

Annual Shareholder Report

November 30, 2018

Share Class | Ticker

A | FDBAX

B | FDBBX

C | FDBCX

F | ISHIX

Institutional | FDBIX

R6 | FDBLX

Federated Bond Fund

Fund Established 1987

A Portfolio of Federated Investment Series Funds, Inc.

IMPORTANT NOTICE REGARDING REPORT DELIVERY

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4. Your election to receive reports in paper will apply to all funds held with the Fund complex or your financial intermediary.

Not FDIC Insured • May Lose Value • No Bank Guarantee



**J. Christopher
Donahue**

President

Federated Bond Fund

Letter from the President

Dear Valued Shareholder,

I am pleased to present the Annual Shareholder Report for your fund covering the period from December 1, 2017 through November 30, 2018. This report includes Management's Discussion of Fund Performance, a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

In addition, our website, FederatedInvestors.com, offers easy access to Federated resources that include timely fund updates, economic and market insights from our investment strategists, and financial planning tools.

Thank you for investing with Federated. I hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in cursive script that reads "J. Christopher Donahue". The signature is written in dark ink and is positioned above the printed name.

J. Christopher Donahue, President

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Management’s Discussion of Fund Performance (Unaudited)

The total return of Federated Bond Fund (the “Fund”), based on net asset value for the 12-month reporting period ended November 30, 2018, was -2.53% for Class A Shares, -3.45% for Class B Shares, -3.42% for Class C Shares, -2.62% for Class F Shares, -2.39% for Institutional Shares and -2.38% for R6 Shares. The total return for the Fund’s broad-based benchmark, a blended index comprised of 75% Bloomberg Barclays U.S. Credit Index and 25% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (Blended Index),^{1,2} was -2.00% for the same period. The total return of the Lipper Corporate Debt Funds BBB-Rated Average (LCDBBB),³ a peer group average for the Fund, was -2.98% during the same period. The total return for the Fund and LCDBBB for the most recently completed fiscal year reflected actual cash flows, transaction costs and other expenses which were not reflected in the total return of the Blended Index.

During the reporting period, the most significant factor affecting the Fund’s performance was the duration⁴ positioning of the portfolio.⁵

The following discussion will focus on the performance of the Fund’s R6 Shares.

MARKET OVERVIEW

The reporting period started with a strong risk-on rally, fueled by the late 2017 passage of corporate and individual tax reform. But the risk markets quickly turned with the calendar, initially on concerns about a breakout in inflation that failed to materialize, then on worries about mounting trade tensions with the U.S.’s major trading partners. This whipsawing in the period’s first few months was representative of the entire 12-month span. There were countervailing periods of risk-on and risk-off as geopolitical events – a worsening trade war with China, nuclear tensions with North Korea, instabilities in Italy, the prolonged “Brexit” (the U.K. exiting the European Union) drama, midterm elections – competed with a domestic economy experiencing one of its best stretches since before the global financial crisis, with unemployment hitting a 49-year low, various measures of consumer and business confidence reaching multi-decade highs and corporate profits growing at their fastest rate since 2011. Against this backdrop was the Federal Reserve (the “Fed”), which stuck to its policy normalization path, raising the federal funds target rate four times during the reporting period and continuing quantitative tapering aimed at shrinking a balance sheet bloated by extraordinary stimulus used to combat the financial crisis. This risk-on, risk-off rollercoaster made for volatile financial markets. Equities, as measured by the S&P 500, twice reached record highs during the reporting period, in January and again in September, only to sell off afterward in each case. U.S. Treasury and investment-grade bonds reflected similar behavior. The 10-year U.S. Treasury yield started the reporting

period at 2.42%, climbed in fits and starts to 3.11% as of mid-May, fell back to 2.82% by late August, rose again to a period high of 3.24% in mid-November, then ended the period at 2.99%. As measured by the option-adjusted spread on the Bloomberg Barclays U.S. Credit Index, investment-grade corporate spreads started the period at 92 basis points, tightened to 82 basis points in February, rose to 116 basis points in June, narrowed to 100 basis points in September and ended the reporting period at 127 basis points. This on-again, off-again sentiment was unusual but symptomatic of the geopolitical concerns that played havoc with the risk trade all period long, undermining returns for most risk assets.

DURATION MANAGEMENT

During the reporting period, the Fund had an average duration of approximately 97% of the Blended Index's duration in a period of generally rising interest rates,⁶ resulting in positive performance contribution. As previously described, the interest rate environment was volatile during the period, and although the portfolio adjusts its duration to the environment, the interest rate swings were fairly quick and aggressive. The Fund maintained a short duration profile throughout the entire reporting period. However, the magnitude of the short duration posture was held within a relatively tight range of between 96% and 99% of benchmark duration. As previously stated, the 10-year Treasury yield started the period at 2.42%, rose 57 basis points, ending the period at 2.99%.

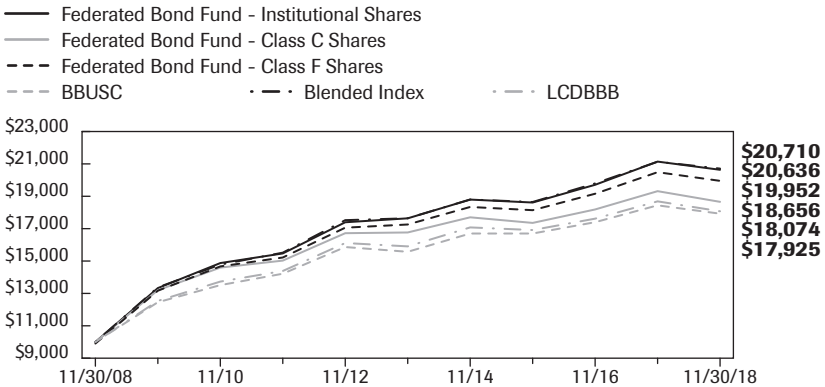
- 1 *Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the Blended Index. The Blended Index is comprised of 75% Bloomberg Barclays U.S. Credit Index (BBUSC) and 25% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index.*
- 2 *The Fund's broad-based securities market index is the Bloomberg Barclays U.S. Credit Index. Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the BBUSC. The Blended Index is being used for comparison purposes because, although it is not the Fund's broad-based securities market index, the Fund's Adviser believes it more closely reflects the market sectors in which the Fund invests.*
- 3 *Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the LCDBBB.*
- 4 *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.*
- 5 *The impact of these factors on Fund performance relative to the Blended Index is discussed below and in terms of fund gross performance (i.e., without regard to actual cash flows, transaction costs and other expenses).*
- 6 *Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.*

FUND PERFORMANCE AND GROWTH OF A \$10,000 INVESTMENT

The graph below illustrates the hypothetical investment of \$10,000¹ in the Federated Bond Fund from November 30, 2008 to November 30, 2018, compared to the Bloomberg Barclays U.S. Credit Index (BBUSC),² a blend of indexes comprised of 75% Bloomberg Barclays U.S. Credit Index and 25% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (BBHY2%ICI) (the “Blended Index”)² and the Lipper Corporate Debt Funds BBB-Rated Average (LCDBBB).³ The Average Annual Total Return table below shows returns for each class averaged over the stated periods.

GROWTH OF A \$10,000 INVESTMENT

Growth of \$10,000 as of November 30, 2018



- Total returns shown for Class C Shares include the maximum contingent deferred sales charge of 1.00%, as applicable.
- Total returns shown for Class F Shares include the maximum sales charge of 1.00% (\$10,000 investment minus \$100 sales charge = \$9,900) and the 1.00% contingent deferred sales charge, as applicable.

The Fund offers multiple share classes whose performance may be greater than or less than its other share class(es) due to differences in sales charges and expenses. See the Average Annual Return table below for the returns of additional classes not shown in the graph above.

Average Annual Total Returns for the Period Ended 11/30/2018

(returns reflect all applicable sales charges and contingent deferred sales charge as specified below in footnote #1)

| | 1 Year | 5 Years | 10 Years |
|------------------------------|--------|---------|----------|
| Class A Shares | -6.94% | 2.05% | 6.81% |
| Class B Shares | -8.59% | 1.78% | 6.60% |
| Class C Shares | -4.35% | 2.16% | 6.43% |
| Class F Shares | -4.47% | 2.73% | 7.15% |
| Institutional Shares | -2.39% | 3.19% | 7.51% |
| Class R6 Shares ⁴ | -2.38% | 3.09% | 7.35% |
| BBUSC | -2.79% | 2.86% | 6.01% |
| Blended Index | -2.00% | 3.26% | 7.55% |
| LCDBBB | -2.98% | 2.63% | 5.98% |

Performance data 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. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit FederatedInvestors.com or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

- 1 Represents a hypothetical investment of \$10,000 in the Fund after deducting applicable sales charges: for Class A Shares, the maximum sales charge of 4.50% (\$10,000 investment minus \$450 sales charge = \$9,550); for Class B Shares, the maximum contingent deferred sales charge is 5.50% on any redemption less than one year from the purchase date; for Class C Shares, a 1.00% contingent deferred sales charge would be applied on any redemption less than one year from the purchase date; for Class F Shares, the maximum sales charge of 1.00% (\$10,000 investment minus \$100 sales charge = \$9,900) and a contingent deferred sales charge of 1.00% would be applied on any redemption less than three years from the purchase date. The Fund's performance assumes the reinvestment of all dividends and distributions. The BUSC and the LCDBBB have been adjusted to reflect reinvestment of dividends on securities in the index and average.*
- 2 The BBUSC is composed of all publicly issued, fixed-rate, nonconvertible, investment-grade corporate debt and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities. Issues are rated at least "Baa" by Moody's Investors Service or "BBB" by Standard & Poor's, if unrated by Moody's. The Blended Index is a custom blended index comprised of 75% of the BBUSC and 25% of the BBHY2%ICI. The BBHY2%ICI is an issuer-constrained version of the Bloomberg Barclays U.S. Corporate High-Yield Index that measures the market of USD-denominated, noninvestment-grade, fixed-rate, taxable corporate bonds. The index follows the same rules as the uncapped index 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 indexes are not adjusted to reflect sales loads, expenses or other fees that the Securities and Exchange Commission (SEC) requires to be reflected in the Fund's performance. The indexes are unmanaged and, unlike the Fund, are not affected by cash flows. It is not possible to invest directly in an index.*

- 3 *Lipper figures represent the average of the total returns reported by all funds designated by Lipper, Inc., as falling into the respective category and is not adjusted to reflect any sales charges. The Lipper figures in the Growth of \$10,000 Investment line graph are based on historical return information published by Lipper and reflect the return of the funds comprising the category in the year of publication. Because the funds designated by Lipper as falling into the category can change over time, the Lipper figures in the line graph may not match the Lipper figures in the Average Annual Total Returns table, which reflect the return of the funds that currently comprise the category.*
- 4 *The Fund's R6 Shares commenced operations on September 30, 2016. The Fund offers five other classes of shares: Class A Shares, Class B Shares, Class C Shares, Class F Shares and Institutional Shares. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for the Fund's Class A Shares. In relation to the R6 Shares, the performance of Class A Shares has not been adjusted to reflect the expenses of the R6 Shares since the R6 Shares have a lower expense ratio than the expense ratio of the Class A Shares. The performance of Class A Shares has been adjusted to reflect the absence of sales charges and to remove any voluntary waiver of Fund expenses related to the Class A Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares.*

Portfolio of Investments Summary Table (unaudited)

At November 30, 2018, the Fund's portfolio composition¹ was as follows:

| Security Type | Percentage of Total Net Assets ² |
|--|--|
| Corporate Debt Securities | 97.4% |
| Municipal Securities | 0.2% |
| Mortgage-Backed Securities ^{3,4} | 0.0% |
| Collateralized Mortgage Obligations ⁴ | 0.0% |
| Derivative Contracts ^{4,5} | 0.0% |
| Other Security Types ⁶ | 0.4% |
| Cash Equivalents ⁷ | 1.1% |
| Other Assets and Liabilities—Net ⁸ | 0.9% |
| TOTAL | 100.0% |

- 1 See the Fund's Prospectus and Statement of Additional Information for more complete information regarding these security types.
- 2 As of the date specified above, the Fund owned shares of one or more affiliated investment companies. For purposes of this table, the affiliated investment company (other than an affiliated money market fund) is not treated as a single portfolio security, but rather the Fund is treated as owning a pro rata portion of each security and each other asset and liability owned by the affiliated investment company. Accordingly, the percentages of total net assets shown in the table will differ from those presented on the Portfolio of Investments.
- 3 For purposes of this table, mortgage-backed securities include mortgage-backed securities guaranteed by Government Sponsored Entities.
- 4 Represents less than 0.1%.
- 5 Based upon net unrealized appreciation (depreciation) or value of the derivative contracts as applicable. Derivative contracts may consist of futures, forwards, options and swaps. The impact of a derivative contract on the Fund's performance may be larger than its unrealized appreciation (depreciation) or value may indicate. In many cases, the notional value or amount of a derivative contract may provide a better indication of the contract's significance to the portfolio. More complete information regarding the Fund's direct investments in derivative contracts, including unrealized appreciation (depreciation), value and notional values or amounts of such contracts, can be found in the table at the end of the Portfolio of Investments included in this Report.
- 6 Other Security Types consist of a common stock and preferred stocks.
- 7 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.
- 8 Assets, other than investments in securities and derivative contracts, less liabilities. See Statement of Assets and Liabilities.

Portfolio of Investments

November 30, 2018

| Principal Amount or Shares | | Value |
|----------------------------|---|--------------|
| | CORPORATE BONDS—73.1% | |
| | Basic Industry - Chemicals—0.4% | |
| \$ 1,320,000 | Albemarle Corp., 4.15%, 12/01/2024 | \$ 1,315,564 |
| 1,340,000 | Albemarle Corp., Sr. Unsecd. Note, 5.45%, 12/01/2044 | 1,315,697 |
| 1,415,000 | RPM International, Inc., Sr. Unsecd. Note, 5.25%, 06/01/2045 | 1,378,924 |
| 1,200,000 | Sherwin-Williams Co., Sr. Unsecd. Note, 4.400%, 02/01/2045 | 1,064,672 |
| | TOTAL | 5,074,857 |
| | Basic Industry - Metals & Mining—2.4% | |
| 1,000,000 | Anglogold Ashanti Holdings PLC, Sr. Note, 6.500%, 04/15/2040 | 973,750 |
| 820,000 | Anglogold Ashanti Holdings PLC, Sr. Unsecd. Note, 5.125%, 08/01/2022 | 822,132 |
| 2,400,000 | Carpenter Technology Corp., Sr. Unsecd. Note, 4.450%, 03/01/2023 | 2,384,328 |
| 2,960,000 | Carpenter Technology Corp., Sr. Unsecd. Note, 5.200%, 07/15/2021 | 3,013,674 |
| 3,100,000 | Gerdau S.A., Company Guarantee, Series 144A, 5.750%, 01/30/2021 | 3,231,781 |
| 1,820,000 | Newcrest Finance Property Ltd., Sr. Unsecd. Note, Series 144A, 4.200%, 10/01/2022 | 1,825,480 |
| 5,350,000 | Reliance Steel & Aluminum Co., Sr. Unsecd. Note, 4.500%, 04/15/2023 | 5,382,267 |
| 1,310,000 | Southern Copper Corp., Sr. Unsecd. Note, 3.500%, 11/08/2022 | 1,275,889 |
| 1,080,000 | Southern Copper Corp., Sr. Unsecd. Note, 6.75%, 04/16/2040 | 1,166,513 |
| 1,360,000 | Worthington Industries, Inc., Sr Unsecured Note, 4.300%, 08/01/2032 | 1,256,160 |
| 3,124,000 | Worthington Industries, Inc., Sr. Unsecd. Note, 4.550%, 04/15/2026 | 3,054,751 |
| 3,270,000 | Worthington Industries, Inc., Sr. Unsecd. Note, 6.500%, 04/15/2020 | 3,373,022 |
| | TOTAL | 27,759,747 |
| | Basic Industry - Paper—0.7% | |
| 3,200,000 | International Paper Co., Sr. Unsecd. Note, 4.400%, 08/15/2047 | 2,710,442 |
| 2,850,000 | ^{1,2,3} Pope & Talbot, Inc., 8.375%, 12/01/2099 | 0 |
| 2,270,000 | Weyerhaeuser Co., Sr. Unsecd. Note, 3.25%, 03/15/2023 | 2,210,543 |
| 2,250,000 | Weyerhaeuser Co., Sr. Unsecd. Note, 7.375%, 03/15/2032 | 2,731,536 |
| | TOTAL | 7,652,521 |
| | Capital Goods - Aerospace & Defense—2.0% | |
| 2,500,000 | Arconic, Inc., 5.870%, 02/23/2022 | 2,553,750 |
| 1,570,000 | Arconic, Inc., Sr. Unsecd. Note, 5.400%, 04/15/2021 | 1,597,867 |
| 2,940,000 | BAE Systems Holdings, Inc., Sr. Unsecd. Note, Series 144A, 3.85%, 12/15/2025 | 2,891,137 |
| 2,005,000 | Embraer Netherlands BV, Sr. Unsecd. Note, 5.05%, 06/15/2025 | 2,035,075 |
| 2,950,000 | Embraer Overseas Ltd., Sr. Unsecd. Note, Series 144A, 5.696%, 09/16/2023 | 3,090,125 |

**Principal
Amount
or Shares**

Value

| CORPORATE BONDS—continued | | |
|--|--|-------------------|
| Capital Goods - Aerospace & Defense—continued | | |
| \$ 650,000 | Embraer SA, Sr. Unsecd. Note, 5.150%, 06/15/2022 | \$ 670,319 |
| 930,000 | Hexcel Corp., Sr. Unsecd. Note, 3.95%, 02/15/2027 | 900,952 |
| 1,930,000 | Huntington Ingalls Industries, Inc., Sr. Unsecd. Note, 3.483%, 12/01/2027 | 1,778,688 |
| 1,820,000 | Lockheed Martin Corp., Sr. Unsecd. Note, 2.900%, 03/01/2025 | 1,727,689 |
| 1,460,000 | Lockheed Martin Corp., Sr. Unsecd. Note, 3.55%, 01/15/2026 | 1,434,021 |
| 3,230,000 | ⁴ Textron Financial Corp., Jr. Sub. Note, Series 144A, 4.351%, (3-month USLIBOR +1.735%) 02/15/2042 | 2,559,775 |
| 760,000 | Textron, Inc., Sr. Unsecd. Note, 3.875%, 03/01/2025 | 740,758 |
| 690,000 | Textron, Inc., Sr. Unsecd. Note, 4.300%, 03/01/2024 | 696,177 |
| | TOTAL | 22,676,333 |
| Capital Goods - Building Materials—1.0% | | |
| 4,160,000 | Allegion US Holdings Co., Inc., Sr. Unsecd. Note, 3.55%, 10/01/2027 | 3,794,297 |
| 1,920,000 | Masco Corp., Sr Unsecured Note, 4.500%, 05/15/2047 | 1,589,808 |
| 1,950,000 | Masco Corp., Sr. Unsecd. Note, 4.375%, 04/01/2026 | 1,924,901 |
| 2,708,000 | Masco Corp., Sr. Unsecd. Note, 5.950%, 03/15/2022 | 2,863,561 |
| 1,000,000 | Masco Corp., Unsecd. Note, 4.45%, 04/01/2025 | 996,593 |
| | TOTAL | 11,169,160 |
| Capital Goods - Construction Machinery—0.5% | | |
| 1,670,000 | CNH Industrial Capital LLC, Sr. Unsecd. Note, 4.200%, 01/15/2024 | 1,653,712 |
| 2,500,000 | CNH Industrial Capital LLC, Sr. Unsecd. Note, 4.375%, 04/05/2022 | 2,519,525 |
| 2,100,000 | CNH Industrial NV, Sr. Unsecd. Note, Series MTN, 3.85%, 11/15/2027 | 1,932,232 |
| | TOTAL | 6,105,469 |
| Capital Goods - Diversified Manufacturing—1.4% | | |
| 859,000 | General Electric Capital Corp., Sr. Unsecd. Note, Series GMTN, 3.100%, 01/09/2023 | 780,880 |
| 816,000 | General Electric Capital Corp., Sr. Unsecd. Note, Series MTN, 4.65%, 10/17/2021 | 802,153 |
| 1,000,000 | Hutchison Whampoa International Ltd., Series 144A, 7.625%, 04/09/2019 | 1,016,025 |
| 2,600,000 | Lennox International, Inc., Sr. Unsecd. Note, 3.00%, 11/15/2023 | 2,447,519 |
| 2,300,000 | Parker-Hannifin Corp., Sr. Unsecd. Note, 3.25%, 03/01/2027 | 2,169,601 |
| 820,000 | Roper Technologies, Inc., Sr. Unsecd. Note, 3.800%, 12/15/2026 | 786,476 |
| 680,000 | Roper Technologies, Inc., Sr. Unsecd. Note, 3.85%, 12/15/2025 | 664,287 |
| 2,190,000 | Roper Technologies, Inc., Sr. Unsecd. Note, 4.200%, 09/15/2028 | 2,141,854 |
| 4,045,000 | Valmont Industries, Inc., 5.25%, 10/01/2054 | 3,529,743 |
| 1,870,000 | Wabtec Corp., Sr Unsecured Note, 3.45%, 11/15/2026 | 1,684,419 |
| | TOTAL | 16,022,957 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|--|-------------------|
| | CORPORATE BONDS—continued | |
| | Capital Goods - Packaging—0.8% | |
| \$ 1,800,000 | Packaging Corp. of America, Sr. Unsecd. Note, 3.650%, 09/15/2024 | \$ 1,756,827 |
| 1,035,000 | Packaging Corp. of America, Sr. Unsecd. Note, 4.500%, 11/01/2023 | 1,058,052 |
| 250,000 | WestRock Co., 7.65%, 03/15/2019 | 251,497 |
| 960,000 | WestRock Co., Sr. Unsecd. Note, 4.45%, 03/01/2019 | 962,417 |
| 2,500,000 | WestRock Co., Sr. Unsecd. Note, Series 144A, 4.00%, 03/15/2028 | 2,368,082 |
| 2,210,000 | WestRock Co., Sr. Unsecd. Note, Series 144A, 4.900%, 03/15/2029 | 2,226,291 |
| | TOTAL | 8,623,166 |
| | Communications - Cable & Satellite—2.0% | |
| 6,400,000 | CCO Safari II LLC, 4.908%, 07/23/2025 | 6,380,427 |
| 1,235,000 | CCO Safari II LLC, 6.484%, 10/23/2045 | 1,239,531 |
| 900,000 | Comcast Corp., 7.050%, 03/15/2033 | 1,116,894 |
| 1,455,000 | Comcast Corp., Sr. Unsecd. Note, 3.300%, 02/01/2027 | 1,364,732 |
| 1,727,000 | Comcast Corp., Sr. Unsecd. Note, Series WI, 3.999%, 11/01/2049 | 1,499,200 |
| 1,910,000 | Cox Communications, Inc., Sr. Unsecd. Note, Series 144A, 3.35%, 09/15/2026 | 1,751,526 |
| 1,230,000 | NBCUniversal, Inc., Sr. Unsecd. Note, 5.150%, 04/30/2020 | 1,261,111 |
| 1,250,000 | NBCUniversal, Inc., Sr. Unsecd. Note, 5.95%, 04/01/2041 | 1,386,519 |
| 1,470,000 | NBCUniversal Media LLC, Sr. Unsecd. Note, 2.875%, 01/15/2023 | 1,424,129 |
| 1,310,000 | Time Warner Cable, Inc., Company Guarantee, 5.500%, 09/01/2041 | 1,179,578 |
| 1,000,000 | Time Warner Cable, Inc., Company Guarantee, 6.750%, 06/15/2039 | 1,035,554 |
| 360,000 | Time Warner Cable, Inc., Company Guarantee, 8.750%, 02/14/2019 | 363,670 |
| 2,915,000 | Time Warner Cable, Inc., Sr. Unsecd. Note, 4.000%, 09/01/2021 | 2,909,394 |
| 200,000 | Time Warner Cable, Inc., Sr. Unsecd. Note, 8.375%, 03/15/2023 | 229,218 |
| | TOTAL | 23,141,483 |
| | Communications - Media & Entertainment—2.4% | |
| 2,000,000 | 21st Century Fox America, Inc., 6.75%, 01/09/2038 | 2,575,570 |
| 1,000,000 | 21st Century Fox America, Inc., Sr. Unsecd. Note, 3.700%, 10/15/2025 | 992,096 |
| 1,000,000 | 21st Century Fox America, Inc., Sr. Unsecd. Note, 5.400%, 10/01/2043 | 1,123,576 |
| 3,995,000 | British Sky Broadcasting Group PLC, 3.75%, Series 144A, 09/16/2024 | 3,937,592 |
| 2,350,000 | CBS Corp., 4.900%, 08/15/2044 | 2,159,098 |
| 2,310,000 | Discovery Communications LLC, Sr. Unsecd. Note, 3.95%, 03/20/2028 | 2,152,558 |
| 4,380,000 | Grupo Televisa S.A., 6.625%, 03/18/2025 | 4,768,376 |
| 785,000 | Grupo Televisa S.A., Sr. Unsecd. Note, 5.000%, 05/13/2045 | 664,706 |
| 2,930,000 | Omnicom Group, Inc., Sr. Unsecd. Note, 3.625%, 05/01/2022 | 2,882,067 |
| 920,000 | S&P Global, Inc., Sr. Note, 4.00%, 06/15/2025 | 921,078 |
| 2,950,000 | WPP Finance 2010, 3.750%, 09/19/2024 | 2,745,190 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|---|-------------------|
| | CORPORATE BONDS—continued | |
| | Communications - Media & Entertainment—continued | |
| \$ 2,440,000 | WPP Finance 2010, Sr. Unsecd. Note, 5.125%, 09/07/2042 | \$ 2,283,077 |
| | TOTAL | 27,204,984 |
| | Communications - Telecom Wireless—1.1% | |
| 2,900,000 | American Tower Corp., 3.450%, 09/15/2021 | 2,882,419 |
| 1,365,000 | American Tower Corp., Sr. Unsecd. Note, 5.000%, 02/15/2024 | 1,411,793 |
| 490,000 | Crown Castle International Corp., Sr. Unsecd. Note, 2.250%, 09/01/2021 | 468,791 |
| 2,795,000 | Crown Castle International Corp., Sr. Unsecd. Note, 3.800%, 02/15/2028 | 2,597,182 |
| 1,500,000 | Crown Castle International Corp., Sr. Unsecd. Note, 4.45%, 02/15/2026 | 1,487,055 |
| 2,315,000 | TELUS Corp., Sr. Unsecd. Note, 2.800%, 02/16/2027 | 2,094,829 |
| 1,135,000 | Vodafone Group PLC, Sr. Unsecd. Note, 4.125%, 05/30/2025 | 1,108,528 |
| | TOTAL | 12,050,597 |
| | Communications - Telecom Wirelines—3.0% | |
| 3,200,000 | AT&T, Inc., Sr. Unsecd. Note, 2.450%, 06/30/2020 | 3,154,693 |
| 4,200,000 | AT&T, Inc., Sr. Unsecd. Note, 3.400%, 05/15/2025 | 3,915,093 |
| 2,550,000 | AT&T, Inc., Sr. Unsecd. Note, 4.25%, 03/01/2027 | 2,468,013 |
| 1,140,000 | AT&T, Inc., Sr. Unsecd. Note, 4.800%, 06/15/2044 | 999,922 |
| 1,000,000 | AT&T, Inc., Sr. Unsecd. Note, 5.15%, 03/15/2042 | 919,807 |
| 3,080,000 | AT&T, Inc., Sr. Unsecd. Note, 6.375%, 03/01/2041 | 3,227,511 |
| 2,050,000 | AT&T, Inc., Sr. Unsecd. Note, Series 144A, 5.300%, 08/15/2058 | 1,841,268 |
| 2,700,000 | Telefonica Emisiones SAU, Company Guarantee, 5.462%, 02/16/2021 | 2,793,617 |
| 2,175,000 | Telefonica Emisiones SAU, Sr. Unsecd. Note, 5.213%, 03/08/2047 | 1,981,377 |
| 6,340,000 | Verizon Communications, Inc., Sr. Unsecd. Note, 4.125%, 08/15/2046 | 5,489,014 |
| 2,000,000 | Verizon Communications, Inc., Sr. Unsecd. Note, 4.500%, 08/10/2033 | 1,955,257 |
| 4,880,000 | Verizon Communications, Inc., Sr. Unsecd. Note, 5.150%, 09/15/2023 | 5,163,227 |
| | TOTAL | 33,908,799 |
| | Consumer Cyclical - Automotive—1.1% | |
| 3,000,000 | Ford Motor Co., Sr. Unsecd. Note, 4.750%, 01/15/2043 | 2,272,691 |
| 880,000 | Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.250%, 09/20/2022 | 846,326 |
| 960,000 | General Motors Co., Sr. Unsecd. Note, 4.00%, 04/01/2025 | 902,344 |
| 1,775,000 | General Motors Co., Sr. Unsecd. Note, 5.200%, 04/01/2045 | 1,486,226 |
| 1,250,000 | General Motors Financial Co., Inc., Sr. Unsecd. Note, 3.200%, 07/06/2021 | 1,214,125 |
| 2,250,000 | General Motors Financial Company, Inc., Sr. Unsecd. Note, 3.45%, 04/10/2022 | 2,162,743 |
| 1,580,000 | Hyundai Capital America, Sr. Unsecd. Note, Series 144A, 2.600%, 03/19/2020 | 1,556,705 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|---|--------------|
| | CORPORATE BONDS—continued | |
| | Consumer Cyclical - Automotive—continued | |
| \$ 2,500,000 | Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, Series 144A, 4.25%, 11/13/2023 | \$ 2,456,774 |
| | TOTAL | 12,897,934 |
| | Consumer Cyclical - Leisure—0.2% | |
| 1,844,311 | Football Trust V, Pass Thru Cert., 5.35%, 10/05/2020 | 1,901,834 |
| | Consumer Cyclical - Lodging—0.9% | |
| 1,000,000 | Choice Hotels International, Inc., 5.75%, 07/01/2022 | 1,037,860 |
| 2,900,000 | Choice Hotels International, Inc., Company Guarantee, 5.700%, 08/28/2020 | 2,988,276 |
| 3,930,000 | Hyatt Hotels Corp., Sr. Unsecd. Note, 3.375%, 07/15/2023 | 3,820,800 |
| 2,000,000 | Marriott International, Inc., Sr. Unsecd. Note, 3.000%, 03/01/2019 | 1,998,453 |
| | TOTAL | 9,845,389 |
| | Consumer Cyclical - Retailers—2.0% | |
| 2,500,000 | Advance Auto Parts, Inc., 4.500%, 12/01/2023 | 2,554,020 |
| 1,070,000 | Advance Auto Parts, Inc., Company Guarantee, 4.500%, 01/15/2022 | 1,083,874 |
| 1,280,000 | AutoNation, Inc., Sr. Unsecd. Note, 4.500%, 10/01/2025 | 1,229,025 |
| 620,000 | AutoZone, Inc., Sr. Unsecd. Note, 3.125%, 04/21/2026 | 571,305 |
| 2,115,000 | AutoZone, Inc., Sr. Unsecd. Note, 3.75%, 06/01/2027 | 2,006,720 |
| 999,149 | CVS Caremark Corp., Pass Thru Cert., Series 144A, 5.298%, 01/11/2027 | 1,023,503 |
| 750,000 | CVS Health Corp., Sr. Unsecd. Note, 2.800%, 07/20/2020 | 740,310 |
| 1,685,000 | CVS Health Corp., Sr. Unsecd. Note, 3.875%, 07/20/2025 | 1,636,021 |
| 2,395,000 | CVS Health Corp., Sr. Unsecd. Note, 4.78%, 03/25/2038 | 2,295,398 |
| 2,100,000 | CVS Health Corp., Sr. Unsecd. Note, 5.05%, 03/25/2048 | 2,041,868 |
| 985,000 | CVS Health Corp., Sr. Unsecd. Note, 5.125%, 07/20/2045 | 962,116 |
| 1,200,000 | Dollar Tree, Inc., Sr. Unsecd. Note, 3.700%, 05/15/2023 | 1,170,082 |
| 5,700,000 | Home Depot, Inc., Sr. Unsecd. Note, 2.800%, 09/14/2027 | 5,285,918 |
| | TOTAL | 22,600,160 |
| | Consumer Cyclical - Services—0.9% | |
| 3,000,000 | Alibaba Group Holding Ltd., Sr. Unsecd. Note, 3.400%, 12/06/2027 | 2,749,197 |
| 1,460,000 | Alibaba Group Holding Ltd., Sr. Unsecd. Note, 3.600%, 11/28/2024 | 1,414,522 |
| 2,395,000 | Cintas Corp. No. 2, Sr. Unsecd. Note, 3.700%, 04/01/2027 | 2,327,661 |
| 900,000 | Expedia, Inc., 4.500%, 08/15/2024 | 889,072 |
| 1,090,000 | Expedia, Inc., Company Guarantee, 5.950%, 08/15/2020 | 1,130,892 |
| 1,800,000 | Expedia, Inc., Sr. Unsecd. Note, 5.000%, 02/15/2026 | 1,808,945 |
| | TOTAL | 10,320,289 |

Principal
Amount
or Shares

Value

| Principal Amount or Shares | | Value |
|----------------------------|--|--------------|
| | CORPORATE BONDS—continued | |
| | Consumer Non-Cyclical - Food/Beverage—4.8% | |
| \$ 5,545,000 | Anheuser-Busch Cos LLC/Anheuser-Busch InBev Worldwide, Inc., Sr. Unsecd. Note, Series 144A, 3.65%, 02/01/2026 | \$ 5,247,225 |
| 2,120,000 | Anheuser-Busch Cos LLC/Anheuser-Busch InBev Worldwide, Inc., Sr. Unsecd. Note, Series 144A, 4.900%, 02/01/2046 | 1,986,175 |
| 3,000,000 | Anheuser-Busch InBev Finance, Inc., Sr Unsecured Note, 3.300%, 02/01/2023 | 2,907,507 |
| 2,125,000 | Anheuser-Busch InBev Worldwide, Inc., Sr. Unsecd. Note, 4.600%, 04/15/2048 | 1,915,844 |
| 980,000 | Bacardi Ltd., Sr. Unsecd. Note, Series 144A, 2.75%, 07/15/2026 | 837,243 |
| 2,125,000 | Constellation Brands, Inc., Sr. Unsecd. Note, 4.65%, 11/15/2028 | 2,127,845 |
| 2,150,000 | Danone SA, Sr. Unsecd. Note, Series 144A, 2.947%, 11/02/2026 | 1,947,254 |
| 1,590,000 | Flowers Foods, Inc., Sr. Unsecd. Note, 3.500%, 10/01/2026 | 1,494,418 |
| 820,000 | General Mills, Inc., Sr. Unsecd. Note, 4.700%, 04/17/2048 | 736,717 |
| 1,624,000 | Grupo Bimbo SAB de CV, 4.875%, Series 144A, 06/27/2044 | 1,455,455 |
| 1,600,000 | Grupo Bimbo SAB de CV, Sr. Unsecd. Note, Series 144A, 4.500%, 01/25/2022 | 1,618,714 |
| 2,245,000 | Heineken NV, Sr. Unsecd. Note, Series 144A, 3.500%, 01/29/2028 | 2,129,551 |
| 6,900,000 | Kerry Group Financial Services, Sr. Unsecd. Note, Series 144A, 3.200%, 04/09/2023 | 6,623,246 |
| 500,000 | Kraft Heinz Foods Co., Sr. Unsecd. Note, 2.800%, 07/02/2020 | 494,000 |
| 710,000 | Kraft Heinz Foods Co., Sr. Unsecd. Note, 3.00%, 06/01/2026 | 629,146 |
| 2,735,000 | Kraft Heinz Foods Co., Sr. Unsecd. Note, 3.95%, 07/15/2025 | 2,626,846 |
| 1,470,000 | Kraft Heinz Foods Co., Sr. Unsecd. Note, 4.375%, 06/01/2046 | 1,199,595 |
| 1,465,000 | Kraft Heinz Foods Co., Sr. Unsecd. Note, 5.200%, 07/15/2045 | 1,336,992 |
| 1,530,000 | Maple Escrow Subsidiary, Inc., Sr. Unsecd. Note, Series 144A, 4.417%, 05/25/2025 | 1,508,880 |
| 1,030,000 | Maple Escrow Subsidiary, Inc., Sr. Unsecd. Note, Series 144A, 4.985%, 05/25/2038 | 986,963 |
| 2,380,000 | McCormick & Co., Inc., Sr. Unsecd. Note, 3.15%, 08/15/2024 | 2,271,944 |
| 2,205,000 | McCormick & Co., Inc., Sr. Unsecd. Note, 3.400%, 08/15/2027 | 2,084,973 |
| 1,600,000 | Mead Johnson Nutrition Co., Sr. Unsecd. Note, 3.00%, 11/15/2020 | 1,590,302 |
| 910,000 | Mead Johnson Nutrition Co., Sr. Unsecd. Note, 4.125%, 11/15/2025 | 919,058 |
| 610,000 | Molson Coors Brewing Co., Sr. Unsecd. Note, 4.200%, 07/15/2046 | 510,190 |
| 2,220,000 | Mondelez International Holdings Netherlands BV, Sr. Unsecd. Note, Series 144A, 2.00%, 10/28/2021 | 2,112,833 |
| 1,260,000 | Smithfield Foods, Inc., Sr. Unsecd. Note, Series 144A, 2.65%, 10/03/2021 | 1,197,416 |
| 550,000 | Smithfield Foods, Inc., Sr. Unsecd. Note, Series 144A, 4.25%, 02/01/2027 | 512,653 |
| 1,175,000 | Tyson Foods, Inc., 3.95%, 08/15/2024 | 1,162,018 |

**Principal
Amount
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Value

| CORPORATE BONDS—continued | | |
|--|--|-------------------|
| Consumer Non-Cyclical - Food/Beverage—continued | | |
| \$ 1,000,000 | Tyson Foods, Inc., 5.15%, 08/15/2044 | \$ 967,518 |
| 1,680,000 | Tyson Foods, Inc., Sr. Unsecd. Note, 4.500%, 06/15/2022 | 1,716,929 |
| | TOTAL | 54,855,450 |
| Consumer Non-Cyclical - Health Care—1.0% | | |
| 3,280,000 | Agilent Technologies, Inc., Sr. Unsecd. Note, 3.050%, 09/22/2026 | 3,036,221 |
| 2,350,000 | Becton Dickinson & Co., Sr. Unsecd. Note, 3.700%, 06/06/2027 | 2,194,733 |
| 1,455,000 | Becton Dickinson & Co., Sr. Unsecd. Note, 3.734%, 12/15/2024 | 1,406,689 |
| 3,345,000 | Becton Dickinson & Co., Sr. Unsecd. Note, 4.685%, 12/15/2044 | 3,082,769 |
| 575,000 | Stryker Corp., Sr. Unsecd. Note, 3.500%, 03/15/2026 | 546,002 |
| 1,500,000 | Thermo Fisher Scientific, Inc., Sr. Unsecd. Note, 2.95%, 09/19/2026 | 1,368,944 |
| | TOTAL | 11,635,358 |
| Consumer Non-Cyclical - Pharmaceuticals—3.4% | | |
| 2,601,000 | Abbott Laboratories, Sr. Unsecd. Note, 3.75%, 11/30/2026 | 2,548,584 |
| 2,240,000 | Abbott Laboratories, Sr. Unsecd. Note, 4.900%, 11/30/2046 | 2,322,540 |
| 4,100,000 | AbbVie, Inc., Sr. Unsecd. Note, 2.500%, 05/14/2020 | 4,041,090 |
| 805,000 | Actavis Funding SCS, Sr. Unsecd. Note, 3.45%, 03/15/2022 | 787,952 |
| 750,000 | Actavis Funding SCS, Sr. Unsecd. Note, 3.800%, 03/15/2025 | 720,375 |
| 2,330,000 | AstraZeneca PLC, Sr. Unsecd. Note, 2.375%, 06/12/2022 | 2,221,939 |
| 2,330,000 | AstraZeneca PLC, Sr. Unsecd. Note, 3.125%, 06/12/2027 | 2,152,891 |
| 1,500,000 | Bayer US Finance II LLC, Sr. Unsecd. Note, Series 144A, 3.875%, 12/15/2023 | 1,466,716 |
| 730,000 | Bayer US Finance II LLC, Sr. Unsecd. Note, Series 144A, 4.25%, 12/15/2025 | 712,178 |
| 500,000 | Bayer US Finance II LLC, Sr. Unsecd. Note, Series 144A, 4.875%, 06/25/2048 | 457,462 |
| 280,000 | Bayer US Finance LLC, Sr. Unsecd. Note, Series 144A, 3.375%, 10/08/2024 | 263,315 |
| 1,050,000 | Bayer US Finance LLC, Unsecd. Note, Series 144A, 2.375%, 10/08/2019 | 1,040,750 |
| 2,760,000 | Bio-Rad Laboratories, Inc., Sr. Unsecd. Note, 4.875%, 12/15/2020 | 2,822,503 |
| 2,100,000 | Celgene Corp., Sr. Unsecd. Note, 3.875%, 08/15/2025 | 2,018,193 |
| 4,000,000 | Celgene Corp., Sr. Unsecd. Note, 3.900%, 02/20/2028 | 3,749,145 |
| 3,585,000 | Celgene Corp., Sr. Unsecd. Note, 5.00%, 08/15/2045 | 3,306,823 |
| 3,240,000 | Gilead Sciences, Inc., Sr. Unsecd. Note, 2.950%, 03/01/2027 | 2,982,024 |
| 2,360,000 | Shire Acquisitions Investments Ireland DAC, Sr. Unsecd. Note, 2.40%, 09/23/2021 | 2,263,898 |
| 2,250,000 | Teva Pharmaceutical Finance Netherlands III BV, Sr. Unsecd. Note, 3.15%, 10/01/2026 | 1,837,094 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|---|-------------------|
| | CORPORATE BONDS—continued | |
| | Consumer Non-Cyclical - Pharmaceuticals—continued | |
| \$ 2,350,000 | Teva Pharmaceutical Finance Netherlands III BV, Sr. Unsecd. Note, 4.100%, 10/01/2046 | \$ 1,655,781 |
| | TOTAL | 39,371,253 |
| | Consumer Non-Cyclical - Products—0.3% | |
| 1,030,000 | Church and Dwight, Inc., Sr. Unsecd. Note, 3.150%, 08/01/2027 | 950,640 |
| 2,220,000 | Newell Rubbermaid, Inc., Sr. Unsecd. Note, 4.200%, 04/01/2026 | 2,117,649 |
| 1,030,000 | Reckitt Benckiser Treasury Services PLC, Sr. Unsecd. Note, Series 144A, 3.00%, 06/26/2027 | 948,111 |
| | TOTAL | 4,016,400 |
| | Consumer Non-Cyclical - Supermarkets—0.2% | |
| 960,000 | Kroger Co., Bond, 6.900%, 04/15/2038 | 1,108,310 |
| 1,000,000 | Kroger Co., Sr. Unsecd. Note, 4.45%, 02/01/2047 | 870,185 |
| | TOTAL | 1,978,495 |
| | Consumer Non-Cyclical - Tobacco—0.6% | |
| 250,000 | Altria Group, Inc., 9.250%, 08/06/2019 | 260,455 |
| 3,080,000 | Bat Capital Corp., Sr. Unsecd. Note, Series WI, 3.557%, 08/15/2027 | 2,748,704 |
| 4,220,000 | Bat Capital Corp., Sr. Unsecd. Note, Series WI, 4.54%, 08/15/2047 | 3,439,598 |
| | TOTAL | 6,448,757 |
| | Energy - Independent—1.5% | |
| 3,900,000 | Anadarko Petroleum Corp., Sr. Unsecd. Note, 3.45%, 07/15/2024 | 3,722,555 |
| 5,890,000 | Canadian Natural Resources Ltd., 5.850%, 02/01/2035 | 6,138,820 |
| 980,000 | Cimarex Energy Co., Sr. Unsecd. Note, 3.900%, 05/15/2027 | 902,523 |
| 1,500,000 | Hess Corp., Sr. Unsecd. Note, 5.600%, 02/15/2041 | 1,333,783 |
| 3,400,000 | Marathon Oil Corp., Sr. Unsecd. Note, 3.85%, 06/01/2025 | 3,188,454 |
| 440,000 | XTO Energy, Inc., 6.375%, 06/15/2038 | 551,502 |
| 775,000 | XTO Energy, Inc., 6.750%, 08/01/2037 | 1,000,847 |
| | TOTAL | 16,838,484 |
| | Energy - Integrated—2.0% | |
| 1,785,000 | BP Capital Markets PLC, 3.119%, 05/04/2026 | 1,665,306 |
| 1,480,000 | BP Capital Markets PLC, Company Guarantee, 4.742%, 03/11/2021 | 1,520,388 |
| 1,750,000 | CNPC Hong Kong Overseas Capital Ltd., Company Guarantee, Series 144A, 5.950%, 04/28/2041 | 2,030,429 |
| 2,100,000 | Chevron Corp., Sr. Unsecd. Note, 2.100%, 05/16/2021 | 2,042,597 |
| 2,370,000 | Husky Energy, Inc., Sr. Unsecd. Note, 3.950%, 04/15/2022 | 2,370,677 |
| 4,650,000 | Petro-Canada, Bond, 5.350%, 07/15/2033 | 5,014,498 |
| 220,000 | Petro-Canada, Deb., 7.000%, 11/15/2028 | 258,256 |
| 1,000,000 | Petroleos Mexicanos, 6.500%, 06/02/2041 | 829,500 |
| 4,180,000 | Petroleos Mexicanos, Company Guarantee, 5.500%, 01/21/2021 | 4,171,640 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|---|-------------------|
| | CORPORATE BONDS—continued | |
| | Energy - Integrated—continued | |
| \$ 2,350,000 | Shell International Finance B.V., Sr. Unsecd. Note, 2.875%, 05/10/2026 | \$ 2,205,603 |
| 660,000 | Shell International Finance B.V., Sr. Unsecd. Note, 4.00%, 05/10/2046 | 615,704 |
| | TOTAL | 22,724,598 |
| | Energy - Midstream—3.1% | |
| 3,190,000 | Andeavor Logistics LP, Sr. Unsecd. Note, 4.25%, 12/01/2027 | 2,983,168 |
| 1,652,000 | Columbia Pipeline Group, Inc., Sr. Unsecd. Note, 4.500%, 06/01/2025 | 1,667,217 |
| 1,000,000 | Columbia Pipeline Group, Inc., Sr. Unsecd. Note, 5.800%, 06/01/2045 | 1,043,604 |
| 5,730,000 | Energy Transfer Partners LP, Sr. Unsecd. Note, 4.900%, 02/01/2024 | 5,756,667 |
| 2,137,000 | Energy Transfer Partners LP, Sr. Unsecd. Note, 5.150%, 03/15/2045 | 1,843,271 |
| 2,475,000 | Enterprise Products Operating LLC, Sr. Unsecd. Note, 3.75%, 02/15/2025 | 2,417,519 |
| 830,000 | Florida Gas Transmission Co. LLC, Sr. Unsecd. Note, Series 144A, 5.450%, 07/15/2020 | 851,254 |
| 2,500,000 | Kinder Morgan Energy Partners LP, Note, 6.550%, 09/15/2040 | 2,659,433 |
| 1,190,000 | Kinder Morgan Energy Partners LP, Sr. Unsecd. Note, 6.375%, 03/01/2041 | 1,234,971 |
| 3,770,000 | Kinder Morgan, Inc., Sr. Unsecd. Note, 4.300%, 03/01/2028 | 3,635,460 |
| 2,350,000 | MPLX LP, Sr. Unsecd. Note, 4.500%, 04/15/2038 | 2,039,151 |
| 1,525,000 | MPLX LP, Sr. Unsecd. Note, 5.200%, 03/01/2047 | 1,380,374 |
| 960,000 | TC Pipelines, LP, Sr. Unsecd. Note, 3.900%, 05/25/2027 | 892,191 |
| 2,150,000 | Texas Eastern Transmission LP, Sr. Unsecd. Note, Series 144A, 2.800%, 10/15/2022 | 2,056,813 |
| 2,300,000 | Williams Partners LP, 4.900%, 01/15/2045 | 2,042,427 |
| 3,100,000 | Williams Partners LP, 5.250%, 03/15/2020 | 3,157,020 |
| | TOTAL | 35,660,540 |
| | Energy - Oil Field Services—0.4% | |
| 700,000 | Nabors Industries, Inc., Company Guarantee, 5.000%, 09/15/2020 | 696,447 |
| 2,500,000 | Nabors Industries, Inc., Sr. Unsecd. Note, 4.625%, 09/15/2021 | 2,338,158 |
| 1,350,000 | Nabors Industries, Inc., Sr. Unsecd. Note, 5.100%, 09/15/2023 | 1,140,908 |
| | TOTAL | 4,175,513 |
| | Energy - Refining—0.3% | |
| 875,000 | Marathon Petroleum Corp., Sr. Unsecd. Note, 3.625%, 09/15/2024 | 841,886 |
| 720,000 | Marathon Petroleum Corp., Sr. Unsecd. Note, 6.500%, 03/01/2041 | 787,209 |
| 1,665,000 | Valero Energy Corp., 7.500%, 04/15/2032 | 2,024,627 |
| | TOTAL | 3,653,722 |
| | Financial Institution - Banking—11.6% | |
| 2,000,000 | Associated Banc-Corp., Sub. Note, 4.25%, 01/15/2025 | 1,991,249 |
| 3,000,000 | BB&T Corp., 2.45%, Series MTN, 01/15/2020 | 2,973,523 |

**Principal
Amount
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Value

| CORPORATE BONDS—continued | | |
|--|--|--------------|
| Financial Institution - Banking—continued | | |
| \$ 2,445,000 | BB&T Corp., Sr. Unsecd. Note, Series MTN, 2.250%, 02/01/2019 | \$ 2,441,988 |
| 3,500,000 | Bank of America Corp., Sr. Unsecd. Note, 3.366%, 01/23/2026 | 3,340,027 |
| 2,175,000 | Bank of America Corp., Sr. Unsecd. Note, 3.705%, 04/24/2028 | 2,055,773 |
| 6,395,000 | Bank of America Corp., Sr. Unsecd. Note, Series GMTN, 2.816%, 07/21/2023 | 6,128,435 |
| 8,400,000 | Bank of America Corp., Sr. Unsecd. Note, Series MTN, 2.328%, 10/01/2021 | 8,210,830 |
| 2,230,000 | Bank of America Corp., Sr. Unsecd. Note, Series MTN, 3.824%, 01/20/2028 | 2,129,030 |
| 1,850,000 | Bank of America Corp., Sr. Unsecd. Note, Series MTN, 4.00%, 4/01/2024 | 1,845,195 |
| 2,100,000 | Bank of America Corp., Sub. Note, Series L, 3.95%, 04/21/2025 | 2,031,250 |
| 5,500,000 | Capital One Bank, Sub. Note, 3.375%, 02/15/2023 | 5,283,350 |
| 1,200,000 | Capital One Financial Corp., Sr. Sub. Note, 4.200%, 10/29/2025 | 1,147,883 |
| 990,000 | Citigroup, Inc., 4.125%, 07/25/2028 | 934,356 |
| 2,800,000 | Citigroup, Inc., 4.300%, 11/20/2026 | 2,702,561 |
| 3,410,000 | Citigroup, Inc., Sr Unsecured Note, 2.876%, 07/24/2023 | 3,272,602 |
| 4,000,000 | Citigroup, Inc., Sr. Note, 5.375%, 08/09/2020 | 4,120,133 |
| 1,910,000 | Citigroup, Inc., Sr. Unsecd. Note, 3.400%, 05/01/2026 | 1,781,749 |
| 6,000,000 | Citigroup, Inc., Sr. Unsecd. Note, 3.52%, 10/27/2028 | 5,536,082 |
| 3,500,000 | Citizens Financial Group, Inc., Sub. Note, Series 144A, 4.15%, 09/28/2022 | 3,470,637 |
| 1,450,000 | City National Corp., Sr. Unsecd. Note, 5.250%, 09/15/2020 | 1,502,248 |
| 1,000,000 | Comerica, Inc., 3.800%, 07/22/2026 | 960,065 |
| 2,625,000 | Compass Bank, Birmingham, Sub. Note, Series BKNT, 3.875%, 04/10/2025 | 2,513,628 |
| 3,250,000 | Goldman Sachs Group, Inc., Sr. Unsecd. Note, 3.00%, 04/26/2022 | 3,147,750 |
| 4,200,000 | Goldman Sachs Group, Inc., Sr. Unsecd. Note, 3.814%, 04/23/2029 | 3,905,255 |
| 2,375,000 | Goldman Sachs Group, Inc., Sr. Unsecd. Note, 4.223%, 05/01/2029 | 2,275,697 |
| 2,100,000 | Goldman Sachs Group, Inc., Sub. Note, 6.345%, 02/15/2034 | 2,317,387 |
| 1,680,000 | Huntington Bancshares, Inc., Sub. Note, 7.000%, 12/15/2020 | 1,790,601 |
| 1,480,000 | JPMorgan Chase & Co., Sr. Unsecd. Note, 2.776%, 04/25/2023 | 1,427,607 |
| 4,380,000 | JPMorgan Chase & Co., Sr. Unsecd. Note, 3.509%, 01/23/2029 | 4,101,149 |
| 870,000 | JPMorgan Chase & Co., Sub. Deb., 8.00%, 04/29/2027 | 1,065,545 |
| 740,000 | JPMorgan Chase & Co., Sub. Note, 3.375%, 05/01/2023 | 718,956 |
| 7,500,000 | JPMorgan Chase & Co., Sub. Note, 3.875%, 09/10/2024 | 7,347,914 |
| 3,975,000 | ⁴ Manufacturers & Traders Trust Co., Sub. Note, Series BKNT, 3.376%, (3-month USLIBOR +0.640%) 12/01/2021 | 3,947,508 |
| 2,375,000 | Morgan Stanley, Sr. Unsecd. Note, 4.457%, 04/22/2039 | 2,266,323 |

**Principal
Amount
or Shares**

Value

CORPORATE BONDS—continued

Financial Institution - Banking—continued

| | | |
|--------------|--|--------------------|
| \$ 7,500,000 | Morgan Stanley, Sr. Unsec'd. Note, Series GMTN, 3.772%, 01/24/2029 | \$ 7,088,668 |
| 2,000,000 | Morgan Stanley, Sr. Unsec'd. Note, Series GMTN, 5.500%, 07/24/2020 | 2,059,409 |
| 1,500,000 | Morgan Stanley, Sub. Note, 3.950%, 04/23/2027 | 1,410,509 |
| 4,320,000 | Morgan Stanley, Sub. Note, Series MTN, 4.100%, 05/22/2023 | 4,290,427 |
| 2,000,000 | PNC Bank, N.A., Series BKNT, 2.15%, 04/29/2021 | 1,933,931 |
| 2,044,465 | ⁹ Regional Diversified Funding, Series 144A, 9.250%, 03/15/2030 | 1,255,915 |
| 890,000 | Regions Financial Corp., Sr. Unsec'd. Note, 3.200%, 02/08/2021 | 878,015 |
| 2,300,000 | Wells Fargo & Co., Sr. Unsec'd. Note, 3.069%, 01/24/2023 | 2,222,814 |
| 9,750,000 | Wells Fargo & Co., Sr. Unsec'd. Note, Series MTN, 3.584%, 05/22/2028 | 9,253,318 |
| 1,655,000 | Wells Fargo & Co., Sub. Note, Series GMTN, 4.900%, 11/17/2045 | 1,585,488 |
| | TOTAL | 132,662,780 |

Financial Institution - Broker/Asset Mgr/Exchange—2.1%

| | | |
|-----------|--|-------------------|
| 2,150,000 | CBOE Holdings, Inc., Sr. Unsec'd. Note, 3.650%, 01/12/2027 | 2,066,286 |
| 2,500,000 | Cantor Fitzgerald LP, Bond, 7.875%, 10/15/2019 | 2,575,470 |
| 4,255,000 | FMR LLC, Bond, Series 144A, 7.570%, 06/15/2029 | 5,473,066 |
| 590,000 | Invesco Finance PLC, Sr. Unsec'd. Note, 3.75%, 1/15/2026 | 567,371 |
| 2,250,000 | Jefferies Group LLC, Sr. Unsec'd. Note, 4.850%, 01/15/2027 | 2,146,594 |
| 2,615,000 | Jefferies Group LLC, Sr. Unsec'd. Note, 5.125%, 01/20/2023 | 2,685,554 |
| 1,650,000 | Jefferies Group LLC, Sr. Unsec'd. Note, 6.500%, 01/20/2043 | 1,653,312 |
| 1,294,000 | Raymond James Financial, Inc., Sr. Unsec'd. Note, 5.625%, 04/01/2024 | 1,386,208 |
| 805,000 | Stifel Financial Corp., 4.25%, 07/18/2024 | 803,215 |
| 1,170,000 | Stifel Financial Corp., Sr. Unsec'd. Note, 3.500%, 12/01/2020 | 1,164,738 |
| 2,400,000 | TD Ameritrade Holding Corp., Sr. Unsec'd. Note, 3.625%, 04/01/2025 | 2,338,061 |
| 975,000 | TIAA Asset Management Finance Co., LLC, Sr. Unsec'd. Note, Series 144A, 4.125%, 11/01/2024 | 981,274 |
| | TOTAL | 23,841,149 |

Financial Institution - Finance Companies—1.3%

| | | |
|-----------|---|-------------------|
| 1,010,000 | AerCap Ireland Capital Ltd. / AerCap Global Aviation Trust, Sr. Unsec'd. Note, 3.500%, 05/26/2022 | 984,124 |
| 783,000 | Discover Bank, Sub. Note, Series BKNT, 8.700%, 11/18/2019 | 819,231 |
| 2,517,000 | Discover Financial Services, Sr. Unsec'd. Note, 3.850%, 11/21/2022 | 2,487,851 |
| 2,236,000 | GE Capital International Funding Co., Sr. Unsec'd. Note, 3.373%, 11/15/2025 | 1,933,850 |
| 7,856,000 | GE Capital International Funding, Inc., Sr. Unsec'd. Note, 4.418%, 11/15/2035 | 6,353,509 |
| 2,000,000 | Macquarie Group Ltd., Sr. Unsec'd. Note, Series 144A, 6.000%, 01/14/2020 | 2,051,717 |
| | TOTAL | 14,630,282 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|---|-------------------|
| | CORPORATE BONDS—continued | |
| | Financial Institution - Insurance - Health—0.9% | |
| \$ 740,000 | Anthem, Inc., 5.85%, 01/15/2036 | \$ 804,734 |
| 1,690,000 | Halfmoon Parent, Inc., Sr. Unsecd. Note, Series 144A, 3.75%, 07/15/2023 | 1,669,046 |
| 1,690,000 | Halfmoon Parent, Inc., Sr. Unsecd. Note, Series 144A, 4.375%, 10/15/2028 | 1,662,766 |
| 1,690,000 | Halfmoon Parent, Inc., Sr. Unsecd. Note, Series 144A, 4.900%, 12/15/2048 | 1,619,977 |
| 2,000,000 | UnitedHealth Group, Inc., Sr. Unsecd. Note, 3.100%, 03/15/2026 | 1,898,391 |
| 1,685,000 | UnitedHealth Group, Inc., Sr. Unsecd. Note, 3.75%, 07/15/2025 | 1,678,768 |
| 1,145,000 | UnitedHealth Group, Inc., Sr. Unsecd. Note, 4.75%, 07/15/2045 | 1,189,215 |
| | TOTAL | 10,522,897 |
| | Financial Institution - Insurance - Life—1.8% | |
| 2,750,000 | AXA-UAP, Sub. Note, 8.600%, 12/15/2030 | 3,465,000 |
| 3,100,000 | Aflac, Inc., Sr. Unsecd. Note, 2.875%, 10/15/2026 | 2,870,261 |
| 1,720,000 | Lincoln National Corp., Sr. Note, 7.000%, 06/15/2040 | 2,124,684 |
| 700,000 | Massachusetts Mutual Life Insurance Co., Sub. Note, Series 144A, 5.375%, 12/01/2041 | 762,434 |
| 710,000 | Massachusetts Mutual Life Insurance Co., Sub. Note, Series 144A, 8.875%, 06/01/2039 | 1,070,829 |
| 1,000,000 | MetLife, Inc., Jr. Sub. Note, 10.75%, 08/01/2039 | 1,492,500 |
| 700,000 | New York Life Insurance Co., Sub. Note, Series 144A, 6.750%, 11/15/2039 | 898,440 |
| 4,000,000 | Pacific LifeCorp., Bond, Series 144A, 6.600%, 09/15/2033 | 4,736,007 |
| 1,000,000 | Penn Mutual Life Insurance Co., Sr. Note, Series 144A, 7.625%, 06/15/2040 | 1,291,041 |
| 1,530,000 | Prudential Financial, Inc., Series MTN, 6.625%, 12/01/2037 | 1,852,290 |
| | TOTAL | 20,563,486 |
| | Financial Institution - Insurance - P&C—1.2% | |
| 1,210,000 | Berkshire Hathaway, Inc., Sr. Unsecd. Note, 3.125%, 03/15/2026 | 1,156,292 |
| 920,000 | CNA Financial Corp., Sr. Unsecd. Note, 5.875%, 08/15/2020 | 951,788 |
| 1,000,000 | Hartford Financial Services Group, Inc., Sr. Unsecd. Note, 6.625%, 04/15/2042 | 1,185,667 |
| 2,880,000 | Liberty Mutual Group, Inc., 4.85%, Series 144A, 08/01/2044 | 2,758,883 |
| 850,000 | Liberty Mutual Group, Inc., Company Guarantee, Series 144A, 5.000%, 06/01/2021 | 868,332 |
| 3,400,000 | Nationwide Mutual Insurance Co., Sub. Note, Series 144A, 9.375%, 08/15/2039 | 5,019,766 |
| 1,000,000 | USF&G Corp., 8.312%, 07/01/2046 | 1,342,764 |
| | TOTAL | 13,283,492 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|--|--------------|
| | CORPORATE BONDS—continued | |
| | Financial Institution - REIT - Apartment—0.7% | |
| \$ 2,155,000 | Avalonbay Communities, Inc., Sr. Unsecd. Note, Series MTN, 3.35%, 05/15/2027 | \$ 2,047,187 |
| 2,000,000 | Mid-America Apartment Communities LP, Sr. Unsecd. Note, 3.750%, 06/15/2024 | 1,954,076 |
| 2,160,000 | Post Apartment Homes LP, Sr. Unsecd. Note, 3.375%, 12/01/2022 | 2,116,914 |
| 920,000 | UDR, Inc., Company Guarantee, Series 0001, 4.625%, 01/10/2022 | 939,344 |
| 1,600,000 | UDR, Inc., Sr. Unsecd. Note, Series MTN, 2.95%, 09/01/2026 | 1,450,932 |
| | TOTAL | 8,508,453 |
| | Financial Institution - REIT - Healthcare—0.5% | |
| 1,250,000 | Health Care REIT, Inc., Sr. Unsecd. Note, 4.000%, 06/01/2025 | 1,216,146 |
| 500,000 | Health Care REIT, Inc., Sr. Unsecd. Note, 4.125%, 04/01/2019 | 500,369 |
| 1,000,000 | Health Care REIT, Inc., Sr. Unsecd. Note, 6.125%, 04/15/2020 | 1,031,951 |
| 2,300,000 | Healthcare Trust of America, 3.700%, 04/15/2023 | 2,241,992 |
| 1,170,000 | Physicians Realty Trust, Sr. Unsecd. Note, 4.300%, 03/15/2027 | 1,122,497 |
| | TOTAL | 6,112,955 |
| | Financial Institution - REIT - Office—0.5% | |
| 1,450,000 | Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 3.900%, 06/15/2023 | 1,451,723 |
| 1,570,000 | Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 3.95%, 01/15/2028 | 1,488,744 |
| 2,380,000 | Boston Properties LP, Sr. Unsecd. Note, 3.200%, 01/15/2025 | 2,248,429 |
| | TOTAL | 5,188,896 |
| | Financial Institution - REIT - Other—0.4% | |
| 2,285,000 | Host Hotels & Resorts LP, Sr. Unsecd. Note, Series E, 4.00%, 06/15/2025 | 2,204,490 |
| 1,890,000 | WP Carey, Inc., Sr. Unsecd. Note, 4.600%, 04/01/2024 | 1,901,262 |
| | TOTAL | 4,105,752 |
| | Financial Institution - REIT - Retail—0.9% | |
| 380,000 | Kimco Realty Corp., Sr. Unsecd. Note, 3.400%, 11/01/2022 | 370,211 |
| 1,730,000 | Kimco Realty Corp., Sr. Unsecd. Note, 3.800%, 04/01/2027 | 1,632,838 |
| 2,600,000 | Regency Centers Corp., Sr. Unsecd. Note, 3.75%, 11/15/2022 | 2,574,387 |
| 1,700,000 | Regency Centers LP, Company Guarantee, 4.800%, 04/15/2021 | 1,735,631 |
| 1,860,000 | Tanger Properties LP, Sr. Unsecd. Note, 3.125%, 09/01/2026 | 1,649,858 |
| 2,300,000 | Tanger Properties LP, Sr. Unsecd. Note, 3.875%, 12/01/2023 | 2,244,336 |
| | TOTAL | 10,207,261 |
| | Sovereign—0.1% | |
| 1,100,000 | Corp Andina De Fomento, Sr. Unsecd. Note, 4.375%, 06/15/2022 | 1,131,977 |

**Principal
Amount
or Shares**

Value

CORPORATE BONDS—continued

Technology—3.6%

| | | |
|--------------|--|-------------------|
| \$ 2,840,000 | Adobe Systems, Inc., Sr. Unsecd. Note, 3.250%, 02/01/2025 | \$ 2,763,057 |
| 920,000 | Automatic Data Processing, Inc., 3.375%, 09/15/2025 | 908,900 |
| 2,460,000 | Broadcom Corp., Sr. Unsecd. Note, Series WI, 3.875%, 01/15/2027 | 2,226,484 |
| 1,400,000 | Corning, Inc., Unsecd. Note, 4.750%, 03/15/2042 | 1,302,054 |
| 1,300,000 | Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Secd. Note, Series 144A, 4.420%, 06/15/2021 | 1,302,155 |
| 1,250,000 | Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Secd. Note, Series 144A, 6.020%, 06/15/2026 | 1,266,003 |
| 1,565,000 | Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Secd. Note, Series 144A, 8.350%, 07/15/2046 | 1,727,569 |
| 1,620,000 | Equifax, Inc., Sr. Unsecd. Note, 3.250%, 06/01/2026 | 1,468,168 |
| 285,000 | Equifax, Inc., Sr. Unsecd. Note, Series 5Y, 3.95%, 06/15/2023 | 282,676 |
| 2,000,000 | Fidelity National Information Services, Inc., Sr. Unsecd. Note, 3.500%, 04/15/2023 | 1,967,303 |
| 1,265,000 | Fidelity National Information Services, Inc., Sr. Unsecd. Note, 3.875%, 06/05/2024 | 1,251,740 |
| 2,500,000 | Fiserv, Inc., Sr. Unsecd. Note, 3.85%, 06/01/2025 | 2,457,533 |
| 2,210,000 | Fiserv, Inc., Sr. Unsecd. Note, 4.200%, 10/01/2028 | 2,189,230 |
| 1,565,000 | Flextronics International Ltd., Sr. Unsecd. Note, 4.75%, 06/15/2025 | 1,516,828 |
| 1,240,000 | Hewlett Packard Enterprise Co., Sr. Unsecd. Note, 3.600%, 10/15/2020 | 1,239,664 |
| 1,030,000 | Hewlett Packard Enterprise Co., Sr. Unsecd. Note, 4.900%, 10/15/2025 | 1,035,442 |
| 2,540,000 | Ingram Micro, Inc., Sr. Unsecd. Note, 5.000%, 08/10/2022 | 2,498,402 |
| 3,325,000 | Keysight Technologies, Inc., 4.55%, 10/30/2024 | 3,332,817 |
| 2,100,000 | Molex Electronics Technologies LLC, Unsecd. Note, Series 144A, 3.900%, 04/15/2025 | 2,055,698 |
| 1,460,000 | Qualcomm, Inc., Sr. Unsecd. Note, 2.600%, 01/30/2023 | 1,390,053 |
| 975,000 | SAIC, Inc., Company Guarantee, Series 1, 5.95%, 12/01/2040 | 934,774 |
| 1,420,000 | Total System Services, Inc., Sr. Unsecd. Note, 4.450%, 06/01/2028 | 1,391,045 |
| 445,000 | Total System Services, Inc., Sr. Unsecd. Note, 4.80%, 04/01/2026 | 447,043 |
| 1,380,000 | Verisk Analytics, Inc., Sr. Unsecd. Note, 4.125%, 09/12/2022 | 1,394,608 |
| 2,490,000 | Verisk Analytics, Inc., Sr. Unsecd. Note, 5.500%, 06/15/2045 | 2,477,624 |
| 200,000 | Verisk Analytics, Inc., Unsecd. Note, 4.00%, 06/15/2025 | 198,036 |
| | TOTAL | 41,024,906 |

Transportation - Railroads—0.8%

| | | |
|-----------|---|-----------|
| 3,095,000 | Burlington Northern Santa Fe Corp., Deb., 5.750%, 05/01/2040 | 3,520,108 |
| 289,075 | Burlington Northern Santa Fe Corp., Pass Thru Cert., Series 99-2, 7.57%, 01/02/2021 | 296,907 |
| 2,265,000 | Canadian Pacific Railway Co., Sr. Unsecd. Note, 2.900%, 02/01/2025 | 2,152,994 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|--|--------------|
| | CORPORATE BONDS—continued | |
| | Transportation - Railroads—continued | |
| \$ 1,325,000 | Kansas City Southern Industries, Inc., Sr. Unsecd. Note, 3.00%, 05/15/2023 | \$ 1,272,648 |
| 2,060,000 | Kansas City Southern Industries, Inc., Sr. Unsecd. Note, 4.700%, 05/01/2048 | 2,001,383 |
| | TOTAL | 9,244,040 |
| | Transportation - Services—1.0% | |
| 4,440,000 | Enterprise Rent-A-Car USA Finance Co., Sr. Unsecd. Note, Series 144A, 5.625%, 03/15/2042 | 4,751,006 |
| 950,000 | Penske Truck Leasing Co. LP & PTL Finance Corp., Series 144A, 2.500%, 06/15/2019 | 945,852 |
| 3,300,000 | Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, Series 144A, 3.400%, 11/15/2026 | 3,053,228 |
| 2,540,000 | Ryder System, Inc., Sr. Unsecd. Note, Series MTN, 3.875%, 12/01/2023 | 2,535,312 |
| | TOTAL | 11,285,398 |
| | Utility - Electric—4.2% | |
| 990,000 | Ameren Corp., Sr. Unsecd. Note, 3.65%, 2/15/2026 | 954,225 |
| 2,500,000 | American Electric Power Co., Inc., Sr. Unsecd. Note, 3.200%, 11/13/2027 | 2,317,165 |
| 1,530,000 | Cleveland Electric Illuminating Co., Sr. Unsecd. Note, 5.950%, 12/15/2036 | 1,695,041 |
| 1,233,000 | Consolidated Edison Co., 4.625%, 12/01/2054 | 1,173,392 |
| 400,000 | Duke Energy Corp., Sr. Unsecd. Note, 1.800%, 09/01/2021 | 380,709 |
| 1,210,000 | Duke Energy Corp., Sr. Unsecd. Note, 2.65%, 09/01/2026 | 1,081,927 |
| 1,330,000 | Duke Energy Corp., Sr. Unsecd. Note, 3.750%, 09/01/2046 | 1,122,132 |
| 100,000 | Duke Energy Indiana, Inc., 1st Mtg. Bond, 6.350%, 08/15/2038 | 123,205 |
| 1,950,000 | EDP Finance BV, Sr Unsecured Note, Series 144A, 3.625%, 07/15/2024 | 1,843,924 |
| 5,000,000 | Electricite de France SA, Jr. Sub. Note, Series 144A, 5.625%, 07/22/2067 | 4,718,750 |
| 840,000 | Emera US Finance LP, Sr. Unsecd. Note, 3.550%, 06/15/2026 | 786,354 |
| 1,280,000 | Emera US Finance LP, Sr. Unsecd. Note, 4.75%, 06/15/2046 | 1,198,702 |
| 750,000 | Enel Finance International NV, Sr. Unsecd. Note, Series 144A, 4.875%, 06/14/2029 | 693,101 |
| 4,100,000 | Exelon Generation Co. LLC, Sr. Unsecd. Note, 4.250%, 06/15/2022 | 4,136,603 |
| 900,000 | Exelon Generation Co. LLC, Sr. Unsecd. Note, 5.750%, 10/01/2041 | 892,149 |
| 1,320,000 | Fortis, Inc./Canada, Sr. Unsecd. Note, 2.100%, 10/04/2021 | 1,262,888 |
| 2,350,000 | Fortis, Inc./Canada, Sr. Unsecd. Note, 3.055%, 10/04/2026 | 2,132,671 |
| 1,055,000 | Great Plains Energy, Inc., Note, 4.850%, 06/01/2021 | 1,076,968 |
| 3,060,000 | MidAmerican Energy Holdings Co., Sr. Unsecd. Note, 5.950%, 05/15/2037 | 3,556,365 |

**Principal
Amount
or Shares**

Value

| Principal Amount or Shares | | Value |
|----------------------------|---|--------------------|
| | CORPORATE BONDS—continued | |
| | Utility - Electric—continued | |
| \$ 3,100,000 | NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 2.400%, 09/15/2019 | \$ 3,075,812 |
| 3,080,000 | NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 3.550%, 05/01/2027 | 2,911,150 |
| 1,500,000 | NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 3.625%, 06/15/2023 | 1,487,548 |
| 1,080,000 | NiSource Finance Corp., Sr. Unsecd. Note, 2.65%, 11/17/2022 | 1,040,900 |
| 715,000 | NiSource Finance Corp., Sr. Unsecd. Note, 4.375%, 05/15/2047 | 651,400 |
| 850,000 | PSEG Power LLC, Sr. Unsecd. Note, 4.150%, 09/15/2021 | 857,477 |
| 3,185,000 | Southern Co., Sr. Unsecd. Note, 3.25%, 07/01/2026 | 2,951,085 |
| 2,000,000 | Southwestern Electric Power Co., Sr. Unsecd. Note, Series K, 2.750%, 10/01/2026 | 1,836,099 |
| 2,460,000 | UIL Holdings Corp., Sr. Unsecd. Note, 4.625%, 10/01/2020 | 2,509,196 |
| | TOTAL | 48,466,938 |
| | Utility - Natural Gas—1.0% | |
| 195,000 | Atmos Energy Corp., 8.500%, 03/15/2019 | 197,949 |
| 2,600,000 | National Fuel Gas Co., Sr. Unsecd. Note, 3.750%, 03/01/2023 | 2,518,530 |
| 2,425,000 | National Fuel Gas Co., Sr. Unsecd. Note, 4.900%, 12/01/2021 | 2,456,150 |
| 2,700,000 | Sempra Energy, Sr. Unsecd. Note, 3.550%, 06/15/2024 | 2,635,378 |
| 1,300,000 | Sempra Energy, Sr. Unsecd. Note, 6.000%, 10/15/2039 | 1,419,967 |
| 2,230,000 | Southeast Supply Header LLC, Sr. Unsecd. Note, Series 144A, 4.250%, 06/15/2024 | 2,212,217 |
| | TOTAL | 11,440,191 |
| | Utility - Natural Gas Distributor—0.1% | |
| 815,000 | Southern Co. Gas Capital, Sr. Unsecd. Note, 3.950%, 10/01/2046 | 696,641 |
| | TOTAL CORPORATE BONDS (IDENTIFIED COST \$855,507,817) | 833,231,743 |
| | MORTGAGE-BACKED SECURITIES—0.0% | |
| | Federal Home Loan Mortgage Corporation REMIC—0.0% | |
| 878 | Federal Home Loan Mortgage Corp. Pool C00702, 6.000%, 01/1/2029 | 950 |
| 1,020 | Federal Home Loan Mortgage Corp. Pool C00748, 6.000%, 04/1/2029 | 1,105 |
| 406 | Federal Home Loan Mortgage Corp. Pool C20263, 6.000%, 01/1/2029 | 440 |
| 909 | Federal Home Loan Mortgage Corp. Pool C25621, 6.500%, 05/1/2029 | 1,001 |
| 1,551 | Federal National Mortgage Association Pool 323159, 7.500%, 04/1/2028 | 1,723 |
| 939 | Federal National Mortgage Association Pool 421223, 7.000%, 05/1/2028 | 1,035 |
| 11,641 | Federal National Mortgage Association Pool 439947, 6.500%, 11/1/2028 | 12,733 |

| Principal Amount or Shares | | Value |
|----------------------------|--|------------------|
| | MORTGAGE-BACKED SECURITIES—continued | |
| | Federal Home Loan Mortgage Corporation REMIC—continued | |
| \$ 5,992 | Federal National Mortgage Association Pool 489867, 6.500%, 03/1/2029 | \$ 6,539 |
| 955 | Government National Mortgage Association Pool 449491, 7.500%, 12/15/2027 | 1,067 |
| 665 | Government National Mortgage Association Pool 486467, 7.000%, 30 Year, 08/15/2028 | 739 |
| 1,725 | Government National Mortgage Association Pool 780339, 8.000%, 30 Year, 12/15/2023 | 1,856 |
| 1,037 | Government National Mortgage Association Pool 780373, 7.000%, 12/15/2023 | 1,102 |
| | TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$27,723) | 30,290 |
| | MUNICIPAL BOND—0.2% | |
| | Municipal Services—0.2% | |
| 1,470,000 | Tampa, FL Sports Authority, 8.020%, (GTD by National Public Finance Guarantee Corporation), 10/01/2026 (IDENTIFIED COST \$1,489,110) | 1,648,311 |
| | COMMON STOCK—0.0% | |
| | Transportation - Services—0.0% | |
| 20,487 | ^{1,3} MLR Petroleum LLC (IDENTIFIED COST \$5,023) | 0 |
| | PREFERRED STOCKS—0.4% | |
| | Financial Institution - Broker/Asset Mgr/Exchange—0.0% | |
| 130,000 | ^{1,2,3} Lehman Brothers Holdings, Pfd., Series D, 5.67% | 1,300 |
| | Financial Institution - REIT - Other—0.4% | |
| 80,000 | Prologis, Inc., Series Q PF, REIT Perpetual Pfd. Stock, 8.54% | 4,908,000 |
| | TOTAL PREFERRED STOCKS (IDENTIFIED COST \$3,985,290) | 4,909,300 |
| | COLLATERALIZED MORTGAGE OBLIGATION—0.0% | |
| | Federal Home Loan Mortgage Corporation—0.0% | |
| 111,612 | Federal Home Loan Mortgage Corp. REMIC 3051, Class MY, 5.500%, 10/15/2025 (IDENTIFIED COST \$109,472) | 116,585 |
| | INVESTMENT COMPANIES—25.5% | |
| 2,393,013 | Federated Institutional Prime Value Obligations Fund, Institutional Shares, 2.36% ⁵ | 2,393,013 |

| Principal Amount or Shares | | Value |
|----------------------------|--|-----------------|
| | INVESTMENT COMPANIES—continued | |
| 47,678,770 | High Yield Bond Portfolio | \$ 288,456,558 |
| | TOTAL INVESTMENT COMPANIES (IDENTIFIED COST \$379,696,405) | 290,849,571 |
| | TOTAL INVESTMENT IN SECURITIES—99.2% (IDENTIFIED COST \$1,240,820,840) ⁶ | 1,130,785,800 |
| | OTHER ASSETS AND LIABILITIES - NET—0.8% ⁷ | 9,675,484 |
| | TOTAL NET ASSETS—100% | \$1,140,461,284 |

At November 30, 2018, the Fund had the following outstanding futures contracts:

| Description | Number of Contracts | Notional Value | Expiration Date | Value and Unrealized Appreciation |
|--|---------------------|----------------|-----------------|-----------------------------------|
| ¹ United States Treasury Long Bond Long Futures | 80 | \$11,192,500 | March 2019 | \$41,688 |

Unrealized Appreciation on Futures Contracts is included in “Other Assets and Liabilities—Net.”

Affiliated fund holdings are investment companies which are managed by the Adviser or an affiliate of the Adviser. Transactions with affiliated fund holdings during the period ended November 30, 2018, were as follows:

| | Federated Institutional Prime Value Obligations Fund, Institutional Shares | High Yield Bond Portfolio | Total of Affiliated Transactions |
|--|--|---------------------------|----------------------------------|
| Balance of Shares Held 11/30/2017 | 20,829,557 | 50,048,416 | 70,877,973 |
| Purchases/Additions | 182,765,636 | 827,814 | 183,593,450 |
| Sales/Reductions | (201,202,180) | (3,197,460) | (204,399,640) |
| Balance of Shares Held 11/30/2018 | 2,393,013 | 47,678,770 | 50,071,783 |
| Value | \$ 2,393,013 | \$288,456,558 | \$ 290,849,571 |
| Change in Unrealized Appreciation/Depreciation | \$ — | \$ (5,437,382) | \$ (5,437,382) |
| Net Realized Gain/(Loss) | \$ 72 | \$ (11,916,405) | \$ (11,916,333) |
| Dividend Income | \$ 188,498 | \$ 18,734,289 | \$ 18,922,787 |

- 1 *Non-income-producing security.*
- 2 *Issuer in default.*
- 3 *Market quotations and price evaluations are not available. Fair value determined using significant unobservable inputs in accordance with procedures established by and under the general supervision of the Fund’s Board of Directors (the “Directors”).*
- 4 *Floating/variable note with current rate and current maturity or next reset date shown.*
- 5 *7-day net yield.*
- 6 *The cost of investments for federal tax purposes amounts to \$1,243,911,408.*
- 7 *Assets, other than investments in securities, less liabilities.*

Note: The categories of investments are shown as a percentage of total net assets at November 30, 2018.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of November 30, 2018, in valuing the Fund's assets carried at fair value:

Valuation Inputs

| | Level 1— Quoted Prices | Level 2— Other Significant Observable Inputs | Level 3— Significant Unobservable Inputs | Total |
|--|------------------------------|--|---|------------------------|
| Debt Securities: | | | | |
| Corporate Bonds | \$ — | \$831,975,828 | \$1,255,915 | \$ 833,231,743 |
| Mortgage-Backed Securities | — | 30,290 | — | 30,290 |
| Municipal Bond | — | 1,648,311 | — | 1,648,311 |
| Collateralized Mortgage Obligation | — | 116,585 | — | 116,585 |
| Equity Securities: | | | | |
| Common Stocks | | | | |
| Domestic | — | — | 0 | 0 |
| Preferred Stocks | | | | |
| Domestic | 4,908,000 | — | 1,300 | 4,909,300 |
| Investment Companies¹ | 2,393,013 | — | — | 290,849,571 |
| TOTAL SECURITIES | \$7,301,013 | \$833,771,014 | \$1,257,215 | \$1,130,785,800 |
| Other Financial Instruments² | | | | |
| Assets | \$ 41,688 | \$ — | \$ — | \$ 41,688 |
| Liabilities | — | — | — | — |
| TOTAL OTHER FINANCIAL INSTRUMENTS | \$ 41,688 | \$ — | \$ — | \$ 41,688 |

1 As permitted by U.S. generally accepted accounting principles (GAAP), Investment Company valued at \$288,456,558 is measured at fair value using the net asset value (NAV) per share practical expedient and have not been categorized in the chart above but is included in the Total column. The amount included herein is intended to permit reconciliation of the fair value classifications to the amounts presented on the Statement of Assets and Liabilities. The price of shares redeemed in High Yield Bond Portfolio is the next determined NAV after receipt of a shareholder redemption request.

2 Other financial instruments are futures contracts.

The following acronyms are used throughout this portfolio:

BKNT —Bank Notes
GMTN —Global Medium Term Note
GTD —Guaranteed
LIBOR —London Interbank Offered Rate
MTN —Medium Term Note
REIT —Real Estate Investment Trust
REMIC—Real Estate Mortgage Investment Conduit

See Notes which are an integral part of the Financial Statements

Financial Highlights – Class A Shares

(For a Share Outstanding Throughout Each Period)

| Year Ended November 30 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------|---------------------|---------------|----------------|---------------|
| Net Asset Value, Beginning of Period | \$9.29 | \$9.03 | \$9.02 | \$9.51 | \$9.34 |
| Income From Investment Operations: | | | | | |
| Net investment income ¹ | 0.34 | 0.36 | 0.36 | 0.38 | 0.41 |
| Net realized and unrealized gain (loss) | (0.57) | 0.26 | 0.13 | (0.48) | 0.17 |
| TOTAL FROM INVESTMENT OPERATIONS | (0.23) | 0.62 | 0.49 | (0.10) | 0.58 |
| Less Distributions: | | | | | |
| Distributions from net investment income | (0.35) | (0.36) | (0.38) | (0.39) | (0.41) |
| Distributions from net realized gain | (0.01) | (0.00) ² | (0.10) | — | — |
| TOTAL DISTRIBUTIONS | (0.36) | (0.36) | (0.48) | (0.39) | (0.41) |
| Net Asset Value, End of Period | \$8.70 | \$9.29 | \$9.03 | \$9.02 | \$9.51 |
| Total Return³ | (2.53)% | 7.01% | 5.56% | (1.05)% | 6.37% |
| Ratios to Average Net Assets: | | | | | |
| Net expenses | 0.85% | 0.85% | 0.96% | 0.98% | 0.98% |
| Net investment income | 3.82% | 3.88% | 4.01% | 4.09% | 4.19% |
| Expense waiver/reimbursement ⁴ | 0.14% | 0.14% | 0.21% | 0.21% | 0.19% |
| Supplemental Data: | | | | | |
| Net assets, end of period (000 omitted) | \$364,175 | \$419,962 | \$667,955 | \$705,016 | \$908,267 |
| Portfolio turnover | 10% | 13% | 14% | 10% | 13% |

1 *Per share numbers have been calculated using the average shares method.*

2 *Represents less than \$0.01.*

3 *Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable.*

4 *This expense decrease is reflected in both the net expense and the net investment income ratios shown above.*

See Notes which are an integral part of the Financial Statements

Financial Highlights – Class B Shares

(For a Share Outstanding Throughout Each Period)

| Year Ended November 30 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------|---------------------|---------------|----------------|---------------|
| Net Asset Value, Beginning of Period | \$9.35 | \$9.09 | \$9.07 | \$9.57 | \$9.39 |
| Income From Investment Operations: | | | | | |
| Net investment income ¹ | 0.27 | 0.28 | 0.29 | 0.31 | 0.32 |
| Net realized and unrealized gain (loss) | (0.59) | 0.26 | 0.13 | (0.49) | 0.20 |
| TOTAL FROM INVESTMENT OPERATIONS | (0.32) | 0.54 | 0.42 | (0.18) | 0.52 |
| Less Distributions: | | | | | |
| Distributions from net investment income | (0.27) | (0.28) | (0.30) | (0.32) | (0.34) |
| Distributions from net realized gain | (0.01) | (0.00) ² | (0.10) | — | — |
| TOTAL DISTRIBUTIONS | (0.28) | (0.28) | (0.40) | (0.32) | (0.34) |
| Net Asset Value, End of Period | \$8.75 | \$9.35 | \$9.09 | \$9.07 | \$9.57 |
| Total Return³ | (3.45)% | 6.06% | 4.78% | (1.95)% | 5.58% |
| Ratios to Average Net Assets: | | | | | |
| Net expenses | 1.70% | 1.70% | 1.78% | 1.79% | 1.79% |
| Net investment income | 2.97% | 2.99% | 3.19% | 3.28% | 3.39% |
| Expense waiver/reimbursement ⁴ | 0.06% | 0.07% | 0.15% | 0.15% | 0.14% |
| Supplemental Data: | | | | | |
| Net assets, end of period (000 omitted) | \$17,075 | \$27,087 | \$32,712 | \$36,123 | \$45,503 |
| Portfolio turnover | 10% | 13% | 14% | 10% | 13% |

1 *Per share numbers have been calculated using the average shares method.*

2 *Represents less than \$0.01.*

3 *Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable.*

4 *This expense decrease is reflected in both the net expense and the net investment income ratios shown above.*

See Notes which are an integral part of the Financial Statements

Financial Highlights – Class C Shares

(For a Share Outstanding Throughout Each Period)

| Year Ended November 30 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------|---------------------|---------------|----------------|---------------|
| Net Asset Value, Beginning of Period | \$9.36 | \$9.09 | \$9.07 | \$9.57 | \$9.39 |
| Income From Investment Operations: | | | | | |
| Net investment income ¹ | 0.27 | 0.28 | 0.29 | 0.31 | 0.32 |
| Net realized and unrealized gain (loss) | (0.59) | 0.27 | 0.13 | (0.49) | 0.20 |
| TOTAL FROM INVESTMENT OPERATIONS | (0.32) | 0.55 | 0.42 | (0.18) | 0.52 |
| Less Distributions: | | | | | |
| Distributions from net investment income | (0.27) | (0.28) | (0.30) | (0.32) | (0.34) |
| Distributions from net realized gain | (0.01) | (0.00) ² | (0.10) | — | — |
| TOTAL DISTRIBUTIONS | (0.28) | (0.28) | (0.40) | (0.32) | (0.34) |
| Net Asset Value, End of Period | \$8.76 | \$9.36 | \$9.09 | \$9.07 | \$9.57 |
| Total Return³ | (3.42)% | 6.21% | 4.79% | (1.95)% | 5.58% |
| Ratios to Average Net Assets: | | | | | |
| Net expenses | 1.67% | 1.67% | 1.77% | 1.79% | 1.79% |
| Net investment income | 3.00% | 3.02% | 3.20% | 3.28% | 3.38% |
| Expense waiver/reimbursement ⁴ | 0.06% | 0.07% | 0.15% | 0.15% | 0.14% |
| Supplemental Data: | | | | | |
| Net assets, end of period (000 omitted) | \$48,592 | \$85,798 | \$106,690 | \$113,868 | \$127,030 |
| Portfolio turnover | 10% | 13% | 14% | 10% | 13% |

1 *Per share numbers have been calculated using the average shares method.*

2 *Represents less than \$0.01.*

3 *Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable.*

4 *This expense decrease is reflected in both the net expense and the net investment income ratios shown above.*

See Notes which are an integral part of the Financial Statements

Financial Highlights – Class F Shares

(For a Share Outstanding Throughout Each Period)

| Year Ended November 30 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------|---------------------|---------------|----------------|---------------|
| Net Asset Value, Beginning of Period | \$9.37 | \$9.10 | \$9.09 | \$9.58 | \$9.41 |
| Income From Investment Operations: | | | | | |
| Net investment income ¹ | 0.35 | 0.36 | 0.36 | 0.38 | 0.40 |
| Net realized and unrealized gain (loss) | (0.59) | 0.27 | 0.13 | (0.48) | 0.18 |
| TOTAL FROM INVESTMENT OPERATIONS | (0.24) | 0.63 | 0.49 | (0.10) | 0.58 |
| Less Distributions: | | | | | |
| Distributions from net investment income | (0.35) | (0.36) | (0.38) | (0.39) | (0.41) |
| Distributions from net realized gain | (0.01) | (0.00) ² | (0.10) | — | — |
| TOTAL DISTRIBUTIONS | (0.36) | (0.36) | (0.48) | (0.39) | (0.41) |
| Net Asset Value, End of Period | \$8.77 | \$9.37 | \$9.10 | \$9.09 | \$9.58 |
| Total Return³ | (2.62)% | 7.07% | 5.48% | (1.09)% | 6.28% |
| Ratios to Average Net Assets: | | | | | |
| Net expenses | 0.85% | 0.85% | 1.00% | 1.02% | 1.02% |
| Net investment income | 3.82% | 3.83% | 3.97% | 4.05% | 4.15% |
| Expense waiver/reimbursement ⁴ | 0.11% | 0.12% | 0.17% | 0.17% | 0.16% |
| Supplemental Data: | | | | | |
| Net assets, end of period (000 omitted) | \$128,112 | \$151,638 | \$172,855 | \$171,876 | \$194,110 |
| Portfolio turnover | 10% | 13% | 14% | 10% | 13% |

1 *Per share numbers have been calculated using the average shares method.*

2 *Represents less than \$0.01.*

3 *Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable.*

4 *This expense decrease is reflected in both the net expense and the net investment income ratios shown above.*

See Notes which are an integral part of the Financial Statements

Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

| Year Ended November 30 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------|---------------------|---------------|----------------|---------------|
| Net Asset Value, Beginning of Period | \$9.30 | \$9.03 | \$9.02 | \$9.52 | \$9.35 |
| Income From Investment Operations: | | | | | |
| Net investment income ¹ | 0.37 | 0.37 | 0.38 | 0.40 | 0.40 |
| Net realized and unrealized gain (loss) | (0.59) | 0.28 | 0.13 | (0.49) | 0.20 |
| TOTAL FROM INVESTMENT OPERATIONS | (0.22) | 0.65 | 0.51 | (0.09) | 0.60 |
| Less Distributions: | | | | | |
| Distributions from net investment income | (0.37) | (0.38) | (0.40) | (0.41) | (0.43) |
| Distributions from net realized gain | (0.01) | (0.00) ² | (0.10) | — | — |
| TOTAL DISTRIBUTIONS | (0.38) | (0.38) | (0.50) | (0.41) | (0.43) |
| Net Asset Value, End of Period | \$8.70 | \$9.30 | \$9.03 | \$9.02 | \$9.52 |
| Total Return³ | (2.39)% | 7.38% | 5.77% | (0.97)% | 6.56% |
| Ratios to Average Net Assets: | | | | | |
| Net expenses | 0.60% | 0.60% | 0.76% | 0.79% | 0.79% |
| Net investment income | 4.07% | 3.98% | 4.21% | 4.28% | 4.37% |
| Expense waiver/reimbursement ⁴ | 0.14% | 0.14% | 0.15% | 0.15% | 0.14% |
| Supplemental Data: | | | | | |
| Net assets, end of period (000 omitted) | \$515,139 | \$553,671 | \$207,117 | \$214,878 | \$255,884 |
| Portfolio turnover | 10% | 13% | 14% | 10% | 13% |

1 *Per share numbers have been calculated using the average shares method.*

2 *Represents less than \$0.01.*

3 *Based on net asset value.*

4 *This expense decrease is reflected in both the net expense and the net investment income ratios shown above.*

See Notes which are an integral part of the Financial Statements

Financial Highlights – Class R6 Shares

(For a Share Outstanding Throughout Each Period)

| | Year Ended November 30, | | Period |
|---|-------------------------|---------------------|----------------------------------|
| | 2018 | 2017 | Ended 11/30/2016 ¹ |
| Net Asset Value, Beginning of Period | \$9.31 | \$9.04 | \$9.37 |
| Income From Investment Operations: | | | |
| Net investment income ² | 0.37 | 0.37 | 0.06 |
| Net realized and unrealized gain (loss) | (0.59) | 0.27 | (0.33) |
| TOTAL FROM INVESTMENT OPERATIONS | (0.22) | 0.64 | (0.27) |
| Less Distributions: | | | |
| Distributions from net investment income | (0.37) | (0.37) | (0.06) |
| Distributions from net realized gain | (0.01) | (0.00) ³ | — |
| TOTAL DISTRIBUTIONS | (0.38) | (0.37) | (0.06) |
| Net Asset Value, End of Period | \$8.71 | \$9.31 | \$9.04 |
| Total Return⁴ | (2.38)% | 7.24% | (2.90)% |
| Ratios to Average Net Assets: | | | |
| Net expenses | 0.58% | 0.58% | 0.54% ⁵ |
| Net investment income | 4.13% | 3.97% | 3.90% ⁵ |
| Expense waiver/reimbursement ⁶ | 0.07% | 0.03% | 0.00% ⁵ |
| Supplemental Data: | | | |
| Net assets, end of period (000 omitted) | \$67,370 | \$17,112 | \$0 ⁷ |
| Portfolio turnover | 10% | 13% | 14% ⁸ |

- 1 Reflects operations for the period from September 30, 2016 (date of initial investment) to November 30, 2016.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Represents less than \$0.01.
- 4 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 5 Computed on an annualized basis.
- 6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above.
- 7 Represents less than \$1,000.
- 8 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended November 30, 2016.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

November 30, 2018

Assets:

| | |
|---|----------------------|
| Investment in securities, at value including \$290,849,571 of investment in affiliated holdings (identified cost \$1,240,820,840) | \$1,130,785,800 |
| Cash | 15,195 |
| Restricted cash (Note 2) | 184,000 |
| Income receivable | 9,846,109 |
| Income receivable from affiliated holdings | 1,586,568 |
| Receivable for shares sold | 2,182,645 |
| Receivable for daily variation margin on futures contracts | 32,525 |
| TOTAL ASSETS | 1,144,632,842 |

Liabilities:

| | |
|--|------------------|
| Payable for investments purchased | \$2,208,917 |
| Payable for shares redeemed | 1,206,057 |
| Income distribution payable | 345,107 |
| Payable for investment adviser fee (Note 5) | 13,421 |
| Payable for administrative fees (Note 5) | 2,497 |
| Payable for transfer agent fee | 143,698 |
| Payable for distribution services fee (Note 5) | 41,570 |
| Payable for other service fees (Notes 2 and 5) | 119,676 |
| Accrued expenses (Note 5) | 90,615 |
| TOTAL LIABILITIES | 4,171,558 |
| Net assets for 130,932,645 shares outstanding | \$1,140,461,284 |

Net Assets Consist of:

| | |
|-------------------------------------|------------------------|
| Paid-in capital | \$1,263,745,763 |
| Total distributable earnings (loss) | (123,284,479) |
| TOTAL NET ASSETS | \$1,140,461,284 |

Statement of Assets and Liabilities – continued

Net Asset Value, Offering Price and Redemption Proceeds Per Share

Class A Shares:

| | |
|---|--------|
| Net asset value per share (\$364,174,551 ÷ 41,876,189 shares outstanding), no par value, 500,000,000 shares authorized | \$8.70 |
| Offering price per share (100/95.50 of \$8.70) | \$9.11 |
| Redemption proceeds per share | \$8.70 |

Class B Shares:

| | |
|---|--------|
| Net asset value per share (\$17,074,961 ÷ 1,950,415 shares outstanding), no par value, 500,000,000 shares authorized | \$8.75 |
| Offering price per share | \$8.75 |
| Redemption proceeds per share (94.50/100 of \$8.75) | \$8.27 |

Class C Shares:

| | |
|---|--------|
| Net asset value per share (\$48,591,918 ÷ 5,549,185 shares outstanding), no par value, 500,000,000 shares authorized | \$8.76 |
| Offering price per share | \$8.76 |
| Redemption proceeds per share (99.00/100 of \$8.76) | \$8.67 |

Class F Shares:

| | |
|---|--------|
| Net asset value per share (\$128,111,667 ÷ 14,604,388 shares outstanding), no par value, 500,000,000 shares authorized | \$8.77 |
| Offering price per share (100/99.00 of \$8.77) | \$8.86 |
| Redemption proceeds per share (99.00/100 of \$8.77) | \$8.68 |

Institutional Shares:

| | |
|---|--------|
| Net asset value per share (\$515,138,555 ÷ 59,217,989 shares outstanding), no par value, 500,000,000 shares authorized | \$8.70 |
| Offering price per share | \$8.70 |
| Redemption proceeds per share | \$8.70 |

Class R6 Shares:

| | |
|---|--------|
| Net asset value per share (\$67,369,632 ÷ 7,734,479 shares outstanding), no par value, 500,000,000 shares authorized | \$8.71 |
| Offering price per share | \$8.71 |
| Redemption proceeds per share | \$8.71 |

See Notes which are an integral part of the Financial Statements

Statement of Operations

Year Ended November 30, 2018

Investment Income:

| | |
|---|-------------------|
| Interest | \$37,145,000 |
| Dividends (including \$18,922,787 received from affiliated holdings*) | 19,162,123 |
| TOTAL INCOME | 56,307,123 |

Expenses:

| | |
|------------------------------------|-------------------|
| Investment adviser fee (Note 5) | \$ 6,018,111 |
| Administrative fee (Note 5) | 964,520 |
| Custodian fees | 44,608 |
| Transfer agent fee (Note 2) | 1,339,412 |
| Directors'/Trustees' fees (Note 5) | 16,508 |
| Auditing fees | 34,249 |
| Legal fees | 11,139 |
| Portfolio accounting fees | 206,398 |
| Distribution services fee (Note 5) | 700,299 |
| Other service fees (Notes 2 and 5) | 1,530,452 |
| Share registration costs | 115,462 |
| Printing and postage | 113,855 |
| Taxes | 300 |
| Miscellaneous (Note 5) | 49,998 |
| TOTAL EXPENSES | 11,145,311 |

Waiver and Reimbursements:

| | |
|---|--------------------|
| Waiver/reimbursement of investment adviser fee (Note 5) | \$(781,190) |
| Reimbursement of other operating expenses (Notes 2 and 5) | (786,421) |
| TOTAL WAIVER AND REIMBURSEMENTS | (1,567,611) |
| Net expenses | 9,577,700 |
| Net investment income | \$46,729,423 |

Statement of Operations – continued

Realized and Unrealized Gain (Loss) on Investments and Futures Contracts:

| | |
|--|----------------|
| Net realized loss on investments (including net realized loss of \$(11,916,333) on sales of investments in affiliated holdings*) | \$ (8,864,324) |
| Net realized gain on futures contracts | 883,270 |
| Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$(5,437,392) on investments in affiliated holdings*) | (69,687,480) |
| Net change in unrealized appreciation of futures contracts | (113,892) |
| Net realized and unrealized loss on investments and futures contracts | (77,782,426) |
| Change in net assets resulting from operations | \$(31,053,003) |

* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

| Year Ended November 30 | 2018 | 2017 |
|---|-----------------|-----------------|
| Increase (Decrease) in Net Assets | | |
| Operations: | | |
| Net investment income | \$ 46,729,423 | \$ 45,988,739 |
| Net realized gain (loss) | (7,981,054) | 3,688,921 |
| Net change in unrealized appreciation/depreciation | (69,801,372) | 31,397,671 |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS | (31,053,003) | 81,075,331 |
| Distributions to Shareholders (Note 2): | | |
| Class A Shares | (15,278,354) | (19,349,505) |
| Class B Shares | (705,432) | (934,138) |
| Class C Shares | (2,268,154) | (2,969,227) |
| Class F Shares | (5,510,536) | (6,377,697) |
| Institutional Shares | (23,832,869) | (17,591,933) |
| Class R6 Shares | (1,210,552) | (59,328) |
| CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS | (48,805,897) | (47,281,828) |
| Share Transactions: | | |
| Proceeds from sale of shares | 363,252,896 | 621,733,954 |
| Net asset value of shares issued to shareholders in payment of distributions declared | 45,133,094 | 44,429,699 |
| Cost of shares redeemed | (443,334,778) | (632,017,185) |
| CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS | (34,948,788) | 34,146,468 |
| Change in net assets | (114,807,688) | 67,939,971 |
| Net Assets: | | |
| Beginning of period | 1,255,268,972 | 1,187,329,001 |
| End of period | \$1,140,461,284 | \$1,255,268,972 |

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

November 30, 2018

1. ORGANIZATION

Federated Investment Series Funds, Inc. (the “Corporation”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company. The Corporation consists of one diversified portfolio, Federated Bond Fund (the “Fund”). The Fund offers six classes of shares: Class A Shares, Class B Shares, Class C Shares, Class F Shares, Institutional Shares and Class R6 Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The investment objective of the Fund is to provide as high a level of current income as is consistent with the preservation of capital.

On March 30, 2017, the Fund’s T Share class became effective with the Securities and Exchange Commission (SEC), but is not yet offered for sale.

Class B Shares are closed to new accounts, new investors and new purchases by existing shareholders (excluding reinvestment of dividends and capital gains). Class B Shares of the Fund may be exchanged for Class B Shares of any other Federated fund.

Effective August 1, 2018, an automatic conversion feature for Class C Shares was implemented. Pursuant to this automatic conversion feature, after Class C Shares have been held for ten years from the date of purchase, they will automatically convert to Class A Shares on the next monthly conversion processing date.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with GAAP.

Investment Valuation

In calculating its NAV, the Fund generally values investments as follows:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Directors.
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Equity securities listed on an exchange or traded through a regulated market system are valued at their last reported sale price or official closing price in their principal exchange or market.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Directors.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Directors, certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer’s financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share.

Fair Valuation and Significant Events Procedures

The Directors have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Directors have appointed a Valuation Committee comprised of officers of the Fund, Federated Investment Management Company (the "Adviser") and certain of the Adviser's affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Directors have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Directors. The Directors periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Directors.

The Directors also have adopted procedures requiring an investment to be priced at its fair value whenever the Adviser determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Directors have adopted procedures whereby the Valuation Committee uses a pricing service to determine the fair value of equity securities traded principally in foreign markets when the Adviser determines that there has been a significant trend in the U.S. equity markets or in index futures trading. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Fund will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Directors. The Directors have ultimate responsibility for any fair valuations made in response to a significant event.

Repurchase Agreements

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in

investment income. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense waiver and reimbursements of \$1,567,611 is disclosed in various locations in this Note 2 and Note 5. For the year ended November 30, 2018, transfer agent fees for the Fund were as follows:

| | Transfer Agent Fees Incurred | Transfer Agent Fees Reimbursed |
|----------------------|---|---|
| Class A Shares | \$ 438,872 | \$(284,839) |
| Class B Shares | 29,888 | — |
| Class C Shares | 77,721 | — |
| Class F Shares | 124,174 | (66,263) |
| Institutional Shares | 663,262 | (435,319) |
| Class R6 Shares | 5,495 | — |
| TOTAL | \$1,339,412 | \$(786,421) |

Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses. The distributions disclosed on the Statement of Changes in Net Assets for the year ended November 30, 2017, were from the following sources:

Net investment income

| | |
|----------------------|--------------|
| Class A Shares | \$19,027,151 |
| Class B Shares | 918,418 |
| Class C Shares | 2,918,630 |
| Class F Shares | 6,294,675 |
| Institutional Shares | 17,492,830 |
| Class R6 Shares | 59,328 |

Net realized gain

| | |
|----------------------|----------------|
| Class A Shares | \$322,354 |
| Class B Shares | 15,720 |
| Class C Shares | 50,597 |
| Class F Shares | 83,022 |
| Institutional Shares | 99,103 |
| Class R6 Shares | 0 ¹ |

¹ Represents less than \$1.

Distributions in excess of net investment income at November 30, 2017, were \$399,637.

Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Class A Shares, Class B Shares, Class C Shares and Class F Shares to unaffiliated financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts.

Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees. For the year ended November 30, 2018, other service fees for the Fund were as follows:

| | Other Service Fees Incurred |
|----------------|--|
| Class A Shares | \$ 952,023 |
| Class B Shares | 55,447 |
| Class C Shares | 177,681 |
| Class F Shares | 345,301 |
| TOTAL | \$1,530,452 |

Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code (the "Code") and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the year ended November 30, 2018, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of November 30, 2018, tax years 2015 through 2018 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America, the state of Maryland and the Commonwealth of Pennsylvania.

When-Issued and Delayed-Delivery Transactions

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

Futures Contracts

The Fund purchases and sells financial futures contracts to manage duration and yield curve risks. Upon entering into a financial futures contract with a broker, the Fund is required to deposit in a segregated account, either U.S. government securities or a specified amount of Restricted cash, which is shown in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. Daily, the Fund receives from or pays to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures contracts, guarantees the futures contracts against default.

Futures contracts outstanding at period end are listed after the Fund's Portfolio of Investments.

The average notional value of long and short futures contracts held by the Fund throughout the period was \$1,710,962 and \$16,407,410, respectively. This is based on amounts held as of each month-end throughout the fiscal period.

Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Directors. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Directors.

Additional Disclosure Related to Derivative Instruments

Fair Value of Derivative Instruments

| | Asset | |
|--|--|---------------|
| | Statement of Assets and Liabilities Location | Fair Value |
| Derivatives not accounted for as hedging instruments under ASC Topic 815 | | |
| Interest rate contracts | Receivable for daily variation margin on futures contracts | \$41,688* |

* Includes cumulative net appreciation of futures contracts as reported in the footnotes to the Portfolio of Investments. Only the current day's variation margin is reported within the Statement of Assets and Liabilities.

The Effect of Derivative Instruments on the Statement of Operations for the Year Ended November 30, 2018

Amount of Realized Gain or (Loss) on Derivatives Recognized in Income

| | Futures Contracts |
|-------------------------|----------------------|
| Interest rate contracts | \$883,270 |

Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income

| | Futures Contracts |
|-------------------------|----------------------|
| Interest rate contracts | \$(113,892) |

Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ from those estimated. The Fund applies investment company accounting and reporting guidance.

3. SHARES OF BENEFICIAL INTEREST

The following tables summarize capital stock activity:

| Year Ended November 30 | 2018 | | 2017 | |
|--|--------------|-----------------|--------------|-----------------|
| | Shares | Amount | Shares | Amount |
| Class A Shares: | | | | |
| Shares sold | 7,813,739 | \$ 70,074,964 | 11,465,055 | \$ 105,871,553 |
| Shares issued to shareholders in payment of distributions declared | 1,588,496 | 14,280,075 | 1,993,338 | 18,325,036 |
| Shares redeemed | (12,710,583) | (114,528,581) | (42,239,267) | (386,780,382) |
| NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS | (3,308,348) | \$ (30,173,542) | (28,780,874) | \$(262,583,793) |

| Year Ended November 30 | 2018 | | 2017 | |
|--|-------------|---------------|-------------|---------------|
| | Shares | Amount | Shares | Amount |
| Class B Shares: | | | | |
| Shares sold | 26,788 | \$ 257,718 | 264,768 | \$ 2,461,914 |
| Shares issued to shareholders in payment of distributions declared | 75,486 | 684,670 | 96,679 | 895,884 |
| Shares redeemed | (1,047,761) | (9,469,507) | (1,065,550) | (9,917,770) |
| NET CHANGE RESULTING FROM CLASS B SHARE TRANSACTIONS | (945,487) | \$(8,527,119) | (704,103) | \$(6,559,972) |

| Year Ended November 30 | 2018 | | 2017 | |
|--|-------------|----------------|-------------|----------------|
| | Shares | Amount | Shares | Amount |
| Class C Shares: | | | | |
| Shares sold | 791,402 | \$ 7,206,484 | 1,274,620 | \$ 11,872,272 |
| Shares issued to shareholders in payment of distributions declared | 233,828 | 2,122,779 | 288,961 | 2,678,008 |
| Shares redeemed | (4,647,275) | (41,946,475) | (4,131,393) | (38,368,564) |
| NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS | (3,622,045) | \$(32,617,212) | (2,567,812) | \$(23,818,284) |

| Year Ended November 30 | 2018 | | 2017 | |
|--|-------------|----------------|-------------|----------------|
| | Shares | Amount | Shares | Amount |
| Class F Shares: | | | | |
| Shares sold | 1,382,804 | \$ 12,561,422 | 1,864,899 | \$ 17,349,425 |
| Shares issued to shareholders in payment of distributions declared | 565,681 | 5,129,079 | 642,500 | 5,969,253 |
| Shares redeemed | (3,524,029) | (32,048,713) | (5,312,786) | (49,432,074) |
| NET CHANGE RESULTING FROM CLASS F SHARE TRANSACTIONS | (1,575,544) | \$(14,358,212) | (2,805,387) | \$(26,113,396) |

| Year Ended November 30 | 2018 | | 2017 | |
|--|--------------|----------------|--------------|----------------|
| | Shares | Amount | Shares | Amount |
| Institutional Shares: | | | | |
| Shares sold | 24,147,391 | \$ 217,481,197 | 50,754,972 | \$ 466,780,507 |
| Shares issued to shareholders in payment of distributions declared | 2,500,189 | 22,471,445 | 1,786,995 | 16,554,492 |
| Shares redeemed | (26,981,447) | (241,841,762) | (15,917,045) | (147,213,301) |
| NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS | (333,867) | \$ (1,889,120) | 36,624,922 | \$ 336,121,698 |

| Year Ended November 30 | 2018 | | 2017 | |
|--|-------------|----------------|-----------|--------------|
| | Shares | Amount | Shares | Amount |
| Class R6 Shares: | | | | |
| Shares sold | 6,240,140 | \$ 55,671,111 | 1,870,300 | \$17,398,283 |
| Shares issued to shareholders in payment of distributions declared | 50,343 | 445,046 | 752 | 7,026 |
| Shares redeemed | (394,367) | (3,499,740) | (32,700) | (305,094) |
| NET CHANGE RESULTING FROM CLASS R6 SHARE TRANSACTIONS | 5,896,116 | \$ 52,616,417 | 1,838,352 | \$17,100,215 |
| NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS | (3,889,175) | \$(34,948,788) | 3,605,098 | \$34,146,468 |

4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended November 30, 2018 and 2017, was as follows:

| | 2018 | 2017 |
|-------------------------|--------------|--------------|
| Ordinary income | \$47,266,443 | \$46,711,032 |
| Long-term capital gains | \$ 1,539,454 | \$ 570,796 |

As of November 30, 2018, the components of distributable earnings on a tax-basis were as follows:

| | |
|--|-----------------|
| Undistributed ordinary income | \$ 125,458 |
| Unrealized appreciation (depreciation) | \$(113,618,889) |
| Capital loss carryforwards | \$ (9,791,048) |

The difference between book-basis and tax-basis net unrealized appreciation/depreciation is attributable to differing treatments for deferral of losses on wash sales, defaulted bonds, discount accretion/premium amortization on debt securities and mark-to-market of futures contracts.

At November 30, 2018, the cost of investments for federal tax purposes was \$1,243,911,408. The net unrealized depreciation of investments for federal tax purposes was \$113,125,608. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$15,445,364 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$128,570,972. The amounts presented are inclusive of derivative contracts.

At November 30, 2018, the Fund had a capital loss carryforward of \$9,791,048 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, a net capital loss incurred in taxable years beginning after December 22, 2010, retains its character as either short-term or long-term and does not expire. All of the Fund's capital loss carryforwards were incurred in taxable years after December 22, 2010.

The following schedule summarizes the Fund's capital loss carryforwards:

| Short-Term | Long-Term | Total |
|------------|-------------|-------------|
| \$— | \$9,791,048 | \$9,791,048 |

5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.50% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee and/or reimburse certain operating expenses. For the year ended November 30, 2018, the Adviser voluntarily waived \$774,487 of its fee. The Adviser has agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the year ended November 30, 2018, the Adviser reimbursed \$6,703. For the year ended November 30, 2018, the Adviser voluntarily reimbursed \$786,421 of transfer agent fees.

Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

| Administrative Fee | Average Daily Net Assets of the Investment Complex |
|--------------------|--|
| 0.100% | on assets up to \$50 billion |
| 0.075% | on assets over \$50 billion |

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended November 30, 2018, the annualized fee paid to FAS was 0.080% of average daily net assets of the Fund.

Prior to September 1, 2017, the breakpoints of the Administrative Fee paid to FAS, described above, were:

| Administrative Fee | Average Daily Net Assets of the Investment Complex |
|---------------------------|---|
| 0.150% | on the first \$5 billion |
| 0.125% | on the next \$5 billion |
| 0.100% | on the next \$10 billion |
| 0.075% | on assets in excess of \$20 billion |

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

Distribution Services Fee

The Fund has adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund’s Class A Shares, Class B Shares and Class C Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at the following percentages of average daily net assets annually, to compensate FSC:

| | Percentage of Average Daily Net Assets of Class |
|----------------|--|
| Class A Shares | 0.05% |
| Class B Shares | 0.75% |
| Class C Shares | 0.75% |

Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee. For the year ended November 30, 2018, distribution services fees for the Fund were as follows:

| | Distribution Services Fees Incurred |
|----------------|--|
| Class B Shares | \$166,341 |
| Class C Shares | 533,958 |
| TOTAL | \$700,299 |

For the year ended November 30, 2018, the Fund’s Class A Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Directors. When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the year ended November 30, 2018, FSC retained \$204,747 of fees paid by the Fund.

Sales Charges

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. They are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. For the year ended November 30, 2018, FSC retained \$25,397 in sales charges from the sale of Class A Shares. FSC also retained \$1,236, \$38,634, \$6,425 and \$33,520 of CDSC relating to redemptions of Class A Shares, Class B Shares, Class C Shares and Class F Shares, respectively.

Other Service Fees

For the year ended November 30, 2018, FSSC received \$77,677 of the other service fees disclosed in Note 2.

Expense Limitation

The Adviser and certain of its affiliates (which may include FSC, FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Effective February 1, 2019, total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses paid by the Fund, if any) paid by the Fund's Class A Shares, Class B Shares, Class C Shares, Class F Shares, Institutional Shares and Class R6 Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.85%, 1.72%, 1.69%, 0.85%, 0.60% and 0.58% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) February 1, 2020; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Directors.

Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Directors of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the year ended November 30, 2018, were as follows:

| | |
|-----------|---------------|
| Purchases | \$115,095,771 |
| Sales | \$137,675,629 |

7. LINE OF CREDIT

The Fund participates with certain other Federated Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement. The LOC was made available to finance temporarily the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to the highest, on any day, of (a) (i) the federal funds effective rate, (ii) the one month London Interbank Offered Rate (LIBOR), and (iii) 0.0%, plus (b) a margin. The LOC also requires the Fund to pay, quarterly in arrears and at maturity, its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized. As of November 30, 2018, the Fund had no outstanding loans. During the year ended November 30, 2018, the Fund did not utilize the LOC.

8. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the SEC, the Fund, along with other funds advised by subsidiaries of Federated Investors, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of November 30, 2018, there were no outstanding loans. During the year ended November 30, 2018, the program was not utilized.

9. FEDERAL TAX INFORMATION (UNAUDITED)

For the year ended November 30, 2018, the amount of long-term capital gains designated by the Fund was \$1,539,454.

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS OF FEDERATED INVESTMENT SERIES FUNDS, INC. AND SHAREHOLDERS OF FEDERATED BOND FUND:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Federated Bond Fund (the “Fund”) (the sole portfolio constituting Federated Investment Series Funds, Inc.), including the portfolio of investments, as of November 30, 2018, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund at November 30, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2018, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst + Young LLP

We have served as the auditor of one or more Federated investment companies since 1979.

Boston, Massachusetts
January 23, 2019

Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from June 1, 2018 to November 30, 2018.

ACTUAL EXPENSES

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds.

| | Beginning Account Value 6/1/2018 | Ending Account Value 11/30/2018 | Expenses Paid During Period ¹ |
|---|--|---------------------------------------|---|
| Actual: | | | |
| Class A Shares | \$1,000 | \$ 991.90 | \$4.24 |
| Class B Shares | \$1,000 | \$ 986.70 | \$8.42 |
| Class C Shares | \$1,000 | \$ 987.80 | \$8.37 |
| Class F Shares | \$1,000 | \$ 990.80 | \$4.24 |
| Institutional Shares | \$1,000 | \$ 992.00 | \$3.00 |
| Class R6 Shares | \$1,000 | \$ 992.00 | \$2.90 |
| Hypothetical (assuming a 5% return before expenses): | | | |
| Class A Shares | \$1,000 | \$1,020.80 | \$4.31 |
| Class B Shares | \$1,000 | \$1,016.60 | \$8.54 |
| Class C Shares | \$1,000 | \$1,016.70 | \$8.49 |
| Class F Shares | \$1,000 | \$1,020.80 | \$4.31 |
| Institutional Shares | \$1,000 | \$1,022.10 | \$3.04 |
| Class R6 Shares | \$1,000 | \$1,022.20 | \$2.94 |

¹ Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

| | |
|----------------------|-------|
| Class A Shares | 0.85% |
| Class B Shares | 1.69% |
| Class C Shares | 1.68% |
| Class F Shares | 0.85% |
| Institutional Shares | 0.60% |
| Class R6 Shares | 0.58% |

In Memoriam

With profound sadness, Federated announces the passing of Richard B. (“Dick”) Fisher. He will be greatly missed.

RICHARD B. FISHER

(Former Officer of the Federated Funds, Chairman of Federated Securities Corp., and Vice Chairman of Federated Investors, Inc.)

Dick Fisher, along with John F. (“Jack”) Donahue and Thomas J. Donnelly, Esq., co-founded Federated in 1955 and served as a leader, particularly for Federated’s sales division, and an officer of the Federated Funds. Mr. Fisher was a family man of deep faith, with exemplary character, prodigious generosity, immeasurable devotion, undeniable charm and a good sense of humor. He served his religion, family, community, and the Federated Funds and Federated, as well as their shareholders, officers and employees, with distinction. His integrity, intelligence, and keen sense of duty to shareholders, coupled with his faith and devotion to family, allowed him to become the consummate gentleman and salesman par excellence who will be greatly missed. Among his many achievements, Mr. Fisher led the sales strategy and execution for Federated’s Fund for U.S. Government Securities, the first fund to invest exclusively in government bonds, and spearheaded the campaign for sales of Federated’s Government Income Securities Fund, the first of what would become Federated’s Fortress family of funds. Federated expresses deep gratitude to Mr. Fisher for his inspiring leadership, distinguished service and contributions as a husband, father, co-founder, officer, colleague and friend.

Board of Directors and Corporation Officers

The Board of Directors is responsible for managing the Corporation’s business affairs and for exercising all the Corporation’s powers except those reserved for the shareholders. The following tables give information about each Director and the senior officers of the Fund. Where required, the tables separately list Directors who are “interested persons” of the Fund (i.e., “Interested” Directors) and those who are not (i.e., “Independent” Directors). Unless otherwise noted, the address of each person listed is Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Directors listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2018, the Corporation comprised one portfolio(s), and the Federated Fund Family consisted of 40 investment companies (comprising 102 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Director oversees all portfolios in the Federated Fund Family and serves for an indefinite term. The Fund’s Statement of Additional Information includes additional information about Corporation Directors and is available, without charge and upon request, by calling 1-800-341-7400.

INTERESTED DIRECTORS BACKGROUND

| Name Birth Date Positions Held with Corporation Date Service Began | Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s) |
|---|---|
| <p>J. Christopher Donahue* Birth Date: April 11, 1949 PRESIDENT AND DIRECTOR Indefinite Term Began serving: May 1992</p> | <p>Principal Occupations: Principal Executive Officer and President of certain of the Funds in the Federated Fund Family; Director or Trustee of the Funds in the Federated Fund Family; President, Chief Executive Officer and Director, Federated Investors, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.</p> <p>Previous Positions: President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd.</p> |
| <p>John B. Fisher* Birth Date: May 16, 1956 DIRECTOR Indefinite Term Began serving: May 2016</p> | <p>Principal Occupations: Principal Executive Officer and President of certain of the Funds in the Federated Fund Family; Director or Trustee of certain of the Funds in the Federated Fund Family; Vice President, Federated Investors, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President of some of the Funds in the Federated Fund Complex and Director, Federated Investors Trust Company.</p> <p>Previous Positions: President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; President and CEO of Passport Research, Ltd.; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Investors, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.</p> |

* *Reasons for "interested" status: J. Christopher Donahue and John B. Fisher are interested due to their beneficial ownership of shares of Federated Investors, Inc. and due to positions they hold with Federated and its subsidiaries.*

INDEPENDENT DIRECTORS BACKGROUND

Name

Birth Date

Positions Held

with Corporation

Date Service Began

Principal Occupation(s) for Past Five Years,

Other Directorships Held, Previous Position(s) and Qualifications

John T. Collins

Birth Date: January 24, 1947

DIRECTOR

Indefinite Term

Began serving: October 2013

Principal Occupations: Director or Trustee of the Federated Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).

Other Directorships Held: Director, Chairman of the Compensation Committee, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).

Qualifications: Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).

G. Thomas Hough

Birth Date: February 28, 1955

DIRECTOR

Indefinite Term

Began serving: August 2015

Principal Occupations: Director or Trustee of the Federated Fund Family; formerly, Vice Chair, Ernst & Young LLP (public accounting firm) (Retired).

Other Directorships Held: Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.; Director, Chair of the Audit Committee, Equifax, Inc.; Director, Member of the Audit Committee, Haverly Furniture Companies, Inc.

Qualifications: Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst & Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama and is on the Business School Board of Visitors for Wake Forest University. Mr. Hough previously served as an Executive Committee member of the United States Golf Association.

| Name Birth Date Positions Held with Corporation Date Service Began | Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications |
|--|---|
| Maureen Lally-Green Birth Date: July 5, 1949 DIRECTOR Indefinite Term Began serving: August 2009 | <p>Principal Occupations: Director or Trustee of the Federated Fund Family; Dean of the Duquesne University School of Law; Professor and Adjunct Professor of Law, Duquesne University School of Law; formerly, Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p>Other Directorships Held: Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p>Qualifications: Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career and currently serves as the Dean of the School of Law of Duquesne University. Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; and Director and Chair, North Catholic High School, Inc.</p> |
| Charles F. Mansfield, Jr. Birth Date: April 10, 1945 DIRECTOR Indefinite Term Began serving: January 1999 | <p>Principal Occupations: Director or Trustee of the Federated Fund Family; Management Consultant and Author.</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Mansfield has served as a Marine Corps officer and in several banking, business management, educational roles and directorship positions throughout his long career. He remains active as a Management Consultant and Author.</p> |

| Name Birth Date Positions Held with Corporation Date Service Began | Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications |
|--|---|
| Thomas M. O'Neill Birth Date: June 14, 1951 DIRECTOR Indefinite Term Began serving: August 2006 | <p>Principal Occupations: Director or Trustee, Chair of the Audit Committee of the Federated Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p> |
| P. Jerome Richey Birth Date: February 23, 1949 DIRECTOR Indefinite Term Began serving: October 2013 | <p>Principal Occupations: Director or Trustee of the Federated Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CNX Resources Corporation (formerly known as CONSOL Energy Inc.); and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll & Rooney PC (a law firm).</p> |
| John S. Walsh Birth Date: November 28, 1957 DIRECTOR Indefinite Term Began serving: January 1999 | <p>Principal Occupations: Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh & Kelly, Inc. (paving contractors).</p> |

OFFICERS

Name

Birth Date

**Positions Held
with Corporation**

Date Service Began

**Principal Occupation(s) for Past Five Years
and Previous Position(s)**

Lori A. Hensler

Birth Date: January 6, 1967

TREASURER

Officer since: April 2013

Principal Occupations: Principal Financial Officer and Treasurer of the Federated Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp. and Edgewood Services, Inc.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.

Previous Positions: Controller of Federated Investors, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.

Peter J. Germain

Birth Date: September 3, 1959

CHIEF LEGAL OFFICER,
SECRETARY AND EXECUTIVE
VICE PRESIDENT

Officer since: January 2005

Principal Occupations: Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Investors, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated in 1984 and is a member of the Pennsylvania Bar Association.

Previous Positions: Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Investors, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Investors, Inc.

Stephen Van Meter

Birth Date: June 5, 1975

CHIEF COMPLIANCE OFFICER
AND SENIOR VICE PRESIDENT

Officer since: July 2015

Principal Occupations: Senior Vice President and Chief Compliance Officer of the Federated Fund Family; Vice President and Chief Compliance Officer of Federated Investors, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.

Previous Positions: Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Investors, Inc. Prior to joining Federated, Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.

| Name Birth Date Positions Held with Corporation Date Service Began | Principal Occupation(s) for Past Five Years and Previous Position(s) |
|---|--|
| Robert J. Ostrowski Birth Date: April 26, 1963 CHIEF INVESTMENT OFFICER Officer since: May 2004 | Principal Occupations: Robert J. Ostrowski joined Federated in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated's taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University. |

Evaluation and Approval of Advisory Contract – May 2018

FEDERATED BOND FUND (THE “FUND”)

At its meetings in May 2018, the Fund’s Board of Directors (the “Board”), including a majority of those Directors who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Directors”), reviewed and unanimously approved the continuation of the Fund’s investment advisory contract for an additional one-year term. The Board’s decision regarding the contract reflects the exercise of its business judgment after considering all of the information received on whether to continue the existing arrangements.

The Board had previously appointed a Senior Officer, whose duties included specified responsibilities relating to the process by which advisory fees are to be charged to a fund advised by Federated Investment Management Company (the “Adviser”) or its affiliates (collectively, “Federated”) (each, a “Federated fund”). The Senior Officer’s responsibilities included preparing and furnishing to the Board an annual independent written evaluation that covered topics discussed below. In December 2017, the Senior Officer position was eliminated. Notwithstanding the elimination of the Senior Officer position, at the request of the Independent Directors, the Fund’s Chief Compliance Officer (the CCO) furnished to the Board in advance of its May 2018 meetings an independent written evaluation covering substantially the same topics that had been covered in the Senior Officer’s written evaluation in prior years. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in deciding to approve the continuation of the investment advisory contract. Consistent with the former Senior Officer position, the CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Directors.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in making its decision. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser’s fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser’s cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize “economies of scale” as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any “fall-out” financial benefits that accrue to an adviser because of its relationship with a fund (including

research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the Adviser or its affiliates for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser's services and fees). The Board noted that the Securities and Exchange Commission (SEC) disclosure requirements regarding the basis for the Board's approval of the Fund's investment advisory contract generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Fund's investment advisory contract to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated on matters relating to the Federated funds. The Independent Directors were assisted in their deliberations by independent legal counsel.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, the Board received detailed information about the Fund and the Federated organization throughout the year, and in connection with its May meetings at which the Board's formal approval of the advisory and subadvisory contracts occurred. In this regard, Federated provided much of this information at each regular meeting of the Board, and furnished additional information specifically in connection with the May meetings. In the months preceding the May meetings, the Board requested and reviewed written materials prepared by Federated in response to requests on behalf of the Independent Directors encompassing a wide variety of topics. At the May meetings, in addition to meeting in separate sessions of the Independent Directors without management present, senior management of the Adviser also met with the Independent Directors and their counsel to discuss the materials presented and such additional matters as the Independent Directors deemed reasonably necessary to evaluate the advisory and subadvisory contracts. Between regularly scheduled meetings, the Board also received information on particular matters as the need arose.

The Board's consideration of the investment advisory contract included review of the CCO Fee Evaluation Report, accompanying data and additional information covering the following matters, among others: the Adviser's investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund's short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, as well as in terms relative to its particular investment program and certain competitor or "peer group" funds and/or other benchmarks, as appropriate) and comments on the

reasons for performance; the Fund's investment objectives; the Fund's expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to similar and/or competing funds), with due regard for contractual or voluntary expense limitations; the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund's relationship to the Federated funds which include a comprehensive array of funds with different investment objectives, policies and strategies which are generally available for exchange without the incurrance of additional sales charges; compliance and audit reports concerning the Federated funds and the Federated companies that service them (including communications from regulatory agencies), as well as Federated's responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated funds and/or Federated are responding to them. The Board's evaluation process is evolutionary. The criteria considered and the emphasis placed on relevant criteria change in recognition of changing circumstances in the mutual fund marketplace.

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board has found the use of such comparisons to be relevant to its deliberations. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, net advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated using data supplied by independent fund ranking organizations (the "Peer Group"). The Board received a description of the composition and methodology used to select the Peer Group. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because it is believed that they are more relevant. For example, other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles. Also, they are the type of investment vehicle, in fact, chosen and maintained by the Fund's investors. The range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund and noted the position of the Fund's fee rates relative to its Peer Group. In this regard, the Board noted that the contractual advisory fee rate was above the median of the relevant Peer Group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board.

For comparison, the CCO reviewed the fees charged by Federated for providing advisory services to products other than the Federated funds (e.g., institutional and separate accounts and third-party unaffiliated mutual funds for which Federated serves as sub-adviser) (referenced to as "Comparable Funds/Accounts"). With respect to Comparable Funds/Accounts other than third-party mutual funds, the CCO concluded that they are inherently different products. Those differences include, but are not limited to, different types of targeted investors; different applicable laws and regulations; different legal structures; different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; and the time spent by portfolio managers and their teams, as well as personnel in the Funds Financial Services, Legal, Compliance and Risk Management departments, in reviewing securities pricing, addressing different administrative responsibilities, addressing different degrees of risk associated with management and a variety of different costs. The CCO also reviewed the differences in the nature of the services required for Federated to manage its proprietary mutual fund business versus managing a discrete pool of assets as a sub-adviser to another institution's mutual fund, and that Federated generally performs significant additional services and assumes substantially greater risk in managing the Fund and other Federated funds than in its role as sub-adviser to an unaffiliated third-party mutual fund. The CCO did not consider the fees for providing advisory services to Comparable Funds/Accounts to be determinative in judging the appropriateness of the Federated funds' advisory fees.

The CCO noted that the services, administrative responsibilities and risks associated with such relationships are quite different than serving as a primary adviser to a fund.

Following such evaluation, and full deliberations, the Board concluded that the fees and expenses of the Fund are reasonable and supported renewal of the Fund's investment advisory contract.

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of the Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the Adviser's personnel, experience, track record, overall reputation and willingness to invest in personnel and infrastructure that benefit the Fund. In addition, the Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and the Adviser's ability and experience in attracting

and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Adviser and the compliance-related resources provided to the Fund by the Adviser, including the Adviser's commitment to respond to rulemaking initiatives of the SEC. The Fund's ability to deliver competitive performance when compared to its Peer Group was also deemed to be relevant by the Board as a useful indicator of how the Adviser is executing the Fund's investment program. The Adviser's ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Adviser's investment management services warrant the continuation of the investment advisory contract.

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board considered detailed investment reports on the Fund's performance that were provided to the Board throughout the year and in connection with the May meetings. The CCO also reviewed information regarding the performance of other mutual funds in the Peer Group, noting the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered, in evaluating such comparisons, that in some cases individual funds may exhibit significant and unique differences in their objectives and management techniques when compared to other funds within a Peer Group.

For the one-year, three-year and five-year periods covered by the CCO Fee Evaluation Report, the Fund's performance was above the median of the relevant Peer Group.

Following such evaluation, and full deliberations, the Board concluded that the performance of the Fund supported renewal of the Fund's investment advisory contract.

The Board also received financial information about Federated, including information regarding the compensation and ancillary (or "fall-out") benefits Federated derived from its relationships with the Federated funds. This information covered not only the fees under the investment advisory contracts, but also fees received by Federated's subsidiaries for providing other services to the Federated funds under separate contracts (e.g., for serving as the Federated funds' administrator and distributor). In this regard, the Board considered that certain Federated subsidiaries provide distribution and shareholder services to the Federated funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The information also detailed any indirect benefit Federated may derive from its receipt of research services from brokers who execute Federated fund trades. In addition, the Board considered the fact that, in order for a Federated fund to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated fund investors and/or indicated to the Board their intention to do so in the future. Moreover,

the Board receives regular reporting as to the institution, adjustment or elimination of these voluntary waivers. The Board considered Federated's previous reductions in contractual management fees to certain Federated funds in response to the CCO's recommendations.

In 2016, the Board approved a reduction of 20 basis points in the contractual advisory fee.

Federated furnished information, requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the CCO. The CCO noted that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable, since a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated fund and may produce unintended consequences. The allocation information, including the CCO's view that fund-by-fund estimations may be unreliable, was considered in the evaluation by the Board.

The Board and the CCO also reviewed information compiled by Federated comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. In this regard, the CCO concluded that Federated's profit margins did not appear to be excessive. The CCO also noted that Federated appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Fund.

The CCO Fee Evaluation Report also discussed the notion of possible realization of "economies of scale" as a fund grows larger. In this regard, the Board considered that the Adviser has made significant and long-term investments in areas that support all of the Federated funds, such as personnel and processes for the portfolio management, shareholder services, compliance, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and that the benefits of these efforts (as well as any economies of scale, should they exist) were likely to be shared with the Federated fund family as a whole. The Board noted that the Adviser's investments in these areas are extensive. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses and that this has allowed fund shareholders to share potential economies of scale with shareholders. The Board also considered that such waivers and reimbursements can provide protection from an increase in expenses if a Federated fund's assets decline. Federated, as it does throughout the year, and specifically in connection with the Board's review of the advisory and subadvisory contracts, furnished information relative to revenue sharing or adviser-paid fees. Federated and the CCO noted that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the

appropriateness of advisory fees because it would represent marketing and distribution expenses. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which (as discussed in the CCO Fee Evaluation Report) is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with “breakpoints” that serve to reduce the fee as a fund attains a certain size.

The CCO stated that his observations and the information accompanying the CCO Fee Evaluation Report supported a finding by the Board that the management fee for the Fund was reasonable. Under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Fund’s investment advisory contract. The CCO also recognized that the Board’s evaluation of the Federated funds’ advisory and subadvisory arrangements is a continuing and on-going process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its on-going oversight of the Federated funds.

In its decision to continue an existing investment advisory contract, the Board was mindful of the potential disruptions of the Fund’s operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew an investment advisory contract. In particular, the Board recognized that many shareholders have invested in the Fund on the strength of the Adviser’s industry standing and reputation and with the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board’s approval of the investment advisory contract reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund. The Board concluded that, in light of the factors summarized above, including the nature, quality and scope of the services provided to the Fund by the Adviser and its affiliates, continuation of the investment advisory contract was appropriate.

The Board based its decision to approve the investment advisory contract on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were relevant, the Board’s decision to approve the continuation of the contract reflects its view that Federated’s performance and actions provided a satisfactory basis to support the decision to continue the existing arrangement.

Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at www.FederatedInvestors.com/FundInformation. Form N-PX filings are also available at the SEC's website at www.sec.gov.

Quarterly Portfolio Schedule

The Fund files with the SEC a complete schedule of its portfolio holdings, as of the close of the first and third quarters of its fiscal year, on "Form N-Q." These filings are available on the SEC's website at www.sec.gov. You may also access this information via the link to the Fund and share class name at www.FederatedInvestors.com/FundInformation.

Mutual funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in mutual funds involves investment risk, including the possible loss of principal.

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.



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