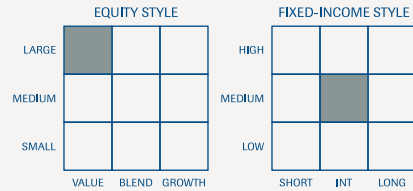


ASSET ALLOCATION

Fund Description

Pursues long-term growth through capital appreciation and income. Broad balanced fund offering exposure to key equity and fixed-income asset classes and styles.

Morningstar Style Box™



Morningstar Category

Moderate Allocation

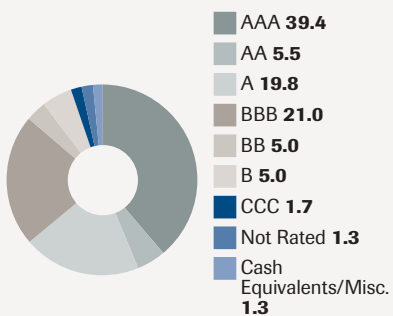
Benchmark

60% S&P 500 / 40% Barclays Capital U.S. Aggregate Bond Index

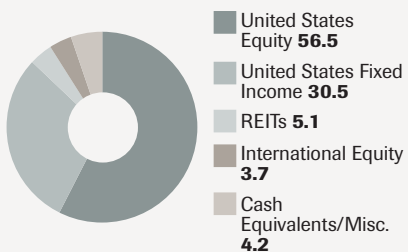
Nasdaq Symbols

| | |
|---------------------------|-------|
| Class A Shares (A) | QABGX |
| Class C Shares (C) | QCBGX |
| Class K Shares (K) | QKBGX |
| Institutional Shares (IS) | QIBGX |

Quality Breakdown (%) **



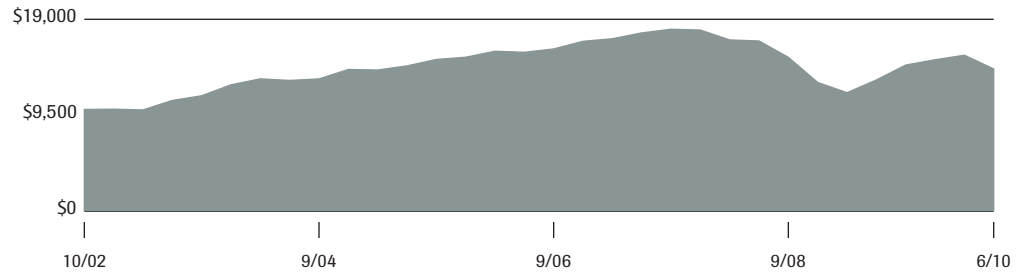
Portfolio Composition (%)



Growth Over Time

If you had invested \$10,000 on 10/31/02 (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 MDT Balanced Fund A \$14,498



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 |
| A | 10/1/02 | -8.74 | 8.43 | -0.41 | 4.91 | 1.54 | 1.34 |
| C | 10/1/02 | -8.93 | 7.65 | -1.18 | 4.11 | 2.19 | 2.09 |
| K | 10/1/02 | -8.83 | 7.93 | -0.82 | 4.45 | 1.92 | 1.83 |
| IS | 10/1/02 | -8.71 | 8.66 | -0.16 | 5.17 | 1.18 | 1.09 |
| Benchmark | | -5.59 | 12.82 | 2.04 | N/A | N/A | N/A |
| Lipper Mixed-Asset Target Allocation Growth Funds Average | | -7.76 | 12.80 | 0.95 | N/A | N/A | N/A |

Maximum Offering Price

| NAV | Performance Inception | Cumulative 3 Month | 1 Year | 5 Year | Since Inception | Before Waivers | After Waivers |
|-----|-----------------------|--------------------|--------|--------|-----------------|----------------|---------------|
| A | 10/1/02 | -13.76 | 2.51 | -1.54 | 4.15 | 1.54 | 1.34 |
| C | 10/1/02 | -9.84 | 6.65 | -1.18 | 4.11 | 2.19 | 2.09 |

Calendar Year Total Returns (%)

Class A Shares/NAV

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|-------|--------|------|-------|------|-------|-------|------|------|------|
| 17.53 | -28.88 | 6.62 | 10.34 | 8.65 | 12.11 | 23.86 | 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. Maximum Offering Price figures reflect the maximum sales charge of 5.5% for Class A Shares, and the maximum contingent deferred sales charge of 1% for Class C Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund. Returns shown for Class A and C Shares (inception date 9/15/05) for the periods prior to their inception are derived from the historical performance of Institutional Class of the fund during such periods and have been adjusted to reflect the higher total annual operating expenses of each specific class.

* Expenses include 0.04% of indirect expenses of acquired funds in which the fund invests. Waivers/reimbursements are voluntary. The Adviser has agreed not to terminate these waivers and/or reimbursements until after 09/30/10.

** 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

Daniel J. Mahr, CFA
 Joseph M. Balestrino, CFA
 John F. Sherman, CFA
 Christopher J. Smith, CFA
 Brian M. Greenberg
 Frederick L. Konopka, CFA
 David A. Troiano

Fund Statistics

| | |
|-------------------------------------|---------------|
| Portfolio Assets | \$180.6 m |
| Dividends | Paid Annually |
| 30-Day Yield | 1.32% |
| Weighted Average Effective Maturity | 4.4 Years |

Top Holdings (%)

Stock Portion

| | |
|------------------------------|-----|
| Chevron Corp. | 2.5 |
| ConocoPhillips | 2.5 |
| Archer-Daniels-Midland Co. | 2.4 |
| MetLife, Inc. | 2.3 |
| iShares MSCI EAFE Index Fund | 2.2 |

Bond Portion

| | |
|---|-----|
| FNMA, 4.375% due 3/15/13 | 1.7 |
| U.S. Treasury Note, 1.375% due 1/15/13 | 1.7 |
| Citigroup/Deutsche Bank Commercial Mortgage 2007-CD5, 5.886% due 11/15/44 | 0.7 |
| FHLMC, 5.50% due 7/18/16 | 0.5 |
| Credit Suisse Mortgage Capital Certificate 2006-C4, 5.509% due 9/15/39 | 0.4 |
| LB-UBS Commercial Mortgage Trust 2008-C1, Class A2, 6.324% due 4/15/41 | 0.4 |

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. Please carefully read the prospectus or the summary prospectus before investing.

Past performance is no guarantee of future results.

The fund is the successor to the MDT Balanced Fund pursuant to a reorganization that took place on December 8, 2006. Prior to that date, the fund had no investment operations. Accordingly, the performance information shown for periods prior to that date is that of the MDT Balanced Fund.

The fund's Class K Shares commenced operations on December 12, 2006. For the period prior to the commencement of operations of the Class K Shares, the performance information shown is for the fund's Institutional Shares, adjusted to reflect the expenses of the Class K Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

A WORD ABOUT RISK

Small company stocks may be less liquid and subject to greater price volatility than large capitalization stocks.

International investing involves special risks including currency risk, increased volatility, political risks and differences in auditing and other financial standards.

Investments in real estate investment trusts ("REITs") involve special risks associated with an investment in real estate, such as limited liquidity and interest rate risks.

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

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

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 1.07% 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 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.

S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Barclays Capital U.S. Aggregate Bond Index is an unmanaged index composed of securities from the Barclays Capital Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization. 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 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.

