

Annual Shareholder Report

December 31, 2018

Share Class

Primary

Service

Federated High Income Bond Fund II

A Portfolio of Federated Insurance Series

IMPORTANT NOTICE TO SHAREHOLDERS

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from the insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a website, and the insurance company will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

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 insurance company electronically by following the instructions provided by the insurance company.

You may elect to receive all future reports in paper free of charge from the insurance company. You can inform the insurance company that you wish to continue receiving paper copies of your shareholder reports by contacting the insurance company that offers your contract or your financial intermediary. Your election to receive reports in paper will apply to all portfolio companies available under your contract.

Dear Valued Shareholder,

I am pleased to present the Annual Shareholder Report for your fund covering the period from January 1, 2018 through December 31, 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,



John B. Fisher, President

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Management's Discussion of Fund Performance (unaudited)

The total return of Federated High Income Bond Fund II (the "Fund"), based on net asset value for the 12-month reporting period ended December 31, 2018, was -3.29% for the Primary Shares and -3.43% for the Service Shares. The total return of the Fund's Primary Shares consisted of 7.71% current income and -11.00% of depreciation in the net asset value of the Fund's shares. The total return of the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (BBHY2%ICI),¹ a broad-based securities market index, was -2.08% during the same period. The total return of the Lipper Variable Underlying High Yield Funds Average (LVHYFA),² a peer group for the Fund, was -2.63% during the same period. The Fund's and LVHYFA's total returns 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 BBHY2%ICI.

During the reporting period, the most significant factors affecting the Fund's performance relative to the BBHY2%ICI were: (1) the allocation among industry sectors and (2) the selection of individual securities. The following discussion will focus on the performance of the Fund's Primary Shares.

MARKET OVERVIEW

The total return for the high-yield³ market for the reporting period was disappointing on both an absolute and relative basis. For example, the BBHY2%ICI, which returned -2.08% for the period, substantially underperformed the Bloomberg Barclays U.S. Aggregate Bond Index,⁴ a measure of high-quality bond⁵ performance, which returned 0.01% for the period. For most of the period, the high-yield market performed well compared to most fixed-income assets benefiting from a strong economy and strong corporate earnings with credit spreads touching cycle lows in early October. However, the fourth quarter proved difficult for the high-yield market as a number of factors took the market lower. These factors included the ongoing trade dispute with China, concerns about Federal Reserve policy, slowing economies in China and Europe, continuing political rancor between President Trump and Democrats and a steep drop in oil prices. These factors, along with rich valuations, led equity markets to approach bear market territory which also negatively impacted the high-yield market. In the fourth quarter decline, the high-yield market seemed to ignore continuing strong earnings from corporations, very low levels of unemployment in the U.S., good high-yield issuers' credit profiles and low default rates. The impact of these factors can be seen in the spread between high-yield bonds and U.S. Treasury securities with comparable maturities which, according to the Credit Suisse High Yield Bond Index,⁶ began the reporting period at 394 basis points, reached a yearly low of 353 basis points on October 3rd before rising substantially to close the year at 575 basis points.

Within the high-yield market, major industry sectors that substantially outperformed the overall BBHY2%ICI during the reporting period included: Pharmaceuticals, Electric Utilities, Media & Entertainment, Cable & Satellite and Healthcare. Major industry sectors that substantially underperformed the overall BBHY2%ICI during the reporting period included: Oil Field Services, Independent Energy, Automotive, Home Construction and Banking. From a credit quality perspective, the "CCC"-rated sector was the worst performer with a -3.84% total return followed by the "BB"-rated sector with a -2.42% return during the reporting period. The "B"-rated sector was the strongest-performing quality sector although it was also in negative territory with a -1.31% total return during the reporting period.

SECTOR ALLOCATION

The Fund was positively affected by its sector allocation during the reporting period. The Fund benefited from its underweight positions to the poor-performing Oil Field Services, Banking and Home Construction industry sectors. The Fund had overweight positions to the strong-performing Pharmaceutical, Healthcare and Media & Entertainment sectors and underweight positions to the poor-performing Independent Energy sector. However, much of the benefit from this sector positioning was offset by the Fund's specific holdings in these sectors which underperformed the overall segment.

SECURITY SELECTION

The Fund was negatively affected by its security selection during the period. This was especially true in the Healthcare, Food & Beverage, Media & Entertainment, Packaging, Technology and Wireless Telecommunications industry sectors. Specific high-yield issuers held by the Fund that negatively impacted performance relative to the BBHY2%ICI included: Sesi LLC, Dish DBS Corp, Precision Drilling, Navient and Freeport-McMoRan.

The Fund was positively impacted by security selection in the Retail industry sector during the reporting period. Specific high-yield issuers held by the Fund that positively impacted performance relative to the BBHY2%ICI included: Radio One, Bausch Health Cos., Platform Specialty Products, Seminole Hard Rock Entertainment and Enviva Partners.

1 Please see the footnotes to the line graphs below for definitions of, and further information about, the BBHY2%ICI.

2 Please see the footnotes to the line graphs below for definitions of, and further information about, the LVHYFA.

3 High-yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment-grade securities and may include higher volatility and a higher risk of default.

4 The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based index that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.*

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

6 Credit Suisse High Yield Bond Index serves as a benchmark to evaluate the performance of low-quality bonds. Low-quality is defined as those bonds in the range from "BB" to "CCC" and defaults.*

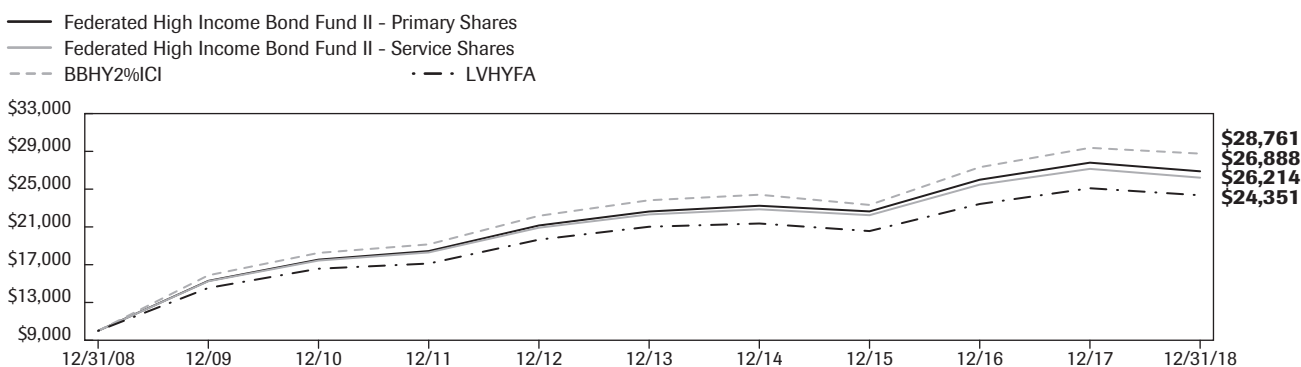
* The index is unmanaged, and it is not possible to invest directly in an index.

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

The graph below illustrates the hypothetical investment of \$10,000¹ in the Federated High Income Bond Fund II from December 31, 2008 to December 31, 2018, compared to the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (BBHY2%ICI)² and the Lipper Variable Underlying High Yield Funds Average (LVHYFA).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 December 31, 2018



Average Annual Total Returns for the Period Ended 12/31/2018

	1 Year	5 Years	10 Years
Primary Shares	-3.29%	3.51%	10.40%
Service Shares	-3.43%	3.26%	10.12%
BBHY2%ICI	-2.08%	3.84%	11.14%
LVHYFA	-2.63%	2.87%	9.25%

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. Performance of a variable investment option changes over time and current performance may be lower or higher than what is stated. For current to the most recent month end performance, contact your insurance company. The performance information presented does not include the charges and expenses imposed by the insurance company under the variable insurance product contract. The inclusion of such charges would lower performance. Please refer to the variable insurance product prospectus for a complete listing of these expenses. Fund shares are available exclusively as a funding vehicle for life insurance companies writing variable life insurance policies and variable annuity contracts. Variable investment options are not obligations of or guaranteed by any bank and are not federally insured.

- 1 The Fund's performance assumes the reinvestment of all dividends and distributions. The BBHY2%ICI and the LVHYFA have been adjusted to reflect reinvestment of dividends on securities in the index and average.
- 2 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 BBHY2%ICI is not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission (SEC) requires to be reflected in the Fund's performance. The index is unmanaged and unlike the Fund, is 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 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.

Portfolio of Investments Summary Table (unaudited)

At December 31, 2018, the Fund's index classification¹ was as follows:

Index Classification	Percentage of Total Net Assets
Health Care	11.5%
Cable Satellite	8.4%
Technology	7.9%
Midstream	6.4%
Packaging	6.1%
Independent Energy	5.7%
Media Entertainment	4.9%
Gaming	4.4%
Pharmaceuticals	4.3%
Wireless Communications	4.2%
Other ²	32.8%
Cash Equivalents ³	1.8%
Other Assets and Liabilities—Net ⁴	1.6%
TOTAL	100.0%

1 *Index classifications are based upon, and individual portfolio securities are assigned to, the classifications and sub-classifications of the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (BBHY2%ICI). Individual portfolio securities that are not included in the BBHY2%ICI are assigned to an index classification by the Fund's Adviser.*

2 *For purposes of this table, index classifications which constitute less than 3.5% of the Fund's total net assets have been aggregated under the designation "Other."*

3 *Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.*

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

Portfolio of Investments

December 31, 2018

Principal Amount		Value
	CORPORATE BONDS—96.6%	
	Aerospace/Defense—1.2%	
\$ 250,000	Engility Corp., Sr. Unsecd. Note, 8.875%, 9/1/2024	\$ 267,813
200,000	TransDigm UK Holdings PLC, Sr. Sub., 144A, 6.875%, 5/15/2026	191,000
575,000	TransDigm, Inc., Sr. Sub. Note, 6.000%, 7/15/2022	562,781
600,000	TransDigm, Inc., Sr. Sub. Note, 6.500%, 7/15/2024	585,750
200,000	TransDigm, Inc., Sr. Sub., 6.375%, 6/15/2026	186,750
	TOTAL	1,794,094
	Automotive—2.5%	
700,000	Adient Global Holdings Ltd., Sr. Unsecd. Note, 144A, 4.875%, 8/15/2026	539,000
725,000	American Axle & Manufacturing, Inc., Sr. Unsecd. Note, Series WI, 6.500%, 4/1/2027	651,594
300,000	BCD Acquisition, Inc., 144A, 9.625%, 9/15/2023	309,750
600,000	Dana Financing Lux Sarl, 144A, 6.500%, 6/1/2026	578,250
50,000	Dana Financing Lux Sarl, Sr. Unsecd. Note, 144A, 5.750%, 4/15/2025	46,875
275,000	Goodyear Tire & Rubber Co., Sr. Unsecd. Note, 4.875%, 3/15/2027	242,344
275,000	Goodyear Tire & Rubber Co., Sr. Unsecd. Note, 5.000%, 5/31/2026	248,531
250,000	J.B. Poindexter & Co., Inc., Sr. Unsecd. Note, 144A, 7.125%, 4/15/2026	235,000
1,025,000	Schaeffler Verwaltung Zw, 144A, 4.750%, 9/15/2026	897,459
	TOTAL	3,748,803
	Banking—0.5%	
825,000	Ally Financial, Inc., Sr. Sub. Note, 5.750%, 11/20/2025	823,969
	Building Materials—1.9%	
75,000	American Builders & Contractors Supply Co., Inc., Sr. Unsecd. Note, 144A, 5.750%, 12/15/2023	74,438
475,000	American Builders & Contractors Supply Co., Inc., Sr. Unsecd. Note, 144A, 5.875%, 5/15/2026	454,071
200,000	Beacon Roofing Supply, Inc., Sr. Unsecd. Note, 144A, 4.875%, 11/1/2025	176,500
375,000	Building Materials Corp. of America, Sr. Unsecd. Note, 144A, 6.000%, 10/15/2025	361,069
425,000	CD&R Waterworks Merger Subsidiary LLC, Sr. Unsecd. Note, 144A, 6.125%, 8/15/2025	379,312
180,000	Masonite International Corp., Sr. Unsecd. Note, 144A, 5.625%, 3/15/2023	175,275
125,000	Masonite International Corp., Sr. Unsecd. Note, 144A, 5.750%, 9/15/2026	118,125
425,000	Pisces Midco, Inc., Sec. Fac. Bond, 144A, 8.000%, 4/15/2026	390,469
600,000	Standard Industries, Inc., Sr. Unsecd. Note, 144A, 5.000%, 2/15/2027	526,500
150,000	USG Corp., Sr. Unsecd. Note, 144A, 4.875%, 6/1/2027	151,500
	TOTAL	2,807,259
	Cable Satellite—8.4%	
325,000	CCO Holdings LLC/Cap Corp., 144A, 5.750%, 2/15/2026	319,313
775,000	CCO Holdings LLC/Cap Corp., 5.750%, 9/1/2023	773,062
650,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 5.000%, 2/1/2028	599,625
500,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 5.875%, 5/1/2027	486,250
375,000	CSC Holdings LLC, 144A, 5.375%, 7/15/2023	366,907
325,000	CSC Holdings LLC, 144A, 5.500%, 5/15/2026	307,125
450,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 6.625%, 10/15/2025	456,750
275,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 7.500%, 4/1/2028	275,688
225,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 7.750%, 7/15/2025	229,500
200,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 10.125%, 1/15/2023	215,652
400,000	CSC Holdings LLC, Sr. Unsecd. Note, Series 144A, 5.125%, 12/15/2021	393,000
450,000	CSC Holdings, Inc., Sr. Unsecd. Note, 5.250%, 6/1/2024	413,437
450,000	Cablevision Systems Corp., Sr. Unsecd. Note, 5.875%, 9/15/2022	443,250
700,000	Charter Communications Holdings II, 5.750%, 1/15/2024	698,250
100,000	DISH DBS Corp., 5.000%, 3/15/2023	83,625

Principal
Amount

Value

Principal Amount		Value
	CORPORATE BONDS—continued	
	Cable Satellite—continued	
\$ 200,000	DISH DBS Corp., 5.875%, 7/15/2022	\$ 184,750
950,000	DISH DBS Corp., Sr. Unsecd. Note, 5.875%, 11/15/2024	768,312
200,000	DISH DBS Corp., Sr. Unsecd. Note, 7.750%, 7/1/2026	166,000
150,000	Intelsat Jackson Holdings S.A., 144A, 8.000%, 2/15/2024	154,875
575,000	Intelsat Jackson Holdings S.A., Sr. Unsecd. Note, 144A, 8.500%, 10/15/2024	560,625
475,000	Intelsat Jackson Holdings S.A., Sr. Unsecd. Note, 5.500%, 8/1/2023	415,625
125,000	Sirius XM Radio, Inc., 144A, 4.625%, 5/15/2023	120,313
400,000	Sirius XM Radio, Inc., 144A, 6.000%, 7/15/2024	402,500
100,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 5.000%, 8/1/2027	91,750
675,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 5.375%, 4/15/2025	642,094
850,000	Telenet Finance Luxembourg, Sec. Fac. Bond, 144A, 5.500%, 3/1/2028	773,500
275,000	Unitymedia KabelBW Gmbh, 144A, 6.125%, 1/15/2025	277,723
475,000	Virgin Media Secured Finance PLC, 144A, 5.250%, 1/15/2026	437,000
200,000	Virgin Media Secured Finance PLC, 144A, 5.500%, 8/15/2026	185,470
200,000	Virgin Media, Inc., Sr. Unsecd. Note, 144A, 5.750%, 1/15/2025	188,756
200,000	Virgin Media, Inc., Sr. Unsecd. Note, 144A, 6.000%, 10/15/2024	192,850
700,000	Ziggo Finance BV, Sec. Fac. Bond, 144A, 5.500%, 1/15/2027	628,250
300,000	Ziggo Finance BV, Sr. Unsecd. Note, 144A, 5.875%, 1/15/2025	272,250
	TOTAL	12,524,077
	Chemicals—2.6%	
200,000	Alpha 2 BV, Sr. Unsecd. Note, 144A, 8.750%, 6/1/2023	192,500
625,000	Alpha 3 BV, Sr. Unsecd. Note, 144A, 6.250%, 2/1/2025	590,625
675,000	Compass Minerals International, Inc., 144A, 4.875%, 7/15/2024	614,250
625,000	Hexion U.S. Finance Corp., 6.625%, 4/15/2020	500,000
425,000	Koppers, Inc., Sr. Unsecd. Note, 144A, 6.000%, 2/15/2025	376,125
100,000	PQ Corp., Sr. Unsecd. Note, 144A, 5.750%, 12/15/2025	93,000
100,000	Platform Specialty Products Corp., Sr. Unsecd. Note, 144A, 5.875%, 12/1/2025	94,000
1,100,000	Platform Specialty Products Corp., Sr. Unsecd. Note, 144A, 6.500%, 2/1/2022	1,104,125
325,000	Starfruit Finco BV, Sr. Unsecd. Note, 144A, 8.000%, 10/1/2026	301,437
	TOTAL	3,866,062
	Construction Machinery—0.7%	
100,000	United Rentals North America, Inc., Sr. Unsecd. Note, 6.500%, 12/15/2026	98,750
525,000	United Rentals, Inc., Sr. Unsecd. Note, 5.500%, 5/15/2027	488,250
450,000	United Rentals, Inc., Sr. Unsecd. Note, 5.875%, 9/15/2026	425,813
	TOTAL	1,012,813
	Consumer Cyclical Services—0.3%	
525,000	GW Honos Security Corp., Sr. Unsecd. Note, 144A, 8.750%, 5/15/2025	480,375
	Consumer Products—1.4%	
50,000	Energizer Gamma Acquisition, Inc., Sr. Unsecd. Note, 144A, 6.375%, 7/15/2026	46,000
125,000	Energizer Holdings, Inc., Sr. Unsecd. Note, 144A, 5.500%, 6/15/2025	113,125
425,000	First Quality Finance Co., Inc., 144A, 4.625%, 5/15/2021	413,313
650,000	Prestige Brands Holdings, Inc., 144A, 5.375%, 12/15/2021	637,812
750,000	Prestige Brands, Inc., Sr. Unsecd. Note, 144A, 6.375%, 3/1/2024	727,500
125,000	Spectrum Brands, Inc., 6.125%, 12/15/2024	120,938
	TOTAL	2,058,688
	Diversified Manufacturing—1.1%	
584,000	Gates Global LLC, 144A, 6.000%, 7/15/2022	574,510
375,000	Titan Acquisition Ltd., Sr. Unsecd. Note, 144A, 7.750%, 4/15/2026	321,563
550,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 5.375%, 12/15/2021	545,187

Principal Amount		Value
	CORPORATE BONDS—continued	
	Diversified Manufacturing—continued	
\$ 175,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 5.375%, 6/15/2024	\$ 165,594
	TOTAL	1,606,854
	Environmental—0.4%	
600,000	Tervita Escrow Corp., 144A, 7.625%, 12/1/2021	574,500
	Finance Companies—2.6%	
225,000	Avolon Holdings Ltd., Sr. Unsecd. Note, 144A, 5.125%, 10/1/2023	215,437
1,275,000	Navient Corp., Sr. Unsecd. Note, 5.875%, 10/25/2024	1,071,000
100,000	Navient Corp., Sr. Unsecd. Note, 6.750%, 6/25/2025	85,500
100,000	Navient Corp., Sr. Unsecd. Note, 6.750%, 6/15/2026	83,250
100,000	Navient Corp., Sr. Unsecd. Note, Series MTN, 6.125%, 3/25/2024	86,250
150,000	Park Aerospace Holdings Ltd., Sr. Unsecd. Note, 144A, 4.500%, 3/15/2023	140,625
125,000	Park Aerospace Holdings Ltd., Sr. Unsecd. Note, 144A, 5.250%, 8/15/2022	121,406
1,150,000	Park Aerospace Holdings Ltd., Sr. Unsecd. Note, 144A, 5.500%, 2/15/2024	1,112,625
850,000	Quicken Loans, Inc., 144A, 5.750%, 5/1/2025	799,000
225,000	Quicken Loans, Inc., Sr. Unsecd. Note, 144A, 5.250%, 1/15/2028	199,969
	TOTAL	3,915,062
	Food & Beverage—2.6%	
625,000	Anna Merger Subsidiary, Inc., 144A, 7.750%, 10/1/2022	118,750
425,000	Aramark Services, Inc., Sr. Unsecd. Note, 144A, 5.000%, 4/1/2025	416,500
400,000	Aramark Services, Inc., Sr. Unsecd. Note, 144A, 5.000%, 2/1/2028	374,000
200,000	Aramark Services, Inc., Sr. Unsecd. Note, 5.125%, 1/15/2024	198,500
675,000	B&G Foods, Inc., Sr. Unsecd. Note, 5.250%, 4/1/2025	630,281
300,000	Post Holdings, Inc., Sr. Unsecd. Note, 144A, 5.500%, 3/1/2025	289,068
200,000	Post Holdings, Inc., Sr. Unsecd. Note, 144A, 5.625%, 1/15/2028	184,750
1,125,000	Post Holdings, Inc., Sr. Unsecd. Note, 144A, 5.750%, 3/1/2027	1,060,312
650,000	U.S. Foodservice, Inc., Sr. Unsecd. Note, 144A, 5.875%, 6/15/2024	634,563
	TOTAL	3,906,724
	Gaming—4.4%	
200,000	Boyd Gaming Corp., Sr. Unsecd. Note, 6.375%, 4/1/2026	194,250
400,000	Boyd Gaming Corp., Sr. Unsecd. Note, 6.875%, 5/15/2023	405,500
100,000	Boyd Gaming Corp., Sr. Unsecd. Note, Series WI, 6.000%, 8/15/2026	93,875
925,000	CRC Escrow Issuer LLC, Sr. Unsecd. Note, 144A, 5.250%, 10/15/2025	797,812
550,000	Eldorado Resorts, Inc., Sr. Unsecd. Note, 6.000%, 4/1/2025	533,302
100,000	MGM Growth Properties LLC, Sr. Unsecd. Note, 5.625%, 5/1/2024	99,375
675,000	MGM Resorts International, 6.000%, 3/15/2023	680,062
100,000	MGM Resorts International, Sr. Unsecd. Note, 4.625%, 9/1/2026	90,250
325,000	MGM Resorts International, Sr. Unsecd. Note, 5.750%, 6/15/2025	315,250
400,000	Mohegan Tribal Gaming Authority, Sr. Unsecd. Note, 144A, 7.875%, 10/15/2024	375,500
275,000	Penn National Gaming, Inc., Sr. Unsecd. Note, 144A, 5.625%, 1/15/2027	246,813
575,000	Rivers Pittsburgh LP, 144A, 6.125%, 8/15/2021	559,188
825,000	Seminole Hard Rock Entertainment, Inc./Seminole Hard Rock International LLC, 144A, 5.875%, 5/15/2021	827,062
550,000	Star Group Holdings BV, Sr. Unsecd. Note, 144A, 7.000%, 7/15/2026	536,250
475,000	Station Casinos, Inc., Sr. Unsecd. Note, 144A, 5.000%, 10/1/2025	431,063
500,000	Sugarhouse HSP Gaming Finance Corp., Sec. Fac. Bond, 144A, 5.875%, 5/15/2025	468,750
	TOTAL	6,654,302
	Health Care—11.5%	
175,000	Acadia Healthcare Co., Inc., Sr. Unsecd. Note, 5.625%, 2/15/2023	166,688
625,000	Acadia Healthcare Co., Inc., Sr. Unsecd. Note, 6.500%, 3/1/2024	606,250
700,000	Air Medical Group Holdings, Inc., Sr. Unsecd. Note, 144A, 6.375%, 5/15/2023	595,000
750,000	Avantor, Inc., Sr. Unsecd. Note, 144A, 9.000%, 10/1/2025	751,875

Principal
Amount

Value

Principal Amount		Value
	CORPORATE BONDS—continued	
	Health Care—continued	
\$ 225,000	CHS/Community Health Systems, Inc., 6.250%, 3/31/2023	\$ 205,324
150,000	CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 8.625%, 1/15/2024	148,500
525,000	CHS/Community Health Systems, Inc., Sr. Unsecd. Note, 6.875%, 2/1/2022	241,500
100,000	Charles River Laboratories International, Inc., Sr. Unsecd. Note, 144A, 5.500%, 4/1/2026	98,750
425,000	Enterprise Merger Sub, Inc., Sr. Unsecd. Note, 144A, 8.750%, 10/15/2026	368,688
1,025,000	HCA, Inc., 5.000%, 3/15/2024	1,017,312
200,000	HCA, Inc., 5.875%, 5/1/2023	203,000
525,000	HCA, Inc., 5.875%, 2/15/2026	523,688
625,000	HCA, Inc., Sr. Secd. Note, 5.250%, 4/15/2025	623,437
750,000	HCA, Inc., Sr. Unsecd. Note, 5.375%, 2/1/2025	733,125
175,000	HCA, Inc., Sr. Unsecd. Note, 5.375%, 9/1/2026	170,625
525,000	IMS Health, Inc., Sr. Unsecd. Note, 144A, 5.000%, 10/15/2026	503,344
400,000	LifePoint Health, Inc., Sr. Unsecd. Note, 144A, 9.750%, 12/1/2026	380,000
200,000	MEDNAX, Inc., Sr. Unsecd. Note, 144A, 5.250%, 12/1/2023	196,500
250,000	MEDNAX, Inc., Sr. Unsecd. Note, 144A, 6.250%, 1/15/2027	241,875
1,125,000	MPH Acquisition Holdings LLC, 144A, 7.125%, 6/1/2024	1,051,875
1,650,000	Ortho-Clinical Diagnostics, Inc., 144A, 6.625%, 5/15/2022	1,493,250
500,000	Polaris Intermediate Corp., Sr. Unsecd. Note, 144A, 8.500%, 12/1/2022	457,935
925,000	SteriGenics—Nordion Holdings LLC, Sr. Unsecd. Note, 144A, 6.500%, 5/15/2023	888,000
575,000	SteriGenics Nordion Topc, Sr. Unsecd. Note, 144A, 8.125%, 11/1/2021	541,938
825,000	Surgery Center Holdings, Inc., Sr. Unsecd. Note, 144A, 6.750%, 7/1/2025	705,375
1,225,000	Team Health Holdings, Inc., Sr. Unsecd. Note, 144A, 6.375%, 2/1/2025	1,006,031
50,000	Teleflex, Inc., Sr. Unsecd. Note, 4.625%, 11/15/2027	46,563
450,000	Teleflex, Inc., Sr. Unsecd. Note, 5.250%, 6/15/2024	450,000
575,000	Tenet Healthcare Corp., 144A, 5.125%, 5/1/2025	537,625
275,000	Tenet Healthcare Corp., Sr. Secd. Note, 144A, 4.625%, 7/15/2024	256,781
75,000	Tenet Healthcare Corp., Sr. Unsecd. Note, 144A, 7.000%, 8/1/2025	69,656
675,000	Tenet Healthcare Corp., Sr. Unsecd. Note, 6.750%, 6/15/2023	636,187
625,000	Vizient, Inc., Sr. Unsecd. Note, 144A, 10.375%, 3/1/2024	664,062
650,000	West Street Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.375%, 9/1/2025	578,500
	TOTAL	17,159,259
	Health Insurance—0.3%	
75,000	Centene Corp., Sr. Unsecd. Note, 4.750%, 1/15/2025	71,813
250,000	Centene Escrow Corp., Sr. Unsecd. Note, 144A, 5.375%, 6/1/2026	243,750
125,000	WellCare Health Plans, Inc., Sr. Unsecd. Note, 144A, 5.375%, 8/15/2026	120,937
	TOTAL	436,500
	Independent Energy—5.7%	
325,000	Antero Resources Corp., Sr. Unsecd. Note, 5.000%, 3/1/2025	295,750
175,000	Ascent Resources Utica Holdings LLC/ARU Finance Corp., Sr. Unsecd. Note, 144A, 10.000%, 4/1/2022	179,865
250,000	Berry Petroleum Co., Sr. Unsecd. Note, 144A, 7.000%, 2/15/2026	226,250
469,000	Callon Petroleum Corp., Sr. Unsecd. Note, 6.125%, 10/1/2024	438,515
75,000	Callon Petroleum Corp., Sr. Unsecd. Note, Series WI, 6.375%, 7/1/2026	70,125
75,000	Carrizo Oil & Gas, Inc., 6.250%, 4/15/2023	69,750
400,000	Carrizo Oil & Gas, Inc., Sr. Unsecd. Note, 8.250%, 7/15/2025	394,000
250,000	Chesapeake Energy Corp., Sr. Unsecd. Note, 7.000%, 10/1/2024	217,500
825,000	Chesapeake Energy Corp., Sr. Unsecd. Note, Series WI, 8.000%, 6/15/2027	697,125
600,000	Crownrock LP/Crownrock F, 144A, 5.625%, 10/15/2025	542,250
375,000	EP Energy LLC/Everest Acquisition Finance, Inc., Sec. Fac. Bond, 144A, 8.000%, 11/29/2024	281,250
250,000	Endeavor Energy Resources LP, Sr. Unsecd. Note, 144A, 5.750%, 1/30/2028	256,300
250,000	Gulfport Energy Corp., Sr. Unsecd. Note, 6.000%, 10/15/2024	222,500

Principal
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Principal Amount		Value
	CORPORATE BONDS—continued	
	Independent Energy—continued	
\$ 325,000	Gulfport Energy Corp., Sr. Unsecd. Note, 6.375%, 5/15/2025	\$ 288,844
200,000	Jagged Peak Energy, Inc., Sr. Unsecd. Note, 144A, 5.875%, 5/1/2026	187,000
75,000	Laredo Petroleum, 5.625%, 1/15/2022	67,688
225,000	Laredo Petroleum, Sr. Unsecd. Note, 6.250%, 3/15/2023	203,062
500,000	Oasis Petroleum, Inc., Sr. Unsecd. Note, 144A, 6.250%, 5/1/2026	421,250
175,000	PDC Energy, Inc., Sr. Unsecd. Note, 6.125%, 9/15/2024	162,312
250,000	PDC Energy, Inc., Sr. Unsecd. Note, Series WI, 5.750%, 5/15/2026	223,125
100,000	Parsley Energy LLC/Parsley Finance Corp., 144A, 6.250%, 6/1/2024	97,250
125,000	Parsley Energy LLC/Parsley Finance Corp., Sr. Unsecd. Note, 144A, 5.375%, 1/15/2025	115,625
200,000	Parsley Energy LLC/Parsley Finance Corp., Sr. Unsecd. Note, 144A, 5.625%, 10/15/2027	182,750
200,000	QEP Resources, Inc., Sr. Unsecd. Note, 5.250%, 5/1/2023	178,000
175,000	QEP Resources, Inc., Sr. Unsecd. Note, 5.625%, 3/1/2026	145,906
425,000	Range Resources Corp., Sr. Unsecd. Note, 4.875%, 5/15/2025	350,625
250,000	SM Energy Co., Sr. Unsecd. Note, 5.000%, 1/15/2024	218,750
150,000	SM Energy Co., Sr. Unsecd. Note, 5.625%, 6/1/2025	131,250
25,000	SM Energy Co., Sr. Unsecd. Note, 6.625%, 1/15/2027	22,375
175,000	SM Energy Co., Sr. Unsecd. Note, 6.750%, 9/15/2026	157,500
475,000	SRC Energy, Inc., Sr. Unsecd. Note, Series WI, 6.250%, 12/1/2025	396,625
325,000	Southwestern Energy Co., Sr. Unsecd. Note, 7.750%, 10/1/2027	310,375
125,000	Ultra Resources, Inc., Sr. Unsecd. Note, 144A, 6.875%, 4/15/2022	45,000
375,000	Ultra Resources, Inc., Sr. Unsecd. Note, 144A, 7.125%, 4/15/2025	120,000
475,000	Whiting Petroleum Corp., Sr. Unsecd. Note, 6.250%, 4/1/2023	434,625
150,000	Whiting Petroleum Corp., Sr. Unsecd. Note, Series WI, 6.625%, 1/15/2026	129,375
	TOTAL	8,480,492
	Industrial - Other—0.7%	
100,000	Anixter, Inc., Sr. Unsecd. Note, 144A, 6.000%, 12/1/2025	99,500
525,000	Hillman Group, Inc., Unsecd. Note, 144A, 6.375%, 7/15/2022	430,500
325,000	KAR Auction Services, Inc., Sr. Unsecd. Note, 144A, 5.125%, 6/1/2025	294,937
125,000	Resideo Funding, Inc., Sr. Unsecd. Note, 144A, 6.125%, 11/1/2026	123,438
100,000	Stevens Holding Company, Inc., Sr. Unsecd. Note, 144A, 6.125%, 10/1/2026	99,000
	TOTAL	1,047,375
	Insurance - P&C—2.9%	
550,000	Acrisure LLC, Sr. Unsecd. Note, 144A, 7.000%, 11/15/2025	471,625
375,000	AmWINS Group, Inc., Sr. Unsecd. Note, 144A, 7.750%, 7/1/2026	355,312
200,000	Ardonagh Midco Three PLC, Sec. Fac. Bond, 144A, 8.625%, 7/15/2023	172,000
625,000	AssuredPartners, Inc., Sr. Unsecd. Note, 144A, 7.000%, 8/15/2025	566,425
1,275,000	Hub International Ltd., Sr. Unsecd. Note, 144A, 7.000%, 5/1/2026	1,160,250
425,000	Kirs Midco 3 PLC, Sec. Fac. Bond, 144A, 8.625%, 7/15/2023	363,375
700,000	NFP Corp., Sr. Unsecd. Note, 144A, 6.875%, 7/15/2025	630,000
650,000	USIS Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.875%, 5/1/2025	598,949
	TOTAL	4,317,936
	Leisure—0.7%	
875,000	Six Flags Entertainment Corp., Sr. Unsecd. Note, 144A, 5.500%, 4/15/2027	826,875
325,000	Voc Escrow Ltd., 144A, 5.000%, 2/15/2028	301,438
	TOTAL	1,128,313
	Lodging—0.3%	
375,000	Hilton Domestic Operations, Sr. Unsecd. Note, 144A, 5.125%, 5/1/2026	360,938
175,000	Wyndham Hotels & Resorts, Inc., Sr. Unsecd. Note, 144A, 5.375%, 4/15/2026	168,875
	TOTAL	529,813

Principal
Amount

Value

Principal Amount		Value
	CORPORATE BONDS—continued	
	Media Entertainment—4.9%	
\$200,000	AMC Networks, Inc., Sr. Unsecd. Note, 4.750%, 8/1/2025	\$ 182,000
475,000	AMC Networks, Inc., Sr. Unsecd. Note, 5.000%, 4/1/2024	451,250
475,000	CBS Radio, Inc., Sr. Unsecd. Note, 144A, 7.250%, 11/1/2024	444,125
750,000	^{1,2} Clear Channel Communications, Inc., Company Guarantee, 9.000%, 3/1/2021	506,250
275,000	Clear Channel Worldwide, Series A, 6.500%, 11/15/2022	273,625
150,000	Clear Channel Worldwide, Series B, 6.500%, 11/15/2022	150,750
600,000	Gannett Co., Inc., 6.375%, 10/15/2023	603,750
75,000	Gray Escrow, Inc., Sr. Unsecd. Note, 144A, 7.000%, 5/15/2027	73,307
375,000	Gray Television, Inc., Sr. Unsecd. Note, 144A, 5.125%, 10/15/2024	346,687
325,000	Gray Television, Inc., Sr. Unsecd. Note, 144A, 5.875%, 7/15/2026	303,810
225,000	Lin Television Corp., Sr. Unsecd. Note, 5.875%, 11/15/2022	225,000
325,000	Match Group, Inc., Sr. Unsecd. Note, 144A, 5.000%, 12/15/2027	299,812
825,000	Nexstar Escrow Corp., Sr. Unsecd. Note, 144A, 5.625%, 8/1/2024	773,437
225,000	Nielsen Finance LLC/Nielsen Finance Co., 144A, 5.000%, 4/15/2022	216,000
325,000	Nielsen Finance LLC/Nielsen Finance Co., Sr. Unsecd. Note, 144A, 5.000%, 2/1/2025	305,500
275,000	Outfront Americas Capital LLC/Outfront Media Capital Corp., Sr. Unsecd. Note, 5.875%, 3/15/2025	270,875
200,000	Sinclair Television Group, 144A, 5.625%, 8/1/2024	188,000
75,000	Sinclair Television Group, Sr. Unsecd. Note, 144A, 5.125%, 2/15/2027	66,563
800,000	Sinclair Television Group, Sr. Unsecd. Note, 144A, 5.875%, 3/15/2026	749,000
575,000	Tribune Media Co., Sr. Unsecd. Note, 5.875%, 7/15/2022	580,750
325,000	Urban One, Inc., 144A, 7.375%, 4/15/2022	308,750
	TOTAL	7,319,241
	Metals & Mining—1.8%	
375,000	Coeur Mining, Inc., Sr. Unsecd. Note, 5.875%, 6/1/2024	331,406
575,000	Freeport-McMoRan, Inc., Sr. Unsecd. Note, 3.875%, 3/15/2023	533,312
600,000	Freeport-McMoRan, Inc., Sr. Unsecd. Note, 5.400%, 11/14/2034	475,500
175,000	HudBay Minerals, Inc., Sr. Unsecd. Note, 144A, 7.250%, 1/15/2023	173,688
325,000	HudBay Minerals, Inc., Sr. Unsecd. Note, 144A, 7.625%, 1/15/2025	319,312
100,000	Steel Dynamics, Inc., Sr. Unsecd. Note, 5.250%, 4/15/2023	99,000
225,000	Steel Dynamics, Inc., Sr. Unsecd. Note, 5.500%, 10/1/2024	223,313
275,000	Teck Resources Ltd., Sr. Unsecd. Note, 6.000%, 8/15/2040	257,125
350,000	Teck Resources Ltd., Sr. Unsecd. Note, 6.125%, 10/1/2035	336,000
	TOTAL	2,748,656
	Midstream—6.4%	
200,000	AmeriGas Partners LP, Sr. Unsecd. Note, 5.500%, 5/20/2025	184,000
175,000	AmeriGas Partners LP, Sr. Unsecd. Note, 5.750%, 5/20/2027	155,750
550,000	AmeriGas Partners LP, Sr. Unsecd. Note, 5.875%, 8/20/2026	504,625
550,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 5.375%, 9/15/2024	515,625
500,000	Atlas Pipeline Partners LP, 5.875%, 8/1/2023	482,500
500,000	CNX Midstream Partners LP/CNX Midstream Finance Corp, Sr. Unsecd. Note, 144A, 6.500%, 3/15/2026	477,500
600,000	Cheniere Corpus Christi Holdings LLC, Sr. Secd. Note, 5.875%, 3/31/2025	598,500
125,000	Cheniere Corpus Christi Holdings LLC, Sr. Secd. Note, 7.000%, 6/30/2024	132,188
400,000	Cheniere Energy Partners, LP, Series WI, 5.250%, 10/1/2025	374,500
425,000	Cheniere Energy Partners, LP, Sr. Unsecd. Note, 144A, 5.625%, 10/1/2026	398,437
200,000	Energy Transfer Equity LP, 5.875%, 1/15/2024	204,676
300,000	Ferrellgas LP/Ferrellgas Finance Corp., Sr. Unsecd. Note, 6.750%, 6/15/2023	243,000
100,000	Ferrellgas, L.P., Sr. Unsecd. Note, 6.500%, 5/1/2021	82,500
600,000	Ferrellgas, L.P., Sr. Unsecd. Note, 6.750%, 1/15/2022	492,000
800,000	Holly Energy Partners LP, 144A, 6.000%, 8/1/2024	788,000
700,000	NuStar Logistics LP, Sr. Unsecd. Note, 5.625%, 4/28/2027	655,375

Principal
Amount

Value

Principal Amount		Value
	CORPORATE BONDS—continued	
	Midstream—continued	
\$ 450,000	Suburban Propane Partners LP, 5.500%, 6/1/2024	\$ 420,750
450,000	Suburban Propane Partners LP, Sr. Unsecd. Note, 5.875%, 3/1/2027	400,500
500,000	Summit Midstream Holdings LLC, 5.500%, 8/15/2022	477,500
475,000	Summit Midstream Holdings LLC, Sr. Unsecd. Note, 5.750%, 4/15/2025	439,375
50,000	Sunoco LP/Finance Corp., Sr. Unsecd. Note, Series WI, 4.875%, 1/15/2023	48,875
150,000	Sunoco LP/Finance Corp., Sr. Unsecd. Note, Series WI, 5.500%, 2/15/2026	142,500
275,000	Sunoco LP/Finance Corp., Sr. Unsecd. Note, Series WI, 5.875%, 3/15/2028	257,917
275,000	Targa Resources Partners LP/Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 144A, 5.375%, 2/1/2027	259,187
475,000	Targa Resources Partners LP/Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 144A, 5.875%, 4/15/2026	464,312
177,000	Tesoro Logistics LP, Sr. Unsecd. Note, 6.250%, 10/15/2022	180,983
175,000	TransMontaigne Partners LP/TLP Finance Corp., Sr. Unsecd. Note, 6.125%, 2/15/2026	157,500
	TOTAL	9,538,575
	Oil Field Services—1.8%	
75,000	Apergy Corp., Sr. Unsecd. Note, Series WI, 6.375%, 5/1/2026	73,125
275,000	Nine Energy Services, Inc., Sr. Unsecd. Note, 144A, 8.750%, 11/1/2023	262,625
200,000	Precision Drilling Corp., Sr. Unsecd. Note, 144A, 7.125%, 1/15/2026	173,000
300,000	Precision Drilling Corp., Sr. Unsecd. Note, 7.750%, 12/15/2023	277,875
150,000	Sesi LLC, 7.125%, 12/15/2021	128,250
725,000	Sesi LLC, Sr. Unsecd. Note, Series WI, 7.750%, 9/15/2024	580,000
350,000	Shelf Drilling Holdings Ltd., Sr. Unsecd. Note, 144A, 8.250%, 2/15/2025	300,563
525,000	USA Compression Partners LP, Sr. Unsecd. Note, 144A, 6.875%, 4/1/2026	506,625
350,000	Weatherford International Ltd., 7.000%, 3/15/2038	182,000
150,000	Weatherford International Ltd., Sr. Unsecd. Note, 8.250%, 6/15/2023	91,125
150,000	Weatherford International, Inc., Sr. Unsecd. Note, 6.800%, 6/15/2037	79,500
	TOTAL	2,654,688
	Packaging—6.1%	
475,000	ARD Finance SA, Sec. Fac. Bond, 7.125%, 9/15/2023	428,687
475,000	Ardagh Packaging Finance PLC/Ardagh Holdings, Sr. Unsecd. Note, 144A, 6.000%, 2/15/2025	439,669
800,000	Ardagh Packaging Finance PLC/Ardagh Holdings, Sr. Unsecd. Note, 144A, 7.250%, 5/15/2024	801,000
675,000	Berry Plastics Corp., 5.500%, 5/15/2022	674,156
150,000	Berry Plastics Corp., 6.000%, 10/15/2022	151,875
425,000	Bway Holding Co., Sec. Fac. Bond, 144A, 5.500%, 4/15/2024	401,094
1,175,000	Bway Holding Co., Sr. Unsecd. Note, 144A, 7.250%, 4/15/2025	1,058,969
350,000	Crown Americas LLC, Sr. Unsecd. Note, 144A, 4.750%, 2/1/2026	332,937
1,075,000	Flex Acquisition Co., Inc., Sr. Unsecd. Note, 144A, 6.875%, 1/15/2025	962,125
475,000	Flex Acquisition Co., Inc., Sr. Unsecd. Note, 144A, 7.875%, 7/15/2026	428,687
950,000	Multi-Color Corp., 144A, 6.125%, 12/1/2022	945,250
175,000	Multi-Color Corp., Sr. Unsecd. Note, 144A, 4.875%, 11/1/2025	150,063
425,000	Owens-Brockway Glass Container, Inc., 144A, 5.375%, 1/15/2025	405,344
125,000	Owens-Brockway Glass Container, Inc., 144A, 6.375%, 8/15/2025	124,375
650,000	Reynolds Group Issuer, Inc./LLC/LU, 144A, 7.000%, 7/15/2024	620,344
508,782	Reynolds Group Issuer, Inc./LLC/LU, 5.750%, 10/15/2020	508,146
300,000	Sealed Air Corp., Sr. Unsecd. Note, 144A, 5.500%, 9/15/2025	297,000
500,000	Trident Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.625%, 11/1/2025	447,500
	TOTAL	9,177,221
	Paper—0.4%	
750,000	Clearwater Paper Corp., Sr. Unsecd. Note, 144A, 5.375%, 2/1/2025	680,625
	Pharmaceuticals—4.3%	
200,000	Bausch Health Cos, Inc., Sec. Fac. Bond, 144A, 5.500%, 11/1/2025	187,250
300,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 5.500%, 3/1/2023	274,632

Principal Amount		Value
	CORPORATE BONDS—continued	
	Pharmaceuticals—continued	
\$1,075,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 5.875%, 5/15/2023	\$ 998,406
1,250,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 6.125%, 4/15/2025	1,093,750
375,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 9.000%, 12/15/2025	374,531
50,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 9.250%, 4/1/2026	50,125
325,000	Eagle Holding Co. II LLC, Sr. Unsecd. Note, 144A, 7.625%, 5/15/2022	311,188
450,000	Endo Dac/Endo Finance LLC/Endo Finco, Inc., Sr. Unsecd. Note, 144A, 6.000%, 7/15/2023	345,375
50,000	Endo Finance LLC/Endo Finco, Inc., Sr. Unsecd. Note, 144A, 5.375%, 1/15/2023	38,250
600,000	Endo Finance LLC/Endo Finco, Inc., Sr. Unsecd. Note, 144A, 6.000%, 2/1/2025	433,500
1,325,000	Jaguar Holding Co. II/Pharmaceutical Product Development LLC, Sr. Unsecd. Note, 144A, 6.375%, 8/1/2023	1,269,469
925,000	Mallinckrodt International Finance SA/Mallinckrodt CB LLC, Sr. Unsecd. Note, 144A, 5.500%, 4/15/2025	642,875
525,000	Mallinckrodt International Finance SA/Mallinckrodt CB LLC, Sr. Unsecd. Note, 144A, 5.625%, 10/15/2023	401,625
	TOTAL	6,420,976
	Refining—0.4%	
675,000	CVR Refining LLC/Coffeyville Finance, Inc., 6.500%, 11/1/2022	668,250
	Restaurants—1.2%	
1,050,000	1011778 BC Unltd. Liability Co./New Red Finance, Inc., 144A, 5.000%, 10/15/2025	968,625
125,000	1011778 BC Unltd. Liability Co./New Red Finance, Inc., Sr. Secd. Note, 144A, 4.250%, 5/15/2024	115,414
75,000	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, Sr. Unsecd. Note, 144A, 4.750%, 6/1/2027	69,938
125,000	Performance Food Group, Inc., 144A, 5.500%, 6/1/2024	121,406
500,000	Yum! Brands, Inc., Sr. Unsecd. Note, 144A, 5.250%, 6/1/2026	485,015
	TOTAL	1,760,398
	Retailers—1.3%	
325,000	Argos Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 7.125%, 3/15/2023	190,938
150,000	Hanesbrands, Inc., Sr. Unsecd. Note, 144A, 4.625%, 5/15/2024	141,375
525,000	Party City Holdings, Inc., Sr. Unsecd. Note, 144A, 6.125%, 8/15/2023	517,125
325,000	Party City Holdings, Inc., Sr. Unsecd. Note, 144A, 6.625%, 8/1/2026	296,562
375,000	Rite Aid Corp., Sr. Unsecd. Note, 144A, 6.125%, 4/1/2023	297,656
500,000	Sally Hldgs. LLC/Sally Capital, Inc., 5.625%, 12/1/2025	461,875
	TOTAL	1,905,531
	Supermarkets—0.7%	
600,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 5.750%, 3/15/2025	528,000
550,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 6.625%, 6/15/2024	512,875
	TOTAL	1,040,875
	Technology—7.9%	
575,000	Banff Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 9.750%, 9/1/2026	527,562
50,000	CDW LLC/CDW Finance, Sr. Unsecd. Note, 5.000%, 9/1/2025	48,063
375,000	CDW LLC/CDW Finance, Sr. Unsecd. Note, 5.500%, 12/1/2024	372,188
400,000	CommScope Technologies Finance LLC, 144A, 6.000%, 6/15/2025	366,000
525,000	Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Unsecd. Note, 144A, 7.125%, 6/15/2024	534,592
375,000	Ensemble S Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 9.000%, 9/30/2023	376,875
125,000	Financial & Risk US Holdings, Inc., 144A, 6.250%, 5/15/2026	120,781
300,000	Financial & Risk US Holdings, Inc., Sr. Unsecd. Note, 144A, 8.250%, 11/15/2026	274,875
100,000	First Data Corp., 144A, 5.000%, 1/15/2024	96,625
250,000	First Data Corp., 144A, 5.375%, 8/15/2023	246,250
775,000	First Data Corp., 144A, 5.750%, 1/15/2024	759,763
250,000	Gartner, Inc., Sr. Unsecd. Note, 144A, 5.125%, 4/1/2025	243,798
800,000	Inception Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 8.625%, 11/15/2024	626,000
725,000	Infor Software Parent, Inc., 144A, 7.125%, 5/1/2021	708,687
900,000	Infor US, Inc., 6.500%, 5/15/2022	873,810
650,000	Italics Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 7.125%, 7/15/2023	636,278

Principal
Amount

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Principal Amount		Value
	CORPORATE BONDS—continued	
	Technology—continued	
\$ 675,000	JDA Escrow LLC/JDA Bond Finance, Inc., 144A, 7.375%, 10/15/2024	\$ 681,750
200,000	MSCI, Inc., 144A, 5.750%, 8/15/2025	202,500
475,000	NCR Corp., 6.375%, 12/15/2023	461,562
175,000	NCR Corp., Sr. Unsecd. Note, 5.875%, 12/15/2021	171,281
250,000	Nuance Communications, Inc., 144A, 5.375%, 8/15/2020	249,844
450,000	Nuance Communications, Inc., Sr. Unsecd. Note, 144A, 5.625%, 12/15/2026	428,625
575,000	Riverbed Technology, Inc., Sr. Unsecd. Note, 144A, 8.875%, 3/1/2023	426,937
225,000	Sensata Technologies UK Financing Co. PLC, Sr. Unsecd. Note, 144A, 6.250%, 2/15/2026	226,969
375,000	Solera LLC/Solera Finance, Inc., 144A, 10.500%, 3/1/2024	401,250
375,000	TTM Technologies, Inc., Sr. Unsecd. Note, 144A, 5.625%, 10/1/2025	349,688
1,125,000	Tempo Acquisition LLC, Sr. Unsecd. Note, 144A, 6.750%, 6/1/2025	1,046,250
200,000	Vantiv LLC, Sr. Unsecd. Note, 144A, 4.375%, 11/15/2025	183,728
175,000	Western Digital Corp., Sr. Unsecd. Note, 4.750%, 2/15/2026	152,469
	TOTAL	11,795,000
	Utility - Electric—2.5%	
150,000	Calpine Corp., 144A, 5.250%, 6/1/2026	137,438
725,000	Calpine Corp., 5.750%, 1/15/2025	665,187
825,000	Enviva Partners LP/Enviva Partners Finance Corp., Sr. Unsecd. Note, 8.500%, 11/1/2021	848,719
650,000	NRG Energy, Inc., 6.250%, 5/1/2024	662,187
375,000	NRG Energy, Inc., Sr. Unsecd. Note, 7.250%, 5/15/2026	391,875
50,000	NRG Energy, Inc., Sr. Unsecd. Note, Series WI, 5.750%, 1/15/2028	48,188
50,000	TerraForm Power Operating LLC, Sr. Unsecd. Note, 144A, 4.250%, 1/31/2023	46,875
750,000	TerraForm Power Operating LLC, Sr. Unsecd. Note, 144A, 5.000%, 1/31/2028	662,812
150,000	Vistra Energy Corp., Sr. Unsecd. Note, 5.875%, 6/1/2023	150,750
175,000	Vistra Operations Co., LLC, Sr. Unsecd. Note, 144A, 5.500%, 9/1/2026	169,094
	TOTAL	3,783,125
	Wireless Communications—4.2%	
200,000	Altice France SA, 144A, 8.125%, 2/1/2027	189,000
225,000	Altice Luxembourg SA, 144A, 7.750%, 5/15/2022	205,594
675,000	Altice Luxembourg SA, Sr. Unsecd. Note, 144A, 7.625%, 2/15/2025	507,094
1,275,000	Numericable-SFR SAS, 144A, 7.375%, 5/1/2026	1,173,000
500,000	Sprint Capital Corp., Company Guarantee, 6.875%, 11/15/2028	473,750
825,000	Sprint Corp., 7.125%, 6/15/2024	819,687
950,000	Sprint Corp., 7.875%, 9/15/2023	977,312
475,000	Sprint Corp., Sr. Unsecd. Note, 7.625%, 2/15/2025	476,187
200,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 4.500%, 2/1/2026	184,250
350,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 4.750%, 2/1/2028	318,063
275,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 6.000%, 3/1/2023	277,043
300,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 6.375%, 3/1/2025	304,488
325,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 6.500%, 1/15/2026	332,313
	TOTAL	6,237,781
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$156,612,609)	144,604,212

Principal Amount		Value
	REPURCHASE AGREEMENT—1.8%	
	Finance - Banking—1.8%	
\$2,626,000	Interest in \$550,000,000 joint repurchase agreement 3.00%, dated 12/31/2018 under which BMO Capital Markets Corp. will repurchase securities provided as collateral for \$550,091,667 on 1/2/2019. 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 \$564,641,271. (IDENTIFIED COST \$2,626,000)	\$ 2,626,000
	TOTAL INVESTMENT IN SECURITIES—98.4% (IDENTIFIED COST \$159,238,609) ³	147,230,212
	OTHER ASSETS AND LIABILITIES - NET—1.6% ⁴	2,409,510
	TOTAL NET ASSETS—100%	\$ 149,639,722

1 *Issuer in default.*

2 *Non-income-producing security.*

3 *The cost of investments for federal tax purposes amounts to \$159,523,447.*

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 December 31, 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.

As of December 31, 2018, all investments of the Fund utilized Level 2 inputs in valuing the Fund's assets carried at fair value.

The following acronym is used throughout this portfolio:

MTN—Medium Term Note

See Notes which are an integral part of the Financial Statements

Financial Highlights – Primary Shares

(For a Share Outstanding Throughout Each Period)

Year Ended December 31	2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$6.82	\$6.84	\$6.36	\$6.91	\$7.15
Income From Investment Operations:					
Net investment income ¹	0.34	0.36	0.37	0.37	0.39
Net realized and unrealized gain (loss)	(0.55)	0.09	0.53	(0.53)	(0.20)
TOTAL FROM INVESTMENT OPERATIONS	(0.21)	0.45	0.90	(0.16)	0.19
Less Distributions:					
Distributions from net investment income	(0.54)	(0.47)	(0.42)	(0.39)	(0.43)
Net Asset Value, End of Period	\$6.07	\$6.82	\$6.84	\$6.36	\$6.91
Total Return²	(3.29)%	6.94%	14.82%	(2.57)%	2.69%

Ratios to Average Net Assets:

Net expenses	0.81%	0.78%	0.72%	0.77%	0.77%
Net investment income	5.27%	5.26%	5.74%	5.55%	5.60%
Expense waiver/reimbursement ³	0.01%	0.00% ⁴	0.06%	—%	—%

Supplemental Data:

Net assets, end of period (000 omitted)	\$106,628	\$192,194	\$190,070	\$267,448	\$287,649
Portfolio turnover	18%	32%	26%	33%	33%

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

2 Based on net asset value. Total returns do not reflect any additional fees or expenses that may be imposed by separate accounts of insurance companies or in connection with any variable annuity or variable life insurance contract.

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

4 Represents less than 0.01%.

See Notes which are an integral part of the Financial Statements

Financial Highlights – Service Shares

(For a Share Outstanding Throughout Each Period)

Year Ended December 31	2018	2017	2016	2015	2014
Net Asset Value, Beginning of Period	\$6.78	\$6.81	\$6.33	\$6.87	\$7.11
Income From Investment Operations:					
Net investment income ¹	0.32	0.34	0.35	0.35	0.38
Net realized and unrealized gain (loss)	(0.54)	0.09	0.53	(0.52)	(0.21)
TOTAL FROM INVESTMENT OPERATIONS	(0.22)	0.43	0.88	(0.17)	0.17
Less Distributions:					
Distributions from net investment income	(0.52)	(0.46)	(0.40)	(0.37)	(0.41)
Net Asset Value, End of Period	\$6.04	\$6.78	\$6.81	\$6.33	\$6.87
Total Return²	(3.43)%	6.56%	14.53%	(2.72)%	2.42%

Ratios to Average Net Assets:

Net expenses	1.06%	1.03%	0.96%	1.01%	1.02%
Net investment income	5.03%	5.01%	5.48%	5.29%	5.35%
Expense waiver/reimbursement ³	0.01%	0.00% ⁴	0.08%	—%	—%

Supplemental Data:

Net assets, end of period (000 omitted)	\$43,012	\$50,284	\$49,183	\$44,179	\$57,999
Portfolio turnover	18%	32%	26%	33%	33%

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

2 Based on net asset value. Total returns do not reflect any additional fees or expenses that may be imposed by separate accounts of insurance companies or in connection with any variable annuity or variable life insurance contract.

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

4 Represents less than 0.01%.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

December 31, 2018

Assets:

Investment in securities, at value (identified cost \$159,238,609)	\$147,230,212
Cash	494
Income receivable	2,558,797
Receivable for shares sold	44,141
TOTAL ASSETS	149,833,644

Liabilities:

Payable for shares redeemed	\$148,460
Payable for investment adviser fee (Note 5)	2,355
Payable for administrative fees (Note 5)	327
Payable for custodian fees	4,824
Payable for portfolio accounting fees	22,844
Payable for distribution services fee (Note 5)	8,729
Accrued expenses (Note 5)	6,383
TOTAL LIABILITIES	193,922

Net assets for 24,685,134 shares outstanding \$149,639,722

Net Assets Consist of:

Paid-in capital	\$164,351,277
Total distributable earnings (loss)	(14,711,555)
TOTAL NET ASSETS	\$149,639,722

Net Asset Value, Offering Price and Redemption Proceeds Per Share

Primary Shares:

Net asset value per share (\$106,628,155 ÷ 17,564,202 shares outstanding), no par value, unlimited shares authorized \$6.07

Service Shares:

Net asset value per share (\$43,011,567 ÷ 7,120,932 shares outstanding), no par value, unlimited shares authorized \$6.04

See Notes which are an integral part of the Financial Statements

Statement of Operations

Year Ended December 31, 2018

Investment Income:

Interest	\$ 10,637,031
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Expenses:

Investment adviser fee (Note 5)	\$1,047,896
Administrative fee (Note 5)	141,732
Custodian fees	17,647
Transfer agent fee	18,431
Directors'/Trustees' fees (Note 5)	2,577
Auditing fees	32,860
Legal fees	10,379
Portfolio accounting fees	87,128
Distribution services fee (Note 5)	122,295
Printing and postage	50,793
Miscellaneous (Note 5)	22,586
TOTAL EXPENSES	1,554,324

Waivers:

Waiver of investment adviser fee (Note 5)	\$(10,020)
Waiver of other operating expenses (Note 5)	(660)
TOTAL WAIVERS	(10,680)

Net expenses	1,543,644
Net investment income	9,093,387

Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Transactions:

Net realized gain on investments and foreign currency transactions	590,091
Net change in unrealized appreciation of investments	(15,517,633)
Net realized and unrealized gain (loss) on investments and foreign currency transactions	(14,927,542)
Change in net assets resulting from operations	\$ (5,834,155)

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

Year Ended December 31	2018	2017
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 9,093,387	\$ 12,735,283
Net realized gain	590,091	489,655
Net change in unrealized appreciation/depreciation	(15,517,633)	2,785,595
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	(5,834,155)	16,010,533
Distributions to Shareholders (Note 2):		
Primary Shares	(9,160,767)	(12,712,214)
Service Shares	(3,793,391)	(3,340,067)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(12,954,158)	(16,052,281)
Share Transactions:		
Proceeds from sale of shares	32,243,150	50,852,267
Net asset value of shares issued to shareholders in payment of distributions declared	12,954,150	16,052,274
Cost of shares redeemed	(119,247,711)	(63,637,069)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(74,050,411)	3,267,472
Change in net assets	(92,838,724)	3,225,724
Net Assets:		
Beginning of period	242,478,446	239,252,722
End of period	\$ 149,639,722	\$242,478,446

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

December 31, 2018

1. ORGANIZATION

Federated Insurance Series (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 six portfolios. The financial statements included herein are only those of Federated High Income Bond Fund II (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 two classes of shares: Primary Shares and Service Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. Fund shares are available exclusively as a funding vehicle for life insurance companies writing variable life insurance policies and variable annuity contracts. The investment objective of the Fund is to seek high 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").
- 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.
- 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.
- 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 and Significant Events 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.

The Trustees 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 Trustees 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 Trustees. The Trustees 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.

Repurchase agreements are subject to Master Netting Agreements (MNA) 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. 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 annually. 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. 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 waivers of \$10,680 is disclosed in Note 5.

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.

All distributions as indicated on the Statement of Changes in Net Assets for the year ended December 31, 2017, were from net investment income.

Undistributed net investment income at December 31, 2017, was \$12,907,088.

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 December 31, 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 December 31, 2018, 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.

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 Trustees. 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 Trustees.

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:

Year Ended December 31	2018		2017	
	Shares	Amount	Shares	Amount
Primary Shares:				
Shares sold	3,543,782	\$ 22,656,876	6,176,728	\$ 41,996,711
Shares issued to shareholders in payment of distributions declared	1,477,543	9,160,767	1,958,739	12,712,214
Shares redeemed	(15,649,947)	(103,973,265)	(7,715,309)	(52,592,213)
NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS	(10,628,622)	\$ (72,155,622)	420,158	\$ 2,116,712

Year Ended December 31	2018		2017	
	Shares	Amount	Shares	Amount
Service Shares:				
Shares sold	1,496,206	\$ 9,586,274	1,313,486	\$ 8,855,556
Shares issued to shareholders in payment of distributions declared	613,816	3,793,383	516,238	3,340,060
Shares redeemed	(2,402,438)	(15,274,446)	(1,636,129)	(11,044,856)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(292,416)	\$ (1,894,789)	193,595	\$ 1,150,760
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(10,921,038)	\$ (74,050,411)	613,753	\$ 3,267,472

4. FEDERAL TAX INFORMATION

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. These differences are due to differing treatments for defaulted securities, discount accretion/premium amortization on debt securities, foreign currency transactions and expiration of capital loss carryforwards.

For the year ended December 31, 2018, permanent differences identified and reclassified among the components of net assets were as follows:

	Increase (Decrease)	Total Distributable Earnings (Loss)
Paid-In Capital		
\$(8,933,404)		\$8,933,404

Net assets were not affected by this reclassification.

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended December 31, 2018 and 2017, was as follows:

	2018	2017
Ordinary income	\$12,954,158	\$16,052,281

As of December 31, 2018, the components of distributable earnings on a tax-basis were as follows:

Undistributed ordinary income	\$ 9,613,869
Net unrealized depreciation	\$(12,293,235)
Capital loss carryforwards	\$(12,032,189)

The difference between book-basis and tax-basis net unrealized appreciation/depreciation is attributable to differing treatments for defaulted securities and discount accretion/premium amortization on debt securities.

At December 31, 2018, the cost of investments for federal tax purposes was \$159,523,447. The net unrealized depreciation of investments for federal tax purposes was \$12,293,235. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$476,330 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$12,769,565.

At December 31, 2018, the Fund had a capital loss carryforward of \$12,032,189 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
\$223,291	\$11,808,898	\$12,032,189

The Fund used capital loss carryforwards of \$139,422 to offset capital gains realized during the year ended December 31, 2018.

Capital loss carryforwards of \$8,933,404 expired during the year ended December 31, 2018.

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 0.60% of the Fund's average daily net assets. For the year ended December 31, 2018, the Adviser voluntarily waived \$10,020 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

For the year ended December 31, 2018, the annualized fee paid to FAS was 0.081% 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 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 0.25% of average daily net assets, annually, to compensate FSC. For the year ended December 31, 2018, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred	Distribution Services Fees Waived
Service Shares	\$122,295	\$(660)

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the year ended December 31, 2018, FSC retained \$1,519 of fees paid by the Fund.

Interfund Transactions

During the year ended December 31, 2018, the Fund engaged in purchase and sale transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees and/or common Officers. These purchase and sale transactions complied with Rule 17a-7 under the Act and amounted to \$149,719 and \$18,322,814, respectively.

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 year ended December 31, 2018, were as follows:

Purchases	\$ 31,093,032
Sales	\$103,354,066

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 December 31, 2018, the Fund had no outstanding loans. During the year ended December 31, 2018, 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 December 31, 2018, there were no outstanding loans. During the year ended December 31, 2018, the program was not utilized.

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF TRUSTEES OF THE FEDERATED INSURANCE SERIES AND SHAREHOLDERS OF FEDERATED HIGH INCOME BOND FUND II:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the Federated High Income Bond Fund II (the “Fund”), a portfolio of Federated Insurance Series, as of December 31, 2018, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the “financial statements”) and the financial highlights for each of the years in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights 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 the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, 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 and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian and brokers. 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 and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the auditor of one or more of Federated Investors’ investment companies since 2006.

Boston, Massachusetts
February 15, 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 variable investment options. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from July 1, 2018 to December 31, 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 7/1/2018	Ending Account Value 12/31/2018	Expenses Paid During Period ¹
Actual:			
Primary Shares	\$1,000	\$ 974.30	\$4.08
Service Shares	\$1,000	\$ 972.60	\$5.32
Hypothetical (assuming a 5% return before expenses):			
Primary Shares	\$1,000	\$1,021.10	\$4.18
Service Shares	\$1,000	\$1,019.80	\$5.45

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 expenses shown in the table do not include the charges and expenses imposed by the insurance company under the variable insurance product contract. Please refer to the variable insurance product prospectus for a complete listing of these expenses. The annualized net expense ratios are as follows:

Primary Shares	0.82%
Service Shares	1.07%

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 Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust’s business affairs and for exercising all the Trust’s powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are “interested persons” of the Fund (i.e., “Interested” Trustees) and those who are not (i.e., “Independent” Trustees). Unless otherwise noted, the address of each person listed is Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2018, the Trust comprised six 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 Trustee 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 Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

INTERESTED TRUSTEES BACKGROUND

Name	
Birth Date	
Positions Held with Trust	Principal Occupation(s) for Past Five Years,
Date Service Began	Other Directorships Held and Previous Position(s)
J. Christopher Donahue* Birth Date: April 11, 1949 TRUSTEE Indefinite Term Began serving: September 1993	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. 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.
Thomas R. Donahue* Birth Date: October 20, 1958 TRUSTEE Indefinite Term Began serving: May 2016	Principal Occupations: Director or Trustee of certain of the funds in the Federated Fund Family; Chief Financial Officer, Treasurer, Vice President and Assistant Secretary, Federated Investors, Inc.; Chairman and Trustee, Federated Administrative Services; Chairman and Director, Federated Administrative Services, Inc.; Trustee and Treasurer, Federated Advisory Services Company; Director or Trustee and Treasurer, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, and Federated Investment Management Company; Director, MDTA LLC; Director, Executive Vice President and Assistant Secretary, Federated Securities Corp.; Director or Trustee and Chairman, Federated Services Company and Federated Shareholder Services Company; and Director and President, FII Holdings, Inc. Previous Positions: Director, Federated Investors, Inc.; Assistant Secretary, Federated Investment Management Company, Federated Global Investment Management Company and Passport Research, LTD; Treasurer, Passport Research, LTD; Executive Vice President, Federated Securities Corp.; and Treasurer, FII Holdings, Inc.

* Family relationships and reasons for “interested” status: J. Christopher Donahue and Thomas R. Donahue are brothers. Both are “interested” due to their beneficial ownership of shares of Federated Investors, Inc. and the positions they hold with Federated and its subsidiaries.

INDEPENDENT TRUSTEES BACKGROUND

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<p>John T. Collins Birth Date: January 24, 1947 TRUSTEE Indefinite Term Began serving: October 2013</p>	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).</p> <p>Other Directorships Held: Director, Chairman of the Compensation Committee, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).</p> <p>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).</p>
<p>G. Thomas Hough Birth Date: February 28, 1955 TRUSTEE Indefinite Term Began serving: August 2015</p>	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; formerly, Vice Chair, Ernst & Young LLP (public accounting firm) (Retired).</p> <p>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, Haverty Furniture Companies, Inc.</p> <p>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.</p>
<p>Maureen Lally-Green Birth Date: July 5, 1949 TRUSTEE Indefinite Term Began serving: August 2009</p>	<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>
<p>Charles F. Mansfield, Jr. Birth Date: April 10, 1945 TRUSTEE Indefinite Term Began serving: September 1999</p>	<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>
<p>Thomas M. O'Neill Birth Date: June 14, 1951 TRUSTEE Indefinite Term Began serving: August 2006</p>	<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>

Name	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
P. Jerome Richey Birth Date: February 23, 1949 TRUSTEE 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 TRUSTEE 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	Principal Occupation(s) for Past Five Years and Previous Position(s)
Lori A. Hensler Birth Date: January 6, 1967 TREASURER Officer since: April 2013	<p>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.</p> <p>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.</p>
Peter J. Germain Birth Date: September 3, 1959 CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	<p>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.</p> <p>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.</p>
John B. Fisher Birth Date: May 16, 1956 PRESIDENT Officer since: November 2004	<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 and CEO of Passport Research, Ltd.; 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; 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>
Stephen Van Meter Birth Date: June 5, 1975 CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	<p>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.</p> <p>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.</p>

Name Birth Date Address Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
Stephen F. Auth Birth Date: September 13, 1956 101 Park Avenue 41 st Floor New York, NY 10178 CHIEF INVESTMENT OFFICER Officer since: November 2002	Principal Occupations: Stephen F. Auth is Chief Investment Officer of various Funds in the Federated Fund Family; Executive Vice President, Federated Investment Counseling, Federated Global Investment Management Corp. and Federated Equity Management Company of Pennsylvania. Previous Positions: Executive Vice President, Federated Investment Management Company and Passport Research, Ltd. (investment advisory subsidiary of Federated); Senior Vice President, Global Portfolio Management Services Division; Senior Vice President, Federated Investment Management Company and Passport Research, Ltd.; Senior Managing Director and Portfolio Manager, Prudential Investments.
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.
Deborah A. Cunningham Birth Date: September 15, 1959 CHIEF INVESTMENT OFFICER Officer since: June 2012	Principal Occupations: Deborah A. Cunningham was named Chief Investment Officer of Federated's money market products in 2004. She joined Federated in 1981 and has been a Senior Portfolio Manager since 1997 and an Executive Vice President of the Fund's Adviser since 2009. Ms. Cunningham has received the Chartered Financial Analyst designation and holds an M.S.B.A. in Finance from Robert Morris College.

Evaluation and Approval of Advisory Contract – May 2018

FEDERATED HIGH INCOME BOND FUND II (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, 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, and other expenses of the Fund and noted the position of the Fund’s contractual advisory fee rate and other expenses relative to its Peer Group. In this regard, the Board noted that the contractual advisory fee rate was below the median of the relevant Peer Group and the Board was satisfied that the overall expense structure of the Fund remained competitive.

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

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.

Notes

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Variable investment options 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 variable investment options 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.

Federated[®]

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