

FEDERATED INTERNATIONAL SECURITIES CORP.

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

Additional information about Federated International Securities Corp. also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

As required by SEC rules, through this summary, Federated International Securities Corp. is identifying and discussing certain changes from the last annual update of its Form ADV, Part 2A, brochure, dated March 29, 2018.

Although we do not believe these changes to be material, the discussion immediately below addresses certain (but not all) changes from the initial filing of our brochure dated March 29, 2018. We encourage you to use this summary to determine whether to review our amended brochure, dated July 27, 2018 (Updated Brochure), in its entirety or to contact Federated International Securities Corp. with questions about the changes.

On July 2, 2018, effective July 1, 2018, Federated Investors, Inc. completed a transaction whereby its subsidiary, Federated Holdings (UK) II Limited, became the majority shareholder of Hermes Fund Managers Limited, including its registered investment adviser subsidiaries (the “Hermes Advisory Companies”). Although the Hermes Advisory Companies are under common control with, and affiliates of, Federated International Securities Corp., we do not believe that Federated International Securities Corp.’s provision of investment advisory services, or the respective disclosure and discussion of our policies and practices herein, is materially impacted by the acquisition of the Hermes Advisory Companies. Notwithstanding the foregoing, we have made certain changes since the last annual update of our brochure to reflect the transaction and the existence of the Hermes Advisory Companies as affiliates under common control with Federated International Securities Corp.

- **Item 4-B:** Revised to include a general overview of the transaction and its impact on Federated International Securities Corp.’s advisory business.
- **Item 5-E:** Revised to reflect that employee-representatives of Federated International Securities Corp. and Federated International Securities Corp. may sell shares of certain private funds for which a Hermes Advisory Company may serve as trustee, managing member, or investment adviser.
- **Item 6-C-4:** Revised to reflect the actual or potential conflicts that may arise to the extent that Federated International Securities Corp. shares material non-public information with the Hermes Advisory Companies and the creation of information barriers to mitigate such conflicts.
- **Item 10-C-2:** Revised to reflect the operational independence of Federated International Securities Corp. from the Hermes Advisory Companies.
- **Item 12-A-1:** Revised to reflect that Federated International Securities Corp. may from time to time receive or share research or other non-investment related services with the Hermes Advisory Companies.
- **Item 12-B:** Revised to note that there will be no aggregation or allocation of trades between Federated International Securities Corp. and the Hermes Advisory Companies.

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ITEM 4. ADVISORY BUSINESS

This brochure explains Federated International Securities Corp.'s business, and provides important information about us, and in certain cases, our affiliates and related persons. For example, our employee-representatives serve as sales people for the Federated mutual funds, as well as for other investment products sponsored by Federated Investors and investment advisory services offered by certain Federated Advisory Companies. As used within this section, "we" shall refer to Federated International Securities Corp., our affiliates and/or our related persons, including our employee-representatives, as appropriate.

Additional information about us, any of our investment adviser representatives, and our affiliates that are SEC registered investment advisers (together with us, each, as applicable, a Federated Advisory Company and, collectively, as applicable, the Federated Advisory Companies) also is available via the SEC's website at www.adviserinfo.sec.gov. These registrations do not imply a certain level of skill or training. Available Form ADV, Part 2A, brochures for the following Federated Advisory Companies also may be obtained free of charge from our website (FederatedInvestors.com): Federated Investment Counseling; Federated MDTA LLC (including its MDT Advisers division); and Federated Global Investment Management Corp. (including its Federated Clover Investment Advisors division). These registrations do not imply a certain level of skill or training.

A. How We are Organized

We organized as a Delaware corporation on September 12, 2017. We also intend to register as a broker/dealer under the Securities Act of 1934 ("1934 Act"). These registrations do 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 International Securities 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' President and Chief Executive Officer and Chairman of its Board of Directors, Mr. J. Christopher Donahue, his brother, Thomas R. Donahue, Federated's Vice President, Treasurer and Chief Financial Officer and a director, and their mother for the benefit of the members of the Donahue family.

Federated Investors owns a number of domestic and foreign advisory subsidiaries that are under common control with, and affiliates of, Federated International Securities Corp. On July 2, 2018, effective July 1, 2018, Federated Investors, Inc. completed a transaction whereby its subsidiary, Federated Holdings (UK) II Limited, became the majority shareholder of Hermes Fund Managers Limited, including its registered investment adviser subsidiaries (the "Hermes Advisory Companies," and collectively with the Federated Advisory Companies, as applicable, the "Advisory Companies"). Although the Hermes Advisory Companies are under common control with, and affiliates of, Federated International Securities Corp. (and the other Federated Advisory Companies), the disclosure and discussion of the policies and practices of the Federated Advisory companies herein does not include the Hermes Advisory Companies, except where specifically noted, as it is presently anticipated that the Hermes Advisory Companies will remain operationally independent from, and have no material impact on, the advisory activities of the Federated Advisory Companies. As discussed under "Conflicts Related to Information Sharing Among Affiliates" in Item 6, information barriers have been implemented between the Federated Advisory Companies and the Hermes Advisory Companies, and which requires that all investment-related activities, including trading activity and the allocation and aggregation of trades, of the Federated Advisory Companies are operated independent of, and are not integrated with, with investment related activities of the Hermes Advisory Companies. (Please refer to "Other Financial Industry Activities and Affiliations" in Item 10 of this brochure for further information.)

The Federated Advisory Companies collectively provide advisory services to a variety of separately managed accounts or wrap fee accounts (Managed Accounts), institutional, or high net worth individual, separate accounts (Separate Accounts), registered investment companies or mutual funds (Investment Companies), private investment companies (Private Investment Companies), other pooled investment vehicles (Pooled Investment Vehicles), and proprietary accounts and funds (Proprietary Accounts). Federated Investors also owns other companies, both in the United States and in certain other countries, such as investment advisers, brokers/dealers, management companies, commodity pool operators and trust companies. For further information on the advisory services provided by the other Federated Advisory Companies, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A brochures, for the other Federated Advisory Companies to the extent prepared and filed with the SEC.

C. Our Services

1. Advisory-Related Services

We are registered as an investment adviser because we act as solicitors for the other Advisory Companies and, in certain cases, also provide advisory services on behalf of the other Federated Advisory Companies to the institutional, high-net worth, separately managed account/wrap-fee account and other clients of the other Federated Advisory Companies. Certain of our employees may also from time to time solicit clients on behalf of, or refer clients to, non-U.S. affiliates that are exempt from registration under the Advisers Act. We do not have any investment advisory clients of our own. We relied on SEC Rule 203A-2(c) under the Advisers Act to register with the SEC, as we are under common control with Federated Investment Counseling, a Federated Advisory Company that is registered with the SEC as an investment adviser under the Advisers Act. We have the same principal office and place of business as Federated Investment Counseling.

Federated International Securities Corp. and our employee-representatives are supervised persons of the other Federated Advisory Companies. Our employee-representatives are not employees of the other Federated Advisory Companies for which they serve as sales people. They are, however, deemed to be “persons associated with” such other Federated Advisory Companies and also are registered as investment adviser representatives of these Federated Advisory Companies. We are subject to the supervision and control of such other Federated Advisory Companies. As such, our employee-representatives are subject to the compliance programs of such other Federated Advisory Companies and Hermes Advisory Companies when soliciting clients or potential clients for them or providing advice on their behalf. Such Federated Advisory Companies and Hermes Advisory Companies (collectively, the Relevant Other Federated Advisory Companies) include:

- Federated Investment Counseling;
- Federated Global Investment Management Corp. (including its Federated Clover Investment Advisors division);
- Federated MDTA LLC (including its MDT Advisers division);
- Federated Equity Management Company of Pennsylvania;
- Federated Investment Management Company;
- Hermes GPE LLP;
- Hermes GPE (USA) Inc.;
- Hermes Investment Management Limited; and
- Hermes European Equities Limited.

We do not provide investment supervisory services or model portfolio management services to any client. We also do not participate as a portfolio manager in wrap fee (or Managed Account) programs. We do not have any assets under management.

Our services are provided to the Relevant Other Federated Advisory Companies pursuant to one or more written agreements 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 our employee-representatives on behalf of the Relevant Other Federated Advisory Companies;

- Describe the compensation to be received for such services;
- Require that our, and our employee-representatives' status as our employee-representatives, be disclosed to the client or potential client of the Relevant Other Federated Advisory Companies at the time of the solicitation or referral; and
- Require that the affiliation between us, and our employee-representatives, and the Relevant Other Federated Advisory Companies, be disclosed to the client or potential client of the Relevant Other Federated Advisory Companies at the time of the solicitation or referral.

In addition to solicitation services, the employee-representatives of Federated International Securities Corp. may also provide investment advice on behalf of the Relevant Other Federated Advisory Companies to their clients. In doing so, services are not limited to certain types of investments and advice may be tailored to the individual needs of clients based on the client's objectives, policies, risk tolerances, financial condition and other relevant factors. Our employee-representatives may, among other activities:

- Make presentations regarding mutual fund and investment strategies and products to clients and potential clients of the Relevant Other Federated Advisory Companies;
- Distribute marketing materials containing strategy descriptions, performance records and other information to such clients and potential clients;
- Discuss available mutual fund (*i.e.*, Investment Company) options and investment strategies (and whether to invest, or maintain an investment, in them) with such clients and potential clients; and
- Discuss account performance, recent security selections, changes in strategy/investment restrictions, recent market developments and investment objective changes with clients of the Relevant Other Federated Advisory Companies.

Our employee-representatives are compensated, in part, for performing these services in addition to solicitation services. (Please refer to "Our Fees for Our Advisory-Related Services" in Item 5 of this brochure for further information.) Communications with clients or potential clients of the Relevant Other Federated Advisory Companies will be made through, and on behalf of, the applicable Relevant Other Federated Advisory Company.

Federated Securities Corp., an affiliate of Federated International Securities Corp., serves as distributor of the Federated family of Investment Companies (*i.e.*, mutual funds, Private Investment Companies) and of certain other Pooled Investment Vehicles. Federated Securities Corp. is a registered broker/dealer, municipal securities dealer, and investment adviser. These registrations do not imply a certain level of skill or training. Federated Securities Corp. performs similar functions and services as those performed by Federated International Securities Corp. and its employee-representatives, and has entered into similar written agreements and receives similar compensation as the agreements entered into by and compensation received by Federated International Securities Corp.

2. Other Services

Federated International Securities Corp. intends to register as a broker/dealer under the 1934 Act. None of these registrations imply a certain level of skill or training. Once registered as a broker/dealer, Federated International Securities Corp. will, perform other non-advisory related services. For example, in the capacity as a broker/dealer, our primary business will be to market domestic mutual funds (Investment Companies) and Private Investment Companies sponsored by Federated Investors. We may also sell units of certain collective investment trust(s)/fund(s) for which Federated Investors Trust Company, an affiliate of Federated International Securities Corp., serves as trustee. In addition, we may act as a placement agent with respect to certain private funds offered by Hermes Investment Management Limited, or another Hermes Advisory Company. We may provide services to banks, financial institutions or other advisors as placement agent for Pooled Investment Vehicle clients of other Federated Advisory Companies.

We may receive compensation for the placement agent and sales-related activities discussed above. (Please refer to “Sales Compensation” in Item 5 of this brochure for further information.)

ITEM 5. FEES AND COMPENSATION

A. Our Fees for Our Advisory-Related Services

Advisory-Related Services for Relevant Other Federated Advisory Companies

As discussed under “Our Services” in Item 4 of this brochure, Federated International Securities Corp., and its employee-representatives, may provide solicitation services to, and investment advice on behalf of, the Relevant Other Federated Advisory Companies. In connection with those services, we receive compensation in the form of an intercompany credit on a monthly basis from the Relevant Other Federated Advisory Companies based upon the relevant portion of an allocation made to each Relevant Other Federated Advisory Company determined through the application of an agreed upon metric. We then may compensate our employee-representatives for the services provided for the Relevant Other Federated Advisory Company(ies) pursuant to the incentive compensation or other plans established for such employee-representatives from time to time. We do not invoice for our fees or deduct our fees from client accounts. The compensation credited to us from the Relevant Other Federated Advisory Companies is credited out of their own legitimate profits and other resources and is not added to the fees the Relevant Other Federated Advisory Companies charge their clients (unless otherwise specifically disclosed to applicable clients). The amount of the credit was agreed upon by us and the Relevant Other Federated Advisory Companies and is not negotiable. The credit is not paid in advance and is not subject to refund.

B. Fees and Expenses, Other Than Our Fees

As discussed under “Our Services” in Item 4 of this brochure, Federated International Securities Corp., and its employee-representatives, may provide solicitation services to, and investment advice on behalf of, the Relevant Other Federated Advisory Companies. As with other investment accounts, clients of the Relevant Other Federated Advisory Companies will incur fees and expenses, other than investment advisory fees, when the Relevant Other Federated Advisory Companies manage client assets. Clients will incur brokerage costs, other transaction costs and other related costs and expenses. Also, if another advisor is involved, any investment advisory fees of the other advisor will be incurred if charged separately. Investments in Private Investment Companies, Investment Companies (*e.g.*, mutual funds and exchange traded funds) and other Pooled Investment Vehicles also may be subject to sales charges (*e.g.*, front-end or contingent deferred sales charges), redemption fees and exchange fees, as well as certain internal fees and expenses.

In most Managed Account programs, the “wrapped fee” charged to clients of the Relevant Other Federated Advisory Companies that serve as portfolio manager in such Managed Account Programs covers portfolio manager selection, performance monitoring and evaluation, custody, investment advice, brokerage and/or other administrative services. In some cases, brokerage commissions and/or fees for providing investment advice may be charged separately. For further information regarding the fees and expenses that may be incurred by clients of the other Federated Advisory Companies, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC). Please refer to “Advisory Business” in Item 4 of this brochure for information on how to obtain any available brochures for the other Federated Advisory Companies.

C. Sales Compensation

As discussed under “Our Services” in Item 4 of this brochure, our employee-representatives serve as sales people for the investment services and products sponsored by our parent company, Federated Investors, Inc., and investment advisory services offered by the Relevant Other Federated Advisory Companies. We receive compensation from the Relevant Other Federated Advisory Companies (in the form of an intercompany credit) for performing these activities on our and their behalf. Our employee-representatives also may receive compensation from Federated International Securities Corp. for performing such solicitation and other functions. We also will receive compensation for services relating to the sale of shares of Federated mutual funds. Some of our employee-representatives also will receive compensation based on the sale of mutual fund shares.

Federated International Securities Corp.'s employee-representatives are salaried employees of Federated International Securities Corp. or an affiliate 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, 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 International Securities Corp., who are not employees of Federated International Securities Corp. but are salaried employees of Federated affiliated companies, receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses for these representatives are based on revenue of assigned accounts/investment products.

(Please refer to "Our Services" in Item 4 of this brochure, as well as "Our Fees for Our Advisory- Related Services" in Item 5 of this brochure, for additional information regarding the services provided by and compensation received by Federated International Securities Corp. and its employee-representatives.)

As discussed under "Our Services" in Item 4 of this brochure, we will once registered as a broker/dealer:

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

Federated International Securities Corp. receives, and its employee-representatives may receive, compensation for these, placement agent, sales-related, and other activities, which; in addition to the compensation we receive from services related to the sale of shares of Federated funds, provides our exclusive source of compensation. Federated Securities Corp., an affiliate of Federated International Securities Corp., serves as distributor of the Federated family of Investment Companies (*i.e.*, mutual funds, Private Investment Companies) and of certain other Pooled Investment Vehicles. Federated Securities Corp. is a registered broker/dealer, municipal securities dealer, and investment adviser. These registrations do not imply a certain level of skill or training. Federated Securities Corp. receives distribution-related compensation 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. In addition, Federated Securities Corp. receives, and its employee-representatives may receive, compensation for liquidation agent, placement agent, sales-related, and other activities.

Under appropriate circumstances, our employee-representatives, when performing solicitation services and/or providing advice on behalf of the Relevant Other Federated Advisory Companies, may advise clients of the Relevant Other Federated Advisory Companies to invest assets in certain Investment Companies (or mutual funds), including no-load funds, Private Investment Companies, or Pooled Investment Vehicles advised by the other Federated Advisory Companies (Affiliated Investment Vehicles). We, or our affiliated companies, may receive distribution, investment advisory, administrative or other fees and compensation from such Affiliated Investment Vehicles.

The compensation discussed above, as well as the other compensation that we and our employee-representatives may receive is discussed under "Our Fees for Our Advisory-Related Services" in Item 5 of this brochure, is in addition to the compensation for services relating to the sale of shares of Federated mutual funds. We do not reduce the compensation discussed above, or the other compensation that we and our employee-representatives may receive as discussed under "Our Fees for Our Advisory-Related Services" in Item 5 of this brochure, to offset the compensation for services relating to the sale of shares of Federated mutual funds that we may receive.

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

Clients of the Relevant Other Federated Advisory Companies always have the option to purchase investment products that Federated International Securities Corp., or our employee-representatives, or any of our affiliates, recommend, or to preclude investment in any investment product (including Affiliated Investment Vehicles). If a client of a Relevant other Federated Advisory Company desires to preclude investment in a particular investment product, the client should impose a restriction on the client's account by instructing the appropriate Relevant Other Federated Advisory Company in writing. (Please see "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 International Securities 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 International Securities Corp. and our employee-representatives (or supervised persons). In addition to these conflicts, other actual or potential conflicts of interest arise from Federated International Securities Corp.'s common economic interests with our affiliates (including the other Advisory Companies), our relationships with our affiliates and other persons or entities in the financial industry, and our, and our related persons', self-interests. For example, our employee-representatives serve as salespeople for, and provide advice on behalf of, certain of the Relevant Other Federated Advisory Companies. We also share certain directors/trustees and officers with other Federated Advisory Companies, and share certain supervised persons with certain other Federated Advisory Companies. As used within this section, "we" shall refer to Federated International Securities Corp., our affiliates and/or our related persons, including our employee-representatives, 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 clients; and
- It is possible that our shared directors/trustees, officers, employees or supervised persons and affiliated service providers, and the other Advisory Companies, face similar incentives.

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

- Prohibition – we prohibit the conduct that gives rise to the conflict of interest (*e.g.*, insider trading is prohibited under our Code of Ethics);
- Disgorgement – a benefit received is given back to an account (*e.g.*, the other Federated Advisory Companies that manage Separate Accounts will waive or reimburse a Separate Account accountholder for the account's share of the advisory fees, if any, paid to the other Federated Advisory Companies by an Affiliated Investment Vehicle into which account assets are invested);
- Deference – we defer to third parties to act or make decisions (*e.g.*, we will review a matter with the Board of an Investment Company or a client or sub-advised client);
- Isolation – information barriers are constructed to prevent a person from gaining knowledge that gives rise to a conflict of interest (*e.g.*, certain individuals may be isolated from knowing information about a strategic transaction that Federated Investors is considering);
- Validation – a benchmark for conduct is established that is designed to protect client interests or impose limitations on activities that create the conflict of interest (*e.g.*, the other Federated Advisory Companies 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 them);
- Disclosure/Consent – we disclose the conflict of interest (*e.g.*, we disclose the solicitation arrangements we have with our affiliated advisers); 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 International Securities Corp. and our employee-representatives (or 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 perform our services consistent with applicable law and in the best interests of clients, including clients of the Relevant Other Federated Advisory Companies for which we perform solicitation and other functions. The other Advisory Companies have adopted similar Codes of Ethics and written policies and procedures. (Please refer to “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” in Item 11 of this brochure for further information regarding our Code of Ethics).

The following is a further discussion of certain actual or potential conflicts of interest relating to (A) performance-based fees, (B) side by side management and (C) other aspects of our business (and the business of the other Federated Advisory Companies), and how we seek to address these conflicts of interest. Federated International Securities Corp. shares certain directors/trustees and officers with the other Federated Advisory Companies. Federated International Securities Corp. also shares certain supervised persons with certain of the other Federated Advisory Companies. Certain employees of the other Federated Advisory Companies also may be registered representatives of Federated International Securities Corp., including, after we register as a broker/dealer, in its capacity as a broker/dealer. The Relevant Other Federated Advisory Companies also receive shared services from a Federated Advisory Company, Federated Advisory Services Company, such as performance attribution and corporate action administration. Accordingly, to the extent that we or our affiliates face actual or potential conflicts of interest, it is likely that our shared directors/trustees, officers, supervised persons, as well as the other Federated Advisory Companies, have the same incentives, and face the same actual or potential conflicts of interest, as those discussed in this section of our brochure.

A. Conflicts of Interest Relating to Performance-Based Fees

Since Federated International Securities Corp. does not manage any client accounts or investment products, conflicts of interest relating to performance-based fees do not arise from our management of client assets.

As noted above, however, we, and our employee-representatives (or supervised persons), may perform solicitation services. We also provide investment advice on behalf of the Relevant Other Federated Advisory Companies, some of which may accept performance-based fees or performance-based fees in addition to another type of fee (*e.g.*, asset-based fees or flat fees). Our employee-representatives may discuss the fees (including performance-based fees) charged by the Relevant Other Federated Advisory Companies, and the fee practices of the Relevant Other Federated Advisory Companies, with the clients of the Relevant Other Federated Advisory Companies when serving as salespeople for, or providing advice on behalf of, the Relevant Other Federated Advisory Companies.

Actual or potential conflicts of interest arise in connection with Relevant Other Federated Advisory Companies’ charging performance-based fees on certain accounts of the Relevant Other Federated Advisory Companies while they are managing other accounts at the same time for asset-based fees or flat fees. There is an incentive to favor any account for which the Relevant Other Federated Advisory Companies receive performance-based fees. For example, we may recommend investment in products or strategies for which the Relevant Other Federated Advisory Companies receive a performance-based fee, giving the Relevant Other Federated Advisory Companies an opportunity to receive greater fees or compensation from their accounts or investment products that they charge performance-based fees as opposed to their accounts or investment products for which performance-based fees are not charged. As a result, we have an incentive to direct clients and potential clients of the Relevant Other Federated Advisory Companies to their investment products or strategies for which they may receive performance-based fees. The Relevant Other Federated Advisory Companies also have similar conflicts of interest arising from the 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), an account or investment product that pays a Relevant Other Federated Advisory Company a performance-based fee.

To address these actual or potential conflicts of interest, the Federated Advisory Companies 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 accounts or investment products. The Compliance Department for the Federated Advisory Companies reviews and reaffirms these allocation policies annually as well as the procedures adopted by each applicable Federated Advisory Company's Trading Department and portfolio managers to comply with these policies. The 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 accounts and/or investment products simultaneously. While neither we, nor our employee-representatives, manage any client accounts or investment products, we do perform services with respect to different types of accounts and/or investment products. Federated International Securities Corp. and our employee-representatives (or supervised persons) may have conflicts of interest in allocating their time and services. To address these conflicts, Federated International Securities Corp. will endeavor to devote such time to performing our services as Federated International Securities Corp. deems appropriate under the circumstances to perform our duties and obligations in accordance with applicable law and relevant agreements.

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 Affiliated Investment Vehicles

When acting as solicitors for, and providing advice on behalf of, the Relevant Other Federated Advisory Companies, Federated International Securities Corp.'s employee-representatives (or supervised persons) may recommend investing in Affiliated Investment Vehicles. These Affiliated Investment Vehicles generally pay their investment advisers and service providers based on a percentage of their average net assets. We also may receive compensation for selling these Affiliate Investment Vehicles. (Please refer to "Sales Compensation" in Item 5 of this brochure for further information.) Accordingly, we have an incentive to recommend investments in these Affiliated Investment Vehicles in order to increase the compensation that will be paid to us, other Advisory Companies and/or our affiliates by these Affiliated Investment Vehicles.

To address these actual or potential conflicts of interest, investments in Affiliated Investment Vehicles will be recommended only when such investments are consistent with an account'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 International Securities 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 such client's authorization to invest in Affiliated Investment Vehicles; and
- Specify in such client's authorization whether: (a) the Federated Advisory Companies will charge, waive or reimburse the client for advisory fees attributable to investments in Affiliated Investment Vehicles; or (b) the Federated Advisory Companies will waive or reimburse the account for the account's share of the advisory fees, if any, paid by the Affiliated Investment Vehicle to the other Federated Advisory Companies.

Any 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 where written authorization is impracticable, the Federated Advisory Companies address this conflict of interest through disclosure. This authorization or disclosure may apply, for example and as required by applicable law, where advisory fees would be paid twice for duplicative services rendered by Federated Advisory Companies and their affiliates.

In certain cases, subject to a client's investment policies, guidelines and restrictions and applicable law, an Affiliated Investment Vehicle may in turn invest its cash in another Affiliated Investment Vehicle for cash management purposes. In these cases, Clients of other Federated Advisory Companies may bear advisory and other fees paid by such Affiliated Investment Vehicles to Federated Advisory Companies or their affiliates, which may be reflected as part of investment return of the Affiliated Investment Vehicle.

We and our related persons will also comply with the conditions of any applicable law, rule or exemptive order regulating client investments in Affiliated Investment Vehicles.

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 we, our employee-representatives (or supervised persons), or our affiliates (*e.g.*, the other Advisory Companies), or any of their respective employees, supervised persons or other representatives, receive compensation or benefits other than advisory fees. Additional compensation or benefits may be received by us or our employee-representatives, or our affiliates, for example, for:

Soliciting business for other Federated Advisory Companies;

- Soliciting business for other Advisory Companies;
- Providing investment advice on behalf of another investment adviser;
- Providing services to another investment adviser or investment product;
- Selling, marketing or distributing mutual fund shares or other investment products or services, or acting as a placement agent;
- Directing brokerage/trades to a particular broker or dealer; 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 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 for which we, or our employee-representatives may receive solicitation fees or other compensation, based on the compensation that will be received. For example, we, and our employee-representatives, act as sales people/solicitors for the Relevant Other Federated Advisory Companies. Certain of our directors/trustees, officers or supervised persons may be officers of the Federated mutual funds or other Private Investment Companies or Pooled Investment Vehicles sponsored by Federated Investors, Inc., our ultimate parent company. Federated International Securities Corp. may receive compensation for the sale of fund shares or other services or products. If an intermediary's (such as a broker/dealer's) customers represent a significant number of the shareholders of, and assets in, a Federated fund, we may have an incentive to favor that intermediary. We would have a similar incentive with respect to a solicitor who referred clients to another Advisory Company. Since other Federated Advisory Companies act as portfolio managers in Managed Account programs, these other Federated Advisory Companies 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 these other Federated Advisory Companies to Managed Account program clients. Outside of Managed Accounts, the willingness of the other Federated Advisory Companies to direct brokerage/trades to a particular broker or dealer when instructed to do so by accounts likewise may encourage a broker or dealer to refer business, resulting in higher advisory, servicing, distribution or other compensation or other benefits. “Soft dollar benefits” also may be received from certain brokers or dealers by these other Federated Advisory Companies. The receipt and use of brokerage and research services also creates various conflicts of interest. For example, there is an incentive to select or recommend brokers or dealers based on the Federated Advisory Companies' interest in receiving research or other products or services, rather than on client interests in receiving most favorable execution. (Please refer to “Sales Compensation” in Item 5 and “Relationships with Brokers/Dealers” in Item 10 in this brochure for further information.) Given the differences in the structure of certain accounts, Investment Companies, Private Investment Companies and other Pooled Investment Vehicles, as well as the terms of applicable investment management and other service agreements, our affiliates may be able to charge or pass through to certain clients certain out of pocket expenses, or other fees and expenses, that cannot be charged to or passed through to other clients, which gives us and our affiliates an incentive to favor the clients to whom such expenses and fees may be charged or passed through.

To address these actual or potential conflicts of interest recommendations to invest assets in Affiliated Investment Vehicles are made only when such investments are consistent with an account's investment objectives, policies,

guidelines and restrictions. Also, other Federated Advisory Companies that manage Separate Accounts may, for example, waive or reimburse a Separate Account for the account's share of the advisory fees, if any, paid to the Advisory Companies by an Affiliated Investment Vehicle into which client assets are invested as required by our policies and applicable law.. (Please see "Conflicts of Interest Relating to Uninvested Cash Positions and "Conflicts of Interest Relating to Affiliated Investment Vehicles" in this section for further information). 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 International Securities Corp., and/or our employee-representatives (or supervised persons) and related persons (e.g., the other Federated Advisory Companies), may recommend or invest in the same securities, or related securities, that we, or our employee-representatives, recommend 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 International Securities Corp. and our employee-representatives (or supervised persons) and related persons. For example, personnel of the Federated Advisory Companies could make a personal investment in a thinly-traded security and then recommend a large investment in that same security in order to drive up the value of that security or such personnel could sell a personal investment in a security in advance of recommending the sale of positions in such security if the selling of positions in such security would drive the value of the security down.

To address these actual or potential conflicts of interest, the internal controls of the Federated Advisory Companies, including our Code of Ethics, are reasonably believed to be designed to prevent Federated International Securities Corp. from buying or selling securities contemporaneously with account 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 an 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 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 accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. The Code of Ethics and other compliance procedures also contain certain restrictions on insider trading and misuse of customer information.

3. 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, for Federated International Securities Corp., our employee-representatives, or our related persons (e.g., the other Federated Advisory Companies):

- Portfolio managers', traders' and other supervised persons' (including our employee-representatives') relationships with counterparties, issuers, and obligors, including entertainment and gifts received from counterparties, issuers or obligors, political and charitable contributions, and positions on boards of directors/trustees; and

- Specific compensation arrangements relating to portfolio managers, traders and other supervised persons.

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

Regarding specific compensation arrangements for portfolio managers, traders and other supervised persons, compensation arrangements generally may contain a fixed salary component and a variable incentive amount determined primarily on the performance of investment accounts, strategies and/or funds/products, which can be paid in cash or a combination of cash and restricted stock of Federated Investors, Inc. In certain cases, certain portfolio managers, traders or other supervised persons may be eligible for certain annual payments based on revenue. Compensation arrangements can create actual and potential conflicts of interest, including, among others, with respect to the amount of time allocated to the accounts, strategies and/or funds/products for which a portfolio manager, trader or other supervised person is responsible and the allocation of investment opportunities among accounts, strategies and/or funds/products managed by the other Federated Advisory Companies. Other potential conflicts relating to compensation can include, for example, conflicts created by calculations within specific investment professional compensation arrangements. Under certain compensation arrangements, the treatment of the accounts, strategies and funds/products (or other activities) for which a portfolio manager, trader or other supervised person is responsible can vary (and may be adjusted periodically). This includes, for example, the weighting that is given to the performance of each account, strategy and/or fund/product (or other activity) for which a portfolio manager, trader or other supervised person is responsible when compensation is calculated; the weighting assigned to the performance of an account and/or fund/product (or other activity) can be greater than, equal to and/or lesser than the weighting assigned to the performance of other accounts, strategies and/or funds/products (or other activities), and can be adjusted periodically. The conflicts that can result from these compensation considerations generally are addressed by the written compliance policies and procedures and the Code of Ethics implemented by Federated International Securities Corp. and the other Federated Advisory Companies and through the structuring of compensation arrangements.

Actual or potential conflicts of interest could arise to the extent that our affiliates (*e.g.*, the other Advisory Companies) share material non-public information related to a security (“MNPI”). In order to address such potential conflicts and protect client interests, information barriers have been established between the Federated Advisory Companies and the Hermes Advisory Companies such that personnel of the Hermes Advisory Companies and of the Federated Advisory Companies are generally precluded from sharing investment-related information, including MNPI, across the barriers. The entities will generally operate as unaffiliated entities subject to their own internal personal dealing, trade allocation, and side by side management policies. In any limited situation in which personnel of Federated International Securities Corp. or another Federated Advisory Company may “need to know” certain investment-related information from a Hermes Advisory Company (or vice versa), written approval must be granted by the Chief Compliance Officer (the “CCO”) of each Advisory Company, or such other delegate as the respective CCOs deem appropriate. Such permission may require certain conditions, such as the inclusion of the recipient employees in the other entity’s personal dealing policy. It is possible that future investment products may be mutually developed by the Advisory Companies or that specific engagements may be entered between the two groups. These new products or engagements will be structured with appropriate information sharing limitations specific to that product or engagement.

The other Advisory Companies will frequently be required by law in the U.S., the U.K. and certain other jurisdictions, to make regulatory filings based on the investments made and resulting fund ownership in securities when the ownership of such securities exceeds thresholds specified in relevant law. These filings may necessitate the sharing of certain information between the Hermes Advisory Companies and the Federated Advisory Companies. This information may contain detailed holdings or positions data that would not otherwise be shared between the two groups and could constitute MNPI. To address this potential conflict, the Advisory Companies have implemented internal controls which require that such information will be shared only among such limited personnel as is necessary to make accurate and timely regulatory filings and to maintain proper trading limitations.

4. Management- and Trading- Related Conflicts of Interest

The other Federated Advisory Companies that manage client assets have additional management- and trading-related actual or potential conflicts of interest. Our shared directors/trustees, officers, supervised persons can face these

conflicts of interest when they are acting for or on behalf of another Federated Advisory Company. Our employee-representatives also may discuss certain practices of the other Federated Advisory Companies that give rise to these conflicts of interest with the clients of these other Federated Advisory Companies when they are acting as solicitors for, or providing advice on behalf of, the Relevant Other Federated Advisory Companies. Accordingly, the following is a summary of these additional management- and trading-related actual or potential conflicts of interest.

- Conflicts of Interest Relating to Management of Different Investment Strategies and Certain Pooled Investment Vehicles – These conflicts of interest arise from the differing investment objectives, policies, strategies and limitations/restrictions of such other Federated Advisory Companies’ clients for whom they perform investment advisory services, including certain pooled investment vehicles, such as hedge funds, and other client accounts or investment products. For example, it is possible that the various accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client’s account. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by establishing allocation policies that, as a general matter, provide that trade allocations are to be guided by the relative interests of the participating client accounts (including Proprietary Accounts);
- Conflicts of Interest Relating to Uninvested Cash Positions – These conflicts of interest arise when uninvested cash in such other Federated Advisory Companies’ clients’ accounts or investment products may be invested in Affiliated Investment Vehicles. For example, if uninvested cash can be invested in Affiliated Investment Vehicles, such other Federated Advisory Companies have an incentive to recommend that more cash in their client accounts or investment products be left uninvested and subsequently invested in Affiliated Investment Vehicles. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by setting parameters around the amount of cash that remains uninvested for a particular account or investment product. Investments in Affiliated Investment Vehicles also will be recommended and/or made only when such investments are consistent with an account’s investment objectives, policies, guidelines and restrictions, and applicable law;
- Conflicts of Interest Relating to Proprietary Accounts – These conflicts of interest arise from the common economic interests between the various subsidiaries of Federated Investors, Inc., (including the Federated Advisory Companies) and their affiliates. For example, given these common economic interests, such other Federated Advisory Companies have an incentive to devote more time to, or direct the best investment ideas to, or to allocate, aggregate or sequence trades in favor of, or to otherwise favor (whether in terms of better execution, brokerage commissions, directed brokerage/trading or otherwise), a Proprietary Account over other client accounts. A Proprietary Account is an account in which the client, accountholder, shareholder or investor is a Federated Advisory Company, an affiliate of a Federated Advisory Company or an employee of a Federated Advisory Company. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by establishing allocation policies that, as a general matter, provide that trade allocations are to be guided by the relative interests of the participating client accounts (including Proprietary Accounts);
- Conflicts of Interest Relating to Certain Cross Transactions – These conflicts of interest arise when investments are bought and sold between accounts (including Proprietary Accounts) managed by such other Federated Advisory Companies, which may occur 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. For example, it is possible that Federated Advisory Companies may seek to effect a cross trade to create a market to aid the selling account, to the detriment of the purchasing account. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by requiring that, when engaging in such cross transactions, no Federated Advisory Company, nor any affiliate, receives any compensation for acting as a broker/dealer, and by complying with SEC Rule 17a-7 under the Investment Company Act of 1940 (Investment Company Act) with respect to cross trades involving Investment Companies or Private Investment Companies (or similar procedures for cross trades involving other accounts or investment products) as required by applicable law;
- Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices – These conflicts of interest arise in connection with such other Federated Advisory Companies’ management of an account’s investments

and the investments of other accounts for which they provide investment advisory services. For example, to the extent that the same investment opportunities might be desirable for more than one account, possible conflicts could arise in determining how to allocate them. Advice may be given or actions taken with respect to investments of one or more accounts or investment products that may not be given or taken with respect to other accounts or investment products with similar investment strategies or objectives. Accordingly, investment accounts or products with similar strategies or objectives may not hold the same securities or instruments or achieve the same performance. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by establishing allocation policies that, as a general matter, provide that trade allocations are to be guided by the relative interests of the participating client accounts (including Proprietary Accounts). They also have established trade execution policies that are reasonably believed to be designed to execute transactions for different types of client accounts as concurrently as practicable (or through the use of a trade rotation) and to treat clients fairly and not in a manner that systematically favors or disadvantages clients;

- Conflicts of Interest Relating to Deductions of Fees from Client Accounts – These conflicts of interest arise from arrangements that authorize such other Federated Advisory Companies to have their advisory fees deducted from investment accounts or products. For example, the Relevant Other Federated Advisory Companies have an incentive (whether for their benefit or personal benefit) to deduct fees to which they are not entitled under the terms of their investment management agreement with their client. Among other means, the relevant Federated Advisory Companies can address these conflicts of interest by segregating the responsibilities of employees responsible for invoicing and collecting fees and/or having the auditing department of the Federated Advisory Companies periodically review invoicing and collection practices. Fee calculations are also periodically tested on a sample basis to confirm their accuracy and the overall reasonableness of the amount of fees of these other Federated Advisory Companies that are deducted and collected from investment accounts or products; and
- Conflicts of Interest Relating to Voting Securities Held in Client Accounts. These conflicts of interest arise where a matter on which a proxy is sought may present a potential conflict between the interests of a client and those of a Federated Advisory Company or affiliates. For example, this may occur where a significant business relationship exists between a Federated Advisory Company (including Federated International Securities Corp.) 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 the Federated Advisory Companies', Proxy Committee has this type of significant business relationship, is referred to as an "Interested Company."

Among other means, the relevant Federated Advisory Companies address these conflicts of interest by implementing the following procedures in order to avoid concerns that the conflicting interests of the Federated Advisory Companies, or affiliates, have influenced proxy votes. Any employee of any Federated Advisory Company who is contacted by an Interested Company regarding proxies to be voted by such other Federated Advisory Companies 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 the Federated Advisory Companies 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 standard voting instructions already provide specific direction on the proposal regarding which the Interested Company contacted the Proxy Committee, the Proxy Committee shall not alter or amend such directions. If the Standard Voting Instructions require further direction from the Proxy Committee, the Proxy Committee shall provide such direction in accordance with the Proxy Policies, without regard for the interests of the Federated Advisory Companies, or affiliates with respect to the Interested Company. In seeking such direction, the Proxy Committee will disclose upon request to any other client, on behalf of whom proxies were cast that the Federated Advisory Companies, or affiliates have a significant business relationship with the Interested Company, the proposals regarding which proxies were cast, any material communications between the Federated Advisory Companies, or its affiliates and the Interested Company regarding the proposal and whether the Federated Advisory Company voted for or against the proposal (or abstained from voting) and the reasons for its decision. If the Federated Advisory Company's client owns shares of an investment company for which the Federated Advisory Company, or its affiliates are the investment adviser, the Proxy Committee will vote the client's proxies for that investment company in the same proportion as the votes cast by shareholders who are not clients of the Federated Advisory Company,

unless otherwise directed by the client (or in the case of an investment company, its Board of Directors or Trustees).

The Federated Advisory Company may seek direction from a client on how a proposal(s) concerning an Interested Company shall be voted. In seeking such direction, the Federated Advisory Company will disclose the nature of its significant business relationship which has caused the company to be considered an Interested Company. The Federated Advisory Company may also provide a recommendation to the client on how the proposal(s) should be voted and the basis for its recommendation. Such recommendation may be contrary to the direction provided in the Standard Voting Instructions. The Federated Advisory Company shall follow the direction of the client on the proposal(s) in which it has sought direction.

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 one of the Federated Advisory Companies 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 the Federated Advisory Company 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 voting services utilized by the Federated Advisory Companies also may have significant business relationships with issuers regarding which proxies are voted. The Federated Advisory Companies periodically review the conflict of interest policies of any proxy voting service that is utilized by the Federated Advisory Companies. If a proxy voting service is to vote a proxy in accordance with its recommendation, and the proxy voting service advises a Federated Advisory Company that it has a conflict of interest with respect to the issuer, the Federated Advisory Companies will review available information as deemed appropriate by them and determine how to vote the proxy.

ITEM 7. TYPES OF CLIENTS

A. Types

Federated International Securities Corp. does not provide investment supervisory services or model portfolio management services to any client. We do not have any investment advisory clients of our own.

Our employee-representatives, in the capacity of supervised persons of the Relevant Other Federated Advisory Companies, provide solicitation services to the Relevant Other Federated Advisory Companies and provide advice on behalf of the Relevant Other Federated Advisory Companies to clients of the Relevant Other Federated Advisory Companies. (Please see "Our Services" in Item 4 of this brochure for further information.)

For further information on the advisory services provided by the other Federated Advisory Companies, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A, brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to "Advisory Business" in Item 4 of this brochure for information on how to obtain the Form ADV, Part 1, and any available brochures, of the other Federated Advisory Companies.

B. Requirements for Services

Since Federated International Securities Corp. does not provide investment supervisory services or model portfolio management services to any client, and we do not have any investment advisory clients of our own, we do not have any requirements for opening or maintaining an account. (Please see "Our Services" in Item 4 of this brochure for further information.)

Federated International Securities Corp. has written agreements with the Relevant Other Federated Advisory Companies. When providing its solicitation services, Federated International Securities Corp. also requires a written agreement (which may be with an affiliate).

As noted above, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies. When performing these functions, we, and our employee-representatives, or the Relevant Other Federated Advisory Companies may request clients of the Relevant Other Federated Advisory Companies to provide proof of authority, directed trading letters, qualified purchaser or accredited investors letters/certifications, or other information to allow the Relevant Other Federated Advisory Companies to manage client assets. For further information on the requirements that the other Federated Advisory Companies impose for managing client assets, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC). Please refer to “Advisory-Related Services” in Item 4 of this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies.

We, and our employee-representatives, also may be restricted by the securities laws of jurisdictions outside of the U.S. from performing solicitation services, and providing investment advice, on behalf of the Relevant Other Federated Advisory Companies to clients of the Other Federated Advisory Companies or engaging in the other activities discussed under “Advisory-Related Services” in Item 4 of this brochure.

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

Since Federated International Securities Corp. does not manage any client accounts or investment products, we do not utilize methods of analysis or offer investment strategies.

As noted under “Our Services” in Item 4 of this brochure, however, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies, which do utilize methods of analysis and offer investment strategies. Our employee-representatives may discuss the methods of analysis utilized, and investment strategies offered (and related investment risks involved with the investment strategies offered), by the Relevant Other Federated Advisory Companies with the clients of the Relevant Other Federated Advisory Companies. For information regarding the specific methods of analysis utilized, and specific investment strategies offered (and related investment risks involved with the specific investment strategies offered), by the Relevant Other Federated Advisory Companies, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC). Please refer to “Advisory Business” in Item 4 of this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies.

Investing in securities involves risk of loss that an investment adviser’s 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 accounts to overall investment loss. Past performance is not necessarily an indication of future results. The Federated Advisory Companies do not guarantee future performance, any specific level of performance or the success of any particular investment decision or strategy.

Like Other Advisers and business enterprises, the Federated Advisory Companies’ business relies on the security and reliability of information and communications technology, systems and networks. The Federated Advisory Companies use digital technology, including, for example, networked systems, email and the Internet, to conduct business operations and engage clients, customers, employees, products, accounts, shareholders, and relevant service providers, among others. The Federated Advisory Companies, as well as certain service providers, also generate, compile and process information for purposes of preparing and making filings or reports to governmental agencies, and a cybersecurity attack or incident that impacts that information, or the generation and filing processes, may prevent required regulatory filings and reports from being made. The use of the Internet and other electronic media and technology exposes the Federated Advisory Companies, their clients, and their service providers, and their respective operations, to potential risks from cybersecurity attacks or incidents (collectively, “cyber-events”).

Cyber-events can result from intentional (or deliberate) attacks or unintentional events by insiders or third parties, including cybercriminals, competitors, nation-states and “hacktivists,” among others. Cyber-events may include, for example, phishing, use of stolen access credentials, unauthorized access to systems, networks or devices (such as, for

example, through “hacking” activity), structured query language attacks, infection from or spread of malware, ransomware, computer viruses or other malicious software code, corruption of data, and attacks (including, but not limited to, denial of service attacks on websites) which shut down, disable, slow, impair or otherwise disrupt operations, business processes, technology, connectivity or website or internet access, functionality or performance. Like other Advisers and business enterprises, the Federated Advisory Companies and their service providers have experienced, and will continue to experience, cyber-events consistently. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. To date, cyber-events have not had a material adverse effect on the Federated Advisory Companies’ businesses, results of operation, financial condition and/or cash flows.

Cyber-events can affect, potentially in a material way, the Federated Advisory Companies’ relationships with their clients, customers, employees, products, accounts, shareholders and relevant service providers. Any cyber-event could adversely impact the Federated Advisory Companies and their clients and service providers and cause the Federated Advisory Companies 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 Federated Advisory Companies, or their service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions or other disruptions to operations), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support the Federated Advisory Companies and their service providers. Federated International Securities Corp., and the other Federated Advisory Companies, may incur additional, incremental costs to prevent and mitigate the risks of such cyber-events or incidents in the future. The Federated Advisory Companies and their relevant affiliates have established practices and systems reasonably designed to seek to reduce the risks associated with cyber-events. The Federated Advisory Companies employ various measures aimed at mitigating cybersecurity risk, including, among others, use of firewalls, system segmentation, system monitoring, virus scanning, periodic penetration testing, employee phishing training, and an employee cybersecurity awareness campaign. Among other vendor management efforts, the Federated Advisory Companies also conduct due diligence on key service providers (or vendors) relating to cybersecurity. The Federated Advisory Companies have established a committee to oversee Federated International Securities Corp.’s information security and data governance efforts and updates on cyber-events and risks are reviewed with relevant committees, as well as the Adviser’s parent company’s Boards of Directors, on a periodic (generally quarterly) basis (and more frequently when circumstances warrant) as part of risk management oversight responsibilities. However, there is no guarantee that the efforts of the Federated Advisory Companies or their affiliates, or other service providers, will succeed, either entirely or partially, as there are limits on the Federated Advisory Companies’ ability to prevent or mitigate cyber-events. Among other reasons, the cybersecurity landscape is constantly evolving, the nature of malicious cyber-events is becoming increasingly sophisticated. The Federated Advisory Companies, and their relevant affiliates, cannot control the cybersecurity practices and systems of issuers or third-party service providers.

ITEM 9. DISCIPLINARY INFORMATION

To the best of Federated International Securities 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. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This section of our brochure discusses the activities and relationships that Federated International Securities Corp., and our management, engage in or have with other financial industry participants.

A. Relationships with Brokers/Dealers

As discussed under “Advisory Business” in Item 4 of this brochure and “Sales Compensation” in Item 5 of this brochure, Federated International Securities Corp. is a registered investment adviser and intends to register as a broker/dealer. Federated International Securities Corp. also acts as placement agent for Pooled Investment Vehicle clients of other Advisory Companies. None of these registrations imply a certain level of skill or training. Given these registrations, most of our management persons will be registered representatives of Federated International Securities Corp. Our employees are registered representatives of Federated International Securities Corp. and are salaried employees. As discussed under “Our Services” in Item 4 of this brochure and “Sales Compensation” in Item 5 of this brochure, our employee-representatives serve as sales people for, and provide certain investment advice on behalf of, the

Relevant Other Federated Advisory Companies, and are supervised persons of the Relevant Other Federated Advisory Companies.

Federated International Securities Corp. will, once registered as a broker/dealer:

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

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

(Please refer to “Sales Compensation” in Item 5 of this brochure for additional information regarding these activities and related arrangements). (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

B. Relationships with Commodity Pool Operators and Commodity Trading Advisors

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

C. Relationships with Certain Related Persons

The following discusses other arrangements and relationships that Federated International Securities Corp. has with our related persons.

In addition to the other relationships discussed below, Federated International Securities Corp. has certain directors/trustees, officers, or supervised persons in common with:

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

Certain of these shared/common directors/trustees, officers, or supervised persons of Federated International Securities 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 “Advisory Business” in Item 4 of this brochure, Federated International Securities Corp., and our employee-representatives, may sell shares or units of, and our affiliate Federated Securities Corp. serves as distributor to,

domestic Investment Companies and Private Investment Companies managed by the other Federated Advisory Companies.

Related persons of Federated International Securities Corp. (*i.e.*, the other Federated Advisory Companies) serve as investment adviser or sub-adviser to domestic and foreign funds (*i.e.*, Pooled Investment Vehicles), Investment Companies and Private Investment Companies managed and/or distributed by the Federated Advisory Companies or their affiliates (including Federated Securities Corp.), as well as to other non-affiliated funds and accounts. The other Federated Advisory Companies may charge advisory clients a fee other than the fund's fees on assets which are invested in U.S. registered funds which the other Federated Advisory Companies may advise. Under appropriate circumstances, Federated International Securities Corp., or its employee-representatives, and the other Federated Advisory Companies, also may recommend investments in certain Affiliated Investment Vehicles (*i.e.*, Investment Companies, Private Investment Companies, or Pooled Investment Vehicles advised by the other Federated Advisory Companies and distributed by its affiliate, Federated Securities Corp.). Except as discussed under "Conflicts of Interest Relating to Affiliated Investment Vehicles" in Item 6 of this brochure, clients of the other Federated Advisory Companies can pay the fees and expenses charged or assessed by any Investment Companies, Private Investment Companies or Pooled Investment Vehicles to the extent that their assets are invested 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 the Federated Advisory Companies (including Federated International Securities Corp.) or other affiliated companies.

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

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

2. Other Broker/Dealers

Federated Securities Corp., an affiliate of Federated International Securities Corp., serves as distributor of the Federated family of Investment Companies (*i.e.*, mutual funds, Private Investment Companies) and of certain other Pooled Investment Vehicles. Federated Securities Corp. is a registered broker/dealer, municipal securities dealer, and investment adviser. These registrations do not imply a certain level of skill or training.

3. Other Investment Advisers

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

As discussed under "Our Ownership Structure" in Item 4 of this brochure, it is anticipated that the Hermes Advisory Companies will remain operationally independent from, and will not be integrated with, the Federated Advisory Companies. As such, there will be no integration of operations between the Hermes Advisory Companies and the Federated Advisory Companies, including for purposes of trade aggregation or allocation, and neither entity will exercise investment discretion over accounts managed by the other. It is possible that future investment products may be mutually developed by the Advisory Companies or that the Advisory Companies may enter into specific engagements (for example, sub-advisory relationships) that may alter this arrangement. As discussed under "Other Conflicts of Interest" in Item 6, information barriers have been implemented to prevent the exchange of material non-public information, including information with respect to trading activities, between the respective advisers.

As discussed under "Advisory Business" in Item 4 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. Certain employees of certain of the other Federated Advisory Companies also may be registered representatives of Federated International Securities Corp., including, after it's registered as a broker/dealer, in its capacity as a broker/dealer. The Relevant Other Federated Advisory Companies 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 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 International Securities 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 International Securities Corp. and the other Advisory Companies)

- Federated International Securities Corp.;
- Federated Securities Corp.;
- Federated Investment Counseling;
- Federated Advisory Services Company;
- Federated Equity Management Company of Pennsylvania;
- Federated Global Investment Management Corp.;
- Federated Investment Management Company;
- Federated MDTA LLC;
- Federated Investors (UK) LLP;
- Hermes GPE LLP;
- Hermes GPE (USA) Inc.;
- Hermes Investment Management Limited; and
- Hermes European Equities Limited

Foreign Advisers

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

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

As discussed under “Our Services” in Item 4 of this brochure and “Sales Compensation” in Item 5 of this brochure, Federated International Securities Corp.’s employee-representatives sell products and services of the other Advisory Companies, in addition to shares of the Federated Investment Companies, and engage in other activities. In these cases, representatives are salaried employees and receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses may be paid as described under “Sales Compensation” in Item 5 of this brochure and “Arrangements Involving Receipt of Economic Benefits from Non-Clients” in Item 14 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.)

4. Trust Company

Related persons of Federated International Securities Corp. (*i.e.*, certain other Federated Advisory Companies) 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 International Securities Corp. Federated International Securities Corp., and our employee-representatives, may also 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.)

5. Sponsor or Syndicator of Limited Partnerships

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

D. Relationships with Certain Investment Advisers

Federated International Securities Corp. does not recommend or select other investment advisers for either direct or indirect compensation, except with respect to the solicitation activities engaged in by us and our employee-representatives for, and advice that we and our employee-representatives provide on behalf of, certain affiliated investment advisers (*e.g.*, the Relevant Other Federated Advisory Companies) as discussed under “Our Services” in Item 4 of this brochure.

The business relationships can create conflicts of interest for Federated International Securities Corp. and its employee-representatives (or supervised persons). For example, we, or our employee-representatives, may recommend an investment 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 clients or potential clients of the other Advisory Companies.

(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 International Securities 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 upon request.

Item 6 of this brochure, “Performance-Based Fees And Side By Side Management”, contains a detailed discussion of Federated International Securities Corp.’s Code of Ethics and how it addresses conflicts related to the Relevant Other Federated Advisory Companies’ 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 related persons of Federated International Securities Corp. (i.e., the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) do not generally actively solicit clients to invest in Affiliated Investment Vehicles, the other Federated Advisory Companies may, from time to time, invest client assets in or we or the other Federated Advisory Companies may recommend investments in Affiliated Investment Vehicles, including, for example, with respect to uninvested cash. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure as well as “Sponsor or Syndicator of Limited Partnerships” in Item 10 of this brochure for further information.) Our related persons (including the other Federated Advisory Companies and related persons) will receive compensation for management of the Affiliated Investment Vehicles; consequently, they 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 Model Portfolio Management Services as required or permitted by our policies and applicable law, offered by several of the other Federated Advisory Companies, the other Federated Advisory Companies generally waive or reimburse a portion of their 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 “Management- and Trading-Related Conflicts Of Interest” in Item 6 of this brochure for further information.)

2. Proprietary Accounts

Affiliates of Federated International Securities Corp. (i.e., the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) 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 “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for further information.)

3. Principal and Cross Transactions

Affiliates of Federated International Securities Corp. (i.e., the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) 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.

We may recommend or discuss principal or cross transactions with clients of the Relevant Other Federated Advisory Companies. When engaging in such cross transactions, no Federated Advisory Company, nor any affiliate, receives any compensation for acting as a broker/dealer and any applicable SEC rules or guidance for cross transactions or, if applicable, principal transactions are followed. (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 International Securities Corp. and our employee-representatives (or supervised persons) and related persons (i.e., the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople). For example, conflicts of interest could arise when a recommendation is provided to invest in an Affiliated Investment Vehicle to which Federated International Securities Corp. acts as a seller of fund shares, or an affiliate acts as investment adviser (i.e., the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople) acts as investment adviser, provides other services or serves as General Partner. We, and/or or affiliates, receive a financial

benefit since advisory fees and other service fees are often based on the average net assets invested in such Affiliated Investment Vehicles. (Please refer to “Performance-Based Fees and Side by Side Management” in Item 6 of this brochure for further information regarding conflicts of interest and how they are addressed.)

C. Personal Trading

Federated International Securities Corp., and/or our employee-representatives (or supervised persons) and related persons (e.g., the other Federated Advisory Companies, including those for which our employee-representatives serve as salespeople), may recommend or invest in the same securities, or related securities, that we, or our employee-representatives, recommend, or our related persons invest in on behalf of, or recommend to, clients, including at or around the same time. Personal trading can create various actual or potential conflicts of interest for Federated International Securities Corp. and our employee-representatives (or 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

Federated International Securities Corp. does not manage client accounts or investment products (including providing trading instructions). We do not have any investment advisory clients of our own. Accordingly, we do not select or recommend brokers/dealers for client transactions, determine the reasonableness of broker/dealer compensation, engage in soft dollar practices in connection with client securities transactions, or recommend, request or require that clients direct us, or permit clients to direct us, to execute transactions through a specified broker/dealer or aggregate client securities transactions.

We, and our employee-representatives (or supervised persons), may perform solicitation services and provide investment advice on behalf of the Relevant Other Federated Advisory Companies. The Relevant Other Federated Advisory Companies manage client accounts or investment products (including providing trading instructions) and recommend brokers/dealers for client transactions. They also determine the reasonableness of broker/dealer compensation, engage in soft dollar practices in connection with client securities transactions, and permit clients to direct them to execute transactions through a specified broker/dealer or aggregate client securities transactions. 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. Federated International Securities Corp. and related persons (e.g., the other Federated Advisory Companies) also 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 (including the other Federated Advisory Companies) may be restricted from executing certain trades if doing so could violate insider trading policies and procedures or applicable legal requirements/laws. Federated International Securities 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 the Federated Advisory Companies 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 the other Federated Advisory Companies 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 the other Federated Advisory Companies may be restricted from executing or recommending transactions that they would otherwise execute or recommend for client accounts or investment products.

ITEM 13. REVIEW OF ACCOUNTS

Federated International Securities Corp. does not manage client accounts or investment products. We do not have any investment advisory clients of our own. Accordingly, we do not conduct reviews of accounts, periodically or otherwise. We also do not provide our own written or other reports independently to clients.

As noted under “Our Services” in Item 4 this brochure, we, and our employee-representatives, may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies, which do periodically review their clients’ accounts and provide written reports to their clients. For further information regarding

the account review practices of the other Federated Advisory Companies, and regarding the reports the other Federated Advisory Companies provide to their clients, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC). Please refer to “Advisory Business” in Item 4 of this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies. We also 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. While Federated International Securities Corp. does not manage client accounts or investment products, so there are no accounts or products of its own to review, we, and our employee-representatives (including certain representatives of Federated International Securities Corp. that are employees of Federated Advisory Services Company, another Federated Advisory Company), may assist the other Federated Advisory Companies in conducting reviews of their client accounts and products and delivering certain reports to their clients. Our employee-representatives also may jointly participate in conference calls or other meetings between investment professionals of the other Federated Advisory Companies and their clients. For further information regarding the periodic account reviews conducted by, and reports provided by, the other Federated Advisory Companies, reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC). Please refer to “Advisory Business” in Item 4 of this brochure for information on how to obtain any available brochures for the other Federated Advisory Companies.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

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

As discussed under “Our Services” in Item 4 of this brochure and under “Sales Compensation” in Item 5 of this brochure, the other Federated Advisory Companies have entered into a written agreement with Federated International Securities Corp. Under this arrangement, our employee-representatives may also serve as sales people for the investment services and products sponsored by Federated and investment advisory services offered by the other Advisory Companies. We, and our employee-representatives, act in the capacity of solicitors for the other Federated Advisory Companies. In certain cases, we, and our employee-representatives, also provide advice on behalf of the Relevant Other Federated Advisory Companies to the institutional, high net worth, separately managed account/wrap-fee account and other clients of these Relevant Other Federated Advisory Companies. We receive compensation from such other Federated Advisory Companies (in the form of an intercompany credit) for performing these activities on their behalf. Our employee-representatives also may receive compensation from Federated International Securities Corp. for performing such solicitation and other functions. In connection with these services, under applicable guidance issued by the SEC, any relevant regulatory history, if any, of Federated International Securities Corp. is required to be disclosed to clients and potential clients.

Federated Securities Corp., an affiliate of Federated International Securities Corp., serves as distributor of the Federated family of Investment Companies (*i.e.*, mutual funds, Private Investment Companies) and of certain other Pooled Investment Vehicles. Federated Securities Corp. is a registered broker/dealer, municipal securities dealer, and investment adviser. These registrations do not imply a certain level of skill or training. Federated Securities Corp. performs similar functions and services as those performed by Federated International Securities Corp. and its employee-representatives, and has entered into similar written agreements and receives similar compensation as the agreements entered into by and compensation received by Federated International Securities Corp.

Some brokers or dealers that execute portfolio transactions for our affiliates (*e.g.*, certain other Federated Advisory Companies) and their clients may furnish research and brokerage services (or soft dollar benefits) which may be used 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 the Federated Advisory Companies might otherwise have paid, expenses would be reduced.

Certain of our affiliates (*e.g.*, certain Relevant Other Federated Advisory Companies) act as portfolio managers in Managed Account programs. In Managed Account program arrangements, 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, our affiliates could be viewed as receiving cash from a non-client in

connection with advice given to Managed Account program participants. Similarly, our affiliates receive fees for investment advisory services provided to sub-advisory clients from the primary advisers for those clients. Federated Securities Corp., an affiliate of Federated International Securities Corp., receives distribution-related compensation 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. In addition, Federated Securities Corp. receives, and its employee-representatives may receive, compensation for liquidation agent, placement agent, sales-related, and other activities.

Employees and supervised persons of Federated International Securities 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 International Securities Corp.'s employee-representatives are salaried employees of Federated International 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 International Securities Corp., who are not employees of Federated International Securities Corp., but are salaried employees of Federated Advisory Services Company, receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses for these representatives are based on revenue of assigned accounts/investment products. Finally, investment professionals at the other Federated Advisory Companies may receive a fixed-base salary and a variable annual incentive or bonus. Base salary is determined within a market competitive, position-specific salary range, based on the portfolio manager's experience and performance. The annual incentive amount or bonus is determined based primarily on the performance of the investment accounts, strategies and/or funds/products managed by the investment professional and may be paid entirely in cash, or in a combination of cash and restricted stock of Federated Investors. There also can be a discretionary component based on a variety of factors, including, among others, financial measures and performance. The allocation or weighting given to the performance of any account, strategy and/or fund/product when compensation is calculated, can vary. The performance of any such account, strategy and/or fund/product may or may not represent a significant portion of the calculation at any point in time (and may be adjusted periodically). Investment performance is based on a variety of factors including performance versus account, strategy and/or fund/product specific benchmarks. (Please refer to "Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees" in Item 6 of this brochure for a further discussion of these conflicts of interest and how they are addressed.) Such employees and supervised persons of Federated International Securities Corp. and/or our affiliates (*i.e.*, the other Federated Advisory Companies) also may receive entertainment and gifts from third parties to the extent permitted under our and the other Federated Advisory Companies' Code of Ethics. (Please refer to "Our Code of Ethics" in Item 11 of this brochure for more information on Federated International Securities 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 International Securities Corp. or our related persons receive economic benefits from non-clients create conflicts of interest for us and our related persons. For example, we, and our employee-representatives (or supervised persons), have an incentive to favor these non-clients. Our affiliates (*e.g.*, the other Federated Advisory Companies), and their employees or supervised persons, have an incentive to utilize the services of a particular broker/dealer. We, our employee-representatives and related persons also can have an incentive to recommend a particular security to, or, in the case of our related persons, buy a particular security for, an account based on economic benefits received from the broker/dealer or issuer or placement agent.

(Please refer to "Advisory Business" in Item 4 of this brochure and "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 International Securities 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 our affiliates. Please refer to “Arrangements Involving Receipt of Economic Benefits from Non-Clients” in Item 14 of this brochure, “Our Services” in Item 4 of this brochure, and “Sales Compensation” in Item 5 of this brochure in this brochure for further information.) Such compensation will not result in a charge to investment advisory clients, or in any differential in the level of advisory fees customarily charged, unless specifically disclosed to clients.

While not advisory clients of the Federated Advisory Companies, 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 employee-representatives (or supervised persons), and our related persons, 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 International Securities 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 discussion of these conflicts of interest and how they are addressed.)

ITEM 15. CUSTODY

Federated International Securities Corp. does not have custody of client assets.

As noted under “Our Services” in Item 4 of this brochure, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies. 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. For further information regarding the other Federated Advisory Companies’ custody practices, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC). Please refer to “Advisory Business” in Item 4 of this brochure for information on how to obtain the Form ADV, Part 1, and any available brochures of the other Federated Advisory Companies.

ITEM 16. INVESTMENT DISCRETION

Federated International Securities Corp. does not accept investment discretion on behalf of clients to manage their accounts.

As noted under “Our Services” in Item 4 of this brochure, we, and our employee-representatives (or supervised persons), may perform solicitation services, and provide investment advice, on behalf of the Relevant Other Federated Advisory Companies. When acting in such capacity, our employee-representatives are supervised persons of the Relevant Other Federated Advisory Companies, which do accept investment discretion on behalf of their clients to manage their clients’ accounts. Our employee-representatives (and certain representatives of Federated International Securities Corp. that are employees of Federated Advisory Services Company, another Federated Advisory Company) may discuss investment objectives, policies, guidelines, restrictions/limitations and other instructions or information with a client of another Federated Advisory Company. (Please refer to “Our Services” in Item 4 for further information on the activities our employee-representatives may perform when providing investment advice on behalf of the Relevant Other Federated Advisory Companies). We also 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. For further information regarding the investment discretion of the other Federated Advisory Companies, reference should be made to the Form ADV, Part 1, and Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in Item 4 of this brochure for information on how to obtain the Form ADV, Part 1 and any available brochures of the other Federated Advisory Companies.

ITEM 17. VOTING CLIENT SECURITIES

Federated International Securities Corp. does not accept authority or direction to vote securities held in client accounts. Accordingly, Federated International Securities Corp. is not required under SEC Rule 206(4)-6 under the Advisers Act to have proxy voting policies and procedures. For further information regarding the proxy voting authority, policies and procedures of the other Federated Advisory Companies (including how to obtain information about how they voted securities in their client accounts), reference should be made to the Form ADV, Part 2A brochures for the other Federated Advisory Companies (to the extent prepared and filed with the SEC.) Please refer to “Advisory Business” in Item 4 of this brochure for information on how to obtain any available brochures of the other Federated Advisory Companies.

ITEM 18. FINANCIAL INFORMATION

Federated International Securities 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. There are no financial conditions affecting us that are reasonably likely to impair our ability to meet contractual commitments. We also have not been subject to a bankruptcy petition at any time during the past ten years.

PRIVACY POLICY AND NOTICE

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

Personal Information Federated Collects

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

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

Information Sharing Policy

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

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

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

- Information that is necessary and required to process a transaction or to service a customer relationship. For example, with a company that provides account record keeping services or proxy services to shareholders.
- Information that is required or permitted by law. For example, to protect you against fraud or with someone who has a legal or beneficial interest, such as your power of attorney, or in response to a subpoena.
- We may disclose some or all of the information described above with companies that perform 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.

Email

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

Surveys / Aggregate Data

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

Changes to Our Privacy Statement

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

We Welcome Your Comments

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

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

This policy is effective December 1, 2017.