

Semi-Annual Shareholder Report

January 31, 2019

Share Class | Ticker **A** | FGUAX Institutional | FGUSX Service | FEUSX **R6** | FGULX

Federated Government Ultrashort Duration Fund

Fund Established 1997

A Portfolio of Federated Institutional Trust

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.

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Not FDIC Insured • May Lose Value • No Bank Guarantee



**J. Christopher
Donahue**

President

Federated Government
Ultrashort Duration Fund

Letter from the President

Dear Valued Shareholder,

I am pleased to present the Semi-Annual Shareholder Report for your fund covering the period from August 1, 2018 through January 31, 2019. This report includes 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 dark ink, appearing to read "J. Christopher Donahue". The signature is fluid and cursive.

J. Christopher Donahue, President

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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.

Portfolio of Investments Summary Table (unaudited)

At January 31, 2019, the Fund's portfolio composition¹ was as follows:

Type of Investments	Percentage of Total Net Assets
U.S. Government Agency Mortgage-Backed Securities	36.8%
U.S. Government Agency Securities	14.6%
U.S. Treasuries	4.0%
Repurchase Agreements—Cash	48.1%
Other Assets and Liabilities—Net ²	(3.5)%
TOTAL	100.0%

1 See the Fund's Prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests.

2 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Portfolio of Investments

January 31, 2019 (unaudited)

Principal Amount		Value
	¹ ADJUSTABLE RATE MORTGAGES—2.5%	
	Federal National Mortgage Association ARM—2.5%	
\$ 990,500	2.891%, 4/1/2033	\$ 1,003,890
190,851	3.387%, 9/1/2027	191,978
264,409	3.557%, 5/1/2040	268,739
64,109	3.557%, 5/1/2040	65,168
137,697	3.557%, 8/1/2040	140,117
85,260	3.660%, 2/1/2037	88,776
13,185	3.715%, 2/1/2033	13,894
299,076	3.820%, 3/1/2033	311,573
1,047,125	3.894%, 6/1/2038	1,072,792
220,470	3.950%, 7/1/2033	225,889
3,874,569	4.109%, 2/1/2039	4,011,144
660,969	4.110%, 6/1/2036	694,669
402,220	4.169%, 4/1/2024	408,425
74,888	4.172%, 5/1/2036	78,583
1,094,512	4.174%, 1/1/2035	1,137,712
7,259,586	4.279%, 12/1/2035	7,585,542
797,772	4.284%, 8/1/2034	840,224
307,727	4.290%, 6/1/2036	320,506
15,407	4.403%, 8/1/2032	15,582
1,837,269	4.541%, 1/1/2035	1,931,804
513,428	4.559%, 9/1/2035	539,031
638,432	4.609%, 9/1/2037	671,612
12,017	4.915%, 12/1/2032	12,682
	TOTAL ADJUSTABLE RATE MORTGAGES (IDENTIFIED COST \$21,660,554)	21,630,332
	¹ COLLATERALIZED MORTGAGE OBLIGATIONS—34.3%	
	Fannie Mae—0.4%	
194,780	Fannie Mae BA 4035, Class FB, 3.010% (1-month USLIBOR +0.500%), 8/25/2039	195,408
387,145	Fannie Mae FA, Class FD, 3.010% (1-month USLIBOR +0.500%), 9/25/2038	387,709
2,707,056	Fannie Mae GS 3381, Class NF, 3.110% (1-month USLIBOR +0.600%), 2/25/2037	2,722,062
	TOTAL	3,305,179
	Federal Home Loan Mortgage Corporation REMIC—3.2%	
17,044	Series 1146, Class E, 3.558% (1-month USLIBOR +1.050%), 9/15/2021	17,147

Principal Amount		Value
	¹ COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	Federal Home Loan Mortgage Corporation REMIC—continued	
\$ 333,504	Series 1534, Class J, 3.408% (1-month USLIBOR +0.900%), 6/15/2023	\$ 335,882
319,514	Series 1632, Class FB, 3.708% (1-month USLIBOR +1.200%), 11/15/2023	322,514
184,067	Series 2111, Class MA, 3.008% (1-month USLIBOR +0.500%), 1/15/2029	185,081
188,069	Series 2111, Class MB, 3.008% (1-month USLIBOR +0.500%), 1/15/2029	189,104
192,070	Series 2111, Class MC, 3.008% (1-month USLIBOR +0.500%), 1/15/2029	193,128
119,026	Series 2286, Class FA, 2.908% (1-month USLIBOR +0.400%), 2/15/2031	119,500
62,406	Series 2292, Class KF, 2.760% (1-month USLIBOR +0.250%), 7/25/2022	62,380
261,581	Series 2296, Class FC, 3.008% (1-month USLIBOR +0.500%), 6/15/2029	263,046
365,220	Series 2326, Class FJ, 3.458% (1-month USLIBOR +0.950%), 6/15/2031	371,416
602,268	Series 2344, Class FP, 3.458% (1-month USLIBOR +0.950%), 8/15/2031	612,727
278,466	Series 2367, Class FG, 3.128% (1-month USLIBOR +0.620%), 6/15/2031	281,385
111,922	Series 2380, Class FI, 3.108% (1-month USLIBOR +0.600%), 6/15/2031	113,014
725,252	Series 2380, Class FL, 3.108% (1-month USLIBOR +0.600%), 11/15/2031	731,563
394,396	Series 2386, Class FE, 3.208% (1-month USLIBOR +0.700%), 6/15/2031	399,490
160,340	Series 2389, Class FI, 3.258% (1-month USLIBOR +0.750%), 6/15/2031	162,698
37,173	Series 2395, Class FT, 2.958% (1-month USLIBOR +0.450%), 12/15/2031	37,392
82,683	Series 2396, Class FL, 3.108% (1-month USLIBOR +0.600%), 12/15/2031	83,297
453,348	Series 2412, Class OF, 3.458% (1-month USLIBOR +0.950%), 12/15/2031	461,122
397,615	Series 2418, Class FO, 3.408% (1-month USLIBOR +0.900%), 2/15/2032	402,090
209,082	Series 242, Class F29, 2.758% (1-month USLIBOR +0.250%), 11/15/2036	208,366
164,215	Series 244, Class F22, 2.858% (1-month USLIBOR +0.350%), 12/15/2036	164,043
386,905	Series 244, Class F30, 2.808% (1-month USLIBOR +0.300%), 12/15/2036	386,314

Principal Amount		Value
	¹ COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	Federal Home Loan Mortgage Corporation REMIC—continued	
\$ 135,953	Series 2451, Class FC, 3.508% (1-month USLIBOR +1.000%), 5/15/2031	\$ 138,539
13,242	Series 2452, Class FG, 3.058% (1-month USLIBOR +0.550%), 3/15/2032	13,376
205,164	Series 2460, Class FE, 3.508% (1-month USLIBOR +1.000%), 6/15/2032	209,205
107,999	Series 2470, Class FI, 2.908% (1-month USLIBOR +0.400%), 10/15/2026	108,307
137,833	Series 2470, Class FW, 3.508% (1-month USLIBOR +1.000%), 5/15/2031	140,355
131,968	Series 2470, Class FX, 3.508% (1-month USLIBOR +1.000%), 5/15/2031	134,383
206,086	Series 2470, Class GF, 3.508% (1-month USLIBOR +1.000%), 6/15/2032	210,145
106,001	Series 2471, Class FS, 3.008% (1-month USLIBOR +0.500%), 2/15/2032	106,721
493,609	Series 2475, Class FL, 3.508% (1-month USLIBOR +1.000%), 2/15/2032	503,479
329,072	Series 2476, Class FC, 3.508% (1-month USLIBOR +1.000%), 2/15/2032	335,652
210,238	Series 2477, Class FD, 2.908% (1-month USLIBOR +0.400%), 7/15/2032	211,188
306,397	Series 2479, Class FA, 2.908% (1-month USLIBOR +0.400%), 8/15/2032	307,360
101,239	Series 2481, Class FC, 3.508% (1-month USLIBOR +1.000%), 5/15/2031	103,049
242,570	Series 2493, Class F, 2.908% (1-month USLIBOR +0.400%), 9/15/2029	243,541
369,208	Series 2495, Class F, 2.908% (1-month USLIBOR +0.400%), 9/15/2032	370,685
213,266	Series 2498, Class HF, 3.508% (1-month USLIBOR +1.000%), 6/15/2032	217,467
117,305	Series 2504, Class FP, 3.008% (1-month USLIBOR +0.500%), 3/15/2032	118,104
438,275	Series 2526, Class FC, 2.908% (1-month USLIBOR +0.400%), 11/15/2032	439,342
382,712	Series 2530, Class FK, 2.908% (1-month USLIBOR +0.400%), 6/15/2029	383,653
609,320	Series 2551, Class FD, 2.908% (1-month USLIBOR +0.400%), 1/15/2033	611,147
343,910	Series 2571, Class FK, 3.008% (1-month USLIBOR +0.500%), 9/15/2023	345,304
108,069	Series 2610, Class FD, 3.008% (1-month USLIBOR +0.500%), 12/15/2032	108,817
1,864,069	Series 2631, Class FC, 2.908% (1-month USLIBOR +0.400%), 6/15/2033	1,870,141

Principal Amount		Value
	¹ COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	Federal Home Loan Mortgage Corporation REMIC—continued	
\$ 405,805	Series 2671, Class F, 2.958% (1-month USLIBOR +0.450%), 9/15/2033	\$ 407,970
526,370	Series 2684, Class FV, 3.408% (1-month USLIBOR +0.900%), 10/15/2033	536,067
1,920,857	Series 2750, Class FG, 2.908% (1-month USLIBOR +0.400%), 2/15/2034	1,924,064
4,349,198	Series 2750, Class FH, 3.008% (1-month USLIBOR +0.500%), 2/15/2034	4,382,546
399	Series 2758, Class FH, 2.858% (1-month USLIBOR +0.350%), 3/15/2019	399
176,381	Series 2763, Class FB, 2.858% (1-month USLIBOR +0.350%), 4/15/2032	176,391
410,248	Series 2796, Class FD, 2.858% (1-month USLIBOR +0.350%), 7/15/2026	411,580
1,106,145	Series 2812, Class LF, 2.908% (1-month USLIBOR +0.400%), 6/15/2034	1,108,890
721,388	Series 3036, Class NF, 2.808% (1-month USLIBOR +0.300%), 8/15/2035	719,386
150,162	Series 3085, Class FW, 3.208% (1-month USLIBOR +0.700%), 8/15/2035	152,439
947,788	Series 3085, Class VF, 2.828% (1-month USLIBOR +0.320%), 12/15/2035	946,307
920,502	Series 3184, Class JF, 2.908% (1-month USLIBOR +0.400%), 7/15/2036	921,680
780,995	Series 3191, Class FE, 2.908% (1-month USLIBOR +0.400%), 7/15/2036	781,576
89,386	Series 3300, Class FA, 2.808% (1-month USLIBOR +0.300%), 8/15/2035	89,131
89,703	Series 3325, Class NF, 2.808% (1-month USLIBOR +0.300%), 8/15/2035	89,448
1,154,201	Series 3380, Class FP, 2.858% (1-month USLIBOR +0.350%), 11/15/2036	1,152,199
850,442	Series 3542, Class NF, 3.258% (1-month USLIBOR +0.750%), 7/15/2036	861,650
	TOTAL	27,994,382
	Federal National Mortgage Association REMIC—6.6%	
188,629	Series 1993-165, Class FE, 3.660% (1-month USLIBOR +1.150%), 9/25/2023	190,658
88,899	Series 1993-62, Class FA, 2.260% (Cost of Funds—11th District - San Francisco +1.200%), 4/25/2023	89,604
140,038	Series 1998-22, Class FA, 2.913% (1-month USLIBOR +0.400%), 4/18/2028	140,291
38,634	Series 2000-34, Class F, 2.960% (1-month USLIBOR +0.450%), 10/25/2030	38,776

Principal Amount		Value
	¹ COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	Federal National Mortgage Association REMIC—continued	
\$ 29,098	Series 2000-37, Class FA, 3.010% (1-month USLIBOR +0.500%), 11/25/2030	\$ 29,191
59,262	Series 2001-34, Class FB, 2.813% (1-month USLIBOR +0.300%), 12/18/2028	59,241
61,995	Series 2001-34, Class FL, 3.010% (1-month USLIBOR +0.500%), 8/25/2031	62,333
460,186	Series 2001-46, Class F, 2.913% (1-month USLIBOR +0.400%), 9/18/2031	462,151
227,706	Series 2001-53, Class FX, 2.860% (1-month USLIBOR +0.350%), 10/25/2031	227,336
581,514	Series 2001-56, Class FG, 3.010% (1-month USLIBOR +0.500%), 10/25/2031	585,279
192,839	Series 2001-68, Class FD, 3.010% (1-month USLIBOR +0.500%), 12/25/2031	193,885
360,379	Series 2002-17, Class JF, 3.510% (1-month USLIBOR +1.000%), 4/25/2032	367,596
351,268	Series 2002-34, Class FC, 3.513% (1-month USLIBOR +1.000%), 12/18/2031	358,075
215,624	Series 2002-37, Class F, 3.310% (1-month USLIBOR +0.800%), 11/25/2031	218,519
11,932	Series 2002-39, Class FB, 3.063% (1-month USLIBOR +0.550%), 3/18/2032	12,053
214,696	Series 2002-4, Class FJ, 2.960% (1-month USLIBOR +0.450%), 2/25/2032	215,901
116,074	Series 2002-41, Class F, 3.060% (1-month USLIBOR +0.550%), 7/25/2032	116,888
1,087,120	Series 2002-47, Class NF, 3.510% (1-month USLIBOR +1.000%), 4/25/2032	1,107,147
159,344	Series 2002-52, Class FD, 3.010% (1-month USLIBOR +0.500%), 9/25/2032	160,691
220,317	Series 2002-53, Class FG, 3.610% (1-month USLIBOR +1.100%), 7/25/2032	225,525
734,911	Series 2002-58, Class FD, 3.110% (1-month USLIBOR +0.600%), 8/25/2032	742,603
258,746	Series 2002-64, Class FJ, 3.510% (1-month USLIBOR +1.000%), 4/25/2032	263,988
192,198	Series 2002-74, Class FV, 2.960% (1-month USLIBOR +0.450%), 11/25/2032	193,254
152,767	Series 2002-75, Class FD, 3.513% (1-month USLIBOR +1.000%), 11/18/2032	155,850
544,902	Series 2002-77, Class FH, 2.913% (1-month USLIBOR +0.400%), 12/18/2032	546,180
265,520	Series 2002-8, Class FA, 3.263% (1-month USLIBOR +0.750%), 3/18/2032	269,496

Principal Amount		Value
	¹ COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	Federal National Mortgage Association REMIC—continued	
\$ 97,615	Series 2002-82, Class FB, 3.010% (1-month USLIBOR +0.500%), 12/25/2032	\$ 98,302
390,065	Series 2002-82, Class FC, 3.510% (1-month USLIBOR +1.000%), 9/25/2032	398,268
216,222	Series 2002-82, Class FG, 2.960% (1-month USLIBOR +0.450%), 12/25/2032	217,398
658,527	Series 2002-89, Class F, 2.810% (1-month USLIBOR +0.300%), 1/25/2033	659,293
262,471	Series 2002-9, Class FH, 3.010% (1-month USLIBOR +0.500%), 3/25/2032	264,507
156,024	Series 2002-90, Class FH, 3.010% (1-month USLIBOR +0.500%), 9/25/2032	157,106
1,494,919	Series 2002-93, Class FJ, 3.060% (1-month USLIBOR +0.550%), 1/25/2033	1,508,835
315,349	Series 2003-102, Class FT, 2.910% (1-month USLIBOR +0.400%), 10/25/2033	316,788
844,666	Series 2003-107, Class FD, 3.010% (1-month USLIBOR +0.500%), 11/25/2033	851,103
2,041,576	Series 2003-116, Class HF, 3.060% (1-month USLIBOR +0.550%), 11/25/2033	2,061,499
626,466	Series 2003-121, Class FD, 2.910% (1-month USLIBOR +0.400%), 12/25/2033	628,518
206,445	Series 2003-14, Class FT, 3.010% (1-month USLIBOR +0.500%), 3/25/2033	207,982
371,236	Series 2003-19, Class FY, 2.910% (1-month USLIBOR +0.400%), 3/25/2033	372,344
167,343	Series 2003-2, Class FA, 3.010% (1-month USLIBOR +0.500%), 2/25/2033	168,521
284,594	Series 2003-21, Class TF, 2.960% (1-month USLIBOR +0.450%), 3/25/2033	286,050
528,507	Series 2003-66, Class FA, 2.860% (1-month USLIBOR +0.350%), 7/25/2033	529,020
600,405	Series 2003-79, Class FC, 2.960% (1-month USLIBOR +0.450%), 8/25/2033	602,765
1,181,964	Series 2004-17, Class FT, 2.910% (1-month USLIBOR +0.400%), 4/25/2034	1,185,936
1,058,194	Series 2004-2, Class FW, 2.910% (1-month USLIBOR +0.400%), 2/25/2034	1,060,996
867,771	Series 2004-49, Class FN, 2.910% (1-month USLIBOR +0.400%), 7/25/2034	870,287
2,106,998	Series 2004-49, Class FQ, 2.960% (1-month USLIBOR +0.450%), 7/25/2034	2,116,007
1,699,731	Series 2004-51, Class FY, 2.890% (1-month USLIBOR +0.380%), 7/25/2034	1,701,310

Principal Amount		Value
	¹ COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	Federal National Mortgage Association REMIC—continued	
\$ 742,499	Series 2004-53, Class FC, 2.960% (1-month USLIBOR +0.450%), 7/25/2034	\$ 746,602
529,726	Series 2004-64, Class FW, 2.960% (1-month USLIBOR +0.450%), 8/25/2034	533,438
820,320	Series 2005-104, Class FA, 2.910% (1-month USLIBOR +0.400%), 12/25/2035	821,577
418,280	Series 2006-60, Class FD, 2.940% (1-month USLIBOR +0.430%), 4/25/2035	418,524
3,349,237	Series 2006-75, Class FP, 2.810% (1-month USLIBOR +0.300%), 8/25/2036	3,339,909
692,992	Series 2006-79, Class DF, 2.860% (1-month USLIBOR +0.350%), 8/25/2036	692,785
1,038,204	Series 2006-81, Class FA, 2.860% (1-month USLIBOR +0.350%), 9/25/2036	1,038,328
2,218,574	Series 2006-90, Class FE, 2.960% (1-month USLIBOR +0.450%), 9/25/2036	2,229,756
1,185,676	Series 2006-98, Class FB, 2.820% (1-month USLIBOR +0.310%), 10/25/2036	1,182,969
3,676,081	Series 2006-W1, Class 2AF1, 2.730% (1-month USLIBOR +0.220%), 2/25/2046	3,646,565
1,186,599	Series 2008-52, Class FD, 2.860% (1-month USLIBOR +0.350%), 6/25/2036	1,184,888
19,208,306	Series 2012-116, Class FA, 2.810% (1-month USLIBOR +0.300%), 10/25/2042	19,123,350
	TOTAL	58,254,037
	Government National Mortgage Association REMIC—24.1%	
66,272	Series 2001-21, Class FB, 2.910% (1-month USLIBOR +0.400%), 1/16/2027	66,341
121,947	Series 2001-22, Class FG, 2.860% (1-month USLIBOR +0.350%), 5/16/2031	122,148
313,018	Series 2004-59, Class FV, 2.753% (1-month USLIBOR +0.250%), 10/20/2033	312,434
927,337	Series 2009-96, Class GF, 2.960% (1-month USLIBOR +0.450%), 4/16/2039	929,724
13,414,947	Series 2010-62, Class PF, 3.003% (1-month USLIBOR +0.500%), 5/20/2040	13,487,149
7,817,588	Series 2011-23, Class KF, 2.910% (1-month USLIBOR +0.400%), 2/16/2041	7,826,819
6,128,949	Series 2011-51, Class FA, 2.903% (1-month USLIBOR +0.400%), 4/20/2041	6,127,686
13,796,205	Series 2011-H07, Class FA, 2.846% (1-month USLIBOR +0.500%), 2/20/2061	13,813,148

Principal Amount		Value
	¹ COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	Government National Mortgage Association REMIC—continued	
\$ 21,535,401	Series 2012-H15, Class FB, 2.846% (1-month USLIBOR +0.500%), 6/20/2062	\$ 21,568,434
5,799,090	Series 2012-H18, Class FA, 2.896% (1-month USLIBOR +0.550%), 8/20/2062	5,816,153
4,952,349	Series 2012-H18, Class SA, 2.926% (1-month USLIBOR +0.580%), 8/20/2062	4,979,507
10,233,870	Series 2012-H24, Class FC, 2.746% (1-month USLIBOR +0.400%), 10/20/2062	10,225,417
23,131,134	Series 2012-H25, Class BF, 2.726% (1-month USLIBOR +0.380%), 9/20/2062	23,107,626
19,204,373	Series 2012-H29, Class BF, 2.686% (1-month USLIBOR +0.340%), 11/20/2062	19,168,684
16,884,309	Series 2012-H29, Class CF, 2.686% (1-month USLIBOR +0.340%), 2/20/2062	16,825,763
2,484,416	Series 2012-H30, Class SA, 2.716% (1-month USLIBOR +0.370%), 12/20/2062	2,479,277
12,127,749	Series 2012-H31, Class FA, 2.696% (1-month USLIBOR +0.350%), 11/20/2062	12,106,146
26,604,392	Series 2015-H02, Class FA, 2.996% (1-month USLIBOR +0.650%), 1/20/2065	26,742,109
26,544,488	Series 2015-H06, Class FB, 2.996% (1-month USLIBOR +0.650%), 2/20/2065	26,688,750
	TOTAL	212,393,315
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (IDENTIFIED COST \$302,463,951)	
		301,946,913
	GOVERNMENT AGENCIES—14.6%	
	² Federal Farm Credit Bank System Discount Notes—0.5%	
5,000,000	2.680%, 12/12/2019	4,890,970
	Federal Farm Credit Bank System Floating Rate Notes—4.0%	
10,000,000	2.388% (1-month USLIBOR -0.126%), 5/13/2019	9,998,527
5,000,000	2.423% (1-month USLIBOR -0.085%), 5/15/2019	4,999,068
10,000,000	2.458% (1-month USLIBOR -0.045%), 2/21/2019	9,999,821
5,000,000	2.474% (1-month USLIBOR -0.040%), 3/13/2019	4,999,887
5,000,000	2.693% (1-month USLIBOR +0.190%), 9/20/2019	5,006,592
	TOTAL	35,003,895
	Federal Farm Credit System—0.2%	
2,000,000	1.520%, 2/3/2020	1,979,234
	Federal Home Loan Bank Notes—1.3%	
7,420,000	1.375%, 3/18/2019	7,410,309
4,000,000	2.500%, 5/20/2019	4,000,384
	TOTAL	11,410,693

Principal Amount		Value
	GOVERNMENT AGENCIES—continued	
	² Federal Home Loan Bank System Discount Notes—2.2%	
\$ 10,000,000	2.230%, 3/1/2019	\$ 9,981,330
9,200,000	2.255%, 3/8/2019	9,178,212
	TOTAL	19,159,542
	¹ Federal Home Loan Bank System Floating Rate Notes—5.5%	
10,000,000	2.387% (1-month USLIBOR -0.120%), 6/4/2019	9,998,351
10,000,000	2.389% (1-month USLIBOR -0.125%), 6/14/2019	9,997,989
13,000,000	2.404% (1-month USLIBOR -0.115%), 4/24/2019	12,998,700
5,000,000	2.429% (3-month USLIBOR -0.185%), 5/10/2019	5,000,553
10,000,000	2.455% (1-month USLIBOR -0.055%), 12/16/2019	9,996,934
	TOTAL	47,992,527
	Federal Home Loan Mortgage Corporation—0.6%	
5,000,000	0.875%, 7/19/2019	4,963,320
	Federal National Mortgage Association—0.3%	
750,000	1.250%, 8/23/2019	744,725
2,000,000	1.250%, 8/26/2019	1,985,732
	TOTAL	2,730,457
	TOTAL GOVERNMENT AGENCIES (IDENTIFIED COST \$128,125,179)	128,130,638
	MORTGAGE-BACKED SECURITIES—0.0%	
	Federal National Mortgage Association—0.0%	
48,667	7.500%, 1/1/2032	55,576
163,830	7.500%, 8/1/2032	187,097
	TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$226,111)	242,673
	U.S. TREASURY—4.0%	
	² U.S. Treasury Bills—3.4%	
11,000,000	United States Treasury Bills, 2.180%, 2/14/2019	10,990,808
5,000,000	United States Treasury Bills, 2.311%, 3/21/2019	4,984,367
10,000,000	United States Treasury Bills, 2.350%, 4/4/2019	9,959,271
4,000,000	United States Treasury Bills, 2.415%, 4/18/2019	3,980,113
	TOTAL	29,914,559
	U.S. Treasury Notes—0.6%	
5,000,000	¹ United States Treasury Floating Rate Notes, 2.504% (91-day T-Bill +0.115%), 2/5/2019	4,999,382
	TOTAL U.S. TREASURY (IDENTIFIED COST \$34,915,068)	34,913,941

Principal Amount		Value
	REPURCHASE AGREEMENTS—48.1%	
\$212,554,000	Interest in \$570,000,000 joint repurchase agreement 2.570%, dated 1/31/2019 under which Bank of America, N.A. will repurchase securities provided as collateral for \$570,040,692 on 2/1/2019. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 12/20/2042 and the market value of those underlying securities was \$581,441,506.	\$212,554,000
210,000,000	Interest in \$550,000,000 joint repurchase agreement 2.580%, dated 1/31/2019 under which BMO Capital Markets Corp. will repurchase securities provided as collateral for \$550,039,417 on 2/1/2019. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 11/20/2068 and the market value of those underlying securities was \$564,186,838.	210,000,000
	TOTAL REPURCHASE AGREEMENTS (IDENTIFIED COST \$422,554,000)	422,554,000
	TOTAL INVESTMENT IN SECURITIES—103.5% (IDENTIFIED COST \$909,944,863) ³	909,418,497
	OTHER ASSETS AND LIABILITIES - NET—(3.5)% ⁴	(30,377,043)
	TOTAL NET ASSETS—100%	\$879,041,454

- 1 *Floating/adjustable note with current rate and current maturity or next reset date shown. Adjustable rate mortgage security coupons are based on the weighted average note rates of the underlying mortgages less the guarantee and servicing fees. These securities do not indicate an index and spread in their description above.*
- 2 *Discount rate at time of purchase.*
- 3 *Also represents cost for federal tax purposes.*
- 4 *Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

Note: The categories of investments are shown as a percentage of total net assets at January 31, 2019.

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.

As of January 31, 2019, all investments of the Fund utilized Level 2 inputs in valuing the Fund's assets carried at fair value.

The following acronyms are used throughout this portfolio:

ARM —Adjustable Rate Mortgage

LIBOR —London Interbank Offered Rate

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)

	Six Months Ended (unaudited) 1/31/2019	Year Ended July 31,				
		2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$9.83	\$9.83	\$9.82	\$9.87	\$9.88	\$9.89
Income From Investment Operations:						
Net investment income (loss)	0.08 ¹	0.09 ¹	0.03 ¹	(0.01) ¹	(0.02) ¹	(0.02)
Net realized and unrealized gain (loss)	0.01	0.00 ²	0.00 ²	(0.04)	0.01	0.01
TOTAL FROM INVESTMENT OPERATIONS	0.09	0.09	0.03	(0.05)	(0.01)	(0.01)
Less Distributions:						
Distributions from net investment income	(0.08)	(0.09)	(0.02)	(0.00) ²	—	—
Distributions from net realized gain on investments	(0.00) ²	(0.00) ²	(0.00) ²	—	—	—
TOTAL DISTRIBUTIONS	(0.08)	(0.09)	(0.02)	(0.00)²	—	—
Net Asset Value, End of Period	\$9.84	\$9.83	\$9.83	\$9.82	\$9.87	\$9.88
Total Return³	0.92%	0.95%	0.35%	(0.49)%	(0.10)%	(0.10)%
Ratios to Average Net Assets:						
Net expenses	0.71% ⁴	0.71%	0.71%	0.70%	0.70%	0.70%
Net investment income (loss)	1.62% ⁴	0.91%	0.25%	(0.08)%	(0.19)%	(0.18)%
Expense waiver/reimbursement ⁵	0.27% ⁴	0.33%	0.33%	0.37%	0.36%	0.36%
Supplemental Data:						
Net assets, end of period (000 omitted)	\$9,012	\$7,283	\$9,318	\$8,265	\$14,369	\$22,915
Portfolio turnover	8%	18%	19%	8%	22%	9%

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. Total returns for periods of less than one year are not annualized.

4 Computed on an annualized basis.

5 This expense decrease is reflected in both the net expense and the net investment income (loss) 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)

	Six Months Ended (unaudited) 1/31/2019	Year Ended July 31,				
		2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$9.89	\$9.89	\$9.87	\$9.92	\$9.91	\$9.90
Income From Investment Operations:						
Net investment income (loss)	0.10 ¹	0.14 ¹	0.07	0.04 ¹	0.03 ¹	0.03
Net realized and unrealized gain (loss)	0.00 ²	0.00 ²	0.02	(0.05)	0.01	0.01
TOTAL FROM INVESTMENT OPERATIONS	0.10	0.14	0.09	(0.01)	0.04	0.04
Less Distributions:						
Distributions from net investment income	(0.10)	(0.14)	(0.07)	(0.04)	(0.03)	(0.03)
Distributions from net realized gain on investments	(0.00) ²	(0.00) ²	(0.00) ²	—	—	—
TOTAL DISTRIBUTIONS	(0.10)	(0.14)	(0.07)	(0.04)	(0.03)	(0.03)
Net Asset Value, End of Period	\$9.89	\$9.89	\$9.89	\$9.87	\$9.92	\$9.91
Total Return³	1.05%	1.40%	0.90%	(0.11)%	0.36%	0.37%

Ratios to Average Net Assets:

Net expenses	0.26% ⁴	0.26%	0.26%	0.25%	0.25%	0.25%
Net investment income	2.07% ⁴	1.37%	0.70%	0.39%	0.26%	0.27%
Expense waiver/reimbursement ⁵	0.22% ⁴	0.27%	0.27%	0.31%	0.31%	0.31%

Supplemental Data:

Net assets, end of period (000 omitted)	\$615,767	\$455,799	\$580,916	\$525,218	\$534,159	\$603,301
Portfolio turnover	8%	18%	19%	8%	22%	9%

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

2 Represents less than \$0.01.

3 Based on net asset value. Total returns for periods of less than one year are not annualized.

4 Computed on an annualized basis.

5 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 – Service Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 1/31/2019	Year Ended July 31,				
		2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$9.89	\$9.88	\$9.87	\$9.92	\$9.91	\$9.90
Income From Investment Operations:						
Net investment income (loss)	0.10 ¹	0.13 ¹	0.06	0.03 ¹	0.02 ¹	0.02
Net realized and unrealized gain (loss)	0.00 ²	0.01	0.01	(0.05)	0.01	0.01
TOTAL FROM INVESTMENT OPERATIONS	0.10	0.14	0.07	(0.02)	0.03	0.03
Less Distributions:						
Distributions from net investment income	(0.10)	(0.13)	(0.06)	(0.03)	(0.02)	(0.02)
Distributions from net realized gain on investments	(0.00) ²	(0.00) ²	(0.00) ²	—	—	—
TOTAL DISTRIBUTIONS	(0.10)	(0.13)	(0.06)	(0.03)	(0.02)	(0.02)
Net Asset Value, End of Period	\$9.89	\$9.89	\$9.88	\$9.87	\$9.92	\$9.91
Total Return³	1.00%	1.40%	0.70%	(0.21)%	0.26%	0.27%

Ratios to Average Net Assets:

Net expenses	0.36% ⁴	0.36%	0.36%	0.35%	0.35%	0.35%
Net investment income	1.96% ⁴	1.27%	0.58%	0.29%	0.16%	0.17%
Expense waiver/reimbursement ⁵	0.23% ⁴	0.27%	0.28%	0.32%	0.31%	0.31%

Supplemental Data:

Net assets, end of period (000 omitted)	\$223,416	\$222,133	\$254,978	\$308,777	\$346,922	\$451,554
Portfolio turnover	8%	18%	19%	8%	22%	9%

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

2 Represents less than \$0.01.

3 Based on net asset value. Total returns for periods of less than one year are not annualized.

4 Computed on an annualized basis.

5 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)

	Six Months Ended (unaudited) 1/31/2019	Year Ended July 31,		Period Ended 7/31/2016 ¹
		2018	2017	
Net Asset Value, Beginning of Period	\$9.89	\$9.89	\$9.87	\$9.86
Income From Investment Operations:				
Net investment income (loss)	0.10 ²	0.15 ²	0.09 ²	0.02 ²
Net realized and unrealized gain (loss)	0.00 ³	(0.01)	(0.00) ³	0.01
TOTAL FROM INVESTMENT OPERATIONS	0.10	0.14	0.09	0.03
Less Distributions:				
Distributions from net investment income	(0.10)	(0.14)	(0.07)	(0.02)
Distributions from net realized gain on investments	(0.00) ³	(0.00) ³	(0.00) ³	—
TOTAL DISTRIBUTIONS	(0.10)	(0.14)	(0.07)	(0.02)
Net Asset Value, End of Period	\$9.89	\$9.89	\$9.89	\$9.87
Total Return⁴	1.06%	1.42%	0.92%	0.28%
Ratios to Average Net Assets:				
Net expenses	0.24% ⁵	0.24%	0.24%	0.23% ⁵
Net investment income	2.09% ⁵	1.49%	0.91%	0.66% ⁵
Expense waiver/reimbursement ⁶	0.20% ⁵	0.24%	0.25%	0.24% ⁵
Supplemental Data:				
Net assets, end of period (000 omitted)	\$30,846	\$18,767	\$5,002	\$59
Portfolio turnover	8%	18%	19%	8% ⁷

1 Reflects operations for the period from March 29, 2016, (date of initial investment) to July 31, 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 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended January 31, 2016.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

January 31, 2019 (unaudited)

Assets:

Investment in repurchase agreements	\$422,554,000	
Investment in securities	486,864,497	
Investment in securities, at value (identified cost \$909,944,863)		\$909,418,497
Cash		280
Income receivable		582,449
Receivable for shares sold		269,660
TOTAL ASSETS		910,270,886

Liabilities:

Payable for investments purchased	\$ 27,443,041	
Payable for shares redeemed	3,529,770	
Income distribution payable	108,163	
Payable for investment adviser fee (Note 5)	2,709	
Payable for administrative fees (Note 5)	1,926	
Payable for Directors'/Trustees' fees (Note 5)	1,200	
Payable for distribution services fee (Note 5)	1,457	
Payable for other service fees (Notes 2 and 5)	21,065	
Accrued expenses (Note 5)	120,101	
TOTAL LIABILITIES		31,229,432

Net assets for 88,902,442 shares outstanding \$879,041,454

Net Assets Consist of:

Paid-in capital	\$880,415,445
Total distributable earnings (loss)	(1,373,991)
TOTAL NET ASSETS	\$879,041,454

Statement of Assets and Liabilities – continued

Net Asset Value, Offering Price and Redemption Proceeds Per Share

Class A Shares:

Net asset value per share (\$9,011,669 ÷ 916,214 shares outstanding), no par value, unlimited shares authorized	\$ 9.84
Offering price per share (100/98.00 of \$9.84)	\$10.04
Redemption proceeds per share	\$ 9.84

Institutional Shares:

Net asset value per share (\$615,767,000 ÷ 62,271,318 shares outstanding), no par value, unlimited shares authorized	\$ 9.89
Offering price per share	\$ 9.89
Redemption proceeds per share	\$ 9.89

Service Shares:

Net asset value per share (\$223,416,320 ÷ 22,595,706 shares outstanding), no par value, unlimited shares authorized	\$ 9.89
Offering price per share	\$ 9.89
Redemption proceeds per share	\$ 9.89

Class R6 Shares:

Net asset value per share (\$30,846,465 ÷ 3,119,204 shares outstanding), no par value, unlimited shares authorized	\$ 9.89
Offering price per share	\$ 9.89
Redemption proceeds per share	\$ 9.89

See Notes which are an integral part of the Financial Statements

Statement of Operations

Six Months Ended January 31, 2019 (unaudited)

Investment Income:

Interest	\$9,250,759
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Expenses:

Investment adviser fee (Note 5)	\$1,191,904
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Administrative fee (Note 5)	317,871
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Custodian fees	27,102
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Transfer agent fee (Note 2)	213,032
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Directors'/Trustees' fees (Note 5)	4,626
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Auditing fees	14,971
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Legal fees	6,191
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Portfolio accounting fees	76,653
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Distribution services fee (Note 5)	9,666
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Other service fees (Notes 2 and 5)	121,536
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Share registration costs	34,199
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Printing and postage	10,711
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Miscellaneous (Note 5)	27,140
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TOTAL EXPENSES	2,055,602
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Waivers and Reimbursement:

Waiver of investment adviser fee (Note 5)	\$(789,102)
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Waiver/reimbursement of other operating expenses (Notes 2 and 5)	(98,827)
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TOTAL WAIVERS AND REIMBURSEMENT	(887,929)
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Net expenses	1,167,673
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Net investment income	8,083,086
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Realized and Unrealized Gain (Loss) on Investments:

Net realized loss on investments	(857,725)
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Net change in unrealized depreciation of investments	970,469
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Net realized and unrealized gain on investments	112,744
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Change in net assets resulting from operations	\$8,195,830
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See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

	Six Months Ended (unaudited) 1/31/2019	Year Ended 7/31/2018
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 8,083,086	\$ 11,295,450
Net realized loss	(857,725)	(31)
Net change in unrealized appreciation/depreciation	970,469	149,022
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	8,195,830	11,444,441
Distributions to Shareholders (Note 2):		
Class A Shares	(62,856)	(74,516)
Institutional Shares	(5,535,244)	(8,124,748)
Service Shares	(2,223,818)	(3,015,318)
Class R6 Shares	(284,451)	(158,842)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(8,106,369)	(11,373,424)
Share Transactions:		
Proceeds from sale of shares	350,313,386	395,037,474
Net asset value of shares issued to shareholders in payment of distributions declared	7,504,706	10,643,366
Cost of shares redeemed	(182,848,711)	(551,981,728)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	174,969,381	(146,300,888)
Change in net assets	175,058,842	(146,229,871)
Net Assets:		
Beginning of period	703,982,612	850,212,483
End of period	\$ 879,041,454	\$ 703,982,612

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

January 31, 2019 (unaudited)

1. ORGANIZATION

Federated Institutional Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of three portfolios. The financial statements included herein are only those of Federated Government Ultrashort Duration Fund (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers four classes of shares: Class A Shares, Institutional Shares, Service Shares and Class R6 Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The Fund's investment objective is current income.

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 U.S. generally accepted accounting principles (GAAP).

Investment Valuation

In calculating its net asset value (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 Fund's Board of Trustees (the "Trustees").
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- 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 Trustees.
- 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.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, 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 Procedures

The Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees 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 Trustees 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 Trustees. The Trustees 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 Trustees.

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.

Repurchase agreements are subject to Master Netting Agreements which are agreements between the Fund and its counterparties that provide for the net settlement of all transactions and collateral with the Fund, through a single payment, in the event of default or termination. Amounts presented on the Portfolio of Investments and Statement of Assets and Liabilities are not net settlement amounts but gross. As indicated above, the cash or securities to be repurchased, as shown on the Portfolio of Investments, exceeds the repurchase price to be paid under the agreement reducing the net settlement amount to zero.

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. Distributions of net investment income, if any, are declared daily and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. 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. 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. The detail of the total fund expense waivers and reimbursement of \$887,929 is disclosed in various locations in this Note 2 and Note 5. For the six months ended January 31, 2019, transfer agent fees for the Fund were as follows:

	Transfer Agent Fees Incurred	Transfer Agent Fees Reimbursed
Class A Shares	\$ 2,271	\$ —
Institutional Shares	141,564	(62,440)
Service Shares	67,909	(33,766)
Class R6 Shares	1,288	—
TOTAL	\$213,032	\$(96,206)

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 July 31, 2018, were from the following sources:

Net Investment Income

Class A Shares	\$ 74,505
Institutional Shares	8,123,828
Service Shares	3,014,988
Class R6 Shares	158,832

Net Realized Gain

Class A Shares	\$ 11
Institutional Shares	920
Service Shares	330
Class R6 Shares	10

Undistributed net investment income at July 31, 2018, was \$33,415.

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 and Service 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 six months ended January 31, 2019, other service fees for the Fund were as follows:

	Other Service Fees Incurred
Class A Shares	\$ 9,223
Service Shares	112,313
TOTAL	\$121,536

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 six months ended January 31, 2019, 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 January 31, 2019, tax years 2015 through 2018 remain subject to examination by the Fund’s major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

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.

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 share activity:

	Six Months Ended 1/31/2019		Year Ended 7/31/2018	
	Shares	Amount	Shares	Amount
Class A Shares:				
Shares sold	321,923	\$ 3,166,132	233,446	\$ 2,294,134
Shares issued to shareholders in payment of distributions declared	6,293	61,896	7,473	73,458
Shares redeemed	(152,622)	(1,500,734)	(447,999)	(4,402,292)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	175,594	\$ 1,727,294	(207,080)	\$(2,034,700)

	Six Months Ended 1/31/2019		Year Ended 7/31/2018	
	Shares	Amount	Shares	Amount
Institutional Shares:				
Shares sold	29,111,113	\$ 287,804,209	33,038,086	\$ 326,537,886
Shares issued to shareholders in payment of distributions declared	506,924	5,012,626	752,876	7,442,067
Shares redeemed	(13,448,107)	(132,904,859)	(46,449,123)	(459,122,861)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	16,169,930	\$ 159,911,976	(12,658,161)	\$(125,142,908)

	Six Months Ended 1/31/2019		Year Ended 7/31/2018	
	Shares	Amount	Shares	Amount
Service Shares:				
Shares sold	3,255,555	\$ 32,183,548	3,497,531	\$ 34,557,728
Shares issued to shareholders in payment of distributions declared	223,307	2,207,757	302,802	2,991,927
Shares redeemed	(3,351,597)	(33,134,982)	(7,128,373)	(70,432,082)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	127,265	\$ 1,256,323	(3,328,040)	\$(32,882,427)

Class R6 Shares:	Six Months Ended 1/31/2019		Year Ended 7/31/2018	
	Shares	Amount	Shares	Amount
Shares sold	2,746,532	\$ 27,159,497	3,202,174	\$ 31,647,726
Shares issued to shareholders in payment of distributions declared	22,494	222,427	13,751	135,914
Shares redeemed	(1,547,974)	(15,308,136)	(1,823,558)	(18,024,493)
NET CHANGE RESULTING FROM CLASS R6 SHARE TRANSACTIONS	1,221,052	\$ 12,073,788	1,392,367	\$ 13,759,147
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	17,693,841	\$174,969,381	(14,800,914)	\$(146,300,888)

4. FEDERAL TAX INFORMATION

At January 31, 2019, the cost of investments for federal tax purposes was \$909,944,863. The net unrealized depreciation of investments for federal tax purposes was \$526,366. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$1,174,190 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$1,700,556.

At July 31, 2018, the Fund had a capital loss carryforward of \$31 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 beginning after December 22, 2010.

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 0.30% of the Fund's average daily net assets. Prior to June 28, 2018, the Adviser fee was 0.35% 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. For the six months ended January 31, 2019, the Adviser voluntarily waived \$789,102 of its fee.

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 six months ended January 31, 2019, 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 and Service 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:

Share Class Name	Percentage of Average Daily Net Assets of Class
Class A Shares	0.25%
Service Shares	0.05%

Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee. For the six months ended January 31, 2019, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred	Distribution Services Fees Waived
Class A Shares	\$9,666	\$(2,621)

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended January 31, 2019, FSC retained \$3,185 of fees paid by the Fund. For the six months ended January 31, 2019, the Fund’s Service Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

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 six months ended January 31, 2019, FSC did not retain sales charges from the sale of the Class A Shares.

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. 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, Institutional Shares, Service Shares and Class R6 Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.71%, 0.26%, 0.36% and 0.24% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) October 1, 2019; 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 Trustees.

Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Trustees 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 six months ended January 31, 2019, were as follows:

Purchases	\$27,415,816
Sales	\$52,277,745

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 January 31, 2019, the Fund had no outstanding loans. During the six months ended January 31, 2019, the Fund did not utilize the LOC.

8. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, 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 January 31, 2019, there were no outstanding loans. During the six months ended January 31, 2019, the program was not utilized.

9. SUBSEQUENT EVENT

Effective May 31, 2019, the Fund will change its fiscal year end from July 31 to May 31.

Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase or redemption payments; and (2) 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 August 1, 2018 to January 31, 2019.

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 and do not reflect any transaction costs, such as sales charges (loads) on purchase or redemption payments. 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. In addition, if these transaction costs were included, your costs would have been higher.

	Beginning Account Value 8/1/2018	Ending Account Value 1/31/2019	Expenses Paid During Period ¹
Actual:			
Class A Shares	\$1,000	\$1,009.20	\$3.60
Institutional Shares	\$1,000	\$1,010.50	\$1.32
Service Shares	\$1,000	\$1,010.00	\$1.82
Class R6 Shares	\$1,000	\$1,010.60	\$1.22
Hypothetical (assuming a 5% return before expenses):			
Class A Shares	\$1,000	\$1,021.60	\$3.62
Institutional Shares	\$1,000	\$1,023.90	\$1.33
Service Shares	\$1,000	\$1,023.40	\$1.84
Class R6 Shares	\$1,000	\$1,024.00	\$1.22

¹ Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	0.71%
Institutional Shares	0.26%
Service Shares	0.36%
Class R6 Shares	0.24%

Evaluation and Approval of Advisory Contract – May 2018

FEDERATED GOVERNMENT ULTRASHORT DURATION FUND (THE “FUND”)

At its meetings in May 2018, the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), 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 Trustees, 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 Trustees.

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 Trustees 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 Trustees encompassing a wide variety of topics. At the May meetings, in addition to meeting in separate sessions of the Independent Trustees without management present, senior management of the Adviser also met with the Independent Trustees and their counsel to discuss the materials presented and such additional matters as the Independent Trustees 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 incurrence 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.

The Fund's performance fell below the median of the relevant Peer Group for the one-year, three-year and five-year periods covered by the CCO Fee Evaluation Report. The Board discussed the Fund's performance with the Adviser and recognized the efforts being taken by the Adviser in the context of other factors considered relevant by the Board.

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 5 basis points in the contractual advisory fee. In 2018, the Board approved an additional reduction of 5 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

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at www.sec.gov within 60 days of the end of the fiscal quarter upon filing. 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.

IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400.

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Federated®

Federated Government Ultrashort Duration Fund
Federated Investors Funds
4000 Ericsson Drive
Warrendale, PA 15086-7561

Contact us at **FederatedInvestors.com**
or call 1-800-341-7400.

Federated Securities Corp., Distributor

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