

# Semi-Annual Shareholder Report

June 30, 2019

Share Class

Primary

Service

## Federated Managed Volatility 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 Semi-Annual Shareholder Report for your fund covering the period from January 1, 2019 through June 30, 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,



John B. Fisher, President

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## Portfolio of Investments Summary Tables (unaudited)

At June 30, 2019, the Fund's portfolio composition<sup>1</sup> was as follows:

Portfolio Composition	Percentage of Total Net Assets
Domestic Fixed-Income Securities	41.9%
Domestic Equity Securities	38.2%
International Fixed-Income Securities	3.3%
Federated High Income Bond Fund II, Class P	2.8%
Federated Project and Trade Finance Core Fund	2.6%
Emerging Markets Core Fund	1.8%
International Equity Securities	1.4%
Federated Bank Loan Core Fund	1.1%
Cash Equivalents <sup>2</sup>	1.0%
Federated U.S. Government Securities Fund: 2-5 Years, Institutional Shares <sup>3</sup>	0.0%
Other Security Types <sup>4</sup>	0.1%
Derivative Contracts <sup>5</sup>	0.7%
Repurchase Agreement	3.0%
Other Assets and Liabilities—Net <sup>6</sup>	2.1%
<b>TOTAL</b>	<b>100.0%</b>

At June 30, 2019, the Fund's sector composition<sup>7</sup> for its equity securities was as follows:

Sector Composition of Equity Holdings	Percentage of Equity Securities
Financials	23.3%
Health Care	14.0%
Energy	9.2%
Consumer Staples	8.2%
Industrials	8.1%
Information Technology	8.0%
Communication Services	7.9%
Utilities	6.5%
Consumer Discretionary	5.4%
Real Estate	5.1%
Materials	4.3%
<b>TOTAL</b>	<b>100.0%</b>

1 See the Fund's Prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests. As of the date specified above, the Fund owned shares of one or more affiliated investment companies. For purposes of this table, affiliated investment companies (other than an affiliated money market mutual fund) in which the Fund invested greater than 10% of its net assets are not treated as a single portfolio security, but rather the Fund is treated as owning a pro rata portion of each security and each other asset and liability owned by the affiliated investment company. Accordingly, the percentages of total net assets shown in the table will differ from those presented on the Portfolio of Investments. Affiliated investment companies (other than an affiliated money market mutual fund) in which the Fund invested less than 10% of its net assets are listed individually in the table.

2 Cash Equivalents include any investments in money market mutual funds.

3 Represents less than 0.1%.

4 Other Security Types consist of purchased options.

5 Based upon net unrealized appreciation (depreciation) or value of the derivative contracts as applicable. Derivative contracts may consist of futures, forwards, options and swaps. The impact of a derivative contract on the Fund's performance may be larger than its unrealized appreciation (depreciation) or value may indicate. In many cases, the notional value or amount of a derivative contract may provide a better indication of the contract's significance to the portfolio. More complete information regarding the Fund's direct investments in derivative contracts, including unrealized appreciation (depreciation), value and notional values or amounts of such contracts, can be found in the table at the end of the Portfolio of Investments included in this Report.

6 Assets, other than investments in securities and derivative contracts, less liabilities. See Statement of Assets and Liabilities.

7 Sector classifications are based upon, and individual portfolio securities are assigned to, the classifications of the Global Industry Classification Standard (GICS) except that the Co-Advisers assign a classification to securities not classified by the GICS and to securities for which the Co-Advisers do not have access to the classification made by the GICS.

# Portfolio of Investments

June 30, 2019 (unaudited)

**Shares,  
Principal  
Amount or  
Contracts**

**Value**

	COMMON STOCKS—39.6%	
	<b>Communication Services—3.1%</b>	
110,196	AT&T, Inc.	\$ 3,692,668
64,380	CenturyLink, Inc.	757,109
921	<sup>1</sup> Charter Communications, Inc.	363,961
88,399	Comcast Corp., Class A	3,737,510
44	<sup>1</sup> DISH Network Corp., Class A	1,690
24,252	<sup>1</sup> Discovery, Inc.	689,969
7,427	Fox Corp., Class A	272,125
3,526	Fox Corp., Class B	128,805
5,222	<sup>1</sup> Liberty Sirius Group, Class A	197,444
11,670	<sup>1</sup> Liberty Sirius Group, Class C	443,226
63,800	News Corp., Inc.	890,648
4,319	<sup>1</sup> Take-Two Interactive Software, Inc.	490,336
14,641	Telephone and Data System, Inc.	445,086
103,362	Verizon Communications, Inc.	5,905,071
8,888	Viacom, Inc., Class A	303,081
266	Viacom, Inc., Class B	7,945
24,037	Walt Disney Co.	3,356,527
37,645	<sup>1</sup> Zynga, Inc.	230,764
	<b>TOTAL</b>	<b>21,913,965</b>
	<b>Consumer Discretionary—2.1%</b>	
2,122	Advance Auto Parts, Inc.	327,085
1,461	<sup>1</sup> AutoZone, Inc.	1,606,326
522	Best Buy Co., Inc.	36,399
812	<sup>1</sup> Bright Horizons Family Solutions, Inc.	122,507
248	Carnival Corp.	11,544
2,325	Darden Restaurants, Inc.	283,022
24,587	Dick's Sporting Goods, Inc.	851,448
21,059	Extended Stay America, Inc.	355,687
8,547	Foot Locker, Inc.	358,290
114,684	Ford Motor Co.	1,173,217
57,131	Gentex Corp.	1,405,994
1,766	Home Depot, Inc.	367,275
7,919	Kohl's Corp.	376,549
459	<sup>1</sup> Kontoor Brands, Inc.	12,861
8,281	Las Vegas Sands Corp.	489,324
20,293	McDonald's Corp.	4,214,044
31,548	Newell Brands, Inc.	486,470
3,007	<sup>1</sup> Norwegian Cruise Line Holdings Ltd.	161,265
36,072	Pulte Group, Inc.	1,140,597
8,930	Tapestry, Inc.	283,349
2,771	Target Corp.	239,996
5,322	<sup>1</sup> Under Armour, Inc.	118,148
3,216	V.F. Corp.	280,918
90	Yum China Holding, Inc.	4,158
1,843	Yum! Brands, Inc.	203,965
	<b>TOTAL</b>	<b>14,910,438</b>

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	<b>Consumer Staples—3.3%</b>	
18,804	Colgate-Palmolive Co.	\$ 1,347,683
9,130	<sup>1</sup> Herbalife Ltd.	390,399
9,905	Hershey Foods Corp.	1,327,567
1,932	Lamb Weston Holdings, Inc.	122,412
1,633	McCormick & Co., Inc.	253,131
57,138	Mondelez International, Inc.	3,079,738
6,383	PepsiCo, Inc.	837,003
48,315	Philip Morris International, Inc.	3,794,177
52,260	Procter & Gamble Co.	5,730,309
15,211	The Coca-Cola Co.	774,544
1,050	<sup>1</sup> TreeHouse Foods, Inc.	56,805
7,539	Walgreens Boots Alliance, Inc.	412,157
43,216	WalMart, Inc.	4,774,936
	TOTAL	22,900,861
	<b>Energy—3.7%</b>	
11,623	Anadarko Petroleum Corp.	820,119
32,115	Cabot Oil & Gas Corp., Class A	737,360
39,504	Chevron Corp.	4,915,878
44,855	ConocoPhillips	2,736,155
11,241	Devon Energy Corp.	320,593
12,575	EOG Resources, Inc.	1,171,487
87,522	Exxon Mobil Corp.	6,706,811
7,554	Hess Corp.	480,208
49,254	Kinder Morgan, Inc.	1,028,423
16,561	Marathon Oil Corp.	235,332
10,829	Marathon Petroleum Corp.	605,125
1,986	ONEOK, Inc.	136,657
33,614	Occidental Petroleum Corp.	1,690,112
10,537	Phillips 66	985,631
3,199	Pioneer Natural Resources, Inc.	492,198
23,449	Schlumberger Ltd.	931,863
13,348	Valero Energy Corp.	1,142,722
10,784	<sup>1</sup> WPX Energy, Inc.	124,124
9,393	Williams Cos., Inc.	263,380
	TOTAL	25,524,178
	<b>Financials—9.2%</b>	
29,486	AXA Equitable Holdings, Inc.	616,257
6,779	Aflac, Inc.	371,557
13,505	Allstate Corp.	1,373,323
55,729	Ally Financial, Inc.	1,727,042
4,741	Ameriprise Financial, Inc.	688,204
11,585	<sup>1</sup> Athene Holding Ltd.	498,850
223,904	Bank of America Corp.	6,493,216
32,427	<sup>1</sup> Berkshire Hathaway, Inc.	6,912,464
5,164	<sup>1</sup> Brighthouse Financial, Inc.	189,467
13,644	CIT Group Holdings, Inc.	716,856
31,334	CNA Financial Corp.	1,474,891
7,500	Capital One Financial Corp.	680,550
72,158	Chimera Investment Corp.	1,361,621

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	<b>Financials—continued</b>	
137	Chubb Ltd.	\$ 20,179
63,713	Citigroup, Inc.	4,461,821
46,887	Citizens Financial Group, Inc.	1,657,924
9,686	Comerica, Inc.	703,591
17,813	Discover Financial Services	1,382,111
32,569	E*Trade Group, Inc.	1,452,577
6,367	Goldman Sachs Group, Inc.	1,302,688
20,614	Huntington Bancshares, Inc.	284,886
73,235	JPMorgan Chase & Co.	8,187,673
16,268	KeyCorp	288,757
11,585	Lazard Ltd., Class A	398,408
23,139	Lincoln National Corp.	1,491,309
33,038	Loews Corp.	1,806,188
46,417	MetLife, Inc.	2,305,532
38,870	Morgan Stanley	1,702,895
28,719	Navient Corp.	392,014
92,661	New York Community Bancorp, Inc.	924,757
30,223	OneMain Holdings, Inc.	1,021,840
12,088	PNC Financial Services Group	1,659,441
13,815	Prudential Financial, Inc.	1,395,315
84,138	Regions Financial Corp.	1,257,022
3,141	Reinsurance Group of America	490,090
30,333	Synchrony Financial	1,051,645
5,082	U.S. Bancorp	266,297
40,448	Unum Group	1,357,030
90,600	Wells Fargo & Co.	4,287,192
	<b>TOTAL</b>	<b>64,653,480</b>
	<b>Health Care—5.5%</b>	
39,808	Abbott Laboratories	3,347,853
11,285	Allergan PLC	1,889,448
4,657	Amgen, Inc.	858,192
3,258	Anthem, Inc.	919,440
21,588	Baxter International, Inc.	1,768,057
3,551	<sup>1</sup> Biogen, Inc.	830,472
16,545	Bristol-Myers Squibb Co.	750,316
27,060	CVS Health Corp.	1,474,499
11,239	Cardinal Health, Inc.	529,357
276	Cooper Cos., Inc.	92,982
3,969	Danaher Corp.	567,249
2,615	<sup>1</sup> DaVita HealthCare Partners, Inc.	147,120
4,810	Dentsply Sirona, Inc.	280,712
14,816	Eli Lilly & Co.	1,641,465
8,380	Gilead Sciences, Inc.	566,153
9,369	HCA Healthcare, Inc.	1,266,408
2,021	Hill-Rom Holdings, Inc.	211,437
36,442	<sup>1</sup> Hologic, Inc.	1,749,945
45,894	Johnson & Johnson	6,392,116
12,837	McKesson Corp.	1,725,164
22,511	Medtronic PLC	2,192,346

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	<b>Health Care—continued</b>	
22,455	Merck & Co., Inc.	\$ 1,882,852
5,690	<sup>1</sup> Mylan NV	108,338
93,636	Pfizer, Inc.	4,056,311
7,537	Thermo Fisher Scientific, Inc.	2,213,466
3,696	Universal Health Services, Inc., Class B	481,921
3,432	West Pharmaceutical Services, Inc.	429,515
3,326	Zimmer Biomet Holdings, Inc.	391,603
	TOTAL	38,764,737
	<b>Industrials—3.2%</b>	
9,854	3M Co.	1,708,092
34,913	ADT, Inc.	213,668
7,128	Ametek, Inc.	647,508
18,684	CSX Corp.	1,445,581
2,960	Caterpillar, Inc.	403,418
4,813	Cummins, Inc.	824,660
17,992	Delta Air Lines, Inc.	1,021,046
7,826	Dover Corp.	784,165
2,898	Eaton Corp. PLC	241,346
23,942	Emerson Electric Co.	1,597,410
152,914	General Electric Co.	1,605,597
34,293	<sup>1</sup> HD Supply, Inc.	1,381,322
14,085	Honeywell International, Inc.	2,459,100
3,248	Hubbell, Inc.	423,539
5,453	<sup>1</sup> IHS Markit Ltd.	347,465
6,627	Ingersoll-Rand PLC, Class A	839,442
2,413	Lennox International, Inc.	663,575
9,223	Masco Corp.	361,911
1,776	Norfolk Southern Corp.	354,010
2,577	Parker-Hannifin Corp.	438,116
1,042	Pentair PLC	38,762
60	Republic Services, Inc.	5,198
14,783	Southwest Airlines Co.	750,681
2,845	<sup>1</sup> Teledyne Technologies, Inc.	779,160
519	Union Pacific Corp.	87,768
12,235	<sup>1</sup> United Continental Holdings, Inc.	1,071,174
6,910	United Technologies Corp.	899,682
10,833	Waste Management, Inc.	1,249,803
	TOTAL	22,643,199
	<b>Information Technology—3.2%</b>	
370	<sup>1</sup> Aspen Technology, Inc.	45,984
2,929	<sup>1</sup> Autodesk, Inc.	477,134
1,414	Broadcom, Inc.	407,034
29,636	Cisco Systems, Inc.	1,621,978
14,069	<sup>1</sup> Dell Technologies, Inc.	714,705
1,955	Hewlett-Packard Co.	40,644
5,022	IBM Corp.	692,534
123,404	Intel Corp.	5,907,349
8,225	<sup>1</sup> Keysight Technologies, Inc.	738,687
8,702	Marvell Technology Group Ltd.	207,717

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	<b>Information Technology—continued</b>	
12,550	<sup>1</sup> Micron Technology, Inc.	\$ 484,305
11,662	Microsoft Corp.	1,562,242
10,230	Motorola, Inc.	1,705,648
9,063	NXP Semiconductors NV	884,639
13,409	National Instruments Corp.	563,044
34,098	<sup>1</sup> Nuance Communications, Inc.	544,545
29,093	Oracle Corp.	1,657,428
3,731	<sup>1</sup> Qorvo, Inc.	248,522
21,896	Qualcomm, Inc.	1,665,629
1,322	Sabre Corp.	29,348
57,204	Symantec Corp.	1,244,759
7,481	Western Digital Corp.	355,722
9,058	Xerox Corp.	320,744
	<b>TOTAL</b>	<b>22,120,341</b>
	<b>Materials—1.7%</b>	
6,777	Air Products & Chemicals, Inc.	1,534,109
8,909	Ball Corp.	623,541
21,529	<sup>1</sup> Berry Global Group, Inc.	1,132,210
16,089	CF Industries Holdings, Inc.	751,517
14,761	Celanese Corp.	1,591,236
9,696	Corteva, Inc.	286,711
9,696	Dow, Inc.	478,110
9,696	DuPont de Nemours, Inc.	727,879
846	Freeport-McMoRan, Inc.	9,822
22,579	Huntsman Corp.	461,515
2,878	Linde PLC	577,902
2,907	LyondellBasell Investment LLC	250,380
33,066	Mosaic Co./The	827,642
28,014	Newmont Goldcorp Corp.	1,077,698
3,391	RPM International, Inc.	207,224
65,324	Valvoline, Inc.	1,275,778
6,626	WestRock Co.	241,650
	<b>TOTAL</b>	<b>12,054,924</b>
	<b>Real Estate—2.0%</b>	
30,990	Apartment Investment & Management Co., Class A	1,553,219
894	Avalonbay Communities, Inc.	181,643
71,108	Brookfield Property REIT, Inc.	1,343,230
6,263	<sup>1</sup> CBRE Group, Inc.	321,292
45,675	<sup>1</sup> Equity Commonwealth	1,485,351
41,287	HCP, Inc.	1,320,358
45,655	Host Marriott Corp.	831,834
12,359	Lamar Advertising Co.	997,495
74,248	Medical PPTYS Trust, Inc.	1,294,885
1,602	Retail Properties of America, Inc.	18,840
103,006	SITE Centers Corp.	1,363,799
8,125	Simon Property Group, Inc.	1,298,050
21,477	Spirit Realty Capital, Inc.	916,209
10,487	VEREIT, Inc.	94,488



Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	<b>Real Estate—continued</b>	
39,878	Weingarten Realty Investors	\$ 1,093,455
	<b>TOTAL</b>	<b>14,114,148</b>
	<b>Utilities—2.6%</b>	
100,034	AES Corp.	1,676,570
7,207	Ameren Corp.	541,318
26,646	American Electric Power Co., Inc.	2,345,114
14,176	CenterPoint Energy, Inc.	405,859
6,206	DTE Energy Co.	793,623
16,560	Dominion Energy, Inc.	1,280,419
48,744	Exelon Corp.	2,336,787
35,940	NRG Energy, Inc.	1,262,213
6,184	NextEra Energy, Inc.	1,266,854
36,923	OGE Energy Corp.	1,571,443
10,984	<sup>1</sup> P G & E Corp.	251,753
16,929	Pinnacle West Capital Corp.	1,592,850
28,799	UGI Corp.	1,538,155
52,142	Vistra Energy Corp.	1,180,495
	<b>TOTAL</b>	<b>18,043,453</b>
	<b>TOTAL COMMON STOCKS</b> (IDENTIFIED COST \$248,912,299)	<b>277,643,724</b>
	<b>ADJUSTABLE RATE MORTGAGE—0.0%</b>	
\$ 6,984	<sup>2</sup> Federal National Mortgage Association ARM, 4.587%, 9/1/2037 (IDENTIFIED COST \$7,034)	7,337
	<b>ASSET-BACKED SECURITY—0.0%</b>	
42,000	PFS Financing Corp. 2016-BA, Class A, 1.870%, 10/15/2021 (IDENTIFIED COST \$41,999)	41,921
	<b>COLLATERALIZED MORTGAGE OBLIGATIONS—1.2%</b>	
1,335,000	Banc of America Commercial Mortgage Trust 2016-UBS10, Class A4, 3.170%, 7/15/2049	1,379,057
340,000	Bank 2018-BN12, Class A4, 4.255%, 5/15/2061	380,027
1,000,000	<sup>2</sup> Bank 2018-BN15, Class A4, 4.407% (12-month USLIBOR +0.000%), 11/15/2061	1,133,586
85,000	Bank 2017-BN8, Class A4, 3.488%, 11/15/2050	89,874
2,000,000	Benchmark Mortgage Trust 2018-B1, Class A5, 3.666%, 1/15/2051	2,140,212
1,195,000	CD Commercial Mortgage Trust 2016-CD1, Class A4, 2.724%, 8/10/2049	1,202,382
50,000	Commercial Mortgage Trust 2015-DC1, Class AM, 3.724%, 2/10/2048	51,917
875,000	Deutsche Bank Commercial Mortgage Trust 2016-C3, Class A5, 2.890%, 8/10/2049	890,875
100,000	JPMDB Commercial Mortgage Securities Trust 2016-C4, Class A3, 3.141%, 12/15/2049	103,218
590,000	UBS-Barclays Commercial Mortgage Trust 2013-C6, Class B, 3.875%, 4/10/2046	611,532
105,000	WF-RBS Commercial Mortgage Trust 2014-C25, Class B, 4.236%, 11/15/2047	110,158
	<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS</b> (IDENTIFIED COST \$7,904,913)	<b>8,092,838</b>
	<b>COMMERCIAL MORTGAGE-BACKED SECURITIES—0.1%</b>	
790,000	FREMF Mortgage Trust 2015-K49 REMIC, Class B, 3.847%, 10/25/2048	815,198
143,807	Federal Home Loan Mortgage Corp. REMIC, Series K504, Class A2, 2.566%, 9/25/2020	143,788
	<b>TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES</b> (IDENTIFIED COST \$891,614)	<b>958,986</b>

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—19.4%	
	<b>Basic Industry - Chemicals—0.2%</b>	
\$200,000	Albemarle Corp., 4.150%, 12/1/2024	\$ 211,391
200,000	Albemarle Corp., Sr. Unsecd. Note, 5.450%, 12/1/2044	214,779
600,000	RPM International, Inc., Sr. Unsecd. Note, 4.550%, 3/1/2029	634,097
	TOTAL	1,060,267
	<b>Basic Industry - Metals &amp; Mining—0.2%</b>	
156,000	Carpenter Technology Corp., Sr. Unsecd. Note, 4.450%, 3/1/2023	158,381
650,000	Reliance Steel & Aluminum Co., Sr. Unsecd. Note, 4.500%, 4/15/2023	682,674
150,000	Worthington Industries, Inc., Sr. Unsecd. Note, 4.300%, 8/1/2032	153,078
55,000	Worthington Industries, Inc., Sr. Unsecd. Note, 4.550%, 4/15/2026	57,156
	TOTAL	1,051,289
	<b>Basic Industry - Paper—0.1%</b>	
350,000	International Paper Co., Sr. Unsecd. Note, 4.400%, 8/15/2047	341,517
161,000	International Paper Co., Sr. Unsecd. Note, 4.750%, 2/15/2022	170,025
	TOTAL	511,542
	<b>Capital Goods - Aerospace &amp; Defense—0.4%</b>	
750,000	Airbus Group SE, Sr. Unsecd. Note, 144A, 3.150%, 4/10/2027	775,221
400,000	Embraer Netherlands BV, Sr. Unsecd. Note, 5.050%, 6/15/2025	432,750
50,000	Embraer Overseas Ltd., Sr. Unsecd. Note, 144A, 5.696%, 9/16/2023	54,938
160,000	Huntington Ingalls Industries, Inc., Sr. Unsecd. Note, 3.483%, 12/1/2027	162,864
400,000	Lockheed Martin Corp., Sr. Unsecd. Note, 2.900%, 3/1/2025	411,555
585,000	Northrop Grumman Corp., Sr. Unsecd. Note, 3.250%, 1/15/2028	600,767
500,000	Textron, Inc., Sr. Unsecd. Note, 3.650%, 3/15/2027	512,363
20,000	Textron, Inc., Sr. Unsecd. Note, 4.000%, 3/15/2026	21,020
25,000	Textron, Inc., Sr. Unsecd. Note, 4.300%, 3/1/2024	26,521
	TOTAL	2,997,999
	<b>Capital Goods - Building Materials—0.1%</b>	
110,000	Allegion US Holdings Co., Inc., Sr. Unsecd. Note, 3.200%, 10/1/2024	111,315
490,000	Allegion US Holdings Co., Inc., Sr. Unsecd. Note, 3.550%, 10/1/2027	483,294
40,000	Masco Corp., Sr. Unsecd. Note, 4.375%, 4/1/2026	41,977
165,000	Masco Corp., Sr. Unsecd. Note, 4.500%, 5/15/2047	156,267
	TOTAL	792,853
	<b>Capital Goods - Construction Machinery—0.2%</b>	
770,000	CNH Industrial NV, Sr. Unsecd. Note, Series MTN, 3.850%, 11/15/2027	769,107
450,000	John Deere Capital Corp., Sr. Unsecd. Note, Series MTN, 3.450%, 3/7/2029	478,320
	TOTAL	1,247,427
	<b>Capital Goods - Diversified Manufacturing—0.6%</b>	
600,000	Hutchison Whampoa International Ltd., Sr. Unsecd. Note, 144A, 4.625%, 1/13/2022	630,619
750,000	Lennox International, Inc., Sr. Unsecd. Note, 3.000%, 11/15/2023	753,326
700,000	Parker-Hannifin Corp., Sr. Unsecd. Note, 3.250%, 3/1/2027	723,040
500,000	Roper Technologies, Inc., Sr. Unsecd. Note, 2.800%, 12/15/2021	503,309
800,000	Siemens Financieringsmat, Sr. Unsecd. Note, 144A, 3.400%, 3/16/2027	836,593
800,000	Valmont Industries, Inc., 5.250%, 10/1/2054	796,666
	TOTAL	4,243,553
	<b>Capital Goods - Packaging—0.1%</b>	
600,000	Packaging Corp. of America, Sr. Unsecd. Note, 3.650%, 9/15/2024	621,871
360,000	WestRock Co., Sr. Unsecd. Note, Series WI, 4.000%, 3/15/2028	373,960
	TOTAL	995,831

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	<b>Communications - Cable &amp; Satellite—0.5%</b>	
\$ 400,000	CCO Safari II LLC, 4.908%, 7/23/2025	\$ 434,362
250,000	CCO Safari II LLC, 6.484%, 10/23/2045	294,713
1,600,000	Comcast Corp., Sr. Unsecd. Note, 3.150%, 2/15/2028	1,643,115
350,000	Comcast Corp., Sr. Unsecd. Note, 3.300%, 2/1/2027	364,351
600,000	Comcast Corp., Sr. Unsecd. Note, 3.950%, 10/15/2025	647,460
300,000	Time Warner Cable, Inc., Company Guarantee, 5.500%, 9/1/2041	314,846
	TOTAL	3,698,847
	<b>Communications - Media &amp; Entertainment—0.4%</b>	
600,000	British Sky Broadcasting Group PLC, 144A, 3.750%, 9/16/2024	637,672
600,000	Discovery Communications LLC, Sr. Unsecd. Note, 3.950%, 3/20/2028	618,921
250,000	Discovery Communications LLC, Sr. Unsecd. Note, 4.900%, 3/11/2026	273,936
135,000	Fox Corp, Sr. Unsecd. Note, 144A, 4.709%, 1/25/2029	150,726
180,000	Fox Corp, Sr. Unsecd. Note, 144A, 5.576%, 1/25/2049	219,725
500,000	Grupo Televisa S.A., Sr. Unsecd. Note, 5.000%, 5/13/2045	507,006
100,000	Omnicom Group, Inc., Sr. Unsecd. Note, 3.600%, 4/15/2026	102,342
600,000	Omnicom Group, Inc., Sr. Unsecd. Note, 3.625%, 5/1/2022	619,940
	TOTAL	3,130,268
	<b>Communications - Telecom Wireless—0.3%</b>	
300,000	American Tower Corp., Sr. Unsecd. Note, 5.000%, 2/15/2024	330,346
350,000	Bell Canada, Sr. Unsecd. Note, 4.464%, 4/1/2048	383,406
450,000	Crown Castle International Corp., Sr. Unsecd. Note, 3.800%, 2/15/2028	467,530
500,000	Vodafone Group PLC, Sr. Unsecd. Note, 4.125%, 5/30/2025	532,994
280,000	Vodafone Group PLC, Sr. Unsecd. Note, 5.250%, 5/30/2048	310,044
	TOTAL	2,024,320
	<b>Communications - Telecom Wirelines—0.6%</b>	
800,000	AT&T, Inc., Sr. Unsecd. Note, 3.200%, 3/1/2022	817,273
800,000	AT&T, Inc., Sr. Unsecd. Note, 4.800%, 6/15/2044	845,334
800,000	Deutsche Telekom International Finance BV, Sr. Unsecd. Note, 144A, 3.600%, 1/19/2027	820,517
580,000	Telefonica Emisiones SAU, Sr. Unsecd. Note, 5.213%, 3/8/2047	639,715
350,000	Verizon Communications, Inc., Sr. Unsecd. Note, 4.125%, 8/15/2046	365,506
534,000	Verizon Communications, Inc., Sr. Unsecd. Note, 4.672%, 3/15/2055	604,949
125,000	Verizon Communications, Inc., Sr. Unsecd. Note, 5.150%, 9/15/2023	139,616
	TOTAL	4,232,910
	<b>Consumer Cyclical - Automotive—0.6%</b>	
150,000	American Honda Finance Corp., Unsecd. Deb., Series MTN, 2.250%, 8/15/2019	149,899
200,000	Daimler Finance NA LLC, Sr. Unsecd. Note, 144A, 2.850%, 1/6/2022	201,075
500,000	Daimler Finance NA LLC, Sr. Unsecd. Note, 144A, 3.350%, 2/22/2023	511,986
200,000	Fiat Chrysler Automobiles NV, Sr. Unsecd. Note, 5.250%, 4/15/2023	211,754
350,000	General Motors Co., Sr. Unsecd. Note, 5.200%, 4/1/2045	336,992
400,000	General Motors Financial Co., Inc., Sr. Unsecd. Note, 4.000%, 10/6/2026	403,675
600,000	Nissan Motor Acceptance Corp., Sr. Unsecd. Note, 144A, 2.650%, 7/13/2022	598,358
720,000	Toyota Motor Credit Corp., Sr. Unsecd. Note, Series GMTN, 2.700%, 1/11/2023	732,328
200,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 4.000%, 11/12/2021	206,436
600,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 4.250%, 11/13/2023	631,772
	TOTAL	3,984,275
	<b>Consumer Cyclical - Retailers—0.5%</b>	
589,000	Advance Auto Parts, Inc., 4.500%, 12/1/2023	632,137
310,000	CVS Health Corp., Sr. Unsecd. Note, 4.300%, 3/25/2028	326,997

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	<b>Consumer Cyclical - Retailers—continued</b>	
\$550,000	CVS Health Corp., Sr. Unsecd. Note, 5.050%, 3/25/2048	\$ 585,861
540,000	Dollar General Corp., Sr. Unsecd. Note, 3.875%, 4/15/2027	561,146
600,000	Dollar Tree, Inc., Sr. Unsecd. Note, 3.700%, 5/15/2023	622,770
500,000	Home Depot, Inc., Sr. Unsecd. Note, 2.800%, 9/14/2027	507,375
40,000	O'Reilly Automotive, Inc., Sr. Unsecd. Note, 3.550%, 3/15/2026	41,261
	TOTAL	3,277,547
	<b>Consumer Cyclical - Services—0.6%</b>	
800,000	Alibaba Group Holding Ltd., Sr. Unsecd. Note, 3.600%, 11/28/2024	834,649
400,000	Amazon.com, Inc., Sr. Unsecd. Note, 3.150%, 8/22/2027	420,645
400,000	Amazon.com, Inc., Sr. Unsecd. Note, 3.875%, 8/22/2037	441,580
800,000	Cintas Corp. No. 2, Sr. Unsecd. Note, 3.700%, 4/1/2027	852,184
400,000	Expedia Group, Inc., Sr. Unsecd. Note, 3.800%, 2/15/2028	407,331
400,000	IHS Markit Ltd., Sr. Unsecd. Note, 4.750%, 8/1/2028	437,468
480,000	Visa, Inc., Sr. Unsecd. Note, 2.750%, 9/15/2027	489,751
200,000	Visa, Inc., Sr. Unsecd. Note, 2.800%, 12/14/2022	204,849
30,000	Visa, Inc., Sr. Unsecd. Note, 3.150%, 12/14/2025	31,478
	TOTAL	4,119,935
	<b>Consumer Non-Cyclical - Food/Beverage—1.3%</b>	
900,000	Anheuser-Busch Cos LLC/Anheuser-Busch InBev Worldwide, Inc., Sr. Unsecd. Note, 4.900%, 2/1/2046	1,001,848
165,000	Anheuser-Busch InBev Finance, Inc., 4.900%, 2/1/2046	182,886
835,000	Anheuser-Busch InBev Worldwide, Inc., Sr. Unsecd. Note, 4.439%, 10/6/2048	877,734
485,000	Constellation Brands, Inc., Sr. Unsecd. Note, 4.650%, 11/15/2028	541,866
200,000	Danone SA, Sr. Unsecd. Note, 144A, 2.589%, 11/2/2023	201,149
600,000	Danone SA, Sr. Unsecd. Note, 144A, 2.947%, 11/2/2026	599,119
500,000	Flowers Foods, Inc., Sr. Unsecd. Note, 3.500%, 10/1/2026	500,875
200,000	General Mills, Inc., Sr. Unsecd. Note, 3.700%, 10/17/2023	209,733
150,000	General Mills, Inc., Sr. Unsecd. Note, 4.550%, 4/17/2038	159,836
280,000	General Mills, Inc., Sr. Unsecd. Note, 4.700%, 4/17/2048	302,221
500,000	Grupo Bimbo S.A.B. de CV, 144A, 4.875%, 6/27/2044	526,043
200,000	Grupo Bimbo S.A.B. de CV, Sr. Unsecd. Note, 144A, 3.875%, 6/27/2024	206,744
690,000	Heineken NV, Sr. Unsecd. Note, 144A, 3.500%, 1/29/2028	717,213
220,000	Keurig Dr Pepper, Inc., Sr. Unsecd. Note, 4.417%, 5/25/2025	235,839
500,000	Kraft Heinz Foods Co., Sr. Unsecd. Note, 3.950%, 7/15/2025	520,537
140,000	Kraft Heinz Foods Co., Sr. Unsecd. Note, 4.375%, 6/1/2046	133,107
650,000	Molson Coors Brewing Co., Sr. Unsecd. Note, 2.100%, 7/15/2021	646,288
800,000	PepsiCo, Inc., Sr. Unsecd. Note, 3.000%, 10/15/2027	833,768
495,000	Tyson Foods, Inc., Sr. Unsecd. Note, 3.550%, 6/2/2027	513,223
400,000	Tyson Foods, Inc., Sr. Unsecd. Note, 4.550%, 6/2/2047	418,556
	TOTAL	9,328,585
	<b>Consumer Non-Cyclical - Health Care—0.1%</b>	
200,000	Agilent Technologies, Inc., Sr. Unsecd. Note, 3.875%, 7/15/2023	209,243
392,000	Becton Dickinson & Co., Sr. Unsecd. Note, 3.700%, 6/6/2027	409,795
200,000	Becton Dickinson & Co., Sr. Unsecd. Note, 4.669%, 6/6/2047	224,176
79,000	Becton Dickinson & Co., Sr. Unsecd. Note, 4.685%, 12/15/2044	88,004
10,000	Stryker Corp., Sr. Unsecd. Note, 3.500%, 3/15/2026	10,468
	TOTAL	941,686
	<b>Consumer Non-Cyclical - Pharmaceuticals—0.6%</b>	
283,000	Abbott Laboratories, Sr. Unsecd. Note, 3.750%, 11/30/2026	306,105
190,000	AstraZeneca PLC, Sr. Unsecd. Note, 2.375%, 6/12/2022	191,333

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	<b>Consumer Non-Cyclical - Pharmaceuticals—continued</b>	
\$600,000	AstraZeneca PLC, Sr. Unsecd. Note, 3.125%, 6/12/2027	\$ 613,679
600,000	Bayer US Finance LLC, Sr. Unsecd. Note, 144A, 3.375%, 10/8/2024	602,956
150,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, 144A, 3.400%, 7/26/2029	157,019
110,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, 144A, 4.250%, 10/26/2049	121,255
500,000	Celgene Corp., Sr. Unsecd. Note, 3.900%, 2/20/2028	535,999
500,000	Eli Lilly & Co., Sr. Unsecd. Note, 3.375%, 3/15/2029	532,729
700,000	Merck & Co., Inc., Sr. Unsecd. Note, 3.400%, 3/7/2029	745,841
200,000	Teva Pharmaceutical Finance Netherlands III BV, Sr. Unsecd. Note, 3.150%, 10/1/2026	156,000
	TOTAL	3,962,916
	<b>Consumer Non-Cyclical - Products—0.1%</b>	
70,000	Newell Rubbermaid, Inc., Sr. Unsecd. Note, 4.200%, 4/1/2026	69,603
600,000	Reckitt Benckiser Treasury Services PLC, Sr. Unsecd. Note, 144A, 3.000%, 6/26/2027	605,227
	TOTAL	674,830
	<b>Consumer Non-Cyclical - Supermarkets—0.1%</b>	
600,000	Kroger Co., Sr. Unsecd. Note, 2.650%, 10/15/2026	578,600
200,000	Kroger Co., Sr. Unsecd. Note, 4.450%, 2/1/2047	195,398
	TOTAL	773,998
	<b>Consumer Non-Cyclical - Tobacco—0.2%</b>	
125,000	Altria Group, Inc., Sr. Unsecd. Note, 4.800%, 2/14/2029	134,937
400,000	Altria Group, Inc., Sr. Unsecd. Note, 5.950%, 2/14/2049	455,531
350,000	Bat Capital Corp., Sr. Unsecd. Note, Series WI, 4.540%, 8/15/2047	324,840
280,000	Reynolds American, Inc., Sr. Unsecd. Note, 7.000%, 8/4/2041	328,553
	TOTAL	1,243,861
	<b>Energy - Independent—0.6%</b>	
400,000	Anadarko Petroleum Corp., Sr. Unsecd. Note, 3.450%, 7/15/2024	409,383
300,000	Anadarko Petroleum Corp., Sr. Unsecd. Note, 5.550%, 3/15/2026	337,304
700,000	Apache Corp., Sr. Unsecd. Note, 4.375%, 10/15/2028	731,786
100,000	Canadian Natural Resources Ltd., 3.900%, 2/1/2025	104,422
550,000	Canadian Natural Resources Ltd., Sr. Unsecd. Note, 3.800%, 4/15/2024	575,177
250,000	Cimarex Energy Co., Sr. Unsecd. Note, 3.900%, 5/15/2027	257,020
430,000	Cimarex Energy Co., Sr. Unsecd. Note, 4.375%, 3/15/2029	456,746
300,000	EOG Resources, Inc., Sr. Unsecd. Note, 4.150%, 1/15/2026	326,817
700,000	Marathon Oil Corp., Sr. Unsecd. Note, 3.850%, 6/1/2025	725,928
	TOTAL	3,924,583
	<b>Energy - Integrated—0.5%</b>	
600,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, 2.520%, 9/19/2022	604,781
110,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, 3.119%, 5/4/2026	112,145
300,000	BP Capital Markets PLC, Sr. Unsecd. Note, 3.062%, 3/17/2022	306,935
300,000	Husky Energy, Inc., 4.000%, 4/15/2024	315,912
290,000	Husky Energy, Inc., Sr. Unsecd. Note, 4.400%, 4/15/2029	307,746
500,000	Petroleos Mexicanos, Sr. Unsecd. Note, 4.625%, 9/21/2023	490,000
75,000	Shell International Finance B.V., Sr. Unsecd. Note, 4.000%, 5/10/2046	82,356
500,000	Shell International Finance B.V., Sr. Unsecd. Note, 4.125%, 5/11/2035	556,180
500,000	Suncor Energy, Inc., Sr. Unsecd. Note, 3.600%, 12/1/2024	521,835
	TOTAL	3,297,890
	<b>Energy - Midstream—0.6%</b>	
115,000	Boardwalk Pipeline Partners LP, Sr. Unsecd. Note, 4.800%, 5/3/2029	120,071
225,000	Energy Transfer Partners LP, Sr. Unsecd. Note, 4.050%, 3/15/2025	234,653

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	<b>Energy - Midstream—continued</b>	
\$ 40,000	Energy Transfer Partners LP, Sr. Unsecd. Note, 4.900%, 2/1/2024	\$ 42,960
875,000	Energy Transfer Partners LP, Sr. Unsecd. Note, Series 10Y, 4.950%, 6/15/2028	957,032
70,000	Enterprise Products Operating LLC, Sr. Unsecd. Note, 3.950%, 2/15/2027	75,028
450,000	Enterprise Products Operating LLC, Sr. Unsecd. Note, 4.250%, 2/15/2048	466,285
200,000	Kinder Morgan Energy Partners LP, Sr. Unsecd. Note, 6.375%, 3/1/2041	241,820
450,000	Kinder Morgan, Inc., 5.050%, 2/15/2046	491,319
240,000	MPLX LP, Sr. Unsecd. Note, 4.125%, 3/1/2027	251,344
335,000	ONEOK, Inc., Sr. Unsecd. Note, 4.950%, 7/13/2047	354,324
120,000	TC Pipelines, LP, Sr. Unsecd. Note, 3.900%, 5/25/2027	122,630
490,000	Williams Partners LP, Sr. Unsecd. Note, 4.900%, 1/15/2045	516,848
	<b>TOTAL</b>	<b>3,874,314</b>
	<b>Energy - Refining—0.2%</b>	
600,000	Marathon Petroleum Corp., Sr. Unsecd. Note, 3.625%, 9/15/2024	622,448
220,000	Phillips 66, Sr. Unsecd. Note, 4.875%, 11/15/2044	246,376
600,000	Valero Energy Corp., Sr. Unsecd. Note, 4.900%, 3/15/2045	661,382
	<b>TOTAL</b>	<b>1,530,206</b>
	<b>Financial Institution - Banking—3.3%</b>	
600,000	American Express Credit Corp., Sr. Unsecd. Note, Series MTN, 3.300%, 5/3/2027	629,895
400,000	Associated Banc-Corp., Sub. Note, 4.250%, 1/15/2025	418,995
495,000	BB&T Corp., Sr. Unsecd. Note, Series MTN, 2.750%, 4/1/2022	501,022
250,000	BB&T Corp., Sr. Unsecd. Note, Series MTN, 3.750%, 12/6/2023	263,915
1,850,000	Bank of America Corp., Sr. Unsecd. Note, 3.419%, 12/20/2028	1,906,686
250,000	Bank of America Corp., Sr. Unsecd. Note, 3.705%, 4/24/2028	262,774
50,000	<sup>2</sup> Bank of America Corp., Sr. Unsecd. Note, Series MTN, 2.968% (3-month USLIBOR + 0.650%), 10/1/2021	50,141
1,200,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 3.124%, 1/20/2023	1,219,446
150,000	Bank of America Corp., Sub. Note, 6.500%, 9/15/2037	186,685
50,000	Bank of America Corp., Sub. Note, Series L, 3.950%, 4/21/2025	52,436
300,000	Bank of America Corp., Sub. Note, Series MTN, 4.000%, 1/22/2025	315,593
800,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 2.200%, 8/16/2023	796,073
200,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 2.661%, 5/16/2023	201,686
500,000	Capital One Financial Corp., Sr. Unsecd. Note, 3.050%, 3/9/2022	507,816
125,000	Capital One Financial Corp., Sr. Unsecd. Note, 3.900%, 1/29/2024	131,330
580,000	Citigroup, Inc., Sr. Unsecd. Note, 3.352%, 4/24/2025	599,275
570,000	Citigroup, Inc., Sr. Unsecd. Note, 3.400%, 5/1/2026	590,344
900,000	Citigroup, Inc., Sr. Unsecd. Note, 3.668%, 7/24/2028	939,581
250,000	Citizens Bank NA, Sr. Unsecd. Note, Series BKNT, 3.750%, 2/18/2026	263,238
30,000	Comerica, Inc., 3.800%, 7/22/2026	31,248
350,000	Compass Bank, Birmingham, Sub. Note, Series BKNT, 3.875%, 4/10/2025	362,652
800,000	Fifth Third Bancorp, Sr. Unsecd. Note, 3.950%, 3/14/2028	862,500
1,300,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 2.876%, 10/31/2022	1,310,682
500,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 6.250%, 2/1/2041	671,029
1,400,000	HSBC Holdings PLC, Sr. Unsecd. Note, 3.900%, 5/25/2026	1,466,245
1,850,000	JPMorgan Chase & Co., Sr. Unsecd. Note, 3.509%, 1/23/2029	1,927,342
650,000	JPMorgan Chase & Co., Sr. Unsecd. Note, 4.500%, 1/24/2022	684,945
850,000	JPMorgan Chase & Co., Sub. Note, 3.375%, 5/1/2023	874,198
210,000	M&T Bank Corp., Sr. Unsecd. Note, 3.550%, 7/26/2023	220,206
500,000	Manufacturers & Traders Trust Co., Sr. Unsecd. Note, Series BKNT, 2.500%, 5/18/2022	502,923
950,000	Morgan Stanley, Sr. Unsecd. Note, Series GMTN, 3.772%, 1/24/2029	1,001,703
250,000	Morgan Stanley, Sr. Unsecd. Note, Series MTN, 6.250%, 8/9/2026	300,099

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Banking—continued</b>	
\$ 275,000	Morgan Stanley, Sub. Note, Series MTN, 4.100%, 5/22/2023	\$ 289,568
400,000	PNC Bank N.A., Sr. Unsecd. Note, Series BKNT, 3.250%, 1/22/2028	417,603
250,000	Regions Financial Corp., Sr. Unsecd. Note, 3.200%, 2/8/2021	252,741
600,000	SunTrust Bank, Inc., Sr. Unsecd. Note, Series BKNT, 3.000%, 2/2/2023	612,230
60,000	SunTrust Bank, Inc., Sr. Unsecd. Note, 2.900%, 3/3/2021	60,531
300,000	Wells Fargo & Co., Sr. Unsecd. Note, 3.000%, 10/23/2026	303,453
50,000	<sup>2</sup> Wells Fargo & Co., Sr. Unsecd. Note, 3.812% (3-month USLIBOR + 1.230%), 10/31/2023	50,974
1,300,000	Wells Fargo & Co., Sr. Unsecd. Note, Series MTN, 3.584%, 5/22/2028	1,358,983
	TOTAL	23,398,786
	<b>Financial Institution - Broker/Asset Mgr/Exchange—0.1%</b>	
40,000	Invesco Finance PLC, Sr. Unsecd. Note, 3.750%, 1/15/2026	41,737
165,000	Nuveen LLC, Sr. Unsecd. Note, 144A, 4.000%, 11/1/2028	181,108
200,000	TD Ameritrade Holding Corp., Sr. Unsecd. Note, 3.300%, 4/1/2027	206,443
	TOTAL	429,288
	<b>Financial Institution - Finance Companies—0.3%</b>	
750,000	Discover Bank, Sr. Unsecd. Note, Series BKNT, 4.650%, 9/13/2028	820,822
1,100,000	GE Capital International Funding, Inc., Sr. Unsecd. Note, 4.418%, 11/15/2035	1,086,590
	TOTAL	1,907,412
	<b>Financial Institution - Insurance - Health—0.3%</b>	
600,000	Halfmoon Parent, Inc., Sec. Fac. Bond, 144A, 4.125%, 11/15/2025	637,717
350,000	Halfmoon Parent, Inc., Sr. Unsecd. Note, 144A, 3.750%, 7/15/2023	364,449
800,000	UnitedHealth Group, Inc., Sr. Unsecd. Note, 2.950%, 10/15/2027	813,926
	TOTAL	1,816,092
	<b>Financial Institution - Insurance - Life—0.7%</b>	
500,000	AIA Group Ltd., Sr. Unsecd. Note, 144A, 3.600%, 4/9/2029	522,349
800,000	Aflac, Inc., Sr. Unsecd. Note, 3.625%, 6/15/2023	839,447
800,000	American International Group, Inc., Sr. Unsecd. Note, 4.125%, 2/15/2024	847,757
400,000	American International Group, Inc., Sr. Unsecd. Note, 4.875%, 6/1/2022	428,887
450,000	Lincoln National Corp., Sr. Unsecd. Note, 3.625%, 12/12/2026	468,819
350,000	Lincoln National Corp., Sr. Unsecd. Note, 4.200%, 3/15/2022	366,364
150,000	Massachusetts Mutual Life Insurance Co., Sub. Note, 144A, 4.900%, 4/1/2077	175,279
500,000	MetLife, Inc., Sr. Unsecd. Note, 4.050%, 3/1/2045	537,402
170,000	Pacific Life Insurance Co., Sub. Note, 144A, 4.300%, 10/24/2067	166,739
700,000	Prudential Financial, Inc., Sr. Unsecd. Note, Series MTN, 4.600%, 5/15/2044	806,234
	TOTAL	5,159,277
	<b>Financial Institution - Insurance - P&amp;C—0.4%</b>	
700,000	CNA Financial Corp., Sr. Unsecd. Note, 3.450%, 8/15/2027	710,777
30,000	Chubb INA Holdings, Inc., 3.350%, 5/3/2026	31,463
490,000	Hartford Financial Services Group, Inc., Sr. Unsecd. Note, 4.400%, 3/15/2048	534,407
640,000	Liberty Mutual Group, Inc., 144A, 4.850%, 8/1/2044	702,847
500,000	Nationwide Mutual Insurance Co., Sub. Note, 144A, 9.375%, 8/15/2039	818,198
	TOTAL	2,797,692
	<b>Financial Institution - REIT - Apartment—0.3%</b>	
750,000	Avalonbay Communities, Inc., Sr. Unsecd. Note, Series MTN, 3.350%, 5/15/2027	779,994
750,000	Mid-America Apartment Communities LP, 4.000%, 11/15/2025	795,520
200,000	UDR, Inc., Series MTN, 3.750%, 7/1/2024	208,986
550,000	UDR, Inc., Sr. Unsecd. Note, Series GMTN, 3.500%, 1/15/2028	563,757
	TOTAL	2,348,257

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - REIT - Healthcare—0.3%</b>	
\$300,000	Health Care REIT, Inc., Sr. Unsecd. Note, 4.950%, 1/15/2021	\$ 309,581
750,000	Healthcare Trust of America, Sr. Unsecd. Note, 3.750%, 7/1/2027	773,348
600,000	Physicians Realty Trust, Sr. Unsecd. Note, 3.950%, 1/15/2028	605,173
450,000	Welltower, Inc., Sr. Unsecd. Note, 4.250%, 4/1/2026	479,769
	TOTAL	2,167,871
	<b>Financial Institution - REIT - Office—0.2%</b>	
350,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 3.900%, 6/15/2023	367,215
400,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 3.950%, 1/15/2028	420,833
750,000	Boston Properties LP, Sr. Unsecd. Note, 3.650%, 2/1/2026	780,568
	TOTAL	1,568,616
	<b>Financial Institution - REIT - Other—0.3%</b>	
820,000	Liberty Property LP, Sr. Unsecd. Note, 3.750%, 4/1/2025	852,317
650,000	ProLogis LP, Sr. Unsecd. Note, 4.250%, 8/15/2023	695,069
295,000	WP Carey, Inc., Sr. Unsecd. Note, 3.850%, 7/15/2029	299,088
250,000	WP Carey, Inc., Sr. Unsecd. Note, 4.600%, 4/1/2024	263,966
	TOTAL	2,110,440
	<b>Financial Institution - REIT - Retail—0.3%</b>	
740,000	Kimco Realty Corp., Sr. Unsecd. Note, 3.800%, 4/1/2027	769,691
700,000	Regency Centers LP, Sr. Unsecd. Note, 4.125%, 3/15/2028	748,403
750,000	Tanger Properties LP, Sr. Unsecd. Note, 3.125%, 9/1/2026	715,653
	TOTAL	2,233,747
	<b>Technology—1.1%</b>	
600,000	Apple, Inc., Sr. Unsecd. Note, 2.400%, 5/3/2023	606,038
350,000	Apple, Inc., Sr. Unsecd. Note, 2.500%, 2/9/2022	354,054
900,000	Apple, Inc., Sr. Unsecd. Note, 2.900%, 9/12/2027	921,354
75,000	Autodesk, Inc., Sr. Unsecd. Note, 4.375%, 6/15/2025	79,768
600,000	Broadcom, Inc., Sr. Unsecd. Note, 144A, 3.625%, 10/15/2024	603,575
350,000	Cisco Systems, Inc., 3.625%, 3/4/2024	373,530
270,000	Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Secd. Note, 144A, 4.420%, 6/15/2021	278,148
260,000	Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Secd. Note, 144A, 6.020%, 6/15/2026	286,948
725,000	Equifax, Inc., Sr. Unsecd. Note, 2.300%, 6/1/2021	720,840
200,000	Experian Finance PLC., Sr. Unsecd. Note, 144A, 4.250%, 2/1/2029	216,887
145,000	Fidelity National Information Services, Inc., Sr. Unsecd. Note, 3.750%, 5/21/2029	154,087
185,000	Fiserv, Inc., Sr. Unsecd. Note, 3.500%, 7/1/2029	190,102
380,000	Fiserv, Inc., Sr. Unsecd. Note, 3.800%, 10/1/2023	400,320
245,000	Lam Research Corp., Sr. Unsecd. Note, 4.000%, 3/15/2029	261,016
200,000	Micron Technology, Inc., Sr. Unsecd. Note, 4.640%, 2/6/2024	208,589
200,000	Micron Technology, Inc., Sr. Unsecd. Note, 4.975%, 2/6/2026	211,119
600,000	Microsoft Corp., Sr. Unsecd. Note, 3.125%, 11/3/2025	631,761
245,000	Microsoft Corp., Sr. Unsecd. Note, 4.000%, 2/12/2055	275,440
600,000	Oracle Corp., Sr. Unsecd. Note, 3.250%, 11/15/2027	628,529
20,000	Total System Services, Inc., Sr. Unsecd. Note, 4.800%, 4/1/2026	21,984
200,000	Verisk Analytics, Inc., Sr. Unsecd. Note, 4.125%, 3/15/2029	215,164
25,000	Verisk Analytics, Inc., Sr. Unsecd. Note, 5.500%, 6/15/2045	29,339
	TOTAL	7,668,592
	<b>Transportation - Railroads—0.1%</b>	
175,000	Burlington Northern Santa Fe Corp., Sr. Unsecd. Note, 3.000%, 4/1/2025	180,135



Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	<b>Transportation - Railroads—continued</b>	
\$ 750,000	Kansas City Southern Industries, Inc., Sr. Unsecd. Note, 3.125%, 6/1/2026	\$ 735,754
	TOTAL	915,889
	<b>Transportation - Services—0.3%</b>	
400,000	Enterprise Rent-A-Car USA Finance Co., Sr. Unsecd. Note, 144A, 3.300%, 10/15/2022	410,765
280,000	Enterprise Rent-A-Car USA Finance Co., Sr. Unsecd. Note, 144A, 4.500%, 2/15/2045	295,898
500,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, 144A, 2.700%, 3/14/2023	499,964
250,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, 144A, 3.375%, 2/1/2022	254,879
500,000	Ryder System, Inc., Sr. Unsecd. Note, Series MTN, 3.400%, 3/1/2023	513,864
250,000	Ryder System, Inc., Sr. Unsecd. Note, Series MTN, 3.450%, 11/15/2021	255,467
	TOTAL	2,230,837
	<b>Utility - Electric—1.3%</b>	
600,000	American Electric Power Co., Inc., Sr. Unsecd. Note, 3.200%, 11/13/2027	612,502
400,000	Avangrid, Inc., Sr. Unsecd. Note, 3.800%, 6/1/2029	419,169
300,000	Berkshire Hathaway Energy Co., Sr. Unsecd. Note, 3.750%, 11/15/2023	316,713
165,000	Dominion Energy, Inc., Jr. Sub. Note, 3.071%, 8/15/2024	166,341
205,000	Dominion Energy, Inc., Sr. Unsecd. Note, 4.250%, 6/1/2028	223,204
900,000	Duke Energy Corp., Sr. Unsecd. Note, 2.650%, 9/1/2026	889,773
200,000	EDP Finance BV, Sr. Unsecd. Note, 144A, 3.625%, 7/15/2024	206,185
375,000	Electricite de France SA, Jr. Sub. Note, 144A, 5.625%, 7/22/2067	385,581
400,000	Emera US Finance LP, Sr. Unsecd. Note, 3.550%, 6/15/2026	409,594
400,000	Emera US Finance LP, Sr. Unsecd. Note, 4.750%, 6/15/2046	431,479
470,000	Enel Finance International NV, Sr. Unsecd. Note, 144A, 4.625%, 9/14/2025	504,647
200,000	Enel Finance International SA, Company Guarantee, 144A, 6.000%, 10/7/2039	237,353
70,000	EverSource Energy, Sr. Unsecd. Note, 3.350%, 3/15/2026	71,565
500,000	EverSource Energy, Sr. Unsecd. Note, Series N, 3.800%, 12/1/2023	527,693
320,000	Exelon Corp., Sr. Unsecd. Note, 3.400%, 4/15/2026	328,702
50,000	Exelon Generation Co. LLC, Sr. Unsecd. Note, 4.250%, 6/15/2022	52,355
160,000	FirstEnergy Transmission LLC, Sr. Unsecd. Note, 144A, 4.550%, 4/1/2049	175,038
93,000	Fortis, Inc. / Canada, Sr. Unsecd. Note, 3.055%, 10/4/2026	92,358
20,000	Indiana Michigan Power Co., Sr. Unsecd. Note, Series K, 4.550%, 3/15/2046	22,495
490,000	Kansas City Power And Light Co., Sr. Unsecd. Note, 4.200%, 3/15/2048	536,712
200,000	Mississippi Power Co., Sr. Unsecd. Note, 3.950%, 3/30/2028	210,085
50,000	National Rural Utilities Cooperative Finance Corp., Sr. Sub. Note, 5.250%, 4/20/2046	51,040
110,000	National Rural Utilities Cooperative Finance Corp., Sr. Unsecd. Note, 2.950%, 2/7/2024	112,859
25,000	NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 2.700%, 9/15/2019	25,000
700,000	NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 3.625%, 6/15/2023	727,840
65,000	NiSource Finance Corp., Sr. Unsecd. Note, 4.375%, 5/15/2047	69,541
300,000	PPL Capital Funding, Inc., Sr. Unsecd. Note, 3.100%, 5/15/2026	299,542
1,000,000	Southern Co., Sr. Unsecd. Note, 3.250%, 7/1/2026	1,016,019
140,000	Virginia Electric & Power Co., Sr. Unsecd. Note, Series A, 3.500%, 3/15/2027	147,571
	TOTAL	9,268,956
	<b>Utility - Natural Gas—0.4%</b>	
200,000	Atmos Energy Corp., Sr. Unsecd. Note, 3.000%, 6/15/2027	203,538
700,000	Enbridge Energy Partners LP, Sr. Unsecd. Note, 5.500%, 9/15/2040	818,061
750,000	Sempra Energy, Sr. Unsecd. Note, 3.400%, 2/1/2028	748,459
120,000	Southern Natural Gas, Sr. Unsecd. Note, 144A, 4.800%, 3/15/2047	125,890

Shares,  
Principal  
Amount or  
Contracts

Value

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	<b>Utility - Natural Gas—continued</b>	
\$ 690,000	TransCanada PipeLines Ltd., Sr. Secd. Note, 5.100%, 3/15/2049	\$ 799,763
	TOTAL	2,695,711
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$128,586,815)	135,639,195
	MORTGAGE-BACKED SECURITIES—0.0%	
31,679	Federal National Mortgage Association, Pool AO8829, 3.500%, 7/1/2042	32,784
7,132	Government National Mortgage Association, Pool 2796, 7.000%, 8/20/2029	8,093
4,150	Government National Mortgage Association, Pool 3040, 7.000%, 2/20/2031	4,755
11,725	Government National Mortgage Association, Pool 3188, 6.500%, 1/20/2032	13,338
14,091	Government National Mortgage Association, Pool 3239, 6.500%, 5/20/2032	16,084
	TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$70,400)	75,054
	PURCHASED PUT OPTIONS—0.1%	
7,200	SPDR S&P 500 ETF Trust, Notional Amount \$210,960,000, Exercise Price \$275.00, Expiration Date: 7/19/2019	342,000
7,500	SPDR S&P 500 ETF Trust, Notional Amount \$219,750,000, Exercise Price \$275.00, Expiration Date: 7/5/2019	71,250
2,400	SPDR S&P 500 ETF Trust, Notional Amount \$70,320,000, Exercise Price \$245.00, Expiration Date: 12/20/2019	530,400
	TOTAL PURCHASED PUT OPTIONS (IDENTIFIED COST \$1,787,550)	943,650
	U.S. TREASURIES—12.4%	
\$10,600,000	United States Treasury Bond, 2.750%, 8/15/2047	11,052,597
20,000	United States Treasury Bond, 2.750%, 11/15/2047	20,854
1,000	United States Treasury Bond, 3.000%, 11/15/2044	1,092
3,000,000	United States Treasury Bond, 3.000%, 2/15/2049	3,291,289
2,000,000	United States Treasury Bond, 3.125%, 5/15/2048	2,241,734
2,400,000	United States Treasury Note, 1.625%, 2/15/2026	2,364,750
7,000,000	United States Treasury Note, 1.875%, 12/31/2019	6,991,633
8,250,000	United States Treasury Note, 1.875%, 1/31/2022	8,276,291
1,000,000	United States Treasury Note, 2.000%, 10/31/2022	1,008,547
2,650,000	United States Treasury Note, 2.000%, 11/15/2026	2,670,041
2,020,000	United States Treasury Note, 2.125%, 5/31/2021	2,033,288
2,300,000	United States Treasury Note, 2.125%, 11/30/2024	2,339,226
50,000	United States Treasury Note, 2.250%, 11/15/2027	51,163
5,700,000	United States Treasury Note, 2.500%, 6/30/2020	5,729,123
2,000,000	United States Treasury Note, 2.500%, 1/31/2021	2,020,625
11,500,000	United States Treasury Note, 2.500%, 2/28/2021	11,627,091
3,500,000	United States Treasury Note, 2.500%, 2/15/2022	3,567,840
4,000,000	United States Treasury Note, 2.625%, 7/15/2021	4,068,157
3,000,000	United States Treasury Note, 2.750%, 6/30/2025	3,157,219
40,000	United States Treasury Note, 2.875%, 5/31/2025	42,350
1,200,000	United States Treasury Note, 2.875%, 5/15/2028	1,288,048
2,000,000	United States Treasury Note, 3.125%, 11/15/2028	2,192,842
10,700,000	United States Treasury Note, 3.625%, 2/15/2021	11,005,161
3,273	U.S. Treasury Inflation-Protected Note, 0.125%, 4/15/2020	3,239
10,783	U.S. Treasury Inflation-Protected Note, 1.000%, 2/15/2046	11,314
	TOTAL U.S. TREASURIES (IDENTIFIED COST \$83,653,982)	87,055,514

Shares, Principal Amount or Contracts		Value
	FOREIGN GOVERNMENTS/AGENCIES—0.2%	
	<b>Sovereign—0.2%</b>	
\$ 600,000	Colombia, Government of, Sr. Unsec. Note, 4.500%, 3/15/2029	\$ 655,200
600,000	Mexico, Government of, 3.750%, 1/11/2028	611,250
200,000	Poland, Government of, 4.000%, 1/22/2024	215,194
	<b>TOTAL FOREIGN GOVERNMENTS/AGENCIES (IDENTIFIED COST \$1,434,800)</b>	<b>1,481,644</b>
	INVESTMENT COMPANIES—20.9%	
1,271,043	Emerging Markets Core Fund	12,608,748
767,345	Federated Bank Loan Core Fund	7,543,003
3,177,700	Federated High Income Bond Fund II, Class P	19,924,176
8,953,718	Federated Mortgage Core Portfolio	88,104,584
1,995,694	Federated Project and Trade Finance Core Fund	18,001,162
1,024	Federated U.S. Gov't Securities Fund 2-5 Years, Institutional Shares	11,183
	<b>TOTAL INVESTMENT COMPANIES (IDENTIFIED COST \$142,738,388)</b>	<b>146,192,856</b>
	REPURCHASE AGREEMENT—3.0%	
\$20,726,000	Interest in \$590,000,000 joint repurchase agreement 2.51%, dated 6/28/2019 under which Bank of America, N.A. will repurchase securities provided as collateral for \$590,123,408 on 7/1/2019. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 6/20/2044 and the market value of those underlying securities was \$601,925,877. (IDENTIFIED COST \$20,726,000)	20,726,000
	<b>TOTAL INVESTMENT IN SECURITIES—96.9% (IDENTIFIED COST \$636,755,794)<sup>3</sup></b>	<b>678,858,719</b>
	<b>OTHER ASSETS AND LIABILITIES - NET—3.1%<sup>4</sup></b>	<b>21,659,162</b>
	<b>TOTAL NET ASSETS—100%</b>	<b>\$ 700,517,881</b>

At June 30, 2019, the Fund had the following outstanding futures contracts:

Description	Number of Contracts	Notional Value	Expiration Date	Value and Unrealized Appreciation (Depreciation)
<sup>1</sup> S&P 500 Index Long Futures	405	\$298,100,250	September 2019	\$5,271,776
<sup>1</sup> United States Treasury Notes 2-Year Long Futures	150	\$ 32,276,953	September 2019	\$ 250,444
<sup>1</sup> United States Treasury Notes 5-Year Long Futures	200	\$ 23,631,250	September 2019	\$ 410,487
<sup>1</sup> United States Treasury Notes 10-Year Ultra Short Futures	80	\$ 11,050,000	September 2019	\$ (360,893)
<b>NET UNREALIZED APPRECIATION ON FUTURES CONTRACTS</b>				<b>\$5,571,814</b>

At June 30, 2019, the Fund had the following outstanding written options contracts:

Description	Contracts	Notional Amount	Expiration Date	Exercise Price	Value
<sup>1</sup> SPDR S&P 500 ETF Trust (Put Option)	2,400	\$ 70,320,000	December 2019	\$220.00	\$(217,200)
<sup>1</sup> SPDR S&P 500 ETF Trust (Put Option)	7,200	\$210,960,000	July 2019	\$265.00	\$(147,600)
<sup>1</sup> SPDR S&P 500 ETF Trust (Put Option)	7,500	\$219,750,000	July 2019	\$265.00	\$ (26,250)
(PREMIUMS RECEIVED \$694,704)					\$ (391,050)

Net Unrealized Appreciation (Depreciation) on Futures Contracts and the value of Written Option Contracts is included in "Other Assets and Liabilities—Net."

Affiliated fund holdings are investment companies which are managed by Federated Global Investment Management Corp., Federated Investment Management Company and Federated Equity Management Company of Pennsylvania (collectively, the “Co-Advisers”) or an affiliate of the Co-Advisers. Transactions with affiliated fund holdings during the period ended June 30, 2019, were as follows:

<b>Affiliates</b>	<b>Balance of Shares Held 12/31/2018</b>	<b>Purchases/ Additions</b>	<b>Sales/ Reductions</b>	<b>Balance of Shares Held 6/30/2019</b>	<b>Value</b>	<b>Change in Unrealized Appreciation/ Depreciation</b>	<b>Net Realized Gain/ (Loss)</b>	<b>Dividend Income</b>
Emerging Markets Core Fund	1,696,947	182,941	(608,845)	1,271,043	\$ 12,608,748	\$ 1,188,093	\$(133,654)	\$ 423,412
Federated Bank Loan Core Fund	769,550	23,150	(25,355)	767,345	\$ 7,543,003	\$ 160,282	\$ (6,592)	\$ 228,498
Federated High Income Bond Fund II, Class P	3,835,070	573,802	(1,231,172)	3,177,700	\$ 19,924,176	\$ 827,552	\$ (4,412)	\$ 1,522,163
Federated Mortgage Core Portfolio	11,473,149	169,527	(2,688,958)	8,953,718	\$ 88,104,584	\$ 2,200,810	\$ 113,925	\$ 1,647,939
Federated Project and Trade Finance Core Fund	2,226,116	46,005	(276,427)	1,995,694	\$ 18,001,162	\$ 123,329	\$(206,218)	\$ 416,157
Federated U.S. Government Securities Fund: 2-5 Years, Institutional Shares	1,012	12	—	1,024	\$ 11,183	\$ 275	\$ —	\$ 104
<b>TOTAL OF AFFILIATED TRANSACTIONS</b>	<b>20,001,844</b>	<b>995,437</b>	<b>(4,830,757)</b>	<b>16,166,524</b>	<b>\$146,192,856</b>	<b>\$4,500,341</b>	<b>\$(236,951)</b>	<b>\$4,238,273</b>

1 *Non-income-producing security.*

2 *Floating/adjustable note with current rate and current maturity or next reset date shown. Adjustable rate mortgage security coupons are based on the weighted average note rates of the underlying mortgages less the guarantee and servicing fees. These securities do not indicate an index and spread in their description above.*

3 *The cost of investments for federal tax purposes amounts to \$636,645,229.*

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 June 30, 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 June 30, 2019, in valuing the Fund's assets carried at fair value:

### Valuation Inputs

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
<b>Equity Securities:</b>				
Common Stocks				
Domestic	\$267,653,430	\$ —	\$—	\$267,653,430
International	9,990,294	—	—	9,990,294
<b>Debt Securities:</b>				
Adjustable Rate Mortgage	—	7,337	—	7,337
Asset-Backed Security	—	41,921	—	41,921
Collateralized Mortgage Obligations	—	8,092,838	—	8,092,838
Commercial Mortgage-Backed Securities	—	958,986	—	958,986
Corporate Bonds	—	135,639,195	—	135,639,195
Mortgage-Backed Securities	—	75,054	—	75,054
U.S. Treasuries	—	87,055,514	—	87,055,514
Foreign Governments/Agencies	—	1,481,644	—	1,481,644
<b>Purchased Put Options</b>	943,650	—	—	943,650
<b>Investment Companies<sup>1</sup></b>	128,191,694	—	—	146,192,856
<b>Repurchase Agreement</b>	—	20,726,000	—	20,726,000
<b>TOTAL SECURITIES</b>	<b>\$406,779,068</b>	<b>\$254,078,489</b>	<b>\$—</b>	<b>\$678,858,719</b>
<b>Other Financial Instruments</b>				
<b>Assets</b>				
Futures Contracts	\$ 5,932,707	\$ —	\$—	\$ 5,932,707
Written Options Contracts	—	—	—	—
<b>Liabilities</b>				
Futures Contracts	(360,893)	—	—	(360,893)
Written Options Contracts	(391,050)	—	—	(391,050)
<b>TOTAL OTHER FINANCIAL INSTRUMENTS</b>	<b>\$ 5,180,764</b>	<b>\$ —</b>	<b>\$—</b>	<b>\$ 5,180,764</b>

1 As permitted by U.S. generally accepted accounting principles (GAAP), the Investment Company valued at \$18,001,162 is measured at fair value using the net asset value (NAV) per share practical expedient and has not been categorized in the chart above but is included in the Total column. The amount included herein is intended to permit reconciliation of the fair value classifications to the amounts presented on the Statement of Assets and Liabilities. The price of shares redeemed of Federated Project and Trade Finance Core Fund may be determined as of the closing NAV of the fund up to twenty-four days after receipt of a shareholder redemption request.

The following acronyms are used throughout this portfolio:

ARM —Adjustable Rate Mortgage  
BKNT —Bank Notes  
ETF —Exchange-Traded Fund  
FREMF—Freddie Mac Multifamily K-Deals  
GMTN —Global Medium Term Note  
LIBOR —London Interbank Offered Rate  
MTN —Medium Term Note  
REIT —Real Estate Investment Trust  
REMIC—Real Estate Mortgage Investment Conduit  
SPDR —Standard & Poor's Depository Receipt

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Primary Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 6/30/2019	Year Ended December 31				
		2018	2017	2016	2015	2014
<b>Net Asset Value, Beginning of Period</b>	<b>\$9.60</b>	<b>\$10.80</b>	<b>\$9.52</b>	<b>\$9.29</b>	<b>\$10.54</b>	<b>\$11.30</b>
<b>Income From Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	0.13	0.23	0.29	0.34	0.44	0.54
Net realized and unrealized gain (loss)	1.05	(1.13)	1.39	0.34	(1.20)	(0.12)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>1.18</b>	<b>(0.90)</b>	<b>1.68</b>	<b>0.68</b>	<b>(0.76)</b>	<b>0.42</b>
<b>Less Distributions:</b>						
Distributions from net investment income	(0.22)	(0.30)	(0.40)	(0.45)	(0.44)	(0.38)
Distributions from net realized gain	—	—	—	—	(0.05)	(0.80)
<b>TOTAL DISTRIBUTIONS</b>	<b>(0.22)</b>	<b>(0.30)</b>	<b>(0.40)</b>	<b>(0.45)</b>	<b>(0.49)</b>	<b>(1.18)</b>
<b>Net Asset Value, End of Period</b>	<b>\$10.56</b>	<b>\$9.60</b>	<b>\$10.80</b>	<b>\$9.52</b>	<b>\$9.29</b>	<b>\$10.54</b>
<b>Total Return<sup>2</sup></b>	<b>12.35%</b>	<b>(8.49)%</b>	<b>18.11%</b>	<b>7.69%</b>	<b>(7.64)%</b>	<b>4.01%</b>

### Ratios to Average Net Assets:

Net expenses	0.90% <sup>4</sup>	0.89%	0.83%	0.79% <sup>3</sup>	0.75% <sup>3</sup>	0.76%
Net investment income	2.57% <sup>4</sup>	2.26%	2.91%	3.72%	4.38%	4.99%
Expense waiver/reimbursement <sup>5</sup>	0.02% <sup>4</sup>	0.03%	0.09%	0.14%	0.16%	0.15%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$656,366	\$632,957	\$621,804	\$563,745	\$631,701	\$652,011
Portfolio turnover	19%	96%	71%	90%	97%	54%

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

3 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratios are 0.79% and 0.75% for the years ended December 31, 2016 and 2015, respectively, after taking into account these expense reductions.

4 Computed on an annualized basis.

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

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Service Shares

(For a Share Outstanding Throughout Each Period)

	<b>Six Months Ended (unaudited) 6/30/2019</b>	<b>Period Ended 12/31/2018<sup>1</sup></b>
<b>Net Asset Value, Beginning of Period</b>	<b>\$9.59</b>	<b>\$10.08</b>
<b>Income From Investment Operations:</b>		
Net investment income (loss) <sup>2</sup>	0.12	0.13
Net realized and unrealized gain (loss)	1.05	(0.62)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>1.17</b>	<b>(0.49)</b>
<b>Less Distributions:</b>		
Distributions from net investment income	(0.21)	—
<b>Net Asset Value, End of Period</b>	<b>\$10.55</b>	<b>\$9.59</b>
<b>Total Return<sup>3</sup></b>	<b>12.25%</b>	<b>(4.86)%</b>
<b>Ratios to Average Net Assets:</b>		
Net expenses <sup>4</sup>	1.15%	1.15%
Net investment income <sup>4</sup>	2.32%	1.91%
Expense waiver/reimbursement <sup>4</sup>	0.02%	0.02%
<b>Supplemental Data:</b>		
Net assets, end of period (000 omitted)	\$44,152	\$44,037
Portfolio turnover	19%	96% <sup>5</sup>

1 Reflects operations for the period from April 26, 2018 (date of initial investment) to December 31, 2018.

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

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

4 Computed on an annualized basis.

5 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended December 31, 2018.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

June 30, 2019 (unaudited)

## Assets:

Investment in securities, at value including \$146,192,856 of investment in affiliated holdings (identified cost \$636,755,794)	\$678,858,719
Cash	876
Restricted cash (Note 2)	12,811,300
Income receivable	2,500,859
Income receivable from affiliated holdings	410,278
Receivable for investments sold	10,863,271
Receivable for shares sold	10,467
Receivable for daily variation margin on futures contracts	1,023,764
<b>TOTAL ASSETS</b>	<b>706,479,534</b>

## Liabilities:

Payable for investments purchased	\$5,074,776
Payable for shares redeemed	354,712
Written options outstanding (premium \$694,704), at value	391,050
Payable for investment adviser fee (Note 5)	42,011
Payable for administrative fees (Note 5)	5,576
Payable for distribution services fee (Note 5)	8,948
Payable for portfolio accounting fees	53,495
Accrued expenses (Note 5)	31,085
<b>TOTAL LIABILITIES</b>	<b>5,961,653</b>

Net assets for 66,335,625 shares outstanding	\$700,517,881
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## Net Assets Consist of:

Paid-in capital	\$695,071,155
Total distributable earnings	5,446,726
<b>TOTAL NET ASSETS</b>	<b>\$700,517,881</b>

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

### Primary Shares:

Net asset value per share (\$656,366,177 ÷ 62,151,155 shares outstanding), no par value, unlimited shares authorized	\$10.56
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### Service Shares:

Net asset value per share (\$44,151,704 ÷ 4,184,470 shares outstanding), no par value, unlimited shares authorized	\$10.55
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See Notes which are an integral part of the Financial Statements



# Statement of Operations

Six Months Ended June 30, 2019 (unaudited)

## Investment Income:

Dividends (including \$4,238,273 received from affiliated holdings* and net of foreign taxes withheld of \$473)	\$ 7,846,091
Interest	4,170,993
<b>TOTAL INCOME</b>	<b>12,017,084</b>

## Expenses:

Investment adviser fee (Note 5)	\$2,599,642
Administrative fee (Note 5)	338,054
Custodian fees	30,223
Transfer agent fee	26,778
Directors'/Trustees' fees (Note 5)	3,216
Auditing fees	17,143
Legal fees	8,747
Portfolio accounting fees	93,097
Distribution services fee (Note 5)	55,265
Printing and postage	55,878
Miscellaneous (Note 5)	16,311
<b>TOTAL EXPENSES</b>	<b>3,244,354</b>

## Reimbursement:

Reimbursement of investment adviser fee (Note 5)	(65,428)
Net expenses	3,178,926
Net investment income	8,838,158

## Realized and Unrealized Gain (Loss) on Investments, Futures Contracts, Written Options and Foreign

### Currency Transactions:

Net realized loss on investments (including net realized loss of \$(236,951) on sale of investments in affiliated holdings*)	(6,463,135)
Net realized loss on foreign currency transactions	(1,011)
Net realized gain on futures contracts	12,576,142
Net realized gain on written options	1,686,722
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$4,500,341 on investments in affiliated fund holdings*)	58,068,663
Net change in unrealized appreciation/depreciation of translation of assets and liabilities in foreign currency	1,556
Net change in unrealized depreciation of futures contracts	6,710,105
Net change in unrealized appreciation of written options	117,657
Net realized and unrealized gain on investments, futures contracts, written options and foreign currency transactions	72,696,699
Change in net assets resulting from operations	\$81,534,857

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

See Notes which are an integral part of the Financial Statements

## Statement of Changes in Net Assets

	<b>Six Months Ended (unaudited) 6/30/2019</b>	<b>Year Ended 12/31/2018</b>
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 8,838,158	\$ 14,685,775
Net realized gain (loss)	7,798,718	(22,815,479)
Net change in unrealized appreciation/depreciation	64,897,981	(56,815,881)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	81,534,857	(64,945,585)
<b>Distributions to Shareholders:</b>		
Primary Shares	(13,858,559)	(17,245,330)
Service Shares	(900,138)	—
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(14,758,697)	(17,245,330)
<b>Share Transactions:</b>		
Proceeds from sale of shares	15,580,490	60,468,298
Proceeds from shares issued in connection with the tax-free transfer of assets from Federated Managed Tail Risk Fund II	—	181,846,189
Net asset value of shares issued to shareholders in payment of distributions declared	14,758,695	17,245,330
Cost of shares redeemed	(73,592,084)	(122,178,476)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(43,252,899)	137,381,341
Change in net assets	23,523,261	55,190,426
<b>Net Assets:</b>		
Beginning of period	676,994,620	621,804,194
End of period	\$700,517,881	\$ 676,994,620

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

June 30, 2019 (unaudited)

## 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 Managed Volatility 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 achieve high current income and moderate capital appreciation. The Fund's Co-Advisers are Federated Global Investment Management Corp., Federated Investment Management Company and Federated Equity Management Company of Pennsylvania (collectively, the "Co-Advisers"). The Co-Advisers each are registered as a "commodity pool operator" with respect to operation of the Fund.

Effective April 26, 2018, the Fund's original shares were redesignated as Primary Shares and the Fund's Service Shares commenced operations.

On August 17, 2018, the Fund acquired all of the net assets of Federated Managed Tail Risk Fund II, an open-end investment company in a tax-free reorganization in exchange for shares of the Fund, pursuant to a plan of reorganization approved by the Federated Managed Tail Risk Fund II shareholders on August 3, 2018. The purpose of the transaction was to combine two portfolios with comparable investment objectives and strategies. For financial reporting purposes, assets received and shares issued by the Fund were recorded at fair value; however, the cost basis of the investments received from the Federated Managed Tail Risk Fund II was carried forward to align ongoing reporting of the Fund's realized gains and losses with amounts distributable to shareholders for tax purposes.

For every one share of Federated Managed Tail Risk Fund II Primary Shares exchanged, a shareholder received 0.4796 shares of the Fund's Primary Shares.

For every one share of Federated Managed Tail Risk Fund II Service Shares exchanged, a shareholder received 0.4799 shares of the Fund's Service Shares.

The Fund received net assets from Federated Managed Tail Risk Fund II as the result of the tax-free reorganization as follows:

<b>Shares of the Fund Issued</b>	<b>Federated Managed Tail Risk Fund II Net Assets Received</b>	<b>Unrealized Appreciation<sup>1</sup></b>	<b>Net Assets of the Fund Immediately Prior to Combination</b>	<b>Net Assets of the Fund Immediately After Combination</b>
17,252,819	\$181,846,189	\$1,990,708	\$599,415,157	\$781,261,346

1 *Unrealized Appreciation is included in the Net Assets Received amount shown above.*

Assuming the acquisition had been completed on January 1, 2018, the beginning of the annual reporting period of the Fund, the Fund's pro forma results of operations for the year ended December 31, 2018, were as follows:

Net investment income*	\$ 16,332,897
Net realized and unrealized loss on investments	\$(82,276,859)
Net decrease in net assets resulting from operations	\$(65,943,962)

\* *Net investment income includes \$133,000 of pro forma additional expenses.*

Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amount of earnings of the Federated Managed Tail Risk Fund II that have been included in the Fund's Statement of Changes in Net Assets as of December 31, 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### Investment Valuation

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

- 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.
- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Trustees (the "Trustees").
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.

- 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, the Co-Advisers and certain of the Co-Advisers' 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 Co-Advisers 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 Co-Advisers determine 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 Fund's Co-Advisers and their 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. Positive or negative inflation adjustments on Treasury Inflation-Protected Securities (TIPS) are included in interest income. 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. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense reimbursement of \$65,428 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.

### **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 June 30, 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 June 30, 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.

The Fund may transact in To Be Announced Securities (TBAs). As with other delayed-delivery transactions, a seller agrees to issue TBAs at a future date. However, the seller does not specify the particular securities to be delivered. Instead, the Fund agrees to accept any security that meets specified terms such as issuer, interest rate and terms of underlying mortgages. The Fund records TBAs on the trade date utilizing information associated with the specified terms of the transaction as opposed to the specific mortgages. TBAs are marked to market daily and begin earning interest on the settlement date. Losses may occur due to the fact that the actual underlying mortgages received may be less favorable than those anticipated by the Fund.

### **Swap Contracts**

Swap contracts involve two parties that agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, indices or other measures. The gross returns to be exchanged or "swapped" between parties are generally calculated with respect to a "notional amount" for a predetermined period of time. The Fund may enter into interest rate, total return, credit default, currency and other swap agreements. Risks may arise upon entering into swap agreements from the potential inability of the counterparties to meet the terms of their contract from unanticipated changes in the value of the swap agreement. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default.

The Fund uses credit default swaps to seek to increase income and to manage country, currency, duration, individual security, market, sector/asset class and yield curve risks. The "buyer" in a credit default swap is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or the "par value", of the reference obligation in exchange for the reference obligation. In connection with these agreements, securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency. Recovery values are assumed by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is typically determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specific valuation method, are

used to calculate the settlement value. The maximum amount of the payment that may occur, as a result of a credit event payable by the protection seller, is equal to the notional amount of the underlying index or security. The Fund's maximum risk of loss from counterparty credit risk, either as the protection buyer or as the protection seller, is the fair value of the contract. This risk is mitigated by having a master netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty.

Upfront payments received or paid by the Fund will be reflected as an asset or liability on the Statement of Assets and Liabilities. Changes in the value of swap contracts are included in "Swaps, at value" on the Statement of Assets and Liabilities, and periodic payments are reported as "Net realized gain (loss) on swap contracts" in the Statement of Operations.

Certain swap contracts may be centrally cleared ("centrally cleared swaps"), whereby all payments made or received by the Fund pursuant to the contract are with a central clearing party (CCP) rather than the counterparty. The CCP guarantees the performance of the parties to the contract. Upon entering into centrally cleared swaps, the Fund is required to deposit with the CCP, either in cash or securities, an amount of initial margin determined by the CCP, which is subject to adjustment. For centrally cleared swaps, the daily change in valuation is recorded as a receivable or payable for variation margin and settled in cash with the CCP daily. In the case of centrally cleared swaps, counterparty risk is minimal due to protections provided by the CCP.

At June 30, 2019, the Fund had no outstanding swap contracts.

### **Futures Contracts**

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

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

The average notional value of long and short futures contracts held by the Fund throughout the period was \$268,187,153 and \$14,180,045, respectively. This is based on amounts held as of each month-end throughout the six-month period.

### **Foreign Exchange Contracts**

The Fund enters into foreign exchange contracts to manage currency risk. 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 June 30, 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.

### **Option Contracts**

The Fund buys or sells put and call options to manage market risks. The seller ("writer") of an option receives a payment or premium, from the buyer, which the writer keeps regardless of whether the buyer exercises the option. When the Fund writes a put or call option, an amount equal to the premium received is recorded as a liability and subsequently marked to market to reflect the current value of the option written. Premiums received from writing options which expire are treated as realized gains. The Fund, as a writer of an option, bears the market risk of an unfavorable change in the price of the underlying reference instrument. When the Fund purchases a put or call option, an amount equal to the premium paid is recorded as an increase to the cost of the investment and subsequently marked to market to reflect the current value of the option purchased. Premiums paid for purchasing options which expire are treated as realized losses. Premiums received/paid for writing/purchasing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying reference instrument to determine the realized gain or loss. The risk associated with purchasing put and call options is limited to the premium paid. Options can trade on securities or commodities exchanges. In this case, the exchange sets all the terms of the contract except for the price. Most exchanges require investors to maintain margin accounts through their brokers to cover their potential obligations to the exchange. This protects investors against potential defaults by the counterparty.

Purchased option contracts outstanding at period-end are listed in the Fund's Portfolio of Investments and written option contracts outstanding at period end are listed after the Fund's Portfolio of Investments.

The average market value of purchased call and put options held by the Fund throughout the period was \$128,139 and \$499,164, respectively. This is based on amounts held as of each month-end throughout the six-month period.

The average market value of written call and put options held by the Fund throughout the period was \$33,732 and \$192,364, respectively. This is based on amounts held as of each month-end throughout the six-month period.

### Restricted Securities

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

### Additional Disclosure Related to Derivative Instruments

#### Fair Value of Derivative Instruments

	Asset		Liability	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Derivatives not accounted for as hedging instruments under ASC Topic 815				
Interest rate contracts	Receivable for daily variation margin on futures contracts	\$300,038*		\$—
Equity contracts	Receivable for daily variation margin on futures contracts	\$5,271,776*		\$—
Equity contracts		\$—	Written option contracts outstanding, at value	\$391,050
Equity contracts	Purchased options, Investment in securities at value	\$943,650		\$—
Total derivatives not accounted for as hedging instruments under ASC Topic 815		\$6,515,464		\$391,050

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

### The Effect of Derivative Instruments on the Statement of Operations for the Six Months Ended June 30, 2019

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

	Futures Contracts	Purchased Option Contracts <sup>1</sup>	Written Option Contracts	Total
Interest rate contracts	\$ (354,279)	\$ —	\$ —	\$ (354,279)
Equity contracts	\$12,930,421	\$(4,329,387)	\$1,686,722	\$10,287,756
TOTAL	\$12,576,142	\$(4,329,387)	\$1,686,722	\$9,933,477

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

	Futures Contracts	Purchased Option Contracts <sup>2</sup>	Written Option Contracts	Total
Interest rate contracts	\$ 604,264	\$ —	\$ —	\$ 604,264
Equity contracts	\$6,105,841	\$(248,475)	\$117,657	\$5,975,023
TOTAL	\$6,710,105	\$(248,475)	\$117,657	\$6,579,287

1 The net realized loss on Purchased Option Contracts is found within the Net realized loss on investments on the Statement of Operations.

2 The net change in unrealized depreciation of Purchased Option Contracts is found within the Net change in unrealized depreciation of investments on the Statement of Operations.



## Other

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

### 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

	Six Months Ended 6/30/2019		Year Ended 12/31/2018	
	Shares	Amount	Shares	Amount
<b>Primary Shares:</b>				
Shares sold	1,480,227	\$ 14,989,794	5,736,527	\$ 59,498,677
Proceeds from shares issued in connection with the tax-free transfer of assets from Federated Managed Tail Risk Fund II	—	—	12,384,634	130,535,314
Shares issued to shareholders in payment of distributions declared	1,369,423	13,858,559	1,677,561	17,245,330
Shares redeemed	(6,658,476)	(67,941,344)	(11,423,916)	(118,377,677)
NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS	(3,808,826)	\$(39,092,991)	8,374,806	\$ 88,901,644

	Six Months Ended 6/30/2019		Period Ended 12/31/2018 <sup>1</sup>	
	Shares	Amount	Shares	Amount
<b>Service Shares:</b>				
Shares sold	58,491	\$ 590,696	95,335	\$ 969,621
Proceeds from shares issued in connection with the tax-free transfer of assets from Federated Managed Tail Risk Fund II	—	—	4,868,185	51,310,875
Shares issued to shareholders in payment of distributions declared	88,946	900,136	-	-
Shares redeemed	(554,995)	(5,650,740)	(371,492)	(3,800,799)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(407,558)	\$ (4,159,908)	4,592,028	\$ 48,479,697
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(4,216,384)	\$(43,252,899)	12,966,834	\$137,381,341

<sup>1</sup> Reflects operations for the period from April 26, 2018 (date of initial investment) to December 31, 2018.

### 4. FEDERAL TAX INFORMATION

At June 30, 2019, the cost of investments for federal tax purposes was \$636,645,229. The net unrealized appreciation of investments for federal tax purposes was \$48,088,958. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$59,287,514 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$11,198,556. The amounts presented are inclusive of derivative contracts.

At December 31, 2018, the Fund had a capital loss carryforward of \$58,729,832 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:

Short-Term	Long-Term	Total
\$ 38,344,065	\$20,385,767	\$58,729,832

At December 31, 2018, for federal income tax purposes, the Fund had \$ 100,577 in straddle loss deferrals.

As a result of the August 2018 tax-free transfer of assets from Federated Managed Tail Risk Fund II, certain capital loss carryforwards listed above may be limited.

### 5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

#### Investment Adviser Fee

The co-advisory agreement between the Fund and the Co-Advisers 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 Co-Advisers may voluntarily choose to waive any portion of their fee. The Co-Advisers have 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 June 30, 2019, the Co-Advisers reimbursed \$65,428 of their fees.



## Administrative Fee

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

Administrative Fee	Average Daily Net Assets of the Investment Complex
0.100%	on assets up to \$50 billion
0.125%	on assets over \$50 billion

In addition to the fees described above, the Fund agrees to pay FAS an annual Administrative Service Charge of \$125,000 for administrative and compliance services related to commodities Futures Trading Commission Rule 4.5. 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 June 30, 2019, the annualized fee paid to FAS was 0.098% 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 Service Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at the following percentages of average daily net assets annually, to compensate FSC:

	Percentage of Average Daily Net Assets of Class
Service Shares	0.25%

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 June 30, 2019, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Service Shares	\$55,265

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended June 30, 2019, FSC did not retain any fees paid by the Fund.

## Expense Limitation

The Co-Advisers and certain of their affiliates (which may include FAS and FSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Effective June 1, 2019, total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy related expenses paid by the Fund, if any) paid by the Fund's Primary Shares and Service Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.95% and 1.20% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) June 1, 2020; or (b) the date of the Fund's next effective Prospectus. While the Co-Advisers and their 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 Co-Advisers which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

## 6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the six months ended June 30, 2019, were as follows:

Purchases	\$103,124,777
Sales	\$169,473,056

## 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 June 30, 2019, the Fund had no outstanding loans. During the six months ended June 30, 2019, the Fund did not utilize the LOC.

## **9. 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 June 30, 2019, there were no outstanding loans. During the six months ended June 30, 2019, the program was not utilized.

## 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 funds used as 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 January 1, 2019 to June 30, 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. 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 1/1/2019	Ending Account Value 6/30/2019	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Primary Shares	\$1,000	\$1,123.50	\$4.74
Service Shares	\$1,000	\$1,122.50	\$6.05
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Primary Shares	\$1,000	\$1,020.30	\$4.51
Service Shares	\$1,000	\$1,019.10	\$5.76

<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 181/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Primary Shares	0.90%
Service Shares	1.15%

## Evaluation and Approval of Advisory Contract – May 2019

### **FEDERATED MANAGED VOLATILITY FUND II (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, under which Federated Global Investment Management Corp., Federated Investment Management Company and Federated Equity Management Company of Pennsylvania will serve as co-advisers to the Fund (the “Co-Advisers”) 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. Also, in weighing these factors, the Board considered the aggregate advisory fee paid by the Fund for the services of all Co-Advisers in addition to considering the allocation of that aggregate fee among the Co-Advisers and the rationale for that allocation.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with the Co-Advisers and their 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 contacts 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 Co-Advisers 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 Co-Advisers' 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 Co-Advisers and their affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Co-Advisers 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 investment advisory contract between the Fund and the Co-Advisers provides for payment of a single advisory fee by the Fund for all services provided by the Co-Advisers. The investment advisory contract permits the Co-Advisers to allocate the advisory fee in a manner commensurate with the services they provide to the Fund. Throughout the year, as well as in connection with its May meetings, the Board considered the fee allocation and analyzed whether the allocation of fees among the Co-Advisers continued to be a reasonable proxy for and measurement of the level of resources and services provided by each Co-Adviser toward the management of the Fund.

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 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.

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 Co-Advisers and the resources of the Co-Advisers and their affiliates dedicated to the Fund. In particular, the Board considered the services provided by the Co-Advisers in the aggregate, to the extent that the Co-Advisers collaborate in the implementation of the Fund's strategy, as well as separately, to the extent to which specific services provided by a Co-Adviser are distinguishable and subject to meaningful assessment. In this regard, the Board evaluated, among other things, the Co-Advisers' 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 Co-Advisers' 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 Co-Advisers and their affiliates. The Board also noted the compliance program of the Co-Advisers and the compliance-related resources provided to the Fund by the Co-Advisers, including the Co-Advisers' 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 Co-Advisers are executing the Fund's investment program. The Co-Advisers' ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent, and quality of the Co-Advisers' 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 Co-Advisers 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 three-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 one-year and five-year periods. The Board discussed the Fund's performance with the Co-Advisers and recognized the efforts being taken by the Co-Advisers 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 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 Co-Advisers and their 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 Co-Advisers and their 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 Co-Advisers’ industry standing and reputation and with the expectation that the Co-Advisers 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 Co-Advisers 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 Co-Advisers and their 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 arrangements.

## 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).



*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.

**IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

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



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Contact us at **FederatedInvestors.com**  
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