

INVESTOR NEWS & NOTES

Is It Time To Yield To Bonds?

(NAPSA)—A growing number of investors are starting to realize that when markets turn turbulent, modest gains are better than no gains at all.

That's why people who once thought of the bond market as boring or too arcane are giving it a second look. And for good reason.

Bonds—or the right bond fund—can offer a unique combination of flexibility and less risk to investors who are looking for a temporary home for their cash until equity markets right themselves. Some bond funds are now being seen as an alternative to CDs or money market mutual funds.

People who invest in bonds expect to have the purchase price of the bond returned to them at a specific point in the future—plus the yield or interest paid on the bond. That's why investing in bonds, or bond-based securities such as mutual funds, is thought by many to be less risky than investing in stocks.

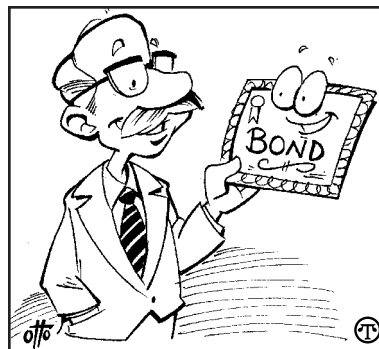
Many investors find the most efficient way to take advantage of the opportunities offered by the bond market is to invest in a bond fund.

For example, one of the investment products offered by Federated Investors, Inc. is the Federated Ultrashort Bond Fund. Since 1997, the fund's assets have grown to \$446 million.

The fund holds bonds from a variety of sectors, including corporate and government bonds, as well as credit card and auto asset-based securities. The average rating of the instruments held by the fund is AA.

"Many investors and trust officers have expressed considerable interest in this short-duration bond fund. It is designed to accommodate the needs of those who seek higher yields than money market funds generally offer and who are willing to accept modest principal fluctuation and additional credit risk to achieve this goal," said Randall Bauer, senior portfolio manager of the Federated Ultrashort Bond Fund.

Founded in 1955, Federated



A short-duration bond fund can combine the liquidity of a stock, with the relative stability investors often associate with bonds.

Investors, Inc. has grown to become one of the nation's largest investment managers. It offers investors a choice of 139 mutual funds and manages more than \$160 billion in assets.

To learn more about Federated Ultrashort Bond Fund, ask for a prospectus containing more complete information from your investment professional or call Federated Investors at 1-800-341-7400.

Please read it carefully before investing. Federated funds are distributed by Federated Securities Corp. Visit the Web site at www.federatedinvestors.com or call for current fund performance.

In return for their higher growth potential, stock prices are more volatile than those of bonds or Treasury bills.

Unlike money market funds, which seek to maintain a \$1.00 per share price, the fund's share fluctuates in value.

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.