

Federated Hermes Institutional High Yield Bond Fund

6/30/25

Fund facts

Performance inception date

11/1/02

Benchmark

Bloomberg US Corporate High Yield
2% Issuer Capped Index

Morningstar category

High Yield Bond

Lipper classification

High Yield Funds Average

Fund assets

\$7.2 billion

Ticker symbols

R6 Shares - FIHLX

Institutional Shares - FIHBX

A Shares - FIHAX

Key investment team

Mark Durbiano, CFA

Kathryn Glass, CFA

Thomas Scherr, CFA

Randal Stuckwisch, CFA

Yields (%)

30-day yield (R6) 6.13

30-day yield (IS) 6.12

30-day yield (A) 5.60

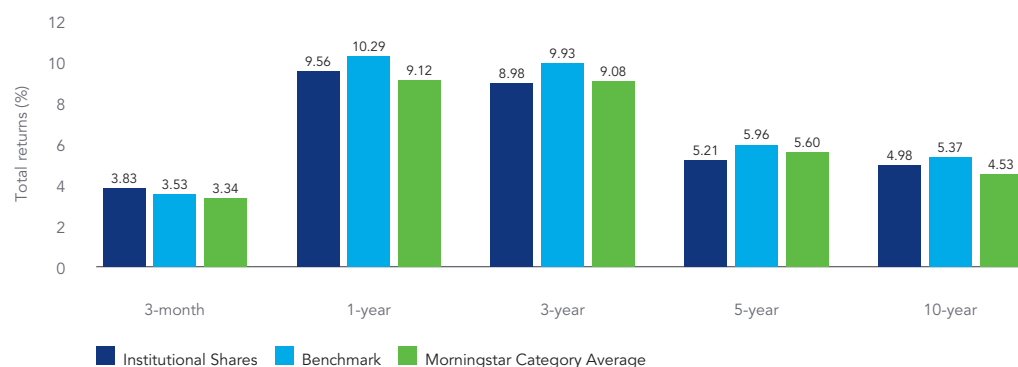
Fund description

The fund pursues a high level of current income by investing primarily in non-investment-grade corporate fixed-income securities issued by US or foreign businesses. Such securities tend to perform at their best during economic recoveries and expansions, and can offer portfolio diversification as their performance historically is uncorrelated to other types of 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	3.84	4.72	9.45	8.99	5.22	4.98	7.21	0.51	0.49
Institutional Shares	3.83	4.83	9.56	8.98	5.21	4.98	7.47	0.54	0.50
A Shares NAV	3.65	4.58	9.17	8.76	5.09	4.92	7.44	0.81	0.75
A Shares MOP	-1.05	-0.15	4.28	7.12	4.12	4.44	7.22	0.81	0.75
Benchmark	3.53	4.57	10.29	9.93	5.96	5.37	—	—	—



Calendar year total returns (%)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Institutional Shares	6.37	13.12	-11.39	4.79	5.98	14.97	-2.84	7.16	15.09	-2.29
Benchmark	8.19	13.44	-11.18	5.26	7.05	14.32	-2.08	7.50	17.13	-4.43
Morningstar Category Average	7.63	12.08	-10.09	4.77	4.91	12.62	-2.59	6.47	13.30	-4.01

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. 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 1/1/26 or the date of the fund's next effective prospectus.

Not FDIC Insured • May Lose Value • No Bank Guarantee

**Federated
Hermes**

Investment approach

Consistency of people

- Analysts are industry specialists responsible for researching the complex capital structures of high-yield companies and providing security recommendations to the portfolio managers
- The high-yield team is comprised of 17 investment professionals with an average of 20 years of investment experience, with many members earning the majority of their experience on the Federated high-yield team

Consistency of process

- A bottom-up process, focusing on strong operating companies that generate free cash flow in stable and predictable businesses
- We hold a fundamentally different view of quality compared to the rating agencies. Our process includes: focus on franchise value, industry profile, competitive profile, strength of management, forward-looking view of company financials and a belief that the market is more efficient at pricing high-yield credit risk than the agencies

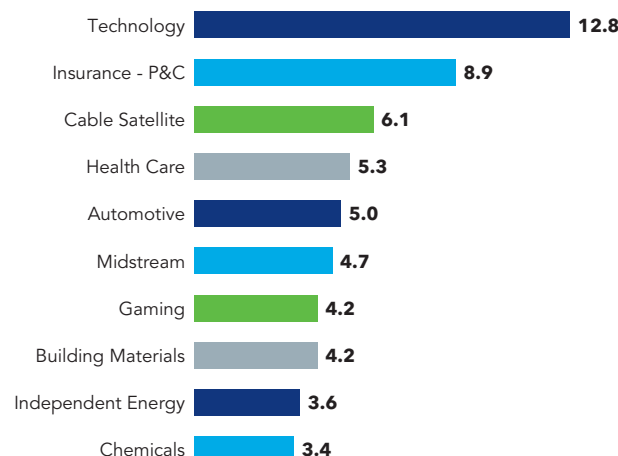
Portfolio statistics

Weighted average effective maturity	3.3 yrs.
Weighted average duration to worst	2.8 yrs.
Weighted average coupon	6.11%
Weighted average bond price	\$98.77
Weighted average yield to worst	6.47%

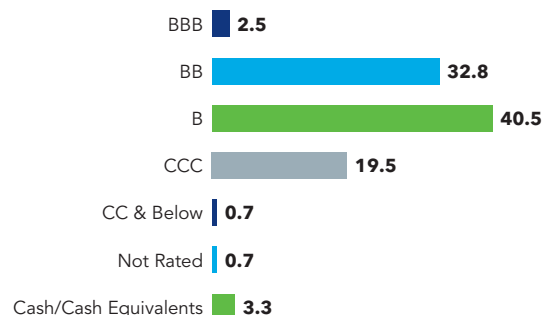
Top holdings (%)

Charter Communications, Inc.	2.0
Ford Motor Co.	1.9
Hub International Ltd.	1.6
TransDigm, Inc.	1.6
Mozart Holdings LP	1.2
1011778 BC Unltd. Liability Co./New Red Finance, Inc.	1.1
Ardonagh Group Finance Ltd.	1.1
Clarios Global LP / Clarios US Finance Co	1.1
Cloud Software Group, Inc.	1.1
Tenet Healthcare Corp.	1.0
Total % of portfolio	13.7

Top 10 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 6/30/25 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.

Market overview

For the three months ended June 30, 2025, the high yield market outperformed the investment grade bond market. For example, the Bloomberg US Corporate High Yield 2% Issuer Capped Bond Index (BC2%HYBI) returned 3.53% versus a 1.21% return for the Bloomberg Aggregate Bond Index (Aggregate), a measure of high-quality bond performance.

The quarter began with economic concerns driven by tariff fears dominating market action for risk assets to include high yield bonds. However, those fears proved short lived as economic uncertainty gave way to potential progress on reducing the proposed increase in tariffs, optimism that the Federal Reserve would eventually lower interest rates, a resilient jobs market and inflation, while above target, remaining relatively stable. From a high yield bond perspective, strong demand for higher yielding securities, modest default rates and earnings that, while not robust, remained flat provided strong support to the market. For the period as a whole, credit spreads initially moved wider before tightening although not to the mid-February low of 279 basis points (bps). For example, the spread between the ICE US High Yield Index and Treasury securities with similar maturities began the period at 375 and hit a high of 476 bps on April 7, 2025, before moving tighter to end the period at 321 bps.

Within the high yield market, the strongest performing major industry sectors relative to the BC2%HYBI were: Transportation Services, Media & Entertainment, Health Care, Packaging, and Wireline Telecommunications. The worst performing major industry sectors relative to the BC2%HYBI were: Oil Field Services, Retail, Midstream, Independent Energy and Consumer Products. From a credit quality perspective, the risk-on environment was evident with the CCC-rated sector returning 4.01% followed by the B-rated and BB-rated sectors at 3.62% and 3.44% respectively.

Performance

The fund's Institutional Shares outperformed the BC2%HYBI. The fund benefited from strong security selection especially in the Building Material, Midstream, Media & Entertainment and Cable & Satellite industry sectors. The fund also was positively impacted by its underweight to the Retail sector and its overweight to the Technology sector. Specific high yield issuers held by the portfolio that positively impacted performance relative to the BC2%HYBI included: CP Atlas Buyer, Foundation Building Materials, Condor Merger Sub, Minerva Merger Sub and Ardonagh Group.

The fund was negatively impacted by its underweight to the Transportation Services and Wireline Telecommunication sectors. Specific high yield issuers held by the portfolio that negatively impacted performance relative to the BC2%HYBI included: Ford Motor Credit Corp, Affinity Gaming, Real Hero Merger, GoTo Group and Antero Midstream Partners. The fund's total return for the period also reflects actual cash flows, transaction costs and other expenses which were not reflected in the total return of the BC2%HYBI.

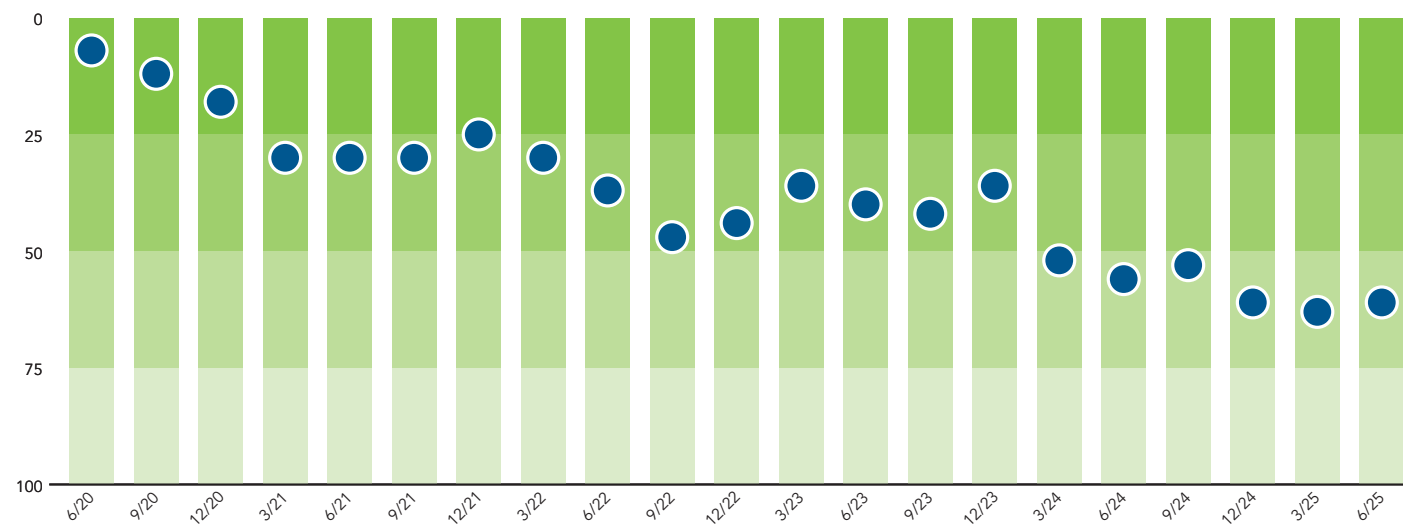
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated.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

The high yield market has proved very resilient in the face of tariffs, wars and overall economic concerns. When spreads gapped opened in early April 2025, we became somewhat less defensive on the high yield market overall as spreads approached historical medians. However, that bout of nervousness soon passed, and spreads moved significantly tighter for the balance of the second quarter. As the third quarter begins, high yield credit spreads have moved back to well below historical medians making valuations less compelling than early in the period. However, the complexity and uncertainty surrounding the global macroeconomic landscape remains difficult, leading us to continue to be somewhat cautious regarding the high yield market.

See disclosure section for important disclosures and definitions.

5-year rolling Morningstar ranking (%)



5-year rolling Morningstar High Yield Bond Category. Ranking over other time periods will vary.

Percent rankings are for Institutional Shares.

Past performance is no guarantee of future results. Rankings are based on total return.

Risk statistics

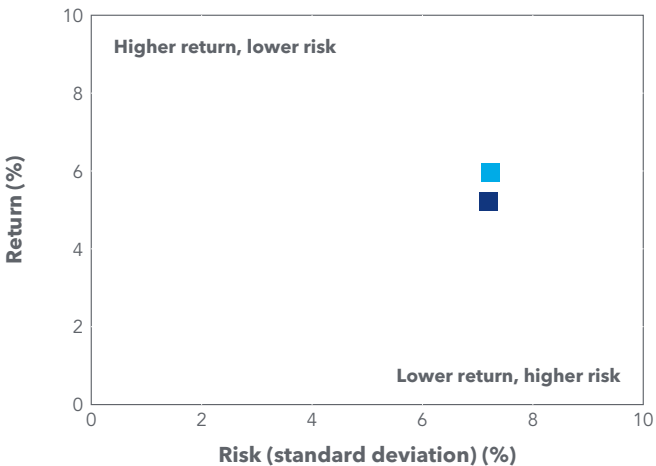
	3-year	5-year	7-year	10-year
Standard deviation	6.85	7.20	8.15	7.31
Alpha	-0.95	-0.68	-0.38	-0.27
Beta	1.02	0.99	0.98	0.96
Up capture ratio	96.88	95.52	96.86	95.29
Down capture ratio	108.72	102.50	100.58	97.33
Sharpe ratio	0.57	0.30	0.26	0.39

Sources: Federated Hermes, Inc., Morningstar, Inc.

Fund vs. Bloomberg US Corporate High Yield 2% Issuer Capped Index

See disclosure section for important definitions.

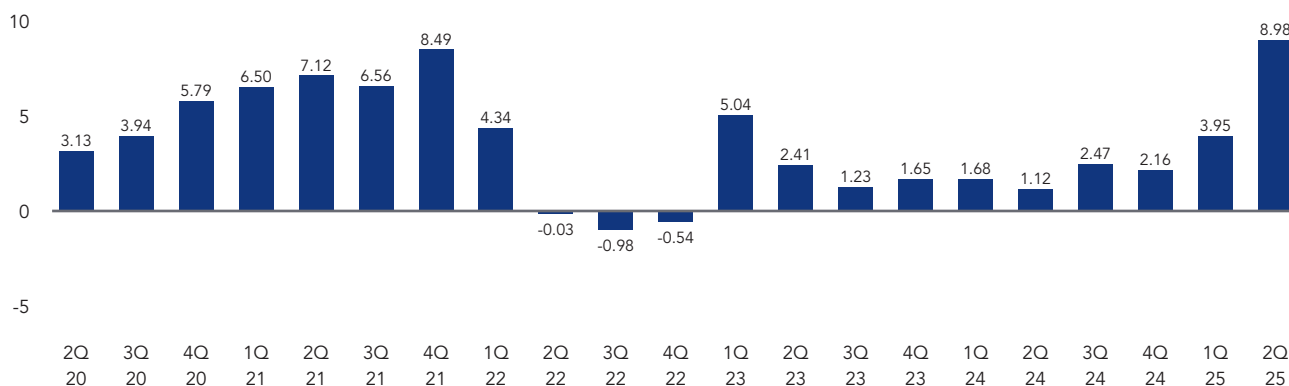
5-year risk/return



	Risk (%)	Return (%)
Federated Hermes Institutional High Yield Bond Fund (IS)	7.20	5.21
Bloomberg US Corporate High Yield 2% Issuer Capped Index	7.24	5.96

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.

3-year rolling returns - IS (%)



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.

Category rankings

Morningstar High Yield Bond Category		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	39	63	61	–
	Morningstar Category Rank	213 of 622 funds	339 of 589 funds	328 of 547 funds	–
IS Shares	Morningstar Category % Rank	35	63	61	24
	Morningstar Category Rank	186 of 622 funds	342 of 589 funds	331 of 547 funds	84 of 429 funds
A Shares	Morningstar Category % Rank	49	–	–	–
	Morningstar Category Rank	277 of 622 funds	–	–	–

Lipper High Yield Funds Average		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	39	58	58	–
	Lipper Classification Rank	186 of 485 funds	263 of 459 funds	242 of 419 funds	–
IS Shares	Lipper Classification % Rank	34	59	59	23
	Lipper Classification Rank	162 of 485 funds	267 of 459 funds	244 of 419 funds	71 of 321 funds
A Shares	Lipper Classification % Rank	49	–	–	–
	Lipper Classification Rank	238 of 485 funds	–	–	–

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

Federated Hermes Institutional High Yield Bond Fund

The fund's A Shares commenced operations on February 14, 2023. For the periods prior to commencement of operations of the fund's A 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 Shares. The performance has been adjusted to reflect the differences in sale charges and deferred sales charges applicable to the A Shares. The expense ratios of the A 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 Shares would have been lower than the performance of the Institutional Shares.

¹The ratings agencies that provided the ratings are S&P Global Ratings, 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.

30-day yield (also known as "SEC yield") for A Shares 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 5.55% at maximum offering price for A Shares, 6.11% for R6 Shares, and 6.07% for Institutional Shares.

The fund's R6 Shares commenced operations on June 30, 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.

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

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

Weighted average yield to worst is an average of the lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer.

Bloomberg US Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, the Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

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.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

Lipper Categories: Data Source: Lipper, A Reuters Company. Copyright 2025© Reuters. All rights reserved. Any copying, republication or redistribution of Lipper content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

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.