

Federated Absolute Return Fund

Nasdaq Symbol — IS: FMIIX | A: FMAAX | B: FMBBX | C: FMRCX

Product Highlights

- Pursues absolute (positive) returns with low correlation to the U.S. equity market.
- Invests in a wide range of U.S. and foreign asset classes, may sell securities short and may position for market advances or declines by taking net long or short exposure.
- Potentially provides strong portfolio diversification because its performance has not been historically correlated to that of stocks, bonds or cash.

Morningstar Category

Market Neutral

Benchmark

ICE BofAML 3-Month U.S. Treasury Bill Index

Key Investment Team

Dana Meissner, CFA, FRM, CAIA

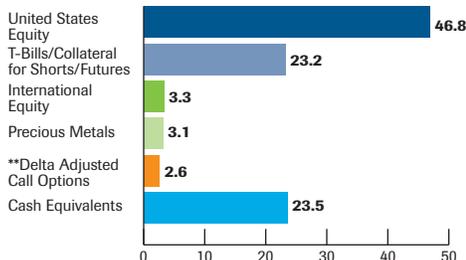
Fund Statistics

Portfolio Assets	\$68.9 m
Number of Equity Securities	68
Dividends	Paid Annually
Short Foreign Securities	38.94%
Long Foreign Securities	3.28%
Portfolio Beta (Source: Weekly Correlation to S&P 500 Index Last 60 Months)	0.27
Standard Deviation (3 Yr.)	5.70
Weighted Median P/E (NTM)	14.0x
Weighted Median P/E (LTM)	17.3x
Weighted Median Market Cap	\$55.2 b
Weighted Median Price/Book	3.8x

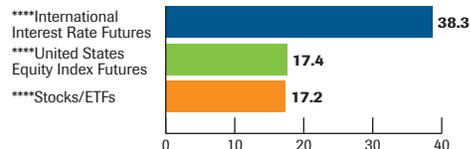
Top Holdings (%)

Microsoft Corp.	1.6
Verizon Communications	1.6
Apple, Inc.	1.4
Delta Air Lines, Inc.	1.4
Exelon Corp.	1.3
CenterPoint Energy, Inc.	1.2
Alphabet Inc. - Class A Shared	1.1
Celgene Corp.	1.1
Chevron Corp.	1.1
Intel Corp.	1.1

Portfolio Allocation*** (%) — Long Exposure



Portfolio Allocation*** (%) — Short Exposure



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

***Excluding the non-cash portion of options, currency forwards, futures, and short positions, the fund's asset breakout will add to 100%.

****Currency forwards, futures, and stock/ETF short positions require no cash outlays; thus the notional value is reported.

Sector Weightings (%) — Long Exposure



Average Annual Total Returns (%)

Performance shown is before tax.

NAV	Performance Inception	Cumulative 3 Month	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	Expense Ratio*	
									Before Waivers	After Waivers
IS	12/4/00	-2.96	-14.53	-5.74	-2.05	-1.06	-0.28	1.86	2.41	2.15
A	12/4/00	-3.11	-14.78	-5.99	-2.30	-1.31	-0.47	1.75	2.68	2.40
B	12/4/00	-3.31	-15.42	-6.67	-3.03	-1.90	-0.87	1.42	3.41	3.15
C	12/4/00	-3.21	-15.40	-6.67	-3.03	-2.05	-0.97	1.33	3.41	3.15
Benchmark		0.56	1.87	1.02	0.63	0.37	1.33	-	-	-
Maximum Offering Price										
A	12/4/00	-8.48	-19.50	-7.74	-3.40	-1.87	-0.84	1.44	2.68	2.40
B	12/4/00	-8.63	-20.08	-7.93	-3.42	-1.90	-0.87	1.42	3.41	3.15
C	12/4/00	-4.18	-16.25	-6.67	-3.03	-2.05	-0.97	1.33	3.41	3.15

Calendar Year Total Returns (%)

A Shares/NAV

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
NAV	-14.78	5.60	-7.67	1.09	5.97	4.84	-5.44	1.69	-1.20	-1.11
Benchmark	1.87	0.86	0.33	0.05	0.04	0.07	0.11	0.10	0.13	0.21

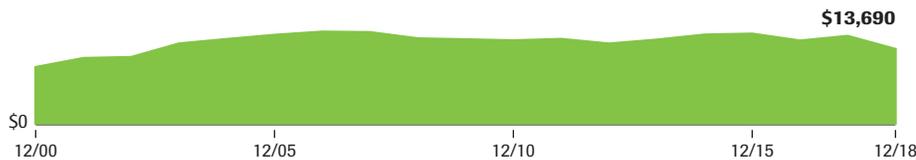
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. 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 A Shares, and the maximum contingent deferred sales charges of 5.5% for B Shares and 1% for C Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and/or its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 1/1/20 or the date of the fund's next effective prospectus. The expense ratio includes Dividends and Other Expenses Related to Short Sales. If Dividends and Other Expenses Related to Short Sales were excluded, the total net expenses for A, B, C and IS Shares would have been 1.61%, 2.36%, 2.36% and 1.36% respectively.

Federated Absolute Return Fund

Growth Over Time

If you had invested \$10,000 in A Shares on 12/31/00 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 12/31/18.



The fund's Institutional Shares commenced operations on June 29, 2007. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses of the Institutional Shares since the Institutional Shares are estimated to have a lower expense ratio than the expense ratio of the A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

The B Shares of this Federated fund are closed to new investors and new investments from existing shareholders (excluding reinvestment of dividends and capital gains and exchanges from B Shares of other Federated Funds).

A Word About Risk

Mutual funds are subject to risks and fluctuate in value. International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

Investments in gold and precious metals, put options and commodities are subject to additional risks.

The fund may make short sales of securities, which involves unlimited risk including the possibility that losses may exceed the original amount invested.

Diversification does not assure a profit nor protect against loss.

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

An investment in an exchange-traded fund ("ETF") generally presents the same primary risks as an investment in a fund that is not exchange traded and may also be subject to other risks, such as: (i) ETF shares may trade above or below their net asset value; (ii) an active trading market for an ETF's shares may not develop or be maintained and (iii) trading of an ETF's shares may be halted by the listing exchange's officials.

Absolute Return Investing may outperform broad markets during periods of flat or negative market performance but may not outperform stocks and bonds during market rallies.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

The fund may not achieve its investment objective.

Definitions

The holdings percentages are based on net assets at the close of business on 12/31/18 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.

Growth Over Time performance is for the fund's 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.

Standard Deviation is a statistical measure of the historical volatility of a mutual fund or portfolio, usually computed using 36 monthly returns. The higher the standard deviation, the greater the volatility.

Weighted Median P/E (LTM - Latest Twelve Months) is a ratio comparing share price to earnings per share using data from the previous twelve months.

Weighted Median P/E (NTM - Next Twelve Months) in calculating this, individual holdings with values greater than 60 are capped at 60 in accordance with Morningstar's methodology for calculating "Weighted Median P/E."

Weighted Median Market Capitalization is the calculation represented by the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock.

Weighted Median Price/Book is a ratio comparing share price to book value or assets minus liabilities.

ICE BofAML 3-Month U.S. Treasury Bill Index is a subset of The ICE BofAML 0-1 Year U.S. Treasury Index including all securities with a remaining term to final maturity less than 3 months.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit FederatedInvestors.com. Please carefully read the summary prospectus or the prospectus before investing.

Past performance is no guarantee of future results.

S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designated 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

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. ©2019 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (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.