

# Federated Hermes Floating Rate Strategic Income Fund

Nasdaq symbol — R6: FFRLX | IS: FFRSX | A: FRSAX

12/31/24

## Product highlights

- Pursues total return consistent with current income and low interest rate volatility.
- Invests primarily in a strategic mix of floating rate fixed-income investments, which pay interest at rates that increase or decrease with changes in market rates.
- Has broad flexibility to invest across a unique range of non-correlated floating rate categories: US non-investment grade (primarily floating-rate bank loans); US investment grade (primarily adjustable rate mortgage-backed securities); and international (primarily floating-rate trade finance instruments).
- Management team strategically positions the fund in the most attractive floating rate categories (up to 75% in any sector) and adjusts the category mix and duration based on relative valuations and economic and market conditions.
- Provides an option to investors concerned with rising inflation, rising interest rates and longer-term credit risk.

## Morningstar category

Bank Loan

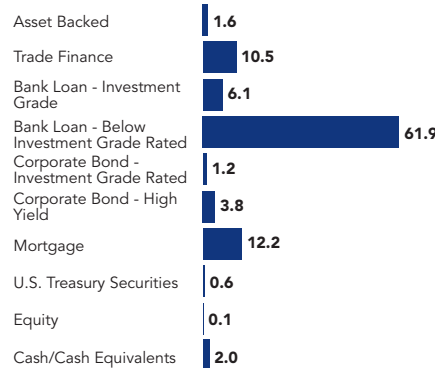
## Benchmark

55% S&P UBS Leveraged Loan Index\*\*/  
30% ICE BofA 1-Year US Treasury Note Index/15% ICE BofA US Dollar 1-Month Deposit Offered Rate Constant Maturity Index

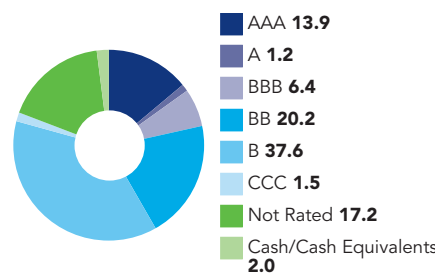
## Key investment team

Mark Durbiano, CFA  
Anthony Venturino, CFA  
B. Anthony Delserone Jr., CFA  
Liam O'Connell, CFA  
Todd Abraham, CFA  
Christopher McGinley

## Asset distribution (%)<sup>1</sup>



## Quality breakdown (%)<sup>1,3</sup>

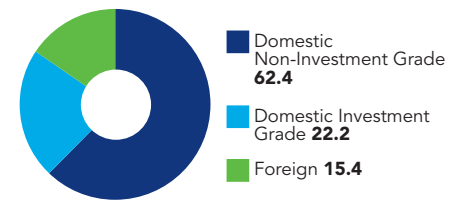


Quality breakdown does not apply to Equity or Cash/Cash Equivalents.

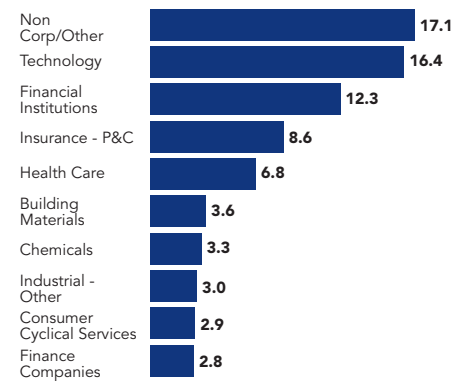
## Fund statistics

Portfolio assets	\$399.6 m
Number of securities	393
Dividends	Paid monthly
Weighted average effective maturity	4.0 years
Weighted average effective duration	0.2 years
Weighted average bond price	\$95.46

## Sector weightings (%)<sup>1</sup>



## Top industry weightings (%)<sup>1,2</sup>



<sup>1</sup>The breakdown does not give effect to the impact of derivative investments by the fund, including futures.

<sup>2</sup>Non Corp / Other includes, but is not limited to, mortgage-related securities, asset-backed securities, trade finance instruments and exchange traded funds (ETF's).

## Top holdings (%)

SPDR Blackstone Senior Loan ET	3.3
Invesco Senior Loan ETF	3.2
FHLMC 5409 JF, 5/25/2054	1.3
FHLMC 5476 FA, 11/25/2054	1.2
GNMA1 2023-130 NF, 9/20/2053	1.2
FHLMC 5396 DF, 4/25/2054	1.1
FNMA 2024-15 FA, 4/25/2054	1.1
GNMA1 2024-97 BF, 6/20/2054	1.1
Hub International Ltd., Term Loan B - 1st Lien, 06/20/2030	0.8
Medline Borrower LP/Medline Co-Issuer Inc., Term Loan - 1st Lien, 10/23/2028	0.8

# Federated Hermes Floating Rate Strategic Income Fund

## Average annual total returns (%)

Performance shown is before tax.

NAV	Performance inception	Cumulative 3-month	1-year	3-year	5-year	10-year	Since inception	Expense ratio*	
								Before waivers	After waivers
R6	12/3/10	2.00	7.36	3.90	3.24	3.52	3.32	0.85	0.73
IS	12/3/10	2.00	7.35	3.89	3.25	3.54	3.58	0.93	0.74
A	2/23/11	1.94	7.09	3.63	2.99	3.24	3.21	1.15	0.99
<b>Benchmark</b>		1.65	7.20	5.20	4.20	3.62	-	-	-
<b>Maximum offering price</b>									
A	2/23/11	0.89	5.99	3.27	2.78	3.13	3.13	1.15	0.99

## Calendar year total returns (%)

Institutional Shares/NAV

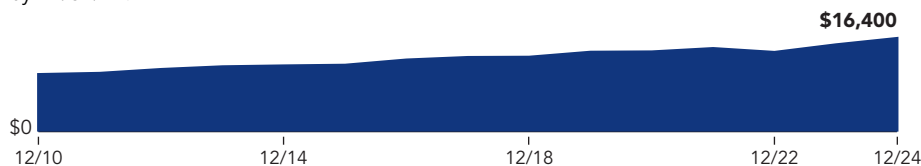
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV	7.35	9.53	-4.64	4.21	0.41	6.69	0.35	3.53	7.80	1.05
Benchmark	7.20	9.31	-0.63	2.93	2.48	5.71	1.51	2.66	5.66	-0.13

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 1% 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 6/1/25 or the date of the fund's next effective prospectus.

## Growth over time

If you had invested \$10,000 in Institutional Shares on 12/31/10 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 12/31/24.



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](https://FederatedHermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.

Past performance is no guarantee of future results.

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The fund's R6 Shares commenced operations on December 27, 2016. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for Institutional Shares. The performance of the Institutional Shares has not been adjusted to reflect the expenses applicable to the R6 since the R6 Shares have a lower expense ratio than the expense ratio of the Institutional Shares. The performance of the Institutional Shares has been adjusted to remove any voluntary waiver of the fund's expenses related to the Institutional Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares.

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.

\*\*Effective December 2, 2024, the Credit Suisse Leveraged Loan Index was renamed the S&P UBS Leveraged Loan Index.

## 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.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging-markets securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

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.

Variable and floating-rate loans and securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating-rate loans and securities generally will not increase in value as much as fixed-rate debt instruments if interest rates decline.

In addition to the risks generally associated with debt instruments, such as credit, market, interest rate, liquidity and derivatives risks, bank loans are also subject to the risk that the value of the collateral securing a loan may decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate.

Diversification does not assure a profit nor protect against loss.

## Definitions

**The holdings percentages** are based on net assets at the close of business on 12/31/24 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 maturity** is the average time to maturity of debt securities held in the fund.

**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 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.

**S&P UBS Leveraged Loan Index** is an unmanaged market-weighted index designed to represent securities of the investable universe of the US dollar denominated high yield debt market.

**ICE BofA 1-Year US Treasury Note Index** is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding two-year Treasury note that matures closest to, but not beyond, one year from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date.

**ICE BofA US Dollar 1-Month Deposit Offered Rate Constant Maturity Index** is an independent calculation of the 1-month Secured Overnight Financing Rate (SOFR). SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities. Prior to October 1, 2022, the index was based on the 1-month London Interbank Offered Rate (LIBOR). LIBOR was a widely used benchmark for short-term interest rates, providing an indication of the average rates at which LIBOR panel banks could obtain wholesale, unsecured funding for set periods in particular currencies.

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. ©2025 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

<sup>3</sup>The ratings agencies that provided the ratings are S&P Global Ratings, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.

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Multi-sector

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