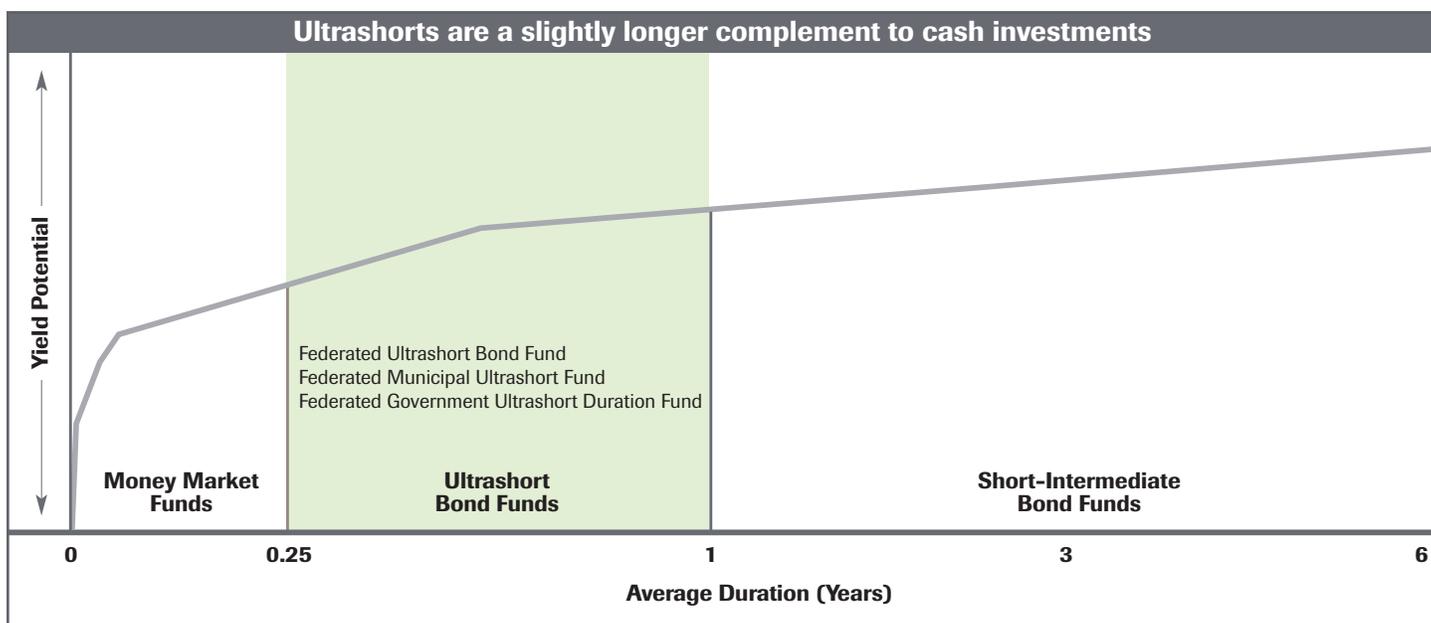


# Federated Ultrashort Bond Funds

*Any time can be the right time*

Ultrashort bond funds can provide an attractive complement to cash and money market investments by offering a potential yield advantage in exchange for some share price fluctuation.

Federated's suite of ultrashort funds span corporate, government and municipal strategies. Typically maintaining a duration of one year or less, each fund pursues opportunity and limited volatility through a multi-pronged investment approach, focusing on credit risk, interest rate risk and liquidity.



## The ultrashort advantage

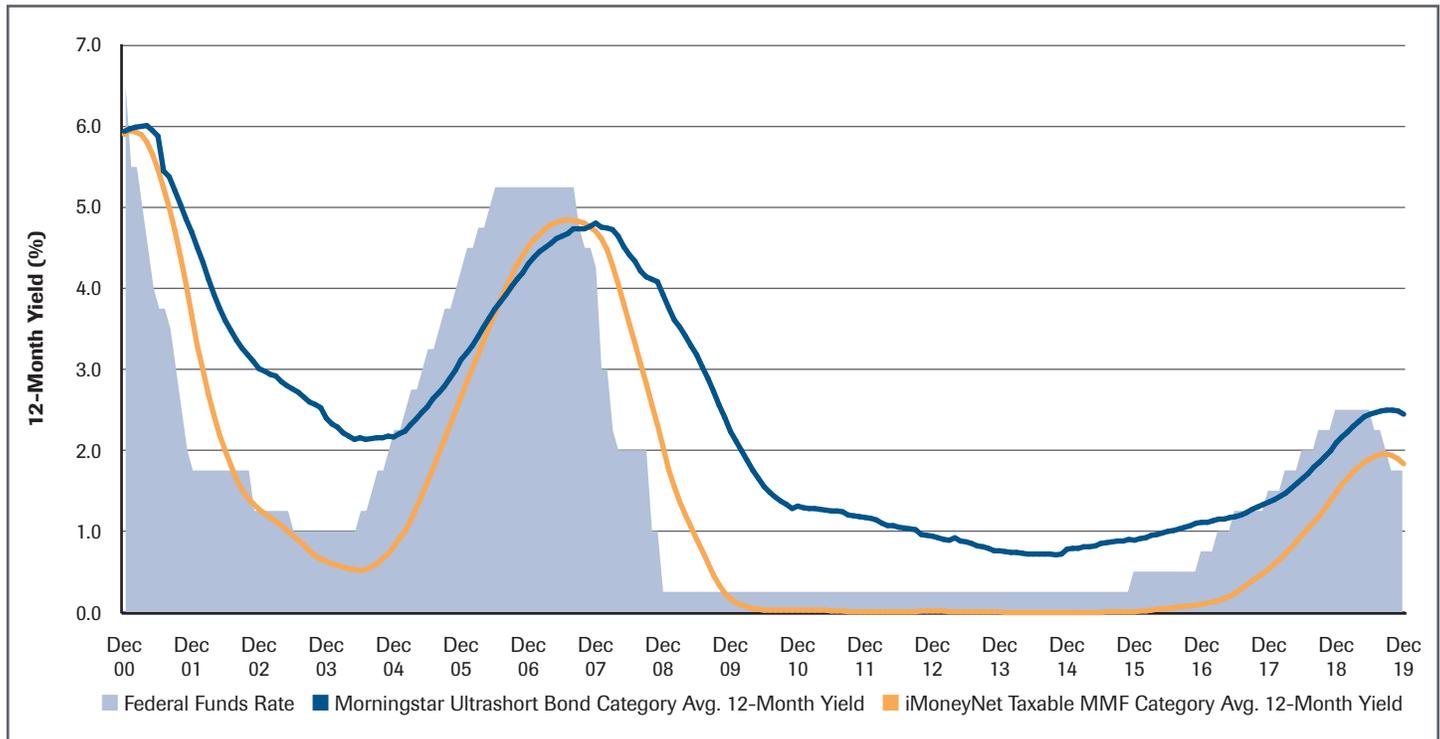
- **A conservatively managed option for yield in the current rate environment**—Due to their slightly longer duration, compared to money market securities, securities in ultrashort portfolios may hold on to marginally higher yields longer as interest rates slowly adjust downward.
- **Seek current income**—Ultrashorts typically pay any declared dividends monthly, which may be taken as income or reinvested.
- **A complement to shorter and longer investments**—The ability to take on additional risk with a floating NAV allows ultrashorts the opportunity to pursue yield that could exceed cash investments. Adding ultrashorts to a portfolio of higher-yielding longer-term fixed-income securities may reduce interest rate/duration risks.
- **Provide asset accessibility**—Ultrashort funds are highly liquid and shares can be redeemed on any business day at their current net asset value, which may be higher or lower than their original purchase price.

## Ultrashorts in a declining rate environment

Historically, ultrashort funds have maintained a level of yield that exceeds money market funds in falling interest rate environments given their typically longer average maturity profile.

Ultrashorts are not “money market” mutual funds. Some money market funds attempt to maintain a stable net asset value through compliance with relevant Securities Exchange Commission (SEC) rules. Ultrashorts are not governed by those rules, and shares will fluctuate in value. Ultrashort bond funds pursue strategies aimed at producing higher yields by investing in securities with higher risks. Money market funds are also subject to strict diversification and maturity standards that don’t apply to ultrashort bond funds.

### Ultrashort Bond Fund Category vs. Taxable Money Market Fund Category 12-Month yields



Source: Morningstar Inc., iMoneyNet, Bloomberg, Federated Investors. For illustrative purposes only. Not representative of any specific investment. As of 12/31/19 Past performance is no guarantee of future results.

“Morningstar Ultrashort Bond Category Avg. 12 Month Yield” is the calculated average of all share classes’ 12 month yields within the Morningstar Ultrashort Bond Category.

“iMoneyNet Taxable MMF Category Avg. 12 Month Yield” is the 12 month yield of the entire iMoneyNet Taxable MMFs Category Average.

## Why Federated Ultrashort Bond Funds?

When it comes to choosing an ultrashort fund, it’s important to know what you own. Federated’s ultrashort product lineup is built on these factors:

- **Active security selection**—Interest rates don’t rise or fall in a linear fashion. Federated’s active approach seeks to opportunistically take advantage of dynamic credit spreads, sector valuations, liquidity conditions and the macroeconomic environment in constructing portfolios that pursue yield with a high emphasis on limiting principal volatility and other risks.
- **Uncompromising credit standards**—After a rigorous review process, Federated’s investment teams assign their own credit rating for each security considered for use—or continued use—in Federated ultrashort portfolios.
- **Experience**—Each fund is helmed by veteran portfolio managers, who along with highly experienced bond sector specialists, credit analysts and traders, have worked through multiple economic, market and rate cycles to seek out diversified sources of alpha while striving to limit volatility.

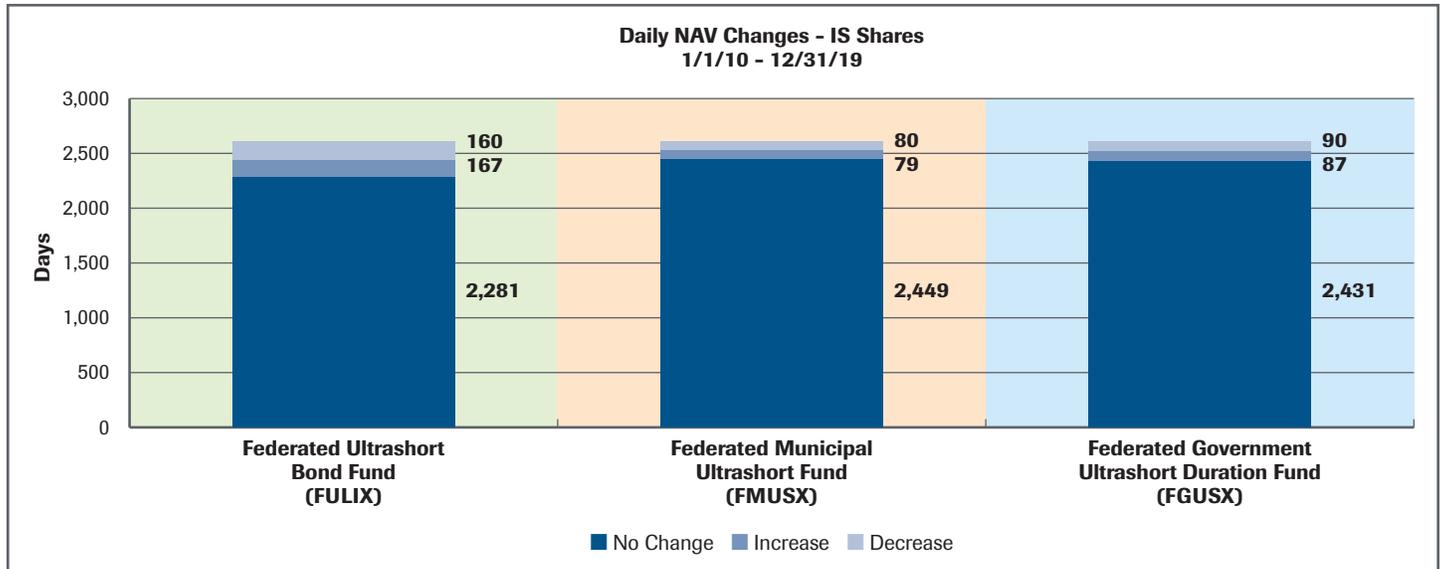
**For complete information on our product offerings, check out [FederatedInvestors.com](https://www.federatedinvestors.com).**

## Managing a fluctuating NAV

Historically, Federated has been able to balance opportunities and risks when managing our ultrashort products. While focused on pursuing low principal volatility regarding each fund's fluctuating NAV, investment teams also seek to capitalize on opportunities for additional yield over stable NAV products.

Investors who can take on some additional risk can use Federated ultrashorts to pursue that higher yield.

### Federated Ultrashorts: Minimal changes in NAV over a decade of market and interest rate shifts



10 Years ended 12/31/2019	FULIX (IS)	%	FMUSX (IS)	%	FGUSX (IS)	%
NAV as of 12/31/19	9.15		10.03		9.88	
NAV as of 1/1/10	9.10		10.03		9.91	
Total weekdays over 10 years	2,608		2,608		2,608	
Days with no NAV movement	2,281	87.5%	2,449	93.9%	2,431	93.2%
Days with NAV increase	167	6.4%	79	3.0%	87	3.3%
Days with NAV decrease	160	6.1%	80	3.1%	90	3.5%
Largest 1 Day NAV increase	0.01		0.01		0.02	
Largest 1 Day NAV decrease	-0.02		-0.01		-0.01	

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](http://FederatedInvestors.com).

### Federated offers an ultrashort fund in each of the key bond sectors

Fund Name	Federated Ultrashort Bond Fund	Federated Municipal Ultrashort Fund	Federated Government Ultrashort Duration Fund
Ticker Symbol (IS)	FULIX	FMUSX	FGUSX
Share Classes Available	R6, IS, SS, A	R6, IS, A	R6, IS, SS, A
Investment Objective	Total return consistent with current income	Current income exempt from federal regular income tax	Current income
Investment Concentration	U.S. government and corporate securities, including asset-backed and mortgage-backed securities	Short-term, investment-grade tax-exempt securities	U.S. government securities including Treasuries, agencies and mortgage-backed securities
Weighted Average Effective Duration*	0.80 years	0.70 years	0.38 years
Benchmark	Bloomberg Barclays U.S. Short-Term Government/Corporate Index	50% Bloomberg Barclays 1-Year U.S. Municipal Bond Index/50% iMoneyNet Tax-Free National Retail Index	ICE BofAML 6-Month Treasury Bill Index

\*As of 12/31/19

## Average Annual Total Returns (%) as of 12/31/19

	Share Class	Ticker Symbol	1 Year	5 Year	10 Year	Inception Date	Expense Ratio* (Before/After Waivers)
<b>Federated Ultrashort Bond Fund</b>	IS	FULIX	3.75	1.86	1.82	2/22/00	0.45/0.37
	A	FULAX	3.22	1.29	1.27	5/31/97	0.61/0.52
Benchmark	-	-	2.69	1.34	0.85	-	-
<b>Federated Municipal Ultrashort Fund</b>	IS	FMUSX	2.15	1.12	1.06	10/24/00	0.44/.36
	A	FMUUX	1.62	0.65	0.60	10/24/00	0.59/0.51
Benchmark	-	-	1.99	1.04	0.83	-	-
<b>Federated Government Ultrashort Duration Fund</b>	IS	FGUSX	2.14	1.11	0.76	7/10/97	0.48/0.26
	A	FGUAX	1.61	0.64	0.31	7/10/97	0.64/0.41
Benchmark	-	-	2.57	1.26	0.74	-	-

**Performance shown is before tax. 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](http://FederatedInvestors.com). See the prospectus for other fees and expenses that apply to a continued investment in the fund. 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 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 its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 12/1/20 (8/1/20 for FGUSF) or the date of the fund's next effective prospectus.**

**The A Shares performance does not reflect the maximum 2% sales charge, which has been eliminated effective December 1, 2019.**

**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](http://FederatedInvestors.com). Please carefully read the summary prospectus or the prospectus before investing.**

Ultrashorts are not "money market" mutual funds. Some money market funds attempt to maintain a stable net asset value through compliance with relevant Securities Exchange Commission (SEC) rules. Ultrashorts are not governed by those rules, and shares will fluctuate in value. Ultrashort bond funds pursue strategies aimed at producing higher yields by investing in securities with higher risks. Money market funds are also subject to strict diversification and maturity standards that don't apply to ultrashort bond funds.

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. ©2020 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.

**Morningstar Ultrashort Bond Category** - Ultrashort-bond portfolios invest primarily in investment-grade U.S. fixed-income issues and have durations typically of less than one year. This category can include corporate or government ultrashort bond portfolios, but it excludes international, convertible, multisector, and high-yield bond portfolios. Because of their focus on bonds with very short durations, these portfolios offer minimal interest-rate sensitivity and therefore low risk and total return potential. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Ultrashort is defined as 25% of the three-year average effective duration of the Morningstar Core Bond Index. The data shown in the graph is based exclusively on the Institutional shares in this category.

**iMoneyNet Money Fund Average™** - Taxable - Category includes all taxable retail and institutional money funds. Consists of funds in the Treasury Retail, Treasury Institutional Treasury & Repo Retail, Treasury & Repo Institutional, Government & Agency Retail, Government & Agency Institutional, First Tier Retail, and First Tier Institutional categories. The data shown in the graph is based exclusively on the Institutional shares in this category.

**Weighted Average Effective Duration** (sometimes called "Option-Adjusted Duration") is a measure of a security's price sensitivity to changes in interest rates calculated using a model that recognizes that the probability of a bond being called or remaining outstanding until maturity may vary if market interest rates change, and that makes adjustments based on a bond's embedded options (e.g., call rights, or in the case of a mortgage-backed security, the probability that homeowners will prepay their mortgages), if any, based on the probability that the options will be exercised. A fund's weighted average effective duration will equal the market value weighted average of each bond's effective duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average effective duration of a fund in the Federated family of funds may not be comparable to other funds outside of the Federated family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**Yield Curve:** Graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.

Diversification does not assure a profit nor protect against loss.

Credit ratings do not protect against market risk.

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

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. When homeowners prepay their mortgages in response to lower interest rates, the fund will be required to reinvest the proceeds at the lower interest rates available. Also, when interest rates fall, the price of mortgage-backed securities may not rise to as great an extent as that of other fixed income securities.

Indexes are unmanaged and investments cannot be made in an index.

### Federated Ultrashort Bond Fund

The fund may invest in Federated Portfolios that are not available to the public and provide for more effective diversification than is available through the purchase of individual securities. Where applicable, the fund holdings reflect exposure to underlying securities held by the portfolios.

The fund's Class A Shares commenced operations on October 8, 2002. For the period prior to the commencement of operations of the Class A Shares, the performance information shown is for the fund's Service Shares, adjusted to reflect the sales charges (for maximum offering price performance) that were applicable to the fund's A Shares until December 1, 2019 and expenses of the A Shares.

Bloomberg Barclays U.S. Short-Term Government/ Corporate Index represents securities that have fallen out of the U.S. Government/Corporate Index because of the standard minimum one year maturity constraint.

Sectors include treasuries, agencies, industrials, utilities and financial institutions.

### Federated Municipal Ultrashort Fund

Interest income from the fund's investments may be subject to the federal alternative minimum tax (AMT) for individuals, and state and local taxes.

Bloomberg Barclays 1-Year U.S. Municipal Bond Index is the one-year (1-2) component of the Bloomberg Barclays U.S. Municipal Bond Index. The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds. iMoneyNet Tax-Free National Retail Index which is included in the iMoneyNet Tax-Free State-Specific Category includes all retail and institutional State-Specific money funds. Portfolio Holdings of tax-free funds include Rated and Unrated Demand Notes, Rated and Unrated General Market Notes, Commercial Paper, Put Bonds - 6 months & less, Put Bonds - over 6 months, AMT Paper, and Other Tax-Free holdings.

### Federated Government Ultrashort Duration Fund

The fund's A Shares commenced operations on March 3, 2003. For the period prior to the commencement of operations of the A Shares, the performance information shown is for the fund's Institutional Shares, adjusted to reflect the sales charges (for maximum offering price performance) and expenses of the A Shares.

ICE BofAML 6-Month Treasury Index is an unmanaged index tracking 6-month U.S. government securities. The index is produced by BofA Merrill Lynch, Pierce, Fenner & Smith, Inc.