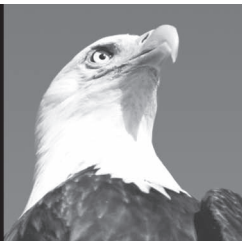


The following document
is for a Federated Fund
that is no longer available
for purchase.

Federated®



FEDERATED BALANCED ALLOCATION FUND

Established 2005

A Portfolio of Federated Managed Allocation Portfolios

PRESIDENT'S MESSAGE AND ANNUAL SHAREHOLDER REPORT

November 30, 2010

Class A Shares

Class B Shares

Class C Shares

Not FDIC Insured ■ May Lose Value ■ No Bank Guarantee



**J. Christopher
Donahue**

President

Federated Balanced
Allocation Fund

PRESIDENT'S MESSAGE

Dear Valued Shareholder,

I'm writing on behalf of Federated Balanced Allocation Fund to provide you with its Annual Report covering the period from December 1, 2009 through November 30, 2010, as well as an update on the general market conditions impacting your fund over this period. In this report, you'll find performance data, Management's Discussion of Fund Performance, financial information and a complete listing of your fund's holdings.

The 12-month reporting period was another fitful chapter in the long road to global recovery. In the United States, the first half of the period saw economic data that supported the prospects for a broadening recovery, aided by a manufacturing rebuild of depleted inventories, consumers who appeared to be loosening their grip on their wallets and a labor market that appeared on the verge of expanding again. The spurt in activity slowed considerably by late summer, as the Federal Reserve sounded warnings about the recovery and hinting it may attempt a further round of Treasury security purchases to boost growth. As summer gave way to fall, however, signs of improvement in the U.S. economy increased. The Fed did commit to further stimulus, and third-quarter gross domestic product growth was revised upward from 2.0% to a better-than-expected 2.5% annual rate, bolstered by much stronger consumer spending and a surge in business investment in equipment and software. Measures of consumer sentiment for November also were encouraging. Adding to this growing sense of optimism were solid back-to-school and October retail sales and reports of robust early holiday store traffic. However, concerns remained as the U.S. housing market was stuck at recession levels.

Beyond the United States, the economies of emerging-market countries – particularly China, Southeast Asia and much of Latin America – performed relatively well in comparison to much of the developed world, benefitting from the nascent global recovery and from growing internal demand. However, investor sentiment rose and fell in response to wide-ranging developments, including sovereign-debt problems – notably Greece's precarious financial position – the uncertain pace of the U.S. economic recovery, questions about China's ability to

continue its growth, the level of European Union (EU) and the International Monetary Fund aid to EU-member states, a relatively positive stress test of euro-area banks, and ever-changing corporate earnings and economic data. By the end of the period, Europe was still dealing with sovereign-debt issues in the euro-zone's fiscally weakest peripheral countries, notably Greece, Portugal, Ireland, Italy and Spain. Each pushed through austerity measures during the reporting period that were aimed at getting their finances in order, the result of which slowed their growth prospects and shrank export markets for Germany and France, their major euro-export partners.

THE BENEFITS OF EXPERIENCE

During times when genuine reasons for optimism are countered by data suggesting that caution is warranted, maintaining perspective and discipline is especially important. In Federated's 55 years as an investment manager, we have navigated through many periods of market volatility. The particulars may change but, we know that in addition to challenges, market cycles also create opportunities.

Federated's Diverse Fund Line Up

37 Equity Funds from growth and value to international and balanced to alternative strategies

48 Fixed Income Funds including government, corporate and municipal

49 Money Market Funds including agency, Treasury, government and prime funds

OUR COMMITMENT TO YOU

One of the most important reasons for Federated's steadfast presence in this dynamic business is the trust and support of valued shareholders like you. Our desire to continue earning that confidence is the reason behind the principles that form the foundation of our business:

- **Stability**—Federated has been delivering competitive and consistent results to investors since 1955 and today ranks as a leading global investment manager.
- **Investment Solutions**—As an experienced money manager, we understand the importance of diversification and allocation in managing overall portfolio risk. Our broad product line up spans domestic and international equity, fixed income, alternative and money market strategies with the goal of consistent, competitive performance.
- **Diligence**—We take the long view, believing that doing business the right way over time will present opportunity for future growth.

Our website, FederatedInvestors.com, offers timely updates on your fund as well as commentary on economic and market developments from our investment strategists. Another important resource to guide you through the ups and downs of the market is your financial adviser. Your adviser can review your overall portfolio, help you reassess your goals and help you stay focused on the long term.

As always, we thank you for investing with Federated.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Christopher Donahue". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

J. Christopher Donahue
President
January 14, 2011

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

Federated Securities Corp., Distributor



FEDERATED BALANCED ALLOCATION FUND

Established 2005

A Portfolio of Federated Managed Allocation Portfolios

ANNUAL SHAREHOLDER REPORT

November 30, 2010

Class A Shares

Class B Shares

Class C Shares

FINANCIAL HIGHLIGHTS

SHAREHOLDER EXPENSE EXAMPLE

MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE

PORTFOLIO OF INVESTMENTS SUMMARY TABLE

PORTFOLIO OF INVESTMENTS

STATEMENT OF ASSETS AND LIABILITIES

STATEMENT OF OPERATIONS

STATEMENT OF CHANGES IN NET ASSETS

NOTES TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BOARD OF TRUSTEES AND TRUST OFFICERS

EVALUATION AND APPROVAL OF ADVISORY CONTRACT

VOTING PROXIES ON FUND PORTFOLIO SECURITIES

QUARTERLY PORTFOLIO SCHEDULE

Not FDIC Insured ■ May Lose Value ■ No Bank Guarantee
--

FINANCIAL HIGHLIGHTS – CLASS A SHARES

(For a Share Outstanding Throughout Each Period)

	Year Ended November 30,				Period
	2010	2009	2008	2007	Ended
					11/30/2006 ¹
Net Asset Value, Beginning of Period	\$7.49	\$6.04	\$10.71	\$10.90	\$10.00
Income From Investment Operations:					
Net investment income	0.14	0.17	0.10	0.13 ²	0.34 ²
Net realized and unrealized gain (loss) on investments	0.62	1.45	(3.35)	0.69	0.56
TOTAL FROM INVESTMENT OPERATIONS	0.76	1.62	(3.25)	0.82	0.90
Less Distributions:					
Distributions from net investment income	(0.13)	(0.17)	(0.49)	(0.23)	—
Distributions from net realized gain on investments	—	—	(0.93)	(0.78)	—
TOTAL DISTRIBUTIONS	(0.13)	(0.17)	(1.42)	(1.01)	—
Net Asset Value, End of Period	\$8.12	\$7.49	\$6.04	\$10.71	\$10.90
Total Return³	10.28%	27.52%	(34.90)%	8.15%	9.00%
Ratios to Average Net Assets:					
Net expenses	0.27%	0.27%	0.27%	0.27%	0.27% ⁴
Net investment income	1.78%	2.70%	1.33%	1.26%	3.59% ⁴
Expense waiver/reimbursement ⁵	1.10%	1.23%	1.16%	1.29%	2.75% ⁴
Supplemental Data:					
Net assets, end of period (000 omitted)	\$25,993	\$23,848	\$17,002	\$19,755	\$13,150
Portfolio turnover	9%	23%	47%	2%	0% ⁶

- 1 Reflects operations for the period from December 23, 2005 (date of initial investment) to November 30, 2006.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods of less than one year are not annualized.
- 4 Computed on an annualized basis.
- 5 This expense decrease is reflected in both the net expense and the net investment income ratios shown above.
- 6 Represents less than 1%.

See Notes which are an integral part of the Financial Statements

FINANCIAL HIGHLIGHTS – CLASS B SHARES

(For a Share Outstanding Throughout Each Period)

	Year Ended November 30,				Period
	2010	2009	2008	2007	Ended
					11/30/2006 ¹
Net Asset Value, Beginning of Period	\$7.45	\$5.99	\$10.64	\$10.86	\$10.00
Income From Investment Operations:					
Net investment income	0.08	0.13	0.05	0.07 ²	0.24 ²
Net realized and unrealized gain (loss) on investments	0.61	1.44	(3.34)	0.67	0.62
TOTAL FROM INVESTMENT OPERATIONS	0.69	1.57	(3.29)	0.74	0.86
Less Distributions:					
Distributions from net investment income	(0.08)	(0.11)	(0.43)	(0.18)	—
Distributions from net realized gain on investments	—	—	(0.93)	(0.78)	—
TOTAL DISTRIBUTIONS	(0.08)	(0.11)	(1.36)	(0.96)	—
Net Asset Value, End of Period	\$8.06	\$7.45	\$5.99	\$10.64	\$10.86
Total Return³	9.37%	26.68%	(35.41)%	7.38%	8.60%
Ratios to Average Net Assets:					
Net expenses	1.02%	1.02%	1.02%	1.02%	1.02% ⁴
Net investment income	1.06%	1.94%	0.58%	0.64%	2.48% ⁴
Expense waiver/reimbursement ⁵	1.10%	1.23%	1.16%	1.30%	2.72% ⁴
Supplemental Data:					
Net assets, end of period (000 omitted)	\$20,090	\$19,734	\$14,525	\$20,364	\$12,434
Portfolio turnover	9%	23%	47%	2%	0% ⁶

- 1 Reflects operations for the period from December 23, 2005 (date of initial investment) to November 30, 2006.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods of less than one year are not annualized.
- 4 Computed on an annualized basis.
- 5 This expense decrease is reflected in both the net expense and the net investment income ratios shown above.
- 6 Represents less than 1%.

See Notes which are an integral part of the Financial Statements

FINANCIAL HIGHLIGHTS – CLASS C SHARES

(For a Share Outstanding Throughout Each Period)

	Year Ended November 30,				Period
	2010	2009	2008	2007	Ended
					11/30/2006 ¹
Net Asset Value, Beginning of Period	\$7.44	\$5.98	\$10.64	\$10.86	\$10.00
Income From Investment Operations:					
Net investment income	0.08	0.13	0.06	0.10 ²	0.23 ²
Net realized and unrealized gain (loss) on investments	0.61	1.45	(3.36)	0.64	0.63
TOTAL FROM INVESTMENT OPERATIONS	0.69	1.58	(3.30)	0.74	0.86
Less Distributions:					
Distributions from net investment income	(0.08)	(0.12)	(0.43)	(0.18)	—
Distributions from net realized gain on investments	—	—	(0.93)	(0.78)	—
TOTAL DISTRIBUTIONS	(0.08)	(0.12)	(1.36)	(0.96)	—
Net Asset Value, End of Period	\$8.05	\$7.44	\$5.98	\$10.64	\$10.86
Total Return³	9.39%	26.87%	(35.46)%	7.37%	8.60%
Ratios to Average Net Assets:					
Net expenses	1.02%	1.02%	1.02%	1.00%	1.02% ⁴
Net investment income	1.03%	1.91%	0.61%	0.93%	2.45% ⁴
Expense waiver/reimbursement ⁵	1.10%	1.22%	1.16%	1.29%	2.80% ⁴
Supplemental Data:					
Net assets, end of period (000 omitted)	\$8,154	\$7,460	\$5,111	\$7,254	\$3,560
Portfolio turnover	9%	23%	47%	2%	0% ⁶

- 1 Reflects operations for the period from December 23, 2005 (date of initial investment) to November 30, 2006.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods of less than one year are not annualized.
- 4 Computed on an annualized basis.
- 5 This expense decrease is reflected in both the net expense and the net investment income ratios shown above.
- 6 Represents less than 1%.

See Notes which are an integral part of the Financial Statements

SHAREHOLDER EXPENSE EXAMPLE (UNAUDITED)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase or redemption payments; and (2) ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or shareholder services fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from June 1, 2010 to November 30, 2010.

ACTUAL EXPENSES

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as sales charges (loads) on purchase or redemption payments. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds. In addition, if these transaction costs were included, your costs would have been higher.

	Beginning Account Value 6/1/2010	Ending Account Value 11/30/2010	Expenses Paid During Period ¹
Actual:			
Class A Shares	\$1,000	\$1,116.90	\$1.43
Class B Shares	\$1,000	\$1,113.30	\$5.40
Class C Shares	\$1,000	\$1,113.40	\$5.40
Hypothetical (assuming a 5% return before expenses):			
Class A Shares	\$1,000	\$1,023.71	\$1.37
Class B Shares	\$1,000	\$1,019.95	\$5.16
Class C Shares	\$1,000	\$1,019.95	\$5.16

¹ Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	0.27%
Class B Shares	1.02%
Class C Shares	1.02%

MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE (UNAUDITED)

The Fund's Class A Shares, Class B Shares and Class C Shares produced total returns of 10.28%, 9.37% and 9.39%, respectively, based on net asset value for the 12-month reporting period ended November 30, 2010. The Standard & Poor's 500 Index (S&P 500),¹ a broad-based securities market index, returned 9.94% for the same period. The Morningstar Moderate Allocation Funds Category² average returned 8.94%. The Fund's total return for the fiscal year reflected actual cash flows, transaction costs and other expenses which were not reflected in the total return of the benchmark index.

The following discussion will focus on the performance of the Fund's Class A Shares.

MARKET OVERVIEW

Domestic Equities

Domestic equities, as measured by the S&P 500 index, experienced another year of substantial volatility, as the U.S. economy continued to grind through its recovery. Markets traded lower heading into the opening months of 2010, before rallying sharply during the spring in response to improving economic fundamentals. After peaking in April, equities were weak throughout the summer, as economic data rolled over, sparking debate as to whether or not the economy was entering a double-dip recession or simply a soft patch. U.S. equities were also hurt by fears that the European sovereign-debt crisis could jump across the Atlantic. Fortunately, the economic malaise of the summer proved to be a soft patch, and equities rallied strongly in the fall as markets were boosted by the reacceleration of economic data, the results of the mid-term Congressional elections and the announcement by the Federal Reserve of a second round of quantitative easing. All told, the S&P 500 ended the one-year period with a positive return of 9.94%. Nine out of 10 sectors posted positive returns. The three best-performing S&P sectors were Consumer Discretionary, up 28.1%; Industrials, up 19.2%; and Telecommunication Services, up 15.5%. The three lagging sectors were Financials, down 0.3%; Health Care, up 0.5%; and Utilities, up 8.0%.

- 1 The S&P 500 is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Investments cannot be made in an index.*
- 2 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. Copyright 2010 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.*

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. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit FederatedInvestors.com or call 1-800-341-7400.

International Equities

World markets followed a similar path as the United States. The severity of the summer downturn was sharper outside the U.S., as Europe was acutely affected by the Greek debt crisis. International markets also were weak during November, as concerns over Irish sovereign debt and banks once again pulled equities lower. For the year, the MSCI All-Country World ex-USA index³ returned 5.26%, underperforming relative to the United States.

Within the international markets, performance varied significantly between emerging and developed countries. Emerging markets, as measured by the MSCI Emerging Markets Index,⁴ continued to outperform on stronger growth fundamentals, returning 15.3% for the year. International developed markets, as measured by the MSCI EAFE Index,⁵ were considerably weaker, returning 1.1%.

On the currency front, the U.S. dollar appreciated 13.3% against the euro and 5.1% against the sterling, on superior growth prospects in the United States and sovereign debt concerns in Europe, but lost 2.6% against the yen.

Interest Rates

Interest rates moved lower over the 12-month reporting period. Intermediate maturity yields fell the most while the shortest maturities and the longest maturities were virtually unchanged. Although the Gulf of Mexico oil spill caused spreads to widen over the summer, credit-related spread bonds performed well on expectations that they would do well in a growing economic environment. Prospects for economic growth also improved on the overwhelming election win by Republicans in early November.

The 5-year Treasury yield fell 0.53% over the reporting period finishing at 1.47%. The “yield to worst” of the Barclays Capital U.S. Aggregate Bond Index⁶ stood at 2.68% on November 30, 2010, compared to 3.40% 12 months earlier.

- 3 *The MSCI All-Country World ex US Index consists of 22 developed and 24 emerging market country indices. It is market capitalization weighted. Investments cannot be made directly in an index. International investing involves special risks including currency risk, 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.*
- 4 *The MSCI Emerging Markets Index is a free float-adjusted, market-capitalization index that is designed to measure equity market performance of emerging markets. As of June 2009 the MSCI Emerging Markets Index consisted of 22 emerging market country indices.*
- 5 *The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted, market-capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. As of May 27, 2010 the MSCI EAFE Index consisted of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.*
- 6 *The Barclays Capital U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS. The U.S. Aggregate rolls up into other Barclays Capital flagship indices such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt. The U.S. Aggregate Index was created in 1986, with index history backfilled to January 1, 1976. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.*

FUND PERFORMANCE

The Fund, by design, invests approximately equal amounts of its non-cash assets in four underlying Federated mutual funds: Federated InterContinental Fund; Federated Capital Appreciation Fund; Federated Kaufmann Fund; and Federated Intermediate Corporate Bond Fund.⁷

The returns of each of the four underlying funds relative to its respective benchmark depends upon the investment decisions made in each of the funds' portfolios and the fees charged. Each of the funds is actively managed. The primary investment decisions made by each manager involve the overweight or underweight in certain sectors of the market and the individual securities purchased. The Federated InterContinental Fund Institutional Share Class was up 8.03% on a net basis while its benchmark, the MSCI All Country World ex U.S. index, had a return of 5.26%. The Federated Capital Appreciation Fund posted a positive return of 7.67%, while its benchmark, the S&P 500, gained 9.94%. The Federated Kaufmann Fund returned 16.80% while its benchmark, the Russell Midcap[®] Growth index,⁸ was up 26.33%, and the Federated Intermediate Corporate Bond Fund posted a return of 7.81% while its benchmark, the Barclays Capital Intermediate Credit index,⁹ was up 8.07%.

- 7 *Due to its strategy of investing in other mutual funds, this Fund may incur certain additional expenses and tax results that would not be present with a direct investment in the underlying funds.*
- 8 *Russell Midcap[®] Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth Index. The index is unmanaged, and unlike the Fund, is not affected by cash flows. Investments cannot be made in an index.*
- 9 *Barclays Capital U.S. Intermediate Credit Index is an unmanaged index that consists of dollar-denominated, investment-grade, publicly issued securities with a maturity of between one and ten years, a minimum amount outstanding of \$250 million, and that are issued by both corporate issuers and non-corporate issuers (supranationals, sovereigns, foreign agencies and foreign local governments). Investments cannot be made in an index.*

GROWTH OF A \$10,000 INVESTMENT – CLASS A SHARES

The graph below illustrates the hypothetical investment of \$10,000¹ in Federated Balanced Allocation Fund (Class A Shares) (the “Fund”) from December 23, 2005 (start of performance) to November 30, 2010, compared to the Standard and Poor’s 500 Index (S&P 500)² and the Barclays Capital U.S. Intermediate Credit Index (BCIC).²

Average Annual Total Returns³ for the Period Ended 11/30/2010

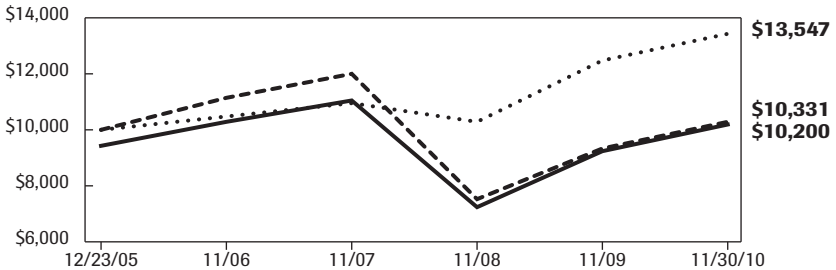
1 Year	4.17%
Start of Performance (12/23/2005)	0.40%

GROWTH OF \$10,000 AS OF NOVEMBER 30, 2010

— Federated Balanced Allocation Fund - Class A Shares

··· BCIC

-- S&P 500



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. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit FederatedInvestors.com or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured. Total returns shown include the maximum sales charge of 5.50%.

- 1 Represents a hypothetical investment of \$10,000 in the Fund after deducting the maximum sales charge of 5.50% (\$10,000 investment minus \$550 sales charge = \$9,450). The Fund’s performance assumes the reinvestment of all dividends and distributions. The BCIC and the S&P 500 have been adjusted to reflect reinvestment of dividends on securities in the indexes.
- 2 The BCIC and S&P 500 are not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission (SEC) requires to be reflected in the Fund’s performance. The indexes are unmanaged and, unlike the Fund, are not affected by cash flows. It is not possible to invest directly in an index.
- 3 Total returns quoted reflect all applicable sales charges.

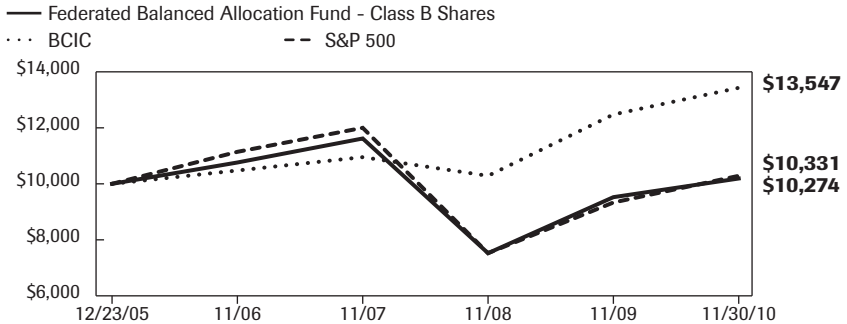
GROWTH OF A \$10,000 INVESTMENT – CLASS B SHARES

The graph below illustrates the hypothetical investment of \$10,000¹ in Federated Balanced Allocation Fund (Class B Shares) (the “Fund”) from December 23, 2005 (start of performance) to November 30, 2010, compared to the Standard and Poor’s 500 Index (S&P 500)² and the Barclays Capital U.S. Intermediate Credit Index (BCIC).²

Average Annual Total Returns³ for the Period Ended 11/30/2010

1 Year	3.87%
Start of Performance (12/23/2005)	0.55%

GROWTH OF \$10,000 AS OF NOVEMBER 30, 2010



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. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit FederatedInvestors.com or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured. Total returns shown include the maximum contingent deferred sales charge of 5.50%, as applicable.

- 1 Represents a hypothetical investment of \$10,000 in the Fund. The maximum contingent deferred sales charge is 5.50% on any redemption less than one year from the purchase date. The Fund’s performance assumes the reinvestment of all dividends and distributions. The BCIC and the S&P 500 have been adjusted to reflect reinvestment of dividends on securities in the indexes.
- 2 The BCIC and S&P 500 are not adjusted to reflect sales charges, expenses or other fees that the SEC requires to be reflected in the Fund’s performance. The indexes are unmanaged and, unlike the Fund, are not affected by cash flows. It is not possible to invest directly in an index.
- 3 Total returns quoted reflect all applicable contingent deferred sales charges.

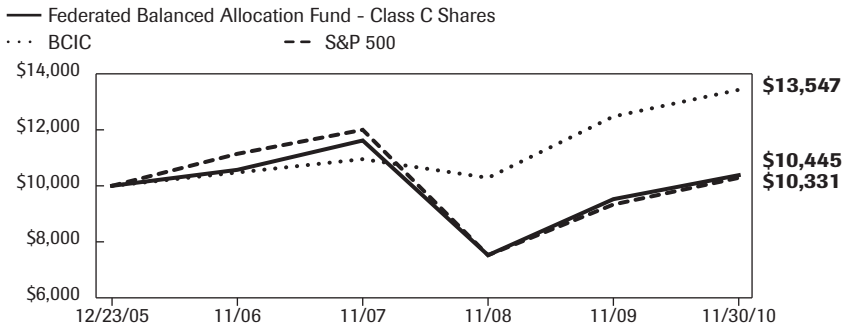
GROWTH OF A \$10,000 INVESTMENT – CLASS C SHARES

The graph below illustrates the hypothetical investment of \$10,000¹ in Federated Balanced Allocation Fund (Class C Shares) (the “Fund”) from December 23, 2005 (start of performance) to November 30, 2010, compared to the Standard and Poor’s 500 Index (S&P 500)² and the Barclays Capital U.S. Intermediate Credit Index (BCIC).²

Average Annual Total Returns³ for the Period Ended 11/30/2010

1 Year	8.39%
Start of Performance (12/23/2005)	0.88%

GROWTH OF \$10,000 AS OF NOVEMBER 30, 2010



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. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit FederatedInvestors.com or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured. Total returns shown include the maximum contingent deferred sales charge of 1.00%, as applicable.

- 1 Represents a hypothetical investment of \$10,000 in the Fund. A 1.00% contingent deferred sales charge would be applied on any redemption less than one year from the purchase date. The Fund’s performance assumes the reinvestment of all dividends and distributions. The BCIC and the S&P 500 have been adjusted to reflect reinvestment of dividends on securities in the indexes.
- 2 The BCIC and S&P 500 are not adjusted to reflect sales charges, expenses or other fees that the SEC requires to be reflected in the Fund’s performance. The indexes are unmanaged and, unlike the Fund, are not affected by cash flows. It is not possible to invest directly in an index.
- 3 Total returns quoted reflect all applicable contingent deferred sales charges.

PORTFOLIO OF INVESTMENTS SUMMARY TABLE (UNAUDITED)

At November 30, 2010, the Fund's portfolio composition¹ was as follows:

Underlying Fund	Percentage of Total Net Assets
Federated Capital Appreciation Fund	25.7%
Federated Kaufmann Fund	25.4%
Federated InterContinental Fund	24.7%
Federated Intermediate Corporate Bond Fund	24.0%
Cash Equivalents ²	0.5%
Other Assets and Liabilities—Net ³	(0.3)%
TOTAL	100.0%

- ¹ See the Fund's Prospectus and Statement of Additional Information for a description of the underlying funds in which the Fund invests.
- ² Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.
- ³ Assets, other than investment in securities, less liabilities. See Statement of Assets and Liabilities.

PORTFOLIO OF INVESTMENTS

November 30, 2010

Shares		Value
	AFFILIATED MUTUAL FUNDS—100.3%	
767,650	Federated Capital Appreciation Fund, Institutional Shares	\$13,925,171
292,423	Federated InterContinental Fund, Institutional Shares	13,381,270
1,278,748	Federated Intermediate Corporate Bond Fund, Institutional Shares	13,017,653
2,651,503	Federated Kaufmann Fund, Class A Shares	13,787,817
291,016	Federated Prime Value Obligations Fund, Institutional Shares, 0.21%	291,016
	TOTAL INVESTMENTS—100.3%	
	(IDENTIFIED COST \$51,819,308) ²	54,402,927
	OTHER ASSETS AND LIABILITIES - NET—(0.3)% ³	(166,946)
	TOTAL NET ASSETS—100%	\$54,235,981

1 7-Day net yield.

2 The cost of investments for federal tax purposes amounts to \$57,775,428.

3 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at November 30, 2010.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

As of November 30, 2010, all investments of the Fund utilized Level 1 inputs in valuing the Fund's assets carried at fair value.

See Notes which are an integral part of the Financial Statements

STATEMENT OF ASSETS AND LIABILITIES

November 30, 2010

Assets:

Total investments in affiliated issuers, at value (Note 5) (identified cost \$51,819,308)	\$ 54,402,927
Income receivable	51,126
Receivable for shares sold	62,466
TOTAL ASSETS	54,516,519

Liabilities:

Payable for investments purchased	\$ 36,000
Payable for shares redeemed	137,755
Payable for transfer and dividend disbursing agent fees and expenses	19,164
Payable for auditing fees	22,000
Payable for portfolio accounting fees	11,006
Payable for distribution services fee (Note 5)	17,653
Payable for shareholder services fee (Note 5)	13,061
Payable for share registration costs	13,539
Accrued expenses	10,360
TOTAL LIABILITIES	280,538
Net assets for 6,708,231 shares outstanding	\$ 54,235,981

Net Assets Consist of:

Paid-in capital	\$ 63,715,916
Net unrealized appreciation of investments	2,583,619
Accumulated net realized loss on investments	(12,304,094)
Undistributed net investment income	240,540
TOTAL NET ASSETS	\$ 54,235,981

STATEMENT OF ASSETS AND LIABILITIES – CONTINUED

Net Asset Value, Offering Price and Redemption Proceeds Per Share

Class A Shares:

Net asset value per share (\$25,992,647 ÷ 3,201,975 shares outstanding), no par value, unlimited shares authorized	\$8.12
Offering price per share (100/94.50 of \$8.12)	\$8.59
Redemption proceeds per share	\$8.12

Class B Shares:

Net asset value per share (\$20,089,709 ÷ 2,493,099 shares outstanding), no par value, unlimited shares authorized	\$8.06
Offering price per share	\$8.06
Redemption proceeds per share (94.50/100 of \$8.06)	\$7.62

Class C Shares:

Net asset value per share (\$8,153,625 ÷ 1,013,157 shares outstanding), no par value, unlimited shares authorized	\$8.05
Offering price per share	\$8.05
Redemption proceeds per share (99.00/100 of \$8.05)	\$7.97

See Notes which are an integral part of the Financial Statements

STATEMENT OF OPERATIONS

Year Ended November 30, 2010

Investment Income:

Dividends received from affiliated issuers (Note 5)	\$ 1,081,859
---	--------------

Expenses:

Administrative personnel and services fee (Note 5)	\$ 230,000
Custodian fees	10,491
Transfer and dividend disbursing agent fees and expenses	132,957
Directors'/Trustees' fees	11,756
Auditing fees	22,049
Legal fees	5,363
Portfolio accounting fees	66,515
Distribution services fee—Class B Shares (Note 5)	147,117
Distribution services fee—Class C Shares (Note 5)	58,083
Shareholder services fee—Class A Shares (Note 5)	62,503
Shareholder services fee—Class B Shares (Note 5)	49,039
Shareholder services fee—Class C Shares (Note 5)	19,361
Share registration costs	61,370
Printing and postage	32,224
Insurance premiums	4,349
Miscellaneous	9,711
TOTAL EXPENSES	922,888

Waiver and Reimbursements (Note 5):

Waiver of administrative personnel and services fee	\$(230,000)
Reimbursement of distribution services fee—Class B Shares	(13,972)
Reimbursement of distribution services fee—Class C Shares	(2,423)
Reimbursement of other operating expenses	(327,352)
TOTAL WAIVER AND REIMBURSEMENTS	(573,747)

Net expenses	349,141
Net investment income	732,718

Realized and Unrealized Gain (Loss) on Investments:

Net realized loss on investments in affiliated issuers	(1,031,002)
Net change in unrealized depreciation of investments	5,147,889
Net realized and unrealized gain on investments	4,116,887
Change in net assets resulting from operations	\$ 4,849,605

See Notes which are an integral part of the Financial Statements

STATEMENT OF CHANGES IN NET ASSETS

Year Ended November 30	2010	2009
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 732,718	\$ 978,222
Net realized loss on investments in affiliated issuers	(1,031,002)	(4,637,277)
Net change in unrealized appreciation/depreciation of investments	5,147,889	14,139,463
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	4,849,605	10,480,408
Distributions to Shareholders:		
Distributions from net investment income		
Class A Shares	(422,052)	(518,499)
Class B Shares	(219,113)	(275,608)
Class C Shares	(83,806)	(110,313)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(724,971)	(904,420)
Share Transactions:		
Proceeds from sale of shares	11,010,681	15,229,858
Net asset value of shares issued to shareholders in payment of distributions declared	675,673	840,764
Cost of shares redeemed	(12,616,885)	(11,242,384)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(930,531)	4,828,238
Change in net assets	3,194,103	14,404,226
Net Assets:		
Beginning of period	51,041,878	36,637,652
End of period (including undistributed net investment income of \$240,540 and \$232,793, respectively)	\$ 54,235,981	\$ 51,041,878

See Notes which are an integral part of the Financial Statements

NOTES TO FINANCIAL STATEMENTS

November 30, 2010

1. ORGANIZATION

Federated Managed Allocation Portfolios (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of one diversified portfolio, Federated Balanced Allocation Fund (the "Fund"). The Fund offers three classes of shares: Class A Shares, Class B Shares and Class C Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The investment objective of the Fund is to provide capital appreciation.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Shares of other mutual funds are valued based upon their reported NAVs.
- Equity securities listed on an exchange or traded through a regulated market system are valued at their last reported sale price or official closing price in their principal exchange or market.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Board of Trustees (the "Trustees").
- Fixed-income securities acquired with remaining maturities greater than 60 days are fair valued using price evaluations provided by a pricing service approved by the Trustees.
- Fixed-income securities acquired with remaining maturities of 60 days or less are valued at their cost (adjusted for the accretion of any discount or amortization of any premium).

If the Fund cannot obtain a price or price evaluation from a pricing service for an investment, the Fund may attempt to value the investment based upon the mean of bid and asked quotations or fair value the investment based on price evaluations, from one or more dealers. If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could purchase or sell an investment at the price used to calculate the Fund's NAV.

Fair Valuation and Significant Events Procedures

The Trustees have authorized the use of pricing services to provide evaluations of the current fair value of certain investments for purposes of calculating the NAV. Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund

normally uses mid evaluations for other types of fixed-income securities and OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Trustees.

The Trustees also have adopted procedures requiring an investment to be priced at its fair value whenever the Adviser determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures or options contracts;
- With respect to price evaluations of fixed-income securities determined before the close of regular trading on the NYSE, actions by the Federal Reserve Open Market Committee and other significant trends in U.S. fixed-income markets;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded; and
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Trustees have approved the use of a pricing service to determine the fair value of equity securities traded principally in foreign markets when the Adviser determines that there has been a significant trend in the U.S. equity markets or in index futures trading. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Fund will determine the fair value of the investment using another method approved by the Trustees.

Repurchase Agreements

It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income are declared and paid annually. Non-cash dividends included in dividend income, if any, are recorded at fair value. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that each class may bear certain expenses unique to that class such as distribution services and shareholder services fees. Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses.

Premium and Discount Amortization

All premiums and discounts on fixed-income securities are amortized/accreted for financial statement purposes.

Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code (the "Code") and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the year ended November 30, 2010, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of November 30, 2010, tax years 2007 through 2010 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

When-Issued and Delayed Delivery Transactions

The Fund may engage in when-issued or delayed delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ from those estimated.

3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

Year Ended November 30	2010		2009	
Class A Shares:	Shares	Amount	Shares	Amount
Shares sold	736,744	\$ 5,639,136	1,208,150	\$ 7,684,722
Shares issued to shareholders in payment of distributions declared	51,844	390,901	78,281	478,295
Shares redeemed	(768,704)	(5,888,468)	(920,637)	(5,839,723)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	19,884	\$ 141,569	365,794	\$ 2,323,294

Year Ended November 30	2010		2009	
Class B Shares:	Shares	Amount	Shares	Amount
Shares sold	464,884	\$ 3,556,719	746,189	\$ 4,834,187
Shares issued to shareholders in payment of distributions declared	27,287	205,468	42,998	262,716
Shares redeemed	(648,298)	(4,911,284)	(565,923)	(3,573,921)
NET CHANGE RESULTING FROM CLASS B SHARE TRANSACTIONS	(156,127)	\$(1,149,097)	223,264	\$ 1,522,982

Year Ended November 30	2010		2009	
Class C Shares:	Shares	Amount	Shares	Amount
Shares sold	238,210	\$ 1,814,826	431,162	\$ 2,710,949
Shares issued to shareholders in payment of distributions declared	10,546	79,304	16,353	99,753
Shares redeemed	(238,354)	(1,817,133)	(298,699)	(1,828,740)
NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS	10,402	\$ 76,997	148,816	\$ 981,962
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(125,841)	\$ (930,531)	737,874	\$ 4,828,238

4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended November 30, 2010 and 2009, was as follows:

	2010	2009
Ordinary income	\$724,971	\$904,420

As of November 30, 2010, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	\$ 240,540
Net unrealized depreciation	\$(3,372,501)
Capital loss carryforwards	\$(6,347,974)

The difference between book-basis and tax-basis net unrealized appreciation/depreciation is attributable in part to differing treatments for the deferral of losses on wash sales.

At November 30, 2010, the cost of investments for federal tax purposes was \$57,775,428. The net unrealized depreciation of investments for federal tax purposes was \$3,372,501. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$4,276,998 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$7,649,499.

At November 30, 2010, the Fund had a capital loss carryforward of \$6,347,974 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code and thus will reduce the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, such capital loss carryforward will expire as follows:

Expiration Year	Expiration Amount
2016	\$4,663,301
2017	\$1,008,664
2018	\$ 676,009

5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

Federated Global Investment Management Corporation is the Fund's investment adviser (the "Adviser"), subject to the direction of the Trustees. The Adviser provides investment adviser services at no fee. For the year ended November 30, 2010, the Adviser voluntarily reimbursed \$327,352 of other operating expenses.

Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. The fee paid to FAS is based on the average aggregate daily net assets of certain Federated funds as specified below:

Administrative Fee	Average Aggregate Daily Net Assets of the Federated Funds
0.150%	on the first \$5 billion
0.125%	on the next \$5 billion
0.100%	on the next \$10 billion
0.075%	on assets in excess of \$20 billion

The administrative fee received during any fiscal year shall be at least \$150,000 per portfolio and \$40,000 per each additional class of Shares. Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended November 30, 2010, FAS waived its entire fee of \$230,000.

Distribution Services Fee

The Fund has adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund’s Class A Shares, Class B Shares and Class C Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at the following percentages of average daily net assets annually, to compensate FSC:

Share Class Name	Percentage of Average Daily Net Assets of Class
Class A Shares	0.05%
Class B Shares	0.75%
Class C Shares	0.75%

Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee. When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the year ended November 30, 2010, FSC did not retain any fees paid by the Fund. For the year ended November 30, 2010, the Fund’s Class A Shares did not incur a distribution services fee; however it may begin to incur this fee upon approval of the Trustees.

The Fund may invest in other funds distributed by FSC under the plan. FSC has agreed to reimburse the Fund for certain distribution fees received by FSC as a result of these transactions. For the year ended November 30, 2010, FSC reimbursed \$16,395 of its fee.

Sales Charges

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. They are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. For the year ended November 30, 2010, FSC retained \$9,765 in sales charges from the sale of Class A Shares. FSC also retained \$322 of CDSC relating to redemptions of Class C Shares.

Shareholder Services Fee

The Fund may pay fees (“Service Fees”) up to 0.25% of the average daily net assets of the Fund’s Class A Shares, Class B Shares and Class C Shares to financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for Service Fees. For the year ended November 30, 2010, FSSC did not receive any fees paid by the Fund.

Expense Limitation

The Adviser and its affiliates (which may include FSC, FAS and FSSC) have voluntarily agreed to waive their fees and/or reimburse expenses so that the total annual fund operating expenses (as shown in the financial highlights) paid by the Fund’s Class A Shares, Class B Shares and Class C Shares (after the voluntary waivers and reimbursements) will not exceed 0.27%, 1.02% and 1.02% (the “Fee Limit”), respectively, through the later of (the “Termination

Date”): (a) January 31, 2012; or (b) the date of the Fund’s next effective Prospectus. While the Adviser and its affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

General

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of the above companies.

Transactions Involving Affiliated Holdings

Affiliated holdings are mutual funds which are managed by the Adviser or an affiliate of the Adviser. Transactions involving the affiliated holdings during the year ended November 30, 2010, were as follows:

Affiliates	Balance of Shares Held 11/30/2009	Purchases/ Additions	Sales/ Reductions	Balance of Shares Held 11/30/2010	Value	Dividend Income
Federated InterCon- tinental Fund, Institutional Shares	289,236	40,394	37,207	292,423	\$13,381,270	\$ 318,223
Federated Capital Appreciation Fund, Institutional Shares	746,961	45,500	24,811	767,650	13,925,171	126,341
Federated Intermediate Corporate Bond Fund, Institutional Shares	1,300,520	212,941	234,713	1,278,748	13,017,653	612,708
Federated Kaufmann Fund, Class A Shares	2,847,148	52,724	248,369	2,651,503	13,787,817	24,043
Federated Prime Value Obligations Fund, Institutional Shares	284,323	8,307,257	8,300,564	291,016	291,016	544
TOTAL OF AFFILIATED TRANSACTIONS	5,468,188	8,658,816	8,845,664	5,281,340	\$54,402,927	\$1,081,859

Pursuant to section 12(d)(1)(g) of the Act, the Fund may invest in the following open-end management companies ("Fund Investments"), registered under the Act which are managed by Federated Equity Management Company of Pennsylvania or its affiliates.

Fund	Investment Objective
Federated Capital Appreciation Fund, Institutional Shares (Capital Appreciation)	To provide capital appreciation.
Federated InterContinental Fund, Institutional Shares (InterContinental)	To provide long-term capital appreciation through investing in international stocks.
Federated Intermediate Corporate Bond Fund, Institutional Shares (Intermediate Corporate Bond)	To provide current income.
Federated Kaufmann Fund, Class A Shares (Kaufmann)	To provide capital appreciation.
Federated Prime Value Obligations Fund, Institutional Shares (Prime Value)	To provide current income consistent with stability of principal and liquidity.

Income distributions from Intermediate Corporate Bond and Prime Value are declared daily and paid monthly. Income distributions from Capital Appreciation, InterContinental and Kaufmann are declared and paid annually. All income distributions are recorded by the Fund as dividend income. Capital gain distributions of the Fund Investments, if any, are declared and paid annually, and are recorded by the Fund as capital gains received. The performance of the Fund is directly affected by the performance of the Fund Investments. A copy of each Fund's financial statements is available on the EDGAR Database on the Securities and Exchange Commission's (SEC) website or upon request from the Fund.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations for the year ended November 30, 2010, were as follows:

Purchases	\$4,824,991
Sales	\$5,602,000

7. RISKS OF INVESTING IN UNDERLYING FUNDS

Each of the Underlying Funds in which the Fund invests has its own investment risks, and these risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Underlying Fund than in another, the Fund will have greater exposure to the risks of that Underlying Fund.

8. LINE OF CREDIT

The Fund participates in a \$100,000,000 unsecured, uncommitted revolving line of credit (LOC) agreement with PNC Bank. The LOC was made available for extraordinary or emergency purposes, primarily for financing redemption payments. Borrowings are charged interest at a rate offered to the Fund by PNC Bank at the time of the borrowing. As of November 30, 2010, there were no outstanding loans. During the year ended November 30, 2010, the Fund did not utilize the LOC.

9. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the SEC, the Fund, along with other funds advised by subsidiaries of Federated Investors, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of November 30, 2010, there were no outstanding loans. During the year ended November 30, 2010, the program was not utilized.

10. LEGAL PROCEEDINGS

Since February, 2004, Federated Investors, Inc. and related entities (collectively, "Federated"), have been named as defendants in several lawsuits that are now pending in the United States District Court for the Western District of Pennsylvania. These lawsuits have been consolidated into a single action alleging excessive advisory fees involving one of the Federated-sponsored mutual funds ("Federated Funds"). Federated and its counsel have been defending this litigation. Additional lawsuits based upon similar allegations may be filed in the future. The potential impact of these lawsuits, all of which seek monetary damages, attorneys' fees and expenses, and future potential similar suits is uncertain. Although we do not believe that these lawsuits will have a material adverse effect on the Federated Funds, there can be no assurance that these suits, ongoing adverse publicity and/or other developments resulting from the allegations in these matters will not result in increased redemptions, or reduced sales, of shares of the Federated Funds or other adverse consequences for the Federated Funds.

11. FEDERAL TAX INFORMATION (UNAUDITED)

For the fiscal year ended November 30, 2010, 82.05% of total ordinary income distributions made by the Fund are qualifying dividends which may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Act of 2003. Complete information is reported in conjunction with the reporting of your distributions on Form 1099-DIV.

Of the ordinary income distributions made by the Fund during the year ended November 30, 2010, 18.51% qualify for the dividend received deduction available to corporate shareholders.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF TRUSTEES OF THE FEDERATED MANAGED ALLOCATION PORTFOLIOS AND SHAREHOLDERS OF FEDERATED BALANCED ALLOCATION FUND:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the Federated Balanced Allocation Fund (the “Fund”), a portfolio of Federated Managed Allocation Portfolios, as of November 30, 2010, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2010, by correspondence with the custodian, transfer agent, and brokers, or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Federated Balanced Allocation Fund as of November 30, 2010, and the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Boston, Massachusetts
January 25, 2011

BOARD OF TRUSTEES AND TRUST OFFICERS

The Board of Trustees is responsible for managing the Trust business affairs and for exercising all the Trust powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are “interested persons” of the Fund (i.e., “Interested” Trustees) and those who are not (i.e., “Independent” Trustees). Unless otherwise noted, the address of each person listed is Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2010, the Trust comprised one portfolio(s), and the Federated Fund Family consisted of 43 investment companies (comprising 136 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Fund Family and serves for an indefinite term. The Fund’s Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

INTERESTED TRUSTEES BACKGROUND

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
John F. Donahue* Birth Date: July 28, 1924 TRUSTEE Began serving: November 1993	Principal Occupations: Director or Trustee of the Federated Fund Family; Chairman and Director, Federated Investors, Inc.; Chairman of the Federated Fund Family’s Executive Committee. Previous Positions: Chairman of the Federated Fund Family; Trustee, Federated Investment Management Company; Chairman and Director, Federated Investment Counseling.
J. Christopher Donahue* Birth Date: April 11, 1949 PRESIDENT AND TRUSTEE Began serving: January 2000	Principal Occupations: Principal Executive Officer and President of the Federated Fund Family; Director or Trustee of some of the Funds in the Federated Fund Family; President, Chief Executive Officer and Director, Federated Investors, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman, Federated Equity Management Company of Pennsylvania and Passport Research, Ltd. (investment advisory subsidiary of Federated); Trustee, Federated Shareholder Services Company; Director, Federated Services Company. Previous Positions: President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd.

* Family relationships and reasons for “interested” status: John F. Donahue is the father of J. Christopher Donahue; both are “interested” due to their beneficial ownership of shares of Federated Investors, Inc. and the positions they hold with Federated and its subsidiaries.

INTERESTED TRUSTEES BACKGROUND

Name

Birth Date

**Positions Held with Trust
Date Service Began**

**Principal Occupation(s) for Past Five Years,
Other Directorships Held and Previous Position(s)**

Nicholas P. Constantakis, CPA

Birth Date: September 3, 1939
TRUSTEE

Began serving: January 2000

Principal Occupation: Director or Trustee of the Federated Fund Family.

Other Directorship Held: Director and Chairman of the Audit Committee, Michael Baker Corporation (architecture, engineering and construction services).

Previous Position: Partner, Andersen Worldwide SC.

Qualifications: Public accounting and director experience.

John F. Cunningham

Birth Date: March 5, 1943
TRUSTEE

Began serving: January 1999

Principal Occupation: Director or Trustee of the Federated Fund Family.

Other Directorships Held: Chairman, President and Chief Executive Officer, Cunningham & Co., Inc. (strategic business consulting); Trustee Associate, Boston College.

Previous Positions: Director, Redgate Communications and EMC Corporation (computer storage systems); Chairman of the Board and Chief Executive Officer, Computer Consoles, Inc.; President and Chief Operating Officer, Wang Laboratories; Director, First National Bank of Boston; Director, Apollo Computer, Inc.

Qualifications: Business management and director experience.

Maureen Lally-Green

Birth Date: July 5, 1949
TRUSTEE

Began serving: August 2009

Principal Occupations: Director or Trustee of the Federated Fund Family; Director, Office of Church Relations, Diocese of Pittsburgh; Adjunct Professor of Law, Duquesne University School of Law.

Other Directorships Held: Director, Auberle; Trustee, St. Francis University; Director, Ireland Institute of Pittsburgh; Director, UPMC Mercy Hospital; Regent, St. Vincent Seminary; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Saint Thomas More Society, Allegheny County; Director, Carlow University.

Previous Position: Pennsylvania Superior Court Judge.

Qualifications: Legal and director experience.

Peter E. Madden

Birth Date: March 16, 1942
TRUSTEE

Began serving: November 1993

Principal Occupation: Director or Trustee, and Chairman of the Board of Directors or Trustees, of the Federated Fund Family.

Previous Positions: Representative, Commonwealth of Massachusetts General Court; President, Chief Operating Officer and Director, State Street Bank and Trust Company and State Street Corporation (retired); Director, VISA USA and VISA International; Chairman and Director, Massachusetts Bankers Association; Director, Depository Trust Corporation; Director, The Boston Stock Exchange.

Qualifications: Business management, mutual fund services and director experience.

Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
Charles F. Mansfield, Jr.	Birth Date: April 10, 1945	TRUSTEE Began serving: January 1999	<p>Principal Occupations: Director or Trustee and Chairman of the Audit Committee of the Federated Fund Family; Management Consultant.</p> <p>Previous Positions: Chief Executive Officer, PBTC International Bank; Partner, Arthur Young & Company (now Ernst & Young LLP); Chief Financial Officer of Retail Banking Sector, Chase Manhattan Bank; Senior Vice President, HSBC Bank USA (formerly, Marine Midland Bank); Vice President, Citibank; Assistant Professor of Banking and Finance, Frank G. Zarb School of Business, Hofstra University; Executive Vice President, DVC Group, Inc. (marketing, communications and technology).</p> <p>Qualifications: Banking, business management and director experience.</p>
R. James Nicholson	Birth Date: February 4, 1938	TRUSTEE Began serving: January 2008	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; Senior Counsel, Brownstein Hyatt Farber Schreck, P.C.; Former Secretary of the U.S. Dept. of Veterans Affairs; Former U.S. Ambassador to the Holy See; Former Chairman of the Republican National Committee.</p> <p>Other Directorships Held: Director, Horatio Alger Association; Director, The Daniels Fund.</p> <p>Previous Positions: Colonel, U.S. Army Reserve; Partner, Calkins, Kramer, Grimshaw and Harring, P.C.; General Counsel, Colorado Association of Housing and Building; Chairman and CEO, Nicholson Enterprises, Inc. (real estate holding company); Chairman and CEO, Renaissance Homes of Colorado.</p> <p>Qualifications: Legal, government, business management and director experience.</p>
Thomas M. O'Neill	Birth Date: June 14, 1951	TRUSTEE Began serving: October 2006	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p>Other Directorships Held: Board of Overseers, Children's Hospital of Boston; Visiting Committee on Athletics, Harvard College.</p> <p>Previous Positions: Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); Director, Midway Pacific (lumber).</p> <p>Qualifications: Business management, mutual fund, director and investment experience.</p>

Name	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
Birth Date Positions Held with Trust Date Service Began John S. Walsh Birth Date: November 28, 1957 TRUSTEE Began serving: January 1999	Principal Occupations: Director or Trustee of the Federated Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc. Previous Position: Vice President, Walsh & Kelly, Inc. Qualifications: Business management and director experience.
James F. Will Birth Date: October 12, 1938 TRUSTEE Began serving: April 2006	Principal Occupations: Director or Trustee of the Federated Fund Family; formerly, Vice Chancellor and President, Saint Vincent College. Other Directorships Held: Trustee, Saint Vincent College; Director, Allegheny Corporation; Trustee, Wheeling Jesuit University; Director, Liberty Tire Recycling. Previous Positions: Chairman, President and Chief Executive Officer, Armco, Inc.; President and Chief Executive Officer, Cyclops Industries; President and Chief Operating Officer, Kaiser Steel Corporation. Qualifications: Business management, education and director experience.

OFFICERS

Name	Principal Occupation(s) for Past Five Years and Previous Position(s)
Birth Date Address Positions Held with Trust Date Service Began John W. McGonigle Birth Date: October 26, 1938 EXECUTIVE VICE PRESIDENT AND SECRETARY Began serving: November 1993	Principal Occupations: Executive Vice President and Secretary of the Federated Fund Family; Vice Chairman, Executive Vice President, Secretary and Director, Federated Investors, Inc. Previous Positions: Trustee, Federated Investment Management Company and Federated Investment Counseling; Director, Federated Global Investment Management Corp., Federated Services Company and Federated Securities Corp.
Richard A. Novak Birth Date: December 25, 1963 TREASURER Began serving: January 2006	Principal Occupations: Principal Financial Officer and Treasurer of the Federated Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc. Previous Positions: Controller of Federated Investors, Inc.; Vice President, Finance of Federated Services Company; held various financial management positions within The Mercy Hospital of Pittsburgh; Auditor, Arthur Andersen & Co.

Name Birth Date Address Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
Richard B. Fisher Birth Date: May 17, 1923 VICE PRESIDENT Began serving: November 1993	Principal Occupations: Vice Chairman or Vice President of some of the Funds in the Federated Fund Family; Vice Chairman, Federated Investors, Inc.; Chairman, Federated Securities Corp. Previous Positions: President and Director or Trustee of some of the Funds in the Federated Fund Family; Executive Vice President, Federated Investors, Inc.; Director and Chief Executive Officer, Federated Securities Corp.
Brian P. Bouda Birth Date: February 28, 1947 SENIOR VICE PRESIDENT AND CHIEF COMPLIANCE OFFICER Began serving: August 2004	Principal Occupations: Senior Vice President and Chief Compliance Officer of the Federated Fund Family; Vice President and Chief Compliance Officer of Federated Investors, Inc. and Chief Compliance Officer of its subsidiaries. Mr. Bouda joined Federated in 1999 and is a member of the American Bar Association and the State Bar Association of Wisconsin.
Stephen F. Auth Birth Date: September 3, 1956 450 Lexington Avenue Suite 3700 New York, NY 10017-3943 CHIEF INVESTMENT OFFICER Began serving: November 2002	Principal Occupations: Mr. Auth is Chief Investment Officer of this Fund and various other Funds in the Federated Fund Family; Executive Vice President, Federated Investment Counseling, Federated Global Investment Management Corp. and Federated Equity Management Company of Pennsylvania. Previous Positions: Executive Vice President, Federated Investment Management Company, and Passport Research, Ltd. (investment advisory subsidiary of Federated); Senior Vice President, Global Portfolio Management Services Division; Senior Vice President, Federated Investment Management Company and Passport Research, Ltd.; Senior Managing Director and Portfolio Manager, Prudential Investments.

EVALUATION AND APPROVAL OF ADVISORY CONTRACT – MAY 2010

FEDERATED BALANCED ALLOCATION FUND (THE “FUND”)

The Fund’s Board reviewed the Fund’s investment advisory contract at meetings held in May 2010. The Board’s decision regarding the contract reflects the exercise of its business judgment on whether to continue the existing arrangements. The Fund is distinctive in that it pursues its investment objective by investing in a combination of other Federated mutual funds. In addition, the Adviser does not charge an investment advisory fee for its services although it or its affiliates may receive compensation for managing assets invested in the Fund.

The Federated funds’ Board had previously appointed a Senior Officer, whose duties include specified responsibilities relating to the process by which advisory fees are to be charged to a Federated fund. The Senior Officer has the authority to retain consultants, experts, or staff as may be reasonably necessary to assist in the performance of his duties, reports directly to the Board, and may be terminated only with the approval of a majority of the independent members of the Board. The Senior Officer prepared and furnished to the Board an independent, written evaluation that covered topics discussed below. The Board considered that evaluation, along with other information, in deciding to approve the advisory contract.

As previously noted, the Adviser does not charge an investment advisory fee for its services; however, the Board did consider compensation and benefits received by the Adviser, including fees received for services provided to the Fund by other entities in the Federated organization and research services received by the Adviser from brokers that execute Federated fund trades. The Board is also familiar with and considered judicial decisions concerning allegedly excessive investment advisory fees which have indicated that the following factors may be relevant to an Adviser’s fiduciary duty with respect to its receipt of compensation from a fund: the nature and quality of the services provided by the Adviser, including the performance of the Fund; the Adviser’s cost of providing the services; the extent to which the Adviser may realize “economies of scale” as the Fund grows larger; any indirect benefits that may accrue to the Adviser and its affiliates as a result of the Adviser’s relationship with the Fund; performance and expenses of comparable funds; and the extent to which the independent Board members are fully informed about all facts the Board deems relevant bearing on the Adviser’s services and fees. The Board further considered management fees (including any components thereof) charged to institutional and other clients of the Adviser for what might be viewed as like services, and the cost to the Adviser and its affiliates of supplying

services pursuant to the management fee agreements, excluding any intra-corporate profit and profit margins of the Adviser and its affiliates for supplying such services. The Board was aware of these factors and was guided by them in its review of the Fund's advisory contract to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these circumstances in light of its substantial accumulated experience in governing the Fund and working with Federated on matters relating to the Federated funds, and was assisted in its deliberations by independent legal counsel. Throughout the year, the Board has requested and received substantial and detailed information about the Fund and the Federated organization that was in addition to the extensive materials that comprise and accompany the Senior Officer's evaluation. Federated provided much of this information at each regular meeting of the Board, and furnished additional reports in connection with the particular meeting at which the Board's formal review of the advisory contract occurred. Between regularly scheduled meetings, the Board has received information on particular matters as the need arose. Thus, the Board's consideration of the advisory contract included review of the Senior Officer's evaluation, accompanying data and additional reports covering such matters as: the Adviser's investment philosophy, personnel and processes; investment and operating strategies; the Fund's short- and long-term performance, and comments on the reasons for performance; the Fund's investment objectives; the Fund's overall expense structure; the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders and their relative sophistication; the continuing state of competition in the mutual fund industry and market practices; the Fund's relationship to the Federated family of funds which include a comprehensive array of funds with different investment objectives, policies and strategies which are available for exchange without the incurrence of additional sales charges; compliance and audit reports concerning the Federated funds and the Federated companies that service them (including communications from regulatory agencies), as well as Federated's responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated funds and/or Federated are responding to them. The Board's evaluation process is evolutionary. The criteria considered and the emphasis placed on relevant criteria change in recognition of changing circumstances in the mutual fund marketplace.

Because the Adviser does not charge the Fund an investment advisory fee, the Fund's Board does not consider fee comparisons to other mutual funds or other institutional or separate accounts to be relevant.

The Board also received financial information about Federated, including reports on the compensation and benefits Federated derived from its relationships with the Federated funds. Because the Adviser does not charge an investment advisory fee for its services, these reports generally cover fees received by Federated's subsidiaries for providing other services to the Federated funds under separate contracts (e.g., for serving as the Federated funds' administrator). The reports also discussed any indirect benefit Federated may derive from its receipt of research services from brokers who execute Federated fund trades. In addition, the Board considered the fact that, in order for a fund to be competitive in the marketplace, Federated and its affiliates frequently waive non-advisory fees and/or reimburse other expenses and have disclosed to fund investors and/or indicated to the Board their intention to do so in the future, where appropriate. Moreover, the Board receives regular reports regarding the institution or elimination of these voluntary waivers.

The Board and the Senior Officer also reviewed a report compiled by Federated comparing profitability information for Federated to other publicly held fund management companies. In this regard, the Senior Officer noted the limited availability of such information, but nonetheless concluded that Federated's profit margins did not appear to be excessive and the Board agreed.

The Board based its decision to approve the advisory contract on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily relevant to the Fund, nor did the Board consider any one of them to be determinative. In particular, due to the unusual nature of the Fund as primarily an internal product with no advisory fee, the Board does not consider the assessment of whether economies of scale would be realized if the Fund were to grow to some sufficient size to be relevant. With respect to the factors that were relevant, the Board's decision to approve the contract reflects its determination that Federated's performance and actions provided a satisfactory basis to support the decision to continue the existing arrangement.

VOTING PROXIES ON FUND PORTFOLIO SECURITIES

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available from Federated's website at FederatedInvestors.com. To access this information from the "Products" section of the website, click on the "Prospectuses and Regulatory Reports" link under "Related Information," then select the appropriate link opposite the name of the Fund; or select the name of the Fund and from the Fund's page, click on the "Prospectuses and Regulatory Reports" link. Form N-PX filings are also available at the SEC's website at www.sec.gov.

QUARTERLY PORTFOLIO SCHEDULE

The Fund files with the SEC a complete schedule of its portfolio holdings, as of the close of the first and third quarters of its fiscal year, on "Form N-Q." These filings are available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. (Call 1-800-SEC-0330 for information on the operation of the Public Reference Room.) You may also access this information from the "Products" section of Federated's website at FederatedInvestors.com by clicking on "Portfolio Holdings" under "Related Information," then selecting the appropriate link opposite the name of the Fund; or select the name of the Fund and from the Fund's page, click on the "Portfolio Holdings" link.

NOTES

NOTES

NOTES

NOTES

NOTES

NOTES

Mutual funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in mutual funds involves investment risk, including the possible loss of principal.

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

Federated[®]

Federated Balanced Allocation Fund
Federated Investors Funds
4000 Ericsson Drive
Warrendale, PA 15086-7561

Contact us at **FederatedInvestors.com**
or call 1-800-341-7400.

Federated Securities Corp., Distributor

Cusip 314212887

Cusip 314212879

Cusip 314212861

36082 (1/11)

Federated is a registered mark of Federated Investors, Inc.
2011 ©Federated Investors, Inc.