

# Federated Total Return Bond Fund: Guidelines

*Federated fixed-income teams make key decisions on various fixed-income factors referred to as alpha pods. Alpha gauges the performance of an investment against a market index that is considered to represent the market's movement as a whole.*

	Guidelines	
	Objective	Risk Limits
DURATION MANAGEMENT	<ul style="list-style-type: none"> <li>Risk Budget<sup>1</sup>: 15%</li> </ul>	<ul style="list-style-type: none"> <li>Effective Duration: +/- 20% of Index</li> </ul>
SECTOR ALLOCATION	<ul style="list-style-type: none"> <li>Risk Budget<sup>1</sup>: 40%</li> </ul>	<ul style="list-style-type: none"> <li>Treasury/Agency, Inv. Grade Corporates, Mortgage-Backed Securities Up to 150% (Neutral: 100% vs. Index)</li> <li>Commercial Mortgage-Backed Securities Up to 350% (Neutral: 200% vs. Index)</li> <li>Plus Sectors (High Yield and Emerging Markets) Up to 300% (Neutral: 150% vs. Index)</li> <li>Bank Loans and Trade Finance</li> <li>0-10% Non-Benchmark Sectors</li> </ul>
YIELD CURVE ANALYSIS	<ul style="list-style-type: none"> <li>Risk Budget<sup>1</sup>: 15%</li> </ul>	<ul style="list-style-type: none"> <li>+/- 100% of index key rate duration</li> </ul>
CURRENCY MANAGEMENT	<ul style="list-style-type: none"> <li>Risk Budget<sup>1</sup>: 10%</li> </ul>	<ul style="list-style-type: none"> <li>Max: 10% non-dollar</li> </ul>
SECURITY SELECTION	<ul style="list-style-type: none"> <li>Risk Budget<sup>1</sup>: 20%</li> </ul>	<ul style="list-style-type: none"> <li>Diversification: Average BBB holding &lt;1%</li> </ul>

As of 4/30/2019

Alpha Pod decision tools are managed against the Bloomberg Barclays U.S. Universal Index. Prospectus benchmark is Bloomberg Barclays U.S. Aggregate Index.

Not FDIC Insured. May Lose Value. No Bank Guarantee.

**Federated**<sup>®</sup>

<sup>4</sup>Risk Budget is tracking error versus the index. Indicates where we expect risk over time across the components of total return. Tracking error measures the volatility (standard deviation) of excess returns above or below the benchmark return.

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.

Credit ratings of BBB are good credit quality and the lowest category of investment grade.

Bloomberg Barclays U.S. Universal Index is an index that represents the union of the US Aggregate Index, US Corporate High-Yield, Investment Grade 144A Index, Eurodollar Index, US Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD denominated, taxable bonds that are rated either investment-grade or below investment-grade.

Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg Barclays Government/Corporate Bond Index, the 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.

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

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

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than 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 view the prospectus provided on this website. Please carefully read the summary prospectus or prospectus before investing.**



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50277 (7/19)  
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