

Federated Hermes Short-Term Income Fund

Nasdaq symbol — R6: FSILX | IS: FSTYX | SS: FSTIX | A: FTIAX

12/31/23

Product highlights

- Pursues current income.
- Invests in asset-backed, mortgage-backed and corporate bonds as well as U.S. Treasury and Agency securities.
- Maintains a portfolio dollar-weighted average effective duration of one to three years.
- Seeks to provide a relatively conservative approach to earning a higher level of income than is generally available through money market funds.

Morningstar category

Short-Term Bond

Benchmark 1

Bloomberg 1-3 Year US Government/Credit Index

Benchmark 2

0-3 Year Composite Index***

Key investment team

Nicholas Tripodes, CFA

Daniel Mastalski, CFA

Fund statistics

Portfolio assets	\$1.2 b
Number of securities	373
Dividends	Paid monthly
Weighted average effective maturity	1.9 years
Weighted average effective duration	1.8 years
Weighted average spread duration	1.6 years
Weighted average bond price	\$98.41

Interest rate basis (%)

Fixed rate	89.1
Floating rate	10.9

Top holdings (%)

U.S. Treasury Note, 4.875% due 11/30/25	1.6
U.S. Treasury Note, 5.125% due 10/31/25	1.6
Santander Retail Auto Lease Trust 2021-B, Class D, 1.410% due 11/20/25	1.1
Santander Retail Auto Lease Trust 2021-C, Class D, 1.390% due 8/20/26	1.0
Fontainebleau Miami Beach Trust 2019-FBL, Class B, 3.447% due 12/10/36	0.9
Nelnet Student Loan Trust 2021-DA, Class AFL, Floating Rate Note due 4/20/62	0.8
NextGear Floorplan Master Owner Trust 2021-1A, Class A, 0.850% due 7/15/26	0.8
Santander Drive Auto Receivables Trust 2021-3, Class D, 1.330% due 9/15/27	0.8
U.S. Treasury Note, 4.750% due 10/15/26	0.8
Hyundai Capital America, 5.950% due 9/21/26	0.7

Overall Morningstar Rating™

A Shares

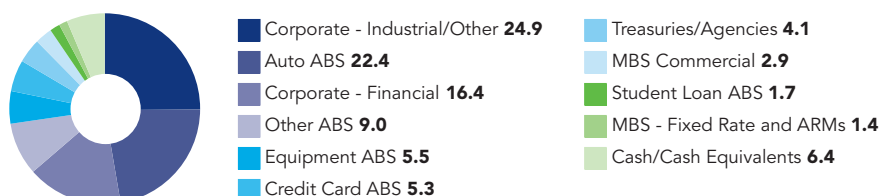


Institutional Shares

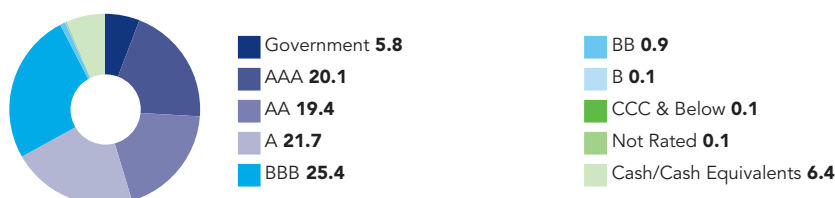


Rating is based on risk adjusted total return for A Shares and Institutional Shares out of 535 Funds in Short-Term Bond Category as of 12/31/23. The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

Sector weightings (%)

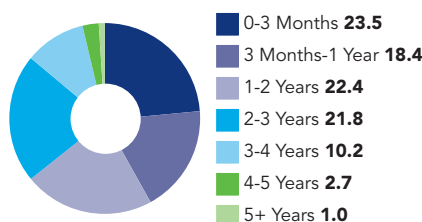


Quality breakdown (%) **



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

Effective duration (%)



Federated Hermes Short-Term 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	7/1/86	2.97	5.39	0.70	2.08	1.68	3.98	0.41	0.35
IS	8/26/04	2.96	5.36	0.70	2.05	1.72	2.56	0.47	0.38
SS	7/1/86	2.89	5.07	0.38	1.77	1.49	4.07	0.74	0.66
A	8/26/04	2.89	5.09	0.45	1.75	1.19	1.93	0.69	0.66
Benchmark 1		2.69	4.61	0.09	1.51	1.27	-	-	-
Benchmark 2		2.89	5.43	0.26	1.77	1.56	-	-	-
Maximum offering price									
A	8/26/04	1.90	4.07	0.10	1.53	1.09	1.87	0.69	0.66

Calendar year total returns (%)

Institutional Shares/NAV

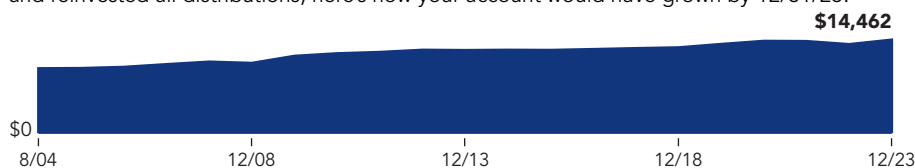
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NAV	5.36	-2.99	-0.08	3.75	4.48	1.58	1.89	1.77	0.55	1.11
Benchmark 1	4.61	-3.69	-0.47	3.33	4.03	1.60	0.84	1.28	0.65	0.77
Benchmark 2	5.43	-4.09	-0.34	3.58	4.59	1.75	1.52	1.52	0.76	1.18

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 7/1/24 or the date of the fund's next effective prospectus.

Growth over time

If you had invested \$10,000 in A Shares on 8/31/04 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 12/31/23.



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.

Federated Hermes Short-Term Income Fund

Effective November 2, 2018, several classes were converted or re-designated. Prior to these changes occurring, Institutional Shares were designated as Class Y Shares and Service Shares were designated as Institutional Shares. References herein refer to the new class designations unless otherwise noted. The performance for each respective share class was carried over in the re-designations and conversion.

The fund's R6 Shares commenced operations on January 20, 2017. For the periods prior to the commencement of operations of the R6 Shares, the performance information shown is for the Service Shares (which, prior to November 2, 2018, were known as the Institutional Shares) for each period, except when the R6 Shares net expenses (increased by waivers and reimbursements applicable to Service Shares), exceed the net expenses paid by the Service 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.

*** The four component indexes are the ICE BofA 1-3 Year US Corporate Index (30% weighting in the Composite Index), the ICE BofA 0-3 Year US Fixed Rate Asset Backed Securities Index (30%), the ICE BofA 1-3 Year US Treasury & Agency Index (20%) and the ICE BofA 0-3 Year US Mortgage Backed Securities Index (20%).

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.

The fund is not a "money market" mutual fund. Some money market mutual funds attempt to maintain a stable net asset value through compliance with relevant Securities and Exchange Commission (SEC) rules. The fund is not governed by those rules, and its shares will fluctuate in value.

Definitions

The holdings percentages are based on net assets at the close of business on 12/31/23 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 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 spread duration is the average of the spread durations of the underlying securities.

Weighted average bond price - Morningstar generates this figure from the portfolio 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.

Bloomberg 1-3 Year US Government/Credit Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 3 years and are publicly issued.

ICE BofA 1-3 Year US Corporate Index is a subset of the ICE BofA US Corporate index (which tracks the performance of U.S. dollar-denominated investment-grade fixed rate asset-backed securities publicly issued in the U.S. domestic market) and includes all securities with a remaining term to final maturity less than three years.

ICE BofA 0-3 Year US Fixed Rate Asset Backed Securities Index is a subset of the ICE BofA US Fixed Rate Asset Backed Securities Index (which tracks the performance of U.S. dollar-denominated investment-grade fixed rate asset-backed securities publicly issued in the U.S. domestic market) and includes all securities with an average life less than three years.

ICE BofA 1-3 Year US Treasury & Agency Index is a subset of the ICE BofA US Treasury & Agency Index (which tracks the performance of U.S. dollar-denominated U.S. Treasury and non-subordinated U.S. agency debt issued in the U.S. domestic market) and includes all securities with a remaining term to final maturity less than three years.

ICE BofA 0-3 Year US Mortgage Backed Securities Index is a subset of the ICE BofA U.S. Mortgage Backed Securities Index (which tracks the performance of U.S. dollar-denominated fixed rate and hybrid residential mortgage pass-through securities publicly issued by U.S. agencies in the U.S. domestic market) and includes all securities with an average life less than three years.

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 Short-Term Income Fund was rated against the following numbers of U.S.-domiciled Short-Term Bond 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 12/31/23, the fund's A Shares received 3, 3 and 2 stars and the fund's Institutional Shares received 4, 4 and 3 stars, and was rated among 535, 495 and 357 funds, respectively. Past performance is no guarantee of future results.

** The ratings agencies that provided the ratings are Standard and Poor's, 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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