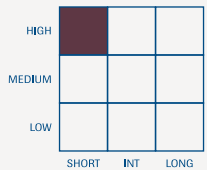


## MULTI-SECTOR

### 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

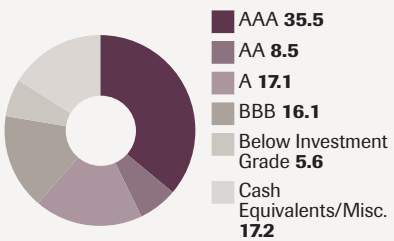
### Benchmark

9 Month LIBOR

### Nasdaq Symbols

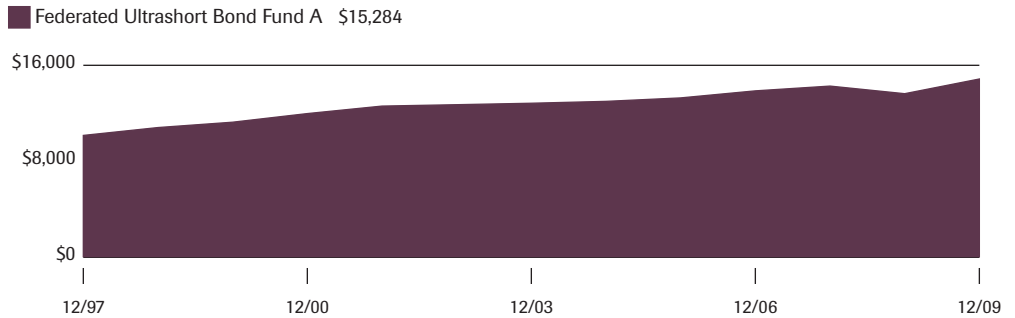
Class A Shares (A) FULAX

### 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 12/31/09.



### 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	0.89	8.98	2.72	2.81	3.43	1.36	0.93
Benchmark		0.28	1.84	4.01	3.81	N/A	N/A	N/A
Lipper Ultra-Short Obligations Funds Average		0.79	5.28	2.05	2.88	N/A	N/A	N/A
<b>Maximum Offering Price</b>								
A	5/31/97	-1.07	6.86	2.31	2.61	3.26	1.36	0.93

### Calendar Year Total Returns (%)

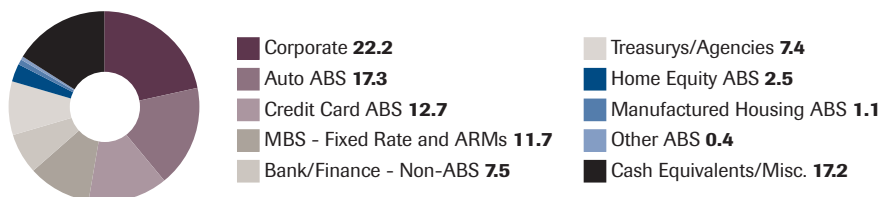
Class A Shares/NAV

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 the total operating expenses (excluding Acquired Fund Fees and Expenses) paid by the fund's Class A Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.90% through the later of November 30, 2010 or the date of the fund's next effective prospectus.

### Sector Weightings (%)



## MULTI-SECTOR

### Key Investment Team Members

Randall S. Bauer, CFA

### Fund Statistics

Portfolio Assets	\$829.9 m
Number of Holdings	247
Dividends	Paid Monthly
30-Day Yield	1.47%
Weighted Average Effective Maturity	1.3 Years
Weighted Average Effective Duration	1.0 Years

### Top Holdings (%)

U.S. Treasury Inflation Indexed Note, TIPS, 2.00% due 1/15/16	6.9
Americredit Automobile Receivables Trust 2007-AX, Class A4, Floating Rate Note due 10/06/13	1.1
Bank of America Credit Card Trust 2007-B1, Class B1, Floating Rate Note due 6/15/12	1.0
Bank of America Auto Trust 2009-3, Class A3, 1.67% due 12/15/13	1.0
Harley-Davidson Motorcycle Trust 2009-4k, Class B, 3.19% due 9/15/14	1.0
Wells Fargo Home Equity Trust, 2006-1, Class A3, Floating Rate Note due 5/25/36	0.9
BMW Vehicle Lease Trust 2009-1, Class A3, 2.91% due 3/15/12	0.8
General Electric Co., Floating Rate Note due 11/01/12	0.8
Hyundai Auto Receivables Trust 2006-B, Class A4, 5.15% due 5/15/13	0.8
MBNA Credit Card Master Note Trust 2004-B2, Class B2, Floating Rate Note due 12/16/13	0.8

**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](http://FederatedInvestors.com). Please carefully read the 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 395 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 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 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 1.06%.

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.

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.

