

Federated Hermes Strategic Income Fund

Nasdaq symbol — R6: STILX | IS: STISX | A: STIAX | B: SINBX | C: SINCX | F: STFSX

12/31/22

Product highlights

- Pursues a high level of current income.
- Invests in a strategic mix of bond sectors: U.S. high quality (government, asset-backed and corporate), U.S. high yield and international (emerging and developed). Tactical allocation to levered company equities.
- Focuses on sectors management believes will benefit from anticipated changes in economic and market conditions.
- Serves as a core, multi-sector bond holding with an emphasis on credit.

Morningstar category

Multisector Bond

Benchmark 1

Bloomberg US Aggregate Bond Index

Benchmark 2

35% Bloomberg US Mortgage Backed Securities Index/40% Bloomberg US Corporate High Yield 2% Issuer Capped Index/25% Bloomberg Emerging Markets Seasoned ex Aggregate/ Eurodollar Index

Key investment team

Donald Ellenberger
Nathan Kehm, CFA
Todd Abraham, CFA
Ihab Salib
Christopher McGinley
Steven Wagner
Mark Durbiano, CFA
Daniel Mastalski, CFA

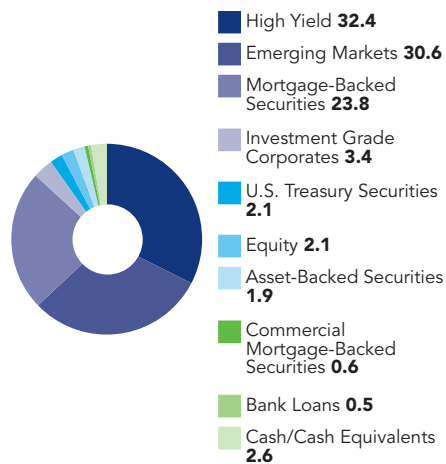
Fund statistics

Portfolio assets	\$768.1 m
Number of securities	349
Dividends	Paid monthly
Weighted average effective maturity	7.6 years
Weighted average effective duration	4.9 years
Weighted average bond price	\$85.83

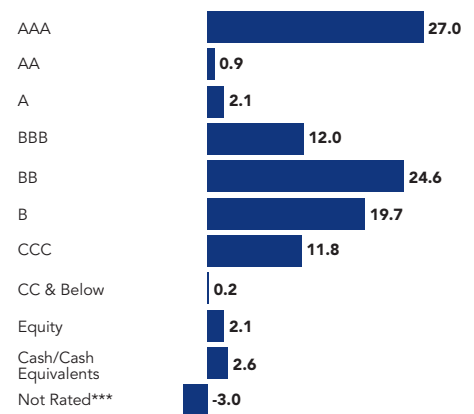
Top holdings (%)

High Yield Bond Core Fund	35.1
Emerging Markets Core Fund	24.9
Mortgage Core Fund	13.5
iShares JPMorgan USD Emerging Markets Bond ETF	3.4
U.S. Treasury Note, 3.875% due 11/30/27	1.9
FNMA CB3914, 4.000% due 6/01/52	1.8
FNMA FNBT224, 3.000% due 3/01/52	1.2
FHLMC SD8225, 3.000% due 7/01/52	1.0
FHLMC SD8243, 3.500% due 9/01/52	1.0
FNMA CA9390, 2.500% due 3/01/51	1.0

Sector weightings (%)



Quality breakdown (%) **



***Includes protection purchased for the following CDS indices: CDX Index IG Series 39, Credit Default Swap (Buy Protection on CDX IG 39), 12/20/2027 and CDX Index HY Series 39, Credit Default Swap (Buy Protection on CDX HY 39), 12/20/2027

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

Totals may not add to 100% due to rounding.

Average annual total returns (%)

Performance shown is before tax.

NAV	Performance inception	Cumulative 3-month	1-year	3-year	5-year	10-year	Since inception	Expense ratio*	
								Before waivers	After waivers
R6	5/4/94	4.21	-13.59	-1.40	1.02	2.11	5.28	0.73	0.63
IS	5/4/94	4.37	-13.48	-1.38	1.04	2.21	5.67	0.80	0.64
A	5/4/94	4.26	-13.78	-1.69	0.71	1.92	5.54	1.07	0.96
B	7/27/95	4.06	-14.47	-2.42	-0.07	1.30	5.21	1.85	1.76
C	5/2/94	4.06	-14.44	-2.40	-0.05	1.30	5.32	1.82	1.73
F	5/10/94	4.29	-13.78	-1.69	0.70	1.92	5.50	1.06	0.96
Benchmark 1		1.87	-13.01	-2.71	0.02	1.06	-	-	-
Benchmark 2		5.08	-11.48	-1.91	0.57	2.50	-	-	-
Maximum offering price									
A	5/4/94	-0.47	-17.63	-3.18	-0.22	1.44	5.37	1.07	0.96
B	7/27/95	-1.44	-19.01	-3.63	-0.42	1.30	5.21	1.85	1.76
C	5/2/94	3.06	-15.26	-2.40	-0.05	1.30	5.32	1.82	1.73
F	5/10/94	2.20	-15.42	-2.31	0.50	1.81	5.47	1.06	0.96

Calendar year total returns (%)

A Shares/NAV

NAV	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
NAV	-13.78	3.61	6.37	12.72	-3.28	6.06	10.42	-3.13	2.93	-0.07
Benchmark 1	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	0.55	5.97	-2.02
Benchmark 2	-11.48	1.29	4.87	16.86	-4.22	9.32	13.83	-0.73	6.77	13.10

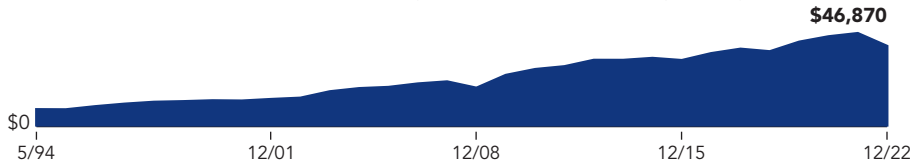
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedInvestors.com. Maximum offering price figures reflect the maximum sales charges of 4.5% for A Shares and 1% for F Shares, and the maximum contingent deferred sales charges of 5.5% for B Shares, 1% for C Shares and 1% for F Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 2/1/23 or the date of the fund's next effective prospectus.

Federated Hermes Strategic Income Fund

Growth over time

If you had invested \$10,000 in A Shares on 5/31/94 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 12/31/22.



The fund's R6 Shares commenced operations on January 27, 2017. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for A Shares. The performance of the A Shares has not been adjusted to reflect the expenses applicable to the R6 Shares since the R6 Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of fund expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares.

The fund's Institutional Shares commenced operations on January 28, 2008. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses applicable to the Institutional Shares since the Institutional Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of fund expenses related to the A Shares that may have occurred prior to commencement of operations of the Institutional Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

The B Shares of this Federated Hermes fund are closed to new investors and new investments from existing shareholders (excluding reinvestment of dividends and capital gains and exchanges from B Shares of other Federated Hermes Funds).

A word about risk

Mutual funds are subject to risks and fluctuate in value.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

Prices of emerging-market and frontier-market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

Definitions

The holdings percentages are based on net assets at the close of business on 12/31/22 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

Total return represents the change in value of an investment after reinvesting all income and capital gains. Total return would have been lower in the absence of temporary expense waivers or reimbursements.

Growth over time performance is for the fund's A Shares. Figures do not reflect the 4.5% maximum sales charge. The fund offers additional share classes whose performance will vary due to differences in charges and expenses.

Weighted average effective maturity is the average time to maturity of debt securities held in the fund.

Weighted average effective duration (sometimes called "Option-Adjusted Duration") is a measure of a security's price sensitivity to changes in interest rates calculated using a model that recognizes that the probability of a bond being called or remaining outstanding until maturity may vary if market interest rates change, and that makes adjustments based on a bond's embedded options (e.g., call rights, or in the case of a mortgage-backed security, the probability that homeowners will prepay their mortgages), if any, based on the probability that the options will be exercised. A fund's weighted average effective duration will equal the market value weighted average of each bond's effective duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average effective duration of a fund in the Federated Hermes family of funds may not be comparable to other funds outside of the Federated Hermes family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

Weighted average bond price - Morningstar generates this figure from the portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the manager favors bonds selling at prices above or below face value (discount or premium securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

The fund's benchmark 2 is a custom index comprised of three separate indexes which track various security types. The weightings assigned to each component index of the benchmark are fixed, but do not necessarily reflect the fund's allocation to the type of fixed-income securities represented by the component indexes, which will vary.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit FederatedInvestors.com. Please carefully read the summary prospectus or the prospectus before investing.

Past performance is no guarantee of future results.

Bloomberg US Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, mortgage-Backed Securities Index and the asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

Bloomberg US Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg US Corporate High Yield 2% Issuer Capped Index is an issuer-constrained version of the flagship U.S. Corporate High Yield Index, which measures the USD-denominated, high yield, fixed-rate corporate bond market. The index follows the same rules as the uncapped version, but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value index wide on a pro rata basis. The index was created in 2002, with history backfilled to January 1, 1993.

Bloomberg Emerging Markets Seasoned ex Aggregate/Eurodollar Index is the emerging markets debt component of the Bloomberg Barclay US Universal Bond Index and is generally at least 80% non-investment grade.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2023 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

** The ratings agencies that provided the ratings are Standard and Poor's, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.