

Federated®



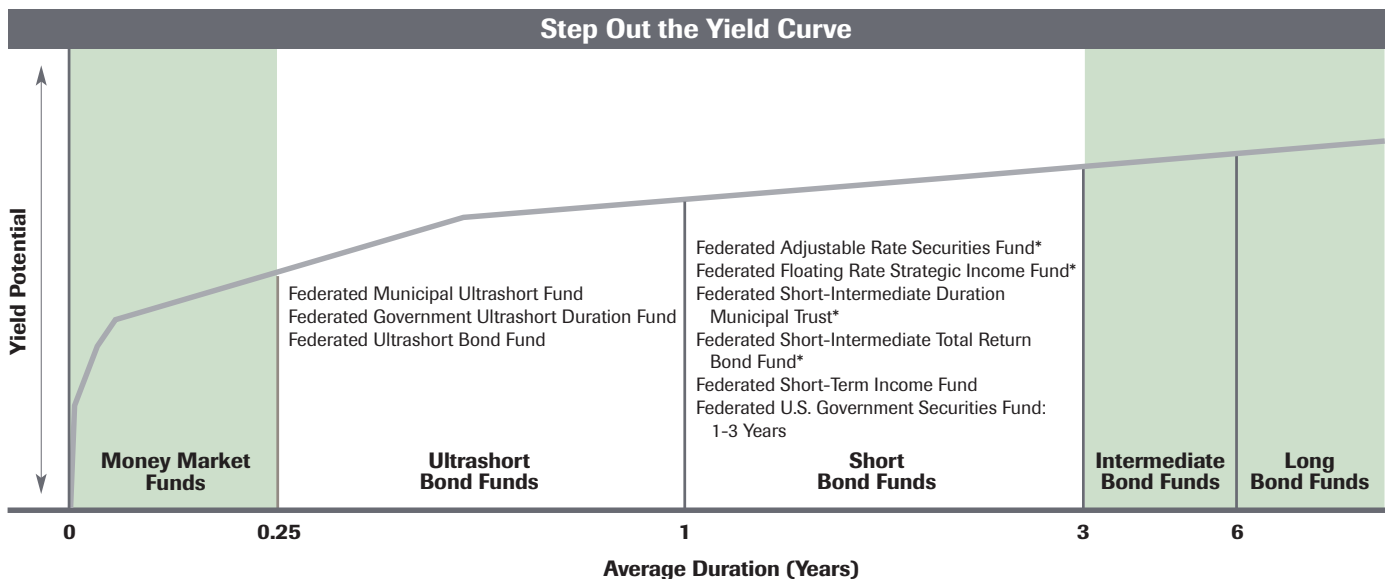
Expand Your Yield Potential: Federated Low-Duration Funds

Not FDIC Insured ■ May Lose Value ■ No Bank Guarantee

Expand your investment horizon with low-duration bond funds

To expand your portfolio's yield potential, consider investing in low-duration bond funds. These ultrashort and short-duration funds are a yield alternative that can fit comfortably in many investment plans and portfolios.

Low-duration funds tend to be highly liquid investments with the potential to deliver greater income than money market funds and cash accounts because the short-term bonds and other debt instruments they invest in typically provide more competitive yields. However, these funds are not designed to be a substitute for money market funds or cash accounts due to the possibility of an increased level of investment risk.



Ultrashort Duration Bond Funds³

Ultrashorts are conservative investments that offer the potential for low share price fluctuation. In exchange for offering a potential yield advantage, ultrashort funds typically exhibit more volatility than money market funds. Compared to longer-duration bond funds, ultrashorts generally pose less interest rate risk because they're less sensitive to interest-rate changes. Longer-duration funds typically offer greater return potential.

Short-Duration Bond Funds

Short-duration bond funds are also relatively conservative in nature and seek a yield advantage over both ultrashort and money market funds. However, this potential yield advantage is accompanied by a higher level of possible volatility and more interest-rate sensitivity.

Competitive Yields Aren't the Only Benefit

Federated offers a variety of low-duration bond funds across various bond sectors: municipal, government and corporate. Their benefits include:

- **Current income** — These funds pay any declared dividends monthly, which may be taken as income or reinvested to build the value of an account through compounding.
- **Complement to cash** — These funds may be an attractive complement to money market funds and cash accounts – but they are not designed to be a substitute for these vehicles. These funds generally are best suited for investors with a time frame of at least one year.
- **Portfolio diversification** — Adding these funds to a portfolio of longer-term fixed-income assets may reduce the interest rate/duration risks of your portfolio.
- **Asset accessibility** — These funds are highly liquid and shares can be redeemed at their current NAV on any business day.

* The fund's duration is flexible. See table at right for details.

Low-Duration Options to Meet Your Needs

Federated's low-duration funds are managed to pursue increased yield potential with strict duration limits. Each has a unique portfolio profile and investment niche.

	Fund Name	Fund Description	Portfolio Credit Quality
ULTRASHORT ³	Federated Government Ultrashort Duration Fund A Shares – FGUAX IS Shares – FGUSX SS Shares – FEUSX R6 Shares – FGULX	The fund seeks to provide current income. To pursue its objective, the fund invests in U.S. government and government agency securities, including mortgage-backed securities, with an overall dollar-weighted average duration of one year or less.	Invests in 100% investment-grade securities.
	Federated Municipal Ultrashort Fund A Shares – FMUUX IS Shares – FMUSX	The fund seeks to provide current income exempt from federal regular income tax. The fund pursues its objective by investing: (1) at least a majority of its assets in a portfolio of short-term tax-exempt securities ¹ , and (2) at least 65% of its portfolio in investment-grade tax-exempt securities and generally maintaining a dollar-weighted average portfolio duration of one year or less.	Investment concentration is primarily investment-grade securities.
	Federated Ultrashort Bond Fund A Shares – FULAX IS Shares – FULIX SS Shares – FULBX	The fund seeks to offer total return consistent with current income. To pursue its objective, the fund invests in asset-backed and mortgage-backed securities, corporate debt securities, Treasury and government agency securities with a dollar-weighted average effective duration of one year or less. The advisor allocates to the sectors that offer the best balance between total return and risk.	Investment concentration is primarily investment-grade securities.
SHORT-DURATION	Federated Adjustable Rate Securities Fund² IS Shares – FEUGX SS Shares – FASSX	The fund seeks to provide current income consistent with minimal principal volatility. To pursue its objective, the fund invests in adjustable and floating-rate mortgage-backed securities and commercial mortgage-backed securities that pay interest at rates that increase or decrease in response to changes in market interest rates. The fund invests primarily in securities issued or guaranteed by U.S. government agencies and government-sponsored entities.	Investment concentration is primarily investment-grade securities.
	Federated Floating Rate Strategic Income Fund² A Shares – FRSAX C Shares – FRICX IS Shares – FFRSX R6 Shares – FFRLX	The fund seeks to provide total return consistent with current income and low interest-rate volatility. To pursue its objective, the fund invests primarily in a strategic mix of floating-rate fixed-income investments: domestic investment-grade, domestic non-investment grade and foreign fixed income. The fund's flexibility allows for a dollar-weighted average effective duration range of negative two to positive three years.	Due to its multi-sector approach, the fund may invest up to 75% of assets in investment-grade or non-investment-grade securities.
	Federated Short-Intermediate Duration Municipal Trust² A Shares – FMTAX IS Shares – FSHIX SS Shares – FSHSX	The fund seeks to provide dividend income that is exempt from federal regular income tax ¹ . The fund pursues its objective by investing in a portfolio of tax-exempt securities with a dollar-weighted average portfolio duration of less than five years.	Investment concentration is primarily investment-grade securities.
	Federated Short-Intermediate Total Return Bond Fund² A Shares – FGCAx IS Shares – FGCIX SS Shares – FGCSX R6 Shares – SRBRX	The fund seeks to provide total return. To pursue its objective, the fund invests primarily in Treasury securities, U.S. government agency securities, mortgage-backed securities, asset-backed securities and investment-grade corporate securities. No more than 35% of the fund's total assets can be invested in below-investment grade and no more than 10% in emerging-market securities, including trade finance.	Investment concentration is primarily investment-grade securities.
	Federated Short-Term Income Fund^{2,3} A Shares – FTIAX IS Shares – FSTYX R6 Shares – FSILX SS Shares – FSTIX	The fund seeks to provide current income. To pursue its objective, the fund invests in asset-backed and mortgage-backed securities, corporate debt securities, Treasury and government agency securities with a dollar-weighted average effective duration between one and three years.	Investment concentration is primarily investment-grade securities.
	Federated U.S. Government Securities Fund: 1-3 Years IS Shares – FSGVX SS Shares – FSGIX Y Shares – FSGTX	The fund seeks to provide current income. To pursue its objective, the fund invests primarily in short-term obligations of the U.S. government and its agencies and instrumentalities. Emphasizes short-term government securities with maturities between one and three years.	Invests in 100% investment-grade securities.

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.

Duration is a measure of a 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.

¹ *Income may be subject to the federal alternative minimum tax and state and local taxes.*

² *The fund is subject to frequent trading monitoring and additional procedures may apply, see the prospectus for details.*

³ *These funds are not "money market" mutual funds. Some money market mutual funds attempt to maintain a stable net asset value through compliance with relevant Securities and Exchange Commission (SEC) rules. These funds are not governed by those rules and their shares will fluctuate in value.*

A Word About Risk

Diversification does not assure profit nor protect against loss.

Mutual funds are subject to risk and fluctuate in value.

Prices of emerging markets securities can be significantly more volatile than the prices of securities in developed countries and currency risk and political risks are accentuated in emerging markets.

Credit ratings pertain to the securities in the portfolio and do not protect fund shares against market risk.

Investment-grade securities are securities that are rated at least "BBB" or unrated securities of a comparable quality. Non-investment grade securities are securities that are not rated at least "BBB" or unrated securities of a comparable quality. Credit ratings are an indication of the risk that a security will default. They do not protect a security from credit risk. Lower-rated bonds typically offer higher yields to help compensate investors for the increased risk associated with them. Among these risks are lower creditworthiness, greater price volatility, more risk to principal and income than with higher-rated securities and increased possibilities of default.

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.

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

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.

Variable and floating-rate loans and securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating-rate loans and securities generally will not increase in value as much as fixed-rate debt instruments if interest rates decline.

In addition to the risks generally associated with debt instruments, such as credit, market, interest rate, liquidity and derivatives risks, bank loans are also subject to the risk that the value of the collateral securing a loan may decline, be insufficient to meet the obligations of the borrower or be difficult to liquidate.



Federated Investors, Inc.
Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, PA 15222-3779

Contact us at FederatedInvestors.com
or call 1-800-341-7400.

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