

FEDERATED MORTGAGE FUND

Federated

WORLD-CLASS INVESTMENT MANAGER[®]

PORTFOLIO AS OF DECEMBER 30, 2011 CURRENT NET ASSETS -- \$ 310,961,023

Principal Amount or Shares		Value
	MORTGAGE-BACKED SECURITIES - 85.8%	
	Federal Home Loan Mortgage Corporation - 47.3%	
\$9,741,300	3.500%, 10/1/2025 - 11/1/2025	\$10,163,814
13,287,758	4.000%, 8/1/2025 - 1/1/2042	13,939,363
51,468,977	4.500%, 6/1/2019 - 9/1/2040	54,550,897
30,430,213	5.000%, 7/1/2019 - 10/1/2039	32,725,837
23,733,906	5.500%, 4/1/2021 - 10/1/2039	25,734,381
8,799,113	6.000%, 4/1/2036 - 2/1/2038	9,663,639
357,824	7.500%, 1/1/2027 - 2/1/2031	416,824
	TOTAL	147,194,755
	Federal National Mortgage Association - 32.6%	
16,909,047	4.000%, 12/1/2031 - 1/1/2042	17,791,014
24,050,055	4.500%, 12/1/2019 - 6/1/2041	25,575,952
24,663,622	5.000%, 7/1/2019 - 1/1/2042	26,619,018
16,595,619	5.500%, 9/1/2034 - 4/1/2036	18,074,152
10,610,116	6.000%, 11/1/2034 - 4/1/2038	11,695,246
978,144	6.500%, 2/1/2014 - 8/1/2034	1,094,799
314,575	7.000%, 6/1/2016 - 2/1/2030	344,071
7,135	7.500%, 4/1/2015	7,598
10,786	8.000%, 12/1/2026	12,787
	TOTAL	101,214,637
	Government National Mortgage Association - 5.9%	
9,000,000	4.000%, 1/15/2042	9,654,421
3,429,014	4.500%, 10/15/2039	3,740,502
4,205,750	5.000%, 6/20/2039 - 9/20/2039	4,651,880
116,315	7.000%, 9/15/2028 - 11/15/2031	133,515
242,205	8.000%, 10/15/2030 - 11/15/2030	286,401
	TOTAL	18,466,719
	TOTAL MORTGAGE-BACKED SECURITIES	266,876,111
	COLLATERALIZED MORTGAGE OBLIGATIONS - 14.7%	
	Federal Home Loan Mortgage Corporation - 4.8%	
2,023,588	0.578%, 1/15/2037, REMIC 3260 PF	2,024,124
249,788	0.588%, 6/15/2036, REMIC 3175 FE	249,036
1,875,609	0.608%, 5/15/2036, REMIC 3160 FD	1,871,290
3,000,147	0.628%, 4/15/2036, REMIC 3144 FB	2,995,073
4,787,809	0.658%, 7/15/2036, REMIC 3179 FP	4,784,733
473,908	0.678%, 8/15/2036, REMIC 3206 FE	474,109
2,100,000	2.412%, 8/25/2018, REMIC K704 A2	2,130,352
252,457	7.500%, 4/15/2033, REMIC 3076 NM	257,469
	TOTAL	14,786,186

Principal
Amount
or Shares

Value

	Federal National Mortgage Association - 4.2%	
338,049	0.544%, 10/25/2031, REMIC 2005-63 FC	336,077
1,374,454	0.594%, 7/25/2036, REMIC 2006-58 FP	1,370,854
2,526,623	0.634%, 11/25/2036, REMIC 2006-104 FY	2,523,544
2,386,997	0.644%, 9/25/2036, REMIC 2006-81 FB	2,384,440
2,275,342	0.654%, 12/25/2036, REMIC 2006-115 EF	2,273,653
625,265	0.674%, 10/25/2036, REMIC 2006-93 FM	624,656
2,358,652	0.674%, 9/25/2036, REMIC 2006-85 PF	2,355,432
727,411	0.694%, 6/25/2036, REMIC 2006-43 FL	727,854
3,852,844	4.500%, 5/25/2040, REMIC 404 2	590,268
64,104	6.500%, 4/1/2032, REMIC 321 2	11,343
	TOTAL	13,198,121
	Non-Agency Mortgage - 5.7%	
1,996,445	Countrywide Alternative Loan Trust 2003-J3, Class 1A3, 5.250%, 11/25/2033	1,999,895
2,061,476	Countrywide Home Loans 2007-14, Class A18, 6.000%, 9/25/2037	1,829,338
864,817	Credit Suisse Mortgage Capital Certificate 2007-4, Class 4A2, 5.500%, 6/25/2037	701,465
812,957	First Horizon Alternative Mortgage Securities 2005-FA7, Class 2A1, 5.000%, 9/25/2020	757,831
1,600,289	Harborview Mortgage Loan Trust 2006-4, Class 2A1A, 0.485%, 5/19/2047	773,430
1,830,059	Lehman Mortgage Trust 2007-9, Class 1A1, 6.000%, 10/25/2037	1,616,966
15	(1)(3)Lehman Structured Securities Corp. Mortgage 2001-GE3, Class A, 0.000%, 5/28/2018	10
44,248	(1)(3)Lehman Structured Securities Corp. Mortgage 2002-GE1, Class A, 0.000%, 7/26/2024	36,102
181,831	(1)(3)Salomon Brothers Mortgage Sec. VII 1999-4, Class IO, 2.547%, 12/25/2027	4,237
566,890	Sequoia Mortgage Trust 2010-H1, Class A1, 3.750%, 2/25/2040	565,552
1,906,015	Sequoia Mortgage Trust 2011-1, Class A1, 4.125%, 2/25/2041	1,904,781
2,797,345	Sequoia Mortgage Trust 2011-2, Class A1, 3.900%, 9/25/2041	2,833,711
2,047,766	Structured Asset Securities Corp. 2005-17, Class 5A1, 5.500%, 10/25/2035	1,736,358
839,882	Washington Mutual 2006-AR1, Class 2A1B, 1.278%, 1/25/2046	484,096
1,600,549	Washington Mutual 2006-AR15, Class 1A, 1.048%, 11/25/2046	869,558
1,554,095	Wells Fargo Mortgage Backed Securities Trust 2005-12, Class 1A1, 5.500%, 11/25/2035	1,639,478
	TOTAL	17,752,808
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS	45,737,115
	COMMERCIAL MORTGAGE-BACKED SECURITIES - 7.3%	
	Commercial Mortgage - 7.3%	
2,650,000	(1)(2)DBUBS Mortgage Trust 2011-LC2A, Class A2, 3.386%, 7/10/2044	2,741,423
2,318,501	(1)(2)GS Mortgage Securities Corp. 2010-C1, Class A1, 3.679%, 8/10/2043	2,427,269
2,926,983	(1)(2)GS Mortgage Securities Corp. 2010-C2, Class A1, 3.849%, 12/10/2043	3,037,296
2,421,948	(1)(2)JP Morgan Chase Commercial Mortgage Securities 2010-C1, Class A1, 3.853%, 6/15/2043	2,532,324
2,579,769	(1)(2)JP Morgan Chase Commercial Mortgage Securities 2010-C2, Class A1, 2.749%, 11/15/2043	2,611,653
2,400,000	(1)(2)JP Morgan Chase Commercial Mortgage Securities 2011-C4, Class A2, 3.341%, 7/15/2046	2,477,648
3,750,000	UBS-Citigroup Commercial Mortgage Trust 2011-C1, Class A2, 2.804%, 1/10/2045	3,806,681
1,500,000	(1)(2)WF-RBS Commercial Mortgage Trust 2011-C3, Class A2, 3.292%, 3/15/2044	1,563,816
1,600,000	WF-RBS Commercial Mortgage Trust 2011-C3, Class A3, 3.526%, 11/15/2044	1,624,550
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES	22,822,660
	REPURCHASE AGREEMENTS - 7.7%	
18,627,000	Bank of America, N.A., 0.06%, dated 12/30/2011, due 1/3/2012	18,627,000
5,316,000	(4)Barclays Capital, Inc., 0.05%, dated 12/19/2011, due 1/23/2012	5,316,000
	TOTAL REPURCHASE AGREEMENTS	23,943,000
	TOTAL INVESTMENTS	\$359,378,886

- (1) Denotes a restricted security that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. At December 30, 2011, these restricted securities amounted to \$17,431,778, which represented 5.6% of total net assets.

- (2) Denotes a restricted security that may be resold without restriction to "qualified institutional buyers" as defined in Rule 144A under the Securities Act of 1933 and that the Fund has determined to be liquid under criteria established by the Fund's Board of Directors (the "Directors"). At December 30, 2011, these liquid restricted securities amounted to \$17,391,429, which represented 5.6% of total net assets.
- (3) Market quotations and price evaluations are not available. Fair value determined in accordance with procedures established by and under the general supervision of the Directors.
- (4) Although the repurchase date is more than seven days after the date of purchase, the Fund has the right to terminate the repurchase agreement at any time with seven-days' notice.

Note: The categories of investments are shown as a percentage of net assets (\$310,961,023) at the close of business on December 30, 2011, and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

The following acronyms are used throughout this portfolio:

IO --Interest Only
REMIC --Real Estate Mortgage Investment Conduit

Portfolio holdings are shown as of the date indicated and are unaudited. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell or hold any of the securities listed.

For more complete information on the fund, visit www.FederatedInvestors.com for a prospectus. You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

Federated Securities Corp., Distributor
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