

**Annual  
Shareholder Report**  
**September 30, 2023**



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**Share Class** | Ticker **A** | FULAX **Institutional** | FULIX **Service** | FULBX **R6** | FULLX

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## Federated Hermes Ultrashort Bond Fund

*Fund Established 1997*

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A Portfolio of Federated Hermes Total Return Series, Inc.

Dear Valued Shareholder,

We are pleased to present the Annual Shareholder Report for your fund covering the period from October 1, 2022 through September 30, 2023. This report includes Management's Discussion of Fund Performance, a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

As a global leader in active, responsible investment management, Federated Hermes is guided by our conviction that responsible investing is the best way to create wealth over the long term. The company provides capabilities across a wide range of asset classes to investors around the world.

In addition, [FederatedHermes.com/us](https://www.federatedhermes.com/us) offers quick and easy access to valuable resources that include timely fund updates, economic and market insights from our investment strategists and financial planning tools. You can also access many of those insights by following us on Twitter (@FederatedHermes) and LinkedIn.

Thank you for investing with us. We hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Christopher Donahue".

J. Christopher Donahue, President

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**

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# Management’s Discussion of Fund Performance (unaudited)

The total return of Federated Hermes Ultrashort Bond Fund (the “Fund”), based on net asset value for the 12-month reporting period ended September 30, 2023, was 4.35% for Class A Shares, 4.39% for Institutional Shares, 4.29% for Service Shares and 4.40% for Class R6 Shares. The total return of the Bloomberg US Short-Term Government/Corporate Index (BSTGCI),<sup>1</sup> the Fund’s primary broad-based securities market benchmark, was 4.48% for the same period. The total return of the ICE BofA 1-Year U.S. Treasury Note Index (BOA1T),<sup>2</sup> the Fund’s secondary broad-based securities market index, was 3.68% for the same period. The total return of the Lipper Ultra-Short Obligations Funds Average (LUSOFA),<sup>3</sup> a peer group average for the Fund, was 4.94% for the same period. The Fund’s and LUSOFA’s total returns for the most recently completed fiscal year reflected actual cash flows, transaction costs and expenses which were not reflected in the total returns of the BSTGCI or the BOA1T.

During the reporting period, the most significant factors affecting the Fund’s performance relative to the BSTGCI were: (a) sector allocation and security selection; (b) effect of derivative instruments; and (c) duration/yield curve positioning.<sup>4</sup>

The following discussion will focus on the performance of the Fund’s Class R6 Shares relative to the BSTGCI.

## MARKET OVERVIEW

The Fund’s performance for the reporting period reflected a continued increase in market interest rates across the yield curve, particularly at the short-end of the curve where the Fund invests. In addition, performance was impacted by changes in credit spreads over the course of the Fund’s fiscal year. During the reporting period, the yield on the 3-month Treasury bill rose from 3.25% to 5.45%; the yield on the 1-year Treasury bill rose from 3.93% to 5.45%; the yield on the 2-year Treasury note rose from 4.28% to 5.04% and the yield on the 3-year Treasury note rose from 4.29% to 4.80%. The increase in Treasury yields over a one-year period was significant but not as severe as the previous fiscal year when the Federal Reserve (“Fed”) started increasing the federal funds target range. However, although the increase in rates put pressure on bond prices, the significant coupon income from the underlying bond holdings led to meaningful total returns and offset negative price changes. Also contributing to increases in capital value was the tightening of credit spreads within both investment-grade corporate securities and asset-backed securities (ABS). By the September 30, 2023 fiscal year-end, spreads (option-adjusted) on short-term corporate debt as measured by the Bloomberg US 1-3 Year Corporate Index<sup>5</sup> had moved to 84 basis points over Treasuries from 88 basis points at the beginning of the period. Although spreads on ABS as measured

by the Bloomberg Asset-Backed Securities Index<sup>6</sup> actually widened to 66 basis points from 53 basis points over the same time period, spreads on auto ABS, which were a significant holding in the portfolio, tightened materially, especially within subordinate tranches. For instance, spreads on A-rated prime auto ABS tightened from 160 basis points to 145 basis points and spreads on A-rated sub-prime auto ABS tightened from 175 basis points to 150 basis points during the one-year period.<sup>7</sup>

## **SECTOR ALLOCATION/SECURITY SELECTION**

As the BOA1T has no sector diversification and the BSTGCI has only limited sector diversification (81% of the BSTGCI was weighted in government securities on September 30, 2023 versus only 19% in corporate securities) with zero weightings in mortgage-backed securities (MBS)<sup>8</sup> and ABS, performance of the Fund is discussed both on an absolute basis as well as by comparison to the BSTGCI. Furthermore, because the BSTGCI contains an overwhelming proportion of non-credit (i.e., government) securities, and the Fund holds a large percentage of securities not included in the BSTGCI, it can be difficult to make a meaningful distinction between sector allocation and security attribution due to the lack of overlap between securities in the BSTGCI and the Fund's portfolio. Portfolio alpha<sup>9</sup> provided by sector and security selection in combination totaled a positive 69 basis points for the reporting period relative to the BSTGCI. This was split between 28 basis points from sector allocation and 41 basis points from security selection. As mentioned above, spreads on credit products tightened during the period under review. The overall effect of positive spread movements and a high level of carry (i.e., coupon income) offset higher interest rates and caused the Fund to outperform the BSTGCI gross of fees but underperform the BSTGCI net of fees.

At the end of the reporting period, the Fund had a 50% allocation, its largest during the fiscal year, to ABS (predominantly backed by auto, credit card and equipment receivables). These securities added significant income to the portfolio. For the reporting period, the Fund's allocation to ABS posted a positive gross return of 222 basis points. Short duration investment-grade corporate securities (approximately 32% of assets on September 30, 2023) posted a positive return of 175 basis points during the period. The Fund's noninvestment-grade exposure (just under 1% of Fund assets at period end), predominantly in the form of bank loans, added nine basis points of gross return, and MBS exposure (7% of total assets at period end) added 19 basis points of gross return.

## **EFFECT OF DERIVATIVE<sup>10</sup> INSTRUMENTS**

The Fund utilized short positions in exchange-traded U.S. Treasury interest rate futures contracts to initially reduce duration at the beginning of the reporting period and long positions later in the period to extend duration

compared to the duration created by the Fund's portfolio of physical securities. As rates rose over the reporting period, the Fund's derivative positions detracted 20 basis points of return.

#### **DURATION/YIELD CURVE<sup>11</sup>**

The Fund maintained an average duration longer than that of the BSTGCI over the course of the period. Average Fund duration was 0.69 years, versus an average duration of 0.50 years for the BSTGCI. This subtracted 37 basis points of return in relation to the benchmark. The Fund's yield curve positioning provided a slightly negative contribution of three basis points of return. The Fund had approximately 45 percent of its portfolio invested in floating rate securities<sup>12</sup> during the period. As these securities had effective durations shorter than that of the BSTGCI, their upwardly adjusting coupons and relative price stability provided a positive offset to the longer average Fund duration versus the BSTGCI. That said, the Fund did maintain a duration very close to its normal duration midpoint of 0.7 years over the reporting period.

- 1 *Please see the footnote to the line graph under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the BSTGCI.*
- 2 *Please see the footnote to the line graph under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the BOA1T.*
- 3 *Please see the footnote to the line graph under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the Lipper peer group.*
- 4 *Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities with shorter durations. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their price. The Fund is not a "money market" mutual fund. Some money market mutual funds attempt to maintain a stable net asset value through compliance with relevant Securities and Exchange Commission (SEC) rules. The Fund is not governed by those rules, and its shares will fluctuate in value.*
- 5 *The Bloomberg US 1-3 Year Corporate Index is an unmanaged index considered representative of performance of short-term U.S. corporate bonds and U.S. government bonds with maturities from one to three years.\**

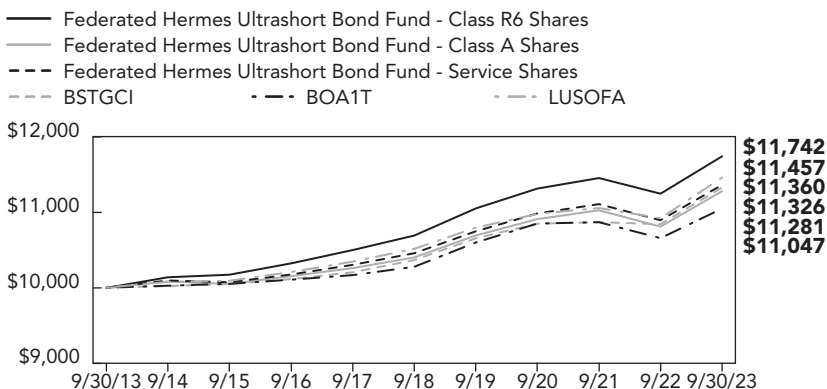
- 6 *The Bloomberg Asset-Backed Securities Index is the ABS component of the Bloomberg U.S. Aggregate Index. The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.\**
  - 7 *Source J.P. Morgan ABS Volume and Spreads: October 6, 2023.*
  - 8 *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.*
  - 9 *Alpha measures the excess returns of a fund relative to the return of a benchmark index.*
  - 10 *The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.*
  - 11 *The yield curve is a graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.*
  - 12 *Variable and floating rate loans and securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating rate loans and securities generally will not increase in value as much as fixed rate debt instruments if interest rates decline.*
- \* *The index is unmanaged, and it is not possible to invest directly in an index.*

## FUND PERFORMANCE AND GROWTH OF A \$10,000 INVESTMENT

The graph below illustrates the hypothetical investment of \$10,000<sup>1</sup> in the Federated Hermes Ultrashort Bond Fund (the “Fund”) from September 30, 2013 to September 30, 2023, compared to the Bloomberg US Short-Term Government/Corporate Index (BSTGCI),<sup>2</sup> the ICE BofA 1-Year US Treasury Note Index (BOA1T)<sup>3</sup> and the Lipper Ultra-Short Obligations Funds Average (LUSOFA).<sup>4</sup> The Average Annual Total Return table below shows returns for each class averaged over the stated periods.

### GROWTH OF A \$10,000 INVESTMENT

#### Growth of \$10,000 as of September 30, 2023



The Fund offers multiple share classes whose performance may be greater than or less than its other share class(es) due to differences in sales charges and expenses. See the Average Annual Total Return table below for the returns of additional classes not shown in the line graph above.

#### Average Annual Total Returns for the Period Ended 9/30/2023

	1 Year	5 Years	10 Years
<b>Class A Shares</b>	4.35%	1.63%	1.21%
<b>Institutional Shares</b>	4.39%	1.88%	1.61%
<b>Service Shares</b>	4.29%	1.67%	1.28%
<b>Class R6 Shares<sup>5</sup></b>	4.40%	1.89%	1.62%
BSTGCI	4.48%	1.79%	1.25%
BOA1T	3.68%	1.46%	1.00%
LUSOFA	4.94%	1.77%	1.36%

**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. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit [FederatedHermes.com/us](http://FederatedHermes.com/us) or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.**

- 1 The Fund's performance assumes the reinvestment of all dividends and distributions. Effective December 1, 2019 the maximum 2.00% sales charge (load) imposed on Class A Shares purchases (as a percentage of offering price) was eliminated. The performance of the A class has been adjusted to reflect the elimination of the sales charge.*
- 2 The BSTGCI represents securities that have fallen out of the U.S. Government/Corporate Index because of the standard minimum one year maturity constraint. Sectors include treasuries, agencies, industrials, utilities and financial institutions. The BSTGCI is not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission (SEC) requires to be reflected in the Fund's performance. The index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*
- 3 The BOA1T is comprised of a single issue purchased at the beginning of the month and held for a full month. The BOA1T is not adjusted to reflect sales charges, expenses or other fees that the SEC requires to be reflected in the Fund's performance. The BOA1T has been adjusted to reflect reinvestment of dividends on securities in the index. The index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*
- 4 Lipper figures represent the average of the total returns reported by all funds designated by Lipper, Inc., as falling into the respective category and is not adjusted to reflect any sales charges. The Lipper figures in the Growth of a \$10,000 Investment line graph are based on historical return information published by Lipper and reflect the return of the funds comprising the category in the year of publication. Because the funds designated by Lipper as falling into the category can change over time, the Lipper figures in the line graph may not match the Lipper figures in the Average Annual Total Returns table, which reflect the returns of the funds that currently comprise the category.*
- 5 The Fund's R6 class commenced operations on May 29, 2019. For the periods prior to the commencement of operations of the Fund's R6 class, the performance information shown is for the Fund's Institutional Shares (IS) class. The performance of the IS class has not been adjusted to reflect the expenses applicable to the R6 class since the R6 class has a lower expense ratio than the expense ratio of the IS class.*



# Portfolio of Investments Summary Table (unaudited)

At September 30, 2023, the Fund's portfolio composition<sup>1</sup> was as follows:

Security Type	Percentage of Total Net Assets <sup>2</sup>
Asset-Backed Securities	49.8%
Corporate Bonds	31.9%
Collateralized Mortgage Obligations	9.5%
Commercial Mortgage-Backed Securities	3.2%
Non-Agency Mortgage-Backed Securities	1.6%
Agency Risk Transfer Security	0.4%
Adjustable Rate Mortgages <sup>3</sup>	0.0%
Mortgage-Backed Securities <sup>3,4</sup>	0.0%
Bank Loan Core Fund	0.4%
Securities Lending Collateral <sup>5</sup>	0.2%
Cash Equivalents <sup>6</sup>	3.3%
Other Assets and Liabilities—Net <sup>7</sup>	(0.3)%
<b>TOTAL</b>	<b>100%</b>

1 See the Fund's Prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests.

2 As of the date specified above, the Fund owned shares of one or more affiliated investment companies. For purposes of this table, affiliated investment companies (other than an affiliated money market mutual fund) in which the Fund invested less than 10% of its net assets, are listed individually in the table.

3 Represents less than 0.1%.

4 For purposes of this table, Mortgage-Backed Securities include mortgage-backed securities guaranteed by Government Sponsored Entities and adjustable rate mortgage-backed securities.

5 Represents cash collateral received for portfolio securities on loan that may be invested in affiliated money market funds, other money market instruments and/or repurchase agreements.

6 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.

7 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

# Portfolio of Investments

September 30, 2023

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—49.8%	
	<b>Auto Receivables—27.8%</b>	
\$ 2,590,000	AmeriCredit Automobile Receivables Trust 2019-3, Class D, 2.580%, 9/18/2025	\$ 2,549,482
2,000,000	AmeriCredit Automobile Receivables Trust 2020-2, Class C, 1.480%, 2/18/2026	1,951,754
5,320,000	AmeriCredit Automobile Receivables Trust 2020-2, Class D, 2.130%, 3/18/2026	5,036,205
6,000,000	AmeriCredit Automobile Receivables Trust 2020-3, Class C, 1.060%, 8/18/2026	5,728,891
17,825,000	AmeriCredit Automobile Receivables Trust 2020-3, Class D, 1.490%, 9/18/2026	16,628,903
27,000,000	AmeriCredit Automobile Receivables Trust 2021-1, Class D, 1.210%, 12/18/2026	24,803,142
15,500,000	AmeriCredit Automobile Receivables Trust 2021-2, Class C, 1.010%, 1/19/2027	14,288,698
16,500,000	AmeriCredit Automobile Receivables Trust 2023-2, Class C, 6.000%, 7/18/2029	16,557,775
2,750,000	ARI Fleet Lease Trust 2021-A, Class B, 1.130%, 3/15/2030	2,609,520
2,546,000	ARI Fleet Lease Trust 2021-A, Class C, 1.450%, 3/15/2030	2,402,205
18,002,000	Canadian Pacer Auto Receivable 2021-1A, Class B, 1.120%, 12/21/2026	16,810,956
9,500,000	CarMax Auto Owner Trust 2021-1, Class B, 0.740%, 10/15/2026	8,773,692
800,000	CarMax Auto Owner Trust 2021-1, Class C, 0.940%, 12/15/2026	734,881
1,750,000	CarMax Auto Owner Trust 2021-1, Class D, 1.280%, 7/15/2027	1,590,622
7,000,000	CarMax Auto Owner Trust 2021-3, Class B, 1.000%, 3/15/2027	6,331,737
12,075,000	CarMax Auto Owner Trust 2021-3, Class C, 1.250%, 5/17/2027	10,887,620
5,600,000	CarMax Auto Owner Trust 2021-3, Class D, 1.500%, 1/18/2028	5,050,758
2,518,050	Carvana Auto Receivables Trust 2021-N3, Class A1, 0.350%, 6/12/2028	2,494,235
203,537	Chase Auto Credit Linked Notes 2020-2, Class C, 1.139%, 2/25/2028	201,502
338,744	Chase Auto Credit Linked Notes 2020-2, Class D, 1.487%, 2/25/2028	335,566
1,252,945	Chase Auto Credit Linked Notes 2021-1, Class D, 1.174%, 9/25/2028	1,218,076
918,826	Chase Auto Credit Linked Notes 2021-1, Class E, 2.365%, 9/25/2028	898,010
3,436,794	Chase Auto Credit Linked Notes 2021-2, Class B, 0.889%, 12/26/2028	3,338,535
1,723,684	Chase Auto Credit Linked Notes 2021-2, Class C, 0.969%, 12/26/2028	1,669,013
1,533,339	Chase Auto Credit Linked Notes 2021-2, Class D, 1.138%, 12/26/2028	1,480,251
845,980	Chase Auto Credit Linked Notes 2021-2, Class E, 2.280%, 12/26/2028	821,878
6,611,822	Chase Auto Credit Linked Notes 2021-3, Class B, 0.760%, 2/26/2029	6,322,468
1,728,090	Chase Auto Credit Linked Notes 2021-3, Class C, 0.860%, 2/26/2029	1,650,254
781,397	Chase Auto Credit Linked Notes 2021-3, Class E, 2.102%, 2/26/2029	749,397
1,753,450	Chesapeake Funding II LLC 2020-1A, Class A1, 0.870%, 8/15/2032	1,734,082
1,840,000	Chesapeake Funding II LLC 2020-1A, Class B, 1.240%, 8/15/2032	1,833,577
4,838,000	Chesapeake Funding II LLC 2020-1A, Class C, 2.140%, 8/15/2032	4,820,672
1,350,000	Chesapeake Funding II LLC 2020-1A, Class D, 2.830%, 8/15/2032	1,344,137

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Auto Receivables—continued</b>	
\$ 5,300,000	Chesapeake Funding II LLC 2021-1A, Class B, 0.990%, 4/15/2033	\$ 5,052,439
2,000,000	Chesapeake Funding II LLC 2021-1A, Class C, 1.230%, 4/15/2033	1,902,546
2,550,000	Chesapeake Funding II LLC 2021-1A, Class D, 1.520%, 4/15/2033	2,422,733
1,000,000	Chesapeake Funding II LLC 2023-1A, Class B, 5.590%, 5/15/2035	977,893
750,000	Chesapeake Funding II LLC 2023-1A, Class C, 6.070%, 5/15/2035	733,354
1,750,000	Chesapeake Funding II LLC 2023-1A, Class D, 6.690%, 5/15/2035	1,707,359
3,000,000	Chesapeake Funding II LLC 2023-2A, Class B, 5.970%, 10/15/2035	3,009,161
4,500,000	Chesapeake Funding II LLC 2023-2A, Class C, 6.150%, 10/15/2035	4,491,094
17,026,803	Drive Auto Receivables Trust 2021-2, Class C, 0.870%, 10/15/2027	16,735,728
15,159,101	Enterprise Fleet Financing LLC 2021-2, Class A2, 0.480%, 5/20/2027	14,711,240
16,140,840	Enterprise Fleet Financing LLC 2021-3, Class A2, 0.770%, 8/20/2027	15,628,987
2,695,099	Enterprise Fleet Financing LLC 2022-3, Class A2, 4.380%, 7/20/2029	2,646,549
7,000,000	Ford Credit Auto Lease Trust 2023-B, Class D, 7.470%, 6/15/2028	6,993,268
5,000,000	Ford Credit Auto Owner Trust 2020-C, Class B, 0.790%, 8/15/2026	4,675,003
4,280,000	Ford Credit Auto Owner Trust 2020-C, Class C, 1.040%, 5/15/2028	3,943,162
2,565,000	Ford Credit Auto Owner Trust 2021-A, Class C, 0.830%, 8/15/2028	2,386,121
2,320,000	Ford Credit Auto Owner Trust 2022-C, Class C, 5.220%, 3/15/2030	2,239,607
4,000,000	Ford Credit Auto Owner Trust/Ford Credit 2023-2, Class D, 6.600%, 2/15/2036	3,916,492
14,000,000	Ford Credit Floorplan Master O 2023-1, Class B, 5.310%, 5/15/2028	13,764,659
10,000,000	Ford Credit Floorplan Master Owner Trust 2023-1, Class C, 5.750%, 5/15/2028	9,792,781
13,000,000	Ford Credit Floorplan Master Owner Trust 2023-1, Class D, 6.620%, 5/15/2028	12,726,167
2,650,000	GECU Auto Receivables Trust 2023-1A, Class C, 6.330%, 4/15/2030	2,612,630
7,000,000	GECU Auto Receivables Trust 2023-1A, Class D, 7.200%, 11/17/2031	6,902,097
13,000,000	General Motors 2020-2, Class A, 0.690%, 10/15/2025	12,975,804
5,750,000	General Motors 2020-2, Class B, 0.960%, 10/15/2025	5,740,079
4,000,000	General Motors 2020-2, Class C, 1.310%, 10/15/2025	3,992,576
3,350,000	GM Financial Securitized Term 2020-3, Class B, 0.810%, 1/16/2026	3,232,830
2,000,000	GM Financial Securitized Term 2020-3, Class D, 1.910%, 9/16/2027	1,924,848
2,617,749	GM Financial Securitized Term 2021-1, Class A3, 0.350%, 10/16/2025	2,569,676
1,675,000	GM Financial Securitized Term 2021-1, Class B, 0.750%, 5/17/2027	1,571,773
1,375,000	GM Financial Securitized Term 2021-1, Class C, 1.040%, 5/17/2027	1,292,892
4,250,000	GM Financial Securitized Term 2021-3, Class B, 0.970%, 8/16/2027	3,853,817
3,250,000	GM Financial Securitized Term 2023-3, Class B, 5.720%, 1/16/2029	3,223,539
6,000,000	GM Financial Securitized Term 2023-3, Class C, 5.920%, 2/16/2029	5,951,887
4,900,000	Hyundai Auto Receivables Trust 2019-B, Class C, 2.400%, 6/15/2026	4,854,017
4,125,000	Hyundai Auto Receivables Trust 2020-B, Class B, 0.940%, 12/15/2025	3,995,529
6,375,000	Hyundai Auto Receivables Trust 2020-C, Class C, 1.080%, 12/15/2027	5,927,396
9,330,000	Hyundai Auto Receivables Trust 2021-B, Class B, 0.910%, 2/16/2027	8,453,193
5,000,000	Hyundai Auto Receivables Trust 2021-B, Class C, 1.120%, 2/15/2028	4,501,005

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Auto Receivables—continued</b>	
\$ 3,675,000	Navistar Financial Dealer Note Master Trust 2023-1, Class A, 6.180%, 8/25/2028	\$ 3,672,696
1,948,000	Navistar Financial Dealer Note Master Trust 2023-1, Class B, 6.480%, 8/25/2028	1,947,060
4,750,000	<sup>1</sup> NextGear Floorplan Master Owner 2023-1A, Class A1, 6.413% (30-DAY AVERAGE SOFR +1.100%), 3/15/2028	4,778,457
20,000,000	NextGear Floorplan Master Owner Trust 2021-1A, Class A, 0.850%, 7/15/2026	19,217,139
7,650,000	<sup>1</sup> NextGear Floorplan Master Owner Trust 2022-1A, Class A1, 6.363% (30-DAY AVERAGE SOFR +1.050%), 3/15/2027	7,687,642
1,300,000	PenFed Auto Receivables Owner Trust 2022-A, Class B, 4.600%, 12/15/2028	1,255,308
1,582,000	PenFed Auto Receivables Owner Trust 2022-A, Class C, 4.830%, 12/15/2028	1,519,935
800,000	PenFed Auto Receivables Owner Trust 2022-A, Class D, 5.850%, 6/17/2030	780,268
2,817,718	Santander Bank Auto Credit-Linked Notes 2021-1A, Class B, 1.833%, 12/15/2031	2,724,506
2,025,579	Santander Bank Auto Credit-Linked Notes 2022-A, Class B, 5.281%, 5/15/2032	2,006,666
1,408,949	Santander Bank Auto Credit-Linked Notes 2022-B, Class C, 5.916%, 8/16/2032	1,393,068
2,113,423	Santander Bank Auto Credit-Linked Notes 2022-B, Class D, 6.793%, 8/16/2032	2,084,700
1,643,774	Santander Bank Auto Credit-Linked Notes 2022-B, Class E, 8.681%, 8/16/2032	1,620,056
1,500,000	Santander Consumer Auto Receivables 2021-AA, Class D, 1.570%, 1/15/2027	1,379,507
1,750,000	Santander Consumer Auto Receivables 2021-AA, Class E, 3.280%, 3/15/2027	1,616,192
419,381	Santander Consumer Auto Receivables Trust 2020-B, Class B, 0.770%, 12/15/2025	418,570
2,000,000	Santander Consumer Auto Receivables Trust 2020-B, Class C, 1.290%, 4/15/2026	1,970,297
3,050,000	Santander Consumer Auto Receivables Trust 2020-B, Class D, 2.140%, 12/15/2026	2,943,549
3,156,154	Santander Drive Auto Receivables Trust 2020-3, Class D, 1.640%, 11/16/2026	3,091,868
22,345,642	Santander Drive Auto Receivables Trust 2021-3, Class C, 0.950%, 9/15/2027	22,018,298
9,000,000	Santander Drive Auto Receivables Trust 2021-3, Class D, 1.330%, 9/15/2027	8,487,604
6,150,000	Santander Drive Auto Receivables Trust 2022-6, Class C, 4.960%, 11/15/2028	6,016,604
20,000,000	Santander Retail Auto Lease Trust 2020-B, Class D, 1.980%, 10/20/2025	19,701,217
40,000,000	Santander Retail Auto Lease Trust 2021-A, Class D, 1.380%, 3/22/2027	38,943,434
15,500,000	Santander Retail Auto Lease Trust 2021-B, Class C, 1.100%, 6/20/2025	15,095,416

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Auto Receivables—continued</b>	
\$55,825,000	Santander Retail Auto Lease Trust 2021-B, Class D, 1.410%, 11/20/2025	\$ 54,002,730
52,000,000	Santander Retail Auto Lease Trust 2021-C, Class D, 1.390%, 8/20/2026	49,858,188
5,500,000	SFS Auto Receivables Securitization Trust 2023-1A, Class B, 5.710%, 1/22/2030	5,413,319
6,950,000	SFS Auto Receivables Securitization Trust 2023-1A, Class C, 5.970%, 2/20/2031	6,830,927
17,660,000	Tesla Auto Lease Trust 2021-A, Class C, 1.180%, 3/20/2025	17,455,143
10,000,000	Tesla Auto Lease Trust 2021-A, Class E, 2.640%, 3/20/2025	9,833,080
16,000,000	Tesla Auto Lease Trust 2021-B, Class C, 1.120%, 9/22/2025	15,325,754
6,000,000	Tesla Auto Lease Trust 2021-B, Class D, 1.320%, 9/22/2025	5,741,634
13,500,000	Tesla Auto Lease Trust 2023-A, Class B, 6.410%, 7/20/2027	13,467,158
10,000,000	Tesla Auto Lease Trust 2023-B, Class B, 6.570%, 8/20/2027	10,018,856
171,204	Toyota Auto Receivables Owner Trust 2020-C, Class A3, 0.440%, 10/15/2024	171,094
1,400,000	World Omni Auto Receivables Trust 2020-A, Class C, 1.640%, 8/17/2026	1,360,094
5,000,000	World Omni Auto Receivables Trust 2020-C, Class B, 0.870%, 10/15/2026	4,754,490
2,650,000	World Omni Auto Receivables Trust 2020-C, Class C, 1.390%, 5/17/2027	2,503,487
6,430,000	World Omni Auto Receivables Trust 2021-A, Class B, 0.640%, 12/15/2026	5,962,288
1,685,000	World Omni Auto Receivables Trust 2021-A, Class C, 0.890%, 8/16/2027	1,554,182
5,000,000	World Omni Auto Receivables Trust 2021-B, Class B, 1.040%, 6/15/2027	4,591,042
4,500,000	World Omni Auto Receivables Trust 2021-B, Class C, 1.290%, 12/15/2027	4,106,909
5,000,000	World Omni Auto Receivables Trust 2021-C, Class B, 0.840%, 9/15/2027	4,557,054
3,000,000	World Omni Auto Receivables Trust 2021-C, Class C, 1.060%, 4/17/2028	2,732,147
5,760,000	World Omni Automobile Lease Securitization Trust 2021-A, Class B, 0.750%, 11/16/2026	5,644,998
7,750,000	World Omni Select Auto Trust 2020-A, Class C, 1.250%, 10/15/2026	7,478,829
9,000,000	World Omni Select Auto Trust 2020-A, Class D, 1.700%, 10/15/2026	8,636,666
9,250,000	World Omni Select Auto Trust 2021-A, Class B, 0.850%, 8/16/2027	8,726,619
3,500,000	World Omni Select Auto Trust 2021-A, Class C, 1.090%, 11/15/2027	3,222,778
5,000,000	World Omni Select Auto Trust 2021-A, Class D, 1.440%, 11/15/2027	4,541,736
	<b>TOTAL</b>	<b>818,541,684</b>
	<b>Credit Card—7.5%</b>	
14,000,000	Cards II Trust 2021-1A, Class B, 0.931%, 4/15/2027	13,591,337
6,118,000	Cards II Trust 2021-1A, Class C, 1.200%, 4/15/2027	5,938,636
5,000,000	Evergreen Credit Card Trust 2022-CRT1, Class C, 6.190%, 7/15/2026	4,944,459
6,750,000	Evergreen Credit Card Trust Series 2021-1, Class C, 1.420%, 10/15/2026	6,389,117
5,000,000	Evergreen Credit Card Trust Series 2023-CRT3, Class C, 7.310%, 2/16/2027	4,911,874
5,000,000	First National Master Note Trust 2023-1, Class A, 5.130%, 4/15/2029	4,900,093
8,000,000	First National Master Note Trust 2023-2, Class A, 5.770%, 9/17/2029	7,994,284
8,000,000	Golden Credit Card Trust 2021-1A, Class B, 1.440%, 8/15/2028	7,022,933

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Credit Card—continued</b>	
\$ 4,250,000	Golden Credit Card Trust 2021-1A, Class C, 1.740%, 8/15/2028	\$ 3,698,215
4,000,000	Golden Credit Card Trust 2021-1A, Class C, 2.660%, 1/15/2029	3,518,819
15,000,000	<sup>1</sup> Golden Credit Card Trust 2022-2A, Class A, 5.566% (SOFR +0.250%), 1/15/2026	14,993,231
17,658,000	Golden Credit Card Trust 2022-2A, Class B, 1.730%, 1/15/2026	17,485,889
7,626,000	Golden Credit Card Trust 2022-2A, Class C, 2.030%, 1/15/2026	7,553,121
9,000,000	Master Credit Card Trust 2021-1A, Class C, 1.060%, 11/21/2025	8,666,137
3,000,000	Master Credit Card Trust 2022-1A, Class B, 1.970%, 7/21/2026	2,847,488
2,000,000	Master Credit Card Trust 2022-1A, Class C, 2.270%, 7/21/2026	1,872,548
3,625,000	Master Credit Card Trust 2023-1A, Class B, 5.140%, 6/21/2027	3,530,319
2,750,000	Master Credit Card Trust 2023-1A, Class C, 5.870%, 6/21/2027	2,673,082
3,150,000	Master Credit Card Trust 2023-2A, Class B, 6.260%, 1/21/2027	3,144,946
6,100,000	Master Credit Card Trust 2023-2A, Class C, 6.890%, 1/21/2027	6,079,549
1,650,000	Master Credit Card Trust 2023-3A, Class B, 6.300%, 10/21/2030	1,655,554
5,000,000	Master Credit Card Trust 2023-3A, Class C, 7.080%, 10/21/2030	5,017,032
40,000,000	<sup>1</sup> Trillium Credit Card Trust II 2021-2A, Class A, 5.534% (30-DAY AVERAGE SOFR +0.220%), 10/26/2026	39,993,824
10,000,000	Trillium Credit Card Trust II 2021-2A, Class B, 1.084%, 10/26/2026	9,964,307
8,044,000	Trillium Credit Card Trust II 2021-2A, Class C, 1.333%, 10/26/2026	8,014,553
7,174,000	Trillium Credit Card Trust II 2023-1A, Class B, 5.230%, 3/26/2031	6,855,098
3,305,000	Trillium Credit Card Trust II 2023-1A, Class C, 6.060%, 3/26/2031	3,160,394
6,500,000	Trillium Credit Card Trust II 2023-3A, Class B, 7.200%, 8/28/2028	6,511,175
6,000,000	Trillium Credit Card Trust II 2023-3A, Class C, 6.937%, 8/28/2028	5,999,749
	<b>TOTAL</b>	<b>218,927,763</b>
	<b>Equipment Lease—4.0%</b>	
376,911	CNH Equipment Trust 2020-A, Class A3, 1.160%, 6/16/2025	374,820
2,200,000	CNH Equipment Trust 2020-A, Class B, 2.300%, 10/15/2027	2,155,553
15,000,000	Dell Equipment Finance Trust 2021-1, Class D, 1.030%, 11/23/2026	14,954,645
9,000,000	Dell Equipment Finance Trust 2021-2, Class D, 1.210%, 6/22/2027	8,714,713
3,750,000	Dell Equipment Finance Trust 2022-2, Class C, 4.740%, 7/22/2027	3,612,711
4,330,000	Dell Equipment Finance Trust 2022-2, Class D, 5.720%, 1/24/2028	4,170,440
3,500,000	Dell Equipment Finance Trust 2023-1, Class D, 6.800%, 3/22/2029	3,463,965
2,900,000	Dell Equipment Finance Trust 2023-2, Class D, 6.740%, 7/23/2029	2,472,751
16,910,136	DLLAD LLC 2021-1A, Class A3, 0.640%, 9/21/2026	16,035,075
3,050,000	DLLAD LLC 2023-1A, Class A2, 5.190%, 4/20/2026	3,028,461
10,800,000	Great America Leasing Receivables 2020-1, Class B, 2.000%, 2/16/2026	10,701,473
2,610,000	Great America Leasing Receivables 2021-1, Class B, 0.720%, 12/15/2026	2,442,909
4,000,000	Great America Leasing Receivables 2023-1, Class B, 5.210%, 3/15/2030	3,883,513
3,000,000	Great America Leasing Receivables 2023-1, Class C, 5.500%, 3/17/2031	2,903,004
11,200,000	HPEFS Equipment Trust 2021-2A, Class D, 1.290%, 3/20/2029	10,751,461
14,400,000	HPEFS Equipment Trust 2022-1A, Class D, 2.400%, 11/20/2029	13,355,448
7,000,000	HPEFS Equipment Trust 2023-2A, Class D, 7.180%, 7/21/2031	7,024,470

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Equipment Lease—continued</b>	
\$ 7,000,000	MMAF Equipment Finance LLC 2023-A, Class A2, 5.790%, 11/13/2026	\$ 7,003,307
	TOTAL	117,048,719
	<b>Home Equity Loan—0.0%</b>	
28,887	<sup>1</sup> Countrywide Asset Backed Certificates 2004-4, Class A, 6.174% (CME Term SOFR 1 Month +0.854%), 8/25/2034	28,277
109,416	<sup>2</sup> NC Finance Trust 1999-1, Class D, 8.750%, 1/25/2029	0
	TOTAL	28,277
	<b>Manufactured Housing—0.0%</b>	
1,615	Indymac Manufactured Housing Contract 1997-1, Class A3, 6.610%, 2/25/2028	1,613
	<b>Other—3.5%</b>	
4,000,000	PFS Financing Corp. 2020-E, Class B, 1.570%, 10/15/2025	4,005,390
7,500,000	PFS Financing Corp. 2020-G, Class A, 0.970%, 2/15/2026	7,385,194
4,915,000	PFS Financing Corp. 2020-G, Class B, 1.570%, 2/15/2026	4,840,670
10,875,000	PFS Financing Corp. 2021-A, Class B, 0.960%, 4/15/2026	10,593,610
4,500,000	PFS Financing Corp. 2021-B, Class B, 1.095%, 8/15/2026	4,307,432
6,000,000	<sup>1</sup> PFS Financing Corp. 2022-B, Class B, 6.163% (30-DAY AVERAGE SOFR +0.850%), 2/15/2026	6,002,153
10,500,000	<sup>1</sup> PFS Financing Corp. 2023-D, Class B, 6.963% (30-DAY AVERAGE SOFR +1.650%), 8/16/2027	10,526,165
1,978,498	Sierra Receivables Funding Co. 2020-2A, Class A, 1.330%, 7/20/2037	1,868,899
1,222,603	Sofi Consumer Loan Program Trust 2021-1, Class A, 0.490%, 9/25/2030	1,216,202
10,000,000	Verizon Master Trust 2021-2, Class C, 1.380%, 4/20/2028	9,527,607
6,000,000	Verizon Master Trust 2023-2, Class C, 5.380%, 4/13/2028	5,903,549
10,000,000	Verizon Master Trust 2023-5, Class C, 6.460%, 9/8/2028	10,012,153
17,000,000	Verizon Owner Trust 2020-B, Class C, 0.830%, 2/20/2025	16,732,377
9,000,000	Verizon Owner Trust 2020-C, Class C, 0.770%, 4/21/2025	8,805,195
	TOTAL	101,726,596
	<b>Student Loans—7.0%</b>	
1,805,602	<sup>1</sup> Mississippi Higher Education Assistance Corp. 2014-1, Class A1, 6.109% (30-DAY AVERAGE SOFR +0.794%), 10/25/2035	1,792,732
4,915,838	<sup>1</sup> Navient Student Loan Trust 2019-D, Class A2B, 6.496% (CME Term SOFR 1 Month +1.164%), 12/15/2059	4,873,426
8,807,661	Navient Student Loan Trust 2020-GA, Class A, 1.170%, 9/16/2069	7,759,675
6,686,544	Navient Student Loan Trust 2020-HA, Class A, 1.310%, 1/15/2069	6,080,899
15,107,538	Navient Student Loan Trust 2021-A, Class A, 0.840%, 5/15/2069	13,054,079
43,923,330	Navient Student Loan Trust 2021-BA, Class A, 0.940%, 7/15/2069	38,184,881
33,362,857	Navient Student Loan Trust 2021-CA, Class A, 1.060%, 10/15/2069	28,415,501
37,847,106	Navient Student Loan Trust 2021-FA, Class A, 1.110%, 2/18/2070	31,633,778
6,385,833	<sup>1</sup> Nelnet Student Loan Trust 2021-CA, Class AFL, 6.179% (CME Term SOFR 1 Month +0.854%), 4/20/2062	6,293,429
39,056,597	<sup>1</sup> Nelnet Student Loan Trust 2021-DA, Class AFL, 6.129% (CME Term SOFR 1 Month +0.804%), 4/20/2062	38,677,320
386,599	Public Service New Hampshire 2018-1, Class A1, 3.094%, 2/1/2026	383,619

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Student Loans—continued</b>	
\$ 8,043,741	<sup>1</sup> SMB Private Education Loan Trust 2021-D, Class A1B, 6.046% (CME Term SOFR 1 Month +0.714%), 3/17/2053	\$ 7,905,763
21,263,182	<sup>1</sup> SMB Private Education Loan Trust 2021-E, Class A1B, 6.076% (CME Term SOFR 1 Month +0.744%), 2/15/2051	21,069,742
	TOTAL	206,124,844
	TOTAL ASSET-BACKED SECURITIES (IDENTIFIED COST \$1,525,499,049)	1,462,399,496
	CORPORATE BONDS—31.9%	
	<b><sup>1</sup>Communications - Cable &amp; Satellite—1.2%</b>	
35,830,000	Comcast Corp., Sr. Unsecd. Note, 6.199% (CME Term SOFR 3 Month +0.891%), 4/15/2024	35,936,554
	<b>Communications - Media &amp; Entertainment—0.4%</b>	
7,540,000	Warnermedia Holdings, Inc., Sr. Unsecd. Note, 6.412%, 3/15/2026	7,541,882
5,000,000	<sup>1</sup> Warnermedia Holdings, Inc., Sr. Unsecd. Note, 7.124% (SOFR +1.780%), 3/15/2024	5,024,676
	TOTAL	12,566,558
	<b>Communications - Telecom Wireless—1.3%</b>	
7,985,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 4.800%, 7/15/2028	7,677,981
30,800,000	<sup>1</sup> Vodafone Group PLC, Sr. Unsecd. Note, 6.559% (CME Term SOFR 3 Month +1.251%), 1/16/2024	30,848,447
	TOTAL	38,526,428
	<b>Communications - Telecom Wirelines—1.2%</b>	
10,000,000	AT&T, Inc., Sr. Unsecd. Note, 5.539%, 2/20/2026	9,921,684
25,000,000	<sup>1</sup> Verizon Communications, Inc., Sr. Unsecd. Note, 6.134% (SOFR +0.790%), 3/20/2026	25,131,504
	TOTAL	35,053,188
	<b>Consumer Cyclical - Automotive—4.7%</b>	
10,000,000	<sup>1</sup> American Honda Finance Corp., Sr. Unsecd. Note, Series MTN, 5.841% (CME Term SOFR 3 Month +0.541%), 1/12/2024	10,001,043
20,000,000	<sup>1</sup> Daimler Trucks Financial NA, Sr. Unsecd. Note, 144A, 6.094% (SOFR +0.750%), 12/13/2024	19,974,093
18,605,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 6.950%, 6/10/2026	18,602,395
20,000,000	<sup>1</sup> General Motors Financial Co., Inc., Sr. Unsecd. Note, 5.920% (SOFR +0.620%), 10/15/2024	19,942,189
5,000,000	<sup>1</sup> General Motors Financial Co., Inc., Sr. Unsecd. Note, 6.103% (SOFR +0.760%), 3/8/2024	4,999,004
10,000,000	<sup>1</sup> General Motors Financial Co., Inc., Sr. Unsecd. Note, 6.382% (SOFR +1.040%), 2/26/2027	9,861,138
5,000,000	Hyundai Capital America, Sr. Unsecd. Note, 144A, 5.800%, 6/26/2025	4,980,930
6,000,000	Hyundai Capital America, Sr. Unsecd. Note, 144A, 5.950%, 9/21/2026	5,985,316
7,500,000	Nissan Motor Acceptance Co., LLC., Sr. Unsecd. Note, 144A, 6.950%, 9/15/2026	7,557,986
20,000,000	<sup>1</sup> Nissan Motor Acceptance Corp., Sr. Unsecd. Note, 144A, 6.299% (CME Term SOFR 3 Month +0.901%), 3/8/2024	19,933,766
5,000,000	<sup>1</sup> Toyota Motor Credit Corp., Sr. Unsecd. Note, Series MTN, 5.613% (SOFR +0.330%), 1/11/2024	4,999,267



Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Consumer Cyclical - Automotive—continued</b>	
\$10,000,000	<sup>1</sup> Toyota Motor Credit Corp., Sr. Unsecd. Note, Series MTN, 5.615% (SOFR +0.320%), 1/13/2025	\$ 9,980,668
	TOTAL	136,817,795
	<b>Consumer Cyclical - Retailers—0.1%</b>	
1,660,000	Advance Auto Parts, Inc., Sr. Unsecd. Note, 5.900%, 3/9/2026	1,603,831
	<b><sup>1</sup>Consumer Non-Cyclical - Food/Beverage—0.2%</b>	
6,950,000	General Mills, Inc., Sr. Unsecd. Note, 6.579% (CME Term SOFR 3 Month +1.271%), 10/17/2023	6,951,877
	<b>Consumer Non-Cyclical - Health Care—0.3%</b>	
3,340,000	CVS Health Corp., Sr. Unsecd. Note, 5.000%, 2/20/2026	3,288,784
4,600,000	HCA, Inc., Sr. Unsecd. Note, 5.200%, 6/1/2028	4,448,118
	TOTAL	7,736,902
	<b><sup>1</sup>Consumer Non-Cyclical - Pharmaceuticals—0.3%</b>	
9,100,000	Bayer US Finance II LLC, Sr. Unsecd. Note, 144A, 6.681% (CME Term SOFR 3 Month +1.271%), 12/15/2023	9,104,856
	<b>Consumer Non-Cyclical - Tobacco—0.3%</b>	
10,000,000	Philip Morris International, Inc., Sr. Unsecd. Note, 4.875%, 2/13/2026	9,838,289
	<b>Energy - Midstream—0.3%</b>	
2,825,000	Columbia Pipeline Holding Co. LLC, Sr. Unsecd. Note, 144A, 6.055%, 8/15/2026	2,834,965
5,895,000	ONEOK, Inc., Sr. Unsecd. Note, 5.550%, 11/1/2026	5,857,995
	TOTAL	8,692,960
	<b>Financial Institution - Banking—15.3%</b>	
21,550,000	<sup>1</sup> American Express Co., Sr. Unsecd. Note, 5.990% (SOFR +0.650%), 11/4/2026	21,364,437
6,380,000	<sup>1</sup> ANZ New Zealand National (Int'l) Ltd., Sr. Unsecd. Note, 144A, 5.942% (SOFR +0.600%), 2/18/2025	6,373,705
15,000,000	<sup>1</sup> Bank of America Corp., Sr. Unsecd. Note, 6.290% (SOFR +0.970%), 7/22/2027	14,963,798
5,000,000	<sup>1</sup> Bank of America Corp., Sr. Unsecd. Note, Series MTN, 6.062% (SOFR +0.730%), 10/24/2024	5,002,155
25,000,000	<sup>1</sup> Bank of Montreal, Sr. Unsecd. Note, 5.693% (SOFR +0.350%), 12/8/2023	25,000,475
10,000,000	<sup>1</sup> Bank of Montreal, Sr. Unsecd. Note, Series MTN, 5.964% (SOFR +0.620%), 9/15/2026	9,885,215
10,000,000	<sup>1</sup> Bank of New York Mellon Corp., Sr. Unsecd. Note, Series J, 5.524% (SOFR +0.200%), 10/25/2024	9,967,161
10,000,000	<sup>1</sup> Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 5.592% (SOFR +0.260%), 4/26/2024	9,988,466
15,000,000	<sup>1</sup> Bank of New Zealand (BNZ), Sr. Unsecd. Note, 144A, 6.145% (SOFR +0.810%), 1/27/2027	14,937,419
20,000,000	<sup>1</sup> Bank of Nova Scotia, Sr. Unsecd. Note, 5.954% (SOFR +0.610%), 9/15/2026	19,707,952
8,000,000	BPCE SA, Sub., 144A, 5.700%, 10/22/2023	7,992,517
25,000,000	<sup>1</sup> Canadian Imperial Bank of Commerce, Sr. Unsecd. Note, 5.725% (SOFR +0.420%), 10/18/2024	24,915,080

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Banking—continued</b>	
\$ 5,000,000	<sup>1</sup> Canadian Imperial Bank of Commerce, Sr. Unsecd. Note, 5.744% (SOFR +0.400%), 12/14/2023	\$ 5,000,543
10,000,000	<sup>1</sup> Citigroup, Inc., Sr. Unsecd. Note, 6.009% (SOFR +0.669%), 5/1/2025	9,987,265
7,695,000	<sup>1</sup> Citigroup, Inc., Sr. Unsecd. Note, 6.018% (SOFR +0.694%), 1/25/2026	7,666,487
15,000,000	<sup>1</sup> Citigroup, Inc., Sr. Unsecd. Note, 6.114% (SOFR +0.770%), 6/9/2027	14,747,521
8,000,000	<sup>1,3</sup> Citigroup, Inc., Sr. Unsecd. Note, 6.623% (SOFR +1.280%), 2/24/2028	7,990,113
25,975,000	<sup>1</sup> Commonwealth Bank of Australia, Sr. Unsecd. Note, 144A, 5.679% (SOFR +0.400%), 7/7/2025	25,893,669
10,000,000	<sup>1</sup> DNB Bank ASA, Sr. Pfd., 144A, 6.175% (SOFR +0.830%), 3/28/2025	10,001,954
12,275,000	<sup>1</sup> Goldman Sachs Group, Inc., Sr. Unsecd. Note, 6.237% (SOFR +0.920%), 10/21/2027	12,071,045
9,375,000	<sup>1</sup> Goldman Sachs Group, Inc., Sr. Unsecd. Note, 6.462% (SOFR +1.120%), 2/24/2028	9,295,156
10,000,000	<sup>1</sup> Goldman Sachs Group, Inc., Sr. Unsecd. Note, Series FRN, 6.133% (SOFR +0.790%), 12/9/2026	9,938,594
8,000,000	<sup>1</sup> JPMorgan Chase & Co., Sr. Unsecd. Note, 5.878% (SOFR +0.535%), 6/1/2025	7,979,152
20,000,000	<sup>1</sup> JPMorgan Chase & Co., Sr. Unsecd. Note, 5.943% (SOFR +0.600%), 12/10/2025	19,891,634
12,500,000	<sup>1</sup> JPMorgan Chase & Co., Sr. Unsecd. Note, 6.109% (SOFR +0.765%), 9/22/2027	12,283,023
8,570,000	<sup>1</sup> Morgan Stanley, Sr. Unsecd. Note, 5.957% (SOFR +0.625%), 1/24/2025	8,556,085
16,000,000	<sup>1</sup> National Bank of Canada, Montreal, Sr. Unsecd. Note, 5.830% (SOFR +0.490%), 8/6/2024	15,935,179
2,000,000	<sup>1</sup> NatWest Markets PLC, Sr. Unsecd. Note, 144A, 5.871% (SOFR +0.530%), 8/12/2024	1,994,025
9,000,000	<sup>1</sup> NatWest Markets PLC, Sr. Unsecd. Note, 144A, 6.105% (SOFR +0.760%), 9/29/2026	8,855,331
5,000,000	PNC Financial Services Group, Inc., Sr. Unsecd. Note, 4.758%, 1/26/2027	4,861,775
10,000,000	<sup>1</sup> Royal Bank of Canada, Sr. Unsecd. Note, 5.700% (SOFR +0.360%), 7/29/2024	9,989,845
10,000,000	<sup>1</sup> Royal Bank of Canada, Sr. Unsecd. Note, Series GMTN, 5.612% (SOFR +0.300%), 1/19/2024	9,998,961
22,000,000	<sup>1</sup> Truist Financial Corp., Sr. Unsecd. Note, Series MTN, 5.743% (SOFR +0.400%), 6/9/2025	21,517,906
35,000,000	<sup>1</sup> UBS AG London, Sr. Unsecd. Note, 144A, 5.701% (SOFR +0.360%), 2/9/2024	35,006,049
10,000,000	<sup>1</sup> UBS AG London, Sr. Unsecd. Note, 144A, 5.791% (SOFR +0.450%), 8/9/2024	9,983,754
	TOTAL	449,543,446
	<b>Financial Institution - Finance Companies—0.2%</b>	
7,000,000	AerCap Ireland Capital Ltd. / AerCap Global Aviation Trust, Sr. Unsecd. Note, 5.750%, 6/6/2028	6,844,031
	<b>Financial Institution - Insurance - Life—1.9%</b>	
10,000,000	<sup>1</sup> Met Life Global Funding I, Sec. Fac. Bond, 144A, 5.643% (SOFR +0.300%), 9/27/2024	9,987,627

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Insurance - Life—continued</b>	
\$20,000,000	<sup>1</sup> New York Life Global Funding, Sec. Fac. Bond, 144A, 5.628% (SOFR +0.330%), 1/14/2025	\$ 19,976,886
20,000,000	<sup>1</sup> Pacific Life Global Funding II, Sec. Fac. Bond, 144A, 5.735% (SOFR +0.400%), 1/27/2025	19,924,668
7,145,000	PRICOA Global Funding I, Sr. Secd. Note, 144A, 5.550%, 8/28/2026	7,149,691
	TOTAL	57,038,872
	<b>Technology—0.5%</b>	
15,340,000	Concentrix Corp., Sr. Unsecd. Note, 6.650%, 8/2/2026	15,253,304
	<b>Transportation - Railroads—0.1%</b>	
2,760,000	Union Pacific Corp., Sr. Unsecd. Note, 4.750%, 2/21/2026	2,726,547
	<b>Utility - Electric—3.0%</b>	
4,535,000	American Electric Power Co., Inc., Jr. Sub. Note, 5.699%, 8/15/2025	4,513,711
9,375,000	<sup>1</sup> CenterPoint Energy, Inc., Sr. Unsecd. Note, 5.991% (SOFR +0.650%), 5/13/2024	9,374,127
3,385,000	Electricite de France SA, Sr. Unsecd. Note, 144A, 5.700%, 5/23/2028	3,354,400
15,295,000	<sup>1</sup> Mississippi Power Co., Sr. Unsecd. Note, Series A, 5.645% (SOFR +0.300%), 6/28/2024	15,231,449
25,790,000	<sup>1</sup> National Rural Utilities Cooperative Finance Corp., Sr. Unsecd. Note, Series D, 5.635% (SOFR +0.330%), 10/18/2024	25,702,784
30,000,000	<sup>1</sup> NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 5.740% (SOFR +0.400%), 11/3/2023	29,999,182
	TOTAL	88,175,653
	<b>Utility - Natural Gas—0.6%</b>	
6,130,000	National Fuel Gas Co., Sr. Unsecd. Note, 5.500%, 10/1/2026	6,048,647
10,000,000	Sempra Energy, Sr. Unsecd. Note, 5.400%, 8/1/2026	9,899,108
	TOTAL	15,947,755
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$942,565,868)	
		938,358,846
	<b><sup>1</sup>COLLATERALIZED MORTGAGE OBLIGATIONS—9.5%</b>	
	<b>Federal Home Loan Mortgage Corporation—7.7%</b>	
151,780	Federal Home Loan Mortgage Corp. REMIC, Series 2736, Class FB, 5.720% (1-month USLIBOR +0.550%), 12/15/2033	151,367
781,289	Federal Home Loan Mortgage Corp. REMIC, Series 2819, Class F, 5.593% (1-month USLIBOR +0.400%), 6/15/2034	770,521
57,108	Federal Home Loan Mortgage Corp. REMIC, Series 3071, Class TF, 5.493% (1-month USLIBOR +0.300%), 4/15/2035	56,939
546,437	Federal Home Loan Mortgage Corp. REMIC, Series 3084, Class XF, 5.713% (1-month USLIBOR +0.520%), 12/15/2035	535,214
134,902	Federal Home Loan Mortgage Corp. REMIC, Series 3152, Class WF, 5.887% (30-DAY AVERAGE SOFR +0.574%), 2/15/2034	132,244
540,240	Federal Home Loan Mortgage Corp. REMIC, Series 3153, Class EF, 5.603% (1-month USLIBOR +0.410%), 5/15/2036	528,585
221,777	Federal Home Loan Mortgage Corp. REMIC, Series 3153, Class FJ, 5.573% (1-month USLIBOR +0.380%), 5/15/2036	217,555
111,589	Federal Home Loan Mortgage Corp. REMIC, Series 3156, Class HF, 5.912% (30-DAY AVERAGE SOFR +0.599%), 8/15/2035	109,133

Principal Amount or Shares		Value
	<sup>1</sup> COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	<b>Federal Home Loan Mortgage Corporation—continued</b>	
\$ 151,438	Federal Home Loan Mortgage Corp. REMIC, Series 3211, Class FN, 5.493% (1-month USLIBOR +0.300%), 9/15/2036	\$ 146,537
185,972	Federal Home Loan Mortgage Corp. REMIC, Series 3317, Class F, 5.827% (30-DAY AVERAGE SOFR +0.514%), 7/15/2036	181,094
55,453	Federal Home Loan Mortgage Corp. REMIC, Series 3320, Class FM, 5.593% (1-month USLIBOR +0.400%), 7/15/2036	54,065
43,381	Federal Home Loan Mortgage Corp. REMIC, Series 3339, Class AF, 5.643% (1-month USLIBOR +0.450%), 7/15/2037	42,342
762,376	Federal Home Loan Mortgage Corp. REMIC, Series 3382, Class FG, 5.793% (1-month USLIBOR +0.600%), 11/15/2037	745,320
651,977	Federal Home Loan Mortgage Corp. REMIC, Series 3387, Class PF, 5.613% (1-month USLIBOR +0.420%), 11/15/2037	636,580
72,052	Federal Home Loan Mortgage Corp. REMIC, Series 3542, Class NF, 6.177% (30-DAY AVERAGE SOFR +0.864%), 7/15/2036	71,141
223,632	Federal Home Loan Mortgage Corp. REMIC, Series 3556, Class FA, 6.337% (30-DAY AVERAGE SOFR +1.024%), 7/15/2037	222,493
2,631,853	Federal Home Loan Mortgage Corp. REMIC, Series 3843, Class FB, 5.523% (1-month USLIBOR +0.330%), 4/15/2041	2,609,900
985,783	Federal Home Loan Mortgage Corp. REMIC, Series 4238, Class FT, 5.543% (1-month USLIBOR +0.350%), 8/15/2043	955,050
1,012,561	Federal Home Loan Mortgage Corp. REMIC, Series 4604, Class FB, 5.593% (1-month USLIBOR +0.400%), 8/15/2046	988,747
1,781,156	Federal Home Loan Mortgage Corp. REMIC, Series 4703, Class FA, 5.543% (1-month USLIBOR +0.350%), 7/15/2047	1,693,964
13,635,630	Federal Home Loan Mortgage Corp. REMIC, Series 4901, Class BF, 5.550% (1-month USLIBOR +0.400%), 7/25/2049	13,228,146
4,180,153	Federal Home Loan Mortgage Corp. REMIC, Series 4916, Class FA, 5.550% (1-month USLIBOR +0.400%), 9/25/2049	4,082,502
19,085,025	Federal Home Loan Mortgage Corp. REMIC, Series 4920, Class FA, 5.600% (1-month USLIBOR +0.450%), 10/25/2049	18,364,770
15,825,147	Federal Home Loan Mortgage Corp. REMIC, Series 4988, Class KF, 5.500% (1-month USLIBOR +0.350%), 7/25/2050	15,418,115
29,714,988	Federal Home Loan Mortgage Corp. REMIC, Series 4993, Class F, 5.600% (1-month USLIBOR +0.450%), 7/25/2050	27,937,191
7,070,768	Federal Home Loan Mortgage Corp. REMIC, Series 5057, Class FH, 5.316% (30-DAY AVERAGE SOFR +0.250%), 12/25/2050	6,601,374
14,805,876	Federal Home Loan Mortgage Corp. REMIC, Series KF121, Class AS, 5.220% (30-DAY AVERAGE SOFR +0.180%), 8/25/2028	14,572,094
7,752,534	Federal Home Loan Mortgage Corp. REMIC, Series KF79, Class AL, 5.663% (1-month USLIBOR +0.470%), 5/25/2030	7,720,119
676,169	Federal Home Loan Mortgage Corp. REMIC, Series KF87, Class AL, 5.775% (30-DAY AVERAGE SOFR +0.464%), 8/25/2030	670,665
14,053,082	Federal Home Loan Mortgage Corp. REMIC, Series KF90, Class AL, 5.523% (1-month USLIBOR +0.330%), 9/25/2030	13,931,583
10,779,651	Federal Home Loan Mortgage Corp. REMIC, Series KF92, Class AL, 5.523% (1-month USLIBOR +0.330%), 10/25/2030	10,708,192
9,125,930	Federal Home Loan Mortgage Corp. REMIC, Series KF93, Class AL, 5.473% (1-month USLIBOR +0.280%), 10/25/2027	9,088,987

Principal Amount or Shares		Value
	<sup>1</sup> COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	<b>Federal Home Loan Mortgage Corporation—continued</b>	
\$14,658,145	Federal Home Loan Mortgage Corp. REMIC, Series KF94, Class AL, 5.725% (30-DAY AVERAGE SOFR +0.414%), 11/25/2030	\$ 14,564,765
28,071,500	Federal Home Loan Mortgage Corp. REMIC, Series KF95, Class AL, 5.685% (30-DAY AVERAGE SOFR +0.374%), 11/25/2030	27,909,463
12,119,470	Federal Home Loan Mortgage Corp. REMIC, Series KF96, Class AL, 5.453% (1-month USLIBOR +0.260%), 12/25/2030	12,059,630
18,362,914	Federal Home Loan Mortgage Corp. REMIC, Series KF98, Class AL, 5.363% (1-month USLIBOR +0.170%), 12/25/2030	18,260,154
47,742	Federal Home Loan Mortgage Corp., Class FE, 5.827% (30-DAY AVERAGE SOFR +0.514%), 7/15/2036	46,520
	TOTAL	226,013,061
	<b>Federal National Mortgage Association—1.6%</b>	
69,941	Federal National Mortgage Association REMIC, Series 2002-77, Class FA, 6.427% (30-DAY AVERAGE SOFR +1.114%), 12/18/2032	69,867
157,809	Federal National Mortgage Association REMIC, Series 2006-44, Class FK, 5.859% (30-DAY AVERAGE SOFR +0.544%), 6/25/2036	154,964
807,239	Federal National Mortgage Association REMIC, Series 2006-61, Class FQ, 5.550% (1-month USLIBOR +0.400%), 7/25/2036	788,328
178,938	Federal National Mortgage Association REMIC, Series 2006-79, Class DF, 5.779% (30-DAY AVERAGE SOFR +0.464%), 8/25/2036	175,269
561,205	Federal National Mortgage Association REMIC, Series 2006-81, Class FB, 5.500% (1-month USLIBOR +0.350%), 9/25/2036	547,627
223,251	Federal National Mortgage Association REMIC, Series 2006-119, Class CF, 5.450% (1-month USLIBOR +0.300%), 12/25/2036	217,324
406,698	Federal National Mortgage Association REMIC, Series 2006-W1, Class 2AF1, 5.649% (30-DAY AVERAGE SOFR +0.334%), 2/25/2046	399,431
2,737,942	Federal National Mortgage Association REMIC, Series 2007-22, Class FQ, 5.380% (1-month USLIBOR +0.230%), 3/25/2037	2,654,789
294,796	Federal National Mortgage Association REMIC, Series 2007-88, Class FY, 5.610% (1-month USLIBOR +0.460%), 9/25/2037	290,417
157,451	Federal National Mortgage Association REMIC, Series 2007-97, Class FE, 5.879% (30-DAY AVERAGE SOFR +0.564%), 7/25/2037	153,776
77,474	Federal National Mortgage Association REMIC, Series 2008-69, Class FB, 6.429% (30-DAY AVERAGE SOFR +1.114%), 6/25/2037	76,926
192,262	Federal National Mortgage Association REMIC, Series 2009-69, Class F, 6.279% (30-DAY AVERAGE SOFR +0.964%), 4/25/2037	190,581
5,082,556	Federal National Mortgage Association REMIC, Series 2010-111, Class FM, 5.550% (1-month USLIBOR +0.400%), 10/25/2040	4,984,964
1,761,648	Federal National Mortgage Association REMIC, Series 2017-24, Class FB, 5.779% (30-DAY AVERAGE SOFR +0.464%), 4/25/2047	1,695,047
18,131,976	Federal National Mortgage Association REMIC, Series 2018-85, Class FE, 5.450% (1-month USLIBOR +0.300%), 12/25/2048	17,593,217
1,326,376	Federal National Mortgage Association REMIC, Series 2019-31, Class FA, 5.550% (1-month USLIBOR +0.400%), 7/25/2049	1,288,246
6,327,696	Federal National Mortgage Association REMIC, Series 2020-47, Class FH, 5.550% (1-month USLIBOR +0.400%), 7/25/2050	6,012,972
10,664,719	Federal National Mortgage Association REMIC, Series 2020-68, Class FB, 5.729% (30-DAY AVERAGE SOFR +0.414%), 10/25/2060	10,220,300

Principal Amount or Shares		Value
	<sup>1</sup> COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	<b>Federal National Mortgage Association—continued</b>	
\$ 10,403	Federal National Mortgage Association, REMIC, Series 2002-39, Class FB, 5.929% (30-DAY AVERAGE SOFR +0.614%), 8/25/2039	\$ 10,228
	TOTAL	47,524,273
	<b>Government National Mortgage Association—0.2%</b>	
2,319,418	Government National Mortgage Association REMIC, Series 2012-H31, Class FA, 5.781% (CME Term SOFR 1 Month +0.464%), 11/20/2062	2,304,670
1,221,076	Government National Mortgage Association REMIC, Series 2013-H16, Class FA, 5.971% (CME Term SOFR 1 Month +0.654%), 7/20/2063	1,215,956
816,321	Government National Mortgage Association REMIC, Series 2013-H17, Class FA, 5.981% (CME Term SOFR 1 Month +0.664%), 7/20/2063	813,275
	TOTAL	4,333,901
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (IDENTIFIED COST \$285,604,282)	277,871,235
	COMMERCIAL MORTGAGE-BACKED SECURITIES—3.2%	
	<b>Commercial Mortgage—3.2%</b>	
20,000,000	<sup>1</sup> BHMS Mortgage Trust 2018-ATLS, Class A, 6.768% (CME Term SOFR 1 Month +1.250%), 7/15/2035	19,874,990
14,053,523	<sup>1</sup> DBWF Mortgage Trust 2018-GLKS, Class A, 6.423% (CME Term SOFR 1 Month +1.177%), 12/19/2030	13,956,908
25,000,000	<sup>1</sup> DBWF Mortgage Trust 2018-GLKS, Class B, 6.743% (CME Term SOFR 1 Month +1.497%), 12/19/2030	24,750,007
38,000,000	Fontainebleau Miami Beach Trust, Class B, 3.447%, 12/10/2036	36,355,953
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$97,378,404)	94,937,858
	NON-AGENCY MORTGAGE-BACKED SECURITIES—1.6%	
	<b>Non-Agency Mortgage—1.6%</b>	
467,323	Sequoia Mortgage Trust 2012-6, Class A2, 1.808%, 12/25/2042	372,301
10,148,367	BRASS PLC, Class A1, 0.669%, 4/16/2069	9,746,461
24,600,000	Chase Mortgage Finance Corp. 2023-1, Class A4, 6.000%, 6/25/2054	24,190,223
80,403	<sup>1</sup> Countrywide Alternative Loan Trust 2005-51, Class 3AB3, 6.262% (1-month USLIBOR +1.100%), 11/20/2035	60,973
43,888	<sup>1</sup> Impac CMB Trust 2004-7, Class 1A2, 6.070% (1-month USLIBOR +0.920%), 11/25/2034	42,505
85,064	<sup>1</sup> Impac CMB Trust 2004-9, Class 1A2, 6.030% (1-month USLIBOR +0.880%), 1/25/2035	80,746
12,346,722	<sup>1</sup> JP Morgan Mortgage Trust 2021-1, Class A11, 5.937% (30-DAY AVERAGE SOFR +0.650%), 6/25/2051	11,305,723
138,536	<sup>1</sup> Mellon Residential Funding Corp. 2001-TBC1, Class A1, 5.893% (1-month USLIBOR +0.700%), 11/15/2031	129,849
183,698	<sup>1</sup> Washington Mutual 2006-AR1, Class 2A1B, 5.046% (Fed Reserve 12Mo Cumulative Avg 1 Yr CMT +1.070%), 1/25/2046	162,540
333,326	<sup>1</sup> Washington Mutual 2006-AR15, Class 1A, 5.053% (Fed Reserve 12Mo Cumulative Avg 1 Yr CMT +0.840%), 11/25/2046	299,021

Principal Amount or Shares		Value
	NON-AGENCY MORTGAGE-BACKED SECURITIES—continued	
	<b>Non-Agency Mortgage—continued</b>	
\$ 180,503	<sup>1</sup> Washington Mutual 2006-AR17, Class 1A, 4.105% (Fed Reserve 12Mo Cumulative Avg 1 Yr CMT +0.820%), 12/25/2046	\$ 154,530
	TOTAL NON-AGENCY MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$48,199,692)	46,544,872
	<sup>1</sup> AGENCY RISK TRANSFER SECURITY—0.4%	
12,000,000	FNMA - CAS 2023-R05, Class 1M2, 8.414% (30-DAY AVERAGE SOFR +3.100%), 6/25/2043 (IDENTIFIED COST \$12,000,000)	12,307,072
	<sup>1</sup> ADJUSTABLE RATE MORTGAGES—0.0%	
	<b>Federal National Mortgage Association—0.0%</b>	
317,347	FNMA ARM, 3.764%, 8/1/2033	310,406
16,083	FNMA ARM, 4.268%, 4/1/2030	15,893
265,590	FNMA ARM, 4.323%, 7/1/2034	261,917
37,675	FNMA ARM, 5.830%, 5/1/2040	37,466
	TOTAL ADJUSTABLE RATE MORTGAGES (IDENTIFIED COST \$644,898)	625,682
	MORTGAGE-BACKED SECURITY—0.0%	
	<b>Federal National Mortgage Association—0.0%</b>	
300,187	Federal National Mortgage Association, Pool 728568, 6.500%, 10/1/2033 (IDENTIFIED COST \$317,354)	308,692
	INVESTMENT COMPANIES—3.9%	
1,545,740	Bank Loan Core Fund	13,509,767
5,112,500	Federated Hermes Government Obligations Fund, Premier Shares, 5.25% <sup>4</sup>	5,112,500
96,509,951	Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares, 5.42% <sup>4</sup>	96,509,951
	TOTAL INVESTMENT COMPANIES (IDENTIFIED COST \$117,346,290)	115,132,218
	TOTAL INVESTMENT IN SECURITIES—100.3% (IDENTIFIED COST \$3,029,555,837) <sup>5</sup>	2,948,485,971
	OTHER ASSETS AND LIABILITIES - NET—(0.3)% <sup>6</sup>	(7,955,464)
	TOTAL NET ASSETS—100%	\$2,940,530,507

Transactions with affiliated investment companies, which are funds managed by the Adviser or an affiliate of the Adviser, during the period ended September 30, 2023, were as follows:

<b>Affiliates</b>	<b>Value as of 9/30/2022</b>	<b>Purchases at Cost</b>	<b>Proceeds from Sales</b>
Bank Loan Core Fund	\$150,593,032	\$ 3,147,115	\$ (140,877,994)
Federated Hermes Conservative Microshort Fund	\$ 49,650,349	\$ —	\$ (49,660,058)
Federated Hermes Government Obligations Fund, Premier Shares*	\$ 1,083,960	\$ 35,620,875	\$ (31,592,335)
Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares	\$111,402,267	\$2,045,295,008	\$(2,060,194,532)
<b>TOTAL OF AFFILIATED TRANSACTIONS</b>	<b>\$312,729,608</b>	<b>\$2,084,062,998</b>	<b>\$(2,282,324,919)</b>



Change in Unrealized Appreciation/Depreciation	Net Realized Gain/(Loss)	Value as of 9/30/2023	Shares Held as of 9/30/2023	Dividend Income
\$16,646,254	\$(15,998,640)	\$ 13,509,767	1,545,740	\$3,147,116
\$ 349,650	\$ (339,941)	\$ —	—	\$ 444,112
\$ —	\$ —	\$ 5,112,500	5,112,500	\$ 187,470
\$ (440)	\$ 7,648	\$ 96,509,951	96,509,951	\$3,085,201
\$16,995,464	\$(16,330,933)	\$115,132,218	103,168,191	\$6,863,899

\* All or a portion of the balance/activity for the fund relates to cash collateral received on securities lending transactions.

- 1 Floating/adjustable note with current rate and current maturity or next reset date shown. Adjustable rate mortgage security coupons are based on the weighted average note rates of the underlying mortgages less the guarantee and servicing fees. These securities do not indicate an index and spread in their description above.
- 2 Market quotations and price valuations are not available. Fair value determined using significant unobservable inputs in accordance with procedures established by and under the supervision of the Fund's Adviser acting through its Valuation Committee.
- 3 All or a portion of these securities are temporarily on loan to unaffiliated broker/dealers.
- 4 7-day net yield.
- 5 The cost of investments for federal tax purposes amounts to \$3,029,578,820.
- 6 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at September 30, 2023.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of September 30, 2023, in valuing the Fund's assets carried at fair value:

### Valuation Inputs

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
<b>Debt Securities:</b>				
Asset-Backed Securities	\$ —	\$1,462,399,496	\$ 0	\$1,462,399,496
Corporate Bonds	—	938,358,846	—	938,358,846
Collateralized Mortgage Obligations	—	277,871,235	—	277,871,235
Commercial Mortgage-Backed Securities	—	94,937,858	—	94,937,858
Non-Agency Mortgage-Backed Securities	—	46,544,872	—	46,544,872
Agency Risk Transfer Security	—	12,307,072	—	12,307,072
Adjustable Rate Mortgages	—	625,682	—	625,682
Mortgage-Backed Security	—	308,692	—	308,692
<b>Investment Companies</b>	115,132,218	—	—	115,132,218
<b>TOTAL SECURITIES</b>	<b>\$115,132,218</b>	<b>\$2,833,353,753</b>	<b>\$ 0</b>	<b>\$2,948,485,971</b>

The following acronym(s) are used throughout this portfolio:

ARM —Adjustable Rate Mortgage  
CAS —Connecticut Avenue Securities  
CMT —Constant Maturity Treasury  
FNMA —Federal National Mortgage Association  
GMTN —Global Medium Term Note  
LIBOR —London Interbank Offered Rate  
MTN —Medium Term Note  
REMIC —Real Estate Mortgage Investment Conduit  
SOFR —Secured Overnight Financing Rate

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class A Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended September 30,				
	2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.96</b>	<b>\$9.22</b>	<b>\$9.19</b>	<b>\$9.16</b>	<b>\$9.10</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss) <sup>1</sup>	0.24	0.08	0.06	0.15	0.19
Net realized and unrealized gain (loss)	0.14	(0.26)	0.04	0.03	0.06
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.38</b>	<b>(0.18)</b>	<b>0.10</b>	<b>0.18</b>	<b>0.25</b>
<b>Less Distributions:</b>					
Distributions from net investment income	(0.25)	(0.08)	(0.07)	(0.15)	(0.19)
<b>Net Asset Value, End of Period</b>	<b>\$9.09</b>	<b>\$8.96</b>	<b>\$9.22</b>	<b>\$9.19</b>	<b>\$9.16</b>
<b>Total Return<sup>2</sup></b>	<b>4.35%</b>	<b>(1.96)%</b>	<b>1.07%</b>	<b>2.03%</b>	<b>2.79%</b>
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>3</sup>	0.51%	0.51%	0.51%	0.56%	0.91%
Net investment income	2.65%	0.82%	0.69%	1.65%	2.10%
Expense waiver/reimbursement <sup>4</sup>	0.11%	0.09%	0.10%	0.09%	0.09%
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$345,077	\$792,306	\$1,604,459	\$664,369	\$318,992
Portfolio turnover <sup>5</sup>	12%	16%	26%	47%	36%

1 Per share numbers have been calculated using the average shares method.

2 Based on net asset value.

3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.

4 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

5 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended September 30,				
	2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.96</b>	<b>\$9.22</b>	<b>\$9.19</b>	<b>\$9.15</b>	<b>\$9.09</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss) <sup>1</sup>	0.25	0.09	0.08	0.17	0.24
Net realized and unrealized gain (loss)	0.14	(0.26)	0.03	0.04	0.06
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.39</b>	<b>(0.17)</b>	<b>0.11</b>	<b>0.21</b>	<b>0.30</b>
<b>Less Distributions:</b>					
Distributions from net investment income	(0.27)	(0.09)	(0.08)	(0.17)	(0.24)
<b>Net Asset Value, End of Period</b>	<b>\$9.08</b>	<b>\$8.96</b>	<b>\$9.22</b>	<b>\$9.19</b>	<b>\$9.15</b>
<b>Total Return<sup>2</sup></b>	<b>4.39%</b>	<b>(1.82)%</b>	<b>1.22%</b>	<b>2.36%</b>	<b>3.36%</b>

## Ratios to Average Net Assets:

Net expenses <sup>3</sup>	0.36%	0.36%	0.36%	0.36%	0.36%
Net investment income	2.83%	0.99%	0.85%	1.91%	2.65%
Expense waiver/reimbursement <sup>4</sup>	0.08%	0.07%	0.08%	0.09%	0.08%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$2,144,885	\$4,161,788	\$6,845,790	\$3,669,765	\$3,248,715
Portfolio turnover <sup>5</sup>	12%	16%	26%	47%	36%

- 1 Per share numbers have been calculated using the average shares method.
- 2 Based on net asset value.
- 3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 4 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 5 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Service Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended September 30,				
	2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.96</b>	<b>\$9.22</b>	<b>\$9.19</b>	<b>\$9.15</b>	<b>\$9.10</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss) <sup>1</sup>	0.25	0.08	0.06	0.16	0.21
Net realized and unrealized gain (loss)	0.13	(0.26)	0.04	0.04	0.04
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.38</b>	<b>(0.18)</b>	<b>0.10</b>	<b>0.20</b>	<b>0.25</b>
<b>Less Distributions:</b>					
Distributions from net investment income	(0.26)	(0.08)	(0.07)	(0.16)	(0.20)
<b>Net Asset Value, End of Period</b>	<b>\$9.08</b>	<b>\$8.96</b>	<b>\$9.22</b>	<b>\$9.19</b>	<b>\$9.15</b>
<b>Total Return<sup>2</sup></b>	<b>4.29%</b>	<b>(1.91)%</b>	<b>1.12%</b>	<b>2.20%</b>	<b>2.78%</b>

## Ratios to Average Net Assets:

Net expenses <sup>3</sup>	0.46%	0.46%	0.46%	0.56%	0.81%
Net investment income	2.80%	0.94%	0.76%	1.80%	2.20%
Expense waiver/reimbursement <sup>4</sup>	0.08%	0.06%	0.09%	0.10%	0.13%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$13,286	\$15,180	\$16,322	\$17,458	\$74,205
Portfolio turnover <sup>5</sup>	12%	16%	26%	47%	36%

- 1 Per share numbers have been calculated using the average shares method.
- 2 Based on net asset value.
- 3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 4 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 5 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class R6 Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended September 30,				Period Ended
	2023	2022	2021	2020	9/30/2019 <sup>1</sup>
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.96</b>	<b>\$9.22</b>	<b>\$9.19</b>	<b>\$9.15</b>	<b>\$9.12</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss) <sup>2</sup>	0.26	0.10	0.08	0.16	0.08
Net realized and unrealized gain (loss)	0.13	(0.27)	0.03	0.05	0.03
TOTAL FROM INVESTMENT OPERATIONS	0.39	(0.17)	0.11	0.21	0.11
<b>Less Distributions:</b>					
Distributions from net investment income	(0.27)	(0.09)	(0.08)	(0.17)	(0.08)
<b>Net Asset Value, End of Period</b>	<b>\$9.08</b>	<b>\$8.96</b>	<b>\$9.22</b>	<b>\$9.19</b>	<b>\$9.15</b>
<b>Total Return<sup>3</sup></b>	<b>4.40%</b>	<b>(1.81)%</b>	<b>1.23%</b>	<b>2.37%</b>	<b>1.23%</b>
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>4</sup>	0.35%	0.35%	0.35%	0.35%	0.35% <sup>5</sup>
Net investment income	2.86%	1.04%	0.85%	1.70%	2.65% <sup>5</sup>
Expense waiver/reimbursement <sup>6</sup>	0.05%	0.04%	0.05%	0.06%	0.06% <sup>5</sup>
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$437,282	\$744,800	\$805,078	\$313,440	\$30,911
Portfolio turnover <sup>7</sup>	12%	16%	26%	47%	36% <sup>8</sup>

- 1 Reflects operations for the period from May 29, 2019 (commencement of operations) to September 30, 2019.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 Computed on an annualized basis.
- 6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 7 Securities that mature are considered sales for purposes of this calculation.
- 8 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended September 30, 2019.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

September 30, 2023

## Assets:

Investment in securities, at value including \$4,993,821 of securities loaned and \$115,132,218 of investments in affiliated holdings* (identified cost \$3,029,555,837, including \$117,346,290 of identified cost in affiliated holdings)	\$2,948,485,971
Cash	133,721
Income receivable	10,366,341
Income receivable from affiliated holdings	501,257
Receivable for shares sold	2,946,942
<b>TOTAL ASSETS</b>	<b>2,962,434,232</b>

## Liabilities:

Payable for investments purchased	6,794,595
Payable for shares redeemed	7,566,594
Payable for collateral due to broker for securities lending (Note 2)	5,112,500
Income distribution payable	1,930,799
Payable for investment adviser fee (Note 5)	40,501
Payable for administrative fee (Note 5)	12,523
Payable for other service fees (Notes 2 and 5)	42,194
Accrued expenses (Note 5)	404,019
<b>TOTAL LIABILITIES</b>	<b>21,903,725</b>

Net assets for 323,829,214 shares outstanding	\$2,940,530,507
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## Net Assets Consist of:

Paid-in capital	\$3,109,784,306
Total distributable earnings (loss)	(169,253,799)
<b>TOTAL NET ASSETS</b>	<b>\$2,940,530,507</b>

## Net Asset Value, Offering Price and Redemption Proceeds Per Share:

### Class A Shares:

Net asset value per share ( $\$345,077,184 \div 37,981,553$ ) shares outstanding, \$0.001 par value, 2,000,000,000 shares authorized	\$9.09
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### Institutional Shares:

Net asset value per share ( $\$2,144,885,052 \div 236,218,226$ ) shares outstanding, \$0.001 par value, 1,000,000,000 shares authorized	\$9.08
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### Service Shares:

Net asset value per share ( $\$13,285,941 \div 1,462,672$ ) shares outstanding, \$0.001 par value, 1,000,000,000 shares authorized	\$9.08
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### Class R6 Shares:

Net asset value per share ( $\$437,282,330 \div 48,166,763$ ) shares outstanding, \$0.001 par value, 500,000,000 shares authorized	\$9.08
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\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Year Ended September 30, 2023

## Investment Income:

Interest	\$116,851,698
Dividends (including \$6,676,429 received from affiliated holdings*)	6,693,429
Net income on securities loaned (includes \$187,470 earned from affiliated holdings related to cash collateral balances) (Note 2)	19,281
<b>TOTAL INCOME</b>	<b>123,564,408</b>

## Expenses:

Investment adviser fee (Note 5)	11,561,933
Administrative fee (Note 5)	3,030,201
Custodian fees	205,781
Transfer agent fees (Note 2)	1,640,380
Directors'/Trustees' fees (Note 5)	30,527
Auditing fees	37,433
Legal fees	12,277
Portfolio accounting fees	226,680
Other service fees (Notes 2 and 5)	775,269
Share registration costs	136,857
Printing and postage	87,090
Miscellaneous (Note 5)	65,235
<b>TOTAL EXPENSES</b>	<b>17,809,663</b>

## Waiver and Reimbursements:

Waiver/reimbursement of investment adviser fee (Note 5)	(1,961,262)
Reimbursement of other operating expenses (Notes 2 and 5)	(1,003,724)
<b>TOTAL WAIVER AND REIMBURSEMENTS</b>	<b>(2,964,986)</b>
Net expenses	14,844,677
Net investment income	108,719,731

## Realized and Unrealized Gain (Loss) on Investments and Futures Contracts:

Net realized loss on investments (including net realized loss of \$(16,330,933) on sales of investments in affiliated holdings*)	(78,511,608)
Net realized loss on futures contracts	(1,906,209)
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$16,995,464 of investments in affiliated holdings*)	133,626,689
Net change in unrealized appreciation of futures contracts	(4,096,678)
Net realized and unrealized gain (loss) on investments and futures contracts	49,112,194
Change in net assets resulting from operations	\$157,831,925

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements



# Statement of Changes in Net Assets

Year Ended September 30	2023	2022
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 108,719,731	\$ 76,198,097
Net realized gain (loss)	(80,417,817)	29,020,666
Net change in unrealized appreciation/depreciation	129,530,011	(259,220,334)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	157,831,925	(154,001,571)
<b>Distributions to Shareholders:</b>		
Class A Shares	(13,684,970)	(10,024,131)
Institutional Shares	(80,360,983)	(56,460,865)
Service Shares	(398,798)	(146,764)
Class R6 Shares	(15,956,251)	(8,484,272)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(110,401,002)	(75,116,032)
<b>Share Transactions:</b>		
Proceeds from sale of shares	950,868,338	4,374,996,869
Net asset value of shares issued to shareholders in payment of distributions declared	83,099,312	54,738,208
Cost of shares redeemed	(3,854,942,553)	(7,758,190,874)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(2,820,974,903)	(3,328,455,797)
Change in net assets	(2,773,543,980)	(3,557,573,400)
<b>Net Assets:</b>		
Beginning of period	5,714,074,487	9,271,647,887
End of period	\$ 2,940,530,507	\$ 5,714,074,487

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

September 30, 2023

## 1. ORGANIZATION

Federated Hermes Total Return Series, Inc. (the "Corporation") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Corporation consists of three portfolios. The financial statements included herein are only those of Federated Hermes Ultrashort Bond Fund (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers four classes of shares: Class A Shares, Institutional Shares, Service Shares and Class R6 Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The investment objective of the Fund is to provide total return consistent with current income.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

### Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by Federated Investment Management Company (the "Adviser").
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs, or NAV per share practical expedient, as applicable.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and ask quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Adviser.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Adviser, certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Adviser's valuation policies and procedures for the Fund, or if information furnished by a pricing service, in the opinion of the Adviser's valuation committee ("Valuation Committee"), is deemed not representative of the fair value of

such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different.

### **Fair Valuation and Significant Events Procedures**

Pursuant to Rule 2a-5 under the Act, the Fund's Board of Directors (the "Directors") has designated the Adviser as the Fund's valuation designee to perform any fair value determinations for securities and other assets held by the Fund. The Adviser is subject to the Directors' oversight and certain reporting and other requirements intended to provide the Directors the information needed to oversee the Adviser's fair value determinations.

The Adviser, acting through its Valuation Committee, is responsible for determining the fair value of investments for which market quotations are not readily available. The Valuation Committee is comprised of officers of the Adviser and certain of the Adviser's affiliated companies and determines fair value and oversees the calculation of the NAV. The Valuation Committee is also authorized to use pricing services to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Adviser. The Directors periodically review the fair valuations made by the Valuation Committee. The Directors have also approved the Adviser's fair valuation and significant events procedures as part of the Fund's compliance program and will review any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and ask for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Adviser.

The Adviser has also adopted procedures requiring an investment to be priced at its fair value whenever the Valuation Committee determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative

expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Adviser has adopted procedures whereby the Valuation Committee uses a pricing service to provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Valuation Committee will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Adviser. The Directors periodically review fair valuations made in response to significant events.

### **Repurchase Agreements**

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

## Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared daily and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses. The detail of the total fund expense waiver and reimbursements of \$2,964,986 is disclosed in this Note 2 and Note 5.

## Transfer Agent Fees

For the year ended September 30, 2023, transfer agent fees for the Fund were as follows:

	Transfer Agent Fees Incurred	Transfer Agent Fees Reimbursed
Class A Shares	\$ 365,369	\$ (275,360)
Institutional Shares	1,225,441	(724,504)
Service Shares	6,568	(3,860)
Class R6 Shares	43,002	—
TOTAL	\$1,640,380	\$(1,003,724)

## Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Class A Shares, Institutional Shares and Service Shares to unaffiliated financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. The Fund will incur or pay up to 0.15% and 0.10% of the maximum 0.25% on Class A Shares and Service Shares, respectively, until such time as approved by the Directors. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees.

For the year ended September 30, 2023, other service fees for the Fund were as follows:

	<b>Other Service Fees Incurred</b>
Class A Shares	\$761,450
Service Shares	13,819
TOTAL	\$775,269

For the year ended September 30, 2023, the Fund's Institutional Shares did not incur other service fees.

### **Federal Taxes**

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code of 1986 (the "Code") and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the year ended September 30, 2023, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of September 30, 2023, tax years 2020 through 2023 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America, the State of Maryland and the Commonwealth of Pennsylvania.

### **When-Issued and Delayed-Delivery Transactions**

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

### **Futures Contracts**

The Fund purchases and sells financial futures contracts to manage duration. Upon entering into a financial futures contract with a broker, the Fund is required to deposit with a broker, either U.S. government securities or a specified amount of cash, which is shown as due from broker in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. The Fund receives from or pays to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures contracts, guarantees the futures contracts against default.

At September 30, 2023, the Fund had no outstanding futures contracts.

The average notional value of long and short futures contracts held by the Fund throughout the period was \$54,458,353 and \$107,259,466, respectively. This is based on amounts held as of each month-end throughout the fiscal period.

### **Foreign Exchange Contracts**

The Fund enters into foreign exchange contracts to manage currency risk. Purchased contracts are used to acquire exposure to foreign currencies, whereas, contracts to sell are used to hedge the Fund's securities against currency fluctuations. Risks may arise upon entering into these transactions from the potential inability of counterparties to meet the terms of their commitments and from unanticipated movements in security prices or foreign exchange rates. The foreign exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the settlement date.

Foreign exchange contracts are subject to Master Netting Agreements (MNA) which are agreements between the Fund and its counterparties that provide for the net settlement of all transactions and collateral with the Fund, through a single payment, in the event of default or termination. Amounts presented on the Portfolio of Investments and Statement of Assets and Liabilities are not net settlement amounts but gross.

At September 30, 2023, the Fund had no outstanding foreign exchange contracts.

### **Foreign Currency Translation**

The accounting records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rates of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities, income and expenses are translated at the rate of exchange quoted on the respective date that such transactions are recorded. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at fiscal year end, resulting from changes in the exchange rate.

### **Restricted Securities**

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted

securities may be determined to be liquid under criteria established by the Directors. The Fund will not incur any registration costs upon such resales. The Fund’s restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Adviser.

### **Securities Lending**

The Fund participates in a securities lending program providing for the lending of corporate bonds and government securities to qualified brokers. The term of the loans within the program is one year or less. The Fund normally receives cash collateral for securities loaned that is invested in affiliated money market funds, other money market instruments and/or repurchase agreements. Investments in money market funds may include funds with a “floating” NAV that can impose redemption fees and liquidity gates, impose certain operational impediments to investing cash collateral, and, if the investee fund’s NAV decreases, result in the Fund recognizing losses and being required to cover the decrease in the value of the cash collateral. Collateral is maintained at a minimum level of 100% of the market value of investments loaned, plus interest, if applicable. In accordance with the Fund’s securities lending agreement, the market value of securities on loan is determined each day at the close of business and any additional collateral required to cover the value of securities on loan is delivered to the Fund on the next business day. Earnings from collateral invested in affiliated holdings as presented parenthetically on the Statement of Operations do not reflect fees and rebates and are allocated between the borrower of the security, the securities lending agent, as a fee for its services under the program and the Fund, according to agreed-upon rates. The Fund will not have the right to vote on securities while they are on loan. However, the Fund will attempt to terminate a loan in an effort to reacquire the securities in time to vote on matters that are deemed to be material by the Adviser. There can be no assurance that the Fund will have sufficient notice of such matters to be able to terminate the loan in time to vote thereon.

Securities lending transactions are subject to MNA. Amounts presented on the Portfolio of Investments and Statement of Assets and Liabilities are not net settlement amounts but gross. As indicated below, the cash collateral received by the Fund exceeds the market value of the securities loaned reducing the net settlement amount to zero. The chart below identifies the amount of collateral received as well as the market value of securities on loan. Additionally, the securities lending agreement executed by the Fund includes an indemnification clause. This clause stipulates that the borrower will reimburse the Fund for any losses as a result of any failure of the borrower to return equivalent securities to the Fund.

As of September 30, 2023, securities subject to this type of arrangement and related collateral were as follows:

<b>Fair Value of Securities Loaned</b>	<b>Collateral Received</b>
\$4,993,821	\$5,112,500



## Additional Disclosure Related to Derivative Instruments

### The Effect of Derivative Instruments on the Statement of Operations for the Year Ended September 30, 2023

#### Amount of Realized Gain or (Loss) on Derivatives Recognized in Income

	Futures Contracts
Interest rate contracts	\$(1,906,209)

#### Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income

	Futures Contracts
Interest rate contracts	\$(4,096,678)

### Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

### 3. CAPITAL STOCK

The following tables summarize capital stock activity:

Class A Shares:	Year Ended 9/30/2023		Year Ended 9/30/2022	
	Shares	Amount	Shares	Amount
Shares sold	7,245,456	\$ 65,111,832	59,730,201	\$ 546,731,862
Shares issued to shareholders in payment of distributions declared	1,466,769	13,224,436	1,087,350	9,861,896
Shares redeemed	(59,131,336)	(531,613,001)	(146,344,006)	(1,331,892,095)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	(50,419,111)	\$ (453,276,733)	(85,526,455)	\$ (775,298,337)

Institutional Shares:	Year Ended 9/30/2023		Year Ended 9/30/2022	
	Shares	Amount	Shares	Amount
Shares sold	81,651,501	\$ 734,240,917	350,309,097	\$ 3,194,400,623
Shares issued to shareholders in payment of distributions declared	6,432,279	58,007,771	4,346,729	39,395,165
Shares redeemed	(316,448,949)	(2,843,612,593)	(632,530,477)	(5,750,109,049)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	(228,365,169)	\$(2,051,363,905)	(277,874,651)	\$(2,516,313,261)

	Year Ended 9/30/2023		Year Ended 9/30/2022	
	Shares	Amount	Shares	Amount
<b>Service Shares:</b>				
Shares sold	136,438	\$ 1,228,895	296,356	\$ 2,691,307
Shares issued to shareholders in payment of distributions declared	43,719	394,493	15,785	142,835
Shares redeemed	(411,491)	(3,705,353)	(387,684)	(3,518,386)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(231,334)	\$ (2,081,965)	(75,543)	\$ (684,244)
	Year Ended 9/30/2023		Year Ended 9/30/2022	
<b>Class R6 Shares:</b>	Shares	Amount	Shares	Amount
Shares sold	16,731,310	\$ 150,286,694	69,399,418	\$ 631,173,077
Shares issued to shareholders in payment of distributions declared	1,272,196	11,472,612	589,778	5,338,312
Shares redeemed	(52,995,912)	(476,011,606)	(74,158,510)	(672,671,344)
NET CHANGE RESULTING FROM CLASS R6 SHARE TRANSACTIONS	(34,992,406)	\$ (314,252,300)	(4,169,314)	\$ (36,159,955)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(314,008,020)	\$(2,820,974,903)	(367,645,963)	\$(3,328,455,797)

#### 4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended September 30, 2023 and 2022, was as follows:

	2023	2022
Ordinary income	\$110,401,002	\$75,116,032

As of September 30, 2023, the components of distributable earnings on a tax-basis were as follows:

Distributions payable	\$ (507,377)
Net unrealized depreciation	\$ (81,092,849)
Capital loss carryforwards	\$ (87,653,573)
TOTAL	\$(169,253,799)

At September 30, 2023, the cost of investments for federal tax purposes was \$3,029,578,820. The net unrealized depreciation of investments for federal tax purposes was \$81,092,849. This consists of unrealized appreciation from investments for those securities having an excess of value over cost of \$1,517,374 and unrealized depreciation from investments for those securities having an excess of cost over value of \$82,610,223. The difference between book-basis and tax-basis net unrealized depreciation is attributable to differing treatments for deferral of losses on wash sales.

As of September 30, 2023, the Fund had a capital loss carryforward of \$87,653,573 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, these net capital losses retain their character as either short-term or long-term and do not expire.

The following schedule summarizes the Fund's capital loss carryforwards:

<b>Short-Term</b>	<b>Long-Term</b>	<b>Total</b>
\$9,385,687	\$78,267,886	\$87,653,573

## **5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES**

### **Investment Adviser Fee**

Effective August 1, 2023, the advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.29% of the Fund's average daily net assets. Prior to August 1, 2023, the advisory agreement between the Fund and the Adviser provided for an annual fee equal to 0.30% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee and/or reimburse certain operating expenses of the Fund for competitive reasons such as to maintain the Fund's expense ratio, or as and when appropriate, to maintain positive or zero net yields. For the year ended September 30, 2023, the Adviser voluntarily waived \$1,893,452 of its fee and voluntarily reimbursed \$1,003,724 of transfer agent fees. The Adviser has agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the year ended September 30, 2023, the Adviser reimbursed \$67,810.

### **Administrative Fee**

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Hermes Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

<b>Administrative Fee</b>	<b>Average Daily Net Assets of the Investment Complex</b>
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended September 30, 2023, the annualized fee paid to FAS was 0.078% of average daily net assets of the Fund.

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

## Sales Charges

Front-end sales charges and contingent deferred sales charges do not represent expenses of the Fund. They are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. For the year ended September 30, 2023, FSC did not retain sales charges from the sale of the Class A Shares. FSC retained \$2,055 of CDSC relating to redemptions of Class A Shares.

## Other Service Fees

For the year ended September 30, 2023, FSSC received \$3,417 of the other service fees disclosed in Note 2.

## Expense Limitation

The Adviser and certain of its affiliates (which may include FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses paid by the Fund, if any) paid by the Fund's Class A Shares, Institutional Shares, Service Shares and Class R6 Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.51%, 0.36%, 0.46% and 0.35% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) December 1, 2024; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Directors.

## Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Directors of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Independent Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

## 6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the year ended September 30, 2023, were as follows:

Purchases	\$ 464,734,337
Sales	\$3,213,745,852

## 7. LINE OF CREDIT

The Fund participates with certain other Federated Hermes Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement dated June 21, 2023. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency

general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to (a) the highest, on any day, of (i) the federal funds effective rate, (ii) the published secured overnight financing rate plus an assigned percentage, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and at maturity. As of September 30, 2023, the Fund had no outstanding loans. During the year ended September 30, 2023, the Fund did not utilize the LOC.

## **8. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of September 30, 2023, there were no outstanding loans. During the year ended September 30, 2023, the program was not utilized.

## **9. INDEMNIFICATIONS**

Under the Fund's organizational documents, its Officers and Directors/Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund (other than liabilities arising out of their willful misfeasance, bad faith, gross negligence or reckless disregard of their duties to the Fund). In addition, in the normal course of business, the Fund provides certain indemnifications under arrangements with third parties. Typically, obligations to indemnify a third party arise in the context of an arrangement entered into by the Fund under which the Fund agrees to indemnify such third party for certain liabilities arising out of actions taken pursuant to the arrangement, provided the third party's actions are not deemed to have breached an agreed-upon standard of care (such as willful misfeasance, bad faith, gross negligence or reckless disregard of their duties under the contract). The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet arisen. The Fund does not anticipate any material claims or losses pursuant to these arrangements at this time, and accordingly expects the risk of loss to be remote.

## **10. OTHER MATTERS**

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in late 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in, and may continue to result in, closed borders, enhanced health screenings, disruptions to healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains, workflow operations and consumer activity, as well as general concern and uncertainty. The impact of this coronavirus has resulted in substantial economic volatility. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries,

individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. In addition, governments, their regulatory agencies, or self-regulatory organizations may take actions in response to the pandemic, including significant fiscal and monetary policy changes, that may affect the instruments in which the Fund invests or the issuers of such investments. Any such impact could adversely affect the Fund's performance.

## **11. RECENT ACCOUNTING PRONOUNCEMENTS**

In December 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-06 "Reference Rate Reform (Topic 848)". ASU No. 2022-06 updates and clarifies ASU No. 2020-04, which provides optional, temporary relief with respect to the financial reporting of contracts subject to certain types of modifications due to the planned discontinuation of LIBOR and other interbank-offered reference rates. The temporary relief provided by ASU No. 2022-06 is effective immediately for certain reference rate-related contract modifications that occur through December 31, 2024. Management does not expect ASU No. 2022-06 to have a material impact on the financial statements.

# Report of Independent Registered Public Accounting Firm

## **TO THE BOARD OF DIRECTORS OF FEDERATED HERMES TOTAL RETURN SERIES, INC. AND THE SHAREHOLDERS OF FEDERATED HERMES ULTRASHORT BOND FUND:**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of Federated Hermes Ultrashort Bond Fund (the Fund), a portfolio of Federated Hermes Total Return Series, Inc., including the portfolio of investments, as of September 30, 2023, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the financial statements) and the financial highlights for each of the years or periods in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of September 30, 2023, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of September 30, 2023, by correspondence with custodians and brokers; when replies were not received from brokers, we performed other auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

**KPMG LLP**

We have served as the auditor for one or more of Federated Hermes' investment companies since 2006.

Boston, Massachusetts  
November 22, 2023



## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from April 1, 2023 to September 30, 2023.

### **ACTUAL EXPENSES**

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

### **HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES**

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds.

	Beginning Account Value 4/1/2023	Ending Account Value 9/30/2023	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Class A Shares	\$1,000	\$1,024.40	\$2.59
Institutional Shares	\$1,000	\$1,024.00	\$1.83
Service Shares	\$1,000	\$1,023.50	\$2.33
Class R6 Shares	\$1,000	\$1,025.20	\$1.78
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Class A Shares	\$1,000	\$1,022.51	\$2.59
Institutional Shares	\$1,000	\$1,023.26	\$1.83
Service Shares	\$1,000	\$1,022.76	\$2.33
Class R6 Shares	\$1,000	\$1,023.31	\$1.78

1 Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	0.51%
Institutional Shares	0.36%
Service Shares	0.46%
Class R6 Shares	0.35%

## Board of Directors and Corporation Officers

The Board of Directors is responsible for managing the Corporation’s business affairs and for exercising all the Corporation’s powers except those reserved for the shareholders. The following tables give information about each Director and the senior officers of the Fund. Where required, the tables separately list Directors who are “interested persons” of the Fund (i.e., “Interested” Directors) and those who are not (i.e., “Independent” Directors). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222-3779. The address of all Independent Directors listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2022, the Corporation comprised three portfolio(s), and the Federated Hermes Fund Family consisted of 33 investment companies (comprising 102 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Director oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund’s Statement of Additional Information includes additional information about Corporation Directors and is available, without charge and upon request, by calling 1-800-341-7400, Option #4.

### INTERESTED DIRECTORS BACKGROUND

<b>Name</b> <b>Birth Date</b> <b>Positions Held with Corporation</b> <b>Date Service Began</b>	<b>Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)</b>
<b>J. Christopher Donahue*</b> Birth Date: April 11, 1949 PRESIDENT AND DIRECTOR Indefinite Term Began serving: March 1995	<p><b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of the Funds in the Federated Hermes Fund Family; President, Chief Executive Officer and Director, Federated Hermes, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.</p> <p><b>Previous Positions:</b> President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd.</p>

Name Birth Date Positions Held with Corporation Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
<b>John B. Fisher*</b> Birth Date: May 16, 1956 DIRECTOR Indefinite Term Began serving: May 2016	<p><b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of certain of the Funds in the Federated Hermes Fund Family; Director and Vice President, Federated Hermes, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, and Federated MDTA LLC; Director, Federated Investors Trust Company.</p> <p><b>Previous Positions:</b> President and Director of the Institutional Sales Division of Federated Securities Corp.; President and CEO of Passport Research, Ltd.; Director and President, Technology, Federated Services Company.</p>

\* *Reasons for "interested" status: J. Christopher Donahue and John B. Fisher are interested due to their beneficial ownership of shares of Federated Hermes, Inc. and due to positions they hold with Federated Hermes, Inc. and its subsidiaries.*

## INDEPENDENT DIRECTORS BACKGROUND

Name Birth Date Positions Held with Corporation Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>John T. Collins</b> Birth Date: January 24, 1947 DIRECTOR Indefinite Term Began serving: October 2013	<p><b>Principal Occupations:</b> Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Hermes Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).</p> <p><b>Qualifications:</b> Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).</p>

<b>Name</b> <b>Birth Date</b> <b>Positions Held with Corporation</b> <b>Date Service Began</b>	<b>Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications</b>
<b>G. Thomas Hough</b> Birth Date: February 28, 1955 DIRECTOR Indefinite Term Began serving: August 2015	<p><b>Principal Occupations:</b> Director or Trustee, Chair of the Audit Committee of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst &amp; Young LLP (public accounting firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, Chair of the Audit Committee, Equifax, Inc.; Lead Director, Member of the Audit and Nominating and Corporate Governance Committees, Haverty Furniture Companies, Inc.; formerly, Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.</p> <p><b>Qualifications:</b> Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst &amp; Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p>
<b>Maureen Lally-Green</b> Birth Date: July 5, 1949 DIRECTOR Indefinite Term Began serving: August 2009	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor Emerita of Law, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p><b>Other Directorships Held:</b> Director, CNX Resources Corporation (natural gas).</p> <p><b>Qualifications:</b> Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as Associate General Secretary of the Diocese of Pittsburgh, a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania to serve on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director CNX Resources Corporation (natural gas). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; Director and Chair, North Catholic High School, Inc.; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; and Director and Vice Chair, Saint Francis University.</p>

<b>Name</b> <b>Birth Date</b> <b>Positions Held with Corporation</b> <b>Date Service Began</b>	<b>Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications</b>
<b>Thomas M. O'Neill</b> Birth Date: June 14, 1951 DIRECTOR Indefinite Term Began serving: August 2006	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); Director, Midway Pacific (lumber); and Director, The Golisano Children's Museum of Naples, Florida.</p>
<b>Madelyn A. Reilly</b> Birth Date: February 2, 1956 DIRECTOR Indefinite Term Began serving: November 2020	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; formerly, Senior Vice President for Legal Affairs, General Counsel and Secretary of Board of Directors, Duquesne University (Retired).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Ms. Reilly has served in various business and legal management roles throughout her career. Ms. Reilly previously served as Senior Vice President for Legal Affairs, General Counsel and Secretary of Board of Directors and Director of Risk Management and Associate General Counsel, Duquesne University. Prior to her work at Duquesne University, Ms. Reilly served as Assistant General Counsel of Compliance and Enterprise Risk as well as Senior Counsel of Environment, Health and Safety, PPG Industries. Ms. Reilly currently serves as a member of the Board of Directors of UPMC Mercy Hospital.</p>

<b>Name</b> <b>Birth Date</b> <b>Positions Held with Corporation</b> <b>Date Service Began</b>	<b>Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications</b>
<b>P. Jerome Richey</b> Birth Date: February 23, 1949 DIRECTOR Indefinite Term Began serving: October 2013	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CONSOL Energy Inc. (now split into two separate publicly traded companies known as CONSOL Energy Inc. and CNX Resources Corp.).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CONSOL Energy Inc. and CNX Gas Company; and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll &amp; Rooney PC (a law firm).</p>
<b>John S. Walsh</b> Birth Date: November 28, 1957 DIRECTOR Indefinite Term Began serving: April 1999	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh &amp; Kelly, Inc. (paving contractors).</p>

## OFFICERS

<b>Name</b> <b>Birth Date</b> <b>Positions Held with Corporation</b> <b>Date Service Began</b>	<b>Principal Occupation(s) for Past Five Years and Previous Position(s)</b>
<b>Lori A. Hensler</b> Birth Date: January 6, 1967 TREASURER Officer since: April 2013	<b>Principal Occupations:</b> Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.  <b>Previous Positions:</b> Controller of Federated Hermes, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.
<b>Peter J. Germain</b> Birth Date: September 3, 1959 CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	<b>Principal Occupations:</b> Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Hermes Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Hermes, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated Hermes, Inc. in 1984 and is a member of the Pennsylvania Bar Association.  <b>Previous Positions:</b> Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Hermes, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Hermes, Inc.
<b>Stephen Van Meter</b> Birth Date: June 5, 1975 CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	<b>Principal Occupations:</b> Senior Vice President and Chief Compliance Officer of the Federated Hermes Fund Family; Vice President and Chief Compliance Officer of Federated Hermes, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated Hermes, Inc. in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.  <b>Previous Positions:</b> Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Hermes, Inc. Prior to joining Federated Hermes, Inc., Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.



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<b>Name</b> <b>Birth Date</b> <b>Positions Held with Corporation</b> <b>Date Service Began</b>	<b>Principal Occupation(s) for Past Five Years and Previous Position(s)</b>
<b>Robert J. Ostrowski</b> Birth Date: April 26, 1963 CHIEF INVESTMENT OFFICER Officer since: May 2004	<b>Principal Occupations:</b> Robert J. Ostrowski joined Federated Hermes, Inc. in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated Hermes' taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.

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# Evaluation and Approval of Advisory Contract – May 2023

## **FEDERATED HERMES ULTRASHORT BOND FUND (THE “FUND”)**

At its meetings in May 2023 (the “May Meetings”), the Fund’s Board of Directors (the “Board”), including those Directors who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Directors”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) (the “Contract”) for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to approve the continuation of the existing arrangement. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

### **Information Received and Review Process**

At the request of the Independent Directors, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation of the Fund’s management fee (the “CCO Fee Evaluation Report”). The Board considered the CCO Fee Evaluation Report, along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contract. The CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Directors. At the request of the Independent Directors, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, the Board considered information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings. In this regard, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes by independent legal counsel on behalf of the Independent Directors encompassing a wide variety of topics, including those summarized below. The Board also considered such additional matters as the Independent Directors

deemed reasonably necessary to evaluate the Contract, which included detailed information about the Fund and Federated Hermes furnished to the Board at its meetings throughout the year and in between regularly scheduled meetings on particular matters as the need arose.

The Board's consideration of the Contract included review of materials and information covering the following matters, among others: the nature, quality and extent of the advisory and other services provided to the Fund by Federated Hermes; Federated Hermes' business and operations; the Adviser's investment philosophy, personnel and processes; the Fund's investment objectives and strategies; the Fund's short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund's particular investment program and a group of its peer funds and/or its benchmark, as appropriate); the Fund's fees and expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the financial condition of Federated Hermes; the Adviser's profitability with respect to managing the Fund; distribution and sales activity for the Fund; and the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any).

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees charged to other registered funds in evaluating the Contract. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser's fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by the adviser to the fund and its shareholders, including the performance of the fund, its benchmark and comparable funds; (2) the adviser's cost of providing the services and the profitability to the adviser of providing advisory services to the fund; (3) the extent to which the adviser may realize "economies of scale" as the fund grows larger and, if such economies of scale exist, whether they have been appropriately shared with the fund and its shareholders or the family of funds; (4) any "fall-out" benefits that accrue to the adviser because of its relationship with the fund, including research services received from brokers that execute fund trades and any fees paid to affiliates of the adviser for services rendered to the fund; (5) comparative fee and expense structures, including a comparison of management fees paid to the adviser with those paid by similar funds managed by the same adviser or other advisers as well as management fees charged to institutional and other advisory clients of the same adviser for what might be viewed as like services; and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise, including whether they are fully informed about all facts the board deems relevant to its consideration of the adviser's services and fees. The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements

regarding the basis for a fund board’s approval of the fund’s investment advisory contract generally align with the factors listed above. The Board was guided by these factors in its evaluation of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below. The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the oversight of the other funds advised by Federated Hermes (each, a “Federated Hermes Fund” and, collectively, the “Federated Hermes Funds”).

In addition, the Board considered the preferences and expectations of Fund shareholders and the potential disruptions of the Fund’s operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew the Contract. In particular, the Board recognized that many shareholders likely have invested in the Fund based on the strength of Federated Hermes’ industry standing and reputation and with the expectation that Federated Hermes will have a continuing role in providing advisory services to the Fund. Thus, the Board observed that there are a range of investment options available to the Fund’s shareholders and such shareholders in the marketplace, having had the opportunity to consider other investment options, have effectively selected Federated Hermes by virtue of investing in the Fund.

In determining to approve the continuation of the Contract, the members of the Board reviewed and evaluated information and factors they believed to be relevant and appropriate through the exercise of their reasonable business judgment. While individual members of the Board may have weighed certain factors differently, the Board’s determination to approve the continuation of the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contract. The Board recognized that its evaluation process is evolutionary and that the factors considered and emphasis placed on relevant factors may change in recognition of changing circumstances in the registered fund marketplace. The Independent Directors were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Directors met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Directors and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contract for the Fund as part of its consideration of agreements for funds across the family of Federated Hermes Funds, but its approvals were made on a fund-by-fund basis.

### **Nature, Extent and Quality of Services**

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of Federated Hermes dedicated to the Fund. In this regard, the Board evaluated, among other things, the terms of the Contract and the range of services provided to the Fund by Federated Hermes. The Board considered the Adviser's personnel, investment philosophy and process, investment research capabilities and resources, trade operations capabilities, experience and performance track record. The Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and Federated Hermes' ability and experience in attracting and retaining qualified personnel to service the Fund. The Board considered the trading operations by the Advisers, including the execution of portfolio transactions and the selection of brokers for those transactions. The Board also considered the Adviser's ability to deliver competitive investment performance for the Fund when compared to the Fund's Performance Peer Group (as defined below), which was deemed by the Board to be a useful indicator of how the Adviser is executing the Fund's investment program.

In addition, the Board considered the financial resources and overall reputation of Federated Hermes and its willingness to consider and make investments in personnel, infrastructure, technology, cybersecurity, business continuity planning and operational enhancements that are designed to benefit the Federated Hermes Funds. The Board noted that the significant acquisition of Hermes Fund Managers Limited by Federated Hermes has deepened Federated Hermes' investment management expertise and capabilities and its access to analytical resources related to environmental, social and governance ("ESG") factors and issuer engagement on ESG matters. The Board considered Federated Hermes' oversight of the securities lending program for the Federated Hermes Funds that engage in securities lending and noted the income earned by the Federated Hermes Funds that participate in such program. In addition, the Board considered the quality of Federated Hermes' communications with the Board and responsiveness to Board inquiries and requests made from time to time with respect to the Federated Hermes Funds. The Board also considered that Federated Hermes is responsible for providing the Federated Hermes Funds' officers.

The Board received and evaluated information regarding Federated Hermes' regulatory and compliance environment. The Board considered Federated Hermes' compliance program and compliance history and reports from the CCO about Federated Hermes' compliance with applicable laws and regulations, including responses to regulatory developments and any compliance or other issues raised by regulatory agencies. The Board also noted Federated Hermes' support of the Federated Hermes Funds' compliance control structure and the compliance-related resources devoted by Federated Hermes in support of the Fund's obligations pursuant to Rule 38a-1 under the

Investment Company Act of 1940, including Federated Hermes' commitment to respond to rulemaking and other regulatory initiatives of the SEC. The Board considered Federated Hermes' approach to internal audits and risk management with respect to the Federated Hermes Funds and its day-to-day oversight of the Federated Hermes Funds' compliance with their investment objectives and policies as well as with applicable laws and regulations, noting that regulatory and other developments had over time led, and continue to lead, to an increase in the scope of Federated Hermes' oversight in this regard, including in connection with the implementation of new rules on derivatives risk management and fair valuation.

The Board also considered the implementation of Federated Hermes' business continuity plans. In addition, the Board noted Federated Hermes' commitment to maintaining high quality systems and expending substantial resources to prepare for and respond to ongoing changes due to the market, regulatory and control environments in which the Fund and its service providers operate.

The Board considered Federated Hermes' efforts to provide shareholders in the Federated Hermes Funds with a comprehensive array of funds with different investment objectives, policies and strategies. The Board considered the expenses that Federated Hermes had incurred, as well as the entrepreneurial and other risks assumed by Federated Hermes, in sponsoring and providing ongoing services to new funds to expand these opportunities for shareholders. The Board noted the benefits to shareholders of being part of the family of Federated Hermes Funds, which include the general right to exchange investments between the same class of shares without the incurrence of additional sales charges.

Based on these considerations, the Board concluded that it was satisfied with the nature, extent and quality of the services provided by the Adviser to the Fund.

### **Fund Investment Performance**

The Board considered the investment performance of the Fund. In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks. The Board considered detailed investment reports on, and the Adviser's analysis of, the Fund's performance over different time periods that were provided to the Board throughout the year and in connection with the May Meetings. These reports included, among other items, information on the Fund's gross and net returns, the Fund's investment performance compared to one or more relevant categories or groups of peer funds and the Fund's benchmark index, performance attribution information and commentary on the effect of market conditions. The Board considered that, in its evaluation of investment performance at meetings throughout the year, it focused particular attention on information indicating less favorable performance of certain

Federated Hermes Funds for specific time periods and discussed with Federated Hermes the reasons for such performance as well as any specific actions Federated Hermes had taken, or had agreed to take, to seek to enhance Fund investment performance and the results of those actions.

The Board also reviewed comparative information regarding the performance of other registered funds in the category of peer funds selected by Morningstar, Inc. (the “Morningstar”), an independent fund ranking organization (the “Performance Peer Group”). The Board noted the CCO’s view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered in the CCO’s view that, in evaluating such comparisons, in some cases there may be differences in the funds’ objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group.

For the periods ended December 31, 2022, the Fund’s performance fell below the Performance Peer Group median for the one-year period, was at the Performance Peer Group median for the three-year period and was above the Performance Peer Group median for the five-year period. The Board discussed the Fund’s performance with the Adviser and recognized the efforts being taken by the Adviser in the context of other factors considered relevant by the Board.

Based on these considerations, the Board concluded that it had continued confidence in the Adviser’s overall capabilities to manage the Fund.

### **Fund Expenses**

The Board considered the advisory fee and overall expense structure of the Fund and the comparative fee and expense information that had been provided in connection with the May Meetings. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, net advisory fee rates, total expense ratios and each element of the Fund’s total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by Morningstar (the “Expense Peer Group”). The Board received a description of the methodology used to select the Expense Peer Group from the overall Morningstar category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category.

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged to funds by other advisers, the use of comparisons between the Fund and its Expense Peer Group assisted the Board in its evaluation of the Fund’s fees and expenses. The Board focused on comparisons with other registered funds with comparable investment programs more heavily than non-registered fund products or services because

such comparisons are believed to be more relevant. The Board considered that other registered funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's shareholders. The Board noted that the range of such other registered funds' fees and expenses, therefore, appears to be a relevant indicator of what investors have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund and noted the position of the Fund's fee rates relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was above the median of the Expense Peer Group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board. In 2023, the Board approved a reduction of 1 basis point in the contractual advisory fee, such reduction to be effective August 1, 2023.

The Board also received and considered information about the nature and extent of services offered and fees charged by Federated Hermes to other types of clients with investment strategies similar to those of the Federated Hermes Funds, including non-registered fund clients (such as institutional separate accounts) and third-party unaffiliated registered funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-registered fund clients are inherently different products due to the following differences, among others: (i) different types of targeted investors; (ii) different applicable laws and regulations; (iii) different legal structures; (iv) different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; (v) the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing and fund liquidity; (vi) different administrative responsibilities; (vii) different degrees of risk associated with management; and (viii) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary registered fund business versus managing a discrete pool of assets as a sub-adviser to another institution's registered fund, noting the CCO's view that Federated Hermes generally performs significant additional services and assumes substantially greater risks in managing the Fund and other Federated Hermes Funds than in its role as sub-adviser to an unaffiliated third-party registered fund. The Board noted that the CCO did not consider the fees for providing advisory services to other types of clients to be determinative in judging the appropriateness of the Federated Hermes Funds' advisory fees.



Based on these considerations, the Board concluded that the fees and total operating expenses of the Fund, in conjunction with other matters considered, are reasonable in light of the services provided.

### **Profitability**

The Board received and considered profitability information furnished by Federated Hermes, as requested by the CCO. Such profitability information included revenues reported on a fund-by-fund basis and estimates of the allocation of expenses made on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs on a fund-by-fund basis continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. In addition, the Board considered the CCO's view that the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract are consistent with the methodologies previously reviewed by an independent consultant. The Board noted that the independent consultant had previously conducted a review of the allocation methodologies and reported to the Board that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable. The Board considered the CCO's view that the estimated profitability to the Adviser from its relationship with the Fund was not unreasonable in relation to the services provided.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. The Board recognized that profitability comparisons among fund management companies are difficult because of the variation in the type of comparative information that is publicly available, and the profitability of any fund management company is affected by numerous factors. The Board considered the CCO's conclusion that, based on such profitability information, Federated Hermes' profit margins did not appear to be excessive. The Board also considered the CCO's view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Federated Hermes Funds.

### **Economies of Scale**

The Board received and considered information about the notion of possible realization of "economies of scale" as a fund grows larger, the difficulties of determining economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the

Board considered that Federated Hermes has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as: portfolio management, investment research and trading operations; shareholder services; compliance; business continuity, cybersecurity and information security programs; internal audit and risk management functions; and technology and use of data. The Board noted that Federated Hermes' investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments are likely to be shared with the family of Federated Hermes Funds as a whole. In addition, the Board considered that fee waivers and expense reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund's assets decline. The Board considered that, in order for the Federated Hermes Funds to remain competitive in the marketplace, Federated Hermes has frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and has disclosed to shareholders and/or reported to the Board its intention to do so (or continue to do so) in the future. The Board also considered that Federated Hermes has been active in managing expenses of the Federated Hermes Funds in recent years, which has resulted in benefits being realized by shareholders.

The Board also received and considered information on adviser-paid fees (commonly referred to as "revenue sharing" payments) that was provided to the Board throughout the year and in connection with the May Meetings. The Board considered that Federated Hermes and the CCO believe that this information is relevant to considering whether Federated Hermes had an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, but should not be considered when evaluating the reasonableness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines economies of scale, which is compounded by the lack of any uniform methodology or pattern with respect to structuring fund advisory fees with breakpoints that serve to reduce the fees as a fund attains a certain size.

### **Other Benefits**

The Board considered information regarding the compensation and other ancillary (or "fall-out") benefits that Federated Hermes derived from its relationships with the Federated Hermes Funds. The Board noted that, in addition to receiving advisory fees under the Federated Hermes Funds' investment advisory contracts, Federated Hermes' affiliates also receive fees for providing other services to the Federated Hermes Funds under separate service contracts including for serving as the Federated Hermes Funds' administrator and distributor. In this regard, the Board considered that certain of Federated Hermes' affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through

distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing the benefits, if any, that Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds.

### **Conclusions**

The Board considered: (i) the CCO's conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund is reasonable; and (ii) the CCO's recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contract by the CCO. The CCO also recognized that the Board's evaluation of the Federated Hermes Funds' advisory and sub-advisory arrangements is a continuing and ongoing process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its ongoing oversight of the Federated Hermes Funds.

On the basis of the information and factors summarized above, among other information and factors deemed relevant by the Board, and the evaluation thereof, the Board, including the Independent Directors, unanimously voted to approve the continuation of the Contract. The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view of past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative.

## Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Total Return Series, Inc. (the “Corporation”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Ultrashort Bond Fund (the “Fund” and, collectively with the other non-money market open-end funds advised by Federated Hermes, the “Federated Hermes Funds”). The Program seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Directors of the Corporation (the “Board”) has approved the designation of each Federated Hermes Fund’s investment adviser as the administrator for the Program (the “Administrator”) with respect to that Fund. The Administrator, in turn, has delegated day-to-day responsibility for the administration of the Program to multiple Liquidity Risk Management Committees, which are comprised of representatives from certain divisions within Federated Hermes.

The Program is comprised of various components designed to support the assessment and/or management of liquidity risk, including: (1) the periodic assessment (no less frequently than annually) of certain factors that influence the Fund’s liquidity risk; (2) the periodic classification (no less frequently than monthly) of the Fund’s investments into one of four liquidity categories that reflect an estimate of their liquidity under current market conditions; (3) a 15% limit on the acquisition of “illiquid investments” (as defined under the Liquidity Rule); (4) to the extent a Fund does not invest primarily in “highly liquid investments” (as defined under the Liquidity Rule), the determination of a minimum percentage of the Fund’s assets that generally will be invested in highly liquid investments (an “HLIM”); (5) if a Fund has established an HLIM, the periodic review (no less frequently than annually) of the HLIM and the adoption of policies and procedures for responding to a shortfall of the Fund’s highly liquid investments below its HLIM; and (6) periodic reporting to the Board.

At its meetings in May 2023, the Board received and reviewed a written report (the “Report”) from the Federated Hermes Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the Program for the period from April 1, 2022 through March 31, 2023 (the “Period”). The Report addressed the operation of the Program and assessed the adequacy and effectiveness of its implementation, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund. There were no material changes to the Program during the Period. The Report summarized the operation of the Program and

the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that it was not necessary for the Fund to utilize, and the Fund did not utilize, any alternative funding sources that were available to the Federated Hermes Funds during the Period, such as the Federated Hermes Funds' interfund lending facility, redemptions in-kind, reverse repurchase agreement transactions, redemptions delayed beyond the normal T+1 settlement but within seven days of the redemption request, and committed lines of credit;
- the periodic classifications of the Fund's investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund's reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund's investments, and the results of the Administrator's evaluation of the services performed by the vendor in support of this process, including the Administrator's view that the methodologies utilized by the vendor continue to be appropriate;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the operation of the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period, and the operation of the procedures for monitoring this limit;
- the fact that there were no liquidity events during the Period that materially affected the Fund's liquidity risk;
- the impact on liquidity and management of liquidity risk, if any, caused by extended non-U.S. market closures and confirmation that there were no issues for any of the affected Federated Hermes Funds in meeting shareholder redemptions at any time during these temporary non-U.S. market closures.

Based on this review, the Administrator concluded that the Program is operating effectively to assess and manage the Fund's liquidity risk, and that the Program has been and continues to be adequately and effectively implemented to monitor and, as applicable, respond to the Fund's liquidity developments.

## Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400, Option #4. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [FederatedHermes.com/us/FundInformation](https://FederatedHermes.com/us/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://sec.gov).

## Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [sec.gov](https://sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund and share class name at [FederatedHermes.com/us](https://FederatedHermes.com/us).

# Notes

*Mutual funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in mutual funds involves investment risk, including the possible loss of principal.*

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

### Sign up for Electronic Delivery!

*A faster way to receive documents.*

If you purchased shares through a financial intermediary (bank or broker-dealer), please contact your representative to set up e-delivery. Otherwise, contact the Fund at 1-800-341-7400, Option #4.



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