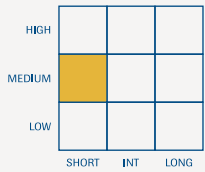


MUNICIPAL

Fund Description

The fund seeks to provide dividend income which is exempt from federal regular income tax. The fund pursues its objective by investing in a portfolio of tax-exempt securities with a dollar-weighted average portfolio duration of less than five years.

Morningstar Style Box™



Morningstar Category

Municipal National Short

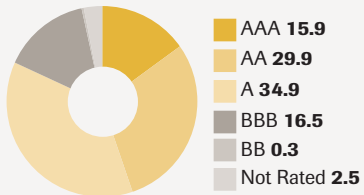
Benchmark

Barclays Capital 3-Year Municipal Bond Index

Nasdaq Symbols

Institutional Shares (IS) FSHIX
 Institutional Service Shares (SS) FSHSX

Quality Breakdown (%)



Average Annual Total Returns (%)

NAV	Performance Inception	Cumulative 3 Month	1 Year	5 Year	10 Year	15 Year	20 Year	Since Inception	Expense Ratio*	
									Before Waivers	After Waivers
IS	8/20/81	0.72	6.77	2.93	3.42	3.80	3.99	4.72	0.48	0.48
SS	9/1/93	0.66	6.51	2.70	3.17	3.55	N/A	3.32	1.17	0.71
Benchmark		0.80	5.78	4.03	4.41	4.66	5.03	N/A	N/A	N/A
Lipper Short Municipal Debt Funds Average		0.42	5.26	2.53	3.20	3.65	4.06	N/A	N/A	N/A

Calendar Year Total Returns (%)

Institutional Shares/NAV

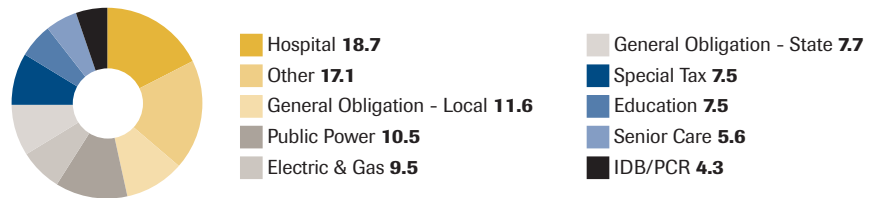
2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
6.77	0.19	3.10	3.30	1.44	1.43	2.43	5.13	5.50	5.10
1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
1.48	4.84	4.49	4.01	8.09	0.12	4.05	5.12	7.32	6.27

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 FederatedInvestors.com.

[IS] * The Adviser has contractually agreed to reduce the management fee by the amount which the aggregate expenses (excluding certain other expenses as noted in the fee table of the prospectus) exceed 0.4500%.

[SS] * The waivers/reimbursements for this share class are voluntary and can be terminated at any time. The Adviser has agreed not to terminate these waivers and/or reimbursements until after 08/31/10. However, to the extent that the management fee is being waived, the amount of the waiver/reimbursement for this share class may depend on the amount of the management fee that would have to be waived in order to comply with a contractual limit on expenses with respect to another class of fund shares. Shareholders must approve any changes to the contractual waiver/reimbursement.

Sector Weightings (%)



MUNICIPAL

Key Investment Team Members

Jeff A. Kozemchak, CFA

Fund Statistics

Portfolio Assets	\$347.9 m
Number of Holdings	177
Dividends	Paid Monthly
30-Day Yield	1.52%
Weighted Average Effective Maturity	2.0 Years
Weighted Average Effective Duration	1.8 Years

Top Holdings (%)

Philadelphia, PA Hospitals & Higher Education Facilities Authority, (Children's Hospital of Philadelphia), (Series 2002-B), VRDN, 01/04/2010	2.1
Massachusetts State HFA, Construction Loan Notes (Series 2009D), 5.000%, 09/01/2012	1.9
Chaska, MN Independent School District No.112, UT GO Bonds, 4.000%, 02/01/2015, Minnesota State Guaranteed	1.8
Harris County, TX HFDC, (Methodist Hospital, Harris County, TX), (Subseries 2008A-2), VRDN, 01/04/2010	1.8
Grand River Dam Authority, OK, Refunding Revenue Bonds (Series 2002A), 5.000%, 06/01/2012, FSA Insured	1.6
New Hampshire Health and Education Facilities Authority, (Dartmouth College, NH), (Series 2007A), VRDN, 01/04/2010	1.6
Philadelphia, PA Authority for Industrial Development, (Fox Chase Cancer Center), (Series 2007A), VRDN, 01/04/2010, Citizens Bank of PA LOC	1.6
South Carolina Jobs-EDA, (Palmetto Health Alliance), Hospital Revenue Bonds (Floating Rate Notes), 2.950%, 08/01/2013, Mandatory Tender	1.6

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a prospectus containing this and other information, contact us or visit FederatedInvestors.com. Please carefully read the prospectus before investing.

Past performance is no guarantee of future results.

For information on taxable equivalent yields, visit FederatedInvestors.com, "Products" section.

As of October 31, 2007, the fund was renamed Federated Short-Intermediate Duration Municipal Trust.

As of October 31, 2007, the fund gained the ability to invest at least a majority of its assets in securities rated investment-grade (or unrated securities of comparable quality), and may purchase securities rated below investment-grade (or unrated securities of comparable quality), which are also known as junk bonds, up to 49% of its assets. The fund does not have a specific minimum quality rating.

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.

Interest income from the fund's investments may be subject to the federal alternative minimum tax for individuals and corporations (AMT), and state and local taxes.

As of October 31, 2007, the fund's Adviser gained the ability to deliberately undertake, in seeking to provide enhanced levels of income, to invest the fund's assets in tax-exempt securities that are trading at a price less than the original issue price (or market discount bonds), enter in credit default swap arrangements and other derivative transactions, and engage in other permissible activities that may cause the fund to realize a limited amount of ordinary income or short-term capital gains (which are treated as ordinary income for federal income tax purposes) and, as a result, may result in taxable distributions to shareholders. The ordinary income derived from these investment strategies generally will be limited to approximately 5% or less of the fund's annual distributions.

As of October 31, 2007, the fund's Adviser also, normally (except as discussed below), began to invest the fund's assets entirely in securities whose interest was not subject to (or not a specific preference item for purposes of) the federal AMT. However, in certain circumstances (such as, for example, when there is a lack of supply of non-AMT securities or there are advantageous market conditions, or if there are changes in tax laws relating to the AMT), to pursue the fund's investment objective, the Adviser may invest the fund's assets in securities that may be subject to AMT. In such circumstances, interest from the fund's investments may be subject to the AMT.

The fund is not a "money market" fund. A money market mutual fund attempts to maintain a stable net asset value through compliance with relevant SEC rules. The fund is not governed by those rules, and its shares will fluctuate in value.

DEFINITIONS

The holdings percentages are based on net assets at the close of business on 12/31/09 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 Institutional 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. The 30-day yield for Institutional Service Shares was 1.27%. 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 1.52% for Institutional Shares and 1.02% for Institutional Service Shares.

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.

Barclays Capital 3-Year Municipal Bond Index is a broad-based market index. To be included in the index, bonds must have a minimum credit rating of Baa. They must have an outstanding par value of at least \$5 million and be issued as part of a transaction of at least \$50 million. The bonds must have a dated-date after December 31, 1990 and must be at least one year from their maturity date. Indexes are unmanaged and cannot be invested in directly.

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.

RATINGS AND RATING AGENCIES

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Morningstar Style Box™ reveals a fund's investment strategy. 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.

