

Federated Hermes Institutional High Yield Bond Fund



Nasdaq symbol — R6: FIHLX | IS: FIHBX | A: FIHAX | C: FIHCX

12/31/23

Product highlights

- Pursues a high level of current income.
- Invests in below-investment-grade securities, providing exposure to the higher-yielding, lower-rated, corporate bond market.
- Invests across the entire high yield credit quality spectrum and seeks to uncover strong operating companies that can service an aggressive capital structure.
- Serves as a core institutional high-yield bond holding.
- 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

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

Fund statistics

Portfolio assets	\$7.6 b
Number of securities	547
Dividends	Paid monthly
Weighted average effective maturity	4.1 years
Weighted average duration to worst	3.4 years
Weighted average spread duration	3.0 years
Weighted average bond price	\$94.01

Top holdings (%)

Ford Motor Co.	2.5
Charter Communications, Inc.	2.0
Hub International Ltd.	1.8
CSC Holdings LLC	1.6
TransDigm, Inc.	1.6
NFP Corp.	1.2
Tenet Healthcare Corp.	1.2
Allied Universal Holdco LLC	1.1
Garda World Security Corp.	1.1
Mozart Debt Merger Sub, Inc.	1.1

Overall Morningstar Rating™

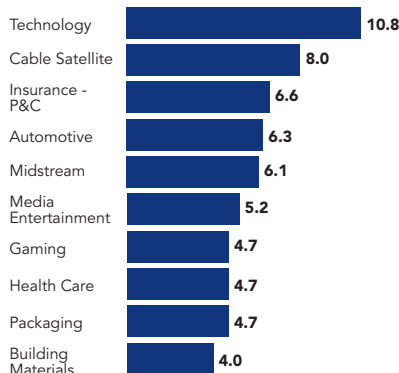
Institutional Shares



A Shares

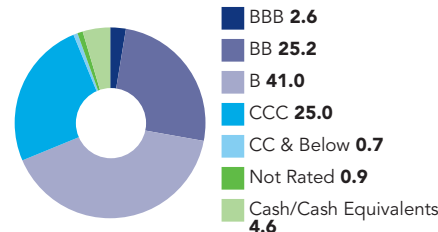


Top sector weightings (%)



Rating is based on risk adjusted total return for Institutional Shares and A Shares out of 618 Funds in High Yield 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.

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						Expense ratio*		
			1-year	3-year	5-year	10-year	Since inception	Before waivers	After waivers	
R6	11/1/02	6.83	13.13	1.63	5.04	4.44	7.19	0.51	0.49	
IS	11/1/02	6.83	13.12	1.65	5.06	4.44	7.46	0.55	0.50	
A	11/1/02	6.88	13.00	1.61	5.03	4.43	7.46	0.81	0.75	
C	11/1/02	6.58	11.75	1.24	4.80	4.32	7.40	1.56	1.54	
Benchmark		7.15	13.44	1.98	5.35	4.59	-	-	-	
Maximum offering price										
A	11/1/02	2.03	7.93	0.07	4.08	3.95	7.22	0.81	0.75	
C	11/1/02	5.58	10.75	1.24	4.80	4.32	7.40	1.56	1.54	

Calendar year total returns (%)

Institutional Shares/NAV

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NAV	13.12	-11.39	4.79	5.98	14.97	-2.84	7.16	15.09	-2.29	3.08
Benchmark	13.44	-11.18	5.26	7.05	14.32	-2.08	7.50	17.13	-4.43	2.46

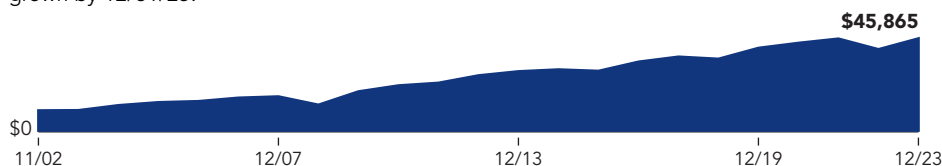
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. 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 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 1/1/25 or the date of the fund's next effective prospectus.

Federated Hermes Institutional High Yield Bond Fund

Growth over time

If you had invested \$10,000 in Institutional Shares on 11/30/02 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 12/31/23.



The fund's A and C Shares commenced operations on February 14, 2023. For the periods prior to commencement of operations of the fund's A and C Shares, the performance information shown is for the fund's Institutional Shares. The performance of the Institutional Shares has not been adjusted to reflect the expenses applicable to the A or C Shares. The performance has been adjusted to reflect the differences in sale charges and deferred sales charges applicable to the A and C Shares. The expense ratios of the A and C Shares will be higher than the expense ratio of the Institutional Shares; accordingly, for the periods prior to the commencement of operations, the performance of the A and C Shares would have been lower than the performance of the Institutional Shares.

The fund's R6 Shares commenced operations on June 29, 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 Shares 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 fund 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.

A word about risk

Mutual funds are subject to risks and fluctuate in value.

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.

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. 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 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 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.

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 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.

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.

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 Institutional High Yield Bond Fund was rated against the following numbers of U.S.-domiciled High Yield 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 4 stars and the fund's Institutional Shares received 3, 3 and 4 stars, and was rated among 618, 586 and 432 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 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.