

Federated

WORLD-CLASS INVESTMENT MANAGER[®]



FEDERATED BALANCED ALLOCATION FUND

Established 2005

A Portfolio of Federated Managed Allocation Portfolios

PRESIDENT'S MESSAGE AND SEMI-ANNUAL SHAREHOLDER REPORT

May 31, 2009

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:

Enclosed is your Semi-Annual Shareholder Report for Federated Balanced Allocation Fund. The report covers the six-month reporting period from December 1, 2008 through May 31, 2009. Your fund's manager is Philip J. Orlando, CFA, senior vice president, Federated Global Investment Management Corp., who works closely with the underlying funds' portfolio managers and their teams. Please review the complete listing of the fund's holdings, financial statements and other information in the enclosed report, as well as the commentary in this letter.

Federated Balanced Allocation Fund combines four distinctive funds—Federated Kaufmann Fund, Federated InterContinental Fund,¹ Federated Intermediate Corporate Bond Fund and Federated Capital Appreciation Fund—in one convenient portfolio.² The fund's broad diversification across multiple asset classes, investment styles and types of securities can help you more effectively manage the market's ups and downs while pursuing your long-term goals.³

It was a tale of two quarters during the six-month reporting period. Global economic conditions deteriorated for much of the first three months, followed by growing signs of a bottoming in the second three months. Stocks reflected this bifurcation, falling to new lows the first week of March, before staging a substantial rally through May, bolstered by expectations of eventual recovery and the impact on corporate profits.

- 1 *Effective January 29, 2008, Federated InterContinental Fund (FICF), an equity portfolio within Federated's equity funds complex, replaced Federated American Leaders Fund, Inc. (FALF) as an underlying fund in Federated Balanced Allocation Fund.*
- 2 *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.*
- 3 *Diversification does not assure a profit nor protect against a loss.*

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.

Treasury bonds behaved similarly but in opposite fashion, with prices reaching new highs and yields testing new lows⁴ early in the reporting period as investors sought safety in U.S. government issues, followed by spike in yields toward the end of the second three months. Investment-grade corporate bonds performed better in the latter stages of the reporting period, as more promising economic news sent bond investors in search of more risk and away from the haven of Treasury securities.

For the six-month reporting period, the improved outlook for the economy in the second three months, and its impact on stocks and bonds, offset the dour conditions of the first three months, with Class A Shares rising 9.81% at net asset value. By comparison, for the same period, the fund's benchmark, the S&P 500 Index,⁵ rose 2.56% on a total return basis. The fund's total return performance follows.

Share Class	Maximum Sales Charge	Contingent Deferred Sales Charge	Total Return at Offering Price	Total Return at Net Asset Value
Class A Shares	5.50%	0.00%	3.80%	9.81%
Class B Shares	None	5.50%	4.00%	9.50%
Class C Shares	None	1.00%	8.65%	9.65%

As of the date of this letter, the fund's managers believe the worst recession of the post-World War II era is ending and that a slow recovery should soon get underway. This should help sustain a positive environment for both equities and investment-grade bonds. However, it is hard to foresee any major sector of the economy experiencing significant growth, particularly in the face of higher commodity prices and longer-term Treasury yields. In such challenging times, your investment in Federated Balanced Allocation Fund can help you to weather market swings with a well-diversified, long-term investment approach.

Thank you for investing with Federated. As always, our goal is to provide the mutual funds you need to meet your investment goals.

Sincerely,

J. Christopher Donahue
 President
 July 15, 2009

- 4 *Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.*
- 5 *The S&P 500 Index 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 directly in an index.*



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SEMI-ANNUAL SHAREHOLDER REPORT

May 31, 2009

Class A Shares

Class B Shares

Class C Shares

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FINANCIAL HIGHLIGHTS—CLASS A SHARES

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 5/31/2009	Year Ended November 30,		Period Ended
		2008	2007	11/30/2006 ¹
Net Asset Value, Beginning of Period	\$6.04	\$10.71	\$10.90	\$10.00
Income From Investment Operations:				
Net investment income	0.14	0.10	0.13 ²	0.34 ²
Net realized and unrealized gain (loss) on investments	0.44	(3.35)	0.69	0.56
TOTAL FROM INVESTMENT OPERATIONS	0.58	(3.25)	0.82	0.90
Less Distributions:				
Distributions from net investment income	(0.17)	(0.49)	(0.23)	—
Distributions from net realized gain on investments	—	(0.93)	(0.78)	—
TOTAL DISTRIBUTIONS	(0.17)	(1.42)	(1.01)	—
Net Asset Value, End of Period	\$6.45	\$ 6.04	\$10.71	\$10.90
Total Return³	9.81%	(34.90)%	8.15%	9.00%

Ratios to Average Net Assets:

Net expenses	0.27% ⁴	0.27%	0.27%	0.27% ⁴
Net investment income	4.91% ⁴	1.33%	1.26%	3.59% ⁴
Expense waiver/reimbursement ⁵	1.38% ⁴	1.16%	1.29%	2.75% ⁴

Supplemental Data:

Net assets, end of period (000 omitted)	\$20,395	\$17,002	\$19,755	\$13,150
Portfolio turnover	16%	47%	2%	0% ⁶

1 Reflects operations for the period from December 23, 2005 (date of initial public 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)	Year Ended November 30,		Period Ended
	5/31/2009	2008	2007	11/30/2006 ¹
Net Asset Value, Beginning of Period	\$5.99	\$10.64	\$10.86	\$10.00
Income From Investment Operations:				
Net investment income	0.12	0.05	0.07 ²	0.24 ²
Net realized and unrealized gain (loss) on investments	0.44	(3.34)	0.67	0.62
TOTAL FROM INVESTMENT OPERATIONS	0.56	(3.29)	0.74	0.86
Less Distributions:				
Distributions from net investment income	(0.11)	(0.43)	(0.18)	–
Distributions from net realized gain on investments	–	(0.93)	(0.78)	–
TOTAL DISTRIBUTIONS	(0.11)	(1.36)	(0.96)	–
Net Asset Value, End of Period	\$6.44	\$ 5.99	\$10.64	\$10.86
Total Return³	9.50%	(35.41)%	7.38%	8.60%

Ratios to Average Net Assets:

Net expenses	1.02% ⁴	1.02%	1.02%	1.02% ⁴
Net investment income	4.14% ⁴	0.58%	0.64%	2.48% ⁴
Expense waiver/reimbursement ⁵	1.38% ⁴	1.16%	1.30%	2.72% ⁴

Supplemental Data:

Net assets, end of period (000 omitted)	\$16,067	\$14,525	\$20,364	\$12,434
Portfolio turnover	16%	47%	2%	0% ⁶

- 1 Reflects operations for the period from December 23, 2005 (date of initial public 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)	Year Ended November 30,		Period Ended
	5/31/2009	2008	2007	11/30/2006 ¹
Net Asset Value, Beginning of Period	\$5.98	\$10.64	\$10.86	\$10.00
Income From Investment Operations:				
Net investment income	0.13	0.06	0.10 ²	0.23 ²
Net realized and unrealized gain (loss) on investments	0.44	(3.36)	0.64	0.63
TOTAL FROM INVESTMENT OPERATIONS	0.57	(3.30)	0.74	0.86
Less Distributions:				
Distributions from net investment income	(0.12)	(0.43)	(0.18)	–
Distributions from net realized gain on investments	–	(0.93)	(0.78)	–
TOTAL DISTRIBUTIONS	(0.12)	(1.36)	(0.96)	–
Net Asset Value, End of Period	\$6.43	\$ 5.98	\$10.64	\$10.86
Total Return³	9.65%	(35.46)%	7.37%	8.60%

Ratios to Average Net Assets:

Net expenses	1.02% ⁴	1.02%	1.00%	1.02% ⁴
Net investment income	4.10% ⁴	0.61%	0.93%	2.45% ⁴
Expense waiver/reimbursement ⁵	1.38% ⁴	1.16%	1.29%	2.80% ⁴

Supplemental Data:

Net assets, end of period (000 omitted)	\$6,202	\$5,111	\$7,254	\$3,560
Portfolio turnover	16%	47%	2%	0% ⁶

- 1 Reflects operations for the period from December 23, 2005 (date of initial public 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, 2008 to May 31, 2009.

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 transactions costs were included, your costs would have been higher.

	Beginning Account Value 12/1/2008	Ending Account Value 5/31/2009	Expenses Paid During Period ¹
Actual:			
Class A Shares	\$1,000	\$1,098.10	\$1.41
Class B Shares	\$1,000	\$1,095.00	\$5.33
Class C Shares	\$1,000	\$1,096.50	\$5.33
Hypothetical (assuming a 5% return before expenses):			
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

¹ 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, 2009, the Fund's portfolio composition¹ was as follows:

Underlying Fund	Percentage of Total Net Assets
Federated InterContinental Fund	25.1%
Federated Kaufmann Fund	24.9%
Federated Intermediate Corporate Bond Fund	24.7%
Federated Capital Appreciation Fund	24.6%
Cash Equivalents ²	0.7%
Other Assets and Liabilities - Net ^{3,4}	(0.0)%
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 investments in securities, less liabilities. See Statement of Assets and Liabilities.
- ⁴ Represents less than 0.1%.

PORTFOLIO OF INVESTMENTS

May 31, 2009 (unaudited)

Shares		Value
AFFILIATED MUTUAL FUNDS—100.0%		
700,851	Federated Capital Appreciation Fund, Institutional Shares	\$ 10,512,772
305,818	Federated InterContinental Fund, Institutional Shares	10,706,682
1,149,952	Federated Intermediate Corporate Bond Fund, Institutional Shares	10,556,561
2,797,688	Federated Kaufmann Fund, Class A Shares	10,603,239
300,437	¹ Prime Value Obligations Fund, Institutional Shares, 0.87%	300,437
TOTAL INVESTMENTS—100.0%		
(IDENTIFIED COST \$53,319,842)²		42,679,691
OTHER ASSETS AND LIABILITIES - NET—(0.0)%³		(15,608)
TOTAL NET ASSETS—100%		\$ 42,664,083

- 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, 2009.

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.

The following is a summary of the inputs used, as of May 31, 2009, in valuing the Fund's assets carried at fair value:

Valuation Inputs	Investments in Securities
Level 1—Quoted Prices and Investments in Mutual Funds	\$42,679,691
Level 2—Other Significant Observable Inputs	—
Level 3—Significant Unobservable Inputs	—
TOTAL	\$42,679,691

See Notes which are an integral part of the Financial Statements

STATEMENT OF ASSETS AND LIABILITIES

May 31, 2009 (unaudited)

Assets:	
Total investments in affiliated issuers, at value (Note 5) (identified cost \$53,319,842)	\$ 42,679,691
Cash	251
Income receivable	44,042
Receivable for shares sold	29,770
TOTAL ASSETS	42,753,754
Liabilities:	
Payable for shares redeemed	\$ 12,080
Payable for custodian fees	2,749
Payable for transfer and dividend disbursing agent fees and expenses	15,878
Payable for Directors'/Trustees' fees	350
Payable for auditing fees	10,969
Payable for portfolio accounting fees	10,632
Payable for share registration costs	11,875
Payable for distribution services fee (Note 5)	13,687
Payable for shareholder services fee (Note 5)	8,213
Accrued expenses	3,238
TOTAL LIABILITIES	89,671
Net assets for 6,618,986 shares outstanding	\$ 42,664,083
Net Assets Consist of:	
Paid-in capital	\$ 63,112,180
Net unrealized depreciation of investments	(10,640,151)
Accumulated net realized loss on investments	(9,913,990)
Undistributed net investment income	106,044
TOTAL NET ASSETS	\$ 42,664,083
Net Asset Value, Offering Price and Redemption Proceeds Per Share	
Class A Shares:	
Net asset value per share (\$20,394,946 ÷ 3,159,628 shares outstanding), no par value, unlimited shares authorized	\$6.45
Offering price per share (100/94.50 of \$6.45)	\$6.83
Redemption proceeds per share	\$6.45
Class B Shares:	
Net asset value per share (\$16,066,973 ÷ 2,495,016 shares outstanding), no par value, unlimited shares authorized	\$6.44
Offering price per share	\$6.44
Redemption proceeds per share (94.50/100 of \$6.44)	\$6.09
Class C Shares:	
Net asset value per share (\$6,202,164 ÷ 964,342 shares outstanding), no par value, unlimited shares authorized	\$6.43
Offering price per share	\$6.43
Redemption proceeds per share (99.00/100 of \$6.43)	\$6.37

See Notes which are an integral part of the Financial Statements

STATEMENT OF OPERATIONS

Six Months Ended May 31, 2009 (unaudited)

Investment Income:	
Dividends received from affiliated issuers (Note 5)	\$ 978,223
Expenses:	
Administrative personnel and services fee (Note 5)	\$ 114,685
Custodian fees	5,469
Transfer and dividend disbursing agent fees and expenses	60,755
Directors'/Trustees' fees	1,697
Auditing fees	10,969
Legal fees	3,330
Portfolio accounting fees	33,079
Distribution services fee—Class B Shares (Note 5)	54,440
Distribution services fee—Class C Shares (Note 5)	20,496
Shareholder services fee—Class A Shares (Note 5)	22,353
Shareholder services fee—Class B Shares (Note 5)	18,147
Shareholder services fee—Class C Shares (Note 5)	6,599
Share registration costs	15,312
Printing and postage	16,214
Insurance premiums	2,153
Miscellaneous	1,819
TOTAL EXPENSES	387,517
Waiver and Reimbursement (Note 5):	
Waiver of administrative personnel and services fee	\$ (114,685)
Reimbursement of other operating expenses	(146,082)
TOTAL WAIVER AND REIMBURSEMENT	(260,767)
Net expenses	126,750
Net investment income	851,473
Realized and Unrealized Gain (Loss) on Investments:	
Net realized loss on investments in affiliated issuers	(3,278,175)
Net change in unrealized depreciation of investments	6,063,582
Net realized and unrealized gain on investments	2,785,407
Change in net assets resulting from operations	\$ 3,636,880

See Notes which are an integral part of the Financial Statements

STATEMENT OF CHANGES IN NET ASSETS

	Six Months Ended (unaudited) 5/31/2009	Year Ended 11/30/2008
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 851,473	\$ 425,889
Net realized loss on investments in affiliated issuers	(3,278,175)	(6,608,241)
Net change in unrealized appreciation/depreciation of investments	6,063,582	(12,760,807)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	3,636,880	(18,943,159)
Distributions to Shareholders:		
Distributions from net investment income		
Class A Shares	(518,499)	(925,944)
Class B Shares	(275,608)	(827,480)
Class C Shares	(110,313)	(302,825)
Distributions from net realized gain on investments		
Class A Shares	-	(1,755,122)
Class B Shares	-	(1,817,251)
Class C Shares	-	(650,714)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(904,420)	(6,279,336)
Share Transactions:		
Proceeds from sale of shares	8,208,037	22,675,199
Net asset value of shares issued to shareholders in payment of distributions declared	840,764	6,019,001
Cost of shares redeemed	(5,754,830)	(14,206,796)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	3,293,971	14,487,404
Change in net assets	6,026,431	(10,735,091)
Net Assets:		
Beginning of period	36,637,652	47,372,743
End of period (including undistributed net investment income of \$106,044 and \$158,991, respectively)	\$ 42,664,083	\$ 36,637,652

See Notes which are an integral part of the Financial Statements

NOTES TO FINANCIAL STATEMENTS

May 31, 2009 (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 four portfolios. The financial statements included herein are only those of Federated Balanced Allocation Fund (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. 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 on 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.

With respect to agreements to repurchase U.S. government securities and cash items, the Fund treats the repurchase agreement as an investment in the underlying securities and not as an obligation of the other party to the repurchase agreement. Other repurchase agreements are treated as obligations of the other party secured by the underlying securities. Nevertheless, 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. The Fund complies with the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes." As of and during the six months ended May 31, 2009, 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, 2009, tax years 2006 through 2008 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:

Class A Shares:	Six Months Ended 5/31/2009		Year Ended 11/30/2008	
	Shares	Amount	Shares	Amount
Shares sold	756,322	\$ 4,491,907	1,453,242	\$ 11,654,513
Shares issued to shareholders in payment of distributions declared	78,281	478,295	281,016	2,593,785
Shares redeemed	(491,272)	(2,836,016)	(762,248)	(6,170,532)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	343,331	\$ 2,134,186	972,010	\$ 8,077,766

Class B Shares:	Six Months Ended 5/31/2009		Year Ended 11/30/2008	
	Shares	Amount	Shares	Amount
Shares sold	351,228	\$ 2,067,016	914,100	\$ 7,724,123
Shares issued to shareholders in payment of distributions declared	42,998	262,716	271,614	2,504,277
Shares redeemed	(325,172)	(1,880,116)	(674,291)	(5,311,254)
NET CHANGE RESULTING FROM CLASS B SHARE TRANSACTIONS	69,054	\$ 449,616	511,423	\$ 4,917,146

Class C Shares:	Six Months Ended 5/31/2009		Year Ended 11/30/2008	
	Shares	Amount	Shares	Amount
Shares sold	278,747	\$ 1,649,114	398,350	\$ 3,296,563
Shares issued to shareholders in payment of distributions declared	16,353	99,753	99,993	920,939
Shares redeemed	(184,697)	(1,038,698)	(326,338)	(2,725,010)
NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS	110,403	\$ 710,169	172,005	\$ 1,492,492
NET CHANGE RESULTING FROM FUND SHARE TRANSACTIONS	522,788	\$ 3,293,971	1,655,438	\$ 14,487,404

4. FEDERAL TAX INFORMATION

At May 31, 2009, the cost of investments for federal tax purposes was \$53,319,842. The net unrealized depreciation of investments for federal tax purposes was \$10,640,151. This consists of net unrealized depreciation from investments for those securities having an excess of cost over value of \$10,640,151.

At November 30, 2008, the Fund had a capital loss carryforward of \$4,663,301 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 in 2016.

5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

Federated Equity Management Company of Pennsylvania 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, 2009, the Adviser voluntarily reimbursed \$141,200 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. FAS can modify or terminate this voluntary waiver at any time at its sole discretion. For the six months ended May 31, 2009, 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:

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. FSC can modify or terminate this voluntary waiver at any time at its sole discretion. 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, 2009, FSC did not retain any fees paid by the Fund. For the six months ended May 31, 2009, 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 six months ended May 31, 2009, FSC reimbursed \$4,882 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 six months ended May 31, 2009, FSC retained \$10,986 in sales charges from the sale of Class A 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 shareholder services fees. This voluntary reimbursement can be modified or terminated at any time. For the six months ended May 31, 2009, 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 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%, respectively, for the fiscal year ending November 30, 2009. Although these actions are voluntary, the Adviser and its affiliates have agreed to continue these waivers and/or reimbursements at least through January 31, 2010.

General

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

Transactions with Affiliated Companies

Affiliated holdings are mutual funds which are managed by the Adviser or an affiliate of the Adviser. Transactions with the affiliated companies during the six months ended May 31, 2009 were as follows:

Affiliates	Balance of Shares Held 11/30/2008	Purchases/ Additions	Sales/ Reductions	Balance of Shares Held 5/31/2009	Value	Dividend Income
Federated InterContinental Fund, Institutional Shares	282,410	87,779	64,371	305,818	\$10,706,682	\$582,708
Federated Capital Appreciation Fund, Institutional Shares	609,676	124,387	33,212	700,851	10,512,772	139,472
Federated Intermediate Corporate Bond Fund, Institutional Shares	1,052,892	379,861	282,801	1,149,952	10,556,561	253,941
Federated Kaufmann Fund, Class A Shares	2,668,679	414,311	285,302	2,797,688	10,603,239	—
Prime Value Obligations Fund, Institutional Shares	299,144	4,655,970	4,654,677	300,437	300,437	2,102
TOTAL OF AFFILIATED TRANSACTIONS	4,912,801	5,662,308	5,320,363	5,254,746	\$42,679,691	\$978,223

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.
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.

Effective January 2, 2008, Capital Appreciation, Class A Shares was replaced with Capital Appreciation, Institutional Shares.

Effective January 29, 2008, Federated American Leaders Fund, Inc. was replaced with InterContinental, whose investment objective is to provide long-term capital appreciation through investing in international stocks.

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, 2009, were as follows:

Purchases	\$9,228,000
Sales	\$5,904,000

7. RISKS OF INVESTING IN THE UNDERLYING FUNDS

Each of the Underlying Funds in which the Fund invests has its own investment risks, and those 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, 2009, there were no outstanding loans. During the six months ended May 31, 2009, 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 funds to borrow from other participating affiliated funds. As of May 31, 2009, there were no outstanding loans. During the six months ended May 31, 2009, the program was not utilized.

10. LEGAL PROCEEDINGS

Since October 2003, Federated Investors, Inc. and related entities (collectively, "Federated") and various Federated funds ("Federated Funds") have been named as defendants in several class action lawsuits now pending in the United States District Court for the District of Maryland. The lawsuits were purportedly filed on behalf of people who purchased, owned and/or redeemed shares of Federated-sponsored mutual funds during specified periods beginning November 1, 1998. The suits are generally similar in alleging that Federated engaged in illegal and improper trading practices including market timing and late trading in concert with certain institutional traders, which allegedly caused financial injury to the mutual fund shareholders. These lawsuits began to be filed shortly after Federated's first public announcement that it had received requests for information on shareholder trading activities in the Federated Funds from the SEC, the Office of the New York State Attorney General ("NYAG") and other authorities. In that regard, on November 28, 2005, Federated announced that it had reached final settlements with the SEC and the NYAG with respect to those matters. As Federated previously reported in 2004, it has already paid approximately \$8.0 million to certain funds as determined by an independent consultant. As part of these settlements, Federated agreed to pay for the benefit of fund shareholders additional disgorgement and a civil money penalty in the aggregate amount of an additional \$72 million. Federated entities have also been named as defendants in several additional lawsuits that are now pending in the United States District Court for the Western District of Pennsylvania, alleging, among other things, excessive advisory and Rule 12b-1 fees. The Board of the Federated Funds retained the law firm of Dickstein Shapiro LLP to represent the Federated Funds in these lawsuits. Federated and the Federated Funds, and their respective counsel have been defending this litigation, and none of the Federated Funds remains a defendant in any of the lawsuits (though some could potentially receive any recoveries as nominal defendants). Additional lawsuits based upon similar allegations may be filed in the future. The potential impact of these lawsuits, all of which seek unquantified 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, the ongoing adverse publicity and/or other developments resulting from the regulatory investigations will not result in increased Federated Fund redemptions, reduced sales of Federated Fund shares or other adverse consequences for the Federated Funds.

11. RECENT ACCOUNTING PRONOUNCEMENTS

In April 2009, FASB released Staff Position No. 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (FSP FAS 157-4), which is effective for interim and annual reporting periods ending after June 15, 2009. FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, *Fair Value Measurements*. Management has concluded that the adoption of FSP FAS 157-4 is not expected to have a material impact on the Fund's net assets or results of operations.

EVALUATION AND APPROVAL OF ADVISORY CONTRACT—MAY 2009

FEDERATED BALANCED ALLOCATION FUND (THE "FUND")

The Fund's Board reviewed the Fund's investment advisory contract at meetings held in May 2009. 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; and from the Fund's page, click on the "Portfolio Holdings" link.

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.

Federated

WORLD-CLASS INVESTMENT MANAGER[®]

Federated Securities Corp., Distributor

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