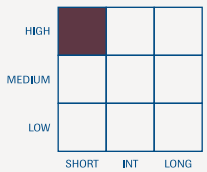


## MULTI-SECTOR

### Fund Description

The fund seeks to offer investors total return consistent with current income. To pursue its objective, the fund invests in asset-backed and mortgage-backed securities, corporate debt securities and Treasury and agency securities.

### Morningstar Style Box™



### Morningstar Category

Ultrashort Bond

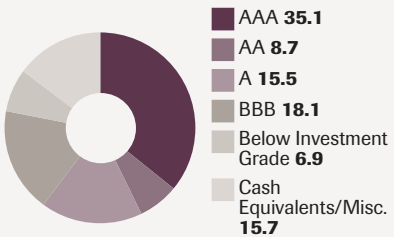
### Benchmark

9 Month LIBOR

### Nasdaq Symbols

Class A Shares (A)	FULAX
Institutional Shares (IS)	FULIX
Institutional Service Shares (SS)	FULBX

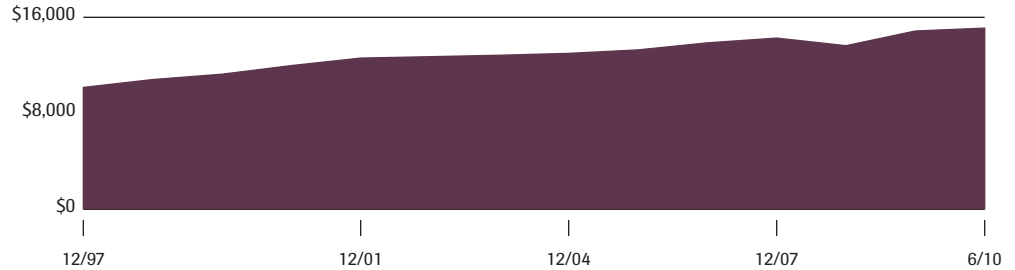
### Quality Breakdown (%) \*\*



### Growth Over Time

If you had invested \$10,000 on 5/31/97 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 6/30/10.

■ Federated Ultrashort Bond Fund A \$15,531



### Average Annual Total Returns (%)

Performance shown is before tax.

NAV	Performance Inception	Cumulative 3 Month	1 Year	5 Year	10 Year	Since Inception	Expense Ratio*	
							Before Waivers	After Waivers
A	5/31/97	0.64	4.69	2.80	2.77	3.42	1.36	0.93
IS	2/22/00	0.77	5.27	3.37	3.42	3.50	1.06	0.38
SS	5/31/97	0.66	4.80	2.92	2.97	3.69	1.31	0.83
Benchmark		0.11	0.99	3.78	3.53	N/A	N/A	N/A
Lipper Ultra-Short Obligations Funds Average		0.38	3.87	2.06	2.74	N/A	N/A	N/A
<b>Maximum Offering Price</b>								
A	5/31/97	-1.41	2.62	2.39	2.56	3.26	1.36	0.93

### Calendar Year Total Returns (%)

Class A Shares/NAV

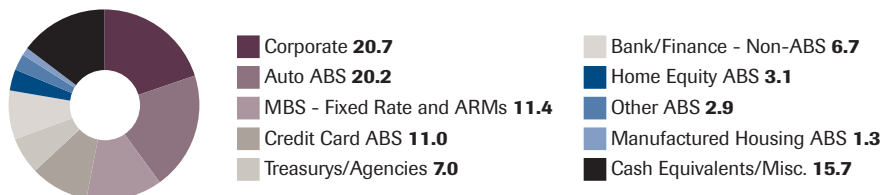
2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
8.98	-4.44	2.86	4.41	2.24	1.20	0.97	0.91	5.22	6.38
1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
4.13	6.45	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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](http://FederatedInvestors.com). Maximum Offering Price figures reflect the maximum sales charge of 2% for Class A 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, IS and SS Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.90%, 1.35% and 0.80% respectively through the later of 11/30/10 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.

### Sector Weightings (%)



MULTI-SECTOR

Key Investment Team Members

Randall S. Bauer, CFA

Fund Statistics

Portfolio Assets	\$1.2 b
Number of Holdings	290
Dividends	Paid Monthly
30-Day Yield	1.49%
Weighted Average Effective Maturity	1.4 Years
Weighted Average Effective Duration	0.9 Years

Top Holdings (%)

U.S. Treasury Inflation Indexed Note, TIPS, 2.00% due 1/15/16	5.0
U.S. Treasury Note, 1.00% due 4/30/12	1.7
Americredit Automobile Receivables Trust 2007-AX, Class A4, Floating Rate Note due 10/6/13	1.1
American Express Issuance Trust 2005-1, Class C, Floating Rate Note due 8/15/11	1.0
Bank of America Credit Card Trust 2007-C1, Class C1, Floating Rate Note due 6/15/14	0.9
FHLMC REMIC Trust 3317, Class F, Floating Rate Note due 7/15/36	0.9
MBNA Credit Card Master Note Trust 2002-C3, Class C, Floating Rate Note due 10/15/14	0.9
Ally Master Owner Trust 2010-1, Class A, Floating Rate Note due 1/15/15	0.8
Citibank Credit Card Issuance Trust 2004-B2, Class B2, Floating Rate Note due 10/7/13	0.8
PFS Financing Corp. 2010-CA, Class A1, Floating Rate Note due 2/15/14 (Insurance Premium ABS)	0.8

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

*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.

Prior to 10/27/98, the fund was named Federated Limited Duration Government Fund with an investment concentration in government securities. The fund was reconfigured to maintain an ultrashort duration (one year or less) with a revised investment policy of purchasing both higher and lower quality fixed income securities.

The fund's Class A Shares commenced operations on October 8, 2002. The fund offers two other classes of shares, Institutional Shares and Institutional Service Shares. For the period prior to the commencement of operations of the Class A Shares, the performance information shown is for the fund's Institutional Service Shares, adjusted to reflect the sales charges (for maximum offering price performance) and expenses of the Class A Shares.

A portion of the fund may be invested in the Federated Core Trust-High Yield Bond Portfolio. This pool of 397 securities provides more effective diversification than is available through the purchase of individual high yield securities.

A WORD ABOUT RISK

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

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.

The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.

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 1.08% 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 2% 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.

9-Month LIBOR or London Interbank Offered Rate, is the interest rate offered by a specific group of London banks for U.S. dollar deposits with a nine-month maturity. 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 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.

