Federated Hermes Corporate Bond Fund

6/30/23

Fund facts

Performance inception date
6/28/95

Benchmark 1
Bloomberg US Credit Index

Benchmark 2
75% Bloomberg US Credit Index/25% Bloomberg US Corporate High Yield 2% Issuer Capped Index

Morningstar category
Corporate Bond

Lipper classification
Corporate Debt Funds BBB-Rated

Fund assets
$1.1 billion

Ticker symbols
R6 Shares - FDBLX
Institutional Shares - FDBIX
A Shares - FDBAX
C Shares - FDBCX
F Shares - ISHIX

Key investment team
Brian Ruffner
Bryan Dingle, CFA
Mark Durbiano, CFA
Steven Wagner
Christopher McGinley

Yields (%)

30-day yield (R6)	4.91
30-day yield (IS)	4.89
30-day yield (A)	4.43

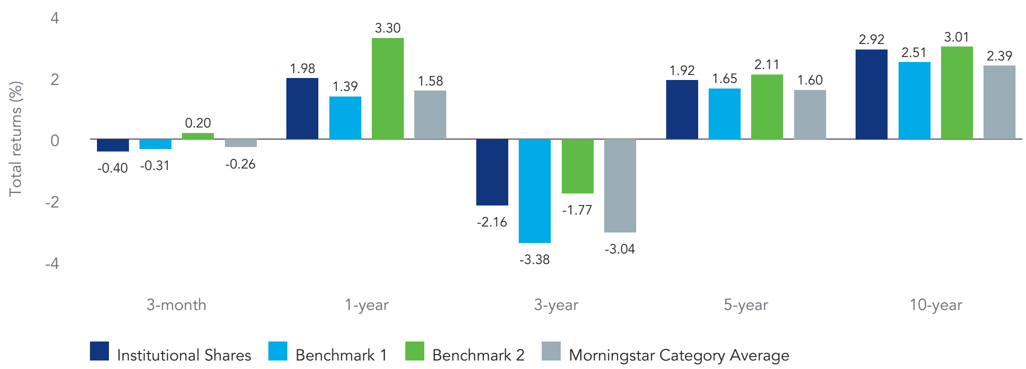
Fund description

The fund seeks to provide a high level of current income and to preserve capital by investing in a diversified portfolio of fixed-income securities. It invests primarily in investment-grade corporate bonds, but also may invest up to 35% of its portfolio assets in lower-rated high-yield bonds.

Average annual total returns (%)

Performance shown is before tax.

	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Expense ratio* Before waivers	Expense ratio* After waivers
R6 Shares	-0.27	3.29	2.13	-2.14	1.96	2.87	5.14	0.65	0.59
Institutional Shares	-0.40	3.16	1.98	-2.16	1.92	2.92	5.19	0.75	0.61
A Shares (NAV)	-0.34	3.16	1.73	-2.41	1.67	2.69	5.07	1.00	0.86
A Shares (MOP)	-4.86	-1.51	-2.85	-3.88	0.73	2.21	4.90	1.00	0.86
Benchmark 1	-0.31	3.13	1.39	-3.38	1.65	2.51	–	–	–
Benchmark 2	0.20	3.70	3.30	-1.77	2.11	3.01	–	–	–



Calendar year total returns (%)

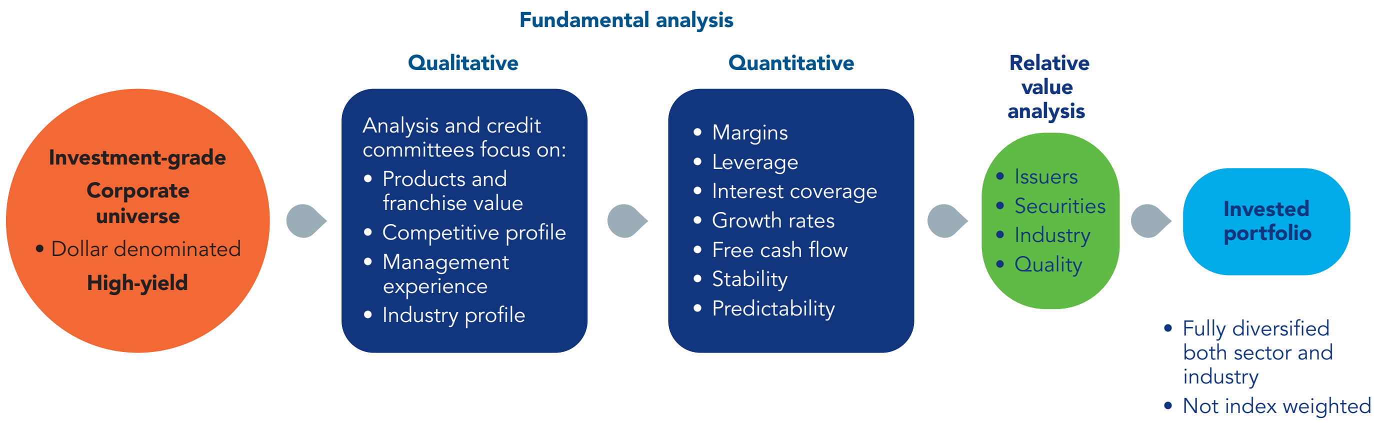
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Institutional Shares	-14.35	0.18	9.07	14.27	-2.84	7.05	8.44	-1.77	5.93	1.03
Benchmark 1	-15.26	-1.08	9.35	13.80	-2.11	6.18	5.63	-0.77	7.53	-2.01
Benchmark 2	-14.21	0.48	8.83	13.96	-2.08	6.51	8.43	-1.66	6.25	0.28
Morningstar Category Average	-15.15	-0.76	9.24	13.03	-2.49	5.79	6.51	-1.39	6.93	-1.06

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 charges of 4.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund. Total returns for periods of less than one year are cumulative.

*** 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 2/1/24 or the date of the fund's next effective prospectus.**

Federated Hermes

Investment process



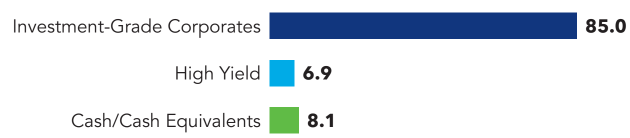
Portfolio statistics

Weighted average effective maturity	9.0 yrs.
Weighted average effective duration	6.1 yrs.
Weighted average coupon	4.03%
Weighted average yield to maturity	5.90%
Weighted average bond price	$91.03

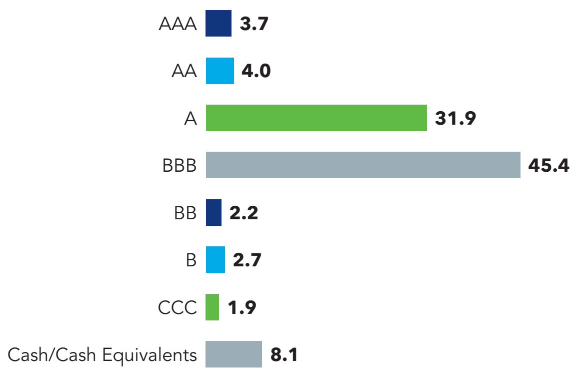
Top holdings (%)

U.S. Treasury Note, 4.125% due 11/15/32	3.2
JPMorgan Chase & Co., 3.875% due 9/10/24	0.7
Bank of New York Mellon, 3.992% due 6/13/28	0.6
CCO Safari II LLC, 4.908% due 7/23/25	0.6
Goldman Sachs Group, Inc., 3.814% due 4/23/29	0.6
JPMorgan Chase & Co., 3.509% due 1/23/29	0.6
Morgan Stanley, 3.772% due 1/24/29	0.6
NextEra Energy Capital, 3.550% due 5/01/27	0.6
Wells Fargo & Co., 3.908% due 4/25/26	0.6
Pfizer Investment Enterprises, 5.300% due 5/19/53	0.5
Total % of portfolio	8.6

Sector weightings (%)



Quality breakdown[1] (%)



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

Portfolio composition is based on net assets at the close of business on 6/30/23 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.

Highlights

- Federal Reserve (Fed) holds steady at June FOMC meeting
- Banking turmoil appears to dissipate
- Positive contribution from yield-curve positioning

Looking back

The second quarter began with uncertainty from the regional bank turmoil and ended with an aborted Russian military uprising. In between, the resilient U.S. economy continued to lumber ahead. With the labor market strong and inflation well above the Fed's 2% target, the Fed continued to work on the stable price part of its dual mandate. At 3.7%, the unemployment rate at quarter-end remained historically very low, with a confident consumer who appears willing to go on spending. Though inflation has moderated, underlying core inflation shows a stickiness that may make further gains harder to come by. These factors led markets to raise their expectation of peak fed funds to 5.4%, a far cry from the sharp cuts expected following March's bank crisis. At its June meeting, the Fed passed on raising the fed funds target rate, opting instead for hawkish talk, which it hopes will allow it to move more slowly and put more time between decisions. Also in June, the Fed upgraded its projections of the U.S. economy from March, raising 2023 gross domestic product (GDP) growth from 0.4% to 1.0%, core inflation from 3.6% to 3.9% and the year-end fed funds from 5.1% to 5.6%, while lowering projected unemployment from 4.5% to 4.1%. Policymakers also indicated they aren't likely done raising the funds rate but will wait to evaluate incoming data before acting.

After the Fed's early May meeting, when it raised the target range by a quarter point, Treasury yields resumed their upward climb, led by the 2-year. The yield on the benchmark 10-year Treasury ranged from 3.31% to 3.84% over the quarter, averaging 3.59% and ending the period at 3.84%. Due to the rising yields, most fixed-income sector returns were negative over the three months, according to Bloomberg data.

Performance

Federated Hermes Corporate Bond Fund R6 Shares returned -0.27% at net asset value for the three months ended June 30, 2023. That compares with the Bloomberg U.S. Credit Index return of -0.31% and the Bloomberg U.S. High Yield 2% Issuer Capped Index return of 1.75%. The blended benchmark, consisting of 25% of the Bloomberg U.S. Credit Index and 75% of the Bloomberg U.S. High Yield 2% Issuer Capped Index, returned 0.20%. The fund's total return for the period also reflected actual cash flows, transaction costs and other expenses that were not reflected in the return of the blended benchmark.

Performance contributors

- Underweight position to the short end of the credit curve
- Underweight position to the non-corporate component of the blended index (sovereign, supranational)
- Specific issuers held by the portfolio that outperformed the blended benchmark included Pfizer, Berkshire Hathaway and Energy Transfer

Performance detractors

- Security selection negatively impacted by defensive positioning relative to index
- Underweight position to the high-yield asset class and overweight position to investment grade
- Specific issuers held by the portfolio that underperformed the blended benchmark included U.S. Treasury position, Advance Auto Parts, AT&T
- Not owning Carvana and Carnival

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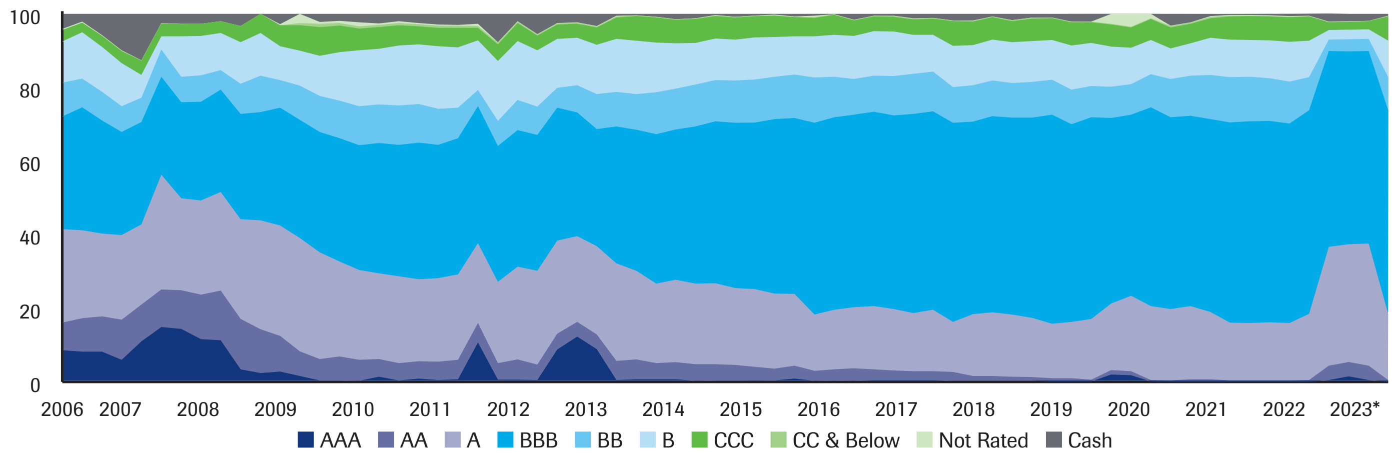
How we are positioned

We exited the quarter maintaining both an underweight position to the high-yield asset class and reduced exposure to cyclical end markets. The fund ended the period targeting a slightly long duration position relative to the benchmark. The portfolio remains committed to adjust the overall positioning in response to changes in valuation and credit quality.

See disclosure section for important disclosures and definitions.

Historical credit quality (%)[1]



* As of 6/30/23

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Risk statistics

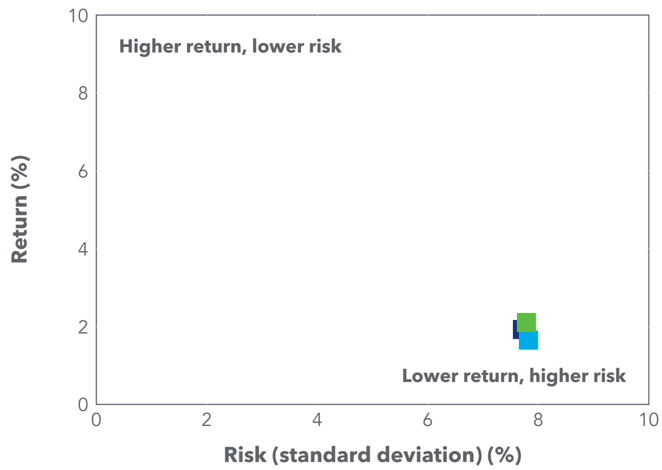
	3-year	5-year	7-year	10-year
Standard deviation	7.59	7.71	6.70	5.98
Alpha	0.95	0.27	0.75	0.46
Beta	0.94	0.97	0.97	0.96
Up capture ratio	95.35	94.98	97.62	96.63
Down capture ratio	86.73	91.40	87.76	89.03
Sharpe ratio	-0.49	0.03	0.09	0.31

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg US Credit Index

See disclosure section for important definitions.

5-year risk/return



	Risk (%)	Return (%)
Federated Hermes Corporate Bond Fund (IS)	7.71	1.92
Bloomberg US Credit Index	7.82	1.65
75% Bloomberg US Credit Index/25% Bloomberg US High Yield 2% Issuer Capped Index	7.78	2.11

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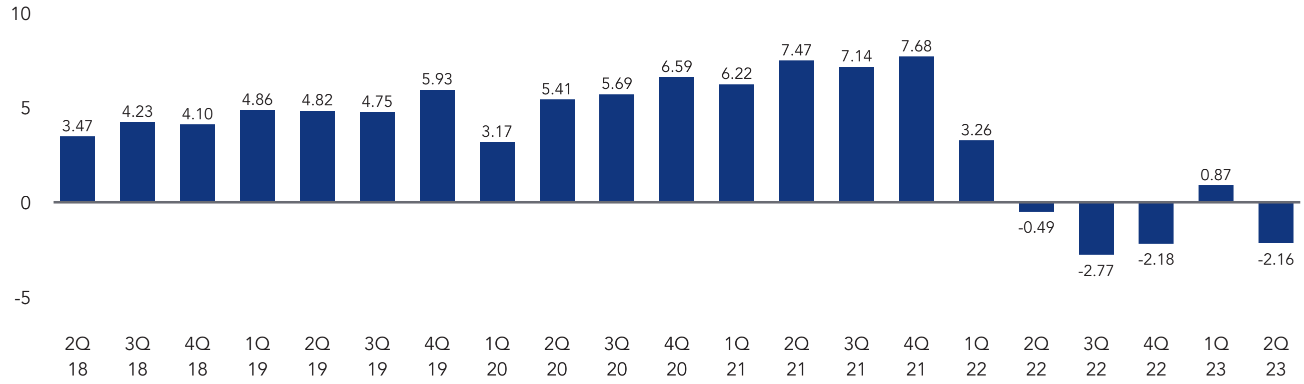
3-year rolling returns - IS (%)



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Category rankings

Morningstar Corporate Bond Category		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	23	13	24	–
	Morningstar Category Rank	45 of 211 funds	20 of 187 funds	43 of 173 funds	–
IS Shares	Morningstar Category % Rank	27	15	25	10
	Morningstar Category Rank	53 of 211 funds	22 of 187 funds	47 of 173 funds	11 of 103 funds
A Shares	Morningstar Category % Rank	38	19	56	34
	Morningstar Category Rank	71 of 211 funds	31 of 187 funds	86 of 173 funds	36 of 103 funds

Lipper Corporate Debt Funds BBB-Rated		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	18	18	28	–
	Lipper Classification Rank	46 of 269 funds	41 of 237 funds	62 of 222 funds	–
IS Shares	Lipper Classification % Rank	21	19	31	18
	Lipper Classification Rank	55 of 269 funds	43 of 237 funds	68 of 222 funds	25 of 138 funds
A Shares	Lipper Classification % Rank	29	23	44	36
	Lipper Classification Rank	77 of 269 funds	53 of 237 funds	97 of 222 funds	50 of 138 funds

Past performance is no guarantee of future results. Rankings are based on total return and do not take sales charges into account.

[1]The ratings agencies that provided the ratings are Standard & 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.

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 4.85% for R6 Shares, 4.75% for Institutional Shares and 4.30% for A Shares.

The fund's Institutional Shares commenced operations on January 28, 2008. 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 applicable to the Institutional Shares since the Institutional 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 and adjusted to remove any voluntary waiver of fund expenses related to the A Shares that may have occurred prior to commencement of operations of the Institutional Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

The fund's R6 Shares commenced operations on September 30, 2016. For the period prior to the commencement of operations of the 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 R6 since the 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 and adjusted to remove any voluntary waiver of the fund's expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

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.

Diversification does not assure a profit nor protect against loss.

Definitions

Alpha shows how much or how little return is generated, given the risk a portfolio takes. A portfolio with an alpha greater than 0 has earned more than expected given its beta—meaning the portfolio has generated excess return without increasing risk. A portfolio with a negative alpha is producing a lower return than would be expected given its risk.

Beta measures a portfolio's volatility relative to the market. A beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market.

Sharpe ratio is calculated by dividing a fund's annualized excess return by the fund's annualized standard deviation. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard deviation is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

Up capture ratio/down capture ratio is a measure of how well a manager was able to replicate or improve on periods of positive benchmark returns and how badly the manager was affected by periods of negative benchmark returns. The up-market capture ratio is a measure of a manager's performance in up markets relative to the index during the same period. For example, a ratio value of 115 indicates that the manager has outperformed the market index by 15% in periods when the index has risen. The down-market capture ratio is the direct opposite of the up-market capture ratio, gauging performance of the manager relative to the index in down markets. A ratio value of 80 would indicate the manager had declined on 80% as much as the declining overall market, indicating relative outperformance.

Weighted average bond price is the weighted average of all individual bond prices within a portfolio.

Weighted average coupon is the weighted average interest payment of all individual debt securities within a portfolio.

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 effective maturity is the average time to maturity of debt securities held in the fund.

Weighted average yield to maturity is used to determine the rate of return an investor would receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. It takes into account purchase price, redemption value, time to maturity, coupon yield and the time between interest payments.

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 Credit Index is composed of all publicly issued, fixed-rate, nonconvertible, investment-grade corporate debt. Issues are rated at least Baa by Moody's Investors Service or BBB by Standard & Poor's, if unrated by Moody's. Collateralized Mortgage Obligations (CMOs) are not included. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

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. Past performance is no guarantee of future results.

G42142-08 (7/23)
Federated Securities Corp., Distributor

This must be preceded or accompanied by a prospectus.