

Nasdaq symbol — IS: CAPSX | A: CAPAX | C: CAPCX | F: CAPFX | R: CAPRX

3/31/24

## Product highlights

- Pursues current income and long-term growth of income.
- Seeks to provide high current monthly income through a diversified portfolio of income producing stocks and bonds.
- Invests primarily in income producing equity securities and a strategic mix of bond sectors: U.S. High-Yield, U.S. Investment Grade and Emerging Market bonds.
- Balances income opportunities and risk across markets and sectors through active management.
- Diversified across asset classes, sectors and securities to reduce volatility.

## Morningstar category

Moderately Conservative Allocation

## Benchmark

40% Russell 1000<sup>®</sup> Value Index/20% Bloomberg Emerging Markets Seasoned ex Aggregate/Eurodollar Index/20% Bloomberg US Corporate High Yield 2% Issuer Capped Index/20% Bloomberg US Mortgage Backed Securities Index

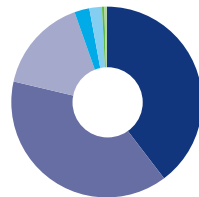
## Key investment team

Michael Jura  
 Stephen Gutch, CFA  
 Steven Chiavarone, CFA  
 Jerome Conner, CFA  
 Todd Abraham, CFA  
 Mark Durbiano, CFA  
 Ihab Salib

## Yields (%)

|                   |      |
|-------------------|------|
| 30-day yield - IS | 3.16 |
| 30-day yield - A  | 2.75 |
| 30-day yield - C  | 2.10 |
| 30-day yield - F  | 2.87 |
| 30-day yield - R  | 2.84 |

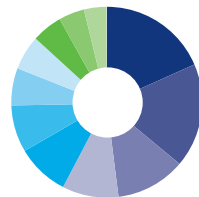
## Portfolio composition (%)



|                            |      |                       |     |
|----------------------------|------|-----------------------|-----|
| United States Equity       | 39.6 | Equity Linked Notes   | 2.1 |
| United States Fixed Income | 39.1 | International Equity  | 0.4 |
| International Fixed Income | 15.9 | Cash/Cash Equivalents | 0.4 |
| Convertibles               | 2.5  |                       |     |

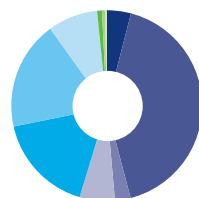
Delta adjusted purchased equity put options were -1.25%. Short fixed income futures were -5.7% and long fixed income futures were 9.1%. Credit default swaps were -1.1%. Futures contracts and credit default swaps do not require cash outlay; the notional value is reported.

## Sector weightings (%) — equity



|                        |      |                       |     |
|------------------------|------|-----------------------|-----|
| Information Technology | 18.3 | Consumer Staples      | 6.3 |
| Financials             | 17.7 | Energy                | 5.8 |
| Health Care            | 12.0 | Utilities             | 5.1 |
| Industrials            | 9.7  | Materials             | 4.3 |
| Communication Services | 9.0  | Real Estate           | 3.7 |
| Consumer Discretionary | 8.0  | Cash/Cash Equivalents | 0.1 |

## Quality breakdown (%) \*\*



|     |      |                       |      |
|-----|------|-----------------------|------|
| AAA | 4.0  | B                     | 18.3 |
| AA  | 41.9 | CCC                   | 8.3  |
| A   | 2.7  | CC & Below            | 0.8  |
| BBB | 6.1  | Not Rated             | 0.5  |
| BB  | 17.1 | Cash/Cash Equivalents | 0.3  |

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

## Fund statistics

|   |              |
|---|--------------|
| Portfolio assets  | \$702.2 m    |
| Dividends   | Paid monthly |
| Foreign securities  | 16.3%        |
| Portfolio beta (Rolling 3 yr performance attribution vs S&P 500 <sup>®</sup> index) | 0.54         |
| <b>Equity</b>   |              |
| Weighted average P/E (NTM)  | 22.8x        |
| Weighted average market cap   | \$498.9 b    |
| Number of equity securities   | 115          |
| <b>Fixed Income</b>   |              |
| Weighted average effective maturity   | 6.5 Yrs.     |
| Weighted average duration   | 4.6 Yrs.     |
| Number of fixed-income securities   | 174          |

## Top holdings (%)

|  |      |
|--|------|
| <b>Equity</b>  |      |
| Microsoft Corp.  | 2.0  |
| Apple Inc.   | 1.4  |
| Google, Issued by JP Morgan Chase & Co., ELN, 3.000%,10/2/2024 | 1.1  |
| JPMorgan Chase & Co.   | 1.1  |
| AMZN5, Issued by JPMorgan Chase & Co., ELN, 3:% 8/21/2024      | 0.9  |
| Exxon Mobil Corporation  | 0.9  |
| <b>Fixed Income</b>  |      |
| Emerging Markets Core Fund                                     | 15.7 |
| MORTGAGE CORE FUND   | 14.6 |
| HIGH YIELD BOND CORE FUND                                      | 11.6 |
| U.S. Treasury Bond 4.125% 08/15/2053                           | 3.2  |
| U.S. Treasury Note, 5.125%, 10/31/2025                         | 2.9  |

# Federated Hermes Capital 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 |
| IS                            | 5/27/88               | 4.21               | 13.08  | 2.55   | 5.67   | 4.04    | 6.35            | 0.86           | 0.65          |
| A                             | 5/27/88               | 4.15               | 12.81  | 2.30   | 5.41   | 3.78    | 6.29            | 1.12           | 0.90          |
| C                             | 4/27/93               | 3.81               | 11.74  | 1.45   | 4.51   | 3.13    | 4.65            | 1.86           | 1.74          |
| F                             | 6/1/96                | 4.16               | 12.67  | 2.29   | 5.38   | 3.78    | 4.53            | 1.11           | 0.91          |
| R                             | 5/27/88               | 4.00               | 12.55  | 2.19   | 5.27   | 3.61    | 6.13            | 1.38           | 1.15          |
| <b>Benchmark</b>              |                       | 4.58               | 13.88  | 3.49   | 5.51   | 5.66    | -               | -              | -             |
| <b>Maximum offering price</b> |                       |                    |        |        |        |         |                 |                |               |
| A                             | 5/27/88               | -1.52              | 6.61   | 0.38   | 4.23   | 3.19    | 6.12            | 1.12           | 0.90          |
| C                             | 4/27/93               | 2.81               | 10.74  | 1.45   | 4.51   | 3.13    | 4.65            | 1.86           | 1.74          |
| F                             | 6/1/96                | 2.15               | 10.53  | 1.64   | 5.16   | 3.67    | 4.50            | 1.11           | 0.91          |

## Calendar year total returns (%)

Institutional Shares/NAV

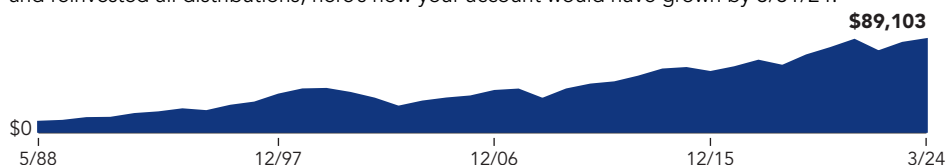
|           | YTD  | 2023  | 2022   | 2021 | 2020 | 2019  | 2018  | 2017  | 2016  | 2015  |
|-----------|------|-------|--------|------|------|-------|-------|-------|-------|-------|
| NAV       | 4.21 | 10.92 | -12.32 | 9.98 | 9.73 | 15.96 | -6.89 | 10.31 | 8.17  | -5.94 |
| Benchmark | 4.58 | 10.97 | -9.77  | 9.84 | 4.87 | 16.86 | -4.22 | 9.32  | 13.86 | -0.73 |

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 charges of 5.5% for A Shares and 1% for F Shares, and the maximum contingent deferred sales charges of 1% for C Shares and 1% for F 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 2/1/25 or the date of the fund's next effective prospectus.

## Growth over time

If you had invested \$10,000 in A Shares on 5/31/88 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 3/31/24.



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.

# Federated Hermes Capital Income Fund

The fund's R Shares commenced operations on June 28, 2013. The fund's IS Shares commenced operations on March 30, 2012. For the period prior to the commencement of operations of the fund's R Shares, the R Shares performance information shown is the fund's A Shares performance adjusted to reflect the expenses of the fund's R Shares for each year for which the expenses of the fund's R Shares would have exceeded the actual expenses paid by the fund's A Shares. For the period prior to the commencement of operations of the IS Shares, the performance information shown is for the A Shares. The performance of the A Shares has not been adjusted to reflect the expenses applicable to the IS Shares since the IS Shares has a lower expense ratio than the expense ratio of the A Shares. The performance shown has also been adjusted to reflect differences between the sales loads and charges imposed on the purchase and redemption of the fund's A Shares, R Shares and IS Shares and to remove any voluntary waiver of fund expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the R and IS Shares.

## A word about risk

Mutual funds are subject to risks and fluctuate in value.

There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks.

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.

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

Diversification does not assure a profit nor protect against loss.

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

## Definitions

**The holdings percentages** are based on net assets at the close of business on 3/31/24 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.

**30-day yield** (also known as "SEC yield") is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 2.96% for Institutional Shares, 2.56% for A Shares, 1.97% for C Shares, 2.69% for F Shares, and 2.47% for R Shares.

**Growth over time** performance is for the fund's A Shares. Figures do not reflect the 5.5% maximum sales charge. 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 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 duration will equal the market value weighted average of each bond's duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average 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 market capitalization** is calculated as the average market capitalization of the stocks within the portfolio, weighted by the amount of each stock owned.

**Weighted average P/E (NTM - next twelve months)** is an average comparing share price to earnings per share with values greater than 75 are capped at 75 and excludes negatives.

**Beta** analyzes the market risk of a fund by showing how responsive the fund is to the market. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse in down markets. Usually the higher betas represent riskier investments.

**Russell 1000<sup>®</sup> Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000<sup>®</sup> index companies with lower price-to-book ratios and lower expected growth values. The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Russell 1000<sup>®</sup> Value Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

**Bloomberg Emerging Markets Seasoned ex Aggregate/Eurodollar Index** is the emerging markets debt component of the Bloomberg Barclay US Universal Bond Index and is generally at least 80% non-investment grade.

**Bloomberg US Corporate High Yield 2% Issuer Capped Index** is an issuer-constrained version of the flagship U.S. Corporate High Yield Index, which measures the USD-denominated, high yield, fixed-rate corporate bond market. The index follows the same rules as the uncapped version, but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value index wide on a pro rata basis. The index was created in 2002, with history backfilled to January 1, 1993.

**Bloomberg US Mortgage Backed Securities (MBS) Index** tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

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. ©2024 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.

\*\* 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.

# Federated Hermes Capital Income Fund

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