

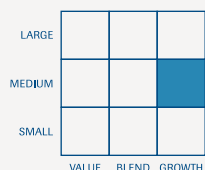


ALTERNATIVE

Fund Description

The fund is an actively managed bear fund designed to help investors benefit from a declining stock market. Using a "bottom-up meets top-down" investment approach, the fund seeks capital appreciation through a combination of short sales of equity securities, market indices and futures as well as put options and long positions in stocks of gold and precious metals and mining companies, overlaid with a risk control process that seeks to limit losses in bull markets.

Morningstar Style Box™



Morningstar Category

Bear Market

Benchmark

S&P 500 Index

Nasdaq Symbols

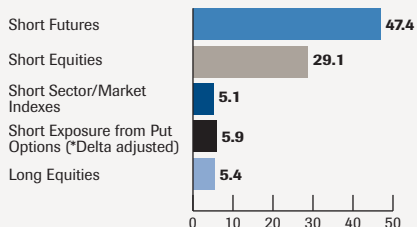
Class A Shares (A)	BEARX
Class C Shares (C)	PBRCX
Institutional Shares (IS)	PBRIX

Short Sector Weightings (%)

Information Technology	23.2
Financials	17.5
Consumer Discretionary	16.5
Consumer Staples	11.0
Healthcare	10.2
Industrials	9.2
Energy	5.4
Materials	3.4
Utilities	2.0
Telecommunication Services	1.6

Excludes short exposure in market index products.

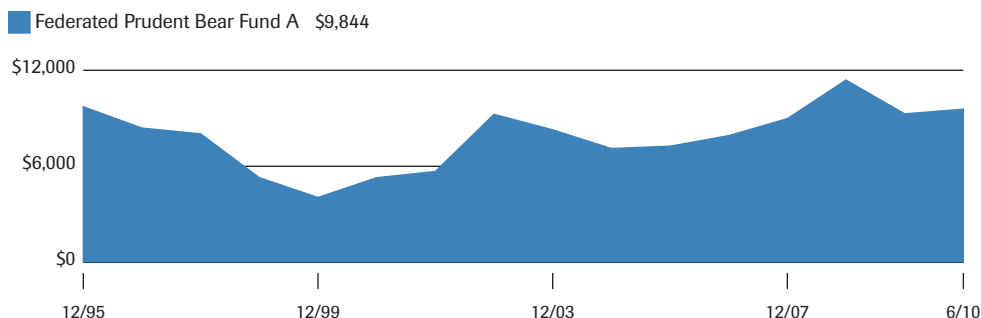
Portfolio Allocation (%)



**The change in the value of an option for each dollar change in the market price of the underlying asset.*

Growth Over Time

If you had invested \$10,000 on 12/31/95 (month end of the fund's performance inception) and reinvested all distributions, here's what your account would have been worth as of 6/30/10.



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	12/28/95	10.20	-11.22	6.59	8.62	-0.11	2.92	2.89
C	2/8/99	9.83	-12.06	5.76	7.77	4.92	3.69	3.68
IS	12/28/95	10.16	-11.18	6.67	8.66	-0.38	2.77	2.76
Benchmark		-11.43	14.43	-0.79	-1.59	N/A	N/A	N/A
Lipper Specialty Diversified Equity Funds Average		-1.44	6.20	4.50	6.37	N/A	N/A	N/A
Maximum Offering Price								
A	12/28/95	4.07	-16.12	5.41	8.01	-0.50	2.92	2.89
C	2/8/99	8.83	-12.94	5.76	7.77	4.92	3.69	3.68

Calendar Year Total Returns (%)

Class A Shares/NAV

2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
-18.54	26.85	13.42	9.10	2.02	-14.13	-10.44	62.87	7.36	30.47
1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
-23.40	-34.08	-4.33	-13.69	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. 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.

* 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 and dividends on short positions) paid by Class A, C and IS Shares (after the voluntary waivers and/or reimbursements) will not exceed 1.76%, 2.51% and 1.51%, respectively, through the later of 11/30/10 or the date of the fund's next effective prospectus.

ALTERNATIVE

Key Investment Team Members

Douglas C. Noland
 P. Ryan Bend, CFA
 Chad E. Hudson, CFA

Fund Statistics

Portfolio Assets	\$2.0 b
Dividends	Paid Annually
Portfolio Beta (Source: Bloomberg 1 Year versus S&P 500)	-0.66

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 Federated Prudent Bear Fund is the successor to the Prudent Bear Fund, pursuant to a reorganization that took place on December 5, 2008. Prior to that date, the Federated Prudent Bear Fund had no investment operations. Accordingly, performance information shown for periods prior to December 5, 2008 is historical information for the former No Load Shares but has been adjusted to reflect the maximum sales charges and expenses applicable to the fund's Class A and C Shares and to remove any voluntary waiver of expenses related to the No Load Shares that may have occurred prior to commencement of operations of the Institutional Shares. The performance information of the predecessor Prudent Bear Fund has not been adjusted to reflect the expense ratio of the Institutional Shares since the Institutional Shares are estimated to have a lower expense ratio than the expense ratio of the predecessor Prudent Bear Fund's No Load Shares.

A WORD ABOUT RISK

Federated Prudent Bear Fund regularly makes short sales of securities, which involves unlimited risk including the possibility that losses may exceed the original amount invested. The fund may also use options and future contracts, which have risks associated with unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. However, a mutual fund investor's risk is limited to one's amount of investment in a mutual fund. The fund may also hold restricted securities purchased through private placements. Such securities may be difficult to sell without experiencing delays or additional costs. Please see the prospectus for further details. Considering the increased risks, the fund may not be suitable for all investors.

Investments in gold and precious metals are subject to additional risks such as the possibility of substantial price fluctuations over a short period of time. Considering the risk, the fund may not be suitable for all investors.

Diversification does not assure a profit nor protect against loss.

DEFINITIONS

The portfolio composition 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.

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.

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.

Beta analyzes the market risk of a fund by showing how responsive the fund is to the market. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse in down markets. Usually the higher betas represent riskier investments.

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. Indexes are unmanaged and cannot be invested in directly.

RATINGS AND RATING AGENCIES

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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.

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.

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

