

FEDERATED INVESTORS (UK) LLP

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Federated Investors (UK) LLP 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 Investors (UK) LLP. If you have any questions about the content of this brochure, please contact us at 44 20 7618 2600. 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 Investors (UK) LLP 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 Investors (UK) LLP is identifying and discussing the changes from its Form ADV, Part 2A, brochure, dated March 31, 2014, that it believes may be material. In the discussion immediately below, we are discussing only changes believed to be material from our brochure dated March 31, 2014. We encourage you to use this summary to determine whether to review our amended annual updated brochure, dated March 30, 2015 (Updated Brochure), in its entirety or to contact Federated Investors (UK) LLP with questions about the changes.

You may contact us at 44 20 7618 2600 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. 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.

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

As of December 31, 2014, Federated Investors UK had \$3,444,467,736 in assets under management. As of such date, our assets under management consisted entirely of assets that we managed on a discretionary basis. These include assets for which we provided Investment Supervisory Services and exercised discretionary authority. These discretionary assets also include the net assets of a Private Investment Company that invests primarily in investments (*e.g.*, investments in loans) that are not considered securities under the federal securities laws.

Item 5 A.1 ("Fees and Compensation - Our Fees -- Basic Fee Schedules -- Our Basic Fee Schedules"):

The standard fee schedules for the strategies stated below have been updated. The updates generally reflect changes to breakpoints at which lower fees are charged, and in certain cases, the level of fees actually charged. For all strategies the changes result in the same or lower standard fees for an account of any size. Actual fees for current and future clients are determined by the investment management agreement between Federated Investors (UK) LLP and the client, and may differ from the stated standard fee schedules.

General Fixed Income Accounts
Active Cash Fixed Income Accounts
Money Market Accounts
Trade Finance Fixed Income Accounts

Item 5 B.5 ("Fees and Compensation – How We Charge and Collect Our Fees – Subadvised Accounts"):
Federated Investors (UK) LLP is adding disclosure to describe the fee charged to another Federated Advisory Company for credit research provided by Federated Investors (UK) LLP. Accordingly, the second paragraph has been restated as follows:

When we provide services to another Federated Advisory Company in connection with such other Federated Advisory Company's management of Separate Accounts, Investment Companies, Private Investment Companies or other Pooled Investment Vehicles, we may receive an inter-company fee. With respect to nondiscretionary credit research we provide to other Federated Advisory Companies, we receive fees based on a percentage mark-up of our operating expenses incurred in providing this credit research. These fees are payable monthly in arrears and are allocated among the recipient related party investment advisers (*i.e.*, certain of the other Federated Advisory Companies) based on their respective related assets under management for the month. These fees are paid by the other Federated Advisory Companies out of their own legitimate profits and other resources and are not added to the fees the other Federated Advisory Companies charge their clients (unless otherwise specifically disclosed to applicable clients). Our compensation was agreed upon by us and the other Federated Advisory Companies and is not separately negotiable.

Item 6 Section B.6 (“Performance-Based Fees and Side by Side Management - Other Conflicts of Interest Relating to Side by Side Management - Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices”): Federated Investors (UK) LLP is updating the paragraph under the heading **“Federated Clover Investment Advisors Division of Federated Global Investment Management Corp.”** to reflect that all accounts may be eligible for cross trades and trade aggregation with other accounts.

Item 6 Section C.3 (“Performance-Based Fees and Side by Side Management - Other Actual or Potential Conflicts of Interest - Conflicts of Interest Relating to Voting Securities Held in Client Accounts”): Federated Investors (UK) LLP is updating the language to provide further explanation on voting proxies for a portfolio company where a client of Federated Investors (UK) LLP holds more than 10% of the portfolio company’s outstanding shares. Accordingly, in Item 6 C.3., the third paragraph has been restated as follows:

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 Investors (UK) LLP 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 Investors (UK) LLP 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.

Item 8 Section A (“Methods of Analysis, Investment Strategies, and Risk of Loss - Basic Information”): New disclosure has been added to discuss cyber-security risks. Accordingly, the following has been added as the third paragraph in that section:

Like other business enterprises, the use of the Internet and other electronic media and technology exposes the Adviser, and its service providers, and their respective operations, to potential risks from cyber-security 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 computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. 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 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 or client 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 cyber security systems of issuers or third party service providers.

Item 9 (“Disciplinary Information”): The website address to obtain information from the New York Attorney General’s office has changed. Accordingly, the last paragraph in Item 9 has been updated as follows:

The settlements are discussed in Federated’s announcement which, along with previous press releases and related communications on those matters, is available in the “About Us” section of Federated’s website at [FederatedInvestors.com](http://www.federatedinvestors.com). The settlements can be obtained at <http://www.sec.gov/litigation/admin/34-52839.pdf> and at <http://www.ag.ny.gov>. Search on “Federated” and click on “Federated Investment AOD-PDF Format.”

Item 11 Section B. (“Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Participation or Interest in Client Transactions”): Federated Investors (UK) LLP is revising language regarding investments in affiliated investment vehicles to streamline the disclosure and clarify the conflicts involved. Accordingly, in Item 11.B the first two paragraphs have been restated as follows:

Federated Investors (UK) and our related persons may, from time to time, invest client assets in or recommend investments in registered Investment Companies (*e.g.*, mutual funds or Private Investment Companies) and unregistered investment companies (*e.g.*, hedge funds or other Pooled Investment Vehicles) sponsored, managed, distributed or administered by Federated Investors (UK) or our related persons (*e.g.*, Affiliated Investment Vehicles). (Please refer to “The Types of Accounts/Products We Manage” under “Advisory Business” as well as “Sponsor or Syndicator of Limited Partnerships” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure for further information.) This includes, for example, investment of uninvested cash in such Affiliated Investment Vehicles. Any such investment will be subject to any expenses and management fees of the Affiliated Investment Vehicle. Federated Investors (UK) and our related persons will receive compensation for management of the Affiliated Investment Vehicles; consequently, Federated Investors (UK) may have an incentive to allocate client funds to Affiliated Investment Vehicles in lieu of other investment opportunities. Federated Investors (UK) generally waives or reimburses a portion of its advisory fee equal to the advisory fee paid to the Affiliated Investment Vehicle to mitigate this conflict. (Please refer to “Conflicts of Interest Relating to Affiliated Investment Vehicles” and “Conflicts Of Interest Related to Uninvested Cash Positions” under “Performance-Based Fees and Side by Side Management” in this brochure for further information.)

Clients of Federated Investors (UK) are generally not actively solicited to invest in these funds. Federated Investors (UK) or other Federated Advisory Companies also may sponsor, create and manage in the future private funds or other Pooled Investment Vehicles in which client assets will be invested.

Item 12 Section A. (“Brokerage Practices - Selection Criteria for Brokers/Dealers”): Federated Investors (UK) LLP has updated the list of criteria used in broker/dealer selection. Accordingly, in Item 12.A, the bullet point list has been restated as follows:

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

Item 12 Section A. (“Brokerage Practices - Selection Criteria for Brokers/Dealers”): Paragraph 5 regarding approved broker/dealers of European domiciled investment companies is deleted.

Item 12 Section A.1 (“Brokerage Practices - Selection Criteria for Brokers/Dealers - Research and Other Soft Dollar Benefits”): Federated Investors (UK) LLP has revised paragraphs 4 and 5 to further clarify the use of Research and Brokerage Services. Accordingly, paragraphs 4 and 5 have been replaced with the following:

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

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

Item 12 Section D. (“Brokerage Practices - Confidential and Privileged Information”): Federated Investors (UK) LLP has added language to clarify that trading restrictions may be imposed even when there is no legal requirement to do so. Accordingly, the text under Item 12.D has been restated as follows:

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

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

Item 17 Section B.1 (“Voting Client Securities - Our Proxy Voting Policies and Procedures – Proxy Voting Policies”): Federated Investors (UK) LLP is updating the list of examples of how the adviser may vote on matters of corporate governance. Accordingly, in Item 17.B.1, the section on corporate governance has been restated as follows:

On matters of corporate governance, generally the Federated Advisory Companies will vote proxies:

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

- has not attended at least 75% of the board meetings during the previous year;
- 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 committee when the roles of chairman of the board and CEO are combined and there is no lead independent director; or
- served on the compensation committee during a period in which compensation appears excessive relative to performance and peers.

In favor of proposals to:

- Require a company's audit committee to be comprised entirely of independent directors;
- Declassify the board of directors;
- Require a majority voting standard in the election of directors;
- Eliminate supermajority requirements in company bylaws;
- Grant shareholders the right to call a special meeting if owners of at least 25% of the outstanding stock agree;
- Require independent tabulation of proxies and/or confidential voting by shareholders;
- Ratify the board's selection of auditors (unless compensation for non-audit services exceeded 50% of the total compensation received from the company, or the previous auditor was dismissed because of a disagreement with the company); and
- Repeal a shareholder rights plan (also known as a poison pill).

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

Certain Other Changes

Item 10 Section C.2 (“Other Financial Industry Activities and Affiliations - Relationships with Certain Related Persons – Other Investment Advisers”): Federated Investors (UK) LLP that Federated Investors Australia PTY LTD is currently inactive. Accordingly, paragraph five in Item 10. C.2 has been restated as follows:

Federated International Management Limited has filed as an exempt reporting adviser with the SEC. As of March 1, 2015, Federated Investors Australia PTY LTD is operationally inactive.

Federated Investors (UK) LLP’s parent company, Federated Investors, Inc. no longer holds a non-voting, minority interest in Dix Hills Partners, LLC, and its affiliate, Dix Hills Associates, LLC, (“Dix Hills”). Accordingly, references to this arrangement have been removed throughout our brochure including in the following sections:

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

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ITEM 4. ADVISORY BUSINESS

This brochure explains Federated Investors (UK) LLP's advisory business, and provides important information about us and, in certain cases, our affiliates and our related persons. Our related persons include our affiliates, as well as our non-clerical/administrative employees and our officers, partners, and directors/trustees (and any person performing a similar function). For purposes of the remainder of this brochure, Federated Investors (UK) LLP is referred to as "Federated Investors (UK)."

Federated Investors (UK) is registered in the United States as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940 (Advisers Act). This registration does not imply a certain level of skill or training. Federated Investors (UK) is located in London, United Kingdom, and does not manage client assets out of an office located in the U.S. Accordingly, under relevant SEC guidance, we provide this brochure only to clients when the Advisers Act requires us to provide this brochure to our clients. Under relevant SEC guidance, this generally means that this brochure is provided to our clients that reside or are located in the U.S. This brochure also would be provided to clients in any other instances where the disclosure requirements under the Advisers Act would require us to provide it.

Federated Investors (UK) operates an investment advisory business outside of the United States. The Advisers Act generally does not apply to our relationships with non-U.S. clients outside of the U.S. Outside of the U.S., Federated Investors (UK) holds registrations and permissions from various non-U.S. governmental agencies when required or advisable to conduct its investment advisory business. For example, Federated Investors (UK) is registered with the Financial Conduct Authority in the United Kingdom, and is categorized as a "UCITS Investment Firm." Federated Investors (UK) is the Authorized Corporate Director (ACD) for the Federated Cash Management Funds, a family of United Kingdom-domiciled Undertakings for Collective Investment in Transferable Securities (UCITS) funds. Any foreign registrations or permissions held by Federated Investors (UK) do not imply a certain level of skill or training.

Thank you for considering Federated Investors (UK) as your investment adviser. We encourage you to read this brochure completely and carefully. You may contact us at the phone number provided on the cover page of this brochure if you have any questions or to request another copy of this brochure. Additional information about us, any investment adviser representatives that we may have, and our affiliates that are U.S. 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. These registrations do not imply a certain level of skill or training.

A. How We are Organized

We are organized as a limited liability partnership and were registered in England and Wales with registration number OC327292 on March 30, 2007. Our original name was Prime Rate Capital Management LLP. We were acquired by subsidiaries of Federated Investors, Inc. on April 13, 2012, and changed our name to Federated Prime Rate Capital Management LLP. On September 20, 2013, we changed our name to Federated Investors (UK) LLP.

We first registered with the Financial Services Authority in the United Kingdom on November 12, 2007. The Financial Services Authority changed to the Financial Conduct Authority on April 1, 2013 and our registration with the Financial Conduct Authority became effective on that date. We first registered with the SEC as an investment adviser under the Advisers Act effective on November 1, 2013.

Any registration does not imply a certain level of skill or training.

B. Our Ownership Structure

We are an indirect, wholly-owned subsidiary of Federated Investors, Inc. Federated Investors, Inc. is organized as a Pennsylvania corporation and is a publicly owned company (Ticker Symbol: FII). Federated Investors owns 100% of the outstanding voting securities of FII Holdings, Inc., which is a Delaware corporation. FII Holdings owns 100% of the outstanding voting securities of Federated International Holdings B.V., a Netherlands company. Federated International Holdings owns 100% of the outstanding voting securities of Federated Holdings (UK) Limited, a United Kingdom limited company. Federated Holdings (UK) Limited owns 100% of the outstanding voting securities of Federated Global Holdings LLC, a Delaware limited liability company. As the members (or partners) of Federated Investors (UK),

Federated Holdings (UK) Limited holds a 99% interest in Federated Investors (UK) and Federated Global Holdings LLC holds a 1% interest in Federated Investors (UK).

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

Federated Investors, Inc. owns a number of domestic and foreign advisory subsidiaries that are under common control with, and affiliates of, Federated Investors (UK). These other Federated Advisory Companies are identified in the section of this brochure entitled "Other Financial Industry Activities and Affiliations." The Federated Advisory Companies collectively provide advisory services to a variety of separately managed accounts or wrap fee accounts (Managed Accounts), institutional, or high net worth individual, separate accounts (Separate Accounts), registered investment companies or mutual funds (Investment Companies), private investment companies (Private Investment Companies), other pooled investment vehicles (Pooled Investment Vehicles), and proprietary accounts and funds (Proprietary Accounts). Federated Investors, Inc. also owns other companies, both in the U.S. and in certain other countries, such as broker-dealers, investment advisers, management companies, commodity pool operators, and trust companies. (Please refer to "Other Financial Industry Activities and Affiliations" in this brochure for further information regarding our affiliates.)

C. Our Services

Federated Investors (UK) currently provides investment supervisory services. These services are discretionary advisory services. We also may provide non-discretionary and other advisory services to certain clients, including certain other Federated Advisory Companies. We do not act as a portfolio manager in any wrap fee or managed account programs.

The following is an explanation of the advisory services that we provide. Summary descriptions of the specific investment products in connection with which we provide our advisory services also are set forth below.

1. Investment Supervisory Services

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

We strive to tailor our Investment Supervisory Services to the individual needs of our clients. For example, we generally permit clients to impose reasonable restrictions on investment in certain securities or types of securities. We will consider a restriction reasonable if, in our judgment, the restriction does not impair, in any material or other significant manner, our ability to manage a client's assets in accordance with the investment strategy and guidelines for that client's account. We review a client's investment guidelines and discuss them with the client. With respect to our advisory business conducted with clients that reside or are located in the United States, we also intend to perform Investment Advisory Services in accordance with SEC Rule 3a-4 under the Investment Company Act of 1940 (Investment Company Act) to the extent required under applicable law or the terms of a client's investment management agreement(s). (Please refer to "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment Discretion" in this brochure for further information on our methods of analysis and investment strategies, and the risks associated with them, and the restrictions clients may impose on our services.)

In connection with the Investment Supervisory Services that Federated Investors (UK) provides, we also generally are responsible for providing investment research and investment evaluation services. We also typically provide certain reports, as requested by clients and agreed to by us, to our clients. Additional information, including performance

reports prepared in compliance with Global Investment Performance Standards (GIPS), may be available on our website. (Please refer to “Review of Accounts” in this brochure for additional information regarding the nature and frequency of regular reports that we provide to our clients.)

In our capacity as a service provider to Private Investment Companies, Pooled Investment Vehicles and Proprietary Accounts, Federated Investors (UK) provides investment research and supervises the investments of our clients and conducts a continuous program of investment evaluation. We also may provide advice regarding appropriate sales or other dispositions and reinvestment of such client's portfolios. In all cases, our services are subject to the investment objective, policies and limitations of our clients.

We generally require our clients to execute and deliver an investment management agreement or sub-advisory agreement with us before we begin providing Investment Supervisory Services to our clients. In certain cases (such as with respect to the Federated Cash Management Funds, which are U.K.-domiciled UCITS funds), we provide our services through a services or other agreement (such as our ACD agreement with the Federated Cash Management Funds). The agreements under which we provide Investment Supervisory Services may be terminated by us and our clients as specified in such agreements.

2. Non-Discretionary and Other Services

Federated Investors (UK) also may provide non-discretionary services and other advisory services (“Other Services”) to clients, including certain other Federated Advisory Companies. For example, we may provide credit research and certain other services that may be considered investment advisory services on a non-discretionary basis. In these instances, we do not have investment discretion over a client’s assets. We may also have ongoing responsibility to select and make recommendations to a client as to specific securities or other investments that may be purchased or sold for a client’s account. In these instances, if our recommendations are accepted by the client, we may or may not (depending upon our agreement with the client) be responsible for arranging or effecting the purchase or sale of such securities or other investments. Where we have the responsibility for arranging or effecting the purchase or sale of such securities or other investments, these services would be investment supervisory services. Because we do not have discretionary authority, we may refer to these services as non-discretionary services.

In addition, we may provide the following Other Services (which can include Investment Supervisory Services or non-discretionary services) to other investment advisers or asset managers (“Other Advisors”) and to Private Investment Companies, Pooled Investment Vehicles and Proprietary Accounts:

- Acting as adviser, sub-adviser or service provider for certain funds or accounts, including Separate Accounts, Private Investment Companies, and Pooled Investment Vehicles, such as UCITS funds or other investment accounts or products managed by Other Advisors; and
- Assisting Other Advisors in reviewing and managing investment accounts or products.

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

Depending upon our arrangement with our clients, we may make asset allocation decisions along with security selection decisions.

Unless our Other Services are separately discussed in this brochure, the discussion in this brochure of Federated Investors (UK)’s Investment Supervisory Services includes our Other Services as well.

D. The Types of Accounts/Products We Manage

Federated Investors (UK) provides Investment Supervisory Services and Other Services in connection with Pooled Investment Vehicles and Proprietary Accounts. We also may provide Investment Supervisory Services and Other Services in connection with Private Investment Companies, Proprietary Accounts and Separate Accounts. Our services are available to both U.S. and non-U.S. accounts or clients. The following further describes each of these types of client accounts or investment products.

1. Pooled Investment Vehicles

Federated Investors (UK) provides Investment Supervisory Services to pooled investment vehicles, including the Federated Cash Management Funds, a family of UCITS funds domiciled in the U.K. Other pooled investment vehicles for which we may provide Investment Supervisory Services or Other Services may include:

- Other investment vehicles or funds that are domiciled outside of the United States (such as, for example, Irish UCITS funds);
- Collective funds, common funds, common and collective trust funds, or group trusts (collectively, collective or common funds);
- Hedge funds; and
- Other investment vehicles or products.

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

Advising Pooled Investment Vehicles raises conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” below for a discussion of these conflicts of interest.)

The agreements governing our provision of advisory services to Pooled Investment Vehicles may be terminated as provided in such agreements.

2. Private Investment Companies

Federated Investors (UK) provides non-discretionary services and may provide Investment Supervisory Services to Private Investment Companies. Private Investment Companies are pooled investment vehicles that are registered as investment companies under the Investment Company Act. The shares of Private Investment Companies are not registered under the 1933 Act, or similar foreign regulation, and cannot be publicly offered; the shares of Private Investment Companies may only be offered in the U.S. pursuant to a private placement transaction or another transaction excepted or exempt from the registration requirements under the 1933 Act.

Providing services to Private Investment Companies raises various conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” below for a discussion of these conflicts of interest.)

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

3. Proprietary Accounts

Federated Investors (UK) may from time to time provide Investment Supervisory Services to Proprietary Accounts. We typically manage Proprietary Accounts that are Pooled Investment Vehicles. We also may manage Proprietary Accounts that are Private Investment Companies or Separate Accounts. The shareholders or investors in these Proprietary Accounts may include:

- Federated Investors (UK);
- Another Federated Advisory Company;
- Another one of our affiliates; or
- Employees of Federated Investors (UK) or our affiliates.

Proprietary Accounts typically will be established when we are seeding a Pooled Investment Vehicle, Private Investment Company or Separate Account.

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

The agreements governing our provision of advisory services to Proprietary Accounts may be terminated as provided in such agreements.

4. Separate Accounts

Federated Investors (UK) may provide Investment Supervisory Services or Other Services to institutional and other investors. (Please refer to “Types of Clients” in this brochure for more information about the types of clients to which we may provide our investment advisory services). When providing such services, we enter into an investment management agreement with the client. This agreement, among other provisions, describes or attaches the client’s investment policy statement and/or our investment strategy or mandate pursuant to which we will manage the client’s account. The client’s account is custodied at a qualified custodian (typically either a bank or, in the case of certain clients, a broker-dealer) selected by the client. (Please refer to “Custody” in this brochure for further information regarding custody of client assets.)

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

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

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

Federated Investors (UK) shares certain management and officers with the other Federated Advisory Companies. We also may share certain employees and supervised persons (*e.g.*, portfolio managers) with certain of the other Federated Advisory Companies. In connection with providing our Investment Supervisory Services to our clients, certain proxy voting services and other service providers (collectively, Service Providers) may be engaged to perform services on our behalf or on behalf of other Federated Advisory Companies. These Service Providers may or may not be affiliated with Federated Investors (UK). A third party proxy voting service also may be engaged in accordance with our Proxy Voting Policy. (Please refer to “Voting Client Securities” in this brochure for a discussion of our Proxy Voting Policy.) We also may engage another Federated Advisory Company as a sub-adviser in connection with certain investment strategies. In cases where Service Providers have been engaged, we may disclose confidential information, including non-public personal information about clients, to these Service Providers for the purpose of processing transactions for and servicing clients’ accounts.

F. Our Assets Under Management

As of December 31, 2014, Federated Investors UK had \$3,444,467,736 in assets under management. As of such date, our assets under management consisted entirely of assets that we managed on a discretionary basis. These include assets for which we provided Investment Supervisory Services and exercised discretionary authority. These discretionary assets also include the net assets of a Private Investment Company that invests primarily in investments (*e.g.*, investments in loans) that are not considered securities under the federal securities laws.

G. Standard of Care

Investment advisers are permitted under the Advisers Act to include performance standard provisions in their investment management agreements under certain conditions. These provisions are sometimes referred to as “hedge

clauses.” Unless Federated Investors (UK) specifically agrees in writing (in an investment management agreement or otherwise) to comply with different performance standards, we provide our Investment Supervisory Services and Other Services as discussed in this brochure in accordance with the following performance standards. Our responsibility and liability relating to the provision of our services is subject to the following performance standards:*

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

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

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

ITEM 5. FEES AND COMPENSATION

A. Our Fees

When we are providing Investment Supervisory Services and Other Services to our clients, Federated Investors (UK) typically charges and receives advisory fees determined as a percentage of either assets under management or average net assets, depending upon the type of client or account. While we currently do not receive these types of fees, we also may receive fixed fees or performance-based fees when rendering Investment Supervisory Services and Other Services to certain accounts, such as, for example, Pooled Investment Vehicles. Managing accounts for performance-based fees may create various conflicts of interest for us and our employees and supervised persons. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of these conflicts of interest.)

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

Our investment management agreements currently do not provide for us to receive compensation on the basis of a share of capital gains upon or capital appreciation of the assets or any portion of the assets of a client. If we were to accept a performance-based fee, the performance-based fee could be based upon a share of capital gains upon or capital appreciation of the assets or a portion of the assets of a client.

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

1. Basic Fee Schedules

This section sets forth Federated Investors (UK)'s basic fee schedules. We typically charge asset-based fees, which are determined as a percentage of assets under management (AUM). Our fee schedules may provide for "breakpoints" at which the percentage is reduced if AUM exceeds certain agreed upon amounts.

More specific information regarding the fee arrangements applicable to Pooled Investment Vehicles, Private Investment Companies, Proprietary Accounts, and Separate Accounts follows our basic fee schedules.

Our Basic Fee Schedules

Federated Investors (UK) 's basic fee schedules are as follows:

General Fixed Income Accounts:

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

Active Cash Fixed Income Accounts:

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

Money Market Accounts:

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

Trade Finance Fixed Income Accounts:

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

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

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

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

For certain of the investment strategies noted above where our basic fee schedule is an asset-based fee schedule based on a percentage of assets under management, we may be willing to accept a performance-based fee, which generally would be calculated as a percentage of excess performance above certain levels and described in the investment management agreement with our client, or a combination of an asset-based fee and a performance-based fee. Regarding

our services that are subject to the Advisers Act, performance-based fees only may be charged to qualified clients as and when permitted under Section 205 of the Advisers Act and SEC Rule 205-3 promulgated under the Advisers Act. (Please refer to "Negotiation and Modification of Fees" under our "Our Fees" under "Fees and Compensation" in this brochure for additional information on the negotiability of our fees. Also, please refer to "Performance-Based Fees and Side by Side Management" in this brochure for a discussion of the conflicts of interest raised by performance-based fees.)

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

This section sets forth information regarding Federated Investors (UK) 's fees for Pooled Investment Vehicles, Private Investment Companies, Proprietary Accounts and Subadvised Accounts. We charge asset-based fees, which are determined as a percentage of AUM or average net assets.

Pooled Investment Vehicles

Federated Investors (UK)'s fees for providing Investment Supervisory Services or Other Services to Pooled Investment Vehicles may be consistent with the basic fee information and terms discussed above, but also may vary depending upon the type of Pooled Investment Vehicle and the scope of services being provided. Federated Investors (UK)'s fees for Pooled Investment Vehicles generally are based on average net assets and generally range from 0.05% to 0.65% as provided in the applicable agreement(s) that govern our services provided to our Pooled Investment Vehicle clients. Our fees may be payable daily, monthly or quarterly. We do not require any Pooled Investment Vehicles to prepay investment advisory fees (therefore, our fees are not refundable).

In the case of Pooled Investment Vehicles, when Federated Investors (UK) 's fee is negotiated, it may vary based on discussions with the governing bodies or managers of such Pooled Investment Vehicles and is specified in our investment management or other agreements for the Pooled Investment Vehicles.

Private Investment Companies

Federated Investors (UK)'s fees for providing Investment Supervisory Services or Other Services to Private Investment Companies generally may be based upon average net assets. When our fee is negotiated, it may vary based on discussions with the governing bodies or managers of Private Investment Companies and will be specified in our agreement(s) for such Private Investment Companies. Our fees will be payable as provided in our agreement(s), and typically may range from daily to monthly payments. We do not require any Private Investment Companies to prepay fees (therefore, our fees are not refundable).

Federated Investors (UK) may provide services to certain Private Investment Companies that were created to more effectively manage mutual fund and Separate Account client funds and consist entirely of such client assets. With respect to certain of these Private Investment Companies, we may not charge (including due to waivers) a fee for our services provided to the Private Investment Companies because we, or another Federated Advisory Company, charges a separate advisory fee for rendering advisory services at the mutual fund or Separate Account level. In certain cases, certain administrative expenses may be charged to these Private Investment Companies or these Private Investment Companies bear certain third party expenses. Where we act as subadvisor to another Federated Advisory Company, we will receive a portion of the overall advisory fee charged by the other Federated Advisory Company, and that fee will be payable by the other Federated Advisory Company.

When we provide services to another Federated Advisory Company in connection with such other Federated Advisory Company's management of a Private Investment Company or Separate Account, we may receive an inter-company payment equal to Federated Investors (UK) 's costs plus a small margin (generally 15%).

3. Fee Information for Separate Accounts

This section sets forth Federated Investors (UK)'s basic fee schedules for Separate Accounts. We may charge asset-based fees, which are determined as a percentage of AUM. Our fee schedules may provide for "breakpoints" at which the percentage is reduced if AUM exceeds certain agreed upon amounts.

Federated Investors (UK)'s fees generally may be payable in arrears at or after the end of each quarter (in which case they are not refundable). The value of the client's AUM is determined as and when provided in the client's agreement with us.

As permitted under applicable law, we may offer certain Separate Account strategies to certain eligible clients for which we receive an asset-based fee. While we currently do not receive performance fees, we also may agree to accept a performance-based fee. Such performance-based fees will be calculated and payable as provided in the agreements between the applicable clients and us. Managing accounts for performance-based fees creates various conflicts of interest for us and our employees and supervised persons. (Please refer to "Performance-Based Fees and Side by Side Management" in this brochure for a discussion of these conflicts of interest.)

Proprietary Accounts

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

Subadvised Accounts

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

4. Negotiation and Modification of Fees

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

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

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

B. How We Charge and Collect Our Fees

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

- We may invoice a client directly and the client will pay us directly; or

- We may invoice a client's custodian or other intermediary and the custodian or other intermediary will deduct our fees from the client's account and remit them to us (Please refer to "Custody" in this brochure for a discussion of the implications of having arrangements in place for the deduction of fees from client accounts).

When we provide services to another Federated Advisory Company in connection with such other Federated Advisory Company's management of a Private Investment Company or Separate Account, we may receive an inter-company payment.

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

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

1. Pooled Investment Vehicles

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

2. Private Investment Companies

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

When we provide services to another Federated Advisory Company in connection with such other Federated Advisory Company's management of a Private Investment Company or Separate Account, we may receive an inter-company payment.

3. Proprietary Accounts

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

4. Separate Accounts

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

5. Subadvised Accounts

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

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

- In the case of a Private Investment Company or Pooled Investment Vehicle, the custodian, fund accountant or administrator may calculate the primary Other Advisor's fees, which are then deducted by the custodian from the Private Investment Company's or Pooled Investment Vehicle's assets, and remitted to the primary Other Advisor, and the primary Other Advisor then calculates our fees and remits them to us out of the fees it received.

When we provide services to another Federated Advisory Company in connection with such other Federated Advisory Company's management of Separate Accounts, Investment Companies, Private Investment Companies or other Pooled Investment Vehicles, we may receive an inter-company fee. With respect to nondiscretionary credit research we provide to other Federated Advisory Companies, we receive fees based on a percentage mark-up of our operating expenses incurred in providing this credit research. These fees are payable monthly in arrears and are allocated among the recipient related party investment advisers (i.e., certain of the other Federated Advisory Companies) based on their respective related assets under management for the month. These fees are paid by the other Federated Advisory Companies out of their own legitimate profits and other resources and are not added to the fees the other Federated Advisory Companies charge their clients (unless otherwise specifically disclosed to applicable clients). Our compensation was agreed upon by us and the other Federated Advisory Companies and is not separately negotiable.

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

C. Fees and Expenses, Other Than Our Fees

As with other investment accounts, clients will incur fees and expenses, other than our fees, when Federated Investors (UK) provides services with respect to clients' assets. Clients will incur brokerage costs, other transaction costs and other related costs and expenses. Also, if an Other Advisor is involved, any investment advisory fees of the Other Advisor will be incurred if charged separately. Examples of these other costs and expenses may include:

- Brokerage commissions;
- Markups, mark-downs and other amounts included in the price of a security;
- Custodian fees;
- Administrative fees;
- Interest charges;
- Odd-lot differentials;
- Transfer taxes;
- Wire transfer fees;
- Electronic fund fees;
- Exchange and SEC fees; and
- Expenses assessed to holders of securities or other investments relating to litigation involving that security or investment.

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

- Management fees (including Other Advisor investment advisory fees);
- Transfer agent fees;
- Distribution fees;
- Custody fees;
- Administration fees;
- Shareholder servicing fees;
- Networking fees;
- Recordkeeping fees;

- Costs of registering shares;
- Acquired funds fees and expenses;
- Dividends on short positions and other expenses related to short positions;
- Extraordinary expenses (such as litigation-related expenses);
- Mailing and printing of prospectuses or other offering documents; and
- Other administrative expenses.

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

D. Refunds for Fees Paid in Advance

Federated Investors (UK) currently does not charge fees that are payable in advance of the quarter in which such services are to be rendered. (Please refer to “Our Fees” under “Fees and Compensation” in this brochure for further information.) If fees would be paid in advance, our fees typically will be refunded on a pro-rated basis in the event of the early termination of the client’s investment management agreement or account. Typically, refunds of prepaid investment advisory fees would be pro-rated based on the number of days remaining in the applicable billing period when the client’s investment management agreement or account is terminated. Any refunding would take place as and when provided in the client’s agreement with us. Clients should refer to their investment management agreement with us for a complete understanding of how fees are charged and whether refunds may be available. If you have any questions, you may contact your client service representative or you may contact us at the telephone number provided on the cover page to this brochure.

E. Sales Compensation

Sales employee-representatives of Federated Investors (UK) may receive compensation for services relating to the sale of shares of the Federated Cash Management Funds or other products managed or sponsored by the Federated Advisory Companies or their affiliates. Our employee-representatives are salaried employees of Federated Investors (UK) and receive no commission, fees or other remuneration in connection with individual securities transactions. Bonuses may be based on a number of factors, including 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.

Federated Securities Corp., an affiliate of Federated Investors (UK), serves as distributor of the Federated family of Investment Companies (*i.e.*, mutual funds). Federated Securities Corp. is a registered broker-dealer, municipal securities dealer and investment adviser. These registrations do not imply a certain level of skill or training. Federated Securities Corp. receives distribution-related fees for services relating to the sale of shares of Federated mutual funds. Some of its employee-representatives also receive compensation based on the sale of mutual fund shares.

Federated Securities Corp. also:

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

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

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

certain Federated Advisory Companies and, in certain cases, also provide advice on behalf of certain Federated Advisory Companies to the institutional, high-net worth, separately managed account/wrap-fee account and other clients of such Federated Advisory Companies.

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

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

Pursuant to applicable SEC guidance, these written agreements also require that Federated Securities Corp.'s relevant regulatory history be disclosed to clients and potential clients of such relevant Federated Advisory Companies. As permitted by applicable SEC guidance, this disclosure may be provided to clients or potential clients by including it in the brochures of such relevant Federated Advisory Companies or by including it in a separate document. (Please refer to the discussion of Federated Securities Corp.'s relevant regulatory history under "Disciplinary Information" in this brochure.)

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

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

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

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

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

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

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

Federated Investors (UK) currently does not charge or receive performance-based fees, although we would be willing to accept a performance-based fee. As discussed in more detail below, however, other Federated Advisory Companies do charge or receive performance-based fees. Accordingly, this section of our brochure discusses performance-based fees, and side by side management, and the actual or potential conflicts of interest that they present for Federated Investors (UK) and our employees and supervised persons. In order to provide clients with further information regarding other actual or potential conflicts of interest faced by Federated Investors (UK) or our related persons in connection with our advisory business, this section of our brochure also discusses other conflicts of interest that we believe are important for clients to understand. This section also discusses how we seek to address these various actual or potential conflicts of interest.

As a general matter, in addition to actual or potential conflicts of interest discussed below that arise from fee practices and side by side management, other actual or potential conflicts of interest arise from Federated Investors (UK)'s common economic interests with our affiliates (including the other Federated Advisory Companies), our relationships with our affiliates and other persons or entities in the financial industry, and our, and our related persons', self-interests. We share certain management and officers with the other Federated Advisory Companies. We also share certain employees and supervised persons with certain of the other Federated Advisory Companies. We also may receive shared services from other Federated Advisory Companies. Given these relationships:

- We have an incentive to act in ways that benefit our affiliates and others in the financial industry with which we have relationships rather than in the best interests of our clients. (Please refer to "Our Use of 'Shared Personnel' and Third-Party Service Providers" under "Advisory Business," "Other Financial Industry Activities and Affiliations," and "Conflicts of Interest Relating to Affiliated Investment Vehicles" under "Other Conflicts of Interest Relating to Side by Side Management" under "Performance-Based Fees and Side by Side Management" in this brochure for more information on these relationships and conflicts of interest that arise); and
- To the extent that we face actual or potential conflicts of interest and/or our affiliates (*e.g.*, the other Federated Advisory Companies) engage in practices similar to those discussed below, it is likely that our shared management, officers, employees or supervised persons, and any affiliated service provider, and the other Federated Advisory Companies, have the same incentives, and face the same actual or potential conflicts of interest, as those discussed below.

Federated Investors (UK), and our related persons, generally address actual and potential conflicts of interest in one of the following ways:

- Prohibition – we prohibit the conduct that gives rise to the conflict of interest (*e.g.*, insider trading is prohibited under our Code of Ethics);
- Disgorgement – we give the benefit received to the client (*e.g.*, as required under applicable law, Federated Advisory Companies that manage Separate Accounts will waive or reimburse a Separate Account client for the client's share of the advisory fees, if any, paid to the Federated Advisory Companies by an Affiliated Investment Vehicle into which client assets are invested);

- Delegation – we engage a neutral third-party to act or make a decision (*e.g.*, a proxy voting service would be engaged to mitigate conflicts in voting proxies);
- Isolation – we construct information barriers to prevent a person from gaining knowledge that gives rise to a conflict of interest (*e.g.*, we may isolate a portfolio manager from knowing information about a strategic transaction that Federated Investors is considering);
- Validation – we establish a benchmark for conduct that is designed to protect client interests or limit the benefit that creates the conflict of interest (*e.g.*, we would 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 other Federated Advisory Companies);
- Disclosure/Consent – we disclose the conflict of interest to our clients (*e.g.*, we would disclose the solicitation arrangement with solicitors); 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 as required under SEC rules. (Please refer to “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” in this brochure for further information on our Code of Ethics). We also have adopted written compliance policies and procedures as required under SEC rules. We believe our compliance policies and procedures are reasonably designed to prevent, detect and cure violations by Federated Investors (UK) and our employees and supervised persons of the Advisers Act and other applicable U.S. federal securities laws. Our Code of Ethics and compliance policies and procedures address potential and actual conflicts of interest that we, and our employees and supervised persons, face. Our compliance policies and procedures also provide for various auditing and testing of our policies and procedures, which are reviewed no less frequently than annually as required by SEC rules. Our policy is to manage client accounts or investment products consistent with applicable law and with the other client accounts or investment products that we manage. To that end, we have procedures in place which we believe are reasonably designed to treat our clients fairly and prevent clients from being systematically favored or disadvantaged. The other Federated Advisory Companies have adopted similar Codes of Ethics and written policies and procedures.

The following is a further discussion of certain actual or potential conflicts of interest relating to (A) performance-based fees, (B) side by side management and (C) other aspects of our business, that we believe are important for our clients to understand. It is important for clients to understand that the actual or potential conflicts of interests discussed in this section of our brochure arise. We generally address these conflicts of interests as described above. Specific examples of how we seek to address the conflicts of interest discussed below also are provided.

A. Conflicts of Interest Relating to Performance-Based Fees

Federated Investors (UK) currently does not manage any client accounts or investment products for performance-based fees, although we would be willing to accept a performance-based fee. Performance-based fees are generally defined as fees based on a share of capital gains upon, or the capital appreciation of, the assets or any portion of the assets of a client. Since Federated Investors (UK) currently does not manage any client accounts for performance-based fees, conflicts of interest relating to performance-based fees do not arise from the management of our clients’ assets. If we were to accept a performance-based fee, conflicts of interest relating to performance-based fees would arise from the management of our client’s assets.

As noted above, we share certain management and officers with the other Federated Advisory Companies. We also share certain employees and supervised persons with certain of the other Federated Advisory Companies. We also may receive shared services from a Federated Advisory Company. Certain of the other Federated Advisory Companies charge performance-based fees to qualified clients as and when permitted under Section 205 of the Advisers Act and SEC Rule 205-3 promulgated under the Advisers Act.

Conflicts of interest arise in connection with charging of performance-based fees on certain client accounts while we and the other Federated Advisory Companies are managing other client accounts at the same time for asset-based fees. There is an incentive to favor any account for which any Federated Advisory Company receives performance-based fees. For example, when Federated Advisory Companies offer investment advisory services to eligible Separate Account,

Private Investment Company and Pooled Investment Vehicle clients for performance-based fees, the relevant Federated Advisory Companies may have an opportunity to receive greater fees or compensation from the client accounts or investment products that they charge performance-based fees as opposed to our clients' accounts or investment products (or those of the relevant other Federated Advisory Companies' clients) for which performance-based fees are not charged. As a result, there is an incentive to direct the best investment ideas to, or to allocate, aggregate or sequence trades in favor of, or to otherwise favor (whether in terms of better execution, brokerage commissions, directed brokerage/trading or otherwise), a client account or investment product that pays a relevant Federated Advisory Company a performance-based fee. Similar conflicts of interest arise when other Federated Advisory Companies charge performance-based fees.

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

B. Other Conflicts of Interest Relating to Side by Side Management

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

As a general matter, when engaging in side by side management, Federated Investors (UK) and our employees and supervised persons may have conflicts in allocating their time and services among clients. Federated Investors (UK) and our employees and supervised persons will endeavor to devote such time to each client as Federated Investors (UK) deems appropriate under the circumstances to perform our duties and obligations to each such client in accordance with applicable law and our agreement(s) with each such client.

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

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

Federated Investors (UK) provides investment advisory services to Pooled Investment Vehicles that are UCITS funds, not registered under the Investment Company Act of 1940. We, and the other Federated Advisory Companies, also may manage client assets with different investment objectives, policies, strategies, and limitations/restrictions, such as investment companies that are registered under the Investment Company Act of 1940. In addition to actual or potential conflicts of interest relating to performance-based fees, actual and potential conflicts of interest arise from the differing investment strategies of our clients. Similar conflicts of interest arise in connection with differing investment strategies for the clients of the other Federated Advisory Companies, including certain Pooled Investment Vehicles, such as hedge funds, and other client accounts or investment products. For example, it is possible that the various accounts managed could have different investment strategies that, at times, might conflict with one another to the possible detriment of a client's account. One account may seek to participate in a transaction in which another account may have made (or may seek to make) an investment. The two accounts may have conflicting interests and objectives in connection with the transactions, including how they view the operations or activities of the portfolio or issuer, the targeted returns from the transaction, and the timeframe for, and method of, exiting the transaction. Client accounts also may be invested in different parts of an issuer's capital structure (*e.g.*, private versus public securities), or different classes of securities of the same issuer, which have different preferences and rights. Some accounts that may be managed by Federated Investors (UK) or our related persons (*e.g.*, the other Federated Advisory Companies), as part of their investment strategy, may short securities which we have purchased in other accounts. A concurrent long/short position between one account and another account can result in a loss to one account based on a decision to take a gain in the other account. Taking concurrent conflicting positions in certain derivative instruments also may result in a loss to one client and a gain for another client. Uncovered option strategies, portfolio leveraging and significant positions in illiquid securities also may result in conflicts of interest for us or other Federated Advisory Companies and our respective employees and supervised persons when managing certain client assets side by side with other client accounts and investment products.

To address these actual or potential conflicts of interest, concurrent short and long positions (if any) between certain Pooled Investment Vehicles (*e.g.*, hedge funds) and related portfolios generally are prohibited, unless approved pursuant to an exceptions process. Records are maintained regarding the investment and allocation decisions made by our portfolio managers, and our Compliance Department periodically (*i.e.*, at least semi-annually) reviews documentation of allocations in an effort to confirm compliance with allocation policies and procedures. The Compliance Department also periodically monitors against limits or other guidance amounts imposed on short sales, derivatives usage, options strategies, leverage and liquidity.

2. Conflicts of Interest Relating to Affiliated Investment Vehicles

Federated Investors (UK) may invest client assets in Affiliated Investment Vehicles (*i.e.*, Investment Companies, Private Investment Companies or other Pooled Investment Vehicles that are advised by us or other Federated Advisory Companies or distributed by us or our affiliate, Federated Securities Corp.) These Affiliated Investment Vehicles generally pay their investment advisers and service providers based on a percentage of their average net assets. Accordingly, we, and our employees, supervised persons and related persons (*e.g.*, the other Federated Advisory Companies), have an incentive to invest client assets in these Affiliated Investment Vehicles in order to increase the compensation that will be paid to us, other Federated Advisory Companies and/or our affiliates by these Affiliated Investment Vehicles, rather than investing client assets in our clients' best interests.

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

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

Any client authorization will be in writing (which may include board or partnership meeting minutes) and may, to the extent permitted by law, authorize investments in Affiliated Investment Vehicles generally. We and our related persons will also comply with the conditions of any applicable exemptive law, rule or order regulating investments in Affiliated Investment Vehicles.

3. Conflicts of Interest Relating to Uninvested Cash Positions

When Federated Investors (UK) has investment discretion, we generally have the ability to determine whether a portion of a client's portfolio will be uninvested (*i.e.*, remain in cash). If cash is uninvested, the cash may be invested in money market mutual funds or other liquid investments or cash management vehicles, including in Affiliated Investment Vehicles, subject to a client's investment policies, guidelines and restrictions, and applicable law.

When certain other Federated Advisory Companies are providing Investment Supervisory Services with respect to Managed Accounts or model portfolio management services, they generally do not have discretion over the investment of uninvested cash; such cash is typically invested in money market mutual funds or other liquid investments or cash management vehicles selected by the client or the sponsor or platform provider for the Managed Account program or an overlay manager. These cash positions generally are small portions of each overall portfolio managed by these other Federated Advisory Companies and are maintained for operational purposes (*e.g.*, payment of fees, settlement of transactions, etc.). In certain cases, the money market mutual funds or other cash management vehicles into which uninvested cash may be invested may include, money market mutual funds or other cash management vehicles that are Affiliated Investment Vehicles. In these circumstances, these other Federated Advisory Companies are not recommending the investment of the cash positions maintained in the Managed Accounts in the Affiliated Investment Vehicles (they are taking direction from the program sponsor, platform provider or Managed Account client), and their

discretion over the amounts of the cash positions in the Managed Accounts is generally limited to certain target levels/parameters established for each Managed Account program.

The same is true outside of Managed Accounts and their model portfolio management services when Separate Accounts are managed and a client's custodian invests the uninvested cash.

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

To address these actual or potential conflicts of interest, we may set parameters around the amount of cash that remains uninvested for a particular client account or investment product, or our client may establish such parameters in its investment policies, guidelines and restrictions. We also will invest client assets in Affiliated Investment Vehicles only when such investments are consistent with a client's investment objectives, policies, guidelines and restrictions, and applicable law. To the extent required under applicable law, we may waive or reimburse the client for the client's share of the advisory fees, if any, paid to us or the other Federated Advisory Companies by an Affiliated Investment Vehicle into which client assets are invested. (Please refer to "Conflicts of Interest Relating to Affiliated Investment Vehicles" under "Other Conflicts of Interest Relating to Side by Side Management" under "Performance-Based Fees and Side by Side Management" in this brochure for further information regarding our waiver and reimbursement policy.) Finally, in connection with Managed Accounts and the model portfolio management services provided by certain other Federated Advisory Companies, these other Federated Advisory Companies generally do not know prior to the uninvested cash being invested whether the uninvested cash will be invested in an Affiliated Investment Vehicle. The selection of the cash sweep vehicle for a client's account may be changed without their knowledge by the client and/or the sponsor or platform provider for a Managed Account program or an overlay manager. The same is true outside of Managed Accounts and their model portfolio management services when Separate Accounts are managed and a client's custodian invests the uninvested cash.

4. Conflicts of Interest Relating to Proprietary Accounts

As discussed under "Proprietary Accounts" under "The Types of Accounts/Products We Manage" under "Advisory Business" in this brochure, Federated Investors (UK) may manage Proprietary Accounts (*e.g.*, Pooled Investment Vehicles, Private Investment Companies or Separate Accounts). As a result, when providing services for a Proprietary Account, we, and our employees and supervised persons, have an incentive to devote more time to Proprietary Accounts or direct the best investment ideas to, or to allocate, aggregate or sequence trades in favor of, or to otherwise favor (whether in terms of better execution, brokerage commissions, directed brokerage/trading or otherwise), a Proprietary Account over other client accounts. For example, we could have an incentive to cause client accounts to participate in an offering because:

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

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

To address these actual or potential conflicts of interest, Federated Investors (UK)'s allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating client accounts managed by Federated Investors (UK) (which would include Proprietary Accounts). Our trade allocation policies prohibit the consideration of the compensation or other benefits received by us or our affiliates, or by any of our officers or

employees, when allocating trades among participating client accounts. Records are maintained regarding the investment and allocation decisions made by our portfolio managers, and our Compliance Department periodically (*i.e.*, at least semi-annually) reviews documentation of allocations in an effort to confirm compliance with allocation policies and procedures.

5. Conflicts of Interest Relating to Certain Cross Transactions

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

To address these actual or potential conflicts of interest when engaging in such cross transactions, neither Federated Investors (UK) nor our affiliates receive any compensation for acting as a broker-dealer. For cross trades involving Investment Companies or Private Investment Companies that are registered under the Investment Company Act, we follow procedures that comply with SEC Rule 17a-7 under the Investment Company Act. We also follow similar procedures for cross trades between accounts that do not involve an Investment Company or Private Investment Company. Given the monitoring obligations involved, “plan assets” subject to the Employee Retirement Income Securities Act of 1974 (ERISA) generally are not used in cross trades. We, and the other Federated Advisory Companies, would only use ERISA plan assets in a cross trade if permitted under ERISA, an exception to our policy is made and a client requests, or consents to, the transaction. For non-ERISA accounts, a client is sent a consent disclosing the policy regarding cross trades. The letter specifically articulates that neither the Federated Advisory Companies, nor our affiliates, act as broker (*i.e.*, receive any compensation) and the client has been provided full and fair disclosure regarding the procedure for cross trades. We maintain a list of accounts that are prohibited from participating in cross trades. Finally, records are maintained regarding each cross transaction, including the price at which the transactions are effected.

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

As a general matter, certain actual or potential conflicts of interest may arise in connection with a portfolio manager’s management of an account’s investments, on the one hand, and the investments of other accounts for which the portfolio manager is responsible, on the other. To the extent that the same investment opportunities might be desirable for more than one account, possible conflicts could arise in determining how to allocate them. Federated Investors (UK) or other Federated Advisory Companies may give advice or take action with respect to investments of one or more clients that may not be given or taken with respect to other clients with similar investment strategies or objectives. Accordingly, clients with similar strategies or objectives may not hold the same securities or instruments or achieve the same performance. We, and the other Federated Advisory Companies, also may advise clients with conflicting strategies or objectives. Legal restrictions on the combined size of positions which may be taken for all assets managed by Federated Investors (UK) and/or the other Federated Advisory Companies, and the difficulty of liquidating an investment for more than one client where the market cannot absorb the sale of the combined positions, also create actual or potential conflicts of interest. These activities and/or restrictions may affect (including in an adverse manner) the prices and availability of certain securities or other investments held by or considered for one or more clients.

There also are times when the same portfolio manager for another Federated Advisory Company is managing Investment Company (*i.e.*, mutual fund), Private Investment Company, Pooled Investment Vehicle, Managed Account and other client assets, and providing model portfolio management services, with the same investment style or strategy. This includes, for example, mutual funds managed in the same style and/or other institutional investment accounts (*e.g.*, Pooled Investment Vehicles, Private Investment Companies, or Separate Accounts) managed in the same style, or to the same model portfolio, as Managed Accounts.

In these situations, when selecting securities for these various clients, consistent with client investment objectives, policies, guidelines and restrictions, Federated Investors (UK), and the other Federated Advisory Companies, take into account a variety of factors, including, for example, general management techniques, cash flows, permissible investments

and restrictions, and applicable regulatory requirements. To address these actual or potential conflicts of interest, Federated Investors (UK)'s allocation policies establish that, as a general matter, trade allocations are to be guided by the relative interests of the participating client accounts managed by Federated Investors (UK) (which may include Proprietary Accounts). Records are maintained regarding the investment and allocation decisions made by our portfolio managers, and our Compliance Department periodically (*i.e.* at least semi-annually) reviews documentation of allocations in an effort to confirm compliance with allocation policies and procedures.

There also will be times when the same security is being purchased or sold concurrently for Pooled Investment Vehicle, Private Investment Company, Separate Account, Investment Company, Managed Account, model portfolio management services, and other client accounts or portfolios. In these situations, except as discussed below, Federated Investors (UK), and the other Federated Advisory Companies, also have policies in place which are reasonably believed to be designed to commence trade execution as concurrently as practicable, or otherwise in a fair and equitable manner, address potential conflicts of interest and protect client interests. Various factors, however, may result in trades for a client not being aggregated with batched trades for other clients and clients receiving a different price, either higher or lower, for the same security. For example, certain operational differences inherent in the trade execution process result in trades for certain clients (such as Managed Accounts, and other accounts managed to the same model portfolio as Managed Accounts, by certain other Federated Advisory Companies) being effected either before or after trades for other clients. Also, for example, except as discussed below, when providing discretionary advisory services to Managed Account clients, certain other Federated Advisory Companies generally process purchases and sales of securities on a rotational basis by Managed Account program sponsor and program. With respect to the equity investment strategies of certain other Federated Advisory Companies utilized in the non-discretionary model portfolio management services provided by these other Federated Advisory Companies, they include the overlay managers in the trade rotation process for their discretionary Managed Accounts and currently communicate model changes to the overlay managers during the overlay manager's turn in the trading rotation. The overlay managers have discretion to accept or reject recommended model portfolio changes and will execute trades in accordance with the overlay manager's policies and procedures, which may result in trades for overlay manager clients being effected either before or after trades for Federated Investors (UK)'s, or these other Federated Advisory Companies', clients. In implementing their trade rotation process, these other Federated Advisory Companies may allot a period of time for a sponsor or overlay manager to arrange executions for accounts before moving to the next sponsor's or overlay manager's turn in the rotation process. Managed Account programs that require directed brokerage/trading (and other clients who direct brokerage/trading) may instruct that client transactions be executed through specific brokers/dealers. Except as discussed below, the other Federated Advisory Companies have adopted similar policies. Taking these scenarios and factors into account, Federated Investors (UK), and the other Federated Advisory Companies, have procedures in place which we believe are consistent with our duty to seek to obtain best execution of client trades and designed to treat clients fairly and prevent clients from being systematically favored or disadvantaged. (Please refer to "Brokerage Practices" in this brochure for more information on directed brokerage/trading and trade aggregation.)

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

As a result of the acquisition of Clover Capital Management, Inc. (the business of which is now operated as the Federated Clover Investment Advisors, a division of Federated Global Investment Management Corp., another Federated Advisory Company), the Federated Clover Investment Advisors division of Federated Global Investment Management Corp. has policies in place which are reasonably believed to be designed to commence trade execution as concurrently as practicable for Managed Accounts, on the one hand, and other client accounts (*e.g.*, institutional and high net worth Separate Accounts and Investment Companies), on the other hand, at the different trading desks. The Federated Clover Investment Advisors division also has established a policy whereby purchases and sales of securities for certain institutional and high net worth Separate Accounts, and certain Investment Companies advised by the Federated Clover Investment Advisors division, traded at the Federated Clover Investment Advisors division location are processed on a rotational basis by group. Accounts will be eligible for cross trades and trade aggregation with accounts (including, among others, Investment Companies) of other Federated Advisory Companies that are traded utilizing the same trade management system. The institutional and high net worth Separate Accounts will be eligible for trade aggregation amongst such accounts themselves, which are traded using a different trade management system. For initial public offerings, the institutional and high net worth Separate Accounts traded using this different trade management system also may be aggregated on a cumulative basis with initial public offering trades with the Investment Company accounts of the Federated Clover Investment Advisors division, as well as the accounts of the other Federated Advisory Companies, that are traded using the other trade management system. In such

a case, the institutional and high net worth Separate Accounts traded using this different trade management system will receive a pro rata allocation of the initial public offering. Within each group, the accounts will be allocated on a random or pro-rata basis. Trades for a client that has directed use of a particular broker or dealer are placed at the end of aggregated trading activity. Accordingly, directed transactions may be subject to the conditions discussed in this brochure under "Directed Brokerage" under "Selection Criteria for Brokers/Dealers" under "Brokerage Practices." There can be no assurance that each client will receive the same price for a security, and, depending upon the circumstances, different clients may receive different prices, either higher or lower, for the same security.

Federated MDTA LLC

Due to operational, technological and other reasons, Federated MDTA LLC, another Federated Advisory Company, also has adopted a rotation policy whereby purchases and sales of securities are processed on a rotational basis by group. Groups are comprised of accounts with similar trade execution characteristics, including executing broker, security being traded, and size of trade. Groups are assigned positions in the rotation sequence on a random basis. Trades are allocated to accounts using a method that combines elements of random and pro-rata approaches. (Please refer to "Directed Brokerage" under "Selection Criteria for Brokers/Dealers" under "Brokerage Practices" in this brochure for additional considerations relating to directed brokerage/trading.) There can be no assurance that each client will receive the same price for a security, and, depending upon the circumstances, different clients may receive different prices, either higher or lower, for the same security. Also, when providing nondiscretionary model portfolio management services, Federated MDTA LLC currently communicates model changes to overlay managers as concurrently as practicable with commencing trading with respect to the Managed Accounts Federated MDTA LLC manages on a discretionary basis.

Federated Investment Counseling

With respect to Federated Investment Counseling's fixed income investment strategies utilized in providing its non-discretionary model portfolio management services, given the operational aspects inherent in trading fixed income securities, decisions with respect to changes in fixed income model portfolios depend upon the availability of fixed income securities in the market; as a result, Federated Investment Counseling communicates fixed income model changes to overlay managers as concurrently as practicable (outside of its trade rotation process) with commencing trading with respect to the Managed Accounts it manages on a discretionary basis. This fact generally results in fixed income model changes being communicated to overlay managers promptly after Federated Investment Counseling's discretionary fixed income trading has commenced.

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

C. Other Actual or Potential Conflicts of Interest

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

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

- Soliciting business for other Federated Advisory Companies;
- Providing investment advice on behalf of another investment adviser;

- Providing services to another investment adviser or investment product;
- Selling, marketing or distributing mutual fund shares or other investment products or services;
- Directing brokerage/trades to a particular broker or dealer; or
- Specific uses of commissions from client account portfolio trades (for example, soft dollar benefits).

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

The actual and potential conflicts arise because the additional compensation or other benefits create an incentive to recommend or favor our interests, and the interests of our affiliates, Affiliated Investment Vehicles (*e.g.*, the Federated mutual funds), and other products or services, based on the compensation that will be received rather than our clients’ needs. For example, certain of our management personnel, officers or supervised persons may be officers of the Federated mutual funds or other Pooled Investment Vehicles sponsored by Federated Investors, Inc., our ultimate parent company. We, and our employee-representatives, may receive compensation for the sale of shares of Pooled Investment Vehicles (such as the Federated Cash Management Funds) and other services or products. Federated Securities Corp., and its employee-representatives who serve as sales people, also may receive compensation for the sale of mutual fund shares or other services or products. If an intermediary’s (such as a broker-dealer’s) customers represent a significant number of the shareholders of, and assets in, a Federated mutual fund or other product, we, and our affiliates, or any of their respective employees, supervised persons or other representatives, may have an incentive to favor that intermediary. We would have a similar incentive with respect to a solicitor who referred clients to us or another Federated Advisory Company. Since other Federated Advisory Companies act as portfolio managers in Managed Account programs, we and these other Federated Advisory Companies, in hopes of gaining clients for these other Federated Advisory Companies through a Managed Account program, may have an incentive to execute brokerage transactions through the Managed Account program sponsor or platform provider (or an affiliated broker or dealer), which in turn has the power to recommend these other Federated Advisory Companies to Managed Account Program clients. Outside of Managed Accounts, our willingness to direct brokerage/trades to a particular broker or dealer when instructed to do so by clients likewise may encourage a broker or dealer to refer business to us or our related persons, resulting in higher advisory, servicing or other compensation or other benefits. The Federated Advisory Companies also may receive “soft dollar benefits” from certain brokers or dealers. The receipt and use of brokerage and research services also creates various conflicts of interest for Federated Investors (UK) and our related persons. 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 our clients’ interest in receiving most favorable execution. (Please refer to “Sales Compensation” under “Fees and Compensation,” “Relationships with Broker-Dealers” under “Other Financial Industry Activities and Affiliations,” and “Research and Other Soft Dollar Benefits” under “Selection Criteria for Brokers/Dealers” under “Brokerage Practices” in this brochure for further information.)

To address these actual or potential conflicts of interest, we will invest (or recommend the investment of) client assets in Affiliated Investment Vehicles only when such investments are consistent with a client’s investment objectives, policies, guidelines and restrictions. With respect to solicitation arrangements, our solicitation policies relating to advisory clients require related solicitors to provide disclosure of our relationship and that compensation may be received and any unaffiliated third-party solicitor to whom we may pay a cash solicitation fee to provide a separate disclosure statement to clients and prospective clients. Our policies and procedures are reasonably designed to comply with applicable SEC rules.

Also, as discussed in more detail under “Conflicts of Interest Relating to Uninvested Cash Positions” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in this brochure, we and other Federated Advisory Companies that manage Separate Accounts may, for example, if required by applicable law waive or reimburse a Separate Account client for the client’s share of the advisory fees, if any, paid to us or the other Federated Advisory Companies by an Affiliated Investment Vehicle into which client assets are invested. Finally, Federated Investors (UK)’s trade allocation policies prohibit the consideration of the compensation or other benefits received by us or our affiliates, or by any of our officers or employees, when allocating trades among participating client accounts. This includes a prohibition on investment personnel from considering an

intermediary's sale of shares of Federated mutual fund (or other investment products) when allocating trades to brokers and dealers.

2. Conflicts of Interest Relating to Personal Trading

Federated Investors (UK), and/or our employees, supervised persons and related persons (*e.g.*, the other Federated Advisory Companies), may invest in the same securities, or related securities, that we or our related persons invest in on behalf of, or recommend to, clients, including at or around the same time. (Please refer to "Personal Trading" under "Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading" in this brochure for further information.) These practices create actual or potential conflicts of interest for Federated Investors (UK) and our employees, supervised persons and related persons. For example, our portfolio managers could make a personal investment in a thinly-traded security and then invest large quantities of client assets in that same security in order to drive up the value of that security or our portfolio managers could sell a personal investment in a security in advance of selling clients' positions in such security if the selling of clients' positions in such security would drive the value of the security down.

To address these actual or potential conflicts of interest, internal controls, including our Code of Ethics, are reasonably believed to be designed to prevent Federated Investors (UK), and our employees, supervised persons and related persons, from buying or selling securities contemporaneously with client transactions in an impermissible manner. For example, as discussed above and under "Our Code of Ethics" under "Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading" in this brochure, as required by SEC rules, we, and the other Federated Advisory Companies, have adopted a Code of Ethics. Although the Code of Ethics does permit investment personnel to trade in securities, including those that could be recommended to clients, it does contain significant safeguards designed to protect clients from abuses in this area, such as requirements to obtain prior approval for (*i.e.*, preclearance), and to report, particular transactions. No access person (*e.g.*, portfolio managers and research analysts) may execute a personal transaction, directly or indirectly, in any covered security and no prior preclearance will apply, when he or she knows, or should have known, that the covered security is being considered for purchase or sale, or purchased or sold, by or for a client account. In addition, portfolio managers and research analysts identified as serving a client or group of clients are prohibited from purchasing or selling any covered security for which there is an open "buy" or "sell" order or any covered security that has been purchased or sold by or for those client 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. This provision supersedes any prior preclearance. Investment personnel who are not among the portfolio managers and research analysts identified as serving client accounts, as provided above, may not purchase or sell a covered security within seven (7) calendar days after one or more open "buy" or "sell" orders are placed and/or purchases or sales are made for the client accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. All other access persons may not purchase or sell a covered security on any day during which one or more open "buy" or "sell" orders are placed and/or purchases or sales are made for the client accounts in the same covered security in an amount sufficient to trigger a blackout period, subject to any prior preclearance. Among other policies, the Code of Ethics also contains certain restrictions on insider trading and misuse of customer information.

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

As discussed under "Voting Client Securities" in this brochure, while Federated Investors (UK) currently does not vote proxies for client accounts, we are willing to accept the authority to vote securities held in client accounts. Conflicts of interest may arise from time to time between the interests of Federated Investors (UK), and our affiliates (*e.g.*, the other Federated Advisory Companies), and the interests of our clients. Federated Investors (UK) 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 Investors (UK) or our affiliates. This may occur where a significant business relationship exists between Federated Investors (UK) (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 Investors (UK)'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 Investors (UK), or our affiliates, have influenced proxy votes. Any employee of Federated Investors (UK), 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 standard voting instructions already provide specific direction on the proposal in question, the Proxy Committee shall not alter or amend such directions. Alternatively, the Proxy Committee may seek direction from the client on how a proposal concerning an Interested Company shall be voted. In seeking such direction, the Proxy Committee will disclose the reason such company is considered an Interested Company and may provide a recommendation, which recommendation may be other than as provided in standard voting instructions, on how such proposal should be voted and the basis for such recommendation. If general instructions require the Proxy Committee to provide further direction, the Proxy Committee shall do so in accordance with the proxy voting policies, without regard for the interests of Federated Investors (UK) with respect to the Interested Company. If the Proxy Committee provides any direction as to the voting of proxies relating to a proposal affecting an Interested Company, it must disclose to the client information regarding: the significant business relationship; any material communication with the Interested Company; the matter(s) voted on; and how, and why, a proxy was voted.

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 Investors (UK) LLP 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 Investors (UK) LLP 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.

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

4. Other Conflicts of Interest

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

- Consideration of sales of Federated investment companies or other investment products when allocating trades to brokers or dealers;
- Portfolio managers', traders' and other supervised persons' relationships with counterparties, issuers, and obligors, including entertainment and gifts received from counterparties, issuers or obligors, political and charitable contributions, and positions on boards of directors/trustees; and
- Specific compensation arrangements relating to portfolio managers, traders and other supervised persons.

To address these actual or potential conflicts of interest, our policies and procedures prohibit investment personnel from considering an intermediary's (such as a broker's or dealer's) sale of Federated investment company or other investment product shares when allocating trades to brokers and dealers. Portfolio manager and trader relationships with counterparties must be disclosed to our Compliance Department and they are monitored on an ongoing basis. Our Code of Ethics addresses entertainment and gifts, as well as when portfolio managers, traders and other supervised persons may make political or charitable contributions or serve on boards of directors/trustees. (Please refer to "Our Code of Ethics" under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" in this brochure for further information on our Code of Ethics.) Portfolio manager compensation also has been structured in a manner reasonably designed to safeguard client accounts from being negatively affected as a result of these actual or potential conflicts of interest. For example, we do not allow compensation and promotion incentives that reward traders based on the volume or size of trades or asset growth.

ITEM 7. TYPES OF CLIENTS

A. Types of Clients

Federated Investors (UK) generally provides investment advisory services to:

- Pooled Investment Vehicles (such as the Federated Cash Management Funds);
- High net worth individuals;
- Corporations, business entities and other institutional investors;
- Banks and other financial institutions;
- Private Investment Companies;
- Trusts (including group trusts);
- Pension Funds;
- Charitable foundations and organizations;
- Government entities (such as Federal, state and municipal or local government entities); and
- Foreign accounts.

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

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

- Federated Investors (UK);
- Another Federated Advisory Company;
- Another one of our affiliates; or
- Employees of Federated Investors (UK) or our affiliates.

(Please refer to “The Types of Accounts/Products We Manage” under “Advisory Business” in this brochure for further information on the Proprietary Accounts to which we provide investment advice.) Providing services for Proprietary Accounts raises various conflicts of interest for us and our employees and supervised persons. (Please refer to “Conflicts of Interest Relating to Proprietary Accounts” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of these conflicts of interest.)

B. Requirements for Accounts

Federated Investors (UK) generally requires clients to enter into an investment management agreement or other agreement with us. Our agreements contain grants of authority from our clients that allow us to manage and/or provide services with respect to client assets and, in certain cases, we may request clients to execute and deliver a separate, stand-alone power of attorney.

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

Our targeted account size for accounts generally is \$25 million.

Accounts below the minimum may utilize Investment Companies, Private Investment Companies and certain Pooled Investment Vehicles managed by Federated Investors (UK) or other Federated Advisory Companies that meet the objectives of the client.

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

We provide services for our clients in accordance with the performance standards and limitations of liability as discussed in this brochure. (Please refer to “Standard of Care” under “Advisory Business” in this brochure for further information.)

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

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

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

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

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

A. Basic Information

Federated Investors (UK) employs one or more of the following methods of analysis in providing our services:

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

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

Like other business enterprises, the use of the Internet and other electronic media and technology exposes the Adviser, and its service providers, and their respective operations, to potential risks from cyber-security 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 computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. 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 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 or client 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 cyber security systems of issuers or third party service providers.

Federated Investors (UK) provides our services consistent with:

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

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

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

We provide advice with respect to various types of securities, and our advice is not limited to any particular securities or investments. For example, in addition to long term purchases, short term purchases, trading, short sales, option writing, and investments in the securities and other investments identified above, other investment techniques that Federated Investors (UK) may employ include, for example: (1) firm or standby commitments to purchase securities on a when-issued or other delayed delivery basis, (2) asset segregation, (3) the purchase of market discount bonds and the use of credit default swaps or other permissible activities which are likely to result in a limited amount of ordinary income and/or capital gains in an effort to seek to enhance total return in certain tax-exempt municipal bonds funds or accounts; and (4) purchasing trade finance investments. We also may effect certain other types of investment-related transactions involving a client's assets, such as securities lending.

Fixed Income Securities

Fixed-income securities pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principal or may be adjusted periodically. In addition, the issuer of a fixed-income security must repay the principal amount of the security, normally within a specified time. Fixed-income securities provide more regular income than equity securities. However, the returns on fixed-income securities are limited and normally do not increase with the issuer's earnings. This limits the potential appreciation of fixed-income securities as compared to equity securities. Types of fixed income securities include, for example, treasury securities, government securities, corporate debt securities,

commercial paper, demand instruments, municipal securities, tax-exempt securities, mortgage-backed securities (MBS), collateralized mortgage obligations (CMOs), sequential CMOs, planned amortization classes and targeted amortization classes and companion classes, interest only and principal only CMOs, floaters, inverse floaters, Z classes and residual classes, non-government mortgage-backed securities, commercial mortgage-backed securities (CMBS), municipal mortgage-backed securities, inflation protected securities, asset-backed securities (ABS), bank instruments, insurance contracts, zero coupon securities, callable securities, loan instruments, assignments and participations, and convertible securities. Fixed income securities may be subject to, for example, technology risk, credit risk, call risks, prepayment risks, liquidity risk, sector risks, risks associated with non-investment grade securities or junk bonds, risks related to the economy, risks associated with complex CMOs, currency risks (including Euro risks), risks of investing in a specific country or region, risks of foreign investing, risks of investing in emerging market countries, leverage risks, tax risks, risks of inflation-protected securities, risks associated with investment share proceeds, credit enhancement risk, and risks associated with investment activities of other accounts.

Money Market Securities

Money market securities are short-term, liquid, high-quality securities that are eligible for investment by money market or liquidity funds, including Investment Companies under SEC Rule 2a-7 under the Investment Company Act. Money market securities can be subject to, for example, interest rate, credit, and other risks.

Derivative Contracts and Hybrid Instruments

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

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

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

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

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

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

Foreign Securities

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

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

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

Repurchase Agreements

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

Reverse Repurchase Agreements

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

Shares of Investment Companies, Private Investment Companies and Other Pooled Investment Vehicles

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

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

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

Project and Trade Finance Investments

Project and trade finance investments include investments primarily in trade, structured-trade, export and project finance or related assets of companies or other entities (including sovereign entities) located primarily in or having exposure to global emerging markets by way of a purchase, assignment, participation, guarantee, insurance or other appropriate financial interest. Investments in trade finance-related securities may entail credit, liquidity, currency and market risks, in addition to other risks such as risks of investing in foreign securities and emerging market securities. Investments in less

developed or emerging markets generally entail greater political, economic, market, tax, credit and other risks, and generally have greater price volatility, than securities issued or traded in developed markets.

Short Sales

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

Delayed Delivery Securities

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

Securities Lending

To the extent permitted, we may lend a client account's portfolio securities to borrowers that we deem creditworthy. In return, the account receives cash or liquid securities from the borrower as collateral. The borrower must furnish additional collateral if the market value of the loaned securities increases. Also, the borrower must pay the account the equivalent of any dividends or interest received on the loaned securities. We will reinvest cash collateral for a client's account in securities that qualify as an acceptable investment for the account. However, the account must pay interest to the borrower for the use of cash collateral. Loans are subject to termination at the option of the account or the borrower. The account will not have the right to vote on securities while they are on loan. However, we will attempt to terminate a loan in an effort to reacquire the securities in time to vote on matters that we deem to be material. There can be no assurance that we will have sufficient notice of such matters to be able to terminate the loan in time to vote thereon. An account may pay administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash collateral to a securities lending agent or broker. Securities lending activities are subject to interest rate risks and credit risks. These transactions also may create leverage risks.

Asset Segregation

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

Portfolio Turnover

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

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

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

B. Strategy-Specific Disclosure

The following discusses in more detail significant investment strategies that Federated Investors (UK) offers and the risks involved. Clients should review this disclosure carefully and in tandem with the basic information provided above. As noted, clients also should review any presentations, investment guidelines, marketing materials and other documents provided, or discussed with the client or any investment guidelines provided by the client.

FIXED INCOME

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

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

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

MONEY MARKET

This strategy seeks to maximize current income consistent with the preservation of capital and liquidity by investing in a diversified portfolio of high quality short-term debt and debt-related instruments. The strategy strives to maintain the net asset value of an account either constant at par (net of earnings) or at the value of the investors' initial capital plus earnings. The strategy will comply with applicable legal requirements.

Investments will include fixed or floating rate instruments, including, for example, commercial paper, floating rate notes, certificates of deposit, freely transferrable promissory notes, debentures, asset-based securities and bonds. The investments may be issued or guaranteed as to principal or interest by sovereign governments, their agencies and instrumentalities, supranational entities and domestic and foreign corporations and financial institutions. This strategy also may invest in ancillary liquid assets, such as bank deposits and instruments, consistent with applicable client restrictions and investment guidelines.

Risks for this strategy include, for example, regulatory reform risks, risks that as interest rates rise and fall the price of the securities will fluctuate, risks of issuer default, risks that a party to a transaction will fail to meet its obligations, risks that the financial services sector will perform poorly, risks of default of a credit enhancement provider, risks that prepayment of principal will cause the portfolio to reinvest proceeds at a less favorable interest rate, and risks of foreign investing.

PROJECT AND TRADE FINANCE

This strategy seeks to provide total return by primarily investing in project and trade finance investments. The strategy focuses on both fundamental credit sensitive security selection and top-down risk controls to strive for proper portfolio diversification. Project and trade finance investments may include trade finance, structured trade, export finance, import finance and project finance or related assets of companies or other entities (including sovereign entities) located primarily in or having exposure to global emerging markets. The strategy may invest primarily in loans, or similar instruments used to finance international trade and related infrastructure projects, by way of purchase, assignment, participation, guarantee, insurance, derivatives or any other appropriate financial instrument. Investments may be made in securities and obligations for which there is no readily available trading market or which are otherwise illiquid, including project and trade finance securities, derivatives and fixed income investments. Positions also may be taken in traditional assets including bonds (investment grade or non-investment grade (or "junk bonds")), debt securities, equities, foreign exchange instruments, and derivatives for the purposes of hedging and investment. The investments may or may not be guaranteed by sovereign entities. A substantial portion of the strategy's investments will be in obligations of non-U.S. issuers or borrowers, including those of emerging markets.

Investments in project and trade finance investments may entail risks that as interest rates rise and fall the price of the investments will fluctuate, risks of issuer or borrower default, risks of default of a credit enhancement provider, risk that a party to a transaction will fail to meet its obligations, risks that prepayment of principal will cause the portfolio to reinvest proceeds at less favorable interest rates, risks that trading opportunities may be limited making it more difficult to sell or buy an investment at a favorable price or time, risks that the financial services sector will perform poorly, risks that exchange rates for currencies fluctuate daily, risks that leverage will create exposure that exceeds the amount invested, risks of foreign investing, and risks of investing in derivatives and hybrid instruments. Investments in non-investment grade investments generally entail greater risk. Investments in less developed or emerging markets also

generally entail greater political, economic, market, tax, credit and other risks, and generally have greater price volatility than securities issued or traded in developed markets.

ITEM 9. DISCIPLINARY INFORMATION

Federated Investors (UK) has not been subject to any legal or disciplinary event that it is required to disclose under applicable SEC rules.

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

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

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

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

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

The settlements are discussed in Federated's announcement which, along with previous press releases and related communications on those matters, is available in the "About Us" section of Federated's website at [FederatedInvestors.com](http://www.federatedinvestors.com). The settlements can be obtained at <http://www.sec.gov/litigation/admin/34-52839.pdf> and at <http://www.ag.ny.gov>. Search on “Federated” and click on “Federated Investment AOD-PDF Format.”

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Relationships with Broker-Dealers

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

Federated Securities Corp., Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222, acts as distributor in the United States of the registered Investment Companies sponsored by Federated Investors, Inc., which are clients of the Federated Advisory Companies. Federated Securities Corp.’s employees are registered representatives of Federated Securities Corp. and are salaried employees. As discussed under “Sales Compensation” under “Fees and Compensation” in this brochure, employee-representatives of Federated Securities Corp. serve as sales people for, and provide certain investment advice on behalf of, certain of the Federated Advisory Companies, and are supervised persons of such Federated Advisory Companies. (Please refer to “Sales Compensation” under “Fees and Compensation” in this brochure for additional information regarding Federated Securities Corp.’s other activities and related arrangements.)

The following management persons of Federated Investors (UK) are registered representatives of Federated Securities Corp.:

- Gordon J. Ceresino, Board of Governors, President and CEO;
- Brian P. Bouda, Chief Compliance Officer-U.S. Operations; and
- Robert J. Wagner, Vice President.

The following management persons of Federated Investors (UK) are registered financial and operations principals of Federated Securities Corp.:

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

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

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

In addition to the other relationships discussed below, Federated Investors (UK) has certain management, officers, employees and supervised persons in common with:

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

Certain of these shared/common management, officers, employees and supervised persons of Federated Investors (UK) also may be directors/trustees or officers of the Investment Companies, Private Investment Companies and Pooled Investment Vehicles discussed under “Investment Companies, Private Investment Companies and Pooled Investment Vehicles” and “Sponsor or Syndicator of Limited Partnerships” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

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

As discussed under “Advisory Business” in this brochure, Federated Investors (UK) serves as investment adviser or sub-adviser, or otherwise provides services, to Pooled Investment Vehicles and Private Investment Companies, including certain Pooled Investment Vehicles and Private Investment Companies managed and distributed by the Federated Advisory Companies or their affiliates. Under appropriate circumstances, Federated Investors (UK) 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). Our clients can pay the fees and expenses charged or assessed by Pooled Investment Vehicles, Private Investment Companies or Investment Companies to the extent that we invest our clients’ assets in Pooled Investment Vehicles, Private Investment Companies, or Investment Companies, including those (such as Affiliated Investment Vehicles) that are managed by, are distributed by or receive services from, Federated Investors (UK), the other Federated Advisory Companies or other affiliated companies. Federated Investors (UK) also has certain related persons who are general partners of certain family limited partnerships. (Please refer to “Performance-Based Fees and Side by Side Management” (including “Conflicts of Interest Relating to Affiliated Investment Vehicles” under “Other Conflicts of Interest Relating to Side by Side Management”) in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

2. Other Investment Advisers

As discussed under “Our Ownership Structure” under “Advisory Business” in this brochure, Federated Investors (UK) is an affiliate through common ownership with other SEC-registered investment advisers (*i.e.*, the other Federated Advisory Companies). Registration does not imply a certain level of skill or training. These investment advisers are identified below under “SEC-Registered Advisers.” As discussed under “Our Use of ‘Shared Personnel’ and Third-Party Service Providers” under “Advisory Business” in this brochure, we share certain management and officers with the other Federated Advisory Companies. We also share certain employees and supervised persons with certain of the other Federated Advisory Companies. The Federated Advisory Companies also share common compliance policies, procedures and programs.

Federated Investors (UK) also is affiliated through common ownership with certain investment advisers registered with Foreign Financial Regulatory Authorities (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 Investors (UK) and the other Federated Advisory Companies)

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

Foreign Advisers

Federated International Management Limited, Federated Asset Management GmbH and Federated Investors Australia Services LLP.

Federated International Management Limited has filed as an exempt reporting adviser with the SEC. As of March 1, 2015, Federated Investors Australia PTY LTD is operationally inactive.

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

3. Banking or Thrift Institutions

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

4. Sponsor or Syndicator of Limited Partnerships

Related persons of Federated Investors (UK) are the Managing Member or General Partner in a limited liability company and a partnership respectively: Optimum Q Market Neutral LLC (Market Neutral) and Federated Core Trust II, L.P. (Core Trust II). Clients of Federated Investors (UK) are generally not actively solicited to invest in these funds. However, a client's assets may be invested in Core Trust II by Federated Investors (UK) as part of the overall investment strategy for that client. Assets are invested pursuant to an exemption from the registration requirements of the 1933 Act, and not as part of a public offering. Shares of Core Trust II are being offered for investment only to individuals, organizations or entities that are "accredited investors" within the meaning of Regulation D of the 1933 Act. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

D. Relationships with Certain Investment Advisers

Federated Investors (UK) does not recommend or select other investment advisers for our clients for either direct or indirect compensation. As discussed above, however, Federated Investors (UK), and/or our affiliates, do have business relationships with affiliated investment advisers (e.g., the other Federated Advisory Companies). The registrations do not

imply a certain level of skill or training. The business relationships can create conflicts of interest for Federated Investors (UK), the other Federated Advisory Companies and our employees, supervised persons and related persons. For example, we may advise a client to invest in an investment product that is sponsored, managed, distributed or serviced by these other investment advisers to benefit them rather than serve the best interests of our clients or potential clients. (Please refer to “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest that arise as a result of these relationships.)

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

A. Our Code of Ethics

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

B. Participation or Interest in Client Transactions

Federated Investors (UK) and our related persons may, from time to time, invest client assets in or recommend investments in registered Investment Companies (*e.g.*, mutual funds or Private Investment Companies) and unregistered investment companies (*e.g.*, hedge funds or other Pooled Investment Vehicles) sponsored, managed, distributed or administered by Federated Investors (UK) or our related persons (*e.g.*, Affiliated Investment Vehicles). (Please refer to “The Types of Accounts/Products We Manage” under “Advisory Business” as well as “Sponsor or Syndicator of Limited Partnerships” under “Relationships with Certain Related Persons” under “Other Financial Industry Activities and Affiliations” in this brochure for further information.) This includes, for example, investment of uninvested cash in such Affiliated Investment Vehicles. Any such investment will be subject to any expenses and management fees of the Affiliated Investment Vehicle. Federated Investors (UK) and our related persons will receive compensation for management of the Affiliated Investment Vehicles; consequently, Federated Investors (UK) may have an incentive to allocate client funds to Affiliated Investment Vehicles in lieu of other investment opportunities. Federated Investors (UK) generally waives or reimburses a portion of its advisory fee equal to the advisory fee paid to the Affiliated Investment Vehicle to mitigate this conflict. (Please refer to “Conflicts of Interest Relating to Affiliated Investment Vehicles” and “Conflicts Of Interest Related to Uninvested Cash Positions” under “Performance-Based Fees and Side by Side Management” in this brochure for further information.)

Clients of Federated Investors (UK) are generally not actively solicited to invest in these funds. Federated Investors (UK) or other Federated Advisory Companies also may sponsor, create and manage in the future private funds or other Pooled Investment Vehicles in which client assets will be invested.

Federated Investors (UK) or an affiliate (*e.g.*, the other Federated Advisory Companies) will, from time to time, temporarily seed a Proprietary Account for the purposes of establishing an investment strategy or seeding a Pooled Investment Vehicle, Private Investment Company, Investment Company or Separate Account. These investments are generally nominal in relation to both our total managed client assets and our own assets. (Please refer to “Proprietary Accounts” under “The Types of Accounts/Products We Manage” under “Advisory Business” and “Performance-Based Fees and Side by Side Management” (including “Conflicts of Interest Relating to Proprietary Accounts” under “Other Actual or Potential Conflicts of Interest Relating to Side by Side Management”) in this brochure for more information.)

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

- Between Proprietary Accounts;

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

When engaging in such cross transactions, neither Federated Investors (UK) nor our affiliates receive any compensation for acting as a broker-dealer and follow any applicable SEC rules or guidance for cross transactions or, if applicable, principal transactions.

The above activities can create various actual or potential conflicts of interest for Federated Investors (UK) and our employees, supervised persons and related persons. (Please refer to “Conflicts of Interest Relating to Uninvested Cash Positions,” “Conflicts of Interest Relating to Affiliated Investment Vehicles,” “Conflicts of Interest Relating to Proprietary Accounts” and “Conflicts of Interest Relating to Certain Cross Transactions” under “Other Conflicts of Interest Relating to Side by Side Management” under “Performance-Based Fees and Side by Side Management” in this brochure for further information regarding conflicts of interest and how they are addressed.)

C. Personal Trading

Federated Investors (UK), and/or our related persons, may invest in the same securities, or related securities, that we or our related persons invest in on behalf of, or recommend to, clients, including at or around the same time. Personal trading practices can create various actual or potential conflicts of interest for Federated Investors (UK) and our employees, supervised persons and related persons. (Please refer to “Conflicts of Interest Relating to Personal Trading” under “Other Actual or Potential Conflicts of Interest” under “Performance-Based Fees and Side by Side Management” in this brochure for a discussion of conflicts of interest and how they are addressed.)

ITEM 12. BROKERAGE PRACTICES

This section of our brochure discusses how Federated Investors (UK) selects broker-dealers and intermediaries (collectively, brokers/dealers) for client transactions and determines the reasonableness of broker-dealer compensation.

A. Selection Criteria for Brokers/Dealers

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

- Trader’s evaluation of each broker-dealer, in total, and in each asset and market group;
- Price;
- Order size;
- Type of security;
- Market conditions;
- Cost and difficulty of execution;
- Likelihood of execution;
- Capital commitment;
- Knowledge of the market;
- Past experience;
- Ability to execute desired volume;
- Ability to act with minimum market impact;
- Ability to execute difficult transactions in unique or complex securities;
- Operational coordination and automation;

- Confidentiality;
- Error correction capability;
- Familiarity with the security, market conditions, trader, and similar factors;
- Reliability;
- Financial strength and record;
- IPO allocation; and
- Deal support or marketing.

Fixed-income securities purchased and sold on behalf of clients are generally traded in an over-the-counter market on a net basis (*i.e.*, without commission) through dealers acting as principal or in transactions directly with the issuer. Dealers derive an undisclosed amount of compensation by offering securities at a higher price than they bid for them. Some fixed income securities may have only one primary market maker. Federated Investors (UK) seeks to use dealers we believe to be actively and effectively trading the security being purchased or sold, but may not always obtain the lowest purchase price or highest sale price with respect to a security.

Equity securities may be traded by a Federated Advisory Company through broker-dealers in the over-the-counter market through dealers acting as principal or agent, or in transactions directly with other investors. Transactions may also be executed on a securities exchange or through an alternative trading venue. Best execution of clients' trades is sought by balancing the costs inherent in trading, including opportunity costs, market impact costs and commissions. As a general matter, value is sought to be added to investment management by using market information to capitalize on market opportunities, actively seek liquidity and discover price. Trading results are continually monitored by the applicable Federated Advisory Company in order to improve execution.

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

1. Research and Other Soft Dollar Benefits

The Federated Advisory Companies generally do not generate soft dollars in connection with fixed income investment transactions. Accordingly, the soft dollar practices described in this section primarily relate to the use of soft dollars in connection with equity investment transactions by any Federated Advisory Company that provides advice, and effects transactions, relating to equity investments. Similar practices would be followed consistent with applicable law to the extent that soft dollars would be utilized in connection with fixed income investments. For example, soft dollars could be utilized to purchase research services that can be used in managing both equity and fixed income investments.

The Federated Advisory Companies may execute portfolio transactions with broker-dealers from or through which Research and Brokerage Services are received. This means that the Federated Advisory Companies receive research and other products or services other than execution from brokers/dealers or third parties in connection with client securities transactions. The Research and Brokerage Services received are known as "soft dollar benefits." Such Research and Brokerage Services may be furnished directly to the client, to a Federated Advisory Company or to related persons, and has included (and may include), for example:

- Analytical Software;
- Connectivity Service with Broker;
- Connectivity Service with Custodian;
- Connectivity Service with Trading System ;
- Consultation regarding Investment or Trading Strategy;

- Economic Data;
- External or Telephonic Seminar or Conference;
- Financial Data;
- Financial Newsletter;
- Governance Research or Ratings;
- In-office Presentation;
- Market Data;
- Meetings with Company Management;
- Order Management Software;
- Research Report on Security, Industry or Market Trade Analysis;
- Trade Magazine or Technical Journal; and
- Other advice, analysis or data reflecting the expression of reasoning or knowledge.

Where Research and Brokerage Services are not used exclusively for purposes of making investment decisions, based upon an allocation of expected use, a Federated Advisory Company bears that portion of the cost of Research and Brokerage Services that is not related to making investment decisions. The Soft Dollar Committee is responsible for periodically reviewing and approving the allocation of the cost of such Research and Brokerage Services.

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

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

When allocating soft dollar benefits to client accounts or investment products, while we do not seek to allocate soft dollar benefits to client accounts strictly proportionally to the soft dollar credits the accounts generate, our procedures strive to allocate them in a relatively equitable manner. The Group Head of Equity Trading and the CIO of Equities establish a commission budget for the year identifying a breakdown in commission types (for example, discount, proprietary research, etc.). Equity investment personnel vote on the research services to which they would like to subscribe. That output further defines the underlying breakdown of the applicable commission types. The Group Head of Equity Trading regularly monitors the “commission type” breakdown of all trades executed by each individual trader. Under the directive of “best execution,” the Group Head of Equity Trading will work to have traders conform to the commission budget as best as possible. This seeks to ensure that the underlying accounts that are generating commissions, of which the traders transact for, are also consuming those services in a relatively equitable manner. When selecting brokers/dealers to execute transactions for client accounts or investment products in return for soft dollar benefits, each trader selects the brokers/dealers that the trader reasonably believes will provide the best execution for each trade. Both the soft dollar budget and brokerage allocations are reviewed with the Equity Brokerage Practices Committee quarterly.

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

The receipt and use of Research and Brokerage Services creates various conflicts of interest for Federated Investors (UK) and our related persons. For example, there is an incentive to select or recommend brokers/dealers based on the Federated Advisory Companies' interest in receiving research or other products or services, rather than on clients' interests in receiving most favorable execution. (Please refer to "Conflicts of Interest Relating to Receipt of Compensation or Benefits, Other Than Advisory Fees" under "Other Actual or Potential Conflicts of Interest" under "Performance-Based Fees and Side by Side Management" in this brochure for a further discussion of these conflicts of interest and how they are addressed.)

2. Brokerage for Client Referrals

Federated Investors (UK), or our related persons (e.g., the other Federated Advisory Companies), do not consider, in selecting or recommending brokers/dealers, whether we or our related persons receive client referrals from brokers/dealers or any third-party. This practice would create a conflict of interest in that we, and our related persons, would have an incentive to select or recommend a broker-dealer based on our, or our related persons', interest in receiving client referrals, rather than on our clients' interests in receiving most favorable execution. (Please refer to "Selection Criteria for Brokers/Dealers" generally, and "Research and Other Soft Dollar Benefits" under "Selection Criteria for Brokers/Dealers," under "Brokerage Practices" in this brochure for a discussion of how brokers/dealers are selected to execute client securities transactions.)

3. Directed Brokerage

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

Federated Investors (UK) also currently does not permit clients to direct brokerage. If requested or required by a client, we are, however, willing to permit clients to direct brokerage and, therefore, may do so in the future. Other Federated Advisory Companies permit clients to direct brokerage, and their practices surrounding permitting clients to direct brokerage are discussed below. If we permit a client to direct brokerage, our practices would be similar to those of the other Federated Advisory Company.

When a client directs brokerage, the Federated Advisory Companies may be unable to achieve most favorable execution of client transactions. Directing brokerage also may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because the Federated Advisory Companies may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices. The willingness of the Federated Advisory Companies to accept such direction may encourage a broker-dealer to refer business to them or their related persons and may result in other conflicts of interest. Clients subject to ERISA also must determine that any such direction is for the exclusive purpose of providing benefits to participants and beneficiaries of the plan and will not constitute or cause the plan to engage in a "prohibited transaction" as defined by ERISA.

The Federated Advisory Companies have adopted a written policy on directed brokerage arrangements, whereby the Federated Advisory Companies may direct clients' portfolio transactions to brokers/dealers that agree to pay custodial, transfer agent or other expenses that would otherwise be paid by clients. In such circumstances, each client's commissions are used to offset that client's expenses only and are not used for the benefit of any other client. For example, the Federated Advisory Companies may allocate brokerage transactions to a broker-dealer affiliate of a client's custodian, and a portion of commissions paid may be credited toward the payment of the client's custodian expenses. The Federated Advisory Companies may allocate transactions in this manner as long as execution quality is comparable to that of other qualified brokers/dealers. Additionally, the Federated Advisory Companies will comply with their Allocation Policies when performing such allocations. (Please refer to "Trade Aggregation or Allocation Policy" under "Brokerage Practices" in this brochure for further information on our Allocation Policies.)

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

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

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

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

The inability to purchase such securities may reduce the overall portfolio return. Overall, client directed brokerage may prevent the Federated Advisory Companies from seeking best execution and may cost clients more money.

B. Trade Aggregation or Allocation Policy

Federated Investors (UK) has adopted written policies (Allocation Policies) for the allocation of securities transactions among our clients. The Allocation Policies are premised on Federated Investors (UK)'s general practice of aggregating the transactions executed on behalf of our clients and clients of our related persons. We may, but are not obligated to, aggregate transactions. The type of client account or investment product (*e.g.*, Pooled Investment Vehicles versus Private Investment Companies versus direct Separate Accounts), client instructions (*e.g.*, Pooled Investment Vehicles versus directed brokerage/trading), the investment strategies applicable to client accounts or investment products, system capabilities and constraints, and other factors, including the time of order (*e.g.*, time zone differences), may result in transactions for certain client accounts not being aggregated. If a client transaction is not aggregated, the client may pay higher brokerage commissions, may receive a less favorable price, or incur other costs which also may affect the performance of the client's account. (Please refer to "Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices" under "Other Conflicts of Interest Relating to Side by Side Management" under "Performance- Based Fees and Side by Side Management" in this brochure for an additional discussion of the factors that may result in trades not being aggregated.)

To the extent that Federated Investors (UK) aggregates such transactions, the Allocation Policies state that Federated Investors (UK) and our related persons must do so in a manner:

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

The Allocation Policies expressly prohibit consideration of compensation or other benefits received by Federated Investors (UK) or our related persons in allocating transactions among clients.

The Allocation Policies set forth procedures for allocating primary and secondary market transactions among clients. The Allocation Policies also provide investment management personnel with guidelines for allocating securities among portfolios with common investment objectives. In some cases, the Allocation Policies may adversely affect the price paid

or received by a client or amount of securities purchased or sold by a client. However, we believe that coordination and the ability to participate in volume transactions generally benefits clients.

Federated Investors (UK) periodically reviews the aggregate allocation of our clients' transactions among broker-dealers and the aggregate amount of commissions paid. Upon request, we will provide a client with aggregate allocation information relating to such client's transactions. Compliance personnel review the Allocation Policies annually with senior trading and investment management personnel. We will furnish a copy of the Allocation Policies upon request.

C. Other Considerations Regarding Other Investment Advisory Services

From time to time, various potential and actual conflicts of interest arise from the investment and brokerage activities of Federated Investors (UK) and our related persons (*e.g.*, the other Federated Advisory Companies). We, and the other Federated Advisory Companies, have established policies and procedures that we believe are reasonably designed to address conflicts of interest. (Please refer to "Brokerage Practices," as well as "Performance-Based Fees and Side by Side Management" (including "Certain Other Conflicts of Interest Relating to Certain Investment and Brokerage Practices" under "Other Conflicts of Interest Relating to Side by Side Management") in this brochure for a discussion of these conflicts of interest.)

D. Confidential and Privileged Information

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

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

ITEM 13. REVIEW OF ACCOUNTS

A. Account Reviews

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

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

B. Reports to Clients

The reports described below are typically written, but may be delivered electronically as requested by our clients (including their Board of Directors/Trustees or other governing body), or, as applicable, primary advisers (or Other Advisors) to sub-advised Private Investment Companies or Pooled Investment Vehicles. Reports to shareholders of Private Investment Companies or Pooled Investment Vehicles (including non-U.S. investment companies) also are typically written, but may be delivered electronically as authorized by shareholders and applicable law.

We may provide the Board of Directors/Trustees of a Private Investment Company that may be managed by Federated Investors (UK) with quarterly fund performance, sales, securities holdings, securities transaction, affiliate transaction, investment exposure, currency and other reports covering significant/material information as required by the Board of Directors/Trustees. We also may provide similar reporting to the Board of Directors/Trustees (or other governing bodies) of any Pooled Investment Vehicle that is a non-U.S. investment company. Federated Investors (UK)'s reporting requirements typically are described in our investment management or other agreement pursuant to which we provide our services or in board materials prepared for quarterly Board of Director/Trustees meetings.

Shareholders of a Private Investment Company receive an updated prospectus, private placement memorandum, offering circular or similar offering document, and semi-annual and annual reports of the Private Investment Company, as required under the Investment Company Act and other applicable law. Shareholders of Pooled Investment Vehicles that are non-U.S. investment companies receive annual and semi-annual reports.

Federated Investors (UK) may provide other reports to Pooled Investment Vehicle clients as reasonably requested by the client, or its governing body, or as required in the organic documents for such client.

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

Any Separate Account clients may receive from Federated Investors (UK) monthly or quarterly performance, current holdings, transaction activity and/or other reports as reasonably requested by the clients. Federated Investors (UK)'s reporting obligations typically are set forth in our investment management or other agreement with our clients. Separate Account clients also may receive account statements and other reports from the custodians for their accounts.

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

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

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

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

Affiliates of Federated Investors (UK) (*e.g.*, certain 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, we and our affiliates receive fees for services provided to sub-advisory clients from the primary advisers (*i.e.*, Other Advisors) for those clients.

As discussed under "Sales Compensation" under "Fees and Compensation" in this brochure, sales employees-representatives of Federated Investors (UK) may receive compensation for services relating to the sale of shares of the Federated Cash Management Funds or other products managed or sponsored by the Federated Advisory Companies or their affiliates. Certain other Federated Advisory Companies have entered into a written agreement with our affiliate, Federated Securities Corp., a registered broker-dealer, municipal securities dealer, and investment adviser. Under this arrangement, employee-representatives of Federated Securities Corp. also serve as sales people for the investment services and products sponsored by Federated and investment advisory services offered by such Federated Advisory

Companies. Federated Securities Corp., and its employee-representatives, act in the capacity of solicitors for such Federated Advisory Companies. In certain cases, Federated Securities Corp., and its employee-representatives, also provide advice on behalf of such Federated Advisory Companies to the institutional, high-net worth, separately managed account/wrap-fee account and other clients of such Federated Advisory Companies. Federated Securities Corp. receives compensation from such Federated Advisory Companies (in the form of an intercompany credit) for performing these activities on their behalf. Federated Securities Corp.'s employee-representatives also may receive compensation from Federated Securities Corp. for performing such solicitation and other functions. In connection with these services, under applicable guidance issued by the SEC, Federated Securities Corp.'s relevant regulatory history is required to be disclosed to clients and potential clients. (Please refer to "Disciplinary Information" in this brochure for information on Federated Securities Corp.'s regulatory history.)

Employees and supervised persons of Federated Investors (UK) 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. Our employee-representatives are salaried employees of Federated Investors (UK) and receive no commission, fees or other remuneration in connection with individual securities transactions. Investment professionals may receive a fixed-base salary and a variable annual incentive or bonus. Base salary is determined within a market competitive, position-specific salary range, based on the portfolio manager's experience and performance. The annual incentive amount or bonus is determined based primarily on the performance of the accounts/investment products managed by the investment professional and, to a lesser extent, Federated Investors' overall financial results. In the case of one seconded investment professional/employee, such annual incentive amount or bonus may be paid entirely in cash, or in a combination of cash and restricted stock of Federated Investors. Such employees and supervised persons also may receive certain entertainment and gifts from third parties to the extent permitted under Federated Investors (UK)'s, and the other Federated Advisory Companies', Code of Ethics. (Please refer to "Our Code of Ethics" under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" in this brochure for further information on Federated Investors (UK)'s Code of Ethics.)

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

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

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

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

Federated Investors (UK) and our affiliates (*e.g.* certain other Federated Advisory Companies) may enter into various arrangements pursuant to which employees, or affiliated and unaffiliated third parties, may be compensated, directly or

indirectly, for referring clients to Federated Investors (UK) or our affiliates (Please refer to “Arrangements Involving Receipt of Economic Benefits from Non-Clients” under “Client Referrals and Other Compensation,” and “Sales Compensation” under “Fees and Compensation,” in this brochure, for further information.) Such compensation will not result in a charge to investment advisory clients, or in any differential in the level of advisory fees customarily charged, unless specifically disclosed to clients.

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

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

ITEM 15. CUSTODY

Federated Investors (UK) does not have custody of client assets. With respect to our business to which the Advisers Act applies, neither Federated Investors (UK), nor any related person, hold, directly or indirectly, funds or securities of Federated Investors (UK)’s clients or have any authority to obtain possession of them in connection with the advisory services that Federated Investors (UK) provides to our clients.

With respect to our business to which the Advisers Act applies, we generally do not open accounts for our clients with qualified custodians. Clients generally are responsible for opening their own accounts directly with a qualified custodian. Qualified custodians include banks, savings associations, registered broker-dealers, registered futures commission merchants, and foreign financial institutions that customarily hold financial assets for their customers on a segregated basis. For Private Investment Company shares and interests in Pooled Investment Vehicles, the Private Investment Company’s or Pooled Investment Vehicles’ transfer agent is considered the qualified custodian. The assets of any Private Investment Company and Pooled Investment Vehicle clients generally are maintained with banking institutions, which are qualified custodians.

With respect to our business to which the Advisers Act applies, clients will receive account statements from the qualified custodian for their accounts and clients should carefully review those statements. We generally do not provide separate account statements to our clients.

Related persons of Federated Investors (UK) (*e.g.*, certain other Federated Advisory Companies) are sometimes asked by clients for suggestions of entities to act as custodians for accounts and, in response, recommend commercial banks or broker-dealers that act in that capacity. When asked for a recommendation concerning a custodian, consideration will be given to a number of factors such as the ability to execute trades, the custodian’s experience in acting as custodian for the type(s) of assets owned by the client, the overall cost of the custodian’s services, the custodian’s willingness to allow trading through other brokers or dealers, the custodian’s willingness to perform the recordkeeping necessary to allow clients to pool their transactions in order to obtain the best price and execution, the custodian’s geographic proximity to the client which may enhance the client’s ability to deal with the custodian, the willingness and ability of the custodian to assist the client in transferring assets and distributions and overall service.

ITEM 16. INVESTMENT DISCRETION

As discussed under “Our Services” under “Advisory Business” in this brochure, Federated Investors (UK) accepts discretionary authority on behalf of clients to manage their accounts. When we accept discretionary authority, we typically obtain this authority at the outset of an advisory relationship. This authority permits us to select the identity and amount of securities to be bought and sold for a client’s account without prior consultation with the client. The types and amounts of securities traded by Federated Investors (UK) or our related persons on behalf of any client’s portfolio

are limited by the written investment objectives, policies, guidelines and restrictions/limitations that may be provided by the client or which are adopted by such client's board of trustees/directors or other governing body (the Board). Ordinarily, the Board does not adopt express limitations on which broker-dealers may be used or what commissions are paid.

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

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

- Not to invest in certain securities or types of securities or other investments (such as privately issued securities or Rule 144A securities, or all or certain derivatives);
- Not to engage in certain investment-related techniques or practices, such as soft dollars, securities lending or shorting of securities;
- Not to invest in securities issued by companies in certain specific industries identified by a client (such as, for example, tobacco companies), including any industries that the client does not consider to be socially responsible;
- Not to invest in investments that will result in a tax-exempt client receiving unrelated business taxable income;
- Not to invest in securities issued by companies that a client, or applicable law, consider to be supporting certain terrorist or embargoed nations;
- Not to invest in securities issued by companies affiliated with the client; and
- Not to invest in securities of Federated Investors, Inc. or its affiliates.

While Federated Investors (UK) currently does not permit clients to direct brokerage, we also are willing to permit clients to direct brokerage and, therefore, may do so in the future if requested or required by a client. (Please refer to "Directed Brokerage" under "Selection Criteria for Brokers/Dealers" under "Brokerage Practices" in this brochure for further information.)

Our discretionary authority also may be limited by applicable securities, tax, and other laws. For example, for Private Investment Companies and Pooled Investment Vehicles, our discretionary authority may be limited by certain federal securities laws or tax laws (or similar foreign laws) that require diversification of investments or, to obtain a more favorable tax treatment, favor the holding of investments once made.

As discussed under "Requirements for Accounts" under "Types of Clients" in this brochure, Federated Investors (UK) generally requires clients to enter into an investment management or other agreement with us. Our agreements contain grants of authority from our clients that allow us to manage and/or provide services with respect to client assets and, in certain cases, we may request clients to execute and deliver a separate, stand-alone power of attorney. We also may request clients to provide proof of authority, directed trading letters, qualified purchaser or accredited investor letters/certifications, or other information to allow us to manage client assets. (Please refer to "Requirements for Accounts" under "Types of Clients" in this brochure for further information.)

Investment objectives, policies, guidelines, and restrictions/limitations generally are required to be in writing. The scope of our investment discretion is generally described in our investment management or other agreements with our clients and/or in the disclosure documents (*e.g.*, the prospectus and statement of additional information or similar offering documents) for the Private Investment Companies and Pooled Investment Vehicles that we may manage. With respect to our business to which the Advisers Act applies, our investment discretion does not include the ability to withdraw client securities or other assets for our own benefit.

ITEM 17. VOTING CLIENT SECURITIES

A. Accepting Voting Authority

Federated Investors (UK) currently does not vote securities for client accounts. We are, however, willing to accept the authority to vote securities held in client accounts and, therefore, we may do so in the future if requested or required by a client. Other Federated Advisory Companies accept authority to vote securities held in client accounts and their policies and practices surrounding voting are discussed below. This authority generally will include the authority to vote proxies and corporate actions, as well as the authority to vote or file class action, bankruptcy or other litigation claims or related matters. The scope of the Federated Advisory Companies' authority to vote securities held in client accounts typically is set forth in the investment management or other agreements the Federated Advisory Companies have with clients. If we accept the authority to vote securities held in client accounts, our policies and practices would be similar to those of the other Federated Advisory Companies.

B. Proxy Voting Policies and Procedures

Although Federated Investors (UK) currently does not vote securities for client accounts, since it is willing to do so in the future, consistent with SEC Rule 206(4)-6 under the Advisers Act, Federated Investors (UK) has adopted proxy voting policies and procedures. The other Federated Advisory Companies have adopted similar policies and procedures.

1. Proxy Voting Policies

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

The following examples illustrate how this general policy may apply to proposals submitted by a company's board of directors. However, whether a Federated Advisory Company 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 the Federated Advisory Companies will vote proxies:

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

- has not attended at least 75% of the board meetings during the previous year;
- 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 committee when the roles of chairman of the board and CEO are combined and there is no lead independent director; or
- served on the compensation committee during a period in which compensation appears excessive relative to performance and peers.

In favor of proposals to:

- Require a company's audit committee to be comprised entirely of independent directors;
- Declassify the board of directors;
- Require a majority voting standard in the election of directors;
- Eliminate supermajority requirements in company bylaws;
- Grant shareholders the right to call a special meeting if owners of at least 25% of the outstanding stock agree;
- Require independent tabulation of proxies and/or confidential voting by shareholders;
- Ratify the board's selection of auditors (unless compensation for non-audit services exceeded 50% of the total compensation received from the company, or the previous auditor was dismissed because of a disagreement with the company); and

- Repeal a shareholder rights plan (also known as a poison pill).

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

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

- Reduce the amount of shares authorized for issuance;
- Authorize a stock repurchase program; and
- Grant preemptive rights to the securities being voted.

The Federated Advisory Companies generally will vote against proposals to eliminate such preemptive rights.

On matters relating to management compensation, generally the Federated Advisory Companies will vote:

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

On matters relating to corporate transactions, the Federated Advisory Companies will vote proxies relating to proposed mergers, capital reorganizations, and similar transactions in accordance with the general policy, based upon an analysis of the proposed transaction. The Federated Advisory Companies will vote proxies in contested elections of directors based upon our analysis of the opposing slates and their respective proposed business strategies. When the company's board, or another party involved in a proposed transaction or change in the board, submits proposals for the purpose of facilitating or impeding such transaction or change, the Federated Advisory Companies will cast proxies based on their evaluation of the proposed transaction or change to the board. In these circumstances, the Federated Advisory Companies may vote in a manner contrary to the general practice for similar proposals made outside the context of such a proposed transaction or change in the board. For example, if the Federated Advisory Companies decide to vote against a proposed transaction, the Federated Advisory Companies may vote for anti-takeover measures reasonably designed to prevent the transaction.

The Federated Advisory Companies generally vote against proposals submitted by shareholders without the favorable recommendation of a company's board. The Federated Advisory Companies believe that a company's board should manage its business and policies, and that shareholders who seek specific changes should strive to convince the board of their merits or seek direct representation on the board. The Federated Advisory Companies generally will limit exceptions to this practice to shareholder proposals that are regarded as likely to result in an immediate and favorable improvement in the price of the voted security and unlikely to be adopted by the company's board in the absence of shareholder direction. Examples of proposals that meet this criteria were listed above in the Corporate Governance section.

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

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

If a Federated Advisory Company has engaged a sub-adviser to manage a client portfolio, the personnel of the Federated Advisory Company generally does not perform proprietary research on securities held in that client's portfolio. With respect to such securities, if a Federated Advisory Company manages another client's portfolio and investment personnel provide proprietary research with respect to such securities held in the other client's portfolio, the Federated Advisory Companies will vote proxies on such securities in accordance with our applicable general guidelines and in the same manner as the proxies are voted with respect to such securities in the other client's portfolio. If the Federated Advisory Companies' investment personnel do not provide proprietary research with respect to such securities in either the client's or another client's portfolio, and there is not an applicable voting instruction from the client, the Federated Advisory Companies will vote as recommended by Glass Lewis & Company LLC (Glass Lewis) and, if none of the previous conditions apply, the Federated Advisory Companies will vote as recommended by the subject company's board of directors.

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

2. Proxy Voting Procedures

The Federated Advisory Companies have established a Proxy Voting Committee (Proxy Committee) to exercise all voting discretion granted to the Federated Advisory Companies in accordance with the proxy voting policies. The Federated Advisory Companies have hired Glass Lewis to obtain, vote, and record proxies in accordance with the Proxy Committee's directions. The Proxy Committee has supplied Glass Lewis with general instructions that represent decisions made by the Proxy Committee in order to vote common proxy proposals. As the Proxy Committee believes that a shareholder vote is equivalent to an investment decision, the Proxy Committee retains the right to modify these instructions at any time or to vote contrary to these instructions at any time in order to cast proxy votes in a manner that the Proxy Committee believes is in the best interests of the Federated Advisory Companies' clients (including shareholders of the funds advised by the Federated Advisory Companies and will enhance the long-term value of the securities being voted. However, if the instructions require case-by-case direction for a proposal, Glass Lewis shall provide the Proxy Committee with all information that it has obtained regarding the proposal and the Proxy Committee will provide specific direction to Glass Lewis.

3. Conflicts of Interest

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

C. Directing a Particular Vote

As discussed above, Federated Investors (UK) currently does not vote securities for client accounts. We are, however, willing to accept the authority to vote securities held in client accounts and, therefore, we may do so in the future if requested or required by a client. Other Federated Advisory Companies accept authority to vote securities held in client accounts and their policies and practices surrounding directing a particular vote are discussed below. If we accept the authority to vote securities held in client accounts, our policies and practices would be similar to those of the other Federated Advisory Companies.

To the extent that a Federated Advisory Company has accepted authority to vote securities in a client's account, a client generally can direct how the Federated Advisory Company votes with respect to a particular solicitation. A client wishing to do so should submit a written instruction to the Federated Advisory Company at the address specified for notices in the client's investment management or other agreement. The Federated Advisory Companies will endeavor to vote in accordance with any such written instructions that are timely communicated to them and received by them reasonably in advance of the time that the Federated Advisory Companies, or their proxy voting service, votes with respect to a particular solicitation.

D. How to Obtain Information About How a Security Held in the Client's Account was Voted or a Copy of Proxy Voting Policies and Procedures

As discussed above, Federated Investors (UK) currently does not vote securities for client accounts. We are, however, willing to accept the authority to vote securities held in client accounts and, therefore, we may do so in the future if requested or required by a client. Other Federated Advisory Companies accept authority to vote securities held in client accounts and their policies and practices surrounding how to obtain information about votes and copies of their proxy voting policies and procedures are discussed below. If we accept the authority to vote securities held in client accounts, our policies and practices would be similar to those of the other Federated Advisory Companies.

A report on "Form N-PX" of how a Federated Advisory Company voted any proxies during the most recent 12-month period ended June 30 for securities held in the portfolio of investment companies registered under the Investment Company Act of 1940 is available through Federated's website. Go to FederatedInvestors.com; from the home page, select "All" under "Asset Classes"; select the fund to go to the next page; on the next page, select the "Literature and Prospectus" tab; at the bottom of that page, select "Proxy Voting Record Report (Form N-PX)." For certain private investment companies, Form N-PX may not be available on Federated's website. Form N-PX filings are also available at the SEC's website at www.sec.gov.

A client may obtain a copy of Federated Investors (UK) 's Proxy Voting Policies and Procedures consistent with SEC Rule 206(4)-6 under the Advisers Act upon request. A client may request a copy of our Proxy Voting Policies and Procedures, and/or a client also may obtain information about how a security held in the client's account was voted (if we have accepted authority to vote securities), by sending us a written request at the following address:

Federated Investors (UK) LLP
Liberty House
222 Regent Street
London, United Kingdom W1B 5TR

With a copy to:
Investment Administration-Proxy Services
125 High Street
Oliver Street Tower, 21st Floor
Boston, Massachusetts 02110

E. What Happens When Federated Investors (UK) Does Not Have Authority to Vote Client Securities

To the extent that we do not have the authority to vote client securities, a client generally will receive proxies or other solicitations from their custodian, transfer agent or other intermediary to the extent that:

- Federated Investors (UK) does not have the authority to vote securities held in the client's account under our investment management or other agreement with our client; or
- The client has revoked our authority to vote securities held in the client's account.

Any revocation of any authority granted to us to vote securities held in a client's account generally must be in writing and sent to us at the address specified for notices in the client's investment management or other agreement with us.

If we inadvertently receive a proxy or other solicitation, we will endeavor to return it promptly to the custodian, transfer agent or other intermediary (e.g., a proxy aggregator) for the client's account, although there is no guarantee that it would be returned either by us or the intermediary prior to the voting deadline for the solicitation.

To the extent that we do not have the authority to vote securities held in a client's account, the client can still ask questions of Federated Investors (UK) regarding the particular solicitation by sending us the question in writing at the address specified under "How to Obtain Information About How a Security Held in the Client's Account was Voted or a Copy of Proxy Voting Policies and Procedures" under "Voting Client Securities" in this brochure. We will endeavor to respond to questions in a timely manner, but there is no guarantee that a response will be received by the client prior to the voting deadline for the solicitation.

ITEM 18. FINANCIAL INFORMATION

Federated Investors (UK) is not including 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 to our clients. We also have not been subject to a bankruptcy petition at any time during the past ten years.

PRIVACY POLICY

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

Personal Information Federated Collects

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

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

Information Sharing Policy

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

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

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

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

Information Security

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

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

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

Employee Access to Information

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

Visiting A Federated Website

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

Restricted Access Website

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

E-Mail

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

Surveys / Aggregate Data

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

Changes to Our Privacy Statement

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

We Welcome Your Comments

Federated welcomes your questions and comments about our Privacy Policy. You can email us at Services@FederatedInvestors.com or call us at 1-800-341-7400.

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

This policy is effective December 1, 2013.