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for purchase.



**President's Message and  
Semi-Annual Shareholder Report**

*May 31, 2011*

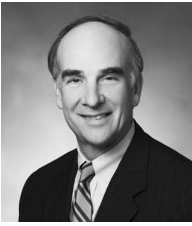
<b>Share Class</b>	<b>Ticker</b>
A	BAFAX
B	BAFBX
C	BAFCX

## Federated Balanced Allocation Fund

*Fund Established 2005*

A Portfolio of Federated Managed Allocation Portfolios

**Not FDIC Insured • May Lose Value • No Bank Guarantee**



**J. Christopher  
Donahue**

*President*

Federated Balanced  
Allocation Fund

## President's Message

Dear Valued Shareholder,

Enclosed is the Semi-Annual Report for Federated Balanced Allocation Fund covering the period from December 1, 2010 through May 31, 2011, as well as an update on the general market conditions prevailing during this period. In this report, you'll find performance data and financial information as well as a complete listing of your fund's holdings.

The six-month reporting period saw U.S. growth pick up late in 2010 after a summer lull, aided by stronger consumer spending, expanding manufacturing activity, rising exports, a surge in business investment in equipment and software, and robust corporate profits. But rising agricultural commodity prices, severe winter storms, the tragedy in Japan and a spike in oil and gas prices to near three-year highs combined to slow the expansion as the winter turned to spring. Federal Reserve Chairman Bernanke and many private economists said they believe the factors contributing to the slowdown will prove transitory and that the pace of growth will pick up in coming months. However, other growth-inhibiting headwinds – including a weaker U.S. dollar, a still-struggling housing industry and weak employment picture – remained in place.

Beyond the United States, the international marketplace was also adversely impacted by the Japan disaster, in addition to a wave of unrest in the Middle East and North Africa. While economic conditions were strong among several European economies, notably Germany, debt problems and economic weakness remained a concern in peripheral eurozone countries. For China and other emerging economies, inflation was an overriding issue. In the wake of resilient growth, emerging market central banks started tightening interest rates to calm inflation concerns.

## THE BENEFITS OF EXPERIENCE

In any investment environment, maintaining perspective and discipline is important. In Federated's more than 55 years as an investment manager, we have navigated through numerous market cycles that have presented both challenges and opportunities.

### Federated's Diverse Fund Lineup

**36 Equity Funds** from growth and value to international and balanced to alternative strategies

**50 Fixed Income Funds** including government, corporate and municipal

**47 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 mutual fund 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 lineup 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 recently enhanced website, [FederatedInvestors.com](http://FederatedInvestors.com), offers easy access to Federated resources that include timely fund updates, economic and market insights from our investment strategists, and financial planning tools. We invite you to register to take full advantage of its capabilities.

As always, we thank you for investing with Federated.

Sincerely,



J. Christopher Donahue  
President  
July 15, 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](http://FederatedInvestors.com). Please carefully read the prospectus before investing.*

*Federated Securities Corp., Distributor*

*May 31, 2011*

<b>Share Class</b>	<b>Ticker</b>
A	BAFAX
B	BAFBX
C	BAFCX

## Federated Balanced Allocation Fund

*Fund Established 2005*

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A Portfolio of Federated Managed Allocation Portfolios

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# Financial Highlights – Class A Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 5/31/2011	Year Ended November 30,				Period Ended 11/30/2006 <sup>1</sup>
		2010	2009	2008	2007	
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.12</b>	<b>\$7.49</b>	<b>\$6.04</b>	<b>\$10.71</b>	<b>\$10.90</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.09	0.14	0.17	0.10	0.13 <sup>2</sup>	0.34 <sup>2</sup>
Net realized and unrealized gain (loss) on investments	0.73	0.62	1.45	(3.35)	0.69	0.56
TOTAL FROM INVESTMENT OPERATIONS	0.82	0.76	1.62	(3.25)	0.82	0.90
<b>Less Distributions:</b>						
Distributions from net investment income	(0.12)	(0.13)	(0.17)	(0.49)	(0.23)	—
Distributions from net realized gain on investments	—	—	—	(0.93)	(0.78)	—
TOTAL DISTRIBUTIONS	(0.12)	(0.13)	(0.17)	(1.42)	(1.01)	—
<b>Net Asset Value, End of Period</b>	<b>\$8.82</b>	<b>\$8.12</b>	<b>\$7.49</b>	<b>\$6.04</b>	<b>\$10.71</b>	<b>\$10.90</b>
<b>Total Return<sup>3</sup></b>	<b>10.18%</b>	<b>10.28%</b>	<b>27.52%</b>	<b>(34.90)%</b>	<b>8.15%</b>	<b>9.00%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses	0.27% <sup>4</sup>	0.27%	0.27%	0.27%	0.27%	0.27% <sup>4</sup>
Net investment income	2.08% <sup>4</sup>	1.78%	2.70%	1.33%	1.26%	3.59% <sup>4</sup>
Expense waiver/ reimbursement <sup>5</sup>	0.95% <sup>4</sup>	1.10%	1.23%	1.16%	1.29%	2.75% <sup>4</sup>
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$28,272	\$25,993	\$23,848	\$17,002	\$19,755	\$13,150
Portfolio turnover	6%	9%	23%	47%	2%	0% <sup>6</sup>

- 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)

	Six Months Ended (unaudited) 5/31/2011	Year Ended November 30,				Period Ended 11/30/2006 <sup>1</sup>
		2010	2009	2008	2007	
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.06</b>	<b>\$7.45</b>	<b>\$5.99</b>	<b>\$10.64</b>	<b>\$10.86</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.06	0.08	0.13	0.05	0.07 <sup>2</sup>	0.24 <sup>2</sup>
Net realized and unrealized gain (loss) on investments	0.73	0.61	1.44	(3.34)	0.67	0.62
TOTAL FROM INVESTMENT OPERATIONS	0.79	0.69	1.57	(3.29)	0.74	0.86
<b>Less Distributions:</b>						
Distributions from net investment income	(0.06)	(0.08)	(0.11)	(0.43)	(0.18)	—
Distributions from net realized gain on investments	—	—	—	(0.93)	(0.78)	—
TOTAL DISTRIBUTIONS	(0.06)	(0.08)	(0.11)	(1.36)	(0.96)	—
<b>Net Asset Value, End of Period</b>	<b>\$8.79</b>	<b>\$8.06</b>	<b>\$7.45</b>	<b>\$5.99</b>	<b>\$10.64</b>	<b>\$10.86</b>
<b>Total Return<sup>3</sup></b>	<b>9.85%</b>	<b>9.37%</b>	<b>26.68%</b>	<b>(35.41)%</b>	<b>7.38%</b>	<b>8.60%</b>

## Ratios to Average

### Net Assets:

Net expenses	1.02% <sup>4</sup>	1.02%	1.02%	1.02%	1.02%	1.02% <sup>4</sup>
Net investment income	1.33% <sup>4</sup>	1.06%	1.94%	0.58%	0.64%	2.48% <sup>4</sup>
Expense waiver/ reimbursement <sup>5</sup>	0.95% <sup>4</sup>	1.10%	1.23%	1.16%	1.30%	2.72% <sup>4</sup>

### Supplemental Data:

Net assets, end of period (000 omitted)	\$21,367	\$20,090	\$19,734	\$14,525	\$20,364	\$12,434
Portfolio turnover	6%	9%	23%	47%	2%	0% <sup>6</sup>

- 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)

	Six Months Ended (unaudited) 5/31/2011	Year Ended November 30,				Period Ended 11/30/2006 <sup>1</sup>
		2010	2009	2008	2007	
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.05</b>	<b>\$7.44</b>	<b>\$5.98</b>	<b>\$10.64</b>	<b>\$10.86</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.06	0.08	0.13	0.06	0.10 <sup>2</sup>	0.23 <sup>2</sup>
Net realized and unrealized gain (loss) on investments	0.72	0.61	1.45	(3.36)	0.64	0.63
TOTAL FROM INVESTMENT OPERATIONS	0.78	0.69	1.58	(3.30)	0.74	0.86
<b>Less Distributions:</b>						
Distributions from net investment income	(0.06)	(0.08)	(0.12)	(0.43)	(0.18)	—
Distributions from net realized gain on investments	—	—	—	(0.93)	(0.78)	—
TOTAL DISTRIBUTIONS	(0.06)	(0.08)	(0.12)	(1.36)	(0.96)	—
<b>Net Asset Value, End of Period</b>	<b>\$8.77</b>	<b>\$8.05</b>	<b>\$7.44</b>	<b>\$5.98</b>	<b>\$10.64</b>	<b>\$10.86</b>
<b>Total Return<sup>3</sup></b>	9.78%	9.39%	26.87%	(35.46)%	7.37%	8.60%
<b>Ratios to Average Net Assets:</b>						
Net expenses	1.02% <sup>4</sup>	1.02%	1.02%	1.02%	1.00%	1.02% <sup>4</sup>
Net investment income	1.30% <sup>4</sup>	1.03%	1.91%	0.61%	0.93%	2.45% <sup>4</sup>
Expense waiver/ reimbursement <sup>5</sup>	0.95% <sup>4</sup>	1.10%	1.22%	1.16%	1.29%	2.80% <sup>4</sup>
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$9,368	\$8,154	\$7,460	\$5,111	\$7,254	\$3,560
Portfolio turnover	6%	9%	23%	47%	2%	0% <sup>6</sup>

- 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 December 1, 2010 to May 31, 2011.

### **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 12/1/2010	Ending Account Value 5/31/2011	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Class A Shares	\$1,000	\$1,101.80	\$1.41
Class B Shares	\$1,000	\$1,098.50	\$5.34
Class C Shares	\$1,000	\$1,097.80	\$5.33
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Class A Shares	\$1,000	\$1,023.59	\$1.36
Class B Shares	\$1,000	\$1,019.85	\$5.14
Class C Shares	\$1,000	\$1,019.85	\$5.14

<sup>1</sup> Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 182/365 (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%

# Portfolio of Investments Summary Table (unaudited)

At May 31, 2011, the Fund's portfolio composition<sup>1</sup> was as follows:

<b>Underlying Fund</b>	<b>Percentage of Total Net Assets</b>
Federated Kaufmann Fund	25.2%
Federated InterContinental Fund	25.1%
Federated Intermediate Corporate Bond Fund	25.0%
Federated Capital Appreciation Fund	24.8%
Cash Equivalents <sup>2</sup>	0.3%
Other Assets and Liabilities—Net <sup>3</sup>	(0.4)%
<b>TOTAL</b>	<b>100.0%</b>

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

# Portfolio of Investments

May 31, 2011 (unaudited)

Shares		Value
	AFFILIATED MUTUAL FUNDS—100.4%	
748,813	Federated Capital Appreciation Fund, Institutional Shares	\$14,624,321
277,439	Federated InterContinental Fund, Institutional Shares	14,790,258
1,438,904	Federated Intermediate Corporate Bond Fund, Institutional Shares	14,777,549
2,568,855	Federated Kaufmann Fund, Class A Shares	14,899,356
168,632	Federated Prime Value Obligations Fund, Institutional Shares, 0.14%	168,632
	TOTAL INVESTMENTS—100.4%	
	(IDENTIFIED COST \$51,271,103) <sup>2</sup>	59,260,116
	OTHER ASSETS AND LIABILITIES - NET—(0.4)% <sup>3</sup>	(252,934)
	TOTAL NET ASSETS—100%	\$59,007,182

1 7-Day net yield.

2 Also represents cost for federal tax purposes.

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 May 31, 2011.

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, including investment companies with daily net asset values, if applicable.

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

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 May 31, 2011, 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

May 31, 2011 (unaudited)

## Assets:

Total investments in affiliated holdings, at value (Note 5) (identified cost \$51,271,103)	\$ 59,260,116
Income receivable	58,599
Receivable for investments sold	111,000
Receivable for shares sold	131,528
<b>TOTAL ASSETS</b>	<b>59,561,243</b>

## Liabilities:

Payable for shares redeemed	\$468,753
Payable for transfer and dividend disbursing agent fees and expenses	19,184
Payable for Directors'/Trustees' fees	434
Payable for distribution services fee (Note 5)	19,668
Payable for shareholder services fee (Note 5)	11,115
Payable for share registration costs	12,942
Accrued expenses	21,965
<b>TOTAL LIABILITIES</b>	<b>554,061</b>

Net assets for 6,702,482 shares outstanding	\$ 59,007,182
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## Net Assets Consist of:

Paid-in capital	\$ 63,628,857
Net unrealized appreciation of investments	7,989,013
Accumulated net realized loss on investments	(12,733,915)
Undistributed net investment income	123,227
<b>TOTAL NET ASSETS</b>	<b>\$ 59,007,182</b>

## Net Asset Value, Offering Price and Redemption Proceeds Per Share

### Class A Shares:

Net asset value per share (\$28,272,499 ÷ 3,203,804 shares outstanding), no par value, unlimited shares authorized	\$8.82
Offering price per share (100/94.50 of \$8.82)	\$9.33
Redemption proceeds per share	\$8.82

### Class B Shares:

Net asset value per share (\$21,366,689 ÷ 2,431,098 shares outstanding), no par value, unlimited shares authorized	\$8.79
Offering price per share	\$8.79
Redemption proceeds per share (94.50/100 of \$8.79)	\$8.31

### Class C Shares:

Net asset value per share (\$9,367,994 ÷ 1,067,580 shares outstanding), no par value, unlimited shares authorized	\$8.77
Offering price per share	\$8.77
Redemption proceeds per share (99.00/100 of \$8.77)	\$8.68

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended May 31, 2011 (unaudited)

## Investment Income:

Dividends received from affiliated holdings (Note 5)	\$ 679,791
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## Expenses:

Administrative fee (Note 5)	\$ 114,685
Custodian fees	3,773
Transfer and dividend disbursing agent fees and expenses	66,286
Directors'/Trustees' fees	5,236
Auditing fees	11,219
Legal fees	3,292
Portfolio accounting fees	33,172
Distribution services fee (Note 5)	113,170
Shareholder services fee (Note 5)	72,352
Share registration costs	19,590
Printing and postage	17,247
Insurance premiums	2,090
Miscellaneous	4,610
<b>TOTAL EXPENSES</b>	<b>466,722</b>

## Waiver and Reimbursements (Note 5):

Waiver of administrative fee	\$(114,685)
Reimbursement of distribution services fee	(9,167)
Reimbursement of other operating expenses	(150,142)
<b>TOTAL WAIVER AND REIMBURSEMENTS</b>	<b>(273,994)</b>

Net expenses	192,728
Net investment income	487,063

## Realized and Unrealized Gain (Loss) on Investments:

Net realized loss on investments in affiliated holdings	(429,821)
Net change in unrealized appreciation of investments	5,405,394
Net realized and unrealized gain on investments	4,975,573
Change in net assets resulting from operations	\$5,462,636

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

	<b>Six Months Ended (unaudited) 5/31/2011</b>	<b>Year Ended 11/30/2010</b>
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 487,063	\$ 732,718
Net realized loss on investments in affiliated holdings	(429,821)	(1,031,002)
Net change in unrealized appreciation/depreciation of investments	5,405,394	5,147,889
<b>CHANGE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>5,462,636</b>	<b>4,849,605</b>
<b>Distributions to Shareholders:</b>		
Distributions from net investment income		
Class A Shares	(387,736)	(422,052)
Class B Shares	(150,564)	(219,113)
Class C Shares	(66,076)	(83,806)
<b>CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS</b>	<b>(604,376)</b>	<b>(724,971)</b>
<b>Share Transactions:</b>		
Proceeds from sale of shares	6,352,448	11,010,681
Net asset value of shares issued to shareholders in payment of distributions declared	548,641	675,673
Cost of shares redeemed	(6,988,148)	(12,616,885)
<b>CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS</b>	<b>(87,059)</b>	<b>(930,531)</b>
Change in net assets	4,771,201	3,194,103
<b>Net Assets:</b>		
Beginning of period	54,235,981	51,041,878
End of period (including undistributed net investment income of \$123,227 and \$240,540, respectively)	\$59,007,182	\$ 54,235,981

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

May 31, 2011 (unaudited)

## 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), which approximates market value.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, certain factors may be considered such as: the purchase price of the security, information obtained by contacting the issuer, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded and public trading in similar securities of the issuer or comparable issuers.

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**

The Fund may invest in repurchase agreements for short-term liquidity purposes. 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 Class A Shares, Class B Shares and Class C Shares may bear distribution services fees and shareholder services fees, unique to those classes. 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 using the effective interest rate method.

### **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 six months ended May 31, 2011, 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 May 31, 2011, 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:

	Six Months Ended 5/31/2011		Year Ended 11/30/2010	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Shares sold	346,024	\$ 2,959,810	736,744	\$ 5,639,136
Shares issued to shareholders in payment of distributions declared	41,578	349,671	51,844	390,901
Shares redeemed	(385,773)	(3,307,223)	(768,704)	(5,888,468)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	1,829	\$ 2,258	19,884	\$ 141,569

	Six Months Ended 5/31/2011		Year Ended 11/30/2010	
	Shares	Amount	Shares	Amount
<b>Class B Shares:</b>				
Shares sold	215,754	\$ 1,840,301	464,884	\$ 3,556,719
Shares issued to shareholders in payment of distributions declared	16,525	138,815	27,287	205,468
Shares redeemed	(294,280)	(2,521,598)	(648,298)	(4,911,284)
NET CHANGE RESULTING FROM CLASS B SHARE TRANSACTIONS	(62,001)	\$ (542,482)	(156,127)	\$(1,149,097)

Class C Shares:	Six Months Ended 5/31/2011		Year Ended 11/30/2010	
	Shares	Amount	Shares	Amount
Shares sold	182,510	\$ 1,552,337	238,210	\$ 1,814,826
Shares issued to shareholders in payment of distributions declared	7,170	60,155	10,546	79,304
Shares redeemed	(135,257)	(1,159,327)	(238,354)	(1,817,133)
NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS	54,423	\$ 453,165	10,402	\$ 76,997
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(5,749)	\$ (87,059)	(125,841)	\$ (930,531)

#### 4. FEDERAL TAX INFORMATION

At May 31, 2011, the cost of investments for federal tax purposes was \$51,271,103. The net unrealized appreciation of investments for federal tax purposes was \$7,989,013. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$8,402,007 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$412,994.

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

Under the recently enacted Regulated Investment Company Modernization Act of 2010, the Fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those future years will be required to be utilized prior to the losses incurred in pre-enactment tax years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

#### 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 six months ended May 31, 2011, the Adviser voluntarily reimbursed \$150,142 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:

<b>Administrative Fee</b>	<b>Average Aggregate Daily Net Assets of the Federated Funds</b>
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 six months ended May 31, 2011, FAS waived its entire fee of \$114,685.

## 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:

<b>Share Class Name</b>	<b>Percentage of Average Daily Net Assets of Class</b>
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. For the six months ended May 31, 2011, distribution services fees for the Fund were as follows:

	<b>Distribution Services Fees Incurred</b>	<b>Distribution Services Fees Reimbursed</b>
Class B Shares	\$ 79,163	\$7,729
Class C Shares	34,007	1,438
TOTAL	\$113,170	\$9,167

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended May 31, 2011, FSC did not retain any fees paid by the Fund. For the six months ended May 31, 2011, 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.

## 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 six months ended May 31, 2011, FSC retained \$7,646 in sales charges from the sale of Class A Shares. FSC also retained \$157 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 six months ended May 31, 2011, Service Fees for the Fund were as follows:

	<b>Service Fees Incurred</b>
Class A Shares	\$34,628
Class B Shares	26,388
Class C Shares	11,336
TOTAL	\$72,352

For the six months ended May 31, 2011, FSSC received \$202 of 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, but excluding Acquired Fund Fees and Expenses) paid by the Fund's Class A Shares, Class B Shares and Class C Shares (after the voluntary waivers and/or 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 six months ended May 31, 2011, were as follows:

<b>Affiliates</b>	<b>Balance of Shares Held 11/30/2010</b>	<b>Purchases/ Additions</b>	<b>Sales/ Reductions</b>	<b>Balance of Shares Held 5/31/2011</b>	<b>Value</b>	<b>Dividend Income</b>
Federated Capital Appreciation Fund, Institutional Shares	767,650	13,230	32,067	748,813	\$14,624,321	\$123,124
Federated InterContinental Fund, Institutional Shares	292,423	7,297	22,281	277,439	14,790,258	121,913
Federated Intermediate Corporate Bond Fund, Institutional Shares	1,278,748	179,578	19,422	1,438,904	14,777,549	345,970
Federated Kaufmann Fund, Class A Shares	2,651,503	81,807	164,455	2,568,855	14,899,356	88,499
Federated Prime Value Obligations Fund, Institutional Shares	291,016	4,031,583	4,153,967	168,632	168,632	285
<b>TOTAL OF AFFILIATED TRANSACTIONS</b>	<b>5,281,340</b>	<b>4,313,495</b>	<b>4,392,192</b>	<b>5,202,643</b>	<b>\$59,260,116</b>	<b>\$679,791</b>

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.

<b>Fund</b>	<b>Investment Objective</b>
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 six months ended May 31, 2011, were as follows:

Purchases	\$2,878,000
Sales	\$2,874,000

## 7. RISKS OF INVESTMENT 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 May 31, 2011, there were no outstanding loans. During the six months ended May 31, 2011, 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 May 31, 2011, there were no outstanding loans. During the six months ended May 31, 2011, the program was not utilized.

# Evaluation and Approval of Advisory Contract – May 2011

## **FEDERATED BALANCED ALLOCATION FUND (THE “FUND”)**

The Fund’s Board reviewed the Fund’s investment advisory contract at meetings held in May 2011. 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 “Evaluation”). 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 information 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 information 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 information regarding 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, this information generally covered 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 information also detailed 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 reporting as to the institution or elimination of these voluntary waivers.

The Board and the Senior Officer also reviewed information 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 Senior Officer noted that, considering the totality of the circumstances, and all of the factors referenced within his Evaluation, he had concluded that, subject to comments and recommendations made within his Evaluation, his observations and the information accompanying the Evaluation supported a finding by the Board that the management fees for each of the funds are reasonable and that Federated appeared to provide appropriate administrative services to the Fund for the fees paid. The Board concluded that the nature, quality and scope of services provided the Fund by the Adviser and its affiliates were satisfactory.

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 home page, select "View All" next to "Find Products." Select a fund name and share class, if applicable, to go to the Fund Overview page. On the Fund Overview page, select the "Documents" tab. At the bottom of that page, select "Proxy Voting Record Report (Form N-PX)." Form N-PX filings are also available at the SEC's website at [www.sec.gov](http://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](http://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. From the home page, select "View All" next to "Find Products." Select a fund name and share class, if applicable, to go to the Fund Overview page. On the Fund Overview page, select the "Documents" tab. At the bottom of that page, select "Form N-Q."

*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.

**IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400.

# Notes

# Notes

# Notes

# Federated<sup>®</sup>

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*

*35115 (7/11)*

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