

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



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Share Class | Ticker

**A** | FHIX  
**R6** | FHBRX

**C** | FHICX

**Institutional** | FHISX

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# Federated Hermes Sustainable High Yield Bond Fund, Inc.

*(formerly, Federated Hermes High Income Bond Fund, Inc.)  
Fund Established 1977*

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Dear Valued Shareholder,

We are pleased to present the Semi-Annual Shareholder Report for your fund covering the period from April 1, 2023 through September 30, 2023. This report includes 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://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, reading "J. Christopher Donahue".

J. Christopher Donahue, President

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

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# Portfolio of Investments Summary Table (unaudited)

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

<b>Index Classification</b>	<b>Percentage of Total Net Assets</b>
Technology	12.1%
Insurance - P&C	8.3%
Cable Satellite	7.7%
Automotive	7.5%
Packaging	6.4%
Media Entertainment	6.2%
Midstream	5.8%
Health Care	5.2%
Building Materials	4.1%
Gaming	3.5%
Other <sup>2</sup>	29.5%
Cash Equivalents <sup>3</sup>	2.3%
Other Assets and Liabilities - Net <sup>4</sup>	1.4%
<b>TOTAL</b>	<b>100%</b>

- 1 Index classifications are based upon, and individual portfolio securities are assigned to, the classifications and sub-classifications of the Bloomberg US Corporate High Yield 2% Issuer Capped Index (BHY2%ICI). Individual portfolio securities that are not included in the BHY2%ICI are assigned to an index classification by the Fund's Adviser.*
- 2 For purposes of this table, index classifications which constitute less than 3.5% of the Fund's total net assets have been aggregated under the designation "Other."*
- 3 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.*
- 4 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

# Portfolio of Investments

September 30, 2023 (unaudited)

Principal Amount or Shares		Value
	CORPORATE BONDS—96.3%	
	<b>Aerospace/Defense—1.0%</b>	
\$1,750,000	TransDigm, Inc., Sec. Fac. Bond, 144A, 6.250%, 3/15/2026	\$ 1,721,047
200,000	TransDigm, Inc., Sec. Fac. Bond, 144A, 6.750%, 8/15/2028	197,148
675,000	TransDigm, Inc., Sec. Fac. Bond, 144A, 6.875%, 12/15/2030	662,661
1,900,000	TransDigm, Inc., Sr. Sub., Series WI, 5.500%, 11/15/2027	1,780,955
	TOTAL	4,361,811
	<b>Airlines—0.1%</b>	
664,583	American Airlines, Inc./AAAdvantage Loyalty IP Ltd., 144A, 5.500%, 4/20/2026	649,665
	<b>Automotive—7.5%</b>	
225,000	Adient Global Holdings Ltd., Sec. Fac. Bond, 144A, 7.000%, 4/15/2028	223,419
2,550,000	Adient Global Holdings Ltd., Sr. Unsecd. Note, 144A, 4.875%, 8/15/2026	2,407,953
425,000	Adient Global Holdings Ltd., Sr. Unsecd. Note, 144A, 8.250%, 4/15/2031	426,040
388,000	Dana Financing Lux Sarl, Sr. Unsecd. Note, 144A, 5.750%, 4/15/2025	379,987
500,000	Dana, Inc., Sr. Unsecd. Note, 4.500%, 2/15/2032	388,972
750,000	Dana, Inc., Sr. Unsecd. Note, 5.375%, 11/15/2027	694,720
2,500,000	Dornoch Debt Merger Sub., Inc., Sr. Unsecd. Note, 144A, 6.625%, 10/15/2029	2,069,779
825,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 2.700%, 8/10/2026	737,031
1,925,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 3.375%, 11/13/2025	1,787,682
1,525,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.000%, 11/13/2030	1,275,106
1,325,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.063%, 11/1/2024	1,284,104
900,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.125%, 8/17/2027	820,463
1,250,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.271%, 1/9/2027	1,155,813
1,925,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 5.113%, 5/3/2029	1,764,078
1,550,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 5.125%, 6/16/2025	1,501,831
675,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, Series GMTN, 4.389%, 1/8/2026	637,807
1,200,000	IHO Verwaltungs GmbH, Sec. Fac. Bond, 144A, 6.000%, 5/15/2027	1,115,230
1,275,000	IHO Verwaltungs GmbH, Sec. Fac. Bond, 144A, 6.375%, 5/15/2029	1,151,387
6,575,000	Panther BF Aggregator 2 LP, Sr. Unsecd. Note, 144A, 8.500%, 5/15/2027	6,568,467
2,125,000	Real Hero Merger Sub 2, Inc., Sr. Unsecd. Note, 144A, 6.250%, 2/1/2029	1,643,699
1,875,000	Schaeffler Verwaltung ZW, 144A, 4.750%, 9/15/2026	1,719,370
2,100,000	ZF North America Capital, Inc., Sr. Unsecd. Note, 144A, 6.875%, 4/14/2028	2,056,740
350,000	ZF North America Capital, Inc., Sr. Unsecd. Note, 144A, 7.125%, 4/14/2030	343,375
	TOTAL	32,153,053
	<b>Banking—0.3%</b>	
1,500,000	Ally Financial, Inc., Sr. Sub. Note, 5.750%, 11/20/2025	1,457,585

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Building Materials—4.1%</b>	
\$ 200,000	Abc Supply Co., Inc., Sr. Unsecd. Note, 144A, 3.875%, 11/15/2029	\$ 166,876
525,000	American Builders & Contractors Supply Co., Inc., 144A, 4.000%, 1/15/2028	465,961
250,000	Beacon Roofing Supply, Inc., Sr. Note, 144A, 6.500%, 8/1/2030	242,545
750,000	Camelot Return Merger SU, Sec. Fac. Bond, 144A, 8.750%, 8/1/2028	724,441
750,000	Cornerstone Building Brands, Sr. Unsecd. Note, 144A, 6.125%, 1/15/2029	569,455
2,375,000	Cp Atlas Buyer, Inc., Sr. Unsecd. Note, 144A, 7.000%, 12/1/2028	1,865,697
2,150,000	Foundation Building Materials, Inc., Sr. Unsecd. Note, 144A, 6.000%, 3/1/2029	1,791,371
1,525,000	Gyp Holdings III Corp., Sr. Unsecd. Note, 144A, 4.625%, 5/1/2029	1,315,137
725,000	Interface, Inc., Sr. Unsecd. Note, 144A, 5.500%, 12/1/2028	617,031
275,000	MIWD Holdco II LLC/ MIWD Finance Corp., Sr. Unsecd. Note, 144A, 5.500%, 2/1/2030	227,492
1,850,000	Srs Distribution, Inc., Sr. Unsecd. Note, 144A, 6.000%, 12/1/2029	1,556,063
1,850,000	Srs Distribution, Inc., Sr. Unsecd. Note, 144A, 6.125%, 7/1/2029	1,577,364
775,000	Standard Industries, Inc., Sr. Unsecd. Note, 144A, 3.375%, 1/15/2031	600,033
675,000	Standard Industries, Inc., Sr. Unsecd. Note, 144A, 4.375%, 7/15/2030	559,740
2,975,000	Standard Industries, Inc., Sr. Unsecd. Note, 144A, 5.000%, 2/15/2027	2,760,595
1,675,000	White Cap Buyer LLC, Sr. Unsecd. Note, 144A, 6.875%, 10/15/2028	1,482,435
1,000,000	White Cap Parent LLC, Sr. Sub. Secd. Note, 144A, 8.250%, 3/15/2026	966,083
	TOTAL	17,488,319
	<b>Cable Satellite—7.7%</b>	
175,000	CCO Holdings LLC/Cap Corp., Sr. Sub. Secd. Note, 144A, 5.500%, 5/1/2026	169,222
425,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 4.500%, 5/1/2032	333,996
1,400,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 4.250%, 2/1/2031	1,115,819
725,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 4.250%, 1/15/2034	534,563
1,650,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 4.500%, 8/15/2030	1,356,495
675,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 4.500%, 6/1/2033	517,211
1,325,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 4.750%, 3/1/2030	1,113,923
300,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 4.750%, 2/1/2032	240,334
1,525,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 5.000%, 2/1/2028	1,386,581
2,450,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 5.125%, 5/1/2027	2,285,265
2,125,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 5.375%, 6/1/2029	1,908,756
2,450,000	DIRECTV Holdings LLC, Sec. Fac. Bond, 144A, 5.875%, 8/15/2027	2,169,352
1,750,000	Doyla Holdco 18 Designated Activity Co., Sr. Unsecd. Note, 144A, 5.000%, 7/15/2028	1,512,140
1,150,000	<sup>1,2,3</sup> Intelsat Jackson Holdings S.A., Sr. Unsecd. Note, 5.500%, 12/30/2023	0
750,000	<sup>1,2,3</sup> Intelsat Jackson Holdings S.A., Sr. Unsecd. Note, 144A, 8.500%, 10/15/2024	0
325,000	<sup>1,2,3</sup> Intelsat Jackson Holdings S.A., Sr. Unsecd. Note, 144A, 9.750%, 7/15/2025	0

Principal Amount or Shares		Value
<b>CORPORATE BONDS—continued</b>		
<b>Cable Satellite—continued</b>		
\$ 575,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 3.125%, 9/1/2026	\$ 513,067
1,750,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 3.875%, 9/1/2031	1,327,211
925,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 4.000%, 7/15/2028	790,499
1,025,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 4.125%, 7/1/2030	821,814
725,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 5.500%, 7/1/2029	642,104
3,800,000	Telenet Finance Luxembourg, Sec. Fac. Bond, 144A, 5.500%, 3/1/2028	3,441,850
3,775,000	UPC Broadband Finco BV, Sr. Note, 144A, 4.875%, 7/15/2031	3,067,527
1,700,000	Virgin Media Finance PLC, Sr. Unsecd. Note, 144A, 5.000%, 7/15/2030	1,338,502
400,000	Virgin Media Secured Finance PLC, Sec. Fac. Bond, 144A, 4.500%, 8/15/2030	330,948
1,600,000	Virgin Media Secured Finance PLC, Sec. Fac. Bond, 144A, 5.500%, 5/15/2029	1,426,879
525,000	Vmed O2 UK Financing I PLC, Sec. Fac. Bond, 144A, 4.250%, 1/31/2031	418,572
200,000	Vmed O2 UK Financing I PLC, Sr. Note, 144A, 4.750%, 7/15/2031	161,814
1,525,000	VZ Secured Financing B.V., Sec. Fac. Bond, 144A, 5.000%, 1/15/2032	1,199,594
3,325,000	Ziggo Finance BV, Sr. Unsecd. Note, 144A, 6.000%, 1/15/2027	3,048,162
	TOTAL	33,172,200
<b>Chemicals—2.4%</b>		
600,000	Axalta Coat/Dutch Holding BV, Sr. Unsecd. Note, 144A, 4.750%, 6/15/2027	558,139
800,000	Axalta Coating Systems LLC, Sr. Unsecd. Note, 144A, 3.375%, 2/15/2029	666,781
325,000	Cheever Escrow Issuer, Sec. Fac. Bond, 144A, 7.125%, 10/1/2027	300,996
1,375,000	Element Solutions, Inc., Sr. Unsecd. Note, 144A, 3.875%, 9/1/2028	1,188,065
2,575,000	Herens Holdco S.a.r.l., Sec. Fac. Bond, 144A, 4.750%, 5/15/2028	2,002,673
1,175,000	Olympus Water US Holding Corp., Sec. Fac. Bond, 144A, 4.250%, 10/1/2028	959,117
2,125,000	Olympus Water US Holding Corp., Sec. Fac. Bond, 144A, 9.750%, 11/15/2028	2,123,063
1,300,000	Olympus Water US Holding Corp., Sr. Unsecd. Note, 144A, 6.250%, 10/1/2029	1,006,125
375,000	WR Grace Holdings LLC, 144A, 4.875%, 6/15/2027	344,508
250,000	WR Grace Holdings LLC, Sec. Fac. Bond, 144A, 7.375%, 3/1/2031	242,616
925,000	WR Grace Holdings LLC, Sr. Unsecd. Note, 144A, 5.625%, 8/15/2029	749,130
	TOTAL	10,141,213
<b>Construction Machinery—1.4%</b>		
1,900,000	H&E Equipment Services, Inc., Sr. Unsecd. Note, 144A, 3.875%, 12/15/2028	1,624,527
725,000	Ritchie Bros Holdings, Inc., Sr. Unsecd. Note, 144A, 6.750%, 3/15/2028	724,239
650,000	United Rentals North America, Inc., Sr. Unsecd. Note, 4.000%, 7/15/2030	554,784
1,400,000	United Rentals North America, Inc., Sr. Unsecd. Note, 4.875%, 1/15/2028	1,309,102
1,300,000	United Rentals North America, Inc., Sr. Unsecd. Note, 5.250%, 1/15/2030	1,204,096

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Construction Machinery—continued</b>	
\$ 450,000	United Rentals North America, Inc., Term Loan - 1st Lien, 144A, 6.000%, 12/15/2029	\$ 438,665
	TOTAL	5,855,413
	<b>Consumer Cyclical Services—3.3%</b>	
275,000	Allied Universal Holdco LLC, Sec. Fac. Bond, 144A, 6.625%, 7/15/2026	260,950
1,750,000	Allied Universal Holdco LLC, Sr. Unsecd. Note, 144A, 6.000%, 6/1/2029	1,307,281
3,725,000	Allied Universal Holdco LLC, Sr. Unsecd. Note, 144A, 9.750%, 7/15/2027	3,337,150
350,000	Garda World Security Corp., Sec. Fac. Bond, 144A, 4.625%, 2/15/2027	320,614
450,000	Garda World Security Corp., Sec. Fac. Bond, 144A, 7.750%, 2/15/2028	441,611
1,600,000	Garda World Security Corp., Sr. Unsecd. Note, 144A, 6.000%, 6/1/2029	1,310,350
1,450,000	Go Daddy Operating Co. LLC / GD Finance Co., Inc., Sr. Unsecd. Note, 144A, 5.250%, 12/1/2027	1,369,525
3,304,000	GW B-CR Security Corp., Sr. Unsecd. Note, 144A, 9.500%, 11/1/2027	3,162,791
1,525,000	Match Group, Inc., Sr. Unsecd. Note, 144A, 4.125%, 8/1/2030	1,260,100
250,000	Match Group, Inc., Sr. Unsecd. Note, 144A, 4.625%, 6/1/2028	224,432
1,350,000	Match Group, Inc., Sr. Unsecd. Note, 144A, 5.000%, 12/15/2027	1,246,687
	TOTAL	14,241,491
	<b>Consumer Products—1.7%</b>	
175,000	Acushnet Co., Sr. Unsecd. Note, 144A, 7.375%, 10/15/2028	176,531
3,150,000	BCPE Empire Holdings, Inc., Sr. Unsecd. Note, 144A, 7.625%, 5/1/2027	2,995,556
825,000	Edgewell Personal Care Co., Sr. Unsecd. Note, 144A, 4.125%, 4/1/2029	702,525
600,000	Edgewell Personal Care Co., Sr. Unsecd. Note, 144A, 5.500%, 6/1/2028	554,967
1,650,000	Energizer Holdings, Inc., Sr. Unsecd. Note, 144A, 4.375%, 3/31/2029	1,378,781
1,000,000	Energizer Holdings, Inc., Sr. Unsecd. Note, 144A, 4.750%, 6/15/2028	864,953
850,000	Energizer Holdings, Inc., Sr. Unsecd. Note, 144A, 6.500%, 12/31/2027	801,023
	TOTAL	7,474,336
	<b>Diversified Manufacturing—1.8%</b>	
2,825,000	Emerald Debt Merger, Sec. Fac. Bond, 144A, 6.625%, 12/15/2030	2,723,087
3,625,000	Gates Global LLC, Sr. Unsecd. Note, 144A, 6.250%, 1/15/2026	3,536,631
200,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 144A, 7.125%, 6/15/2025	200,684
1,500,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 144A, 7.250%, 6/15/2028	1,508,763
	TOTAL	7,969,165
	<b>Finance Companies—2.3%</b>	
1,125,000	GTCR W. Merger Sub LLC, 144A, 7.500%, 1/15/2031	1,128,009
825,000	Quicken Loans LLC / Quicken Loans Co-Issuer, Inc., Sr. Unsecd. Note, 144A, 3.625%, 3/1/2029	682,927
1,725,000	Quicken Loans LLC / Quicken Loans Co-Issuer, Inc., Sr. Unsecd. Note, 144A, 3.875%, 3/1/2031	1,377,732
1,800,000	Rocket Mortgage Co-Issuer, Inc., Sr. Unsecd. Note, 144A, 2.875%, 10/15/2026	1,586,871

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Finance Companies—continued</b>	
\$ 450,000	Rocket Mortgage Co-Issuer, Inc., Sr. Unsecd. Note, 144A, 4.000%, 10/15/2033	\$ 340,447
3,300,000	United Shore Financial Services, Sr. Unsecd. Note, 144A, 5.500%, 11/15/2025	3,142,467
1,300,000	United Wholesale Mortgage, LLC, Sr. Unsecd. Note, 144A, 5.500%, 4/15/2029	1,100,112
700,000	United Wholesale Mortgage, LLC, Sr. Unsecd. Note, 144A, 5.750%, 6/15/2027	634,364
	TOTAL	9,992,929
	<b>Food &amp; Beverage—1.8%</b>	
2,250,000	Bellring Brands, Inc., Sr. Unsecd. Note, 144A, 7.000%, 3/15/2030	2,218,465
2,375,000	Post Holdings, Inc., Sr. Unsecd. Note, 144A, 5.625%, 1/15/2028	2,247,542
735,000	Post Holdings, Inc., Sr. Unsecd. Note, 144A, 5.750%, 3/1/2027	706,561
400,000	US Foods, Inc., Sr. Unsecd. Note, 144A, 4.625%, 6/1/2030	348,016
1,250,000	US Foods, Inc., Sr. Unsecd. Note, 144A, 4.750%, 2/15/2029	1,118,685
975,000	US Foods, Inc., Sr. Unsecd. Note, 144A, 6.875%, 9/15/2028	974,171
	TOTAL	7,613,440
	<b>Gaming—3.5%</b>	
1,600,000	Boyd Gaming Corp., Sr. Unsecd. Note, 4.750%, 12/1/2027	1,475,937
475,000	Boyd Gaming Corp., Sr. Unsecd. Note, 144A, 4.750%, 6/15/2031	404,781
375,000	Caesars Entertainment Corp., Sec. Fac. Bond, 144A, 7.000%, 2/15/2030	365,296
500,000	Caesars Entertainment Corp., Sr. Unsecd. Note, 144A, 4.625%, 10/15/2029	424,117
1,300,000	Colt Merger Sub., Inc., Sr. Secd. Note, 144A, 5.750%, 7/1/2025	1,295,544
1,175,000	Colt Merger Sub., Inc., Sr. Secd. Note, 144A, 6.250%, 7/1/2025	1,159,952
1,975,000	Colt Merger Sub., Inc., Sr. Unsecd. Note, 144A, 8.125%, 7/1/2027	1,985,916
1,000,000	MGM Resorts International, Sr. Unsecd. Note, 4.750%, 10/15/2028	882,161
950,000	MGM Resorts International, Sr. Unsecd. Note, 6.750%, 5/1/2025	945,952
975,000	Ontario Gaming GTA LP, Sec. Fac. Bond, 144A, 8.000%, 8/1/2030	975,917
1,650,000	Penn National Gaming, Inc., Sr. Unsecd. Note, 144A, 4.125%, 7/1/2029	1,350,360
900,000	Penn National Gaming, Inc., Sr. Unsecd. Note, 144A, 5.625%, 1/15/2027	847,341
1,600,000	Scientific Games Holdings Corp., Sr. Unsecd. Note, 144A, 6.625%, 3/1/2030	1,382,096
100,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 3.500%, 2/15/2025	95,770
350,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 3.875%, 2/15/2029	302,812
650,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 4.250%, 12/1/2026	606,210
500,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 4.625%, 12/1/2029	444,150
225,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 4.625%, 6/15/2025	217,487



Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Gaming—continued</b>	
\$ 100,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 5.625%, 5/1/2024	\$ 99,454
	TOTAL	15,261,253
	<b>Health Care—5.2%</b>	
775,000	Ardent Health Services, Sr. Unsecd. Note, 144A, 5.750%, 7/15/2029	654,755
1,975,000	Avantor Funding, Inc., Sec. Fac. Bond, 144A, 4.625%, 7/15/2028	1,802,708
1,025,000	Avantor Funding, Inc., Sr. Unsecd. Note, 144A, 3.875%, 11/1/2029	877,180
700,000	CHS/Community Health Systems, Inc., 144A, 6.125%, 4/1/2030	357,185
2,100,000	CHS/Community Health Systems, Inc., 144A, 6.875%, 4/15/2029	1,118,250
525,000	CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 5.625%, 3/15/2027	450,975
175,000	CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 6.000%, 1/15/2029	141,517
825,000	CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 8.000%, 3/15/2026	787,228
525,000	CHS/Community Health Systems, Inc., Sr. Note, 144A, 5.250%, 5/15/2030	399,780
400,000	Embecta Corp., Sec. Fac. Bond, 144A, 5.000%, 2/15/2030	312,488
1,475,000	Embecta Corp., Sr. Note, 144A, 6.750%, 2/15/2030	1,208,526
250,000	Garden Spinco Corp., Sr. Unsecd. Note, 144A, 8.625%, 7/20/2030	261,214
975,000	HCA, Inc., Sr. Unsecd. Note, 5.375%, 2/1/2025	965,190
550,000	IMS Health, Inc., Sr. Unsecd. Note, 144A, 5.000%, 10/15/2026	526,397
600,000	Iqvia, Inc., Sr. Unsecd. Note, 144A, 5.000%, 5/15/2027	566,177
300,000	Iqvia, Inc., Sr. Unsecd. Note, 144A, 6.500%, 5/15/2030	294,006
625,000	LifePoint Health, Inc., Sr. Unsecd. Note, 144A, 5.375%, 1/15/2029	437,192
1,275,000	Mozart Debt Merger Sub., Inc., Sec. Fac. Bond, 144A, 3.875%, 4/1/2029	1,079,049
5,600,000	Mozart Debt Merger Sub., Inc., Sr. Unsecd. Note, 144A, 5.250%, 10/1/2029	4,846,835
450,000	MPH Acquisition Holdings LLC, Sr. Unsecd. Note, 144A, 5.750%, 11/1/2028	338,384
375,000	Teleflex, Inc., Sr. Unsecd. Note, 4.625%, 11/15/2027	344,479
750,000	Tenet Healthcare Corp., 4.250%, 6/1/2029	646,262
775,000	Tenet Healthcare Corp., 4.875%, 1/1/2026	743,236
400,000	Tenet Healthcare Corp., 5.125%, 11/1/2027	372,652
750,000	Tenet Healthcare Corp., 144A, Term Loan - 2nd Lien, 6.250%, 2/1/2027	726,426
850,000	Tenet Healthcare Corp., Sec. Fac. Bond, 144A, 6.750%, 5/15/2031	820,862
1,075,000	Tenet Healthcare Corp., Sr. Unsecd. Note, 6.125%, 10/1/2028	1,010,156
100,000	Tenet Healthcare Corp., Term Loan - 1st Lien, 4.625%, 6/15/2028	90,122
	TOTAL	22,179,231
	<b>Health Insurance—0.5%</b>	
475,000	Centene Corp., Sr. Unsecd. Note, Series WI, 4.250%, 12/15/2027	438,313
1,800,000	Centene Corp., Sr. Unsecd. Note, Series WI, 4.625%, 12/15/2029	1,623,231
	TOTAL	2,061,544

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Independent Energy—2.0%</b>	
\$ 650,000	Antero Resources Corp., Sr. Unsecd. Note, 144A, 5.375%, 3/1/2030	\$ 599,218
499,000	Antero Resources Corp., Sr. Unsecd. Note, 144A, 7.625%, 2/1/2029	506,144
575,000	Ascent Resources Utica Holdings LLC/ ARU Finance Corp., Sr. Unsecd. Note, 144A, 5.875%, 6/30/2029	517,721
600,000	Ascent Resources Utica Holdings LLC/ ARU Finance Corp., Sr. Unsecd. Note, 144A, 7.000%, 11/1/2026	586,656
350,000	Ascent Resources Utica Holdings LLC/ ARU Finance Corp., Sr. Unsecd. Note, 144A, 8.250%, 12/31/2028	346,646
225,000	Ascent Resources Utica Holdings LLC/ ARU Finance Corp., Sr. Unsecd. Note, 144A, 9.000%, 11/1/2027	283,708
125,000	Callon Petroleum Corp., Sr. Unsecd. Note, 144A, 7.500%, 6/15/2030	121,356
250,000	Callon Petroleum Corp., Sr. Unsecd. Note, Series WI, 6.375%, 7/1/2026	245,597
625,000	<sup>1,3</sup> Chesapeake Energy Corp., Sr. Unsecd. Note, 7.000%, 10/1/2024	14,063
175,000	Chesapeake Energy Corp., Sr. Unsecd. Note, 144A, 5.875%, 2/1/2029	164,826
425,000	Endeavor Energy Resources LP, Sr. Unsecd. Note, 144A, 5.750%, 1/30/2028	410,532
250,000	Permian Resources Operating LLC, Sr. Unsecd. Note, 144A, 5.375%, 1/15/2026	239,598
1,250,000	Permian Resources Operating LLC, Sr. Unsecd. Note, 144A, 6.875%, 4/1/2027	1,233,353
275,000	Range Resources Corp., Sr. Unsecd. Note, 4.875%, 5/15/2025	266,964
1,300,000	Range Resources Corp., Sr. Unsecd. Note, 8.250%, 1/15/2029	1,333,839
375,000	Range Resources Corp., Sr. Unsecd. Note, 144A, 4.750%, 2/15/2030	333,272
525,000	Rockcliff Energy II LLC, Sr. Unsecd. Note, 144A, 5.500%, 10/15/2029	473,146
425,000	Southwestern Energy Co., Sr. Unsecd. Note, 4.750%, 2/1/2032	365,232
225,000	Southwestern Energy Co., Sr. Unsecd. Note, 5.375%, 3/15/2030	205,258
450,000	Southwestern Energy Co., Sr. Unsecd. Note, 8.375%, 9/15/2028	464,941
	<b>TOTAL</b>	<b>8,712,070</b>
	<b>Industrial - Other—1.6%</b>	
200,000	Madison IaQ LLC, Sec. Fac. Bond, 144A, 4.125%, 6/30/2028	172,832
3,475,000	Madison IaQ LLC, Sr. Unsecd. Note, 144A, 5.875%, 6/30/2029	2,802,525
1,875,000	Redwood Star Merger Sub., Sr. Unsecd. Note, 144A, 8.750%, 4/1/2030	1,735,650
800,000	Vertical Holdco GmbH, Sr. Unsecd. Note, 144A, 7.625%, 7/15/2028	729,170
1,525,000	Vertical U.S. Newco, Inc., Sr. Unsecd. Note, 144A, 5.250%, 7/15/2027	1,399,437
	<b>TOTAL</b>	<b>6,839,614</b>
	<b>Insurance - P&amp;C—8.3%</b>	
3,575,000	AmWINS Group, Inc., Sr. Unsecd. Note, 144A, 4.875%, 6/30/2029	3,137,184
3,508,118	Ardonagh Midco 2 PLC, Sr. Unsecd. Note, 144A, 11.500% / 12.750% PIK, 1/15/2027	3,446,726
1,150,000	AssuredPartners, Inc., Sr. Unsecd. Note, 144A, 5.625%, 1/15/2029	996,982
2,550,000	AssuredPartners, Inc., Sr. Unsecd. Note, 144A, 7.000%, 8/15/2025	2,525,810
5,150,000	Broadstreet Partners, Inc., Sr. Unsecd. Note, 144A, 5.875%, 4/15/2029	4,549,604

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Insurance - P&amp;C—continued</b>	
\$ 950,000	GTCR AP Finance, Inc., Sr. Unsecd. Note, 144A, 8.000%, 5/15/2027	\$ 934,703
475,000	Hub International Ltd., Sec. Fac. Bond, 144A, 7.250%, 6/15/2030	474,648
2,075,000	Hub International Ltd., Sr. Unsecd. Note, 144A, 5.625%, 12/1/2029	1,809,416
6,525,000	Hub International Ltd., Sr. Unsecd. Note, 144A, 7.000%, 5/1/2026	6,517,674
1,100,000	Jones Deslauriers Insurance Management, Inc., Sec. Fac. Bond, 144A, 8.500%, 3/15/2030	1,109,324
1,200,000	Jones Deslauriers Insurance Management, Inc., Sr. Unsecd. Note, 144A, 10.500%, 12/15/2030	1,223,111
600,000	NFP Corp., Sec. Fac. Bond, 144A, 7.500%, 10/1/2030	576,997
5,325,000	NFP Corp., Sr. Unsecd. Note, 144A, 6.875%, 8/15/2028	4,568,414
3,650,000	USIS Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.875%, 5/1/2025	3,625,810
	TOTAL	35,496,403
	<b>Lodging—0.7%</b>	
800,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 144A, 3.625%, 2/15/2032	645,721
300,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 144A, 3.750%, 5/1/2029	259,748
75,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 144A, 5.375%, 5/1/2025	73,880
325,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 144A, 5.750%, 5/1/2028	314,505
625,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, Series WI, 4.875%, 1/15/2030	569,558
1,100,000	RHP Hotel Property/RHP Finance Corp., Sr. Unsecd. Note, 144A, 7.250%, 7/15/2028	1,081,776
	TOTAL	2,945,188
	<b>Media Entertainment—6.2%</b>	
1,550,000	Audacy Capital Corp., 144A, 6.500%, 5/1/2027	33,310
1,575,000	<sup>1,3</sup> Audacy Capital Corp., 144A, 6.750%, 3/31/2029	31,784
525,000	<sup>1,3</sup> Diamond Sports Group LLC / Diamond Sports Finance Co., 144A, 5.375%, 8/15/2026	11,813
1,450,000	<sup>1,3</sup> Diamond Sports Group LLC / Diamond Sports Finance Co., Sec. Fac. Bond, 144A, 6.625%, 8/15/2027	29,906
1,275,000	Gray Escrow II, Inc., Sr. Unsecd. Note, 144A, 5.375%, 11/15/2031	836,052
775,000	Gray Escrow, Inc., Sr. Unsecd. Note, 144A, 7.000%, 5/15/2027	667,693
175,000	Gray Television, Inc., Sr. Unsecd. Note, 144A, 4.750%, 10/15/2030	116,152
1,600,000	Gray Television, Inc., Sr. Unsecd. Note, 144A, 5.875%, 7/15/2026	1,439,527
625,000	iHeartCommunications, Inc., 144A, 5.250%, 8/15/2027	496,279
1,712,269	iHeartCommunications, Inc., Sr. Unsecd. Note, 8.375%, 5/1/2027	1,230,701
1,475,000	Lamar Media Corp., Sr. Unsecd. Note, 4.875%, 1/15/2029	1,337,419
350,000	Lamar Media Corp., Sr. Unsecd. Note, Series WI, 3.625%, 1/15/2031	285,357
3,625,000	Midas Opco Holdings, LLC, Sr. Unsecd. Note, 144A, 5.625%, 8/15/2029	2,931,610

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Media Entertainment—continued</b>	
\$ 850,000	Nexstar Broadcasting, Inc., Sr. Unsecd. Note, 144A, 4.750%, 11/1/2028	\$ 704,577
1,775,000	Nexstar Escrow Corp., Sr. Unsecd. Note, 144A, 5.625%, 7/15/2027	1,581,828
2,700,000	Outfront Media Capital LLC / Outfront Media Capital Corp., Sr. Unsecd. Note, 144A, 4.250%, 1/15/2029	2,145,393
300,000	Outfront Media Capital LLC / Outfront Media Capital Corp., Sr. Unsecd. Note, 144A, 4.625%, 3/15/2030	236,187
2,675,000	ROBLOX Corp., Sr. Unsecd. Note, 144A, 3.875%, 5/1/2030	2,149,734
575,000	Scripps Escrow II, Inc., Sr. Unsecd. Note, 144A, 5.375%, 1/15/2031	353,984
425,000	Scripps Escrow, Inc., Sr. Unsecd. Note, 144A, 5.875%, 7/15/2027	314,874
150,000	Sinclair Television Group, Sec. Fac. Bond, 144A, 4.125%, 12/1/2030	93,193
400,000	Sinclair Television Group, Sr. Unsecd. Note, 144A, 5.125%, 2/15/2027	320,600
2,450,000	Sinclair Television Group, Sr. Unsecd. Note, 144A, 5.500%, 3/1/2030	1,319,104
1,375,000	Tegna, Inc., Sr. Unsecd. Note, 144A, 4.625%, 3/15/2028	1,194,531
700,000	Tegna, Inc., Sr. Unsecd. Note, 144A, 5.000%, 9/15/2029	588,857
2,225,000	Terrier Media Buyer, Inc., Sr. Unsecd. Note, 144A, 8.875%, 12/15/2027	1,744,923
2,675,000	Univision Communications, Inc., Sec. Fac. Bond, 144A, 4.500%, 5/1/2029	2,180,950
575,000	Univision Communications, Inc., Sec. Fac. Bond, 144A, 7.375%, 6/30/2030	526,198
150,000	Univision Communications, Inc., Sec. Fac. Bond, 144A, 8.000%, 8/15/2028	145,579
1,600,000	Urban One, Inc., Sec. Fac. Bond, 144A, 7.375%, 2/1/2028	1,374,696
400,000	WMG Acquisition Corp., Sec. Fac. Bond, 144A, 3.750%, 12/1/2029	336,450
	TOTAL	26,759,261
	<b>Metals &amp; Mining—0.3%</b>	
1,525,000	Cleveland-Cliffs, Inc., Sr. Unsecd. Note, 144A, 4.625%, 3/1/2029	1,330,112
	<b>Midstream—5.8%</b>	
150,000	AmeriGas Partners LP, Sr. Unsecd. Note, 5.500%, 5/20/2025	145,592
2,075,000	AmeriGas Partners LP, Sr. Unsecd. Note, 5.875%, 8/20/2026	1,998,120
1,125,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.375%, 6/15/2029	1,031,274
1,175,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.750%, 3/1/2027	1,122,535
2,475,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.750%, 1/15/2028	2,337,248
550,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 144A, 7.875%, 5/15/2026	554,433
2,725,000	CNX Midstream Partners LP, Sr. Unsecd. Note, 144A, 4.750%, 4/15/2030	2,271,600
3,225,000	DT Midstream, Inc., Sr. Unsecd. Note, 144A, 4.375%, 6/15/2031	2,715,543
1,225,000	EQM Midstream Partners, LP, Sr. Unsecd. Note, 5.500%, 7/15/2028	1,150,933
1,225,000	EQM Midstream Partners, LP, Sr. Unsecd. Note, 6.500%, 7/15/2048	1,078,591
575,000	EQM Midstream Partners, LP, Sr. Unsecd. Note, 144A, 4.500%, 1/15/2029	512,353
248,000	EQM Midstream Partners, LP, Sr. Unsecd. Note, 144A, 6.000%, 7/1/2025	244,379
1,575,000	EQM Midstream Partners, LP, Sr. Unsecd. Note, 144A, 6.500%, 7/1/2027	1,539,526
400,000	Hess Midstream Operations LP, Sr. Unsecd. Note, 144A, 4.250%, 2/15/2030	337,763
175,000	Hess Midstream Operations LP, Sr. Unsecd. Note, 144A, 5.500%, 10/15/2030	159,212

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Midstream—continued</b>	
\$1,550,000	Hess Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.125%, 6/15/2028	\$ 1,427,388
3,500,000	Solaris Midstream Holdings LLC, Sr. Unsecd. Note, 144A, 7.625%, 4/1/2026	3,382,408
1,225,000	Targa Resources Partners LP / Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 5.000%, 1/15/2028	1,166,310
400,000	Targa Resources Partners LP / Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 6.500%, 7/15/2027	403,484
925,000	Targa Resources Partners LP / Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 144A, 5.500%, 3/1/2030	866,842
350,000	Western Gas Partners LP, Sr. Unsecd. Note, 4.650%, 7/1/2026	336,536
225,000	Western Midstream Operating, LP, Sr. Unsecd. Note, 4.050%, 2/1/2030	196,916
	TOTAL	24,978,986
	<b>Packaging—6.4%</b>	
3,035,107	ARD Finance SA, Sec. Fac. Bond, 144A, 6.500%, 6/30/2027	2,294,665
2,900,000	Ardagh Metal Packaging, Sr. Unsecd. Note, 144A, 4.000%, 9/1/2029	2,273,386
1,200,000	Ardagh Packaging Finance PLC/Ardagh Holdings, Sec. Fac. Bond, 144A, 5.250%, 8/15/2027	1,002,984
2,050,000	Ardagh Packaging Finance PLC/Ardagh Holdings, Sr. Unsecd. Note, 144A, 5.250%, 8/15/2027	1,713,431
1,200,000	Ball Corp., Sr. Unsecd. Note, 2.875%, 8/15/2030	952,433
750,000	Ball Corp., Sr. Unsecd. Note, 6.000%, 6/15/2029	729,052
1,200,000	Ball Corp., Sr. Unsecd. Note, 6.875%, 3/15/2028	1,208,527
575,000	Berry Global Escrow Corp., 144A, 5.625%, 7/15/2027	555,986
1,150,000	Bway Holding Co., 144A, 7.875%, 8/15/2026	1,110,763
1,750,000	Bway Holding Co., 144A, 9.250%, 4/15/2027	1,532,081
4,875,000	Clydesdale Acquisition Holdings, Inc., Sr. Unsecd. Note, 144A, 8.750%, 4/15/2030	4,188,304
1,525,000	Crown Americas LLC / Crown Americas Capital Corp. VI, Sr. Unsecd. Note, 4.750%, 2/1/2026	1,466,273
325,000	Ol European Group BV, Sr. Unsecd. Note, 144A, 4.750%, 2/15/2030	283,139
1,100,000	Owens-Brockway Glass Container, Inc., Sr. Unsecd. Note, 144A, 6.375%, 8/15/2025	1,098,625
750,000	Owens-Brockway Glass Container, Inc., Sr. Unsecd. Note, 144A, 6.625%, 5/13/2027	732,009
850,000	Owens-Brockway Glass Container, Inc., Sr. Unsecd. Note, 144A, 7.250%, 5/15/2031	831,937
225,000	Sealed Air Corp., Sr. Unsecd. Note, 144A, 5.000%, 4/15/2029	202,567
300,000	Sealed Air Corp., Sr. Unsecd. Note, 144A, 5.500%, 9/15/2025	294,258
1,325,000	Sealed Air Corp., Sr. Unsecd. Note, 144A, 6.125%, 2/1/2028	1,284,701
425,000	Trivium Packaging Finance BV, Sec. Fac. Bond, 144A, 5.500%, 8/15/2026	396,752
3,500,000	Trivium Packaging Finance BV, Sr. Unsecd. Note, 144A, 8.500%, 8/15/2027	3,202,692
	TOTAL	27,354,565

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Paper—0.5%</b>	
\$1,275,000	Clearwater Paper Corp., Sr. Unsecd. Note, 144A, 5.375%, 2/1/2025	\$ 1,238,420
275,000	Graphic Packaging International, LLC, Sr. Unsecd. Note, 144A, 3.500%, 3/1/2029	232,429
150,000	Graphic Packaging International, LLC, Sr. Unsecd. Note, 144A, 3.750%, 2/1/2030	125,595
400,000	Graphic Packaging International, LLC, Sr. Unsecd. Note, 144A, 4.750%, 7/15/2027	377,570
	TOTAL	1,974,014
	<b>Pharmaceuticals—2.2%</b>	
425,000	Bausch Health Cos., Inc., Sec. Fac. Bond, 144A, 5.750%, 8/15/2027	253,580
275,000	Bausch Health Cos., Inc., Sec. Fac. Bond, 144A, 6.125%, 2/1/2027	171,475
1,125,000	Bausch Health Cos., Inc., Sr. Unsecd. Note, 144A, 5.000%, 1/30/2028	459,861
975,000	Bausch Health Cos., Inc., Sr. Unsecd. Note, 144A, 6.250%, 2/15/2029	386,534
1,575,000	Bausch Health Cos., Inc., Sr. Unsecd. Note, 144A, 7.250%, 5/30/2029	634,552
6,375,000	Grifols Escrow Issuer SA, Sr. Unsecd. Note, 144A, 4.750%, 10/15/2028	5,443,007
350,000	Organon Finance 1 LLC, Sec. Fac. Bond, 144A, 4.125%, 4/30/2028	304,452
2,075,000	Organon Finance 1 LLC, Sr. Unsecd. Note, 144A, 5.125%, 4/30/2031	1,665,691
	TOTAL	9,319,152
	<b>Restaurant—1.9%</b>	
375,000	1011778 BC Unltd. Liability Co./New Red Finance, Inc., 144A, 3.500%, 2/15/2029	321,337
5,025,000	1011778 BC Unltd. Liability Co./New Red Finance, Inc., 144A, 4.000%, 10/15/2030	4,181,522
1,000,000	1011778 BC Unltd. Liability Co./New Red Finance, Inc., 144A, 4.375%, 1/15/2028	902,303
600,000	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, Sr. Unsecd. Note, 144A, 4.750%, 6/1/2027	570,678
275,000	Yum! Brands, Inc., Sr. Unsecd. Note, 3.625%, 3/15/2031	226,666
1,825,000	Yum! Brands, Inc., Sr. Unsecd. Note, 4.625%, 1/31/2032	1,585,237
250,000	Yum! Brands, Inc., Sr. Unsecd. Note, 5.375%, 4/1/2032	228,876
350,000	Yum! Brands, Inc., Sr. Unsecd. Note, 144A, 4.750%, 1/15/2030	314,825
	TOTAL	8,331,444
	<b>Retailers—2.0%</b>	
1,150,000	Academy Ltd., Sec. Fac. Bond, 144A, 6.000%, 11/15/2027	1,088,251
1,550,000	Asbury Automotive Group, Inc., Sr. Unsecd. Note, 144A, 4.625%, 11/15/2029	1,333,318
375,000	Asbury Automotive Group, Inc., Sr. Unsecd. Note, 144A, 5.000%, 2/15/2032	311,143
1,250,000	Gap (The), Inc., Sr. Unsecd. Note, 144A, 3.625%, 10/1/2029	926,539
375,000	Gap (The), Inc., Sr. Unsecd. Note, 144A, 3.875%, 10/1/2031	263,921
2,700,000	Kontoor Brands, Inc., Sr. Unsecd. Note, 144A, 4.125%, 11/15/2029	2,234,959

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Retailers—continued</b>	
\$ 500,000	LCM Investments Holdings II, LLC, Sr. Unsecd. Note, 144A, 4.875%, 5/1/2029	\$ 425,710
475,000	LCM Investments Holdings II, LLC, Sr. Unsecd. Note, 144A, 8.250%, 8/1/2031	461,836
1,500,000	William Carter Co., Sr. Unsecd. Note, 144A, 5.625%, 3/15/2027	1,444,230
	TOTAL	8,489,907
	<b>Supermarkets—0.5%</b>	
825,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 144A, 3.500%, 3/15/2029	704,113
575,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 144A, 5.875%, 2/15/2028	554,049
400,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 144A, 6.500%, 2/15/2028	395,807
300,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 144A, 7.500%, 3/15/2026	304,495
	TOTAL	1,958,464
	<b>Technology—12.1%</b>	
825,000	AMS AG, Sr. Unsecd. Note, 144A, 7.000%, 7/31/2025	814,357
1,000,000	Black Knight InfoServ LLC, Sr. Unsecd. Note, 144A, 3.625%, 9/1/2028	898,750
1,575,000	Boxer Parent Co., Inc., 144A, 9.125%, 3/1/2026	1,572,441
525,000	Central Parent LLC / CDK Global II LLC / CDK Financing Co., 144A, 8.000%, 6/15/2029	523,530
1,775,000	Central Parent, Inc./Central Merger Sub., Inc., 144A, 7.250%, 6/15/2029	1,722,482
750,000	Ciena Corp., Sr. Unsecd. Note, 144A, 4.000%, 1/31/2030	635,479
2,600,000	Clarivate Science Holdings Corp., Sr. Unsecd. Note, 144A, 4.875%, 7/1/2029	2,219,275
2,475,000	Cloud Software Group, Inc., Sec. Fac. Bond, 144A, 9.000%, 9/30/2029	2,154,205
1,900,000	Coherent Corp., Sr. Unsecd. Note, 144A, 5.000%, 12/15/2029	1,649,979
1,025,000	Consensus Cloud Solutions, Inc., Sr. Unsecd. Note, 144A, 6.000%, 10/15/2026	944,736
1,150,000	Consensus Cloud Solutions, Inc., Sr. Unsecd. Note, 144A, 6.500%, 10/15/2028	981,167
1,575,000	Dun & Bradstreet Corp., Sr. Unsecd. Note, 144A, 5.000%, 12/15/2029	1,359,804
1,575,000	Elastic N.V., Sr. Unsecd. Note, 144A, 4.125%, 7/15/2029	1,343,082
1,200,000	Entegris Escrow Corp., Sec. Fac. Bond, 144A, 4.750%, 4/15/2029	1,079,896
400,000	Entegris Escrow Corp., Sr. Unsecd. Note, 144A, 5.950%, 6/15/2030	371,379
700,000	Entegris, Inc., Sr. Unsecd. Note, 144A, 3.625%, 5/1/2029	595,133
500,000	Fair Isaac & Co., Inc., Sr. Unsecd. Note, 144A, 4.000%, 6/15/2028	447,562
400,000	Gartner, Inc., Sr. Unsecd. Note, 144A, 3.750%, 10/1/2030	336,069
175,000	Gartner, Inc., Sr. Unsecd. Note, 144A, 4.500%, 7/1/2028	159,862
3,075,000	HealthEquity, Inc., Sr. Unsecd. Note, 144A, 4.500%, 10/1/2029	2,652,572
1,425,000	Helios Software Holdings, Sec. Fac. Bond, 144A, 4.625%, 5/1/2028	1,230,045
1,825,000	Iron Mountain, Inc., Sr. Unsecd. Note, 144A, 7.000%, 2/15/2029	1,786,572
4,725,000	McAfee Corp., Sr. Unsecd. Note, 144A, 7.375%, 2/15/2030	3,961,265
4,250,000	Minerva Merger Sub., Inc., Sr. Unsecd. Note, 144A, 6.500%, 2/15/2030	3,559,979

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Technology—continued</b>	
\$ 900,000	NCR Atleos Escrow Corp., Sec. Fac. Bond, 144A, 9.500%, 4/1/2029	\$ 871,411
1,050,000	NCR Corp., Sr. Unsecd. Note, 144A, 5.000%, 10/1/2028	940,828
1,225,000	NCR Corp., Sr. Unsecd. Note, 144A, 5.125%, 4/15/2029	1,080,565
1,375,000	NCR Corp., Sr. Unsecd. Note, 144A, 5.250%, 10/1/2030	1,186,313
300,000	NCR Corp., Sr. Unsecd. Note, 144A, 6.125%, 9/1/2029	307,955
1,200,000	Open Text Corp., 144A, 6.900%, 12/1/2027	1,203,811
575,000	Open Text Corp., Sr. Unsecd. Note, 144A, 3.875%, 2/15/2028	502,852
250,000	Open Text Holdings, Inc. / Open Text Corp., Sr. Unsecd. Note, 144A, 3.875%, 12/1/2029	205,780
550,000	Open Text Holdings, Inc. / Open Text Corp., Sr. Unsecd. Note, 144A, 4.125%, 12/1/2031	439,422
1,725,000	Picard Midco, Inc., Sec. Fac. Bond, 144A, 6.500%, 3/31/2029	1,527,213
1,900,000	Rocket Software, Inc., Sr. Unsecd. Note, 144A, 6.500%, 2/15/2029	1,570,046
1,025,000	Seagate HDD Cayman, Sr. Unsecd. Note, 4.091%, 6/1/2029	885,150
700,000	Seagate HDD Cayman, Sr. Unsecd. Note, 144A, 8.250%, 12/15/2029	719,560
1,624,500	Seagate HDD Cayman, Sr. Unsecd. Note, 144A, 9.625%, 12/1/2032	1,752,018
350,000	Sensata Technologies B.V., Sr. Unsecd. Note, 144A, 4.375%, 2/15/2030	302,594
625,000	Sensata Technologies B.V., Sr. Unsecd. Note, 144A, 5.875%, 9/1/2030	582,933
125,000	Sensata Technologies, Inc., Sr. Unsecd. Note, 144A, 3.750%, 2/15/2031	101,294
2,650,000	SS&C Technologies, Inc., Sr. Unsecd. Note, 144A, 5.500%, 9/30/2027	2,503,363
450,000	Synaptics, Inc., Sr. Unsecd. Note, 144A, 4.000%, 6/15/2029	371,678
1,525,000	TTM Technologies, Inc., Sr. Unsecd. Note, 144A, 4.000%, 3/1/2029	1,266,274
625,000	Veritas US, Inc./Veritas Bermuda, Ltd., Sr. Secd. Note, 144A, 7.500%, 9/1/2025	523,215
275,000	Viavi Solutions, Inc., Sr. Unsecd. Note, 144A, 3.750%, 10/1/2029	223,836
	TOTAL	52,067,732
	<b>Utility - Electric—0.6%</b>	
475,000	NextEra Energy Operating Partners L.p., Sr. Unsecd. Note, 144A, 4.500%, 9/15/2027	431,111
600,000	TerraForm Power Operating LLC, Sr. Unsecd. Note, 144A, 4.750%, 1/15/2030	513,393
1,725,000	TerraForm Power Operating LLC, Sr. Unsecd. Note, 144A, 5.000%, 1/31/2028	1,567,447
250,000	TransAlta Corp., Sr. Unsecd. Note, 7.750%, 11/15/2029	253,359
	TOTAL	2,765,310
	<b>Wireless Communications—0.6%</b>	
475,000	Sprint Corp., Sr. Unsecd. Note, 7.125%, 6/15/2024	478,300
1,100,000	Sprint Corp., Sr. Unsecd. Note, 7.625%, 2/15/2025	1,116,972



Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Wireless Communications—continued</b>	
\$1,300,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 2.250%, 2/15/2026	\$ 1,197,891
	TOTAL	2,793,163
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$463,804,437)	414,188,033
	COMMON STOCKS—0.0%	
	<b>Cable Satellite—0.0%</b>	
2,210	<sup>2,3</sup> Intelsat Jackson Holdings S.A.	13,260
	<b>Media Entertainment—0.0%</b>	
25,586	<sup>3</sup> iHeartMedia, Inc.	80,852
	TOTAL COMMON STOCKS (IDENTIFIED COST \$628,678)	94,112
	INVESTMENT COMPANY—2.3%	
9,835,363	Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares, 5.42% <sup>4</sup> (IDENTIFIED COST \$9,836,870)	9,835,363
	TOTAL INVESTMENT IN SECURITIES—98.6% (IDENTIFIED COST \$474,269,985) <sup>5</sup>	424,117,508
	OTHER ASSETS AND LIABILITIES - NET—1.4% <sup>6</sup>	5,981,568
	TOTAL NET ASSETS—100%	\$430,099,076

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>Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares</b>
Value as of 3/31/2023	\$ 10,183,585
Purchases at Cost	\$ 58,191,748
Proceeds from Sales	\$(58,542,588)
Change in Unrealized Appreciation/Depreciation	\$ 1,778
Net Realized Gain/(Loss)	\$ 840
Value as of 9/30/2023	\$ 9,835,363
Shares Held as of 9/30/2023	9,835,363
Dividend Income	\$ 329,766

1 Issuer in default.

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 ("Valuation Committee").

3 Non-income-producing security.

4 7-day net yield.

- 5 The cost of investments for federal tax purposes amounts to \$474,539,734.
- 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>				
Corporate Bonds	\$ —	\$414,188,033	\$ 0	\$414,188,033
<b>Equity Securities:</b>				
Common Stocks				
Domestic	80,852	—	—	80,852
International	—	—	13,260	13,260
<b>Investment Company</b>	9,835,363	—	—	9,835,363
<b>TOTAL SECURITIES</b>	<b>\$9,916,215</b>	<b>\$414,188,033</b>	<b>\$13,260</b>	<b>\$424,117,508</b>

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

GMTN—Global Medium Term Note

PIK —Payment in Kind

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class A Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 9/30/2023	Year Ended March 31,				
	2023	2022	2021	2020	2019	
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.48</b>	<b>\$7.19</b>	<b>\$7.58</b>	<b>\$6.54</b>	<b>\$7.38</b>	<b>\$7.39</b>
<b>Income From Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	0.19	0.35	0.33	0.34	0.38	0.39
Net realized and unrealized gain (loss)	(0.11)	(0.69)	(0.37)	1.07	(0.82)	(0.00) <sup>2</sup>
TOTAL FROM INVESTMENT OPERATIONS	0.08	(0.34)	(0.04)	1.41	(0.44)	0.39
<b>Less Distributions:</b>						
Distributions from net investment income	(0.19)	(0.37)	(0.35)	(0.37)	(0.40)	(0.40)
<b>Net Asset Value, End of Period</b>	<b>\$6.37</b>	<b>\$6.48</b>	<b>\$7.19</b>	<b>\$7.58</b>	<b>\$6.54</b>	<b>\$7.38</b>
<b>Total Return<sup>3</sup></b>	1.20%	(4.70)%	(0.64)%	21.86%	(6.52)%	5.50%
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>4</sup>	0.89% <sup>5</sup>	0.89%	0.89%	0.89%	0.89%	0.89%
Net investment income	5.92% <sup>5</sup>	5.37%	4.44%	4.64%	5.14%	5.34%
Expense waiver/reimbursement <sup>6</sup>	0.14% <sup>5</sup>	0.13%	0.10%	0.11%	0.10%	0.10%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$298,099	\$324,008	\$387,138	\$419,564	\$350,673	\$418,481
Portfolio turnover <sup>7</sup>	23%	7%	28%	37%	26%	19%

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

2 Represents less than \$0.01.

3 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. 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.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class C Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 9/30/2023	Year Ended March 31,				
		2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.45</b>	<b>\$7.16</b>	<b>\$7.56</b>	<b>\$6.52</b>	<b>\$7.36</b>	<b>\$7.37</b>
<b>Income From Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	0.16	0.30	0.27	0.28	0.32	0.33
Net realized and unrealized gain (loss)	(0.11)	(0.70)	(0.38)	1.07	(0.82)	(0.00) <sup>2</sup>
TOTAL FROM INVESTMENT OPERATIONS	0.05	(0.40)	(0.11)	1.35	(0.50)	0.33
<b>Less Distributions:</b>						
Distributions from net investment income	(0.16)	(0.31)	(0.29)	(0.31)	(0.34)	(0.34)
<b>Net Asset Value, End of Period</b>	<b>\$6.34</b>	<b>\$6.45</b>	<b>\$7.16</b>	<b>\$7.56</b>	<b>\$6.52</b>	<b>\$7.36</b>
<b>Total Return<sup>3</sup></b>	<b>0.78%</b>	<b>(5.50)%</b>	<b>(1.58)%</b>	<b>20.95%</b>	<b>(7.30)%</b>	<b>4.66%</b>

## Ratios to Average Net Assets:

Net expenses <sup>4</sup>	1.73% <sup>5</sup>	1.72%	1.71%	1.71%	1.71%	1.71%
Net investment income	5.09% <sup>5</sup>	4.55%	3.62%	3.85%	4.32%	4.50%
Expense waiver/reimbursement <sup>6</sup>	0.07% <sup>5</sup>	0.06%	0.04%	0.05%	0.04%	0.04%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$21,043	\$25,044	\$34,895	\$49,852	\$51,588	\$67,721
Portfolio turnover <sup>7</sup>	23%	7%	28%	37%	26%	19%

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

2 Represents less than \$0.01.

3 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. 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.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited)	Year Ended March 31,				
	9/30/2023	2023	2022	2021	2020	2019
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.47</b>	<b>\$7.18</b>	<b>\$7.58</b>	<b>\$6.54</b>	<b>\$7.37</b>	<b>\$7.39</b>
<b>Income From Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	0.20	0.37	0.35	0.36	0.40	0.41
Net realized and unrealized gain (loss)	(0.11)	(0.70)	(0.38)	1.06	(0.82)	(0.01)
TOTAL FROM INVESTMENT OPERATIONS	0.09	(0.33)	(0.03)	1.42	(0.42)	0.40
<b>Less Distributions:</b>						
Distributions from net investment income	(0.20)	(0.38)	(0.37)	(0.38)	(0.41)	(0.42)
<b>Net Asset Value, End of Period</b>	<b>\$6.36</b>	<b>\$6.47</b>	<b>\$7.18</b>	<b>\$7.58</b>	<b>\$6.54</b>	<b>\$7.37</b>
<b>Total Return<sup>2</sup></b>	1.32%	(4.47)%	(0.52)%	22.17%	(6.15)%	5.62%

## Ratios to Average Net Assets:

Net expenses <sup>3</sup>	0.64% <sup>4</sup>	0.64%	0.64%	0.64%	0.64%	0.64%
Net investment income	6.18% <sup>4</sup>	5.61%	4.69%	4.89%	5.38%	5.59%
Expense waiver/reimbursement <sup>5</sup>	0.15% <sup>4</sup>	0.13%	0.11%	0.11%	0.11%	0.12%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$57,308	\$68,360	\$99,434	\$101,547	\$74,375	\$96,041
Portfolio turnover <sup>6</sup>	23%	7%	28%	37%	26%	19%

- Per share numbers have been calculated using the average shares method.*
- Based on net asset value. Total returns for periods of less than one year are not annualized.*
- Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.*
- Computed on an annualized basis.*
- 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.*
- 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)

	Six Months Ended (unaudited) 9/30/2023	Year Ended March 31,				
	2023	2022	2021	2020	2019	
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.47</b>	<b>\$7.18</b>	<b>\$7.58</b>	<b>\$6.54</b>	<b>\$7.38</b>	<b>\$7.39</b>
<b>Income From Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	0.20	0.37	0.35	0.36	0.40	0.41
Net realized and unrealized gain (loss)	(0.11)	(0.70)	(0.38)	1.06	(0.82)	(0.00) <sup>2</sup>
TOTAL FROM INVESTMENT OPERATIONS	0.09	(0.33)	(0.03)	1.42	(0.42)	0.41
<b>Less Distributions:</b>						
Distributions from net investment income	(0.20)	(0.38)	(0.37)	(0.38)	(0.42)	(0.42)
<b>Net Asset Value, End of Period</b>	<b>\$6.36</b>	<b>\$6.47</b>	<b>\$7.18</b>	<b>\$7.58</b>	<b>\$6.54</b>	<b>\$7.38</b>
<b>Total Return<sup>3</sup></b>	1.33%	(4.46)%	(0.51)%	22.18%	(6.27)%	5.78%

## Ratios to Average Net Assets:

Net expenses <sup>4</sup>	0.63% <sup>5</sup>	0.63%	0.63%	0.63%	0.63%	0.63%
Net investment income	6.18% <sup>5</sup>	5.62%	4.70%	4.88%	5.40%	5.59%
Expense waiver/reimbursement <sup>6</sup>	0.07% <sup>5</sup>	0.06%	0.04%	0.05%	0.04%	0.04%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$53,649	\$55,217	\$74,977	\$71,801	\$47,053	\$53,574
Portfolio turnover <sup>7</sup>	23%	7%	28%	37%	26%	19%

- 1 Per share numbers have been calculated using the average shares method.
- 2 Represents less than \$0.01.
- 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.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

September 30, 2023 (unaudited)

## Assets:

Investment in securities, at value including \$9,835,363 of investments in affiliated holdings* (identified cost \$474,269,985, including \$9,836,870 of identified cost in affiliated holdings)	\$ 424,117,508
Income receivable	7,952,363
Income receivable from affiliated holdings	50,239
Receivable for investments sold	966
Receivable for shares sold	37,394
<b>TOTAL ASSETS</b>	<b>432,158,470</b>

## Liabilities:

Payable for investments purchased	1,302,500
Payable for shares redeemed	493,800
Payable to bank	5,678
Payable for investment adviser fee (Note 5)	9,835
Payable for administrative fee (Note 5)	1,825
Payable for portfolio accounting fees	47,951
Payable for distribution services fee (Note 5)	13,270
Payable for other service fees (Notes 2 and 5)	95,585
Accrued expenses (Note 5)	88,950
<b>TOTAL LIABILITIES</b>	<b>2,059,394</b>

Net assets for 67,585,326 shares outstanding	\$ 430,099,076
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## Net Assets Consist of:

Paid-in capital	\$ 556,655,452
Total distributable earnings (loss)	(126,556,376)
<b>TOTAL NET ASSETS</b>	<b>\$ 430,099,076</b>

# Statement of Assets and Liabilities – continued

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

### Class A Shares:

Net asset value per share (\$298,099,231 ÷ 46,824,549 shares outstanding), \$0.001 par value, 750,000,000 shares authorized	\$6.37
Offering price per share (100/95.50 of \$6.37)	\$6.67
Redemption proceeds per share	\$6.37

### Class C Shares:

Net asset value per share (\$21,042,580 ÷ 3,318,357 shares outstanding), \$0.001 par value, 400,000,000 shares authorized	\$6.34
Offering price per share	\$6.34
Redemption proceeds per share (99.00/100 of \$6.34)	\$6.28

### Institutional Shares:

Net asset value per share (\$57,308,433 ÷ 9,011,821 shares outstanding), \$0.001 par value, 4,000,000,000 shares authorized	\$6.36
Offering price per share	\$6.36
Redemption proceeds per share	\$6.36

### Class R6 Shares:

Net asset value per share (\$53,648,832 ÷ 8,430,599 shares outstanding), \$0.001 par value, 4,000,000,000 shares authorized	\$6.36
Offering price per share	\$6.36
Redemption proceeds per share	\$6.36

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

See Notes which are an integral part of the Financial Statements



# Statement of Operations

Six Months Ended September 30, 2023 (unaudited)

## Investment Income:

Interest	\$ 15,102,450
Dividends received from affiliated holdings*	329,766
<b>TOTAL INCOME</b>	<b>15,432,216</b>

## Expenses:

Investment adviser fee (Note 5)	1,131,809
Administrative fee (Note 5)	178,902
Custodian fees	11,536
Transfer agent fees (Note 2)	241,067
Directors'/Trustees' fees (Note 5)	4,701
Auditing fees	19,542
Legal fees	5,701
Portfolio accounting fees	89,001
Distribution services fee (Note 5)	86,494
Other service fees (Notes 2 and 5)	417,271
Share registration costs	37,570
Printing and postage	30,473
Taxes	150
Miscellaneous (Note 5)	15,874
<b>TOTAL EXPENSES</b>	<b>2,270,091</b>

## Waiver and Reimbursements:

Waiver/reimbursement of investment adviser fee (Note 5)	(163,567)
Reimbursement of other operating expenses (Notes 2 and 5)	(134,190)
<b>TOTAL WAIVER AND REIMBURSEMENTS</b>	<b>(297,757)</b>

Net expenses	1,972,334
Net investment income	13,459,882

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

Net realized loss on investments (including net realized gain of \$840 on sales of investments in affiliated holdings*)	(24,013,078)
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$1,778 of investments in affiliated holdings*)	16,098,488
Net realized and unrealized gain (loss) on investments	(7,914,590)
Change in net assets resulting from operations	\$ 5,545,292

\* 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

	Six Months Ended (unaudited) 9/30/2023	Year Ended 3/31/2023
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 13,459,882	\$ 27,393,160
Net realized gain (loss)	(24,013,078)	(12,590,559)
Net change in unrealized appreciation/depreciation	16,098,488	(44,915,434)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	5,545,292	(30,112,833)
<b>Distributions to Shareholders:</b>		
Class A Shares	(9,048,316)	(18,881,093)
Class B Shares <sup>1</sup>	—	(70,738)
Class C Shares	(577,706)	(1,385,668)
Institutional Shares	(1,916,434)	(4,675,734)
Class R6 Shares	(1,662,370)	(3,527,107)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(13,204,826)	(28,540,340)
<b>Share Transactions:</b>		
Proceeds from sale of shares	15,085,151	51,517,072
Net asset value of shares issued to shareholders in payment of distributions declared	12,099,607	26,279,301
Cost of shares redeemed	(62,055,296)	(145,351,450)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(34,870,538)	(67,555,077)
Change in net assets	(42,530,072)	(126,208,250)
<b>Net Assets:</b>		
Beginning of period	472,629,148	598,837,398
End of period	\$430,099,076	\$ 472,629,148

1 On February 3, 2023, Class B Shares were converted into Class A Shares. Within the Statement of Changes in Net Assets, the conversion from Class B Shares is within the Cost of shares redeemed and the conversion to Class A Shares is within Proceeds from sale of shares.

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

September 30, 2023 (unaudited)

## 1. ORGANIZATION

Federated Hermes Sustainable High Yield Bond Fund, Inc. (the “Fund”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as a diversified, open-end management investment company. The Fund offers four classes of shares: Class A Shares, Class C Shares, Institutional 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 seek high current income.

At the close of business on February 3, 2023, Class B Shares were converted into the Fund’s existing Class A Shares pursuant to a Plan of Conversion approved by the Fund’s Board of Directors (the “Directors”). The conversion occurred on a tax-free basis. The cash value of a shareholder’s investment was not changed as a result of the share class conversion. No action was required by shareholders to effect the conversion.

Prior to May 26, 2023, the name of the Fund was Federated Hermes High Income Bond Fund, Inc.

## 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 Directors have 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 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. 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 \$297,757 is disclosed in this Note 2 and Note 5.

### Transfer Agent Fees

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

	Transfer Agent Fees Incurred	Transfer Agent Fees Reimbursed
Class A Shares	\$179,100	\$(110,016)
Class C Shares	15,025	—
Institutional Shares	37,789	(24,174)
Class R6 Shares	9,153	—
TOTAL	\$241,067	\$(134,190)

### 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 and Class C Shares to financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. Prior to their conversion to Class A Shares at the close of business on February 3, 2023, the Class B Shares were also subject to these fees. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees.

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

	Other Service Fees Incurred
Class A Shares	\$388,440
Class C Shares	28,831
TOTAL	\$417,271

## **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 six months 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.

The Fund may be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The Fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or gains are earned.

## **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 period end, resulting from changes in the exchange rate.

## **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.

## **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.

## 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:	Six Months Ended 9/30/2023		Year Ended 3/31/2023	
	Shares	Amount	Shares	Amount
Shares sold	1,218,614	\$ 7,875,086	4,034,498	\$ 26,486,146
Shares issued to shareholders in payment of distributions declared	1,271,704	8,187,151	2,616,772	17,111,576
Conversion of Class B Shares to Class A Shares <sup>1</sup>	—	—	219,893	1,457,889
Shares redeemed	(5,685,292)	(36,665,989)	(10,726,725)	(69,873,608)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	(3,194,974)	\$(20,603,752)	(3,855,562)	\$(24,817,997)

Class B Shares:	Six Months Ended 9/30/2023		Year Ended 3/31/2023	
	Shares	Amount	Shares	Amount
Shares sold	—	\$ —	220,615	\$ 1,457,894
Shares issued to shareholders in payment of distributions declared	—	—	9,855	64,545
Conversion of Class B Shares to Class A Shares <sup>1</sup>	—	—	(220,615)	(1,457,889)
Shares redeemed	—	—	(344,089)	(2,272,528)
NET CHANGE RESULTING FROM CLASS B SHARE TRANSACTIONS	—	\$ —	(334,234)	\$( 2,207,978)

Class C Shares:	Six Months Ended 9/30/2023		Year Ended 3/31/2023	
	Shares	Amount	Shares	Amount
Shares sold	75,248	\$ 481,789	406,885	\$ 2,649,720
Shares issued to shareholders in payment of distributions declared	89,490	573,868	210,993	1,375,306
Shares redeemed	(727,437)	(4,677,968)	(1,610,106)	(10,513,513)
NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS	(562,699)	\$( 3,622,311)	(992,228)	\$( 6,488,487)



	Six Months Ended 9/30/2023		Year Ended 3/31/2023	
	Shares	Amount	Shares	Amount
<b>Institutional Shares:</b>				
Shares sold	409,209	\$ 2,639,148	2,370,790	\$ 15,381,981
Shares issued to shareholders in payment of distributions declared	263,455	1,693,456	647,565	4,235,022
Shares redeemed	(2,225,281)	(14,339,371)	(6,305,774)	(41,075,686)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	(1,552,617)	\$(10,006,767)	(3,287,419)	\$(21,458,683)

	Six Months Ended 9/30/2023		Year Ended 3/31/2023	
	Shares	Amount	Shares	Amount
<b>Class R6 Shares:</b>				
Shares sold	636,107	\$ 4,089,128	845,219	\$ 5,541,331
Shares issued to shareholders in payment of distributions declared	255,806	1,645,132	533,846	3,492,852
Shares redeemed	(989,123)	(6,371,968)	(3,289,237)	(21,616,115)
NET CHANGE RESULTING FROM CLASS R6 SHARE TRANSACTIONS	(97,210)	\$(637,708)	(1,910,172)	\$(12,581,932)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(5,407,500)	\$(34,870,538)	(10,379,615)	\$(67,555,077)

- 1 On February 3, 2023, Class B Shares were converted into Class A Shares. Within the Statement of Changes in Net Assets, the conversion from Class B Shares is within the Cost of shares redeemed and the conversion to Class A Shares is within Proceeds from sale of shares.

#### 4. FEDERAL TAX INFORMATION

At September 30, 2023, the cost of investments for federal tax purposes was \$474,539,734. The net unrealized depreciation of investments for federal tax purposes was \$50,422,226. This consists of unrealized appreciation from investments for those securities having an excess of value over cost of \$571,992 and unrealized depreciation from investments for those securities having an excess of cost over value of \$50,994,218.

As of March 31, 2023, the Fund had a capital loss carryforward of \$52,114,197 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:

Short-Term	Long-Term	Total
\$424,878	\$51,689,319	\$52,114,197

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

### Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.50% 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 six months ended September 30, 2023, the Adviser voluntarily waived \$157,276 of its fee and voluntarily reimbursed \$134,190 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 six months ended September 30, 2023, the Adviser reimbursed \$6,291. Effective May 26, 2023, certain of the Fund's assets are managed by Hermes Investment Management Limited (the "Sub-Adviser"). Under the terms of a sub-advisory agreement between the Adviser and the Sub-Adviser, the Sub-Adviser receives an allocable portion of the Fund's adviser fee. The fee is paid by the Adviser out of its resources and is not an incremental Fund expense. For the six months ended September 30, 2023, the Sub-Adviser earned a fee of \$321,260.

### 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 six months ended September 30, 2023, the annualized fee paid to FAS was 0.079% of average daily net assets of the Fund.

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

## Distribution Services Fee

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund's Class C Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at the following percentages of average daily net assets annually, to compensate FSC:

	<b>Percentage of Average Daily Net Assets of Class</b>
Class C Shares	0.75%

Prior to their conversion to Class A Shares at the close of business on February 3, 2023, the Class B Shares were also subject to the Plan at 0.75% of average daily net assets of the Class B Shares. Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee. For the six months ended September 30, 2023, distribution services fees for the Fund were as follows:

	<b>Distribution Services Fees Incurred</b>
Class C Shares	\$86,494

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares.

FSC may voluntarily choose to waive any portion of its fee. For the six months ended September 30, 2023, FSC retained \$8,557 of fees paid by the Fund.

## Sales Charges

Front-end sales charges and contingent deferred sales charges (CDSC) 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 six months ended September 30, 2023, FSC retained \$5,591 in sales charges from the sale of Class A Shares. FSC also retained \$181 and \$243 of CDSC relating to redemptions of Class A Shares and Class C Shares, respectively.

## Other Service Fees

For the six months ended September 30, 2023, FSSC received \$37,764 of the other service fees disclosed in Note 2.

## Expense Limitation

The Adviser and certain of its affiliates (which may include FSC, 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, Class C Shares, Institutional Shares and Class R6 Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.89%, 1.73%, 0.64% and 0.63% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"):

(a) June 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 six months ended September 30, 2023, were as follows:

Purchases	\$ 98,806,922
Sales	\$131,734,032

## **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 six months 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 six months 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.

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase or redemption payments; and (2) 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 and do not reflect any transaction costs, such as sales charges (loads) on purchase or redemption payments. 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. In addition, if these transaction costs were included, your costs would have been higher.

	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	\$1,012.00	\$4.48
Class C Shares	\$1,000	\$1,007.80	\$8.68
Institutional Shares	\$1,000	\$1,013.20	\$3.22
Class R6 Shares	\$1,000	\$1,013.30	\$3.17
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Class A Shares	\$1,000	\$1,020.55	\$4.50
Class C Shares	\$1,000	\$1,016.35	\$8.72
Institutional Shares	\$1,000	\$1,021.80	\$3.23
Class R6 Shares	\$1,000	\$1,021.85	\$3.18

<sup>1</sup> Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 183/366 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	0.89%
Class C Shares	1.73%
Institutional Shares	0.64%
Class R6 Shares	0.63%

# Evaluation and Approval of Advisory Contract – May 2023

## **FEDERATED HERMES SUSTAINABLE HIGH YIELD BOND FUND, INC. (THE “FUND”)**

### **(formerly, Federated Hermes High Income Bond Fund, Inc.)**

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”) and the investment sub-advisory contract between the Adviser and Hermes Investment Management Limited (the “Sub-Adviser” and together with the Adviser, the “Advisers”) with respect to the Fund (together, the “Contracts”) for an additional one-year term. The Board’s determination to approve the continuation of the Contracts 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 arrangements. 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 Contracts. 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 Contracts 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 Advisers and their 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 Contracts, 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 Contracts 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 Advisers' 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 Contracts. 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 Contracts 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 Contracts. 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 Contracts, 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 Contracts 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 Contracts. 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 Contracts 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 Advisers and the resources of Federated Hermes dedicated to the Fund. In this regard, the Board evaluated, among other things, the terms of the Contracts and the range of services provided to the Fund by Federated Hermes. The Board considered the Advisers' 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 Advisers' 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 Advisers are 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 expanded 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 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 Advisers 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 Advisers' 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 Advisers in managing the Fund. The Board considered 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 and three-year periods, and was above the Performance Peer Group median for the five-year period. The Board discussed the Fund's performance with the Advisers and recognized the efforts being taken by the Advisers 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 Advisers' overall capabilities to manage the Fund.

### **Fund Expenses**

The Board considered the advisory fee, sub-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 below the median of the Expense Peer Group, and the Board was satisfied that the overall expense structure of the Fund remained competitive.

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 any of the Advisers or their 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. 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 Contracts 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 on 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 Contracts 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 Contracts. The Board based its determination to approve the Contracts 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 Sustainable High Yield Bond Fund, Inc. (formerly, Federated Hermes High Income Bond Fund, Inc.) (the “Fund” and, collectively with the other non-money market open-end funds advised by Federated Hermes, the “Federated Hermes Funds”) has adopted and implemented a liquidity risk management program (the “Program”) for the Fund. 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 (the “Administrator”) for the Program 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).

*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.

**IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400, Option #4.

# Notes

# Notes

## 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.



Federated Hermes Sustainable High Yield Bond Fund, Inc.  
Federated Hermes Funds  
4000 Ericsson Drive  
Warrendale, PA 15086-7561

Contact us at [FederatedHermes.com/us](https://www.federatedhermes.com/us)  
or call 1-800-341-7400.

Federated Securities Corp., Distributor

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