

Annual Shareholder Report

December 31, 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 Annual Shareholder Report for your fund covering the period from January 1, 2019 through December 31, 2019. This report includes Management's Discussion of Fund Performance, a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

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

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

Sincerely,



John B. Fisher, President

Not FDIC Insured • May Lose Value • No Bank Guarantee

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Management's Discussion of Fund Performance (unaudited)

The total return of Federated Managed Volatility Fund II (the "Fund"), based on net asset value for the 12-month reporting period ended December 31, 2019, was 20.23% for the Primary Shares and 19.92% for the Service Shares. The 20.23% total return of the Primary Shares for the reporting period consisted of 17.71% in price appreciation and 2.52% in reinvested dividends. For the same period, the Fund's custom benchmark ("Blended Index")¹ returned 15.85%. The Blended Index consists of a blend of 40% Russell 1000[®] Value Index (R1000V), which returned 26.54%, and 60% Bloomberg Barclays U.S. Aggregate Bond Index (BBAB), which returned 8.72%. The Fund's total return for the most recently completed fiscal year reflected actual cash flows, transaction costs and other expenses, which are not reflected in the total return of the Blended Index.

The Fund's investment strategy focused on income-earning investments, specifically high-quality, dividend-paying stocks² and fixed-income securities with high current yield through: (1) portfolio allocation; (2) sector and security selection for equities and; (3) sector and security selection for bonds to achieve the Fund's objectives of high current income and moderate capital appreciation.

MARKET OVERVIEW

During the reporting period, equity markets reached all-time highs with some periods of volatility. Easing of the U.S.-China trade war proved to be a strong tailwind for most of the year. It was also the cause of much of the year's short bouts of volatility. In May, President Donald Trump announced that the anticipated trade deal would be delayed, and new tariffs would go into effect. This was followed by another announcement in the late summer that more tariffs would go into effect in the fall. However, a "Phase 1 Deal" was declared in the fourth quarter, driving strong equity returns into the end of the year. Through all this, the VIX Index³ reached its highest level of the year on just the second trading day of the reporting period and, with the exception of the aforementioned tariff headlines, spent most of the year at moderate-to-low levels.

The S&P 500 Index⁴ (S&P 500) returned 31.49% for the reporting period. In general, value stocks underperformed growth stocks, with cyclical sectors outperforming defensive sectors. The S&P 500's weak performance in the Energy and Health Care sectors was overshadowed by stronger performance in the Information Technology, Communications and Financials sectors.

On the fixed-income side, many of the risks that concerned investors at the end of 2018, including U.S.-China trade tensions, tighter monetary policy, Brexit (the U.K. leaving the European Union) and slowing global economic growth, faded throughout 2019. In 2019, the U.S. Federal Reserve actually reversed course and lowered the federal funds target interest rate by 25 basis points at three consecutive meetings to a new target range of 1.50%-1.75%. As a result, the U.S. Treasury curve experienced a "Bull Steepening" in 2019. Specifically, interest rates declined for all maturities. However, the largest rate declines were in the front-end of the Treasury curve, where all maturities of 5 years or less declined by at least 80 basis points, while the 30-year Treasury rate declined by approximately 60 basis points. In the fourth quarter, a potential Phase 1 trade agreement between the U.S. and China and the reduced risk of a hard Brexit also contributed to the rally of the higher-beta fixed-income markets. The combination of lower Treasury rates across the curve and more positive investor sentiment led to positive total returns for all major U.S. fixed-income markets.⁵ The fixed-income spread sectors, such as mortgage-backed securities (MBS),⁶ investment-grade⁷ corporates, emerging markets⁸ and high yield,⁹ outperformed the U.S. Treasury market on a total return and duration-adjusted basis.¹⁰ For the reporting period, the Bloomberg Barclays U.S. Treasury Index¹¹ returned 6.86%, the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index¹² returned 14.32%, the Bloomberg Barclays Emerging Markets U.S. Aggregate Index¹³ returned 13.11%, the Bloomberg Barclays U.S. Corporate Investment Grade Index¹⁴ returned 14.54% and the Bloomberg Barclays MBS Index¹⁵ returned 6.35%.

PORTFOLIO ALLOCATION

During the reporting period, the Fund's portfolio was allocated between stocks and fixed-income securities in a manner reflecting the Fund's primary investment objective of income and its secondary objective of capital appreciation. Factors used in making this allocation were: (1) the Fund's ability to pay and maintain an attractive level of dividends; and (2) the expected relative total return of fixed-income securities and stocks. The allocation at the end of the reporting period on December 31, 2019 was 53% fixed-income securities, 40% stocks and 7% cash equivalents and other assets/liabilities. Furthermore, at the end of the reporting period, the Fund had a futures volatility overlay of 58%.¹⁶

Relative to the Blended Index, the Fund's allocation, other than the overlay, had a slight negative effect on Fund performance because of an allocation to cash for futures margin.

SECTOR AND SECURITY SELECTION – EQUITY

The equity component of the Fund contributed to the Fund's current income objective; however, it slightly underperformed the R1000V benchmark during the reporting period. Fund management focused on realization of the Fund's income and total return objectives by purchasing and holding income-producing equity securities with favorable valuation levels. Relative to the equity component of the Blended Index, stock selection contributed negatively to the Fund's equity performance and was slightly offset by positive sector allocation, due to marginal sector weight deviations relative to the benchmark. Stock selection in the Financials and Consumer Staples sectors contributed positively to the Fund's equity performance. This was more than offset by negative stock selection in the Utilities, Real Estate and Communication Services sectors.

During the reporting period, the Fund invested in S&P 500 futures contracts for volatility risk management purposes. The second and third quarters of 2019 contained short-lived volatility spikes, causing the Fund to temporarily reduce its volatility overlay. However, the Fund ended the year with its futures allocation near the high end of its specified range. The long futures exposure in the year was the major positive contributor to Fund performance for the reporting period. Despite the large futures exposure for most of the year, the low levels of market volatility helped to cause the realized, annualized daily volatility of the Fund to fall below its 8%–12% target range, at only 7%.

SECTOR AND SECURITY SELECTION – BONDS

For the reporting period, the fixed-income portfolio outperformed its benchmark's (BBAB) return of 8.72%. Sector allocation was the largest positive contributor to the Fund's fixed-income performance in 2019. The overweight to the credit-sensitive high-yield, emerging markets and investment-grade corporate sectors and the resulting underweight to the U.S. Treasury market resulted in the positive sector performance in a strong year for credit. Security selection, especially in investment-grade corporates, was also a positive contributor to performance. The fixed-income portfolio's duration during the year averaged 96% of its benchmark, resulting in a negative contribution to performance in a declining rate environment. The fixed-income's yield curve positioning did not have a material impact on Fund performance.

- 1 *Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the Blended Index.*
- 2 *There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks. High-yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment-grade securities and may include higher volatility and higher risk of default.*
- 3 *The CBOE Volatility Index[®] (VIX[®] Index) is a leading measure of market expectations of near-term volatility conveyed by S&P 500 Index option prices.**
- 4 *Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the S&P 500 Index.*
- 5 *Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.*
- 6 *The value of some mortgage-backed securities may be particularly sensitive to changes in the prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.*
- 7 *Investment-grade securities are securities that are rated at least "BBB- (minus)" or unrated securities of a comparable quality. Noninvestment-grade securities are securities that are not rated at least "BBB- (minus)" or unrated securities of a comparable quality. Credit ratings are an indication of the risk that a security will default. They do not protect a security from credit risk. Lower-rated bonds typically offer higher yields to help compensate investors for the increased risk associated with them. Among these risks are lower credit-worthiness, greater price volatility, more risk to principal and income than with higher-rated securities and increased possibilities of default.*
- 8 *International investing involves special risks including currency risk, increased volatility, political risks and differences in auditing and other financial standards. Prices of emerging markets securities can be significantly more volatile than the prices of securities in developed countries and currency risk and political risks are accentuated in emerging markets.*
- 9 *High-yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment-grade securities and may include higher volatility and a higher risk of default.*
- 10 *Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.*
- 11 *The Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.**
- 12 *The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index is an issuer-constrained version of the Bloomberg Barclays U.S. Corporate High-Yield Index that measures the market of USD-denominated, noninvestment-grade, fixed-rate, taxable corporate bonds. The index follows the same rules as the uncapped index but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value index-wide on a pro-rata basis.**
- 13 *The Bloomberg Barclays Emerging Markets U.S. Aggregate Index tracks total returns for external-currency-denominated debt instruments of the emerging markets.**
- 14 *The Bloomberg Barclays U.S. Corporate Investment Grade Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.**
- 15 *The Bloomberg Barclays MBS Index covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).**
- 16 *The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities or other traditional instruments.*

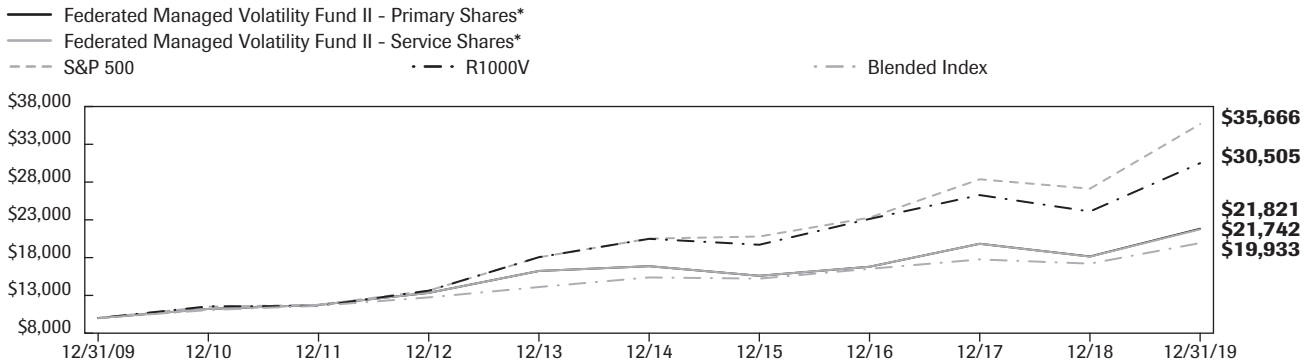
* *The index is unmanaged, and it is not possible to invest directly in an index.*

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

The graph below illustrates the hypothetical investment of \$10,000¹ in the Federated Managed Volatility Fund II from December 31, 2009 to December 31, 2019, compared to the Standard & Poor's 500 Index (S&P 500),^{2,3} the Russell 1000[®] Value Index (R1000V),^{3,4} both broad-based securities market indexes, and a blend of indexes comprised of 40% R1000V/60% Bloomberg Barclays U.S. Aggregate Bond Index (BBAB) ("Blended Index").^{3,4} The Average Annual Total Return table below shows returns averaged over the stated periods.

GROWTH OF A \$10,000 INVESTMENT

Growth of \$10,000 as of December 31, 2019



* The performance of the Primary Shares and Service Shares is substantially similar for the time period shown and, therefore, only one line appears in the graph.

Average Annual Total Returns for the Period Ended 12/31/2019

	1 Year	5 Years	10 Years
Primary Shares	20.23%	5.28%	8.12%
Service Shares⁵	19.92%	5.21%	8.08%
S&P 500	31.49%	11.70%	13.56%
R1000V	26.54%	8.29%	11.80%
Blended Index	15.85%	5.33%	7.14%

Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance of a variable investment option changes over time and current performance may be lower or higher than what is stated. For current to the most recent month end performance, contact your insurance company. The performance information presented does not include the charges and expenses imposed by the insurance company under the variable insurance product contract. The inclusion of such charges would lower performance. Please refer to the variable insurance product prospectus for a complete listing of these expenses. Fund shares are available exclusively as a funding vehicle for life insurance companies writing variable life insurance policies and variable annuity contracts. Variable investment options are not obligations of or guaranteed by any bank and are not federally insured.

- 1 *The Fund's performance assumes the reinvestment of all dividends and distributions. The S&P 500, R1000V and the Blended Index have been adjusted to reflect reinvestment of dividends on securities in the indexes.*
- 2 *The S&P 500 is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.*
- 3 *The S&P 500, R1000V and the Blended Index are not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission (SEC) requires to be reflected in the Fund's performance. The indexes are unmanaged and, unlike the Fund, are not affected by cash flows. It is not possible to invest directly in an index.*
- 4 *The Russell 1000[®] Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000[®] Index companies with lower price-to-book ratios and lower expected growth values. The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The R1000V is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The Bloomberg Barclays U.S. Aggregate Bond Index measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid ARM pass-throughs), asset-backed securities and commercial mortgage-backed securities.*
- 5 *The Fund's Service (S) Class commenced operations on April 26, 2018. For the periods prior to the commencement of operations of the Fund's S class, the performance information shown is for the Fund's Primary (P) class. The performance of the P class has not been adjusted to reflect the expenses applicable to the S class. The total returns of the S class would have been substantially similar to the annual returns for the P class over the same period because the classes are invested in the same portfolio of securities and would differ only to the extent the classes do not have the same expenses. The expenses of the S class are higher than those of the P class; accordingly, the performance of the S class is anticipated to be lower than the performance of the P class.*

Portfolio of Investments Summary Tables (unaudited)

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

Portfolio Composition	Percentage of Total Net Assets
Domestic Fixed-Income Securities	44.6%
Domestic Equity Securities	40.0%
Federated High Income Bond Fund II, Class P	2.5%
Federated Project and Trade Finance Core Fund	2.5%
Emerging Markets Core Fund	1.7%
Federated Bank Loan Core Fund	1.0%
International Equity Securities	0.3%
Federated U.S. Government Securities Fund: 2-5 Years, Institutional Shares ²	0.0%
Cash Equivalents ³	0.6%
Other Security Types ⁴	0.1%
Derivative Contracts ⁵	1.6%
Repurchase Agreement	4.3%
Other Assets and Liabilities—Net ⁶	0.8%
TOTAL	100.0%

At December 31, 2019, the Fund's sector composition⁷ for its equity securities was as follows:

Sector Composition of Equity Holdings	Percentage of Equity Securities
Financials	24.5%
Health Care	13.5%
Industrials	9.4%
Consumer Staples	8.8%
Energy	8.0%
Communication Services	7.9%
Information Technology	6.6%
Utilities	6.4%
Consumer Discretionary	5.7%
Real Estate	5.0%
Materials	4.2%
TOTAL	100.0%

1 See the Fund's Prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests. 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 Represents less than 0.1%.

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

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 tables 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

December 31, 2019

**Shares,
Principal
Amount or
Contracts**

Value

	COMMON STOCKS—40.3%		
	Communication Services—3.2%		
106,592	AT&T, Inc.	\$	4,165,615
85,368	CenturyLink, Inc.		1,127,711
2,001	¹ Charter Communications, Inc.		970,645
74,221	Comcast Corp., Class A		3,337,718
44	¹ DISH Network Corp., Class A		1,561
8,646	¹ Discovery, Inc., Class C		263,617
4,361	Fox Corp.		161,662
13,224	¹ Lions Gate Entertainment Corp., Class A		140,968
17,507	¹ Lions Gate Entertainment Corp., Class B		173,845
48,353	News Corp., Inc., Class B		701,602
10,935	Sinclair Broadcast Group, Inc.		364,573
8,902	¹ Take-Two Interactive Software, Inc.		1,089,872
96,274	Verizon Communications, Inc.		5,911,224
4,935	ViacomCBS, Inc., Class A		221,433
158	ViacomCBS, Inc., Class B		6,631
23,179	Walt Disney Co.		3,352,379
35,059	¹ Zynga, Inc.		214,561
	TOTAL		22,205,617
	Consumer Discretionary—2.3%		
10,841	¹ Caesars Entertainment Corp.		147,438
68	Dollar General Corp.		10,607
11,766	¹ Dollar Tree, Inc.		1,106,592
4,365	Expedia Group, Inc.		472,031
16,913	Extended Stay America, Inc.		251,327
211,150	Ford Motor Co.		1,963,695
4,813	¹ Frontdoor, Inc.		228,232
24,952	Gentex Corp.		723,109
7,796	Home Depot, Inc.		1,702,490
17,091	L Brands, Inc.		309,689
26,480	¹ LKQ Corp.		945,336
3,016	MGM Resorts International		100,342
18,569	McDonald's Corp.		3,669,420
33,254	Newell Brands, Inc.		639,142
7,819	¹ Norwegian Cruise Line Holdings Ltd.		456,708
39,147	Pulte Group, Inc.		1,518,904
6,701	Target Corp.		859,135
9,019	¹ Under Armour, Inc., Class C		172,984
586	Yum China Holding, Inc.		28,134
5,350	Yum! Brands, Inc.		538,906
	TOTAL		15,844,221
	Consumer Staples—3.6%		
18,325	Altria Group, Inc.		914,601
18,000	¹ Bellring Brands, Inc.		383,220
17,515	Colgate-Palmolive Co.		1,205,732
561	¹ Herbalife Ltd.		26,743
8,908	Hershey Foods Corp.		1,309,298

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	Consumer Staples—continued	
1,500	Kimberly-Clark Corp.	\$ 206,325
35,116	Kraft Heinz Co./The	1,128,277
1,862	Lamb Weston Holdings, Inc.	160,188
50,287	Mondelez International, Inc.	2,769,808
5,946	PepsiCo, Inc.	812,640
27,974	Philip Morris International, Inc.	2,380,308
52,928	Procter & Gamble Co.	6,610,707
2,190	¹ Sprouts Farmers Market, Inc.	42,376
40,831	The Coca-Cola Co.	2,259,996
1,601	Walgreens Boots Alliance, Inc.	94,395
37,944	WalMart, Inc.	4,509,265
	TOTAL	24,813,879
	Energy—3.2%	
27,634	Cabot Oil & Gas Corp., Class A	481,108
41,139	Chevron Corp.	4,957,661
30,148	ConocoPhillips	1,960,525
4,492	Continental Resources, Inc.	154,076
11,712	EOG Resources, Inc.	980,997
26,772	EQT Corp.	291,815
81,521	Exxon Mobil Corp.	5,688,535
145	Helmerich & Payne, Inc.	6,587
7,036	Hess Corp.	470,075
60,378	Kinder Morgan, Inc.	1,278,202
15,078	Marathon Oil Corp.	204,759
21,839	Occidental Petroleum Corp.	899,985
9,776	Parsley Energy, Inc.	184,864
19,367	Patterson-UTI Energy, Inc.	203,354
5,279	Phillips 66	588,133
2,979	Pioneer Natural Resources, Inc.	450,931
40,423	Schlumberger Ltd.	1,625,005
12,433	Valero Energy Corp.	1,164,351
32,967	Williams Cos., Inc.	781,977
	TOTAL	22,372,940
	Financials—9.9%	
64,198	AXA Equitable Holdings, Inc.	1,590,826
6,314	Aflac, Inc.	334,011
12,579	Allstate Corp.	1,414,509
49,185	Ally Financial, Inc.	1,503,094
4,416	Ameriprise Financial, Inc.	735,617
4,218	¹ Athene Holding Ltd.	198,373
45,000	¹ BRP Group, Inc.	722,250
201,332	Bank of America Corp.	7,090,913
36,767	Bank of New York Mellon Corp.	1,850,483
31,339	¹ Berkshire Hathaway, Inc., Class B	7,098,283
14,753	¹ Brighthouse Financial, Inc.	578,760
12,708	CIT Group Holdings, Inc.	579,866
258	CME Group, Inc.	51,786
26,759	CNA Financial Corp.	1,199,071
6,986	Capital One Financial Corp.	718,929

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	Financials—continued	
60,232	Chimera Investment Corp.	\$ 1,238,370
704	Chubb Ltd.	109,585
59,345	Citigroup, Inc.	4,741,072
37,810	Citizens Financial Group, Inc.	1,535,464
21,593	Comerica, Inc.	1,549,298
2,681	Discover Financial Services	227,402
13,822	E*Trade Financial Corp.	627,104
9,959	First Horizon National Corp.	164,921
5,930	Goldman Sachs Group, Inc.	1,363,485
3,474	Hanover Insurance Group, Inc.	474,792
56,484	JPMorgan Chase & Co.	7,873,870
19,421	Jefferies Financial Group, Inc.	415,027
1,887	Kemper Corp.	146,242
15,152	KeyCorp	306,676
10,791	Lazard Ltd., Class A	431,208
21,553	Lincoln National Corp.	1,271,843
30,400	Loews Corp.	1,595,696
17,330	MGIC Investment Corp.	245,566
42,503	MetLife, Inc.	2,166,378
36,205	Morgan Stanley	1,850,800
71,359	Navient Corp.	976,191
117,947	New York Community Bancorp, Inc.	1,417,723
20,943	OneMain Holdings, Inc.	882,747
45,000	¹ Oportun Financial Corp.	1,071,000
5,352	Popular, Inc.	314,430
12,868	Prudential Financial, Inc.	1,206,246
78,367	Regions Financial Corp.	1,344,778
45,000	¹ Silvergate Capital Corp.	715,950
28,253	Synchrony Financial	1,017,391
4,644	U.S. Bancorp	275,343
48,097	Unum Group	1,402,508
78,605	Wells Fargo & Co.	4,228,949
	TOTAL	68,854,826
	Health Care—5.4%	
19,777	Abbott Laboratories	1,717,830
5,519	¹ Alkermes, Inc.	112,588
9,930	Allergan PLC	1,898,318
2,524	¹ Alnylam Pharmaceuticals, Inc.	290,689
2,525	Amgen, Inc.	608,702
45,000	¹ Andlauer Healthcare Group, Inc.	694,813
3,034	Anthem, Inc.	916,359
1,314	Baxter International, Inc.	109,877
3,267	¹ Biogen, Inc.	969,417
13,266	CVS Health Corp.	985,531
6,186	Cardinal Health, Inc.	312,888
1,377	Cooper Cos., Inc.	442,416
11,067	Danaher Corp.	1,698,563
174	¹ Davita, Inc.	13,055
7,954	Dentsply Sirona, Inc.	450,117

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	Health Care—continued	
30,000	¹ Frequency Therapeutics, Inc.	\$ 525,900
17,436	Gilead Sciences, Inc.	1,132,991
6,144	HCA Healthcare, Inc.	908,145
1,911	Hill-Rom Holdings, Inc.	216,956
25,973	¹ Hologic, Inc.	1,356,050
975	¹ Horizon Therapeutics PLC	35,295
2,053	Humana, Inc.	752,466
3,963	¹ IQVIA Holdings, Inc.	612,323
42,746	Johnson & Johnson	6,235,359
29,162	¹ MEDNAX, Inc.	810,412
11,912	McKesson Corp.	1,647,668
23,629	Medtronic PLC	2,680,710
17,271	Merck & Co., Inc.	1,570,798
5,483	¹ Mylan NV	110,208
82,361	Pfizer, Inc.	3,226,904
24,000	¹ Progyny, Inc.	658,800
2,286	STERIS PLC	348,432
60,000	¹ SmileDirectClub, Inc.	524,400
6,783	Thermo Fisher Scientific, Inc.	2,203,593
3,442	Universal Health Services, Inc., Class B	493,789
1,764	West Pharmaceutical Services, Inc.	265,182
2,440	Zimmer Biomet Holdings, Inc.	365,219
	TOTAL	37,902,763
	Industrials—3.8%	
9,178	3M Co.	1,619,183
6,639	Ametek, Inc.	662,174
19,125	CSX Corp.	1,383,885
1,713	Carlisle Cos., Inc.	277,232
3,263	Caterpillar, Inc.	481,880
1,974	Copa Holdings SA, Class A	213,350
4,484	Cummins, Inc.	802,457
16,758	Delta Air Lines, Inc.	980,008
6,285	Dover Corp.	724,409
2,699	Eaton Corp. PLC	255,649
22,302	Emerson Electric Co.	1,700,751
1,075	¹ Gardner Denver Holdings, Inc.	39,431
142,426	General Electric Co.	1,589,474
31,942	¹ HD Supply, Inc.	1,284,707
13,119	Honeywell International, Inc.	2,322,063
3,024	Hubbell, Inc.	447,008
6,172	Ingersoll-Rand PLC	820,382
444	L3Harris Technologies, Inc.	87,854
2,050	¹ Lyft, Inc.	88,191
839	Macquarie Infrastructure Co.	35,943
12,835	Masco Corp.	615,952
7,085	Nielsen Holdings PLC	143,826
4,601	Norfolk Southern Corp.	893,192
2,400	Parker-Hannifin Corp.	493,968
2,670	Roper Technologies, Inc.	945,794

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	Industrials—continued	
15,332	Southwest Airlines Co.	\$ 827,621
1,473	Spirit AeroSystems Holdings, Inc., Class A	107,352
2,650	¹ Teledyne Technologies, Inc.	918,331
862	¹ Transdigm Group, Inc.	482,720
5,244	¹ United Airlines Holdings, Inc.	461,944
2,218	¹ United Rentals, Inc.	369,896
7,228	United Technologies Corp.	1,082,465
5,705	Valmont Industries, Inc.	854,495
2,786	¹ WABCO Holdings, Inc.	377,503
10,898	Waste Management, Inc.	1,241,936
6,117	Woodward, Inc.	724,497
	TOTAL	26,357,523
	Information Technology—2.6%	
3,817	Alliance Data Systems Corp.	428,267
8,426	¹ Autodesk, Inc.	1,545,834
23,272	Avnet, Inc.	987,664
11,760	¹ Bill.Com Holdings, Inc.	447,468
3,034	¹ Ciena Corp.	129,522
2,312	¹ Cree, Inc.	106,699
4,277	Cypress Semiconductor Corp.	99,782
6,746	¹ Dell Technologies, Inc.	346,677
1,955	HP, Inc.	40,175
4,678	IBM Corp.	627,039
107,736	Intel Corp.	6,448,000
33,379	Marvell Technology Group Ltd.	886,546
27,334	¹ Micron Technology, Inc.	1,470,023
9,214	Motorola, Inc.	1,484,744
53,283	NortonLifeLock, Inc.	1,359,782
18,794	¹ Nuance Communications, Inc.	335,097
2,509	¹ ON Semiconductor Corp.	61,169
3,475	¹ Qorvo, Inc.	403,899
18,000	¹ Sitime Corp.	459,000
773	¹ Verisign, Inc.	148,942
16,221	Xerox Holdings Corp.	598,068
	TOTAL	18,414,397
	Materials—1.7%	
6,312	Air Products & Chemicals, Inc.	1,483,257
11,463	¹ Alcoa Corp.	246,569
6,532	Aptargroup, Inc.	755,230
3,248	Ardagh Group SA	63,596
5,233	Avery Dennison Corp.	684,581
6,388	¹ Berry Global Group, Inc.	303,366
17,626	CF Industries Holdings, Inc.	841,465
12,995	Celanese Corp.	1,599,945
9,031	Corteva, Inc.	266,956
9,031	Dow, Inc.	494,267
11,941	DuPont de Nemours, Inc.	766,612
3,791	Eagle Materials, Inc.	343,692
14,762	Huntsman Corp.	356,650

Shares, Principal Amount or Contracts		Value
	COMMON STOCKS—continued	
	Materials—continued	
8,438	International Paper Co.	\$ 388,570
3,734	Linde PLC	794,969
2,707	LyondellBasell Industries N.V.	255,757
2,022	Martin Marietta Materials	565,432
1,177	Olin Corp.	20,303
5,841	Reliance Steel & Aluminum Co.	699,518
833	Royal Gold, Inc.	101,834
12,153	Steel Dynamics, Inc.	413,688
20,239	Valvoline, Inc.	433,317
33	Vulcan Materials Co.	4,752
	TOTAL	11,884,326
	Real Estate—2.0%	
27,677	Apartment Investment & Management Co., Class A	1,429,517
844	Avalonbay Communities, Inc.	176,987
38,516	Equity Commonwealth	1,264,480
11,427	Equity Residential Properties Trust	924,673
1,787	Essex Property Trust, Inc.	537,637
3,869	Extra Space Storage, Inc.	408,644
45,772	Healthpeak Properties, Inc.	1,577,761
42,524	Host Hotels & Resorts, Inc.	788,820
52,495	Invitation Homes, Inc.	1,573,275
700	Mid-American Apartment Communities, Inc.	92,302
6,893	Public Storage	1,467,933
89,230	SITE Centers Corp.	1,251,005
2,211	Simon Property Group, Inc.	329,350
162,366	VEREIT, Inc.	1,500,262
24,154	Weingarten Realty Investors	754,571
	TOTAL	14,077,217
	Utilities—2.6%	
55,413	AES Corp.	1,102,719
20,187	Ameren Corp.	1,550,362
23,324	American Electric Power Co., Inc.	2,204,351
5,780	DTE Energy Co.	750,649
302	Duke Energy Corp.	27,545
25,643	Evergy, Inc.	1,669,103
42,874	Exelon Corp.	1,954,626
33,476	NRG Energy, Inc.	1,330,671
9,813	NextEra Energy, Inc.	2,376,316
10,332	¹ P G & E Corp.	112,309
15,502	Pinnacle West Capital Corp.	1,394,095
19,111	Public Service Enterprises Group, Inc.	1,128,504
22,077	UGI Corp.	996,997
56,651	Vistra Energy Corp.	1,302,406
	TOTAL	17,900,653
	TOTAL COMMON STOCKS (IDENTIFIED COST \$237,752,822)	280,628,362
	ADJUSTABLE RATE MORTGAGE—0.0%	
\$ 5,404	² Federal National Mortgage Association ARM, 4.144%, 9/1/2037 (IDENTIFIED COST \$5,443)	5,658

Shares, Principal Amount or Contracts		Value
	COMMERCIAL MORTGAGE-BACKED SECURITIES—1.0%	
	Agency Commercial Mortgage-Backed Securities—0.1%	
\$ 790,000	FREMF Mortgage Trust 2015-K49 REMIC, Class B, 3.720%, 10/25/2048	\$ 814,822
56,594	Federal Home Loan Mortgage Corp. REMIC, Series K504, Class A2, 2.566%, 9/25/2020	56,578
	TOTAL	871,400
	Commercial Mortgage—0.9%	
1,335,000	Banc of America Commercial Mortgage Trust 2016-UBS10, Class A4, 3.170%, 7/15/2049	1,384,278
340,000	Bank 2018-BN12, Class A4, 4.255%, 5/15/2061	380,666
1,000,000	² Bank 2018-BN15, Class A4, 4.407% (12-month USLIBOR +0.000%), 11/15/2061	1,130,523
85,000	Bank 2017-BN8, Class A4, 3.488%, 11/15/2050	90,420
1,000,000	Benchmark Mortgage Trust 2018-B1, Class A5, 3.666%, 1/15/2051	1,075,384
50,000	Commercial Mortgage Trust 2015-DC1, Class AM, 3.724%, 2/10/2048	52,030
1,000,000	Fontainebleau Miami Beach Trust, Class B, 3.447%, 12/10/2036	1,021,907
100,000	JPMDB Commercial Mortgage Securities Trust 2016-C4, Class A3, 3.141%, 12/15/2049	103,519
590,000	UBS-Barclays Commercial Mortgage Trust 2013-C6, Class B, 3.875%, 4/10/2046	612,442
105,000	WF-RBS Commercial Mortgage Trust 2014-C25, Class B, 4.236%, 11/15/2047	110,647
	TOTAL	5,961,816
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$6,578,151)	6,833,216
	CORPORATE BONDS—17.2%	
	Basic Industry - Chemicals—0.2%	
200,000	Albemarle Corp., 4.150%, 12/1/2024	214,306
200,000	Albemarle Corp., Sr. Unsecd. Note, 5.450%, 12/1/2044	229,088
600,000	RPM International, Inc., Sr. Unsecd. Note, 4.550%, 3/1/2029	649,892
	TOTAL	1,093,286
	Basic Industry - Metals & Mining—0.1%	
156,000	Carpenter Technology Corp., Sr. Unsecd. Note, 4.450%, 3/1/2023	161,771
650,000	Reliance Steel & Aluminum Co., Sr. Unsecd. Note, 4.500%, 4/15/2023	687,038
150,000	Worthington Industries, Inc., Sr. Unsecd. Note, 4.300%, 8/1/2032	153,317
55,000	Worthington Industries, Inc., Sr. Unsecd. Note, 4.550%, 4/15/2026	58,524
	TOTAL	1,060,650
	Capital Goods - Aerospace & Defense—0.4%	
750,000	Airbus Group SE, Sr. Unsecd. Note, 144A, 3.150%, 4/10/2027	779,071
400,000	Embraer Netherlands BV, Sr. Unsecd. Note, 5.050%, 6/15/2025	439,670
50,000	Embraer Overseas Ltd., Sr. Unsecd. Note, 144A, 5.696%, 9/16/2023	55,021
160,000	Huntington Ingalls Industries, Inc., Sr. Unsecd. Note, 3.483%, 12/1/2027	166,760
400,000	Lockheed Martin Corp., Sr. Unsecd. Note, 2.900%, 3/1/2025	415,723
585,000	Northrop Grumman Corp., Sr. Unsecd. Note, 3.250%, 1/15/2028	610,295
500,000	Textron, Inc., Sr. Unsecd. Note, 3.650%, 3/15/2027	519,807
20,000	Textron, Inc., Sr. Unsecd. Note, 4.000%, 3/15/2026	21,318
25,000	Textron, Inc., Sr. Unsecd. Note, 4.300%, 3/1/2024	26,830
	TOTAL	3,034,495
	Capital Goods - Building Materials—0.1%	
60,000	Allegion PLC, Sr. Unsecd. Note, 3.500%, 10/1/2029	61,113
110,000	Allegion US Holdings Co., Inc., Sr. Unsecd. Note, 3.200%, 10/1/2024	113,106
490,000	Allegion US Holdings Co., Inc., Sr. Unsecd. Note, 3.550%, 10/1/2027	502,516
40,000	Masco Corp., Sr. Unsecd. Note, 4.375%, 4/1/2026	43,219
165,000	Masco Corp., Sr. Unsecd. Note, 4.500%, 5/15/2047	166,348
	TOTAL	886,302
	Capital Goods - Construction Machinery—0.2%	
770,000	CNH Industrial NV, Sr. Unsecd. Note, Series MTN, 3.850%, 11/15/2027	803,532

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	Capital Goods - Construction Machinery—continued	
\$ 450,000	John Deere Capital Corp., Sr. Unsecd. Note, Series MTN, 3.450%, 3/7/2029	\$ 489,148
	TOTAL	1,292,680
	Capital Goods - Diversified Manufacturing—0.3%	
750,000	Lennox International, Inc., Sr. Unsecd. Note, 3.000%, 11/15/2023	763,228
500,000	Roper Technologies, Inc., Sr. Unsecd. Note, 2.800%, 12/15/2021	507,448
800,000	Valmont Industries, Inc., 5.250%, 10/1/2054	797,190
	TOTAL	2,067,866
	Capital Goods - Packaging—0.1%	
600,000	Packaging Corp. of America, Sr. Unsecd. Note, 3.650%, 9/15/2024	630,672
360,000	WestRock Co., Sr. Unsecd. Note, Series WI, 4.000%, 3/15/2028	387,270
	TOTAL	1,017,942
	Communications - Cable & Satellite—0.5%	
250,000	CCO Safari II LLC, 6.484%, 10/23/2045	312,219
1,600,000	Comcast Corp., Sr. Unsecd. Note, 3.150%, 2/15/2028	1,676,731
350,000	Comcast Corp., Sr. Unsecd. Note, 3.300%, 2/1/2027	370,678
600,000	Comcast Corp., Sr. Unsecd. Note, 3.950%, 10/15/2025	654,825
300,000	Time Warner Cable, Inc., Company Guarantee, 5.500%, 9/1/2041	334,967
	TOTAL	3,349,420
	Communications - Media & Entertainment—0.4%	
600,000	British Sky Broadcasting Group PLC, 144A, 3.750%, 9/16/2024	642,566
135,000	Fox Corp., Sr. Unsecd. Note, 144A, 4.709%, 1/25/2029	153,869
180,000	Fox Corp., Sr. Unsecd. Note, 144A, 5.576%, 1/25/2049	228,944
500,000	Grupo Televisa S.A., Sr. Unsecd. Note, 5.000%, 5/13/2045	523,176
100,000	Omnicom Group, Inc., Sr. Unsecd. Note, 3.600%, 4/15/2026	105,345
600,000	Omnicom Group, Inc., Sr. Unsecd. Note, 3.625%, 5/1/2022	621,466
200,000	Walt Disney Co., Sr. Unsecd. Note, 2.000%, 9/1/2029	194,119
	TOTAL	2,469,485
	Communications - Telecom Wireless—0.3%	
300,000	American Tower Corp., Sr. Unsecd. Note, 5.000%, 2/15/2024	330,402
350,000	Bell Canada, Sr. Unsecd. Note, 4.464%, 4/1/2048	405,283
450,000	Crown Castle International Corp., Sr. Unsecd. Note, 3.800%, 2/15/2028	479,505
500,000	Vodafone Group PLC, Sr. Unsecd. Note, 4.125%, 5/30/2025	542,997
280,000	Vodafone Group PLC, Sr. Unsecd. Note, 5.250%, 5/30/2048	337,082
	TOTAL	2,095,269
	Communications - Telecom Wirelines—0.6%	
800,000	AT&T, Inc., Sr. Unsecd. Note, 3.200%, 3/1/2022	819,377
800,000	AT&T, Inc., Sr. Unsecd. Note, 4.800%, 6/15/2044	911,657
800,000	Deutsche Telekom International Finance BV, Sr. Unsecd. Note, 144A, 3.600%, 1/19/2027	842,303
580,000	Telefonica Emisiones SAU, Sr. Unsecd. Note, 5.213%, 3/8/2047	687,514
350,000	Verizon Communications, Inc., Sr. Unsecd. Note, 4.125%, 8/15/2046	394,990
534,000	Verizon Communications, Inc., Sr. Unsecd. Note, 4.672%, 3/15/2055	659,661
125,000	Verizon Communications, Inc., Sr. Unsecd. Note, 5.150%, 9/15/2023	138,661
	TOTAL	4,454,163
	Consumer Cyclical - Automotive—0.5%	
500,000	Daimler Finance NA LLC, Sr. Unsecd. Note, 144A, 3.350%, 2/22/2023	514,216
350,000	Fiat Chrysler Automobiles NV, Sr. Unsecd. Note, 5.250%, 4/15/2023	374,934
350,000	General Motors Co., Sr. Unsecd. Note, 5.200%, 4/1/2045	353,163
400,000	General Motors Financial Co., Inc., Sr. Unsecd. Note, 4.000%, 10/6/2026	419,345

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	Consumer Cyclical - Automotive—continued	
\$600,000	Nissan Motor Acceptance Corp., Sr. Unsecd. Note, 144A, 2.650%, 7/13/2022	\$ 601,781
720,000	Toyota Motor Credit Corp., Sr. Unsecd. Note, Series GMTN, 2.700%, 1/11/2023	734,738
200,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 4.000%, 11/12/2021	206,861
	TOTAL	3,205,038
	Consumer Cyclical - Retailers—0.5%	
589,000	Advance Auto Parts, Inc., 4.500%, 12/1/2023	631,256
310,000	CVS Health Corp., Sr. Unsecd. Note, 4.300%, 3/25/2028	338,559
550,000	CVS Health Corp., Sr. Unsecd. Note, 5.050%, 3/25/2048	650,850
540,000	Dollar General Corp., Sr. Unsecd. Note, 3.875%, 4/15/2027	578,069
600,000	Dollar Tree, Inc., Sr. Unsecd. Note, 3.700%, 5/15/2023	625,005
500,000	Home Depot, Inc., Sr. Unsecd. Note, 2.800%, 9/14/2027	519,927
40,000	O'Reilly Automotive, Inc., Sr. Unsecd. Note, 3.550%, 3/15/2026	42,317
	TOTAL	3,385,983
	Consumer Cyclical - Services—0.3%	
400,000	Amazon.com, Inc., Sr. Unsecd. Note, 3.875%, 8/22/2037	454,208
400,000	Expedia Group, Inc., Sr. Unsecd. Note, 3.800%, 2/15/2028	407,966
400,000	IHS Markit Ltd., Sr. Unsecd. Note, 4.750%, 8/1/2028	446,435
480,000	Visa, Inc., Sr. Unsecd. Note, 2.750%, 9/15/2027	501,013
200,000	Visa, Inc., Sr. Unsecd. Note, 2.800%, 12/14/2022	205,818
30,000	Visa, Inc., Sr. Unsecd. Note, 3.150%, 12/14/2025	31,707
	TOTAL	2,047,147
	Consumer Non-Cyclical - Food/Beverage—1.0%	
165,000	Anheuser-Busch InBev Finance, Inc., 4.900%, 2/1/2046	194,630
835,000	Anheuser-Busch InBev Worldwide, Inc., Sr. Unsecd. Note, 4.439%, 10/6/2048	937,251
485,000	Constellation Brands, Inc., Sr. Unsecd. Note, 4.650%, 11/15/2028	545,544
500,000	Flowers Foods, Inc., Sr. Unsecd. Note, 3.500%, 10/1/2026	510,178
200,000	General Mills, Inc., Sr. Unsecd. Note, 3.700%, 10/17/2023	210,731
150,000	General Mills, Inc., Sr. Unsecd. Note, 4.550%, 4/17/2038	173,702
280,000	General Mills, Inc., Sr. Unsecd. Note, 4.700%, 4/17/2048	333,546
500,000	Grupo Bimbo S.A.B. de CV, 144A, 4.875%, 6/27/2044	535,897
690,000	Heineken NV, Sr. Unsecd. Note, 144A, 3.500%, 1/29/2028	731,042
220,000	Keurig Dr Pepper, Inc., Sr. Unsecd. Note, 4.417%, 5/25/2025	240,326
500,000	Kraft Heinz Foods Co., Sr. Unsecd. Note, 3.950%, 7/15/2025	529,318
140,000	Kraft Heinz Foods Co., Sr. Unsecd. Note, 4.375%, 6/1/2046	137,852
800,000	PepsiCo, Inc., Sr. Unsecd. Note, 3.000%, 10/15/2027	847,939
300,000	Smucker (J.M.) Co., Sr. Unsecd. Note, 3.500%, 3/15/2025	315,675
495,000	Tyson Foods, Inc., Sr. Unsecd. Note, 3.550%, 6/2/2027	526,588
400,000	Tyson Foods, Inc., Sr. Unsecd. Note, 4.550%, 6/2/2047	456,225
	TOTAL	7,226,444
	Consumer Non-Cyclical - Health Care—0.2%	
155,000	Agilent Technologies, Inc., Sr. Unsecd. Note, 2.750%, 9/15/2029	153,992
392,000	Becton Dickinson & Co., Sr. Unsecd. Note, 3.700%, 6/6/2027	417,646
200,000	Becton Dickinson & Co., Sr. Unsecd. Note, 4.669%, 6/6/2047	238,058
79,000	Becton Dickinson & Co., Sr. Unsecd. Note, 4.685%, 12/15/2044	92,323
140,000	DH Europe Finance II S.a r.l., Sr. Unsecd. Note, 2.600%, 11/15/2029	139,579
300,000	PerkinElmer, Inc., Sr. Unsecd. Note, 3.300%, 9/15/2029	306,632
10,000	Stryker Corp., Sr. Unsecd. Note, 3.500%, 3/15/2026	10,641
	TOTAL	1,358,871

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	Consumer Non-Cyclical - Pharmaceuticals—0.6%	
\$283,000	Abbott Laboratories, Sr. Unsecd. Note, 3.750%, 11/30/2026	\$ 309,256
225,000	AbbVie, Inc., Sr. Unsecd. Note, 144A, 3.200%, 11/21/2029	229,035
255,000	AbbVie, Inc., Sr. Unsecd. Note, 144A, 4.250%, 11/21/2049	269,520
190,000	AstraZeneca PLC, Sr. Unsecd. Note, 2.375%, 6/12/2022	192,174
600,000	AstraZeneca PLC, Sr. Unsecd. Note, 3.125%, 6/12/2027	625,661
600,000	Bayer US Finance LLC, Sr. Unsecd. Note, 144A, 3.375%, 10/8/2024	618,341
500,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, 144A, 3.900%, 2/20/2028	551,039
110,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, 144A, 4.250%, 10/26/2049	130,361
500,000	Eli Lilly & Co., Sr. Unsecd. Note, 3.375%, 3/15/2029	539,088
700,000	Merck & Co., Inc., Sr. Unsecd. Note, 3.400%, 3/7/2029	757,940
150,000	Teva Pharmaceutical Finance Netherlands III BV, Sr. Unsecd. Note, 3.150%, 10/1/2026	125,254
	TOTAL	4,347,669
	Consumer Non-Cyclical - Products—0.1%	
70,000	Newell Rubbermaid, Inc., Sr. Unsecd. Note, 4.200%, 4/1/2026	72,982
600,000	Reckitt Benckiser Treasury Services PLC, Sr. Unsecd. Note, 144A, 3.000%, 6/26/2027	614,720
	TOTAL	687,702
	Consumer Non-Cyclical - Supermarkets—0.1%	
600,000	Kroger Co., Sr. Unsecd. Note, 2.650%, 10/15/2026	603,912
200,000	Kroger Co., Sr. Unsecd. Note, 4.450%, 2/1/2047	212,513
	TOTAL	816,425
	Consumer Non-Cyclical - Tobacco—0.2%	
125,000	Altria Group, Inc., Sr. Unsecd. Note, 4.800%, 2/14/2029	139,264
400,000	Altria Group, Inc., Sr. Unsecd. Note, 5.950%, 2/14/2049	484,310
350,000	Bat Capital Corp., Sr. Unsecd. Note, Series WI, 4.540%, 8/15/2047	351,603
280,000	Reynolds American, Inc., Sr. Unsecd. Note, 7.000%, 8/4/2041	342,445
	TOTAL	1,317,622
	Energy - Independent—0.4%	
700,000	Apache Corp., Sr. Unsecd. Note, 4.375%, 10/15/2028	731,404
100,000	Canadian Natural Resources Ltd., 3.900%, 2/1/2025	106,619
250,000	Cimarex Energy Co., Sr. Unsecd. Note, 3.900%, 5/15/2027	258,610
430,000	Cimarex Energy Co., Sr. Unsecd. Note, 4.375%, 3/15/2029	455,124
700,000	Marathon Oil Corp., Sr. Unsecd. Note, 3.850%, 6/1/2025	741,195
400,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 3.450%, 7/15/2024	409,701
300,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 5.550%, 3/15/2026	340,680
	TOTAL	3,043,333
	Energy - Integrated—0.4%	
600,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, 2.520%, 9/19/2022	607,804
110,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, 3.119%, 5/4/2026	114,916
300,000	Husky Energy, Inc., 4.000%, 4/15/2024	316,694
290,000	Husky Energy, Inc., Sr. Unsecd. Note, 4.400%, 4/15/2029	312,178
75,000	Shell International Finance B.V., Sr. Unsecd. Note, 4.000%, 5/10/2046	85,464
500,000	Shell International Finance B.V., Sr. Unsecd. Note, 4.125%, 5/11/2035	584,710
500,000	Suncor Energy, Inc., Sr. Unsecd. Note, 3.600%, 12/1/2024	530,519
	TOTAL	2,552,285
	Energy - Midstream—0.4%	
115,000	Boardwalk Pipeline Partners LP, Sr. Unsecd. Note, 4.800%, 5/3/2029	122,954
225,000	Energy Transfer Partners LP, Sr. Unsecd. Note, 4.050%, 3/15/2025	236,482
40,000	Energy Transfer Partners LP, Sr. Unsecd. Note, 4.900%, 2/1/2024	42,919

**Shares,
Principal
Amount or
Contracts**

Value

	CORPORATE BONDS—continued	
	Energy - Midstream—continued	
\$ 875,000	Energy Transfer Partners LP, Sr. Unsecd. Note, Series 10Y, 4.950%, 6/15/2028	\$ 958,459
70,000	Enterprise Products Operating LLC, Sr. Unsecd. Note, 3.950%, 2/15/2027	75,551
200,000	Kinder Morgan Energy Partners LP, Sr. Unsecd. Note, 6.375%, 3/1/2041	252,119
200,000	Kinder Morgan, Inc., 5.050%, 2/15/2046	225,109
335,000	ONEOK, Inc., Sr. Unsecd. Note, 4.950%, 7/13/2047	368,909
120,000	TC Pipelines, LP, Sr. Unsecd. Note, 3.900%, 5/25/2027	125,545
490,000	Williams Partners LP, Sr. Unsecd. Note, 4.900%, 1/15/2045	528,426
	TOTAL	2,936,473
	Energy - Refining—0.2%	
600,000	Marathon Petroleum Corp., Sr. Unsecd. Note, 3.625%, 9/15/2024	630,104
220,000	Phillips 66, Sr. Unsecd. Note, 4.875%, 11/15/2044	265,218
300,000	Valero Energy Corp., Sr. Unsecd. Note, 4.900%, 3/15/2045	345,972
	TOTAL	1,241,294
	Financial Institution - Banking—3.2%	
600,000	American Express Credit Corp., Sr. Unsecd. Note, Series MTN, 3.300%, 5/3/2027	637,174
400,000	Associated Banc-Corp., Sub. Note, 4.250%, 1/15/2025	422,755
1,850,000	Bank of America Corp., Sr. Unsecd. Note, 3.419%, 12/20/2028	1,941,636
50,000	² Bank of America Corp., Sr. Unsecd. Note, Series MTN, 2.559% (3-month USLIBOR +0.650%), 10/1/2021	50,148
1,200,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 3.124%, 1/20/2023	1,224,143
150,000	Bank of America Corp., Sub. Note, 6.500%, 9/15/2037	195,564
50,000	Bank of America Corp., Sub. Note, Series L, 3.950%, 4/21/2025	53,351
300,000	Bank of America Corp., Sub. Note, Series MTN, 4.000%, 1/22/2025	320,047
800,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 2.200%, 8/16/2023	808,185
200,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 2.661%, 5/16/2023	203,079
500,000	Capital One Financial Corp., Sr. Unsecd. Note, 3.050%, 3/9/2022	510,452
125,000	Capital One Financial Corp., Sr. Unsecd. Note, 3.900%, 1/29/2024	132,563
580,000	Citigroup, Inc., Sr. Unsecd. Note, 3.352%, 4/24/2025	603,593
570,000	Citigroup, Inc., Sr. Unsecd. Note, 3.400%, 5/1/2026	598,675
900,000	Citigroup, Inc., Sr. Unsecd. Note, 3.668%, 7/24/2028	959,092
250,000	Citizens Bank N.A., Sr. Unsecd. Note, Series BKNT, 3.750%, 2/18/2026	267,197
30,000	Comerica, Inc., 3.800%, 7/22/2026	31,615
350,000	Compass Bank, Birmingham, Sub. Note, Series BKNT, 3.875%, 4/10/2025	367,577
800,000	Fifth Third Bancorp, Sr. Unsecd. Note, 3.950%, 3/14/2028	879,470
1,300,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 2.876%, 10/31/2022	1,318,431
500,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 6.250%, 2/1/2041	699,366
1,400,000	HSBC Holdings PLC, Sr. Unsecd. Note, 3.900%, 5/25/2026	1,493,088
1,850,000	JPMorgan Chase & Co., Sr. Unsecd. Note, 3.509%, 1/23/2029	1,965,402
850,000	JPMorgan Chase & Co., Sub. Note, 3.375%, 5/1/2023	883,364
210,000	M&T Bank Corp., Sr. Unsecd. Note, 3.550%, 7/26/2023	220,483
500,000	Manufacturers & Traders Trust Co., Sr. Unsecd. Note, Series BKNT, 2.500%, 5/18/2022	505,815
950,000	Morgan Stanley, Sr. Unsecd. Note, Series GMTN, 3.772%, 1/24/2029	1,022,144
250,000	Morgan Stanley, Sr. Unsecd. Note, Series MTN, 6.250%, 8/9/2026	304,442
275,000	Morgan Stanley, Sub. Note, Series MTN, 4.100%, 5/22/2023	290,482
400,000	PNC Bank NA, Sr. Unsecd. Note, Series BKNT, 3.250%, 1/22/2028	420,829
600,000	Truist Bank, Sr. Unsecd. Note, Series BKNT, 3.000%, 2/2/2023	615,358
60,000	Truist Financial Corp., Sr. Unsecd. Note, 2.900%, 3/3/2021	60,630
495,000	Truist Financial Corp., Sr. Unsecd. Note, Series MTN, 2.750%, 4/1/2022	503,710
250,000	Truist Financial Corp., Sr. Unsecd. Note, Series MTN, 3.750%, 12/6/2023	265,034
300,000	Wells Fargo & Co., Sr. Unsecd. Note, 3.000%, 10/23/2026	307,438

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	Financial Institution - Banking—continued	
\$ 50,000	² Wells Fargo & Co., Sr. Unsecd. Note, 3.157% (3-month USLIBOR + 1.230%), 10/31/2023	\$ 50,914
1,300,000	Wells Fargo & Co., Sr. Unsecd. Note, Series MTN, 3.584%, 5/22/2028	1,381,586
	TOTAL	22,514,832
	Financial Institution - Broker/Asset Mgr/Exchange—0.1%	
40,000	Invesco Finance PLC, Sr. Unsecd. Note, 3.750%, 1/15/2026	42,637
165,000	Nuveen LLC, Sr. Unsecd. Note, 144A, 4.000%, 11/1/2028	183,657
200,000	TD Ameritrade Holding Corp., Sr. Unsecd. Note, 3.300%, 4/1/2027	209,444
	TOTAL	435,738
	Financial Institution - Finance Companies—0.2%	
1,100,000	GE Capital International Funding, Inc., Sr. Unsecd. Note, 4.418%, 11/15/2035	1,173,209
	Financial Institution - Insurance - Health—0.1%	
350,000	CIGNA Corp., Sr. Unsecd. Note, 3.750%, 7/15/2023	367,123
	Financial Institution - Insurance - Life—0.7%	
500,000	AIA Group Ltd., Sr. Unsecd. Note, 144A, 3.600%, 4/9/2029	526,069
800,000	Aflac, Inc., Sr. Unsecd. Note, 3.625%, 6/15/2023	841,873
800,000	American International Group, Inc., Sr. Unsecd. Note, 4.125%, 2/15/2024	859,012
400,000	American International Group, Inc., Sr. Unsecd. Note, 4.875%, 6/1/2022	426,984
450,000	Lincoln National Corp., Sr. Unsecd. Note, 3.625%, 12/12/2026	475,448
350,000	Lincoln National Corp., Sr. Unsecd. Note, 4.200%, 3/15/2022	364,832
150,000	Massachusetts Mutual Life Insurance Co., Sub. Note, 144A, 4.900%, 4/1/2077	180,611
500,000	MetLife, Inc., Sr. Unsecd. Note, 4.050%, 3/1/2045	579,635
170,000	Pacific Life Insurance Co., Sub. Note, 144A, 4.300%, 10/24/2067	181,733
350,000	Prudential Financial, Inc., Sr. Unsecd. Note, Series MTN, 4.600%, 5/15/2044	412,698
	TOTAL	4,848,895
	Financial Institution - Insurance - P&C—0.4%	
700,000	CNA Financial Corp., Sr. Unsecd. Note, 3.450%, 8/15/2027	729,293
30,000	Chubb INA Holdings, Inc., 3.350%, 5/3/2026	31,899
490,000	Hartford Financial Services Group, Inc., Sr. Unsecd. Note, 4.400%, 3/15/2048	563,881
340,000	Liberty Mutual Group, Inc., Sr. Unsecd. Note, 144A, 3.951%, 10/15/2050	353,728
500,000	Nationwide Mutual Insurance Co., Sub. Note, 144A, 9.375%, 8/15/2039	849,295
	TOTAL	2,528,096
	Financial Institution - REIT - Apartment—0.3%	
750,000	Avalonbay Communities, Inc., Sr. Unsecd. Note, Series MTN, 3.350%, 5/15/2027	790,082
750,000	Mid-America Apartment Communities LP, 4.000%, 11/15/2025	811,657
200,000	UDR, Inc., Series MTN, 3.750%, 7/1/2024	210,643
550,000	UDR, Inc., Sr. Unsecd. Note, Series GMTN, 3.500%, 1/15/2028	577,758
	TOTAL	2,390,140
	Financial Institution - REIT - Healthcare—0.3%	
750,000	Healthcare Trust of America, Sr. Unsecd. Note, 3.750%, 7/1/2027	791,920
600,000	Physicians Realty Trust, Sr. Unsecd. Note, 3.950%, 1/15/2028	628,067
450,000	Welltower, Inc., Sr. Unsecd. Note, 4.250%, 4/1/2026	489,930
	TOTAL	1,909,917
	Financial Institution - REIT - Office—0.2%	
350,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 3.900%, 6/15/2023	367,685
400,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 3.950%, 1/15/2028	429,632
750,000	Boston Properties LP, Sr. Unsecd. Note, 3.650%, 2/1/2026	794,580
	TOTAL	1,591,897

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	Financial Institution - REIT - Other—0.3%	
\$820,000	Liberty Property LP, Sr. Unsecd. Note, 3.750%, 4/1/2025	\$ 876,597
650,000	ProLogis LP, Sr. Unsecd. Note, 4.250%, 8/15/2023	696,079
295,000	WP Carey, Inc., Sr. Unsecd. Note, 3.850%, 7/15/2029	311,503
250,000	WP Carey, Inc., Sr. Unsecd. Note, 4.600%, 4/1/2024	268,028
	TOTAL	2,152,207
	Financial Institution - REIT - Retail—0.3%	
740,000	Kimco Realty Corp., Sr. Unsecd. Note, 3.800%, 4/1/2027	782,636
700,000	Regency Centers LP, Sr. Unsecd. Note, 4.125%, 3/15/2028	759,137
750,000	Tanger Properties LP, Sr. Unsecd. Note, 3.125%, 9/1/2026	743,389
	TOTAL	2,285,162
	Technology—1.0%	
350,000	Apple, Inc., Sr. Unsecd. Note, 2.500%, 2/9/2022	355,244
900,000	Apple, Inc., Sr. Unsecd. Note, 2.900%, 9/12/2027	937,217
75,000	Autodesk, Inc., Sr. Unsecd. Note, 4.375%, 6/15/2025	81,895
600,000	Broadcom, Inc., Sr. Unsecd. Note, 144A, 3.625%, 10/15/2024	623,992
350,000	Cisco Systems, Inc., 3.625%, 3/4/2024	374,137
270,000	Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Secd. Note, 144A, 4.420%, 6/15/2021	277,865
475,000	Equifax, Inc., Sr. Unsecd. Note, 2.300%, 6/1/2021	476,454
240,000	Equifax, Inc., Sr. Unsecd. Note, 2.600%, 12/1/2024	241,445
200,000	Experian Finance PLC., Sr. Unsecd. Note, 144A, 4.250%, 2/1/2029	219,975
145,000	Fidelity National Information Services, Inc., Sr. Unsecd. Note, 3.750%, 5/21/2029	158,665
185,000	Fiserv, Inc., Sr. Unsecd. Note, 3.500%, 7/1/2029	194,560
380,000	Fiserv, Inc., Sr. Unsecd. Note, 3.800%, 10/1/2023	401,367
120,000	Keysight Technologies, Inc., Sr. Unsecd. Note, 3.000%, 10/30/2029	120,470
245,000	Lam Research Corp., Sr. Unsecd. Note, 4.000%, 3/15/2029	269,999
200,000	Micron Technology, Inc., Sr. Unsecd. Note, 4.640%, 2/6/2024	217,012
200,000	Micron Technology, Inc., Sr. Unsecd. Note, 4.975%, 2/6/2026	222,023
600,000	Microsoft Corp., Sr. Unsecd. Note, 3.125%, 11/3/2025	635,057
245,000	Microsoft Corp., Sr. Unsecd. Note, 4.000%, 2/12/2055	289,855
600,000	Oracle Corp., Sr. Unsecd. Note, 3.250%, 11/15/2027	635,909
20,000	Total System Services, Inc., Sr. Unsecd. Note, 4.800%, 4/1/2026	22,248
200,000	Verisk Analytics, Inc., Sr. Unsecd. Note, 4.125%, 3/15/2029	219,525
25,000	Verisk Analytics, Inc., Sr. Unsecd. Note, 5.500%, 6/15/2045	31,073
	TOTAL	7,005,987
	Transportation - Railroads—0.0%	
175,000	Burlington Northern Santa Fe Corp., Sr. Unsecd. Note, 3.000%, 4/1/2025	182,322
	Transportation - Services—0.3%	
400,000	Enterprise Rent-A-Car USA Finance Co., Sr. Unsecd. Note, 144A, 3.300%, 10/15/2022	411,486
100,000	FedEx Corp., Sr. Unsecd. Note, 3.100%, 8/5/2029	99,988
300,000	FedEx Corp., Sr. Unsecd. Note, 4.050%, 2/15/2048	289,471
500,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, 144A, 2.700%, 3/14/2023	505,337
250,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, 144A, 3.375%, 2/1/2022	255,299
500,000	Ryder System, Inc., Sr. Unsecd. Note, Series MTN, 3.400%, 3/1/2023	515,664
	TOTAL	2,077,245
	Utility - Electric—1.3%	
600,000	American Electric Power Co., Inc., Sr. Unsecd. Note, 3.200%, 11/13/2027	618,949
400,000	Avangrid, Inc., Sr. Unsecd. Note, 3.800%, 6/1/2029	424,253
300,000	Berkshire Hathaway Energy Co., Sr. Unsecd. Note, 3.750%, 11/15/2023	317,850

Shares, Principal Amount or Contracts		Value
	CORPORATE BONDS—continued	
	Utility - Electric—continued	
\$ 35,000	Dominion Energy Gas Holdings LLC, Sr. Unsecd. Note, Series B, 3.000%, 11/15/2029	\$ 34,903
115,000	Dominion Energy Gas Holdings LLC, Sr. Unsecd. Note, Series C, 3.900%, 11/15/2049	114,986
165,000	Dominion Energy, Inc., Jr. Sub. Note, 3.071%, 8/15/2024	170,009
205,000	Dominion Energy, Inc., Sr. Unsecd. Note, 4.250%, 6/1/2028	226,727
900,000	Duke Energy Corp., Sr. Unsecd. Note, 2.650%, 9/1/2026	904,153
200,000	EDP Finance BV, Sr. Unsecd. Note, 144A, 3.625%, 7/15/2024	208,219
375,000	Electricite de France SA, Jr. Sub. Note, 144A, 5.625%, 7/22/2068	397,768
400,000	Emera US Finance LP, Sr. Unsecd. Note, 3.550%, 6/15/2026	415,459
400,000	Emera US Finance LP, Sr. Unsecd. Note, 4.750%, 6/15/2046	462,460
470,000	Enel Finance International NV, Sr. Unsecd. Note, 144A, 4.625%, 9/14/2025	512,755
200,000	Enel Finance International SA, Company Guarantee, 144A, 6.000%, 10/7/2039	251,838
70,000	EverSource Energy, Sr. Unsecd. Note, 3.350%, 3/15/2026	72,098
500,000	EverSource Energy, Sr. Unsecd. Note, Series N, 3.800%, 12/1/2023	526,583
50,000	Exelon Generation Co. LLC, Sr. Unsecd. Note, 4.250%, 6/15/2022	52,292
160,000	FirstEnergy Transmission LLC, Sr. Unsecd. Note, 144A, 4.550%, 4/1/2049	183,126
93,000	Fortis, Inc. / Canada, Sr. Unsecd. Note, 3.055%, 10/4/2026	94,968
20,000	Indiana Michigan Power Co., Sr. Unsecd. Note, Series K, 4.550%, 3/15/2046	23,363
490,000	Kansas City Power and Light Co., Sr. Unsecd. Note, 4.200%, 3/15/2048	561,046
200,000	Mississippi Power Co., Sr. Unsecd. Note, 3.950%, 3/30/2028	217,812
50,000	National Rural Utilities Cooperative Finance Corp., Sr. Sub. Note, 5.250%, 4/20/2046	54,203
110,000	National Rural Utilities Cooperative Finance Corp., Sr. Unsecd. Note, 2.950%, 2/7/2024	113,412
700,000	NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 3.625%, 6/15/2023	731,857
65,000	NiSource Finance Corp., Sr. Unsecd. Note, 4.375%, 5/15/2047	72,000
300,000	PPL Capital Funding, Inc., Sr. Unsecd. Note, 3.100%, 5/15/2026	305,894
500,000	Southern Co., Sr. Unsecd. Note, 3.250%, 7/1/2026	520,760
140,000	Virginia Electric & Power Co., Sr. Unsecd. Note, Series A, 3.500%, 3/15/2027	149,715
	TOTAL	8,739,458
	Utility - Natural Gas—0.4%	
700,000	Enbridge Energy Partners LP, Sr. Unsecd. Note, 5.500%, 9/15/2040	832,025
750,000	Sempra Energy, Sr. Unsecd. Note, 3.400%, 2/1/2028	777,228
120,000	Southern Natural Gas, Sr. Unsecd. Note, 144A, 4.800%, 3/15/2047	136,709
690,000	TransCanada PipeLines Ltd., Sr. Secd. Note, 5.100%, 3/15/2049	840,799
	TOTAL	2,586,761
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$111,105,920)	119,776,833
	MORTGAGE-BACKED SECURITIES—0.0%	
28,526	Federal National Mortgage Association, Pool AO8829, 3.500%, 7/1/2042	30,023
6,551	Government National Mortgage Association, Pool 2796, 7.000%, 8/20/2029	7,419
3,887	Government National Mortgage Association, Pool 3040, 7.000%, 2/20/2031	4,433
11,131	Government National Mortgage Association, Pool 3188, 6.500%, 1/20/2032	12,633
12,833	Government National Mortgage Association, Pool 3239, 6.500%, 5/20/2032	14,625
	TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$125,887)	69,133
	PURCHASED PUT OPTION—0.1%	
9,000	SPDR S&P 500 ETF Trust, Notional Amount \$289,674,000, Exercise Price \$310.00, Expiration Date 1/17/2020 (IDENTIFIED COST \$702,404)	670,500
	U.S. TREASURIES—14.4%	
5,600,000	United States Treasury Bond, 2.750%, 8/15/2047	6,009,830
20,000	United States Treasury Bond, 2.750%, 11/15/2047	21,460

Shares, Principal Amount or Contracts		Value
	U.S. TREASURIES—continued	
\$ 2,000,000	United States Treasury Bond, 2.875%, 5/15/2049	\$ 2,204,176
1,000	United States Treasury Bond, 3.000%, 11/15/2044	1,115
3,000,000	United States Treasury Bond, 3.000%, 2/15/2049	3,382,944
2,000,000	United States Treasury Bond, 3.125%, 5/15/2048	2,302,430
18,000,000	United States Treasury Note, 1.375%, 6/30/2023	17,836,569
4,500,000	United States Treasury Note, 1.500%, 8/31/2021	4,492,011
1,000,000	United States Treasury Note, 1.500%, 9/30/2021	998,282
2,500,000	United States Treasury Note, 1.500%, 9/15/2022	2,493,066
2,500,000	United States Treasury Note, 1.625%, 6/30/2021	2,500,584
2,400,000	United States Treasury Note, 1.625%, 2/15/2026	2,378,311
13,000,000	United States Treasury Note, 1.625%, 8/15/2029	12,661,739
2,000,000	United States Treasury Note, 1.750%, 7/31/2021	2,004,418
1,000,000	United States Treasury Note, 2.000%, 10/31/2022	1,010,425
2,650,000	United States Treasury Note, 2.000%, 11/15/2026	2,680,180
2,020,000	United States Treasury Note, 2.125%, 5/31/2021	2,034,378
2,300,000	United States Treasury Note, 2.125%, 11/30/2024	2,347,000
50,000	United States Treasury Note, 2.250%, 11/15/2027	51,422
5,700,000	United States Treasury Note, 2.500%, 6/30/2020	5,724,160
2,000,000	United States Treasury Note, 2.500%, 1/31/2021	2,018,153
3,500,000	United States Treasury Note, 2.500%, 2/15/2022	3,565,391
4,000,000	United States Treasury Note, 2.625%, 7/15/2021	4,061,533
3,000,000	United States Treasury Note, 2.750%, 6/30/2025	3,160,137
40,000	United States Treasury Note, 2.875%, 5/31/2025	42,369
1,200,000	United States Treasury Note, 2.875%, 5/15/2028	1,290,972
2,000,000	United States Treasury Note, 3.125%, 11/15/2028	2,200,672
10,700,000	United States Treasury Note, 3.625%, 2/15/2021	10,933,444
3,297	U.S. Treasury Inflation-Protected Notes, 0.125%, 4/15/2020	3,293
10,860	U.S. Treasury Inflation-Protected Notes, 1.000%, 2/15/2046	11,952
	TOTAL U.S. TREASURIES (IDENTIFIED COST \$97,765,149)	100,422,416
	FOREIGN GOVERNMENTS/AGENCIES—0.2%	
	Sovereign—0.2%	
600,000	Colombia, Government of, Sr. Unsec. Note, 4.500%, 3/15/2029	665,400
600,000	Mexico, Government of, 3.750%, 1/11/2028	623,400
200,000	Poland, Government of, 4.000%, 1/22/2024	215,151
	TOTAL FOREIGN GOVERNMENTS/AGENCIES (IDENTIFIED COST \$1,434,800)	1,503,951
	INVESTMENT COMPANIES—19.8%	
1,200,291	Emerging Markets Core Fund	12,098,932
735,995	Federated Bank Loan Core Fund	7,249,549
2,624,254	Federated High Income Bond Fund II	17,136,381
8,479,435	Federated Mortgage Core Portfolio	83,776,815
1,933,087	Federated Project and Trade Finance Core Fund	17,281,796
1,035	Federated U.S. Gov't Securities Fund 2-5, Institutional Shares	11,276
	TOTAL INVESTMENT COMPANIES (IDENTIFIED COST \$133,165,473)	137,554,749

Shares, Principal Amount or Contracts		Value
	REPURCHASE AGREEMENT—4.4%	
\$30,206,000	Interest in \$450,000,000 joint repurchase agreement 1.57%, dated 12/31/2019 under which BMO Capital Markets Corp. will repurchase securities provided as collateral for \$450,039,250 on 1/2/2020. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency and U.S. Treasury securities with various maturities to 11/20/2069 and the market value of those underlying securities was \$460,414,804. (IDENTIFIED COST \$30,206,000)	\$ 30,206,000
	TOTAL INVESTMENT IN SECURITIES—97.4% (IDENTIFIED COST \$618,842,049) ³	677,670,818
	OTHER ASSETS AND LIABILITIES - NET—2.6% ⁴	17,988,299
	TOTAL NET ASSETS—100%	\$ 695,659,117

At December 31, 2019, the Fund had the following outstanding futures contracts:

Description	Number of Contracts	Notional Value	Expiration Date	Value and Unrealized Appreciation (Depreciation)
¹ S&P 500 Index Long Futures	502	\$405,503,050	March 2020	\$11,669,858
¹ United States Treasury Notes 2-Year Long Futures	150	\$ 32,325,000	March 2020	\$ (30,806)
¹ United States Treasury Notes 5-Year Long Futures	100	\$ 11,860,938	March 2020	\$ (60,381)
¹ United States Treasury Ultra Bond Long Futures	30	\$ 5,449,688	March 2020	\$ (155,839)
¹ United States Treasury Notes 10-Year Ultra Short Futures	20	\$ 2,814,063	March 2020	\$ 34,852
NET UNREALIZED APPRECIATION ON FUTURES CONTRACTS				\$11,457,684

At December 31, 2019, the Fund had the following outstanding written options contracts:

Counterparty	Description	Notional Amount	Expiration Date	Exercise Price	Value
Put Options:					
J.P. MORGAN	SPDR S&P 500 ETF Trust	\$289,674,000	January 2020	\$300.00	\$(301,500)
(PREMIUMS RECEIVED \$305,589)					\$ (301,500)

Net Unrealized Appreciation 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 December 31, 2019, were as follows:

Affiliates	Balance of Shares Held 12/31/2018	Purchases/ Additions	Sales/ Reductions	Balance of Shares Held 12/31/2019	Value	Change in Unrealized Appreciation/ Depreciation	Net Realized Gain/ (Loss)	Dividend Income
Emerging Markets Core Fund	1,696,947	212,793	(709,449)	1,200,291	\$ 12,098,932	\$1,377,730	\$(131,198)	\$ 721,854
Federated Bank Loan Core Fund	769,550	42,872	(76,427)	735,995	\$ 7,249,549	\$ 190,473	\$ (23,446)	\$ 421,780
Federated High Income Bond Fund II, Class P	3,835,070	573,801	(1,784,617)	2,624,254	\$ 17,136,381	\$1,468,672	\$ 66,673	\$1,522,163
Federated Mortgage Core Portfolio	11,473,149	4,253,501	(7,247,215)	8,479,435	\$ 83,776,815	\$2,342,346	\$ 224,291	\$3,068,342
Federated Project and Trade Finance Core Fund	2,226,116	94,385	(387,414)	1,933,087	\$ 17,281,796	\$ 55,684	\$(292,789)	\$ 850,749
Federated U.S. Government Securities Fund: 2-5 Years, Institutional Shares	1,012	23	—	1,035	\$ 11,276	\$ 244	\$ —	\$ 227
TOTAL OF AFFILIATED TRANSACTIONS	20,001,844	5,177,375	(10,205,122)	14,974,097	\$137,554,749	\$5,435,149	\$(156,469)	\$6,585,115

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 \$620,173,695.

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

Note: The categories of investments are shown as a percentage of total net assets at December 31, 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 December 31, 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
Equity Securities:				
Common Stocks				
Domestic	\$268,151,489	\$ —	\$—	\$268,151,489
International	12,476,873	—	—	12,476,873
Debt Securities:				
Adjustable Rate Mortgage	—	5,658	—	5,658
Commercial Mortgage-Backed Securities	—	6,833,216	—	6,833,216
Corporate Bonds	—	119,776,833	—	119,776,833
Mortgage-Backed Securities	—	69,133	—	69,133
U.S. Treasuries	—	100,422,416	—	100,422,416
Foreign Governments/Agencies	—	1,503,951	—	1,503,951
Purchased Put Option	670,500	—	—	670,500
Investment Companies¹	120,272,953	—	—	137,554,749
Repurchase Agreement	—	30,206,000	—	30,206,000
TOTAL SECURITIES	\$401,571,815	\$258,817,207	\$—	\$677,670,818
Other Financial Instruments				
Assets				
Futures Contracts	\$ 11,704,710	\$ —	\$—	\$ 11,704,710
Liabilities				
Futures Contracts	(247,026)	—	—	(247,026)
Written Options Contracts	(301,500)	—	—	(301,500)
TOTAL OTHER FINANCIAL INSTRUMENTS	\$ 11,156,184	\$ —	\$—	\$ 11,156,184

¹ As permitted by U.S. generally accepted accounting principles (GAAP), an Investment Company valued at \$17,281,796 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
FREM—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 Conduits
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)

Year Ended December 31	2019	2018	2017	2016	2015
Net Asset Value, Beginning of Period	\$9.60	\$10.80	\$9.52	\$9.29	\$10.54
Income From Investment Operations:					
Net investment income (loss) ¹	0.24	0.23	0.29	0.34	0.44
Net realized and unrealized gain (loss)	1.68	(1.13)	1.39	0.34	(1.20)
TOTAL FROM INVESTMENT OPERATIONS	1.92	(0.90)	1.68	0.68	(0.76)
Less Distributions:					
Distributions from net investment income	(0.22)	(0.30)	(0.40)	(0.45)	(0.44)
Distributions from net realized gain	—	—	—	—	(0.05)
TOTAL DISTRIBUTIONS	(0.22)	(0.30)	(0.40)	(0.45)	(0.49)
Net Asset Value, End of Period	\$11.30	\$9.60	\$10.80	\$9.52	\$9.29
Total Return²	20.23%	(8.49)%	18.11%	7.69%	(7.64)%

Ratios to Average Net Assets:

Net expenses	0.91%	0.89%	0.83%	0.79% ³	0.75% ³
Net investment income	2.28%	2.26%	2.91%	3.72%	4.38%
Expense waiver/reimbursement ⁴	0.02%	0.03%	0.09%	0.14%	0.16%

Supplemental Data:

Net assets, end of period (000 omitted)	\$651,498	\$632,957	\$621,804	\$563,745	\$631,701
Portfolio turnover	47%	96%	71%	90%	97%

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

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

3 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 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)

	Year Ended 12/31/2019	Period Ended 12/31/2018 ¹
Net Asset Value, Beginning of Period	\$9.59	\$10.08
Income From Investment Operations:		
Net investment income (loss) ²	0.21	0.13
Net realized and unrealized gain (loss)	1.68	(0.62)
TOTAL FROM INVESTMENT OPERATIONS	1.89	(0.49)
Less Distributions:		
Distributions from net investment income	(0.21)	—
Net Asset Value, End of Period	\$11.27	\$9.59
Total Return³	19.92%	(4.86)%
Ratios to Average Net Assets:		
Net expenses	1.16%	1.15% ⁴
Net investment income	2.03%	1.91% ⁴
Expense waiver/reimbursement ⁵	0.02%	0.02% ⁴
Supplemental Data:		
Net assets, end of period (000 omitted)	\$44,161	\$44,037
Portfolio turnover	47%	96% ⁶

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

6 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

December 31, 2019

Assets:

Investment in securities, at value including \$137,554,749 of investment in affiliated holdings* (identified cost \$618,842,049)	\$677,670,818
Cash	49,368
Due from broker	15,853,926
Income receivable	2,085,733
Income receivable from affiliated holdings	387,841
Receivable for shares sold	243,139
Receivable for variation margin on futures contracts	944,247
TOTAL ASSETS	697,235,072

Liabilities:

Payable for investments purchased	\$388,393
Payable for shares redeemed	685,425
Written options outstanding (premium \$305,589), at value	301,500
Payable for investment adviser fee (Note 5)	14,000
Payable for administrative fee (Note 5)	1,839
Payable for custodian fees	33,826
Payable for portfolio accounting fees	97,177
Payable for distribution services fee (Note 5)	9,288
Accrued expenses (Note 5)	44,507
TOTAL LIABILITIES	1,575,955

Net assets for 61,580,890 shares outstanding	\$695,659,117
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Net Assets Consist of:

Paid-in capital	\$644,090,881
Total distributable earnings (loss)	51,568,236
TOTAL NET ASSETS	\$695,659,117

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

Primary Shares:

Net asset value per share ($\$651,497,620 \div 57,663,743$ shares outstanding), no par value, unlimited shares authorized	\$11.30
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Service Shares:

Net asset value per share ($\$44,161,497 \div 3,917,147$ shares outstanding), no par value, unlimited shares authorized	\$11.27
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* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

Statement of Operations

Year Ended December 31, 2019

Investment Income:

Dividends (including \$6,585,115 received from affiliated holdings* and net of foreign taxes withheld of \$702)	\$ 14,044,507
Interest	8,012,632
TOTAL INCOME	22,057,139

Expenses:

Investment adviser fee (Note 5)	\$5,186,257
Administrative fee (Note 5)	675,708
Custodian fees	54,024
Transfer agent fee	50,922
Directors'/Trustees' fees (Note 5)	6,081
Auditing fees	34,570
Legal fees	16,364
Portfolio accounting fees	200,932
Distribution services fee (Note 5)	109,762
Printing and postage	136,082
Miscellaneous (Note 5)	35,125
TOTAL EXPENSES	6,505,827
Reimbursement of investment adviser fee (Note 5)	(118,792)
Net expenses	6,387,035
Net investment income	15,670,104

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 \$(156,469) on sales of investments in affiliated holdings*)	(4,235,947)
Net realized loss on foreign currency transactions	(2,144)
Net realized gain on futures contracts	26,125,112
Net realized gain on written options	2,889,112
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$5,435,149 on investments in affiliated holdings*)	74,794,507
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	12,595,975
Net change in unrealized appreciation of written options	(181,908)
Net realized and unrealized gain (loss) on investments, futures contracts, written options and foreign currency transactions	111,986,263
Change in net assets resulting from operations	\$127,656,367

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

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

Year Ended December 31	2019	2018
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 15,670,104	\$ 14,685,775
Net realized gain (loss)	24,776,133	(22,815,479)
Net change in unrealized appreciation/depreciation	87,210,130	(56,815,881)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	127,656,367	(64,945,585)
Distributions to Shareholders:		
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)
Share Transactions:		
Proceeds from sale of shares	25,506,299	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	(134,498,167)	(122,178,476)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(94,233,173)	137,381,341
Change in net assets	18,664,497	55,190,426
Net Assets:		
Beginning of period	676,994,620	621,804,194
End of period	\$ 695,659,117	\$ 676,994,620

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

December 31, 2019

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 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:

Shares of the Fund Issued	Federated Managed Tail Risk Fund II Net Assets Received	Unrealized Appreciation ¹	Net Assets of the Fund Immediately Prior to Combination	Net Assets of the Fund Immediately After Combination
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 amounts of revenue 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 its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

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

Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. 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 \$118,792 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 year ended December 31, 2019, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of December 31, 2019, tax years 2016 through 2019 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 December 31, 2019, the Fund had no outstanding swap contracts and no activity for the fiscal period.

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 with a broker, either U.S. government securities or a specified amount of cash, which is shown as due from broker in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a “variation margin” account. 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 clearing house, 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 \$331,619,050 and \$11,323,534, respectively. This is based on amounts held as of each month-end throughout the fiscal 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 December 31, 2019, the Fund had no outstanding foreign exchange contracts and no activity for the fiscal period.

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 fiscal year 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 put and call options held by the Fund throughout the period was \$861,646 and \$175,921, respectively. This is based on amounts held as of each month-end throughout the fiscal period.

The average market value of written put and call options held by the Fund throughout the period was \$269,756 and \$73,548, respectively. This is based on amounts held as of each month-end throughout the fiscal period.

Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the 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 variation margin on futures contracts	\$ (212,174)*		\$—
Equity contracts	Receivable for variation margin on futures contracts	\$ 11,669,858*		\$—
Equity contracts		\$—	Written option contracts outstanding, at value	\$ 301,500
Equity contracts	Purchased options, Investment in securities at value	\$ 670,500		\$—
Total derivatives not accounted for as hedging instruments under ASC Topic 815		\$ 12,128,184		\$ 301,500

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

The Effect of Derivative Instruments on the Statement of Operations for the Year Ended December 31, 2019

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

	Futures Contracts	Purchased Option Contracts ¹	Written Option Contracts	Total
Interest rate contracts	\$ (388,978)	\$ —	\$ —	\$ (388,978)
Equity contracts	\$26,514,090	\$(9,951,237)	\$2,889,112	\$19,451,965
TOTAL	\$26,125,112	\$(9,951,237)	\$2,889,112	\$19,062,987

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

	Futures Contracts	Purchased Option Contracts ²	Written Option Contracts	Total
Interest rate contracts	\$ 92,052	\$ —	\$ —	\$ 92,052
Equity contracts	\$12,503,923	\$563,521	\$(181,908)	\$12,885,536
TOTAL	\$12,595,975	\$563,521	\$(181,908)	\$12,977,588

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:

Year Ended December	2019		2018	
	Shares	Amount	Shares	Amount
Primary Shares:				
Shares sold	2,373,923	\$ 24,532,576	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	(12,039,584)	(125,610,367)	(11,423,916)	(118,377,677)
NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS	(8,296,238)	\$ (87,219,232)	8,374,806	\$ 88,901,644

Year Ended December	2019		2018 ¹	
	Shares	Amount	Shares	Amount
Service Shares:				
Shares sold	94,757	\$ 973,723	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	(858,584)	(8,887,800)	(371,492)	(3,800,799)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(674,881)	\$ (7,013,941)	4,592,028	\$ 48,479,697
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(8,971,119)	\$(94,233,173)	12,966,834	\$137,381,341

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

4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended December 31, 2019 and 2018, was as follows:

	2019	2018
Ordinary income	\$14,758,697	\$17,245,330

As of December 31, 2019, the components of distributable earnings on a tax-basis were as follows:

Undistributed ordinary income	\$ 15,757,886
Unrealized appreciation	\$ 56,918,867
Capital loss carry forwards	\$(21,108,517)

The difference between book-basis and tax-basis net unrealized appreciation is attributable to differing treatments for discount accretion/ premium amortization on debt securities, return of capital adjustments, partnership basis adjustments, deferral of losses on wash sales, straddle loss deferrals and mark-to-market of futures contracts.

At December 31, 2019, the cost of investments for federal tax purposes was \$620,173,695. The net unrealized appreciation of investments for federal tax purposes was \$56,918,867. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$64,017,020 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$7,098,153. The amounts presented are inclusive of derivative contracts.

As of December 31, 2019, the Fund had a capital loss carryforward of \$21,108,517 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, these net capital losses retain their character as either short-term or long-term and do not expire.

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

Short-Term	Long-Term	Total
\$11,134,453	\$9,974,064	\$21,108,517

At December 31, 2019, for federal income tax purposes, the Fund had \$582,345 in straddle loss deferrals.

The Fund used capital loss carryforwards of \$37,626,348 to offset capital gains realized during the year ended December 31, 2019.

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 year ended December 31, 2019, the Co-Advisers reimbursed \$118,792.

Administrative Fee

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

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

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 year ended December 31, 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 Fund's Service Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at 0.25% of average daily net assets, annually to compensate FSC. For the year ended December 31, 2019, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Service Shares	\$109,762

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the year ended December 31, 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. Prior to June 1, 2019, the Fee Limits disclosed above for the referenced share classes were 0.93% and 1.18%. 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, Independent 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 year ended December 31, 2019, were as follows:

Purchases	\$220,360,788
Sales	\$333,835,524

7. LINE OF CREDIT

The Fund participates with certain other Federated Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement. The LOC was made available to finance temporarily the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to the highest, on any day, of (a) (i) the federal funds effective rate, (ii) the one month London Interbank Offered Rate (LIBOR), and (iii) 0.0%, plus (b) a margin. The LOC also requires the Fund to pay, quarterly in arrears and at maturity, its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized. As of December 31, 2019, the Fund had no outstanding loans. During the year ended December 31, 2019, the Fund did not utilize the LOC.

8. INTERFUND LENDING

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

9. SUBSEQUENT EVENT

Effective on or about April 28, 2020, the name of the Trust and Fund will change to Federated Hermes Insurance Series and Federated Hermes Managed Volatility Fund II, respectively.

10. FEDERAL TAX INFORMATION (UNAUDITED)

Of the ordinary income distributions made by the Fund during the year ended December 31, 2019, 37.50% qualify for the dividend received deduction available to corporate shareholders.

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF TRUSTEES OF THE FEDERATED INSURANCE SERIES AND SHAREHOLDERS OF FEDERATED MANAGED VOLATILITY FUND II:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the Federated Managed Volatility Fund II (the “Fund”), a portfolio of Federated Insurance Series, as of December 31, 2019, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the “financial statements”) and the financial highlights for each of the years or periods in the five-year period ended December 31, 2019. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2019, by correspondence with the custodian, transfer agent and brokers or by other appropriate auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

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

Boston, Massachusetts
February 14, 2020

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 July 1, 2019 to December 31, 2019.

ACTUAL EXPENSES

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

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

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

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

	Beginning Account Value 7/1/2019	Ending Account Value 12/31/2019	Expenses Paid During Period ¹
Actual:			
Primary Shares	\$1,000	\$1,070.10	\$4.75
Service Shares	\$1,000	\$1,068.20	\$6.05
Hypothetical (assuming a 5% return before expenses):			
Primary Shares	\$1,000	\$1,020.60	\$4.63
Service Shares	\$1,000	\$1,019.40	\$5.90

¹ Expenses are equal to the Fund’s annualized net expense ratios, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half-year period). The expenses shown in the table do not include the charges and expenses imposed by the insurance company under the variable insurance product contract. Please refer to the variable insurance product prospectus for a complete listing of these expenses. The annualized net expense ratios are as follows:

Primary Shares	0.91%
Service Shares	1.16%

Board of Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are "interested persons" of the Fund (i.e., "Interested" Trustees) and those who are not (i.e., "Independent" Trustees). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2019, the Trust comprised six portfolio(s), and the Federated Hermes Fund Family consisted of 41 investment companies (comprising 135 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund's Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

INTERESTED TRUSTEES BACKGROUND

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

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

INDEPENDENT TRUSTEES BACKGROUND

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
John T. Collins Birth Date: January 24, 1947 TRUSTEE Indefinite Term Began serving: October 2013	Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired). Other Directorships Held: Director, Chairman of the Compensation Committee, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace). Qualifications: Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
G. Thomas Hough Birth Date: February 28, 1955 TRUSTEE Indefinite Term Began serving: August 2015	<p>Principal Occupations: Director or Trustee, Chair of the Audit Committee of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst & Young LLP (public accounting firm) (Retired).</p> <p>Other Directorships Held: Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.; Director, Chair of the Audit Committee, Equifax, Inc.; Director, Member of the Audit Committee, Haverly Furniture Companies, Inc.</p> <p>Qualifications: Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst & Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p>
Maureen Lally-Green Birth Date: July 5, 1949 TRUSTEE Indefinite Term Began serving: August 2009	<p>Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor of Law, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p>Other Directorships Held: Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p>Qualifications: Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania to serve on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; and Director and Chair, North Catholic High School, Inc.</p>
Charles F. Mansfield, Jr. Birth Date: April 10, 1945 TRUSTEE Indefinite Term Began serving: September 1999	<p>Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; Management Consultant and Author.</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Mansfield has served as a Marine Corps officer and in several banking, business management, educational roles and directorship positions throughout his long career. He remains active as a Management Consultant and Author.</p>
Thomas M. O'Neill Birth Date: June 14, 1951 TRUSTEE Indefinite Term Began serving: August 2006	<p>Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p>
P. Jerome Richey Birth Date: February 23, 1949 TRUSTEE Indefinite Term Began serving: October 2013	<p>Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CNX Resources Corporation (formerly known as CONSOL Energy Inc.); and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll & Rooney PC (a law firm).</p>

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
John S. Walsh Birth Date: November 28, 1957 TRUSTEE Indefinite Term Began serving: January 1999	<p>Principal Occupations: Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Hermes Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh & Kelly, Inc. (paving contractors).</p>

OFFICERS

Name Birth Date Address Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
Lori A. Hensler Birth Date: January 6, 1967 TREASURER Officer since: April 2013	<p>Principal Occupations: Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp. and Edgewood Services, Inc.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.</p> <p>Previous Positions: Controller of Federated Hermes, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.</p>
Peter J. Germain Birth Date: September 3, 1959 CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	<p>Principal Occupations: Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Hermes Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Hermes, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated Hermes in 1984 and is a member of the Pennsylvania Bar Association.</p> <p>Previous Positions: Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Hermes, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Hermes, Inc.</p>
John B. Fisher Birth Date: May 16, 1956 PRESIDENT Officer since: November 2004	<p>Principal Occupations: Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of certain of the Funds in the Federated Hermes Fund Family; Vice President, Federated Hermes, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President and CEO of Passport Research, Ltd.; President of some of the Funds in the Federated Fund Complex and Director, Federated Investors Trust Company.</p> <p>Previous Positions: President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Hermes, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.</p>
Stephen Van Meter Birth Date: June 5, 1975 CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	<p>Principal Occupations: Senior Vice President and Chief Compliance Officer of the Federated Hermes Fund Family; Vice President and Chief Compliance Officer of Federated Hermes, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.</p> <p>Previous Positions: Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Hermes, Inc. Prior to joining Federated Hermes, Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.</p>
Stephen F. Auth Birth Date: September 13, 1956 101 Park Avenue 41 st Floor New York, NY 10178 CHIEF INVESTMENT OFFICER Officer since: November 2002	<p>Principal Occupations: Stephen F. Auth is Chief Investment Officer of various Funds in the Federated Hermes Fund Family; Executive Vice President, Federated Investment Counseling, Federated Global Investment Management Corp. and Federated Equity Management Company of Pennsylvania.</p> <p>Previous Positions: Executive Vice President, Federated Investment Management Company and Passport Research, Ltd. (investment advisory subsidiary of Federated); Senior Vice President, Global Portfolio Management Services Division; Senior Vice President, Federated Investment Management Company and Passport Research, Ltd.; Senior Managing Director and Portfolio Manager, Prudential Investments.</p>
Robert J. Ostrowski Birth Date: April 26, 1963 CHIEF INVESTMENT OFFICER Officer since: May 2004	<p>Principal Occupations: Robert J. Ostrowski joined Federated Hermes in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated Hermes' taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.</p>

Name Birth Date Address Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
Deborah A. Cunningham Birth Date: September 15, 1959 CHIEF INVESTMENT OFFICER Officer since: June 2012	Principal Occupations: Deborah A. Cunningham was named Chief Investment Officer of Federated Hermes' money market products in 2004. She joined Federated Hermes in 1981 and has been a Senior Portfolio Manager since 1997 and an Executive Vice President of the Fund's Adviser since 2009. Ms. Cunningham has received the Chartered Financial Analyst designation and holds an M.S.B.A. in Finance from Robert Morris College.

Evaluation and Approval of Advisory Contract – May 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. Form N-PX filings are also available at the SEC's website at sec.gov.

Quarterly Portfolio Schedule

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

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

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



Federated Managed Volatility Fund II
Federated Hermes Funds
4000 Ericsson Drive
Warrendale, PA 15086-7561

Contact us at [FederatedInvestors.com](https://www.federatedinvestors.com)
or call 1-800-341-7400.

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