Federated®

FEDERATED INTERNATIONAL FUNDS PLC
Prospectus

An investment company with variable capital (an umbrella fund with segregated liability between sub-funds)

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23 December 2019

Federated High Income Advantage Fund

Federated U.S. Total Return Bond Fund*

Federated Short-Term U.S. Government Securities Fund

Federated Short-Term U.S. Prime Fund

Federated Short-Term U.S. Treasury Securities Fund†

Federated Strategic Value Equity Fund‡

Federated MDT All Cap U.S. Stock Fund§

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THIS DOCUMENT IS IMPORTANT

This document constitutes the Prospectus for Federated International Funds plc (the "Company") together with any Supplemental Prospectus. Any investor or prospective investor in the Company should check that this Prospectus is the most current version. This Prospectus should be read in its entirety before making an application for Shares. Certain terms used in this Prospectus are defined on pages 72 through 75.

The Directors of the Company whose names and background information appear in this Prospectus accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Company is an umbrella investment company with segregated liability between sub-funds comprising a number of sub-funds (each a "Fund" and collectively "the Funds") as described below under *"How is the Company Organised?"*. As used herein:

- "Fixed Income Funds" refers to the following Funds: the Federated High Income Advantage Fund and Federated U.S. Total Return Bond Fund*;
- "Equity Funds" refers to the following Funds: the Federated Strategic Value Equity Fund† and Federated MDT All Cap U.S. Stock Fund‡; and
- "Short-Term Money Market Funds" refers to the following Funds: the Federated Short-Term U.S. Government Securities Fund, the Federated Short-Term U.S. Treasury Securities Fund§ and the Federated Short-Term U.S. Prime Fund. The Federated Short-Term U.S. Government Securities Fund and the Federated Short-Term U.S. Treasury Securities Fund are public debt CNAV MMFs and the Federated Short-Term U.S. Prime Fund is a LVNAV MMF.

Since you may be charged a redemption fee upon redeeming Shares of the Equity Funds, an investment in these Funds should be regarded as a medium-to-long-term investment.

The value of the Shares and income from them may go down as well as up, and you may not get back the amount originally invested. It is possible to lose money by investing in the Funds.

The Short-Term Money Market Funds do not rely on external support to guarantee their liquidity or to stabilise their Net Asset Value per Share. An investment in the Short-Term Money Market Funds is not a guaranteed investment. There is a risk that Shareholders might not recover their initial investment. The value of an investment in the Short-Term Money Market Funds, in contrast to a deposit, may fluctuate. The Short-Term Money Market Funds are each assigned an external credit rating and such rating has been solicited or financed by the relevant Short-Term Money Market Fund or the Manager.

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An investment in the Funds should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Details of the investment objective and investment policy of each Fund are set out under "Investment Information", and a description of the risks involved is set out under "*What are the Specific Risks of Investing in the Funds?*".

Federated MDT All Cap U.S. Stock Fund is advised by Federated MDTA LLC ("MDT Advisers"). All of the other Funds are advised by Federated Investment Counseling ("FIC"). Collectively, FIC and MDT Advisers are known as the "Advisers".

The Fixed Income Funds and Equity Funds are permitted to invest in financial derivative instruments ("FDIs") for investment purposes, as well as to use FDI for the purposes of efficient portfolio management. A risk management process has been submitted to the Central Bank in accordance with the UCITS Rules. The risk management process enables the Adviser to accurately measure, monitor and manage the various risk associated with FDIs.

The Advisers act as investment advisers to a number of investment companies that are organised in the U.S. (the "U.S. Funds") and registered with the U.S. Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended (the "1940 Act"). Like the Short-Term Money Market Funds (except Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series), those of the U.S. Funds which are structured as money market funds seek to maintain a stable Net Asset Value (see "Determination of Net Asset Value"). In acting on behalf of such U.S. Funds, the Advisers act in accordance with the SEC's Rule 2a-7 under the 1940 Act, which sets forth various requirements relating to matters such as the quality and maturity of portfolio investments. Many of the requirements imposed by Rule 2a-7 are similar to those set forth in the MMF Regulation. The Short-Term Money Market Funds will be managed in accordance with the MMF Regulation, in addition to the UCITS Regulations and the requirements of the Central Bank.

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

Shares are not registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or the 1940 Act, and may not be directly or indirectly offered or sold in the U.S. or to or for the benefit of a U.S. Person, except in a transaction that is exempt from the application of U.S. federal and U.S. state securities laws. Investors applying to purchase Shares will be required to certify to the Company whether they are U.S. Persons, or are acquiring Shares on behalf of, or for the benefit of, a U.S. Person, and whether they are Irish Residents.

Shares are offered only on the basis of the information contained in the current Prospectus, key investor information documents, any country-specific supplements, and, as appropriate, the latest audited annual report and any subsequent semi-annual report. Such reports will form part of this Prospectus. Investors should note that the auditor's report on the Company's annual accounts is made only to Shareholders as a group at the date of the annual report, and the auditors do not accept liability to any other party for their report.

Any information or representation about the Shares given or made by any Financial Intermediary that is not contained in this Prospectus should be disregarded and accordingly should not be relied upon.

Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes.

The distribution of this Prospectus in some jurisdictions may require the translation of this Prospectus into the languages specified by the regulatory authorities of those jurisdictions. In case of inconsistency between the translated and the English version of this Prospectus, the English version shall prevail.

This document contains important information about the Company and the Funds and should be read carefully before investing. **If you have any questions about the contents of this Prospectus or are in any doubt about the suitability of investing in Shares, you should consult your financial intermediary, stockbroker, bank manager, legal adviser, accountant or other financial adviser.** We do not provide, and this Prospectus does not contain, investment advice. Potential investors are encouraged to seek appropriate advice prior to investing in Shares.

HOW IS THE COMPANY ORGANISED?

The Company is an open-ended umbrella investment company with variable capital and with segregated liability between sub-funds, and is organised under the laws of Ireland as a public limited company pursuant to the Companies Act and the UCITS Regulations. It was incorporated on 31 December 1990 under Registration Number 168193.

The Company is a UCITS within the meaning of the UCITS Regulations and has been approved by the Central Bank in accordance with the UCITS Regulations. The authorisation of this scheme by the Central Bank shall not constitute a warranty as to the performance of the scheme and the Central Bank shall not be liable for the performance or default of the scheme. Authorisation of the UCITS is not an endorsement or guarantee of the scheme by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus.

The Company is organised in the form of an umbrella fund. Its objective, as set out in Clause 3 of the Company's Memorandum of Association, is the collective investment in transferable securities and/or other liquid financial assets (referred to in Regulation 45 of the UCITS Regulations) of capital raised from the public and which operates on the basis of risk spreading. Details of the investment objective and investment policy of each Fund are set out below under *"Investment Information"*.

The Articles of Association provide that the Company may offer separate classes of Shares representing interests in defined portfolios of securities. With the prior approval of the Central Bank, the Directors from time to time may create additional sub-funds in the Company.

The Articles of Association also provide that Shares in respect of any one sub-fund may be offered in any one or more Series. The Directors from time to time may create one or more Series by issuing classes of Shares, including hedged and unhedged currency classes, on such terms as the Directors may resolve in accordance with the requirements of the Central Bank. Classes may be established within a sub-fund which may be subject to higher/lower/no fees where applicable.

This Prospectus relates to all Series of the Company; however, each Series will be the subject of an individual key investor information document.

The manager of the Company (the "Manager") is Federated International Management Limited, which was incorporated in Ireland as a private limited liability company on 29 November 1990, under Registration Number 166961.

The Funds and Series established as of the date of this Prospectus are set forth below.

Federated High Income Advantage Fund
Class A Shares – USD ACC
Class A Shares – EUR ACC
Class I Shares – EUR DIS
Class I Shares – USD DIS
Class I Shares – GBP DIS
Class A Shares – EUR DIS

Federated U.S. Total Return Bond Fund[*]
Class I Shares – EUR DIS
Class I Shares – USD DIS
Class I Shares – GBP DIS
Class A Shares – EUR DIS

Federated Short-Term U.S. Government Securities Fund
Institutional Services–Dividend Series
Institutional Series
Investment – Dividend Series
Investment – Growth Series

Federated Short-Term U.S. Prime Fund
Institutional Service Series
Institutional Series
Investment – Dividend Series
Institutional Services – Dividend Series

Federated Short-Term U.S. Treasury Securities Fund[†]
Institutional Series
Institutional Service Series

Federated Strategic Value Equity Fund[‡]
Class A Shares – USD DIS
Class I Shares – USD DIS

Federated MDT All Cap U.S. Stock Fund[§]
Class A (dis) Shares – USD

The following will accumulate income and gains arising from their portfolio investments: Federated Short-Term U.S. Government Securities Fund – Investment Growth Series; and Federated High Income Advantage Fund – Class A Shares – USD ACC and Class A Shares – EUR ACC.

INVESTMENT INFORMATION

Listed below are the Funds' investment objectives, investment policies, permitted investment techniques and instruments, and principal risks. To achieve its investment objectives, the Company or a Fund may employ techniques and instruments relating to the investments subject to the conditions and within the limits from time to time laid down by the Central Bank. While there is no assurance that a Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

Any change in investment objectives and/or material change in investment policies will be subject to approval by the majority of votes of Shareholders passed at a general meeting. In accordance with the Articles of Association, Shareholders will be given 21 days' notice (excluding the day of posting and the day of the meeting) of such general meeting. The notice shall specify the place, day, hour, and nature of business of such meeting, as well as the proposed effective date of any changes to the investment objectives and/or material change in investment policies. In the event that a change in investment objectives and/or material change in investment policies is approved by Shareholders, the change will become effective on the second Dealing Day following the approval of the change by Shareholders.

Certain capitalised terms used within this section of the Prospectus correspond to the securities and risks described in fuller detail under the sections entitled *"Securities in Which the Funds Invest"* and *"What are the Specific Risks of Investing in the Funds?"*.

With the exception of permitted investments in unlisted securities, investments of the Funds are traded and/or listed on Regulated Markets.

FEDERATED HIGH INCOME ADVANTAGE FUND

Investment Objective

To provide high current income.

The Class A Shares – USD ACC and Class A Shares – EUR ACC will accumulate income and gains arising from their portfolio investments.

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Investment Policy

The Company pursues the investment objective of the Fund by investing, under normal circumstances, primarily in a portfolio of debt securities. These debt securities are expected to be lower-rated corporate debt obligations (those rated below Investment-Grade), and some may involve equity features. Lower-rated securities are subject to certain risks as described in the section entitled *"What are the Specific Risks of Investing in the Funds?"*.

Profile of Typical Investor

The Fund is suitable for investors seeking high current income and a medium-term investment.

Instruments and Investment Techniques

The Fund is actively managed. The types of securities in which the Fund may invest include the following transferable securities listed or traded on Regulated Markets (the Fund may also invest in Eligible Collective Investment Schemes). While the Fund's portfolio may invest in all of the listed types of securities, it is intended that its principal holding will be below Investment-Grade corporate debt obligations, which may constitute up to 100% of the portfolio. See *"Securities in Which the Funds Invest"* for fuller descriptions of these securities.

- Fixed Income Securities

Corporate Debt Securities rated below Investment-Grade, issued by U.S., non-U.S. and emerging market corporations, having fixed or floating rates of interest, as well as Investment-Grade corporate debt obligations (see "*What are the Specific Risks of Investing in the Funds?*" and "*Investment Ratings*")

Commercial Paper (the Fund may invest in commercial paper issued by banks, corporations and other borrowers)

U.S. Treasury Securities

U.S. Government Agency Securities

Treasury Inflation-Indexed Securities

Variable Rate Instruments

Variable Rate U.S. Government Securities

- Mortgage-Backed Securities

Certain Investment-Grade Collateralised Mortgage Obligations ("CMOs") and other Asset-Backed Securities

Collateralised mortgage-backed securities, issued by both U.S. government agencies and private issuers

Adjustable Rate Mortgage Securities ("ARMS")

Real Estate Mortgage Investment Conduits ("REMICs")

Resets of Interest

Caps and Floors

- Non-Mortgage Related Asset-Backed Securities
- Zero Coupon Securities
- Pay-In-Kind Securities
- Bank Instruments

Bankers' acceptances issued by a Bank Insurance Fund ("BIF")-insured bank, or issued by the bank's Edge Act subsidiary and guaranteed by the bank, with remaining maturities of nine months or less; the total acceptance of any bank held by the Fund cannot exceed 0.25% of 1% of such bank's total deposits according to the bank's last published statement of condition preceding the date of acceptance

Certificates of deposit ("CDs") in commercial or savings banks whose deposits are insured by the BIF or the Savings Association Insurance Fund ("SAIF"), including CDs issued by foreign branches of BIF-insured banks

- Convertible Securities
- Foreign Exchange Contracts
- Obligations of Foreign (non-U.S.) Governments
- General obligations of any state, territory, or possession of the United States, or their political subdivisions, which are issued by a public housing agency and backed by the full faith and credit of the United States
- Equity Securities

Common Stocks

Preferred Stocks

Interests in Limited Liability Companies

Real Estate Investment Trusts ("REITs")

Warrants

- Loan Instruments

Loan Participations

Loan Assignments

Floating Rate Loans

- Equipment Lease or Trust Certificates
- Money Market Instruments
- Eligible Collective Investment Schemes

Exchange-Traded Funds

Up to 10% of the Fund's assets may be invested in Loan Instruments and Equipment Lease or Trust Certificates. Up to 10% of the Fund's assets may be invested in REITs, including debt securities issued by REITs. Up to 5% of the Fund's assets may be invested in Warrants.

Investments of the Fund are traded primarily in U.S. Regulated Markets. The Fund currently offers two Series denominated in U.S. dollars: Class A Shares – USD ACC and Class I Shares – USD DIS. The Fund also currently offers three Series denominated in euro known as Class A Shares – EUR ACC; Class I Shares – EUR DIS; and Class A Shares – EUR DIS. The Fund currently offers one Series denominated in pound sterling known as Class I Shares – GBP DIS. The Fund may offer additional Series in the future which may be denominated in other currencies. Up to 100% of the Class A Shares – EUR ACC, Class A Shares – EUR DIS, Class I Shares – EUR DIS and Class I Shares – GBP DIS may be hedged to the U.S. dollar. Transactions relating to a hedged currency Series must be clearly attributable to that specific Series. A non-U.S. dollar denominated Series must not be leveraged as a result of these transactions. Costs and gains or losses associated with hedging currency risk will be borne by the Series being hedged. The creation of additional Series and/or classes will be notified to and cleared by the Central Bank in advance.

Due to the Fund's investment in the securities of emerging market countries and below Investment-Grade securities, an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

See *"Securities in Which the Funds Invest"* herein for more details.

The Adviser may also employ the following investment techniques (see *"Authorised Investment Techniques and Instruments"* for fuller descriptions of these investment techniques) and instruments for efficient portfolio management (i.e., reduction of risk, reduction of costs, generation of additional capital or income for the Fund) or for investment purposes, subject to the conditions and within the limits from time to time laid down by the Central Bank:

- Financial Derivative Instruments

Futures Contracts

Options

– Call Options

– Put Options

Swaps

– Interest Rate Swaps

– Total Return Swaps

– Credit Default Swaps

– Currency Swaps

– Caps and Floors

- Hybrid Instruments

Credit Linked Notes

Equity Linked Notes

- Repurchase Agreements
- Reverse Repurchase Agreements
- Stocklending Agreements
- When-Issued Securities
- Delayed Delivery Securities
- Forward Commitment Securities
- Asset Coverage

Investment Risks

The types of securities in which the Fund invests are subject to a number of risks and Shareholders' attention is drawn to the following risk factors and other special considerations. The Fund's use of financial derivative instruments may result in greater fluctuations of the NAV of the Fund. This does not purport to be an exhaustive list of the risk factors relating to investment in the Fund. The Shareholders are urged to review the section entitled *"What are the Specific Risks of Investing in the Funds?"*.

- Interest Rate Risks
- Credit Risks
- Call Risks
- Prepayment Risks
- Liquidity Risks
- Risks of Investing in Noninvestment-Grade Securities
- Risks Associated with Complex CMOs
- Risk Related to the Economy
- Currency Risks
- Risks of Investing in the Securities of Emerging Market Countries
- Risks of International Investing
- Eurozone Related Risks
- Leverage Risks
- Settlement Risk
- Stock Market Risks
- Equity Risk
- Risks Related to Company Size
- Sector Risk
- Risk of Investing in REITs
- Risk Associated with Investing Share Purchase Proceeds
- Risks of Investing in Derivative Contracts and Hybrid Instruments
- Risk of Utilising Options
- Risk of Utilising Swaps
- Investment Risk
- Umbrella Structure of the Company and Cross Liability Risk
- Risks of Investing in Eligible Collective Investment Schemes
- Risks of Government Intervention in Financial Markets
- Events Related to Freddie Mac and Fannie Mae
- Technology Risk
- Cyber Security Risk

See *"What are the Specific Risks of Investing in the Funds?"* herein for a detailed description of each risk.

The Adviser believes that the risks of investing in lower-rated securities can be reduced. The professional portfolio management techniques used by the Adviser to attempt to reduce these risks include:

Use of Benchmark

The Advisor monitors the Fund's performance relative to the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (the "Benchmark") as a risk management metric to identify situations where there may be elevated risk in the Fund's portfolio. The Fund also uses the Benchmark for performance comparison purposes. Details of the Fund's performance relative to the Benchmark are available in the

Fund's key investor information documents, the latest audited annual report and any subsequent semi-annual report. Reference to the Benchmark is for illustrative purposes only. The majority of the investments made by the Fund will be components of the Benchmark but may have different weightings to the Benchmark. There is no guarantee that the Fund will outperform the Benchmark.

CREDIT RESEARCH

The Adviser will perform its own credit analysis in addition to using Recognised Statistical Rating Organisations and other sources, including discussions with the issuer's management, the judgment of other investment analysts, and its own informed judgment. The Adviser's credit analysis will consider the issuer's financial soundness, its responsiveness to changes in interest rates and business conditions, and its anticipated cash flow, interest or dividend coverage and earnings. In evaluating an issuer, the Adviser places special emphasis on the estimated current value of the issuer's assets rather than historical costs.

DIVERSIFICATION

The Company invests on behalf of the Fund in securities of many different issuers, industries and economic sectors to reduce portfolio risk.

ECONOMIC ANALYSIS

The Adviser will analyse current developments and trends in the economy and in the financial markets. When investing in lower-rated securities, timing and selection are critical, and analysis of the business cycle can be important.

FEDERATED U.S. TOTAL RETURN BOND FUND*

Investment Objective

To provide total return over time.

Investment Policy

The Company pursues the investment objective of the Fund by investing primarily in U.S. dollar denominated, Investment-Grade, fixed-income securities of U.S. issuers. In addition, the Fund may invest in high-yield, non-U.S. dollar denominated, and emerging market fixed-income securities when the Adviser considers the risk-return prospects of those sectors to be attractive.

The Adviser expects that, normally, no more than 15% of the Fund's net assets will be invested in securities that are rated below Investment-Grade; however, the Fund may from time to time invest up to 25% of its net assets in Noninvestment-Grade debt securities (otherwise known as "junk bonds" or "leveraged loans") when, in the opinion of the Adviser, such investments are attractively valued relative to other types of debt securities. The amount of any unhedged, non-U.S. dollar denominated, fixed-income securities and non-U.S. dollar currencies in the Fund's portfolio will normally not exceed 10% of the Fund's net assets. The maximum amount that the Fund may invest in non-U.S. dollar denominated, fixed-income securities and non-U.S. dollar currencies is 20% of the Fund's net assets. Up to 5% of the Fund's net assets in unrated securities may be purchased if such securities are of comparable quality to Investment-Grade, based on the Adviser's credit assessment that the security is comparable to Investment-Grade. If, after the time of purchase, a security is downgraded below Investment-Grade, the security may continue to be held if the Adviser believes it would be in the best interest of Shareholders to do so; otherwise, the security will be sold.

The Adviser seeks to enhance the Fund's performance by allocating relatively more of its portfolio to the sector that the Adviser expects to offer the best balance between total return and risk and thus offer the greatest potential for return.

When pursuing a strategy of investing in non-U.S. securities, the Fund may buy or sell non-U.S. currencies in lieu of or in addition to non-U.S. dollar denominated, fixed-income securities in order to increase or decrease its exposure to non-U.S. interest rate and/or currency markets.

The Adviser actively manages the Fund's portfolio seeking total returns over longer time periods in excess of the Bloomberg Barclays U.S. Aggregate Bond Index ("BBAB"). The BBAB is a composite index of the U.S., Investment-Grade, fixed-rate bond market, represented by the following sectors: government and credit securities; agency mortgage pass-through securities; asset-backed securities; and commercial mortgage-backed securities. There can be no assurance that the Adviser will be successful in achieving investment returns in excess of the BBAB. The Adviser utilises a four-part decision making process, focusing on: (1) duration; (2) yield curve; (3) sector allocation; and (4) security selection. Specifically:

- First, the Adviser lengthens or shortens portfolio duration from time to time based on its interest rate outlook. "Duration" measures the sensitivity of a security's price to changes in interest rates. The greater a portfolio's average duration, the greater the change in the portfolio's value in response to a change in market interest rates.
- Second, the Adviser strategically positions the portfolio based on its expectations for changes in the relative yield of similar securities with different maturities (frequently referred to as a "yield curve"). The Adviser tries to combine individual portfolio securities with different durations to take advantage of relative changes in interest rates. Relative changes in interest rates may occur whenever longer-term interest rates move more, less or in a different direction than shorter-term interest rates.
- Third, the Adviser pursues relative value opportunities within the sectors in which the Fund may invest, which are the "core" sectors of the debt market (government, corporate, mortgage-backed, asset-backed, high-yield and international); however, subject to the limits set out above, the Fund may also invest a portion of its assets in Noninvestment-Grade debt securities and non-U.S. dollar denominated debt securities. The Adviser may hedge its investment returns from securities denominated in currencies other than its base currency. A currency hedge is a transaction intended to remove the influence of currency fluctuations on investment returns. This aspect of the Fund's four part decision making process exposes investors to additional risks, which include credit risk, interest rate risk, currency risk and risks of investing in non-U.S. securities.

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- Finally, the Adviser selects individual securities within each sector that it believes may outperform a sector-specific index. The Adviser will generally evaluate the performance of a security against one of the sub-indices that comprise the BBAB. For example, the Adviser employs fundamental analysis to determine the best corporate debt securities within specific credit quality constraints. Similarly, with respect to mortgage-backed debt securities, the Adviser utilises sophisticated quantitative models to analyse specific characteristics of the underlying pool of mortgages and find the best available securities in the sector.

This four-part investment process is designed to capitalise on the depth of experience and focus of each of the Adviser's fixed-income sector teams – government, corporate, mortgage-backed, asset-backed, high-yield and international.

The Fund may use financial derivative instruments such as futures, options or swaps, and/or hybrid instruments for investment or hedging/efficient portfolio management purposes to implement elements of its investment strategy. For example, the Fund may use financial derivative or hybrid instruments to increase or decrease the portfolio's exposure to the investment(s) underlying the derivative or hybrid in an attempt to benefit from changes in the value of the underlying investment(s). The Fund's use of financial derivative instruments may result in greater fluctuations of the NAV of the Fund. Additionally, by way of example, the Fund may use financial derivative instruments in an attempt to:

- increase or decrease the effective duration of the Fund portfolio;
- seek to benefit from anticipated changes in the volatility of designated assets or instruments, such as indices, currencies and interest rates. (Volatility is a measure of the frequency and level of changes in the value of an asset or instrument without regard to the direction of such changes.);
- obtain premiums from the sale of financial derivative instruments;
- realise gains from trading a financial derivative instrument; or
- hedge against potential losses.

There can be no assurance that the Fund's use of instruments financial derivative instruments or hybrid instruments will work as intended.

The market risk of the Fund will be measured using the value-at-risk ("VaR") methodology, which is a standard risk measurement methodology used by investors and financial institutions under the Basel Accords. It is expected that under normal market conditions, the Fund's leverage, calculated as required by the Central Bank using the sum of the notional amount of FDI held by the Fund (the "Notionals Approach"), will be less than 150% of the Fund's Net Asset Value, and is expected to typically range from 50% to 150% per cent of the Fund's Net Asset Value. Under exceptional circumstances, the Fund may be leveraged up to a maximum of 200% (using the Notionals Approach) of the Fund's Net Asset Value. Examples of exceptional circumstances include, but are not limited to, periods characterised by significant subscription or redemption activity, high levels of volatility or sudden changes in interest rates or the securities markets or unusual market conditions when, in the opinion of the Adviser, it would be advantageous to use FDI to hedge exposures or to take advantage of investment opportunities to increase income or capital returns. In addition, leverage levels as calculated under the Notionals Approach may also be higher, for example, if the investments in Share classes denominated in a currency other than the Fund's base currency constitute a significant proportion of the Fund's Net Asset Value, since the Fund may enter into currency-related FDI for hedging purposes in order to reduce or eliminate the impact of fluctuations in the value of these currencies versus the Fund's base currency.

Profile of Typical Investor

The Fund is suitable for investors seeking to achieve medium to long-term total return.

Instruments and Investment Techniques

The types of securities in which the Fund may invest include the following transferable securities listed or traded on Regulated Markets (the Fund may also invest in Eligible Collective Investment Schemes). See *"Securities in Which the Funds Invest"* for fuller descriptions of these securities.

- Fixed Income Securities

Fixed Income Securities with Credit Enhancement

U.S. Treasury Securities

U.S. Government Agency Securities

Insurance Contracts

Lower-Rated, Fixed Income Securities (securities which are rated below Investment-Grade by a Recognised Statistical Rating Organisation). There is no minimal acceptable rating for a security to be purchased or held by the Fund and the Fund may purchase or hold unrated securities and debt instruments whose issuers are in default.

- Zero Coupon Securities
- Convertible Securities

Corporate Debt Securities

– Commercial Paper

– Demand Instruments

- Mortgage-Backed Securities including collateralised mortgage-backed securities, issued by both U.S. government agencies and private issuers

Commercial Mortgage-Backed Securities ("CMBS")

Certain Investment-Grade CMOs and other Asset-Backed Securities

- Commercial Mortgage-Backed Securities
- Inflation-Protected Bonds
- Loan Instruments

Loan Assignments

Loan Participations

Floating Rate Loans

- Foreign Exchange Contracts
- Obligations of Foreign (non-U.S.) Governments
- Bank Instruments

Bankers' acceptances issued by a BIF-insured bank, or issued by the bank's Edge Act subsidiary and guaranteed by the bank, with remaining maturities of nine months or less; the total acceptance of any bank held by the Fund cannot exceed 0.25% of 1% of such bank's total deposits according to the bank's last published statement of condition preceding the date of acceptance

CDs in commercial or savings banks whose deposits are insured by the BIF or the SAIF, including CDs issued by foreign branches of BIF-insured banks

- Supranational Organisations
- General obligations of any state, territory, or possession of the United States, or their political subdivisions, which are issued by a public housing agency and backed by the full faith and credit of the United States
- Equity Securities

Preferred Stocks

REITs

- Money Market Instruments
- Eligible Collective Investment Schemes

Up to 5% of the Fund's assets may be invested in REITs, including debt securities issued by REITs.

Investments of the Fund are traded primarily in U.S. Regulated Markets. The Fund currently offers four Series: two denominated in euro known as Class I Shares – EUR DIS and Class A Shares – EUR DIS; one denominated in U.S. dollars known as Class I Shares – USD DIS; and one denominated in pound sterling known as Class I Shares – GBP DIS. The Fund may offer additional Series in the future which are denominated in different currencies.

Up to 100% of the Class I Shares – EUR DIS, Class A Shares – EUR DIS and Class I Shares – GBP DIS may be hedged to the U.S. dollar. Transactions relating to a hedged currency Series must be clearly attributable to that specific Series. A non-U.S. dollar denominated Series must not be leveraged as a result of these transactions. Costs and gains or losses associated with hedging currency risk will be borne by the Series being hedged. The creation of additional Series and/or classes will be notified to and cleared by the Central Bank in advance.

The Central Bank has authorised the Fund to invest up to 100% of its assets in U.S. government securities and U.S. Treasury Securities. This authorisation is given on the basis that the U.S. government securities and U.S. Treasury Securities will be comprised of at least six different issues and any one issue will not account for more than 30% of the net assets of the Fund.

See *"Securities in Which the Funds Invest"* herein for more details.

The Adviser may also employ the following investment techniques (see *"Authorised Investment Techniques and Instruments"* for fuller descriptions of these investment techniques) and instruments for efficient portfolio management (i.e., reduction of risk, reduction of costs, generation of additional capital or income for the Fund) or for investment purposes, subject to the conditions and within the limits from time to time laid down by the Central Bank:

- Financial Derivative Instruments

Futures Contracts

Options

– Call Options

– Put Options

Swaps

– Interest Rate Swaps

– Total Return Swaps

– Credit Default Swaps

– Currency Swaps

– Volatility Swaps

– Caps and Floors

- Hybrid Instruments

Credit Linked Notes

Equity Linked Notes

- Repurchase Agreements
- Reverse Repurchase Agreements
- Stocklending Agreements
- When-Issued Securities
- Delayed Delivery Securities

To Be Announced Securities

Dollar Rolls

- Forward Commitment Securities

Investment Risks

The types of securities in which the Fund invests are subject to a number of risks and Shareholders' attention is drawn to the following risk factors and other special considerations. This does not purport to be an exhaustive list of the risk factors relating to investment in the Fund. The Shareholders are urged to review the section entitled *"What are the Specific Risks of Investing in the Funds?"*.

- Interest Rate Risks
- Prepayment Risks
- Call Risks
- Credit Risks
- Credit Enhancement Risk

- Risk Associated with Complex CMOs
- Liquidity Risks
- Risk Associated with Noninvestment-Grade Securities
- Risk Related to the Economy
- Eurozone Related Risks
- Currency Risk
- Risks of Investing in the Securities of Emerging Market Countries
- Risks of International Investing
- Leverage Risks
- Sector Risks
- Risk of Inflation-Protected Bonds
- Risk Associated with Investing Share Purchase Proceeds
- Risks of Investing in Derivative Contracts and Hybrid Instruments
- Risk of Utilising Options
- Risk of Utilising Swaps
- Equity Risk
- Investment Risk
- Umbrella Structure of the Company and Cross Liability Risk
- Risks of Investing in Eligible Collective Investment Schemes
- Risks of Government Intervention in Financial Markets
- Events Related to Freddie Mac and Fannie Mae
- Technology Risk
- Cyber Security Risk

See *"What are the Specific Risks of Investing in the Funds?"* herein.

FEDERATED SHORT-TERM U.S. GOVERNMENT SECURITIES FUND

Investment Objective

To achieve current income while maintaining stability of principal and liquidity.

The Investment Growth Series will accumulate income and gains arising from its portfolio investments.

Investment Policy

The Company pursues the investment objective of the Fund by investing in a portfolio of high quality short-term U.S. Treasury Securities and U.S. Government Agency Securities which comply with the criteria for money market instruments as set out in the MMF Regulation in which public debt CNAV MMFs may invest. The maximum Weighted Average Maturity of the securities in the Fund's portfolio will not exceed 60 days. The Weighted Average Life of the Fund's portfolio will be limited to 120 days or less.

Profile of Typical Investor

The Fund is suitable for investors seeking to achieve current income while maintaining stability of principal and liquidity and a short-term investment.

Instruments and Investment Techniques

The Fund invests at least 99.5% of its Net Asset Value in:

- eligible Money Market Instruments issued or guaranteed separately or jointly by the U.S. Government or the Federal Reserve in the U.S. ("U.S. Public Debt Money Market Instruments")
- eligible reverse repurchase agreements secured with Public Debt Money Market Instruments (see "Authorised Investment Techniques and Instruments" for a fuller description of reverse repurchase agreements); and
- cash deposits.

US Public Debt Money Market Instruments shall include Money Market Instruments issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), Government National Mortgage Association ("Ginnie Mae"), Student Loan Marketing Association ("Sallie Mae") and the Federal Home Loan Bank.

The Fund's ability to invest up to 100% of its assets in Public Debt Money Market Instruments is pursuant to a derogation from Article 17(1)(a) of the MMF Regulation in accordance with Article 17(7), provided that the requirements in paragraph 2.10 of Appendix A – Part 2 – "Permitted Investments Under Irish Regulation - Short-Term Money Market Funds Only" have been complied with. The Fund may also invest in Eligible Collective Investment Schemes. The Fund may also purchase Public Debt Money Market Instruments on a when-issued or delayed delivery basis.

The Fund is considered a Short-Term Money Market Fund and a public debt CNAV MMF in accordance with the requirements applicable to money market funds under the MMF Regulation.

The securities in which the Fund invests are restricted to securities which have a legal maturity at issuance of 397 days or less or residual maturity until the legal redemption date of less than or equal to 397 days.

See *"Securities in Which the Funds Invest"* herein for more details.

Investment Risks

The types of securities in which the Fund invests are subject to a number of risks and Shareholders' attention is drawn to the following risk factors and other special considerations. This does not purport to be an exhaustive list of the risk factors relating to investment in the Fund. The Shareholders are urged to review the section entitled *"What are the Specific Risks of Investing in the Funds?"*.

- Interest Rate Risks
- Credit Risks
- Call Risks
- Prepayment Risks
- Risk Associated with Investing Share Purchase Proceeds

- Money Market Fund Risk
- Investment Risk
- Liquidity Risks
- Umbrella Structure of the Company and Cross Liability Risk
- Risks of Investing in Eligible Collective Investment Schemes
- Risks of Government Intervention in Financial Markets
- Events Related to Freddie Mac and Fannie Mae
- Changing Distribution Level Risk
- Technology Risk
- Cyber Security Risk

See entitled *"What are the Specific Risks of Investing in the Funds?"* herein.

FEDERATED SHORT-TERM U.S. PRIME FUND

Investment Objective

To achieve current income while maintaining stability of principal and liquidity.

Investment Policy

The Company pursues the investment objective of the Fund by investing in a portfolio of high quality U.S. dollar denominated short-term debt instruments (as defined by Federated's internal rating system) which comply with the criteria for money market instruments as set out in the MMF Regulation. The maximum Weighted Average Maturity of the securities in the Fund's portfolio will not exceed 60 days. The Weighted Average Life of the Fund's portfolio will be limited to 120 days or less.

Profile of Typical Investor

The Fund is suitable for investors seeking high current income and a short-term investment.

Instruments and Investment Techniques

The types of debt securities in which the Fund may invest include the following transferable securities listed or traded on Regulated Markets (the Fund may also invest in Eligible Collective Investment Schemes) provided such securities are considered eligible investments for the Fund in accordance with the provisions of the MMF Regulation. See *"Securities in Which the Funds Invest"* for fuller descriptions of these securities.

- Fixed Income Securities

Fixed Income Securities with Credit Enhancement

U.S. Treasury Securities

Treasury Inflation-Indexed Securities

U.S. Government Agency Securities

Municipal Securities

Corporate Debt Securities

– Commercial Paper (The Fund may invest in commercial paper issued by banks, corporations, and other borrowers. Normally, the commercial paper in which the Fund will invest will be rated A-1+ or A1 by S&P, Prime-1 by Moody's, or F-1+ or F-1 by Fitch.)

– Demand Instruments

Resets of Interest

Variable Rate Instruments

Variable Rate U.S. Government Securities

Non-Mortgage Related Asset-Backed Securities

Zero Coupon Securities

Bank instruments which are either issued or guaranteed by an institution having capital, surplus and undivided profits over U.S. $100,000,000 or insured by the U.S. BIF or the U.S. SAIF, both of which are administered by the U.S. Federal Deposit Insurance Corporation

Medium Term Notes

- Obligations of Foreign (non-U.S.) Governments
- OECD Government Securities
- Supranational Organisations
- Loan Instruments

Loan Participations

By way of derogation from Article 17(1)(a) of the MMF Regulation in accordance with Article 17(7), the Fund may invest up to 100% of assets in Public Debt Money Market Instruments provided that the requirements in paragraph 2.10 of Appendix A – Part 2 – "Permitted Investments Under Irish Regulation - Short-Term Money Market Funds Only" have been complied with. The Fund may also invest in Eligible Collective Investment Schemes.

The Fund is considered a Short-Term Money Market Fund and a LVNAV MMF in accordance with the requirements applicable to money market funds under the MMF Regulation.

The securities in which the Fund invests are restricted to securities which have a legal maturity at issuance of 397 days or less or residual maturity until the legal redemption date of less than or equal to 397 days.

See *"Securities in Which the Funds Invest"* herein for more details.

The Adviser may also employ the following investment techniques (see *"Authorised Investment Techniques and Instruments"* for fuller descriptions of these investment techniques) provided they are considered eligible in accordance with the MMF Regulation:

- Repurchase Agreements
- Reverse Repurchase Agreements
- When-Issued Securities
- Delayed Delivery Securities

Investment Risks

The types of securities in which the Fund invests are subject to a number of risks and Shareholders' attention is drawn to the following risk factors and other special considerations. This does not purport to be an exhaustive list of the risk factors relating to investment in the Fund. The Shareholders are urged to review the section entitled *"What are the Specific Risks of Investing in the Funds?"*.

- Interest Rate Risks
- Credit Risks
- Credit Enhancement Risk
- Call Risks
- Prepayment Risks
- Liquidity Risks
- Changing Distribution Levels Risk
- Risk Associated with Investing Share Purchase Proceeds
- Money Market Fund Risk
- Investment Risk
- Umbrella Structure of the Company and Cross Liability Risk
- Risks of Investing in Eligible Collective Investment Schemes
- Risks of Government Intervention in Financial Markets
- Events Related to Freddie Mac and Fannie Mae
- Technology Risk
- Cyber Security Risk

See *"What are the Specific Risks of Investing in the Funds?"* herein.

FEDERATED SHORT-TERM U.S. TREASURY SECURITIES FUND*

Investment Objective

To achieve current income while maintaining stability of principal and liquidity.

Investment Policy

The Company pursues the investment objective of the Fund by investing in a portfolio of high quality short-term U.S. Treasury Securities which comply with the criteria for money market instruments as set out in the MMF Regulation in which public debt CNAV MMFs may invest. The Weighted Average Maturity of the U.S. Treasury Securities in the Fund's portfolio will not exceed 60 days. The Weighted Average Life of the Fund's portfolio will be limited to 120 days or less.

Profile of Typical Investor

The Fund is suitable for investors seeking to achieve current income while maintaining stability of principal and liquidity and a short-term investment.

Instruments and Investment Techniques

The Fund invests at least 99.5% of its Net Asset Value in:

- eligible Money Market Instruments issued or guaranteed separately or jointly by the U.S. Government or the Federal Reserve in the U.S. ("U.S.Public Debt Money Market Instruments")
- eligible reverse repurchase agreements secured with Public Debt Money Market Instruments (see "Authorised Investment Techniques and Instruments" for a fuller description of reverse repurchase agreements); and
- cash deposits.

US Public Debt Money Market Instruments shall include Money Market Instruments issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac"), Government National Mortgage Association ("Ginnie Mae"), Student Loan Marketing Association ("Sallie Mae") and the Federal Home Loan Bank.

The Fund's ability to invest up to 100% of its assets in Public Debt Money Market Instruments is pursuant to a derogation from Article 17(1)(a) of the MMF Regulation in accordance with Article 17(7), provided that the requirements in paragraph 2.10 of Appendix A – Part 2 – "Permitted Investments Under Irish Regulation - Short-Term Money Market Funds Only" have been complied with. The Fund may also invest in Eligible Collective Investment Schemes. The Fund may also purchase Public Debt Money Market Instruments on a when-issued or delayed delivery basis.

The Fund is considered a Short-Term Money Market Fund and a public debt CNAV MMF in accordance with the requirements applicable to money market funds under the MMF Regulation.

The securities in which the Fund invests are restricted to securities which have a legal maturity at issuance of 397 days or less or residual maturity until the legal redemption date of less than or equal to 397 days.

See *"Securities in Which the Funds Invest"* herein for more details.

Investment Risks

The types of securities in which the Fund invests are subject to a number of risks and Shareholders' attention is drawn to the following risk factors and other special considerations. This does not purport to be an exhaustive list of the risk factors relating to investment in the Fund. The Shareholders are urged to review the section entitled *"What are the Specific Risks of Investing in the Funds?"*.

- Interest Rate Risks
- Credit Risks
- Risk Associated with Investing Share Purchase Proceeds
- Money Market Fund Risk
- Investment Risk
- Liquidity Risks

* *This Fund is closed to new subscriptions and is in the process of being terminated.*

- Umbrella Structure of the Company and Cross Liability Risk
- Risks of Investing in Eligible Collective Investment Schemes
- Risks of Government Intervention in Financial Markets
- Changing Distribution Level Risk
- Technology Risk
- Cyber Security Risk

See *"What are the Specific Risks of Investing in the Funds?"* herein.

FEDERATED STRATEGIC VALUE EQUITY FUND*

Investment Objective

To achieve income and long-term capital appreciation.

Investment Policy

The Company pursues the investment objective of the Fund by investing primarily in high dividend paying stocks with dividend growth potential and compelling performance during periods of market weakness. The Fund generally invests in large cap or mid cap value stocks (which are generally defined as of the date of this prospectus as stocks of companies with market capitalisation above U.S.$3 billion), of U.S. issuers and non-U.S. issuers, including American Depositary Receipts ("ADRs") may also be held. The strategy seeks to deliver a dividend yield that is higher than the broad market, to pursue competitive performance in both up and down markets, while targeting less risk.

The Adviser believes a strategic emphasis on high dividend paying stocks can enhance performance over time. In addition, investment results can be enhanced by focusing on stocks with both the potential for future dividend growth and current dividend-oriented characteristics. The Adviser believes that this is achievable while protecting the client from undue risk.

The Fund focuses on high dividend paying companies that exhibit solid performance in periods of market weakness in an attempt to reduce risk. Risk is also managed through exposure to multiple sectors and industries. At the individual stock level, the Fund generally adheres to position size limits which may be adjusted over time and are designed to further control portfolio risk.

From a broad universe, stocks are prioritised based on criteria including:

- Dividend yield
- Dividend growth
- Strong financial condition
- Performance during periods of market weakness

Companies highly ranked in the prioritisation process are scrutinised to determine whether the company is an attractive investment proposition. This process is driven primarily by bottom-up fundamental proprietary research. Broad macroeconomic trends that can influence the outlook of sectors and industries are also taken into account.

The Adviser's sell discipline is a critical component of the investment process. Generally, a stock is reviewed for sale when one or more of the following occur:

- the combination of dividend yield and dividend growth becomes inadequate;
- the investment thesis deteriorates;
- diminished management commitment to the dividend; and
- the stock's weighting in the portfolio exceeds appropriate level.

Profile of Typical Investor

The Fund is suitable for investors seeking to achieve income and long-term capital appreciation.

Instruments and Investment Techniques

The types of securities in which the Fund may invest include the following transferable securities listed or traded on Regulated Markets (the Fund may also invest in Eligible Collective Investment Schemes). See *"Securities in Which the Funds Invest"* for fuller descriptions of these securities.

- Fixed Income Securities
- Convertible Securities
- Equity Securities

  Common Stocks

  Preferred Stocks

  Interests in Limited Liability Companies

  REITs

  Warrants

  Equity Linked Notes

- Depositary Receipts
- Foreign Exchange Contracts
- Eligible Collective Investment Schemes

The Fund may temporarily depart from its principal investment strategies by investing its assets in cash and shorter-term debt securities and similar obligations having fixed or floating rates of interest. Such debt instruments will be at least Investment-Grade, rated at the time of purchase, or if unrated, of comparable quality as determined by the Adviser based on its credit assessment that the security is comparable to Investment-Grade. It may do this in response to unusual circumstances, such as: adverse market, economic or other conditions (for example, to help avoid potential losses, or during periods when there is a shortage of appropriate securities); to maintain liquidity to meet Shareholder redemptions; or to accommodate cash inflows. It is possible that such investments could affect the Fund's investment returns and/or the ability to achieve the Fund's investment objectives. This may cause the Fund to give up greater investment returns to maintain the safety of principal, that is, the original amount invested by Shareholders. See *"Securities in Which the Funds Invest"* herein for more details.

* *This Fund is closed to new subscriptions and is in the process of being terminated.*

Up to 5% of the Fund's Net Asset Value may be invested in Warrants. Up to 30% of the Fund's Net Asset Value may be invested in REITs. See *"Securities in Which the Funds Invest"* herein for more details.

The Adviser may also employ the following investment techniques (see *"Authorised Investment Techniques and Instruments"* for fuller descriptions of these investment techniques) and instruments for efficient portfolio management (i.e., reduction of risk, reduction of costs, generation of additional capital or income for the Fund) or for investment purposes, subject to the conditions and within the limits from time to time laid down by the Central Bank:

- Financial Derivative Instruments

Futures Contracts

Options

– Call Options

– Put Options

Swaps

– Interest Rate Swaps

– Total Return Swaps

– Credit Default Swaps

– Currency Swaps

– Caps and Floors

- Repurchase Agreements
- Reverse Repurchase Agreements
- Stocklending Agreements
- When-Issued Securities
- Delayed Delivery Securities
- Forward Commitment Securities

Investment Risks

The types of securities in which the Fund invests are subject to a number of risks and Shareholders' attention is drawn to the following risk factors and other special considerations. This does not purport to be an exhaustive list of the risk factors relating to investment in the Fund. The Shareholders are urged to review the section entitled *"What are the Specific Risks of Investing in the Funds?"*.

- Credit Risks
- Liquidity Risk
- Currency Risks
- Leverage Risks
- Risks of Investing in ADRs and U.S.-Traded Securities of Non-U.S. Issuers
- Risks of Custodial Services and Related Investment Costs
- Interest Rate Risks
- Stock Market Risks
- Equity Risk
- Sector Risks
- Risks Related to Investing in Value Stocks
- Risks Related to Company Size
- Mid-Cap Company Risk
- Large-Cap Company Risk
- Risk of Investing in REITs
- Risk Related to Investing for Dividend Income
- Risks of International Investing
- Eurozone Related Risks
- Risks of Investing in Derivative Contracts and Hybrid Instruments
- Risk of Utilising Options
- Risk of Utilising Swaps
- Investment Risk
- Umbrella Structure of the Company and Cross Liability Risk
- Risks of Investing in Eligible Collective Investment Schemes
- Risks of Government Intervention in Financial Markets
- Technology Risk
- Cyber Security Risk

See *"What are the Specific Risks of Investing in the Funds?"* herein.

FEDERATED MDT ALL CAP U.S. STOCK FUND*

Investment Objective

To seek to achieve long-term capital appreciation.

Investment Policy

The Company pursues the investment objective on behalf of the Fund by investing primarily in the common stock of U.S. companies. The strategy seeks to maximise compound annual return while controlling risk. Individual stocks are selected for inclusion in the Fund based upon the Optimum Q Process, a proprietary quantitative computer model that is designed to facilitate an objective, disciplined, quantitative analysis of every stock in the Fund's investment universe.

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* *This Fund is closed to new subscriptions and is in the process of being terminated.*

The Fund utilises a whole market, all-cap/all-style strategy. The Adviser believes that the whole market approach provides two main advantages. First, it allows an investor to participate in all major areas of the U.S. equity market (companies of all sizes with both growth and value characteristics) in a single fund. Second, through bottom-up stock selection, and subject to risk controls, it provides a broad ability to overweight or underweight segments of the market represented by those stocks which the Adviser's quantitative model views as opportunities.

The quantitative computer model constructs the portfolio by considering fundamental measures, analysing expected trading costs and employing risk controls to promote diversification and to seek to lessen exposure to volatile securities. Fundamental measures include company valuations, profit trends and earnings risk. The process also takes into account trading costs in an effort to ensure that trades are generated only to the extent they are expected to be profitable on an after trading cost basis. Additionally, risk is controlled through diversification constraints which limit exposure to individual companies as well as groups of companies relative to the universe.

The Adviser selects most of the Fund's investments from companies listed in the Russell 3000® Index, an index that measures the performance of the 3,000 largest U.S. companies by market capitalisation representing approximately 98% of the investable U.S. equity market. Because the Fund invests in companies that are defined largely by reference to the Russell 3000® Index, the market capitalisation of companies in which the Fund may invest will vary with market conditions. The Russell 3000® Index is reconstituted on an annual basis. The Fund may use derivative contracts and/or hybrid instruments to implement elements of its investment strategy. For example, the Fund may use derivative contracts or hybrid instruments to increase or decrease the portfolio's exposure to the investment(s) underlying the derivative or hybrid. See *"Authorised Investment Techniques and Instruments"* for a detailed description of the Fund's use of financial derivative instruments.

Additionally, by way of example, the Fund may use derivative contracts in an attempt to:

- obtain premiums from the sale of derivative contracts;
- realise gains from trading a derivative contract; or
- hedge against potential losses.

There can be no assurance that the Fund's use of derivative contracts or hybrid instruments will work as intended. The Fund may use other techniques in seeking to achieve the investment objective, such as, buying and selling when-issued securities and exchange-traded funds. Derivative usage by the Fund is not intended for the purposes of obtaining leverage or otherwise to alter the volatility of the Fund in pursuing its investment objectives, however the Fund may be leveraged up to 10 per cent of its Net Asset Value as a result of its use of such derivative instruments. The Fund's investment in derivative instruments will be subject to the conditions and within the limits from time to time laid down by the Central Bank.

Although the Fund intends to invest substantially all of its assets in equity securities under normal market conditions, the Fund may temporarily depart from its principal investment policies by investing up to 100% of its Net Asset Value in cash and shorter-term debt securities and similar obligations having fixed or floating rates of interest. Such debt instruments will be at least Investment-Grade, rated at the time of purchase, or if unrated, of comparable quality as determined by the Advisers based on its credit assessment that the security is comparable to Investment-Grade, but up to 30% of the Fund's Net Asset Value could be rated below Investment-Grade. It may do this in response to unusual circumstances, such as: adverse market, economic or other conditions (for example, to help avoid potential losses, or during periods when there is a shortage of appropriate securities); to maintain liquidity to meet Shareholder redemptions; or to accommodate cash inflows. This may cause the Fund to give up greater investment returns to maintain the safety of principal, that is, the original amount invested by Shareholders. See *"Securities in Which the Funds Invest"* herein for more details.

Profile of Typical Investor

The Fund is suitable for investors seeking to achieve long-term capital appreciation.

Instruments and Investment Techniques

The types of securities in which the Fund may invest include the following transferable securities listed or traded on Regulated Markets (the Fund may also invest in Eligible Collective Investment Schemes). See *"Securities in Which the Funds Invest"* for fuller descriptions of these securities.

- Equity Securities

  Common Stocks

  Preferred Stocks

- Fixed Income Securities

  U.S. Treasury Securities

  U.S. Government Agency Securities

  Corporate Debt Securities

– Commercial Paper

– Demand Instruments

- Mortgage-Backed Securities
- Zero Coupon Securities
- Stripped Securities
- Asset-Backed Securities
- Bank Instruments
- Convertible Securities
- Depositary Receipts
- Foreign Exchange Contracts
- Obligations of Foreign (non-U.S.) Governments
- Eligible Collective Investment Schemes

See *"Securities in Which the Funds Invest"* herein for more details.

The Adviser may also employ the following investment techniques (see *"Authorised Investment Techniques and Instruments"* for fuller descriptions of these investment techniques) and instruments for efficient portfolio management (i.e., reduction of risk, reduction of costs, generation of additional capital or income for the Fund) or for investment purposes, subject to the conditions and within the limits from time to time laid down by the Central Bank:

- Financial Derivative Instruments

Futures Contracts

– Index Futures
– Security Futures
– Currency Futures and Currency Forward Contracts

Options

– Call Options
– Put Options

Swaps

– Currency Swaps
– Volatility Swaps
– Total Return Swaps

- Hybrid Instruments

Equity Linked Notes

- Repurchase Agreements
- Reverse Repurchase Agreements
- Stocklending Agreements
- Delayed Delivery Securities

Investment Risks

The types of securities in which the Fund invests are subject to a number of risks and Shareholders' attention is drawn to the following risk factors and other special considerations. This does not purport to be an exhaustive list of the risk factors relating to investment in the Fund. The Shareholders are urged to review the section entitled *"What are the Specific Risks of Investing in the Funds?"*.

- Stock Market Risks
- Small, Medium and Large Sized Companies Risk
- Risks Related to Investing for Growth
- Risks Related to Investing in Value Stocks
- Sector Risks
- Risks of Investing in ADRs and U.S.-Traded Securities of Non-U.S. Issuers
- Currency Risks
- Credit Risks
- Liquidity Risks
- Leverage Risks
- Prepayment Risks
- Call Risks
- Risks of Investing in Derivative Contracts and Hybrid Instruments
- Risk of Utilising Options
- Risk of Utilising Swaps
- Investment Risk
- Umbrella Structure of the Company and Cross Liability Risk
- Risks of Investing in Eligible Collective Investment Schemes
- Risks of Government Intervention in Financial Markets
- Events Related to Freddie Mac and Fannie Mae
- Technology Risk
- Cyber Security Risk

See *"What are the Specific Risks of Investing in the Funds?"* herein for a detailed description of each risk.

AS TO ANY FUND – USE OF TEMPORARY DEFENSIVE MEASURES

With respect to each Fund, in certain circumstances, on a temporary and exceptional basis, when the Adviser deems it to be in the best interests of Shareholders, the Fund may not adhere to its investment policies as disclosed above. Such circumstances include, but are not limited to: (1) when the Fund has high levels of cash as a result of subscriptions or earnings; (2) when the Fund has a high level of redemptions; or (3) when the Adviser takes temporary action to try to preserve the value of the Fund or limit losses in emergency market conditions or in the event of movements in interest rates. In such circumstances, a Fund may hold cash or invest in money market instruments, short-term debt securities issued or guaranteed by national governments located globally; short-term corporate debt securities such as freely transferable including freely transferable promissory notes, debentures, bonds (including zero coupon bonds), convertible and non-convertible notes, commercial paper, certificates of deposits, and bankers acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations. The Fund will only invest in debt securities that are rated at least Investment-Grade by the primary rating agencies. The Short-Term Money Market Funds will invest only in high quality money market instruments, as determined by the Adviser, which comply with the criteria for money market instruments as set out in the MMF Regulation and deposits with credit institutions. During such circumstances, the Fund may not be pursuing its principal investment strategies and may not achieve its investment objective. The foregoing does not relieve the Fund of the obligation to comply with the investment limits set forth in the relevant part of Appendix A.

SECURITIES IN WHICH THE FUNDS INVEST

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.

A security's yield measures the annual income earned on a security as a percentage of its price. A security's yield will increase or decrease depending upon whether it costs less (a discount) or more (a premium) than the principal amount. If the issuer may redeem the security before its scheduled maturity, the price and yield on a discount or premium security may change based upon the probability of an early redemption. Securities with higher risks generally have higher yields.

Fixed-Income Securities with Credit Enhancement

Credit enhancement consists of an arrangement in which a company agrees to pay amounts due on a fixed-income security if the issuer defaults. In some cases the company providing credit enhancement makes all payments directly to the security holders and receives reimbursement from the issuer. Normally, the credit enhancer may have greater financial resources and liquidity than the issuer. For this reason, the Adviser may evaluate the credit risk of a fixed-income security based solely upon its credit enhancement.

Common types of credit enhancement include guarantees, letters of credit, bond insurance and surety bonds. Credit enhancement also includes arrangements where securities or other liquid assets secure payment of a fixed-income security. If a default occurs, these assets may be sold and the proceeds paid to security's holders. Either form of credit enhancement reduces credit risks by providing another source of payment for a fixed-income security.

U.S. Treasury Securities

U.S. Treasury Securities are direct obligations of the federal government of the United States. U.S. Treasury Securities are generally regarded as having the lowest credit risks. The securities purchased by the Short-Term Money Market Funds must comply with the criteria for money market instruments set out in the MMF Regulation.

U.S. Government Agency Securities

A Fund may invest in securities, including bills, bonds or notes, issued or guaranteed by various agencies of the U.S. government and by various instrumentalities which have been established or sponsored by the U.S. government.

In terms of credit risk, a Fund treats mortgage-backed securities guaranteed by a U.S. federal agency or instrumentality as U.S. Treasury Securities. Although such a guarantee protects against credit risks, it does not reduce other risks.

U.S. Government Agency Securities are traded and/or listed on Regulated Markets.

(See *"What are the Specific Risks of Investing in the Funds?"* and *"Events Related to Freddie Mac and Fannie Mae"*.)

Treasury Inflation-Indexed Securities

The U.S. Treasury Department issues securities known as "Treasury Inflation-Indexed Securities" whose principal value is indexed to the consumer price index ("CPI"). The CPI tracks the prices of a specified set of consumer goods and services, providing a measure of inflation. The Advisers believe that variable interest rates will reduce the fluctuations in the market value of such securities, and that, accordingly, the potential for capital appreciation or capital depreciation should not be greater than the potential for capital appreciation or capital depreciation of fixed interest rate U.S. Government Securities having maturities equal to the interest rate adjustment dates of the Variable Rate U.S. Government Securities.

Corporate Debt Securities

Corporate debt securities are fixed-income securities issued by businesses. Notes, bonds, debentures and commercial paper are the most prevalent types of corporate debt securities. The Funds may also purchase interests in bank loans to companies. The credit risks of corporate debt securities vary widely among issuers.

In addition, the credit risk of an issuer's debt security may vary based on its priority for repayment. For example, higher ranking (senior) debt securities have a higher priority than lower ranking (subordinated) securities. This means that the issuer might not make payments on subordinated securities while continuing to make payments on senior securities. In addition, in the event of bankruptcy, holders of senior securities may receive amounts otherwise payable to the holders of subordinated securities. Some subordinated securities, such as trust preferred and capital securities notes, also permit the issuer to defer payments under certain circumstances. For example, insurance companies issue securities known as surplus notes that permit the insurance company to defer any payment that would reduce its capital below regulatory requirements.

Certain of the securities in which the Funds invest are subject to restrictions on resale under Rule 144A of the 1933 Act. The Company believes that these securities will meet criteria for liquidity of certain securities established by the Directors. The Directors consider the following criteria in determining the liquidity of certain securities:

- the frequency of trades and quotes for the securities;
- the number of dealers willing to purchase or sell the security and the number of other potential buyers;
- dealer undertakings to make a market in the security; and
- the nature of the security and the nature of the marketplace trades.

COMMERCIAL PAPER

Commercial paper is an issuer's obligation with a maturity of less than nine months. Companies typically issue commercial paper to pay for current expenditures. Commercial paper is unsecured and it is usually discounted, although some commercial paper is interest-bearing.

Most issuers constantly reissue their commercial paper and use the proceeds (or bank loans) to repay maturing paper. If the issuer cannot continue to obtain liquidity in this fashion, its commercial paper may default. The short maturity of commercial paper generally reduces both the market and credit risks as compared to other debt securities of the same issuer.

Demand Instruments

Demand instruments are corporate debt securities that the issuer must repay upon demand. Other demand instruments require the issuer or a third party, such as a dealer or bank (the "Demand Provider"), to repurchase the security for its face value upon demand. Some demand instruments are "conditional," so that the occurrence of certain conditions relieves the Demand Provider of its obligation to repurchase the security. Other demand instruments are "unconditional," so that there are no conditions under which the Demand Provider's obligation to repurchase the security can terminate. The Funds treat demand instruments as short-term securities, even though their stated maturity may extend beyond one year.

Variable Rate Instruments

Variable rate notes are securities issued typically by corporations or financial institutions. Variable rate CDs are bank deposits. Both instruments have an interest rate which resets periodically according to a specific instrument or statistic such as a defined index. The reset period is typically daily, weekly, monthly, or quarterly and the index may be based on the U.S. federal funds rate, commercial paper rates, the London InterBank Offer Rate ("LIBOR"), Euribor, Eurolibor or other rates. A variable rate note may have a demand feature allowing the holder to demand payment of principal and interest from the issuer after a notice period of, for example, seven days or one month, or such notes may allow the holder to demand payment of principal and interest on specifically identified dates. Due to the frequency of the interest rate reset and the market nature of the index, variable rate CDs are regarded as having limited market (interest rate) risk but they do have the credit risk of the issuer. While the variable rate instruments in which a Fund invests may have longer stated maturities, their actual maturity date may be deemed to be the last day of the current reset period for purposes of average maturity calculation if it is determined by the Adviser that this would accurately predict the instrument's interest rate volatility. Variable rate instruments are subject to credit risks.

Variable Rate U.S. Government Securities

Some of the short-term U.S. Government Securities which may be purchased for a Fund carry variable interest rates. These securities have a rate of interest subject to adjustment at least every 397 days. This adjusted interest rate is ordinarily tied to some objective standard, such as the one- or three-month LIBOR. A Fund may purchase variable rate U.S. Government Securities upon the determination by the Advisers that the interest rate as adjusted will cause the instrument to have a current market value that approximates its par value on the date of such adjustment.

Municipal Securities

Municipal securities are issued by states, counties, cities and other political subdivisions and authorities of the United States. Although many municipal securities are exempt from U.S. federal income tax, the Funds may invest in taxable municipal securities.

MORTGAGE-BACKED SECURITIES

Mortgage-backed securities represent interests in pools of mortgages. The mortgages that comprise a pool normally have similar interest rates, maturities, and other terms. Mortgages may have fixed or adjustable interest rates. Interests in pools of adjustable-rate mortgages are known as ARMs.

Mortgage-backed securities come in a variety of forms. The simplest forms of mortgage-backed securities are pass-through certificates. Holders of pass-through certificates receive a pro rata share of all net interest and principal payments and prepayments from the underlying mortgages. As a result, the holders assume all interest rate and prepayment risks of the underlying mortgages. Other mortgage-backed securities may have more complicated financial structures.

The Funds may invest in both agency mortgage-backed securities and in mortgage-backed securities that are issued by private entities. *S*ecurities issued by private entities must be rated Investment-Grade by one or more recognised rating agencies at the time of purchase. Securities issued by a private entity are subject to additional credit risk. Such securities are traded and/or listed on Regulated Markets.

Non-Governmental Mortgage-Backed Securities

Non-governmental mortgage-backed securities (including non-governmental CMOs) are issued by private entities, rather than by U.S. government agencies. The non-governmental mortgage-backed securities in which the Fund invests will be treated as mortgage-related, asset-backed securities. These securities involve credit risk and liquidity risk. The degree of risks will depend significantly on the ability of borrowers to make payments on the underlying mortgages and the seniority of the security held by the Fund with respect to such payments.

Commercial Mortgage-Backed Securities

CMBS represent interests in mortgage loans on commercial real estate, such as loans for hotels, shopping centers, office buildings and apartment buildings. Generally, the interest and principal payments on these loans are passed on to investors in CMBS according to a schedule of payments. A Fund may invest in individual CMBS issues or, alternately, may gain exposure to the overall CMBS market by investing in a derivative contract, the performance of which is related to changes in the value of a domestic CMBS index. The risks associated with CMBS reflect the risks of investing in the commercial real estate securing the underlying mortgage loans and are therefore different from the risks of other types of MBS. Additionally, CMBS may expose a Fund to interest rate, liquidity and credit risks.

ADJUSTABLE RATE MORTGAGE SECURITIES

ARMS are pass-through mortgage securities representing interests in adjustable rather than fixed interest rate mortgages. The ARMS in which the Fund invests are issued by Ginnie Mae, Fannie Mae and Freddie Mac, and are actively traded. The underlying mortgages which collateralise ARMS issued by Ginnie Mae are fully guaranteed by the Federal Housing Administration or Veterans Administration, while those collateralising ARMS issued by Fannie Mae or Freddie Mac are typically conventional residential mortgages conforming to strict underwriting size and maturity constraints.

REAL ESTATE MORTGAGE INVESTMENT CONDUITS

REMICs are offerings of multiple class real estate mortgage-backed securities which qualify and elect treatment as such under provisions of the U.S. Internal Revenue Code. Issuers of REMICs may take several forms, such as trusts, partnerships, corporations, associations or segregated pools of mortgages. Once REMIC status is elected and obtained, the entity is not subject to U.S. federal income taxation. Instead, income is passed through the entity and is taxed to the person or persons who hold interests in the REMIC. A REMIC interest must consist of one or more classes of "regular interests," some of which may offer adjustable rates of interest and a single class of "residual interests." To qualify as a REMIC, substantially all the assets of the entity must be in assets directly or indirectly secured principally by real property.

RESETS OF INTEREST

The interest rates paid on the ARMS, CMOs, and REMICs in which the Funds invest generally are readjusted at intervals of one year or less to an increment over some predetermined interest rate index. There are two main categories of indices: those based on U.S. Treasury Securities and those derived from a calculated measure, such as a cost of funds index or a moving average of mortgage rates. Commonly utilised indices include, for example, the one-year and five-year constant maturity U.S. Treasury note rates, the three-month U.S. Treasury bill rate, the 180-day U.S. Treasury bill rate, rates on longer-term U.S. Treasury Securities, the National Median Cost of Funds, the one-month or three-month LIBOR, the Secured Overnight Financing Rate, the prime rate of a specific bank, or commercial paper rates. Some indices, such as the one-year constant maturity U.S. Treasury note rate, closely mirror changes in market interest rate levels. Others tend to lag changes in market rate levels and tend to be somewhat less volatile.

To the extent that the adjusted interest rate on the mortgage security reflects current market rates, the market value of an adjustable rate mortgage security will tend to be less sensitive to interest rate changes than a fixed rate debt security of the same stated maturity. Hence, adjustable rate mortgage securities which use indices that lag changes in market rates should experience greater price volatility than adjustable rate mortgage securities that closely mirror the market. Certain residual interest tranches of CMOs may have adjustable interest rates that deviate significantly from prevailing market rates, even after the interest rate is reset, and are subject to correspondingly increased price volatility. In the event the Fund purchases such residual interest mortgage securities, it will factor in the increased interest and price volatility of such securities when determining its dollar-weighted average duration.

STRIPPED SECURITIES

The yield to maturity on an Interest Only or Principal Only class of stripped mortgage-backed securities is extremely sensitive not only to changes in prevailing interest rates but also to the rate of principal payments (including prepayments) on the underlying assets. A rapid rate of principal prepayments may have a measurably adverse effect on a Fund's yield-to-maturity to the extent it invests in Interest Only bonds. If the assets underlying the Interest Only bond experience greater than anticipated prepayments of principal, the Fund may fail to recoup fully its initial investment in these securities. Conversely, Principal Only bonds tend to increase in value if prepayments are greater than anticipated and decline if prepayments are slower than anticipated. The secondary market for stripped mortgage-backed securities may be more volatile and less liquid than that for other mortgage-backed securities, potentially limiting the Fund's ability to buy or sell those securities at any particular time.

CAPS AND FLOORS

Caps and Floors are contracts in which one party agrees to make payments only if an interest rate or index goes above (Cap) or below (Floor) a certain level in return for a fee from the other party.

The underlying mortgages which collateralise the ARMS, CMOs, and REMICs in which the Funds invest will frequently have caps and floors which limit the maximum amount by which the loan rate to the residential borrower may change up or down: (1) per reset or adjustment interval; and (2) over the life of the loan. Some residential mortgage loans restrict periodic adjustments by limiting changes in the borrower's monthly principal and interest payments rather than limiting interest rate changes. These payment caps may result in negative amortisation.

The value of mortgage securities in which the Funds invest may be affected if market interest rates rise or fall faster and farther than the allowable caps or floors on the underlying residential mortgage loans. Additionally, even though the interest rates on the underlying residential mortgages are adjustable, amortisation and prepayments may occur, thereby causing the effective maturities of the mortgage securities in which the Funds invest to be shorter than the maturities stated in the underlying mortgages.

COLLATERALISED MORTGAGE OBLIGATIONS

CMOs, including interests in REMICs, allocate payments and prepayments from an underlying pass-through certificate among holders of different classes of mortgage-backed securities. This creates different prepayment and interest rate risks for each CMO class.

CMOs are bonds issued by single-purpose, stand-alone finance subsidiaries or trusts of financial institutions, government agencies, investment banks, or companies related to the construction industry. CMOs purchased by the Funds may be:

- collateralised by pools of mortgages in which each mortgage is guaranteed as to payment of principal and interest by an agency or instrumentality of the U.S. government;
- collateralised by pools of mortgages in which payment of principal and interest is guaranteed by the issuer and such guarantee is collateralised by U.S. Government Securities; or
- securities in which the proceeds of the issuance are invested in mortgage securities and payment of the principal and interest is supported by the credit of an agency or instrumentality of the U.S. government.

All CMOs purchased by the Company on behalf of the Funds are Investment-Grade, as rated by a Recognised Statistical Rating Organisation at the time of purchase. CMOs are subject to interest rate and prepayment risks.

Sequential CMOs

In a sequential pay CMO, one class of CMOs receives all principal payments and prepayments. The next class of CMOs receives all principal payments after the first class is paid off. This process repeats for each sequential class of CMO. As a result, each class of sequential pay CMOs reduces the prepayment risks of subsequent classes.

PACs, TACs and Companion Classes

More sophisticated CMOs include planned amortisation classes ("PACs") and targeted amortisation classes ("TACs"). PACs and TACs are issued with companion classes. PACs and TACs receive principal payments and prepayments at a specified rate. The companion classes receive principal payments and prepayments in excess of the specified rate. In addition, PACs will receive the companion classes' share of principal payments, if necessary, to cover a shortfall in the prepayment rate. This helps PACs and TACs to control prepayment risks by increasing the risks to their companion classes.

IOs and POs

CMOs may allocate interest payments to one class (Interest Only or IOs) and principal payments to another class (Principal Only or POs). POs increase in value when prepayment rates increase. In contrast, IOs decrease in value when prepayments increase, because the underlying mortgages generate less interest payments. However, IOs tend to increase in value when interest rates rise (and prepayments decrease), making IOs a useful hedge against interest rate risks.

Floaters and Inverse Floaters

Another variant allocates interest payments between two classes of CMOs. One class ("Floaters") receives a share of interest payments based upon a market index such as the LIBOR. The other class ("Inverse Floaters") receives any remaining interest payments from the underlying mortgages. Floater classes receive more interest (and Inverse Floater classes receive correspondingly less interest) as interest rates rise. This shifts prepayment and interest rate risks from the Floater to the Inverse Floater class, reducing the price volatility of the Floater class and increasing the price volatility of the Inverse Floater class.

Z Classes and Residual Classes (Types of CMOs)

CMOs must allocate all payments received from the underlying mortgages to some class. To capture any unallocated payments, CMOs generally have an accrual (Z) class. Z classes do not receive any payments from the underlying mortgages until all other CMO classes have been paid off. Once this happens, holders of Z class CMOs receive all payments and prepayments. Similarly, REMICs have residual interests that receive any mortgage payments not allocated to another REMIC class.

Asset-Backed Securities

Asset-backed securities are created by the grouping of certain governmental, government-related and private loans, receivables and other lender assets into pools. Interests in these pools are sold as individual securities. Payments from the asset pools may be divided into several different tranches of debt securities, with some tranches entitled to receive regular installments of principal and interest, other tranches entitled to receive regular installments of interest, with principal payable at maturity or upon specified call dates, and other tranches only entitled to receive payments of principal and accrued interest at maturity or upon specified call dates. Different tranches of securities will bear different interest rates, which may be fixed or floating.

Because the loans held in the asset pool often may be prepaid without penalty or premium, asset-backed securities are generally subject to higher prepayment risks than most other types of debt instruments. Prepayment risks on mortgage securities tend to increase during periods of declining mortgage interest rates, because many borrowers refinance their mortgages to take advantage of the more favourable rates. Depending upon market conditions, the yield that the Funds receive from the reinvestment of such prepayments, or any scheduled principal payments, may be lower than the yield on the original mortgage security. As a consequence, mortgage securities may be a less effective means of "locking in" interest rates than other types of debt securities having the same stated maturity and may also have less potential for capital appreciation. For certain types of asset pools, such as CMOs, prepayments may be allocated to one tranche of securities ahead of other tranches, in order to reduce the risk of prepayment for the other tranches.

Prepayments may result in a capital loss to the Funds to the extent that the prepaid mortgage securities were purchased at a market premium over their stated amount. Conversely, the prepayment of mortgage securities purchased at a market discount from their stated principal amount will accelerate the recognition of interest income by the Fund.

The credit characteristics of asset-backed securities also differ in a number of respects from those of traditional debt securities. The credit quality of most asset-backed securities depends primarily upon the credit quality of the assets underlying such securities, how well the entity issuing the securities is insulated from the credit risk of the originator or any other affiliated entities, and the amount and quality of any credit enhancement to such securities.

Non-Mortgage Related Asset-Backed Securities

The Funds may invest in non-mortgage related asset-backed securities including, but not limited to, interests in pools of receivables, such as credit card and accounts receivable and motor vehicle and other installment purchase obligations and leases. However, almost any type of fixed income assets (including other fixed income securities, such as corporate debt securities) may be used to create an asset-backed security. Asset-backed securities may take the form of notes, pass-through certificates or asset-backed obligations. The securities, all of which are issued by non-governmental entities and carry no direct or indirect government guarantee, are structurally similar to CMOs and mortgage pass-through securities.

Zero Coupon Securities

Certain Funds may invest in zero coupon securities. Zero coupon securities do not pay interest or principal until final maturity unlike debt securities that provide periodic payments of interest (referred to as a coupon payment). Investors buy zero coupon securities at a price below the amount payable at maturity. The difference between the purchase price and the amount paid at maturity represents interest on the zero coupon security. Investors must wait until maturity to receive interest and principal, which increases the interest rate and credit risks of a zero coupon security. A zero coupon step-up security converts to a coupon security before final maturity.

There are many forms of zero coupon securities. Some are issued at a discount and are referred to as zero coupon or capital appreciation bonds. Others are created from interest bearing bonds by separating the right to receive the bond's coupon payments from the right to receive the bond's principal due at maturity, a process known as coupon stripping. Treasury STRIPs, Interest Only and Principal Only are the most common forms of stripped zero coupon securities. In addition, some securities give the issuer the option to deliver additional securities in place of cash interest payments, thereby increasing the amount payable at maturity. These are referred to as pay-in-kind or PIK securities.

Bank Instruments

Bank instruments are unsecured interest bearing deposits with banks. Bank instruments include but are not limited to bank accounts, time deposits, CDs and banker's acceptances.

Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.

Medium Term Notes

Medium term notes are new issue debt instruments issued by banks, corporations and other borrowers which are offered continuously over an extended period of time. Medium term notes' maturities normally range from nine months to fifteen years, although some may be as short as six months.

CONVERTIBLE SECURITIES

Convertible securities are fixed-income securities or preferred stocks that the Funds have the option to exchange for equity securities at a specified conversion price. The option allows the Funds to realise additional returns if the market price of the equity securities exceeds the conversion price. For example, the Funds may hold fixed-income securities that are convertible into shares of common stock at a conversion price of U.S.$10 per share. If the market value of the shares of common stock reached U.S.$12, the Funds could realise an additional U.S.$2 per share by converting their fixed-income securities.

Convertible securities have lower yields than comparable fixed-income securities. In addition, at the time a convertible security is issued the conversion price exceeds the market value of the underlying equity securities. Thus, convertible securities may provide lower returns than non-convertible fixed-income securities or equity securities depending upon changes in the price of the underlying equity securities. However, convertible securities permit the Funds to realise some of the potential appreciation of the underlying equity securities with less risk of losing its initial investment.

The Funds treat convertible securities as both fixed income and equity securities for purposes of their investment policies and limitations, because of their unique characteristics.

Loan Instruments

Certain Funds may invest in loans and loan-related instruments, which are generally interests in amounts owed by a corporate, governmental, or other borrower to lenders or groups of lenders known as lending syndicates (loans and loan participations). Such instruments include, but are not limited to, interests in pre-export/import finance transactions, factoring, syndicated loan transactions and forfaiting transactions.

Typically, administration of the instrument, including the collection and allocation of principal and interest payments due from the borrower, is the responsibility of a single bank that is a member of the lending syndicate and referred to as the agent bank or mandated lead arranger. A financial institution's employment as agent bank might be terminated in the event that it fails to observe a requisite standard of care or becomes insolvent. A successor agent bank would generally be appointed to replace the terminated agent bank, and assets held by the agent bank under the loan agreement should remain available to holders of such indebtedness. However, if assets held by the agent bank for the benefit of a Fund were determined to be subject to the claims of the agent bank's general creditors, the Fund might incur certain costs and delays in realising payment on a loan assignment or loan participation and could suffer a loss of principal and/or interest. In situations involving other interposed financial institutions (e.g., an insurance company or governmental agency) similar risks may arise.

Loan instruments may be secured or unsecured. If secured, then the lenders have been granted rights to specific property, which is commonly referred to as collateral. The purpose of securing loans is to allow the lenders to exercise rights over the collateral if a loan is not repaid as required by the terms of the loan agreement. Collateral may include security interests in receivables, goods, commodities, or real property. Interests in loan instruments may also be tranched or tiered with respect to collateral rights. Unsecured loans expose the lenders to increased credit risk.

The loan instruments in which the Fund may invest may involve borrowers, agent banks, co-lenders and collateral located both in the United States and outside of the United States (in both developed and emerging markets).

The Fund treats loan instruments as a type of fixed-income security. Investments in loan instruments may expose the Fund to interest rate risk, risks of investing in non-U.S. securities, credit risk, liquidity risk, risks of Noninvestment-Grade securities, risks of emerging markets, and leverage risk. (For purposes of the descriptions in this Prospectus of these various risks, references to "issuer," include borrowers under loan instruments.) Many loan instruments incorporate risk mitigation, credit enhancement (e.g. standby letters of credit) and insurance products into their structures, in order to manage these risks. There is no guarantee that these risk management techniques will work as intended.

Inflation-Protected Bonds

Inflation-protected bonds are fixed-income securities whose principal value or interest rate is periodically adjusted according to the rate of inflation. If the index measuring inflation falls (deflation), the principal value or interest rate of the bonds will be adjusted downward and consequently the interest payable on these securities will be reduced. U.S. Treasury Inflation-Protected Securities, also known as TIPs, are adjusted as to principal; repayment of the original bond principal upon maturity is guaranteed if the bond is purchased when originally issued. With respect to other types of inflation-protected bonds that are adjusted to the principal amount, the adjusted principal value of the bond repaid at maturity may be less than the original principal. Most other types of inflation-protected bonds, however, are adjusted with respect to the interest rate, which has a minimum coupon of 0%, and the principal value does not change.

Floating-Rate Loans

Floating-rate loans are loan instruments that have interest rates that reset periodically. Most floating-rate loans are secured by specific collateral of the borrower and are senior to most other securities of the borrower (e.g., common stock or debt instruments) in the event of bankruptcy. Floating-rate loans are often issued in connection with recapitalisations, acquisitions, leveraged buyouts and refinancing. Floating-rate loans are typically structured and administered by a financial institution that acts as the agent of the lenders participating in the floating-rate loan. Floating-rate loans may be acquired directly through the agent, as an assignment from another lender who holds a direct interest in the floating-rate loan, or as a participation interest in another leader's portion of the floating-rate loan.

LOAN PARTICIPATIONS

Loan participations are fixed and floating rate loans arranged through private negotiations between a corporation or other type of entity and one or more financial institutions ("Lender"). Such investment is expected to be in the form of securitised participations in loans which are transferable securities ("Participations"). Participations typically will result in the Fund having a contractual relationship only with the Lender, not with the borrower. The Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the Lender selling the Participation and only upon receipt by the Lender of the payments from the borrower. In connection with purchasing Participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan nor any rights of set-off against the borrower and the Fund may not directly benefit from any collateral supporting the loan in which it has purchased the Participation. As a result, the Fund will assume the credit risk of both the borrower and the Lender that is selling the Participation. The Fund will acquire Participations only if the Lender interpositioned between the Fund and the borrower is determined by the Adviser to be creditworthy.

LOAN ASSIGNMENTS

The Fund may purchase a loan assignment from the agent bank or other member of the lending syndicate. Investments in loans through an assignment may involve additional risks to the Funds. For example, if a loan is foreclosed, a Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under certain legal theories of lender liability, a Fund could be held liable as co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities law protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, the Funds rely on the Adviser's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Funds.

The Funds' investment in loan instruments (including loan participations and loan assignments) will be limited to (i) securitised participations in loans that are transferable securities or (ii) unsecuritised participations in or assignments of floating rate mortgages or other commercial loans that are liquid and will provide for interest rate adjustments at least every 397 days and which may be secured by real estate or other assets. These participations may be interests in, or assignments of, the loan and may be acquired from banks or brokers that have made the loan or members of the lending syndicate. The Funds investment in loan instruments (including loan participations and loan assignments), combined with any other investments that are subject to Clause 1.1 under "Investment Limitations" in the relevant part of Appendix A of this Prospectus, will not exceed 10% of the Net Asset Value of the Fund in the aggregate. Such investments as described above are the only loan participations and loan assignments in which the Funds are permitted to invest. The investment of the Fund shall be in participations that are transferable securities which are not leveraged and are dealt in on a Regulated Market, and will be purchased through recognised, regulated dealers. No more than 5% of the Fund's NAV will be invested in participations of the same borrower.

Insurance Contracts

Insurance contracts include guaranteed investment contracts, funding agreements and annuities. Insurance contracts generally provide that the purchaser will deposit money with the insurance company and the insurance company will pay interest for the life of the contract and return the principal at maturity. The Funds treat these contracts as fixed-income securities.

Non-U.S. Securities

Non-U.S. securities are securities of issuers based outside the United States. The Funds consider an issuer to be based outside the United States if:

- it is organised 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, capitalisation, gross revenue or profit from goods produced, services performed or sales made in another country.

Non-U.S. securities are primarily denominated in currencies other than the U.S. dollar. Along with the risks normally associated with U.S. securities of the same type, non-U.S. securities denominated in a currency other than the U.S. dollar are subject to currency risks and risks of international investing. Trading in certain non-U.S. markets may also be subject to liquidity risks.

Foreign Exchange Contracts

The Funds may enter into spot currency trades to buy a currency denominated in a currency other than a Fund's base currency in order to effectuate Fund portfolio transactions, or to convert foreign currency received from the sale of a security into the Fund's base currency. In a spot trade, the Funds agree to exchange one currency for another at the current exchange rate. The Funds may also enter into derivative contracts in which a particular currency is an underlying asset in order to hedge the position. The exchange rate for currency derivative contracts may be higher or lower than the spot exchange rate. Use of these derivative contracts may increase or decrease a Fund's exposure to currency risks.

OBLIGATIONS OF FOREIGN (NON-U.S.) GOVERNMENTS

Obligations of foreign (non-U.S.) governments may include debt obligations of supranational entities, which include international organisations designed or supported by governmental entities to promote economic reconstruction or development and international banking institutions and related government agencies. Examples of these include, but are not limited to, the International Bank for Reconstruction and Development ("World Bank"), European Investment Bank, Asian Development Bank and InterAmerican Development Bank.

OECD GOVERNMENT SECURITIES

The Funds may invest in debt securities issued or guaranteed by any OECD member state or by its authorities, agencies or instrumentalities or by any supranational or public international bodies of which one or more EU Member States are members.

SUPRANATIONAL ORGANISATIONS

The Funds may invest in debt securities issued by supranational organisations. Supranational organisations are entities designated or supported by governments or governmental entities to promote economic development, and include, among others, the Asian Development Bank, the European Community, the European Investment bank, the Inter-American Development Bank, the International Monetary Fund, the United Nations, the World Bank and the European Bank for Reconstruction and Development. These organisations have no taxing authority and are dependent upon their members for payments of interest and principal. Moreover, the lending activities of such supranational entities are limited to a percentage of their total capital (including "callable capital") contributed by members at an entity's call, reserves and net income.

DEPOSITARY RECEIPTS

Depositary receipts represent interests in underlying securities issued by a foreign company. Depositary receipts are not traded in the same market as the underlying security. The securities underlying American Depositary Receipts ("ADRs") are traded outside the U.S. ADRs provide a way to buy shares of foreign-based companies in the U.S., rather than in overseas markets. ADRs are also traded in U.S. dollars, eliminating the need for foreign exchange transactions. The securities underlying European Depositary Receipts ("EDRs"), Global Depositary Receipts ("GDRs"), and International Depositary Receipts ("IDRs"), are traded globally or outside the United States. EDRs, GDRs and IDRs are similar to ADRs, except that they are primarily aimed at non-U.S. resident investors and are intended to trade mainly in markets outside of the United States. Depositary receipts involve many of the same risks of investing directly in non-U.S. securities, including currency risks and risks of foreign investing.

EQUITY SECURITIES

Equity securities represent a share of an issuer's earnings and assets, after the issuer pays its liabilities. A Fund cannot predict the income it will receive from equity securities because issuers generally have discretion as to the payment of any dividends or distributions. However, equity securities offer greater potential for appreciation than many other types of securities, because their value increases directly with the value of the issuer's business. The following describes the types of equity securities in which the Funds may invest.

Common Stocks

Common stocks are the most prevalent type of equity security. Common stocks receive the issuer's earnings after the issuer pays its creditors and any preferred stockholders. As a result, changes in an issuer's earnings directly influence the value of its common stock.

Preferred Stocks

Preferred stocks have the right to receive specified dividends or distributions before the issuer makes payments on its common stock. Some preferred stocks also participate in dividends and distributions paid on common stock. Preferred stocks may also permit the issuer to redeem the stock. The Funds will treat such redeemable preferred stock as a fixed-income security.

Interests in Limited Liability Companies

Entities such as limited partnerships, limited liability companies, business trusts and companies organised outside the United States may issue securities comparable to common or preferred stock.

Real Estate Investment Trusts

REITs are real estate investment trusts that lease, operate and finance commercial real estate. REITs are exempt from federal corporate income tax if they limit their operations and distribute most of their income. Such tax requirements limit a REIT's ability to respond to changes in the commercial real estate market. Such investments are traded and/or listed on any stock exchange in the United States.

Warrants

Warrants give a Fund the option to buy the issuer's equity securities at a specified price (the exercise price) at a specified future date (the expiration date). A Fund may buy the designated securities by paying the exercise price before the expiration date. Warrants may become worthless if the price of the stock does not rise above the exercise price by the expiration date. This increases the market risks of warrants as compared to the underlying security. Rights are the same as warrants, except companies typically issue rights to existing stockholders.

EQUIPMENT LEASE OR TRUST CERTIFICATES

Equipment lease or trust certificates are secured obligations issued in serial form, usually sold by transportation companies such as railroads or airlines, to finance equipment purchases. The certificate holders own a share of the equipment, which can be resold if the issuer of the certificate defaults. Typically, legal title to the transportation equipment is transferred from the manufacturer to an independent trustee who leases the equipment to the transportation company, and issues the certificates to investors. The trustee uses the proceeds from the sale of the certificates and the initial rental payment from the transportation company to pay the manufacturer. Thereafter, lease rental payments are used by the trustee to pay interest and principal on the certificates.

MONEY MARKET INSTRUMENTS

The Funds may utilise certain money market instruments and techniques.

ELIGIBLE COLLECTIVE INVESTMENT SCHEMES

Each Fund may invest up to 10% of its NAV in Eligible Collective Investment Schemes (including other Funds of the Company as described herein) whose objective is to invest in securities, instruments or obligations of the type in which a Fund is permitted to invest, provided that the Adviser determines that an investment in another Eligible Collective Investment Scheme presents minimal credit risks. The Funds will not invest in another Eligible Collective Investment Scheme unless its investment objectives, policies and restrictions are substantially similar to those of the Fund with substantially similar risks. In the case of the Short-Term Money Market Funds, the Funds will only invest in Eligible Collective Investment Schemes which are themselves "Short-Term Money Market Funds" in accordance with the requirements applicable to money market funds under the MMF Regulation. The Funds may not invest in an Eligible Collective Investment Scheme which itself can invest more than 10% of its net assets in other collective investment schemes.

The Funds may invest in an Eligible Collective Investment Scheme ("underlying scheme") managed by the same management company or any other company with which the management company is linked by common management or control or by a substantial direct or indirect holding, provided that the management company or such other company may not charge subscription or redemption fees on account of the investment of the Fund in the underlying scheme.

A Fund may invest in another Fund of the Company provided that the Fund may not invest in another Fund of the Company which itself holds shares in other Funds of the Company. Where the Fund invests in another Fund of the Company, an annual management fee may not be charged in respect of that portion of assets invested in the other Fund of the Company.

INVESTING IN EXCHANGE-TRADED FUNDS

Certain Funds may invest in exchange-traded funds ("ETFs") as an efficient means of carrying out their investment strategies. As with traditional collective investment schemes, 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 do not charge initial sales charges or redemption fees and investors pay only customary brokerage fees to buy and sell ETF shares.

SPECIAL TRANSACTIONS

Asset Coverage

In order to secure its obligations in connection with derivative contracts or special transactions, a Fund will either own the underlying assets, enter into offsetting transactions or set aside cash or readily marketable securities. This requirement may cause a Fund to miss favourable trading opportunities, due to a lack of sufficient cash or readily marketable securities. This requirement may also cause a Fund to realise losses on offsetting or terminated derivative contracts or special transactions.

Borrowings

Other than the Short-Term Money Market Funds, the Funds may borrow money, grant loans or act as guarantor on behalf of third parties in the following circumstances to the extent permitted under the UCITS Regulations:

- Foreign currency may be acquired by means of a back-to-back loan. Foreign currency obtained in this manner is not classified as borrowing for the purpose of Regulation 103(1) of the UCITS Regulations, except to the extent that such foreign currency exceeds the value of a "back to back" deposit.
- Borrowings not exceeding 10% of the NAV of a Fund may be made on a temporary basis and the assets of a Fund may be charged or pledged as security for such borrowings.

Investment Ratings for Investment-Grade Securities

Investment-Grade in reference to a security means that the security has a rating of BBB- or higher from S&P or Baa3 or higher from Moody's or the equivalent or higher from another nationally recognised rating organisation.

The Adviser will determine whether a security is Investment-Grade based upon the credit ratings given by one or more Recognised Statistical Rating Organisations. For example, at the date of this document, S&P, a rating service, assigns ratings to Investment-Grade securities (AAA, AA, A, and BBB- or higher) based on their assessment of the likelihood of the issuer's inability to pay interest or principal (default) when due on each security. Lower credit ratings correspond to higher credit risk. If a security has not received a rating, the Fund must rely entirely upon the Adviser's credit assessment that the security is comparable to Investment-Grade.

If a security is downgraded below Investment-Grade, the Adviser will re-evaluate the security, but will not be required to sell it.

AUTHORISED INVESTMENT TECHNIQUES AND INSTRUMENTS

Short-Term Money Market Funds

The Adviser may employ certain investment techniques and instruments such as repurchase agreements, reverse repurchase agreements, when issued, delayed delivery and forward commitment securities for efficient portfolio management (i.e., for purposes of reducing risks or costs, or for increasing capital or income returns), subject to the conditions and within the limits from time to time laid down by the Central Bank as described below under *"Repurchase, Reverse Repurchase and Stocklending Agreements"*. The Short-Term Money Market Funds may also enter into operational liquidity facilities from time to time including for the purpose of settlement.

Although the MMF Regulation permit the Short-Term Money Market Funds to invest in financial derivative instruments subject to the conditions and limitations outlined in the MMF Regulation, laid down by the Central Bank from time to time, the Short-Term Money Market Funds will not invest in financial derivative instruments. Prior to the Short-Term Money Market Funds engaging in financial derivative instrument transactions a risk management process will be submitted to the Central Bank in accordance with the UCITS Rules. Financial derivative instruments may only be used when these are in line with the money market investment strategy of the Short-Term Money Market Fund. Financial derivative instruments which give exposure to foreign exchange may only be used for hedging purposes.

Fixed Income and Equity Funds

The Adviser may employ investment techniques and instruments, such as FDIs, for investment purposes and for purposes of efficient portfolio management (i.e., hedging, reducing risks or costs, or for increasing capital or income returns), subject to the conditions and within the limits from time to time laid down by the Central Bank and as described below. These techniques and instruments include trading in options and other derivative instruments. The Company shall supply to a Shareholder on request supplementary information in relation to the quantitative risk management limits applied by it, the risk management methods used by it and any recent developments in the risks and yields characteristics for the main categories of investment. A list of the Regulated Markets on which the FDIs may be quoted or traded is set out below (see heading *"Terms"*).

The Adviser's ability to use these techniques and instruments may be limited by market conditions, regulatory limits and tax considerations and these techniques and instruments may be used only in accordance with the investment objectives of a Fund. Any such technique or instrument must be one which (alone or in combination with one or more other techniques or instruments) is reasonably believed by the Adviser to be economically appropriate to the investment management of a Fund.

New techniques and FDIs may be developed which may be suitable for use by a Fund in the future and a Fund may employ such techniques and FDIs subject to any restrictions imposed by the UCITS Regulations.

The investment in FDIs involves risks which are outlined in this Prospectus (see *"What are the Specific Risks of Investing in the Funds?"*).

FINANCIAL DERIVATIVE INSTRUMENTS ("FDI" OR "DERIVATIVES")

FDIs 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.

For example, a Fund could close out an open contract to buy an asset at a future date by entering into an offsetting contract to sell the same asset on the same date. If the offsetting sale price is more than the original purchase price, the Fund realises a gain; if it is less, a Fund realises a loss. Exchanges may limit the amount of open contracts permitted at any one time. Such limits may prevent a Fund from closing out a position. If this happens, a Fund will be required to keep the contract open (even if it is losing money on the contract), and to make any payments required under the contract (even if it has to sell portfolio securities at unfavourable prices to do so). Inability to close out a contract could also harm a Fund by preventing it from disposing of or trading any assets it has been using to secure its obligations under the contract.

A Fund may also trade FDIs over-the-counter ("OTC") in transactions negotiated directly between the Fund and the counterparty ("OTC derivative contracts"). OTC derivative contracts do not necessarily have standard terms, so they cannot be directly offset with other OTC derivative contracts. In addition, OTC derivative contracts with more specialised terms may be more difficult to price than exchange traded contracts.

Depending upon how the Fund uses FDIs and the relationships between the market value of an FDI and the underlying asset, FDIs may increase or decrease the Fund's exposure to interest rate, stock market, currency and credit risks, and may also expose the Fund to liquidity and leverage risks. OTC derivative contracts also expose the Fund to credit risks in the event that a counterparty defaults on the contract.

A Fund may invest in FDIs, including equivalent cash-settled instruments, dealt in on a Regulated Market and may invest in over-the-counter derivatives subject to the conditions and limitations outlined in the UCITS Regulations and laid down by the Central Bank from time to time as described below.

Where a Fund invests in FDIs the recourse of the relevant counterparty will be limited to the assets of that Fund and the counterparty will not be entitled to have recourse to the assets of any other Fund of the Company.

The policy that will be applied to collateral arising from OTC derivative transactions or efficient portfolio management techniques relating to the Funds is to adhere to the requirements set out below. This sets out the permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, the re-investment policy prescribed by the Central Bank pursuant to the UCITS Regulations. The categories of collateral which may be received by the Funds include cash and non-cash assets such as equities, debt securities and money market instruments. From time to time and subject to the requirements set out below, the policy on levels of collateral required and haircuts may be adjusted, at the discretion of the Advisers, where this is determined to be appropriate in the context of the specific counterparty, the characteristics of the asset received as collateral, market conditions or other circumstances. The haircuts applied (if any) by the Advisers are adapted for each class of assets received as collateral, taking into account the characteristics of the assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed in accordance with the requirements set out below. Each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of this policy.

If cash collateral received by a Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund. For further details see the "What are the Specific Risks of Investing in the Funds?" section herein.

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques of securities lending, repurchase and reverse repurchase arrangements may be deducted from the revenue delivered to the Funds (e.g., as a result of revenue sharing arrangements). All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be parties related to the Depositary. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and semi-annual reports of the Funds.

A Fund may trade in, but is not limited to trading in, the following FDIs, including combinations thereof (prior to the Fund engaging in any additional FDIs an updated risk management process will be submitted to the Central Bank):

Futures Contracts

Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of a Reference Instrument at a specified price, date and time. Entering into a contract to buy a Reference Instrument is commonly referred to as buying a contract or holding a long position in the asset. Entering into a contract to sell a Reference Instrument is commonly referred to as selling a contract or holding a short position in the Reference Instrument. The Funds are exempt from registration with the U.S. Commodity Futures Trading Commission ("CFTC") as commodity pool operators and therefore, unlike registered commodity pool operators, are not subject to requirements of the U.S. Commodity Exchange Act to deliver a commodity pool disclosure document or certified annual report to Shareholders. The Funds qualify for such exemption from CFTC registration on the basis that (i) interests in the Funds are exempt from registration under the 1933 Act, and (ii) such interests are offered and sold without marketing to the public in the United States. Futures contracts traded OTC are frequently referred to as forward contracts. A Fund can buy or sell financial futures (such as index futures and security futures), as well as, currency futures and currency forward contracts.

INTEREST-RATE FUTURES

An interest-rate futures contract is an exchange-traded contract for which the Reference Instrument is an interest-bearing, fixed-income security or an inter-bank deposit. Two examples of common interest rate futures contracts are U.S. Treasury futures contracts and Eurodollar futures contracts. The Reference Instrument for a U.S. Treasury futures contract is a U.S. Treasury security. The Reference Instrument for a Eurodollar futures contract is the LIBOR; Eurodollar futures contracts enable the purchaser to obtain a fixed rate for the lending of funds over a stated period of time and the seller to obtain a fixed rate for a borrowing of funds over that same period.

INDEX FUTURES

An index futures contract is an exchange-traded contract to make or receive a payment based upon changes in the value of an index. An index is a statistical composite that measures changes in the value of designated Reference Instruments. An index is usually computed by a sum product of a list of the designated Reference Instruments' current prices and a list of weights assigned to these Reference Instruments.

SECURITY FUTURES

A security futures contract is an exchange-traded contract to purchase or sell in the future a specific quantity of a security (other than a U.S. Treasury Security) or a narrow-based securities index at a certain price. Presently, the only available security futures contracts use shares of a single equity security as the Reference Instrument. However, it is possible that in the future security futures contracts will be developed that use a single fixed-income security as the Reference Instrument.

CURRENCY FUTURES AND CURRENCY FORWARD CONTRACTS

A currency futures contract is an exchange-traded contract to buy or sell a particular currency at a specific price at some time in the future (commonly three months or more). A currency forward contract is an OTC derivative that represents an obligation to purchase or sell a specific currency at a future date, at a price set at the time of the contract and for a period agreed upon by the parties which may be either a window of time or a fixed number of days from the date of the contract. Currency futures and forward contracts are highly volatile, with a relatively small price movement potentially resulting in substantial gains or losses to the Fund. Additionally, the Fund may lose money on currency futures and forward contracts if changes in currency rates do not occur as anticipated or if the Fund's counterparty to the contract were to default.

Options

Option contracts (also called "options") are rights to buy or sell a Reference Instrument for a specified price (the exercise price) during, or at the end of, a specified period. The seller (or writer) of the option receives a payment, or premium, from the buyer, which the writer keeps regardless of whether the buyer uses (or exercises) the option. Options can trade on exchanges or in the OTC market and may be bought or sold on a wide variety of Reference Instruments. Options that are written on futures contracts will be subject to margin requirements similar to those applied to futures contracts.

A Fund may buy and/or sell the following types of options:

CALL OPTIONS

A call option gives the holder (buyer) the right to buy the Reference Instrument from the seller (writer) of the option. A Fund may use call options in the following ways:

- buy call options on a Reference Instrument in anticipation of an increase in the value of the Reference Instrument; and
- write call options on a Reference Instrument to generate income from premiums, and in anticipation of a decrease or only limited increase in the value of the Reference Instrument. If the Fund writes a call option on a Reference Instrument that it owns and that call option is exercised, the Fund foregoes any possible profit from an increase in the market price of the Reference Instrument over the exercise price plus the premium received.

PUT OPTIONS

A put option gives the holder the right to sell the Reference Instrument to the writer of the option. A Fund may use put options in the following ways:

- buy put options on a Reference Instrument in anticipation of a decrease in the value of the Reference Instrument; and
- write put options on a Reference Instrument to generate income from premiums, and in anticipation of an increase or only limited decrease in the value of the Reference Instrument. In writing puts, there is a risk that the Fund may be required to take delivery of the Reference Instrument when its current market price is lower than the exercise price.

A Fund may also buy or write options, as needed, to close out existing option positions.

Finally, a Fund may enter into combinations of options contracts in an attempt to benefit from changes in the prices of those options contracts (without regard to changes in the value of the Reference Instrument).

Swap Contracts

A swap contract (also known as a "swap") is a type of derivative contract in which two parties agree to pay each other (swap) the returns derived from Reference Instruments. Most swaps do not involve the delivery of the underlying assets by either party, and the parties might not own the Reference Instruments. The payments are usually made on a net basis so that, on any given day, the Fund would receive (or pay) only the amount by which its payment under the contract is less than (or exceeds) the amount of the other party's payment. Swap agreements are sophisticated instruments that can take many different forms and are known by a variety of names. Common swap agreements that the Funds may use include:

INTEREST RATE SWAPS

Interest rate swaps are contracts in which one party agrees to make regular payments equal to a fixed or floating interest rate times a stated principal amount (commonly referred to as a "notional principal amount") in return for payments equal to a different fixed or floating rate times the same principal amount, for a specific period. For example, a U.S.$10 million LIBOR swap would require one party to pay the equivalent of the LIBOR (which fluctuates) on U.S.$10 million principal amount in exchange for the right to receive the equivalent of a stated fixed rate of interest on U.S.$10 million principal amount.

TOTAL RETURN SWAPS

A total return swap is an agreement between two parties whereby one party agrees to make payments of the total return from a Reference Instrument (or a basket of such instruments) during the specified period, in return for payments equal to a fixed or floating rate of interest or the total return from another Reference Instrument. A total return swap can also be structured so that one party will make payments to the other party if the value of a Reference Instrument increases, but receive payments from the other party if the value of that instrument decreases. Through the swap the Fund may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The risk of the counterparty defaulting on its obligations under the total return swap and its effect on investor returns are described in the section entitled "What are the Specific Risks of Investing in the Funds?". It is not intended that the counterparties to total return swaps entered into by a Fund assume any discretion over the composition or management of the Fund's investment portfolio or over the underlying of the FDIs, or that the approval of the counterparty is required in relation to any portfolio transactions by the Fund.

CREDIT DEFAULT SWAPS

A credit default swap ("CDS") is an agreement between two parties whereby one party (the "Protection Buyer") agrees to make payments over the term of the CDS to the other party (the "Protection Seller"), provided that no designated event of default, restructuring or other credit related event (each a "Credit Event") occurs with respect to the Reference Instrument that is usually a particular bond, a portfolio of bonds or the unsecured credit of an issuer, in general (the "Reference Obligation"). Many CDS are physically settled, which means that if a Credit Event occurs, the Protection Seller must pay the Protection Buyer the full notional value, or "par value," of the Reference Obligation in exchange for delivery by the Protection Buyer of the Reference Obligation or another similar obligation issued by the issuer of the Reference Obligation (the "Deliverable Obligation"). The Counterparties agree to the characteristics of the Deliverable Obligation at the time that they enter into the CDS. Alternately, a CDS can be "cash settled," which means that upon the occurrence of a Credit Event, the Protection Buyer will receive a payment from the Protection Seller equal to the difference between the par amount of the Reference Obligation and its market value at the time of the Credit Event. A Fund may be either the Protection Buyer or the Protection Seller in a CDS. If the Fund is a Protection Buyer and no Credit Event occurs, the Fund will lose its entire investment in the CDS (i.e., an amount equal to the payments made to the Protection Seller over the term of the CDS). However, if a Credit Event occurs, the Fund (as Protection Buyer) will deliver the Deliverable Obligation and receive a payment equal to the full notional value of the Reference Obligation, even though the Reference Obligation may have little or no value. If the Fund is the Protection Seller and no Credit Event occurs, the Fund will receive a fixed rate of income throughout the term of the CDS. However, if a Credit Event occurs, the Fund (as Protection Seller) will pay the Protection Buyer the full notional value of the Reference Obligation and receive the Deliverable Obligation from the Protection Buyer. A CDS may involve greater risks than if the Fund invested directly in the Reference Obligation. For example, a CDS may increase credit risk since the Fund has exposure to both the issuer of the Reference Obligation and the Counterparty to the CDS.

CURRENCY SWAPS

A currency swap is a type of derivative contract in which the parties agree to make periodic interest payments to one another in different currencies. The parties might agree to exchange the notional principal amounts of the currencies as well (commonly called a "foreign exchange swap").

VOLATILITY SWAPS

A volatility swap is an agreement between two parties to make payments based on changes in the volatility of a Reference Instrument over a stated period of time. Specifically, one party will be required to make a payment to the other party if the volatility of a Reference Instrument increases over an agreed upon period of time, but will be entitled to receive a payment from the other party if the volatility decreases over that time period. A volatility swap that requires a single payment on a stated future date will be treated as a forward contract. Payments on a volatility swap will be greater if they are based upon the mathematical square of volatility (i.e., the measured volatility multiplied by itself, which is referred to as "variance"). This type of a volatility swap is frequently referred to as a variance swap.

CAPS AND FLOORS

Caps and Floors are contracts in which one party agrees to make payments only if an interest rate or index goes above (Cap) or below (Floor) a certain level in return for a fee from the other party.

HYBRID INSTRUMENTS

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). Hybrid instruments can take on many forms including, but not limited to, 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 securities 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 Fund to leverage risks or carry liquidity risks.

Credit Linked Notes

A credit linked note ("CLN") is a type of hybrid instrument in which a special purpose entity issues a structured note (the "Note Issuer") with respect to which the Reference Instrument is a single bond, a portfolio of bonds, or the unsecured credit of an issuer, in general (each a "Reference Credit"). The purchaser of the CLN (the "Note Purchaser") invests a par amount and receives a payment during the term of the CLN that equals a fixed or floating rate of interest equivalent to a high rated funded asset (such as a bank certificate of deposit) plus an additional premium that relates to taking on the credit risk of the Reference Credit. Upon maturity of the CLN, the Note Purchaser will receive a payment equal to (i) the original par amount paid to the Note Issuer, if there is no occurrence of a designated event of default, restructuring or other credit event (each, a "Credit Event") with respect to the issuer of the Reference Credit or (ii) the market value of the Reference Credit, if a Credit Event has occurred. Depending upon the terms of the CLN, it is also possible that the Note Purchaser may be required to take physical delivery of the Reference Credit in the event of a Credit Event. Most credit linked notes use a corporate bond (or a portfolio of corporate bonds) as the Reference Credit. However, almost any type of fixed-income security (including non-U.S. government securities), index, or derivative contract (such as a credit default swap) can be used as the Reference Credit.

Equity Linked Notes

An equity linked note ("ELN") is a type of hybrid instrument that provides the noteholder with exposure to a single equity security, a basket of equity securities, or an equity index (the "Reference Equity Instrument"). Typically, an ELN pays interest at agreed rates over a specified time period and, at maturity, either converts into shares of a Reference Equity Instrument or returns a payment to the noteholder based on the change in value of a Reference Equity Instrument.

PERMITTED FINANCIAL DERIVATIVE INSTRUMENTS

The current conditions and limits laid down by the Central Bank in relation to FDIs are as follows:

1. A Fund may invest in FDI provided that:

   (i) the relevant reference items or indices consist of one or more of the following: instruments referred to in Regulation 68(1)(a) – (f) and (h) of the UCITS Regulations including financial instruments having one or several characteristics of those assets, financial indices, interest rates, foreign exchange rates, currencies;

   (ii) the FDI do not expose the Fund to risks which it could not otherwise assume (e.g., gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure);

   (iii) the FDI do not cause the Fund to diverge from its investment objectives;

   (iv) the reference in (i) above to financial indices shall be understood as a reference to indices which fulfil the following criteria and the provisions of the UCITS Rules:

      (a) they are sufficiently diversified, in that the following criteria are fulfilled:

         (i) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

         (ii) where the index is composed of assets referred to in Regulation 68(1) of the UCITS Regulations, its composition is at least diversified in accordance with Regulation 71 of the UCITS Regulations;

         (iii) where the index is composed of assets other than those referred to in Regulation 68(1) of the UCITS Regulations, it is diversified in a way which is equivalent to that provided for in Regulation 71 of the UCITS Regulations;

      (b) they represent an adequate benchmark for the market to which they refer, in that the following criteria are fulfilled:

         (i) the index measures the performance of a representative group of underlyings in a relevant and appropriate way;

         (ii) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available;

         (iii) the underlyings are sufficiently liquid, which allows users to replicate the index, if necessary;

      (c) they are published in an appropriate manner, in that the following criteria are fulfilled:

         (i) their publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index value, including pricing procedures for components where a market price is not available;

(ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis; and

(v) where a Fund enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the assets held by the Fund must comply with Regulations 70, 71, 72, 73 and 74 of the UCITS Regulations.

Where the composition of assets which are used as underlyings by FDI does not fulfil the criteria set out in (a), (b) or (c) above, those FDI shall, where they comply with the criteria set out in Regulation 68(1)(g) of the UCITS Regulations, be regarded as financial derivatives on a combination of the assets referred to in Regulation 68(1)(g)(i) of the UCITS Regulations, excluding financial indices.

2. Credit derivatives are permitted where:

(i) they allow the transfer of the credit risk of an asset as referred to in paragraph 1(i) above, independently from the other risks associated with that asset;

(ii) they do not result in the delivery or in the transfer, including in the form of cash, of assets other than those referred to in Regulations 68(1) and (2) of the UCITS Regulations;

(iii) they comply with the criteria for OTC Derivatives (defined below) set out in paragraph 4 below; and

(iv) their risks are adequately captured by the risk management process of the Fund, and by its internal control mechanisms in the case of risks of asymmetry of information between the Fund and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlyings by credit derivatives. The Fund must undertake the risk assessment with the highest care when the counterparty to the FDI is a related party of the Fund or the credit risk issuer.

3. FDI must be dealt in on a market that is regulated, operates regularly, is recognised and is open to the public in a Member State or a non-Member State.

4. Notwithstanding paragraph 3, a Fund may invest in FDI dealt in over-the-counter ("OTC Derivatives") provided that:

(i) the counterparty is: (a) a credit institution listed in Regulation 7(a) – (c) of the Central Bank Regulations; (b) an investment firm authorised in accordance with the Markets in Financial Instruments Directive; or (c) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by the Federal Reserve; or (d) in a category of such other counterparties as is permitted by the Central Bank;

(ii) where a counterparty within sub-paragraphs (b) or (c) of paragraph 4(i)(a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Responsible Person in the credit assessment process; and (b) is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) of this paragraph 4(ii) this shall result in a new credit assessment being conducted of the counterparty by the Responsible Person without delay;

(iii) risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c) of the UCITS Regulations. In this regard the Fund shall calculate the exposure using the positive mark-to-market value of the OTC derivative contract with that counterparty. The Fund may net the derivative positions with the same counterparty, provided that the Fund is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC derivative instruments with the same counterparty and not in relation to any other exposures the Fund may have with the same counterparty. The Fund may take account of collateral received by the Fund in order to reduce the exposure to the counterparty, provided that the collateral meets with the requirements specified in paragraphs (3), (4), (5), (6), (7), (8), (9) and (10) of Regulation 24 of the Central Bank Regulations;

(iv) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.

5. Collateral received must, at all times, meet with the requirements set out in the UCITS Rules.

Collateral passed to an OTC derivative counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in Regulation 70(1)(c) of the UCITS Regulations. Collateral passed may be taken into account on a net basis only if the Fund is able to legally enforce netting arrangements with this counterparty.

6. Calculation of issuer concentration risk and counterparty exposure risk:

Each Fund must calculate issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach. The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques must be combined when calculating the OTC counterparty limit as referred to in Regulation 70(1)(c) of the UCITS Regulations. A Fund must calculate exposure arising from initial margin posted to and variation margin receivable from a broker relating to exchange-traded or OTC derivatives, which is not protected by client money rules or other similar arrangements to protect the Fund against the insolvency of the broker, and that exposure cannot exceed the OTC counterparty limit referred to in Regulation 70(1)(c) of the UCITS Regulations.

The calculation of issuer concentration limits as referred to in the Regulation 70 of the UCITS Regulations must take account of any net exposure to a counterparty generated through a stocklending or repurchase agreement. Net exposure refers to the amount receivable by a Fund less any collateral provided by the Fund. Exposures created through the reinvestment of collateral must also be taken into account in the issuer concentration calculations. When calculating exposures for the purposes of Regulation 70 of the UCITS Regulations, a Fund must establish whether its exposure is to an OTC counterparty, a broker or a clearing house.

7. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities, money market instruments or collective investment schemes, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73 of the UCITS Regulations. When calculating issuer-concentration risk, the financial derivative instrument (including embedded financial derivative instruments) must be looked through in determining the resultant position exposure. This position exposure must be taken into account in the issuer concentration calculations. Issuer concentration must be calculated using the commitment approach when appropriate or the maximum potential loss as a result of default by the issuer if more conservative. It must also be calculated by all Funds, regardless of whether they use VaR for global exposure purposes. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the UCITS Regulations.

8. A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in the UCITS Regulations and which contain a component which fulfils the following criteria:

   (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone derivative;

   (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract;

   (c) it has a significant impact on the risk profile and pricing of the transferable security or money market instrument.

9. A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

Cover Requirements

10. For each of the Fixed Income Funds and Equity Funds (other than the Federated Strategic Value Equity Fund) the Advisers employ the relative VaR method in measuring global exposure. Relative VaR is the one day VaR of a Fund (calculated as described below) divided by the one day VaR of a reference portfolio (i.e., a benchmark index) with no derivatives. The risk profile of the reference portfolio will be consistent with investment objectives, policies and limits of the applicable Fund's portfolio. Under the Central Bank's requirements, the VaR of a Fund using the relative VaR approach is required to be no greater than twice the VaR of a reference portfolio. In the case of each of the Funds, the relevant reference portfolio is as follows:

Fund	Reference Portfolio
Federated High Income Advantage Fund	Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index
Federated U.S. Total Return Bond Fund	Bloomberg Barclays U.S. Aggregate Bond Index
Federated MDT All Cap U.S. Stock Fund	Russell 3000® Index

In the case of the Federated Strategic Value Equity Fund, the Adviser employs the absolute VaR method in measuring global exposure. The one day absolute VaR for the Federated Strategic Value Equity Fund shall not exceed 4.47% of its Net Asset Value.

In summary, the following calculation standards currently apply to the VaR model employed in respect of a Fund. However, these calculation standards are dealt with in more detail in the risk management process of the Fund and may change from time to time at the discretion of the Advisers and in accordance with the requirements of the Central Bank:

(i) one day VaR (99%) shows the maximum potential daily loss of the portfolio or benchmark (in 000s) given a 99% confidence interval;

(ii) effective observation period (history) of risk factors is at least one year (250 business days);

(iii) at least daily calculation.

In the case of the Fixed Income Funds and Equity Funds it is expected that under normal market conditions, a Fund's leverage, as calculated using the Notional Approach, will be less than 150% of the relevant Fund's Net Asset Value, and, subject to the investment policies of the relevant Fund, is expected to typically range from 0% to 150% per cent of the relevant Fund's Net Asset Value. Under exceptional circumstances, a Fund may be leveraged up to a maximum of 200% (using the Notionals Approach) of the relevant Fund's Net Asset Value. Examples of exceptional circumstances include, but are not limited to, periods characterised by significant subscription or redemption activity, high levels of volatility or sudden changes in interest rates or the securities markets or unusual market conditions when, in the opinion of the Advisers, it would be advantageous to use FDI to hedge exposures or to take advantage of investment opportunities to increase income or capital returns. In addition, leverage levels as calculated under the Notionals Approach may also be higher, for example, if the investments in Share classes denominated in a currency other than the relevant Fund's base currency constitute a significant proportion of the relevant Fund's Net Asset Value, since the Fund may enter into currency-related FDI for hedging purposes in order to reduce or eliminate the impact of fluctuations in the value of these currencies versus the Fund's base currency.

In the case of the Short-Term Money Market Funds, global exposure is not expected to exceed 100%, as calculated using the Notionals Approach.

11. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:

    (i) in the case of FDI which automatically, or at the discretion of the Fund, are cash settled, a Fund must hold, at all times, liquid assets which are sufficient to cover the exposure.

    (ii) in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by a Fund.

    Alternatively a Fund may cover the exposure with sufficient liquid assets where:

– the underlying assets consists of highly liquid fixed income securities; and/or

– the Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the risk management process, which is described in paragraph 12 below, and details are provided in the Prospectus.

Risk Management

12. (i) A Fund must employ a risk management process to monitor, measure and manage the risks attached to FDI positions.

    (ii) A Fund must provide the Central Bank with details of its proposed risk management process vis-à-vis its FDI activity. The initial filing is required to include information in relation to:

    – permitted types of FDI, including embedded derivatives in transferable securities and money market instruments;

    – details of the underlying risks;

    – relevant quantitative limits and how these will be monitored and enforced; and methods for estimating risks.

    (iii) Material amendments to the initial filing must be notified to the Central Bank in advance. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.

13. A Fund must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must contain information which reflects a true and fair view of the types of FDI used by the Fund, the underlying risks, the quantitative limits and the methods used to estimate those risks, must be submitted with the annual report of the Company. A Company must, at the request of the Central Bank, provide this report at any time.

REPURCHASE AGREEMENTS, REVERSE REPURCHASE AGREEMENTS AND STOCKLENDING AGREEMENTS

Repurchase agreements are transactions in which a Fund sells securities to a bank or recognised securities dealer and simultaneously commits to repurchase the securities from the bank or dealer at an agreed-upon date and price reflecting a market rate of interest unrelated to the coupon rate of maturity of the purchased securities.

A repurchase agreement may be viewed as a type of borrowing by the Fund. Repurchase agreements are subject to credit risks. In addition, repurchase agreements create leverage risks because the Funds must repurchase the underlying security at a higher price, regardless of the market value of the security at the time of repurchase.

In return, the Fund 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 Fund the equivalent of any dividends or interest received on the loaned securities.

The Fund will reinvest cash collateral in accordance with the requirements of the Central Bank. However, the Fund must pay interest to the borrower for the use of cash collateral.

Reverse repurchase agreements are repurchase agreements in which a Fund is the buyer (rather than the seller) of the securities, and agrees to resell them at an agreed upon time and price.

A Fund may also lend securities to a counterparty approved by the Adviser.

Loans are subject to termination at the option of the Company or the borrower. The Company will not have the right to vote on securities while they are on loan, but it will terminate a loan in anticipation of any important vote. The Company 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 stocklending agent or broker.

Stocklending activities are subject to interest rate risks and credit risks. These transactions may create leverage risks.

A Fund may invest in repurchase agreements, reverse repurchase agreements and stocklending agreements, subject to the following conditions and limitations outlined by the Central Bank from time to time:

Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:

(a) they are economically appropriate in that they are realised in a cost-effective way;

(b) they are entered into for one or more of the following specific aims:

    (i) reduction of risk;

    (ii) reduction of cost; and/or

    (iii) generation of additional capital or income for the UCITS with a level of risk which is consistent with the risk profile of the UCITS and the risk diversification rules set out in Regulation 71 of the UCITS Regulations;

(c) their risks are adequately captured by the risk management process of the UCITS; and

(d) they cannot result in a change to the UCITS' declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.

Financial derivative instruments used for efficient portfolio management, in accordance with the paragraph above, must also comply with the provisions of the UCITS Rules.

Repurchase/reverse repurchase agreements ("Repo Contracts") and stocklending may only be effected in accordance with normal market practice.

All assets received by a Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down below.

Collateral must, at all times, meet with the following criteria:

(i) Liquidity: Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the UCITS Regulations.

(ii) Valuation: Collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

(iii) Issuer credit quality: Collateral received should be of high quality. The Fund shall ensure that:

(a) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Responsible Person in the credit assessment process; and

(b) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the issuer by the Fund without delay.

(iv) Correlation: Collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground for the Fund to expect that it would not display a high correlation with the performance of the counterparty.

(v) Diversification (asset concentration):

(a) Subject to sub-paragraph (b) below, collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When Funds are exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

(b) It is intended that a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's Net Asset Value. The Member States, local authorities, third countries, or public international bodies issuing or guaranteeing securities which the Fund is able to accept as collateral for more than 20% of its Net Asset Value shall be drawn from the following list:

OECD countries (provided the relevant issues are investment grade); Government of Brazil (provided the issues are of investment-grade); Government of India (provided the issues are of investment grade); Government of Singapore; Government of the People's Republic of China; European Investment Bank; European Bank for Reconstruction and Development; International Finance Corporation; International Monetary Fund; Euratom; The Asian Development Bank; European Central Bank; Council of Europe; Eurofima; African Development Bank; International Bank for Reconstruction and Development (The World Bank); The Inter American Development Bank; European Union; Federal National Mortgage Association (Fannie Mae); Federal Home Loan Mortgage Corporation (Freddie Mac); Government National Mortgage Association (Ginnie Mae); Federal Home Loan Bank System; Federal Farm Credit System; Tennessee Valley Authority; and Export-Import Bank of the United States whose issues are backed by the full faith and credit of the U.S. government.

(vi) Immediately available: Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

Collateral received on a title transfer basis should be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated and unconnected to the provider of the collateral.

Non-cash collateral cannot be sold, pledged or re-invested.

Cash collateral may not be invested other than in the following:

(i) deposits with a credit institution referred to in Regulation 7 of the Central Bank Regulations;

(ii) high-quality government bonds;

(iii) reverse repurchase agreements provided the transactions are with a credit institution referred to Regulation 7 of the Central Bank Regulations and the Fund is able to recall at any time the full amount of cash on an accrued basis;

(iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or connected to the counterparty.

A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

(a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;

(b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;

(c) reporting frequency and limit/loss tolerance threshold/s; and

(d) mitigation actions to reduce loss including haircut policy and gap risk protection.

A Fund should have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, a Fund should take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with requirements of the Central Bank. This policy should be documented and should justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.

Where a counterparty to a repurchase or a securities lending agreement which has been entered into by a Fund: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Responsible Person in the credit assessment process; and (b) downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Fund without delay.

A Fund should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

A Fund that enters into a reverse repo contract should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repo contract on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repo contract should be used for the calculation of the net asset value of the Fund.

A Fund that enters into a repo contract should ensure that it is able at any time to recall any securities subject to the repo contract or to terminate the repo contract into which it has entered.

Repo contracts, mortgage dollar roll, stock borrowing and securities lending agreements do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively of the UCITS Regulations.

A Short-Term Money Market Fund may only invest in a repurchase agreement provided that all of the following conditions are fulfilled:

- the repurchase agreement is used on a temporary basis, for no more than 7 working days for liquidity management purposes;
- the counterparty receiving assets transferred by the Short-Term Money Market Fund as collateral under the repurchase agreement is prohibited from selling, investing, pledging or otherwise transferring those assets without the Short-Term Money Market Fund's prior consent;
- the cash received by the Short-Term Money Market Fund as part of the repurchase agreement is able to be (i) placed on deposit; or (ii) invested in assets as referred to in Article 14 of the MMF Regulation;
- the cash received by the Short-Term Money Market Fund as part of the repurchase agreement does not exceed 10% of its assets; and
- the Short-Term Money Market Fund has the right to terminate the agreement at any time upon giving prior notice of no more than 2 Business Days.

A Short-Term Money Market Fund may invest in a reverse repurchase agreement provided that all the following conditions are fulfilled:

- the Short-Term Money Market Fund has the right to terminate the agreement at any time upon giving prior notice of no more than 2 working days;
- the market value of the assets received as part of the reverse repurchase agreement is at all times at least equal to the value of the cash paid out;
- the assets received by a Short-Term Money Market Fund as part of a reverse repurchase agreement shall be money market instruments that fulfill the requirements set out in Article 10 of the MMF Regulation.

The assets received by a Short-Term Money Market Fund as part of a reverse repurchase agreement shall not be sold, reinvested, pledged or otherwise transferred.

A Short-Term Money Market Fund that enters into reverse repurchase shall ensure that it is able to recall the full amount of cash at any time and on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement shall be used for the calculation of the NAV of the Short-Term Money Market Fund.

The assets received by a Short-Term Money Market Fund as part of a reverse repurchase agreement shall be sufficiently diversified with the maximum exposure to a given issuer being 15% of the NAV of the Short-Term Money Market Fund except in the circumstances set out in Article 15(4) of the MMF Regulation.

WHEN-ISSUED, DELAYED DELIVERY AND FORWARD COMMITMENT SECURITIES

It is intended that the Funds may also purchase "when issued," "delayed delivery," and "forward commitment" securities. These securities are taken into account when calculating the limits set out in the investment restrictions applicable to a Fund.

When a Fund undertakes such purchase obligations, it immediately assumes the risks of ownership, including the risk of price fluctuation. Failure by the issuer to deliver a security purchased on a when-issued, delayed delivery or forward commitment basis may result in a loss or missed opportunity to make an alternative investment.

TO BE ANNOUNCED SECURITIES ("TBAs") (A TYPE OF DELAYED DELIVERY TRANSACTION)

As with other delayed delivery transactions, a seller agrees to deliver a TBA security at a future date. However, the seller does not specify the particular securities to be delivered. Instead, a Fund agrees to accept any security that meets specified terms. For example, in a TBA mortgage-backed transaction, the Fund and the seller would agree upon the issuer, interest rate and terms of the underlying mortgages. The seller would not identify the specific underlying mortgages until it issues the security. TBA mortgage-backed securities increase interest rate risks because the underlying mortgages may be less favourable than anticipated by the Fund.

DOLLAR ROLLS (A TYPE OF DELAYED DELIVERY TRANSACTION)

Dollar rolls are transactions where a Fund sells mortgage-backed securities with a commitment to buy similar, but not identical, mortgage-backed securities on a future date at a lower price. Normally, one or both securities involved are TBA mortgage-backed securities. Dollar rolls are subject to interest rate risks and credit risks.

AUTHORISED INVESTMENT TECHNIQUES AND INSTRUMENTS FOR PROTECTION AGAINST CURRENCY RISKS – FIXED INCOME FUNDS ONLY

The Funds may employ techniques and instruments intended to provide protection against currency risks in the context of the management of its assets and liabilities. In this regard, the Funds may:

1. utilise currency options;
2. hedge exposure to one currency by entering into forward currency transactions in a related currency because of the institutional and expected future correlation between the two currencies;
3. utilise option, interest rate swap and exchange rate swap contracts transacted OTC derivative contracts subject to additional requirements.

HEDGING TECHNIQUES FOR THE FOLLOWING FUND/SERIES:

Federated High Income Advantage Fund
(Class A Shares – EUR ACC, Class I Shares – EUR DIS,
Class A Shares – EUR DIS and Class I Shares – GBP DIS); and

Federated U.S. Total Return Bond Fund
(Class I Shares –EUR DIS; Class I Shares –GBP DIS and
Class A Shares –EUR DIS).

In order to minimise currency exposure risk to investors in euro- and pound sterling-denominated Series, the Adviser will attempt to hedge the portfolio against fluctuations in the exchange rate between the U.S. dollar and euro or GBP, as applicable, by utilising derivative instruments, including, but not limited to forward currency exchange contracts, futures and options.

Up to 100% of the NAV of the Federated High Income Advantage Fund – Class A Shares – EUR ACC, Class I Shares – EUR DIS, Class I Shares – GBP DIS and Class A Shares – EUR DIS; and Federated U.S. Total Return Bond Fund – Class I Shares – EUR DIS, Class I Shares – GBP DIS and Class A Shares – EUR DIS may be hedged. While not the intention, over-hedged or under-hedged positions may arise due to factors outside of the control of the Fund for example, during periods of large purchases or redemptions, or significant movements in the value of portfolio securities or changes in exchange rates. Over-hedged positions will not be permitted to exceed 105% of the net asset value of the class. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% will not be carried forward from month to month.

For the Federated High Income Advantage Fund and Federated U.S. Total Return Bond Fund, the Adviser may, but is not required to, hedge currency exposures in specific securities denominated in a currency other than the Fund's base currency. Foreign exchange transactions which alter the currency exposure characteristics of transferable securities held by the Funds may only be undertaken for one or more of the following purposes: (1) a reduction in risk; (2) a reduction in costs; (3) an increase in capital or income returns to the Funds, and must be fully covered by cash flows arising from the transferable securities held by the Funds. Such transactions may not be speculative in nature and may not constitute an investment in their own right. Details of any such transactions for the Funds will be set out under the section headed *"Securities in Which the Funds Invest."* The Funds may not be leveraged or geared in any way through the use of foreign exchange transactions. The general conditions laid down in the UCITS Rules also apply. In particular, foreign exchange transactions which alter the currency exposure characteristics of transferable securities held by the Funds must be used in accordance with the investment objective of the Funds, the currencies to which the Funds are exposed must be currencies in which the Funds may invest directly. Transactions will be clearly attributable to a specific class. Expenses relating to these hedging techniques will be allocated to the Share class. The strategy may substantially limit holders of the Shares from benefiting if the class currency falls against the base currency and/or the currency in which the assets of the Funds are denominated.

SECURITIES FINANCING TRANSACTIONS REGULATION

To the extent permitted in its investment policies, each Fund may enter into one or more of the following transactions:

(i) total return swaps;

(ii) repurchase agreements;

(iii) reverse repurchase agreements; and

(iv) securities lending arrangements.

Certain Funds may enter into total return swaps for investment purposes and for efficient portfolio management purposes, and enter into other types of Securities Financing Transactions for efficient portfolio management purposes only. In this context, efficient portfolio management purposes include the reduction of risk, the reduction of cost and the generation of additional capital or income for the Fund with a level of risk that is consistent with the risk profile of the Fund.

If a Fund invests in total return swaps or Securities Financing Transactions, the relevant asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. Subject to the investment restrictions laid down by the Central Bank as set out in "*Authorised Investment Techniques and Instruments*" section, in particular "*Permitted Financial Derivative Instruments*" section, and also any investment restrictions set out in the section entitled "*Investment Information*", certain Funds can invest a maximum of 100% of their Net Asset Value in total return swaps and Securities Financing Transactions. It is expected that each of the Money Market Funds will generally invest in the range of 50-85% of its Net Asset Value in Securities Financing Transactions. It is expected that each of the Fixed Income Fund and the Equity Funds will generally invest in the range of 5-10% of its Net Asset Value in total return swaps and Securities Financing Transactions.

A Fund shall only enter into total return swaps and Securities Financing Transactions with counterparties that satisfy the criteria (including those relating to legal status, country of origin and minimum credit rating) as set out in the "*Permitted Financial Derivative Instruments*" section and adopted by the Adviser.

The categories of collateral which may be received by a Fund is set out in "*Authorised Investment Techniques and Instruments*" section, in particular "*Permitted Financial Derivative Instruments*" section and includes cash and non-cash assets such as equities, debt securities and money market instruments. Collateral received by the Fund will be valued in accordance with the valuation methodology set out under the section entitled "*Determination of Net Asset Value*". Collateral received by the Fund will be marked-to-market daily and daily variation margins will be used.

Where a Fund receives collateral as a result of entering into total return swaps or Securities Financing Transactions, there is a risk that the collateral held by the Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to the Fund to secure a counterparty's obligations under a total return swap or Securities Financing Transaction would satisfy the counterparty's obligations in the event of a default by the counterparty. Where the Fund provides collateral as a result of entering into total return swaps or Securities Financing Transactions, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to total return swaps and Securities Financing Transactions, see the section entitled "*What are the Specific Risks of Investing in the Funds?*", in particular the sub-sections entitles "*Risks of Investing in Derivative Contracts and Hybrid Instruments*" and "*Risk Of Utilising Swaps*". There are certain risks associated with security collateral arrangements such as operational, liquidity, counterparty, custody and legal risks. The risks linked to collateral management are managed in the same way as the risks set forth above and as further described under the section entitled, "*What are the Specific Risks of Investing in the Funds?*".

A Fund may provide certain of its assets as collateral to counterparties in connection with total return swaps and Securities Financing Transactions. If the Fund has over-collateralised (i.e., provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Depositary or its sub-custodian or a third party holds collateral on behalf of the Fund, the Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into total return swaps or Securities Financing Transactions which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to the restrictions laid down by the Central Bank as set out in the "*Permitted Financial Derivative Instruments*" section, the Fund may re-invest cash collateral that it receives. If cash collateral received by the Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund.

Direct and indirect operational costs and fees arising from total return swaps or Securities Financing Transactions may be deducted from the revenue delivered to the Fund (e.g., as a result of revenue sharing arrangements). These costs and fees do not and should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Adviser or the Depositary.

SECURITISATION REGULATION

On 17 January 2018 the new Securitisation Regulation (Regulation EU 2017/2402) (the "Securitisation Regulation") came into force and applies across the EU from 1 January 2019. The Securitisation Regulation replaces the existing sector-specific approach to securitisation regulation with a new set of rules that apply to all European securitisations. UCITS such as the Company are within scope of the Securitisation Regulation. Investors should be aware that there are material differences between the previous EU risk retention requirements and the requirements which apply under the Securitisation Regulation.

The definition of "securitisation" is intended to capture any transaction or scheme where the credit risk associated with an exposure or a pool of exposures is tranched. Essentially, the definition includes any investment with tranches or classes where payments in the transaction or scheme are dependent on the performance of the exposure or of the pool of exposures and the participation in losses differs between the tranches during the life of the transaction or scheme.

Institutional investors such as a Fund must ensure that the originator, sponsor or original lender of a securitisation retains at least a 5% net economic interest in the securitisation. These rules mean that the Investment Manager or the Sub-Investment Manager of the relevant Fund will need to conduct due diligence before an investment is made in a securitisation position and continue to perform due diligence during the period the investment continues in a securitisation. This new direct approach is intended to complement the existing due diligence requirements on institutional investors to verify before investing whether or not the securitising entity has retained risk. As a consequence the new direct approach requires securitising entities established in the EU to retain risk even if the investors are located outside of the EU and are not institutional investors. The UCITS Directive has been amended to include a new provision stating that where UCITS are exposed to securitisation positions which do not meet the requirements of the Securitisation Regulation, the UCITS shall "in the best interests of the investors in the relevant UCITS, act and take corrective action".

The Securitisation Regulation applies to securitisations the securities of which are issued on or after 1 January 2019 or which create new securitisation positions on or after that date. Pre-existing securitisations will be required to continue to apply the rules in place immediately prior to the effective date of the Securitisation Regulation unless new securities are issued or new positions created. Though the Securitisation Regulation applies to securitisations the securities of which are issued on or after 1 January 2019, there can be no assurance as to whether the investments described herein made by a Fund will be affected by the Securitisation Regulation or any change thereto or review thereof.

ADDITIONAL REQUIREMENTS FOR THE SHORT-TERM MONEY MARKET FUNDS UNDER THE MMF REGULATION

Credit Quality Assessment Procedure:

A prudent internal credit quality assessment procedure is applied for determining the credit quality of the money market instruments held by a Short-Term Money Market Fund (the "Credit Quality Assessment Procedure"). This procedure is based on prudent, systematic and continuous assessment methodologies that include an analysis of factors that influence the creditworthiness of the issuers of those money market instruments and the credit quality of the Public Debt Money Market Instruments. These methodologies are reviewed at least annually to ensure they are appropriate. The Credit Quality Assessment Procedure and the reviews shall be performed by FIC and will not be undertaken by the team who perform or are responsible for the portfolio management of that Short-Term Money Market Fund.

Liquidity Management Procedures:

Prudent and rigorous liquidity management procedures are applied in managing the Short-Term Money Market Funds. The following describes the actions to be taken where a Short-Term Money Market Fund's weekly maturing assets fall below weekly liquidity thresholds:

(i) where weekly maturing assets fall below 30% of the Net Asset Value of a Short-Term Money Market Fund and the net daily redemptions on a single Dealing Day exceed 10% of the Net Asset Value of that Short-Term Money Market Fund, FIC will immediately inform the Directors. The Directors shall undertake a documented assessment of the situation to determine the appropriate course of action having regard to the interests of the Shareholders. The Directors will decide whether to apply one or more of the following measures:

(a) apply liquidity fees on redemptions that adequately reflect the cost to the relevant Short-Term Money Market Fund of achieving liquidity and ensure that Shareholders who remain in the Short-Term Money Market Fund are not unfairly disadvantaged when other Shareholders redeem their Shares during the period;

(b) apply redemption gates that limit the amount of Shares to be redeemed in the relevant Short-Term Money Market Fund on any one Dealing Day to a maximum of 10% of the Shares in the Short-Term Money Market Fund for any period up to 15 Business Days*;

(c) suspend redemptions for any period up to 15 Business Days; or

(d) take no immediate action other than adopting as a priority objective the correction of that situation taking due account of the interests of the Short-Term Money Market Fund's Shareholders.

(ii) where weekly maturing assets fall below 10% of the Net Asset Value of the relevant Fund, FIC will immediately inform the Directors. The Directors shall undertake a documented assessment of the situation to determine the appropriate course of action having regard to the interests of the Shareholders. The Directors will apply one or more of the following measures and document the reasons for this choice:

(a) apply liquidity fees on redemptions that adequately reflect the cost to the relevant Short-Term Money Market Fund of achieving liquidity and ensure that Shareholders who remain in the Short-Term Money Market Fund are not unfairly disadvantaged when other Shareholders redeem their Shares during the period; or

(b) suspend redemptions for a period of up to 15 Business Days.

If the Directors suspend redemptions for a Short-Term Money Market Fund and the total duration of such suspensions exceeds 15 Business Days within a period of 90 days, the relevant Short-Term Money Market Fund will convert to a variable net asset value money market fund in accordance with the MMF Regulation. Each Shareholder in the relevant Short-Term Money Market Fund will immediately be informed in writing of such event. The Company must promptly provide the Central Bank with details of any actions taken in accordance with sub-paragraphs (i) and (ii).

A Short-Term Money Market Fund must comply on an ongoing basis with the following requirements:

(i) at least 10% of the Short-Term Money Market Fund's Net Asset Value is to be comprised of daily maturing assets, reverse repurchase agreements which are able to be terminated by giving prior notice of one Business Day or cash which is able to be withdrawn by giving prior notice of one Business Day. A Short-Term Money Market Fund is not to acquire any asset other than a daily maturing asset when such acquisition would result in that Fund investing less than 10% of its portfolio in daily maturing assets;

(ii) at least 30% of a Short-Term Money Market Fund's Net Asset Value is to be comprised of weekly maturing assets, reverse repurchase agreements which are able to be terminated by giving prior notice of five Business Days or cash which is able to be withdrawn by giving prior notice of five Business Days. A Short-Term Money Market Fund is not to acquire any asset other than a weekly maturing asset when such acquisition would result in that Fund investing less than 30% of its portfolio in weekly maturing assets. For the purpose of the calculation, Public Debt Money Market Instruments that are highly liquid, can be redeemed and settled within one Business Day, and have a residual maturity of up to 190 days may also be included in the weekly maturing assets of a Short-Term Money Market Fund, up to a limit of 17.5% of its Net Asset Value.

* *(On any Dealing Day where a limited redemption gate applies, redemption requests in excess of 10% of the Shares of the relevant Short-Term Money Market Fund on the relevant Dealing Day will be deferred to the next Dealing Day. Deferred redemptions will be added to redemption requests received on that next Dealing Day. They will not have priority. Please note that redemption gates may apply on successive Dealing Days.)*

Disclosure requirements:

The Company, or FIC on its behalf, will make available the following information on its website in respect of the Short-Term Money Market Funds to their Shareholders on a weekly basis:

(i) the maturity breakdown of the portfolio;

(ii) the credit profile;

(iii) the Weighted Average Maturity and Weighted Average Life;

(iv) details of the 10 largest holdings, including the name, country, maturity and asset type, and the counterparty in the case of repurchase and reverse repurchase agreements;

(v) the total value of the assets; and

(vi) the net yield.

WHAT ARE THE SPECIFIC RISKS OF INVESTING IN THE FUNDS?

There can be no assurance that the investment objectives of the Company or of any Fund will be achieved and investment results may vary substantially over time. Investment in the Company or in any Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Shares is suitable for them in the light of their circumstances and financial resources.

INTEREST RATE RISKS

Prices of fixed-income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as the demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the prices of other securities rise or remain unchanged.

The longer the duration or maturity of a fixed-income security, the more susceptible it is to interest rate risk. The duration of a fixed-income security may be equal to or shorter than the stated maturity of a fixed-income security. Recent and potential future changes in monetary policy made by central banks and/or their governments are likely to affect the level of interest rates. For example, if a fixed-income security has an effective duration of three years, a 1% increase in general interest rates would be expected to cause the security's value to decline about 3% while a 1% decrease in general interest rates would be expected to cause the security's value to increase about 3%.

Duration measures the price sensitivity of a fixed-income security to changes in interest rates.

The impact of interest rate changes on the value of floating rate investments is typically reduced by periodic interest rate resets. Variable and floating rate loans and securities generally are less sensitive to interest rate changes, but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating rate loans and securities generally will not increase in value as much as fixed rate debt instruments if interest rates decline.

CREDIT ENHANCEMENT RISK

The securities in which a Fund invests may be subject to credit enhancement (for example, guarantees, letters of credit or bond insurance). Credit enhancement is designed to help assure timely payment of the security; it does not protect the Fund against losses caused by declines in a security's value due to changes in market conditions. Securities subject to credit enhancement generally would be assigned a lower credit rating if the rating were based primarily on the credit quality of the issuer without regard to the credit enhancement. If the credit quality of the credit enhancement provider (for example, a bank or bond insurer) is downgraded, the rating on a security credit enhanced by such credit enhancement provider also may be downgraded.

A single enhancement provider may provide credit enhancement to more than one of a Fund's investments. Having multiple securities credit enhanced by the same enhancement provider will increase the adverse effects on a Fund that are likely to result from a downgrading of, or a default by, such an enhancement provider. Adverse developments in the banking or bond insurance industries also may negatively affect the Fund, as the Fund may invest in securities credit enhanced by banks or by bond insurers without limit. Bond insurers that provide credit enhancement for large segments of the fixed-income markets, including the municipal bond market, may be more susceptible to being downgraded or defaulting during recessions or similar periods of economic stress.

CREDIT RISKS

Credit risk is the possibility that an issuer will default on a security by failing to pay interest or principal when due. Noninvestment-Grade securities generally have a higher default risk than Investment-Grade securities. If an issuer defaults, the Funds will lose money. Short-Term Money Market Funds try to minimise this risk by purchasing higher quality securities.

Many fixed-income securities receive credit ratings from services such as Standard & Poor's and Moody's Investor Services, Inc. These services assign ratings to securities by assessing the likelihood of issuer default. Lower credit ratings correspond to higher credit risk and higher credit ratings correspond to lower perceived credit risk. Credit ratings may be upgraded or downgraded from time to time as a rating agency's assessment of the financial condition of a party obligated to make payments with respect to such securities and credit risk changes. The impact of any credit rating downgrade can be uncertain. Credit rating downgrades may lead to increased interest rates and volatility in financial markets, which in turn could negatively affect the value of a Fund's portfolio holdings, its share price and its investment performance. Credit ratings are not a guarantee of quality. Credit ratings may lag behind the current financial conditions of the issuer and/or guarantor and do not provide assurance against default or other loss of money. Credit ratings do not provide assurance against default or other loss of money. If a security has not received a rating, the Funds must rely entirely upon the Advisers' credit assessment.

Fixed-income securities generally compensate for greater credit risk by paying interest at a higher rate. The difference between the yield of a security and the yield of a U.S. Treasury Security with a comparable maturity (the spread) measures the additional interest paid for risk. Spreads may increase generally in response to adverse economic or market conditions. A security's spread may also increase if the security's rating is lowered, or the security is perceived to have an increased credit risk. An increase in the spread will cause the price of the security to decline.

Credit risk includes the possibility that a party to a transaction involving a Fund will fail to meet its obligations. This could cause the Fund to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategy.

CALL RISKS

Call risk is the possibility that an issuer may redeem a fixed-income security before maturity (a call) at a price below its current market price. An increase in the likelihood of a call may reduce the security's price.

If a fixed-income security is called, a Fund may have to reinvest the proceeds in other fixed-income securities with lower interest rates, higher credit risks, or other less favourable characteristics.

PREPAYMENT RISKS

Unlike traditional fixed-income securities, which pay a fixed rate of interest until maturity (when the entire principal amount is due) payments on mortgage-backed securities include both interest and a partial payment of principal. Partial payment of principal may be comprised of scheduled principal payments as well as unscheduled payments from the voluntary prepayment, refinancing or foreclosure of the underlying loans. These unscheduled prepayments of principal create risks that can adversely affect a Fund holding mortgage-backed or asset-backed securities.

For example, when interest rates decline, the values of mortgage-backed securities generally rise. However, when interest rates decline, unscheduled prepayments can be expected to accelerate, and the Fund would be required to reinvest the proceeds of the prepayments at the lower interest rates then available. Unscheduled prepayments would also limit the potential for capital appreciation on mortgage-backed securities.

Conversely, when interest rates rise, the values of mortgage-backed securities generally fall. Since rising interest rates typically result in decreased prepayments, this could lengthen the average lives of mortgage-backed securities, and cause their value to decline more than traditional fixed-income securities.

Generally, mortgage-backed securities compensate for the increased risk associated with prepayments by paying a higher yield. The additional interest paid for risk is measured by the difference between the yield of a mortgage-backed security and the yield of a U.S. Treasury Security with a comparable maturity (the spread). An increase in the spread will cause the price of the mortgage-backed security to decline. Spreads generally increase in response to adverse economic or market conditions. Spreads may also increase if the security is perceived to have an increased prepayment risk or is perceived to have less market demand.

LIQUIDITY RISKS

Pursuant to the UCITS Regulations, "liquidity risk", in relation to a UCITS, means the risk that positions in the UCITS portfolio cannot be sold, liquidated or closed at limited cost in an adequately short time frame and that the ability of the UCITS to comply at any time with Regulation 104(1) of the UCITS Regulations, i.e., the ability for a Shareholder to redeem his/her Shares on request, is thereby compromised.

Trading opportunities are more limited for fixed-income securities that have not received any credit ratings, have received any credit ratings below Investment-Grade or are not widely held.

Trading opportunities are more limited for CMOs that have complex terms or that are not widely held. These features may make it more difficult to sell or buy a security at a favourable price or time. Consequently, the Funds may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on the Fund's performance. Infrequent trading of securities may also lead to an increase in their price volatility.

Liquidity risk also refers to the possibility that the Funds may not be able to sell a security or close out a derivative contract when it wants to. If this happens, the Fund will be required to continue to hold the security or keep the position open, and the Funds could incur losses.

OTC derivative contracts generally carry greater liquidity risk than exchange-traded contracts. This risk may be increased in times of financial stress, if the trading market for OTC derivative contracts becomes restricted.

Loan instruments may not be readily marketable and may be subject to restrictions on resale. Additionally, collateral on loan instruments may consist of assets that may not be readily liquidated, and there is no assurance that the liquidation of such assets will satisfy a borrower's obligations under the instrument. The Funds will only invest in loan instruments to the extent they are permitted investments under the UCITS Rules.

Investors should note that there is a risk that the tools available to mitigate the impact of liquidity constraints on a Fund may be ineffective to manage liquidity risk.

CHANGING DISTRIBUTION LEVELS RISK

There is no guarantee that a Fund will provide a certain level of income or that any such income will exceed the rate of inflation. Further, a Fund's yield will vary. A low interest rate environment may prevent a Fund from providing a positive yield or paying Fund expenses out of current income and could impair a Fund's ability to maintain a stable Net Asset Value.

RISKS OF INVESTING IN NONINVESTMENT-GRADE SECURITIES

Corporate debt obligations in which the Funds invest are at the time of purchase usually not in the three highest rating categories of a Recognised Statistical Rating Organisation (AAA, AA, or A for S&P and Aaa, Aa or A for Moody's) but are in the lower rating categories or are unrated but are of comparable quality and have speculative characteristics or are speculative.

Lower-rated securities will usually offer higher yields than higher-rated securities. However, there is more risk associated with these investments. This is because of reduced creditworthiness and increased risk of default. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which react primarily to fluctuations in the general level of interest rates. Short-term corporate and market developments affecting the price or liquidity of lower-rated securities could include adverse news affecting major issuers, underwriters or dealers of lower-rated corporate debt obligations. In addition, since there are fewer investors in lower-rated securities, it may be harder to sell the securities at an optimum time.

As a result of these factors, lower-rated securities tend to have more price volatility and carry more risk to principal and income than higher-rated securities.

An economic downturn may adversely affect the value of some lower-rated bonds. Such a downturn may especially affect highly leveraged companies or companies in cyclically sensitive industries, where deterioration in a company's cash flow may impair its ability to meet its obligation to pay principal and interest to bondholders in a timely fashion. From time to time, as a result of changing conditions, issuers of lower-rated bonds may seek or may be required to restructure the terms and conditions of the securities they have issued. As a result of these restructurings, holders of lower-rated securities may receive less principal and interest than they had bargained for at the time such bonds were purchased. In the event of a restructuring, a Fund may bear additional legal or administrative expenses in order to maximise recovery from an issuer.

The secondary trading market for lower-rated bonds is generally less liquid than the secondary trading market for higher-rated bonds. Adverse publicity and the perception of investors relating to issuers, underwriters, dealers or underlying business conditions, whether or not warranted by fundamental analysis, may also affect the price or liquidity of lower-rated bonds. On occasion, therefore, it may become difficult to price or dispose of a particular security in the portfolio.

Many corporate debt obligations, including many lower-rated bonds, permit the issuers to call the security and thereby redeem their obligations earlier than the stated maturity dates. Issuers are more likely to call bonds during periods of declining interest rates. In these cases, if a Fund owns a bond which is called, the Fund will receive its return of principal earlier than expected and would likely be required to reinvest the proceeds at lower interest rates, thus reducing income to the Fund.

RISK RELATED TO THE ECONOMY

Returns on low-grade loans and bonds are sensitive to changes in the economy. The value of the Fund's portfolio may decline in tandem with a drop in the overall value of the stock market based on negative developments in the U.S. and global economies.

RISKS ASSOCIATED WITH COMPLEX CMOS

CMOs with complex or highly variable prepayment terms, such as companion classes, Interest Only bonds, Principal Only bonds, Inverse Floaters and residuals, generally entail greater market, prepayment and liquidity risks than other mortgage-backed securities. For example, their prices are more volatile and their trading market may be more limited.

CURRENCY RISKS

Exchange rates for currencies fluctuate daily. The combination of currency risk and market risks tends to make securities traded internationally more volatile than securities traded exclusively in a single country. The Adviser attempts to manage currency risk by limiting the amount a Fund invests in securities denominated in a particular currency. However, diversification will not protect a Fund against a general increase in the value of the U.S. dollar relative to other currencies.

Investing in securities denominated in a particular currency, entails risk of being exposed to a currency that may not fully reflect the strengths and weaknesses of the economy of the country or region utilising the currency. In addition, it is possible that a currency (such as, for example, the euro) could be abandoned in the future by countries that have already adopted its use, and the effects of such an abandonment on the applicable country and the rest of the countries utilising the currency are uncertain but could negatively affect a Fund's investments denominated in the currency. Such investments may continue to be held, or purchased, to the extent consistent with a Fund's investment objective and permitted under applicable law.

Many countries rely heavily upon export-dependent businesses and any strength in the exchange rate between a currency and the U.S. dollar or other currencies can have either a positive or a negative effect upon corporate profits and the performance of investments in the country or region utilising the currency. Adverse economic events within such country or region may increase the volatility of exchange rates against other currencies, subjecting the Fund's investments denominated in such country's or region's currency to additional risks.

RISKS OF INVESTING IN ADRS AND U.S.-TRADED SECURITIES OF NON-U.S. ISSUERS

Because certain Funds may invest in ADRs and other U.S.-traded securities of non-U.S. companies, a Fund's Share price may be more affected by foreign economic and political conditions, taxation policies and accounting and auditing standards than would otherwise be the case. Non-U.S. companies may not provide information as frequently or to as great an extent as companies in the United States. Non-U.S. companies may also receive less coverage than U.S. companies by market analysts and the financial press. In addition, non-U.S. companies may lack uniform accounting, auditing and financial reporting standards or regulatory requirements comparable to those applicable to U.S. companies. These factors may prevent the Funds and their Advisers from obtaining information concerning non-U.S. companies that is as frequent, extensive and reliable as the information concerning companies in the United States.

EUROZONE RELATED RISKS

A number of countries in the European Union ("EU") have experienced, and may continue to experience, severe economic and financial difficulties. Additional EU member countries may also fall subject to such difficulties. These events could negatively affect the value and liquidity of a Fund's investments in euro-denominated securities and derivatives contracts, securities of issuers located in the EU or with significant exposure to EU issuers or countries. If the euro is dissolved entirely, the legal and contractual consequences for holders of euro-denominated obligations and derivative contracts would be determined by laws in effect at such time. Such investments may continue to be held, or purchased, to the extent consistent with a Fund's investment objective and permitted under applicable law. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Shares.

Certain countries in the EU have had to accept assistance from supra-governmental agencies such as the International Monetary Fund and the recently-created European Financial Service Facility. The European Central Bank has also been intervening to purchase Eurozone debt in an attempt to stabilise markets and reduce borrowing costs. There can be no assurance that these agencies will continue to intervene or provide further assistance and markets may react adversely to any expected reduction in the financial support provided by these agencies. Responses to the financial problems by European governments, central banks and others including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences.

In addition, one or more countries may abandon the euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, could be significant and far-reaching. In June 2016, the United Kingdom ("U.K.") approved a referendum to leave the EU, commonly referred to as "Brexit," which sparked depreciation in the value of the British pound, short-term declines in global stock markets and heightened risk of continued worldwide economic volatility. As a result of Brexit, there is considerable uncertainty as to the arrangements that will apply to the U.K.'s relationship with the EU and other countries leading up to, and following, its withdrawal. This long-term uncertainty may affect other countries in the EU and elsewhere. Further, the U.K.'s departure from the EU may cause volatility within the EU, triggering prolonged economic downturns in certain European countries or sparking additional member states to contemplate departing the EU. In addition, Brexit can create actual or perceived additional economic stresses for the U.K., including potential for decreased trade, capital outflows, devaluation of the British pound, wider corporate bond spreads due to uncertainty, and possible declines in business and consumer spending as well as foreign direct investment.

RISKS OF INVESTING IN THE SECURITIES OF EMERGING MARKET COUNTRIES

The Funds may invest in securities of companies domiciled in or conducting their principal business activities in emerging market countries. The Funds may invest a portion of their assets in securities of issuers located in Russia. Investing in the equity and fixed income markets of emerging market countries involves exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of developed countries. Historical experience indicates that the markets of emerging market countries have been more volatile than the markets of the more mature economies of developed countries; however, such markets often have provided higher rates of return to investors. Investing in emerging markets poses certain risks, some of which are set out below.

Economic and Political Factors

Investments in securities of issuers located in emerging market countries involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in emerging market countries, relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain emerging market countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual emerging market countries economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investment, resources, self-sufficiency and the balance of payments position. Certain emerging market countries investments may also be subject to foreign withholding taxes. These and other factors may affect the value of a Fund's Shares.

The economies of some emerging market countries have experienced considerable difficulties in the past. Although in certain cases there have been significant improvements in recent years, many such economies continue to experience significant problems, including high inflation and interest rates. Inflation and rapid fluctuations in interest rates have had and may continue to have very negative effects on the economies and securities markets of certain emerging market countries. The development of certain emerging market countries economies and securities markets will require continued economic and fiscal discipline, which has been lacking at times in the past, as well as stable political and social conditions. Recovery may also be influenced by international economic conditions, particularly those in the U.S. and by world prices for oil and other commodities. There is no assurance that economic initiatives will be successful. Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in emerging market countries. For example, some of the currencies of emerging market countries have experienced steady devaluations relative to the U.S. dollar, and major adjustments have been made in certain of such currencies periodically. In addition, governments of certain emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in a Fund's portfolio.

Market Liquidity and Volatility

The securities markets in emerging market countries are substantially smaller, less liquid and more volatile than the major securities markets in the United States and Europe. A limited number of issuers in most, if not all, securities markets in emerging market countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may, in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The combination of price volatility and the less liquid nature of securities markets in emerging market countries may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

Information Standards

In addition to their smaller size, lesser liquidity and greater volatility, securities markets in emerging market countries are less developed than the securities markets in the U.S. and Europe with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the United States and in Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the United States and Europe. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as U.S. and European companies. Inflation accounting rules in some emerging market countries require, for companies that keep accounting records in the local currency for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject. Inflation accounting may indirectly generate losses or profits for certain companies in emerging market countries.

Thus, statements and reported earnings may differ from those of companies in other countries, including the United States.

Custody and Settlement Risk

As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Funds which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risks in circumstances whereby the Depositary will have no liability. Such risks include (i) a non-true delivery versus payment settlement, (ii) a physical market, and as a consequence the circulation of forged securities, (iii) poor information with regard to corporate actions, (iv) a registration process that affects the availability of the securities, (v) lack of appropriate legal/fiscal infrastructure advices, and (vi) lack of compensation/risk fund with the relevant central depository. Furthermore, even when a Fund settles trades with counterparties on a delivery-versus-payment basis, it may still be exposed to credit risk to parties with whom it trades.

Certain markets in Central and Eastern Europe present specific risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities may not exist in certain countries (such as Russia); as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. In the case of Russia, this results in a broad geographic distribution of several thousand registrars across Russia. The share registrars are controlled by the issuer of the securities, and investors are provided with few legal rights against such registrars. The law and practice relating to registration of shareholdings are not well developed in Russia and registration delays and failures to register shares can occur, which could expose the Funds to potential loss. Russia's Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties in enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of shares is evidenced by the records of the registrar, but not by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. It is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of shares and is not obligated to notify the Depositary, or its local agents in Russia, if or when it amends the register of shareholders. As a consequence of this, Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Therefore, neither the Depositary nor its local agents in Russia can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia. Investments in securities listed or traded in Russia will only be made in equity and/or fixed income securities that are listed or traded on level 1 or level 2 of the RTS stock exchange or MICEX.

Additional Risk Associated with Investments in Securities of Russian Issuers

In addition to the risks disclosed above, investments in securities of Russian issuers may involve a particularly high degree of risk and special considerations not typically associated with investing in more developed markets, many of which stem from Russia's continuing political and economic instability and the slow-paced development of its market economy. Investments in Russian securities should be considered highly speculative. Such risks and special considerations include: (a) delays in settling portfolio transactions and the risk of loss arising out of Russia's system of share registration and custody; (b) the risk of corruption, insider trading and crime in the Russian economic system; (c) difficulties associated with obtaining accurate market valuations of many Russian securities, based partly on the limited amount of publicly available information; and (d) the risk that the Russian tax system may provide for inconsistent, retroactive and/or exorbitant taxation or unpredictable enforcement.

A change occurred in the custody arrangements applicable to certain Russian securities on 1 April 2013. From that date, the holding of many Russian securities by investors such as a Fund is no longer evidenced by a direct entry on the issuer's register of shareholders. Instead, the ownership of, and settlement of transactions in, those Russian securities will be moved to a central securities depositary, the National Securities Depositary ("NSD"). The Depositary or its local agent in Russia will be a participant on the NSD. The NSD in turn will be reflected as the nominee holder of the securities on the register of the relevant issuer. Therefore, while this is intended to introduce a centralised and regulated system for recording of the ownership of, and settlement of transactions in, Russian securities, it does not eliminate all of the risks associated with the registrar system outlined above

RISKS OF CUSTODIAL SERVICES AND RELATED INVESTMENT COSTS

Custodial services and other costs relating to investment in international securities markets generally are more expensive than in the United States. Such markets have settlement and clearance procedures that differ from those in the United States. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of a Fund to make intended securities purchases due to settlement problems could cause the Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result in losses to a Fund due to a subsequent decline in value of the portfolio security. In addition, security settlement and clearance procedures in some emerging countries may not fully protect a Fund against loss of its assets.

RISKS OF INTERNATIONAL INVESTING

Investing internationally presents certain risks, including those resulting from fluctuations in currency exchange restrictions. In some markets there is also a reduced availability of public information concerning issuers, and different standards and regulatory practices and requirements as compared to those that apply to domestic issuers. In addition, with respect to certain countries, there is the possibility of expropriation, confiscatory taxation, withholding taxes and limitations on the use or removal of funds or other assets.

LEVERAGE RISKS

Leverage risk is created when an investment, which includes, for example, an investment in an FDI, exposes a Fund to a level of risk that exceeds the amount invested. Changes in the value of such an investment magnify a Fund's risk of loss and potential for gain.

Investments can have these same results if their returns are based on a multiple of a specified index, security, or other benchmark.

SETTLEMENT RISK

Settlement risk is the risk to a Fund of settlement default or portfolio transactions. The Advisers may instruct the Depositary to settle transactions on a delivery free of payment basis where the Advisers believe that this form of settlement is appropriate. Shareholders should be aware, however, that this may result in a loss to a Fund if a transaction fails to settle and the Depositary will not be liable to a Fund or the Shareholders for such a loss.

As the Funds may invest in markets where custodial and/or settlement systems are not fully developed, the assets of a Fund which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risk, in circumstances whereby the Depositary will have no liability.

STOCK MARKET RISKS

The value of equity securities in the Fund's portfolio will rise and fall over time. These fluctuations could be a sustained trend or a drastic movement. Historically, the equity market has moved in cycles, and the value of the Fund's securities may fluctuate from day to day. The Fund's portfolio will reflect changes in prices of individual portfolio stocks or general changes in stock valuations. Consequently, a Fund's Share price may decline.

The Adviser attempts to manage market risk by limiting the amount the Fund invests in each company's equity securities. However, diversification will not protect the Fund against widespread or prolonged declines in the stock market. The price of a company's shares depends significantly on the information publicly available about the company. The reporting of poor results by a company, the restatement of a company's financial statements or corrections to other information regarding a company or its business may adversely affect the price of its shares, as would allegations of fraud or other misconduct by the company's management. The Fund may also be disadvantaged if some market participants have access to material information not readily available to other market participants, including the Fund.

Economic, political and financial conditions, or industry or economic trends and developments, may from time to time, and for varying periods of time, cause volatility, illiquidity and/or other potentially adverse effects in the financial markets. The commencement, continuation or ending of government policies and economic stimulus programs, changes in monetary policy, increases or decreases in interest rates, or other factors or events that affect the financial markets may contribute to the development of or increase in volatility, illiquidity, shareholder redemptions and other adverse effects (such as a decline in a company's stock price), which could negatively impact the Fund's performance. For example, the value of equity securities may rise and fall in response to changes in interest rates. Market factors, such as the demand for particular equity securities, may cause the price of certain equity securities to fall while the prices of other securities rise or remain unchanged.

EQUITY RISK

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

Present economic conditions may adversely affect global companies and the pricing of their securities. Further continued volatility or illiquidity could impair materially the profitability of these issuers.

SECTOR RISKS

A substantial part of a Fund's portfolio may be comprised of securities issued or credit enhanced by companies in similar businesses, or with other similar characteristics. As a result, a Fund will be more susceptible to any economic, business, political, or other developments which generally affect these issuers.

RISK OF INFLATION-PROTECTED BONDS

The value of inflation-protected bonds is subject to the effects of changes in market interest rates caused by factors other than inflation ("real interest rates"). If interest rates rise due to reasons other than inflation, a Fund's investment in these securities may not be protected to the extent that the increase is not reflected in the bond's inflation measure. Generally, when real interest rates rise, the value of inflation-protected bonds will fall and the Fund's value may decline as a result of this exposure to these bonds. The greatest risk occurs when interest rates rise and inflation declines.

CONCENTRATION RISK

Each of the Funds seeks to maintain a diversified portfolio of investments. However, certain of the Funds may be less diversified in their investments than other Funds. Increased concentration of investments by a Fund will increase the risk of that Fund suffering proportionately higher loss should a particular investment decline in value or otherwise be adversely affected.

RISKS RELATED TO INVESTING FOR GROWTH

Due to their relatively high valuations, growth stocks are typically more volatile than value stocks. For instance, the price of a growth stock may experience a larger decline on a forecast of lower earnings, a negative fundamental development, or an adverse market development. Further, growth stocks may not pay dividends or may pay lower dividends than value stocks. This means they depend more on price changes for returns and may be more adversely affected in a down market compared to value stocks that pay higher dividends.

RISKS RELATED TO INVESTING IN VALUE STOCKS

Due to their relatively low valuations, value stocks are typically less volatile than growth stocks. For instance, the price of a value stock may experience a smaller increase on a forecast of higher earnings, a positive fundamental development, or positive market development. Further, value stocks tend to have higher dividends than growth stocks. This means they depend less on price changes for returns and may lag behind growth stocks in an up market.

RISKS RELATED TO COMPANY SIZE

Generally, the smaller the market capitalisation of a company, the fewer the number of shares traded daily, the less liquid its stock and the more volatile its price. Market capitalisation is determined by multiplying the number of its outstanding shares by the current market price per share.

Companies with smaller market capitalisations also tend to have unproven track records, a limited product or service base and limited access to capital. These factors also increase risks and make these companies more likely to fail than companies with larger market capitalisations.

SMALL, MEDIUM AND LARGE SIZED COMPANIES RISKS

Certain Funds may invest in any size company including small, medium and large sized companies. Although diminished in larger cap companies, the risks of investing in all companies include business failure and reliance on erroneous reports. Larger, more established companies may be unable to respond quickly to new competitive challenges like changes in consumer tastes or innovative smaller competitors. Small and mid-capitalisation companies often have narrower markets and limited managerial and financial resources compared to larger, more established companies. As a result, their performance can be more volatile and they face greater risk of business failure, which could increase the volatility of a Fund's portfolio. You should expect that the value of a Fund's Shares will be more volatile than a Fund that invests exclusively in large-capitalisation companies.

MID-CAP COMPANY RISK

Certain Funds may invest in mid-capitalisation (or "mid-cap") companies. Market capitalisation is determined by multiplying the number of a company's outstanding shares by the current market price per share. Mid-cap companies often have narrower markets and limited managerial and financial resources compared to larger, more established companies. The performance of mid-cap companies can be more volatile and they face greater risk of business failure, compared to larger, more established companies, which could increase the volatility of a Fund's portfolio and performance. Shareholders should expect that the value of a Fund's Shares will be more volatile than a fund that invests exclusively in large-cap companies.

LARGE-CAP COMPANY RISK

Certain Funds may invest in large-capitalisation (or "large-cap") companies. Market capitalisation is determined by multiplying the number of a company's outstanding shares by the current market price per share. Larger, more established, companies may have fewer opportunities to expand the market for their products or services, may focus their competitive efforts on maintaining or expanding their market share, and may be unable to respond quickly to new competitive challenges, like price competition, changes in consumer tastes or innovative products. These factors could result in the share price of larger companies not keeping pace with the overall stock market.

RISK OF INVESTING IN REITS

The prices of equity REITs are affected by changes in the value of the underlying property owned by the REITs and changes in capital markets and interest rates. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

RISK ASSOCIATED WITH INVESTING SHARE PURCHASE PROCEEDS (FIXED INCOME AND SHORT-TERM MONEY MARKET FUNDS)

On Dealing Days during which subscriptions for a Fund's Shares exceed redemptions, subject to its investment policies, a Fund must invest the proceeds at prevailing market yields or hold cash. If a Fund holds cash, or if the yield of the securities purchased is less than that of the securities already held by a Fund, the Fund's yield will likely decrease. Conversely, net purchases on Dealing Days on which short term yields rise or are higher than that of the securities already held by a Fund will likely cause a Fund's yield to increase. The larger the amount that must be invested or the greater the difference between the yield of the securities purchased and the yield of the existing investments, the greater the impact will be on the yield of a Fund.

RISKS OF INVESTING IN DERIVATIVE CONTRACTS AND HYBRID INSTRUMENTS

A Fund's exposure to derivative contracts and hybrid instruments (either directly or through its investment in another 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 a Fund invests 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 favourable 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 Fund may need to make increased cash payments to the counterparty. Fourth, exposure to derivative contracts and hybrid instruments may have tax consequences to a Fund and its Shareholders. For example, derivative contracts and hybrid instruments may cause a Fund to realise increased ordinary income or short-term capital gains (which are treated as ordinary income for Federal income tax purposes) and, as a result, may increase taxable distributions to Shareholders. In addition, under certain circumstances certain derivative contracts and hybrid instruments may cause a Fund to (a) incur an excise tax on a portion of the income related to those contracts and instruments and/or (b) reclassify, as a return of capital, some or all of the distributions previously made to Shareholders during the fiscal year as dividend income. Fifth, a common provision in OTC derivative contracts permits the counterparty to terminate any such contract between it and a Fund, if the value of the Fund'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 Shareholder redemptions and/or a marked decrease in the market value of a Fund's investments. Any such termination of a Fund's OTC derivative contracts may adversely affect the Fund (for example, by increasing losses and/or costs, and/or preventing a Fund from fully implementing its investment strategies). Derivatives also involve legal risk, the risk of loss due to the unexpected application of law or regulation, or because contracts are not legally enforceable or documented correctly. Finally, derivative contracts and hybrid instruments may also involve other risks described in this prospectus, such as stock market, interest rate, credit, currency, liquidity, settlement and leverage risks.

The NAV of a Fund that invests in FDIs may have a higher volatility due to its investment policy or portfolio management techniques.

RISK OF UTILISING OPTIONS

Because option premiums paid or received by a Fund will be small in relation to the market value of the investment underlying the options, trading in options could cause a Fund's NAV to be subject to more frequent and wider fluctuations than would be the case if the Fund did not invest in options.

Upon the exercise of a put option written by a Fund, the Fund may suffer a loss equal to the difference between the price at which a Fund is required to purchase the underlying asset and its market value at the time of the option exercise, less the premium received for writing the option. Upon the exercise of a call option written by the Funds, the Funds may suffer a loss equal to the excess of the market value of the asset at the time of the option's exercise over the price at which a Fund is obliged to sell the asset, less the premium received for writing the option.

No assurance can be given that a Fund will be able to effect closing transactions at a time when it wishes to do so. If the Fund cannot enter into a closing transaction, it may be required to hold assets that it might otherwise have sold, in which case it would continue to be at market risk on such assets and could have higher transaction costs, including brokerage commissions. In addition, options that are not exchange traded will subject the Funds to risks relating to its counterparty, such as the counterparty's bankruptcy, insolvency or refusal to honor its contractual obligations.

RISK OF UTILISING SWAPS

Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract, the Funds will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. A Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts.

In addition, because swap contracts are individually negotiated and ordinarily transferable, there also may be circumstances in which it would be impossible for the Fund to close out its obligations under the swap contract. Under such circumstances, the Funds might be able to negotiate another swap contract with a different counterparty to offset the risk associated with the first swap contract. Unless the Funds are able to negotiate such an offsetting swap contract, however, they could be subject to continued adverse developments, even after the Adviser has determined that it would be prudent to close out or offset the first swap contract.

The use of swaps involves investment techniques and risks different from and potentially greater than those associated with ordinary portfolio securities transactions. If the Adviser is incorrect in its expectations of market values or interest rates, the investment performance of the Funds would be less favourable than it would have been if this investment technique were not used.

INVESTMENT RISK

There can be no assurance that a Fund will achieve its investment objective. The value of Shares may rise or fall, as the capital value of the securities in which the Fund invests may fluctuate. The investment income of a Fixed Income Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, such Fund's investment income may be expected to fluctuate in response to changes in such expenses or income.

The Short-Term Money Market Funds will invest in low risk short-term instruments. Accordingly, it is expected that the Short-Term Money Market Funds will carry a low degree of risk. However, the value of the Shares may go down as well as up and therefore, it is possible to lose money by investing in any of the Funds.

RISKS ASSOCIATED WITH UMBRELLA CASH ACCOUNTS

The operation of the Umbrella Cash Account is described below under *"Umbrella Cash Accounts"*. The Umbrella Cash Account will operate in respect of the Company rather than each Fund. Monies attributable to other Funds within the Company will also be held in the Umbrella Cash Accounts.

The segregation of Investor Monies from the liabilities of the Funds other than the relevant Fund to which the Investor Monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Funds by or on behalf of the Company.

In the event of the insolvency of a Fund (an "Insolvent Fund"), there is no guarantee that the Insolvent Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to Investor Monies) in full. In particular, the recovery of any amounts to which another Fund (the "Beneficiary Fund") is entitled, but which may have been transferred in error to the Insolvent Fund as a result of the operation of the Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to the recovery of, such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Beneficiary Fund.

In the event that an investor fails to provide the subscription monies within the timeframe stipulated in the Prospectus, the Company may seek to recover any losses, interest and other expenses incurred by the Fund. For further information see the sections entitled *"Additional Terms applicable to the payment of subscription monies"*. In the event that the Company is unable to recoup such amounts from the defaulting investor, the relevant Fund may incur losses or expenses in anticipation of receiving such amounts, for which the relevant Fund, and consequently its Shareholders, may be liable.

The Central Bank's guidance on umbrella cash accounts is new and untested and, as a result, may be subject to change and further clarification. Therefore, the structure of any Umbrella Cash Account maintained by the Company may differ materially from that outlined in this Prospectus.

UMBRELLA STRUCTURE OF THE COMPANY AND CROSS LIABILITY RISK

The Company is an umbrella fund with segregated liability between its sub-funds and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross liability between the Funds. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld. The Directors are not aware of any such existing or contingent liability.

MONEY MARKET FUND RISK

There is a difference between the nature of a deposit and the nature of an investment in the Funds, and the principal invested in a Fund is capable of fluctuation. There is no guarantee that the Short-Term Money Market Funds (except Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series which has a floating Net Asset Value) will be able to maintain a stable net asset value, or maintain a constant net asset value of U.S. $1 per Share. The Short-Term Money Market Funds will carry out monthly portfolio analysis incorporating stress testing to examine portfolio returns under various market scenarios to determine if the portfolio constituents are appropriate to meet pre-determined levels of credit risk, interest rate risk, market risk and investor redemptions. The results of the periodic analysis will be available for inspection by the Central Bank.

The Short-Term Money Market Funds have adopted liquidity management procedures which provide the Short-Term Money Market Funds with the ability to impose liquidity fees on redemptions, apply redemption gates and suspend redemptions as further described above under "*Additional Requirements for the Short-Term Money Market Funds under the MMF Regulation – Liquidity Management Procedures*".

RISKS OF INVESTING IN ELIGIBLE COLLECTIVE INVESTMENT SCHEMES

A Fund may invest in other Eligible Collective Investment Schemes. As a unitholder or shareholder of another collective investment scheme, a Fund will bear, along with other unitholders or shareholders, its portion of the costs and expenses of the other collective investment schemes, including management and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations. Investments in an Eligible Collective Investment Scheme, which itself can invest more than 10% of its NAV in other Eligible Collective Investment Schemes is not permitted.

An investment in an ETF generally presents the same primary risks as an investment in an open-end collective investment scheme (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 the Fund 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: (i) the market price of an ETF's shares may trade above or below their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained; or (iii) 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.

RISKS OF GOVERNMENT INTERVENTION IN FINANCIAL MARKETS

The recent instability in the financial markets has led the U.S. and other governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Federal, state and other governments and their regulatory agencies or self regulatory organisations may take additional actions that affect the regulation of the securities in which the Funds invest, or the issuers of such securities, in ways that are unforeseeable. Legislation or regulation may also change the way in which the Funds themselves are regulated. Such legislation or regulation could limit or preclude a Fund's ability to achieve its investment objectives. The Adviser will monitor developments and seek to manage each Fund's portfolio in a manner consistent with achieving that Fund's investment objectives, but there can be no assurance that it will be successful in doing so.

EVENTS RELATED TO FREDDIE MAC AND FANNIE MAE

The extreme and unprecedented volatility and disruption that affected the capital and credit markets beginning in 2008 led to market concerns regarding the ability of Freddie Mac and Fannie Mae to withstand future credit losses associated with securities held in their investment portfolios, and on which they provide support, without the direct support of the U.S. federal government. On 7 September 2008, both Freddie Mac and Fannie Mae were placed under the conservatorship of the Federal Housing Finance Agency ("FHFA"), a newly created independent regulator. Under the plan of conservatorship, the FHFA assumed control of, and generally has the power to direct, the operations of Freddie Mac and Fannie Mae, and is empowered to exercise all powers collectively held by their respective shareholders, directors and officers, including the power to: (1) take over the assets of and operate Freddie Mac and Fannie Mae with all the powers of the shareholders, the directors, and the officers of Freddie Mac and Fannie Mae and conduct all business of Freddie Mac and Fannie Mae; (2) collect all obligations and money due to Freddie Mac and Fannie Mae; (3) perform all functions of Freddie Mac and Fannie Mae which are consistent with the conservator's appointment; (4) preserve and conserve the assets and property of Freddie Mac and Fannie Mae; and (5) contract for assistance in fulfilling any function, activity, action or duty of the conservator.

In connection with the actions taken by the FHFA, the U.S. Treasury has entered into certain preferred stock purchase agreements ("SPAs") with each of Freddie Mac and Fannie Mae which establishes the U.S. Treasury as the holder of a new class of senior preferred stock in each of Freddie Mac and Fannie Mae. The senior preferred stock was issued in connection with financial contributions from the U.S. Treasury to Freddie Mac and Fannie Mae; the Treasury is obligated to provide such financial contributions under the SPAs through 2012. The SPAs impose significant restrictions on the activities of Freddie Mac and Fannie Mae.

The future status and role of Freddie Mac and Fannie Mae could be impacted by (among other things) the actions taken and restrictions placed on Freddie Mac and Fannie Mae by the FHFA in its role as conservator, the restrictions placed on Freddie Mac's and Fannie Mae's operations and activities under the SPAs, market responses to developments at Freddie Mac and Fannie Mae, and future legislative and regulatory action that alters the operations, ownership, structure and/or mission of these institutions, each of which may, in turn, impact the value of, and cash flows on, any securities supported by Freddie Mac and Fannie Mae.

RISK RELATED TO INVESTING FOR DIVIDEND INCOME – FEDERATED STRATEGIC VALUE EQUITY FUND

There is no guarantee that the issuers of the stocks held by a Fund will declare dividends in the future or that, if dividends are declared, they will remain at their current levels or increase over time. Because a dividend is always a positive contributor to total return, dividend paying stocks are typically less volatile than non-dividend paying stocks. Accordingly, a Fund's performance may lag behind the general market when dividend paying stocks are out of favour.

TECHNOLOGY RISK

Proprietary and third-party data and systems are utilised to support decision making for a Fund. Data imprecision, software or other technology malfunctions, programming inaccuracies and similar circumstances may impair the performance of these systems, which may affect a Fund's performance.

CYBER SECURITY RISK

Like other funds and business enterprises, the use of the internet and other electronic media and technology exposes the Company and each of its Funds, the Shareholders, and the Company's service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber incidents can result from intentional (or deliberate) attacks or intentional events by insiders or third parties, including cybercriminals, competitors, nation-states and "hacktivists", among others. Cyber-events may include, for example, phishing, use of stolen access credentials, unauthorised access to systems, networks or devices (such as, for example, through "hacking" activity), structured query language attacks, infection from or spread of malware, ransomeware, computer viruses or other malicious software code, corruption of data, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website or internet access, or functionality or performance. Like other funds and business enterprises, the Company has experienced, and will continue to experience, cyber-events consistently. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the Company, each of its Funds, and its Shareholders and cause the Fund 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 Company, a Fund, or the Company's service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate a Fund's NAV, or allow Shareholders to transact business), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Company, a Fund and the Company's service providers. In addition, cyber-events affecting issuers in which a Fund invests could cause the Fund's investments to lose value. Each 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.

EMIR

A Fund may enter into OTC derivative contracts. Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 ("EMIR") establishes certain requirements for OTC derivatives contracts including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. Although not all the regulatory technical standards specifying the risk-management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR have been phased in and it is therefore not possible to be definitive as to what the implications will actually be, investors should be aware that certain provisions of EMIR impose obligations on the Fund in relation to its transaction of OTC derivative contracts.

The potential implications of EMIR for a Fund include, without limitation, the following:

- clearing obligation: certain standardised OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a "CCP"). Clearing derivatives through a CCP may result in additional costs and may be on less favourable terms than would be the case if such derivative was not required to be centrally cleared;
- risk mitigation techniques: for those of its OTC derivatives which are not subject to central clearing, the Fund will be required to put in place risk mitigation requirements, which include the collateralisation of all OTC derivatives. These risk mitigation requirements may increase the cost to the Fund of pursuing its investment strategy (or hedging risks arising from its investment strategy);
- reporting obligations: each of the Fund's derivative transactions must be reported to a trade repository or, where such a trade repository is not available, the European Securities and Markets Authority. This reporting obligation may increase the costs to the Fund of utilising derivatives; and
- risk of sanction by the Central Bank in the event of non-compliance with the EMIR obligations.

THE SHARES

SHARE CAPITAL OF THE COMPANY

The share capital of the Company will at all times equal its NAV as described below. The Directors can issue up to five hundred billion Shares at the NAV per Share on such terms, and in such sub-funds and Series as they deem be fit.

APPLICATION OF THE SHARE CAPITAL

The proceeds from the issue of Shares relating to each Fund are applied in the books of the Company to the portfolio of securities, other investments and ancillary liquid assets which represent that Fund and the assets, liabilities, income and expenditures attributable to that Fund are applied thereto.

DESCRIPTION OF THE RIGHTS ATTACHING TO THE SHARES

Each of the Shares entitles the holder to participate equally on a pro rata basis in such profits and dividends of the Fund as are attributable to the Shares and to attend and vote at meetings of the Company and the Fund. The Shares do not carry any preferential or preemptive rights or any rights to participate in the profits and dividends of any other class or Series of Shares and will not carry any voting rights in relation to matters relating solely to any such other class or Series of Shares.

Any resolution to alter the class rights of the Shares requires the approval of 75% of the holders of the Shares represented or present at a general meeting duly convened in accordance with the Constitution. The quorum for any general meeting convened to consider any alteration to the class rights of the Shares shall be such number of Shareholders whose holdings comprise one third of the outstanding Shares. In the event that there is only one Shareholder in a Fund, class or Series, the quorum shall be the one Shareholder present in person or by proxy at the meeting.

THE SUB-FUNDS AND SEGREGATION OF LIABILITY

The Company is an umbrella fund with segregated liability between its sub-funds and each sub-fund may comprise one or more classes of Shares or Series in the Company. The Directors may, from time to time, upon the prior approval of the Central Bank, establish further sub-funds by the issue of one or more separate classes of Shares or Series on such terms as the Directors may resolve. The Directors may, from time to time, in accordance with the requirements of the Central Bank, establish one or more separate classes of Shares or Series within each sub-fund on such terms as the Directors may resolve.

The assets and liabilities of each class or Series of Shares will be allocated in the following manner:

- the proceeds from the issue of Shares representing each class or Series of Shares shall be applied in the books of the Company to that class or Series of Shares and the assets and liabilities and income and expenditure attributable thereto shall be applied to such class or Series of Shares subject to the provisions of the Constitution;
- where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same class or Series of Shares as the assets from which it was derived and on each valuation of an asset, the increase or diminution in value shall be applied to the relevant class or Series of Shares;
- where the Company incurs a liability which relates to any asset of a particular class or Series of Shares or to any action taken in connection with an asset of a particular class or Series of Shares, such liability shall be allocated to the relevant class or Series of Shares; and
- where an asset or a liability of the Company cannot be considered as being attributable to a particular class or Series of Shares, subject to the approval of the Depositary, such asset or liability shall be allocated to all the classes and Series of Shares pro-rata to the NAV of each class and Series of Shares.

Any liability incurred on behalf of or attributable to any sub-fund shall be discharged solely out of the assets of that sub-fund, and neither the Company nor any Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such sub-fund in satisfaction of any liability incurred on behalf of, or attributable to, any other sub-fund.

There shall be implied in every contract, agreement, arrangement or transaction entered into by the Company the following terms, that:

1. the party or parties contracting with the Company shall not seek, whether in any proceedings or by any other means whatsoever or wheresoever, to have recourse to any assets of any sub-fund in the discharge of all or any part of a liability which was not incurred on behalf of that sub-fund;
2. if any party contracting with the Company shall succeed by any means whatsoever or wheresoever in having recourse to any assets of any sub-fund in the discharge of all or any part of a liability which was not incurred on behalf of that sub-fund, that party shall be liable to the Company to pay a sum equal to the value of the benefit thereby obtained by it; and
3. if any party contracting with the Company shall succeed in seising or attaching by any means, or otherwise levying execution against, the assets of a sub-fund in respect of a liability which was not incurred on behalf of that sub-fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separate and identifiable as such trust property.

All sums recoverable by the Company shall be credited against any concurrent liability pursuant to the implied terms set out in (1) to (3) above.

Any asset or sum recovered by the Company shall, after the deduction or payment of any costs of recovery, be applied so as to compensate the sub-fund.

In the event that assets attributable to a sub-fund are taken in execution of a liability not attributable to that sub-fund, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to the sub-fund affected, the Directors, with the consent of the Depositary, shall certify or cause to be certified, the value of the assets lost to the sub-fund affected and transfer or pay from the assets of the sub-fund or sub-fund to which the liability was attributable, in priority to all other claims against such sub-fund or sub-funds, assets or sums sufficient to restore to the sub-fund affected, the value of the assets or sums lost to it.

A sub-fund is not a legal person separate from the Company but the Company may sue and be sued in respect of a particular sub-fund and may exercise the same rights of set-off, if any, as between its sub-funds as apply at law in respect of companies and the property of a sub-fund is subject to orders of the court as it would have been if the sub-fund were a separate legal person.

Separate records shall be maintained in respect of each sub-fund.

DETERMINATION OF NET ASSET VALUE

FIXED INCOME AND EQUITY FUNDS

The NAV is expressed in euro as a per Share figure for the following Funds:

- **Federated High Income Advantage Fund** Class A Shares – EUR ACC;
- **Federated High Income Advantage Fund** Class I Shares – EUR DIS;
- **Federated High Income Advantage Fund** Class A Shares – EUR DIS;
- **Federated U.S. Total Return Bond Fund** Class I Shares – EUR DIS; and
- **Federated U.S. Total Return Bond Fund** Class A Shares – EUR DIS.

The NAV is expressed in U.S. dollar as a per Share figure for the following Funds:

- **Federated High Income Advantage Fund** Class A Shares – USD ACC;
- **Federated High Income Advantage Fund** Class I Shares – USD DIS;
- **Federated U.S. Total Return Bond Fund** Class I Shares – USD DIS;
- **Federated Strategic Value Equity Fund** Class A Shares – USD DIS;
- **Federated Strategic Value Equity Fund** Class I Shares – USD DIS; and
- **Federated MDT All Cap U.S. Stock Fund** Class A (dis) Shares – USD.

The NAV is expressed in pound sterling as a per Share figure for the following Funds:

- **Federated High Income Advantage Fund**
  Class I Shares – GBP DIS; and
- **Federated U.S. Total Return Bond Fund**
  Class I Shares – GBP DIS.

The NAV generally changes each Dealing Day and is computed by dividing the sum of the market value of all securities and all other assets, less the liabilities, by the number of Shares outstanding. Any liabilities of the Company that are not attributable to any Fund shall be allocated pro rata among all Funds. The NAV of each class of Shares of the Funds shall be determined by calculating the amount of the NAV attributable to such class. The amount of the NAV attributable to a class should be determined by establishing the number of Shares in issue in that class.

Market values of the Funds' securities are determined:

- where a security which is traded on a Regulated Market will be valued on the Regulated Market which is normally the principal market for such security and shall be valued at the latest available market price on that Regulated Market, provided that the value of any security traded on a Regulated Market but acquired or traded at a premium or at a discount outside or off the relevant Regulated Market or on an over-the-counter market, shall be valued taking into account the level of premium or discount as of the date of valuation of the security and the Depositary shall ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security;
- where a security is listed on several exchanges, the relevant market shall be the one which constitutes the main market or the one which the Manager determines provides the fairest criteria for valuing such a security;
- in the case of unlisted securities or any assets traded on a Regulated Market, but in respect of which a price or quotation is unrepresentative or not available at the time of valuation which would provide a fair valuation, the value of such asset shall be estimated with care and in good faith by a stockbroker or other competent person selected by the Manager or its duly appointed delegate and approved for the purpose by the Depositary and such value shall be determined on the basis of the probable realisation value of the security;
- Cash and other liquid assets will normally be valued at their face value with interest accrued (if any) to the relevant Dealing Day;
- Investments in a collective investment scheme shall be valued at the latest available repurchase price for the shares or units in the collective investment scheme;
- Exchange traded derivative instruments shall be valued at the relevant settlement price on the applicable exchange. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by the Manager or a competent person appointed by the Directors and approved by the Depositary. The counterparty to derivative instruments not traded on an exchange must be prepared to value the contract and to close out the transaction at the request of the Company at fair value. The Company may choose to value OTC Derivatives using either the counterparty valuation or an alternative valuation, such as a valuation calculated by the Manager or by an independent pricing vendor. The Company must value OTC Derivatives on a daily basis. Where the Company values OTC Derivatives using an alternative valuation the Company must follow international best practice and will adhere to the principles on the valuation of OTC Derivatives established by bodies such as International Organisation of Securities Commissions and Alternative Investment Management Association. The alternative valuation is that provided by a competent person appointed by the Directors and approved for the purpose by the Depositary or a valuation by any other means provided that the value is approved by the Depositary. The alternative valuation will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained. Where the Company values OTC Derivatives using the counterparty valuation, the valuation must be approved or verified by a party who is approved for the purpose by the Depositary and who is independent of the counterparty. The independent verification must be carried out at least weekly. Forward foreign exchange contracts shall be valued by reference to the freely available market quotation.
- short-term obligations with maturities of less than 60 days, at amortised cost unless the Board determines this is not fair value; or
- money market instruments may be valued on an amortised cost basis provided that the money market instruments have a residual maturity not exceeding three months and have no specific sensitivity to market parameters, including credit risk.

For mortgage-backed securities, prices furnished by the independent pricing service are based on the aggregate investment value of the projected cash flows to be generated by the security.

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices. Pricing services may consider yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

Federated High Income Advantage Fund – Class A Shares – USD ACC and Class A Shares – EUR ACC will accumulate income and gains arising from their portfolio investments.

Prior to valuing a security or investment on the basis of its probable realisation value, the Manager may seek to value the security or investment on the basis of its fair value as described below. There can be no assurance that the Fund could purchase or sell an investment at the price used to calculate the Fund's NAV.

The Directors shall be entitled to adopt an alternative method of valuing any particular asset if they consider that the method of valuation herein set out does not provide a fair valuation of that asset and provided that the alternative method of valuation is approved by the Depositary.

FAIR VALUATION

In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee (as defined below) determines the fair value of the investment in accordance with procedures adopted by the Directors and approved by the Depositary. The Manager may refer a valuation to the Advisers' valuation committee ("Valuation Committee") comprised of officers of the Advisers and other Federated-affiliated entities to assist in this responsibility and in overseeing the calculation of the NAV. The Directors have also authorised the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Directors periodically review the fair valuations made by the Valuation Committee and any changes made to the procedures adopted by the Manager to determine the fair value of an investment by the Valuation Committee.

Using fair value to price investments may result in a value that is different from an investment's most recent closing price and from the prices used by other mutual funds to calculate their NAVs. The Valuation Committee generally will not change an investment's fair value in the absence of new information relating to the investment or its issuer such as changes in the issuer's business or financial results, or relating to external market factors, such as trends in the market values of comparable securities. This may result in less frequent, and larger, changes in fair values as compared to prices based on market quotations or price evaluations from pricing services or dealers.

The Directors also have adopted procedures requiring an investment to be priced at its fair value whenever the Adviser determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- with respect to securities traded principally in non-U.S. markets, significant trends in relevant equity markets or in the trading of foreign securities index futures or options contracts;
- with respect to price evaluations of debt securities determined before the close of regular trading on an exchange and other significant trends in fixed-income markets;
- political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded; and
- announcements concerning matters such as acquisitions, recapitalisations, or litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Valuation Committee uses a pricing service to determine the fair value of equity securities traded principally in non-U.S. markets when the Adviser determines that there has been a significant trend in the relevant equity markets or in index futures trading. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Valuation Committee will determine the fair value of the investment using another method approved by the Directors.

The fair valuation of securities following a significant event can serve to reduce arbitrage opportunities for short-term traders to profit at the expense of long-term investors in the Fund. For example, such arbitrage opportunities may exist when the market on which portfolio securities are traded closes before the Fund calculates its NAV, which is typically the case with Asian markets and some European markets. However, there is no assurance that these significant event procedures will prevent dilution of the NAV by short-term traders.

SHORT-TERM MONEY MARKET FUNDS

The NAV of the Shares is expressed in U.S. dollars as a per Share figure for all Series comprising Federated Short-Term U.S. Prime Fund, Federated Short-Term U.S. Government Securities Fund and Federated Short-Term U.S. Treasury Securities Fund.

The public debt CNAV MMFs (Federated Short-Term U.S. Government Securities Fund and Federated Short-Term U.S. Treasury Securities Fund), except Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series, attempt to stabilise the NAV of Shares at U.S.$1, as applicable, by valuing the portfolio securities using the amortised cost method.

Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series will accumulate income and gains arising from its portfolio investments and as such the NAV of the Series will fluctuate.

The Shares of a LVNAV MMF may be issued or redeemed at a price that is equal to that Fund's constant NAV per Share as long as that constant NAV per Share does not deviate by more than 0.2 per cent from the NAV per Share valued in accordance with mark-to-market or mark-to-model, or both, as set forth in the MMF Regulation and in the Articles of Association. In the event of a deviation of more than 0.2 percent, the subscription or redemption will be at a price equal to the Net Asset Value per Share valued in accordance with mark-to-market or mark-to-model, or both, as set forth in the MMF Regulation and in the Articles of Association.

The assets of a Short-Term Money Market Fund must be valued at least daily and may be valued in accordance with market to market or market to model. The Net Asset Value per Share of a class of a Short-Term Money Market Fund shall be rounded to the nearest four decimal places of the currency in which the class is denominated, provided that:

(i) if the Fund is a public debt CNAV MMF (Federated Short-Term U.S. Government Securities Fund and Federated Short-Term U.S. Treasury Securities Fund), the assets of the Fund may be valued using the amortised cost method of valuation to the extent permitted in the MMF Regulation and the Net Asset Value per Share of a class of the Fund shall be rounded to the nearest two decimal places of the currency in which the class is denominated. The constant NAV per Share of a public debt CNAV MMF must be calculated at least daily. The difference between the constant NAV per Share and the NAV calculated in accordance with market to market or market to model shall be monitored and published daily on fiml.federatedinvestors.com; and

(ii) if the Fund is a LVNAV MMF, the assets of the Fund that have a residual maturity of up to 75 days may be valued using the amortised cost method of valuation to the extent permitted in the MMF Regulation. The amortised cost method of valuation shall only be used for valuing an asset of a LVNAV MMF if the valuation of that asset using the amortised cost method of valuation does not deviate by more than 0.1 per cent of the valuation of that asset using mark-to-market or mark-to-model, or both, pursuant to the MMF Regulation.

The constant NAV per Share of a LVNAV MMF must be calculated at least daily. The difference between the constant NAV per Share and the NAV calculated in accordance with market to market or market to model shall be monitored and published daily on fiml.federatedinvestors.com.

For each Short-Term Money Market Fund, the Administrator reviews daily any discrepancies between the value of the relevant Short-Term Money Market Fund's assets calculated using the amortised cost and the value calculated using the mark-to-market or mark-to-model method. In the event of a discrepancy, the Administrator will escalate the matter to the Directors, the Manager and/or the Depositary depending on the level of the discrepancy. These daily reviews and any engagement of the escalation procedures will be documented.

AMORTISED COST

The assets of a Fund may be valued using the amortised cost method of valuation as set forth below whereby the securities of a Fund are valued at their costs and thereafter assuming an amortisation to maturity of any discount or premium provided the valuation is in accordance with the requirements of the Central Bank.

Under the amortised cost valuation method, the Funds' investments are valued at their acquisition cost as adjusted for amortisation of premium or accretion of discount, rather than at current market value. The Directors continually assess this method of valuation and recommend changes, where necessary, to ensure that the Fund's investments are valued at their fair value as determined in good faith by the Directors. The NAV of each Fund is determined by adding the interest of the Shares in the value of all securities, their income and other assets of the Funds, subtracting the interest of the Shares in the liabilities of the Funds and the Company and those directly attributable to the Shares and dividing the remainder by the number of the Shares outstanding. Any liabilities of the Company which are not attributable to any Fund will be allocated pro rata among all of the sub-funds. The NAV of each class of Shares is determined by calculating the amount of the NAV attributable to such class. The amount of the NAV of the Fund attributable to a class should be determined by establishing the number of shares in issue in that class.

Short-Term Money Market Funds

The Short-Term Money Market Funds may be valued using the amortised cost method of valuation to the extent permitted in the MMF Regulation as set out in sub-paragraphs (i) and (ii) above.

Other Funds

In the case of other Funds, money market instruments may be valued on amortised basis provided that the money market instruments have a residual maturity not exceeding three months and have no specific sensitivity to market parameters, including credit risk.

HOW TO PURCHASE SHARES

PURCHASE OF SHARES

Eligible investors may purchase Shares on any Dealing Day subject to the Fund's Dealing Deadline, either:

- through a Financial Intermediary (see below under *"SUBSCRIBING THROUGH A FINANCIAL INTERMEDIARY")*; or
- directly from the Fund through BNY Mellon Fund Services (Ireland) Designated Activity Company (the "Administrator") (see below under *"DIRECT SUBSCRIPTIONS"*).

The Company reserves the right to reject any purchase order. All purchase orders will be effective, and Shares issued, subject to acceptance by the Administrator of an original or copy of the account application and any required supporting documentation (for example, anti-money laundering documentation) prior to the Dealing Deadline. Redemption proceeds will not be paid out until the Administrator receives the original initial account application and all necessary anti-money laundering checks have been completed. For further information on redeeming Shares, see *"How to Redeem Shares"* below.

Subsequent purchase and redemption requests may be accepted in writing, by post, by facsimile or by telephone to be received by the Administrator on or prior to the Dealing Deadline. Any amendments to a Shareholder's registration details and payment instructions can only be effected upon receipt of original documents.

Share price

Shares of all Funds are sold at their NAV next determined after an order is received, subject to the Funds receiving payment for Shares by the applicable deadline. The NAV is determined at the Valuation Point on each Dealing Day.

Initial Charges

Your Financial Intermediary or the Manager may impose a sales charge ("Front-End Sales Charge"). Where there is a Front-End Sales Charge, the offering price of the Shares shall be their NAV plus the Front-End Sales Charge imposed.

For purchases of Class A Shares of the Equity Funds:

- for purchases under U.S.$1 million, there may be a Front-End Sales Charge of up to 5.50% of the NAV;
- for purchases of U.S.$1 million and above, your Financial Intermediary may impose a Front-End Sales Charge of up to 0.75% of the NAV. In addition to the Front-End Sales Charge, an advance commission may be payable in respect of the purchase of Shares by the Manager to the Financial Intermediary and the redemption of those Shares may be subject to a contingent deferred sales charge (see "*Payments to Financial Intermediaries - Advance Commissions - Equity Funds*" and "*How to Redeem - Sales Charge When you Redeem - Equity Funds*").

For purchases of Class A Shares of the Fixed Income Funds, your Financial Intermediary may impose a Front-End Sales Charge of up to 3.00% of the NAV of Shares purchased.

Otherwise, the offering price of the Shares will be their NAV.

Payment for purchases of Shares

All subscriptions for Shares must be made in U.S. dollars for all Series of all Funds, except the following:

- **Federated High Income Advantage Fund**
  Class A Shares – EUR ACC, Class I Shares – EUR DIS and Class A Shares – EUR DIS, which must be made in euro;

- **Federated U.S. Total Return Bond Fund**
  Class I Shares – EUR DIS and Class A Shares – EUR DIS, which must be made in euro;

- **Federated High Income Advantage Fund**
  Class I Shares – GBP DIS, which must be made in pound sterling; and

- **Federated U.S. Total Return Bond Fund**
  Class I Shares – GBP DIS, which must be made in pound sterling.

The timing for the settlement of subscriptions depend on how the Shares are being purchased and by whom. For information regarding the timing requirements for receipt of subscription monies, see the settlement requirements under *"SUBSCRIBING THROUGH A FINANCIAL INTERMEDIARY"* or *"DIRECT SUBSCRIPTIONS"* as applicable.

Additional terms applicable to purchases of Shares

In order to invest in the Funds, applicants must certify that they are not, nor are they acquiring Shares on behalf of, or for the benefit of a U.S. Person and that such subscriber will not sell or offer to sell or transfer, hypothecate or otherwise assign such Shares in the U.S. or to, or for the benefit of, a U.S. Person (except in a transaction exempt from the application of U.S. securities laws) and whether they are Irish Residents. Shareholders of the Funds are required to notify the Company immediately in the event that they become U.S. Persons or Irish Residents and may be required to redeem or otherwise dispose of the Shares to non-U.S. Persons.

Each investor confirms that he/she accepts the risks related to the submission of instructions in writing by post, facsimile or by telephone and will ensure that any instruction is sent in proper order. Each investor accepts that neither the Administrator nor the Fund shall be held responsible for any loss resulting from non-receipt of any instructions. Each investor accepts that he/she shall be solely responsible for and will indemnify the Administrator and the Fund against any claim arising from the loss caused by any delay or non-receipt of instructions or confirmations of instructions.

The Administrator or the Manager may take such steps as each considers appropriate or necessary to discontinue the relationship with a Shareholder where required to do so under applicable law or regulation.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment and subsequent investment amounts for all Funds and Series are set forth below. However, an account may be opened with a smaller amount as long as the minimum initial investment amount is reached within 90 days of the opening of an account. The Company reserves the right to waive such minimums in whole or in part for certain types of accounts. Where a Shareholder maintains more than one account, the minimum investment will be calculated by combining all Share accounts which the Shareholder maintains in the Fund. An institutional investor's minimum investment is calculated by combining all accounts it maintains with the Fund. Accounts established through investment professionals may be subject to a smaller minimum investment amount. Keep in mind that investment professionals may charge you fees for their services in connection with your Share transactions.

Fund	Minimum Initial Investment	Subsequent Investment – Must Be At Least
Federated High Income Advantage Fund		
Class A Shares – USD ACC	U.S.$25,000	U.S.$1,000
Class A Shares – EUR ACC	€25,000	€1,000
Class I Shares – USD DIS	U.S.$25,000	U.S.$1,000
Class I Shares – EUR DIS	€25,000	€1,000
Class I Shares – GBP DIS	£25,000	£1,000
Class A Shares – EUR DIS	€1,500	€100
Federated U.S. Total Return Bond Fund		
Class I Shares – EUR DIS	€25,000	€1,000
Class I Shares – USD DIS	U.S.$25,000	U.S.$1,000
Class I Shares – GBP DIS	£25,000	£1,000
Class A Shares – EUR DIS	€1,500	€100
Federated Short-Term U.S. Government Securities Fund		
Institutional Services – Dividend Series	U.S.$25,000	U.S.$1,000
Institutional Series	U.S.$25,000	U.S.$1,000
Investment – Dividend Series	U.S.$10,000	U.S.$1,000
Investment – Growth Series	U.S.$10,000	U.S.$1,000
Federated Short-Term U.S. Prime Fund		
Institutional Service Series	U.S.$25,000	U.S.$1,000
Institutional Series	U.S.$25,000	U.S.$1,000
Investment – Dividend Series	U.S.$1,000	U.S.$50
Institutional Services – Dividend Series	U.S.$10,000	U.S.$1,000
Federated Short-Term U.S. Treasury Securities Fund		
Institutional Series	U.S.$25,000	U.S.$1,000
Institutional Service Series	U.S.$25,000	U.S.$1,000
Federated Strategic Value Equity Fund		
Class A Shares – USD DIS	U.S.$1,500	U.S.$100
Class I Shares – USD DIS	U.S.$25,000	U.S.$1,000
Federated MDT All Cap U.S. Stock Fund		
Class A (dis) Shares – USD	U.S.$1,500	U.S.$100

SUBSCRIBING THROUGH A FINANCIAL INTERMEDIARY

Establish an account with the Financial Intermediary which shall act as agent on your behalf.

Timing for submission of purchase orders

- **Fixed Income Funds and Equity Funds**

  Submit your purchase order for Shares to the Financial Intermediary by such time as agreed with the Financial Intermediary so that the Financial Intermediary can send it to the Administrator on or prior to the Dealing Deadline. You will become the owner of Shares when the Fund receives your payment in U.S. dollars, euro or pound sterling, as applicable, by the end of the following Dealing Day.

- **Short-Term Money Market Funds (except Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series)**

  Submit your purchase order for Shares to the Financial Intermediary by such time as agreed with the Financial Intermediary so that the Financial Intermediary can send it to the Administrator on or prior to the Dealing Deadline. You will become the owner of Shares and will receive that day's dividend, if declared, so long as the Financial Intermediary forwards the order to the Administrator by the Dealing Deadline by telephone, fax or transmission and the Fund receives payment in U.S. dollars, euro or pound sterling, as applicable, by the end of the Dealing Day.

- **Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series**

  Submit your purchase order for Shares to the Financial Intermediary by such time as agreed with the Financial Intermediary so that the Financial Intermediary can send it to the Administrator on or prior to the Dealing Deadline. You will become the owner of Shares if the Financial Intermediary forwards the order to the Administrator by the Dealing Deadline by telephone, fax or transmission and the Fund receives payment in U.S. dollars by the end of the following Dealing Day.

Timing for settlement through a Financial Intermediary

- **Fixed Income Funds and Equity Funds**

  For Shares to be purchased on a particular Dealing Day, the Company must receive payment by wire by the end of the next Dealing Day after the subscription order was submitted. With regard to subscription orders processed through certain clearing systems, settlement may occur up to three business days following the Dealing Day the order was received.

- **Short-Term Money Market Funds (except Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series)**

  For Shares to be purchased on a particular Dealing Day, the Company must receive payment by wire before the end of the Dealing Day on which the subscription order was submitted.

- **Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series**

  For Shares to be purchased on a particular Dealing Day, the Company must receive payment by wire by the end of the next Dealing Day after the subscription order was submitted.

Financial Intermediaries should send payments according to the wire instruction details set out in the account application form. It is the responsibility of the Financial Intermediary to transmit payment for purchase orders promptly.

DIRECT SUBSCRIPTIONS

Information on the arrangements and timing requirements for the submission of account applications and payment of subscription monies is set out below. Please note that the applicable arrangements are different for individual and institutional investors.

- **Individual investors:** Individuals investing on their own behalf may establish an account with the Fund by submitting a completed account application to the Administrator on or prior to the Dealing Deadline. For initial and subsequent investments, you will become the owner of Shares after the Administrator receives your account application and after the Fund receives your payment by that day's Dealing Deadline.

- **Institutional investors:** Institutional investors subscribing directly with the Funds may establish an account by submitting a completed application form to the Administrator on or prior to the Dealing Deadline. For Shares to be purchased on a particular Dealing Day, payment must be received in accordance with the deadlines applicable to subscriptions placed through Financial Intermediaries (see *"Subscribing Through a Financial Intermediary"* and *"Timing for Settlement through a Financial Intermediary"*).

Please refer to the account application form for details required for the wire instruction.

ADDITIONAL TERMS APPLICABLE TO THE PAYMENT OF SUBSCRIPTION MONIES

Interest earned on early settlement or unidentified monies will be duly offset against the relevant Fund fees/liabilities at the Directors' discretion.

The Company may rely upon orders placed, even prior to receipt of subscription monies, and may invest the expected subscription amounts. Any failure or default by an investor to transmit subscription monies prior to the applicable deadlines may result in certain losses, costs or expenses for the account of the Fund. Investors agree to indemnify the Company, the Manager, the Administrator, the Depositary and the Adviser for any losses, costs or expenses incurred by them as a result of the failure or default of the investor to transmit subscription monies in immediately available funds to the account of the Fund by the applicable deadlines.

Where an application to purchase Shares has not been settled within the Dealing Deadline, any Shares that have been issued may be cancelled and the applicant will be responsible for any costs of cancellation and the risk of investment at the discretion of the Manager.

ANTI-MONEY LAUNDERING

In order to comply with the anti-money laundering requirements of the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2018 and Criminal Justice (Terrorist Offences) Act 2005, measures aimed at the prevention of money laundering may require an applicant to provide verification of identity to the Manager or Administrator. Investors may be required to submit proof of identity and two proofs of address. For example, an individual will be required to produce a copy of a passport or identification card duly certified by an appropriate body such as a designated person, a notary public or other entity as determined by the Administrator. Corporate entities not listed on regulated exchanges or not otherwise exempted may be required to produce documents including a certified copy of the certificate of incorporation, memorandum and articles of association, authorised mandate, formal list of directors and lists of beneficial owners together with, in some cases where a person or entity owns or controls more than 25% of the ownership of the entity, the proof of identity of the beneficial owners of the entity. Other entities such as partnerships, public bodies, pension funds, trusts, clubs and charities have requirements which are specific to the country in which the Administrator is regulated. If you are purchasing Shares through a Financial Intermediary, please contact your representative for specific anti-money laundering requirements.

PAYMENTS TO FINANCIAL INTERMEDIARIES

ADVANCE COMMISSIONS – EQUITY FUNDS

When a Financial Intermediary's customer purchases Class A Shares of the Equity Funds, the Financial Intermediary (such as broker/dealers, banks, investment advisers or third-party administrators) may receive from the Manager an advance commission as follows:

Purchase Amount	Advance Commission as a Percentage of NAV
Class A Shares (for purchases over U.S.$1 million)	
U.S.$1 million – U.S.$5 million	1.00%
U.S.$5 million – U.S.$20 million	0.50%
Over U.S.$20 million	0.25%

The advance commission is calculated in respect of each transaction for the purchase of Class A Shares of the Equity Funds by a Financial Intermediary's customer. For the purposes of calculating any advance commission, there will be no aggregation of separate transactions for the purchases of Class A Shares by the same underlying customer of a Financial Intermediary, and no combination of concurrent purchases, for example of purchases through the same Financial Intermediary for different customers.

Where a Financial Intermediary has received an advance commission, a contingent deferred sales charge may be imposed on redemptions of Class A Shares (see "*How to Redeem - Sales Charge When you Redeem - Equity Funds*" below).

Administrative and Client Service Fees

The Manager and its affiliated service providers may pay administrative and/or client service fees out of their own assets on an average net asset basis to Financial Intermediaries for providing administrative services to customers that are Shareholders of the Funds.

HOW TO REDEEM SHARES

REDEMPTION REQUESTS

Redemptions may be made on any Dealing Day subject to the Fund's Dealing Deadline.

You should redeem Shares as follows:

- through a Financial Intermediary if you purchased the Shares through a Financial Intermediary. Your Financial Intermediary may charge customary fees and commissions for this service.
- directly from the Fund if you purchased the Shares directly from the Fund.

Redemption requests are only effective upon acceptance by the Administrator. Redemption requests are only effective upon receipt and acceptance by the Administrator of a duly completed redemption request. On receipt of a duly completed redemption request by the Administrator, the redemption of Shares shall be effected on the Dealing Day it is received or the next following Dealing Day depending on the Fund's Dealing Deadline subject to any temporary suspension of redemptions as described at *"Temporary Suspension of Valuation of the Shares"* below.

Redemptions through a Financial Intermediary

Submit your redemption request to the Financial Intermediary by such time as agreed with the Financial Intermediary so that the Financial Intermediary can send it to the Administrator on or prior to the Dealing Deadline. Financial Intermediaries are responsible for promptly submitting redemption requests and providing proper written redemption instructions as outlined below.

Direct Redemption Requests

For all Funds, you may redeem Shares by writing to the Company at the address listed in the account application or by calling the Fund or the Administrator at the number available at fiml.federatedinvestors.com.

SHARE PRICE

Shares are redeemed at their next determined NAV after the redemption request is received. The NAV is determined at the Valuation Point on each Dealing Day.

REDEMPTION PROCEEDS

Redemption proceeds will be paid in the relevant currency by wire pursuant to instructions you provided on your account application. Redemption proceeds will not be paid out until the Administrator receives the original initial account application and all necessary anti-money laundering checks have been completed.

For the Equity Funds, Fixed Income Funds, and Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series, proceeds for redemption requests received and accepted by the Administrator on or prior to the Dealing Deadline will be wired the next Dealing Day, at the NAV next determined after the redemption request has been received.

For the Short-Term Money Market Funds (other than Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series), proceeds for redemption requests received and accepted by the Administrator on or prior to the Dealing Deadline will be wired the same Dealing Day, at the next NAV next determined after the redemption request has been received. Redemption orders processed through certain clearing systems may be settled up to three Dealing Days after the order is received.

If Shares were initially issued pursuant to a subscription order submitted by facsimile, no redemption payment will be made until the original account application form has been received and all of the necessary anti-money laundering checks have been completed. Redemption orders will be processed on receipt of faxed instructions only where payment is made to the account of record.

ADJUSTMENTS OF REDEMPTION AMOUNTS

In the event that redemption proceeds paid to a Shareholder exceed the NAV for the Fund on the relevant Dealing Day, the Fund may seek repayment of that excess amount from that Shareholder as the Shareholder shall be liable to the Fund for that excess amount.

SALES CHARGE WHEN YOU REDEEM – EQUITY FUNDS

Your redemption proceeds may be reduced by a sales charge, commonly referred to as a contingent deferred sales charge ("CDSC") as set forth below.

Class A Shares of the Equity Funds

If you make a purchase of Class A Shares in the amount of U.S.$1 million or more, you will be subject to a 1.00% CDSC on any such Shares included in that purchase redeemed within 18 months of the purchase.

Contingent upon notification to the Administrator, you will not be charged a CDSC when redeeming Shares:

- following the death of the last surviving Shareholder on the account or your post-purchase disability;
- purchased by Directors, the Advisers, the Manager and their affiliates, by employees of a financial intermediary that sells Shares according to a sales agreement with a distributor, and by the immediate family members of the above persons;
- purchased through a Financial Intermediary that did not receive an advance commission on the purchase;
- purchased with reinvested dividends or capital gains;
- redeemed by the Fund when it closes an account for not meeting the minimum balance requirements; or
- purchased pursuant to the exchange privilege if the Shares were held for the applicable CDSC holding period (the holding period on the Shares purchased in the exchange will include the holding period of the Shares sold in the exchange).

If your investment qualifies for an elimination of the CDSC, you or your Financial Intermediary must notify the Administrator at the time of redemption. If the Administrator is not notified, the CDSC will apply.

To keep the sales charge as low as possible, the Fund redeems your Shares in this order:

- Shares that are not subject to a CDSC; and
- Shares held the longest (to determine the amount of time your Shares have been held, include the time you held shares of other Federated funds that have been exchanged for Shares of this Fund).

The CDSC is then calculated using the Share price at the time of purchase or redemption, whichever is lower.

DEFERRED REDEMPTIONS

If the number of Shares to be redeemed in any Fund on any Dealing Day is equal to one-tenth or more of the total number of Shares in issue for that Fund, the Directors may in their discretion refuse to redeem any Shares in excess of one-tenth of the total number of Shares in issue for that Fund and, if they so refuse, the requests for redemption on such Dealing Day shall be reduced rateably. The Company shall treat the deferred redemption requests as if they were received for each subsequent Dealing Day (in relation to which the Company has the same power of deferral at the then prevailing limit) until all the Shares to which the original request related have been redeemed. In such cases, the Company may reduce requests pro rata on the subsequent Dealing Days so as to give effect to the above limitation.

REDEMPTIONS IN SPECIE

At the discretion of the Directors and with the consent of the Shareholder making such redemption request, the Company shall transfer to such Shareholder that proportion of the assets of the Company which is then equivalent in value to the shareholding of the Shareholder then requesting the redemption of Shares but adjusted as the Directors may determine to reflect the liabilities of the Company provided always that the nature of the assets and the type of assets to be transferred to each Shareholder shall be determined by the Directors on such basis as the Directors shall deem equitable and not prejudicial to the interests of the remaining Shareholders and such asset allocation will be subject to the approval of the Depositary. At the request of the Shareholder making such redemption request such assets may be sold by the Company and the proceeds of sale transmitted to the Shareholder. The cost of selling such assets may, at the discretion of the Directors, be charged to the Shareholder.

MANDATORY REDEMPTIONS

Due to the high cost of maintaining Share accounts with low balances, the Company may redeem Shares in any account and pay the proceeds to the Shareholders if the account balance falls below the required minimum investment amount set forth above (See *"Minimum Investment Required"*).

Before the Shares are redeemed for the purpose of closing an account, the Shareholder shall be notified in writing and be allowed 30 days to purchase additional Shares to meet the minimum requirement.

The Company reserves the right to redeem any Shares which are or become owned, directly or indirectly, by a U.S. Person or if the holding of the Shares by any person is unlawful or detrimental to the interests of the Company or otherwise prohibited by the Articles of Association of the Company.

The Articles of Association of the Company permit the Company to redeem the Shares where during the period of six years no acknowledgment has been received in respect of any confirmation of ownership of the Shares sent to the Shareholder. The net proceeds of such a redemption shall be placed in an interest bearing account which shall be a permanent debt of the Company.

TRANSFERS

A transfer of Shares must be effected by a transfer in writing in a form approved by the Directors of the Company from time to time. Every form of transfer must state the full name and address of each of the transferor and the transferee and must be signed by or on behalf of the transferor. The Directors of the Company or their delegate may decline to register any transfer of Shares unless the transfer form is deposited at the registered office of the Company, or such other place as the Directors of the Company may reasonably require, accompanied by such other evidence as the Directors of the Company may reasonably require to show the right of the transferor to make the transfer and to determine the identity of the transferee. The transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the register of Shareholders. A transfer of Shares will not be registered unless the transferee, if not an existing Shareholder, has completed an application form with respect to the relevant Shares to the satisfaction of the Directors of the Company.

The Company will be required to account for tax on the value of the Shares transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Shareholder is not an Irish Resident in respect of whom it is necessary to deduct tax. The Company reserves the right to redeem such number of Shares held by a transferor as may be necessary to discharge the tax liability arising.

The Company reserves the right to refuse to register a transfer of Shares until it receives a declaration as to the transferee's residency or status in the form prescribed by the Revenue Commissioners.

ACCOUNT AND SHARE INFORMATION

CONFIRMATIONS

The Administrator shall maintain a register of Shareholders of record. Neither registered certificates nor bearer securities shall be issued. Written confirmations of each issue, purchase or redemption and of reinvested dividend payments are sent to Shareholders of record on a monthly basis (or quarterly if specifically requested).

A Share account may be opened in a single name or in up to four joint names. The register of Shareholders will be available for inspection at the registered office of the Administrator in respect of the requestee's shareholdings only.

DIVIDENDS

The policy of the Directors for the declaration and payment of dividends in respect of each Fund is as follows:

- For Federated High Income Advantage Fund – Class A Shares – USD ACC and Class A Shares – EUR ACC; and Federated Short-Term U.S. Government Securities Fund – Investment-Growth Series: it is the policy of the Directors not to declare or pay dividends with respect to the Shares.
- For Federated High Income Advantage Fund (except Class A Shares – USD ACC and Class A Shares – EUR ACC); Federated U.S. Total Return Bond Fund; Federated Short-Term U.S. Prime Fund; Federated Short-Term U.S. Treasury Securities Fund; and Federated Short-Term U.S. Government Securities Fund – Institutional Services-Dividend Series, Institutional Series and Investment-Dividend Series: it is the policy of the Directors so far as possible to declare dividends of the Fund's net investment income daily and distribute them monthly on the first Dealing Day of each following month.
- For the Federated Strategic Value Equity Fund: it is the policy of the Directors so far as possible to declare and distribute any dividends of the Fund's net investment income monthly on the first Dealing Day of each following month with respect to the Shares.
- For the Federated MDT All Cap U.S. Stock Fund: it is the policy of the Directors so far as possible to declare and pay any dividends of the Fund's net investment income annually using a Record Date of 26 December or the last Dealing Day immediately prior if 26 December is not a Dealing Day and distribute them on the second Dealing Day after the Record Date with respect to the Shares.

Information regarding relevant dates shall be made available on the Manager's website at fiml.federatedinvestors.com and may be requested by contacting the Manager. This information shall include: (i) for Funds that do not declare dividends daily, the expected dates on which the Shareholders entitled to receive a dividend ("the Shareholders of record") will be determined (the "Record Date"); (ii) the expected dates for the first determination of the net asset value of the Fund after giving effect to the dividend declaration(s); and (iii) the expected dates on which the dividend (if any) shall become payable to the Shareholders of record (the "Payable Date").

Purchase orders submitted through a Financial Intermediary received by the Administrator by the Dealing Deadline and settled by the applicable deadline will begin earning dividends that day. Purchase orders submitted directly to the Administrator and settled by the Dealing Deadline will begin earning dividends that day. Dividends are automatically reinvested on the Dealing Day immediately following the Payable Date in additional Shares purchased on such Dealing Day unless cash payments are requested in which case dividends will be wired to an account designated by the Shareholder in writing. Any dividend unclaimed after six years from the date when it first became payable shall be forfeited automatically and will remain an asset of the Fund without the necessity for any declaration or other action by the Company.

CAPITAL GAINS

From time to time, the Short-Term Money Market Funds may realise capital gains or losses. If capital gains or losses were to occur, they could result in an increase or decrease in dividends. The Fixed Income Funds and the Equity Funds may but are not required to distribute realised capital gains. Capital gain distributions in relation to the Fixed Income Funds and the Equity Funds, if declared, will be payable at least annually and will be automatically reinvested in additional Shares without a sales charge unless you elect cash payments. Capital gains will not be distributed in respect of the Accumulating Shares.

PUBLICATION OF THE PRICE OF THE SHARES

Except where the determination of the sale and redemption prices has been suspended, the current sale and redemption prices of the Shares will be made public at the registered office of the Manager and on the internet at fiml.federatedinvestors.com (such information will relate to the NAV per Share for the previous Dealing Day and is available for information only) on each Dealing Day.

FREQUENT TRADING POLICIES – FIXED INCOME AND EQUITY FUNDS

Frequent or short-term trading into and out of the Funds can have adverse consequences for the Funds and Shareholders who use the Funds as long-term investment vehicles. Such trading in significant amounts can disrupt the Funds' investment strategies (e.g., by requiring them to sell investments at inopportune times or maintain excessive short-term or cash positions to support redemptions), increase brokerage and administrative costs and affect the timing and amount of taxable gains distributed by the Funds. Investors engaged in such trading may also seek to profit by anticipating changes in the Funds' NAV in advance of the time as of which NAV is calculated or through an overall strategy to buy and sell Shares in response to incremental changes in the Funds' NAV.

The Funds monitor trading in Shares in an effort to identify disruptive trading activity. The Funds monitor trades into and out of the Funds within a period of 30 days or less. The size of Share transactions subject to monitoring varies. However, where it is determined that a Shareholder has exceeded the detection amounts twice within a period of twelve months, the Shareholder will be precluded from making further purchases or exchanges of Shares. The Funds may also monitor trades into and out of the Funds over periods longer than 30 days, and if potentially disruptive trading activity is detected, the Shareholder will be precluded from making further purchases or exchanges of Shares. Whether or not the specific monitoring limits are exceeded, the Directors may determine from the amount, frequency or pattern of purchases and redemptions or exchanges that a Shareholder is engaged in excessive trading that is or could be detrimental to the Funds and other Shareholders and may preclude the Shareholder from making further purchases or exchanges of Shares. No matter how the Funds define their limits on frequent trading of Shares, other purchases and sales of Shares may have adverse effects on the management of the Funds' portfolios and their performance.

The Funds' objectives are that their fees and restrictions on short-term trading should apply to all Shareholders, regardless of the number or type of accounts in which Shares are held. However, the Funds anticipate that limitations on their ability to identify trading activity to specific Shareholders, including where Shares are held through intermediaries in multiple or omnibus accounts, will mean that these restrictions may not be able to be applied uniformly in all cases. Absent the intermediary providing certain trade information in relation to the intermediary's account, the Funds will not have access to relevant information to be able to monitor and detect potentially excessive and/or short-term trading in the intermediary's account(s). Accordingly, neither Funds nor the Company accepts any responsibility or liability should such activity occur through an intermediary's account, whether or not the intermediary takes steps to prevent it occurring or re-occurring. It shall be a matter for the intermediary to determine if the restrictions on trading are breached. The Company reserves the right to reject any purchase or exchange request for an intermediary's account(s) if excessive and/or short term trading is identified or suspected in respect of that intermediary's account in order to prevent disruption to the Fund.

CONVERSION OF SHARES

The Articles of Association allow for Shareholders in any of the Funds, with the consent of the Directors, to convert their Shares to Shares in any other sub-fund established by the Company on giving notice to the Manager in such form as the Manager may request. Conversion will take place in accordance with the following formula:

$$NS = \frac{S \times R \times F}{P} - X$$

where:

NS = the number of Shares in the new Fund which will be allotted;

S = the number of the Shares to be converted;

R = the redemption price of the Shares;

F = the currency conversion factor as determined by the Directors of the Company;

P = the sale price of a Share of the new Fund;

X = the number of Shares in the new Fund equivalent in value to the handling charge (if any), not exceeding 5% of the value of the Shares.

In accordance with the foregoing, the Directors of the Company have determined that Shareholders may exchange their Shares for shares in other Funds in the Company at NAV.

In the case of exchanges in relation to the Equity Funds, your Financial Intermediary may impose a sales charge and/or advance commission, if applicable and not previously paid. In the case of exchanges in relation to the Federated High Income Advantage Fund, your Financial Intermediary may impose a sales charge, if applicable and not previously paid. Shares of other Funds in the Company may be exchanged for Shares at NAV.

The Manager has been advised that under existing law and practice in Ireland any gain realised on conversion of one class of Shares would not be subject to Irish capital gains tax where the person disposing of the Shares is not an Irish Resident.

The Administrator will facilitate conversion of Shares between Funds whose base currencies are not the same. An exchange is treated as two distinct transactions (a redemption and a subscription for the purposes of a Fund conversion with different settlement dates or differing foreign exchange settlement periods (i.e., a redemption from an existing sub-fund and subsequent subscription into the new Fund. In such circumstances, the Administrator will facilitate a foreign exchange contract to convert the proceeds of Shares of the existing sub-fund into the base currency of the Shares of the new Fund. Pending settlement of the sub-fund/foreign exchange transaction, the proceeds of redemption will be held by the Depositary for the account of the investor and, as such, the investor will not hold Shares in either the existing Fund or the new Fund. Proceeds of the currency conversion (net of costs will be processed into purchased Shares on the day of settlement of the Fund/foreign exchange contract. Shareholders should ensure that the conversion notice is received by the Administrator at the earliest Dealing Deadline of the two Funds. This service will be at the risk and expense of the investor.

Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of conversion of Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

SPECIAL DEALING DAYS

In respect of any Business Day on which the relevant exchanges and/or markets for a Fund are closed on an unscheduled basis due to unforeseen or emergency circumstances, the Adviser, in accordance with procedures approved by the Manager, may allow transactions to purchase, redeem or convert Shares on such days (a "Special Dealing Day"). In the event of a Special Dealing Day, information regarding the dealing arrangements will be disclosed on the Manager's website fiml.federatedinvestors.com and may also be made available by calling the Administrator at +353 (0) 21 4380600. The information in this Prospectus regarding purchasing, redeeming and converting Shares concerns Dealing Days other than Special Dealing Days. Consequently, on a Special Dealing Day, the Dealing Deadline and Valuation Point may not be the same as on a normal Dealing Day. Although the Manager will attempt to make such information available in advance of a Special Dealing Day, given the nature of Special Dealing Days, it may not be able to do so.

UMBRELLA CASH ACCOUNTS

Cash accounts arrangements are in place in respect of the Company and the Funds as a consequence of new requirements relating to the subscription and/or redemption collection accounts pursuant to the Investor Money Regulations 2015. The following is a description of how such cash accounts arrangements are expected to operate. These cash accounts are not subject to the protections of the Investor Money Regulations and instead are subject to the guidance issued by the Central Bank from time to time in relation to umbrella cash accounts.

Investor Monies are held in a single Umbrella Cash Account in respect of a particular currency. The assets in the Umbrella Cash Account are assets of the Company (for the relevant Fund).

If subscription monies are received by a Fund in advance of the issue of Shares (which occurs on the relevant Dealing Day), then such monies will be held in the Umbrella Cash Account and will be treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until the Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights in respect of the subscription monies (including dividend entitlements) until such time as the Shares are issued on the relevant Dealing Day.

Redeeming investors will cease to be Shareholders of the redeemed Shares from the relevant Dealing Day for which the redemption request is accepted. Redemption and dividend payments will, pending payment to the relevant investors, be held in the Umbrella Cash Account. Redeeming investors and investors entitled to dividend payments held in the Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and dividend payments cannot be transferred to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the Company to comply with its obligations under applicable anti-money laundering and counter terrorist legislation, the redemption and dividend payments will be retained in the Umbrella Cash Account, and investors should address the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Shareholder rights (including, without limitation, the entitlement to future dividends) in respect of such amounts.

It is not expected that any interest will be paid on the amounts held in the Umbrella Cash Account. Any interest earned on the monies in the Umbrella Cash Account will be for the benefit of the relevant Fund and will be duly offset against the relevant Fund fees/liabilities at the Directors' discretion.

For information on the risks associated with Umbrella Cash Accounts, see "*Risks Associated with Umbrella Cash Accounts*".

TEMPORARY SUSPENSION OF VALUATION OF THE SHARES AND OF SALES AND REDEMPTIONS

The Manager may temporarily suspend the determination of the NAV of Shares and the sale or redemption of Shares during:

- any period (other than ordinary holiday or customary weekend closings) when any Regulated Market is closed which is the main Regulated Market for a significant part of the Fund, or in which trading thereon is restricted or suspended;
- any period when any emergency exists as a result of which disposal by the Company of investments which constitute a substantial portion of the assets of the Fund is not practically feasible;
- any period when for any reason the prices of any investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Company;
- any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- any period when proceeds of any sale or redemption of the Shares cannot be transmitted to or from the Fund's account;
- any period when the Company is considering the merger in relation to the Company, a sub-fund, class or Series, provided notice is being provided to Members of the Company of the consideration of such merger;

- any other period where in the opinion of the Directors circumstances require such a suspension and it is justified having regard to the interests of the Members; or
- if the case of a Short-Term Money Market Fund in accordance with the liquidity management procedures in place for the Short-Term Money Market Funds.

Any such suspension shall be published by the Company in such manner as it may deem appropriate to the persons likely to be affected thereby and shall be notified immediately to the Depositary and the Central Bank.

MANAGEMENT AND ADMINISTRATION

DIRECTORS AND OFFICERS OF THE COMPANY

The Board of Directors is responsible for managing the business affairs of the Company in accordance with the Constitution. The Directors may delegate certain functions to the Manager subject to the supervision and direction by the Directors.

The Directors are listed with their principal occupations and present positions with the Company and the Manager. The address of the Directors is the registered office of the Company.

Denis McAuley III

Chairman and Director of the Company and Manager, Mr. McAuley is Corporate Finance Director and Vice President of Federated Investors, Inc. ("Federated"), and holds other positions with U.S. and non-U.S. affiliates of Federated. Until 31 March 2013, Mr. McAuley was Vice President, Assistant Treasurer and Principal Accounting Officer of Federated; Assistant Treasurer of FIC; Assistant Treasurer of Federated Global Investment Management Corp. ("FGIMC") and Senior Vice President and Treasurer of Federated Administrative Services, Inc. ("FASI").

Mr. McAuley was educated at Mount Saint Mary's College, Emmitsburg, Maryland. He joined Federated in 1978, and from 1989 to 1993, worked for National Securities and Research Corporation where he held the position of Senior Vice President, Chief Financial Officer and Executive Committee Member. He rejoined Federated in 1993.

Gregory P. Dulski

Director of the Company and Manager. Mr. Dulski, born April 1975, is Federated's senior counsel responsible for all legal and regulatory matters impacting Federated's international operations.

Mr. Dulski has more than 16 years of experience in the financial services industry and has worked with Federated for more than 10 years, both as outside counsel and in-house counsel. Mr. Dulski serves as a director on a number of Federated's international boards, including as a Managing Director of Federated International Holdings, B.V., and has worked extensively on financial services reform in both the United States and Europe. In addition to his work with Federated, Mr. Dulski has extensive industry experience having worked for Janus Capital Group and ALPS Fund Services in Denver, Colorado and in the investment management group of Reed Smith LLP. Mr. Dulski graduated with honors from The George Washington University School of Law in 2001 and received his undergraduate degree in Accounting from Arizona State University and is a non-practicing certified public accountant.

Michael Boyce

Director of the Company and the Manager. Mr. Boyce, born March 1954, is an Irish citizen, and acts as an independent director and a consultant to a number of Irish collective investment schemes. Prior to his election as Director, Mr. Boyce served as Executive Director of Northern Trust Investor Services (Ireland) Limited, formerly known as Ulster Bank Investment Services Limited ("UBIS"), since 1990.

Mr. Boyce was Managing Director of Ulster Bank Custodial Services and Managing Director of UBIS. Following Northern Trust's purchase of UBIS in May 2000, he was appointed Director of Client Operations responsible for servicing a large range of institutional and retail clients. Mr. Boyce has worked in the financial services industry for more than 30 years including the areas of stockbroking, fund management and fund administration.

Mr. Boyce is a graduate of the Michael Smurfit School of Business at University College Dublin from which he holds a Diploma in Corporate Governance. He is a member of the Securities Institute and has served on several committees of the Irish Funds Industry Association. He is also a member of the Institute of Directors Ireland, and a member of the Corporate Governance Association of Ireland.

Ronan Walsh

Director of the Company and the Manager. Mr. Walsh, born May 1952, is an Irish citizen and was a partner in the law firm of Arthur Cox in Dublin from 1981 to April 2009, specialising in corporate law, with a particular emphasis on corporate finance and financial services. Mr. Walsh is also a non-executive director of a number of Irish companies. Mr. Walsh was educated at Trinity College, Dublin and qualified as a solicitor in 1975.

Messrs. McAuley and Dulski are also shareholders of Federated and hold other positions with affiliates of Federated.

The Directors are empowered to exercise all of the borrowing powers of the Company. Subject to certain exceptions set out in the Articles of Association of the Company, a Director may not vote in respect of any contract in which he has a material interest.

The company secretary of the Company and the Manager is Bradwell Limited, Ten Earlsfort Terrace, Dublin 2, D02 T380, Ireland. The assistant secretaries of the Company and the Manager are Robert J. Wagner and Richard A. Novak, Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, Pennsylvania, U.S. 15222-3779.

CONTRACTUAL AND OTHER MATTERS CONCERNING THE MANAGER

The Manager of the Company is Federated International Management Limited, which was incorporated in Ireland as a private limited liability company on 29 November 1990 under Registration Number 166961. The authorised capital of the Manager is U.S.$1,000,000, of which 114,570 ordinary Shares of U.S.$1 each have been issued and fully paid. Non-refundable contributions in the amount of U.S.$2,804,864 have also been made. The Manager is engaged in the business of providing management, investment advisory and administrative services to collective investment undertakings and investment companies. The Manager is an indirect subsidiary of Federated.

In the absence of wilful misfeasance, bad faith or reckless disregard of its obligations and duties, the Manager will not be liable to the Company or any Shareholder for any act or omission of the Manager in the performance of its obligations and duties under the Management Agreement.

The Management Agreement may be terminated by either the Company or the Manager on 90 days' notice in writing to the other party or may be terminated by the Company immediately in the event that the Manager becomes bankrupt or insolvent or otherwise incapable of performing its obligations and duties under the Management Agreement.

The Management Agreement allows the Manager to delegate its management duties to other parties. The Manager has delegated its investment advisory duties to the Advisers, certain operational support services to FASI and certain administrative duties to the Administrator.

The Manager manages the several Funds and Series thereof in the Company. The Manager shall at all times have due regard to its respective duties to each Fund or Series and if any conflict of interest shall arise with respect to any Fund or Series, the Manager shall ensure that the conflict is resolved fairly.

Messrs. McAuley, Dulski, Boyce and Walsh are Directors of the Manager. The Company Secretary and Assistant Company Secretaries of the Manager are the same as the Company Secretary and Assistant Company Secretaries of the Company. The Manager is also the manager of Federated Unit Trust.

CONTRACTUAL AND OTHER MATTERS CONCERNING THE ADVISERS

Pursuant to an Amended and Restated Investment Advisory Agreement dated 5 June 2009 (the "Investment Advisory Agreement"), MDT Advisers was retained to act as adviser to the Manager in relation to the Federated MDT All Cap U.S. Stock Fund, and FIC was retained to act as adviser to the Manager in relation to all other Funds.

FIC is a statutory trust organised in the State of Delaware, U.S. on 11 April 1989. MDT Advisers is a limited liability company organised in the State of Delaware, U.S. on 13 February 1997, and this entity was acquired by Federated in July 2006. FIC and MDT Advisers are registered investment advisers under the U.S. Investment Advisers Act of 1940, as amended, and each is an indirect subsidiary of Federated.

The Advisers and other subsidiaries of Federated advise approximately 100 U.S. and international equity, fixed-income and money market funds, as well as a variety of separately managed accounts (including non-U.S./offshore funds) which totaled approximately U.S. $377.2 billion in assets as of 31 December 2018.

FIC advises approximately 83 institutional separate accounts and private investment companies and other pooled investment vehicles (including non-U.S./offshore funds), as well as numerous separately managed accounts, which totaled approximately U.S. $76.4 billion in assets as of 31 December 2018.

The Advisers' fees are discharged by the Manager from its management fee. The Advisers are responsible for their own out of pocket expenses.

In the absence of wilful misfeasance, bad faith or reckless disregard of its obligations or duties on the part of an Adviser under the Investment Advisory Agreement, such Adviser shall not be liable to the Manager, the Company, a Fund or any Shareholder for any act or omission in the course of, or connected in any way with, rendering services or for any losses that may be sustained in the purchase, holding or sale of any security. The Investment Advisory Agreement may be terminated by either the Manager or the Advisers on not less than 60 days' notice to the other and shall terminate forthwith on termination of the Management Agreement between the Company and the Manager.

CONTRACTUAL AND OTHER MATTERS CONCERNING THE SUB-INVESTMENT ADVISER

Pursuant to the Investment Advisory Agreement, the Adviser at its own cost and expense may employ or contract with any other part or parties in order to obtain assistance in carrying out its obligations under the Investment Advisory Agreement. Under the terms of the Investment Advisory Agreement, the Adviser, in such instances, shall remain responsible to the Company and the Funds for the performance of its obligations under such agreement and liable for any acts and omissions of any person(s) appointment in accordance with the agreement as if such acts or omissions were its own.

FIC, pursuant to the Investment Advisory Agreement and in accordance with the requirements of the Central Bank, has appointed Federated Investors (UK) LLP ("Federated UK") to provide investment management services, including the supervision of investments and to act with investment discretion, in relation to the Federated Short-Term U.S. Prime Fund. Federated UK's services will be supplemental to the services provided by the Adviser. The appointment of Federated UK by the Adviser will not relieve the Adviser of any of its contractual obligations to the Company in respect of the Federated Short-Term U.S. Prime Fund. Federated UK is authorised and regulated by the U.K. Financial Conduct Authority ("FCA") and is the authorised corporate director and investment manager of U.K. Short-Term Money Market Funds that are authorised as UCITS by the FCA. Federated UK is an indirect subsidiary of Federated, and is part of the same group of companies as the Advisers. As of 31 December 2018, Federated UK's total assets under management were £4.671 billion.

In December 2017, Federated became a signatory to the Principles for Responsible Investment ("PRI"). The PRI is an investor initiative in partnership with the United Nations Environment Programme Finance Initiative and the United Nations Global Compact. Commitments made as a signatory to the PRI are not legally binding, but are voluntary and aspirational. They include efforts, where consistent with our fiduciary responsibilities, to incorporate environmental, social and corporate governance ("ESG") issues into investment analysis and investment decision making, to be active owners and incorporate ESG issues into our ownership policies and practices, to seek appropriate disclosure on ESG issues by the entities in which we invest, to promote acceptance and implementation of the PRI within the investment industry, to enhance our effectiveness in implementing the PRI, and to report on our activities and progress towards implementing the PRI. Being a signatory to the PRI does not obligate Federated to take, or not take, any particular action as it relates to investment decisions or other activities.

In July 2018, Federated acquired a 60 percent interest in Hermes Fund Managers Limited ("Hermes"), which operates as Hermes Investment Management, a pioneer of integrated ESG investing. Hermes experience with ESG issues contributes to Federated's understanding of material risks and opportunities these issues may present.

CONTRACTUAL AND OTHER MATTERS CONCERNING THE DEPOSITARY

The Bank of New York Mellon SA/NV, Dublin Branch, serves as depositary of the Company and the Funds. Pursuant to a depositary agreement entered into between the Company and the Depositary (the "Depositary Agreement"), the Company has appointed The Bank of New York Mellon SA/NV, Dublin Branch, to act as the depositary of the Company's assets.

The principal activity of the Depositary is to act as the depositary of the assets of collective investment schemes. The Depositary operates in Ireland through its branch at Riverside 2, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2, D02 KV60, Ireland, is authorised by the European Central Bank and regulated by the Central Bank of Ireland for conduct of business rules. It is registered with the Companies Registration Office in Ireland No. 907126.

The Bank of New York Mellon SA/NV is a wholly owned subsidiary of The Bank of New York Mellon. The Bank of New York Mellon is the main banking entity of The Bank of New York Mellon Corporation ("BNY Mellon"). Headquartered in Brussels, BNY Mellon SA/NV distributes products and services through its branch network in Europe and is BNY Mellon's largest banking subsidiary in Europe, Middle East and Africa (EMEA) region and focuses its activities on the investment services segment. Its main activity is asset servicing, which is provided to both third party and to internal clients within The Bank of New York Mellon group (BNY Mellon group). As of 31 December 2018, The Bank of New York Mellon SA/NV had €2.4 trillion in assets under custody.

The duty of the Depositary is to provide safekeeping, oversight and asset verification services in respect of the assets of the Company and each Fund in accordance with the provisions of the UCITS Rules and the Directive. The Depositary will also provide cash monitoring services in respect of each Fund's cash flows and subscriptions.

The Depositary will be obliged, inter alia, to ensure that the sale, issue, repurchase and cancellation of Shares in the Company is carried out in accordance with the UCITS Regulations and the Constitution. The Depositary will carry out the instructions of the Company, unless they conflict with the UCITS Regulations or the Constitution. The Depositary is also obliged to enquire into the conduct of the Company in each financial year and report thereon to Shareholders.

The Depositary will be liable for loss of financial instruments held in custody or in the custody of any sub-custodian, unless it can prove that loss was not as a result of the Depositary's negligent or intentional failure to perform its obligations and has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall also be liable for all other losses suffered as a result of the Depositary's negligent or intentional failure to fulfil its obligations under the UCITS Regulations.

The Depositary has power to delegate the whole or any part of its depositary functions, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary has delegated its safe-keeping duties in respect of financial instruments in custody to The Bank of New York Mellon SA/NV and/or The Bank of New York Mellon. The list of sub delegates appointed by The Bank of New York Mellon SA/NV or The Bank of New York Mellon is set out in Appendix B hereto. The use of particular sub delegates will depend on the markets in which the Company invests. No conflicts arise as a result of such delegation.

The Depositary Agreement between the Company and the Depositary shall continue in force until terminated by either party on not less than ninety days' notice in writing to the other party. Either party may terminate the Depositary Agreement if at any time: (i) at any time upon or after the other party going into liquidation (except voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the party who served notice of termination which approval shall not be unreasonably withheld, conditioned or delayed) or being unable to pay its debts within the meaning of Section 570 of the Companies Act or in the event of the appointment of a receiver over any of the assets of the other party or if an examiner is appointed to the other party or if some event having an equivalent effect occurs: (ii) at any time if the other party shall commit any material breach of its obligations under this Agreement and (if such breach shall be capable of remedy) shall fail within 30 days of receipt of notice requiring it to do so to make good such breach. The Company may forthwith terminate the appointment of the Depositary if the Depositary shall cease to be authorised to act as a custodian to a fund authorised under the UCITS Regulations or otherwise under applicable law to carry out its functions pursuant to the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary may appoint sub-custodians in relation to the Company's assets. However, the liability of the Custodian shall not be affected by the fact that it has entrusted some or all of the Company's assets in its safekeeping to a third party.

Up-to-date information regarding the duties of the Depositary, any conflicts of interest that may arise and the Depositary's delegation arrangements will be made available to investors by the Company on request.

CONTRACTUAL AND OTHER MATTERS CONCERNING THE ADMINISTRATOR

The Manager has appointed BNY Mellon Fund Services (Ireland) Designated Activity Company as Administrator to perform certain registration, valuation and administrative work and to process applications for and redemptions of Shares.

The Administrator is a private limited company incorporated in Ireland on 31 May 1994 and is engaged in the provision of fund administration, accounting, registration, transfer agency and related shareholders services to collective investment schemes and investment funds. The Administrator is authorised by the Central Bank under the Investment Intermediaries Act, 1995.

The Administrator was appointed pursuant to the Administration Agreement dated 29 May 2009, as amended, which shall continue in force until terminated by either party on ninety days' notice to the other. The Administration Agreement may be terminated forthwith by either party giving notice in writing to the other party if at any time the defaulting party shall:
(a) commit a material breach of any of the terms of the Administration Agreement which is either incapable of remedy or has not been remedied within 30 days of the other party

serving notice in writing to the defaulting party requiring it to be remedied; (b) be unable to pay its debts as they fall due or otherwise become insolvent or enter into any composition or arrangement with or for the benefit of its creditors or any class thereof; (c) be the subject of any petition for the appointment of an examiner or similar officer to it; (d) have a receiver appointed over all or any substantial part of its undertaking, assets or revenues; (e) be the subject of an effective resolution for its winding up except in relation to a voluntary winding up for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the other party; or (f) be the subject of a court order for its winding up. The Manager may terminate the Administration Agreement at any time forthwith if the Administrator is otherwise no longer permitted to perform its obligations under any applicable law or regulation. The Administrator may terminate the Administration Agreement at any time forthwith if any authorisation by the Central Bank of the Company is revoked.

The Administrator and its directors, officers, employees and agents shall not be liable for any loss, damage or expense (including, without limitation, legal counsel and professional fees and other costs and expenses incurred in connection with the defence of any claim, action or proceedings) arising out of or in connection with the performance by the Administrator (its directors, officers, servants, employees or agents) of its duties hereunder (including its actions or omissions) and whether in accordance with or in pursuance of any Proper Instructions (as defined in the Administration Agreement) or in accordance with professional advice obtained pursuant to Clause 7.2.2 of the Administration Agreement or as a result of the incompleteness or inaccuracy of any specifications, instructions or information furnished to the Administrator or for delays caused by circumstances beyond the Administrator's control or otherwise howsoever arising other than by reason of the negligence, wilful default or fraud of the Administrator and its directors, officers, employees and agents in the performance or non-performance of its duties under this Agreement. In particular, the Administrator shall not be liable for any loss which may be sustained in the purchase, holding or sale of any Investment or other asset by the Company or any Shareholder or for any loss which may be sustained as a result of loss, delay, mis-delivery or error.

CONTRACTUAL AND OTHER MATTERS CONCERNING FASI

FASI, a corporation organised in the Commonwealth of Pennsylvania, U.S., and an indirect subsidiary of Federated, provides the Manager with operational support services, including, but not limited to, assisting the Manager in responding to inquiries regarding the Company from financial institutions, providing computer systems and programming support, and providing consultation and support with regard to certain legal, accounting and reporting services.

SERVICE PROVIDERS

The Company may appoint paying and local representative agents upon notification to the Central Bank, who, under certain circumstances and in accordance with applicable law and the requirements of the Central Bank and the terms and conditions of the relevant paying agency agreements, may undertake subscription and redemption activity on behalf of eligible investors.

Federated is responsible for promoting the Company. Federated was incorporated in the United States on 18 October 1957, and many of its subsidiary companies are regulated by the SEC. Federated, through its subsidiary companies, is one of the largest investment managers in the United States, managing U.S.$377.2 billion in assets as of 31 December 2018. With 122 funds and a variety of separately managed account options, Federated provides comprehensive investment management to more than 8,500 institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers.

LEGAL ADVISERS

Counsel as to matters of Irish law is provided by Arthur Cox, Dublin, Ireland.

AUDITORS

The independent auditors for the Company, Ernst & Young, Chartered Accountants, perform the audit function from their office in Dublin, Ireland.

FEES AND EXPENSES

Each of the Shares shall bear its allocable portion of Company and Fund expenses. These expenses include, but are not limited to, the cost of: (a) organising and maintaining the Company and the Fund; (b) Directors' fees; (c) management services and operational support services; (d) printing prospectuses, sales literature and other documents for Shareholders and prospective investors; (e) registering the Company, the Funds and the Shares with any governmental or regulatory authority or with any stock market or other Regulated Market, including any paying or other agent fees, which will be at normal commercial rates; (f) taxes and commissions; (g) custodian fees; (h) printing, mailing, auditing, accounting and legal expenses; (i) reports to Shareholders, the Central Bank and governmental agencies and any fees payable to a paying agent or fiscal representative; (j) meetings of Directors and Shareholders and proxy solicitations therefore; (k) insurance premiums; (l) association membership dues; and (m) such nonrecurring and extraordinary items as may arise.

All expenses relating to the organisation and establishment of the Company and the Funds have been borne by the Manager. The Company has undertaken to reimburse the Manager these expenses over a period of years.

Separate and apart from the expenses borne by the Company and the Funds, financial institutions through whom Shares are purchased may charge fees for services provided which may be related to the ownership of Shares. This Prospectus should, therefore, be read together with any agreement between customer and institution with regard to services provided, the fees charged for these services, and any restrictions and limitations imposed.

THE DIRECTORS AND SECRETARY

The Directors (other than those Directors who are employees of Federated) shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors and shall receive their reasonable out of pocket expenses. Currently, the aggregate remuneration of the Directors totals less than €175,000 per annum.

THE MANAGER

The Manager receives an annual management fee as set forth below, which fee accrues daily and is payable monthly in arrears. The Manager is responsible for its own out of pocket expenses.

Fund	Percentage of Daily Net Assets
Short-Term Money Market Funds	1.00%
Federated High Income Advantage Fund	
Class A Shares – USD ACC	1.00%
Class A Shares – EUR ACC	1.00%
Class I Shares – USD DIS	1.00%
Class I Shares – EUR DIS	1.00%
Class I Shares – GBP DIS	1.00%
Class A Shares – EUR DIS	1.25%
Federated U.S. Total Return Bond Fund	1.00%
Federated Strategic Value Equity Fund	
Class A Shares – USD DIS	1.25%
Class I Shares – USD DIS	1.75%
Federated MDT All Cap U.S. Stock Fund	
Class A (dis) Shares – USD	1.50%

The Management Agreement provides that the Manager may voluntarily undertake to reduce or waive its management fee or make other arrangements to reduce expenses of a Fund to the extent that such expenses exceed such lower expense limitation as the Manager may, by notice to the Company, voluntarily declare to be effective. The Manager has currently undertaken to limit the aggregate annual operating expenses of all Funds attributable to the Shares, including the management fee, but excluding interest, taxes, (including any withholding tax applicable to portfolio securities or distributions to Shareholders and the costs associated therewith) brokerage commissions, insurance premiums, the costs associated with registering the Company, the Funds or the Shares with any governmental or regulatory authority or with any stock market or other Regulated Market and extraordinary expenses, to the following percentage of the average daily NAV of the Shares:

Fund	Percentage of Average Daily NAV of Shares
Federated High Income Advantage Fund	
Class A Shares – USD ACC	1.00%
Class A Shares – EUR ACC	1.00%
Class I Shares – USD DIS	0.75%
Class I Shares – EUR DIS	0.75%
Class I Shares – GBP DIS	0.75%
Class A Shares – EUR DIS	1.25%
Federated U.S. Total Return Bond Fund	
Class I Shares – EUR DIS	0.65%
Class I Shares – USD DIS	0.65%
Class I Shares – GBP DIS	0.65%
Class A Shares – EUR DIS	1.00%
Federated Short-Term U.S. Government Securities Fund	
Institutional Services – Dividend Series	0.65%
Institutional Series	0.20%
Investment – Dividend Series	1.08%
Investment – Growth Series	1.05%
Federated Short-Term U.S. Prime Fund	
Institutional Service Series	0.45%
Institutional Series	0.20%
Investment – Dividend Series	1.00%
Institutional Services – Dividend Series	0.55%
Federated Short-Term U.S. Treasury Securities Fund	
Institutional Series	0.20%
Institutional Service Series	0.65%
Federated Strategic Value Equity Fund	
Class A Shares – USD DIS	1.25%
Class I Shares – USD DIS	0.75%
Federated MDT All Cap U.S. Stock Fund	
Class A (dis) Shares – USD	1.50%

The Manager may terminate or modify any such voluntary undertaking at any time at its sole discretion upon notice in writing to the Company. The Manager may rebate a portion of its management fee to certain institutional clients.

THE ADMINISTRATOR

The fees and expenses arising in respect of fund administration/accounting services are accrued daily and paid monthly in arrears and are based on the level of average aggregate daily net assets of the Funds; such annual fees paid to the Administrator shall not exceed 0.015% of the Funds' average net assets plus properly vouched out-of-pocket expenses. These fees and expenses are paid out of the assets of the relevant Fund.

THE ADVISERS

The Advisers' fees are discharged by the Manager from the management fee. The Advisers are responsible for their own out of pocket expenses.

THE DEPOSITARY

The fees and expenses arising in respect of custodial services are accrued daily and paid monthly in arrears and are based on the level of average aggregate daily net assets of the Funds. The annual fees paid to the Depositary shall not exceed 0.01% of a Fund's average net assets, for trustee fees, plus applicable depositary safekeeping, transaction and out-of-pocket expenses.

OPERATIONAL SUPPORT SERVICES

FASI, under an operational support services agreement with the Manager, provides the Manager with support relating to various administrative services. The fee for this support is calculated taking into consideration the average daily net assets of all funds advised and sponsored by group companies of Federated. The fee ranges from 0.1% on the assets up to U.S.$50 billion to 0.075% on assets in excess of U.S.$50 billion. The applicable fee is paid by the Manager out of its management fee.

SERVICE PROVIDERS

Under the terms of agreements between the Company and each such paying agent or representative agent, the Company is obliged to pay the paying agent or local representative agent a fee for its services as paying agent or local representative agent for the Company in the particular country, which fee shall be at normal commercial rates for the relevant jurisdiction and shall be set forth in the Company's accounts.

FINANCIAL INTERMEDIARIES

Financial Intermediaries may receive a fee, payable from the management fee, based on the average aggregate NAV of the Shares owned by their clients and customers to compensate these institutions for subaccounting, Shareholder liaison and other services provided to their clients and customers. See *"Payments to Financial Intermediaries"* herein.

IRISH TAXATION

The following is a general summary of the main Irish tax considerations applicable to the Company and certain investors in the Company who are the beneficial owners of Shares in the Company. It does not purport to deal with all of the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Shareholders whose acquisition of Shares in the Company would be regarded as a shareholding in a Personal Portfolio Investment Undertaking ("PPIU"). Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely.

TAXATION OF THE COMPANY

The Directors have been advised that, under current Irish law and practice, the Company qualifies as an investment undertaking for the purposes of Section 739B of the Taxes Consolidation Act, 1997, as amended ("TCA") so long as the Company is resident in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

Chargeable Event

However, Irish tax can arise on the happening of a "chargeable event" in the Company. A chargeable event includes any payments of distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares as described below for Irish tax purposes arising as a result of holding Shares in the Company for a period of eight years or more. Where a chargeable event occurs, the Company is required to account for the Irish tax thereon.

No Irish tax will arise in respect of a chargeable event where: (a) the Shareholder is neither resident nor ordinarily resident in Ireland ("Non-Irish Resident") and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or (b) the Shareholder is Non-Irish Resident and has confirmed that to the Company and the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn; or (c) the Shareholder is an Exempt Irish Resident as defined below and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the Company is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct.

A reference to "intermediary" means an intermediary within the meaning of Section 739B(1) of the TCA, being a person who: (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or (b) holds units in an investment undertaking on behalf of other persons.

In the absence of a signed and completed declaration or written notice of approval from the Revenue Commissioners, as applicable, being in the possession of the Company at the relevant time there is a presumption that the Shareholder is resident or ordinarily resident in Ireland ("Irish Resident") or is not an Exempt Irish Resident and a charge to tax arises.

A chargeable event does not include:

- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners; or
- a transfer of Shares between spouses/civil partners and any transfer of Shares between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; or
- an exchange by a Shareholder, effected by way of arm's length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company; or
- an exchange of Shares arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the Company with another investment undertaking.

If the Company becomes liable to account for tax on a chargeable event, the Company shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Shareholder as is required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event.

Deemed Disposals

The Company may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Shares in a Fund held by Shareholders who are Irish Resident and, who are not Exempt Irish Residents as defined below is 10% or more of the Net Asset Value of the Fund, the Company will be liable to account for the tax arising on a deemed disposal in respect of Shares in that Fund as set out below. However, where the total value of Shares in the Fund held by such Shareholders is less than 10% of the Net Asset Value of the Fund, the Company may, and it is expected that the Company will, elect not to account for tax on the deemed disposal. In this instance, the Company will notify relevant Shareholders that it has made such an election and those Shareholders will be obliged to account for the tax arising under the self-assessment system themselves. Further details of this are set out below under the heading *"Taxation of Irish Resident Shareholders."*

Irish Courts Service

Where Shares are held by the Irish Courts Service the Company is not required to account for Irish tax on a chargeable event in respect of those Shares. Rather, where money under the control or subject to the order of any Court is applied to acquire Shares in the Company, the Courts Service assumes, in respect of the Shares acquired, the responsibilities of the Company to, inter alia, account for tax in respect of chargeable events and file returns.

EXEMPT IRISH RESIDENT SHAREHOLDERS

The Company will not be required to deduct tax in respect of the following categories of Irish Resident Shareholders, provided the Company has in its possession the necessary declarations from those persons (or an intermediary acting on their behalf) and the Company is not in possession of any information which would reasonably suggest that the information contained in the declarations is not, or is no longer, materially correct. A Shareholder who comes within any of the categories listed below and who (directly or through an intermediary) has provided the necessary declaration to the Company in accordance with Schedule 2B of the TCA is referred to herein as an "Exempt Irish Resident":

- a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- a company carrying on life business within the meaning of Section 706 of the TCA;
- an investment undertaking within the meaning of Section 739B(1) of the TCA, or an investment limited partnership within the meaning of Section 739J of the TCA;
- a special investment scheme within the meaning of Section 737 of the TCA;
- a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- a qualifying management company within the meaning of Section 739B(1) of the TCA or a specified company within the meaning of Section 734(1) of the TCA;
- a unit trust to which Section 731(5)(a) of the TCA applies;
- a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the Shares are assets of a PRSA;
- a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- the National Asset Management Agency;
- the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance of Ireland is the sole beneficial owner or Ireland acting through the National Treasury Management Agency;
- a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- in certain circumstances, a company within the charge to corporation tax in accordance with Section 739G(2) of the TCA in respect of payments made to it by the Company; or
- any other person who is resident or ordinarily resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising the tax exemptions associated with the Company.

There is no provision for any refund of tax to Shareholders who are Exempt Irish Residents where tax has been deducted in the absence of the necessary declaration. A refund of tax may only be made to corporate Shareholders who are within the charge to Irish corporation tax.

TAXATION OF NON-IRISH RESIDENT SHAREHOLDERS

Non-Irish Resident Shareholders who (directly or through an intermediary) have made the necessary declaration of non-residence in Ireland, where required, are not liable to Irish tax on the income or gains arising to them from their investment in the Company and no tax will be deducted on distributions from the Company or payments by the Company in respect of an encashment, repurchase, redemption, cancellation or other disposal of their investment.

Such Shareholders are generally not liable to Irish tax in respect of income or gains made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Shareholder. Unless the Company is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Shareholder and the approval has not been withdrawn, in the event that a non-resident Shareholder (or an intermediary acting on its behalf) fails to make the necessary declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Shareholder is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Shares in the Company which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the Company under the self assessment system.

TAXATION OF IRISH RESIDENT SHAREHOLDERS

Deduction of Tax

Tax will be deducted and remitted to the Revenue Commissioners by the Company from any distributions made by the Company (other than on a disposal) to an Irish Resident Shareholder who is not an Exempt Irish Resident at the rate of 41%.

Tax will also be deducted by the Company and remitted to the Revenue Commissioners from any gain arising on an encashment, repurchase, redemption, cancellation or other disposal of Shares by such a Shareholder at the rate of 41%. Any gain will be computed as the difference between the value of the Shareholder's investment in the Company at the date of the chargeable event and the original cost of the investment as calculated under special rules.

Where the Shareholder is an Irish resident company and the Company is in possession of a relevant declaration from the Shareholder that it is a company and which includes the company's tax reference number, tax will be deducted by the Company from any distributions made by the Company to the Shareholder and from any gains arising on an encashment, repurchase, redemption, cancellation or other disposal of Shares by the Shareholder at the rate of 25%.

Deemed Disposals

Tax will also be deducted by the Company and remitted to the Revenue Commissioners in respect of any deemed disposal where the total value of Shares in a Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is 10% or more of the Net Asset Value of the Fund. A deemed disposal will occur on each and every eighth anniversary of the acquisition of Shares in the Fund by such Shareholders. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary or, as described below where the Company so elects, the value of the Shares on the later of the 30 June or 31 December prior to the date of the deemed disposal and the relevant cost of those Shares. The excess arising will be taxable at the rate of 41% (or in the case of Irish resident corporate Shareholders where a relevant declaration has been made, at the rate of 25%). Tax paid on a deemed disposal should be creditable against the tax liability on an actual disposal of those Shares.

Where the Company is obliged to account for tax on deemed disposals it is expected that the Company will elect to calculate any gain arising for Irish Resident Shareholders who are not Exempt Irish Residents by reference to the Net Asset Value of the relevant Fund on the later of the 30 June or 31 December prior to the date of the deemed disposal, in lieu of the value of the Shares on the relevant eight year anniversary.

The Company may elect not to account for tax arising on a deemed disposal where the total value of Shares in the relevant Fund held by Irish Resident Shareholders who are not Exempt Irish Residents is less than 10% of the Net Asset Value of the Fund. This election must be made in each year that the de minimus limit applies. In this case, the Company will notify the relevant shareholders that it has made such an election and such Shareholders will be obliged to account for the tax arising on the deemed disposal under the self-assessment system themselves and include the tax as part of their Irish income tax liability. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary and the relevant cost of those Shares. The excess arising will be regarded as an amount taxable under Case IV of Schedule D and will be subject to tax where the Shareholder is a company, at the rate of 25%, and where the Shareholder is not a company, at the rate of 41%. Tax paid on a deemed disposal should be creditable against the tax payable on an actual disposal of those Shares.

Residual Irish Tax Liability

Corporate Shareholders resident in Ireland which receive payments from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the rate of 25% (or 41% if no declaration has been made) has been deducted. Subject to the comments below concerning tax on a currency gain, in general, such Shareholders will not be subject to further Irish tax on payments received in respect of their holding from which tax has been deducted. A corporate Shareholder resident in Ireland which holds the Shares in connection with a trade will be taxable on any income or gains received from the Company as part of that trade with a set-off against corporation tax payable for any tax deducted from those payments by the Company. In practice, where tax at a rate higher than 25% has been deducted from payments to a corporate Shareholder resident in Ireland, a credit of the excess tax deducted over the higher corporation tax rate of 25% should be available.

Subject to the comments below concerning tax on a currency gain, in general, non-corporate Irish Resident Shareholders will not be subject to further Irish tax on income arising on the Shares or gains made on disposal of the Shares, where the appropriate tax has been deducted by the Company from distributions paid to them.

Where a currency gain is made by a Shareholder on the disposal of Shares, the Shareholder will be liable to capital gains tax in respect of that gain in the year/s of assessment in which the Shares are disposed of.

Any Irish Resident Shareholder who is not an Exempt Irish Resident and who receives a distribution from which tax has not been deducted or who receives a gain on an encashment, repurchase, redemption, cancellation or other disposal from which tax has not been deducted, (for example, because the Shares are held in a recognised clearing system) will be liable to account for income tax or corporation tax as the case may be on the payment or on the amount of the gain and any foreign exchange aspects under the self-assessment system and in particular, Part 41A of the TCA.

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the Company is obliged to report certain details in relation to Shares held by investors to the Revenue Commissioners on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the investment number associated with and the value of the Shares held by, a Shareholder. In respect of Shares acquired on or after 1 January 2014, the details to be reported also include the tax reference number of the Shareholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. These provisions do not require such details to be reported in respect of Shareholders who are:

- Exempt Irish Residents (as defined above);
- Shareholders who are neither Irish Resident nor ordinarily resident in Ireland (provided the relevant declaration has been made); or
- Shareholders whose Shares are held in a recognised clearing system.

However, in the event that the Company receives any repayment of withholding tax suffered, the Net Asset Value of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of such repayment.

OVERSEAS DIVIDENDS

Dividends (if any) and interest which the Company receives with respect to investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of the investments are located. It is not known whether the Company will be able to benefit from reduced rates of withholding tax under the provisions of the double tax treaties which Ireland has entered into with various countries.

However, in the event that the Company receives any repayment of withholding tax suffered, the Net Asset Value of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of such repayment.

STAMP DUTY

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, generally, no stamp duty will be payable in Ireland on the issue, transfer, repurchase or redemption of Shares in the Company. However, where any subscription for or redemption of Shares is satisfied by an in-kind or in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or properties.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities of a company or other body corporate not registered in Ireland, provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property, or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B of the TCA or a qualifying company within the meaning of Section 110 of the TCA) which is registered in Ireland.

RESIDENCE

In general, investors in the Company will be either individuals, corporate entities or trusts. Under Irish rules, both individuals and trusts may be resident or ordinarily resident. The concept of ordinary residence does not apply to corporate entities.

INDIVIDUAL INVESTORS

Test of Residence

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland: (1) for a period of at least 183 days in any one tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining days present in Ireland, an individual is deemed to be present if he / she is present in the country at any time during the day.

If an individual is not resident in Ireland in a particular tax year the individual may, in certain circumstances, elect to be treated as resident.

Test of Ordinary Residence

If an individual has been resident for the three previous tax years then the individual will be deemed "ordinarily resident" from the start of the fourth year. An individual will remain ordinarily resident in Ireland until the individual has been non-resident for three consecutive tax years.

TRUST INVESTORS

A trust will generally be regarded as resident in Ireland where all of the trustees are resident in Ireland. Trustees are advised to seek specific tax advice if they are in doubt as to whether the trust is resident in Ireland.

CORPORATE INVESTORS

A company will be resident in Ireland if its central management and control is in Ireland or (in certain circumstances) if it is incorporated in Ireland. For Ireland to be treated as the location of a company's central management and control this typically means Ireland is the location where all fundamental policy decisions of the company are made.

All companies incorporated in Ireland are resident in Ireland for tax purposes except where:

(i) in the case of a company incorporated before 1 January 2015, the company or a related company carries on a trade in Ireland, and either (a) the company is ultimately controlled by persons resident in a "relevant territory", being an EU member state (other than Ireland) or a country with which Ireland has a double taxation agreement in force by virtue of Section 826(1) of the TCA or that is signed and which will come into force once all the ratification procedures set out in Section 826(1) of the TCA have been completed, or (b) the principal class of the shares in the company or a related company is substantially and regularly traded on a recognised stock exchange in a relevant territory; or

(ii) the company is regarded as resident in a country other than Ireland and not resident in Ireland under a double taxation agreement between Ireland and that other country.

A company incorporated in Ireland and coming within either (i) or (ii) above will not be regarded as resident in Ireland unless its central management and control is in Ireland, PROVIDED however, a company coming within (i) above which has its central management and control outside of Ireland will still be regarded as resident in Ireland if (a) it would by virtue of the law of a relevant territory be tax resident in that relevant territory if it were incorporated in that relevant territory but would not otherwise be tax resident in that relevant territory, (b) is managed and controlled in that relevant territory, and (c) would not otherwise by virtue of the law of any territory be regarded as resident in that territory for tax purposes.

The exception from the incorporation rule of tax residence at (i) above in respect of a company incorporated before 1 January 2015 will however cease to apply or be available after 31 December 2020, or, if earlier, from the date, after 31 December 2014, of a change in ownership (direct or indirect) of the company where there is a major change in the nature or conduct of the business of the company within the period beginning on the later of 1 January 2015 or the date which occurs one year before the date of the change in ownership of the company, and ending 5 years after the date of the change in ownership. For these purposes a major change in the nature or conduct of the business of the company includes the commencement by the company of a new trade or a major change arising from the acquisition by the company of property or of an interest in or right over property.

DISPOSAL OF SHARES AND IRISH CAPITAL ACQUISITIONS TAX

A. Persons Domiciled or Ordinarily Resident in Ireland

The disposal of Shares by means of a gift or inheritance made by a disponer domiciled or ordinarily resident in Ireland or received by a beneficiary domiciled or ordinarily resident in Ireland may give rise to a charge to Irish Capital Acquisitions Tax for the beneficiary of such a gift or inheritance with respect to those Shares.

B. Persons Not Domiciled or Ordinarily Resident in Ireland

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the TCA, the disposal of Shares will not be within the charge to Irish Capital Acquisitions Tax provided that:

- the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date;
- the donor is not domiciled or ordinarily resident in Ireland at the date of the disposition; and
- the beneficiary is not domiciled or ordinarily resident in Ireland at the date of the gift or inheritance.

PROVISION AND DISCLOSURE OF INFORMATION FOR TAXATION MATTERS

The OECD Common Reporting Standard

Ireland has implemented the "Standard for Automatic Exchange of Financial Account Information", also known as the Common Reporting Standard ("CRS"), into Irish law.

The CRS is a single global standard on Automatic Exchange of Information ("AEOI") which was approved by the Council of the Organisation for Economic Cooperation and Development ("OECD") in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions are required to exchange certain information held by financial institutions regarding their non-resident customers. Over 90 jurisdictions have committed to exchanging information under the CRS and a group of over 40 countries, including Ireland, have committed to the early adoption of the CRS. For these early adopters, the first exchange of information in relation to accounts coming into existence from 1 January 2016 and individual high value accounts in existence at 31 December 2015 is expected take place by the end of September 2017, with information about individual low value accounts in existence at 31 December 2015 and entity accounts is expected to first be exchanged either by the end of September 2017 or September 2018 depending on when financial institutions identify them as reportable accounts.

Shareholders should note that the Company is required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number and tax identification number(s) of each reportable person in respect of a reportable account for CRS and information relating to each Shareholder's investment (including but not limited to the value of and any payments in respect of the Shares) to the Revenue Commissioners who may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the Company may require additional information and documentation from Shareholders.

By signing the application form to subscribe for Shares in the Company, each Shareholder is agreeing to provide such information upon request from the Company or its delegate. The non-provision of such information may result in mandatory redemption of Shares or other appropriate action taken by the Company. Shareholders refusing to provide the requisite information to the Company may also be reported to the Revenue Commissioners.

The above description is based in part on regulations, guidance from the OECD and the CRS, all of which are subject to change.

Pursuant to information-sharing arrangements in place between Ireland and/or the European Union and certain third countries and/or dependant or associated territories of CRS-participating jurisdictions, to the extent that those countries or territories are not "Reportable Jurisdictions" under the CRS, the Administrator, or such other entity considered to be a paying agent for these purposes, may be obliged to collect certain information (including the tax status, identity and residency of the Shareholders) in order to satisfy the disclosure requirements under those arrangements and to disclose such information to the relevant tax authorities. Those tax authorities may in turn be obliged to provide the information disclosed to the tax authorities of other relevant jurisdictions.

Shareholders will be deemed by their subscription for Shares in the Company to have authorised the automatic disclosure of such information by the Administrator, or other relevant person to the relevant tax authorities.

Each prospective investor should consult its own tax advisers on the requirements applicable to it under these arrangements.

U.S. regime under FATCA

Pursuant to certain provisions of the United States Hiring Incentives to Restore Employment Act of 2010 and U.S. Internal Revenue Service ("IRS") guidance thereto (collectively, "FATCA"), a U.S. withholding tax (currently 30%) will apply to (a) payments made on or after 1 July 2014, to the Company of U.S. source interest, dividends and certain other types of periodic income from sources inside the United States and (b) the gross proceeds from the disposition of property by the Company that could give rise to U.S. source interest or dividends (regardless of whether any gain or loss is recognised with respect to such disposition) made on or after 1 January 2017, unless, in general, (i) the Company complies with the applicable provisions of Irish law intended to implement the intergovernmental agreement entered into between the United States and Ireland with respect to FATCA (the "Ireland IGA") to collect and report certain information relating to certain United States persons that invest, directly or indirectly (including through foreign entities having substantial United States owners), in the Company, and, if required, withhold U.S. tax currently at a rate of 30% on gross proceeds and foreign passthru payments made to certain investors that fail to furnish to the Company such information, consents, forms and other documentation necessary for the Company to satisfy its obligations under the Ireland IGA or (ii) the Company otherwise qualifies for an exemption from, or is treated as deemed compliant with, such requirements. Although the Company will use commercially reasonable efforts to comply with any requirements necessary to avoid the imposition of FATCA withholding on payments to the Company, no assurance can be given that the Company will be able to satisfy these obligations. If the Company becomes subject to a withholding tax as a result of FATCA, the amount available for distributions (upon withdrawal or otherwise) to its Shareholders may be materially reduced.

Each Shareholder agrees to provide to the Manager or its delegates at the time or times prescribed by applicable law and at such time or times reasonably requested by or on behalf of the Manager such information and documentation prescribed by applicable law and such additional documentation reasonably requested as may be necessary for the Company to comply with its obligations under FATCA. To the extent that a Shareholder does not provide sufficient and timely information, U.S. tax withholding at the rate of 30% may be required on gross proceeds and foreign pass thru payments of that Shareholder.

Each prospective Shareholder and Shareholder should consult with their tax advisers regarding the possible implications of FATCA on their investment in the Company.

Shareholder agreement to provision and disclosure of information

By subscribing for Shares in a Fund, each Shareholder agrees to provide upon request such information as may be required for taxation purposes including but not limited to the CRS, the Amending Cooperation Directive and FATCA, and will be deemed to have authorised the automatic disclosure of information by or on behalf of the Manager to the Revenue Commissioners or other relevant tax authorities. The non-provision of such information may result in the mandatory redemption of Shares or other appropriate action taken by the Manager. Shareholders refusing to provide the requisite information to the Manager or its delegates may also be reported to the Revenue Commissioners.

Each prospective investor and Shareholder should consult their own tax advisers on the requirements applicable to it under these arrangements.

DATA PROTECTION

Prospective investors should note that by completing an application form in respect of Shares you have provided personal information, which may constitute "personal data" within the meaning of the Irish Data Protection Acts 1988 to 2018, the EU Data Protection Directive 95/46/EC, the EU ePrivacy Directive 2002/58/EC (as amended) and any relevant transposition of, or successor or replacement to, those laws (including, when they come into force, the General Data Protection Regulation (Regulation (EU) 2016/679) and the successor to the ePrivacy Directive) (together, the "Data Protection Legislation").

Shareholders' personal data will be used by the Company for the following purposes:

- to manage and administer a Shareholder's holding in the Company and any related accounts on an ongoing basis in accordance with the contract between the Shareholder and the Company;
- to carry out statistical analysis and market research as the Company's legitimate business interest;
- to comply with legal and regulatory obligations applicable to the Shareholder and the Company from time to time including applicable anti-money laundering and counter terrorist financing legislation. In particular, in order to comply with the information reporting regimes set out in Section 891C and Section 891E to Section 891G (inclusive) of the Taxes Consolidation Act 1997 (as amended) and regulations made pursuant to those sections), Shareholders' personal data (including financial information) may be shared with the Irish Revenue Commissioners. They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including the U.S. Internal Revenue Service and foreign tax authorities located outside the European Economic Area). Please consult the AEOI (Automatic Exchange of Information) webpage on www.revenue.ie for further information in this regard;
- for disclosure or transfer, whether in Ireland or countries outside Ireland, including without limitation the United States, which may not have the same data protection laws as Ireland, to third parties including financial advisers, regulatory bodies, auditors, technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above;
- to record the telephone calls from Shareholders and other individuals to the Company and its agents and service providers for record-keeping, security, quality assurance and training purposes; and
- for any other specific purposes where the Shareholder has given specific consent.

Shareholders' personal data may be disclosed by the Company to its delegates, professional advisors, service providers, regulatory bodies, auditors, technology providers and any duly authorised agents or related, associated or affiliated companies of the foregoing for the same or related purposes.

Shareholders' personal data may be transferred to countries which may not have the same or equivalent data protection laws as Ireland. If such transfer occurs, the Company is required to ensure that such processing of Shareholders' personal data is in compliance with Data Protection Legislation and, in particular, that appropriate measures are in place such as entering into model contractual clauses (as published by the European Commission) or ensuring that the recipient is "Privacy Shield" certified, if appropriate. For more information on the means of transfer of Shareholders' data or a copy of the relevant safeguards, please contact the Administrator.

Pursuant to the Data Protection Legislation, Shareholders have a number of rights which may be exercised in respect of their personal data, *i.e.*:

- the right of access to personal data held by the Company;
- the right to amend and rectify any inaccuracies in personal data held by the Company;
- the right to erase personal data held by the Company;
- the right to data portability of personal data held by the Company;
- the right to request restriction of the processing of personal data held by the Company; and
- the right to object to processing of personal data by the Company.

These rights will be exercisable subject to limitations as provided for in the Data Protection Legislation. In certain circumstances it may not be feasible for the Company to discharge these rights, for example because of the structure of the Company or the manner in which the Shareholder holds Shares in a Fund. Shareholders may make a request to the Company to exercise these rights by contacting federated.offshore@bnymellon.com.

Please note that personal data may be retained by the Company for the duration of a Shareholder's investment and afterwards in accordance with the Company's legal and regulatory obligations, including but not limited to the Company's record retention policy.

The Company is a data controller within the meaning of the Data Protection Legislation and undertakes to hold any personal information provided by Shareholders in confidence and in accordance with the Data Protection Legislation. For queries, requests or comments in respect of this notice or the way in which the Company uses Shareholders' personal data, please contact the Administrator. Shareholders have the right to lodge a complaint with the Office of the Data Protection Commissioner if they are dissatisfied with the manner in which their personal data is used by the Company.

By signing the application form, prospective investors consent to: (i) the recording of telephone calls made to, and received from, them by the Company, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes; and (ii) the transfer of personal data by the Company, Manager, Administrator and Depositary to their affiliates outside of the European Economic Area in connection with the management and operation of and provision of fund administration and depositary services, as applicable, to the Company.

MEETINGS

All general meetings of the Company shall be held in Ireland. In each year the Company shall hold a general meeting as its annual general meeting. Twenty-one days' notice (excluding the day of postage and the day of the meeting) shall be given in respect of each general meeting of the Company. The notice shall specify the venue and time of the meeting and the business to be transacted at the meeting. A proxy may attend on behalf of any Shareholder. The requirements for quorum and majorities at all general meetings are set out in the Articles of Association.

The Articles of Association provide that matters may be determined by a meeting of Shareholders on a show of hands unless a poll is requested by five Shareholders or by Shareholders holding not less than 10% of the Shares in the Company, or unless the chairman of the meeting requests a poll.

Each Share gives the holder one vote in the election of Directors and other matters relating to the Company which are submitted to Shareholders for a vote by poll. All Shares of each class have equal voting rights, except that in matters affecting only a particular class, only Shares of that class shall be entitled to vote.

INFORMATION ABOUT THE COMPANY REQUIRED UNDER MIFID II AND PRIIPS REGULATION

European legislation prescribes requirements regarding the information that must be disclosed to investors. Alongside the UCITS Directive, investment firms subject to MiFID II must provide certain information to investors and prospective investors regarding the financial products they are distributing. In addition, where a UCITS fund is made available to investors through a packaged retail investment product or an insurance-based investment product (together referred to as "PRIIPs"), the manufacturer of the PRIIPs is required by the PRIIPs Regulation to disclose certain information to investors and prospective investors in the form of a key information document for the PRIIPs (known as a "PRIIPs KID").

The Manager intends to make available information regarding the Company and each Fund to assist investment firms subject to MiFID II and PRIIPs manufacturers to fulfil these regulatory requirements. In relation to MiFID II, such information will include information regarding the Manager's identified target market and distribution strategy for each Fund, and information regarding costs and charges including portfolio transaction costs. In relation to the PRIIPs Regulation, this will include information regarding risk and performance calculations, and costs and charges information including portfolio transaction costs. Information will be provided using industry accepted templates, and is available to investment firms, PRIIPs manufacturers, and investors and prospective investors upon request by contacting your usual contact at Federated or by emailing Federated.US.Services@federatedinv.com.

REPORTS

In each year, the Directors shall cause to be prepared an annual report and audited annual accounts for the Company and each Fund. A copy of the annual report including the statutory financial statements of the Company (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and the Auditors' report shall be sent by the Company (by post, by electronic mail or any other means of electronic communication, including by posting them on the website at fiml.federatedinvestors.com under the "Literature and Prospectuses" section) to every person entitled under the Act and the UCITS Regulations to receive them not less than 21 clear days before the date of the annual general meeting. A copy of the semi-annual report shall be sent by the Company (by post, by electronic mail or any other means of electronic communication, including by posting them on the website at fiml.federatedinvestors.com under the "Literature and Prospectuses" section) upon request, free of charge, to every person entitled under the Act and the UCITS Regulations to receive it not later than two months from the end of the period to which it relates. A paper copy of the annual report and semi-annual reports shall be available for inspection upon request at the offices of the Company.

Annual accounts shall be made up to 31 December in each year. Unaudited semi-annual accounts shall be made up to 30 June in each year.

The audited annual reports and semi-annual reports shall be provided to a Shareholder on request free of charge and the reports may be delivered in paper copy if a Shareholder so requests.

WINDING UP

On a winding up of a Fund the assets available for distribution (after satisfaction of creditors' claims) shall be distributed to the holders of the Shares in each class or Series in proportion to the number of the Shares held by each such Shareholder.

On a winding up of the Company the assets of each Fund available for distribution (after satisfaction of creditors' claims) shall be distributed pro rata to the holders of the Shares in such Fund and the balance of any assets of the Company then remaining and not comprised in any of the other Funds shall be apportioned as between the Funds pro rata to the NAV of each Fund immediately prior to any distribution to Shareholders and shall be distributed among the Shareholders of each sub-fund pro rata to the number of Shares in that sub-fund held by them.

The assets available for distribution among the Shareholders shall be applied in the following priority:

- firstly, in the payment to the Shareholders of each class of each sub-fund of a sum in the base currency in which that class is denominated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange reasonably determined by the liquidator) to the NAV of the Shares of such class held by such holders respectively as at the date of commencement of the winding up provided that there are sufficient assets available in the relevant sub-fund to enable such payment to be made. In the event that, as regards any class of Shares, there are insufficient assets available in the relevant sub-fund to enable such payment to be made, recourse shall be had to the assets of the Company not comprised within any of the sub-funds;

- secondly, in the payment to the holders of the subscriber shares of sums up to the amount paid thereon (plus any interest accrued) out of the assets of the Company not comprised within any sub-funds remaining after any recourse thereto under paragraph (i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the sub-funds;

- thirdly, in the payment to the Shareholders of any balance then remaining in the relevant sub-fund, such payment being made in proportion to the number of Shares held; and

- fourthly, in the payment to the Shareholders of any balance then remaining and not comprised within any of the sub-funds, such payment being made in proportion to the value of each sub-fund and within each sub-fund to the value of each class and in proportion to the NAV per Share.

CONFLICTS OF INTEREST

The Company has policies designed to ensure that in all transactions, a reasonable effort is made to avoid conflicts of interest, and when they cannot be avoided, that the Funds and their Shareholders are fairly treated. The Manager, the Advisers, the Administrator or the Depositary and any party to whom management, advisory and administrative functions are delegated by the Manager, an Adviser, the Administrator or the Depositary may, from time to time, act as manager, custodian or investment adviser in relation to, or be otherwise involved in, other sub-funds which have investment objectives similar to those of a Fund. It is, therefore, possible that any one of them may, in the course of business, have potential conflicts of interest with the Funds. Each will, at all times, have regard in such event to its respective obligations under the Management Agreement, the Investment Advisory Agreement, the Administration Agreement and the Depositary Agreement.

CONNECTED PARTY TRANSACTIONS

"Connected Person" means the Manager or the Depositary, and the delegates or sub-delegates of the Manager or the Depositary (excluding any non-group company sub-custodians appointed by the Depositary), and any associated or group company of the Manager, the Depositary, any delegate or sub-delegate;

The Company is required to ensure that any transaction between the Company and a Connected Person is conducted at arm's length and is in the best interests of Shareholders.

The Company may enter into a transaction with a Connected Person if at least one of the conditions in the following paragraphs (a), (b) or (c) is complied with:

(a) the value of the transaction is certified by either: (i) a person who has been approved by the Depositary as being independent and competent; or (ii) a person who has been approved by the Directors as being independent and competent in the case of transactions involving the Depositary;

(b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of the relevant exchange; or

(c) the transaction is executed on terms which the Depositary is or, in the case of a transaction involving the Depositary, the Directors are, satisfied conformed to the requirement that transactions with Connected Persons be conducted at arm's length and in the best interests of Shareholders.

Conflicts of interest may arise as a result of transactions in FDI and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Depositary. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such a counterparty is subject to a valuation or haircut applied by a party related to such counterparty.

To the extent an Adviser or the Manager provides valuations for securities whose market price is unrepresentative or whose value is unavailable, a potential conflict of interest exists since an increase in a Fund's NAV could result in a higher advisory fee. However, all such securities will be valued at their probable realisation value estimated with care and in good faith.

BEST EXECUTION

The Company has policies designed to ensure that its service providers act in the Funds' best interests when executing decisions to deal on behalf of those Funds in the context of managing the Funds' portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Funds, taking into account the value of the research provided and the costs inherent in trading, including opportunity costs, market impact costs and commissions, or any other consideration relevant to the execution of the order. Information about the Funds' execution policies are available to Shareholders at no charge upon request.

COMPLAINTS

Shareholders may file any complaints about the Company or a Fund free of charge at the registered office of the Company or on the Manager's website at fiml.federatedinvestors.com. Information regarding the Company's complaint procedures are available to Shareholders free of charge upon request. Investors who own Shares through a broker, bank or other financial intermediary should contact their account representative.

REMUNERATION POLICY OF THE COMPANY

The Company has adopted a remuneration policy as required by the UCITS Regulations (the "Remuneration Policy"). As at the date of this Prospectus, the Remuneration Policy applies to the Directors who receive a fee for their services to the Company. Due to the size and internal organisation of the Company and the nature, scope and complexity of its activities, a remuneration committee has not been established by the Company. Any fee arrangements with Directors shall be subject to the approval of the Board of Directors. Further information on the current remuneration policy of the Company is available at fiml.federatedinvestors.com. A paper copy of this information is also available free of charge upon request.

LITIGATION

Neither the Company nor any of the Funds is involved in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against the Company or any of the Funds.

MATERIAL CONTRACTS

The following contracts have been entered into and are, or may be, material:

- The Depositary Agreement dated 28 October 2016, between the Company and the Depositary pursuant to which the latter acts as Depositary to the Company and the Funds.
- The Management Agreement dated 14 January 1991, as amended, between the Company and the Manager pursuant to which the latter acts as Manager to the Company and the Funds, as amended by Supplemental Agreement dated 8 June 2006.
- The Amended and Restated Investment Advisory Agreement dated 5 June 2009 among the Manager, FIC, FGIMC and MDT Advisers.
- The Administration Agreement dated 29 May 2009, as amended, among the Manager, the Company and the Administrator pursuant to which the latter provides administrative services to the Manager.

USE OF NAME

Federated has granted the Company permission to use the name "Federated" in the name of the Company and the Funds. Federated may revoke this permission at any time at its discretion and in such event the Company shall be obliged to change the name of the Company and the Funds and the Shareholders shall be obliged to ensure that all necessary resolutions are passed at a general meeting of the Company to give effect to any such change of name.

SUPPLY AND INSPECTION OF DOCUMENTS

The Constitution of the Company, the Prospectus, the key investor information documents, the material contracts referred to above and any annual or semi-annual reports, together with copies of the UCITS Regulations and the UCITS Rules issued by the Central Bank under the UCITS Regulations, are available for inspection at One Dockland Central, Guild Street, International Financial Services Centre, c/o BNY Mellon Fund Services (Ireland) Designated Activity Company, Dublin 1, D01 E4X0, Ireland. Copies of the Constitution of the Company and any annual or semi-annual reports are available from the Manager free of charge and on the internet at fiml.federatedinvestors.com.

ADDITIONAL INFORMATION

If you are in any doubt about the contents of this Prospectus you should consult your Financial Intermediary, stockbroker, bank manager, legal adviser, accountant or other financial adviser.

The Directors of the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Distribution of this document is not authorised after the publication of the first semi-annual report of the Company unless it is accompanied by a copy of such report and is not authorised after the publication of the first annual report of the Company unless it is accompanied by a copy of the latest annual report and, if published thereafter, the latest semi-annual report. Such reports will form part of this Prospectus.

INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

Please refer to the supplement entitled "Information for Investors in the Federal Republic of Germany" to obtain further information which is specific to German investors. The supplement forms part of and must be read in conjunction with this Prospectus.

IMPORTANT INFORMATION FOR INVESTORS IN SWITZERLAND

1. Representative

The representative in Switzerland is Société Générale, Paris, Zürich Branch, Talacker 50, P.O. Box 5070, CH8021 Zürich.

2. Paying agent

The paying agent in Switzerland is Société Générale, Paris, Zürich Branch, Talacker 50, P.O. Box 5070, CH-8021 Zürich.

3. Place where the relevant documents may be obtained

The Prospectus, the KIID for each series of each Fund, the Constitution, as well as the annual and semi-annual reports, may be obtained free of charge from the representative in Switzerland.

4. Publications

1. The publications relating to the Company and the Funds are made in Switzerland on www.swissfunddata.ch.

2. Except when the determination of the Net Asset Value has been temporarily suspended as set out in the Prospectus, the issue and redemption prices or the Net Asset Value per Share of the Funds with the statement "exclusive commissions" for all series are published daily on www.swissfunddata.ch.

5. Payment of retrocessions and rebates

1. The Manager and its agents may pay retrocessions as remuneration for distribution activity in respect of Shares of the Funds in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

- maintenance of business relationships with potential and existing investors;
- setting up processes for distribution of the Shares of the Funds (incl. any due diligence processes);
- provision of marketing and legal documents;
- execution and processing of subscription and redemption orders;
- responding to or forwarding of investor inquiries and requests pertaining to their investment in the Funds;
- administration of client accounts in the event of omnibus or nominee account structures; and
- maintenance of records.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the Funds of the investors concerned.

2. In the case of distribution activity in or from Switzerland, the Manager and its agents may, upon request, pay rebates directly to certain types of qualified investors as defined in the Swiss Federal Act of 23 June 2006 on Collective Investment Schemes as amended ("Qualified Investor"). The purpose of rebates is to reduce the fees or costs incurred by the investor in question.

Rebates are permitted provided that:

- they are paid from fees received by the Manager and therefore do not represent an additional charge on the fund assets;
- they are granted on the basis of objective criteria;
- all investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria used by the Manager when considering the granting of rebates, if any, include the following:

- the volume subscribed by the Qualified Investor and its affiliates or the total volume they hold in the Funds or other fund products managed by the Manager or its affiliated group companies;
- the amount of the fees generated by the Qualified Investor and its affiliates;
- the investment behaviour shown by the Qualified Investor and its affiliates (e.g. expected investment period);
- the Qualified Investor's and its affiliates' willingness to provide support in the launch phase of a collective investment scheme; or
- any other objective criteria as determined by the Manager from time to time.

At the request of the investor, the Manager must disclose the amounts of such rebates free of charge.

6. Place of performance and jurisdiction

In respect of the Shares of the Funds distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the representative in Switzerland.

TERMS

In this Prospectus the following words and phrases have the meanings set forth below:

Act or **Companies Act** – means the Companies Act 2014, all enactments which are to be read as one with, or construed or read together with or as one with the Companies Act 2014 and every statutory modification and re-enactment thereof for the time being in force

Administrator – BNY Mellon Fund Services (Ireland) Designated Activity Company

Alternative Investment Funds means alternative investment funds as defined in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers

Articles of Association – means the articles of association of the Company

Bloomberg Barclays U.S. Aggregate Bond Index – the Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated fixed rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (industry fixed rate and hybrid ARM pass-throughs, asset-backed securities and commercial mortgage-backed securities (agency and non-agency). The index is unmanaged and cannot be invested in directly. The index is maintained by Bloomberg. Further information can be found at https://index.barcap.com/indices/Home.

Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index – the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index is an index that includes all fixed income securities having a minimum quality rating of Ba1, a minimum amount outstanding of U.S.$150 million, and at least one year to maturity. The index has a maximum exposure of 2% per issuer. The index is unmanaged and cannot be invested in directly. The index is maintained by Bloomberg. Further information can be found at https://index.barcap.com/indices/Home.

Business Day – for all Funds, means every weekday on which the New York Stock Exchange is open for business

Central Bank – means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of the Company

Central Bank Act – means the Central Bank (Supervision and Enforcement) Act 2013, as such may be amended, supplemented or replaced from time to time

Central Bank Regulations – means Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended or any further amendment thereto for the time being in force

Constitution – means the constitution of the Company

Dealing Day – means (i) every Business Day unless otherwise determined by the Directors and notified in advance to Shareholders, provided that there shall be at least two Dealing Days per month; or (ii) a Special Dealing Day

Dealing Deadline –

- for the Fixed Income Funds and the Equity Funds, means close of the New York Stock Exchange (normally 4.00 p.m. (U.S. Eastern Time)) on each Dealing Day, or, on a Special Dealing Day, such other time as may be determined by the Adviser, or such other time as the Directors may decide and notify to Shareholders;
- for all Short-Term Money Market Funds, means close of the New York Stock Exchange (normally 4.00 p.m. (U.S. Eastern Time)) on each Dealing Day or such other time as the Directors may decide and notify to Shareholders; provided that if the New York Stock Exchange ends regular trading earlier than normal (4.00 p.m. U.S. Eastern Time), the Dealing Deadline may be three hours after such closing time but no later than 4.00 p.m. U.S. Eastern Time, or, on a Special Dealing Day, such other time as may be determined by the Adviser, or such other time as the Directors may decide and notify to Shareholders

Depositary – The Bank of New York Mellon SA/NV, Dublin Branch

Directive – Directive 2009/05/EC of the European Parliament and of the Council of 13 July 2009 on the Coordination of laws, regulations, and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended or replaced from time to time

Directors – the directors of the Company for the time being and any duly constituted committee thereof

Eligible Collective Investment Schemes – means schemes established in Member States which are authorised under the Directive and which may be listed on a Regulated Market in the EU and/or any of the following open-ended collective investment schemes:

(a) schemes established in Guernsey and authorised as Class A schemes;

(b) schemes established in Jersey as recognised funds;

(c) schemes established in the Isle of Man as authorised schemes;

(d) retail investor alternative investment funds authorised by the Central Bank provided such investment funds comply in all material respects with the provisions of the UCITS Regulations and the Central Bank Regulations;

(e) alternative investment funds authorised in a member state of the EEA, the U.K. (in the event that the U.K. is no longer a member state of the EEA), the U.S., Jersey, Guernsey or the Isle of Man and which comply, in all material respects with the provisions of the UCITS Regulations and the Central Bank Regulations; and

(f) such other schemes as may be permitted by the Central Bank and set out in this Prospectus

Euro or € – the single currency of participating Member States of the European Monetary Union introduced on 1 January, 1999

ESMA - the European Securities and Markets Authority, or such replacement or successor authority as may be appointed from time to time

Financial Intermediary – a person who has been approved by the Manager or a distributor, and who either:

- carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- holds shares in an investment undertaking or processes subscriptions and redemptions for Shares on behalf of other persons

Investment-Grade – in reference to a security means that the security has a rating of BBB- or higher from S&P or Baa3 or higher from Moody's or the equivalent or higher from another nationally recognised rating organisation

Investor Money Regulations - the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers

Investor Monies - subscription monies received from, and redemption monies due to, investors in the Funds and dividend monies due to Shareholders

Irish Resident – any person Resident in Ireland or Ordinarily Resident in Ireland other than an Exempt Irish Resident as defined in the "Irish Taxation" section of the Prospectus

LVNAV MMF – a money market fund ("MMF") authorised under the MMF Regulation as a low volatility net asset value MMF

Member States – any European country that is a member of the European Union

Memorandum of Association – means the memorandum of association of the Company

MMF Regulation – means Regulation (EU) 2017/1131 of the European Parliament and the Council of 14 June 2017, as amended and any guidance that may be issued by the Central Bank

Net Asset Value, net assets or **NAV** – the net asset value of a Fund or Series, as appropriate

Noninvestment-Grade – in reference to a security means that the security has a rating of BB+ or lower from S&P or Ba1 or lower from Moody's or the equivalent or lower from another nationally recognised rating organisation

Non – U.S. Public Debt Money Market Instruments – eligible Money Market Instruments issued or guaranteed separately or jointly by the European Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, and/or any other relevant international financial institution or organisation to which one or more Member States belong

OECD – the Organisation for Economic Co-operation and Development. The current member countries of the OECD are listed on the OECD website, www.oecd.org

pound sterling or **GBP** or **£** – means pound sterling, the lawful currency of the United Kingdom

Public Debt CNAV MMF – a MMF that is authorised under the MMF Regulation as a public debt constant net asset value MMF

Public Debt Money Market Instruments – U.S. Public Debt Money Market Instruments and Non-U.S. Public Debt Money Market Instruments

Recognised Statistical Rating Organisation – each of:

(i) S&P;

(ii) Moody's; and

(iii) Fitch and/or any other rating agency designated as a "Recognised Statistical Rating Organisation" by the Adviser from time to time

Regulated Market – with the exception of permitted investments in unlisted securities, investment will be restricted to those stock exchanges and markets listed in the Prospectus:

(i) any stock exchange in the European Union and also any investments listed, quoted or dealt in on any stock exchange in the U.S.; Australia; U.K. (in the event that the U.K. is no longer a member country of the European Union); Canada; Japan; New Zealand; Norway; or Switzerland which is a stock exchange within the meaning of the law of the country concerned relating to stock exchanges;

(ii) any exchange registered with the SEC as a National Stock Exchange, NASDAQ, the over-the-counter market in the U.S. regulated by FINRA, the market known as the "Grey Book Market", that is the market conducted by those persons for the time being included in the list maintained by the Financial Services Authority for the purposes of section 43 of the Financial Services Act 1986 under the conditions imposed by the Financial Services Authority under that section conducted by listed money market institutions as described in the Bank of England publication entitled "The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Exchange and Bullion" dated April, 1988 (as amended or revised from time to time), the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan; the market organised by the International Securities Capital Association; the market in U.S. government securities conducted by primary dealers regulated by the Federal Reserve Bank in New York; the French market for "Titres de Creance Negotiable" (over-the-counter market in negotiable debt instruments) and the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada;

(iii) all of the following stock exchanges and markets: the Hong Kong Stock Exchange; the Bombay Stock Exchange; the Kuala Lumpur Stock Exchange; the Singapore Stock Exchange; the Taiwan Stock Exchange; the Stock Exchange of Thailand; the Korea Stock Exchange; the Shanghai Stock Exchange; the Philippines Stock Exchange; the Johannesburg Stock Exchange; the Warsaw Stock Exchange; the Shenzhen Stock Exchange (SZSE); the Cairo and Alexandria Stock Exchange; the National Stock Exchange of India; the Jakarta Stock Exchange; the Amman Financial Market; the Nairobi Stock Exchange; the Bolsa Mexicana de Valores; the Casablanca Stock Exchange; the Namibia Stock Exchange; the Nigeria Stock Exchange; the Karachi Stock Exchange; the Colombo Stock Exchange; the Zimbabwe Stock Exchange; the Buenos Aires Stock

Exchange (MVBA); the Bogota Stock Exchange; the Medellin Stock Exchange; the Lima Stock Exchange; the Caracas Stock Exchange; the Valencia Stock Exchange; the Santiago Stock Exchange; the Bolsa Electronica de Chile; the Sao Paulo Stock Exchange; the Rio de Janeiro Stock Exchange; the Stock Exchange of Mauritius Ltd.; the Istanbul Stock Exchange; the Botswana Stock Exchange; the Beirut Stock Exchange; the Lahore Stock Exchange; the Russian Exchange; OAO Stock Exchange; Russian Trading System 1 (RTS1); Russian Trading System 2 (RTS2); Moscow Interbank Currency Exchange (MICEX); Stock Exchange Saint Petersburg; Kuwait Stock Exchange; Dubai Financial Market (DFM); Dubai International Financial Exchange (DIFX); Budapest Stock Exchange (BSE); Iceland Stock Exchange (ICEX); Abu Dhabi Securities Market (ADSM); Doha Securities Market (DSM); Ljubljana Stock Exchange; Bratislava Stock Exchange; and Euronext.liffe;

(iv) for investments in financial derivative instruments:

A. the market organised by the International Capital Markets Association; the over-the-counter market in the U.S. conducted by primary and secondary dealers regulated by the SEC and by FINRA and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation; the market conducted by listed money market institutions as described in the Financial Services Authority publication entitled "The Regulation of the Wholesale Cash and OTC Derivatives Markets": "The Grey Paper" (as amended or revised from time to time); the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan; AIM - the Alternative Investment Market in the U.K., regulated by the London Stock Exchange; the French Market for Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments); the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada; and

B. American Stock Exchange; Australian Stock Exchange; Bolsa Mexicana de Valores; Chicago Board of Trade; Chicago Board Options Exchange; Chicago Mercantile Exchange; Copenhagen Stock Exchange (including FUTOP); Eurex Deutschland; Euronext Amsterdam; OMX Exchange Helsinki; Hong Kong Stock Exchange; Kansas City Board of Trade; Financial Futures and Options Exchange; Euronext Paris; MEFF Rent Fija; MEFF Renta Variable; Montreal Stock Exchange; New York Futures Exchange; New York Mercantile Exchange; New York Stock Exchange; New Zealand Futures and Options Exchange; OMLX The London Securities and Derivatives Exchange Ltd.; OM Stockholm AB; Osaka Securities Exchange; Pacific Stock Exchange; Philadelphia Board of Trade; Philadelphia Stock Exchange; Singapore Stock Exchange; South Africa Futures Exchange (SAFEX); Sydney Futures Exchange; NASDAQ; Tokyo Stock Exchange; TSX Group Exchange.

These exchanges and markets are listed in accordance with the requirements of the Central Bank which does not issue a list of approved exchanges and markets.

Responsible Person – Federated International Management Limited

Revenue Commissioners – the Revenue Commissioners of Ireland or any successor authority

Russell 3000® Index – the Russell 3000® Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The index is unmanaged and cannot be invested in directly. Further information can be found at www.russell.com

Securities Financing Transactions Regulation – Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012

Securities Financing Transaction – any of the following: a repurchase transaction, securities or commodities lending and securities or commodities borrowing, a buy-sell back transaction or sell-buy back transaction and a margin lending transaction

Series – a series of Shares in a Fund which comprises a class of Shares in a Fund of the Company

Shareholder – a holder of Shares

Shares – shares of the Company that represent shares in a Fund

Special Dealing Day - in respect of any Business Day on which the relevant exchanges and/or markets for a Fund are closed on an unscheduled basis due to unforeseen or emergency circumstances, and on which the Adviser, acting in accordance with procedures approved by the Manager, has determined in its discretion to allow transactions to purchase, redeem or convert Shares

Supplemental Prospectus – any supplement to the prospectus issued by the Company from time to time

UCITS – undertakings for collective investment in transferable securities established pursuant to the UCITS Regulations

UCITS Regulations – the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, or any amendment thereto for the time being in force, and any rules made by the Central Bank pursuant to the UCITS Regulations

UCITS Rules – means the UCITS Regulations, Central Bank Regulations and any notices (including any guidance notes), regulations and conditions issued by the Central Bank from time to time pursuant to the UCITS Regulations, the Central Bank Regulations and/or the Central Bank Act regarding the regulation of undertakings for collective investment in transferable securities, as such may be amended, supplemented or replaced from time to time

U.S. or **United States** – the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction

U.S. Person – as determined by Regulation S of the 1933 Act as follows:

(i) any natural person resident in the United States;

(ii) any partnership or corporation organised or incorporated under the laws of the United States;

(iii) any estate of which any executor or administrator is a U.S. person;

(iv) any trust of which any trustee is a U.S. person;

(v) any agency or branch of a foreign entity located in the United States;

(vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;

(vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and

(viii) any partnership or corporation if:

A. organised or incorporated under the laws of any foreign jurisdiction; and

B. formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in §230.501(a)) who are not natural persons, estates or trusts

Umbrella Cash Account - means any single umbrella cash account in the name of the Company

Valuation Point – for all Funds, means close of the New York Stock Exchange, normally 4.00 p.m. (U.S. Eastern Time), on each Business Day, or such other time as the Directors may decide, or, on a Special Dealing Day, such other time as may be determined by the Adviser, but in no event earlier than the Dealing Deadline

Weighted Average Life – is the weighted average of the remaining life (maturity) of each security held in a Money Market Fund, meaning the time until the principal is repaid in full (disregarding interest and not discounting). Contrary to what is done in the calculation of the Weighted Average Maturity, the calculation of the Weighted Average Life for floating rate securities and structured financial instruments does not permit the use of interest rate reset dates and instead only uses a security's stated final maturity. It is used to measure the credit risk, as the longer the reimbursement of principal is postponed, the higher is the credit risk. It is also used to limit the liquidity risk of that relevant Money Market Fund

Weighted Average Maturity – is a measure for each Money Market Fund of the average length of time to maturity of all of the underlying securities in that Fund weighted to reflect the relative holdings in each instrument, assuming that the maturity of a floating rate instrument is the time remaining until the next interest rate reset to the money market rate, rather than the time remaining before the principal value of the security must be repaid. It is used to measure the sensitivity of a Money Market Fund to changing money market interest rates

APPENDIX A – PART 1

PERMITTED INVESTMENTS UNDER IRISH REGULATIONS (EXCEPT FOR THE SHORT-TERM MONEY MARKET FUNDS)

Investments of a UCITS are confined to:

1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.

1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.

1.3 Money market instruments other than those dealt on a regulated market.

1.4 Units of UCITS.

1.5 Units of Alternative Investment Funds.

1.6 Deposits with credit institutions.

1.7 Financial derivative instruments.

INVESTMENT LIMITATIONS

The Funds' investments will be limited to investments permitted by the UCITS Regulations. If the investment limits referred to below are exceeded for reasons beyond the control of the Company or as result of the exercise of subscription rights, the Company shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Shareholders.

1.1 A UCITS may invest no more than 10% of net assets in transferable securities and money market instruments other than those referred to in paragraph 1 of the section entitled "Permitted Investments under Irish Regulations."

1.2 Recently Issued Transferable Securities

(i) Subject to sub-paragraph (ii) a responsible person shall not invest any more than 10% of assets of the UCITS in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply.

(ii) Sub-paragraph (i) does not apply to an investment by a responsible person in U.S. Securities known as "Rule 144 A securities" provided that;

(a) the relevant securities have been issued with an undertaking to register the securities with the SEC within one year of issue; and

(b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, at which they are valued by the UCITS.

1.3 A UCITS may invest no more than 10% of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.

1.4 The limit of 10% (in 1.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the UCITS. **Prior approval of the Central Bank is required before this provision can be availed of.**

1.5 The limit of 10% (in 1.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

1.6 The transferable securities and money market instruments referred to in 1.4. and 1.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 1.3.

1.7 Cash booked in accounts and held as ancillary liquidity shall not exceed:

(a) 10% of the NAV of the UCITS with any single credit institution; or

(b) where the cash is booked in an account with the Depositary 20% of the net assets of the UCITS.

1.8 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5% of net assets.

This limit is raised to 10% in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

1.9 Notwithstanding paragraphs 1.3, 1.7 and 1.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of net assets:

- investments in transferable securities or money market instruments;
- deposits; and/or
- risk exposures arising from OTC derivatives transactions.

1.10 The limits referred to in 1.3, 1.4, 1.5, 1.7, 1.8 and 1.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

1.11 Group companies are regarded as a single issuer for the purposes of 1.3, 1.4, 1.5, 1.7, 1.8 and 1.9. However, a limit of 20% of net assets may be applied to investment in transferable securities and money market instruments within the same group.

1.12 A UCITS may invest up to 100% of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list: OECD governments; Government of Brazil (provided the issues are of investment-grade); Government of India (provided the issues are of investment grade); Government of the People's Republic of China; Government of Singapore; European Investment Bank; European Bank for Reconstruction and Development; International Finance Corporation; International Monetary Fund; Euratom; The Asian Development Bank; European Central Bank; Council of Europe; Eurofima; African Development Bank; International Bank for Reconstruction and Development (The World Bank); The Inter American Development Bank; European Union; Federal National Mortgage Association (Fannie Mae); Federal Home Loan Mortgage Corporation (Freddie Mac); Government National Mortgage Association (Ginnie Mae); Federal Home Loan Bank System; Federal Farm Credit System; Tennessee Valley Authority; and Export-Import Bank of the United States whose issues are backed by the full faith and credit of the U.S. government.

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

2 Investment in Collective Investment Schemes ("CIS")

2.1 A UCITS may not invest more than 20% of net assets in any one CIS.

2.2 Investment in Alternative Investment Funds may not, in aggregate, exceed 30% of net assets.

2.3 The CIS are prohibited from investing more than 10 per cent of net assets in other open-ended CIS.

2.4 When a UCITS invests in the shares of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.

2.5 Where by virtue of investment in the units of another investment fund, a Responsible Person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the Responsible Person shall ensure that the relevant commission is paid into the property of the UCITS.

3 General Provisions

3.1 An investment company, Irish collective asset-management vehicle ("ICAV") or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

3.2 A UCITS may acquire no more than:

(i) 10% of the non-voting shares of any single issuing body;

(ii) 10% of the debt securities of any single issuing body;

(iii) 25% of the units of any single CIS;

(iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

3.3 Paragraphs 3.1 and 3.2 shall not be applicable to:

(i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;

(ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;

(iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;

(iv) shares held by a UCITS in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 1.3 to 1.11, 2.1, 2.2, 3.1, 3.2, 3.4, 3.5 and 3.6, and provided that where these limits are exceeded, paragraphs 3.5 and 3.6 below are observed;

(v) shares held by an investment company or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

3.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

3.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 1.3 to 1.12, 2.1 and 2.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.

3.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.

3.7 Neither an investment company, ICAV nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:

- transferable securities;
- money market instruments;
- units of investment funds; or
- financial derivative instruments.

3.8 A UCITS may hold ancillary liquid assets.

4 Financial Derivative Instruments ("FDIs") – Fixed-Income and Equity Funds only

4.1 The UCITS global exposure relating to FDI must not exceed its total net asset value.

4.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Regulations/UCITS Rules. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the Central Bank Regulations.)

4.3 UCITS may invest in FDIs dealt in over-the-counter ("OTC") provided that:

- The counterparties to OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

4.4 Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

APPENDIX A – PART 2

PERMITTED INVESTMENTS UNDER IRISH REGULATION – SHORT-TERM MONEY MARKET FUNDS ONLY

1 Eligible Assets

An MMF shall invest only in one or more of the following categories of financial assets and only under the conditions specified in the Money Market Fund Regulation:

1.1 Money market instruments.

1.2 Eligible securitisations and asset-backed commercial paper ("ABCPs").

1.3 Deposits with credit institutions.

1.4 Financial derivative instruments.

1.5 Repurchase agreements that fulfil the conditions set out in Article 14.

1.6 Reverse repurchase agreements that fulfil the conditions set out in Article 15.

1.7 Units or shares of other MMFs.

2 Investment Restrictions

2.1 An MMF shall invest no more than:

(a) 5% of its assets in money market instruments, securitisations and ABCPs issued by the same body;

(b) 10% of its assets in deposits made with the same credit institution, unless the structure of the banking sector in the Member State in which the MMF is domiciled is such that there are insufficient viable credit institutions to meet that diversification requirement and it is not economically feasible for the MMF to make deposits in another Member State, in which case up to 15% of its assets may be deposited with the same credit institution.

2.2 By way of derogation from point (a) of paragraph 2.1, a VNAV MMF may invest up to 10% of its assets in money market instruments, securitisations and ABCPs issued by the same body provided that the total value of such money market instruments, securitisations and ABCPs held by the VNAV MMF in each issuing body in which it invests more than 5% of its assets does not exceed 40% of the value of its assets.

2.3 The aggregate of all of an MMF's exposures to securitisations and ABCPs shall not exceed [15%] of the assets of the MMF.

[As from the date of application of the delegated act referred to in Article 11(4), the aggregate of all of an MMF's exposures to securitisations and ABCPs shall not exceed 20% of the assets of the MMF, whereby up to 15% of the assets of the MMF may be invested in securitisations and ABCPs that do not comply with the criteria for the identification of STS securitisations and ABCPs.]

2.4 The aggregate risk exposure of an MMF to the same counterparty to OTC derivative transactions which fulfil the conditions set out in Article 13 of the MMFR shall not exceed 5% of the assets of the MMF.

2.5 The cash received by the MMF as part of the repurchase agreement does not exceed 10% of its assets.

2.6 The aggregate amount of cash provided to the same counterparty of an MMF in reverse repurchase agreements shall not exceed 15% of the assets of the MMF.

2.7 Notwithstanding paragraphs 2.1 and 2.4 above, an MMF shall not combine, where to do so would result in an investment of more than 15% of its assets in a single body, any of the following:

(a) investments in money market instruments, securitisations and ABCPs issued by that body;

(b) deposits made with that body;

(c) OTC financial derivative instruments giving counterparty risk exposure to that body.

2.8 By way of derogation from the diversification requirement provided for in paragraph 2.7, where the structure of the financial market in the Member State in which the MMF is domiciled is such that there are insufficient viable financial institutions to meet that diversification requirement and it is not economically feasible for the MMF to use financial institutions in another Member State, the MMF may combine the types of investments referred to in points (a) to (c) up to a maximum investment of 20% of its assets in a single body.

2.9 An MMF may invest up to 100% of its assets in different money market instruments issued or guaranteed separately or jointly by the Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong.

2.10 Paragraph 2.9 shall only apply where all of the following requirements are met:

(a) the MMF holds money market instruments from at least six different issues by the issuer;

(b) the MMF limits the investment in money market instruments from the same issue to a maximum of 30% of its assets;

(c) the MMF makes express reference, in its fund rules or instruments of incorporation, to all administrations, institutions or organisations referred to in the first subparagraph that issue or guarantee separately or jointly money market instruments in which it intends to invest more than 5% of its assets;

(d) the MMF includes a prominent statement in its prospectus and marketing communications drawing attention to the use of the derogation and indicating all administrations, institutions or organisations referred to in the first subparagraph that issue or guarantee separately or jointly money market instruments in which it intends to invest more than 5% of its assets.

2.11 Notwithstanding the individual limits laid down in paragraph 2.1, an MMF may invest no more than 10% of its assets in bonds issued by a single credit institution that has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

2.12 Where an MMF invests more than 5% of its assets in the bonds referred to in paragraph 2.11 issued by a single issuer, the total value of those investments shall not exceed 40% of the value of the assets of the MMF.

2.13 Notwithstanding the individual limits laid down in paragraph 2.1, an MMF may invest no more than 20% of its assets in bonds issued by a single credit institution where the requirements set out in point (f) of Article 10(1) or point (c) of Article 11(1) of Delegated Regulation (EU) 2015/61 are met, including any possible investment in assets referred to in paragraph 2.11.

2.14 Where an MMF invests more than 5% of its assets in the bonds referred to in paragraph 2.13 issued by a single issuer, the total value of those investments shall not exceed 60% of the value of the assets of the MMF, including any possible investment in assets referred to in paragraph 2.11, respecting the limits set out therein.

2.15 Companies which are included in the same group for the purposes of consolidated accounts under Directive 2013/34/EU of the European Parliament and of the Council or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits referred to in paragraphs 2.1 to 2.8.

3 Eligible units or shares of MMFs

3.1 An MMF may acquire the units or shares of any other MMF ('targeted MMF') provided that all of the following conditions are fulfilled:

a) no more than 10% of the assets of the targeted MMF are able, according to its fund rules or instruments of incorporation, to be invested in aggregate in units or shares of other MMFs;

b) the targeted MMF does not hold units or shares in the acquiring MMF.

3.2 An MMF whose units or shares have been acquired shall not invest in the acquiring MMF during the period in which the acquiring MMF holds units or shares in it.

3.3 An MMF may acquire the units or shares of other MMFs, provided that no more than 5% of its assets are invested in units or shares of a single MMF.

3.4 An MMF may, in aggregate, invest no more than 17.5% of its assets in units or shares of other MMFs.

3.5 Units or shares of other MMFs shall be eligible for investment by an MMF provided that all of the following conditions are fulfilled:

(a) the targeted MMF is authorised under the MMFR;

(b) where the targeted MMF is managed, whether directly or under a delegation, by the same manager as that of the acquiring MMF or by any other company to which the manager of the acquiring MMF is linked by common management or control, or by a substantial direct or indirect holding, the manager of the targeted MMF, or that other company, is prohibited from charging subscription or redemption fees on account of the investment by the acquiring MMF in the units or shares of the targeted MMF;

3.6 Short-term MMFs may only invest in units or shares of other short-term MMFs.

3.7 Standard MMFs may invest in units or shares of short-term MMFs and standard MMFs.

APPENDIX B

SUB-DELEGATES APPOINTED BY THE BANK OF NEW YORK MELLON SA/NV OR THE BANK OF NEW YORK MELLON

Country/Market	Subcustodian
Argentina	Citibank N.A., Argentina * ** On March 27, 2015, the Comisión Nacional de Valores (CNV: National Securities Commission) has appointed the central securities depository Caja de Valores S.A. to replace the branch of Citibank N.A. Argentina for those activities performed within the capital markets and in its role as custodian.*
Australia	Hong Kong and Shanghai Banking Corporation Limited Australia Branch
Australia	Citigroup Pty Limited
Austria	UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited
Bangladesh	The Hongkong and Shanghai Banking Corporation Limited
Bermuda	HSBC Bank Bermuda Limited
Botswana	Stanbic Bank Botswana Limited
Brazil	Citibank N.A., Brazil
Brazil	Itau Unibanco S.A.
Bulgaria	Citibank Europe plc, Bulgaria Branch
Canada	CIBC Mellon Trust Company (CIBC Mellon)
Cayman Islands	The Bank of New York Mellon
Chile	Banco de Chile
Chile	Itau Unibanco S.A
China	HSBC Bank (China) Company Limited
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
Costa Rica	Banco Nacional de Costa Rica
Croatia	Privredna banka Zagreb d.d.
Cyprus	BNP Paribas Securities Services S.C.A., Athens
Czech Republic	Citibank Europe plc, organizacni slozka
Denmark	Skandinaviska Enskilda Banken AB (Publ)
Egypt	HSBC Bank Egypt S.A.E.
Estonia	SEB Pank AS
Finland	Finland Skandinaviska Enskilda Banken AB (Publ)
France	BNP Paribas Securities Services S.C.A.
France	The Bank of New York Mellon SA/NV
Germany	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Ghana	Stanbic Bank Ghana Limited
Greece	BNP Paribas Securities Services S.C.A., Athens
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited
Hong Kong	Deutsche Bank AG
Hungary	Citibank Europe plc. Hungarian Branch Office
Iceland	Landsbankinn hf.
India	Deutsche Bank AG
India	HSBC Ltd
Indonesia	Deutsche Bank AG
Ireland	The Bank of New York Mellon
Israel	Bank Hapoalim B.M.
Italy	The Bank of New York Mellon SA/NV
Italy	Intesa Sanpaolo S.p.A.
Japan	Mizuho Bank, Ltd.
Japan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jordan	Standard Chartered Bank
Kazakhstan	Joint-Stock Company Citibank Kazakhstan
Kenya	CfC Stanbic Bank Limited
Kuwait	HSBC Bank Middle East Limited, Kuwait
Latvia	AS SEB banka
Lithuania	AB SEB bankas
Luxembourg	Euroclear Bank
Malaysia	Deutsche Bank (Malaysia) Berhad
Malaysia	HSBC Bank Malaysia Berhad
Malta	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Mauritius	The Hongkong and Shanghai Banking Corporation Limited
Mexico	Banco Santander (Mexico) S.A.
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	The Bank of New York Mellon SA/NV
New Zealand	Hong Kong and Shanghai Banking Corporation Limited New Zealand Branch
Nigeria	Stanbic IBTC Bank Plc
Norway	Skandinaviska Enskilda Banken AB (Publ)
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Deutsche Bank AG
Peru	Citibank del Peru S.A.
Philippines	Deutsche Bank AG
Poland	Bank Polska Kasa Opieki S.A.
Portugal	Citibank International Limited, Sucursal em Portugal
Qatar	HSBC Bank Middle East Limited, Doha
Romania	Citibank Europe plc, Romania Branch
Russia	PJSC Rosbank (M)
Russia	AO Citibank
Saudi Arabia	HSBC Saudi Arabia Limited
Serbia	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd
Slovak Republic	Citibank Europe plc, pobocka zahranicnej banky
Slovenia	UniCredit Banka Slovenia d.d.
South Africa	The Standard Bank of South Africa Limited
South Korea	The Hongkong and Shanghai Banking Corporation Limited
South Korea	Deutsche Bank AG
Spain	Banco Bilbao Vizcaya Argentaria, S.A.
Spain	Santander Securities Services S.A.U.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited
Sweden	Skandinaviska Enskilda Banken AB (Publ)
Switzerland	Credit Suisse AG
Switzerland	UBS Switzerland AG
Taiwan	HSBC Bank (Taiwan) Limited
Taiwan	Standard Chartered Bank (Taiwan) Ltd.
Thailand	The Hongkong and Shanghai Banking Corporation Limited
Tunisia	Union Internationale de Banques
Turkey	Deutsche Bank A.S.
Uganda	Stanbic Bank Uganda Limited
Ukraine	Public Joint Stock Company "Citibank"
U.A.E.	HSBC Bank Middle East Limited, Dubai
U.K.	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
U.K.	The Bank of New York Mellon
U.S.A.	The Bank of New York Mellon
Uruguay	Banco Itaú Uruguay S.A.
Vietnam	HSBC Bank (Vietnam) Ltd
Zambia	Stanbic Bank Zambia Limited
Zimbabwe	Stanbic Bank Zimbabwe Limited

INVESTMENT RATINGS

STANDARD & POOR'S (S&P) RATINGS

S&P MUNICIPAL SHORT-TERM NOTE RATINGS

An S&P note rating reflects the liquidity factors and market access risks unique to notes.

SP-1--Strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.

SP-2--Satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.

SP-3--Speculative capacity to pay principal and interest.

S&P DUAL RATINGS

S&P may assign dual ratings to debt issues that have a put option or demand feature. The first component of the rating addresses the likelihood of repayment of principal and interest as due, and the second component of the rating addresses only the demand feature. The first component of the rating can relate to either a short-term or long-term transaction and accordingly use either short-term or long-term rating symbols. The second component of the rating relates to the put option and is assigned a short-term rating symbol (for example, 'AAA/A-1+' or 'A-1+/A-1'). With U.S. municipal short-term demand debt, the U.S. municipal short-term note rating symbols are used for the first component of the rating (for example, 'SP-1+/A-1+'). The definitions for the long-term and the short-term ratings are provided below.

S&P SHORT-TERM ISSUE CREDIT RATINGS

A-1--A short-term obligation rated "A-1" is rated the highest category by S&P. The obligor's capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitments on these obligations is extremely strong.

A-2--A short-term obligation rated "A-2" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitments on the obligation is satisfactory.

A-3—A short-term obligation rated "A-3" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely weaken an obligor's capacity to meet its financial commitments on the obligation.

S&P LONG-TERM ISSUE CREDIT RATINGS*

*** RATINGS FROM 'AA' TO 'A' MAY BE MODIFIED BY THE ADDITION OF A PLUS (+) OR MINUS (-) SIGN TO SHOW RELATIVE STANDING WITHIN THE RATING CATEGORIES.**

AAA--An obligation rated "AAA" has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.

AA--An obligation rated "AA" differs from the highest rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong.

A--An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.

BBB - An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.

MOODY'S INVESTORS SERVICE, INC. (MOODY'S) RATINGS

MOODY'S SHORT-TERM MUNICIPAL OBLIGATION RATINGS

Moody's short-term ratings are designated Moody's Investment Grade (MIG or VMIG). (See below.) The purpose of the MIG or VMIG ratings is to provide investors with a simple system by which the relative investment qualities of short-term obligations may be evaluated.

The Municipal Investment Grade (MIG) scale is used to rate US municipal bond anticipation notes of up to five years maturity. Municipal notes rated on the MIG scale may be secured by either pledged revenues or proceeds of a take-out financing received prior to note maturity. MIG ratings expire at the maturity of the obligation, and the issuer's long-term rating is only one consideration in assigning the MIG rating.

MIG 1--This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support or demonstrated broad based access to the market for refinancing.

MIG 2--This designation denotes strong credit quality. Margins of protection are ample although not as large as in the preceding group.

MIG 3--This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

MOODY'S VARIABLE RATE DEMAND NOTES (VRDNS) AND TENDER OPTION BONDS (TOBS) RATINGS

Short-term ratings on issues with demand features are differentiated by the use of the VMIG symbol to reflect such characteristics as payment upon periodic demand rather than fixed maturity dates and payment relying on external liquidity. In this case, two ratings are usually assigned, (for example, Aaa/VMIG-1); the first representing an evaluation of risk associated with scheduled principal and interest payments, and the second representing an evaluation of risk associated with the ability to receive purchase price upon demand ("demand feature"). The VMIG rating can be assigned a 1 or 2 designation using the same definitions described above for the MIG rating.

VMIG 1--This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 2--This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 3--This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

MOODY'S COMMERCIAL PAPER (CP) RATINGS

P-1--Issuers (or supporting institutions) rated P-1 have a superior ability to repay short-term debt obligations.

P-2--Issuers (or supporting institutions) rated P-2 have a strong ability to repay short-term debt obligations.

P-3--Issuers (or supporting institutions) rated P-3 have an acceptable ability to repay short-term obligations.

MOODY'S LONG-TERM DEBT RATINGS

Aaa—Obligations rated "Aaa" are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa—Obligations rated "Aa" are judged to be of high quality and are subject to very low credit risk.

A—Obligations rated "A" are judged to be upper-medium grade and are subject to low credit risk.

Baa—Obligations rated "Baa" are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

FITCH RATINGS, INC. (FITCH)

FITCH SHORT-TERM DEBT RATINGS

F1--Indicates the strongest capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Under the agency's National Rating scale, this rating is assigned to the lowest default risk relative to others in the same country or monetary union. Where the liquidity profile is particularly strong, a "+" is added to the assigned rating.

F2--Indicates a good capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union. However, the margin of safety is not as great as in the case of the higher ratings.

F3—Indicates an adequate capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union.

FITCH LONG-TERM DEBT RATINGS

AAA--Highest credit quality. "AAA" ratings denote the lowest expectation of default risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA--Very high credit quality. "AA" ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A--High credit quality. "A" ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB--Good credit quality. "BBB" ratings indicate that expectations of a default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

DBRS, INC. (DBRS®) RATINGS

DBRS SHORT-TERM DEBT AND COMMERCIAL PAPER RATINGS

The DBRS short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner.

R-1 (high)—Highest credit quality. The capacity for the payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.

R-**1 (middle)**—Superior credit quality. The capacity for payments of short-term financial obligations as they fall due is very high. Differs from R-1 (high) by a relatively modest degree. Unlikely to be significantly vulnerable to future events.

R-1 (low)—Good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as favourable as higher rating categories. May be vulnerable to future events, but qualifying negative factors are considered manageable.

R-2 (high)—Upper end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events.

R-2 (middle)—Adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events or may be exposed to other factors that could reduce credit quality.

R-2 (low)—Lower end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events. A number of challenges are present that could affect the issuer's ability to meet such obligations.

R-3—Lowest end of adequate credit quality. There is a capacity for the payment of short-term financial obligations as they fall due. May be vulnerable to future events and the certainty of meeting such obligations could be impacted by a variety of developments.

DBRS LONG-TERM DEBT RATINGS

The DBRS long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligations has been issued.

AAA—Highest quality credit. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

AA—Superior credit quality. The capacity for the payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events.

A—Good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.

BBB—Adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

High or low grades are used to indicate the relative standing of a credit within a particular rating category. The absence of one of these designations indicates the rating is in the middle of the category. Note that “high” and "low" grades are not used for the AAA category.

NOT RATED

Certain Recognised Statistical Rating Organisations such as S&P and Moody’s may designate certain issues as NR, meaning that the issue or obligation is not rated.

ADDRESSES

BOARD OF DIRECTORS

Denis McAuley III
Gregory P. Dulski
Michael Boyce
Ronan Walsh

REGISTERED OFFICE

c/o BNY Mellon Fund Services (Ireland) Designated
Activity Company
One Dockland Central
Guild Street
International Financial Services Centre
Dublin 1, D01 E4X0, Ireland

COMPANY SECRETARY

Bradwell Limited
Ten Earlsfort Terrace
Dublin 2, D02 T380, Ireland

MANAGER

Federated International Management Limited
c/o BNY Mellon Fund Services (Ireland) Designated
Activity Company
One Dockland Central
Guild Street
International Financial Services Centre
Dublin 1, D01 E4X0, Ireland

ADVISERS

Federated Investment Counseling
Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, Pennsylvania, U.S. 15222-3779

Federated MDTA LLC
125 High Street
Oliver Street Tower
21st Floor
Boston, Massachusetts U.S. 02110

SUB-INVESTMENT ADVISER

Federated Investors (UK) LLP
150 Cheapside
London EC2V 6ET, United Kingdom

DEPOSITARY

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2, D02 KV60, Ireland

ADMINISTRATOR

BNY Mellon Fund Services (Ireland) Designated
Activity Company
One Dockland Central
Guild Street
International Financial Services Centre
Dublin 1, D01 E4X0, Ireland

AUDITORS

Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2, D02 YA40, Ireland

LEGAL ADVISERS

Arthur Cox
Ten Earlsfort Terrace
Dublin 2, D02 T380, Ireland

PAYING AND INFORMATION AGENTS

IN GERMANY

Federated Asset Management GmbH
Friedensstraße 6-10, 60311
Frankfurt am Main
GERMANY

IN BELGIUM

ABN AMRO Bank N.V., Belgium branch
Roderveldlaan 5 bus 4
2600 Berchem, BELGIUM

IN FRANCE

Société Générale
29, boulevard Haussmann – 75009 Paris
FRANCE

IN LUXEMBOURG

Société Générale Bank & Trust S.A.
(Operational center)
28-32 Place de la gare
L-1616 LUXEMBOURG

IN UNITED KINGDOM

Société Générale London Branch
Société Générale Securities Services
One Bank Street
London E14 4SG
UNITED KINGDOM

IN SPAIN

AllFunds Bank, S.A.
C/ Estafeta nº 6 (La Moraleja)
Complejo Plaza de la Fuente - Edificio 3
28109 Alcobendas (Madrid)
SPAIN

IN HONG KONG

Peak Capital Limited
12B Shun Ho Tower
24-30 Ice House Street
Central, HONG KONG

IN SWITZERLAND

Société Générale, Paris, Zürich Branch
Talacker 50
P.O. Box 5070
CH-8021 Zürich
SWITZERLAND

Federated International Funds plc
Federated International Management Limited
c/o BNY Mellon Fund Services (Ireland) Designated Activity Company
One Dockland Central
Guild Street
International Financial Services Centre
Dublin 1, D01 E4X0, Ireland

Outside the United States:
+353 (0) 21 4380600 Phone
+353 (0) 21 4380601 Fax
Within the United States:
+1 800 861 3430 Phone
+1 315 414 5027 Fax

fiml.federatedinvestors.com

34283 (12/19)