

RULES TO INVEST BY

A HANDBOOK OF SOUND INVESTING PRINCIPLES

HOW TO:

1. Take the long view.
2. Diversify your investments.
3. Pace yourself with dividends.
4. Remember why you invest in bonds.
5. Position for opportunity.
6. Stick to your plan.

Federated[®]

THE MARKETS WILL CHANGE

BUT THE PRINCIPLES DON'T

Welcome to the world of investing. It's a dynamic environment filled with change and growth, profit and loss, challenge and opportunity. Just when you think the going is steady and stable, sudden and unexpected shifts can occur. That's why, for long-term investors, the primary goal isn't to make as much money as possible on a hot tip or even a cool investment trend. Instead, it's to create a portfolio of investments that can weather both the smooth and the sometimes unsettled conditions that come with the territory.

Federated has guided investors through more than 60 years of market and economic change. Our experience has taught us the importance of discipline, the value of establishing a clear focus on objectives and maintaining an appropriate balance between risk and reward.

No one can predict or control the market's next move. But there are time-tested principles investors can rely on as they pursue their long-range goals through a variety of market conditions and their own changing circumstances. Consider this your guide to investing for the path ahead.



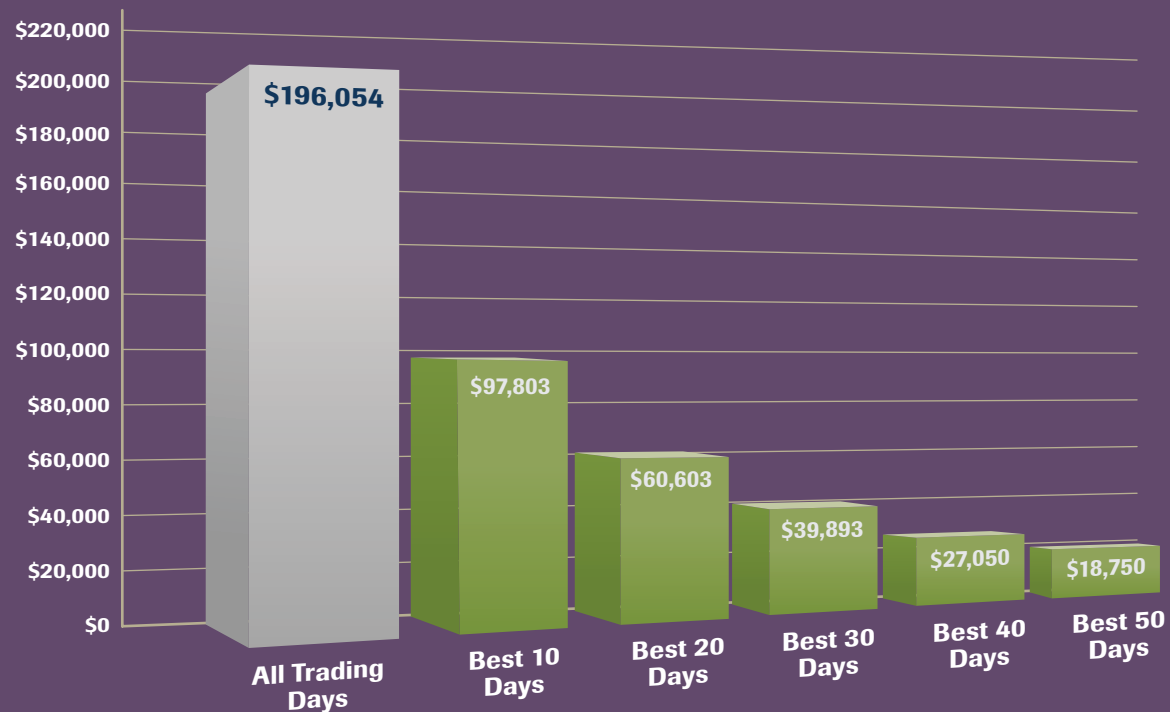
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TAKE THE LONG VIEW

1.1 TIME IN THE MARKET IS WHAT MATTERS — NOT TIMING

It's not surprising that investors become more risk averse during volatile markets, but predicting the best time to get in or out of the stock market is nearly impossible. Often, just a few good days account for a large part of total return. Historically, those who stayed the course during market sell-offs have been rewarded.

IT PAYS TO STAY INVESTED



Source: Ned Davis Research, Inc.

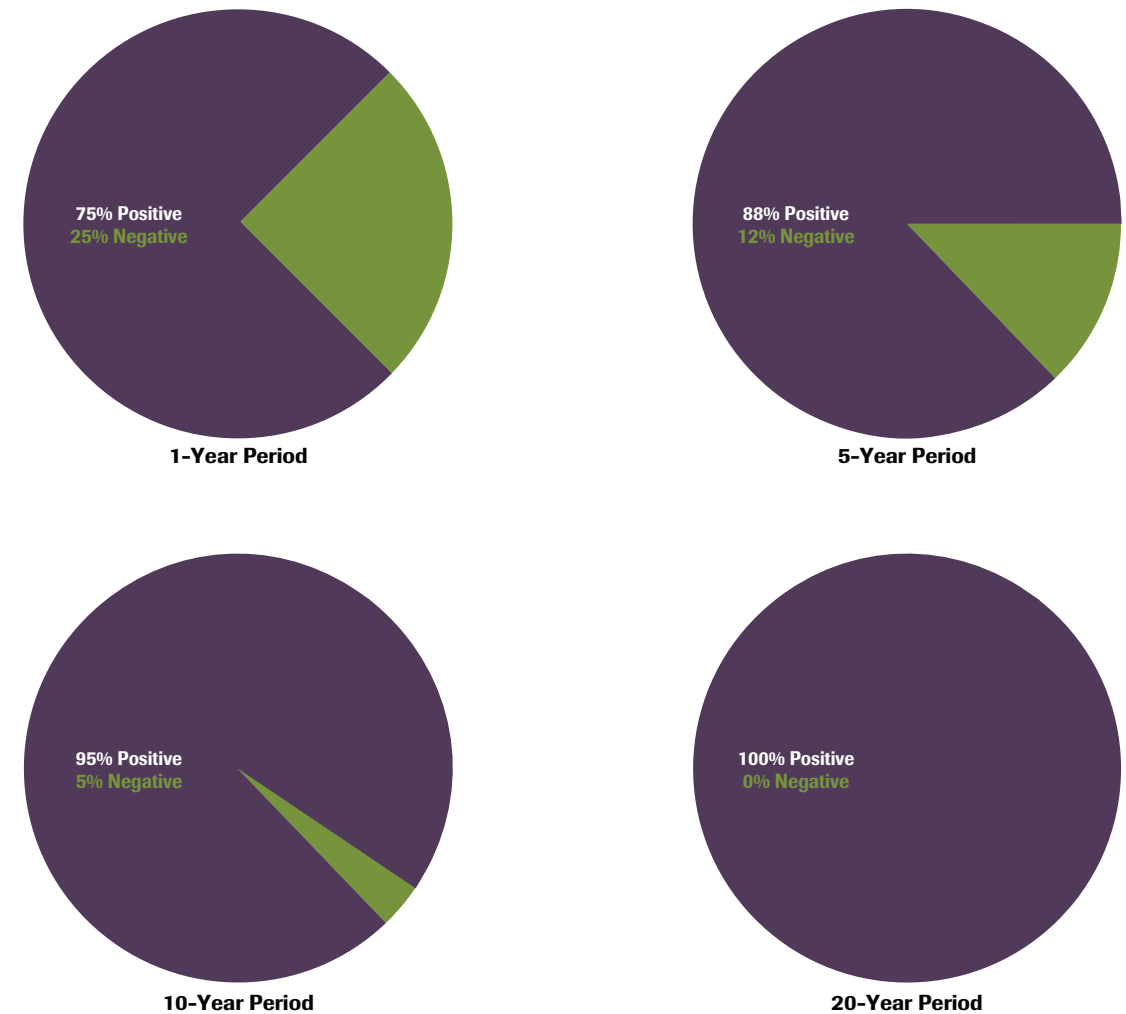
Hypothetical investment of \$10,000 in the S&P 500 Index over 30 years (12/31/87–12/31/18).

Past performance is no guarantee of future results. In return for their greater growth potential, stocks are more volatile than other types of investments. This chart is for illustrative purposes only and is not representative of performance for any particular investment. This chart is for a selected time period. Results over a different period would have varied. Investments cannot be made directly in an index.

1.2 STOCKS HAVE REWARDED LONG-TERM INVESTORS

Stocks can be volatile in the short term but, over the long term, staying invested through the market's ups and downs offers investors the best potential opportunity to generate gains. This chart shows how longer-term investments in stocks have been more likely to produce positive results. In fact, the S&P 500 Index has produced positive returns for every 20-year period since 1927.

OVER 20-YEAR PERIODS, STOCK RETURNS HAVE ALWAYS BEEN POSITIVE



Source: Ned Davis Research, Inc. Based on yearly rolling returns of the S&P 500 Index from 12/31/26–12/31/18.

Past performance is no guarantee of future results. This chart is for illustrative purposes only and is not representative of performance for any particular investment. This chart is for a selected time period. Results over different periods would have varied. Investments cannot be made directly in an index.

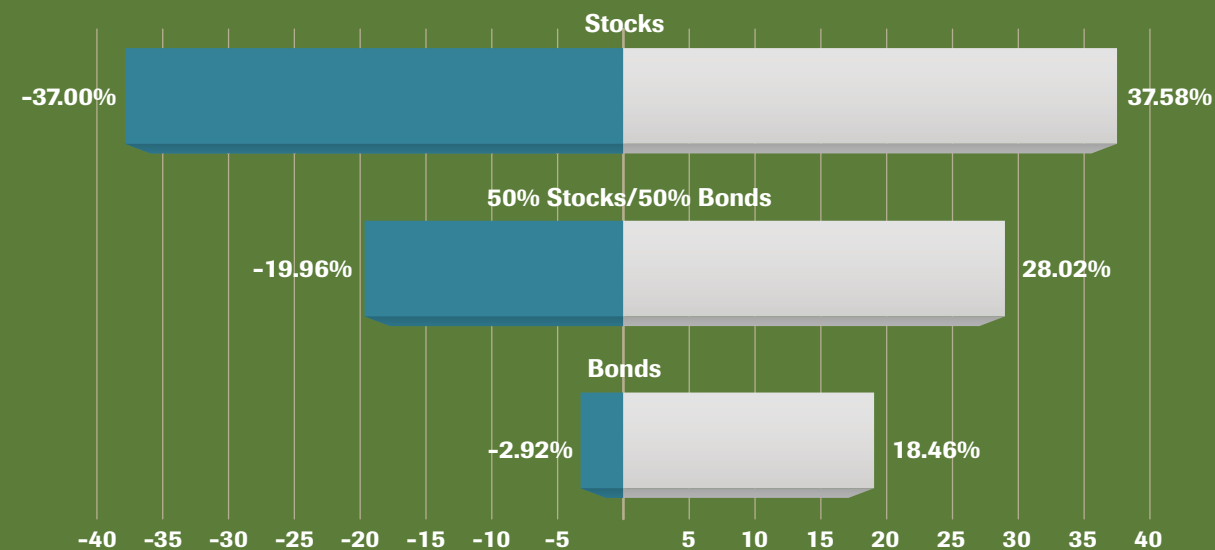


DIVERSIFY YOUR INVESTMENTS

2.1 LIMIT LOSS IN DOWN MARKETS AND PARTICIPATE IN UP MARKETS WITH A DIVERSIFIED PORTFOLIO

Stocks can deliver big returns, but they can also experience big losses. Bonds generally deliver returns in a tighter and less-volatile range. However, a diversified portfolio of both stocks and bonds has the potential to deliver more competitive returns than an all bond portfolio with potentially fewer losses than an all stock portfolio.

RANGE OF BEST AND WORST ANNUAL RETURNS



Source: Morningstar, Inc.
 Past performance is no guarantee of future results. This chart is for illustrative purposes only and not representative of performance for any particular investment. This chart is for a selected time period. Results over different periods would have varied. Investments cannot be made in an index.
 Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.
 Diversification does not assure a profit nor protect against loss.
 Annualized returns of the S&P 500 Index and 50% S&P 500 Index/50% Bloomberg Barclays Aggregate Bond Index from 1987-2018.
 See last page for index definitions.

2.2 NO SINGLE AREA OF THE MARKET PERFORMS BEST YEAR IN AND YEAR OUT

Maintaining a diversified portfolio allows an investor to reduce risk and participate in the potential rewards each market sector offers over time. The chart below shows the top-performing asset classes each year from 2009–2018 as well as the performance of a diversified portfolio consisting of an equal allocation (12.5%) to each of the eight asset classes.

A DIVERSIFIED PORTFOLIO WOULD HAVE HELPED AVOID EXTREME UPS AND DOWNS

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
High-Yield Bonds 57.51%			International Equities 17.32%			Large Cap 1.38%			Cash 1.87%
Mid Cap 40.48%	Small Cap 26.85%	Treasuries 9.81%	Mid Cap 17.28%	Small Cap 38.82%		Treasuries 0.84%	Small Cap 21.31%	International Equities 25.03%	Treasuries 0.86%
International Equities 31.78%	Mid Cap 25.48%	Corporate Bonds 8.35%	Small Cap 16.35%	Mid Cap 34.76%	Large Cap 13.69%	Cash 0.05%	High-Yield Bonds 17.49%	Large Cap 21.83%	Corporate Bonds -2.11%
Small Cap 27.17%	High-Yield Bonds 15.19%	High-Yield Bonds 4.38%	Large Cap 16.00%	Large Cap 32.39%	Mid Cap 13.22%	Corporate Bonds -0.77%	Mid Cap 13.80%	Mid Cap 18.52%	High-Yield Bonds -2.26%
Large Cap 26.46%	Large Cap 15.06%	Large Cap 2.11%	High-Yield Bonds 15.58%	International Equities 22.78%	Corporate Bonds 7.53%	International Equities -0.81%	Large Cap 11.96%	Small Cap 14.65%	Large Cap -4.38%
Diversified Portfolio 24.06%	Diversified Portfolio 13.48%	Diversified Portfolio 1.11%	Diversified Portfolio 11.83%	Diversified Portfolio 15.63%	Diversified Portfolio 5.23%	Diversified Portfolio -1.18%	Diversified Portfolio 8.98%	Diversified Portfolio 11.88%	Diversified Portfolio -4.71%
Corporate Bonds 16.04%	Corporate Bonds 8.47%	Cash 0.10%	Corporate Bonds 9.37%	High-Yield Bonds 7.42%	Treasuries 5.05%	Mid Cap -2.44%	Corporate Bonds 5.63%	High-Yield Bonds 7.48%	Mid Cap -9.06%
Cash 0.21%	International Equities 7.75%	Mid Cap -1.55%	Treasuries 1.99%	Cash 0.07%	Small Cap 4.89%	Small Cap -4.41%	Treasuries 1.04%	Corporate Bonds 6.18%	Small Cap -11.01%
Treasuries -3.57%	Treasuries 5.87%	Small Cap -4.18%	Cash 0.11%	Corporate Bonds -2.01%	High-Yield Bonds 2.50%	High-Yield Bonds -4.64%	International Equities 1.00%	Treasuries 2.31%	International Equities -13.79%
	Cash 0.13%	International Equities -12.14%		Treasuries -2.75%	Cash 0.03%		Cash 0.33%	Cash 0.86%	
					International Equities -4.90%				

Source: Morningstar, Inc. Large Cap Equities are represented by the S&P 500 Index; Mid Cap Equities are represented by Russell Midcap® Index; International Equities are represented by the MSCI EAFE Index; High-Yield Bonds are represented by the ICE BofAML U.S. High Yield II Index; Corporate Bonds are represented by the Bloomberg Barclays U.S. Credit Index; Treasuries are represented by the Bloomberg Barclays U.S. Treasury Index; Small Caps are represented by Russell® 2000 Index; and Cash is represented by the ICE BofAML U.S. Treasury Bill 3-Month Index. See last page for index definitions. Past performance is no guarantee of future results. This chart is for illustrative purposes only and is not representative of performance for any particular investment. This chart is for a selected time period. Results over different periods would have varied. Investments cannot be made in an index.
 Small cap stocks have historically experienced greater volatility than average.
 High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment grade securities.
 Unlike stocks and corporate bonds, both government bonds and Treasury bills are guaranteed as to the payment of principal and interest by the U.S. government if held to maturity.
 International investing involves special risks, including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.



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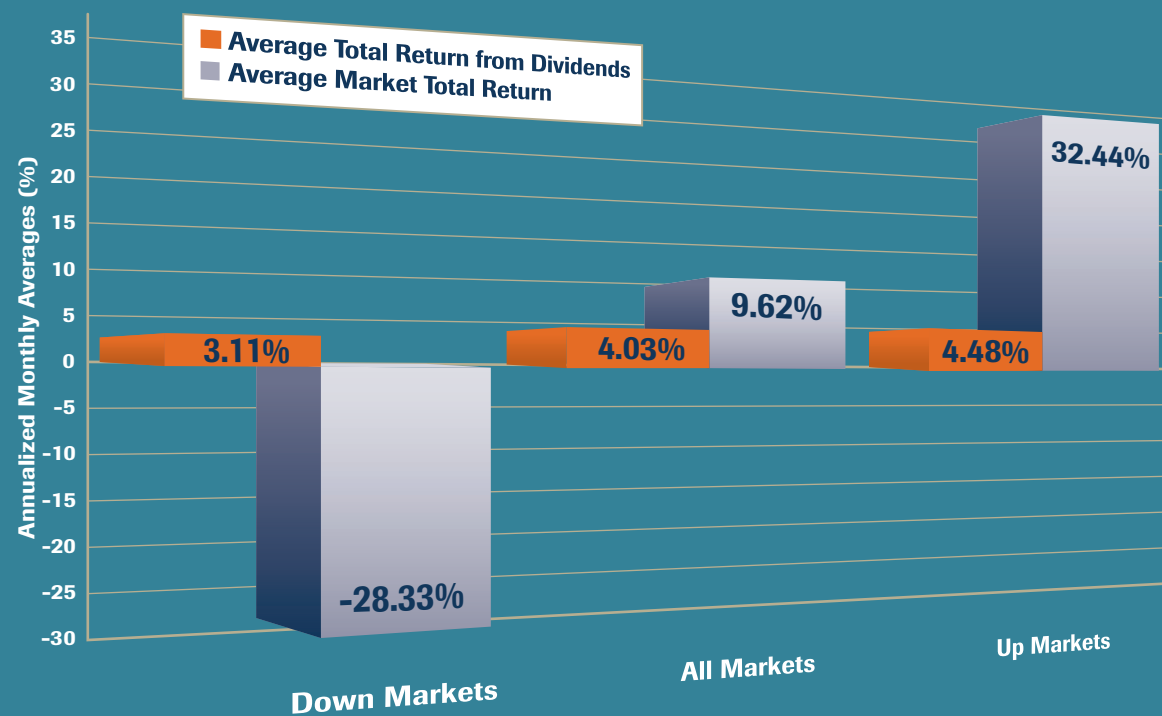
PACE YOURSELF WITH DIVIDENDS

3.1 DIVIDENDS CAN PLAY AN IMPORTANT ROLE IN TOTAL RETURN

Stock prices move up and down, sometimes to extremes, but dividends are always positive.

An allocation to dividend-paying stocks can support total return in difficult market environments.

DIVIDENDS HAVE SUPPORTED RETURNS IN ALL MARKETS

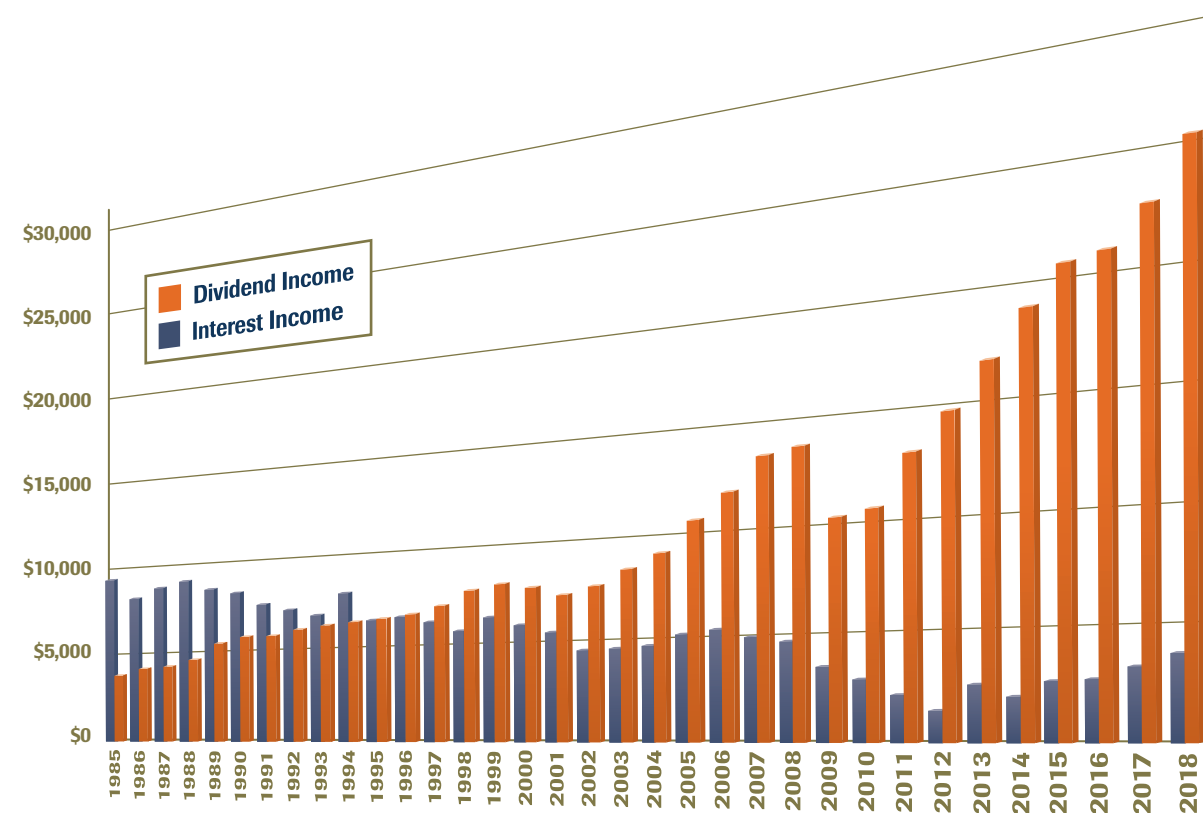


The S&P 500 Index, 12/31/27–12/31/18. Source: Ned Davis Research, Inc.
 Past performance is no guarantee of future results. This chart is for illustrative purposes only and is not representative of performance for any particular investment. This chart is for a selected time period. Results over different periods would have varied. Investments cannot be made in an index.
 There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks.

3.2 DIVIDEND PAYERS OFFER POTENTIAL FOR A GROWING INCOME STREAM

Investors looking for income should consider dividend-paying stocks. As the stocks appreciated in value, their dividends increased and provided income potential. This combination of yield and growth potential provides an attractive investment opportunity for investors seeking income.

DIVIDEND PAYERS HAVE PROVIDED INVESTORS WITH INCOME AND GROWTH POTENTIAL



This shows interest generated by \$100,000 invested in a portfolio that mirrors the Bloomberg Barclays U.S. Aggregate Bond Index and dividends generated by \$100,000 invested in the stocks of the Standard & Poor's Composite Index of 500 Stocks, both for the period from 12/31/85–12/31/18. The dividend income for each year reflects the growth in the value of the stocks.

Source: Ned Davis Research, Inc. Stocks are represented by Standard & Poor's Composite Index of 500 Stocks, an unmanaged index that is generally considered representative of the U.S. stock market. Bond yields are represented by the yields of the Bloomberg Barclays U.S. Aggregate Bond Index. Assumes that interest and dividend income is withdrawn, with the principal (including accumulated gains and losses) remaining invested. The performance of an index is not indicative of the performance of a particular investment and does not take into consideration the fees and expenses associated with purchasing mutual funds or individual securities. Individuals cannot invest directly in any index. Past performance is not a guarantee of future results.

There are no guarantees that dividend-paying stocks will continue to pay dividends.

Bonds offer an interest rate to the Bondholder for the period of time that the Bondholder owns the bonds. Investors purchasing stocks and bonds incur different types of risks with each asset class. When purchasing stocks, an investor risks the possibility that the stock will decline in price, forcing them to sell his shares at a loss, or that the dividends will be smaller than he expected. When an investor purchases bonds, he risks that the borrower will default on the loan, causing them to lose money on his investment. Additionally, bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

Performance is for a selected time period. Other time periods may have different results. This example does not show the tax consequences of each type of investment. In return for their higher growth potential, stock prices are more volatile than those of bonds.

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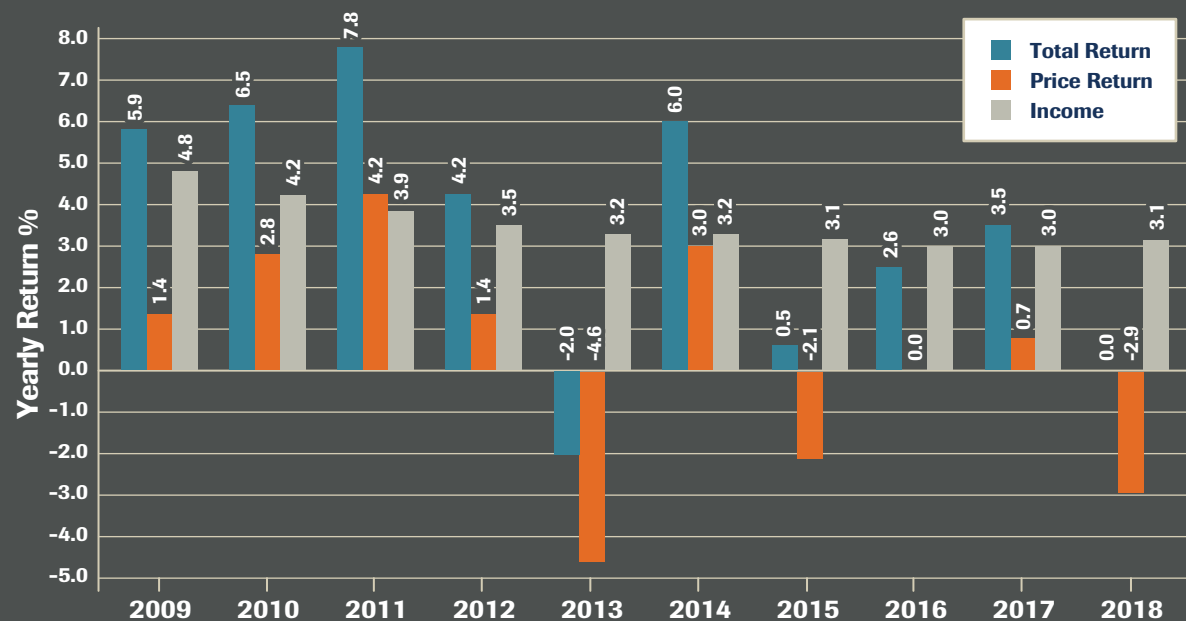
REMEMBER WHY YOU INVEST IN BONDS

4.1 WHEN IT COMES TO LONG-TERM INVESTING, NO ASSET CLASS STANDS ALONE

Each plays a part in your whole financial picture. A rising-rate environment may lead some investors to reconsider their core bond holdings. But timing the bond market is as unwise a pursuit as timing the stock market. Investors should think about their reasons for owning bonds—whether to mitigate stock volatility, for steady income potential or to diversify their portfolios. Those reasons don't change even when the markets do.

BOND RETURNS COME FROM BOTH INTEREST PAYMENTS AND PRICE CHANGES

Historically, income has been the largest component of a bond's total return—for both high-quality and high-yield bonds. Whether bond prices move up, down or hold steady, that interest income is something investors can depend on.



Source: Morningstar, Inc.

Past performance is no guarantee of future results.

This chart is for illustrative purposes only and not representative of performance for any particular investment.

Indexes are unmanaged and cannot be invested in directly. See last page for index definitions.

4.2 TARGETED STRATEGIES DURING RISING-RATE ENVIRONMENTS

Not all bond sectors react the same when rates rise. Investors seeking an added measure of defense in a rising-rate environment may wish to complement their core bond holdings with more targeted fixed-income allocations:

- Floating-rate bonds offer the unique benefit of generating income that keeps pace with changes in market interest rates.
- High-yield bond performance is more strongly related to the business results and fundamentals of their companies than to interest rate movements.
- Short-term bonds tend to be less sensitive to rate movements compared to intermediate- and long-term bonds because they are less exposed to economic cycles, which typically span longer timeframes.

Rising-Rate Environments			Floating-Rate Securities (%)	High-Yield Bonds (%)	Short-Duration Bonds (%)
Beginning Date	Ending Date	U.S. Treasury 10-Year Yield Increase (%)			
9/30/93	11/30/94	2.53	11.34	1.69	3.83
12/31/95	8/31/96	1.37	5.42	5.06	3.46
9/30/98	1/31/00	2.24	4.92	3.07	4.83
10/31/01	3/31/02	1.17	3.99	4.96	0.81
5/31/03	8/31/03	1.10	2.32	2.91	0.29
8/31/05	6/30/06	1.12	5.11	2.81	3.44
12/31/08	12/31/09	1.63	44.87	58.21	0.21
8/31/10	3/31/11	1.00	7.40	10.46	0.10
4/30/13	12/31/13	1.36	2.92	2.57	0.05
7/29/16	12/31/16	1.00	3.96	4.57	0.15
8/31/17	10/31/18	1.03	5.13	1.98	1.59

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. Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

Floating-Rate Securities is represented by Credit Suisse Leveraged Loan Index, High-Yield Bonds is represented by Bloomberg Barclays U.S. Corporate High Yield Bond Index and Short-Duration Bonds is represented by ICE BofAML 3-Month U.S. Treasury Bill Index.

Source: Morningstar, Inc.

Past performance is no guarantee of future results.

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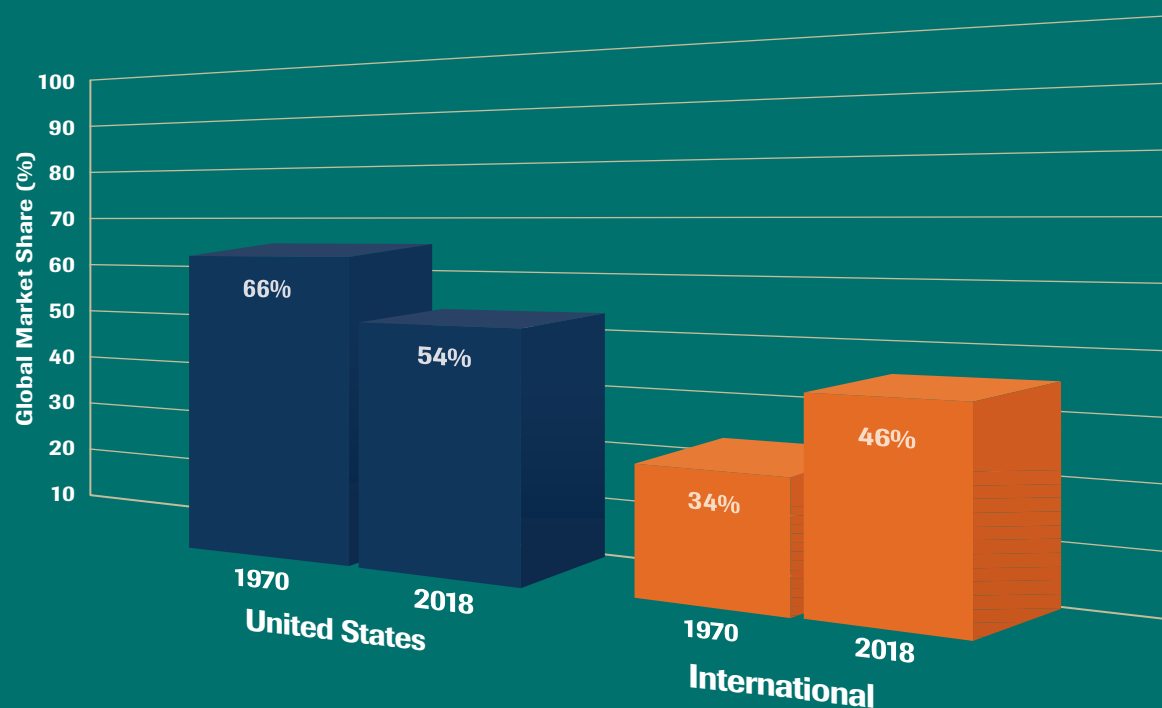
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POSITION FOR OPPORTUNITY

5.1 OUR ECONOMY IS TRULY GLOBAL

International companies increasingly represent a greater share of the world's innovation, productivity and economic advancement. Leading companies in virtually every industry and sector stretch around the world—along with powerful investment opportunities. By investing internationally, investors can seek to participate in the major factors driving global growth.

INCLUDING INTERNATIONAL STOCKS EXPANDS OPPORTUNITY

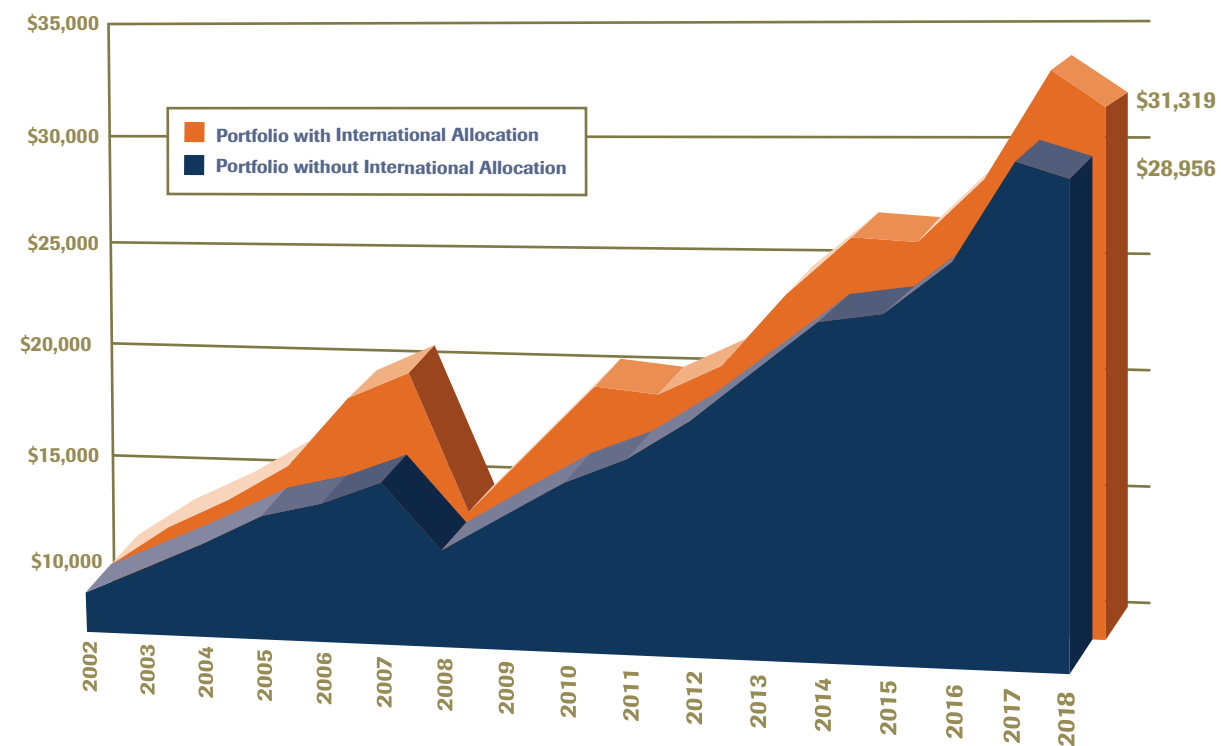


Global Market Share Over Time – U.S. Companies vs. Non-U.S. (1970-12/31/18) is represented by global market capitalization. Sources: FTSE and Bloomberg International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

5.2 INVEST FOR GLOBAL OPPORTUNITY

Fundamental shifts in the global economy, including rapidly expanding opportunities in developing countries, have transformed the investment landscape. Over time, a globally allocated portfolio has outperformed a U.S.-focused allocation.

INVESTING GLOBALLY HAS ENHANCED PORTFOLIO PERFORMANCE



Source: Morningstar, Inc. Growth of hypothetical \$10,000 investment from 12/31/02-12/31/18. Past performance is no guarantee of future results. This chart is for illustrative purposes only and is not representative of performance for any particular investment. This chart is for a selected time period. Results over different periods would have varied. Investments cannot be made directly in an index. Portfolio with international allocation is represented by 50% S&P 500/30% Bloomberg Barclays U.S. Aggregate Bond/20% MSCI ACWI ex U.S. Index. Portfolio without international allocation is represented by 50% S&P 500/50% Bloomberg Barclays U.S. Aggregate Bond Index. See last page for index definitions.

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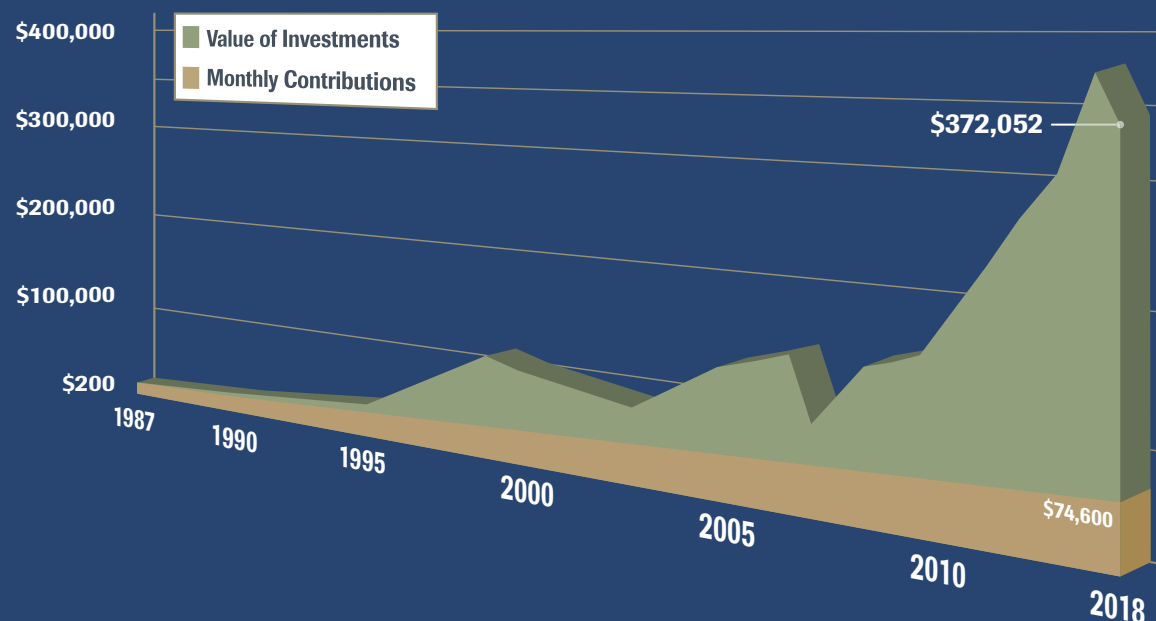
STICK TO YOUR PLAN

6.1 MAKE INVESTING A HABIT

Consistently investing can potentially add up. Although there is no assurance that any investment strategy will prevent losses, investing regularly can help investors remove much of the emotion from their decision-making and avoid the nearly impossible task of determining the exact best time to invest.

This chart illustrates how making regular monthly investments could have benefited investors over the long term.

IT PAYS TO INVEST REGULARLY



Growth of hypothetical \$200 monthly investment in the S&P 500 Index from 12/31/87-12/31/18.
 Source: Morningstar, Inc.
 Systematic investing does not assure a profit or protect against loss in declining markets.
 Investors should consider their financial ability to continue purchasing during periods of low price levels.
 Past performance is no guarantee of future results. This chart is for illustrative purposes only and is not representative of performance for any specific investment. Investments cannot be made in an index. See last page for index definitions.

PUT EXPERIENCE ON YOUR SIDE

THE VALUE OF WORKING WITH AN INVESTMENT PROFESSIONAL

History tells us that markets always rise after they fall, and vice versa. But the speed and depth of both upturns and downturns can easily cause investors to make decisions they may come to regret. That's why one of the most valuable components of a long-term investment strategy is the experience and guidance of a professional financial advisor.

There's no substitute for an objective discussion regarding risk tolerance, time horizons and contingency plans for unexpected events. With a solid plan and professional support, it's much easier to maintain a disciplined strategy of regular investments, portfolio rebalancing and ongoing adjustments needed to pursue long-term financial goals, especially when the markets change.

Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg Barclays Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization.

Bloomberg Barclays U.S. Credit Index is composed of all publicly issued, fixed-rate, nonconvertible, investment-grade corporate debt. Issues are rated at least Baa by Moody's Investors Service or BBB by Standard & Poor's, if unrated by Moody's. Collateralized Mortgage Obligations (CMOs) are not included. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

Bloomberg Barclays U.S. Treasury Bond Index is part of Bloomberg Barclays global family of government bonds indexes. The index measures the performance of the U.S. Treasury bond market, using market capitalization weighting and a standard rule based inclusion methodology.

Bloomberg Barclays U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on the indices' EM country definition, are excluded. The US Corporate High Yield Index is a component of the U.S. Universal and Global High Yield Indices. The index was created in 1986, with history backfilled to July 1, 1983.

ICE BofAML 3-Month U.S. Treasury Bill Index is a subset of The BofA Merrill Lynch 0-1 Year U.S. Treasury Index including all securities with a remaining term to final maturity less than 3 months.

ICE BofAML U.S. High Yield Master II Index value, which tracks the performance of U.S. dollar denominated below investment grade rated corporate debt publically issued in the U.S. domestic market.

MSCI All Country World Index ex-U.S. is a market-capitalization-weighted index designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies – it includes both developed and emerging markets.

MSCI Europe, Australasia and Far East Index (EAFE) is an equity index which captures large- and mid-cap representation across developed markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap is a subset of the Russell 1000® Index.

S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designated to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all designated major industries.

Credit Suisse Leveraged Loan Index is designed to mirror the investable universe of the U.S. dollar denominated leveraged loan market. Average values are computed over the Index for coupon, current yield, initial spread and price. The average coupon, current yield and initial spread are weighted by market value (amount outstanding multiplied by the price) at the end of the measurement period for each loan currently paying interest in the Index. Total return is computed for each loan, which is the percent change in the value of each loan during the measurement period. Total return is the sum of three components: principal, interest and reinvestment return.

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