

# Federated Hermes Core Bond Fund



Nasdaq symbol — IS: FGFIX | A: FGFSX

6/30/24

## Product highlights

- Pursues total return.
- Invests in investment-grade fixed-income securities, including U.S. government securities, corporate debt securities and mortgage-backed securities.
- Features a track record of more than 25 years.

## Morningstar category

Intermediate Core Bond

## Benchmark

Bloomberg US Aggregate Bond Index

## Key investment team

Todd Abraham, CFA  
Liam O'Connell, CFA  
Jerome Conner, CFA

## Fund statistics

Portfolio assets	\$22.9 m
Dividends	Paid monthly
Weighted average effective duration	6.1 years
Weighted average life	9.3 years
Weighted average bond price	\$92.60

## Top holdings (%)

Federated Hermes Corporate Bond Strategy Portfolio	22.1
Mortgage Core Fund	18.6
U.S. Treasury Note 4% 1/15/2027	5.0
Fontainebleau Miami Beach Trust 2019-FBL B, 3.447%, 12/10/2036	4.3
U.S. Treasury Note 4% 1/31/2029	4.2
U.S. Treasury Note 4.25% 1/31/2026	3.8
U.S. Treasury Note 2.5% 3/31/2027	3.1
U.S. Treasury Note 4% 1/31/2031	2.8
U.S. Treasury Note 4.625% 5/31/2031	2.4
UMBS TBA 2% 7/01/2054	2.4

## Sector weightings (%)

Mortgage-Backed Securities	43.0
U.S. Treasury Securities	33.6
Investment Grade Corporates	21.1
Commercial Mortgage-Backed Securities	4.3
Asset-Backed Securities	2.4
Emerging Markets	0.5
High Yield	0.2
Cash/Cash Equivalents	-5.1

The fund invests a portion of proceeds from dollar roll transactions in Floaters. The accounting treatment of these transactions resulted in negative percentage for Cash/Cash Equivalents.

## Quality breakdown (%) \*\*

AAA	6.7
AA	74.0
A	1.3
BBB	23.0
BB	0.1
Cash/Cash Equivalents	-5.1

Quality breakdown does not apply to Equity or Cash/Cash Equivalents.

## Average annual total returns (%)

Performance shown is before tax.

NAV	Performance inception	Cumulative 3-month	Expense ratio*						
			1-year	3-year	5-year	10-year	Since inception	Before waivers	After waivers
IS	5/31/97	0.16	2.93	-3.22	-0.26	1.13	3.78	3.09	0.34
A	5/31/97	-0.03	2.67	-3.50	-0.55	0.83	3.48	3.35	0.59
<b>Benchmark</b>									
		0.07	2.63	-3.02	-0.23	1.35	-	-	-
<b>Maximum offering price</b>									
A	5/31/97	-4.47	-1.90	-4.97	-1.46	0.37	3.30	3.35	0.59

## Calendar year total returns (%)

Institutional Shares/NAV

	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV	-0.43	5.30	-13.46	-0.73	8.05	5.33	0.92	2.47	2.41	1.50
Benchmark	-0.71	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	0.55

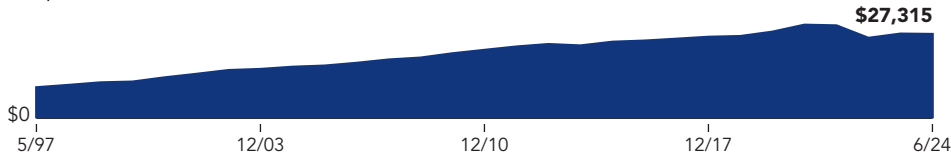
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us). Maximum offering price figures reflect the maximum sales charge of 4.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

\* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 12/1/24 or the date of the fund's next effective prospectus.

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## Growth over time

If you had invested \$10,000 in Institutional Shares on 5/31/97 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 6/30/24.



Effective as of the start of business on May 27, 2021, the former Service Shares were re-designated as A Shares. For the periods prior to the re-designation, the performance information shown for the A Shares is for the fund's former Service Shares and has not been adjusted, except that it includes Class A sales charges.

As of the close of business on November, 26, 2019, the fund was renamed Federated Select Total Return Bond Fund. In connection with the change to the fund's name, the fund will primarily invest in a broad categorization of fixed-income securities, instead of primarily investing in mortgage investments. The fund's benchmark was also changed from Bloomberg Barclays U.S. Mortgage Backed Securities Index to the Bloomberg Barclays U.S. Aggregate Bond Index to better align with the fund's revised investment strategies. The fund was subsequently renamed Federated Hermes Select Total Return Bond Fund as of June 29, 2020, and as of May 27, 2021, the Fund was renamed Federated Hermes Core Bond Fund.

The fund may invest in Federated Hermes Portfolios that are not available to the public and provide for more effective diversification than is available through the purchase of individual securities. Where applicable, the fund holdings reflect exposure to underlying securities held by the portfolios.

### A word about risk

Mutual funds are subject to risks and fluctuate in value.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.

### Definitions

**The holdings percentages** are based on net assets at the close of business on 6/30/24 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

**Total return** represents the change in value of an investment after reinvesting all income and capital gains. Total return would have been lower in the absence of temporary expense waivers or reimbursements.

**Growth over time** performance is for the fund's Institutional Shares. The fund offers additional share classes whose performance will vary due to differences in charges and expenses.

**Weighted average effective duration** (sometimes called "Option-Adjusted Duration") is a measure of a security's price sensitivity to changes in interest rates calculated using a model that recognizes that the probability of a bond being called or remaining outstanding until maturity may vary if market interest rates change, and that makes adjustments based on a bond's embedded options (e.g., call rights, or in the case of a mortgage-backed security, the probability that homeowners will prepay their mortgages), if any, based on the probability that the options will be exercised. A fund's weighted average effective duration will equal the market value weighted average of each bond's effective duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average effective duration of a fund in the Federated Hermes family of funds may not be comparable to other funds outside of the Federated Hermes family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**Weighted average life (WAL)**, as it applies to fluctuating funds, is defined as the average time a dollar of principal is outstanding at an assumed prepayment rate.

**Weighted average bond price** - calculated by weighting the price of each bond by its relative size in the portfolio. This number reveals if the manager favors bonds selling at prices above or below face value (discount or premium securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

*Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit [FederatedHermes.com/us](http://FederatedHermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.*

*Past performance is no guarantee of future results.*

**Bloomberg US Aggregate Bond Index** is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, mortgage-Backed Securities Index and the asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

Indexes are unmanaged and cannot be invested in directly.

### Ratings and rating agencies

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund.

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\*\* The ratings referred to in the quality breakdown are provided by S&P Global Ratings, Moody's, and Fitch. The allocation of ratings presented aligns with the methodology of the Bloomberg index. Bloomberg employs the middle rating from S&P Global Ratings, Moody's, and Fitch to determine a security's credit classification, essentially following a "two-out-of-three" rule. In cases where only two agencies rate a security, the more conservative (lower) rating is utilized. If only one agency rates a security, that single rating is used. Additionally, certain securities may not have a credit rating from any of the agencies, and they are categorized as "not rated." For clarity, credit ratings of A or better are indicative of high credit quality, while BBB represents good credit quality and the lowest tier of investment grade. Ratings of BB and below are assigned to lower-rated securities, often referred to as "junk bonds," and credit ratings of CCC or below indicate a high level of default risk. This breakdown doesn't consider the impact of credit derivatives in the fund.