Federated Hermes Total Return Bond Fund

12/31/25

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
Kathryn Glass, CFA
Ihab Salib
Anthony Venturino, CFA
Christopher McGinley

Yields (%)

30-day yield (R6)	4.59
30-day yield (IS)	4.57
30-day yield (A)	3.84

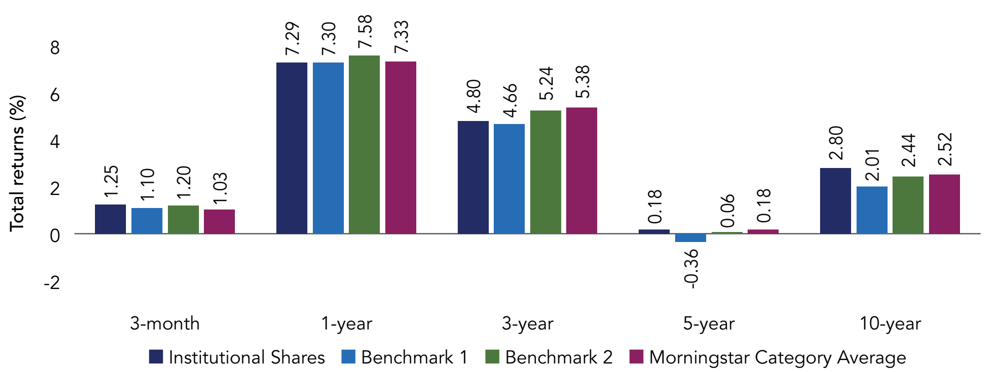
Fund description

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	1.26	7.31	7.31	4.77	0.19	2.81	4.35	0.42	0.38
Institutional Shares	1.25	7.29	7.29	4.80	0.18	2.80	4.75	0.47	0.39
A Shares (NAV)	1.11	6.71	6.71	4.22	-0.37	2.25	3.53	0.99	0.94
A Shares (MOP)	-3.42	1.91	1.91	2.62	-1.29	1.78	3.33	0.99	0.94
Benchmark 1	1.10	7.30	7.30	4.66	-0.36	2.01	–	–	–
Benchmark 2	1.20	7.58	7.58	5.24	0.06	2.44	–	–	–



Calendar year total returns (%)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Institutional Shares	7.29	2.00	5.17	-12.49	0.18	9.58	9.73	-0.86	4.40	4.96
Benchmark 1	7.30	1.25	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65
Benchmark 2	7.58	2.04	6.17	-12.99	-1.10	7.58	9.29	-0.26	4.09	3.91
Morningstar Category Average	7.33	2.37	6.22	-13.27	-0.67	8.06	8.94	-0.61	4.27	3.86

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 2/1/26 or the date of the fund's next effective prospectus.**

Federated Hermes

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

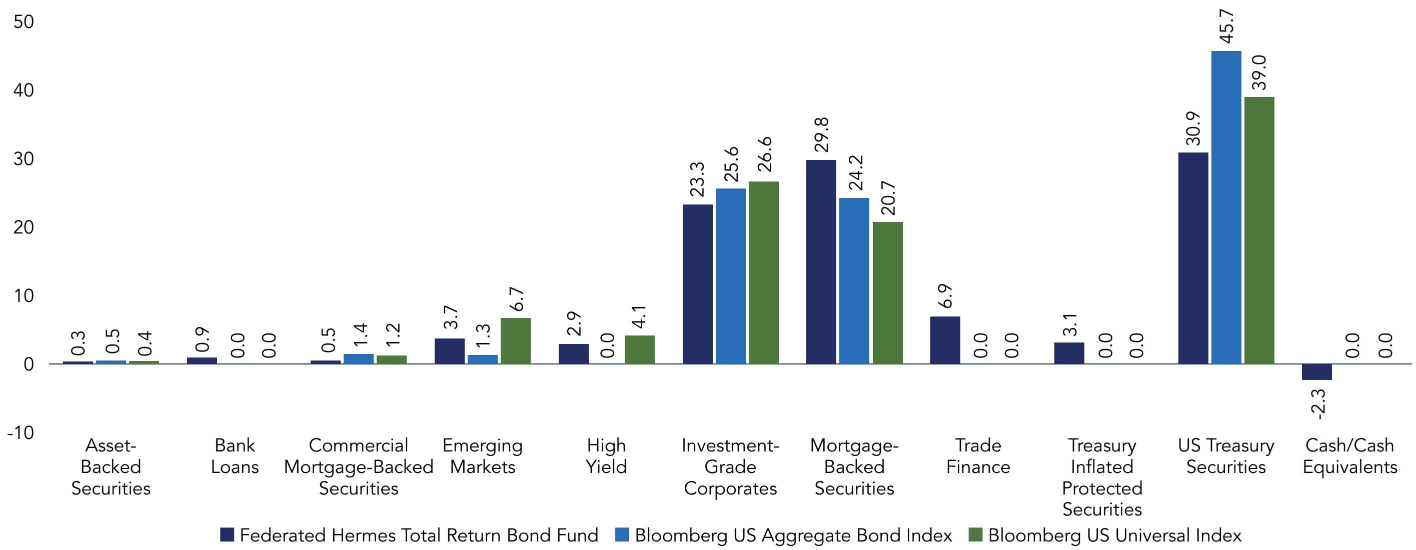
- Combines top-down decision making with bottom-up security selection to build diversified, risk-managed portfolios
- Key decision teams known as "alpha pods" seek diversified, uncorrelated alpha sources across various market environments
- Positioning set across five factors: sector allocation, security 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 more than 55-year heritage
- The fixed-income management team averages 28 years of experience and have worked at Federated Hermes for an average of 20 years

As of 12/31/25

Sector weightings (%)



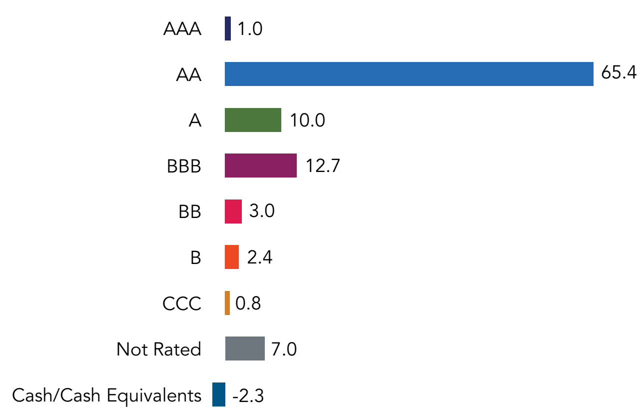
Portfolio statistics

Weighted average effective maturity	8.7 yrs.
Weighted average effective duration	5.9 yrs.
Weighted average coupon	4.36%
Weighted average yield to maturity	4.67%
Weighted average bond price	$97.10

Top holdings (%)

Mortgage Core Fund	20.9
Project and Trade Finance Core Fund	7.1
U.S. Treasury Note, 4.000% due 11/15/35	7.0
U.S. Treasury Note, 4.125% due 10/31/31	4.9
High Yield Bond Core Fund	2.8
Emerging Markets Core Fund	2.5
U.S. Treasury Bond, 4.250% due 2/15/54	2.5
U.S. Treasury Bond, 4.125% due 8/15/53	2.4
U.S. TIPS, 1.625% due 4/15/30	2.0
U.S. Treasury Note, 3.750% due 8/31/31	1.8
Total % of portfolio	53.9

Quality breakdown[1] (%)



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

Portfolio composition is based on net assets at the close of business on 12/31/25 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.

Highlights

- IS shares returned 1.25% in the quarter, compared to 1.10% for the Bloomberg US Aggregate Bond Index (BAB)
- Helping performance vs. the BAB were: (1) allocations to trade finance loans and collateralized mortgage obligation (CMO) floaters; (2) a yield curve steepening bias; (3) greater interest rate sensitivity (duration) than the BAB at various times during the quarter; and (4) strong emerging markets (EM) security selection
- Detracting from returns was an allocation to Treasury Inflation-Protected Securities (TIPS)
- To begin the first quarter, the fund's duration is in line with the BAB but with a small bias for shorter maturities to outperform longer maturities (a yield curve steepener). The fund is underweight investment-grade (IG) corporate bonds and commercial mortgage-backed securities (CMBS), neutral weight residential mortgage-backed securities (MBS) pass-throughs, and holds small allocations to EM bonds, high-yield bonds, bank loans, and TIPS. The fund also has 7% in trade finance loans and 9% in CMO floaters

Looking back

The fourth quarter was another solid quarter for the bond market, with the BAB advancing 1.10%. Bond prices rose in every quarter during 2025, and the BAB ended the year up 7.30%.

The Federal Reserve (Fed) lowered the overnight federal funds lending rate from a range of 4.00%-4.25% to 3.50%-3.75% in response to weakness in the labor market. The Fed was less concerned that inflation remained stubbornly above its 2% target, judging that once the impact of tariff price hikes moderated, inflation would gradually recede. Despite the decline in short-term interest rates, long-term interest rates were little changed to slightly higher during the quarter as the market feared that looser monetary policy could cause the economy to overheat, adding to the inflation pressures from tariffs.

During the fourth quarter the best performing sectors of the bond market, in declining order of excess return over comparable duration Treasuries, were EM bonds, trade finance loans, MBS, CMBS, and asset-backed securities. Bank loans, high-yield bonds, and IG corporate bonds performed in line with comparable duration Treasuries. Drilling down into sub-sectors of the bond market, industrials underperformed utilities and financials, while FNMA and FHLMC MBS outperformed GNMA MBS.

Performance

Federated Hermes Total Return Bond Fund IS shares posted a total return net of fees of 1.25% for the quarter. This compares to a return of 1.10% 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

- Trade finance loans and CMO floaters
- Yield curve steepener
- Longer-than-index duration at certain times during the quarter
- EM security selection

Performance detractors

- TIPS

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.

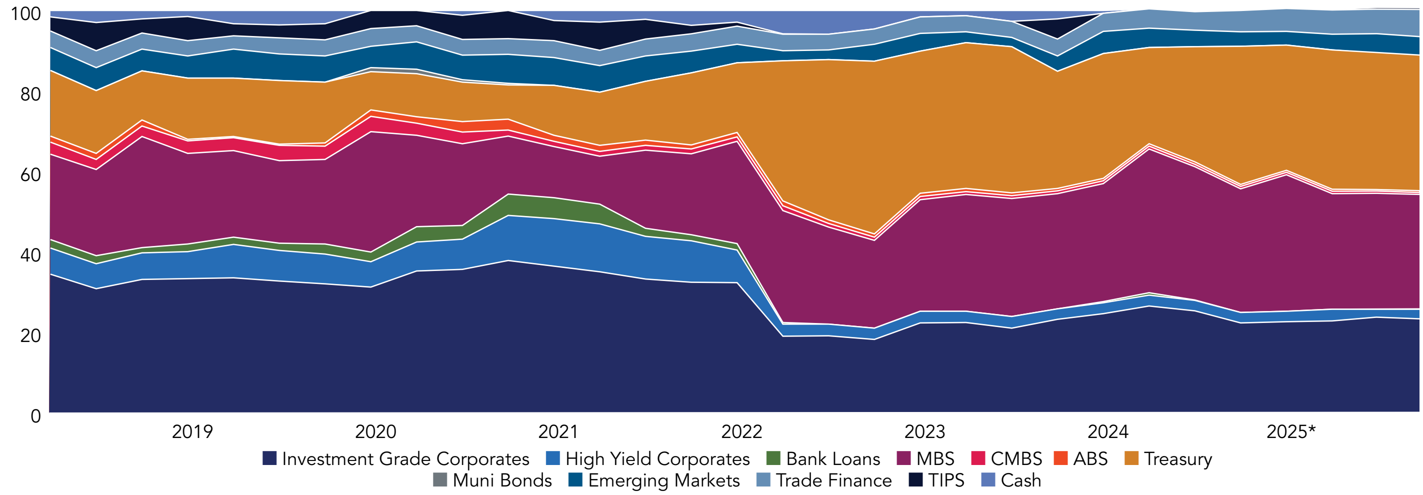
How we are positioned

The fund remains cautious on the richest sectors of the bond market. High-yield bonds represented just under 3% of the fund and EM bonds 2.5%. IG corporate bonds increased from 21% to 23% but remain underweight vs. the BAB. CMBS were less than 1% of the fund. The fund had 21% in MBS pass-throughs, primarily issued by government agencies. The fund holds 9% in CMO floaters, which yield over 4.5% and have no credit risk and very little interest rate risk. Trade finance loans held steady at 7% of the fund. The fund increased TIPS from 2% to 3% to hedge against the possibility that inflation does not return to the Fed's 2% target. A small position (1%) was added to bank loans, where spreads are 130 basis points above similarly rated high-yield bonds. Finally in terms of sector allocation, 31% of the fund was invested in Treasury securities.

The fund's overall duration was modestly longer than the BAB for most of the fourth quarter before moving back in line with the BAB in December. The fund took partial profits on a yield curve steepening trade, reducing the overweight to shorter-maturity bonds and the underweight to longer-maturity bonds. The fund had little non-dollar exposure at year-end.

The fund employed derivatives to both hedge risks and to express duration, yield curve, sector, 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.

Historical sector weightings (%)



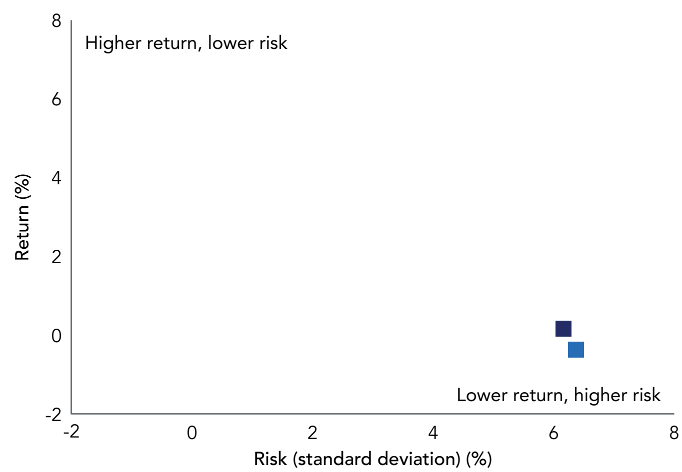
* As of 12/31/25

Risk statistics

	3-year	5-year	7-year	10-year
Standard deviation	6.02	6.16	5.74	5.00
Alpha	0.13	0.41	0.78	0.77
Beta	0.99	0.96	0.97	0.96
Up capture ratio	99.99	98.25	104.79	103.50
Down capture ratio	97.90	92.19	94.24	90.71
Sharpe ratio	-0.03	-0.51	0.00	0.10

Sources: Federated Hermes, Inc., 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)	6.16	0.18
Bloomberg US Aggregate Bond Index	6.37	-0.36

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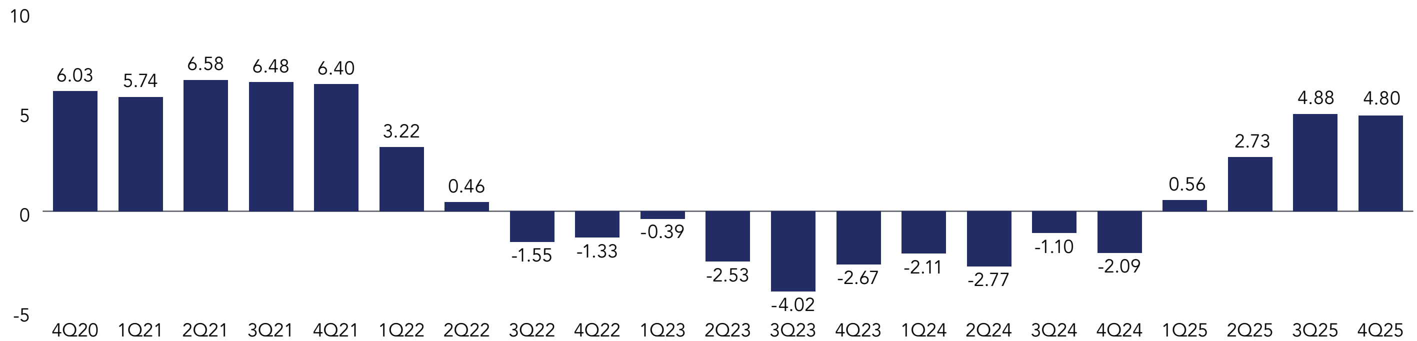
3-year rolling returns - IS (%)



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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	59	82	45	30
	Morningstar Category Rank	305 of 530 funds	380 of 491 funds	167 of 452 funds	90 of 336 funds
IS Shares	Morningstar Category % Rank	59	82	45	30
	Morningstar Category Rank	309 of 530 funds	378 of 491 funds	169 of 452 funds	92 of 336 funds
A Shares	Morningstar Category % Rank	83	92	77	67
	Morningstar Category Rank	448 of 530 funds	440 of 491 funds	314 of 452 funds	218 of 336 funds

Lipper Core Bond Funds		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	41	53	17	7
	Lipper Classification Rank	203 of 503 funds	253 of 480 funds	71 of 436 funds	23 of 346 funds
IS Shares	Lipper Classification % Rank	43	51	17	7
	Lipper Classification Rank	215 of 503 funds	241 of 480 funds	73 of 436 funds	24 of 346 funds
A Shares	Lipper Classification % Rank	84	89	51	39
	Lipper Classification Rank	419 of 503 funds	427 of 480 funds	220 of 436 funds	135 of 346 funds

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

[1] The 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 3.81% at maximum offering price for A Shares, 4.56% for R6 Shares, and 4.51% 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.

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

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. Past performance is no guarantee of future results.

This must be preceded or accompanied by a prospectus.