

HIGH YIELD

Fund Description

This high yield fund's philosophy is built on bottom-up, fundamental analysis focusing on the underlying quality and sustainability of an issuer's business. To pursue its objective, the fund invests in lower-rated corporate fixed-income securities, including debt securities issued by U.S. or foreign business.

Overall Morningstar Rating™

Rating is based on risk adjusted total return for Institutional Shares

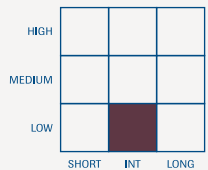


out of 475 Funds in High Yield Bond Category

The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

Morningstar Style Box™

Morningstar Category



High Yield Bond

Benchmark

Barclay's Capital High Yield 2% Issuer Const Index

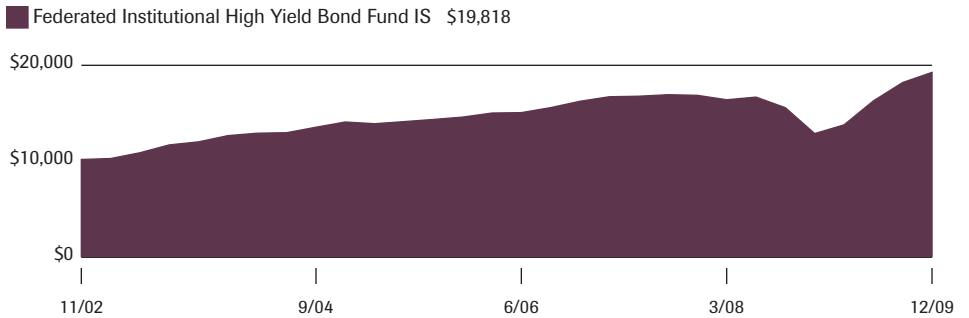
Nasdaq Symbols

Institutional Shares (IS)

FIH BX

Growth Over Time

If you had invested \$10,000 on 11/30/02 (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	Since Inception	Expense Ratio*	
						Before Waivers	After Waivers
IS	11/4/02	5.81	49.50	6.45	10.01	0.65	0.50
Benchmark		6.18	58.76	6.49	N/A	N/A	N/A
Lipper High Current Yield Funds Average		5.61	46.41	4.36	N/A	N/A	N/A
Maximum Offering Price							
IS	11/4/02	5.81	49.50	6.45	10.01	0.65	0.50

Calendar Year Total Returns (%)

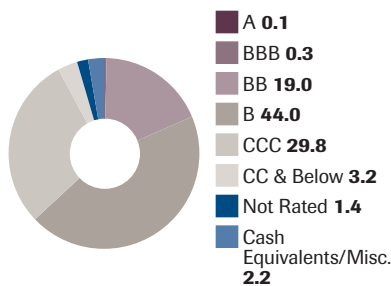
Institutional Shares/NAV

2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
49.50	-23.62	3.80	11.28	3.61	11.22	23.15	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. If shares are redeemed or exchanged within 90 days of purchase, a 2% redemption fee will be charged. The redemption fee will be paid to the fund and is reflected in the offering price total returns.

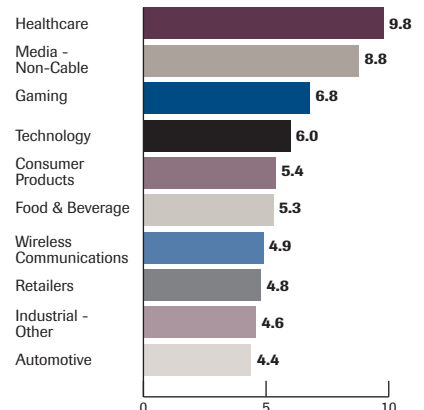
* The Adviser and its affiliates have voluntarily agreed to waive their fees and/or reimburse expenses so that total annual fund operating expenses (excluding Acquired Fund Fees and Expenses) paid by the fund's Institutional Shares (after voluntary waivers and/or reimbursements) will not exceed 0.49% through the later of December 31, 2010 or the date of the fund's next effective prospectus.

Quality Breakdown (%)



Sector Weightings (%)

Top Index Classifications



Key Investment Team Members

Mark E. Durbiano, CFA

Fund Statistics

Portfolio Assets	\$360.1 m
Number of Holdings	408
Dividends	Paid Monthly
30-Day Yield	8.29%
Weighted Average Effective Maturity	4.3 Years
Weighted Average Effective Duration	3.2 Years

Top Holdings (%)

Ford Motor Co.	2.5
HCA, Inc.	2.3
Intelsat Jackson Ltd.	2.3
Sprint Nextel Corp.	2.2
GMAC LLC	2.1
Jostens Holding Corp.	1.8
MGM Mirage, Inc.	1.4
West Corp.	1.3
SunGard Data Systems, Inc.	1.2
Digicel Ltd.	1.0

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.

The redemption/exchange fee will be waived for Shares purchased by banks or trust companies acting in a fiduciary capacity on behalf of trust accounts. The redemption/exchange fee will also be waived for Shares purchased through employer-sponsored retirement plans, such as 401(k) plans. However, if Shares are purchased for a retirement plan account through a broker, financial institution, or other intermediary maintaining an omnibus account for the Shares, the waiver may not apply. (Before purchasing Shares, please check with your account representative concerning the availability of the fee waiver.) In addition, this waiver does not apply to individual retirement accounts, such as Traditional, Roth and SEP-IRAs.

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

Mutual funds are subject to risks and fluctuate in value. 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.

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. Holdings are high yield debt securities.

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. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 8.20%.

Growth Over Time performance is for the fund's Institutional 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.

Index classifications are based upon, and individual portfolio securities are assigned to, the classification and sub-classification categories of the Barclays Capital High Yield 2% Issuer Constrained Index (LHY2%ICI). Individual portfolio securities that are not included in the LHY2%ICI are assigned to an index classification category at the discretion of the fund's advisor.

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. 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

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.

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 Institutional Shares. For the 3- and 5-year periods ended 12/31/09, the fund received 4 and 4 stars, and was rated among 475 and 411 funds, respectively. Past performance is no guarantee of future results.

