

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FEDERATED INCOME SECURITIES TRUST

CIK: **789281** | State of Incorporation: **DE** | Fiscal Year End: **1031**
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Business Address
*FEDERATED INVESTORS
TWR
PITTSBURGH PA 15222
4122881567*

FEDERATED
SHORT-TERM
INCOME
FUND

SEMI-ANNUAL REPORT
TO SHAREHOLDERS
OCTOBER 31, 1993

[LOGO] FEDERATED SECURITIES CORP.

Distributor

A subsidiary of FEDERATED INVESTRS

FEDERATED INVESTORS TOWER
PITTSBURGH, PA 15222-3779

8112901 (12/93)

PRESIDENT'S MESSAGE

Dear Investor:

I am pleased to present the Semi-Annual Report to Shareholders for Federated Short-Term Income Fund, a portfolio of Federated Income Securities Trust, for the six-month period ended October 31, 1993. The Report begins with our Investment Review, in which the Fund's portfolio manager comments on the corporate bond, asset-backed securities, and mortgage-backed securities markets. Following the Investment Review, you will find Financial Statements containing the Fund's Portfolio of Investments.

On behalf of investors, the Fund pursues income through a diversified portfolio consisting primarily of short-term, high-quality debt securities, including asset-backed and mortgage-backed securities.

During the six-month reporting period, dividends paid to shareholders totaled \$6.8 million. At the end of the period, net assets soared from \$160 million at the beginning of the period to \$383 million at the end of the period.

Thank you for your confidence in Federated Short-Term Income Fund. As always, we welcome your questions, comments, or suggestions.

Sincerely,

Glen R. Johnson
President
December 15, 1993

INVESTMENT REVIEW

During the past year, the U.S. economy has grown at a very modest pace commensurate with a low inflation environment. October, 1993 was the first month during which almost all economic releases were positive. Employment seems to be making modest but steady gains while personal income and spending have experienced minor upticks. From a manufacturing vantage point, industrial production, capacity utilization, and durable goods orders have all begun to rebound. In this mild recovery, inflation has remained under control with respect to both the Consumer Price Index and the Producer Price Index. Strength in the Commodity Research Bureau index has been attributed to problems resulting from the flooding in the Midwest.

Over the past year, short-term and intermediate-term rates trended downward despite periods of weakness in November 1992, March 1993, July 1993 and finally in October 1993. The most recent correction began in mid-October and has continued through November. Today's yield curve remains quite steep with losses in the long bond surpassing the declines in short-term bonds. Given the continued path of recovery, the Federal Reserve has declared a neutral stance. As long as inflation remains in check, long-term bond rates are still very high which could result in a yield curve flattening with the long-end retreating and the short-end rising modestly.

Federated Short-Term Income Fund (the "Fund") has had a target duration of 2.0

years for the past 12 months. This reflects our continuing bias that the yield curve is quite steep and offers value in the two-year sector. The incremental risk taken between the one and two year parts of the yield curve is modest in light of the large gains in incremental yield in this short portion of the curve. Emphasis on investment sectors has been with asset-backed securities, whole-loan mortgage-backed securities (both fixed rate and floating rate) and, finally, corporate bonds. A slight barbell continues to be the portfolio configuration of choice using floating rate securities on the short-end and three to five year securities on the long-end.

The performance over the past year for the Fund has been good. The total return for the six-month period ended October 31, 1993, was 2.43% for the Institutional Shares and 2.30% for the Institutional Service Shares.* The net asset value of the Fund decreased from \$9.17 to \$9.13 over the six month period. The net assets of the Fund increased from \$159.8 million to \$382.5 million while the 30-day distribution rate decreased from 5.76% to 5.47% for the Institutional Shares and from 5.51% to 5.22% for the Institutional Service Shares. The effective average duration of the Fund on October 31, was 2.0 years and will be maintained between 1.5 and 2 years.

*Performance quoted represents past performance. 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.

FEDERATED SHORT-TERM INCOME FUND
 PORTFOLIO OF INVESTMENTS
 OCTOBER 31, 1993
 (UNAUDITED)

<TABLE>
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PRINCIPAL AMOUNT	ISSUE	CREDIT RATING: MOODY'S OR S&P	VALUE
<C>	<S>	<C>	<C>
CORPORATE BONDS/ASSET-BACKED SECURITIES--57.5%			
AUTOMOTIVE--10.2%			
\$ 3,840,717	Capital Auto Receivables Asset Trust 1992-1, Class B, 6.200%, 12/15/97	A+	\$ 3,922,870
2,000,000	Capital Auto Receivables Asset Trust 1993-1, Class B, 5.85%, 2/17/98	A+	2,018,760
8,000,000	Ford Credit Auto Loan Master Trust 1992-1, 6.875%, 1/15/99	AAA	8,447,680
1,663,305	John Deere Owner Trust 1992-A, Class E, 4.00%+, 12/29/99	A	1,665,900
2,390,075	Midlantic Auto Grantor Trust 1992-1, Class B, 5.15%, 9/15/97	A-	2,396,051
3,450,000	Navistar Financial Dealer Note Trust 1990, Class A-3, 4.15%+, 1/25/2003	AAA	3,475,875
1,795,089	Nissan Auto Receivables 1992-A Grantor Trust, 5.30%, 6/15/97	AAA	1,809,845
570,205	Premier Auto Trust 1992-3, Class B, 6.25%, 11/17/97	A+	578,058
2,916,492	Premier Auto Trust 1993-1, Class B, 5.60%, 10/15/98	A+	2,936,440
9,999,863	Premier Auto Trust 1993-4, Class A2, 4.650%, 2/2/99	AAA	10,024,963
1,663,667	Volvo Auto Trust 1991-A, 5.65% 12/15/98	AAA	1,686,459
	Total		38,962,901
BANKING--9.3%			
12,500,000	Advanta Credit Card Master Trust 1992-3, Class A1, 5.95%, 8/31/99	AAA	12,883,750
3,000,000	Bankers Trust New York Corp., 5.38%+, 9/24/2002	AA	3,054,390

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FEDERATED SHORT-TERM INCOME FUND

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CREDIT

PRINCIPAL AMOUNT	ISSUE	RATING: MOODY'S OR S&P	VALUE
<C>	<S>	<C>	<C>
CORPORATE BONDS/ASSET-BACKED SECURITIES--CONTINUED			
BANKING--CONTINUED			
\$ 4,000,000	Colonial Credit Card Trust 1991-B, Class B, 7.95%, 1/15/98	AA-	\$ 4,220,000
5,000,000	First Chicago Corp., 4.25%+, 7/28/2003	A-	4,981,250
7,500,000	MBNA Master Credit Card Trust 1991-1, 7.75%, 10/15/98	AAA	8,091,075
2,000,000	Standard Credit Card Master Trust 1991-1A, 8.50%, 8/7/97	AAA	2,163,720
	Total		35,394,185
FINANCE--AUTOMOTIVE--1.1%			
3,000,000	Ford Motor Credit Co., 6.55%, 2/3/98	A	3,128,400
1,000,000	Ford Motor Credit Co., 9.50%, 11/15/98	A	1,000,000
	Total		4,128,400
FINANCE--COMMERCIAL--0.8%			
3,000,000	General Electric Capital Corp., Capital Reset Note, 8.00%+, 3/15/2018	AAA	3,000,000
FINANCE--RETAIL--13.4%			
3,500,000	Diamond Funding Corp., 6.35%, 11/20/97	AAA	3,577,105
5,000,000	Discover Credit Card Trust 1991-B, Class A, 8.625%, 7/15/98	AAA	5,463,750
2,500,000	Discover Credit Card Trust 1991-B, Class B, 8.85%, 7/15/98	AA	2,727,000
7,000,000	Discover Credit Card Trust 1991-E, 7.30%, 5/20/99	AAA	7,437,010
10,000,000	Discover Credit Card Trust 1991-F, Class A, 7.85%, 11/21/2000	AAA	11,001,100
4,000,000	Household Credit Card Trust 1991-1, Class B, 8.13%, 10/15/97	A+	4,295,960
6,000,000	Household Credit Card Trust 1992-1, Class B, 6.25%, 12/15/97	A+	6,158,460

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FEDERATED SHORT-TERM INCOME FUND

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PRINCIPAL AMOUNT	ISSUE	CREDIT RATING: MOODY'S OR S&P	VALUE
<C>	<S>	<C>	<C>
CORPORATE BONDS/ASSET-BACKED SECURITIES--CONTINUED			
FINANCE--RETAIL--CONTINUED			
\$ 10,000,000	Sears Credit Account Trust 1991-D, 7.75%, 9/15/98	AAA	\$ 10,752,100
	Total		51,412,485
HOME EQUITY RECEIVABLES--14.4%			
1,526,127	Advanta Home Equity Loan Trust 1991-1, 9.00%, 2/25/2006	AAA	1,620,960
5,431,210	Advanta Home Equity Loan Trust 1992-1, 7.88%, 9/25/2008	AAA	5,705,214
3,557,888	Advanta Home Equity Loan Trust 1992-4, Class A-2, 7.15%, 12/25/2008	AAA	3,673,377

589,525	AFC Home Equity Loan Trust 1991-4, 7.75%, 2/15/2006	AAA	615,057
1,512,772	AFC Home Equity Loan Trust 1992-3, 7.05%, 8/15/2007	AAA	1,557,020
1,000,000	Capital Home Equity Loan Trust 1991-1B, 3.79%+, 11/14/2011	AAA	1,001,400
8,936,778	Conti Mortgage Home Equity Loan Trust 1993-3, Class A-2, 5.54%, 7/15/2020	AAA	8,936,778
1,274,088	Fleet Finance Home Equity Trust 1991-2, 6.70%, 10/15/2006	AAA	1,301,251
1,500,000	GE Capital Mortgage Services, Inc. 1991-1, Class B, 8.70%, 8/30/2011	AAA	1,657,980
898,290	Home Equity Loan REMIC Trust 1992-1, Class A, 5.650%, 11/17/2014	AAA	899,754
3,866,675	Merrill Lynch Home Equity Loan Trust 1993-1, Class B, 4.25%+, 2/15/2003	A+	3,883,572
1,706,027	TMS Home Equity Loan Trust 1992-A, Class A, 6.95%, 12/15/2007	AAA	1,755,707
1,413,566	TMS Home Equity Loan Trust 1992-B, Class A, 6.90%, 7/15/2007	AAA	1,447,040

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FEDERATED SHORT-TERM INCOME FUND

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PRINCIPAL AMOUNT	ISSUE	CREDIT RATING: MOODY'S OR S&P	VALUE
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CORPORATE BONDS/ASSET-BACKED SECURITIES--CONTINUED			
HOME EQUITY RECEIVABLES--CONTINUED			
\$ 10,683,489	TMS Home Equity Loan Trust 1992-D, Class A3, 7.55%, 1/15/2018	AAA	\$ 11,070,231
9,985,284	TMS Home Equity Loan Trust 1993-C, Class A3, 5.750%, 10/15/2022	AAA	10,103,859
	Total		55,229,200
LEASING--1.1%			
229,197	Comdisco Receivables Trust 1991-A, 7.70%, 5/15/96	AAA	229,915
1,473,491	Concord Leasing Grantor Trust 1992-C, Class A-1, 5.31%, 1/20/99	AAA	1,478,103
2,250,000	U.S. Leasing, Inc., 7.00%, 11/1/97	A	2,381,355
	Total		4,089,373
MANUFACTURED HOUSING RECEIVABLES--2.1%			
4,554,163	CIT Group Manufactured Housing 1993-1, Class A-1, 4.70%, 6/15/2018	AAA	4,549,062
2,679,667	Greentree Manufactured Housing 1992-1, Class A-5, 6.50%, 10/15/2017	Aa3	2,698,987
699,581	Merrill Lynch Mortgage Investments, Inc. 8.5% Mfd. Housing Contract, 1992B, 4/15/2012	A2	738,086
	Total		7,986,135
MARINE RECEIVABLES--1.6%			
409,311	CFC-11 Grantor Trust, Class A, 8.90%, 8/15/97	AAA	429,322
5,675,967	CFC-14 Grantor Trust, Class A, 7.15%, 11/15/2006	AAA	5,775,297
	Total		6,204,619

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FEDERATED SHORT-TERM INCOME FUND

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PRINCIPAL AMOUNT	ISSUE	CREDIT RATING: MOODY'S OR S&P	VALUE
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CORPORATE BONDS/ASSET-BACKED SECURITIES--CONTINUED			
RECREATIONAL VEHICLE RECEIVABLES--2.2%			
\$ 8,419,826	Fleetwood Credit 1993-A, Class A, 6.00%, 1/15/2008	AAA	\$ 8,600,852
TRADE RECEIVABLES--1.0%			
4,000,000	Unisys Receivables Master Trust I, 5.05%, 11/15/96	AAA	4,023,400
UTILITIES--0.3%			
1,000,000	Pennsylvania Power & Light Co., 7.625%, 2/1/2002	A	1,022,000
TOTAL CORPORATE BONDS/ASSET-BACKED SECURITIES (IDENTIFIED COST \$219,203,738)			220,053,550
GOVERNMENT AGENCIES--1.9%			
712,000	Patriot Shipping IV Co., 8.00% 12/7/2004	AAA	735,589
1,000,000	Student Loan Marketing Association, 3.81%+, 5/8/95	AAA	1,000,000
5,000,000	Tennessee Valley Authority, Debenture, Series E, 8.75%, 10/1/2019	AAA	5,432,800
TOTAL GOVERNMENT AGENCIES (IDENTIFIED COST 7,189,341)			7,168,389
MORTGAGE-BACKED SECURITIES--33.3%			
GOVERNMENT AGENCY--MORTGAGE-BACKED SECURITIES--1.9%			
1,515,172	Federal Home Loan Mortgage Corp. Pound606116, 5.79%+, 9/1/2019	AAA	1,575,309
1,797,689	Federal Home Loan Mortgage Corp. Pound785167, 6.41+, 12/1/2018	AAA	1,867,349
255,784	Federal Home Loan Mortgage Corp. CMO Series 1097 Class F, 8.60% 6/15/2014	AAA	256,728
1,000,000	Federal Home Loan Mortgage Corp. Series 1132 Class G, 8.00%, 1/15/2005	AAA	1,039,600
1,580,000	Federal National Mortgage Association 1991-140 C, 8.50%, 5/25/2020	AAA	1,629,407

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FEDERATED SHORT-TERM INCOME FUND

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PRINCIPAL AMOUNT	ISSUE	CREDIT RATING: MOODY'S OR S&P	VALUE
<C>	<S>	<C>	<C>
MORTGAGE--BACKED SECURITIES--CONTINUED			
GOVERNMENT AGENCY--MORTGAGE-BACKED SECURITIES-- CONTINUED			
\$ 1,000,000	Federal National Mortgage Association Series 126 Class PJ P11, 6.00%, 4/25/2014	AAA	\$ 999,450
Total			7,367,843
NON-GOVERNMENT AGENCY--MORTGAGE-BACKED SECURITIES--31.4%			
5,000,000	Capstead Securities Corp. 1992-10, Class D, 8.25%, 7/25/2023	AAA	5,187,350
1,665,671	Capstead Securities Corp. IV 1992, Class 4-E, 3.99%+, 6/25/2018	AAA	1,669,835
4,663,865	Chase Home Mortgage Corp. 1992-M2 Class 2A, 8.00%, 12/25/2023	AAA	4,754,111
2,060,000	Chemical Mortgage Securities, Inc. 1993, Class A-4, 7.45%, 7/25/2020	AAA	2,123,736

4,094,226	Citicorp Mortgage Securities 1992-18, Class A-1, 5.21%+, 10/25/2022	AAA	4,147,983
3,663,761	Citicorp Mortgage Securities 1992-5, Clas A-1, 8.00%, 9/25/2021	AAA	3,746,709
9,810,000	Countrywide Mortgage 1993-7, Class A-1, 5.40%, 9/25/2023	AAA	9,840,656
7,000,000	GCA 1993-3, Class A-1, 5.58%+, 8/25/2023	AAA	7,275,660
7,952,913	GCA 1993-LB2, Class A-1, 5.58%+, 8/25/2023	AAA	8,266,099
6,429,613	GCA Long Beach Mortgage PTC 1992, Class A-2, 6.08%+, 7/25/2022	AAA	6,666,673
2,520,492	GCA REMIC PTC1991-4, Class B-1A, 8.64%+, 7/1/2019	AA	2,605,558
10,000,000	GE Capital Mortgage Services Inc. 1993-12, Class A, 6.50%, 11/25/2023	AAA	10,139,063

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FEDERATED SHORT-TERM INCOME FUND

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PRINCIPAL AMOUNT	ISSUE	CREDIT RATING: MOODY'S OR S&P	VALUE
<C>	<S>	<C>	<C>
MORTGAGE-BACKED SECURITIES--CONTINUED			
NON-GOVERNMENT AGENCY--MORTGAGE-BACKED SECURITIES--CONTINUED			
\$ 4,968,232	GE Capital Mortgage Services Inc. 1993-9, Class A-1, 6.00%, 8/25/2008	AAA	\$ 5,013,641
3,217,775	Glendale Federal Bank, 1988-1A, 5.54%+, 11/25/2027	Aaa	3,245,931
2,281,665	GMBS 1990-5, Class A, 6.62%+, 12/26/2020	AAA	2,298,071
1,836,265	Long Beach Bank Mortgage Series 1992-3, Class A, 9.60%, 7/15/2002	AAA	1,890,196
2,031,281	Prudential Home Mortgage 1992-33, Class A-2, 7.50%, 11/25/2022	AAA	2,068,007
2,864,655	Prudential Home Mortgage 1992-A, Class B1-1, 7.20%, 11/25/2022	AAA	2,904,216
1,914,678	Residential Funding Corp. 1993-S18, Class-A-2, 7.50%, 5/25/2023	AAA	1,975,564
6,667,033	Residential Funding Corp. 1993-S29, Class A-7, 7.00%, 8/25/2008	AAA	6,785,972
5,000,000	Residential Funding Mortgage Securities, Inc. 1993-S38, Class A, 4.85%+, 8/25/2023	AA	5,193,000
811,079	Resolution Trust Corp. 1992-12, Class B-2, 7.50%, 9/25/2023	AAA	814,883
2,000,000	Resolution Trust Corp. 1992-12, Class B-3, 5.98%+, 12/25/2025	AA+	2,013,120
176,449	Resolution Trust Corp. 1992-7, Class A-2A, 8.35%, 6/25/2029	AAA	178,434
2,000,125	Resolution Trust Corp. 1992-7, Class B-2B, 8.35%, 6/29/2029	AAA	2,016,066
4,481,293	Salomon Brothers Mortgage Securities VII, Inc. 1992-6, Class A-1, 5.42%+, 11/25/2022	AAA	4,628,504

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FEDERATED SHORT-TERM INCOME FUND

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PRINCIPAL AMOUNT	ISSUE	CREDIT RATING: MOODY'S OR S&P	VALUE
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<C>	<S>	<C>	<C>
MORTGAGE-BACKED SECURITIES--CONTINUED			

NON-GOVERNMENT AGENCY--MORTGAGE-BACKED SECURITIES--CONTINUED			
\$ 12,000,000	Salomon Brothers Mortgage Securities VII, Inc. 1993-5, Class A-3C, 7.44%+, 10/25/2023	Aaa	\$ 12,433,080
	Total		119,882,118
TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$127,562,414)			127,249,961

COMMERCIAL PAPER--2.9%			
6,000,000	Dollar Yield Agreement-FNB Chicago, 4.75%, 11/15/93	A+	6,000,000
5,000,000	Dollar Yield Agreement-FNB Chicago, 4.75%, 11/12/93	A+	5,000,000
TOTAL COMMERCIAL PAPER (IDENTIFIED COST \$11,000,000)			11,000,000

*REPURCHASE AGREEMENTS--5.6%			
10,000,000	Goldman Sachs, 2.97%, 11/1/93		10,000,000
11,264,000	Greenwich Capital, 3.00%, 11/1/93		11,264,000
TOTAL REPURCHASE AGREEMENTS (AT AMORTIZED COST)			21,264,000
TOTAL INVESTMENTS (IDENTIFIED COST \$386,219,493)			\$ 386,735,900\\

</TABLE>

* Repurchase agreements are fully collateralized by U.S. government and/or agency obligations. The investments in the repurchase agreements are through participation in a joint account with other Federated funds based on market prices at the date of the portfolio.

\ Denotes variable rate and floating rate obligations for which the current yield is shown.

\\ The cost for federal tax purposes amounts to \$386,219,493. The net unrealized appreciation of investments on a federal tax basis amounts to \$516,407 which is comprised of \$1,592,461 appreciation and \$1,076,054 depreciation at October 31, 1993.

FEDERATED SHORT-TERM INCOME FUND

The following abbreviations are used in this portfolio:

CMO--Collateralized Mortgage Obligation
PTC--Pass Through Certificate
REMIC--Real Estate Mortgage Investment Conduit

Note: The categories of investments are shown as a percentage of net assets (\$382,521,435) at October 31, 1993.

(See Notes which are an integral part of the Financial Statements.)

FEDERATED SHORT-TERM INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
OCTOBER 31, 1993
(UNAUDITED)

<TABLE>	<S>	<C>	<C>
ASSETS:			

Total investments, at value (Notes 1A and 1B) (identified and tax cost, \$386,219,493)			\$ 386,735,900
Cash			1,934
Interest receivable			2,750,614
Receivable for Fund shares sold			1,944,244
Total assets			391,432,692

LIABILITIES:			

Payable for investments purchased	\$	7,270,156	
Dividends payable		1,240,990	
Payable for Fund shares redeemed		292,159	
Accrued expenses and other liabilities		107,952	
Total liabilities			8,911,257
NET ASSETS for 41,896,837 shares of beneficial interest outstanding	\$		382,521,435
NET ASSETS CONSIST OF:			
Paid-in capital	\$	392,257,723	
Unrealized appreciation on investments		516,407	
Accumulated net realized loss on investments		(10,252,695)	
Total	\$		382,521,435
NET ASSET VALUE, Offering Price, and Redemption Price Per Share			
Institutional Shares (\$349,959,023 / 38,330,302 shares of beneficial interest outstanding)			\$9.13
Institutional Service Shares (\$32,562,412 / 3,566,535 shares of beneficial interest outstanding)			\$9.13

(See Notes which are an integral part of the Financial Statements)
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FEDERATED SHORT-TERM INCOME FUND
 STATEMENT OF OPERATIONS
 SIX MONTHS ENDED OCTOBER 31, 1993
 (UNAUDITED)

	<C>	<C>
INVESTMENT INCOME:		
Interest income (Note 1C)		\$ 7,488,024
EXPENSES:		
Investment advisory fee (Note 4)	\$	485,265
Directors' fees		5,248
Administrative personnel and services fees (Note 4)		196,128
Custodian, transfer agent and dividend disbursing agent fees and expenses		65,058
Fund share registration costs		40,234
Auditing fees		11,780
Distribution fees (Note 4)		28,043
Legal fees		8,300
Printing and postage		22,500
Insurance premiums		4,459
Taxes		167
Miscellaneous		1,574
Total expenses		868,756
Deduct--Waiver of investment advisory fee (Note 4)		177,985
Net expenses		690,771
Net investment income		6,797,253
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized loss on investments (identified cost basis)		(497,614)
Net change in unrealized appreciation on investments		(457,680)
Net realized and unrealized gain on investments		(955,294)

Change in net assets resulting from operations \$ 5,841,959

(See Notes which are an integral part of the Financial Statements)
</TABLE>

FEDERATED SHORT-TERM INCOME FUND
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>
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<S>	YEAR ENDED APRIL 30,	
	<C> 1994*	<C> 1993
INCREASE (DECREASE) IN NET ASSETS:		
OPERATIONS--		
Net investment income	\$ 6,797,253	\$ 5,989,214
Net realized loss on investment transactions (\$497,614 net loss and \$61,811 net gain, respectively, as computed for federal tax purposes)	(497,614)	(2,884)
Change in unrealized appreciation of investments	(457,680)	1,162,577
Change in net assets from operations	5,841,959	7,148,907
DISTRIBUTIONS TO SHAREHOLDERS (NOTE 2)--		
Dividends to shareholders from net investment income:		
Institutional Shares	(6,191,540)	(5,534,478)
Institutional Service Shares	(605,713)	(340,673)
Change in net assets from distributions to shareholders	(6,797,253)	(5,875,151)
FUND SHARE TRANSACTIONS (NOTE 3) (EXCLUSIVE OF AMOUNTS ALLOCATED TO NET INVESTMENT INCOME)--		
Net proceeds from sale of shares	306,015,977	202,156,588
Net asset value of shares issued to shareholders electing to receive payment of dividends in Fund shares	1,398,699	895,871
Cost of shares redeemed	(83,739,615)	(81,349,085)
Change in net assets from Fund share transactions	223,675,061	121,703,374
Change in net assets	222,719,767	122,977,130
NET ASSETS:		
Beginning of period	159,801,668	36,824,538
End of period	\$ 382,521,435	\$ 159,801,668

* Six months ended October 31, 1993 (unaudited).
(See Notes which are an integral part of the Financial Statements)
</TABLE>

FEDERATED SHORT-TERM INCOME FUND
FINANCIAL HIGHLIGHTS
INSTITUTIONAL SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>
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<S>	FOR THE YEAR ENDED APRIL 30,								
	<C> 1994*	<C> 1993	<C> 1992**	<C> 1991	<C> 1990	<C> 1989	<C> 1988	<C> 1987***	
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 9.17	\$ 8.98	\$ 9.07	\$ 9.16	\$ 9.41	\$ 9.56	\$ 9.98	\$ 10.00	
INCOME FROM INVESTMENT OPERATIONS									
Net investment income	0.26	0.58	0.60	0.83	0.93	0.94	0.94	0.74	
Net realized and unrealized gain/loss on investments	(0.04)	0.16	(0.07)	(0.08)	(0.25)	(0.15)	(0.42)	(0.02)	
Total from investment									

operations	0.22	0.74	0.53	0.75	0.68	0.79	0.52	0.72

LESS DISTRIBUTIONS								

Dividends to shareholders from net investment income	(0.26)	(0.55)	(0.60)	(0.83)	(0.93)	(0.94)	(0.94)	(0.74)

Distributions in excess of net investment income	--	--	(0.02)***	(0.01)***	--	--	--	--

TOTAL DISTRIBUTIONS	(0.26)	(0.55)	(0.62)	(0.84)	(0.93)	(0.94)	(0.94)	(0.74)

NET ASSET VALUE, END OF PERIOD	\$ 9.13	\$ 9.17	\$ 8.98	\$ 9.07	\$ 9.16	\$ 9.41	\$ 9.56	\$ 9.98

TOTAL RETURN*****	2.43%	8.39%	5.94%	8.80%	7.52%	8.69%	5.43%	7.40%

RATIOS TO AVERAGE NET ASSETS								

Expenses	0.55 (b)	0.51%	0.53%	0.52%	0.52%	0.51%	0.50%	0.50% (b)

Net investment income	5.63 (b)	6.07%	6.71%	9.33%	9.95%	9.90%	9.59%	9.58% (b)

Expense waiver/reimbursement (a)	0.15%	0.45%	0.98%	0.92%	0.77%	0.76%	0.59%	0.60%

SUPPLEMENTAL DATA								

Net assets, end of period (000 omitted)	\$349,959	\$144,129	\$36,047	\$47,223	\$65,429	\$69,904	\$90,581	\$80,073

Portfolio turnover rate	14%	62%	114%	23%	34%	38%	77%	82%

</TABLE>

* For six months ended October 31, 1993 (unaudited).

** On December 31, 1991, the shareholders approved a change in the fundamental investment policies which state that the Fund will be invested in high-grade as opposed to lower-rated debt securities, and as a result, investment income per share is lower.

*** Reflects operations for the period from July 1, 1986 to April 30, 1987. For the period from the start of business, June 2, 1986, to June 30, 1986, net investment income aggregating \$0.053 per share (\$529) was distributed to the Fund's investment adviser. Such distribution represented the net income of the Fund prior to the initial public offering of Fund shares which commenced on July 1, 1986.

**** Distributions in excess of net investment income for the years ended April 30, 1992 and 1991, were a result of certain book and tax timing differences. These distributions did not represent a return of capital for federal income tax purposes for the years ended April 30, 1992 and 1991.

***** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a) This expense decrease is reflected in both the expense and net investment income ratios shown above (Note 4).

(b) Computed on an annualized basis.

(See Notes which are an integral part of the Financial Statements)

FEDERATED SHORT-TERM INCOME FUND
FINANCIAL HIGHLIGHTS
INSTITUTIONAL SERVICE SHARES

(FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD)

<TABLE>

<CAPTION>

	FOR THE YEAR ENDED APRIL 30,		
	<C>	<C>	<C>
	1994*	1993	1992**
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 9.17	\$ 8.98	\$ 9.08

INCOME FROM INVESTMENT OPERATIONS			

Net investment income	0.25	0.52	0.15

Net realized and unrealized gain/loss on investments	(0.04)	0.19	(0.10)

Total from investment operations	0.21	0.71	0.05

LESS DISTRIBUTIONS

Dividends to shareholders from net investment income	(0.25)	(0.52)	(0.15)
NET ASSET VALUE, END OF PERIOD	\$ 9.13	\$ 9.17	\$ 8.98
TOTAL RETURN***	2.30%	8.12%	0.69%
RATIOS TO AVERAGE NET ASSETS			
Expenses	0.80 (b)	0.76%	0.78%(b)
Net investment income	5.38 (b)	5.82%	6.37%(b)
Expense waiver/reimbursement (a)	0.15%	0.45%	0.98%
SUPPLEMENTAL DATA			
Net assets, end of period (000 omitted)	\$32,562	\$15,673	\$778
Portfolio turnover rate	14%	62%	114%

</TABLE>

* For six months ended October 31, 1993 (unaudited).

** Reflects operations for the period from January 21, 1992 (date of initial public investment) to April 30, 1992.

*** Based on net asset value which does not reflect the sales load or redemption fee, if applicable.

(a)The expense decrease is reflected in both the expense and net investment income ratios shown above (Note 4).

(b)Computed on an annualized basis.

(See Notes which are an integral part of the Financial Statements)

FEDERATED SHORT-TERM INCOME FUND
 NOTES TO FINANCIAL STATEMENTS
 OCTOBER 31, 1993
 (UNAUDITED)

(1) SIGNIFICANT ACCOUNTING POLICIES

The Trust is registered under the Investment Company Act of 1940, as amended, as an open-end, management investment company. The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

Effective January 21, 1992 (the effective date for the Institutional Shares and Institutional Service Shares of Federated Short-Term Income Fund), Federated Short-Term Income Fund provided two classes of shares ("Institutional Shares" and "Institutional Service Shares"). Institutional Service Shares are identical in all respects to Institutional Shares except that Institutional Service Shares are sold pursuant to a distribution plan ("Plan") adopted in accordance with Investment Company Act Rule 12b-1. Under the Plan, the Fund may pay Federated Securities Corp. (the "distributor") a fee at an annual rate up to .25 of 1% of the average daily net asset value of Institutional Service Shares to finance any activity which is principally intended to result in the sale of Institutional Service Shares.

A. INVESTMENT VALUATIONS--Listed securities are valued at the last sale price reported on national securities exchanges. Unlisted securities, or listed securities in which there are no current sales, are valued on the basis of prices provided by independent pricing services. Short-term obligations are valued at the mean between bid and asked prices as furnished by an independent pricing service, however, such issues with maturities of sixty days or less are valued at amortized cost, which approximates market value.

B. REPURCHASE AGREEMENTS--It is the policy of the Fund to require the custodian bank to take possession, to have legally segregated in the Federal Reserve Book Entry System or to have segregated within the custodian bank's vault, all securities held as collateral in support of repurchase agreement investments. Additionally, procedures have been established by the Fund to monitor, on a daily basis, the market value of each repurchase agreement's underlying securities to ensure the existence of a proper level of collateral.

The Fund will only enter into repurchase agreements with banks and other recognized financial institutions such as broker/dealers which are deemed by

the Fund's adviser to be creditworthy. Risks may arise from the potential inability of counterparties to honor the terms of the repurchase agreement. Accordingly, the Fund could receive less than the repurchase price on the sale of collateral securities.

- C. INCOME--Interest income is recorded on the accrual basis. Interest income includes interest and discount earned (net of premium) on short-term obligations, and interest earned on all other debt securities including original issue discount as required by the Internal Revenue Code.

FEDERATED SHORT-TERM INCOME FUND

- D. FEDERAL TAXES--It is the Fund's policy to comply with the provisions of the Internal Revenue Code available to investment companies and distribute to shareholders each year substantially all of its taxable income, including any net realized gain on investments. Accordingly, no provision for federal tax is necessary. At April 30, 1993, the Fund for federal income tax purposes had a capital loss carryforward of \$9,580,334 which expires in 1995 (\$156,476), 1996 (\$791,359), 1997 (\$3,077,752), 1998 (\$316,627), 1999 (\$1,132,354), and 2000 (\$4,105,766) which will reduce the Trust's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Internal Revenue Code, and thus will reduce the amount of the distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Additionally, net capital losses of \$174,705 attributable to security transactions incurred after October 31, 1992, are treated as arising on the first day (May 1, 1993) of the Trust's next taxable year.

- E. WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS--The Fund may engage in when-issued or delayed transactions. To the extent the Fund engages in such transactions, it will do so for the purpose of acquiring portfolio securities consistent with its investment objective and policies and not for the purpose of investment leverage. The Fund will record a when-issued security and the related liability on the trade date. Until the securities are received and paid for, the Fund will maintain 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.

- F. OTHER--Investment transactions are accounted for on the date of the transaction. Dividends and distributions to shareholders are recorded on the ex-dividend date.

(2) DIVIDENDS

The Fund computes its net income daily and, immediately prior to the calculation of its net asset value at the close of business, declares and records dividends to shareholders of record at the time of the previous computation of the Fund's net asset value. Payment of dividends is made monthly in cash, or in additional shares at the net asset value on the payable date. Capital gains realized by the Fund are distributed at least once every twelve months and are recorded on the ex-dividend date.

(3) SHARES OF BENEFICIAL INTEREST

The Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest (without par value). Transactions in Fund shares were as follows:

<TABLE>

<CAPTION>

<S>	Six Months Ended 10/31/93 (unaudited)		Year Ended 4/30/93	
	<C> Shares	<C> Dollars	<C> Shares	<C> Dollars
Institutional Shares				
Shares outstanding, beginning of period	15,724,052	\$ 152,989,819	4,014,094	\$ 46,084,269
Shares sold	30,574,196	279,538,213	19,997,401	182,667,537
Shares issued to shareholders in payment of dividends declared	106,227	970,695	69,745	637,195
Shares redeemed	(8,074,173)	(73,810,607)	(8,357,188)	(76,399,182)
Shares outstanding, end of period	38,330,302	\$ 359,688,120	15,724,052	\$ 152,989,819

<CAPTION>

<S>	Shares		Dollars	
	<C>	<C>	<C>	<C>
Institutional Service Shares				
Shares outstanding, beginning of period	1,709,356	\$ 15,592,843	88,464	\$ 795,019
Shares sold	2,896,348	26,477,764	2,134,568	19,489,051

Shares issued to shareholders in payment of dividends declared	46,843	428,004	28,299	258,676
Shares redeemed	(1,086,012)	(9,929,008)	(541,975)	(4,949,903)
Shares outstanding, end of period	3,566,535	\$ 32,569,603	1,709,356	\$ 15,592,843

</TABLE>

(4) INVESTMENT ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Federated Management, the Fund's investment adviser ("Adviser"), receives for its services an annual investment advisory fee equal to .40 of 1% of the Fund's average daily net assets. The Adviser has voluntarily agreed to waive a portion of its fee. The Adviser can modify or terminate this voluntary waiver at any time at its sole discretion. For the six months ended October 31, 1993 the advisory fee amounted to \$485,265, of which \$177,985 was voluntarily waived.

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940. The Fund will pay Federated Securities Corp ("FSC"), the principal distributor, up to .25 of 1% of the average daily net asset value of the Institutional Service Shares. For the six months ended October 31, 1993, \$28,043 was payable in distribution services fees.

Administrative personnel and services are provided at approximate cost by Federated Administrative Services, Inc. ("FAS"). Certain of the Officers and Trustees of the Trust are Officers and Directors of the above corporation.

(5) INVESTMENT TRANSACTIONS

Purchases, and sales of investments (excluding short-term obligations) for the six months ended October 31, 1993, were as follows:

PURCHASES--	\$ 226,962,269
SALES--	\$ 34,092,851

</TABLE>

TRUSTEES OFFICERS

John F. Donahue	John F. Donahue
John T. Conroy, Jr.	Chairman
William J. Copeland	Glen R. Johnson
James E. Dowd	President
Lawrence D. Ellis, M.D.	J. Christopher Donahue
Edward L. Flaherty, Jr.	Vice President
Peter E. Madden	Richard B. Fisher
Gregor F. Meyer	Vice President
Wesley W. Posvar	Edward C. Gonzales
Marjorie P. Smuts	Vice President and Treasurer
John A. Staley, IV	John W. McGonigle
	Vice President and Secretary
	John A. Staley, IV
	Vice President
	David M. Taylor
	Assistant Treasurer
	Victor R. Siclari
	Assistant Secretary

</TABLE>

Mutual funds are not obligations of or insured by any bank nor are they insured by the federal government or any of its agencies. Investment in these shares involves 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.