

# FEDERATED GLOBAL INVESTMENT MANAGEMENT CORP.

May 27, 2016

## ITEM 2. MATERIAL CHANGES

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

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

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

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

You may contact us at 1-800-245-4770 (select option 3) if you have any questions or to request a copy of our Updated Brochure. A copy of our Updated Brochure will be provided free of charge. You also may obtain our Updated Brochure from our website (FederatedInvestors.com) free of charge. Additional information about us, our investment adviser representatives, and our affiliates that are domestic registered investment advisers (together with us, each a Federated Advisory Company and, collectively, the Federated Advisory Companies) also is available via the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).”

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

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

In the case of Managed Accounts and other discretionary investment accounts that we manage, we may invest client assets in certain affiliated Investment Companies (or mutual funds) advised by Federated Global Investment Management Corp. or other Federated Advisory Companies. These affiliated Investment Companies may bear expenses as disclosed in their prospectuses. For example, while these affiliated Investment Companies may not pay certain of the investment management fees or other fees to Federated Global Investment Management Corp. or other Federated Advisory Companies or their affiliates, they typically pay (directly or indirectly by investing in other investment

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

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

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

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

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

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

**Item 6 Section B.6 (“Performance-Based Fees and Side by Side Management - Conflicts of Interest Relating to Side by Side Management - Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices”):** The subsection on “Federated MDTA LLC” has been revised to note Federated Global

**Investment Management Corp. clients do not participate in the trading rotation of Federated MDTA LLC accounts. Accordingly, the subsection has been restated as follows:**

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

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

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

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

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

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

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

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

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

Federated Global Investment Management Corp. also may implement other investment strategies as developed or requested by clients, including strategies subadvised by another Federated Advisory Company. Where another Federated Advisory Company subadvises certain institutional and high net worth Separate Accounts, trades will typically be executed on behalf of those accounts pursuant to the trade execution processes and procedures applicable to Managed Account Programs described herein. The specific investment strategy(ies) that we will follow in managing assets for a particular client typically is (are) described:

- In, or as an attachment to, the client's investment management agreement with us;
- If the client participates in a Managed Account Program, in our agreement with the Managed Account Sponsor or Platform Provider and other Managed Account documentation;
- If the client is an Investment Company, Private Investment Company or Pooled Investment Vehicle, in the registration statement (*e.g.*, prospectus and statement of additional information) or similar offering document for such client; or
- If the strategy is subadvised by another Federated Advisory Company, in the brochure of such Federated Advisory Company, which will be provided herewith.

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

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

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

As discussed under "The Types of Accounts/Products We Manage" in Item 4 of this brochure, Federated Global Investment Management Corp. serves as investment adviser, co-adviser, or sub-adviser to domestic and foreign funds (*i.e.*, Pooled Investment Vehicles) and Investment Companies managed and distributed by the Federated Advisory Companies or their affiliates, as well as to other non-affiliated funds and accounts. When we act as a co-adviser, Federated Global Investment Management Corp. and another Federated Advisory Company are jointly responsible for providing Investment Supervisory Services to the Investment Company. As discussed under "Fees and Compensation" in Item 5 of this brochure, we may charge our advisory clients a fee other than the fund's fees on assets which are

invested in U.S. registered funds which we or other Federated Advisory Companies may advise. Under appropriate circumstances, Federated Global Investment Management Corp. also may advise our clients to invest assets in certain Affiliated Investment Vehicles (i.e., Investment Companies, Private Investment Companies, or Pooled Investment Vehicles advised by us or other Federated Advisory Companies and distributed by Federated Securities Corp.). Except as discussed under “Conflicts of Interest Relating to Affiliated Investment Vehicles” in Item 6 of this brochure, our clients can pay the fees and expenses charged or assessed by any Investment Companies, Private Investment Companies or Pooled Investment Vehicles to the extent that we invest our clients’ assets in Investment Companies, Private Investment Companies and Pooled Investment Vehicles, including those (such as Affiliated Investment Vehicles) that are managed by, are distributed by or receive services from Federated Global Investment Management Corp., the other Federated Advisory Companies or other affiliated companies.

Federated Global Investment Management Corp. also has certain related persons who are general partners of certain family limited partnerships. (Please refer to “Performance-Based Fees and Side by Side Management” (including “Conflicts of Interest Relating to Affiliated Investment Vehicles”) in Item 6 of this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

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

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

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

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

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

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

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

## **1. Proxy Voting Policies**

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

The following examples illustrate how this General Policy may apply to management proposals and shareholder proposals submitted for approval or ratification by holders of the company’s voting securities. However, whether Federated Global Investment Management Corp. supports or opposes a proposal will always depend on the specific circumstances described in the proxy statement and other available information.

On matters of corporate governance, generally Federated Global Investment Management Corp. will vote in favor of:

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

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

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

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

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

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

- the advisory vote on executive compensation plans (“Say On Pay”) when the plan has failed to align executive compensation with corporate performance;
- proposals that would permit the amendment or replacement of outstanding stock incentives with new stock incentives having more favorable terms (e.g., lower purchase prices or easier vesting requirements); and
- executive compensation plans that do not disclose the maximum amounts of compensation that may be awarded or the criteria for determining awards.

On matters relating to corporate transactions, we will vote proxies relating to proposed mergers, capital reorganizations, and similar transactions in accordance with the General Policy, based upon our analysis of the terms, conditions and anticipated results of the proposed transaction and the expected impact on the long-term value of the securities being voted. We will vote proxies in contested elections of directors based upon our analysis of the opposing slates and their respective proposed business strategy and the expected impact on the long-term value of the securities being voted.

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

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

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

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

## **2. Proxy Voting Procedures**

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

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

## **3. Conflicts of Interest**

Conflicts of interest arise from time to time between the interests of Federated Global Investment Management Corp., and our affiliates (*e.g.*, the other Federated Advisory Companies), and the interests of our clients. Federated Global Investment Management Corp. has adopted procedures to address situations where a matter on which a proxy is sought may present a potential conflict between the interests of the client and those of Federated Global Investment Management Corp. or our affiliates. This may occur where a significant business relationship exists between Federated Global Investment Management Corp. (or our affiliates) and a company involved with a proxy vote. A company that is a proponent, opponent, or the subject of a proxy vote, and which to the knowledge of Federated Global Investment Management Corp.'s, or the other Federated Advisory Companies', Proxy Committee has this type of significant business relationship, is referred to as an "Interested Company."

We have implemented the following procedures in order to avoid concerns that the conflicting interests of Federated Global Investment Management Corp., or our affiliates, have influenced proxy votes. Any employee of Federated Global Investment Management Corp., or another Federated Advisory Company, who is contacted by an Interested Company regarding proxies to be voted by us must refer the Interested Company to a member of the Proxy Committee, and must inform the Interested Company that the Proxy Committee has exclusive authority to determine how we will vote. Any Proxy Committee member contacted by an Interested Company must report it to the full Proxy Committee and provide a written summary of the communication. Under no circumstances will the Proxy Committee or any member of the Proxy Committee make a commitment to an Interested Company regarding the voting of proxies or disclose to an Interested Company how the Proxy Committee has directed such proxies to be voted. If the Standard Voting Instructions already provide specific direction on the proposal in question, the Proxy Committee shall not alter or amend such directions.

If the Standard Voting Instructions require the Proxy Committee to provide further direction, the Proxy Committee shall do so in accordance with the proxy voting policies, without regard for the interests of Federated Global Investment Management Corp. with respect to the Interested Company. If the Proxy Committee provides any direction as to the



voting of proxies relating to a proposal affecting an Interested Company, it must disclose annually to the client information regarding: the significant business relationship; any material communication with the Interested Company; the matter(s) voted on; and how, and why, Federated Global Investment Management Corp. voted as it did. Alternatively, the Proxy Committee may seek direction from the client on how a proposal concerning an Interested Company shall be voted, and shall follow any such direction provided by the client. In seeking such direction, the Proxy Committee will disclose the reason such company is considered an Interested Company and may provide a recommendation on how such proposal should be voted and the basis for such recommendation.

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

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

#### Proxy Advisers' Conflicts of Interest

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

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

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

#### Certain Other Changes

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

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

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

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

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

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

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