

Annual Shareholder Report

December 31, 2017

Share Class

Primary

Service

Federated Managed Tail Risk Fund II

A Portfolio of Federated Insurance Series

Dear Valued Shareholder,

I am pleased to present the Annual Shareholder Report for your fund covering the period from January 1, 2017 through December 31, 2017. This report includes Management's Discussion of Fund Performance, a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

In addition, our website, FederatedInvestors.com, offers easy access to Federated resources that include timely fund updates, economic and market insights from our investment strategists, and financial planning tools. We invite you to register to take full advantage of its capabilities.

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

Sincerely,



John B. Fisher, President

CONTENTS

Management's Discussion of Fund Performance	1
Portfolio of Investments Summary Table	4
Portfolio of Investments	5
Financial Highlights	10
Statement of Assets and Liabilities	12
Statement of Operations	13
Statement of Changes in Net Assets	14
Notes to Financial Statements	15
Report of Independent Registered Public Accounting Firm	22
Shareholder Expense Example	23
In Memoriam	24
Board of Trustees and Trust Officers	24
Evaluation and Approval of Advisory Contract	28
Voting Proxies on Fund Portfolio Securities	32
Quarterly Portfolio Schedule	32

Management's Discussion of Fund Performance (unaudited)

The total return of Federated Managed Tail Risk Fund II (the "Fund"), based on net asset value for the 12-month reporting period ended December 31, 2017, was 10.95% for the Primary Shares and 10.67% for the Service Shares. The total return of the S&P 500 Index (S&P 500),¹ the Fund's broad-based securities market index, was 21.83% for the same period. The total returns of the MSCI All Country World Index² (MSCI ACWI) and the Bloomberg Barclays U.S. Universal Index² (BBUSUI) were 23.97% and 4.09%, respectively. Weighting these benchmarks (60% MSCI ACWI and 40% BBUSUI),² the total return of the blended benchmark ("Blended Index") was 15.65%. The Fund's total returns reflected actual cash flows, transaction costs and other expenses, which were not reflected in the total return of the Blended Index.

During the reporting period, the Fund's performance was affected by: (a) the Fund's targeted neutral asset allocation; (b) tactical allocation relative to these neutral points; (c) the security selection of the underlying funds; and (d) the Fund's risk management overlay. The risk management overlay was the most significant factor affecting the Fund's performance relative to the Blended Index.

The following discussion will focus on the performance of the Fund's Primary Shares.

MARKET OVERVIEW

During the reporting period, equity markets reached all-time highs amid record low volatility,³ supported by a strong global economy and hopes of domestic tax reform. Tax reform was passed at the end of the year to help propel equity markets to their year-end levels. The march to these levels was relatively smooth, with only a few bouts of volatility that saw the Chicago Board Options Exchange (CBOE) Volatility Index (VIX),⁴ a measure of implied forward volatility of the S&P 500, close above 15, which would ordinarily be a typical value rather than a maximum. The most notable of these occurred in May when Deputy Attorney General Rod Rosenstein appointed Robert Mueller as a special prosecutor for the investigation of Russian interference in the 2016 election. This led some to speculate about the potential of an impeachment of President Donald Trump; however, those fears quickly faded, and volatility returned to low levels. During this reporting period, the U.S. Federal Reserve (the Fed) continued to increase the federal funds target rate by hiking the rate by 25 basis points three times during the year. Furthermore, they initiated a process to unwind the Fed's balance sheet in a process dubbed "normalization" in the fall. This process will see several trillion dollars of assets expire from the Fed's balance sheet over the coming years, in a slow, managed process, which could affect the valuation of similar bonds.

The market, as measured by the S&P 500, ended the year up 21.83%, and domestic small-caps, as measured by the Russell 2000[®] Index,⁵ were up 14.65%. U.S. equities underperformed the rest of the world with the S&P 500 underperforming the MSCI ACWI, which returned 23.97%. Equities continued to outpace the 3.54% return of the Bloomberg Barclays U.S. Aggregate Bond Index.⁶ The commodity market continued to strengthen on improving economic conditions, as indicated by the strong 6.16% return of the DBIQ Optimum Yield Diversified Commodity Index.⁷ High-yield bond spreads declined substantially, and high-yield bonds, as measured by the BofA Merrill Lynch U.S. High Yield Index,⁸ returned 7.48%. Renewed inflation expectations following the election led to solid performance of the Treasury Inflation-Protected Securities (TIPS) asset class, as the total return of U.S. TIPS, as measured by the Bloomberg Barclays U.S. TIPS Index,⁹ was 1.90%.

Market volatility decreased slightly from a moderate level of 14 to a low level of 11 during the reporting period, as measured by the VIX. It only increased a few times during the year peaking at 15.96, 15.59 and 16.04 in April, May and August, respectively. All of these volatility increases were short-lived and receded quickly.

NEUTRAL ASSET ALLOCATION

The diversified¹⁰ neutral allocation, which was intended to provide resilience in down markets, was tilted toward Value Equities relative to the Blended Index. Also, the fixed-income portion of the Fund held TIPS, commodities and floating-rate notes for inflation protection. The diversified mix contributed negatively to Fund performance over the reporting period.

TACTICAL ALLOCATION

The Fund began the reporting period overweight in equities and maintained the overweight for the entire year. This tactical move positively impacted Fund performance.

SECURITY SELECTION

Security selection positively impacted Fund performance in the reporting period, with several underlying funds outperforming their respective benchmarks.

RISK MANAGEMENT OVERLAY

The Fund uses an S&P 500 futures¹¹ overlay to reduce the Fund's risk in markets with unusually high volatility. None of the aforementioned volatility spikes were to a high enough level to require the use of the risk management overlay. As such, this had no impact on Fund performance. At the end of the reporting period, the Fund had no overlay position.

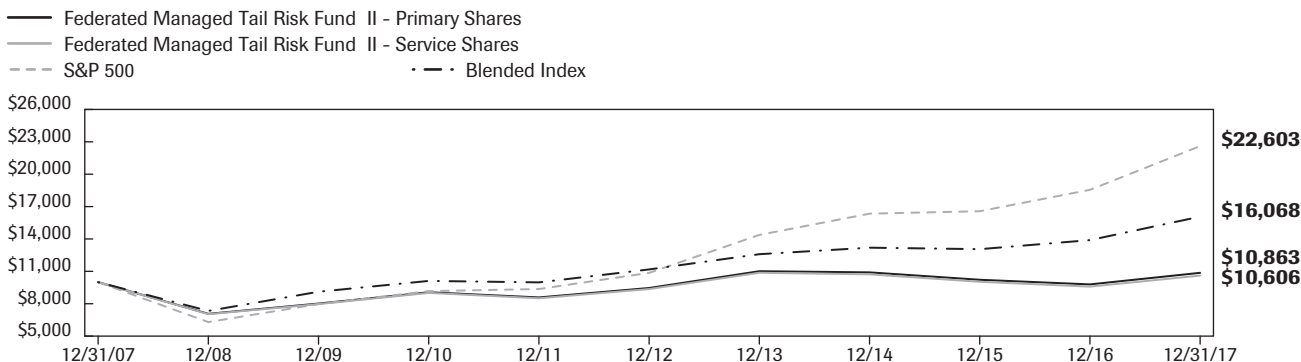
- 1 *Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the S&P 500.*
 - 2 *Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the Blended Index (60% MSCI ACWI and 40% BBUSUI). The Blended Index is being used for comparison purposes because, although it is not the Fund's broad-based securities market index, the Fund's Adviser believes it more closely reflects the market sectors in which the Fund invests.*
 - 3 *Volatility is a statistical measurement of the frequency and level of changes in the value of an asset, index or instrument without regard to the direction of those changes. Volatility may result from rapid and dramatic price swings.*
 - 4 *The CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.**
 - 5 *The Russell 2000[®] Index measures the performance of the small-cap segment of the U.S. equity universe. The index is a subset of the Russell 3000[®] Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The R2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.**
 - 6 *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.**
 - 7 *The DBIQ Optimum Yield Diversified Commodity Index is based on 14 commodities drawn from the Energy, Precious Metals, Industrial Metals and Agriculture sectors.**
 - 8 *The BofA Merrill Lynch U.S. High Yield Index tracks the performance of U.S. dollar-denominated below investment-grade corporate debt publicly issued in the U.S. domestic market.**
 - 9 *The Bloomberg Barclays U.S. TIPS Index is a market value-weighted index that tracks inflation-protected securities issued by the U.S. Treasury.**
 - 10 *Diversification does not assure a profit nor protect against loss.*
 - 11 *The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and 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 Tail Risk Fund II from December 31, 2007 to December 31, 2017, compared to the Standard & Poor's 500 Index (S&P 500),² the Fund's broad-based securities market index, and a blended index comprised of 60% of the MSCI All Country World Index (MSCI ACWI) and 40% of the Bloomberg Barclays U.S. Universal Index (BBUSUI) (the "Blended Index").³ The Average Annual Total Return table below shows returns for each class averaged over the stated periods.

GROWTH OF A \$10,000 INVESTMENT

Growth of \$10,000 as of December 31, 2017



The Fund offers multiple share classes whose performance may be greater than or less than its other share class(es) due to differences in sales charges and expenses.

Average Annual Total Returns for the Period Ended 12/31/2017

	1 Year	5 Years	10 Years
Primary Shares	10.95%	2.81%	0.83%
Service Shares	10.67%	2.53%	0.59%
S&P 500	21.83%	15.79%	8.50%
Blended Index	15.65%	7.53%	4.86%

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, the MSCI ACWI and the BBUSUI have been adjusted to reflect reinvestment of dividends on securities in the index.
- 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. The index is not adjusted to reflect sales loads, expenses or other fees that the Securities and Exchange Commission (SEC) requires to be reflected in the Fund's performance. The index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.
- ³ The MSCI ACWI captures large- and mid-cap representation across 23 developed markets and 23 emerging markets countries. The index covers approximately 85% of the global investable equity opportunity set. The BBUSUI covers USD-denominated taxable bonds that are rated either investment-grade or high-yield. The indexes are not adjusted to reflect sales loads, expenses or other fees that the 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.

Portfolio of Investments Summary Table (unaudited)

At December 31, 2017, the Fund's portfolio composition¹ was as follows:

Portfolio Composition	Percentage of Total Net Assets
Securities Sold Short	(2.3)%
Derivative Contracts—Short (notional value) ²	(1.7)%
Domestic Equity Securities	37.8%
International Equity Securities	20.4%
U.S. Treasury Securities	9.3%
Domestic Fixed-Income Securities	3.8%
Trade Finance Agreements	4.9%
Asset-Backed Securities	0.3%
International Fixed-Income Securities	1.0%
Floating Rate Loan	0.4%
Non-Agency Mortgage-Backed Securities	0.3%
U.S. Government Agency Mortgage-Backed Securities	1.4%
Foreign Governments/Agencies	0.1%
Adjustment for Derivative Contracts (notional value) ²	1.7%
Derivative Contracts ^{3,4}	0.0%
Other Security Types ⁵	11.1%
Cash Equivalents ⁶	8.1%
Other Assets and Liabilities—Net ⁷	3.4%
TOTAL	100.0%

¹ See the Fund's Prospectus for a description of the principal 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, the affiliated investment company (other than an affiliated money market mutual fund) is 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.

² Represents the notional value of S&P 500 futures contracts held by the Federated Prudent Bear Fund and Federated Absolute Return Fund.

³ Based upon net unrealized appreciation (depreciation) or value of the derivative contracts as applicable. Derivative contracts may consist of futures, forwards, options and swaps. The impact of a derivative contract on the Fund's performance may be larger than its unrealized appreciation (depreciation) or value may indicate. In many cases, the notional value or amount of a derivative contract may provide a better indication of the contract's significance to the portfolio. More complete information regarding the Fund's direct investments in derivative contracts, including unrealized appreciation (depreciation), value, and notional values or amounts of such contracts, can be found in the table at the end of the Portfolio of Investments included in this Report.

⁴ Represents less than 0.1%.

⁵ Other Security Types consist of exchange-traded funds.

⁶ Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.

⁷ Assets, other than investments in securities and derivative contracts, less liabilities. See Statement of Assets and Liabilities.

Portfolio of Investments

December 31, 2017

Shares or Principal Amount		Value
	¹ INVESTMENT COMPANIES—79.1%	
71,406	Emerging Markets Core Fund	\$ 723,341
1,561,176	Federated Absolute Return Fund, Institutional Shares	15,580,536
71,954	Federated Bank Loan Core Fund	724,581
817,546	Federated Clover Small Value Fund, Institutional Shares	21,256,199
826,451	Federated Equity Income Fund, Inc., Institutional Shares	20,909,216
704,213	Federated Intermediate Corporate Bond Fund, Institutional Shares	6,464,674
401,179	Federated International Leaders Fund, Class R6 Shares	14,992,066
3,816,293	Federated International Strategic Value Dividend Fund, Institutional Shares	14,387,424
602,953	Federated Kaufmann Large Cap Fund, Class R6 Shares	14,507,040
316,796	Federated Mortgage Core Portfolio	3,104,599
1,232,320	Federated Project and Trade Finance Core Fund	11,189,468
488,874	Federated Prudent Bear Fund, Institutional Shares	7,797,536
3,394,487	Federated Strategic Value Dividend Fund, Institutional Shares	20,876,093
992	Federated U.S. Gov't Securities Fund: 2-5 Years, Institutional Shares	10,672
200,581	High Yield Bond Portfolio	1,283,721
	TOTAL INVESTMENT COMPANIES (IDENTIFIED COST \$158,194,997)	153,807,166
	CORPORATE BONDS—1.3%	
\$ 25,000	Abbott Laboratories, Sr. Unsecd. Note, 4.9%, 11/30/2046	28,753
25,000	Advance Auto Parts, Inc., 4.5%, 12/01/2023	26,313
150,000	American Honda Finance Co., Unsecd. Deb., Series MTN, 2.25%, 8/15/2019	150,245
60,000	Atmos Energy Corp., Sr. Unsecd. Note, 4.125%, 10/15/2044	65,622
75,000	Autodesk, Inc., Sr. Unsecd. Note, 4.375%, 6/15/2025	78,805
100,000	AutoZone, Inc., Sr. Unsecd. Note, 3.250%, 4/15/2025	99,755
20,000	BB&T Corp., Sr. Unsecd. Note, Series MTN, 2.250%, 2/01/2019	20,036
50,000	² Bank of America Corp., Sr. Unsecd. Note, Series MTN, 1.971%, (3-month USLIBOR +0.650%), 10/01/2021	50,252
50,000	Bank of America Corp., Sub. Note, Series L, 3.95%, 4/21/2025	51,743
100,000	Becton Dickinson & Co., Sr. Unsecd. Note, 4.685%, 12/15/2044	109,682
30,000	Berkshire Hathaway, Inc., Sr. Unsecd. Note, 3.125%, 3/15/2026	30,363
100,000	Canadian Natural Resources Ltd., 3.900%, 2/01/2025	103,087
22,000	Carpenter Technology Corp., Sr. Unsecd. Note, 4.450%, 3/01/2023	22,451
30,000	Chubb INA Holdings, Inc., 3.35%, 5/03/2026	30,641
30,000	Comerica, Inc., 3.8%, 7/22/2026	30,482
50,000	Embraer Overseas Ltd., Sr. Unsecd. Note, Series 144A, 5.696%, 9/16/2023	54,875
40,000	Energy Transfer Partners LP, Sr. Unsecd. Note, 4.900%, 2/01/2024	42,346
50,000	Energy Transfer Partners, Sr. Unsecd. Note, 4.05%, 3/15/2025	50,029
70,000	Enterprise Products Operating, Sr. Unsecd. Note, 3.95%, 2/15/2027	72,872
70,000	EverSource Energy, Sr. Unsecd. Note, 3.350%, 3/15/2026	70,487
70,000	Exelon Corp., Sr. Unsecd. Note, 3.4%, 4/15/2026	70,130
50,000	Exelon Generation Co. LLC, Sr. Unsecd. Note, 4.250%, 6/15/2022	52,508
20,000	Indiana Michigan Power Co., Sr. Unsecd. Note, Series K, 4.55%, 3/15/2046	22,884
40,000	Invesco Finance PLC, Sr. Unsecd. Note, 3.75%, 1/15/2026	41,385
40,000	Liberty Mutual Group, Inc., 4.85%, Series 144A, 8/01/2044	44,589
70,000	Liberty Property LP, Sr. Unsecd. Note, 3.75%, 4/01/2025	71,777
40,000	Masco Corp., Sr. Unsecd. Note, 4.375%, 4/01/2026	42,420
50,000	National Rural Utilities Cooperative Finance Corp., Sr. Sub., 5.250%, 4/20/2046	53,789
70,000	Newell Rubbermaid, Inc., Sr. Unsecd. Note, 4.2%, 4/01/2026	73,165
25,000	NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 2.700%, 9/15/2019	25,160

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
\$ 40,000	O'Reilly Automotive, Inc., Sr. Unsec'd. Note, 3.55%, 3/15/2026	\$ 40,471
35,000	ONEOK, Inc., Sr Unsec'd. Note, Series 0, 4.95%, 7/13/2047	36,524
100,000	Omnicom Group, Inc., Sr. Unsec'd. Note, 3.600%, 4/15/2026	101,317
10,000	Stryker Corp., Sr. Unsec'd. Note, 3.5%, 3/15/2026	10,334
60,000	SunTrust Banks, Inc., Sr. Unsec'd. Note, 2.9%, 3/03/2021	60,711
20,000	Textron, Inc., Sr. Unsec'd. Note, 4.000%, 3/15/2026	20,892
25,000	Textron, Inc., Sr. Unsec'd. Note, 4.300%, 3/01/2024	26,467
20,000	Total System Services, Inc., Sr. Unsec'd. Note, 4.8%, 4/01/2026	21,669
25,000	Verisk Analytics, Inc., Sr. Unsec'd. Note, 5.500%, 6/15/2045	29,212
125,000	Verizon Communications, Inc., Sr. Unsec'd. Note, 5.150%, 9/15/2023	139,232
16,000	Viacom, Inc., Sr. Unsec'd. Note, 3.875%, 4/01/2024	15,982
30,000	Visa, Inc., Sr. Unsec'd. Note, 3.15%, 12/14/2025	30,693
50,000	² Wells Fargo & Co., Sr. Unsec'd. Note, 2.610%, (3-month USLIBOR + 1.230%), 10/31/2023	51,364
90,000	Williams Partners LP, 4.9%, 1/15/2045	95,760
35,000	Worthington Industries, Inc., Sr Unsec'd. Note, Series 0, 4.3%, 8/01/2032	35,224
55,000	Worthington Industries, Inc., Sr. Unsec'd. Note, 4.550%, 4/15/2026	57,073
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$2,351,232)	2,459,571
	ASSET-BACKED SECURITIES—0.1%	
150,000	² American Express Credit Account Master Trust 2014-1, Class A, 1.847%, (1-month USLIBOR + 0.370%), 12/15/2021	150,572
90,000	² Navistar Financial Dealer Note Master Trust 2016-1, Class A, 2.902%, (1-month USLIBOR + 1.350%), 9/27/2021	90,536
42,000	PFS Financing Corp., 2016-BA, Class A, 1.87%, 10/15/2021	41,472
	TOTAL ASSET-BACKED SECURITIES (IDENTIFIED COST \$281,999)	282,580
	COMMERCIAL MORTGAGE-BACKED SECURITIES—0.3%	
60,000	Banc of America Commercial Mortgage Trust 2016-UBS10, Class A4, 3.17%, 7/15/2049	60,077
95,000	CD Commercial Mortgage Trust 2016-CD1, Class A4, 2.724%, 8/10/2049	92,348
50,000	Commercial Mortgage Trust 2015-DC1, Class AM, 3.724%, 2/10/2048	50,882
150,000	Federal Home Loan Mortgage Corp., 2.566%, 9/25/2020	151,016
100,000	JPMDB Commercial Mortgage Securities Trust 2016-C4, Class A3, 3.1413%, 12/15/2049	100,188
105,000	WF-RBS Commercial Mortgage Trust 2014-C25, Class B, 4.236%, 11/15/2047	106,975
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$373,418)	561,486
	COLLATERALIZED MORTGAGE OBLIGATION—0.0%	
85,000	Bank A4, 3.488%, 11/15/2050 (IDENTIFIED COST \$87,547)	87,104
	EXCHANGE-TRADED FUNDS—8.1%	
83,160	iShares MSCI Emerging Market	3,918,499
70,312	iShares Dow Jones U.S. Real Estate Index Fund	5,695,975
366,452	³ PowerShares DB Commodity Index Tracking Fund	6,086,768
	TOTAL EXCHANGE-TRADED FUNDS (IDENTIFIED COST \$16,870,959)	15,701,242
	U.S. TREASURY—6.3%	
\$ 106,981	U.S. Treasury Inflation-Protected Bond, 0.750%, 2/15/2042	107,859
437,855	U.S. Treasury Inflation-Protected Bond, 0.750%, 2/15/2045	439,558
51,092	U.S. Treasury Inflation-Protected Bond, 0.875%, 2/15/2047	53,045
51,011	U.S. Treasury Inflation-Protected Bond, 1.000%, 2/15/2046	54,423
872,431	U.S. Treasury Inflation-Protected Bond, 1.375%, 2/15/2044	1,006,495
1,436,465	U.S. Treasury Inflation-Protected Bond, 1.750%, 1/15/2028	1,612,714
1,140,890	U.S. Treasury Inflation-Protected Bond, 2.000%, 1/15/2026	1,282,171
765,537	U.S. Treasury Inflation-Protected Bond, 2.375%, 1/15/2025	871,794
1,579,050	U.S. Treasury Inflation-Protected Note, 0.125%, 4/15/2019	1,575,222

Shares or Principal Amount		Value
	U.S. TREASURY—continued	
\$ 461,354	U.S. Treasury Inflation-Protected Note, 0.125%, 4/15/2020	\$ 460,357
353,858	U.S. Treasury Inflation-Protected Note, 0.125%, 4/15/2021	352,300
190,722	U.S. Treasury Inflation-Protected Note, 0.125%, 1/15/2022	189,888
740,424	U.S. Treasury Inflation-Protected Note, 0.125%, 4/15/2022	735,066
3,116	U.S. Treasury Inflation-Protected Note, 0.125%, 7/15/2024	3,078
49,989	U.S. Treasury Inflation-Protected Note, 0.250%, 1/15/2025	49,515
104,016	U.S. Treasury Inflation-Protected Note, 0.375%, 7/15/2025	104,123
229,759	U.S. Treasury Inflation-Protected Note, 0.375%, 1/15/2027	228,021
55,461	U.S. Treasury Inflation-Protected Note, 0.375%, 7/15/2027	55,149
1,026,502	U.S. Treasury Inflation-Protected Note, 0.625%, 1/15/2024	1,043,681
67,478	U.S. Treasury Inflation-Protected Note, 0.625%, 1/15/2026	68,515
1,710,163	U.S. Treasury Inflation-Protected Note, 1.250%, 7/15/2020	1,765,335
55,000	United States Treasury Bond, 2.750%, 8/15/2047	55,069
1,000	United States Treasury Bond, 3.000%, 11/15/2044	1,051
25,000	United States Treasury Bond, 3.000%, 5/15/2047	26,287
90,000	United States Treasury Note, 2.000%, 11/30/2022	89,191
15,000	United States Treasury Note, 2.250%, 8/15/2027	14,798
	TOTAL U.S. TREASURY (IDENTIFIED COST \$12,291,578)	12,244,705
	REPURCHASE AGREEMENT—4.8%	
9,246,000	Interest in \$950,000,000 joint repurchase agreement 1.42%, dated 12/29/2017 under which Bank of America, N.A. will repurchase securities provided as collateral for \$950,149,889 on 1/2/2018. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities maturing on 7/20/2046 and the market value of those underlying securities was \$969,152,887. (IDENTIFIED COST \$9,246,000)	9,246,000
	TOTAL INVESTMENT IN SECURITIES—100.0% (IDENTIFIED COST \$199,697,730) ⁴	194,389,854
	OTHER ASSETS AND LIABILITIES - NET—0.0% ⁵	(50,889)
	TOTAL NET ASSETS—100%	\$ 194,338,965

At December 31, 2017, the Fund had the following outstanding futures contracts:

Description	Number of Contracts	Notional Value	Expiration Date	Value and Unrealized Appreciation (Depreciation)
³ United States Treasury Long Bond Long Futures	3	\$ 459,000	March 2018	\$ 1,204
³ United States Treasury Notes 2-Year Long Futures	16	\$3,425,750	March 2018	\$(1,046)
³ United States Treasury Notes 5-Year Long Futures	2	\$ 232,328	March 2018	\$ 167
³ United States Treasury Ultra Bond Long Futures	7	\$1,173,594	March 2018	\$ 5,180
³ United States Treasury Notes 10-Year Short Futures	10	\$1,240,469	March 2018	\$ 7,803
³ United States Treasury Ultra 10-Year Short Futures	6	\$ 801,375	March 2018	\$(1,232)
NET UNREALIZED APPRECIATION ON FUTURES CONTRACTS				\$12,076

Net Unrealized Appreciation on Futures Contracts is included in “Other Assets and Liabilities—Net.”

1 *Affiliated holdings.*

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 year ended December 31, 2017, were as follows:

	Balance of Shares Held 12/31/2016	Purchases/ Additions	Sales/ Reductions	Balance of Shares Held 12/31/2017	Value	Change in Unrealized Appreciation/ Depreciation	Net Realized Gain/(Loss)	Dividend Income	Gain Distributions Received
Emerging Markets Core Fund	51,306	20,100	—	71,406	\$ 723,341	\$ 12,092	\$ —	\$ 33,215	\$ 834
Federated Absolute Return Fund, Institutional Shares	1,659,003	20,125	(117,952)	1,561,176	15,580,536	815,661	(8,718)	96,242	—
Federated Bank Loan Core Fund	77,949	3,565	(9,560)	71,954	724,581	(10,491)	3,339	36,112	—
Federated Clover Small Value Fund, Institutional Shares	730,265	184,407	(97,126)	817,546	21,256,199	(1,237,090)	438,749	159,370	3,025,002
Federated Equity Income Fund, Inc., Institutional Shares	833,185	114,586	(121,320)	826,451	20,909,216	1,739,827	233,600	475,082	677,436
Federated Intermediate Corporate Bond Fund, Institutional Shares	798,016	28,513	(122,316)	704,213	6,464,674	37,400	(30,934)	207,481	73,164
Federated International Leaders Fund, Class R6 Shares	349,652	127,110	(75,583)	401,179	14,992,066	2,842,187	22,891	98,675	—
Federated International Strategic Value Dividend Fund, Institutional Shares	2,977,505	1,321,549	(482,761)	3,816,293	14,387,424	1,044,943	(45,606)	495,249	—
Federated Kaufmann Large Cap Fund, Class R6 Shares	744,525	8,568	(150,140)	602,953	14,507,040	2,562,418	385,224	—	202,456
Federated Mortgage Core Portfolio	494,493	10,345	(188,042)	316,796	3,104,599	25,757	(26,708)	101,666	—
Federated Project and Trade Finance Core Fund	1,182,345	49,975	—	1,232,320	11,189,468	(252,606)	—	458,066	—
Federated Prudent Bear Fund, Institutional Shares	417,944	83,700	(12,770)	488,874	7,797,536	(1,290,203)	(1,405)	—	—
Federated Strategic Value Dividend Fund, Institutional Shares	3,245,193	499,370	(350,076)	3,394,487	20,876,093	591,936	225,805	752,745	1,316,516
Federated U.S. Gov't Securities Fund: 2-5 Years, Institutional Shares	980	12	—	992	10,672	(108)	—	138	—
High Yield Bond Portfolio	232,162	19,800	(51,381)	200,581	1,283,721	30,236	(13,274)	77,096	—
Affiliated issuers no longer in the portfolio at period end	545,762	—	(545,762)	—	—	2,501,233	—	—	—
TOTAL OF AFFILIATED TRANSACTIONS	14,340,285	2,491,725	(2,324,789)	14,507,221	\$153,807,166	\$ 9,413,192	\$1,182,963	\$2,991,137	\$5,295,408

2 *Floating/variable note with current rate and current maturity or next reset date shown.*

3 *Non-income-producing security.*

4 *The cost of investments for federal tax purposes amounts to \$199,987,119.*

5 *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, 2017.

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, 2017, 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
Investment Companies¹	\$136,781,456	\$ —	\$—	\$153,807,166
Debt Securities:				
Corporate Bonds	—	2,459,571	—	2,459,571
Asset-Backed Securities	—	282,580	—	282,580
Commercial Mortgage-Backed Securities	—	561,486	—	561,486
Collateralized Mortgage Obligations	—	87,104	—	87,104
U.S. Treasury	—	12,244,705	—	12,244,705
Exchange-Traded Funds	15,701,242	—	—	15,701,242
Repurchase Agreement	—	9,246,000	—	9,246,000
TOTAL SECURITIES	\$152,482,698	\$24,881,446	\$—	\$194,389,854
Other Financial Instruments²				
Assets	\$ 14,354	\$ —	\$—	\$ 14,354
Liabilities	(2,278)	—	—	(2,278)
TOTAL OTHER FINANCIAL INSTRUMENTS	\$ 12,076	\$ —	\$—	\$ 12,076

1 As permitted by U.S. generally accepted accounting principles (GAAP), Investment Companies valued at \$17,025,710 are measured at fair value using the net asset value (NAV) per share practical expedient and have not been categorized in the chart above but are 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 in Emerging Markets Core Fund, Federated Bank Loan Core Fund, Federated Mortgage Core Portfolio and High Yield Bond Portfolio is the next determined NAV after receipt of a shareholder redemption request. 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.

2 Other Financial Instruments are futures contracts.

The following acronyms are used throughout this portfolio:

LIBOR—London Interbank Offered Rate

MTN —Medium Term Note

See Notes which are an integral part of the Financial Statements

Financial Highlights – Primary Shares

(For a Share Outstanding Throughout Each Period)

Year Ended December 31	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$4.81	\$5.11	\$5.55	\$7.06	\$6.25
Income From Investment Operations:					
Net investment income	0.08 ¹	0.08 ¹	0.08	0.08 ¹	0.11 ¹
Net realized and unrealized gain (loss) on investments, futures contracts, written options and foreign currency transactions	0.44	(0.29)	(0.42)	(0.13)	0.91
TOTAL FROM INVESTMENT OPERATIONS	0.52	(0.21)	(0.34)	(0.05)	1.02
Less Distributions:					
Distributions from net investment income	(0.08)	(0.09)	(0.09)	(0.12)	(0.07)
Distributions from net realized gain on investments, futures contracts, written options and foreign currency transactions	—	—	(0.01)	(1.34)	(0.14)
TOTAL DISTRIBUTIONS	(0.08)	(0.09)	(0.10)	(1.46)	(0.21)
Net Asset Value, End of Period	\$5.25	\$4.81	\$5.11	\$5.55	\$7.06
Total Return²	10.95%	(4.20)%	(6.29)%	(0.97)%	16.45%

Ratios to Average Net Assets:

Net expenses	0.30%	0.28%	0.28%	0.30%	0.50%
Net investment income	1.65%	1.57%	1.54%	1.41%	1.62%
Expense waiver/reimbursement ³	0.67%	0.69%	0.67%	0.61%	0.53%

Supplemental Data:

Net assets, end of period (000 omitted)	\$137,245	\$133,556	\$141,823	\$153,165	\$169,658
Portfolio turnover	18%	21%	49%	39%	137%

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

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

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

See Notes which are an integral part of the Financial Statements

Financial Highlights – Service Shares

(For a Share Outstanding Throughout Each Period)

Year Ended December 31	2017	2016	2015	2014	2013
Net Asset Value, Beginning of Period	\$4.80	\$5.10	\$5.54	\$7.07	\$6.26
Income From Investment Operations:					
Net investment income	0.07 ¹	0.06 ¹	0.07	0.08 ¹	0.14 ¹
Net realized and unrealized gain (loss) on investments, futures contracts, written options and foreign currency transactions	0.44	(0.29)	(0.42)	(0.16)	0.86
TOTAL FROM INVESTMENT OPERATIONS	0.51	(0.23)	(0.35)	(0.08)	1.00
Less Distributions:					
Distributions from net investment income	(0.07)	(0.07)	(0.08)	(0.11)	(0.05)
Distributions from net realized gain on investments, futures contracts, written options and foreign currency transactions	—	—	(0.01)	(1.34)	(0.14)
TOTAL DISTRIBUTIONS	(0.07)	(0.07)	(0.09)	(1.45)	(0.19)
Net Asset Value, End of Period	\$5.24	\$4.80	\$5.10	\$5.54	\$7.07
Total Return²	10.67%	(4.48)%	(6.43)%	(1.33)%	16.11%

Ratios to Average Net Assets:

Net expenses	0.54%	0.53%	0.53%	0.54%	0.75%
Net investment income	1.36%	1.32%	1.29%	1.46%	2.01%
Expense waiver/reimbursement ³	0.67%	0.69%	0.67%	0.63%	0.54%

Supplemental Data:

Net assets, end of period (000 omitted)	\$57,094	\$63,317	\$69,876	\$67,434	\$10,101
Portfolio turnover	18%	21%	49%	39%	137%

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

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

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

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

December 31, 2017

Assets:

Investment in securities, at value including \$153,807,166 of investment in affiliated holdings (identified cost \$199,697,730)	\$194,389,854
Cash	863
Restricted cash (Note 2)	27,605
Income receivable	159,294
Receivable for shares sold	44,234
Receivable for daily variation margin on futures contracts	2,206
TOTAL ASSETS	194,624,056

Liabilities:

Payable for investments purchased	\$ 58,822
Payable for shares redeemed	129,500
Payable to adviser (Note 5)	1,804
Payable for administrative fees (Note 5)	1,282
Payable for custodian fees	7,490
Payable for auditing fees	24,980
Payable for portfolio accounting fees	36,690
Payable for distribution services fee (Note 5)	12,066
Accrued expenses (Note 5)	12,457
TOTAL LIABILITIES	285,091
Net assets for 37,047,959 shares outstanding	\$194,338,965

Net Assets Consist of:

Paid-in capital	\$210,802,186
Net unrealized depreciation of investments and futures contracts	(5,295,800)
Accumulated net realized loss on investments and futures contracts	(15,697,041)
Undistributed net investment income	4,529,620
TOTAL NET ASSETS	\$194,338,965

Net Asset Value, Offering Price and Redemption Proceeds Per Share

Primary Shares:

Net asset value per share (\$137,244,938 ÷ 26,148,844 shares outstanding), no par value, unlimited shares authorized	\$5.25
--	--------

Service Shares:

Net asset value per share (\$57,094,027 ÷ 10,899,115 shares outstanding), no par value, unlimited shares authorized	\$5.24
---	--------

See Notes which are an integral part of the Financial Statements

Statement of Operations

Year Ended December 31, 2017

Investment Income:

Dividends (including \$2,991,137 received from affiliated holdings, see footnotes to Portfolio of Investments)	\$ 3,267,492
Interest	486,717
TOTAL INCOME	3,754,209

Expenses:

Investment adviser fee (Note 5)	\$ 1,455,690
Administrative fee (Note 5)	153,638
Custodian fees	16,747
Transfer agent fee	19,288
Directors'/Trustees' fees (Note 5)	2,836
Auditing fees	29,390
Legal fees	9,208
Portfolio accounting fees	70,925
Distribution services fee (Note 5)	146,314
Printing and postage	89,004
Miscellaneous (Note 5)	21,213
TOTAL EXPENSES	2,014,253
Waiver/reimbursement of investment adviser fee (Note 5)	(1,295,516)
Net expenses	718,737
Net investment income	3,035,472

Realized and Unrealized Gain (Loss) on Investments and Futures Contracts:

Net realized gain on investments (including net realized gain of \$1,182,963 on sales of investments in affiliated holdings)	1,184,194
Net realized gain on futures contracts	42,074
Realized gain distributions from affiliated investment company shares	5,295,408
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$9,413,192 on investments in affiliated holdings)	10,601,729
Net change in unrealized depreciation of futures contracts	16,245
Net realized and unrealized gain on investments and futures contracts	17,139,650
Change in net assets resulting from operations	\$20,175,122

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

Year Ended December 31	2017	2016
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 3,035,472	\$ 2,994,802
Net realized gain (loss) on investments including allocation from affiliated partnership, futures contracts, written options and foreign currency transactions	6,521,676	(17,484,676)
Net change in unrealized appreciation of investments, futures contracts and translation of assets and liabilities in foreign currency	10,617,974	5,118,358
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	20,175,122	(9,371,516)
Distributions to Shareholders:		
Distributions from net investment income		
Primary Shares	(2,206,940)	(2,372,125)
Service Shares	(825,106)	(959,350)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(3,032,046)	(3,331,475)
Share Transactions:		
Proceeds from sale of shares	9,582,389	25,650,999
Net asset value of shares issued to shareholders in payment of distributions declared	3,032,046	3,331,475
Cost of shares redeemed	(32,291,581)	(31,104,930)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(19,677,146)	(2,122,456)
Change in net assets	(2,534,070)	(14,825,447)
Net Assets:		
Beginning of period	196,873,035	211,698,482
End of period (including undistributed net investment income of \$4,529,620 and \$3,069,391, respectively)	\$194,338,965	\$196,873,035

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

December 31, 2017

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 seven portfolios. The financial statements included herein are only those of Federated Managed Tail Risk 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 capital appreciation.

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:

- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- 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").
- 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-Adviser's affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the 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 determine the fair value of equity securities traded principally in foreign markets when the Co-Advisers determine that there has been a significant trend in the U.S. equity markets or in index futures trading. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Fund will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Trustees. The Trustees have ultimate responsibility for any fair valuations made in response to a significant event.

Repurchase Agreements

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Co-Advisers and their affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

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

Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Positive or negative inflation adjustments on Treasury Inflation-Protected Securities (TIPS) are included in interest income. Distributions of net investment income, if any, are declared and paid annually. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. The Fund had invested in Emerging Markets Fixed Income Core Fund (EMCORE), a portfolio of Federated Core Trust II, L.P., which was a limited partnership established under the laws of the state of Delaware. The Fund recorded daily its proportionate share of income, expenses, realized and unrealized gains and losses from EMCORE. 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 Primary Shares and Service Shares may bear distribution services fees unique to those classes. The detail of the total fund expense waiver and reimbursement of \$1,295,516 is disclosed in various locations 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.

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 1933 Act; 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.

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, 2017, 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, 2017, tax years 2014 through 2017 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

When-Issued and Delayed-Delivery Transactions

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

Futures Contracts

The Fund purchases and sells financial futures contracts to manage duration, market and yield curve risks. Upon entering into a financial futures contract with a broker, the Fund is required to deposit in a segregated account, either U.S. government securities or a specified amount of Restricted cash, which is shown in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. Daily, the Fund receives from or pays to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange traded and the exchange's 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 \$6,685,875 and \$3,464,670, respectively. This is based on amounts held as of each month-end throughout the fiscal period.

Option Contracts

The Fund buys or sells put and call options to seek to increase return and to manage market risk. 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.

At December 31, 2017, and during the year then ended, the Fund had no outstanding written option contracts.

Foreign Currency Translation

The accounting records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rates of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities, income and expenses are translated at the rate of exchange quoted on the respective date that such transactions are recorded. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at fiscal year end, resulting from changes in the exchange rate.

Additional Disclosure Related to Derivative Instruments

Fair Value of Derivative Instruments

	Asset	
	Statement of Assets and Liabilities Location	Fair Value
Derivatives not accounted for as hedging instruments under ASC Topic 815		
Interest rate contracts	Receivable for daily variation margin on futures contracts	\$12,076*

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

The Effect of Derivative Instruments on the Statement of Operations for the Year Ended December 31, 2017

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

	Futures Contracts
Interest rate contracts	\$42,074

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

	Futures Contracts
Interest rate contracts	\$16,245

Other

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

3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

Year Ended December 31	2017		2016	
Primary Shares:	Shares	Amount	Shares	Amount
Shares sold	1,260,101	\$ 6,261,034	2,955,103	\$ 14,301,919
Shares issued to shareholders in payment of distributions declared	452,242	2,206,940	492,142	2,372,125
Shares redeemed	(3,354,022)	(16,735,488)	(3,387,677)	(16,394,502)
NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS	(1,641,679)	\$ (8,267,514)	59,568	\$ 279,542

Year Ended December 31	2017		2016	
Service Shares:	Shares	Amount	Shares	Amount
Shares sold	666,337	\$ 3,321,355	2,349,268	\$ 11,349,080
Shares issued to shareholders in payment of distributions declared	169,079	825,106	199,035	959,350
Shares redeemed	(3,140,069)	(15,556,093)	(3,041,516)	(14,710,428)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(2,304,653)	\$(11,409,632)	(493,213)	\$ (2,401,998)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(3,946,332)	\$(19,677,146)	(433,645)	\$ (2,122,456)

4. FEDERAL TAX INFORMATION

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. These differences are due to differing treatments for the expiration of capital loss carryforwards, short-term capital gain distributions from registered investment companies, recognition of passive losses, and discount accretion/premium amortization on debt securities.

For the year ended December 31, 2017, permanent differences identified and reclassified among the components of net assets were as follows:

	Increase (Decrease)	
Paid-In Capital	Undistributed Net Investment Income (Loss)	Accumulated Net Realized Gain (Loss)
\$(2,259,665)	\$1,456,803	\$802,862

Net investment income (loss), net realized gains (losses), and net assets were not affected by this reclassification.

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended December 31, 2017 and 2016, was as follows:

	2017	2016
Ordinary income	\$3,032,046	\$3,331,475

As of December 31, 2017, the components of distributable earnings on a tax-basis were as follows:

Undistributed ordinary income	\$ 4,529,905
Net unrealized depreciation	\$ (5,597,265)
Capital loss carryforwards	\$(15,395,861)

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

At December 31, 2017, the cost of investments for federal tax purposes was \$199,987,119. The net unrealized depreciation of investments for federal tax purposes was \$5,597,265. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$6,917,864 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$12,515,129. The amounts presented are inclusive of derivative contracts.

At December 31, 2017, the Fund had a capital loss carryforward of \$15,395,861 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, a net capital loss incurred in taxable years beginning after December 22, 2010, retains its character as either short-term or long-term and does not expire. All of the Fund's capital loss carryforwards were incurred in taxable years beginning after December 22, 2010.

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

Short-Term	Long-Term	Total
\$14,315,581	\$1,080,280	\$15,395,861

Capital loss carryforwards of \$2,259,665 expired during the year ended December 31, 2017.

The Fund used capital loss carryforwards of \$5,041,316 to offset capital gains realized during the year ended December 31, 2017.

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. For the year ended December 31, 2017, the Co-Advisers voluntarily waived \$370,245 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, 2017, the Co-Advisers reimbursed \$925,271.

Administrative Fee

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

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

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended December 31, 2017, the annualized fee paid to FAS was 0.079% of average daily net assets of the Fund.

Prior to September 1, 2017, the breakpoints of the Administrative Fee paid to FAS, described above, were:

Administrative Fee	Average Daily Net Assets of the Investment Complex
0.150%	on the first \$5 billion
0.125%	on the next \$5 billion
0.100%	on the next \$10 billion
0.075%	on assets in excess of \$20 billion

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

Distribution Services Fee

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

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

Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee. For the year ended December 31, 2017, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Service Shares	\$146,314

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, 2017, FSC retained \$63 of fees paid by the Fund. For the year ended December 31, 2017, the Fund's Primary Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

Expense Limitation

The Co-Advisers and certain of their affiliates (which may include FSC and FAS) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Effective May 1, 2017, total annual fund operating expenses (as shown in the financial highlights, excluding interest expenses, extraordinary expenses, line of credit 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 0.30% and 0.55% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) May 1, 2018; or (b) the date of the Fund's next effective Prospectus. While the Co-Advisers and their applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

Directors'/Trustees' and Miscellaneous Fees

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

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the year ended December 31, 2017, were as follows:

Purchases	\$29,871,767
Sales	\$37,950,234

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, 2017, the Fund had no outstanding loans. During the year ended December 31, 2017, 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, 2017, there were no outstanding loans. During the year ended December 31, 2017, the program was not utilized.

9. SUBSEQUENT EVENT

On February 2, 2018, the Fund filed a supplement to its current Prospectus notifying shareholders that the Trustees have approved a proposed Agreement and Plan of Reorganization (Reorganization) pursuant to which Federated Managed Volatility Fund II, another fund of the Trust, would acquire all or substantially all of the assets of the Fund in complete liquidation and termination of the Fund. Pending submission of proxy materials to shareholders, a special meeting of the shareholders is proposed to be held in the third quarter of 2018 to approve or disapprove the proposed Reorganization.

10. FEDERAL TAX INFORMATION (UNAUDITED)

Of the ordinary income distributions made by the Fund during the year ended December 31, 2017, 32.98% 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 TAIL RISK 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 Tail Risk Fund II (the “Fund”), a portfolio of Federated Insurance Series, as of December 31, 2017, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the related notes (collectively, the “financial statements”) and the financial highlights for each of the years in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects the financial position of the Fund as of December 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2017, by correspondence with the custodian 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 for one or more of Federated Investors’ – investment companies since 2006.

Boston, Massachusetts
February 14, 2018

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, 2017 to December 31, 2017.

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 7/1/2017	Ending Account Value 12/31/2017	Expenses Paid During Period ¹
Actual:			
Primary Shares	\$1,000	\$ 1056.30	\$1.55
Service Shares	\$1,000	\$ 1054.30	\$2.85
Hypothetical (assuming a 5% return before expenses):			
Primary Shares	\$1,000	\$1,023.70	\$1.53
Service Shares	\$1,000	\$1,022.40	\$2.80

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	0.30%
Service Shares	0.55%

In Memoriam

With profound sadness, Federated announces the passing of John E. (“Jack”) Donahue and John W. (“John”) McGonigle. They will be greatly missed.

JACK DONAHUE

(Former Chairman and President, and Emeritus Director/Trustee, of the Federated Funds, and Founder, Former Chairman, President and Chief Executive Officer, and Chairman Emeritus, of Federated Investors, Inc.)

Jack Donahue, along with Richard B. Fisher, founded Federated in 1955 and served as a leader and member of the Boards of Directors/Trustees of the Federated Funds and the Board of Directors of Federated Investors, Inc. Mr. Donahue was a family man of deep faith with exemplary character and fealty, who served his religion, family, community, and the Federated Funds and Federated, as well as their shareholders, officers and employees, with distinction. His integrity, intelligence, and keen sense of fiduciary duty, coupled with his faith, family and background as a West Point graduate and Strategic Air Command B-29 pilot, served as a foundation for his strong business acumen and leadership. Among his many achievements, Mr. Donahue’s steadfast and innovative leadership of the Federated Funds and Federated, as well as within the investment management industry, led to the birth of money market funds in the 1970s and their growth as an innovative, efficient and effective cash management vehicle throughout the 1980s, 1990s, 2000s and beyond. Federated expresses deep gratitude to Mr. Donahue for his inspiring leadership, distinguished service and contributions as a husband, father, founder, Board member and officer, colleague and friend.

JOHN MCGONIGLE

(Former Secretary of the Federated Funds, Former Director, Secretary and Chief Legal Officer of Federated Investors, Inc.)

John McGonigle served the Federated Funds and their respective Boards with distinction for more than 50 years as Fund Secretary and also served as Director for several closed-end funds. Mr. McGonigle was a gifted lawyer and wise counselor with a genial presence, keen intellect and convivial demeanor. A man of deep faith, he was a devoted husband, father and grandfather. A graduate of Duquesne University School of Law, Mr. McGonigle served as an officer in the U.S. Army for two years, achieving the rank of Captain. He also served on the staff of the Securities and Exchange Commission before joining Federated in 1966. Among many professional accomplishments, Mr. McGonigle helped fashion the regulatory foundation for money market funds, established Federated’s first offshore funds in Ireland, and represented Federated on the Board of Governors of the Investment Company Institute where he was a member of the Executive Committee. Federated expresses deep gratitude for Mr. McGonigle and his impact on his family, friends, the community, and the mutual fund industry.

Board of Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust’s business affairs and for exercising all the Trust’s powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are “interested persons” of the Fund (i.e., “Interested” Trustees) and those who are not (i.e., “Independent” Trustees). Unless otherwise noted, the address of each person listed is Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2017, the Trust comprised seven portfolio(s), and the Federated Fund Family consisted of 40 investment companies (comprising 108 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Fund Family and serves for an indefinite term. The Fund’s Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

INTERESTED TRUSTEES BACKGROUND

Name Birth Date Positions Held with Trust 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	<p>Principal Occupations: Principal Executive Officer and President of certain of the Funds in the Federated Fund Family; Director or Trustee of the Funds in the Federated Fund Family; President, Chief Executive Officer and Director, Federated Investors, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.</p> <p>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.</p>
Thomas R. Donahue* Birth Date: October 20, 1958 TRUSTEE Indefinite Term Began serving: May 2016	<p>Principal Occupations: Director or Trustee of certain of the funds in the Federated Fund Family; Chief Financial Officer, Treasurer, Vice President and Assistant Secretary, Federated Investors, Inc.; Chairman and Trustee, Federated Administrative Services; Chairman and Director, Federated Administrative Services, Inc.; Trustee and Treasurer, Federated Advisory Services Company; Director or Trustee and Treasurer, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, and Federated Investment Management Company; Director, MDTA LLC; Director, Executive Vice President and Assistant Secretary, Federated Securities Corp.; Director or Trustee and Chairman, Federated Services Company and Federated Shareholder Services Company; and Director and President, FII Holdings, Inc.</p> <p>Previous Positions: Director, Federated Investors, Inc.; Assistant Secretary, Federated Investment Management Company, Federated Global Investment Management Company and Passport Research, LTD; Treasurer, Passport Research, LTD; Executive Vice President, Federated Securities Corp.; and Treasurer, FII Holdings, Inc.</p>

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

INDEPENDENT TRUSTEES BACKGROUND

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
John T. Collins Birth Date: January 24, 1947 TRUSTEE Indefinite Term Began serving: October 2013	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).</p> <p>Other Directorships Held: Director, Current Chair of the Compensation Committee, KLX Corp.</p> <p>Qualifications: Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO, The Collins Group, Inc. (a private equity firm). Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).</p>
G. Thomas Hough Birth Date: February 28, 1955 TRUSTEE Indefinite Term Began serving: August 2015	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; formerly, Vice Chair, Ernst & Young LLP (public accounting firm) (Retired).</p> <p>Other Directorships Held: Director, Chair of the Audit Committee, Governance Committee, Publix Super Markets, Inc.; Director, Member of the Audit Committee and Technology Committee of Equifax, 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 is an Executive Committee member of the United States Golf Association, he serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama and is on the Business School Board of Visitors for Wake Forest University.</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
<p>Maureen Lally-Green Birth Date: July 5, 1949 TRUSTEE Indefinite Term Began serving: August 2009</p>	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; Dean of the Duquesne University School of Law; Professor and Adjunct Professor of Law, Duquesne University School of Law; formerly, Interim Dean of the Duquesne University School of Law; 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 served as: Associate General Secretary, Diocese of Pittsburgh; a member of the Superior Court of Pennsylvania; and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green also currently holds the positions on either a public or not for profit Board of Directors as follows: Director and Chair, UPMC Mercy Hospital; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; Director, Saint Vincent College; Member, Pennsylvania State Board of Education (public); and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.), where she currently serves as a member of the Compensation, Nominating and Corporate Governance Committee (Chair) and the Health, Safety and Environmental Committee. 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; Regent, St. Vincent Seminary; and Director and Chair, Cardinal Wuerl North Catholic High School, Inc.</p>
<p>Charles F. Mansfield, Jr. Birth Date: April 10, 1945 TRUSTEE Indefinite Term Began serving: September 1999</p>	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; Management Consultant.</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.</p>
<p>Thomas M. O'Neill Birth Date: June 14, 1951 TRUSTEE Indefinite Term Began serving: August 2006</p>	<p>Principal Occupations: Director or Trustee, Chair of the Audit Committee of the Federated Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p>
<p>P. Jerome Richey Birth Date: February 23, 1949 TRUSTEE Indefinite Term Began serving: October 2013</p>	<p>Principal Occupations: Director or Trustee of the Federated Fund Family; Management Consultant; 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>
<p>John S. Walsh Birth Date: November 28, 1957 TRUSTEE Indefinite Term Began serving: January 1999</p>	<p>Principal Occupations: Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh & Kelly, Inc. (paving contractors).</p>

OFFICERS

Name 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	Principal Occupations: Principal Financial Officer and Treasurer of the Federated Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp. and Edgewood Services, Inc.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation. Previous Positions: Controller of Federated Investors, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.
Peter J. Germain Birth Date: September 3, 1959 CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	Principal Occupations: Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Investors, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated in 1984 and is a member of the Pennsylvania Bar Association. Previous Positions: Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Investors, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Investors, Inc.
Richard B. Fisher Birth Date: May 17, 1923 VICE PRESIDENT Officer since: September 1993	Principal Occupations: Vice Chairman or Vice President of some of the Funds in the Federated Fund Family; Vice Chairman, Federated Investors, Inc.; Chairman, Federated Securities Corp. Previous Positions: President and Director or Trustee of some of the Funds in the Federated Fund Family; Executive Vice President, Federated Investors, Inc.; Director and Chief Executive Officer, Federated Securities Corp.
John B. Fisher Birth Date: May 16, 1956 PRESIDENT Officer since: November 2004	Principal Occupations: Principal Executive Officer and President of certain of the Funds in the Federated Fund Family; Director or Trustee of certain of the Funds in the Federated Fund Family; Vice President, Federated Investors, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President and CEO of Passport Research, Ltd.; President of some of the Funds in the Federated Fund Complex and Director, Federated Investors Trust Company. Previous Positions: President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Investors, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.
Stephen Van Meter Birth Date: June 5, 1975 CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	Principal Occupations: Senior Vice President and Chief Compliance Officer of the Federated Fund Family; Vice President and Chief Compliance Officer of Federated Investors, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66. Previous Positions: Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Investors, Inc. Prior to joining Federated, Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.
Stephen F. Auth Birth Date: September 13, 1956 101 Park Avenue 41 st Floor New York, NY 10178 CHIEF INVESTMENT OFFICER Officer since: November 2002	Principal Occupations: Stephen F. Auth is Chief Investment Officer of various Funds in the Federated Fund Family; Executive Vice President, Federated Investment Counseling, Federated Global Investment Management Corp. and Federated Equity Management Company of Pennsylvania. Previous Positions: Executive Vice President, Federated Investment Management Company and Passport Research, Ltd. (investment advisory subsidiary of Federated); Senior Vice President, Global Portfolio Management Services Division; Senior Vice President, Federated Investment Management Company and Passport Research, Ltd.; Senior Managing Director and Portfolio Manager, Prudential Investments.
Robert J. Ostrowski Birth Date: April 26, 1963 CHIEF INVESTMENT OFFICER Officer since: May 2004	Principal Occupations: Robert J. Ostrowski joined Federated in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated's taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.
Deborah A. Cunningham Birth Date: September 15, 1959 CHIEF INVESTMENT OFFICER Officer since: June 2012	Principal Occupations: Deborah A. Cunningham was named Chief Investment Officer of Federated's money market products in 2004. She joined Federated in 1981 and has been a Senior Portfolio Manager since 1997 and an Executive Vice President of the Fund's Adviser since 2009. Ms. Cunningham has received the Chartered Financial Analyst designation and holds an M.S.B.A. in Finance from Robert Morris College.

Evaluation and Approval of Advisory Contract – May 2017

FEDERATED MANAGED TAIL RISK FUND II (THE “FUND”)

Following a review and recommendation of approval by the Fund’s independent trustees, the Fund’s Board of Trustees (the “Board”) reviewed and unanimously approved the continuation of the Fund’s investment advisory contract, under which Federated Investment Management Company, Federated Equity Management Company of Pennsylvania and Federated Global Investment Management Corp. will serve as co-advisers to the Fund (“Co-Advisers”) for an additional one-year term at its May 2017 meetings. The Board’s decision regarding the contract reflects the exercise of its business judgment after considering all of the information received on whether to continue the existing arrangements.

The Board had previously appointed a Senior Officer, whose duties include specified responsibilities relating to the process by which advisory fees are to be charged to a Federated fund. The Senior Officer has the authority to retain consultants, experts, or staff as may be reasonably necessary to assist in the performance of his duties, reports directly to the Board, and may be terminated only with the approval of a majority of the independent members of the Board. The Senior Officer prepared and furnished to the Board an independent, written evaluation that covered topics discussed below (the “Senior Officer’s Evaluation”). The Board considered the Senior Officer’s Evaluation, along with other information, in deciding to approve the investment advisory contract.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in its decision. Using these judicial decisions as a guide, the Board has indicated 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 and of 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); 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. Consistent with the judicial decisions and SEC disclosure requirements, the Board also considered management fees charged to institutional and other clients of each Co-Adviser and their advisory affiliates for what might be viewed as like services. 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 Federated Investors, Inc. and its affiliates (“Federated”) on matters relating to the Federated funds. The Board was assisted in its deliberations by independent legal counsel. In addition to the extensive materials that comprise and accompany the Senior Officer’s Evaluation, the Board received detailed information about the Fund and the Federated organization throughout the year, and in connection with its May meetings. Federated provided much of this information at each regular meeting of the Board, and furnished additional information in connection with the May meetings, at which the Board’s formal approval of the investment advisory contract occurred. 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 any other matters thought relevant by the Co-Advisers or the trustees. 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 Senior Officer’s Evaluation, accompanying data and additional information covering such matters as: the Co-Advisers’ investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund’s short- 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 risk 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 such comparisons too much weight, the Board has found the use of comparisons of the Fund's fees and expenses to other mutual funds with comparable investment programs 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 the Fund's peers. 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, net advisory fee rate where partially waived and other expenses of the Fund and noted the position of the Fund's contractual advisory fee rate and other expenses relative to its peers. In this regard, the Board noted that the contractual advisory fee rate was above the median of the relevant peer group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board.

For comparison, the Senior Officer has reviewed Federated's fees for providing advisory services to products outside the Federated funds (e.g., institutional and separate accounts and sub-adviser services). He concluded that mutual funds and institutional accounts are inherently different products. Those differences include, but are not limited to, different types of targeted investors; being subject to different 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, funds financial services, legal, compliance and risk management in reviewing securities pricing, addressing different administrative responsibilities, addressing different degrees of risk associated with management and a variety of different costs. The Senior Officer did not consider the fees for providing advisory services to these outside products to be determinative in judging the appropriateness of mutual fund advisory fees.

Following such evaluation, and full deliberations, the Board concluded that the 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, 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. The Board noted the compliance programs of, and the compliance-related resources provided to, the Fund by the Co-Advisers. 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 particularly 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 Senior Officer also reviewed information compiled by Federated, using data supplied by

independent fund ranking organizations, regarding the performance of, and fees charged by, other mutual funds, noting his view that comparisons to fund peer groups may be helpful, though not conclusive, in judging the reasonableness of the proposed fees. The Board considered, in evaluating such comparisons, that in some cases individual funds may exhibit significant and unique differences in their objectives and management techniques when compared to other funds within an industry peer group.

The Fund's performance fell below the median of the relevant peer group for the one-year, three-year and five-year periods covered by the Senior Officer's Evaluation. 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 the other factors considered relevant by the Board.

Following such evaluation, and full deliberations, the Board concluded that the expenses of the Fund are reasonable and 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). 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 fund to be competitive in the marketplace, Federated and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to 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 funds in response to the Senior Officer's recommendations.

Federated furnished information, requested by the Senior Officer, 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 Senior Officer. The Senior Officer noted that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the Senior Officer 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 fund and may produce unintended consequences. The allocation information, including the Senior Officer's view that fund-by-fund estimations may be unreliable, was considered in the analysis by the Board.

The Board and the Senior Officer also reviewed information compiled by Federated comparing its profitability information to other publicly held fund management companies. In this regard, the Senior Officer concluded that Federated's profit margins did not appear to be excessive. The Senior Officer also noted that Federated appeared financially sound, with the resources to fulfill its obligations under its contracts with the Fund.

The Senior Officer's Evaluation also discussed the notion of possible realization of "economies of scale" as a fund grows larger. In this regard, the Board considered that the Co-Advisers have made significant and long-term investments in areas that support all of the Federated funds, such as personnel and processes for the portfolio management, shareholder services, compliance, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and that the benefits of these efforts (as well as any economies of scale, should they exist) were likely to be enjoyed by the fund family as a whole. The Board noted that the Co-Advisers' investments in these areas are extensive. In addition, the Board considered that Federated and its affiliates have frequently waived fees and/or reimbursed expenses and that this has allowed fund shareholders to share potential economies of scale from a fund's inception. Federated, as it does throughout the year, and in connection with the Board's review, furnished information relative to revenue sharing or adviser paid fees. Federated and the Senior Officer 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. It should not be viewed to determine the appropriateness of advisory fees because it would represent marketing and distribution expenses. Finally, the Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which (as discussed in the Senior Officer's Evaluation) 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.

While the Senior Officer noted certain items for follow-up reporting to the Board and further consideration by management, he stated that his observations and information accompanying the Senior Officer's Evaluation 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.

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 discussed 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 determination 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 www.sec.gov.

Quarterly Portfolio Schedule

The Fund files with the SEC a complete schedule of its portfolio holdings, as of the close of the first and third quarters of its fiscal year, on "Form N-Q." These filings are available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. (Call 1-800-SEC-0330 for information on the operation of the Public Reference Room.) You may also access this information via the link to the Fund and share class name at www.FederatedInvestors.com/FundInformation.

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 Tail Risk Fund II
Federated Investors Funds
4000 Ericsson Drive
Warrendale, PA 15086-7561

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

Federated Securities Corp., Distributor

CUSIP 313916835
CUSIP 313916819

G00433-19 (2/18)

Federated is a registered trademark of Federated Investors, Inc.
2018 ©Federated Investors, Inc.