

# Federated Hermes Total Return Bond Fund

Nasdaq symbol — R6: FTRLX | IS: FTRBX | SS: FTRFX | A: TLRAX | B: TLRBX | C: TLRGX | R: FTRKX

6/30/22

## Product highlights

- Pursues total return.
- Invests in a broad, strategic mix of bond sectors: primarily U.S. government and investment-grade corporate; also high-yield and emerging markets (including trade finance and bank loan); sub-investment grade allocation limited to 25%.
- Focuses on sectors management believes will benefit from anticipated changes in economic and market conditions.
- Serves as a core multi-sector bond holding.

## Morningstar category

Intermediate Core-Plus Bond

## Benchmark 1

Bloomberg US Aggregate Bond Index

## Benchmark 2

Bloomberg US Universal Index

## Key investment team

Donald Ellenberger  
 Jerome Conner, CFA  
 R.J. Gallo, CFA  
 Chengjun (Chris) Wu, CFA  
 Todd Abraham, CFA  
 Mark Durbiano, CFA  
 Ihab Salib  
 Steven Wagner  
 Christopher McGinley

## Fund statistics

Portfolio assets	\$9.5 b
Number of securities	734
Dividends	Paid monthly
Weighted average effective maturity	8.2 years
Weighted average effective duration	5.8 years
Weighted average bond price	\$94.07

## Top holdings (%)

Mortgage Core Fund	30.0
U.S. Treasury Note, 2.875% due 5/15/32	10.3
U.S. Treasury Bond, 2.875% due 5/15/52	5.7
Project and Trade Finance Core Fund	4.3
High Yield Bond Core Fund	2.9
U.S. Treasury Note, 2.500% due 3/31/27	2.9
U.S. Treasury Note, 2.750% due 4/30/27	2.7
Emerging Markets Core Fund	2.1
U.S. Treasury Note, 2.625% due 4/15/25	2.1
U.S. Treasury Note, 2.625% 5/31/27	2.0

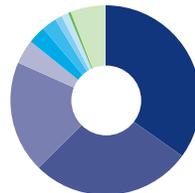
## Overall Morningstar Rating™

A Shares  
★★★★★

Institutional Shares  
★★★★★

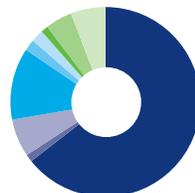
Rating is based on risk adjusted total return for A Shares and Institutional Shares out of 566 Funds in Intermediate Core-Plus Bond Category. The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

## Sector weightings (%)



U.S. Treasury Securities	34.8
Mortgage-Backed Securities	27.8
Investment Grade Corporates	19.1
Trade Finance	4.1
High Yield	3.0
Emerging Markets	2.5
Asset-Backed Securities	1.2
Commercial Mortgage-Backed Securities	1.2
Bank Loans	0.4
Treasury Inflation Protected Securities	0.1
Cash	5.8

## Quality breakdown (%) \*\*



AAA	64.5
AA	1.3
A	6.5
BBB	12.2
BB	1.9
B	2.1
CCC	1.2
Not Rated	4.5
Cash/Cash Equivalents	5.8

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

## 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	10/1/96	-5.05	-9.75	0.50	1.78	2.35	4.50	0.42	0.38
IS	10/1/96	-5.05	-9.76	0.45	1.75	2.37	4.95	0.47	0.39
SS	10/1/96	-5.12	-10.03	0.15	1.44	2.07	4.64	0.95	0.69
A	8/16/01	-5.18	-10.26	-0.09	1.21	1.81	3.67	0.99	0.94
B	8/3/01	-5.31	-10.75	-0.64	0.66	1.37	3.50	1.54	1.51
C	8/2/01	-5.30	-10.71	-0.59	0.70	1.39	3.50	1.49	1.49
R	10/1/96	-5.23	-10.42	-0.28	1.01	1.65	4.12	1.17	1.13
Benchmark 1		-4.69	-10.29	-0.93	0.88	1.54	-	-	-
Benchmark 2		-5.13	-10.89	-0.94	0.94	1.83	-	-	-

## Maximum offering price

NAV	8/16/01	8/3/01	8/2/01
A	-9.41	-14.32	-1.63
B	-10.50	-15.53	-1.87
C	-6.24	-11.58	-0.59

## Calendar year total returns (%)

A Shares/NAV

NAV	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013
NAV	-10.32	-0.36	8.98	9.13	-1.40	3.83	4.49	-0.80	4.71	-1.42
Benchmark 1	-10.35	-1.54	7.51	8.72	0.01	3.54	2.65	0.55	5.97	-2.02
Benchmark 2	-10.93	-1.10	7.58	9.29	-0.26	4.09	3.91	0.43	5.59	-1.35

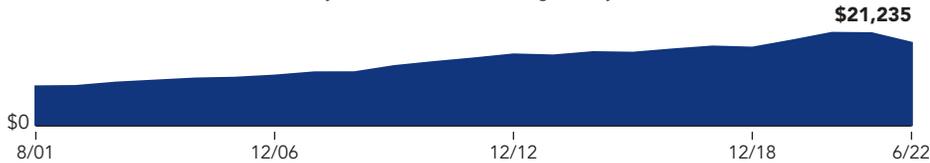
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedInvestors.com](http://FederatedInvestors.com). Maximum offering price figures reflect the maximum sales charge of 4.5% for A Shares, and the maximum contingent deferred sales charges of 5.5% for B Shares and 1% for C 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 Total Return Bond Fund

## Growth over time

If you had invested \$10,000 in A Shares on 8/31/01 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 6/30/22.



The fund's R Shares commenced operations on April 7, 2003. For the period prior to the commencement of operations of the R Shares, the performance information shown is for the fund's Institutional Shares, adjusted to reflect the expenses of the R Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

The fund's R6 Shares commenced operations on April 17, 2015. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for the fund's Institutional Shares, adjusted to reflect the expenses of the R6 Shares for each year for which the expenses of the R6 Shares would have exceeded the actual expenses paid by the Institutional Shares.

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.

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

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

The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging-market and frontier-market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

### Definitions

**The holdings percentages** are based on net assets at the close of business on 6/30/22 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.

**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 Universal Index** is an index that represents the union of the US Aggregate Index, US Corporate High-Yield, Investment Grade 144A Index, Eurodollar Index, US Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD denominated, taxable bonds that are rated either investment-grade or below investment-grade.

Indices are unmanaged and cannot be invested in directly.

*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](http://FederatedInvestors.com). Please carefully read the summary prospectus or the prospectus before investing.*

*Past performance is no guarantee of future results.*

### 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. ©2022 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 Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take sales charges into account.

Federated Hermes Total Return Bond Fund was rated against the following numbers of U.S.-domiciled Intermediate Core-Plus Bond funds over the following time periods. Ratings are for A and Institutional Shares; other classes may have different performance characteristics. For the 3-, 5- and 10-year periods ended 6/30/22, the fund's A Shares received 4, 4 and 3 stars and the fund's Institutional Shares received 5, 5 and 4 stars, and was rated among 566, 504 and 361 funds, respectively. 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.