

# Federated Hermes Total Return Bond Collective Investment Fund

3/31/26

## Fund facts

### Performance inception date

P Class 2/9/21  
M Class 5/15/23

### Benchmark 1

Bloomberg US Aggregate Bond Index

### Benchmark 2

Bloomberg US Universal Index

### Trustee

Great Gray Trust Company, LLC

### Sub-adviser

Federated Investment Counseling

### Fund assets

\$451.1 million

### CUSIPs

P Class - 97183V536  
M Class - 97183V544

### Key investment team

Donald Ellenberger  
Jerome Conner, CFA  
Chengjun (Chris) Wu, CFA  
Liam O'Connell, CFA  
Kathryn Glass, CFA  
Ihab Salib  
Anthony Venturino, CFA  
Christopher McGinley

### Fund expenses:

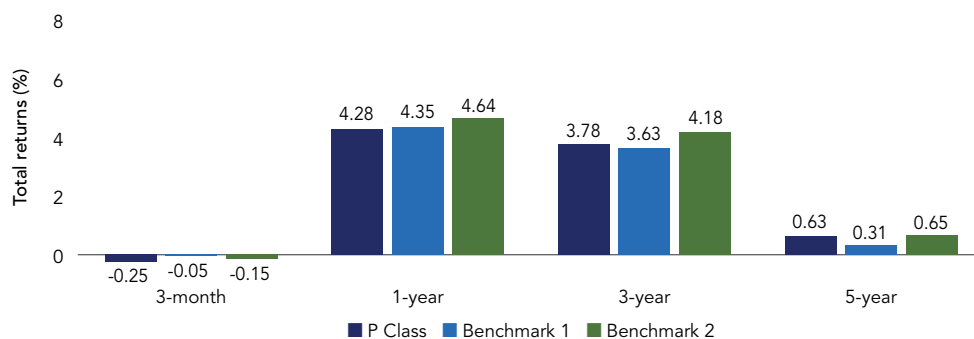
- P Class: 28 basis points, no minimum required\*
- M Class: 23 basis points, \$100 million investment minimum required\*\*

## 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 (%)

	Cumulative 3-month	Cumulative YTD	Cumulative 1-year	3-year	5-year	Since Inception
<b>P Class</b>	-0.25	-0.25	4.28	3.78	0.63	0.24
<b>M Class</b>	-0.24	-0.24	4.33	–	–	3.85
<b>Benchmark 1</b>	-0.05	-0.05	4.35	3.63	0.31	–
<b>Benchmark 2</b>	-0.15	-0.15	4.64	4.18	0.65	–



## Calendar year total returns (%)

	2025	2024	2023	2022
<b>P Class</b>	7.26	1.98	5.30	-12.17
<b>Benchmark 1</b>	7.30	1.25	5.53	-13.01
<b>Benchmark 2</b>	7.58	2.04	6.17	-12.99

**Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's units, 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, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us).**

\* A fee waiver for P Class is in effect for 18 months, starting 3/1/23, after which the maximum fee may range up to 35 basis points, depending on fund asset size.

\*\* M Class is available to plans that (a) invest more than \$100 million in the fund, or (b) are clients managed on a discretionary basis by investment managers of clients that, in aggregate, invest \$100 million or more in the fund.



Not FDIC Insured • May Lose Value • No Bank Guarantee

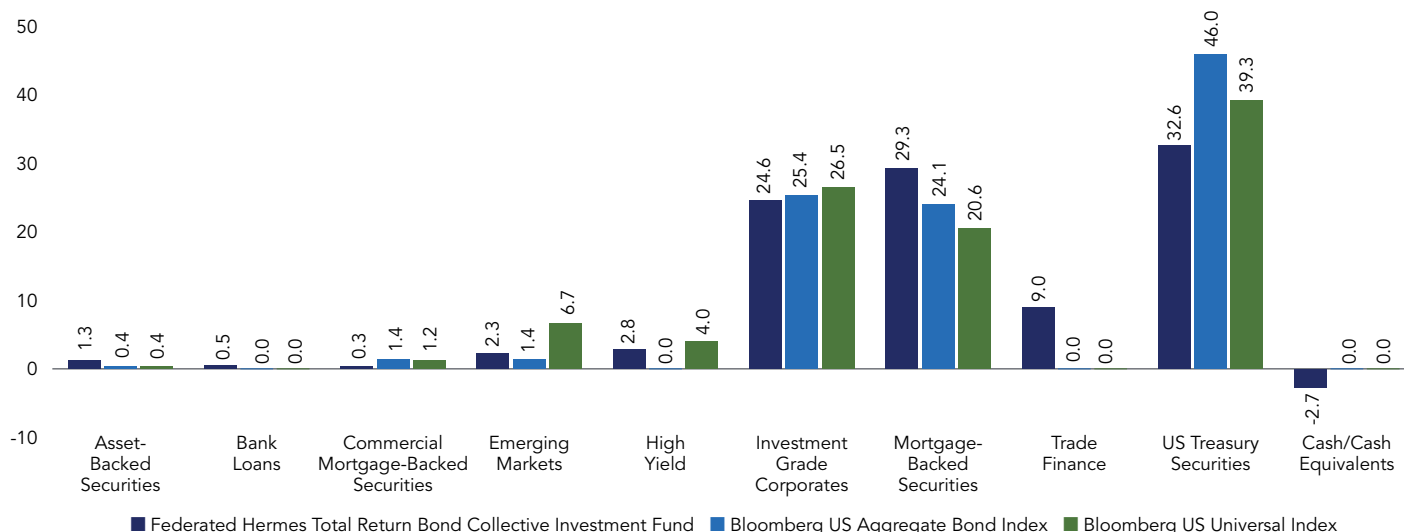


## Investment process

<b>Core Plus, Intermediate Bond Fund</b>	<b>Consistent, repeatable investment process</b>	<b>Tenured team with long-term results</b>
<ul style="list-style-type: none"> <li>• A disciplined approach to core fixed income with a conservative, investment-grade risk profile</li> <li>• 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</li> <li>• May invest in below investment-grade securities up to 25%</li> </ul>	<ul style="list-style-type: none"> <li>• Combines top-down decision making with bottom-up security selection to build diversified, risk-managed portfolios</li> <li>• Key decision teams known as “alpha pods” seek diversified, uncorrelated alpha sources across various market environments</li> <li>• Positioning set across five factors: sector allocation, security selection, duration management, yield curve strategy and currency management</li> </ul>	<ul style="list-style-type: none"> <li>• Team-based approach focused by sector to extract value from each step of the process</li> <li>• Federated Hermes’ fixed-income philosophy and process has a more than 55-year heritage</li> <li>• The fixed-income management team averages 29 years of experience and have worked at Federated Hermes for an average of 21 years</li> </ul>

As of 3/31/26.

## Sector weightings (%)



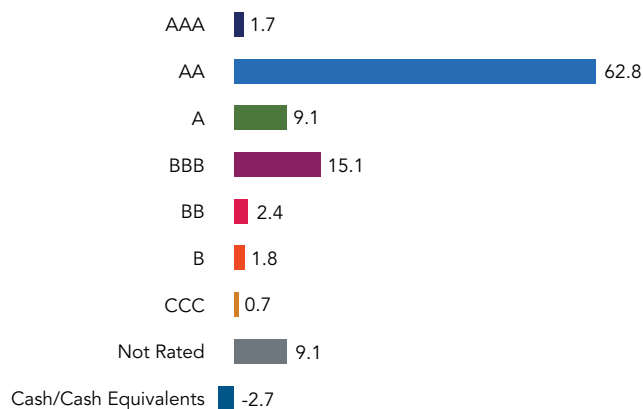
## Portfolio statistics

Weighted average effective maturity	8.9 yrs.
Weighted average effective duration	6.0 yrs.
Weighted average coupon	4.46%
Weighted average yield to maturity	5.06%
Weighted average bond price	\$96.65

## Top holdings (%)

Mortgage Core Fund	20.9
Project and Trade Finance Core Fund	9.2
U.S. Treasury Note, 4.000% due 11/15/35	7.4
High Yield Bond Core Fund	2.8
Emerging Markets Core Fund	1.8
U.S. Treasury Note, 4.125% due 3/31/32	1.8
U.S. Treasury Note, 3.750% due 8/31/31	1.6
U.S. Treasury Note, 3.750% due 5/31/30	1.4
U.S. Treasury Note, 4.625% due 9/30/30	1.4
U.S. Treasury Note, 4.125% due 10/31/31	1.3
Total % of portfolio	49.6

## Quality breakdown<sup>1</sup> (%)



Quality breakdown does not apply to Equity or Cash/Cash Equivalents. Portfolio composition is based on net assets at the close of business on 3/31/26 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

- Helping performance vs. the benchmark were an allocation to trade finance loans and a small underweight to investment-grade (IG) corporate bonds
- Detracting from returns were a yield curve steepening bias and small allocations to out-of-index high yield, emerging markets (EM) bonds, and bank loans
- To begin the second quarter, the fund's duration is slightly longer than the benchmark and laddered across the yield curve. The fund's allocation to IG corporate bonds is slightly less than the benchmark. The fund has 21% in residential mortgage-backed security (MBS) pass-throughs and continues to hold small allocations to EM and high-yield (HY) bonds. The fund has 9% in trade finance loans and 8% in collateralized mortgage obligation (CMO) floating rate securities. The fund holds 33% in Treasuries

## Looking back

The market started the first quarter with a positive outlook, expecting solid gross domestic product (GDP) growth thanks to the productivity-enhancing benefits of artificial intelligence, fiscal stimulus from the One Big Beautiful Bill, healthy corporate earnings, and monetary policy easing in the form of more cuts in the federal funds rate. But in March, the Iran war upset the market's complacency, sending interest rates higher as rising oil prices increased inflation worries, and sending credit spreads moderately wider as higher gasoline prices were expected to cut into consumer and business spending, depressing economic growth. The potential destructive impact of artificial intelligence on industries such as software firms, as well as concerns over the massive amount of debt being issued by hyperscalers to build AI data centers, also negatively impacted the risk markets. By quarter end 2-year Treasury yields had risen to 3.79%, up from 3.47% to start the year, while 10-year Treasury yields had risen to 4.32% from 4.17%. The Bloomberg US Aggregate Bond Index posted its first negative return, albeit small, since the fourth quarter of 2024.

During the first quarter the best performing sectors of the bond market were the securitized sectors: trade finance loans, commercial mortgage-backed securities (MBS), residential MBS pass-throughs, and asset-backed securities (ABS). Most other sectors of the bond market posted negative excess returns relative to similar duration Treasuries. In declining order of excess return these included IG corporate bonds, HY bonds, EM bonds, and bank loans. The latter were particularly hard-hit by exposure to software firms threatened with displacement by AI. Drilling down into sub-sectors of the bond market, financials underperformed utilities and industrials, while Fannie Mae and Freddie Mac MBS underperformed Ginnie Mae MBS.

### Performance contributors

- Trade finance loans
- Underweight to IG corporate bonds

### Performance detractors

- Yield curve steepening bias
- Small allocations to high yield, EM, and bank loans

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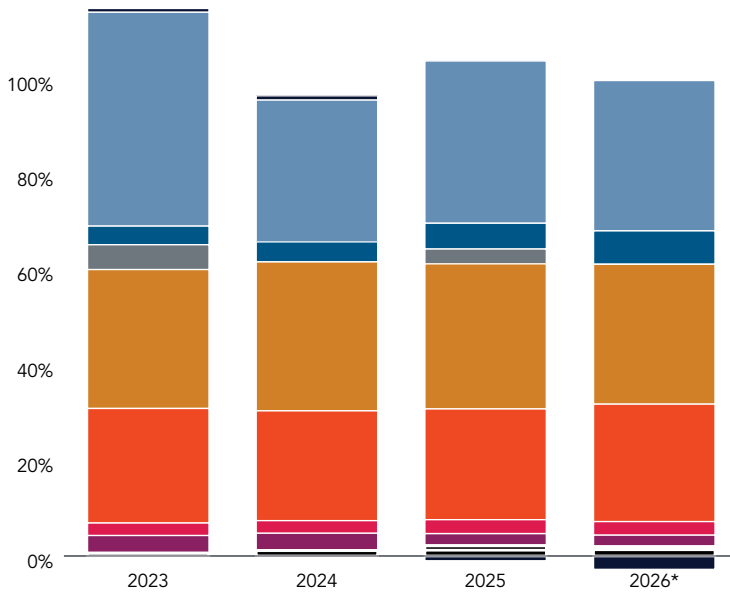
## How we are positioned

The fund remains cautious on the richest sectors of the bond market. High-yield bonds represented just 2.8% of the fund, while EM bonds were cut to 2% from 2.5%. IG corporate bonds increased from 24% to 25% but remain slightly underweight vs. the benchmark. Commercial MBS remained less than 1% of the fund. The fund had 21% in MBS pass-throughs, primarily issued by government agencies and thus with minimal credit risk. The fund holds 8% in government agency CMO floaters, which yield close to 4.5% and also have minimal credit risk and little interest rate risk. Trade finance loans were increased from 7% to 9% of the fund. Trade finance loans continued to perform as expected despite the war in the Middle East, returning 1.36% in the first quarter. The fund eliminated the 2% Treasury Inflation-Protected Securities (TIPS) position due to concerns that an extended period of high oil prices would shift the market's attention from oil's inflationary impact to oil's negative impact on spending. A 1% position in bank loans was reduced to 0.5%. Finally, in terms of sector allocation, 33% of the fund was invested in Treasury securities.

The fund's overall duration started the quarter equal to the benchmark, then moved to 102.5% of benchmark duration after rates rose in March. The fund took off the yield curve steepening bias and moved back to a neutral, or laddered, position on the yield curve as the stagflationary impact of a sustained elevated level of oil prices could result in a flatter yield curve. The fund had little non-dollar exposure at year-end. The weighted average yield to maturity for the fund's portfolio was 5% at the end of the quarter.

See disclosure section for important disclosures and definitions.

### Historical sector weightings (%)



\* As of 3/31/26.

Segments are stacked from bottom to top.

### Risk statistics

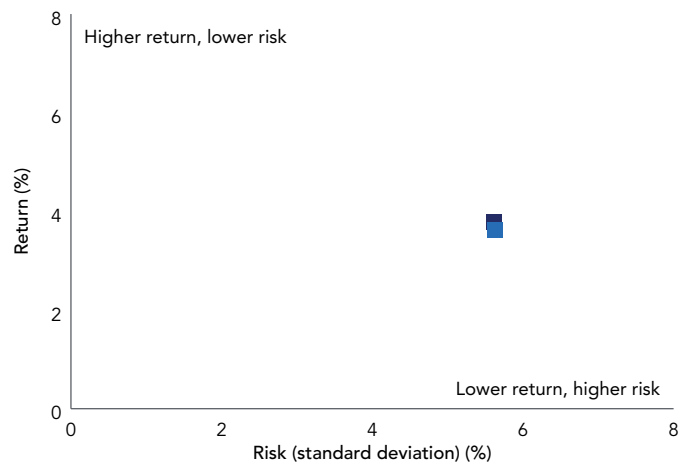
	3-year	5-year
<b>Standard deviation</b>	5.62	6.20
<b>Alpha</b>	0.14	0.20
<b>Beta</b>	0.99	0.97
<b>Up capture ratio</b>	100.57	97.89
<b>Down capture ratio</b>	98.51	94.15
<b>Information ratio</b>	0.34	0.50

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

Fund vs. Bloomberg US Aggregate Bond Index

**See disclosure section for important definitions.**

### 3-year risk/return



	Risk (%)	Return (%)
Federated Hermes Total Return Bond Collective Investment Fund (P)	5.62	3.78
Bloomberg US Aggregate Bond Index	5.63	3.63

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<sup>1</sup> The ratings agencies that provided the ratings are S&P Global Ratings, Moody's and Fitch. When ratings vary, the highest 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.

Great Gray Trust Company, LLC serves as Trustee for the Federated Hermes Total Return Bond Fund ("Fund") and maintains ultimate fiduciary authority over the management of, and investments made in, the Fund. Federated Investment Counseling is a registered investment adviser that has been hired by the Trustee to assist it in managing the Fund. The Fund is not a mutual fund as the Fund and its units are exempt from registration under the Investment Company Act of 1940 and the Securities Act of 1933, respectively.

**Investments in the Fund are not bank deposits or obligations of and are not insured or guaranteed by Great Gray Trust Company, LLC, any bank, the FDIC, the Federal Reserve, or any other governmental agency. The Fund is a commingled investment vehicle, and as such, the values of the underlying investments will rise and fall according to market activity; it is possible to lose money by investing in the Fund.**

Participation in Collective Investment Trust Funds is limited primarily to qualified retirement plans and certain state or local government plans and is not available to IRAs, non-governmental health and welfare plans and, in certain cases, Keogh (H.R. 10) plans. Collective Investment Trust Funds may be suitable investments for plan fiduciaries seeking to construct a well-diversified retirement savings program. Investors should consider the investment objectives, risks, charges, and expenses of any pooled investment fund carefully before investing. The Additional Fund Information and Principal Risk Definitions (PRD) contains this and other information about a Collective Investment Trust Fund and is available at [www.greatgray.com/principalriskdefinitions](http://www.greatgray.com/principalriskdefinitions) or ask for a free copy by contacting Great Gray Trust Company, LLC at (866) 427-6885.

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**Federated Hermes Total Return Bond Collective Investment Fund (Fund) may only accept assets of eligible employee benefit trusts, which include (i) certain employee benefit trusts exempt from federal income taxation under §501(a) of the Internal Revenue Code (the "Code"); (ii) by reason of qualifying under Section 401 (a) of the code.; (iii) certain church plans described in Code §414(e) that are either exempt from federal income taxation under Code §501 or described in Code §403(b)(9); (iv) certain commingled trust funds exempt from federal income taxation under Code §501(a) which consist solely of the assets of eligible employee benefit trusts; and (v) certain assets of insurance companies that are segregated in a separate account, provided that the assets in the separate account consist solely of assets of eligible employee benefit trusts. The Fund does not accept investments from individual retirement accounts (IRAs) or Keogh or H.R. 10 plans (directly or through commingled funds or separate accounts). The Fund and its units of participation are not registered with the SEC or any state securities regulatory authority and are offered in reliance upon an exemption from registration.**

**Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a fund declaration containing this and other information, contact us or visit [FederatedHermes.com/us](http://FederatedHermes.com/us). Please carefully read the fund declaration before investing.**

Individuals may invest in this fund only as a participant or beneficiary of an eligible retirement plan.

### A word about risk

Collective investment 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.

Diversification does not assure a profit nor protect against a loss.

Investment-grade securities are securities that are rated at least "BBB" or unrated securities of a comparable quality. Non-investment grade securities are securities that are not rated at least "BBB" or unrated securities of a comparable quality. Credit ratings are an indication of the risk that a security will default. They do not protect a security from credit risk.

Lower-rated bonds typically offer higher yields to help compensate investors for the increased risk associated with them. Among these risks are lower creditworthiness, greater price volatility, more risk to principal and income than with higher-rated securities and increased possibilities of default.

### 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.

**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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