

Federated Bond Fund

4Q
2019

12/31/19

Fund Facts

Performance Inception Date

6/28/95

Benchmark 1

Bloomberg Barclays U.S. Credit Index

Benchmark 2

75% Bloomberg Barclays U.S. Credit Index/25% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index

Morningstar Category

Corporate Bond

Lipper Classification

Corporate Debt Funds
BBB-Rated

Fund Assets

\$1.5 billion

Ticker Symbols

Class R6 Shares - FDBLX
Institutional Shares - FDBIX
Class A Shares - FDBAX
Class C Shares - FDBCX
Class F Shares - ISHIX

Key Investment Team

Brian Ruffner
Bryan Dingle, CFA
Mark Durbiano, CFA
Steven Wagner
Christopher McGinley

Yields (%)

30-Day Yield (R6) 3.16
30-Day Yield (IS) 3.14
30-Day Yield (A) 2.76

Fund Description

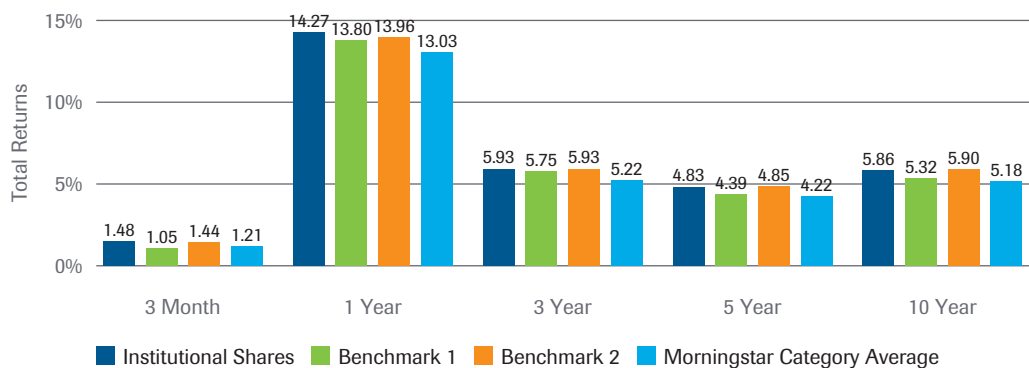
The fund seeks to provide a high level of current income and to preserve capital by investing in a diversified portfolio of fixed-income securities. It invests primarily in investment-grade corporate bonds, but also may invest up to 35% of its portfolio assets in lower-rated high-yield bonds.

Performance

Average Annual Total Returns (%)

Performance shown is before tax.

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	Expense Ratio*	
									Before Waivers	After Waivers
R6 Shares	1.48	14.13	14.13	5.93	4.75	5.72	5.53	6.03	0.66	0.59
Institutional Shares	1.48	14.27	14.27	5.93	4.83	5.86	5.64	6.10	0.76	0.61
A Shares (NAV)	1.31	13.86	13.86	5.63	4.57	5.63	5.47	6.00	1.00	0.86
A Shares (MOP)	-3.28	8.73	8.73	4.01	3.62	5.15	5.15	5.80	1.00	0.86
Benchmark 1	1.05	13.80	13.80	5.75	4.39	5.32	5.10	-	-	-
Benchmark 2	1.44	13.96	13.96	5.93	4.85	5.90	5.68	-	-	-



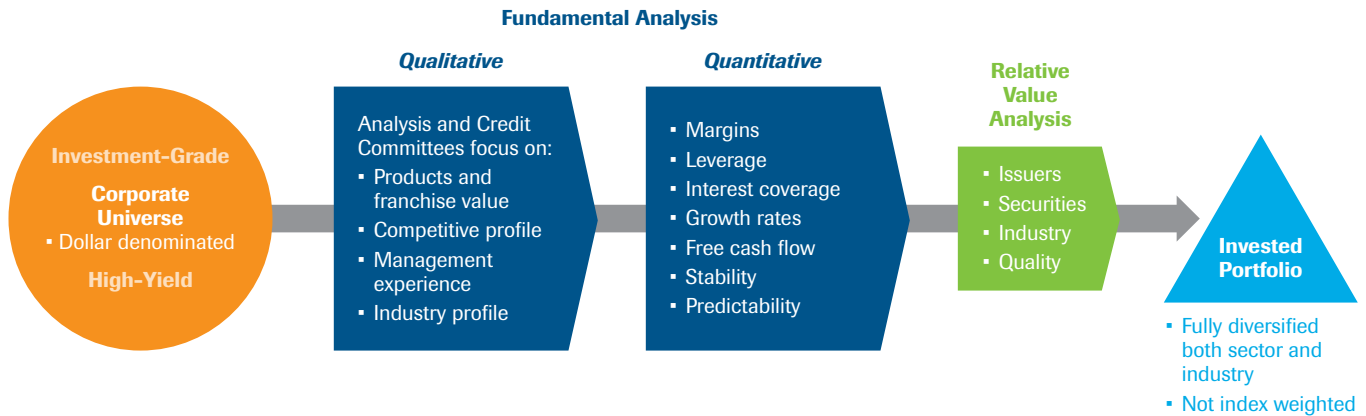
Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Institutional Shares	14.27	-2.84	7.05	8.44	-1.77	5.93	1.03	10.54	6.17	11.16
Benchmark 1	13.80	-2.11	6.18	5.63	-0.77	7.53	-2.01	9.37	8.35	8.47
Benchmark 2	13.96	-2.08	6.51	8.43	-1.66	6.25	0.28	10.95	7.55	10.10
Morningstar Category Average	13.03	-2.49	5.79	6.51	-1.39	6.93	-1.06	11.06	7.46	10.00

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 charges of 4.5% for A 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 its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 2/1/20 or the date of the fund's next effective prospectus.

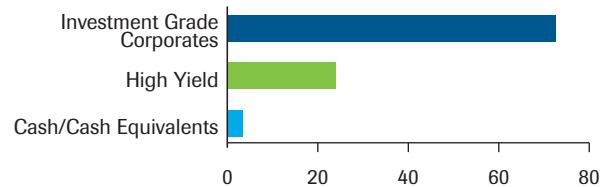
Investment Process



Portfolio Statistics

Weighted Average Effective Maturity	8.5 Yrs.
Weighted Average Effective Duration	6.2 Yrs.
Weighted Average Coupon	4.67%
Weighted Average Yield to Maturity	3.68%
Weighted Average Bond Price	\$107.17

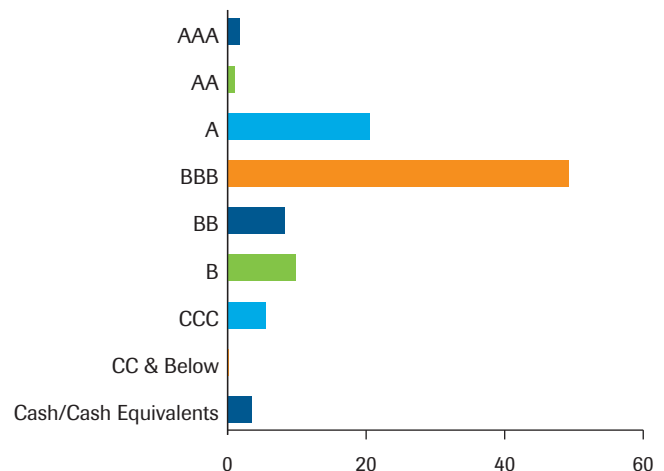
Sector Weightings (%)



Top Holdings (%)

U.S. Treasury Note, 1.625% due 8/15/29	1.3
Bank of America Corp., 2.328% due 10/01/21	0.6
GE Capital International, 4.418% due 11/15/35	0.6
Morgan Stanley, 3.772% due 1/24/29	0.6
Anheuser-Busch InBev Worldwide, Inc., 4.600% due 4/15/48	0.5
Canadian Natural Resources Ltd., 5.850% due 2/01/35	0.5
CCO Safari II LLC, 4.908% due 7/23/25	0.5
JPMorgan Chase & Co., 3.509% due 1/23/29	0.5
JPMorgan Chase & Co., 3.875% due 9/10/24	0.5
Verizon Communications, Inc., 4.125% due 8/15/46	0.5
Total % of Portfolio	6.1

Quality Breakdown¹ (%)



Portfolio composition is based on net assets at the close of business on 12/31/19 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.

Highlights

- Market sentiment driven by easing of geopolitical, trade and Federal Reserve (Fed) related concerns and events
- The Fed's posture is now on hold as it views the risks to the economy as balanced
- Significant positive security selection

Looking Back

After the August swoon, U.S. markets steadily recovered during the fourth quarter, led by consumers' improving views of prospects for their own situation and the general economy. One by one, risk factors fell away. In the British election, conservatives won their largest majority since 1987, reducing uncertainty about whether and how Britain can govern itself, and making it more likely that a Brexit deal moves forward. A Phase One trade deal between the U.S. and China was reached, lowering tensions and preventing the Dec. 15, 2019 implementation of tariffs. Congress also agreed to a continuing budget resolution to keep funding the federal government's operations. Overseas, new European Central Bank President Lagarde reassured markets by not making any changes to rates or policy, while in the U.S., the Fed made clear that it is in no hurry to raise its federal funds target rate. In its December meeting statement, the Fed downgraded its view of risk from global developments and inflation, and removed references to uncertainties about its outlook. The lower policy rate appears more appropriate for the given level of risk the economy faces. In its updated Summary of Economic Projections, the Fed sees no rate increase in 2020 and one 0.25% hike in each of 2021 and 2022, with a longer-run fed funds target of 2.50%. The Fed also sees unemployment slightly lower than it had forecast in September and gross domestic product (GDP) growth unchanged (2% in 2020, falling to 1.9% in 2021 and 1.8% in 2022). The markets took this in stride, indicating that the Fed had done a good job of communicating expectations since its previous meeting.

Against this backdrop of accommodative Fed policy and calming global tensions, Treasury yields eased higher in November and December, though not sharply enough to jolt markets. Risk assets outperformed, led by the S&P 500 Index and longer-duration, lower-quality bonds. For example, according to Bloomberg Barclays data, bonds rated CCC earned more than half their annual return during December, and long-duration bonds rated BBB and emerging-market (EM) debt both gained more than 2% in the quarter. The 10-year U.S. Treasury yield started the quarter at 1.67%, dropped to 1.53% in early October, but then marched steadily higher, ending the quarter and year at 1.92%.

Performance

Federated Bond Fund Institutional Shares returned 1.48% at net asset value for the three months ended Dec. 31, 2019. That compares with the Bloomberg Barclays U.S. Credit Index return of 1.05% and the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index return of 2.61%. The Blended Benchmark, consisting of 25% of the Bloomberg Barclays U.S. Credit Index and 75% of the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index, returned 1.44%. The fund's total return for the period also reflected actual cash flows, transaction costs and other expenses that were not reflected in the total return of the Blended Benchmark.

Performance Contributors

- Positive overall security selection, with contribution in the health-care, pharmaceutical, energy and technology sectors
- Underweight position in the non-corporate sectors such as sovereign and supranational
- Specific issuers held by the portfolio that outperformed the Blended Benchmark included Teva Pharmaceutical, Citigroup, Flex Acquisition Holdings and Superior Energy Services

Performance Detractors

- Negative security selection in banking, communications and retail sectors
- Specific issuers held by the portfolio that underperformed the Blended Benchmark included Party City, Anheuser-Busch InBev and Constellation Brands

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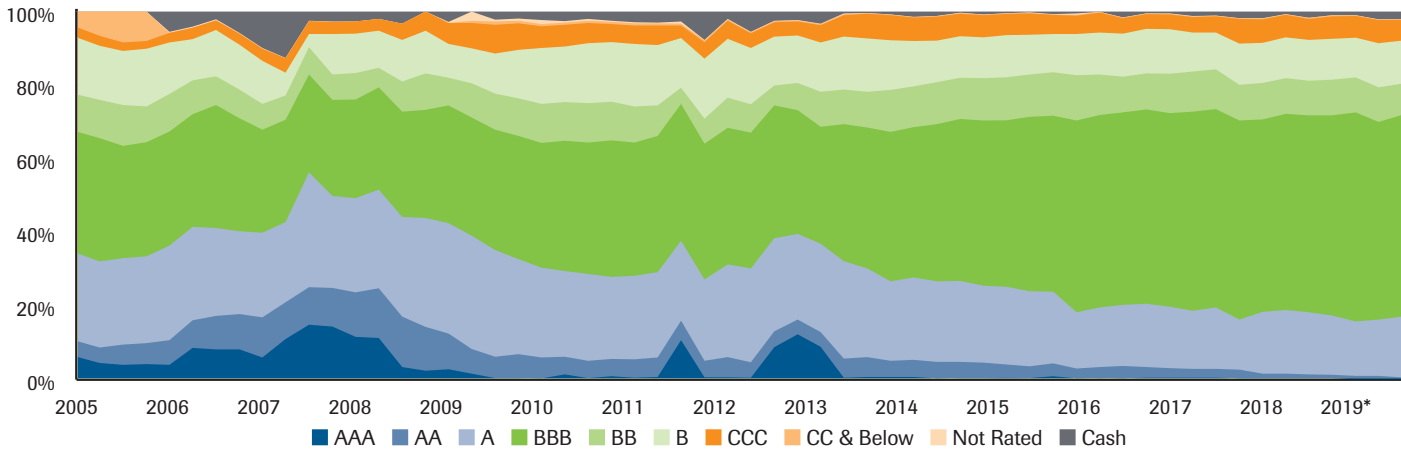
How We Are Positioned

The fiscal year ended on a positive note with an ebbing of risks and a surge in the performance of risk assets. Economic growth appears to be stabilizing in the 2.0% plus or minus range. Corporate earnings are expected to rebound from last year's levels and corporate bond market technicals remain strong. The upcoming presidential election and trade wars remain risks.

We exit the quarter with a neutral position in the investment-grade and high-yield asset classes. The fund continues with an overweight allocation to the BBB component of the investment-grade asset class. Additionally, the fund is targeting a neutral duration position relative to the benchmark. The portfolio remains committed to adjust the overall sector positioning in response to changes in valuation and credit quality.

See disclosure section for important disclosures and definitions.

Historical Credit Quality¹



* As of 12/31/19

Portfolio composition is based on net assets at the close of business on the date indicated above 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.

Risk Statistics

	3 Year	5 Year	7 Year	10 Year
Standard Deviation	3.13	3.73	3.80	3.89
Alpha	0.85	0.84	0.87	1.00
Beta	0.82	0.87	0.89	0.90
Up Capture Ratio	93.79	96.34	98.03	99.93
Down Capture Ratio	71.37	78.62	81.45	83.21
Sharpe Ratio	1.32	0.99	0.95	1.35

Sources: Federated Investors, Morningstar, Inc.
Fund vs. Bloomberg Barclays U.S. Credit Index

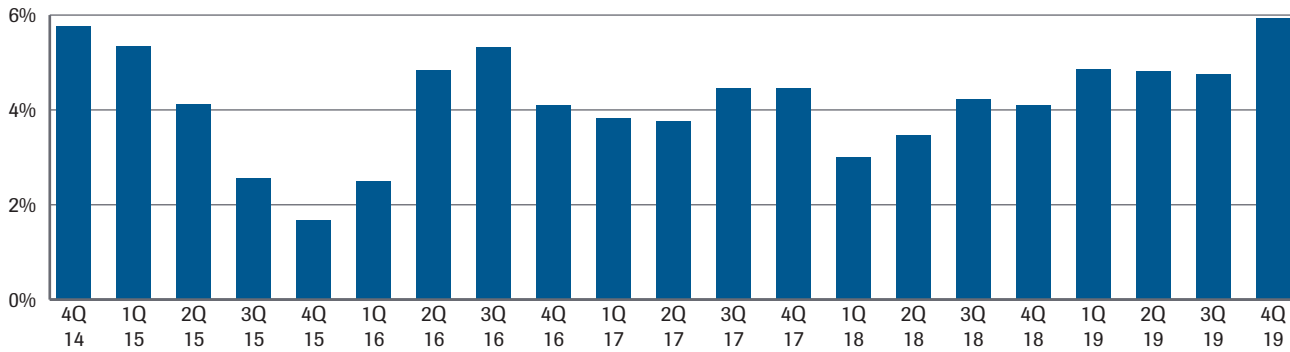
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5-Year Risk/Return



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3-Year Rolling Returns (IS)



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Category Rankings

Morningstar Corporate Bond Category

R6 Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	49	21	20	42
Morningstar Category Rank	98 of 217 Funds	35 of 169 Funds	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	45	23	15	33
Morningstar Category Rank	91 of 217 Funds	37 of 169 Funds	22 of 132 Funds	25 of 83 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	53	41	32	42
Morningstar Category Rank	109 of 217 Funds	67 of 169 Funds	42 of 132 Funds	36 of 83 Funds

Lipper Corporate Debt Funds BBB-Rated

R6 Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	40	22	-	-
Lipper Classification Rank	107 of 272 Funds	52 of 236 Funds	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	37	22	18	31
Lipper Classification Rank	99 of 272 Funds	52 of 236 Funds	33 of 184 Funds	36 of 118 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	44	36	29	42
Lipper Classification Rank	120 of 272 Funds	84 of 236 Funds	53 of 184 Funds	49 of 118 Funds

Past performance is no guarantee of future results. Rankings are based on total return and do not take sales charges into account.

¹The ratings agencies that provided the ratings are Standard & Poor's, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.

30-day yield (also known as "SEC yield") is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.10% for R6 Shares, 3.03% for Institutional Shares, and 2.63% for A Shares.

The fund's Institutional Shares commenced operations on January 28, 2008. 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 applicable to the Institutional Shares since the Institutional Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of fund expenses related to the A Shares that may have occurred prior to commencement of operations of the Institutional Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

The fund's R6 Shares commenced operations on September 30, 2016. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for A Shares. The performance of the A Shares has not been adjusted to reflect the expenses applicable to the R6 since the R6 Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of the fund's expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

A Word About Risk

Mutual funds are subject to risks and fluctuate in value.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

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

Diversification does not assure a profit nor protect against loss.

Definitions

Bloomberg Barclays U.S. Credit Index is composed of all publicly issued, fixed-rate, nonconvertible, investment-grade corporate debt. Issues are rated at least Baa by Moody's Investors Service or BBB by Standard & Poor's, if unrated by Moody's. Collateralized Mortgage Obligations (CMOs) are not included. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index is an issuer-constrained version of the flagship U.S. 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.

Indexes are unmanaged and cannot be invested in directly.

Alpha shows how much or how little return is generated, given the risk a portfolio takes. A portfolio with an Alpha greater than 0 has earned more than expected given its Beta—meaning the portfolio has generated excess return without increasing risk. A portfolio with a negative Alpha is producing a lower return than would be expected given its risk.

Beta measures a portfolio's volatility relative to the market. A Beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A Beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market.

Sharpe Ratio is calculated by dividing a fund's annualized excess return by the fund's annualized standard deviation. The higher the Sharpe Ratio, the better the fund's historical risk adjusted performance.

Standard Deviation is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

Up Capture Ratio/Down Capture Ratio is a measure of how well a manager was able to replicate or improve on periods of positive benchmark returns and how badly the manager was affected by periods of negative benchmark returns. The up-market capture ratio is a measure of a manager's performance in up markets relative to the index during the same period. For example, a ratio value of 115 indicates that the manager has outperformed the market index by 15% in periods when the index has risen. The down-market capture ratio is the direct opposite of the up-market capture ratio, gauging

performance of the manager relative to the index in down markets. A ratio value of 80 would indicate the manager had declined on 80% as much as the declining overall market, indicating relative outperformance.

Weighted Average Bond Price is the weighted average of all individual bond prices within a portfolio.

Weighted Average Coupon is the weighted average interest payment of all individual debt securities within a portfolio.

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.

Weighted Average Effective Maturity is the average time to maturity of debt securities held in the fund.

Weighted Average Yield to Maturity is used to determine the rate of return an investor would receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. It takes into account purchase price, redemption value, time to maturity, coupon yield and the time between interest payments.

Ratings and Rating Agencies

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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. Past performance is no guarantee of future results.

This must be preceded or accompanied by a prospectus.