

Defensive Stocks Can Add Diversity To A Mutual Fund

(NAPSA)—Being defensive isn't always a bad thing—particularly when it comes to mutual funds.

When used to describe stocks, the term defensive usually refers to companies that perform in a steady manner, no matter what the economy is doing.

The kinds of companies usually represented in this sector include food, power, water and gas, among others.

A mutual fund, for example, that has had success by focusing on these kinds of stocks is the Federated Market Opportunity Fund from Federated Investors, Inc.

Fund managers Steven J. Lehman and John L. Nichol believe that in the current economy and for the foreseeable future, "defensive" sectors will benefit from renewed investor interest in attractively priced, reduced-risk stocks in the coming years.

The fund derives its income potential from dividend-paying stocks that have maintained their value, even in down markets.

This is supplemented by income from convertible securities and real estate investment trusts (REITs). Typically, the fund will hold between 75 to 85 stocks from across the capitalization spectrum.

In general, this mid-cap equity fund with \$175.3 million in assets (as of March 31, 2002) is thought to be appropriate for investors who prefer a defensive approach to capitalizing on growth potential within the U.S. economy and those who seek a high degree of income from their equity portfolios.

Lehman, a self-described contrarian and opportunist, selects undervalued and seemingly unpalatable stocks for the fund. He follows the risk vs. return mantra: When



Defensive stocks have the potential for strong returns, even in the most turbulent economic environments.

stock prices are expensive, risks are high, returns are low, and vice versa. The fund holds virtually no technology since the portfolio managers aim to preserve and enhance investor capital—no matter what the market environment.

"The most rewarding part of managing money is finding stocks before the competition uncovers them," says Lehman, adding, "Getting there first is very satisfying."

Founded in 1955, Federated Investors, Inc. has grown to become one of the nation's largest investment managers. It offers investors a choice of 135 mutual funds and manages approximately \$180 billion in assets.

To learn more about Federated Market Opportunity Fund, ask for a prospectus containing more complete information from your investment professional or call Federated at 1-800-341-7400. Please read it carefully before investing.

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