

MULTI-SECTOR

Product Highlights

- Pursues a high level of current income.
- Invests in a strategic mix of bond sectors: U.S. high-yield, U.S. high-quality (government and corporate) and international (emerging and developed).
- Limits allocation of any one sector to 50%.
- Focuses on sectors management believes will benefit from anticipated changes in economic and market conditions
- Serves as a core yield-driven, multisector bond holding.

Overall Morningstar Rating™

Rating is based on risk adjusted total return for

Class A Shares **Institutional**
Load-Waived **Overall** **Shares**
 ★★★★★ ★★★★★ ★★★★★
 out of 190 Funds in
Multisector Bond Category

The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable. Morningstar Load-Waived Ratings do not reflect the effect of the front-end sales charge for Class A Shares.

Morningstar Category

Multisector Bond

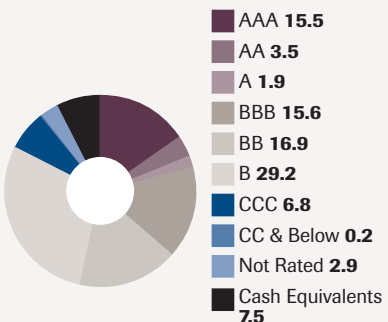
Benchmark

25% Barclays Capital Mortgage-Backed Securities Index, 40% Barclays Capital U.S. High Yield 2% Issuer Capped Index, 25% Barclays Capital Emerging Market Bond Index, 10% J.P. Morgan Non-Dollar Index

Nasdaq Symbols

Class A Shares (A)	STIAX
Class B Shares (B)	SINBX
Class C Shares (C)	SINCX
Class F Shares (F)	STFSX
Institutional Shares (IS)	STISX

Quality Breakdown (%) **

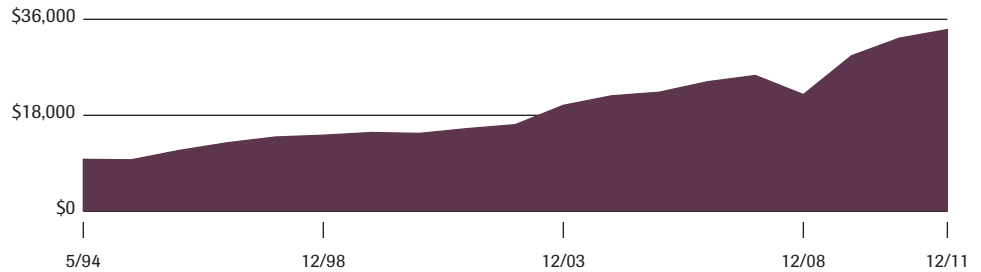


Not FDIC Insured
May Lose Value • No Bank Guarantee

Growth Over Time

If you had invested \$10,000 on 5/31/94 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 12/31/11.

■ Federated Strategic Income Fund A \$35,046



Average Annual Total Returns (%)

Performance shown is before tax.

NAV	Performance Inception	Cumulative 3 Month	1 Year	5 Year	10 Year	15 Year	Since Inception	Expense Ratio*	
								Before Waivers	After Waivers
A	5/4/94	3.72	4.93	7.00	8.19	6.71	7.36	1.35	1.27
B	7/27/95	3.53	4.14	6.18	7.52	6.28	6.93	2.10	2.02
C	5/2/94	3.53	4.03	6.19	7.37	5.91	6.55	2.10	2.02
F	5/10/94	3.74	4.95	6.99	8.18	6.70	7.30	1.40	1.27
IS	5/4/94	3.92	5.20	7.15	8.26	6.76	7.39	1.10	1.02
Benchmark		4.03	5.98	7.73	8.76	7.58	N/A	N/A	N/A
Lipper Multi-Sector Income Funds Average		2.56	2.89	5.36	6.87	5.68	N/A	N/A	N/A

Maximum Offering Price

NAV	Performance Inception	Cumulative 3 Month	1 Year	5 Year	10 Year	15 Year	Since Inception	Expense Ratio*	Expense Ratio*
								Before Waivers	After Waivers
A	5/4/94	-0.98	0.20	6.01	7.69	6.39	7.08	1.35	1.27
B	7/27/95	-1.97	-1.30	5.86	7.52	6.28	6.93	2.10	2.02
C	5/2/94	2.53	3.04	6.19	7.37	5.91	6.55	2.10	2.02
F	5/10/94	1.70	2.94	6.77	8.07	6.63	7.24	1.40	1.27

Calendar Year Total Returns (%)

Class A Shares/NAV

2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
4.93	11.41	33.14	-14.05	4.86	8.75	3.18	8.94	22.30	4.77
2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
6.15	-1.10	3.52	2.45	8.37	12.55	18.22	N/A	N/A	N/A

Performance data 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 charges of 4.5% for Class A Shares and 1% for Class F Shares, and the maximum contingent deferred sales charges of 5.5% for Class B Shares, 1% for Class C Shares and 1% for Class F Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

* The Adviser and its affiliates have voluntarily agreed to waive their fees and/or reimburse expenses so that total annual fund operating expenses (excluding acquired fund fees and expenses of 0.01% and expenses allocated from affiliated partnerships, if any) paid by Class A, B, C, F and IS Shares (after the voluntary waivers and/or reimbursements) will not exceed 1.26%, 2.01%, 2.01%, 1.26% and 1.01% respectively, through the later of 1/31/12 or the date of the fund's next effective prospectus.

Federated Strategic Income Fund

Key Investment Team Members

Joseph M. Balestrino, CFA
Mark E. Durbiano, CFA
Roberto Sanchez-Dahl, CFA
Todd A. Abraham, CFA

Fund Statistics

Portfolio Assets	\$1.3 b
Dividends	Paid Monthly
30-Day Yield	4.82%
Weighted Average Effective Maturity	7.0 Years
Weighted Average Effective Duration	4.3 Years

Top Holdings (%)

Government of Sweden, 4.50% due 8/12/15	0.6
Government of Italy, 4.25% due 2/01/15	0.5
Government of Japan, 1.30% due 12/20/18	0.5
Government of Japan, 1.60% due 12/20/15	0.5
Government of the United Kingdom, 4.75% due 3/07/20	0.5
Japan-286, 1.80% due 6/20/17	0.5
Government of Germany, 4.25% due 1/04/14	0.4
Government of Japan, 0.40% due 6/20/15	0.4
Government of Japan, 0.50% due 6/20/13	0.4
Spain Letras Del Tesoro due 1/20/12	0.4

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit FederatedInvestors.com. Please carefully read the summary prospectus or the prospectus before investing.

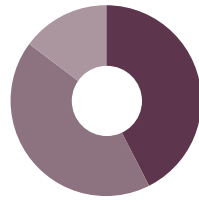
Past performance is no guarantee of future results.

The fund's Institutional Shares commenced operations on January 28, 2008. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for the fund's Class A Shares, adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of fund expenses related to the Class A Shares that may have occurred prior to commencement of operations of the Institutional Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

A WORD ABOUT RISK

International investing involves special risks including currency risk, increased volatility, political risks and differences in auditing and other financial standards.

Sector Weightings (%)



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

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

DEFINITIONS

The holdings percentages are based on net assets at the close of business on 12/31/11 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

Total return represents the change in value of an investment after reinvesting all income and capital gains. Total return would have been lower in the absence of temporary expense waivers or reimbursements.

The 30-day yield for Class A Shares is calculated by dividing the net investment income per share for the 30 days ended on the date of calculation by the maximum offering price per share on that date. The figure is compounded and annualized. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 4.74% for Class A Shares. Yields for other classes will vary.

Growth Over Time performance is for the fund's Class A Shares. Figures do not reflect the 4.5% maximum sales charge. The fund offers additional share classes whose performance will vary due to differences in charges and expenses.

Weighted average effective maturity is the average time to maturity of debt securities held in the fund.

Weighted average effective duration is a measure of 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.

The fund's benchmark is a custom index comprised of four separate indexes which track various security types. The weightings assigned to each component index of the benchmark are fixed, but do not necessarily reflect the fund's allocation to the type of fixed-income securities represented by the component indexes, which will vary. Barclays Capital Mortgage-Backed Securities Index is an unmanaged index composed of all fixed securities mortgage pools by GNMA, FNMA and the FHLMC, including GNMA Graduated Payment Mortgages. Barclays Capital High Yield 2% Issuer Constrained Index is the 2% Issuer Cap component of the U.S. Corporate High Yield Bond Index. Barclays Capital U.S. Corporate High Yield Bond Index is an unmanaged index that includes all fixed income securities having a maximum quality rating of Ba1, a minimum amount outstanding of \$150 million, and at least 1 year to maturity. Barclays Capital Emerging Market Bond Index (EMBI) 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. J.P. Morgan Non-Dollar Index is a total return, unmanaged trade-weighted index of over 360 government and high-grade bonds in 12 developed countries. Indexes are unmanaged and cannot be invested in directly.

** 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.

RATINGS AND RATING AGENCIES

Lipper Averages represent the average total returns reported by all mutual funds designated by Lipper, Inc. as falling into the respective categories indicated and do not reflect sales charges. Data Source: Lipper, A Reuters Company. Copyright 2012© Reuters. All rights reserved. Any copying, republication or redistribution of Lipper content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2012 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. Ratings are for Class A and Institutional Shares; other classes may have different performance characteristics. For the 3-, 5- and 10-year periods ended 12/31/11, the fund's Class A Shares received 3, 3 and 3 stars and the fund's Institutional Shares received 4, 4 and 4 stars, and was rated among 190, 151 and 106 funds, respectively. Past performance is no guarantee of future results.

Morningstar offers ratings for Load-Waived versions of the Class A Shares of mutual funds. These ratings better reflect the investors experience for those individuals who do not pay the mutual fund's front load, such as retirement-plan participants. These ratings are calculated according to the methodology for the Morningstar rating for funds, and they supplement the ratings for the original Class A Shares, which reflects the maximum front load. For the 3-, 5- and 10-year periods ended 12/31/11, the load-waived ratings were 4, 4 and 4 stars among 190, 151 and 106 funds, respectively.