

# Federated Hermes Capital Income Fund



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

Seeking to provide investors a balanced approach to monthly income, total return, and risk through a diversified portfolio of income paying equity and fixed income securities.

## Multi-Asset Investment Pillars

Consistent | Disciplined | Repeatable

### Equity

- Fundamental bottom-up research drives equity process
- Integrates capabilities of the Balanced Income/Value Team to select investments with the potential to deliver competitive high monthly income stream & total return
- Capital is allocated to the highest conviction ideas on a risk-adjusted basis

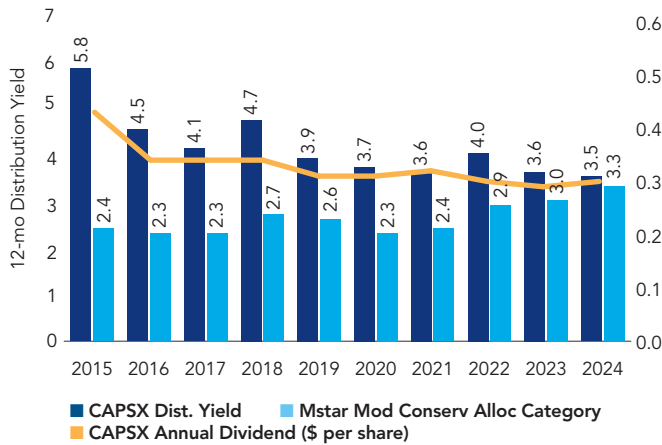
### Asset Allocation

- Leverages ideas from investment professionals across the firm
- Collaborates with Macro Team in determining allocation decisions
- Constructs a diversified portfolio that seeks to deliver high monthly income & capital appreciation with disciplined risk controls

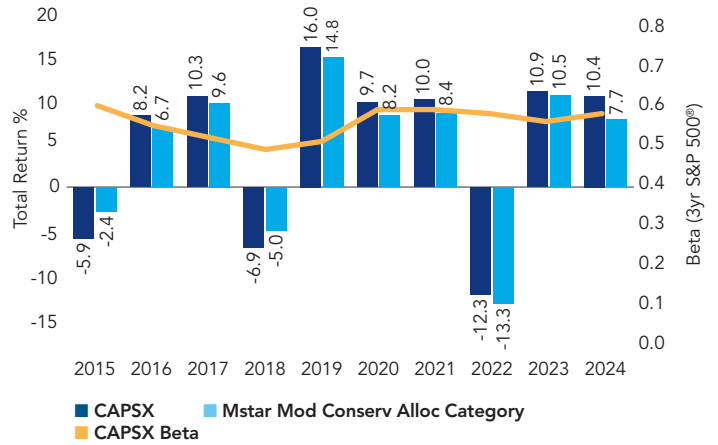
### Fixed Income

- Proprietary Federated Hermes' "Alpha Pod" process drives strategic & tactical decision-making across all fixed-income portfolios
- Process establishes positioning for duration, yield curve, sector, currency & security selection
- Invests in a global mix of fixed-income sectors focused on providing income & alpha generation

**Higher Yield & Distribution Per Share**  
(as of 12/31/24)



**Competitive Performance while balancing risk**  
Total Return & Beta



Source: Morningstar, Inc. CAPSX represents the fund's Institutional Shares. (Standard yields and returns can be found on page 2.) The Morningstar category average and CAPSX yields reflect 12-month distribution yields as of the calendar year-ends and as of 12/31/24.

**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, visit [FederatedHermes.com/us](https://www.federatedhermes.com/us).**

The 12-month distribution yield is calculated by adding the trailing 12-month's income distributions from a fund and dividing by the last month's ending NAV (plus any capital gains distributed). This provides a historical view of actual dividends that were paid, but may not accurately represent the future.

Performance for other share classes will vary due to differences in changes and expenses.

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## Average annual total returns % (as of 12/31/24)

	Performance inception	Cumulative 3-month	1-year	5-year	10-year	Since inception	30-day distribution yield	30-day yield	Expense ratio*	
									Before waivers	After waivers
<b>IS</b>	5/27/88	-0.58	10.35	5.31	4.61	6.38	3.39	4.11	0.85	0.64
<b>A (NAV)</b>	5/27/88	-0.53	10.21	5.08	4.37	6.32	3.15	3.85	1.10	0.89
<b>A (MOP)</b>	5/27/88	-5.97	4.20	3.89	3.77	6.16	2.98	3.64	1.10	0.89
<b>Benchmark**</b>		-0.98	10.62	4.99	5.84	-	-	-	-	-

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\*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 Adviser and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 2/1/26 or the date of the fund's next effective prospectus.

\*\*40% Russell 1000® 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

Total return represents the change in value after reinvesting all income and capital gains. Total return would have been lower in the absence of certain fund expense waivers or reimbursements.

**30-day distribution yield** is calculated by taking an average of the past 30 days' daily yields.

**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 3.44% at maximum offering price and 3.64% at net asset value for A Shares, and 3.89% for Institutional Shares.

The fund's Institutional Shares commenced operations on March 30, 2012. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses of the Institutional Shares, since the Institutional Shares had 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 and adjusted to remove any voluntary waiver of fund expenses related to the A Shares during the period prior to the commencement of operations of the Institutional Shares.

Current and future portfolio holdings are subject to risk.

### Definitions

**Russell 1000® Value Index** measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000® 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® 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 US 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).

**Moderately Conservative Allocation Category:** 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. ©2025 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.

**Alpha** measures the excess returns of a fund relative to the return of a benchmark index.

**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.

**12-month Yield:** The sum of a fund's total trailing 12-month interest and dividend payments divided by the last month's ending share price (NAV) plus any capital gains distributed over the same period.

**S&P 500®** is an unmanaged capitalization-weighted index of 500 stocks designated to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Indexes are unmanaged and investments cannot be made in an index.

### A word about risk

Mutual funds are subject to risks and fluctuate in value. Please see the fund's prospectus for additional risks.

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. The value of equity securities in the fund's portfolio will fluctuate and, as a result, the fund's share price may decline. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

**This material must be preceded or accompanied by a [prospectus](#).**