

Federated Hermes Adjustable Rate Fund

Nasdaq symbol — IS: FEUNX | A: FEUGX

3/31/24

Product highlights

- Pursues current income consistent with minimal volatility of principal.
- Invests primarily in adjustable and floating rate mortgage-backed securities, which pay interest at rates that increase or decrease with changes in market rates.

Morningstar category

Short Government

Benchmark

ICE BofA 1-Year US Treasury Note Index

Key investment team

Todd Abraham, CFA
Liam O'Connell, CFA

Fund statistics

| | |
|-------------------------------------|--------------|
| Portfolio assets | \$147.6 m |
| Dividends | Paid monthly |
| Weighted average effective duration | 1.3 years |
| Weighted average bond price | \$98.07 |

Interest rate basis (%)

| | |
|---------------|------|
| Fixed rate | 13.7 |
| Floating rate | 86.3 |

Top holdings (%)

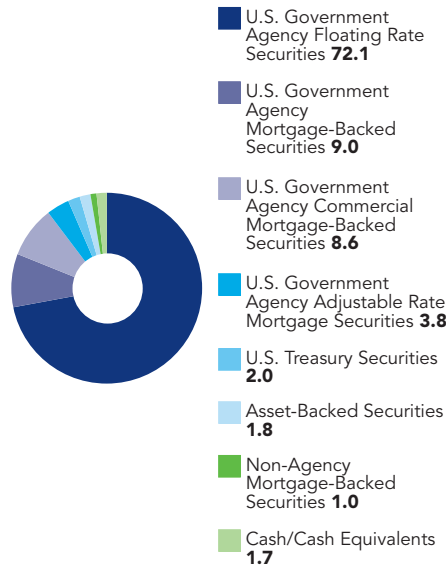
| | |
|---|-----|
| FHLMC Remic 4983 FJ 5.8848% 6/25/2050 | 4.3 |
| FHLMC Remic 5393 HF 6.2747% 3/25/2054 | 3.4 |
| FNMA Remic 2020-27 FD 5.8848% 5/25/2050 | 3.1 |
| FNMA Remic 2018-57 FL 5.7348% 8/25/2048 | 2.7 |
| FHLMC SD8349, 5.5% 30 Year, 8/01/2053 | 2.6 |
| FHLMC Remic 4803 FA 5.7331% 6/15/2048 | 2.5 |
| FNMA Remic 2019-25 PF 5.8848% 6/25/2049 | 2.3 |
| FHLMC Remic 4255 KF 5.8831% 10/15/2043 | 2.2 |
| FHLMC Remic 4619 NF 5.8331% 3/15/2044 | 1.9 |
| FHLMC Remic KF157 AS 5.980% 4/25/2033 | 1.8 |

Overall Morningstar Rating™

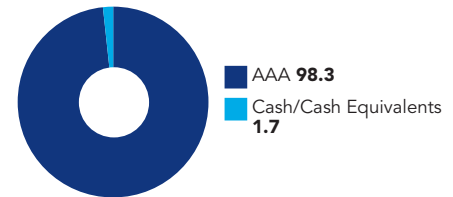


Rating is based on risk adjusted total return for A Shares and Institutional Shares out of 89 Funds in Short Government Category as of 3/31/24. The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

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 | 1-year | 3-year | 5-year | 10-year | Expense ratio* | | |
|-------------------------------|-----------------------|--------------------|--------|--------|--------|---------|-----------------|----------------|---------------|
| | | | | | | | Since inception | Before waivers | After waivers |
| IS | 12/3/85 | 1.51 | 5.32 | 1.71 | 1.60 | 1.16 | 3.76 | 0.60 | 0.31 |
| A | 12/3/85 | 1.45 | 5.07 | 1.43 | 1.39 | 1.05 | 3.73 | 0.85 | 0.56 |
| Benchmark | | 0.83 | 4.30 | 1.44 | 1.66 | 1.25 | - | - | - |
| Maximum offering price | | | | | | | | | |
| A | 12/3/85 | 0.47 | 4.06 | 1.08 | 1.18 | 0.95 | 3.70 | 0.85 | 0.56 |

Calendar year total returns (%)

Institutional Shares/NAV

| | YTD | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------|------|------|-------|-------|------|------|------|------|------|-------|
| NAV | 1.51 | 5.32 | -1.63 | -0.13 | 1.16 | 2.64 | 1.66 | 0.67 | 0.26 | -0.32 |
| Benchmark | 0.83 | 4.74 | -1.02 | -0.07 | 1.82 | 2.93 | 1.86 | 0.57 | 0.76 | 0.15 |

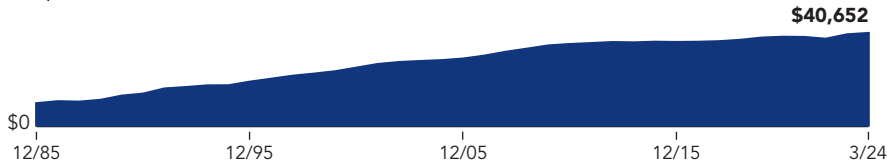
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedHermes.com/us. 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 11/1/24 or the date of the fund's next effective prospectus.

Federated Hermes Adjustable Rate Fund

Growth over time

If you had invested \$10,000 in A Shares on 12/31/85 (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. Please carefully read the summary prospectus or the prospectus before investing.

Past performance is no guarantee of future results.

Effective at the start of business on July 28, 2022, the former Service Shares were re-designated as new 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 A Share sales charges.

Previously, effective at close of business on August 2, 2019, the former Institutional Shares had been re-designated as the former Service Shares, an earlier class of Service Shares was converted into the re-designated former Service Shares, and a new Institutional Share was created. Following the August 2, 2019 changes, the performance for the former Institutional Shares was carried over in the re-designation as the performance of the re-designated former Service Shares.

Effective January 21, 1992, the fund converted its investment policy from intermediate- to longer-term Treasuries to adjustable rate mortgage securities.

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 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.

Growth over time performance is for the fund's A Shares. Figures do not reflect the 1% maximum sales charge. 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 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.

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.

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 Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take sales charges into account. Federated Hermes Adjustable Rate Fund was rated against the following numbers of U.S.-domiciled Short Government funds over the following time periods. Ratings are for A and Institutional Shares; other classes may have different performance characteristics. For the 3-, 5- and 10-year periods ended 3/31/24, the fund's A Shares received 5, 5 and 4 stars and the fund's Institutional Shares received 5, 5 and 4 stars, and was rated among 89, 84 and 75 funds, respectively. 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.