

It's not certain how fast or how high rates may rise. So how should investors challenged with pursuing income in a still relatively low-yield environment protect against the potential damaging effects of future rate increases while also taking advantage of the opportunities higher yields offer? History suggests strategic allocations to and within a broad range of income-generating asset classes may be the best approach for pursuing long-term income during periods of rising rates.

## Not All Income Sectors Have Declined During Rising-Rate Environments

Beginning Date	Rising-Rate Environments		Bloomberg Barclays U.S. Aggregate Bond Index (%)	Credit Suisse Leveraged Loan Index (%)	Bloomberg Barclays U.S. Corporate High Yield 2% Issuer (%)	Dow Jones U.S. Select Dividend Index (%)	J.P. Morgan EMBI Global Index (%)
	Ending Date	U.S. Treasury 10-Yr. Yield Increase (%)					
9/30/93	11/30/94	2.53	-3.03	11.34	1.69	-0.54	N/A
12/31/95	8/31/96	1.37	-1.11	5.42	5.06	8.54	19.46
9/30/98	1/31/00	2.24	-0.61	4.92	3.07	2.09	26.15
10/31/01	3/31/02	1.17	-1.91	3.99	4.96	22.27	5.68
5/31/03	8/31/03	1.10	-2.91	2.32	2.91	4.91	-1.20
8/31/05	6/30/06	1.12	-1.16	5.11	2.81	4.25	2.89
12/31/08	12/31/09	1.63	5.93	44.87	58.21	11.13	28.18
8/31/10	3/31/11	1.00	-0.77	7.40	10.46	21.78	0.81
4/30/13	12/31/13	1.36	-2.89	2.92	2.57	11.82	-7.01
7/29/16	12/31/16	1.00	-3.14	3.96	4.57	3.46	-2.16
8/1/17	10/31/18	1.03	-1.27	4.67	1.81	6.50	-2.79

Source: Morningstar, Inc.

Past performance is no guarantee of future results.

This chart is for illustrative purposes only and not representative of performance for any particular investment.

Indexes are unmanaged and cannot be invested in directly.

## Strategies Investors May Want to Consider

Investors seeking income and looking to mitigate interest-rate risks and inflation may benefit by pursuing some combination of the following strategies:

Short-Duration Bonds	High-Yield Bonds	Dividend-Paying Stocks
Floating-Rate Securities	Emerging-Market Bonds	Balanced/Hybrid Funds

Diversification does not assure a profit nor protect against loss.

## Federated's Investments for a Rising-Rate Environment

Short-Duration Bond	Ticker Symbols	
Federated Adjustable Rate Securities Fund	IS: FEUGX	SS: FASSX
Federated Government Ultrashort Duration Fund	A: FGUAX IS: FGUSX	SS: FEUSX R6: FGULX
Federated Municipal Ultrashort Fund	A: FMUUX	IS: FMUSX
Federated Short-Intermediate Duration Municipal Trust	A: FMTAX IS: FSHIX	SS: FSHSX
Federated Short-Intermediate Total Return Bond Fund	A: FGCAX IS: FGCIX	R6: SRBRX SS: FGCSX
Federated Short-Term Income Fund	A: FTIAX IS: FSTIX	SS: FSISX Y: FSTYX
Federated Ultrashort Bond Fund	A: FULAX IS: FULIX	SS: FULBX
Federated U.S. Government Securities Fund: 1-3 Years	IS: FSGVX SS: FSGIX	Y: FSGTX
Floating Rate	Ticker Symbols	
Federated Floating Rate Strategic Income Fund	A: FRSAX C: FRICX	IS: FFRSX R6: FFRLX

High-Yield Bond	Ticker Symbols	
Federated High Income Bond Fund, Inc.	A: FHIIIX	C: FHICX
Federated High Yield Trust	A: FHYAX C: FHYCX	IS: FHTIX SS: FHYTX
Federated Institutional High Yield Bond Fund	IS: FIHBMX	R6: FIHLX
Federated Municipal High Yield Advantage Fund	A: FMOAX C: FMNCX	F: FHTFX IS: FMYIX
Emerging-Market Bonds	Ticker Symbols	
Federated Emerging Market Debt Fund	A: IHIAIX	IS: EMDIX C: IHICX
Dividend-Paying Equity	Ticker Symbols	
Federated Equity Income Fund, Inc.	A: LEIFX C: LEICX F: LFEIX	IS: LEISX R: FDERX
Federated International Strategic Value Dividend Fund	A: IVFAX C: IVFCX	IS: IVFIX
Federated Strategic Value Dividend Fund	A: SVAAX C: SVACX	IS: SVAIX R6: SVALX
Multi-Asset	Ticker Symbols	
Federated Capital Income Fund	A: CAPAX C: CAPCX F: CAPFX	IS: CAPSX R: CAPRX
Federated Muni and Stock Advantage Fund	A: FMUAX C: FMUCX	F: FMUFX IS: FMUIX

Mutual funds are subject to risks and fluctuate in value.

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 equity securities will fluctuate, and as a result, a fund's share price may decline suddenly over a sustained period of time.

**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 prospectus before investing.**

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

**Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index:** is an issuer-constrained version of the flagship US Corporate High Yield Index, which measures the USD-denominated, high yield, fixed-rate corporate bond market. The index follows the same rules as the uncapped version, but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value index wide on a pro rata basis. The index was created in 2002, with history backfilled to January 1, 1993.

**Credit Suisse Leveraged Loan Index:** Is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. Average values are computed over the Index for coupon, current yield, initial spread and price. The average coupon, current yield and initial spread are weighted by market value (amount outstanding multiplied by the price) at the end of the measurement period for each loan currently paying interest in the Index. Total return is computed for each loan, which is the percent change in the value of each loan during the measurement period. Total return is the sum of three components: principal, interest and reinvestment return.

**Dow Jones U.S. Select Dividend Index** universe is defined as all dividend-paying companies in the Dow Jones U.S. Total Market Index that have a non-negative historical 5-year dividend-per-share growth rate, a 5-year average dividend earnings-per-share ratio of less than or equal to 60%, and 3-month average daily trading volume of 200,000 shares. Current index components are included in the universe regardless of their dividend payout ratio. The Dow Jones U.S. Total Market Index is a rule-governed, broad-market benchmark that represents approximately 95% of the U.S. market capitalization.

**J.P. Morgan Emerging Markets Bond Index Global** tracks total returns for traded external debt instruments in the emerging markets.