

Federated Hermes Total Return Bond Fund

9/30/24

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 - TLRAX
 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)	4.33
30-day yield (IS)	4.32
30-day yield (A)	3.60

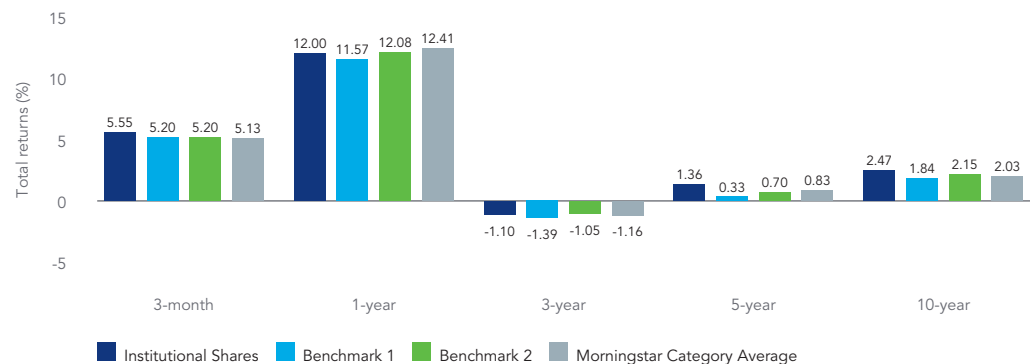
Fund description

The fund 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.

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	5.45	4.97	12.02	-1.09	1.35	2.47	4.40	0.40	0.38
Institutional Shares	5.55	5.07	12.00	-1.10	1.36	2.47	4.81	0.46	0.39
A Shares (NAV)	5.41	4.64	11.39	-1.64	0.81	1.91	3.57	0.98	0.94
A Shares (MOP)	0.66	-0.06	6.35	-3.12	-0.11	1.44	3.37	0.98	0.94
Benchmark 1	5.20	4.45	11.57	-1.39	0.33	1.84	–	–	–
Benchmark 2	5.20	4.91	12.08	-1.05	0.70	2.15	–	–	–



Calendar year total returns (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Institutional Shares	5.17	-12.49	0.18	9.58	9.73	-0.86	4.40	4.96	-0.16	5.29
Benchmark 1	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	0.55	5.97
Benchmark 2	6.17	-12.99	-1.10	7.58	9.29	-0.26	4.09	3.91	0.43	5.59
Morningstar Category Average	6.22	-13.27	-0.67	8.06	8.94	-0.61	4.27	3.86	-0.45	5.42

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.

* For A, IS, SS, R and R6 Shares, 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. Regarding C Shares, the fund's expense ratio is from the most recent prospectus, which shows that the fund is not waiving any expenses.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Investment approach

Core Plus, Intermediate Bond Fund

- A disciplined approach to core fixed income with a conservative, investment-grade risk profile
- Invests primarily in U.S. 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

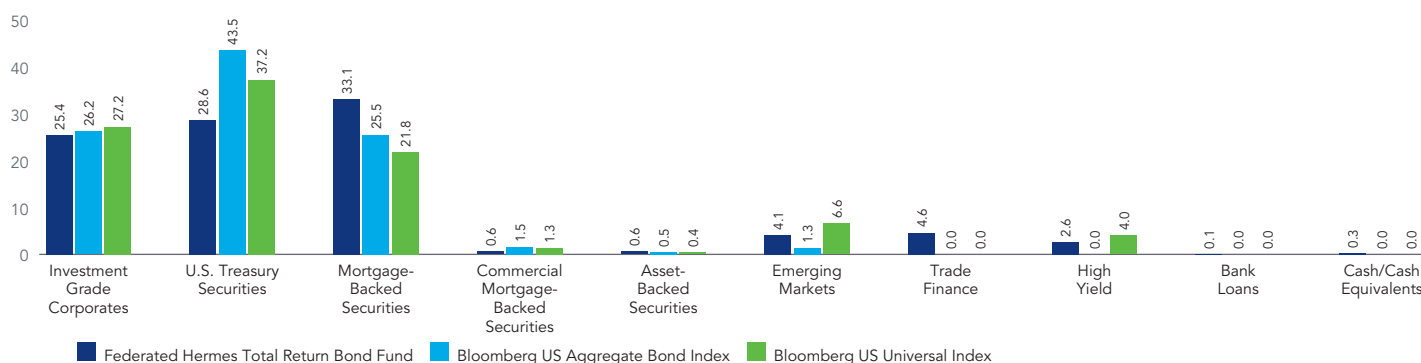
- Combines top-down decision making with bottom-up security selection to build diversified, risk-managed portfolios
- Key decision teams known as “alpha pods” seek diversified, uncorrelated alpha sources across various market environments
- Positioning set across five factors: sector allocation, security 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
- Senior fixed-income management team averages 27 years of experience, and team members have worked together at Federated Hermes for 17 years

As of 9/30/24

Sector weightings (%)



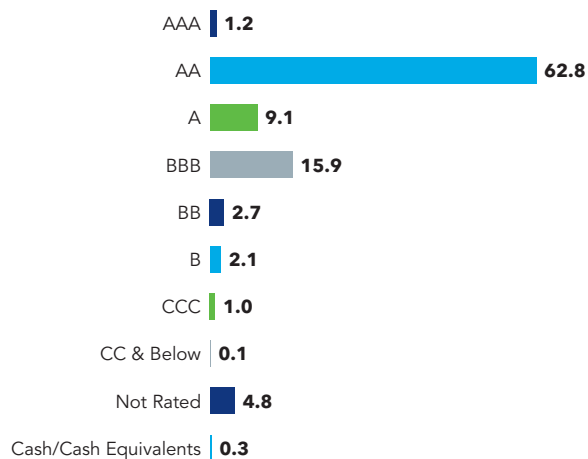
Portfolio statistics

Weighted average effective maturity	8.7 yrs.
Weighted average effective duration	5.9 yrs.
Weighted average coupon	4.30%
Weighted average yield to maturity	4.48%
Weighted average bond price	\$96.80

Top holdings (%)

Mortgage Core Fund	28.8
U.S. Treasury Note, 3.875% due 8/15/34	8.3
Project and Trade Finance Core Fund	5.4
Emerging Markets Core Fund	3.0
U.S. Treasury Bond, 4.125% due 8/15/53	2.8
U.S. Treasury Bond, 4.250% due 2/15/54	2.8
High Yield Bond Core Fund	2.6
U.S. Treasury Note, 3.750% due 8/31/31	2.6
U.S. Treasury Note, 4.000% due 1/31/29	2.3
U.S. Treasury Note, 4.000% due 7/31/29	0.9
Total % of portfolio	59.5

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 9/30/24 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

- IS shares returned 5.55% in the quarter, compared to 5.20% for the Bloomberg US Aggregate Bond Index (BAB)
- Outperformance vs. the BAB was primarily due to a yield curve steepening bias, and to a lesser extent an overweight to mortgage-backed securities (MBS) and allocations to out-of-index trade finance loans and high-yield bonds
- To begin the fourth quarter, 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 emerging markets (EM) bonds, trade finance loans and high-yield bonds

Looking back

In the third quarter, interest rates fell significantly as decelerating inflation and a rising unemployment rate prompted the Federal Reserve (Fed) to ease monetary policy for the first time since 2020. The 2-year Treasury yield fell from 4.75% to 3.64% and the 10-year Treasury yield fell from 4.40% to 3.78%, causing bond prices to move significantly higher and the yield curve to un-invert.

Credit spreads were stable to moderately tighter during the third quarter, and all sectors of the bond market outperformed Treasuries. The best performing sectors, in order of decreasing excess returns relative to comparable duration Treasuries, were EM bonds, high-yield bonds, MBS, trade finance loans, IG corporate bonds, CMBS, asset-backed securities and bank loans. Within the corporate bond market, utilities outperformed financials and industrials, and within MBS, FNMA and FHLMC mortgages outperformed GNMA mortgages.

Performance

Federated Hermes Total Return Bond Fund IS shares posted a total return net of fees of 5.55% for the quarter. The performance compares to a return of 5.20% 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

- Yield curve steepener
- Overweight to MBS
- Allocation to out-of-index trade finance loans and high-yield bonds

Performance detractors

- None

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

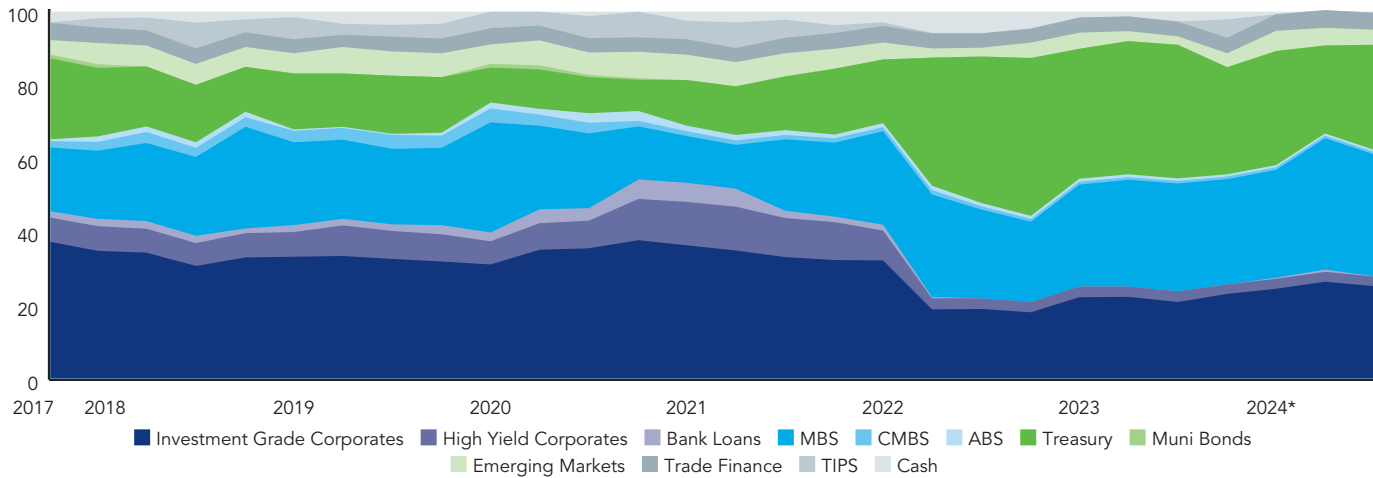
During the third quarter, the fund decreased its allocation to IG corporate bonds from 27% to 26%. Corporate spreads ending the quarter at an average of 85 basis points over Treasuries, rich to the long-term average of 125 basis points. The fund also decreased MBS from 31% to 29%, booking partial profits on an overweight position relative to the BAB. EM bonds were reduced from 5% to 4%, while trade finance loans increased slightly to 5.3%. High-yield bonds (2.6%) and bank loans (0.2%) were maintained at low levels in recognition of rich valuations in these sectors. Treasuries were 28% of the fund.

The fund's overall duration is similar to the BAB to start the new quarter. The fund is, however, overweight 2 and 5-year maturity bonds and underweight 10 and 30-year maturity bonds (a yield curve steepener). The Fed appears determined to return the federal funds rate to neutral from restrictive territory. If the Fed eases monetary policy while the economy is weakening, the curve is expected to steepen with short-maturity rates falling faster than long-maturity rates as the market prices more interest rate cuts by the Fed. On the other hand, if the Fed eases while the economy is strengthening, the curve is expected to steepen as rising inflation risks cause long-maturity rates to rise faster than short-maturity rates (an increase in the term premium).

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 9/30/24

Risk statistics

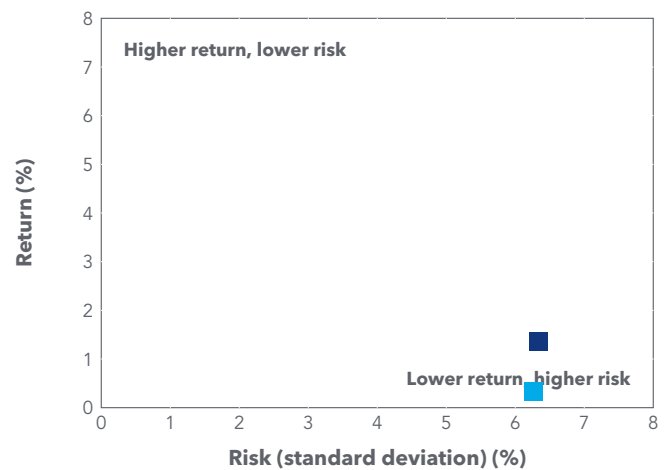
	3-year	5-year	7-year	10-year
Standard deviation	7.44	6.33	5.56	4.88
Alpha	0.13	1.00	0.65	0.62
Beta	0.97	0.99	0.96	0.95
Up capture ratio	97.28	107.23	102.51	102.01
Down capture ratio	95.08	94.89	92.71	91.14
Sharpe ratio	-0.64	-0.17	-0.03	0.15

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg US Aggregate Bond Index

See disclosure section for important definitions.

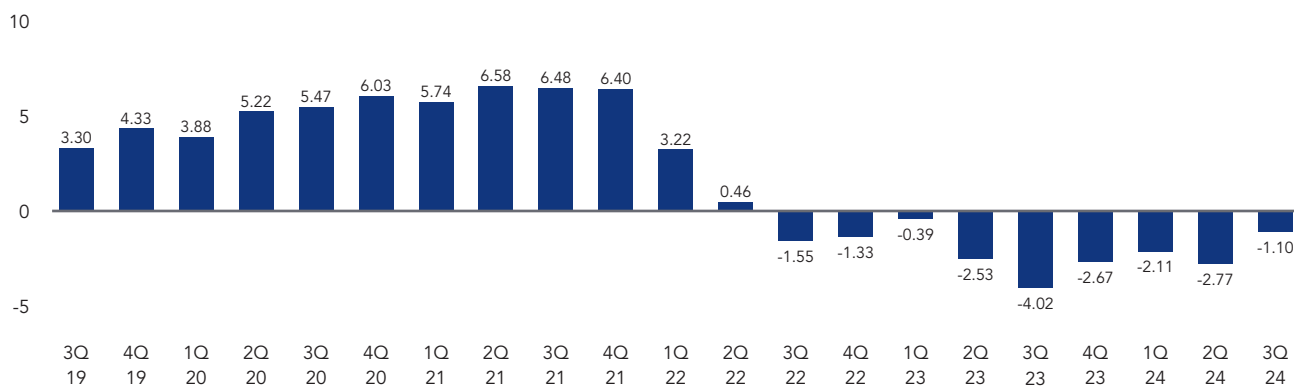
5-year risk/return



	Risk (%)	Return (%)
Federated Hermes Total Return Bond Fund (IS)	6.33	1.36
Bloomberg US Aggregate Bond Index	6.26	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	72	47	25	-
	Morningstar Category Rank	428 of 606 funds	203 of 546 funds	104 of 505 funds	-
IS Shares	Morningstar Category % Rank	72	48	24	22
	Morningstar Category Rank	430 of 606 funds	207 of 546 funds	102 of 505 funds	61 of 357 funds
A Shares	Morningstar Category % Rank	86	72	49	61
	Morningstar Category Rank	518 of 606 funds	342 of 546 funds	239 of 505 funds	194 of 357 funds

Lipper Core Bond Funds		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	47	22	10	-
	Lipper Classification Rank	243 of 521 funds	104 of 481 funds	44 of 451 funds	-
IS Shares	Lipper Classification % Rank	48	22	10	6
	Lipper Classification Rank	248 of 521 funds	106 of 481 funds	43 of 451 funds	18 of 334 funds
A Shares	Lipper Classification % Rank	80	65	30	43
	Lipper Classification Rank	414 of 521 funds	309 of 481 funds	133 of 451 funds	144 of 334 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 3.58% at maximum offering price for A Shares, 4.31% for R6 Shares, and 4.26% 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.

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.

Russell Top 200® Index measures the performance of the largest cap segment of the US equity universe. The Russell Top 200® Index is a subset of the Russell 3000® Index. It includes approximately 200 of the largest securities based on a combination of their market cap and current index membership and represents approximately 68% of the US market. The Russell Top 200® Index is constructed to provide a comprehensive and unbiased barometer for this very large cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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