

# Semi-Annual Shareholder Report

May 31, 2019

Share Class | Ticker

A | IVFAX

C | IVFCX

Institutional | IVFIX

R6 | IVFLX

## Federated International Strategic Value Dividend Fund

*Fund Established 2008*

A Portfolio of Federated Equity Funds

### IMPORTANT NOTICE REGARDING REPORT DELIVERY

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

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

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

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**J. Christopher  
Donahue**

*President*

Federated International  
Strategic Value  
Dividend Fund

## Letter from the President

Dear Valued Shareholder,

I am pleased to present the Semi-Annual Shareholder Report for your fund covering the period from December 1, 2018 through May 31, 2019. This report includes a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

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

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

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Christopher Donahue". The signature is written in a cursive, flowing style.

J. Christopher Donahue, President

**CONTENTS**

Portfolio of Investments Summary Tables ..... 1

Portfolio of Investments..... 3

Financial Highlights ..... 7

Statement of Assets and Liabilities..... 11

Statement of Operations..... 13

Statement of Changes in Net Assets..... 14

Notes to Financial Statements ..... 15

Shareholder Expense Example ..... 24

Evaluation and Approval of Advisory Contract..... 26

Voting Proxies on Fund Portfolio Securities ..... 33

Quarterly Portfolio Schedule ..... 33

# Portfolio of Investments Summary Tables (unaudited)

At May 31, 2019, the Fund's portfolio composition<sup>1</sup> was as follows:

<b>Country</b>	<b>Percentage of Total Net Assets</b>
Canada	23.5%
United Kingdom	22.0%
France	12.3%
Italy	6.4%
Germany	6.3%
Japan	4.7%
Australia	4.6%
Finland	3.6%
Switzerland	3.2%
Singapore	3.0%
Hong Kong	2.1%
Brazil	1.9%
United States	1.8%
Norway	1.2%
Spain	1.0%
Cash Equivalents <sup>2</sup>	0.7%
Other Assets and Liabilities—Net <sup>3</sup>	1.7%
<b>TOTAL</b>	<b>100.0%</b>

- 1 Country allocations are based primarily on the country in which a company is incorporated. However, the Fund's Adviser may allocate a company to a country based on other factors such as location of the company's principal office, the location of the principal trading market for the company's securities or the country where a majority of the company's revenues are derived.*
- 2 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.*
- 3 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

At May 31, 2019, the Fund's sector classification composition<sup>4</sup> was as follows:

<b>Sector Classification</b>	<b>Percentage of Total Net Assets</b>
Communication Services	19.7%
Utilities	19.5%
Financials	18.7%
Energy	13.9%
Health Care	10.0%
Consumer Staples	8.3%
Materials	3.0%
Industrials	2.0%
Real Estate	1.7%
Information Technology	0.8%
Cash Equivalents <sup>2</sup>	0.7%
Other Assets and Liabilities—Net <sup>3</sup>	1.7%
<b>TOTAL</b>	<b>100.0%</b>

- <sup>4</sup> Except for Cash Equivalents and Other Assets and Liabilities, sector classifications are based upon, and individual securities assigned to, the classifications of the Global Industry Classification Standard (GICS) except that the Adviser assigns a classification to securities not classified by the GICS and to securities for which the Adviser does not have access to the classification made by the GICS.

# Portfolio of Investments

May 31, 2019 (unaudited)

Shares		Value in U.S. Dollars
	COMMON STOCKS—97.6%	
	<b>Communication Services—19.7%</b>	
479,900	BCE, Inc.	\$ 21,608,992
163,000	Elisa Communications Oyj	7,264,282
3,653,425	HKT Trust and HKT Ltd.	5,755,741
326,200	NTT DOCOMO, Inc.	7,483,349
5,604,835	Singapore Telecom Ltd.	13,056,872
377,975	Telef Brasil, ADR	4,626,414
245,955	Telenor ASA	5,053,817
332,125	TELUS Corp.	12,252,091
5,035,793	Vodafone Group PLC	8,217,424
	<b>TOTAL</b>	<b>85,318,982</b>
	<b>Consumer Staples—8.3%</b>	
278,555	British American Tobacco PLC	9,669,759
48,775	Danone SA	3,892,862
181,326	Imperial Brands PLC	4,393,829
166,500	Japan Tobacco, Inc.	3,818,766
100,510	Philip Morris International, Inc.	7,752,336
101,900	Unilever PLC	6,221,511
	<b>TOTAL</b>	<b>35,749,063</b>
	<b>Energy—13.9%</b>	
2,155,294	BP PLC	14,617,478
467,600	Enbridge, Inc.	17,214,987
316,800	TC Energy Corp.	15,443,883
245,718	Total S.A.	12,710,417
	<b>TOTAL</b>	<b>59,986,765</b>
	<b>Financials—18.7%</b>	
250,750	Admiral Group PLC	6,544,320
160,000	BNP Paribas SA	7,292,539
183,350	Canadian Imperial Bank of Commerce	13,903,182
74,891	Muenchener Rueckversicherungs-Gesellschaft AG	18,077,029
288,795	Scor SA	11,865,795
267,300	Sumitomo Mitsui Financial Group, Inc.	9,293,484
42,505	Zurich Insurance Group AG	13,771,898
	<b>TOTAL</b>	<b>80,748,247</b>

Shares		Value in U.S. Dollars
	COMMON STOCKS—continued	
	<b>Health Care—10.0%</b>	
610,068	GlaxoSmithKline PLC	\$ 11,780,373
254,900	Orion Oyj	8,329,593
218,221	Sanofi	17,623,443
300,000	Sonic Healthcare Ltd.	5,434,641
	TOTAL	43,168,050
	<b>Industrials—2.0%</b>	
439,797	BAE Systems PLC	2,519,300
41,675	Siemens AG	4,721,369
261,775	Sydney Airport	1,344,604
	TOTAL	8,585,273
	<b>Information Technology—0.8%</b>	
2,031,850	CIELO S.A.	3,469,309
	<b>Materials—3.0%</b>	
1,157,000	Ancor Ltd.	13,212,964
	<b>Real Estate—1.7%</b>	
261,000	Link REIT	3,128,916
84,200	Vonovia SE	4,416,242
	TOTAL	7,545,158
	<b>Utilities—19.5%</b>	
433,450	Emera, Inc.	16,688,915
886,000	Enel SpA	5,520,951
117,325	Fortis, Inc. / Canada	4,431,371
460,000	Iberdrola SA	4,279,166
1,832,195	Italgas SpA	11,606,767
2,002,482	National Grid-SP PLC	20,110,054
816,925	SSE PLC	11,169,848
1,702,875	Terna SpA	10,413,722
	TOTAL	84,220,794
	TOTAL COMMON STOCKS (IDENTIFIED COST \$468,314,970)	422,004,605
	INVESTMENT COMPANY—0.7%	
3,004,146	Federated Institutional Prime Value Obligations Fund, Institutional Shares, 2.460% <sup>1</sup> (IDENTIFIED COST \$3,004,846)	3,004,746
	TOTAL INVESTMENT IN SECURITIES—98.3% (IDENTIFIED COST \$471,319,816) <sup>2</sup>	425,009,351
	OTHER ASSETS AND LIABILITIES - NET—1.7% <sup>3</sup>	7,285,043
	TOTAL NET ASSETS—100%	\$432,294,394

Affiliated fund holdings are investment companies which are managed by the Adviser or an affiliate of the Adviser. Transactions with affiliated fund holdings during the period ended May 31, 2019, were as follows:

	<b>Federated Institutional Prime Value Obligations Fund, Institutional Shares</b>
Balance of Shares Held 11/30/2018	4,151,124
Purchases/Additions	68,474,150
Sales/Reductions	(69,621,128)
Balance of Shares Held 5/31/2019	3,004,146
Value	\$ 3,004,746
Change in Unrealized Appreciation/Depreciation	\$ 28
Net Realized Gain/(Loss)	\$ 680
Dividend Income	\$ 52,096

1 *7-day net yield.*

2 *Also represents cost for federal tax purposes.*

3 *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 May 31, 2019.

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

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

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

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

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



The following is a summary of the inputs used, as of May 31, 2019, in valuing the Fund's assets carried at fair value:

**Valuation Inputs**

	<b>Level 1— Quoted Prices</b>	<b>Level 2— Other Significant Observable Inputs</b>	<b>Level 3— Significant Unobservable Inputs</b>	<b>Total</b>
<b>Equity Securities:</b>				
Common Stocks				
Domestic	\$ 7,752,336	\$ —	\$—	\$ 7,752,336
International	109,639,144	304,613,125	—	414,252,269
<b>Investment Company</b>	3,004,746	—	—	3,004,746
<b>TOTAL SECURITIES</b>	<b>\$120,396,226</b>	<b>\$304,613,125</b>	<b>\$—</b>	<b>\$425,009,351</b>

The following acronyms are used throughout this portfolio:

ADR—American Depositary Receipt

REIT—Real Estate Investment Trust

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class A Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 5/31/2019	Year Ended November 30,				
	2018	2017	2016	2015	2014	
<b>Net Asset Value, Beginning of Period</b>	<b>\$3.34</b>	<b>\$3.75</b>	<b>\$3.36</b>	<b>\$3.63</b>	<b>\$4.17</b>	<b>\$4.21</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.10	0.16	0.14 <sup>1</sup>	0.12 <sup>1</sup>	0.13 <sup>1</sup>	0.19 <sup>1</sup>
Net realized and unrealized gain (loss)	(0.07)	(0.42)	0.39	(0.28)	(0.52)	(0.03)
TOTAL FROM INVESTMENT OPERATIONS	0.03	(0.26)	0.53	(0.16)	(0.39)	0.16
<b>Less Distributions:</b>						
Distributions from net investment income	(0.10)	(0.15)	(0.14)	(0.11)	(0.13)	(0.20)
Distributions from net realized gain	—	—	—	—	(0.02)	(0.00) <sup>2</sup>
TOTAL DISTRIBUTIONS	(0.10)	(0.15)	(0.14)	(0.11)	(0.15)	(0.20)
<b>Net Asset Value, End of Period</b>	<b>\$3.27</b>	<b>\$3.34</b>	<b>\$3.75</b>	<b>\$3.36</b>	<b>\$3.63</b>	<b>\$4.17</b>
<b>Total Return<sup>3</sup></b>	0.77%	(7.04)%	16.00%	(4.66)%	(9.67)%	3.68%
<b>Ratios to Average Net Assets:</b>						
Net expenses	1.11% <sup>4</sup>	1.11% <sup>5</sup>	1.11%	1.11% <sup>5</sup>	1.10% <sup>5</sup>	1.11%
Net investment income	5.35% <sup>4</sup>	4.28%	3.75%	3.21%	3.28%	4.48%
Expense waiver/reimbursement <sup>6</sup>	0.19% <sup>4</sup>	0.18%	0.17%	0.14%	0.14%	0.14%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$87,288	\$96,847	\$154,565	\$194,782	\$229,755	\$311,840
Portfolio turnover	18%	24%	18%	27%	39%	11%

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

2 Represents less than \$0.01.

3 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods of less than one year are not annualized.

4 Computed on an annualized basis.

5 The net expense ratio is calculated without reduction for fees paid indirectly for expense offset arrangements. The net expense ratios are 1.11%, 1.11% and 1.10% for the years ended November 30, 2018, 2016 and 2015, respectively, after taking into account these expense reductions.

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

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class C Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 5/31/2019	Year Ended November 30,				
		2018	2017	2016	2015	2014
<b>Net Asset Value, Beginning of Period</b>	<b>\$3.31</b>	<b>\$3.72</b>	<b>\$3.34</b>	<b>\$3.61</b>	<b>\$4.15</b>	<b>\$4.19</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.07	0.12	0.11 <sup>1</sup>	0.09 <sup>1</sup>	0.10 <sup>1</sup>	0.15 <sup>1</sup>
Net realized and unrealized gain (loss)	(0.06)	(0.40)	0.39	(0.28)	(0.52)	(0.02)
TOTAL FROM INVESTMENT OPERATIONS	0.01	(0.28)	0.50	(0.19)	(0.42)	0.13
<b>Less Distributions:</b>						
Distributions from net investment income	(0.08)	(0.13)	(0.12)	(0.08)	(0.10)	(0.17)
Distributions from net realized gain	—	—	—	—	(0.02)	(0.00) <sup>2</sup>
TOTAL DISTRIBUTIONS	(0.08)	(0.13)	(0.12)	(0.08)	(0.12)	(0.17)
<b>Net Asset Value, End of Period</b>	<b>\$3.24</b>	<b>\$3.31</b>	<b>\$3.72</b>	<b>\$3.34</b>	<b>\$3.61</b>	<b>\$4.15</b>
<b>Total Return<sup>3</sup></b>	0.40%	(7.75)%	14.99%	(5.27)%	(10.33)%	3.01%
<b>Ratios to Average Net Assets:</b>						
Net expenses	1.86% <sup>4</sup>	1.86% <sup>5</sup>	1.86%	1.85% <sup>5</sup>	1.85% <sup>5</sup>	1.86%
Net investment income	4.58% <sup>4</sup>	3.55%	3.05%	2.46%	2.54%	3.60%
Expense waiver/reimbursement <sup>6</sup>	0.19% <sup>4</sup>	0.16%	0.16%	0.14%	0.14%	0.14%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$54,403	\$59,419	\$89,502	\$95,496	\$114,801	\$123,868
Portfolio turnover	18%	24%	18%	27%	39%	11%

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

2 Represents less than \$0.01.

3 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods of less than one year are not annualized.

4 Computed on an annualized basis.

5 The net expense ratio is calculated without reduction for fees paid indirectly for expense offset arrangements. The net expense ratios are 1.86%, 1.85% and 1.85% for the years ended November 30, 2018, 2016 and 2015, respectively, after taking into account these expense reductions.

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

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 5/31/2019	Year Ended November 30,				
		2018	2017	2016	2015	2014
<b>Net Asset Value, Beginning of Period</b>	<b>\$3.35</b>	<b>\$3.75</b>	<b>\$3.37</b>	<b>\$3.63</b>	<b>\$4.18</b>	<b>\$4.22</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.10	0.17	0.15 <sup>1</sup>	0.12 <sup>1</sup>	0.14 <sup>1</sup>	0.19 <sup>1</sup>
Net realized and unrealized gain (loss)	(0.08)	(0.41)	0.38	(0.27)	(0.53)	(0.02)
TOTAL FROM INVESTMENT OPERATIONS	0.02	(0.24)	0.53	(0.15)	(0.39)	0.17
<b>Less Distributions:</b>						
Distributions from net investment income	(0.10)	(0.16)	(0.15)	(0.11)	(0.14)	(0.21)
Distributions from net realized gain	—	—	—	—	(0.02)	(0.00) <sup>2</sup>
TOTAL DISTRIBUTIONS	(0.10)	(0.16)	(0.15)	(0.11)	(0.16)	(0.21)
<b>Net Asset Value, End of Period</b>	<b>\$3.27</b>	<b>\$3.35</b>	<b>\$3.75</b>	<b>\$3.37</b>	<b>\$3.63</b>	<b>\$4.18</b>
<b>Total Return<sup>3</sup></b>	0.60%	(6.53)%	15.94%	(4.17)%	(9.67)%	3.91%

## Ratios to Average Net Assets:

Net expenses	0.86% <sup>4</sup>	0.86% <sup>5</sup>	0.86%	0.86% <sup>5</sup>	0.85% <sup>5</sup>	0.86%
Net investment income	5.59% <sup>4</sup>	4.55%	4.09%	3.39%	3.56%	4.52%
Expense waiver/reimbursement <sup>6</sup>	0.17% <sup>4</sup>	0.14%	0.14%	0.14%	0.14%	0.14%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$256,960	\$293,943	\$521,928	\$538,267	\$415,083	\$522,221
Portfolio turnover	18%	24%	18%	27%	39%	11%

- <sup>1</sup> Per share numbers have been calculated using the average shares method.
- <sup>2</sup> Represents less than \$0.01.
- <sup>3</sup> Based on net asset value. Total returns for periods of less than one year are not annualized.
- <sup>4</sup> Computed on an annualized basis.
- <sup>5</sup> The net expense ratio is calculated without reduction for fees paid indirectly for expense offset arrangements. The net expense ratios are 0.86%, 0.86% and 0.85% for the years ended November 30, 2018, 2016 and 2015, respectively, after taking into account these expense reductions.
- <sup>6</sup> This expense decrease is reflected in both the net expense and net investment income ratios shown above.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class R6 Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 5/31/2019	Year Ended 11/30/2018	Period Ended 11/30/2017 <sup>1</sup>
<b>Net Asset Value, Beginning of Period</b>	<b>\$3.35</b>	<b>\$3.75</b>	<b>\$3.48</b>
<b>Income From Investment Operations:</b>			
Net investment income	0.09	0.15	0.13 <sup>2</sup>
Net realized and unrealized gain (loss)	(0.07)	(0.39)	0.27
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.02</b>	<b>(0.24)</b>	<b>0.40</b>
<b>Less Distributions:</b>			
Distributions from net investment income	(0.10)	(0.16)	(0.13)
Distributions from net realized gain	—	—	—
<b>TOTAL DISTRIBUTIONS</b>	<b>(0.10)</b>	<b>(0.16)</b>	<b>(0.13)</b>
<b>Net Asset Value, End of Period</b>	<b>\$3.27</b>	<b>\$3.35</b>	<b>\$3.75</b>
<b>Total Return<sup>3</sup></b>	<b>0.60%</b>	<b>(6.52)%</b>	<b>11.68%</b>
<b>Ratios to Average Net Assets:</b>			
Net expenses	0.85% <sup>4</sup>	0.85% <sup>5</sup>	0.85% <sup>4</sup>
Net investment income	5.60% <sup>4</sup>	3.76%	4.22% <sup>4</sup>
Expense waiver/reimbursement <sup>6</sup>	0.09% <sup>4</sup>	0.08%	0.07% <sup>4</sup>
<b>Supplemental Data:</b>			
Net assets, end of period (000 omitted)	\$33,644	\$37,628	\$6,188
Portfolio turnover	18%	24%	18% <sup>7</sup>

- 1 Reflects operations for the period from January 27, 2017 (date of initial investment) to November 30, 2017.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 4 Computed on an annualized basis.
- 5 The net expense ratio is calculated without reduction for fees paid indirectly for expense offset arrangements. The net expense ratio is 0.85% for the year ended November 30, 2018, after taking into this expense reduction.
- 6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above.
- 7 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended November 30, 2017.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

May 31, 2019 (unaudited)

## Assets:

Investment in securities, at value including \$3,004,746 of investment in an affiliated holding (identified cost \$471,319,816)	\$ 425,009,351
Cash denominated in foreign currencies (identified cost \$580,833)	580,833
Receivable for investments sold	12,641,323
Income receivable	4,785,532
Income receivable from affiliated holding	132
Receivable for shares sold	610,512
<b>TOTAL ASSETS</b>	<b>443,627,683</b>

## Liabilities:

Payable for investments purchased	\$10,391,574
Payable for shares redeemed	626,849
Payable for distribution services fee (Note 5)	35,678
Payable for other service fees (Notes 2 and 5)	30,879
Payable for investment adviser fee (Note 5)	9,340
Payable for administrative fee (Note 5)	786
Accrued expenses (Note 5)	238,183
<b>TOTAL LIABILITIES</b>	<b>11,333,289</b>
Net assets for 132,317,835 shares outstanding	\$ 432,294,394

## Net Assets Consists of:

Paid-in capital	\$ 600,961,232
Total distributable earnings (loss)	(168,666,838)
<b>TOTAL NET ASSETS</b>	<b>\$ 432,294,394</b>

## Statement of Assets and Liabilities – continued

### **Net Asset Value, Offering Price and Redemption Proceeds Per Share:**

#### **Class A Shares:**

Net asset value per share (\$87,288,472 ÷ 26,710,026 shares outstanding), no par value, unlimited shares authorized	\$3.27
Offering price per share (100/94.50 of \$3.27)	\$3.46
Redemption proceeds per share	\$3.27

#### **Class C Shares:**

Net asset value per share (\$54,402,642 ÷ 16,808,818 shares outstanding), no par value, unlimited shares authorized	\$3.24
Offering price per share	\$3.24
Redemption proceeds per share (99.00/100 of \$3.24)	\$3.21

#### **Institutional Shares:**

Net asset value per share (\$256,959,640 ÷ 78,509,169 shares outstanding), no par value, unlimited shares authorized	\$3.27
Offering price per share	\$3.27
Redemption proceeds per share	\$3.27

#### **Class R6 Shares:**

Net asset value per share (\$33,643,640 ÷ 10,289,822 shares outstanding), no par value, unlimited shares authorized	\$3.27
Offering price per share	\$3.27
Redemption proceeds per share	\$3.27

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended May 31, 2019 (unaudited)

## Investment Income:

Dividends (including \$52,096 received from an affiliated holding* and net of foreign taxes withheld of \$1,010,535)	\$ 14,801,270
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## Expenses:

Investment adviser fee (Note 5)	\$1,721,356
Administrative fee (Note 5)	183,268
Custodian fees	46,277
Transfer agent fees (Note 2)	225,168
Directors'/Trustees' fees (Note 5)	2,146
Auditing fees	17,237
Legal fees	5,208
Distribution services fee (Note 5)	219,687
Other service fees (Notes 2 and 5)	187,947
Portfolio accounting fees	69,891
Share registration costs	37,132
Printing and postage	27,820
Miscellaneous (Note 5)	20,602
<b>TOTAL EXPENSES</b>	<b>2,763,739</b>

## Waiver and Reimbursements:

Waiver/reimbursement of investment adviser fee (Note 5)	\$(213,750)
Reimbursement of other operating expenses (Notes 2 and 5)	(174,839)
<b>TOTAL WAIVER AND REIMBURSEMENTS</b>	<b>(388,589)</b>

Net expenses	2,375,150
Net investment income	\$ 12,426,120

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

Net realized loss on investments (including net realized gain of \$680 on sales of investments in an affiliated holding*) and foreign currency translations	\$(26,434,198)
Net change in unrealized depreciation of investments and translation of assets and liabilities in foreign currency (including net change in unrealized depreciation of \$28 of investments in an affiliated holding*)	17,118,556
Net realized and unrealized gain (loss) on investments and foreign currency transactions	(9,315,642)
Change in net assets resulting from operations	\$ 3,110,478

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

See Notes which are an integral part of the Financial Statements



# Statement of Changes in Net Assets

	<b>Six Months Ended (unaudited) 5/31/2019</b>	<b>Year Ended 11/30/2018</b>
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 12,426,120	\$ 27,382,516
Net realized gain (loss)	(26,434,198)	577,888
Net change in unrealized appreciation/depreciation	17,118,556	(73,180,650)
<b>CHANGE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>3,110,478</b>	<b>(45,220,246)</b>
<b>Distributions to Shareholders:</b>		
Class A Shares	(2,605,550)	(5,477,770)
Class C Shares	(1,438,806)	(2,789,342)
Institutional Shares	(8,011,915)	(18,822,839)
Class R6 Shares	(1,051,028)	(545,090)
<b>CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS</b>	<b>(13,107,299)</b>	<b>(27,635,041)</b>
<b>Share Transactions:</b>		
Proceeds from sale of shares	75,225,031	208,584,454
Net asset value of shares issued to shareholders in payment of distributions declared	11,078,604	23,752,992
Cost of shares redeemed	(131,849,397)	(443,828,526)
<b>CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS</b>	<b>(45,545,762)</b>	<b>(211,491,080)</b>
Change in net assets	(55,542,583)	(284,346,367)
<b>Net Assets:</b>		
Beginning of period	487,836,977	772,183,344
End of period	\$ 432,294,394	\$ 487,836,977

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

May 31, 2019 (unaudited)

## 1. ORGANIZATION

Federated Equity Funds (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 10 portfolios. The financial statements included herein are only those of Federated International Strategic Value Dividend Fund (the “Fund”), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder’s interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers four classes of shares: Class A Shares, Class C Shares, Institutional Shares and Class R6 Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The investment objective of the Fund is to provide income and long-term capital appreciation.

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

## 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:

- 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.
- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund’s Board of Trustees (the “Trustees”).
- 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 Equity Management Company of Pennsylvania (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 provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. 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 Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

### **Investment Income, Gains and Losses, Expenses and Distributions**

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense waiver and reimbursements of \$388,589 is disclosed in various locations in this Note 2 and Note 5.

For the six months ended May 31, 2019, transfer agent fees for the Fund were as follows:

	<b>Transfer Agent Fees Incurred</b>	<b>Transfer Agent Fees Reimbursed</b>
Class A Shares	\$ 57,685	\$ (46,692)
Class C Shares	35,543	(28,861)
Institutional Shares	129,737	(99,286)
Class R6 Shares	2,203	—
<b>TOTAL</b>	<b>\$225,168</b>	<b>\$(174,839)</b>

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.

### **Other Service Fees**

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Class A Shares and Class C Shares to unaffiliated financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees. For the six months ended May 31, 2019, other service fees for the Fund were as follows:

	<b>Other Service Fees Incurred</b>
Class A Shares	\$114,850
Class C Shares	73,097
<b>TOTAL</b>	<b>\$187,947</b>

### **Federal Taxes**

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code (the "Code") and to distribute to shareholders each year substantially all of its income.

Accordingly, no provision for federal income tax is necessary. As of and during the six months ended May 31, 2019, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of May 31, 2019, tax years 2015 through 2018 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

The Fund may be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The Fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or gains are earned.

## **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.

## **Foreign Exchange Contracts**

The Fund may enter into foreign exchange contracts to manage country and currency risks. Purchased contracts are used to acquire exposure to foreign currencies, whereas, contracts to sell are used to hedge the Fund's securities against currency fluctuations. Risks may arise upon entering into these transactions from the potential inability of counterparties to meet the terms of their commitments and from unanticipated movements in security prices or foreign exchange rates. The foreign exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the settlement date.

At May 31, 2019, the Fund had no outstanding foreign exchange contracts.

## **Foreign Currency Translation**

The accounting records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rates of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities, income and expenses are translated at the rate of exchange quoted on the respective date that such transactions are recorded. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at period end, resulting from changes in the exchange rate.

## **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:

Class A Shares:	Six Months Ended 5/31/2019		Year Ended 11/30/2018	
	Shares	Amount	Shares	Amount
Shares sold	2,563,265	\$ 8,442,009	5,869,355	\$ 20,861,846
Shares issued to shareholders in payment of distributions declared	759,805	2,505,159	1,476,591	5,209,420
Shares redeemed	(5,577,751)	(18,555,390)	(19,614,094)	(69,390,447)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	(2,254,681)	\$ (7,608,222)	(12,268,148)	\$(43,319,181)

Class C Shares:	Six Months Ended 5/31/2019		Year Ended 11/30/2018	
	Shares	Amount	Shares	Amount
Shares sold	2,679,501	\$ 8,536,568	3,398,382	\$ 12,094,263
Shares issued to shareholders in payment of distributions declared	413,329	1,348,537	752,361	2,630,120
Shares redeemed	(4,223,801)	(13,849,063)	(10,293,521)	(35,851,421)
NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS	(1,130,971)	\$ (3,963,958)	(6,142,778)	\$(21,127,038)

Institutional Shares:	Six Months Ended 5/31/2019		Year Ended 11/30/2018	
	Shares	Amount	Shares	Amount
Shares sold	17,017,243	\$ 56,372,249	37,094,460	\$ 132,297,083
Shares issued to shareholders in payment of distributions declared	1,876,375	6,197,428	4,347,571	15,395,430
Shares redeemed	(28,166,946)	(93,313,038)	(92,691,311)	(327,942,301)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	(9,273,328)	\$(30,743,361)	(51,249,280)	\$(180,249,788)

Class R6 Shares:	Six Months Ended 5/31/2019		Year Ended 11/30/2018	
	Shares	Amount	Shares	Amount
Shares sold	558,441	\$ 1,874,205	12,608,507	\$ 43,331,262
Shares issued to shareholders in payment of distributions declared	311,559	1,027,480	149,664	518,022
Shares redeemed	(1,828,318)	(6,131,906)	(3,159,039)	(10,644,357)
NET CHANGE RESULTING FROM CLASS R6 SHARE TRANSACTIONS	(958,318)	\$ (3,230,221)	9,599,132	\$ 33,204,927
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(13,617,298)	\$(45,545,762)	(60,061,074)	\$(211,491,080)

#### 4. FEDERAL TAX INFORMATION

At May 31, 2019, the cost of investments for federal tax purposes was \$471,319,816. The net unrealized depreciation of investments for federal tax purposes was \$46,310,465. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$11,924,537 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$58,235,002.

As of November 30, 2018, the Fund had a capital loss carryforward of \$96,383,921 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, a net capital loss incurred in taxable years beginning after December 22, 2010, retains its character as either short-term or long-term and does not expire. All of the Fund's capital loss carryforwards were incurred in taxable years beginning after December 22, 2010.

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

<b>Expiration Year</b>	<b>Short-Term</b>	<b>Long-Term</b>	<b>Total</b>
No expiration	\$33,388,293	\$62,995,628	\$96,383,921

#### 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 0.75% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee and/or reimburse certain operating expenses of the fund. For the six months ended May 31, 2019, the Adviser voluntarily waived \$212,364 of its fee and voluntarily reimbursed \$174,839 of transfer agent fees.

The Adviser has agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the six months ended May 31, 2019, the Adviser reimbursed \$1,386.

##### 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:

<b>Administrative Fee</b>	<b>Average Daily Net Assets of the Investment Complex</b>
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the six months ended May 31, 2019, the annualized fee paid to FAS was 0.080% of average daily net assets of the Fund.

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



## Distribution Services Fee

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

Share Class Name	Percentage of Average Daily Net Assets of Class
Class A Shares	0.05%
Class C Shares	0.75%

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

	Distribution Services Fees Incurred
Class C Shares	\$219,687

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended May 31, 2019, FSC retained \$22,892 of fees paid by the Fund. For the six months ended May 31, 2019, the Fund’s Class A Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

## Sales Charges

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. They are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. For the six months ended May 31, 2019, FSC retained \$4,825 in sales charges from the sale of Class A Shares. FSC also retained \$3,352 of CDSC relating to redemptions of Class C Shares.

## Other Service Fees

For the six months ended May 31, 2019, FSSC received \$1,568 of other service fees disclosed in Note 2.

## Expense Limitation

The Adviser and certain of its affiliates (which may include FSC, FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding tax reclaim recovery expenses, interest expense, extraordinary expenses and proxy-related expenses paid by the Fund, if any) paid by the Fund’s Class A Shares, Class C Shares, Institutional Shares and Class R6 Shares (after the voluntary waivers and reimbursements) will not exceed 1.10%, 1.85%, 0.85% and 0.84% (the “Fee Limit”), respectively, up to but not including the later of (the “Termination Date”): (a) February 1, 2020; or (b) the date of the

Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

### **Directors'/Trustees' and Miscellaneous Fees**

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

### **6. INVESTMENT TRANSACTIONS**

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the six months ended May 31, 2019, were as follows:

Purchases	\$ 80,351,377
Sales	\$129,944,870

### **7. CONCENTRATION OF RISK**

The Fund invests in securities of non-U.S. issuers. Political or economic developments may have an effect on the liquidity and volatility of portfolio securities and currency holdings.

### **8. 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 May 31, 2019, the Fund had no outstanding loans. During the six months ended May 31, 2019, the Fund did not utilize the LOC.

### **9. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the SEC, the Fund, along with other funds advised by subsidiaries of Federated Investors, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of May 31, 2019, there were no outstanding loans. During the six months ended May 31, 2019, the program was not utilized.

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase or redemption payments and redemption/exchange fees; and (2) ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from December 1, 2018 to May 31, 2019.

### **ACTUAL EXPENSES**

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

### **HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES**

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

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as sales charges (loads) on purchase or redemption payments, or redemption/exchange fees. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds. In addition, if these transaction costs were included, your costs would have been higher.

	Beginning Account Value 12/1/2018	Ending Account Value 5/31/2019	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Class A Shares	\$1,000	\$1,007.70	\$5.56
Class C Shares	\$1,000	\$1,004.00	\$9.29
Institutional Shares	\$1,000	\$1,006.00	\$4.30
Class R6 Shares	\$1,000	\$1,006.00	\$4.25
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Class A Shares	\$1,000	\$1,019.40	\$5.59
Class C Shares	\$1,000	\$1,015.66	\$9.35
Institutional Shares	\$1,000	\$1,020.64	\$4.33
Class R6 Shares	\$1,000	\$1,020.69	\$4.28

<sup>1</sup> Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	1.11%
Class C Shares	1.86%
Institutional Shares	0.86%
Class R6 Shares	0.85%

# Evaluation and Approval of Advisory Contract – May 2019

## **FEDERATED INTERNATIONAL STRATEGIC VALUE DIVIDEND FUND (THE “FUND”)**

At its meetings in May 2019, 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.

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the CCO) furnished to the Board in advance of its May 2019 meetings an independent written evaluation presenting on the topics discussed below. 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. 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. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer,” prior to the elimination of the Senior Officer position in December 2017.

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 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 Equity Management Company of Pennsylvania (the "Adviser") and its affiliates (collectively, "Federated") on matters relating to the funds advised by Federated (each, a "Federated Fund"). The Independent Trustees were assisted in their deliberations by independent legal counsel.

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

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

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

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

The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund and noted the position of the Fund's fee rates relative to its Peer Group. In this regard, the Board noted that the contractual advisory fee rate was 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 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 risks 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, financial resources, 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 investment research and company engagement capabilities of the Adviser and its affiliates. The Board also 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 there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Peer Group.

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

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

The Board also received financial information about Federated, including information regarding the compensation and ancillary (or "fall-out") benefits Federated derived from its relationships with the Federated Funds. This information covered not only the fees under the investment advisory contracts, but also fees received by Federated's subsidiaries for providing other services to the Federated Funds under separate contracts (e.g., for serving as the Federated funds' administrator and distributor). In this regard, the Board considered that certain Federated subsidiaries provide distribution and shareholder services to the Federated Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The information also detailed any indirect benefit Federated may derive from its receipt of research services from brokers who execute Federated Fund trades. In

addition, the Board considered the fact that, in order for a Federated Fund to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated Fund investors and/or indicated to the Board their intention to do so in the future. Moreover, the Board receives regular reporting as to the institution, adjustment or elimination of these voluntary waivers. The Board considered Federated's previous reductions in contractual management fees to certain Federated Funds in response to the CCO's recommendations in the prior year's CCO Fee Evaluation Report.

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, the difficulties of calculating economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the Board considered that Federated 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 investments (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 Federated'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 potential economies of scale to be shared 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. 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](http://www.FederatedInvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [www.sec.gov](http://www.sec.gov).

## Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [www.sec.gov](http://www.sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund and share class name at [www.FederatedInvestors.com](http://www.FederatedInvestors.com).

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

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

**IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

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

# Notes

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# Federated®

Federated International Strategic Value Dividend Fund  
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Contact us at **FederatedInvestors.com**  
or call 1-800-341-7400.

Federated Securities Corp., Distributor

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