

Federated Hermes Corporate Bond Fund

12/31/24

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) 4.75

30-day yield (IS) 4.73

30-day yield (A) 4.27

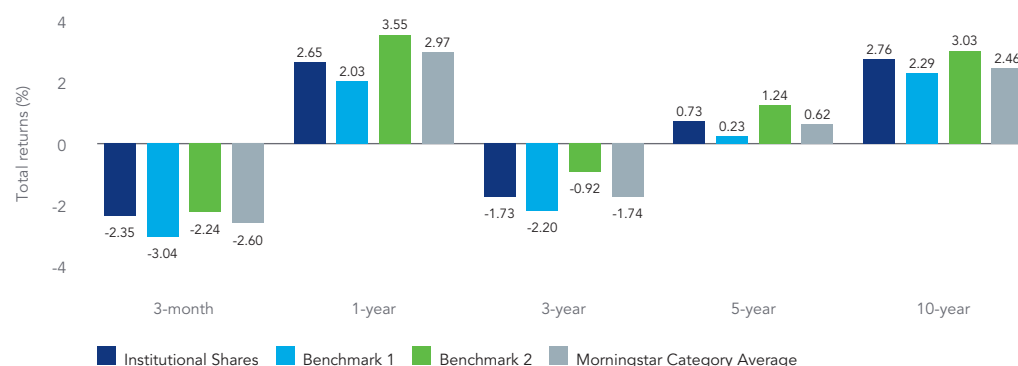
Fund description

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	-2.46	2.67	2.67	-1.71	0.74	2.73	5.12	0.66	0.59
Institutional Shares	-2.35	2.65	2.65	-1.73	0.73	2.76	5.17	0.76	0.61
A Shares (NAV)	-2.42	2.40	2.40	-1.98	0.50	2.51	5.05	1.01	0.86
A Shares (MOP)	-6.80	-2.18	-2.18	-3.48	-0.43	2.05	4.88	1.01	0.86
Benchmark 1	-3.04	2.03	2.03	-2.20	0.23	2.29	—	—	—
Benchmark 2	-2.24	3.55	3.55	-0.92	1.24	3.03	—	—	—



Calendar year total returns (%)

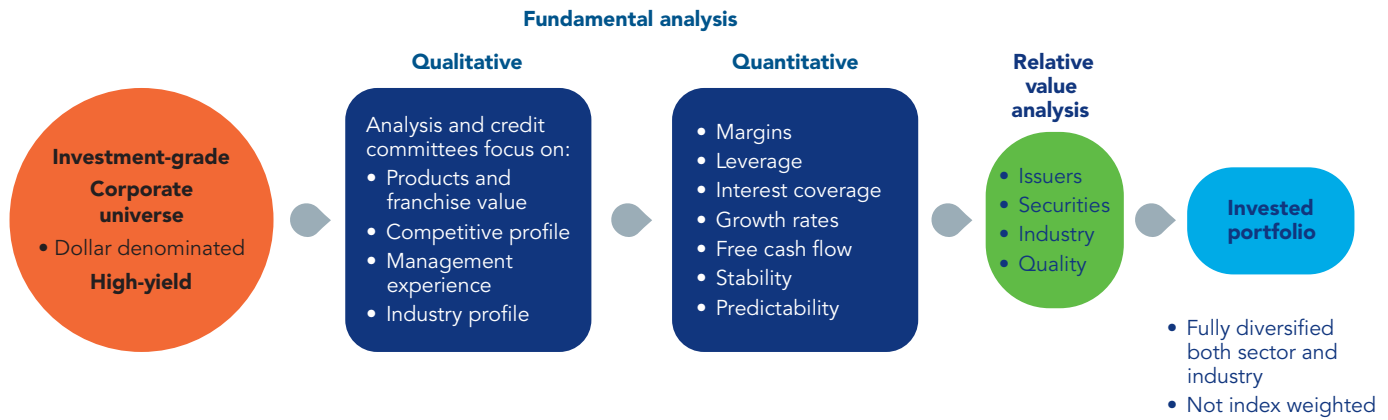
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Institutional Shares	2.65	7.93	-14.35	0.18	9.07	14.27	-2.84	7.05	8.44	-1.77
Benchmark 1	2.03	8.18	-15.26	-1.08	9.35	13.80	-2.11	6.18	5.63	-0.77
Benchmark 2	3.55	9.49	-14.21	0.48	8.83	13.96	-2.08	6.51	8.43	-1.66
Morningstar Category Average	2.97	8.33	-15.15	-0.76	9.24	13.03	-2.49	5.79	6.51	-1.39

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 2/1/25 or the date of the fund's next effective prospectus.



Investment process



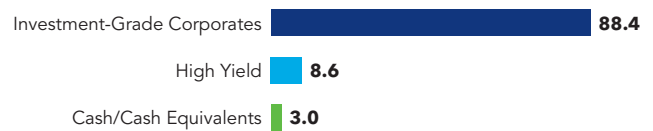
Portfolio statistics

Weighted average effective maturity	8.6 yrs.
Weighted average effective duration	5.7 yrs.
Weighted average coupon	4.18%
Weighted average yield to maturity	5.41%
Weighted average bond price	\$92.82

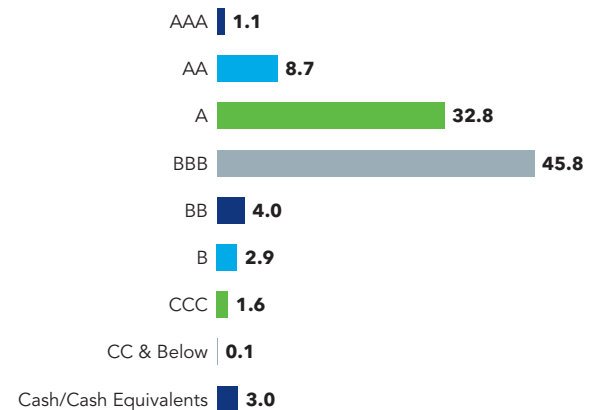
Top holdings (%)

U.S. Treasury Note, 3.875% due 8/15/34	3.1
U.S. Treasury Bond, 4.250% due 8/15/54	0.8
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
Honeywell International, 5.000% due 2/15/33	0.7
Johnson & Johnson, 1.300% due 9/01/30	0.7
JPMorgan Chase & Co., 5.012% due 1/23/30	0.7
Morgan Stanley, 3.772% due 1/24/29	0.7
NextEra Energy Capital Holdings, 3.550% due 5/01/27	0.6
Wells Fargo & Co., 3.908% due 4/25/26	0.6
Total % of portfolio	9.3

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 12/31/24 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

- Certainty on presidential election, uncertainty on coming fiscal/monetary policies
- Significantly higher US Treasury yields
- Very slight negative contribution from security selection

Looking back

Resiliency and uncertainty were key watch words during the fourth quarter. From low weekly jobless claims to improving consumer confidence and manufacturing surveys, solid economic data underpinned growth prospects. Election uncertainty was decisively resolved, but that in turn led to rising uncertainty over potential pro-growth fiscal policies from the new administration and what impact, if any, they would have on Federal Reserve (Fed) policies. In addition, inflation has proved to be stubborn. After slow and steady gains in the Fed's preferred inflation measure, core personal consumption expenditures, it reaccelerated during the fourth quarter, hitting 2.82% in November, well above the Fed's 2% target. While the Fed made it clear that it wanted to continue to cut its federal funds rate to normalize policy, Fed Chair Powell commented after the December meeting that the Fed needed to see further progress on inflation to cut rates, and he indicated that several policy makers had factored into their thinking potential changes from the new administration. The Fed's own economic projections from its December meeting call for above longer-run trends in economic growth, unemployment and inflation in 2025. Market expectations for future Fed rate cuts fell during the quarter, as the implied year-end 2025 rate rose nearly 100 basis points, to end just below 4.0%, more in-line with the Fed's own projection.

Treasury yields zig-zagged higher in the fourth quarter, rising sharply in October, falling slightly in November, but then rising again in December. The benchmark 10-year note yield ranged from 3.73% in early October to 4.63% late in the quarter, before closing at 4.57%. Led by the belly of the curve, front-end Treasury yield curves steepened, while the 10/3-year curve flattened, as 30-year yields rose less than did 10-year yields. The Bloomberg US Aggregate Bond Index posted a total return of -3.06%, and all sectors except high yield and leveraged loans were also negative. All sectors except mortgage-backed securities (MBS) outperformed comparable-duration Treasuries in the quarter.

Performance

Federated Hermes Corporate Bond Fund R6 Shares returned -2.46% at net asset value (NAV) for the three months ended December 31, 2024. That compares with the Bloomberg US Credit Index return of -3.04% and the Bloomberg US High Yield 2% Issuer Capped Index return of 0.17%. 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 -2.24%. 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

- Positive allocation in the following industries: overweight to communication, underweight to the non-corporate component of the blended benchmark (sovereign, supranational)
- Active duration management while Treasury yields fluctuated, although the period's average duration was 100% of blended benchmark duration
- Specific issuers held by the portfolio that outperformed the blended benchmark included: Bank of America, Morgan Stanley, Goldman Sachs, Wells Fargo and AbbVie

Performance detractors

- Security selection, driven by weak selection in the following industries: electric utilities, transportation and consumer non-cyclical
- Specific issuers held by the portfolio that underperformed the blended benchmark included: AT&T, T-Mobile US, Alphabet, Pfizer and Microsoft

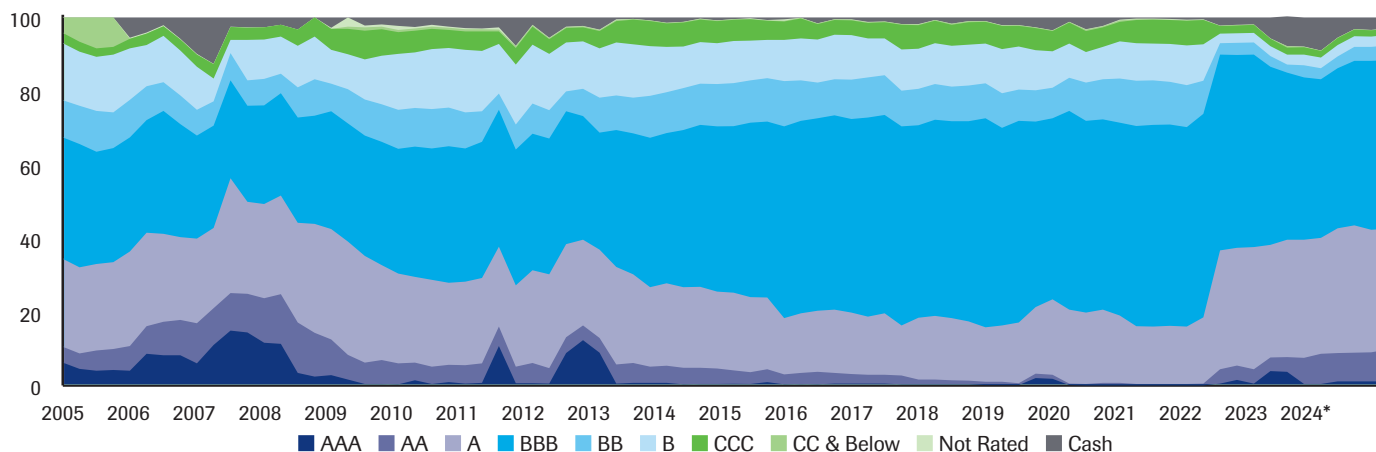
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. Other share classes may have experienced different returns than the share class presented. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedHermes.com/us.

How we are positioned

We exited the quarter maintaining both an underweight position to the high-yield asset class, and the reduced exposure to cyclical end markets. The fund ended the period targeting a neutral 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 12/31/24

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Risk statistics

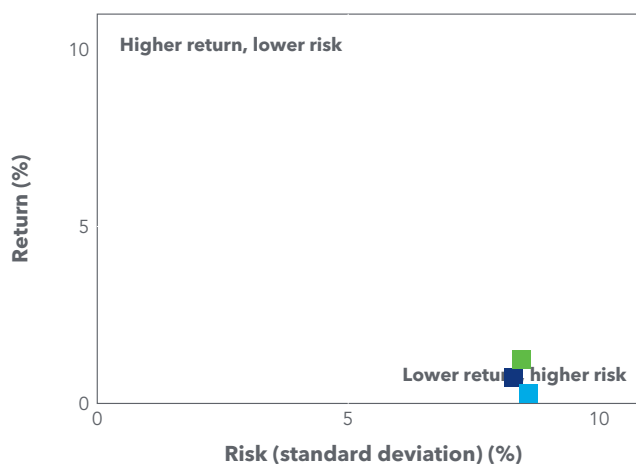
	3-year	5-year	7-year	10-year
Standard deviation	8.54	8.30	7.28	6.43
Alpha	-0.12	0.38	0.25	0.48
Beta	0.91	0.95	0.94	0.94
Up capture ratio	91.43	93.69	92.71	94.73
Down capture ratio	89.60	89.49	88.21	87.11
Sharpe ratio	-0.67	-0.22	-0.06	0.14

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg US Credit Index

See disclosure section for important definitions.

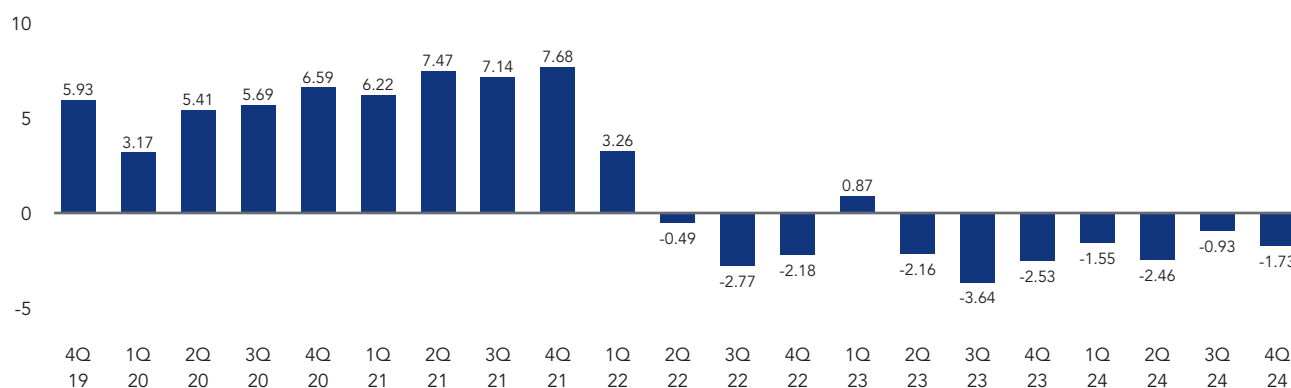
5-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes Corporate Bond Fund (IS)	8.30	0.73
■ Bloomberg US Credit Index	8.60	0.23
■ 75% Bloomberg US Credit Index/25% Bloomberg US High Yield 2% Issuer Capped Index	8.46	1.24

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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	63	35	35	-
	Morningstar Category Rank	109 of 185 funds	47 of 176 funds	48 of 162 funds	-
IS Shares	Morningstar Category % Rank	64	35	36	14
	Morningstar Category Rank	111 of 185 funds	48 of 176 funds	50 of 162 funds	16 of 97 funds
A Shares	Morningstar Category % Rank	72	47	52	39
	Morningstar Category Rank	128 of 185 funds	65 of 176 funds	76 of 162 funds	40 of 97 funds

Lipper Corporate Debt Funds BBB-Rated		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	46	27	28	-
	Lipper Classification Rank	116 of 253 funds	62 of 233 funds	59 of 210 funds	-
IS Shares	Lipper Classification % Rank	47	28	29	15
	Lipper Classification Rank	117 of 253 funds	64 of 233 funds	61 of 210 funds	21 of 141 funds
A Shares	Lipper Classification % Rank	54	36	40	31
	Lipper Classification Rank	137 of 253 funds	84 of 233 funds	83 of 210 funds	44 of 141 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 S&P Global Ratings, Moody's, and Fitch. The allocation of ratings presented aligns with the methodology of the Bloomberg index. Bloomberg employs the middle rating from S&P Global Ratings, 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 4.69% for R6 Shares, 4.59% for Institutional Shares and 4.13% 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 S&P Global Ratings'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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