

ASSET ALLOCATION

Fund Description

The fund seeks to provide investors relative safety of capital with the possibility of long-term growth of capital and income. It pursues this objective by allocating its assets to equities and fixed-income securities.

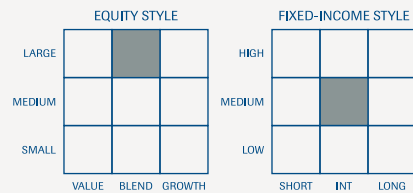
Overall Morningstar Rating™

Rating is based on risk adjusted total return for



The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable. Morningstar Load-Waived Ratings do not reflect the effect of the front-end sales charge for Class A Shares.

Morningstar Style Box™



Morningstar Category

Moderate Allocation

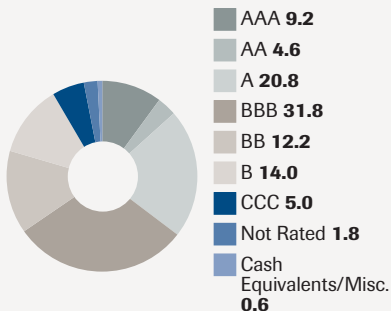
Benchmark

50% Russell 3000[®] Index/10% MSCI All Country World ex US Index/40% Barclays Capital U.S. Universal Index

Nasdaq Symbols

Class A Shares (A)	FSTBX
Class B Shares (B)	FSBBX
Class C Shares (C)	FSBCX
Class K Shares (K)	FSBXX
Institutional Shares (IS)	SBFIK

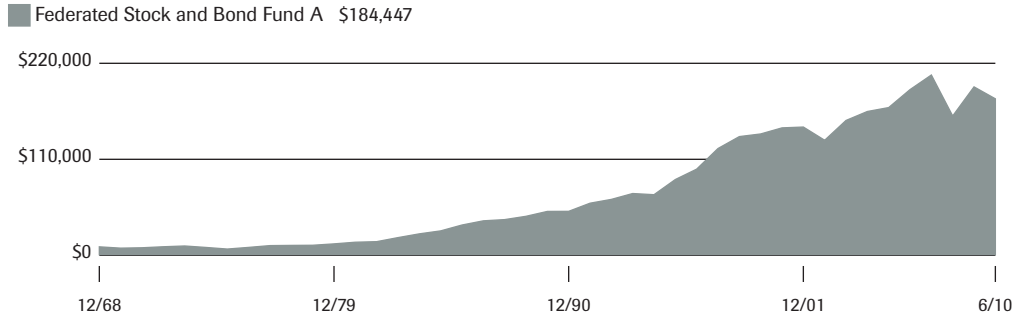
Quality Breakdown (%) **



Not FDIC Insured
 May Lose Value • No Bank Guarantee

Growth Over Time

If you had invested \$10,000 on 12/31/68 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 6/30/10.



Average Annual Total Returns (%)

Performance shown is before tax.

NAV	Performance Inception	Cumulative 3 Month	1 Year	5 Year	10 Year	15 Year	20 Year	Since Inception	Expense Ratio*	
									Before Waivers	After Waivers
A	12/31/68	-9.13	8.17	1.87	2.70	5.65	6.43	7.28	1.60	1.35
B	8/30/96	-9.30	7.27	1.05	2.07	N/A	N/A	4.66	2.40	2.15
C	4/19/93	-9.34	7.22	1.06	1.92	4.84	N/A	5.06	2.35	2.15
K	12/31/68	-9.20	7.61	1.38	2.24	5.17	5.94	6.78	2.02	1.85
IS	12/31/68	-9.06	8.38	1.69	2.55	5.51	6.29	7.14	1.23	1.10
Benchmark		-5.76	13.54	2.69	2.70	6.95	N/A	N/A	N/A	N/A
Lipper Mixed-Asset Target Allocation Growth Funds Average		-7.76	12.80	0.95	1.30	6.02	7.36	N/A	N/A	N/A

Maximum Offering Price

A	12/31/68	-14.13	2.24	0.72	2.13	5.25	6.13	7.13	1.60	1.35
B	8/30/96	-14.29	1.77	0.74	2.07	N/A	N/A	4.66	2.40	2.15
C	4/19/93	-10.24	6.22	1.06	1.92	4.84	N/A	5.06	2.35	2.15

Calendar Year Total Returns (%)

Class A Shares/NAV

2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
20.90	-22.73	8.82	12.15	2.72	6.66	17.21	-10.30	0.63	5.02
1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
2.23	11.16	23.92	13.69	25.06	-1.92	10.50	7.33	18.52	0.19

Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after tax returns, contact us or visit Federated-Investors.com. Maximum Offering Price figures reflect the maximum sales charge of 5.5% for Class A Shares, and the maximum contingent deferred sales charges of 5.5% for Class B Shares and 1% for Class C Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

* The Adviser and its affiliates have voluntarily agreed to waive their fees and/or reimburse expenses so that total annual fund operating expenses (excluding acquired fund fees and expenses) paid by Class A, B, C, K and IS Shares (after the voluntary waivers and/or reimbursements) will not exceed 1.25%, 2.05%, 2.05%, 1.75% and 1.00% respectively through the later of 1/31/11 or the date of the fund's next effective prospectus.

** The ratings agencies that provided the ratings are Standard and Poor's, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities "junk bonds"; and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.

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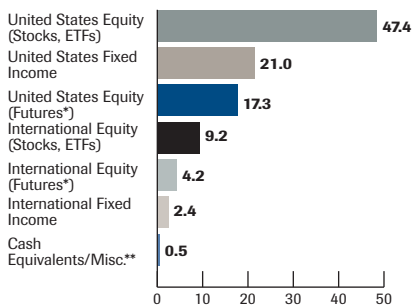
Key Investment Team Members

Timothy H. Goodger, Ph.D.
 Philip J. Orlando, CFA
 Joseph M. Balestrino, CFA
 Christopher J. Smith, CFA
 Dean J. Kartsonas, CFA
 Carol R. Miller, CFA

Fund Statistics

Portfolio Assets	\$232.7 m
Number of Fixed Income Holdings	274
Number of Equity Holdings	617
Dividends	Paid Quarterly
30-Day Yield	1.18%
Portfolio Beta (Source: Bloomberg trailing 3 years vs. S&P 500 Index)	0.60
Weighted Average Effective Maturity	7.5 Years
Weighted Average Effective Duration	4.6 Years

Portfolio Allocation (%) – Long Exposure



Portfolio Allocation (%) – Short Exposure



*Futures require no cash outlays; thus the national value is reported.
 **Does not include 17.5% cash held against futures positions and 2.0% T-bills held as collateral for futures.

Investors should carefully consider the 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, contact us or visit FederatedInvestors.com. Please carefully read the prospectus or the summary prospectus before investing.

Past performance is no guarantee of future results.

A WORD ABOUT RISK

High yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment grade securities.

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

International investing involves special risks including currency risk, increased volatility, political risks and differences in auditing and other financial standards.

Sector Weightings (%)



The fund is the successor to the Federated Stock and Bond Fund, Inc. pursuant to a reorganization that took place as of the close of business September 5, 2008.

The fund's Institutional Shares commenced operations on June 12, 2009. For the period prior to the commencement of operations for the Institutional Shares, the performance information shown is for the fund's Class A Shares. The performance of the Class A Shares has not been adjusted to reflect the expenses of the Institutional Shares since the Institutional Share class is estimated to have a lower expense ratio than the expense ratio of the Class A Shares. The performance of the Class A Shares has been adjusted to remove any voluntary waiver of the fund's expenses related to the Class A Shares that may have occurred during the period prior to the commencement of operations of the Institutional Share class.

The fund's Class K Shares commenced operations on April 7, 2003. For the period prior to the commencement of operations of the Class K Shares, the performance information shown is for the fund's Class A Shares, adjusted to reflect the expenses of the Class K Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

DEFINITIONS

The holdings percentages are based on net assets at the close of business on 6/30/10 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

Total return represents the change in value of an investment after reinvesting all income and capital gains. Total return would have been lower in the absence of temporary expense waivers or reimbursements.

The 30-day yield for Class A Shares is calculated by dividing the net investment income per share for the 30 days ended on the date of calculation by the maximum offering price per share on that date. The figure is compounded and annualized. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 0.88% for Class A Shares. Yields for other classes will vary.

Growth Over Time performance is for the fund's Class A Shares. Figures do not reflect the 5.5% maximum sales charge. The fund offers additional share classes whose performance will vary due to differences in charges and expenses.

Weighted average effective maturity is the average time to maturity of debt securities held in the fund.

Weighted average effective duration is a measure of security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

Beta analyzes the market risk of a fund by showing how responsive the fund is to the market. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse in down markets. Usually the higher betas represent riskier investments.

Russell 3000[®] Index offers investors access to the broad U.S. equity universe representing approximately 98% of the U.S. market. The Russell 3000 is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. MSCI-All Country World Ex. U.S. Index is an unmanaged index representing 45 developed and emerging markets around the world that collectively comprise virtually all of the foreign equity stock markets. Barclays Capital U.S. Universal Index represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers

USD-denominated, taxable bonds that are rated either investment-grade or below investment-grade. Indexes are unmanaged and cannot be invested in directly.

RATINGS AND RATING AGENCIES

Lipper Averages represent the average total returns reported by all mutual funds designated by Lipper, Inc. as falling into the respective categories indicated and do not reflect sales charges. Data Source: Lipper, A Reuters Company. Copyright 2010© Reuters. All rights reserved. Any copying, republication or redistribution of Lipper content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Morningstar Style Box[™] reveals a fund's investment strategy. For equity funds the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style. For fixed-income funds the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitivity as measured by a bond's duration.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2010 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

For each fund with at least a 3-year history, Morningstar calculates a Morningstar Rating[™] based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance.

The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted-average of the performance figures associated with its 3-, 5- and 10-year (if applicable) Morningstar Rating metrics. Ratings are for Class A and IS Shares; other classes may have different performance characteristics. For the 3-, 5- and 10-year periods ended 6/30/10, the fund's Class A Shares received 3, 3 and 3 stars, the fund's Class IS Shares received 3, 3 and 4 stars and was rated among 963, 807 and 436 funds, respectively. Past performance is no guarantee of future results. Morningstar offers ratings for load-waived versions of the class A shares of mutual funds. These ratings better reflect the investor experience for those individuals who do not pay the mutual fund's front load, such as retirement-plan participants. These ratings are calculated according to the methodology for the Morningstar ratings for funds, and they supplement the ratings for the original A share class, which reflects the maximum front load. For the 3-, 5- and 10-year periods ended 6/30/10, the load-waived ratings were 3, 3 and 4 stars among 963, 807 and 436 funds, respectively.

