

# Federated Hermes Sustainable High Yield Bond Fund, Inc.

Nasdaq symbol — R6: FHBRX | IS: FHISX | A: FHIIX | C: FHICX

3/31/24

## Product highlights

- Pursues a high level of current income.
- Invests in sustainable, below-investment grade securities through proprietary analysis of a company's creditworthiness, ESG risks and sustainability credentials.
- Targets a lower weighted-average carbon intensity than the benchmark.
- Fundamental credit research focuses on analyzing each issuer's business and product strength, competitive position and management expertise.
- Provides portfolio diversification; historically, high yield bond performance has exhibited low correlation to various bond sectors.

## Morningstar category

High Yield Bond

## Benchmark

Bloomberg US Corporate High Yield 2% Issuer Capped Index

## Key investment team

Kathryn Glass, CFA  
Thomas Scherr, CFA  
Mitch Reznick, CFA  
Mark Durbiano, CFA

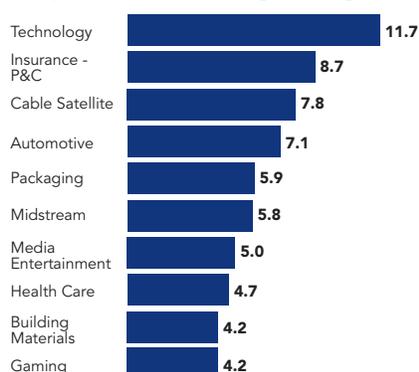
## Fund statistics

Portfolio assets	\$444.5 m
Number of securities	390
Dividends	Paid monthly
Weighted average effective maturity	4.2 years
Weighted average duration to worst	3.5 years
Weighted average bond price	\$94.89
Portfolio weighted average carbon intensity (tons CO2/\$m revenue) / Benchmark Weighted Average Carbon Intensity (tons CO2/\$m revenue)	60.46%

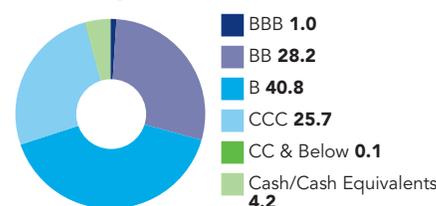
## Top holdings (%)

Charter Communications, Inc.	2.4
Ford Motor Co.	2.1
Hub International Ltd.	1.7
Mozart Debt Merger Sub, Inc.	1.5
Panther BF Aggregator 2 LP	1.5
Allied Universal Holdco LLC	1.3
Antero Midstream Partners LP	1.3
Garda World Security Corp.	1.3
1011778 BC Unltd. Liability Co./New Red Finance, Inc.	1.2
EQM Midstream Partners, LP	1.2

## Top sector weightings (%)



## Quality breakdown (%) \*\*



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	Performance					Expense ratio*		
			1-year	3-year	5-year	10-year	Since inception	Before waivers	After waivers	
R6	11/30/77	1.02	10.07	1.52	3.68	3.91	7.75	0.70	0.64	
IS	11/30/77	1.01	9.90	1.46	3.67	3.90	7.74	0.78	0.65	
A	11/30/77	0.95	9.61	1.25	3.41	3.72	7.71	1.03	0.90	
C	5/1/93	0.60	8.76	0.38	2.55	3.06	5.82	1.79	1.74	
<b>Benchmark</b>		1.47	11.15	2.19	4.19	4.44	-	-	-	
<b>Maximum offering price</b>										
A	11/30/77	-3.63	4.61	-0.30	2.46	3.25	7.60	1.03	0.90	
C	5/1/93	-0.39	7.76	0.38	2.55	3.06	5.82	1.79	1.74	

## Calendar year total returns (%)

Institutional Shares/NAV

	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015
NAV	1.01	12.72	-11.53	4.95	6.16	14.65	-2.82	6.65	14.31	-3.28
Benchmark	1.47	13.44	-11.18	5.26	7.05	14.32	-2.08	7.50	17.13	-4.43

Performance shown prior to May 26, 2023 reflects the application of a different investment strategy that did not emphasize sustainable investments. There is no guarantee that making sustainable investments will be additive to the fund's performance, or that the fund will be able to achieve similar results with its new investment strategy.

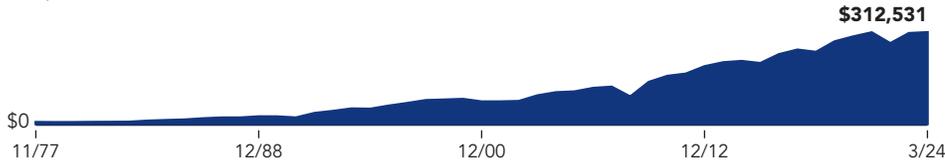
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. 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, and the maximum contingent deferred sales charge of 1% for C 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 6/1/24 or the date of the fund's next effective prospectus.

# Federated Hermes Sustainable High Yield Bond Fund, Inc.

## Growth over time

If you had invested \$10,000 in A Shares on 11/30/77 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 3/31/24.



On May 26, 2023, the fund changed its investment strategy to emphasize sustainable investments. There is no guarantee that making sustainable investments will be additive to the fund's performance, or that the fund will be able to achieve similar results with its new investment strategy.

Prior to May 26, 2023, the fund was named Federated Hermes High Income Bond Fund, Inc. with an investment strategy to invest in lower-rated fixed-income investments. Effective May 26, 2023, the fund's investment strategy was repositioned to enhance the fund's ability to invest in sustainable lower-rated fixed-income investments, including debt issued by foreign businesses (including emerging market debt securities).

The fund's Institutional Shares and R6 Shares commenced operations on January 27, 2017. For the period prior to the commencement of operations of the Institutional Shares and R6 Shares, the performance information shown is for A Shares. The performance of the A Shares has not been adjusted to reflect the expenses applicable to the Institutional Shares and R6 Shares since the Institutional Shares and R6 Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges.

Federated Investment Management Company is the advisor of the fund and Hermes Investment Management Limited is the sub advisor.

### A word about risk

Mutual funds are subject to risks and fluctuate in value.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

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.

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

The adviser or the sub-adviser will consider "sustainable" investments as those that are selected in accordance with its sustainable investment methodology, which is based on a materiality assessment of a company's carbon intensity and incorporates a proprietary scoring methodology focusing on the overall sustainability credentials of issuers.

Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers sustainability factors will result in performance better than or equal to products that do not consider such factors. Investing and making buy and sell decisions that emphasize sustainability factors carries the risk that, under certain market conditions, the fund or strategy may underperform those that do not incorporate such factors explicitly into the decision-making process. The application of sustainability criteria may affect exposure to certain sectors or securities and may impact relative investment performance depending on whether such sectors or securities are generally in or out of favor in the market.

### 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. Holdings are high-yield debt securities.

**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 A Shares. Figures do not reflect the 4.5% 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 to worst** is the approximate percentage change in a bond's price given a 1% change in its yield-to-maturity or its yield-to-call, whichever is lower. Duration-to-Worst is the same as Macaulay's duration except the predetermined set of principal and interest cash flows are based on either the final maturity date, or a call date within the bond's call schedule, whichever would result in the lowest yield to the investor – i.e., the Yield-to-Worst.

*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.*

**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.

**Weighted average carbon intensity (WACI) (% of benchmark)** calculates the portfolio's exposure to carbon-intensive companies, expressed in tons CO<sub>2</sub>/\$M revenue. WACI is the summation of the current value of the investment divided by the current portfolio value multiplied by the sum of the issuer's scope 1 and scope 2 greenhouse gas emissions divided by the issuers revenue.

**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.

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 lowest 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.