likely to disadvantage the client. For example, although our Code of Ethics permits investment personnel to trade in securities, including those that could be recommended to clients, it contains safeguards designed to protect clients from abuses in this area, such as requirements to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. No access person (*e.g.*, portfolio managers and research analysts) may execute a personal transaction, directly or indirectly, in any covered security and no preclearance will be granted, when he or she knows, or should have known, that the covered security is being considered for purchase or sale, or purchased or sold, by or for a client account. In addition, portfolio managers and research analysts identified as serving a client or group of clients are prohibited from purchasing or selling any covered security for which there is an

open “buy” or “sell” order or any covered security that has been purchased or sold by or for those client accounts within fifteen (15) calendar days before or after the security is purchased or sold if the aggregate related open “buy” or “sell” orders and/or purchases or sells of that covered security by those accounts are thereafter determined to have been of an amount sufficient to trigger a blackout period. All such transactions will trigger a blackout period, and this provision supersedes any prior preclearance. Investment personnel who are not among the portfolio managers and research analysts identified as serving client accounts, as provided above, may not purchase or sell a covered security within seven (7) calendar days after one or more open “buy” or “sell” orders are placed and/or purchases or sales are made for the client accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. All other access persons may not purchase or sell a covered security on any day during which one or more open “buy” or “sell” orders are placed and/or purchases or sales are made for the client accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. The Code of Ethics 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 Item 17 of this brochure, Federated Global Investment Management Corp. will accept the authority to vote securities held in client accounts. Conflicts of interest arise from time to time between the interests of Federated Global Investment Management Corp., and our affiliates (*e.g.*, the other Federated Advisory Companies), and the interests of our clients. Federated Global Investment Management Corp. 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 Global Investment Management Corp. or our affiliates. Conflicts of interest arise from time to time between the interests of Federated Global Investment Management Corp., and our affiliates (including the other Federated Advisory Companies), and the interests of our clients. (Please refer to “Conflicts of Interest” in Item 17 of this brochure for a discussion of these conflicts of interest and how they are addressed.)

### **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” in Item 11 of this brochure for further information.)

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

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

Federated Global Investment Management Corp. 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 or common funds, hedge funds, and other Pooled Investment Vehicles.

(Please refer to “The Types of Accounts/Products We Manage” in Item 4 of 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 Global Investment Management Corp.;
- Another Federated Advisory Company;
- Another one of our affiliates; or
- Employees of Federated Global Investment Management Corp. or our affiliates.

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

## **B. Requirements for Accounts**

Federated Global Investment Management Corp. 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.

Our targeted account size for accounts other than Managed Account Program accounts generally is \$20 million. For Separate Accounts located outside of the U.S., our targeted account size is \$25 million. For Separate Accounts managed in accordance with our Kaufmann Accounts investment strategy, the minimum account size is \$100 million for large cap and \$25 million for others.

The targeted account size for our Federated Clover Investment Advisors division (except for Investment Companies, Pooled Investment Vehicles, and Managed Account Programs) is \$5 million for Small Cap Value and \$10 million for all others.

Smaller accounts are encouraged to utilize Investment Companies managed by Federated Global Investment Management Corp. (or our Federated Clover Investment Advisors division) or other Federated Advisory Companies that meet the objectives of the client.

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

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

We provide investment advisory services for our Managed Account and other clients in accordance with the performance standards and limitations of liability as discussed in this brochure. (Please refer to “Standard of Care” in Item 12 of this brochure for further information.)

Federated Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp. employs one or more of the following methods of analysis in providing our advisory services:

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

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

Like Other Advisers and business enterprises, the use of the Internet and other electronic media and technology exposes the Adviser, its clients, and its service providers, and their respective operations, to potential risks from cybersecurity attacks or incidents (collectively, “cyber-events”). Cyber-events may include, for example, unauthorized access to

systems, networks or devices (such as, for example, through “hacking” activity), infection from or spread of malware, computer viruses or other malicious software code, corruption of data, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website or internet access, functionality or performance. Like Other Advisers and business enterprises, the Adviser and its service providers have experienced, and will continue to experience, cyber-events consistently. For example, the Adviser recently detected suspected malware on certain systems and equipment and devoted internal and external resources to the matter. Cyber-events have not had a material adverse effect on the Adviser’s business, results of operation, financial condition and/or cash flows. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the Adviser and its clients and service providers and cause the Adviser to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage and additional compliance costs associated with corrective measures. A cyber-event may cause the Adviser, or its service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support the Adviser and its service providers. The Adviser and its relevant affiliates have established risk management systems reasonably designed to seek to reduce the risks associated with cyber-events, however, there is no guarantee that the efforts of the Adviser or its affiliates, or other service providers, will succeed, either entirely or partially. Among other reasons, the nature of malicious cyber-attacks is becoming increasingly sophisticated and the Adviser, and its relevant affiliates, cannot control the cyber systems and cybersecurity systems of issuers or third-party service providers.

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

We primarily provide advice with respect to equity, rather than fixed income or money market, investment strategies. 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. 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. 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. In this case, clients should refer to any brochure for the applicable sub-adviser for further information on fixed income or money market securities 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 long term purchases, short term purchases, trading, short sales, margin transactions, option writing, and investments in the securities and other investments identified above, other investment techniques that Federated Global Investment Management Corp. may employ include, for example: (1) firm or standby commitments to purchase securities on a when-issued or other delayed delivery basis and (2) asset segregation. We also may effect certain other types of investment-related transactions involving a client's assets, such as securities lending.

## **Equity Securities**

Equity securities represent a share of an issuer's earnings and assets, after the issuer pays its liabilities. The income an account will receive from equity securities cannot be predicted because issuers generally have discretion as to the payment of any dividends or distributions. However, equity securities offer greater potential for appreciation than many other types of securities, because their value increases directly with the value of the issuer's business. Types of equity securities include, for example, common stocks, preferred stocks, interests in limited liability companies or master limited partnerships, real estate investment trusts, 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.

## **Derivative Contracts and Hybrid Instruments**

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

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

Federated Global Investment Management Corp. may also trade derivative contracts over-the-counter (OTC) in transactions negotiated directly between a client account and the counterparty. OTC contracts do not necessarily have standard terms, so they may be less liquid and more difficult to close out than exchange-traded contracts. In addition, OTC contracts with more specialized terms may be more difficult to value than exchange traded contracts, especially in times of financial stress. The market for swaps and other OTC derivatives was largely unregulated prior to the enactment of federal legislation known as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Regulations enacted by the Commodity Futures Trading Commission (the CFTC) under the Dodd-Frank Act require the clearing of certain swap contracts through a clearing house or central counterparty (a CCP). To clear a swap through the CCP, a contract will be submitted to, and margin will be posted with, a futures commission merchant (FCM) that is a clearing house member. A swap may be entered with a financial institution other than the FCM and arrange for the contract to be transferred to the FCM for clearing, or enter into the contract with the FCM itself. If a transaction must be centrally cleared, the CFTC's regulations also generally require that the swap be executed on a

registered exchange or through a market facility that is known as a swap execution facility or SEF. Central clearing is presently required only for certain swaps; and the CFTC is expected to impose a mandatory central clearing requirement for additional derivative instruments over time.

The CCP, SEF and FCM are all subject to regulatory oversight by the CFTC. In addition, most derivative market participants are now regulated as swap dealers or major swap participants and are subject to certain minimum capital and margin requirements and business conduct standards. Similar regulatory requirements are expected to apply to derivative contracts that are subject to the jurisdiction of the SEC, although the SEC has not yet finalized its regulations. In addition, uncleared OTC swaps will be subject to regulatory collateral requirements that could adversely affect the Adviser's ability to enter into swaps in the OTC market. These developments could cause the termination of new or existing swap agreements or to the realization of amounts to be received under such instruments at an inopportune time.

Until the mandated rulemaking and regulations are implemented completely, it will not be possible to determine the complete impact of the Dodd-Frank Act and related regulations.

Depending on how an account permits use of derivative contracts and the relationships between the market value of a derivative contract and the Reference Instrument, derivative contracts may increase or decrease the account's exposure to the risks of the Reference Instrument, and may also expose the account to liquidity and leverage risks. OTC contracts also expose an account to credit risks in the event that a counterparty defaults on the contract.

Payment obligations arising in connection with derivative contracts are frequently required to be secured with collateral (in the case of OTC contracts) or margin (in the case of exchange-traded contracts, as previously noted). To the extent necessary to meet such requirements, we may purchase U.S. Treasury and/or government agency securities for an account. We may invest in a derivative contract if an account is permitted to own, invest in, or otherwise have economic exposure to the Reference Instrument. An account may not be required to own a Reference Instrument in order to buy or sell a derivative contract relating to that Reference Instrument. We also may trade, for example, in the following specific types and/or combinations of derivative contracts to the extent permitted for a client account: futures contracts (including interest rate futures, index futures, security futures, currency futures and currency forward contracts), option contracts (including put options and call options), and swap contracts (including interest rate swaps, caps and floors, total return swaps, credit default swaps, currency swaps, volatility swaps and total return swaps).

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

A client account's exposure to derivative contracts and hybrid instruments (either directly or through an investment in an Investment Company or Private Investment Company) involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. First, changes in the value of the derivative contracts and hybrid instruments in which an account may be invested may not be correlated with changes in the value of the underlying Reference Instruments or, if they are correlated, may move in the opposite direction than originally anticipated. Second, while some strategies involving derivatives may reduce the risk of loss, they may also reduce potential gains or, in some cases, result in losses by offsetting favorable price movements in portfolio holdings. Third, there is a risk that derivative contracts and hybrid instruments may be erroneously priced or improperly valued

and, as a result, a client's account may need to make increased cash payments to the counterparty. Fourth, exposure to derivative contracts and hybrid instruments may have tax consequences to a client's account (and, in the case of an Investment Company or Private Investment Company, its interest holders or shareholders). Fifth, a common provision in OTC derivative contracts permits the counterparty to terminate any such contract between it and an account, if the value of an account's total net assets declines below a specified level over a given time period. Factors that may contribute to such a decline (which usually must be substantial) include significant redemptions and/or a marked decrease in the market value of the account's investments. Any such termination of OTC derivative contracts may adversely affect an account (for example, by increasing losses and/or costs, and/or preventing a full implementation of investment strategies). Sixth, a derivative contract may be used to benefit from a decline in the value of a Reference Instrument. If the value of the Reference Instrument declines during the term of the contract, an account makes a profit on the difference (less any payments the account is required to pay under the terms of the contract). Any such strategy involves risk. There is no assurance that the Reference Instrument will decline in value during the term of the contract and make a profit for an account. The Reference Instrument may instead appreciate in value creating a loss for the account. Finally, derivative contracts and hybrid instruments may also involve other risks, such as stock market, interest rate, credit, currency, liquidity and leverage risks.

### **Foreign Securities**

Foreign securities are securities of issuers based outside the United States. 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.

## Delayed Delivery Securities

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

## Securities Lending

To the extent permitted, we may lend a client account's portfolio securities to borrowers that we deem creditworthy. In return, the account receives cash 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.

## Asset Segregation

In order to secure obligations in connection with derivative contracts or certain other transactions, a client account may either own the underlying assets, enter into offsetting transactions or set aside cash or readily marketable securities. This may cause a client's account to miss favorable trading opportunities, due to a lack of sufficient cash or readily marketable securities. This requirement also may cause an account to realize losses on offsetting or terminated derivative contracts or certain other transactions.

## Portfolio Turnover

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

## Other Investment Strategies

Federated Global Investment Management Corp. also may implement other investment strategies as developed or requested by clients, including strategies subadvised by another Federated Advisory Company. Where another Federated Advisory Company subadvises certain institutional and high net worth Separate Accounts, trades will typically be executed on behalf of those accounts pursuant to the trade execution processes and procedures applicable to Managed Account Programs described herein. 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;
- 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; or
- If the strategy is subadvised by another Federated Advisory Company, in the brochure of such Federated Advisory Company, which will be provided herewith.

## B. Strategy-Specific Disclosure

The following discusses in more detail significant investment strategies that Federated Global Investment Management Corp. 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, brochures of other Federated Advisory Companies 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).

#### **CORE INTERNATIONAL/EMERGING MARKETS EQUITY**

This strategy seeks to invest primarily in large, mid and small capitalization stocks utilizing a top-down investment process focused on country selection. Accounts in this strategy may encompass solely foreign investments or a combination of both foreign and domestic investments. The investment process of portfolios within this strategy utilizes a disciplined investment model for country selection that considers value, growth, macroeconomic, and technical indicators, as well as country-specific fundamental factor models used to select securities. It also utilizes a multi-factor risk model to optimize projected portfolio returns within targeted risk constraints. Foreign investments in this strategy may include both developed and/or emerging markets. Investments also may be made in currency. Portfolios may employ hedging strategies. Certain portfolios may opportunistically invest in fixed income securities. Risks for this strategy include, among others, political, economic, market, tax, credit and other risks associated with foreign investing, currency risks, risks of the value of equity securities and exchange traded funds rising and falling, risks of business failure, risks related to company size, investment style risk, technology risks, risks of investing in derivative contracts, risks that a party to a transaction involving the portfolio will fail to meet its obligations, and risks of daily fluctuations in the value of currency, and risks of issuer default.

#### **INTERNATIONAL EQUITY**

This strategy seeks to invest primarily in equity securities of foreign companies located in both developed and emerging market countries. A combination of quantitative screens and fundamental analysis is used to create a portfolio of attractively valued stocks with strong industry positions and solid growth prospects. Portfolios may employ hedging strategies. Risks for this strategy include, for example, political, economic, market, tax, credit and other risks associated with foreign investing, risks of the value of equity securities and exchange traded funds rising and falling; risks of business failure, risks related to company size, investment style risks, technology risks, risks of investing in derivative contracts, risks that a party to a transaction involving the portfolio will fail to meet its obligations, risks of daily fluctuations in the value of currency, risks of issuer default, and risks that a particular sector will underperform other sectors.

#### **INTERNATIONAL SMALL AND MID CAP EQUITY**

This strategy seeks to invest in stocks with capitalizations that typically fall within the range of small and mid cap index components of non-U.S. companies in any region of the world. This strategy may invest in less developed or emerging markets which generally entail greater political, economic, market, tax, credit and other risks, and generally have greater price volatility than securities issued or traded in developed markets. This strategy is managed using a bottom-up process that focuses on high quality companies that the Adviser has deemed undervalued relative to its assets or attractively priced relative to its growth prospects. Portfolios may employ hedging strategies. Risks for this strategy include, for example, political, economic, market, tax, credit and other risks associated with foreign investing, risks of the value of equity securities and exchange traded funds rising and falling, risks of business failure, risks related to company size, investment style risks, technology risks, risks of investing in derivative contracts, risks that a party to a transaction involving the portfolio will fail to meet its obligations, risks of daily fluctuations in the value of currency, risks of issuer default, and risks that a particular sector will underperform other sectors.

#### **BALANCED/ASSET ALLOCATION**

This strategy encompasses client objectives for exposure to equity and fixed income markets in tandem. Accounts include various pre-set or variable target allocations between client-defined equity and fixed income strategies of the Adviser. Accounts may have exposure to foreign securities. Accounts with pre-set allocations will rebalance to a target percent exposure on a periodic basis, based on the amount of drift from the target. Accounts with variable target allocations will adjust the exposure based on a variety of models tracking relative valuation, growth, and technical factors, along with the Adviser's macro economic forecast and stock market outlook. Allocations are established within pre-set percentage limits. The macro economic team utilizes both qualitative and quantitative research factors, based on a highly defined asset allocation framework, in combination with inputs from the equity and fixed income teams, to recommend asset class over- or under-weights. Risks for this strategy include, among others, stock market risk, investment style risks, risks related to company size, interest rate risk, issuer and counterparty credit risk, liquidity risk,

leverage risk, risk of investing in noninvestment-grade securities, sector risk, risk of foreign investing, exchange-traded funds risk, risk of investing in derivatives, risk of investing in commodities, short selling risk and technology risk..

### **MANAGED RISK**

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

### **KAUFMANN ACCOUNTS**

This strategy may seek to invest in small, mid or large cap stocks, utilizing a fundamental bottom-up investment process seeking growth companies with strong management teams and leading market share positions. This strategy may invest in less developed or emerging markets. Risks for this strategy include, for example, risks of the value of equity securities and exchange traded funds 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, risks related to company size, technology risks,, political, economic, market, tax, credit and other risks associated with foreign investing, risks of investing in derivative contracts, risks that a party to a transaction involving the portfolio will fail to meet its obligations, and risks of daily fluctuations in the value of currency.

### **Federated Clover Investment Advisors Division**

#### **CLOVER VALUE**

This strategy seeks long-term capital appreciation by investing primarily in a portfolio of equity securities – across all capitalization ranges – that the portfolio managers believe to be undervalued and poised for fundamental improvement. Securities are selected based on bottom-up research conducted by an experienced group of fundamental analysts. The analysts seek securities that are trading at prices below their intrinsic values, and that also fit into at least one of three specific situations, which are classified as Crossroads, Coattail, and Competitive Advantage scenarios. This classical value investing strategy utilizes sophisticated quantitative techniques to aid in both idea generation and portfolio management, seeking to deliver the optimal blend of risk and return. Risks for this strategy include, for example, risks of the price of equity securities rising and falling, risks of business failure, risks that value stocks may lag behind growth stocks in an up market, risks related to company size, technology risks, and risks that a party to a transaction involving the portfolio will fail to meet its obligations.

#### **CLOVER LARGE CAP VALUE**

This strategy seeks long-term capital appreciation by investing primarily in a portfolio of equity securities of large capitalization companies that the portfolio managers believe to be undervalued and poised for fundamental improvement. Securities are selected based on bottom-up research conducted by an experienced group of fundamental analysts. The analysts seek securities that are trading at prices below their intrinsic values, and that also fit into at least one of three specific situations, which are classified as Crossroads, Coattail, and Competitive Advantage scenarios. This classical value investing strategy utilizes sophisticated quantitative techniques to aid in both idea generation and portfolio management, seeking to deliver the optimal blend of risk and return. 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, technology risks, and risks that a party to a transaction involving the portfolio will fail to meet its obligations.

### **CLOVER MID CAP VALUE**

This strategy seeks long-term capital appreciation by investing primarily in a portfolio of equity securities of medium sized companies that the portfolio managers believe to be undervalued and poised for fundamental improvement. Securities are selected based on bottom-up research conducted by an experienced group of fundamental analysts. The analysts seek securities that are trading at prices below their intrinsic values, and that also fit into at least one of three specific situations, which are classified as Crossroads, Coattail, and Competitive Advantage scenarios. This classical value investing strategy utilizes sophisticated quantitative techniques to aid in both idea generation and portfolio management, seeking to deliver the optimal blend of risk and return. 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, risks related to company size, technology risks, and risks that a party to a transaction involving the portfolio will fail to meet its obligations.

### **CLOVER SMALL CAP VALUE**

This strategy seeks long-term capital appreciation by investing primarily in a portfolio of equity securities of small capitalization companies that the portfolio managers believe to be undervalued and poised for fundamental improvement. Securities are selected based on bottom-up research conducted by an experienced group of fundamental analysts. The analysts seek securities that are trading at prices below their intrinsic values, and that also fit into at least one of three specific situations, which are classified as Crossroads, Coattail, and Competitive Advantage scenarios. This classical value investing strategy utilizes sophisticated quantitative techniques to aid in both idea generation and portfolio management, seeking to deliver the optimal blend of risk and return. 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, risks related to company size, technology risks, risks of investing in derivative contracts, and risks that a party to a transaction involving the portfolio will fail to meet its obligations.

### **CLOVER BALANCED**

This strategy seeks long-term capital appreciation consistent with a moderate level of risk, by investing in a blend of a value equity portfolio and a high-quality fixed income securities portfolio. The equity portfolio managers employ a disciplined value investing style, seeking to invest in the securities of companies – across all capitalization ranges – that they believe to be undervalued and poised for fundamental improvement. The fixed income portfolio managers seek to deliver a diversified portfolio of bonds to offset the normal volatility of equities, thereby decreasing the strategy's overall risk characteristics and enhancing the stability of expected returns. 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, risks related to company size, technology risks, risks that a rise or fall in interest rates will affect prices of fixed income securities, risks that the issuer of a fixed income security will default, risks that an issuer will redeem a fixed income security before maturity at a price below or above its current market price, and risks that a party to a transaction involving the portfolio will fail to meet its obligations. Since this investment strategy includes investments in fixed income investments, 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 fixed income component of this investment strategy. Clients should refer to any brochure for the applicable sub-adviser for further information on fixed income investments and the risks related to investing in those types of investments.

### **CLOVER MODERATELY AGGRESSIVE**

This strategy seeks to generate long-term capital appreciation by investing approximately 70% of the portfolio in value equity securities, while seeking to partially offset the inherent volatility of equities by allocating approximately 30% of the portfolio in high-quality fixed income securities. These percentages can vary. The equity portfolio managers employ a disciplined value investing style, seeking to invest in the securities of companies – across all capitalization ranges – that they believe to be undervalued and poised for fundamental improvement. The fixed income portfolio managers seek to deliver a diversified portfolio of bonds intended to decrease the strategy's overall risk characteristics. 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, risks related to company size, technology risks, risks that a rise or fall in interest rates will affect prices of fixed income

securities, risks that the issuer of a fixed income security will default, risks that an issuer will redeem a fixed income security before maturity at a price below or above its current market price, and risks that a party to a transaction involving the portfolio will fail to meet its obligations. Since this investment strategy includes investments in fixed income investments, 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 fixed income component of this investment strategy. Clients should refer to any brochure for the applicable sub-adviser for further information on fixed income investments and the risks related to investing in those types of investments.

### **CLOVER INCOME EMPHASIS**

This strategy seeks primarily to generate income, but also seeks to achieve modest capital appreciation, by investing approximately 70% of the portfolio in high-quality fixed income securities, and approximately 30% of the portfolio in value equity securities. These percentages can vary. The fixed income portfolio managers employ a process that combines top-down decision making with bottom-up security selection to seek to provide a diversified, risk-controlled portfolio. The equity portfolio managers employ a disciplined value investing style, seeking to invest in the securities of companies that they believe to be undervalued and poised for fundamental improvement. The equity allocation is intended to seek to combat the erosion of purchasing power due to inflation and to offset the risk of being unable to sustain a sufficient current yield following a decline in interest rates. Risks for this strategy include, for example, risks that a rise or fall in interest rates will affect prices of fixed income securities, risks that the issuer of a fixed income security will default, risks that an issuer will redeem a fixed income security before maturity at a price below or above its current market price, 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, risks related to company size, technology risks, and risks that a party to a transaction involving the portfolio will fail to meet its obligations. Since this investment strategy includes investments in fixed income investments, 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 fixed income component of this investment strategy. Clients should refer to any brochure for the applicable sub-adviser for further information on fixed income investments and the risks related to investing in those types of investments.

### **ITEM 9. DISCIPLINARY INFORMATION**

On May 27, 2016, Federated Global Investment Management Corp., without admitting or denying any findings except as to the Commission's jurisdiction and the subject matter of the proceedings, consented to the entry of an Order Instituting Administrative and Cease and Desist Proceedings (Order) in settlement of an Administrative Proceeding. The proceeding related to the period from approximately 2001 to 2010 during which Federated Global Investment Management Corp.'s failed to establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of material nonpublic information in connection with its use of an outside consultant as part of its securities research and analysis activities. There was no finding of any misuse of material nonpublic information. Federated Global Investment Management Corp. was censured, and ordered to cease and desist from committing or causing any violations and any future violations of Section 204A of the Advisers Act, and paid a civil money penalty in the amount of \$1.5 million. The Order concluded the SEC's inquiry into this matter.

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

#### **A. Relationships with Brokers/Dealers**

As discussed under "Sales Compensation" in Item 5 of this brochure, Federated Global Investment Management Corp. 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 Global Investment Management Corp. 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" in Item 5 of this brochure, employee representatives of Federated Securities Corp. serve as sales people for, and provide certain

investment advice on behalf of, Federated Global Investment Management Corp., and are supervised persons of Federated Global Investment Management Corp.

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

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

- J. Christopher Donahue, Director, Chairman
- Stephen Van Meter, Chief Compliance Officer
- Steve Friedman, Assistant Vice President
- Mary Anne DeJohn, Assistant Vice President

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

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

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

Passport Research, Ltd., another Federated Advisory Company that is affiliated with Federated Global Investment Management Corp., 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 Global Investment Management Corp., 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” in Item 6 of 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 other 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 Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

## **B. Relationships with Commodity Pool Operators and Commodity Trading Advisors**

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

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

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

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

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

Certain of these shared/common directors/trustees, officers, and supervised persons of Federated Global Investment Management Corp. also may be directors/trustees or officers of the Investment Companies, Private Investment Companies and Pooled Investment Vehicles discussed under “Investment Companies, Private Investment Companies and Pooled Investment Vehicles” and “Sponsor or Syndicator of Limited Partnerships” in Item 10 of this brochure. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure 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” in Item 4 of this brochure, Federated Global Investment Management Corp. serves as investment adviser, co-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. When we act as a co-adviser, Federated Global Investment Management Corp. and another Federated Advisory Company are jointly responsible for providing Investment Supervisory Services to the Investment Company. As discussed under “Fees and Compensation” in Item 5 of this brochure, we may charge our advisory clients a fee other than the fund’s fees on assets which are invested in U.S. registered funds which we or other Federated Advisory Companies may advise. Under appropriate circumstances, Federated Global Investment Management Corp. also may advise our clients to invest assets in certain Affiliated Investment Vehicles (*i.e.*, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles advised by us or other Federated Advisory Companies and distributed by Federated Securities Corp.). Except as discussed under “Conflicts of Interest Relating to Affiliated Investment Vehicles” in Item 6 of this brochure, our clients can pay the fees and expenses charged or assessed by any Investment Companies, Private Investment Companies or Pooled Investment Vehicles to the extent that we invest our clients’ assets in Investment Companies, Private Investment Companies and Pooled Investment Vehicles, including those (such as Affiliated Investment Vehicles) that are managed by, are distributed by or receive services from Federated Global Investment Management Corp., the other Federated Advisory Companies or other affiliated companies.

Federated Global Investment Management Corp. 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”) in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

Federated Global Investment Management Corp. also may develop, offer, and implement investment strategies subadvised by another Federated Advisory Company. (Please refer to “Strategy-Specific Disclosures” in Item 8 of this brochure for additional information.)

### **2. Other Investment Advisers**

As discussed under “Our Ownership Structure” in Item 4 of this brochure, Federated Global Investment Management Corp. 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” in Item 12 of this brochure, we share certain 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 Global Investment Management Corp. 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 Global Investment Management Corp. and the other Federated Advisory Companies)

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

Foreign Advisers

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

Federated International Management Limited has filed as an exempt reporting adviser with the SEC. Although registered with the SEC, Federated Investors (UK) LLP has a principal place of business outside of the U.S. As of March 1, 2016, Federated Investors Australia PTY LTD and Federated Investors Australia Services Ltd. are operationally inactive.

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

**3. Banking or Thrift Institutions**

Federated Global Investment Management Corp. may act 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 Global Investment Management Corp. Federated Securities Corp., an affiliate of Federated Global Investment Management Corp., 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 Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of this relationship.)

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

Related persons of Federated Global Investment Management Corp. 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 Global Investment Management Corp. are generally not actively solicited to invest in these funds. However, a client’s assets may be invested in Core Trust II by Federated Global Investment Management Corp. 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 Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

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

Federated Global Investment Management Corp. does not recommend or select other investment advisers for our clients for either direct or indirect compensation. As discussed above, however, Federated Global Investment Management Corp., and/or our affiliates, do have business relationships with affiliated investment advisers (*e.g.*, the other Federated Advisory Companies). These registrations do not imply a certain level of skill or training. The business relationships can create conflicts of interest for Federated Global Investment Management Corp., 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 Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

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

#### **A. Our Code of Ethics**

Federated Global Investment Management Corp. and the Federated Advisory Companies have adopted a Code of Ethics for Access Persons (Code of Ethics), which sets forth restrictions and safeguards on certain activities such as personal trading, insider trading, misuse of client information, serving on boards of directors by investment personnel, disclosure of conflicts of interest and receiving/giving gifts and political and charitable contributions. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

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

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

##### **1. Client Investments in Affiliated Investment Vehicles**

While Federated Global Investment Management Corp. and our related persons do not generally actively solicit clients to invest in Affiliated Investment Vehicles, we may, from time to time, invest client assets in or recommend investments in Affiliated Investment vehicles, including, for example, with respect to uninvested cash. (Please refer to “The Types of Accounts/Products We Manage” in Item 6 of this brochure as well as “Sponsor or Syndicator of Limited Partnerships” in Item 10 of this brochure for further information.) Federated Global Investment Management Corp. and our related persons will receive compensation for management of the Affiliated Investment Vehicles; consequently, Federated Global Investment Management Corp. may have an incentive to allocate client funds to Affiliated Investment Vehicles in lieu of other investment opportunities. Except in connection with Managed Accounts or our Model Portfolio Management Services, Federated Global Investment Management Corp. generally waives or reimburses a portion of its advisory fee equal to the advisory fee paid to the Affiliated Investment Vehicle into which we invest client assets to mitigate this conflict. (Please refer to “Conflicts of Interest Relating to Affiliated Investment Vehicles” and “Conflicts Of Interest Related to Uninvested Cash Positions” in Item 6 of this brochure for further information.)



## **2. Proprietary Accounts**

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

## **3. Principal and Cross Transactions**

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

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

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

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

## **C. Personal Trading**

Federated Global Investment Management Corp., 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 Global Investment Management Corp. and our employees, supervised persons and related persons. The Code contains significant safeguards designed to protect clients from abuses in this area, such as requirements to obtain prior approval for, and to report, particular transactions. (Please refer to “Conflicts of Interest Relating to Personal Trading” in Item 6 of this brochure for a discussion of conflicts of interest and how they are addressed.)

## **ITEM 12. BROKERAGE PRACTICES**

The following discussion relates to Federated Global Investment Management Corp.’s selection of brokers/dealers and intermediaries (collectively, brokers/dealers) for client transactions and the means by which Federated Global Investment Management Corp. 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 Global Investment Management Corp. has two committees responsible for oversight of the firm’s brokerage and trading practices - one for equity securities and one for fixed income securities (each, a Brokerage Practices Committee). A primary function, among others, of the committees is to oversee and evaluate the efforts of all Federated Advisory Companies to attain the best available price and most favorable execution (best execution) for client

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

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

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

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 profit by offering securities at a higher price than their bid price. Some fixed income securities, particularly non-investment grade and municipal securities, may have only one primary market maker.

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

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

## **1. Research and Other Soft Dollar Benefits**

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

Federated Global Investment Management Corp. may execute portfolio transactions with brokers/dealers from or through which we receive Research and Brokerage Services. This means that we receive research and other products or services (other than execution from brokers/dealers or third parties) in connection with client securities transactions. These Research and Brokerage Services are commonly known as “soft dollars” or “soft dollar benefits.”

Research and Brokerage Services may be furnished directly to the client, to Federated Global Investment Management Corp. or to our related persons. These services have included (and may in the future include):

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

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

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

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

When furnishing soft dollar benefits to client accounts, or to a Federated Advisory Company or related persons for the benefit of client accounts, we do not seek to allocate the soft dollar benefits to client accounts in strict proportion to the soft dollar credits generated by the accounts. However, our procedures strive to allocate Research and Brokerage Services in a relatively equitable manner. The 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. Consistent with seeking “best execution,” the Group Head of Equity Trading directs traders to conform to the commission budget as best as possible. This process helps ensure that the underlying commission-generating accounts are also consuming Research Services in a relatively equitable manner. The soft dollar budget and brokerage allocations are reviewed with the Equity Brokerage Practices Committee quarterly.

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

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

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

## **3. Directed Brokerage**

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

Federated Global Investment Management Corp. has adopted a written policy on directed brokerage arrangements whereby we may direct clients’ portfolio transactions to brokers/dealers that agree to pay custodial, transfer agent or other expenses that would otherwise be paid by our clients. In such circumstances, each client’s commissions are used to

offset that client's expenses only and are not used for the benefit of any other client. For example, we may allocate brokerage transactions to a broker/dealer affiliate of a client's custodian, and a portion of commissions paid may be credited toward the payment of the client's custodian expenses. We may allocate transactions in this manner as long as execution quality is comparable to that of other qualified brokers/dealers. Additionally, we will comply with our Allocation Policies when performing such allocations. (Please refer to "Trade Aggregation and Allocation Policy" in this section for further information on our Allocation Policies.)

**a. Separate Accounts and Other Investment Advisory Services**

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

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

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

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

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

**b. Managed Account Programs**

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

As discussed in more detail under "Fees and Compensation" in Item 5 of this brochure, clients participating in Managed Account Programs generally pay a single fee or fees to cover investment management, custody and brokerage commissions for transactions effected through the Sponsor or other broker/dealer identified with the specific Managed Account Program. Brokerage commissions in Managed Account Programs are generally determined by the designated broker/dealer and included in the Managed Account Program fee. Transactions executed through other brokers/dealers would typically result in additional charges to the client account. Thus, in a traditional Managed Account Program, given the wrapped fee, we generally are not in a position to negotiate commission rates with the brokers/dealers or to aggregate trades with other client accounts for execution purposes (except that we may aggregate trades for accounts within each separate Managed Account Program). However, to the extent permitted by the Managed Account Program and consistent with the policies discussed under the heading "Selection Criteria for Brokers and Dealers" in Item 12 of this brochure, Federated Global Investment Management Corp. may execute transactions with other brokers/dealers in pursuit of best execution, which transactions may be aggregated with trades for other client accounts. As a result of these transactions, Managed Account Program clients may bear additional brokerage expenses in addition to the single fee associated with such programs.

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

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

Federated Global Investment Management Corp. has adopted written policies (Allocation Policies) for the allocation of securities transactions among our clients. The Allocation Policies are premised on Federated Global Investment Management Corp.'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 "Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices" in Item 6 of this brochure for a further discussion of factors that may result in trades not being aggregated, and related conflicts of interest and how they are addressed.)

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

### Federated Clover Investment Advisors Division

The Federated Clover Investment Advisors division's trading desk for certain institutional and high net worth separate accounts is separate and apart from Federated Global Investment Management Corp.'s trading desk, so it is, therefore, unlikely that they would be able to batch or aggregate trades with Federated Global Investment Management Corp.'s other trades.

## **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 Global Investment Management Corp. and our related persons. We have established policies and procedures that we believe are reasonably designed to address conflicts of interest. (Please refer to "Performance-Based Fees and

Side by Side Management” in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.)

#### **D. Confidential and Privileged Information**

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

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

### **ITEM 13. REVIEW OF ACCOUNTS**

#### **A. Account Reviews**

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

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

#### Federated Clover Investment Advisors Division

A portfolio manager, with the assistance of portfolio coordinators, is responsible for overseeing each Separate Account. Portfolio coordinators take direction from portfolio managers as to the overall investment strategy, characteristics-based models and individual security/issuer assessments and approvals. Reviews are conducted periodically, and the frequency of reviews depends on market conditions and client requirements. Accounts are not reviewed in any particular sequence. There is no limit to the number of accounts assigned to one portfolio manager/coordinator.

Client service representatives also assist with the reviews to seek to ensure portfolios are in-line with stated investment objectives and models. They also may meet with clients periodically as coordinated with or requested by clients.

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

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

## **B. Reports to Clients**

The reports described below are typically written, but may be delivered electronically as requested by our clients (including, as applicable, their Board of Directors/Trustees or other governing body), or, as applicable, Managed Account Program Sponsors, Platform Providers, Overlay Managers, Trustees or Other Advisors (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 Global Investment Management Corp. monthly or quarterly performance, current holdings, transaction activity and/or other reports as reasonably requested by the clients. Federated Global Investment Management Corp.'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 Global Investment Management Corp.'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 Global Investment Management Corp. 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 Global Investment Management Corp.'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 Global Investment Management Corp. 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 Global Investment Management Corp.'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 Global Investment Management Corp. 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 may 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 Global Investment Management Corp. 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 Global Investment Management Corp.'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 Global Investment Management Corp.'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 Global Investment Management Corp. generally will provide our clients with reasonable, periodic access to our investment personnel (including portfolio managers and client service representatives) through conference calls or other reasonably agreed upon means (such as quarterly in-person meetings) to discuss their accounts or our services and any questions regarding their accounts or our services.

#### ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

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

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

As discussed under "Our Advisory Services" in Item 4 of this brochure, Federated Global Investment Management Corp. and our affiliates (*e.g.*, certain other Federated Advisory Companies) act as portfolio managers in Managed Account Programs. In Managed Account Program arrangements, we, and certain of our affiliates, receive fees from Sponsors to the Managed Account Programs, or Related Platform Providers, for services rendered to Managed Account Program participants. To the extent that the Sponsor or Platform Provider is not considered a client, and Managed Account Program participants may be deemed to be clients, we, and certain of our affiliates, could be viewed as receiving cash from a non-client in connection with advice given to Managed Account Program participants. Similarly, we, and certain of our affiliates, receive fees for investment advisory services provided to sub-advisory clients from the primary advisers for those clients.

As discussed under "Sales Compensation" in Item 5 of this brochure, Federated Global Investment Management Corp. 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 Global Investment Management Corp. and certain of the other Federated Advisory Companies. Federated Securities Corp., and its employee-representatives, act in the capacity of solicitors for Federated Global Investment Management Corp. 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 Global Investment Management Corp. 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.

Employees and supervised persons of Federated Global Investment Management Corp. 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. Certain representatives of Federated Securities Corp., who are not employees of Federated Securities Corp. but are salaried employees of Federated Advisory Services

Company, receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses for these representatives are based on revenue of assigned accounts/investment products. Finally, investment professionals may receive a fixed-base salary and a variable annual incentive or bonus. Base salary is determined within a market competitive, position-specific salary range, based on the portfolio manager's experience and performance. The annual incentive amount or bonus is determined based primarily on the performance of the 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 Global Investment Management Corp.'s, and the other Federated Advisory Companies', Code of Ethics. (Please refer to "Our Code of Ethics" in Item 11 of this brochure for further information on Federated Global Investment Management Corp.'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 Global Investment Management Corp. or our related persons receive economic benefits from non-clients create conflicts of interest for us and our related persons. We, and our employees and supervised persons, have an incentive to favor these non-clients over the interests of our clients. For example, we, and our employees and supervised persons, have an incentive to utilize the services of a particular broker/dealer, or recommend a particular security to or buy a particular security for, a client account based on economic benefits received from the broker/dealer or issuer or placement agent.

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

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

Federated Global Investment Management Corp. 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 Global Investment Management Corp. or our affiliates. (Please refer to "Arrangements Involving Receipt of Economic Benefits from Non-Clients" in Item 14 of this brochure and "Sales Compensation" in Item 5 of this brochure for further information.) Such compensation will not result in a charge to investment advisory clients, or in any differential in the level of advisory fees customarily charged, unless specifically disclosed to clients.

While not advisory clients of the 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 or 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 Global Investment Management Corp. and our affiliates, over the interest of clients. (Please refer to "Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees" in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.)

### **ITEM 15. CUSTODY**

Under SEC Rule 206(4)-2 under the Advisers Act, Federated Global Investment Management Corp. is deemed to have custody of client funds because, in certain cases, we have arrangements that authorize us to have our advisory fees deducted from client accounts. (Please refer to "Fees and Compensation" in Item 5 of this brochure for further

information regarding these 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, we either have segregated the responsibilities of employees responsible for invoicing and collecting our fees or our auditing department periodically reviews our practices. We also periodically test on a sample basis our fee calculations to confirm their accuracy. Except for these fee deduction arrangements, neither we, nor any related person, hold, directly or indirectly, funds or securities of Federated Global Investment Management Corp.'s clients or have any authority to obtain possession of them in connection with the advisory services that Federated Global Investment Management Corp. 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 brokers/dealers, registered futures commission merchants, and foreign financial institutions that customarily hold financial assets for their customers on a segregated basis. For Investment Company (*i.e.*, mutual fund) shares, the Investment Company's transfer agent is considered the 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.

#### Federated Clover Investment Advisors Division

Federated Global Investment Management Corp. or our related persons (*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 brokers/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" in Item 4 of this brochure, Federated Global Investment Management Corp. 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 Global Investment Management Corp. 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 brokers/dealers may be used or what commissions are paid.

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

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

- Not to invest in certain securities or types of securities or other investments (such as privately issued securities or Rule 144A securities, or all or certain derivatives);
- Not to engage in certain investment-related techniques or practices, such as soft dollars, securities lending or shorting of securities;
- Not to invest in securities issued by companies in certain specific industries 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” in Item 12 of this brochure for further information.)

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

Investment objectives, policies, guidelines, and restrictions/limitations generally are required to be in writing. The scope of our investment discretion is generally described in our investment management agreements with our clients and/or in the disclosure documents for the investment products that we manage. Except for the limited ability to have fees deducted from client accounts as discussed under “Fees and Compensation” in Item 5 of this brochure, 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 Global Investment Management Corp. has adopted proxy voting policies and procedures.

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

Under these policies, Federated Global Investment Management Corp.'s general policy is to cast proxy votes in favor of management proposals and shareholder proposals that we anticipate will enhance the long-term value of the securities being voted. Generally, this will mean voting for proposals that we believe will: (a) improve the management of a company; (b) increase the rights or preferences of the voted securities; and/or (c) increase the chance that a premium offer would be made for the company or for the voted securities. This approach to voting proxy proposals will be referred to hereafter as the "General Policy".

The following examples illustrate how this General Policy may apply to management proposals and shareholder proposals submitted for approval or ratification by holders of the company's voting securities. However, whether Federated Global Investment Management Corp. 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 Global Investment Management Corp. will vote in favor of:

- a proposal to require a company's audit committee to be comprised entirely of independent directors;
- shareholder proposals to declassify the board of directors;
- shareholder proposals to require a majority voting standard in the election of directors;
- proposals to grant shareholders the right to call a special meeting if owners of at least 25% of the outstanding stock agree;
- a proposal to require independent tabulation of proxies and/or confidential voting of shareholders;
- a proposal to ratify the board's selection of auditors, unless: (a) compensation for non-audit services exceeded 50% of the total compensation received from the company, or (b) the previous auditor was dismissed because of a disagreement with the company
- a proposal to repeal a shareholder rights plan (also known as a "poison pill") and against the adoption of such a plan, unless the plan is designed to facilitate, rather than prevent, unsolicited offers for the company;
- shareholder proposals to eliminate supermajority requirements in company bylaws;
- shareholder proposals to separate the roles of chairman of the board and CEO; and
- shareholder proposals to allow shareholders owning at least 3% of the outstanding common stock for at least three years to nominate candidates for election to the board of directors ("Proxy Access").

In favor of the full slate of directors nominated in an uncontested election, but against any Director who

- had not attended at least 75% of the board meetings during the previous year;
- serves as the company's chief financial officer;
- has committed himself or herself to service on a large number of boards, such that we deem it unlikely that the director would be able to commit sufficient focus and time to a particular company;
- is the chair of the nominating or governance committee when the roles of chairman of the board and CEO are combined and there is no lead independent director;
- served on the compensation committee during a period in which compensation appears excessive relative to performance and peers; or
- or served on a board that did not implement a shareholder proposal that Federated supported and received more than 50% shareholder support the previous year.

On matters of capital structure, generally Federated Global Investment Management Corp. will vote: against proposals to authorize or issue shares that are senior in priority or voting rights to the securities being voted; and in favor of proposals to:

- reduce the amount of shares authorized for issuance (subject to adequate provisions for outstanding convertible securities, options, warrants, rights and other existing obligations to issue shares);
- grant preemptive rights to the securities being voted and against a proposal to eliminate such preemptive rights; and
- authorize a stock repurchase program.

On matters relating to management compensation, generally Federated Global Investment Management Corp. will vote in favor of stock incentive plans (including plans for directors) that align the recipients of stock incentives with the interests of shareholders, without creating undue dilution, and against:

- the advisory vote on executive compensation plans (“Say On Pay”) when the plan has failed to align executive compensation with corporate performance;
- proposals that would permit the amendment or replacement of outstanding stock incentives with new stock incentives having more favorable terms (e.g., lower purchase prices or easier vesting requirements); and
- 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 terms, conditions and anticipated results of the proposed transaction and the expected impact on the long-term value of the securities being voted. We will vote proxies in contested elections of directors based upon our analysis of the opposing slates and their respective proposed business strategy and the expected impact on the long-term value of the securities being voted.

In addition, Federated Global Investment Management Corp. will not vote any proxy if it determines that the consequences or costs of voting outweigh the potential benefit of voting. For example, if a foreign market requires shareholders voting proxies to retain the voted shares until the meeting date (thereby rendering the shares “illiquid” for some period of time), Federated Global Investment Management Corp. will not vote proxies for such shares. Federated Global Investment Management Corp. is not obligated to incur any expense to send a representative to a shareholder meeting or to translate proxy materials into English.

If securities lending is permitted in a client portfolio, Federated Global Investment Management Corp. will not have the right to vote on securities while they are on loan. However, Federated Global Investment Management Corp. will take all reasonable steps to recall shares prior to the record date when the meeting raises issues that Federated Global Investment Management Corp. believes materially affect shareholder value, including, but not limited to, excessive compensation, mergers and acquisitions, contested elections and weak oversight by the audit committee. There can be no assurance that Federated Global Investment Management Corp. will have sufficient notice of such matters to be able to terminate the loan in time to vote thereon.

Federated Global Investment Management Corp. may employ an investment strategy for certain funds or accounts that does not make use of qualitative research. Further, Federated Global Investment Management Corp. may utilize a quantitative strategy to manage certain funds or accounts. In both of these cases, (“Non-Qualitative Accounts”), Federated Global Investment Management Corp. may not have the kind of research to make decisions about how to vote proxies for them. Therefore, Federated Global Investment Management Corp. will vote the proxies of these Non-Qualitative Accounts as follows: (a) in accordance with the Standard Voting Instructions (defined below) adopted by us with respect to issues subject to the proxies; (b) if we are directing votes for the same proxy on behalf of a regular qualitative account and a Non-Qualitative Account, the Non-Qualitative Account would vote in the same manner as the regular qualitative account; (c) if neither of the first two conditions apply, as the proxy voting service is recommending; and (d) if none of the previous conditions apply, as recommended by the Proxy Voting Committee (Proxy Committee).

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

## 2. Proxy Voting Procedures

Federated Global Investment Management Corp. has established a Proxy Voting Committee (Proxy Committee), to exercise all voting discretion granted to us in accordance with the proxy voting policies. To assist it in carrying out the day-to-day operations related to proxy voting, the Proxy Committee has created the Proxy Voting Management Group (PVMG). The day-to-day operations related to proxy voting are carried out by the Proxy Voting Operations Team (PVOT) and overseen by the PVMG. This work includes, interacting with a proxy voting service on the Proxy Committee's behalf on case-by-case items referred to the Proxy Committee by the proxy voting service; soliciting voting recommendations from Federated Global Investment Management Corp.'s investment professionals, as necessary; bringing requests to the Proxy Committee from Federated Global Investment Management Corp.'s investment professionals for voting contrary to the Standard Voting Instructions; filing any required proxy voting reports; providing proxy voting reports to clients and investment companies as they are requested from time to time; keeping the Proxy Committee informed of any issues related to proxy voting; and voting client shares as directed by the Proxy Committee.

Federated Global Investment Management Corp. has hired Glass Lewis to obtain, vote, and record proxies in accordance with the directions of the Proxy Committee. The Proxy Committee has supplied Glass Lewis with general instructions (the "Standard Voting Instructions") that represent decisions made by the Proxy Committee in order to vote common proxy proposals. As the Proxy Committee believes that a shareholder vote is equivalent to an investment decision, the Proxy Committee retains the right to modify the Standard Voting Instructions at any time or to vote contrary to them at any time in order to cast proxy votes in a manner that the Proxy Committee believes is: (a) in the best interests of Federated Global Investment Management Corp.'s clients (including shareholders of the funds advised by Federated Global Investment Management Corp.); and (b) will enhance the long-term value of the securities being voted. The proxy voting service may vote any proxy as directed in the Standard Voting Instructions without further direction from the Proxy Committee. However, if the Standard Voting Instructions require case-by-case direction for a proposal, the PVOT will work with the investment professionals and the proxy voting service to develop a voting recommendation for the Proxy Committee and to communicate the Proxy Committee's final voting decision to the proxy voting service. Further, if the Standard Voting Instructions require the PVOT to analyze a ballot question and make the final voting decision, the PVOT will report such votes to the Proxy Committee on a quarterly basis for review.

## 3. Conflicts of Interest

Conflicts of interest arise from time to time between the interests of Federated Global Investment Management Corp., and our affiliates (*e.g.*, the other Federated Advisory Companies), and the interests of our clients. Federated Global Investment Management Corp. 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 Global Investment Management Corp. or our affiliates. This may occur where a significant business relationship exists between Federated Global Investment Management Corp. (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 Global Investment Management Corp.'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 Global Investment Management Corp., or our affiliates, have influenced proxy votes. Any employee of Federated Global Investment Management Corp., 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 the Standard Voting Instructions already provide specific direction on the proposal in question, the Proxy Committee shall not alter or amend such directions.

If the Standard Voting Instructions require the Proxy Committee to provide further direction, the Proxy Committee shall do so in accordance with the proxy voting policies, without regard for the interests of Federated Global Investment Management Corp. 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 annually 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, Federated Global Investment Management Corp. voted as it did. Alternatively, the Proxy Committee may seek direction from the client on how a proposal concerning an Interested Company shall be voted, and shall follow any such direction provided by the client. In seeking such direction, the Proxy Committee will disclose the reason such company is considered an Interested Company and may provide a recommendation on how such proposal should be voted and the basis for such recommendation.

In certain circumstances it may be appropriate for Federated Global Investment Management Corp. to vote in the same proportion as all other shareholders, so as to not affect the outcome beyond helping to establish a quorum at the shareholders' meeting. This is referred to as "proportional voting." If a client's account owns shares of another Federated mutual fund, Federated Global Investment Management Corp. will proportionally vote the client's proxies for that fund or seek direction from the client on how the proposal should be voted. If the client owns shares of an unaffiliated mutual fund, Federated Global Investment Management Corp. may proportionally vote the client's proxies for that fund depending on the size of the position. If the client owns shares of an unaffiliated exchange traded fund, Federated Global Investment Management Corp. will proportionally vote the client's proxies for that fund.

If the Proxy Committee gives further direction, or seeks to vote contrary to the Standard Voting Instructions, for a proxy relating to a portfolio company in which a client of Federated Global Investment Management Corp. owns more than 10% of the portfolio company's outstanding voting securities at the time of the vote ("Downstream Affiliate"), the Proxy Committee must first receive guidance from Counsel to the Proxy Committee as to whether any relationship between Federated Global Investment Management Corp. and the portfolio company, other than such ownership of the portfolio company's securities, gives rise to an actual conflict of interest. If Counsel determines that an actual conflict exists, the Proxy Committee must address any such conflict with the Executive Committee of Federated's Board of Directors or Trustees of any Investment Company client prior to taking any action on the proxy at issue.

#### Proxy Advisers' Conflicts of Interest

Proxy advisory firms, such as Glass Lewis and ISS, may have significant business relationships with the subjects of their research and voting recommendations. For example, a Glass Lewis client may be a public company with an upcoming shareholders' meeting and Glass Lewis has published a research report with voting recommendations. In another example, a Glass Lewis board member also sits on the board of a public company for which Glass Lewis will write a research report. These and similar situations give rise to an actual or apparent conflict of interest.

In order to avoid concerns that the conflicting interests of Glass Lewis have influenced proxy voting recommendations, we will take the following steps:

1. A due diligence team made up of employees of Federated Global Investment Management Corp. and/or its affiliates will meet with the Glass Lewis on an annual basis and determine through a review of their policies and procedures and through inquiry that the proxy voting service has established a system of internal controls that provide reasonable assurance that their voting recommendations are not influenced by the business relationships they have with the subjects of their research.
2. Whenever the standard voting guidelines call for voting a proposal in accordance with Glass Lewis recommendation and Glass Lewis has disclosed that they have a conflict of interest with respect to that issuer, the PVOT will take the following steps: (a) The PVOT will obtain a copy of the research report and recommendations published by ISS for that issuer; (b) The Head of the PVOT, or his designee, will review both the Glass Lewis research report and the IDD research report and determine what vote will be cast. The PVOT will report all proxies voted in this manner to the Proxy Committee on a quarterly basis. Alternatively the PVOT may seek direction from the Committee on how the proposal shall be voted.



### **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 Global Investment Management Corp. 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 Global Investment Management Corp. will endeavor to vote in accordance with any such written instructions that are timely communicated to Federated Global Investment Management Corp. 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 Global Investment Management Corp. Voted With Respect to a Security Held in the Client's Account or a Copy of Our Proxy Voting Policies and Procedures**

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

A report on "Form N-PX" of how Federated Global Investment Management Corp. 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 Global Investment Management Corp.'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 Global Investment Management Corp. 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 Global Investment Management Corp. 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 Global Investment Management Corp. regarding the particular solicitation by sending us the question in writing at the address specified under "How to Obtain Information About How Federated Global Investment Management Corp. Voted With Respect to a Security Held in the Client's Account or a Copy of Our Proxy Voting Policies and Procedures" in Item 17 of 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 Global Investment Management Corp. is not required to include a balance sheet for our most recent fiscal year because we do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Even though we do not require prepayment of our advisory fees, since we accept discretionary investment authority over client assets as discussed under "Investment Discretion" in Item 16 of this brochure and are deemed to have custody of client assets as discussed under "Custody" in Item 15 of this brochure, we disclose that there are no financial conditions affecting us that are reasonably likely to impair our ability to meet contractual commitments to our clients. We also disclose that we have not been subject to a bankruptcy petition at any time during the past ten years.

## **PRIVACY POLICY**

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

### **Information Security**

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

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

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

## **Employee Access to Information**

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

## **Visiting A Federated Website**

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

## **Restricted Access Website**

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

## **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 brokers/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, 2015.

## Certain Disclosures to ERISA Plan Fiduciaries

### Annual Update of Prior Disclosures.

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

- (i) the Applicable Agreement and
- (ii) Federated Global Investment Management Corp.'s Brochure.

Where Federated Global Investment Management Corp. provides its separate investment supervisory or management services, model portfolio management services or other investment advisory services (as applicable) as a fiduciary or investment advisor to an ERISA Plan pursuant to a contractual agreement with the ERISA Plan or its Responsible Plan Fiduciary, then, in order to assist each Responsible Plan Fiduciary in its review of the particular items subject to the Fee Disclosure Rules, such Responsible Plan Fiduciary also should have received, upon account inception, a separate letter, “guide” or similar disclosure document expressly intended to assist them in locating where the disclosures required by the Fee Disclosure Rules are set out in their Applicable Agreement and Federated Global Investment Management Corp.’s Brochure (the “Direct Service Provider Initial Fee Disclosures”).

Where Federated Global Investment Management Corp. 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 Global Investment Management Corp.; rather, Federated Global Investment Management Corp. should have made relevant disclosures to the Primary Service Provider (the “Subcontractor Initial Fee Disclosures”), and the Primary Service Provider, in turn, should have made required disclosures directly to the Responsible Plan Fiduciary. For purposes of this disclosure, the Direct Service Provider Initial Fee Disclosures and the Subcontractor Initial Fee Disclosures are referred to collectively, as applicable, as the “Initial Fee Disclosures”.

#### Timing of Required Fee Disclosures.

The required disclosures to each Responsible Plan Fiduciary or Primary Service Provider, as applicable, should have been made not later than immediately prior to the ERISA Plan/Responsible Plan Fiduciary entering into the contract or arrangement with (as applicable) Federated Global Investment Management Corp. 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 Global Investment Management Corp.’s applicable Initial Fee Disclosures either by a separate notice, an amendment to an Applicable Agreement with Federated Global Investment Management Corp., or an interim update to Federated Global Investment Management Corp.’s Brochure (such a notice, amendment, or interim update being an “Interim Fee Disclosure Update”). For purposes of this disclosure, Federated Global Investment Management Corp.’s Initial Fee Disclosures and any Interim Fee Disclosure Updates are referred to collectively, as applicable, as Federated Global Investment Management Corp.’s “Required Fee Disclosures”.

#### Update to Federated Global Investment Management Corp.’s Required Fee Disclosures

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

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

**STEPHEN K. GUTCH, CFA<sup>i</sup>**  
**400 MERIDIAN CENTRE**  
**ROCHESTER, NEW YORK 14618-3991**  
**(585) 385-6090**

July 1, 2016

Federated Global Investment Management Corp.  
(Including Its Federated Clover Investment Advisors Division)  
101 Park Avenue  
Suite 4100  
New York, New York 10178-0002  
1-800-343-7151

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

**Additional information about Mr. Gutch 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**

Year of Birth:	1968
Educational Background:	BA - University of Rochester MBA - Simon Graduate School of Business, University of Rochester
Business Background (past five years):	Federated Global Investment Management Corp. (Including Its Federated Clover Investment Advisors Division), Sr. Vice President (2012 – present), Head of Clover Value Team (2016 – present), Sr. Portfolio Manager, Investment Adviser Representative (2008 - present), Vice President (2008 – 2012) Federated Investment Counseling, Vice President (2008 - 2014)

**Item 3: Disciplinary Information**

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

**Item 4: Other Business Activities**

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

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

Mr. Gutch 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 primarily on the performance of the investment accounts and/or products Mr. Gutch manages and individual performance. The allocation or weighting given to the performance of any account or product for which Mr. Gutch is responsible in calculating his compensation can vary. The performance of any such account or product may or may not represent a significant portion of the calculation at any point in time (and may be adjusted periodically). 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. Gutch’s role. Investment performance is based on a variety of factors including performance versus product specific benchmarks. Mr. Gutch is eligible for certain annual payments based on revenue.



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

Substantial Non-Investment Related Activities. Mr. Gutch 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. Gutch may receive as described under “Other Business Activities,” Mr. Gutch may also receive the following forms of compensation from non-clients:

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

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

#### **Item 6: Supervision**

The portfolio managers, with the assistance of portfolio coordinators, periodically evaluate the portfolio objective, special restrictions and any special requirements of each client account. Portfolio coordinators and portfolio managers are subject to the general supervision of the Chief Investment Officer(s) for the applicable Federated Advisory Company identified on the cover page of this brochure supplement. Stephen F. Auth, CIO Federated Global Equity (212-905-4800), is the person responsible for supervising Mr. Gutch's advisory activities on behalf of the investment advisory firm identified on the cover page to this brochure supplement.

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

---

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