

Federated Capital Income Fund



A Diversified Income Approach

In the search for income, investors increasingly need to look beyond Treasuries and other traditional sources. Federated Capital Income Fund offers a diversified mix of dividend-paying stocks and income-producing bonds pursuing high monthly income relative to the broad market and lower downside risk.

A Strategic Mix of Dividend-Paying Stocks and Income-Producing Bonds

The combined equity and bond portfolio provides low correlation and seeks to cushion the portfolio's volatility.

- The equity allocation is broadly diversified across sectors and market-leading value companies.
- The bond portfolio is diversified across high-yield, high-quality government and corporate as well as developed and emerging market sectors.

Pursues More Income with Less Risk

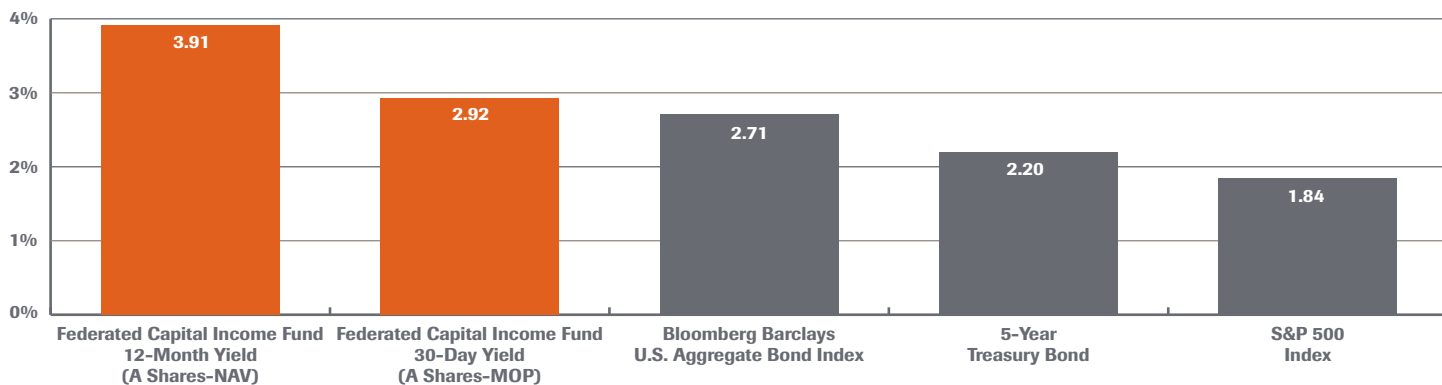
The fund pursues high current income relative to the broad market while managing risk through its diversification across asset classes, sectors and individual securities. Its strategic, actively managed selection of dividend-paying stocks and allocation to multiple bond sectors seeks to generate higher yields while smoothing out the impact of market swings.

Upside Participation, Lower Downside Risk

The fund's unique combination of stocks and bonds seeks to:

- Lower downside risk during market declines, helping investors avoid substantial losses that diminish wealth and income.
- Enhance opportunity to capture the markets' upside potential.

The Fund Has Delivered More Yield and More Opportunity for Income



Sources: Barclays Live, Lipper, Federal Reserve, Federated Investors, Inc. Information is as of 12/31/17.

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than what is stated. For performance current to the most recent month-end and after-tax returns, visit FederatedInvestors.com or call 1-800-341-7400. Maximum Offering Price figure reflects the sales charge of 5.5% for A Shares.

The Bloomberg Barclays U.S. Aggregate Bond Index is yield to worst. The S&P 500 Index is 30-day dividend yield. The 5-Year Treasury Bond Index is yield to worst. 5-Year Treasury Bond figure is annualized. Index performance is for illustrative purposes only and is not representative of an actual investment. Investments cannot be made directly in an index.

12-month yield is the sum of a fund's total trailing 12-month interest and dividend payments divided by the last month's ending share price (NAV) plus any capital gains distributed over the same period.

30-day yield (also known as "SEC yield") is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 2.76% for A Shares. Yields for other classes will vary.

Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index composed of securities from the Barclays Government/Corporate Bond Index, the 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. Indices are rebalanced monthly by market capitalization. **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 major industries.

Must be preceded or accompanied by a prospectus.

All information as of 12/31/17 unless otherwise noted.

Fund Characteristics

Portfolio Assets: \$1.8 billion

Benchmark: 40% Russell 1000® Value Index/20% Bloomberg Barclays Emerging Markets USD Aggregate Index/20% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index/20% Bloomberg Barclays U.S. Mortgage Backed Securities Index

Key Investment Team

John Nichol, CFA
Linda Bakhshian, CPA, CA
Jerome Conner, CFA
Todd Abraham, CFA
Mark Durbiano, CFA
Ihab Salib

% of Equity Portfolio Sector Weightings

Financials	20.9
Information Technology	14.3
Health Care	13.2
Industrials	10.2
Energy	9.1
Consumer Discretionary	8.1
Consumer Staples	7.4
Real Estate	5.9
Utilities	4.4
Materials	3.6
Telecommunication Services	2.7
Cash/Cash Equivalents	0.2

% of Fixed-Income Portfolio Quality Breakdown¹

AAA	22.4
AA	1.6
A	5.5
BBB	15.1
BB	18.1
B	22.9
CCC	10.1
CC & Below	0.2
Not Rated	2.1
Cash	2.0

These materials include general information and have not been tailored for any specific recipient or recipients. Accordingly, these materials are not intended to cause Federated or any affiliate to become a fiduciary within the meaning of Section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974, as amended or Section 4975(e)(3)(B) of the Internal Revenue Code of 1986, as amended.

A Word About Risk

Mutual funds are subject to risks and fluctuate in value.

International investing involves special risks, including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging markets securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

Diversification does not assure a profit nor protect against loss.

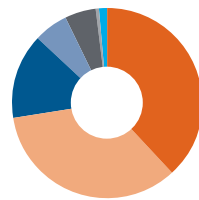
Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

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.

Definitions

The portfolio composition percentages are based on net assets at the close of business on 12/31/17 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Portfolio Composition (%)



U.S. Fixed Income	38.8	International Equity	6.1
U.S. Equity	34.8	Convertibles	5.2
International Fixed Income	14.5	Cash/Cash Equivalents	0.6

Short fixed-income futures were -3.1%; long fixed-income futures were 12.7%; and delta adjusted written equity call options were 1.8%. Futures contracts do not require cash outlay; the notional value is reported.

Average Annual Total Returns (%)

Performance shown is before tax.

	Performance Inception	Cumulative 3 Month	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception	Expense Ratio*	
										Before Waivers	After Waivers
IS	5/27/88	3.00	10.31	3.92	5.41	5.39	7.14	3.30	6.74	0.82	0.66
A (NAV)	5/27/88	2.93	10.05	3.67	5.13	5.28	7.06	3.25	6.72	1.07	0.91
A (MOP)	5/27/88	-2.68	3.96	1.71	3.95	4.68	6.66	2.96	6.51	1.07	0.91
Benchmark		2.36	9.06	7.84	8.70	7.06	8.66	4.31	-	-	-

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedInvestors.com. Maximum Offering Price figures reflect the maximum sales charge of 5.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

*** The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 2/1/18 or the date of the fund's next effective prospectus.**

¹ The ratings agencies that provided the ratings are Standard and Poor's, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.

The fund's Institutional Shares commenced operations on March 30, 2012. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses of the Institutional Shares since the Institutional Shares have a lower expense ratio than the expense ratio of the A Shares. The performance shown has also been adjusted to reflect differences between the sales loads and charges imposed on the purchase and redemption of the fund's A Shares and Institutional Shares and to remove any voluntary waiver of fund expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the Institutional Shares.

Total return represents the change in value of an investment after reinvesting all income and capital gains.

Russell 1000® Value Index Measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values.

The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Russell 1000® Value Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index is an issuer-constrained version of the flagship U.S. Corporate High Yield Index, which measures the USD-denominated, high yield, fixed-rate corporate bond market. The index follows the same rules as the uncapped version, but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value index wide on a pro rata basis. The index was created in 2002, with history backfilled to January 1, 1993.

Bloomberg Barclays Emerging Markets USD Aggregate Index tracks total returns for external-currency-denominated debt instruments of the emerging markets: Brady bonds, loans, Eurobonds, and U.S. dollar-denominated local market instruments. Countries covered are Argentina, Brazil, Bulgaria, Ecuador, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia, and Venezuela.

Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).