

FEDERATED MORTGAGE FUND

Federated

WORLD-CLASS INVESTMENT MANAGER[®]

PORTFOLIO AS OF DECEMBER 31, 2009 CURRENT NET ASSETS -- \$ 339,933,845

Principal Amount or Shares		Value
	MORTGAGE-BACKED SECURITIES - 92.3%	
	Federal Home Loan Mortgage Corporation - 62.7%	
\$56,414,433	4.500%, 6/1/2019 - 1/1/2040	\$57,484,066
64,226,216	5.000%, 2/1/2019 - 10/1/2039	66,219,615
56,144,364	5.500%, 4/1/2021 - 1/1/2040	59,042,325
24,984,907	6.000%, 9/1/2021 - 2/1/2038	26,655,656
2,767,830	6.500%, 10/1/2037	2,966,984
594,496	7.500%, 1/1/2027 - 2/1/2031	654,252
51,144	8.000%, 3/1/2031	56,963
	TOTAL	213,079,861
	Federal National Mortgage Association - 27.7%	
1,042,675	4.500%, 12/1/2019	1,084,544
25,803,405	5.000%, 7/1/2019 - 1/1/2040	26,763,513
34,904,706	5.500%, 9/1/2034 - 1/1/2040	36,667,220
23,243,357	6.000%, 11/1/2034 - 4/1/2038	24,706,269
3,897,333	6.500%, 2/1/2014 - 9/1/2036	4,196,155
600,933	7.000%, 6/1/2016 - 2/1/2030	652,358
14,572	7.500%, 4/1/2015	15,771
18,150	8.000%, 12/1/2026	20,136
	TOTAL	94,105,966
	Government National Mortgage Association - 1.9%	
5,894,878	5.000%, 6/20/2039 - 9/20/2039	6,070,803
149,361	7.000%, 9/15/2028 - 11/15/2031	163,474
287,144	8.000%, 10/15/2030 - 11/15/2030	317,981
	TOTAL	6,552,258
	TOTAL MORTGAGE-BACKED SECURITIES	313,738,085
	COLLATERALIZED MORTGAGE OBLIGATIONS - 16.4%	
	Federal Home Loan Mortgage Corporation - 6.1%	
3,305,406	0.533%, 1/15/2037, REMIC 3260 PF	3,230,954
548,899	0.543%, 6/15/2036, REMIC 3175 FE	538,925
3,385,073	0.563%, 5/15/2036, REMIC 3160 FD	3,321,498
4,215,406	0.583%, 4/15/2036, REMIC 3144 FB	4,141,272
7,355,192	0.613%, 7/15/2036, REMIC 3179 FP	7,264,042
907,083	0.633%, 8/15/2036, REMIC 3206 FE	892,284
1,144,609	7.500%, 4/15/2033, REMIC 3076 NM	1,204,399
	TOTAL	20,593,374
	Federal National Mortgage Association - 6.1%	
580,366	0.481%, 10/25/2031, REMIC 2005-63 FC	567,011
2,594,617	0.531%, 7/25/2036, REMIC 2006-58 FP	2,543,161
3,795,914	0.571%, 11/25/2036, REMIC 2006-104 FY	3,723,576
3,892,989	0.581%, 9/25/2036, REMIC 2006-81 FB	3,820,472

Principal Amount or Shares		Value
3,314,712	0.591%, 12/25/2036, REMIC 2006-115 EF	3,245,485
1,210,577	0.611%, 10/25/2036, REMIC 2006-93 FM	1,184,770
3,724,092	0.611%, 9/25/2036, REMIC 2006-85 PF	3,634,860
983,022	0.631%, 6/25/2036, REMIC 2006-43 FL	966,301
4,835,727	5.000%, 9/25/2039, REMIC 397 2	1,108,817
104,690	6.500%, 4/1/2032, REMIC 321 2	23,032
	TOTAL	20,817,485
	Non-Agency Mortgage - 4.2%	
3,118,733	Countrywide Home Loans 2007-14, Class A18, 6.000%, 9/25/2037	2,484,203
1,660,064	Credit Suisse Mortgage Capital Certificate 2007-4, Class 4A2, 5.500%, 6/25/2037	1,573,275
1,280,183	First Horizon Alternative Mortgage Securities 2005-FA7, Class 2A1, 5.000%, 9/25/2020	1,131,612
1,859,044	Harborview Mortgage Loan Trust 2006-4, Class 2A1A, .433%, 5/19/2047	973,994
2,979,820	Lehman Mortgage Trust 2007-9, Class 1A1, 6.000%, 10/25/2037	2,442,119
380	(1)Lehman Structured Securities Corp. 2001-GE3, Class A, PO, 0.000%, 5/28/2018	259
65,776	(1)Lehman Structured Securities Corp. 2002-GE1, Class A, PO, 0.000%, 7/26/2024	53,200
227,445	(1)Salomon Brothers Mortgage Sec. VII 1999-4, Class IO, 2.547%, 12/25/2027	9,189
2,559,269	Structured Asset Securities Corp. 2005-17, Class 5A1, 5.500%, 10/25/2035	1,953,762
1,050,705	Washington Mutual 2006-AR1, Class 2A1B, 1.614%, 1/25/2046	412,903
1,912,189	Washington Mutual 2006-AR15, Class 1A, 1.384%, 11/25/2046	1,066,781
2,422,060	Wells Fargo Mortgage Backed Securities Trust 2005-12, Class 1A1, 5.500%, 11/25/2035	2,166,986
	TOTAL	14,268,283
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS	55,679,142
	MUTUAL FUND - 5.5%	
18,930,531	(2)Government Obligations Fund, Institutional Shares, 0.04%	18,930,531
	REPURCHASE AGREEMENT - 1.4%	
4,726,000	(3)Credit Suisse First Boston LLC, 0.100%, dated 12/17/2009, due 1/19/2010	4,726,000
	TOTAL INVESTMENTS	\$393,073,758

- (1) Denotes a restricted security that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. At December 31, 2009, these restricted securities amounted to \$62,648, which represented 0.02% of total net assets.
- (2) 7-Day net yield.
- (3) Although the repurchase date is more than seven days after the date of purchase, the Fund has the right to terminate the repurchase agreement at any time with seven-days' notice.

Note: The categories of investments are shown as a percentage of net assets (\$339,933,845) at the close of business on December 31, 2009, and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

The following acronyms are used throughout this portfolio:

IO	--Interest Only
PO	--Principal Only
REMIC	--Real Estate Mortgage Investment Conduit

Portfolio holdings are shown as of the date indicated and are unaudited. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

For more complete information on the fund, visit www.FederatedInvestors.com for a prospectus. You should consider the fund's investment objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the fund's prospectus, which you should read carefully before investing.

NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

Federated Securities Corp., Distributor
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