

Federated Hermes Corporate Bond Fund

9/30/23

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

Anthony Venturino, CFA

Christopher McGinley

Yields (%)

30-day yield (R6) 5.30

30-day yield (IS) 5.29

30-day yield (A) 4.80

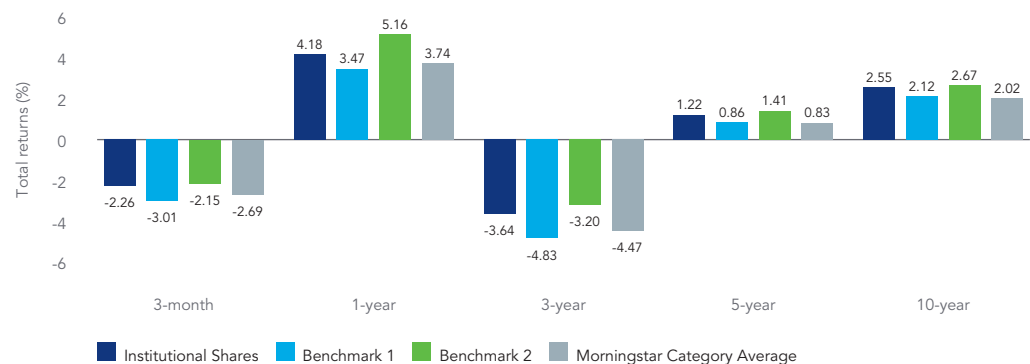
Fund description

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	After waivers
R6 Shares	-2.37	0.85	4.19	-3.65	1.24	2.49	5.00	0.65	0.59
Institutional Shares	-2.26	0.83	4.18	-3.64	1.22	2.55	5.06	0.75	0.61
A Shares (NAV)	-2.44	0.64	3.79	-3.92	0.95	2.30	4.93	1.00	0.86
A Shares (MOP)	-6.80	-3.92	-0.89	-5.38	0.02	1.82	4.76	1.00	0.86
Benchmark 1	-3.01	0.03	3.47	-4.83	0.86	2.12	-	-	-
Benchmark 2	-2.15	1.47	5.16	-3.20	1.41	2.67	-	-	-



Calendar year total returns (%)

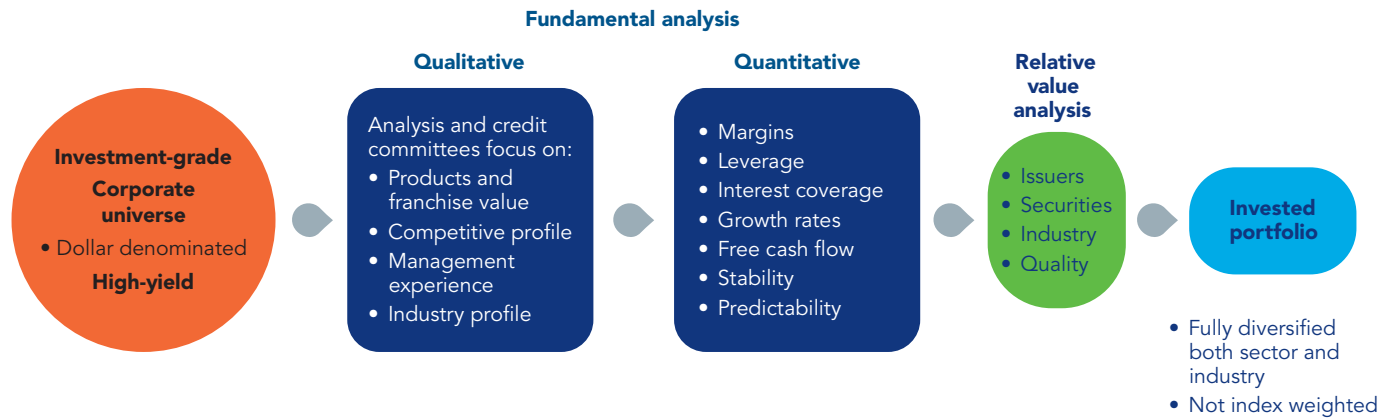
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Institutional Shares	-14.35	0.18	9.07	14.27	-2.84	7.05	8.44	-1.77	5.93	1.03
Benchmark 1	-15.26	-1.08	9.35	13.80	-2.11	6.18	5.63	-0.77	7.53	-2.01
Benchmark 2	-14.21	0.48	8.83	13.96	-2.08	6.51	8.43	-1.66	6.25	0.28
Morningstar Category Average	-15.15	-0.76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



Investment process



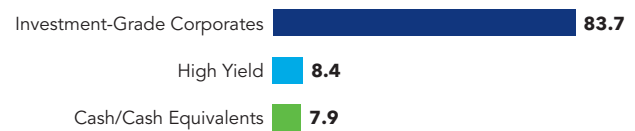
Portfolio statistics

Weighted average effective maturity	8.6 yrs.
Weighted average effective duration	5.7 yrs.
Weighted average coupon	4.05%
Weighted average yield to maturity	6.21%
Weighted average bond price	\$88.12

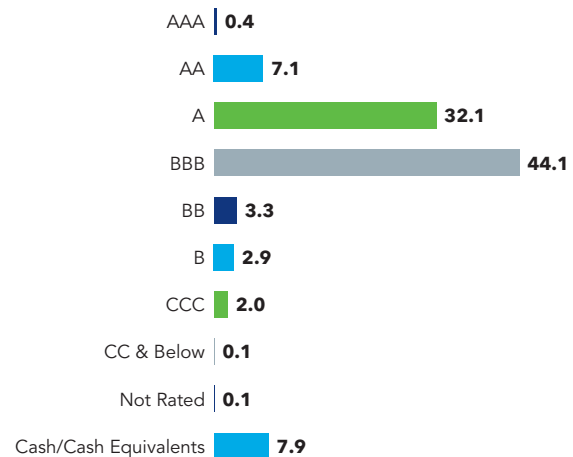
Top holdings (%)

U.S. Treasury Note, 4.125% due 11/15/32	3.2
Bank of New York Mellon, 3.992% due 6/13/28	0.7
Goldman Sachs Group, Inc., 3.814% due 4/23/29	0.7
JPMorgan Chase & Co., 3.875% due 9/10/24	0.7
CCO Safari II LLC, 4.908% due 7/23/25	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
DH Europe Finance II S.a.r.l., 2.600% due 11/15/29	0.5
Total % of portfolio	8.8

Sector weightings (%)



Quality breakdown¹ (%)



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

Portfolio composition is based on net assets at the close of business on 9/30/23 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

- Additional Federal Reserve (Fed) hike at July meeting; optimistic projections at September meeting
- Significantly higher U.S. Treasury yields
- Negative contribution from yield curve positioning

Looking back

The U.S. economy remained resilient in the third quarter, despite another Fed rate hike in July and global forces pointing to slowing growth. Markets and the Fed appear to agree that the cumulative total of 525 basis points of hikes may be enough to subdue inflation, but they perhaps differ on how long rates should stay high. Treasury yields rose during the quarter, most sharply in September, to levels not seen in more than a decade. A gradual slowing in job gains and a slightly higher unemployment rate mirror consumer confidence that remains well above 2022 lows but also is moving lower. Retail sales continue to hold up, a key factor supporting further expansion. Manufacturing and services data affirm resilience, though manufacturing remains in contractionary territory.

At its September meeting, the Fed did not hike the funds rate but did update its quarterly Summary of Economic Projections. The Fed was more optimistic than it had been in its June projection: it now sees 2023 gross domestic product (GDP) growth at 2.1%, up from a prior 1.0%, and 1.5% in 2024, up from 1.1%. It forecasts the unemployment rate to end 2023 at 3.8%, lower than its 4.1% in June, and 4.1% for 2024 and 2025, down from 4.5%. Core inflation remains persistent as the Fed projects it to fall from 3.9% to 3.7% in 2023, and only gradually move to 2.0% by year-end 2026. The Fed sees only two rate cuts in 2024, down from four, indicating a higher-for-longer posture. Though a soft landing is not the Fed's baseline, this projection would appear to make it look more likely.

Treasury yields pushed higher in the third quarter, with the yield on the 10-year Treasury ranging from 3.75% in mid-July to 4.61% near quarter-end before closing the quarter at 4.57%. Signs of stronger growth and stubborn inflation, and concerns about increasing Treasury funding needs led yields higher, primarily in longer maturities. As the peak in fed funds appeared nearer, yields of 2-year Treasury notes, typically the maturity most affected by Fed rate hikes, rose least. As a result, yield curve steepened in the quarter. The sharp rate move caused nearly all fixed-income sector total returns to be negative, according to Bloomberg data, but all sectors except mortgage-backed securities outperformed comparable-duration Treasuries.

Performance

Federated Hermes Corporate Bond Fund R6 Shares returned -2.37% at net asset value for the three months ended Sept. 30, 2023. That compares with the Bloomberg US Credit Index return of -3.01% and the Bloomberg US High Yield 2% Issuer Capped Index return of 0.46%. The blended benchmark, consisting of 25% of the Bloomberg US Credit Index and 75% of the Bloomberg US High Yield 2% Issuer Capped Index, returned -2.15%. 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

- Slight short duration positioning relative to benchmark
- 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: Bank of America, JPMorgan Chase, Textron and Goldman Sachs

Performance detractors

- Underweight position to the short end of the credit curve
- Underweight position to high yield and overweight position to investment-grade asset classes
- Specific issuers held by the portfolio that underperformed the blended benchmark included: AT&T, U.S. Treasury position, Apple and Deutsche Telekom

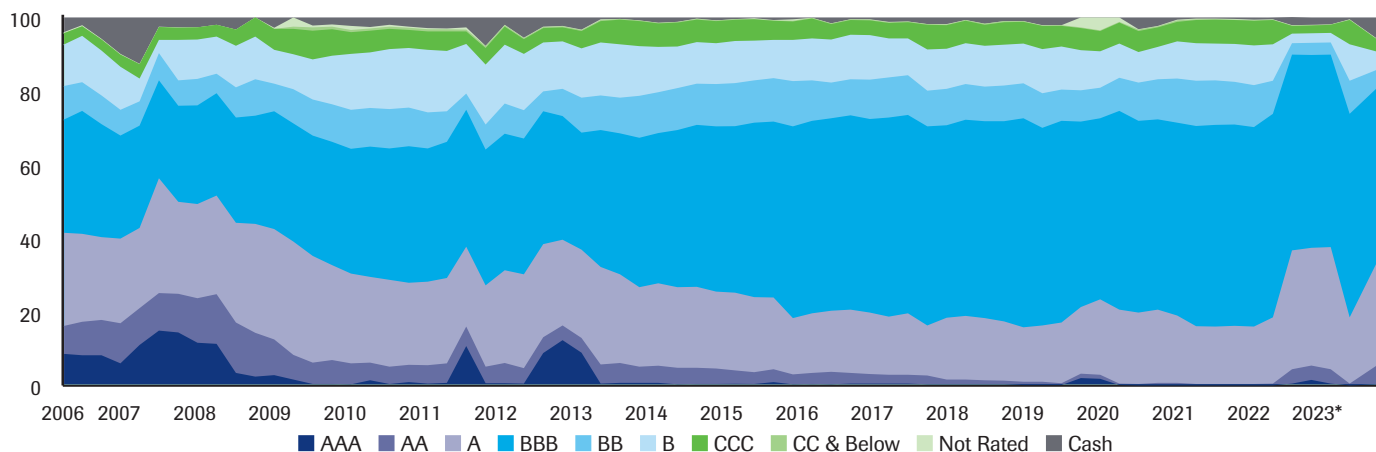
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How we are positioned

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 slight 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 9/30/23

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Risk statistics

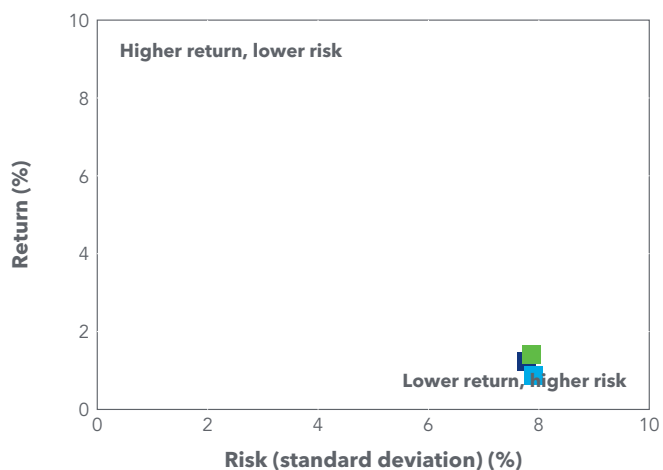
	3-year	5-year	7-year	10-year
Standard deviation	7.41	7.78	6.73	6.02
Alpha	0.77	0.33	0.61	0.46
Beta	0.94	0.97	0.96	0.96
Up capture ratio	94.55	95.02	95.93	96.00
Down capture ratio	87.24	91.05	87.94	88.51
Sharpe ratio	-0.75	-0.08	-0.04	0.22

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg US Credit Index

See disclosure section for important definitions.

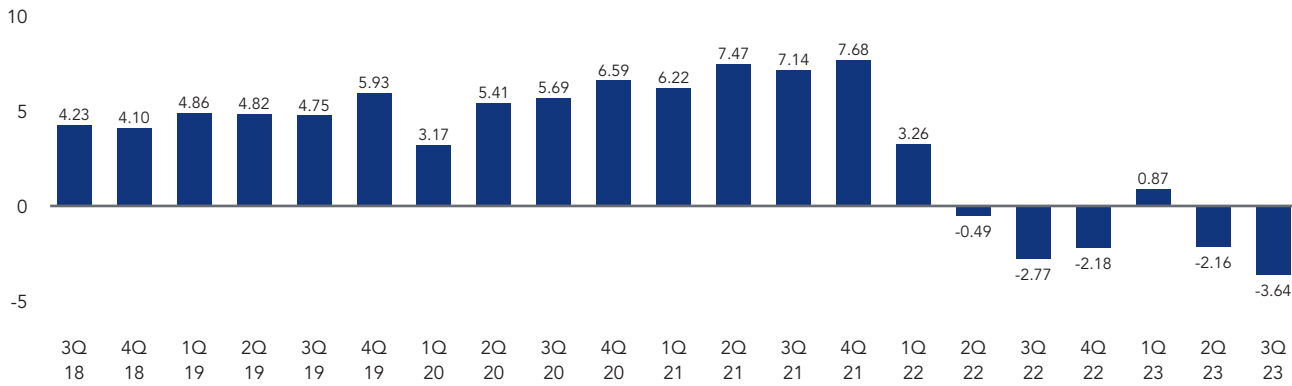
5-year risk/return



	Risk (%)	Return (%)
Federated Hermes Corporate Bond Fund (IS)	7.78	1.22
Bloomberg US Credit Index	7.91	0.86
75% Bloomberg US Credit Index/25% Bloomberg US High Yield 2% Issuer Capped Index	7.86	1.41

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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	27	20	23	-
	Morningstar Category Rank	46 of 211 funds	31 of 189 funds	28 of 170 funds	-
IS Shares	Morningstar Category % Rank	28	20	26	10
	Morningstar Category Rank	50 of 211 funds	29 of 189 funds	31 of 170 funds	12 of 101 funds
A Shares	Morningstar Category % Rank	46	24	46	33
	Morningstar Category Rank	81 of 211 funds	38 of 189 funds	68 of 170 funds	36 of 101 funds

Lipper Corporate Debt Funds BBB-Rated		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	19	19	22	-
	Lipper Classification Rank	55 of 298 funds	49 of 268 funds	53 of 252 funds	-
IS Shares	Lipper Classification % Rank	20	19	22	16
	Lipper Classification Rank	58 of 298 funds	48 of 268 funds	55 of 252 funds	26 of 167 funds
A Shares	Lipper Classification % Rank	33	22	38	34
	Lipper Classification Rank	97 of 298 funds	57 of 268 funds	93 of 252 funds	56 of 167 funds

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

¹The ratings referred to in the quality breakdown are provided by Standard and Poor's, Moody's, and Fitch. The allocation of ratings presented aligns with the methodology of the Bloomberg index. Bloomberg employs the middle rating from Standard and Poor's, Moody's, and Fitch to determine a security's credit classification, essentially following a "two-out-of-three" rule. In cases where only two agencies rate a security, the more conservative (lower) rating is utilized. If only one agency rates a security, that single rating is used. Additionally, certain securities may not have a credit rating from any of the agencies, and they are categorized as "not rated." For clarity, credit ratings of A or better are indicative of high credit quality, while BBB represents good credit quality and the lowest tier of investment grade. Ratings of BB and below are assigned to lower-rated securities, often referred to as "junk bonds," and credit ratings of CCC or below indicate a high level of default risk. This breakdown doesn't consider the impact of credit derivatives in 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 5.23% for R6 Shares, 5.13% for Institutional Shares and 4.66% 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.

Federated Hermes Corporate Bond 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

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