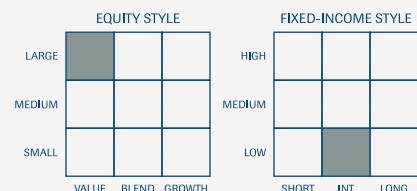


## ASSET ALLOCATION

### Fund Description

The fund seeks to provide investors with current income and long-term growth of income. Capital appreciation is secondary. To pursue its objective, the fund invests primarily in income-producing stocks and bonds.

### Morningstar Style Box™



### Morningstar Category

Conservative Allocation

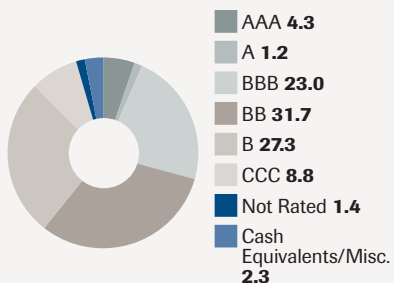
### Benchmark

40% Russell 1000<sup>®</sup> Value Index / 20% Barclays Capital High Yield 2% Issuer Constrained Index / 20% Barclays Capital Emerging Market Bond Index / 20% Barclays Capital Mortgage-Backed Securities Index

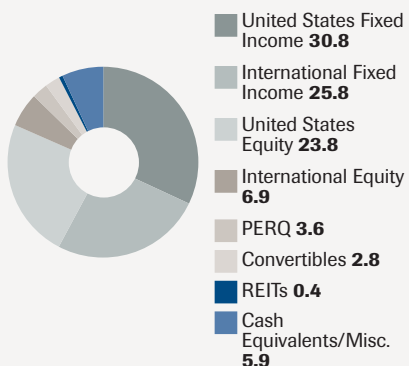
### Nasdaq Symbols

Class A Shares (A)	CAPAX
Class B Shares (B)	CAPBX
Class C Shares (C)	CAPCX
Class F Shares (F)	CAPFX

### Quality Breakdown (%) \*\*



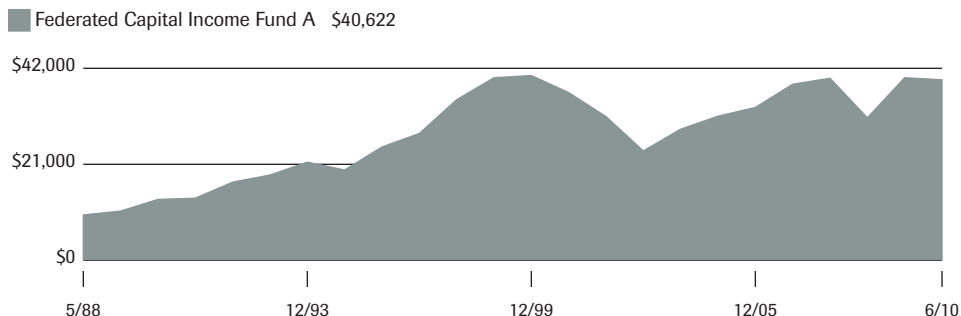
### Portfolio Composition (%)



Not FDIC Insured  
May Lose Value • No Bank Guarantee

### Growth Over Time

If you had invested \$10,000 on 5/31/88 (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	5/27/88	-4.77	13.96	4.28	-0.08	4.02	5.65	6.55	1.34	1.33
B	9/28/94	-4.81	13.25	3.51	-0.69	3.61	N/A	3.97	2.09	2.08
C	4/27/93	-4.81	13.28	3.53	-0.81	3.25	N/A	3.27	2.09	2.08
F	6/1/96	-4.64	14.13	4.31	-0.08	N/A	N/A	3.24	1.39	1.38
Benchmark		-3.77	17.89	4.00	6.11	8.34	N/A	N/A	N/A	N/A
Lipper Mixed-Asset Target Allocation Conservative Funds Average		-2.43	12.72	2.46	3.15	5.01	7.36	N/A	N/A	N/A

### Maximum Offering Price

NAV	Performance Inception	Cumulative 3 Month	1 Year	5 Year	10 Year	15 Year	20 Year	Since Inception	Expense Ratio*	Expense Ratio*
									Before Waivers	After Waivers
A	5/27/88	-10.03	7.66	3.11	-0.64	3.63	5.36	6.27	1.34	1.33
B	9/28/94	-9.99	7.75	3.17	-0.69	3.61	N/A	3.97	2.09	2.08
C	4/27/93	-5.75	12.28	3.53	-0.81	3.25	N/A	3.27	2.09	2.08
F	6/1/96	-6.58	11.92	4.11	-0.17	N/A	N/A	3.17	1.39	1.38

### Calendar Year Total Returns (%)

Class A Shares/NAV

2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
28.10	-21.70	3.38	15.21	6.04	9.90	19.89	-23.89	-14.31	-9.19
1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
1.16	13.68	26.62	11.90	25.46	-7.96	15.11	9.11	25.83	1.99

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](http://Federated-Investors.com). Maximum Offering Price figures reflect the maximum sales charges of 5.5% for Class A Shares and 1% for Class F Shares, and the maximum contingent deferred sales charges of 5.5% for Class B Shares, 1% for Class C Shares and 1% for Class F 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 the Class A, B, C and F Shares (after the voluntary waivers and/or reimbursements) will not exceed 1.32%, 2.07%, 2.07% and 1.37% 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.

ASSET ALLOCATION

Key Investment Team Members

John L. Nichol, CFA  
 Joseph M. Balestrino, CFA  
 Mark E. Durbiano, CFA  
 Roberto Sanchez-Dahl, CFA  
 Todd A. Abraham, CFA  
 Linda Bakhshian

Fund Statistics

Portfolio Assets	\$354.5 m
Number of Fixed Income Holdings	6
Number of Equity Holdings	94
Dividends	Paid Monthly
30-Day Yield	4.92%
Foreign Holdings	33.60%
Portfolio Beta (Source: Rolling 3 Yr. Performance Attribution vs. S&P 500)	0.58
Weighted Average Effective Maturity	9.9 Years
Weighted Average Effective Duration	5.6 Years

Top Holdings (%)

<b>Stock Portion</b>	
General Electric Co.	1.5
Chevron Corp.	1.4
International Business Machines Corp.	1.2
AT&T, Inc.	1.1
ConocoPhillips	1.1
Microsoft Corp.	1.1
<b>Bond Portion</b>	
High Yield Bond Portfolio	27.7
Emerging Markets Fixed Income Core Fund	25.8
Federated Mortgage Core Portfolio	2.4
News America Holdings, 8.15% due 10/17/36	0.5
Louisiana-Pacific Corp., 8.875% due 8/15/10	0.1
Westvaco Corp., 7.50% due 6/15/27	0.1

Federated knows...

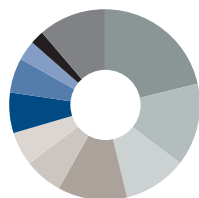
**Stability**  
 Ranks as a leading global investment manager, managing approximately \$335 billion in assets, delivering competitive and consistent results since 1955 and fostering growth by reinvesting in the company

**Investment Solutions**  
 Offers broad product lines spanning domestic and international equity, fixed income, alternative and money market strategies with the goal of long-term consistent, competitive performance

**Diligence**  
 Takes the long view, believing that doing business the right way over time will present opportunity for future growth

**Client-centric**  
 Delivers business solutions through consultative meetings, investment forums and market insights, often delivered proactively at client-specific locations

Sector Weightings (%)



Financials <b>21.8</b>	Telecommunication Services <b>5.4</b>
Energy <b>12.6</b>	Consumer Staples <b>5.3</b>
Healthcare <b>12.5</b>	Utilities <b>4.0</b>
Consumer Discretionary <b>10.1</b>	Materials <b>3.4</b>
Information Technology <b>8.5</b>	Cash Equivalents/Misc. <b>10.6</b>
Industrials <b>5.8</b>	

*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](http://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

International investing involves special risks including currency risk, increased volatility, political risks and differences in auditing and other financial standards. Prices of emerging markets securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

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

Diversification does not assure a profit nor protect against loss.

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

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. For an indefinite period of time, the investment adviser is waiving all or part of its fee and, in addition, may reimburse the fund for some of its expenses. Otherwise, the yield would have been 4.92%. 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 1000<sup>®</sup> Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. Barclays Capital High Yield 2% Issuer Constrained Index is the 2% Issuer Cap component of the U.S. Corporate High Yield Bond Index. Barclays Capital U.S. Corporate High Yield Bond Index is an unmanaged index that includes all fixed income securities having a maximum quality rating of Ba1, a minimum amount outstanding of \$150 million, and at least 1 year to maturity. Barclays Capital Emerging Market Bond Index (EMBI) tracks total returns for external-currency-denominated debt instruments of the emerging markets: Brady bonds, loans, Eurobonds, and U.S. dollar-denominated local market instruments. Countries covered are Argentina, Brazil, Bulgaria, Ecuador, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia, and Venezuela. Barclays Capital Mortgage-Backed Securities Index is an unmanaged index composed of all fixed securities mortgage pools by GNMA, FNMA and the FHLMC, including GNMA Graduated Payment Mortgages. Indexes are unmanaged and cannot be invested in directly.

RATINGS AND RATING AGENCIES

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Morningstar Style Box<sup>™</sup> 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.

