

Federated Hermes Total Return Bond Fund

12/31/24

Fund facts

Performance inception date

R6 Shares	10/1/96
Institutional Shares	10/1/96
A Shares	8/16/01

Benchmark 1

Bloomberg US Aggregate Bond Index

Benchmark 2

Bloomberg US Universal Index

Morningstar category

Intermediate Core-Plus Bond

Lipper classification

Core Bond Funds

Fund assets

\$15.2 billion

Ticker symbols

R6 Shares - FTRLX
Institutional Shares - FTRBX
Service Shares - FTRFX
A Shares - TLRX
C Shares - TLRCX
R Shares - FTRKX

Key investment team

Donald Ellenberger
 Jerome Conner, CFA
 R.J. Gallo, CFA
 Chengjun (Chris) Wu, CFA
 Todd Abraham, CFA
 Mark Durbiano, CFA
 Ihab Salib
 Anthony Venturino, CFA
 Christopher McGinley

Yields (%)

30-day yield (R6)	5.34
30-day yield (IS)	5.33
30-day yield (A)	4.56

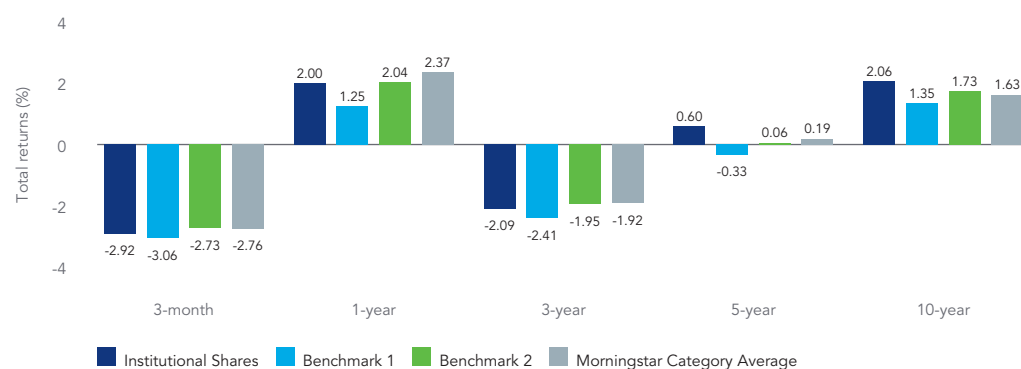
Fund description

A core, multisector fund that pursues total return by investing in a broad mix of bond sectors that management believes will benefit from changes in economic and market conditions. US government and investment-grade corporate bonds predominate, with limits on exposure to domestic high-yield and both developed and emerging international sectors (including trade finance and bank loan, with a sub-investment grade allocation limited to 25%).

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	-2.92	1.90	1.90	-2.08	0.61	2.06	4.25	0.40	0.38
Institutional Shares	-2.92	2.00	2.00	-2.09	0.60	2.06	4.66	0.46	0.39
A Shares (NAV)	-3.05	1.44	1.44	-2.62	0.05	1.50	3.40	0.98	0.94
A Shares (MOP)	-7.42	-3.11	-3.11	-4.12	-0.86	1.04	3.19	0.98	0.94
Benchmark 1	-3.06	1.25	1.25	-2.41	-0.33	1.35	-	-	-
Benchmark 2	-2.73	2.04	2.04	-1.95	0.06	1.73	-	-	-



Calendar year total returns (%)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Institutional Shares	2.00	5.17	-12.49	0.18	9.58	9.73	-0.86	4.40	4.96	-0.16
Benchmark 1	1.25	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	0.55
Benchmark 2	2.04	6.17	-12.99	-1.10	7.58	9.29	-0.26	4.09	3.91	0.43
Morningstar Category Average	2.37	6.22	-13.27	-0.67	8.06	8.94	-0.61	4.27	3.86	-0.45

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



Investment approach

Core Plus, Intermediate Bond Fund

- A disciplined approach to core fixed income with a conservative, investment-grade risk profile
- Invests primarily in US government, mortgage-backed and investment-grade corporate fixed income with modest exposure to sectors such as high yield and emerging markets debt
- May invest in below investment-grade securities up to 25%

Consistent, repeatable investment process

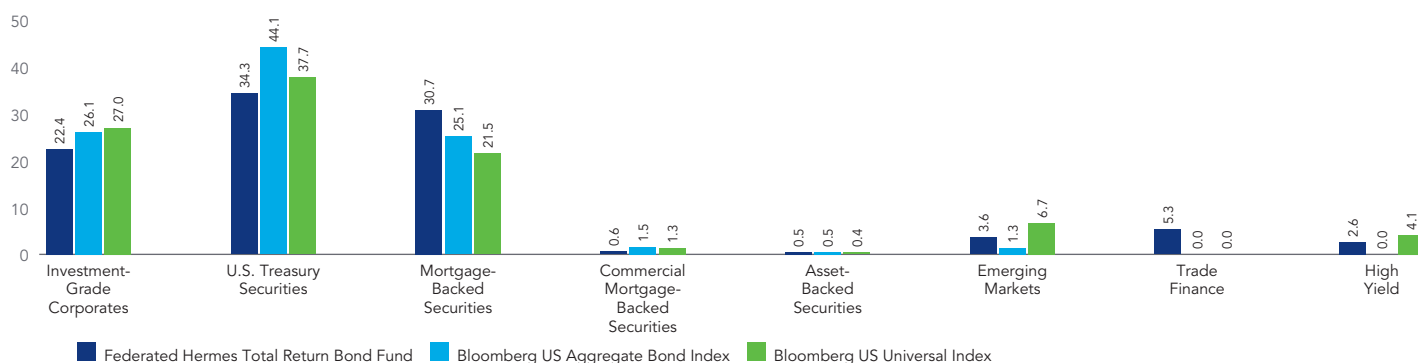
- Combines top-down decision making with bottom-up security selection to build diversified, risk-managed portfolios
- Key decision teams known as “alpha pods” seek diversified, uncorrelated alpha sources across various market environments
- Positioning set across five factors: sector allocation, security selection, duration management, yield curve strategy and currency management

Tenured team with long-term results

- Team-based approach focused by sector to extract value from each step of the process
- Federated Hermes’ fixed-income philosophy and process has a 50-year heritage
- The fixed-income management team averages 28 years of experience and have worked at Federated Hermes for an average of 18 years

As of 12/31/24

Sector weightings (%)



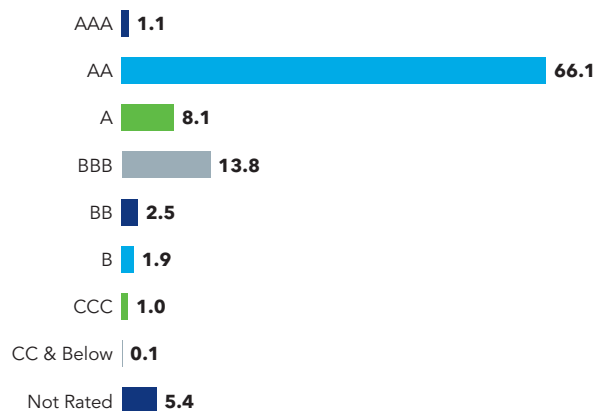
Portfolio statistics

Weighted average effective maturity	8.7 yrs.
Weighted average effective duration	5.9 yrs.
Weighted average coupon	4.24%
Weighted average yield to maturity	5.38%
Weighted average bond price	\$93.61

Top holdings (%)

Mortgage Core Fund	26.7
U.S. Treasury Note, 3.875% due 8/15/34	5.7
Project and Trade Finance Core Fund	5.6
U.S. Treasury Note, 4.125% due 10/31/31	5.0
High Yield Bond Core Fund	2.7
Emerging Markets Core Fund	2.5
U.S. Treasury Bond, 4.125% due 8/15/53	2.5
U.S. Treasury Bond, 4.250% due 2/15/54	2.5
U.S. Treasury Note, 4.000% due 1/31/29	2.2
U.S. Treasury Note, 4.250% due 11/15/34	1.8
Total % of portfolio	57.2

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

- Institutional Shares returned -2.92% in the quarter, outperforming the -3.06% return for the Bloomberg US Aggregate Bond Index (BAB)
- Helping performance vs. the BAB was a duration (interest rate sensitivity) lower than the BAB, as well as allocations to out-of-index trade finance loans and emerging markets (EM) bonds
- Detracting from returns was an overweight to mortgage-backed securities (MBS)
- To begin the first quarter of 2025, the fund's overall duration is in-line with the BAB, but with a bias for shorter-maturity bonds to outperform longer-maturity bonds. The fund is underweight investment-grade (IG) corporate bonds and commercial mortgage-backed securities (CMBS), overweight MBS, and continues to hold small allocations to EM bonds, trade finance loans and high-yield bonds

Looking back

The big decline in interest rates in the third quarter was completely reversed in the fourth quarter. With the economy near full employment, wage gains growing at a 4% clip, and rising stock and home values, consumer spending powered higher, keeping gross domestic product (GDP) growth above potential and inflation above the Federal Reserve's (Fed) 2% target. In response to sticky inflation, the bond market reduced the number of cuts expected in the federal funds rate in coming quarters, causing interest rates to move higher across the yield curve. The election in November added to the upward trend in rates due to concerns over the inflationary impact of a potential trade war and immigration restrictions. The 10-year Treasury yield ended near the highs for the year at 4.57%.

A healthy economy and surge in business confidence after the election enabled credit spreads in general to tighten during the quarter, and all sectors of the bond market outperformed Treasuries, with the exception of government mortgage-backed securities. MBS lagged as durations extended for higher coupons, exacerbating losses in a rising rate environment. The best performing sectors of the taxable bond market, in order of decreasing excess returns relative to comparable duration Treasuries, were EM bonds, high-yield bonds, trade finance loans, IG corporate bonds, bank loans, asset-backed securities and CMBS. Within the corporate bond market, utilities outperformed financials and industrials. Within MBS, GNMA mortgages outperformed FNMA and FHLMC mortgages.

Performance

Federated Hermes Total Return Bond Fund Institutional Shares posted a total return net of fees of -2.92% for the quarter. The performance compares to a return of -3.06% for the BAB. The fund's total return for the period also reflected actual cash flows, transaction costs and other expenses that were not reflected in the total return of the BAB.

Performance contributors

- Duration less than BAB
- Allocation to out-of-index trade finance loans and EM bonds

Performance detractors

- Overweight to MBS

Performance data 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

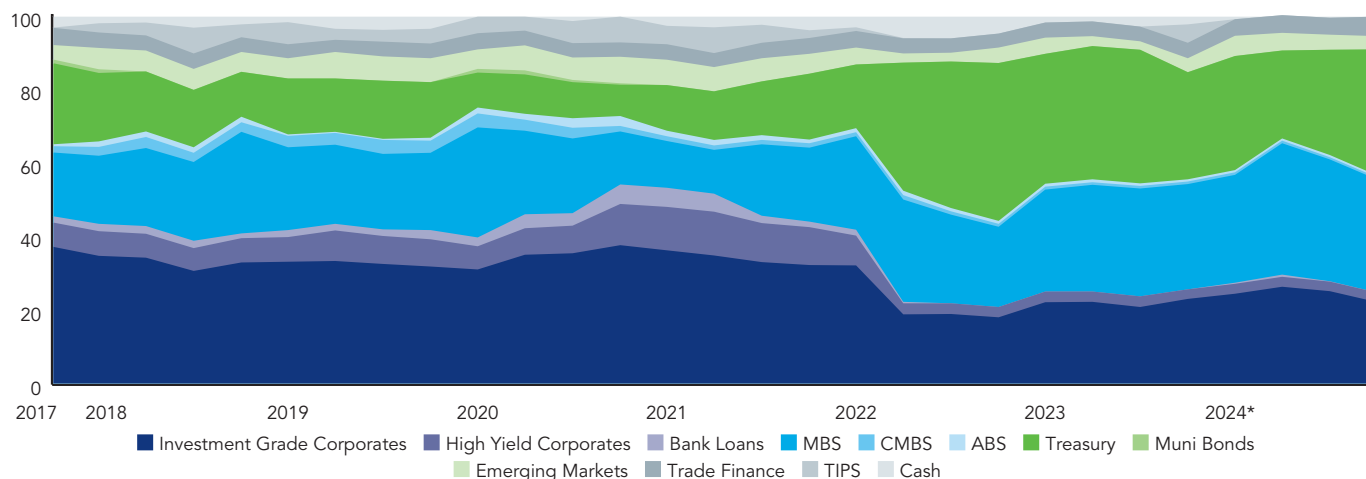
During the fourth quarter the fund decreased its allocation to IG corporate bonds from 26% to 22% as corporate spreads are very rich to long-term averages. The fund also decreased MBS from 29% to 27%. EM bonds were reduced by 1% to 3.6% to take partial profits given the significant outperformance of this sector, while trade finance loans increased slightly to 5.3%. High-yield bonds (2.6%) and CMBS (0.6%) were maintained at low levels in recognition of rich valuations and potential credit problems. The fund has 3% in government mortgage floaters paying an attractive yield with little duration and credit risk. Finally in terms of sector allocation, Treasuries increased from 28% to 34% of the fund.

The fund's overall duration is similar to the BAB to start the new quarter. The fund reduced its yield curve steepening bias to book profits but remains overweight 2-year maturity bonds and underweight 10- and 30-year maturity bonds.

The fund employed derivatives to both hedge risk and to express duration, yield curve, and currency investment themes during the quarter. Derivatives are used when they are less expensive or more efficient than physical securities to express investment themes generated by Federated Hermes Alpha Pod process.

See disclosure section for important disclosures and definitions.

Historical sector weightings (%)



*As of 12/31/24

Risk statistics

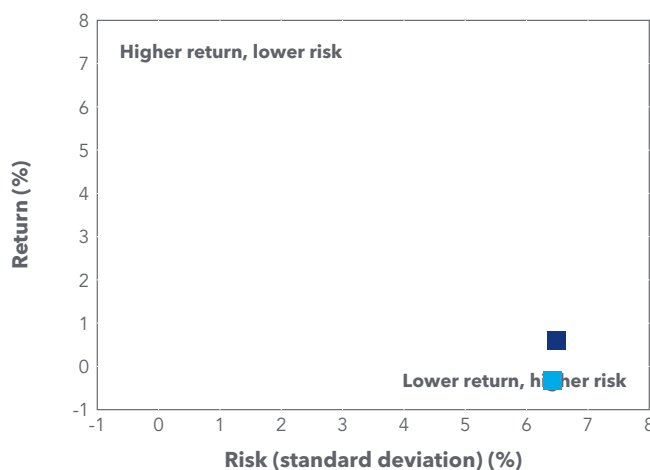
	3-year	5-year	7-year	10-year
Standard deviation	7.63	6.48	5.69	4.98
Alpha	0.13	0.89	0.62	0.69
Beta	0.97	0.99	0.96	0.95
Up capture ratio	98.58	106.86	102.10	103.02
Down capture ratio	96.29	96.19	92.99	91.44
Sharpe ratio	-0.80	-0.30	-0.14	0.04

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg US Aggregate Bond Index

See disclosure section for important definitions.

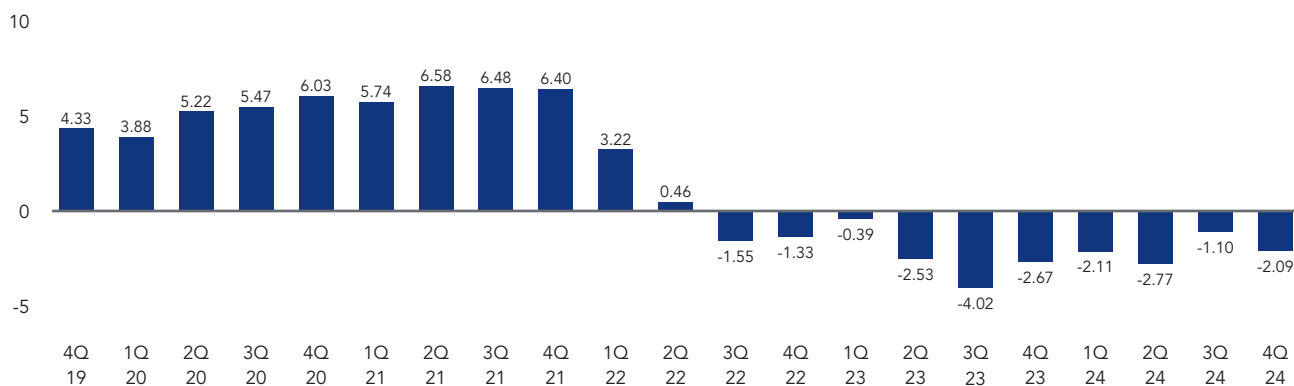
5-year risk/return



	Risk (%)	Return (%)
Federated Hermes Total Return Bond Fund (IS)	6.48	0.60
Bloomberg US Aggregate Bond Index	6.42	-0.33

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3-year rolling returns - IS (%)



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Category rankings

Morningstar Intermediate Core-Plus Bond Category	1-year	3-year	5-year	10-year
R6 Shares				
Morningstar Category % Rank	68	54	27	-
Morningstar Category Rank	359 of 585 funds	233 of 535 funds	106 of 480 funds	-
IS Shares				
Morningstar Category % Rank	63	54	28	22
Morningstar Category Rank	337 of 585 funds	234 of 535 funds	110 of 480 funds	61 of 347 funds
A Shares				
Morningstar Category % Rank	81	75	53	60
Morningstar Category Rank	442 of 585 funds	353 of 535 funds	252 of 480 funds	189 of 347 funds

Lipper Core Bond Funds	1-year	3-year	5-year	10-year
R6 Shares				
Lipper Classification % Rank	38	26	12	-
Lipper Classification Rank	198 of 525 funds	125 of 487 funds	51 of 449 funds	-
IS Shares				
Lipper Classification % Rank	35	26	12	7
Lipper Classification Rank	181 of 525 funds	126 of 487 funds	52 of 449 funds	21 of 338 funds
A Shares				
Lipper Classification % Rank	61	66	36	41
Lipper Classification Rank	318 of 525 funds	319 of 487 funds	162 of 449 funds	136 of 338 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") 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 4.53% at maximum offering price for A Shares, 5.33% for R6 Shares, and 5.28% for Institutional Shares.

The fund's R6 Shares commenced operations on April 17, 2015. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for the fund's Institutional Shares, adjusted to reflect the expenses of the R6 Shares for each year for which the expenses of the R6 Shares would have exceeded the actual expenses paid by the Institutional Shares.

Federated Hermes Total Return 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.

The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.

International investing involves special risks, including currency risk, increased volatility, political risks and differences in auditing and other financial standards.

Prices of emerging market and frontier market 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.

Bank loan instruments carry increased levels of credit and default risk and are generally less liquid than government and investment-grade bonds.

Investments in trade finance-related instruments may entail credit, liquidity, currency, and market risks in addition to other risks, such as the risk of investing in foreign securities and emerging market securities.

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 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 Universal Index represents the union of the US Aggregate Index, US Corporate High-Yield, Investment Grade 144A Index, Eurodollar Index, US Emerging Markets Index and the non-ERISA eligible portion of the CMBS Index. The index covers USD denominated, taxable bonds that are rated either investment grade or below investment grade.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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