

GOVERNMENT

Product Highlights

- Pursues current income consistent with minimal volatility of principal.
- Invests in adjustable and floating rate mortgage-backed securities, which pay interest at rates that increase or decrease with changes in market rates.
- Features a 26-year track record.

Morningstar Category

Short Government

Benchmark

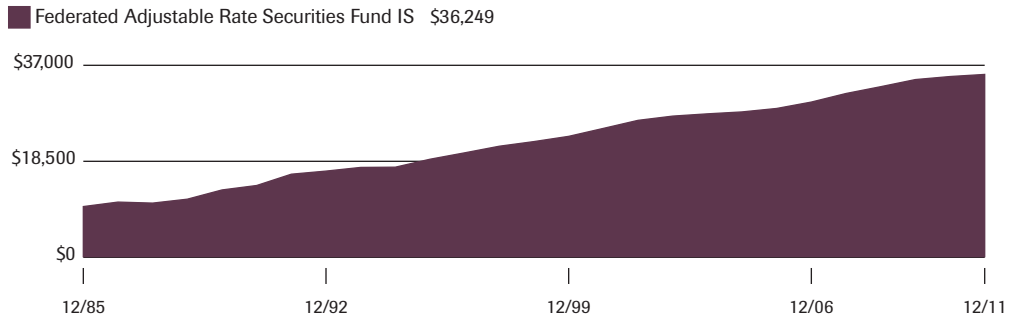
Bank of America Merrill Lynch 1-Year U.S. Treasury Note Index

Nasdaq Symbols

Institutional Shares (IS) FEUGX
Service Shares (SS) FASSX

Growth Over Time

If you had invested \$10,000 on 12/31/85 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 12/31/11.



Average Annual Total Returns (%)

Performance shown is before tax.

NAV	Performance Inception	Cumulative 3 Month	Performance						Expense Ratio*	
			1 Year	5 Year	10 Year	15 Year	20 Year	Since Inception	Before Waivers	After Waivers
IS	12/3/85	0.31	1.16	3.33	2.93	3.80	4.02	5.06	1.01	0.65
SS	4/25/92	0.25	0.91	3.09	2.69	3.55	N/A	3.83	1.06	0.90
Benchmark		0.09	0.57	2.55	2.49	3.68	3.97	N/A	N/A	N/A
Lipper Ultra-Short Obligations Funds Average		0.20	0.38	1.73	2.22	3.61	4.09	N/A	N/A	N/A

Calendar Year Total Returns (%)

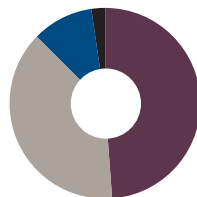
Institutional Shares/NAV

2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
1.16	1.72	4.17	4.16	5.50	4.30	2.39	1.34	1.61	3.10
2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
6.25	6.56	4.51	4.19	6.32	6.52	8.81	0.27	4.29	3.71

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.

* 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%) paid by Class IS and SS Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.64% and 0.89% respectively, up to but not including the later of 11/1/12 or the date of the fund's next effective prospectus.

Sector Weightings (%)



- U.S. Government Agency Adjustable Rate Mortgage Securities **49.1**
- U.S. Government Agency Floating Rate Securities (includes FDIC-Guaranteed Debt) **38.4**
- U.S. Government Agency Mortgage-Backed Securities **10.8**
- Cash/Cash Equivalents **1.7**

Federated Adjustable Rate Securities Fund

Key Investment Team Members

Todd A. Abraham, CFA

Fund Statistics

Portfolio Assets	\$960.1 m
Dividends	Paid Monthly
30-Day Yield	0.88%
Weighted Average Effective Duration	0.9 Years

Top Holdings (%)

FNMA 4% due 01/01/26	3.2
FNMA ARM 2.580% due 08/01/39	2.4
FNMA ARM 2.830% due 08/01/35	2.2
FNMA Remic 2007-71 WF 0.7436% due 07/25/37	2.2
FHLMC ARM 2.090% due 07/01/34	1.9
FHLMC ARM 2.458% due 01/01/38	1.8
FNMA 5% due 09/01/40	1.7
FNMA ARM 2.750% due 03/01/39	1.7
FNMA Remic 2006-72 TE 0.5936% due 08/25/36	1.7
FNMA Remic 2007-88 GF 0.7736% due 09/25/37	1.7

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.

Effective January 21, 1992, the fund converted its investment policy from intermediate- to longer-term Treasuries to adjustable rate mortgage securities.

Effective September 30, 2011, the fund's share class was changed from Institutional Service Shares to Service Shares.

A WORD ABOUT RISK

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

The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.

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 Institutional 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. The 30-day yield for Service Shares was 0.64%. For an indefinite period of time, the investment adviser is waiving all or part of its fee and, in addition, may reimburse the fund for some of its expenses. Otherwise, the yield would have been 0.66% for Institutional Shares and 0.53% for Service Shares.

Growth Over Time performance is for the fund's Institutional Shares. The fund offers an additional share class whose performance will vary due to differences in charges and expenses.

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.

Bank of America Merrill Lynch 1-Year Treasury Index is an unmanaged index tracking U.S. government securities. The index is produced by Bank of America Merrill Lynch, Pierce, Fenner & Smith, Inc. Indexes are unmanaged and cannot be invested in directly.

RATINGS AND RATING AGENCIES

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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.

Federated knows...

Stability

Ranks as a leading global investment manager, managing approximately \$370 billion in assets, delivering competitive and consistent results since 1955 and fostering growth by reinvesting in the company

Investment Solutions

Offers broad product lines spanning domestic and international equity, fixed income, alternative and money market strategies with the goal of long-term, consistent, competitive performance

Diligence

Takes the long view, believing that doing business the right way over time will present opportunity for future growth