

Federated Enhanced Treasury Income Fund
Form N-Q
October 27, 2015

United States

Securities and Exchange Commission

Washington, D.C. 20549

Form N-Q

Quarterly Schedule of Portfolio Holdings of Registered Management Investment Companies

811-22098

(Investment Company Act File Number)

Federated Enhanced Treasury Income Fund

(Exact Name of Registrant as Specified in Charter)

Federated Investors Funds

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4000 Ericsson Drive

Warrendale, PA 15086-7561

(Address of Principal Executive Offices)

(412) 288-1900

(Registrant's Telephone Number)

John W. McGonigle, Esquire

Federated Investors Tower

1001 Liberty Avenue

Pittsburgh, Pennsylvania 15222-3779

(Name and Address of Agent for Service)

(Notices should be sent to the Agent for Service)

Date of Fiscal Year End: 11/30/15

Date of Reporting Period: Quarter ended 08/31/15

Item 1. Schedule of Investments

Federated Enhanced Treasury Income Fund

Portfolio of Investments

August 31, 2015 (unaudited)

Principal

Amount

or Shares

Value

| | | |
|-------------|--|---------------|
| | U.S. TREASURY—98.8% | |
| \$1,500,000 | U.S. Treasury Inflation Protected Bond, 0.750%, 2/15/2045 | \$1,365,418 |
| 6,500,000 | U.S. Treasury Inflation Protected Note, 0.125%, 4/15/2019 | 6,602,147 |
| 2,000,000 | U.S. Treasury Inflation Protected Note, 0.375%, 7/15/2025 | 1,972,663 |
| 5,000,000 | U.S. Treasury Inflation Protected Note, 1.375%, 1/15/2020 | 5,810,557 |
| 1,000,000 | United States Treasury Bond, 2.500%, 2/15/2045 | 905,508 |
| 5,500,000 | United States Treasury Bond, 3.125%, 11/15/2041 | 5,702,383 |
| 5,500,000 | United States Treasury Bond, 3.875%, 8/15/2040 | 6,452,080 |
| 10,000,000 | United States Treasury Bond, 5.250%, 2/15/2029 | 13,189,062 |
| 12,000,000 | United States Treasury Note, 0.625%, 6/30/2017 | 11,983,632 |
| 3,000,000 | United States Treasury Note, 0.875%, 5/15/2017 | 3,009,675 |
| 7,000,000 | United States Treasury Note, 0.875%, 7/15/2018 | 6,965,820 |
| 9,000,000 | United States Treasury Note, 1.000%, 2/15/2018 | 9,012,856 |
| 7,500,000 | United States Treasury Note, 1.000%, 6/30/2019 | 7,407,568 |
| 2,000,000 | United States Treasury Note, 1.375%, 7/31/2018 | 2,017,269 |
| 11,000,000 | United States Treasury Note, 1.625%, 12/31/2019 | 11,079,493 |
| 4,000,000 | United States Treasury Note, 2.000%, 2/15/2025 | 3,925,174 |
| 7,500,000 | ¹ United States Treasury Note, 2.000%, 7/31/2022 | 7,532,777 |
| 12,000,000 | United States Treasury Note, 2.625%, 8/15/2020 | 12,589,453 |
| | TOTAL U.S. TREASURY (IDENTIFIED COST \$118,618,397) | 117,523,535 |
| | INVESTMENT COMPANY—1.4% | |
| 1,626,820 | ² Federated Government Obligations Fund, Institutional Shares, 0.01% ³ (AT NET ASSET VALUE) | 1,626,820 |
| | TOTAL INVESTMENTS (IDENTIFIED COST \$120,245,217) ⁴ | 119,150,355 |
| | OTHER ASSETS AND LIABILITIES - NET—(0.2)% | (187,039) |
| | TOTAL NET ASSETS—100% | \$118,963,316 |

At August 31, 2015, the Fund had the following outstanding futures contracts:

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| Description | Number of Contracts | Notional Value | Expiration Date | Unrealized Appreciation/ (Depreciation) |
|---|---------------------|----------------|-----------------|---|
| ⁶ U.S. Treasury Notes, 10-Year Short Futures | 400 | \$50,825,000 | December 2015 | \$649,164 |
| ⁶ U.S. Treasury Notes, 2-Year Long Futures | 100 | \$21,846,875 | September 2015 | \$(65,858) |
| ⁶ U.S. Treasury Notes, 5-Year Short Futures | 200 | \$23,887,500 | December 2015 | \$33,919 |
| NET UNREALIZED APPRECIATION ON FUTURES CONTRACTS | | | | \$617,225 |

The average notional value of long and short futures contracts held by the Fund throughout the period was \$10,870,969 and 56,768,324, respectively. This is based on amounts held as of each month-end throughout the nine-month fiscal period.

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At August 31, 2015, the Fund had the following outstanding written call option contracts:

| Security | Expiration Date | Exercise Price | Contracts | Value |
|---|-----------------|----------------|-----------|-------------|
| ⁶ U.S. Treasury Bonds 10-Year Short Calls on Futures | September 2015 | \$127 | (400) | \$(300,000) |
| ⁶ U.S. Treasury Bonds 5-Year Short Calls on Futures | September 2015 | \$120 | (400) | \$(168,750) |
| ⁶ U.S. Treasury Bonds Short Calls on Futures | September 2015 | \$156 | (25) | \$(32,617) |
| (PREMIUMS RECEIVED \$656,322) | | | | \$(501,367) |

The average market value of written call option contracts held by the fund throughout the period was a net payable of \$714,020. This is based on amounts held as of each month-end throughout the nine-month fiscal period.

Net Unrealized Appreciation on Futures Contracts and Value of Written Call Option Contracts are included in “Other Assets and Liabilities—Net.”

- 1 All or a portion of this security is pledged as collateral to ensure the Fund is able to satisfy the obligations of its outstanding futures contracts.
- 2 Affiliated holding.
- 3 7-day net yield.

At August 31, 2015, the cost of investments for federal tax purposes was \$120,245,217. The net unrealized appreciation of investments for federal tax purposes excluding any unrealized appreciation/depreciation resulting

- 4 from: (a) futures contracts; and (b) written call option contracts was \$1,094,862. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$82,974 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$1,177,836.
- 5 Assets, other than investments in securities, less liabilities.
- 6 Non-income-producing security.

Note: The categories of investments are shown as a percentage of total net assets at August 31, 2015.

Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

Fixed-income securities acquired with remaining maturities greater than 60 days are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Trustees (the “Trustees”).

Fixed-income securities and repurchase agreements acquired with remaining maturities of 60 days or less are valued at their cost (adjusted for the accretion of any discount or amortization of any premium), unless the issuer's creditworthiness is impaired or other factors indicate that amortized cost is not an accurate estimate of the investment's fair value, in which case it would be valued in the same manner as a longer-term security.

Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.

Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.

Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.

For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, certain factors may be considered such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry

changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, or 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, 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.

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Fair Valuation 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 ("Valuation Committee") comprised of officers of the Fund, Federated Investment Management Company ("Adviser") and certain of the 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 Adviser 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.

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 August 31, 2015, 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 |
|-------------------------------------|------------------------------|--|---|----------------------|
| Debt Securities: | | | | |
| U.S. Treasury | \$— | \$117,523,535 | \$— | \$117,523,535 |
| Investment Company | 1,626,820 | — | — | 1,626,820 |
| TOTAL SECURITIES | \$1,626,820 | \$117,523,535 | \$— | \$119,150,355 |
| OTHER FINANCIAL INSTRUMENTS* | \$115,858 | \$— | \$— | \$115,858 |

*Other financial instruments include future contracts and written call option contracts

Item 2. Controls and Procedures

(a) The registrant's Principal Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in rule 30a-3(c) under the Act) are effective in design and operation and are sufficient to form the basis of the certifications required by Rule 30a-(2) under the Act, based on their evaluation of these disclosure controls and procedures within 90 days of the filing date of this report on Form N-Q.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in rule 30a-3(d) under the Act) during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant Federated Enhanced Treasury Income Fund

By /S/ Lori A. Hensler

Lori A. Hensler

Principal Financial Officer

Date October 26, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /S/ J. Christopher Donahue

J. Christopher Donahue

Principal Executive Officer

Date October 26, 2015

By /S/ Lori A. Hensler

Lori A. Hensler

Principal Financial Officer

Date October 26, 2015