Federated Hermes Floating Rate Strategic Income Fund

Nasdaq symbol — R6: FFRXLX | IS: FFRSX | A: FRSAX | C: FRICX

6/30/20

Product highlights
• Pursues total return consistent with current income and low interest rate volatility.
• Invests primarily in a strategic mix of floating rate fixed-income investments, which pay interest at rates that increase or decrease with changes in market rates.
• Has broad flexibility to invest across a unique range of non-correlated floating rate sectors: U.S. non-investment grade (primarily floating-rate bank loans); U.S. investment grade (primarily adjustable rate mortgage-backed securities); and international (primarily floating-rate trade finance instruments).
• Management team strategically positions the fund in the most attractive floating rate sectors (up to 75% in any sector) and adjusts the sector mix and duration based on relative valuations and economic and market conditions.
• Provides an option to investors concerned with rising inflation, rising interest rates and longer-term credit risk.

Morningstar category
Bank Loan

Benchmark
55% Credit Suisse Leveraged Loan Index/30% ICE BofAML 1-Year U.S. Treasury Note Index/15% ICE BofAML U.S. Dollar 1-Month Deposit Offered Rate Constant Maturity Index

Key investment team
Mark Durbiano, CFA®
Steven Wagner
B. Anthony Delsing Jr., CFA®
Todd Abraham, CFA®
Christopher McKinley

Yields
30-day yield - R6 2.84%
30-day yield - IS 2.83%
30-day yield - A 2.56%
30-day yield - C 1.76%

Fund statistics
Portfolio assets $634.5 m
Number of securities 469
Dividends Paid monthly
Weighted average effective maturity 3.8 years
Weighted average effective duration 1.2 years
Weighted average bond price $93.86

Top holdings (%)
FHLMC 4911 FB, 9/25/2049 2.3
SPDR Blackstone/GSO Senior LN ETF 1.9
FNMA 2020-36 FH, 6/25/2050 1.6
Invesco Senior Loan ETF 1.6
FNMA 2019-59 FA, 10/25/2048 0.9
FNMA 2019-35 FA, 5/25/2048 0.8
FNMA 2019-24 BF, 5/25/2049 0.8
FNMA 2020-27 FD, 5/25/2050 0.8
Sedgwick, Inc., Term Loan B - 1st Lien, 12/31/2025 0.8
Stratus CLO, Ltd. 2020-1A, A, 05/01/2028 0.8

Average annual total returns (%) Performance shown is before tax.

<table>
<thead>
<tr>
<th>NAV</th>
<th>Performance inception</th>
<th>Cumulative 3-month</th>
<th>1-year</th>
<th>3-year</th>
<th>5-year</th>
<th>Since inception</th>
<th>Before waivers</th>
<th>After waivers</th>
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</thead>
<tbody>
<tr>
<td>R6</td>
<td>12/3/10</td>
<td>6.50</td>
<td>-3.04</td>
<td>1.07</td>
<td>2.21</td>
<td>2.62</td>
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<td>0.73</td>
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<tr>
<td>IS</td>
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<td>-3.04</td>
<td>1.06</td>
<td>2.23</td>
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<td>0.87</td>
<td>0.74</td>
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<tr>
<td>C</td>
<td>12/3/10</td>
<td>6.08</td>
<td>-4.05</td>
<td>0.04</td>
<td>1.21</td>
<td>1.62</td>
<td>1.87</td>
<td>1.81</td>
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<tr>
<td>Benchmark</td>
<td>5.29</td>
<td>0.12</td>
<td>2.23</td>
<td>2.34</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Maximum offering price
A 2/23/11 5.20 -4.31 0.40 1.68 2.44 1.10 0.99
C 12/3/10 5.08 -4.98 0.04 1.21 1.62 1.87 1.81

Calendar year total returns (%) Institutional Shares/NAV

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>NAV</td>
<td>-5.15</td>
<td>6.69</td>
<td>0.35</td>
<td>3.53</td>
<td>7.80</td>
<td>1.05</td>
<td>1.38</td>
<td>4.30</td>
<td>6.64</td>
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<td>1.51</td>
<td>2.66</td>
<td>5.66</td>
<td>-0.13</td>
<td>3.45</td>
<td>5.21</td>
<td>1.23</td>
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</table>

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 charge of 1% for A Shares, and the maximum contingent deferred sales charge of 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 6/1/21 or the date of the fund’s next effective prospectus.
G38953-12 (7/20)
Federated Securities Corp., Distributor

Federated Hermes Floating Rate Strategic Income Fund

Growth over time
If you had invested $10,000 in Institutional Shares on 12/31/10 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 6/30/20.

$13,256

The fund’s R6 Shares commenced operations on December 27, 2016. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for Institutional Shares. The performance of the Institutional Shares has not been adjusted to reflect the expenses applicable to the R6 since the R6 Shares have a lower expense ratio than the expense ratio of the Institutional Shares. The performance of the Institutional Shares has been adjusted to remove any voluntary waiver of the fund’s expenses related to the Institutional Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares.

The fund’s C Shares commenced operations on September 6, 2013. For the period prior to the commencement of operations for the C Shares, the performance information shown is for the fund’s Institutional Shares adjusted to reflect the expenses of the C Shares for each year for which the expenses of the fund’s C Shares would have exceeded the actual expenses paid by the fund’s Institutional Shares. The performance shown also has been adjusted to reflect differences between the sales loads and charges imposed on the purchase and redemption of the fund’s Institutional Shares and C Shares.

As of June 29, 2020, the fund was renamed Federated Hermes Floating Rate Strategic Income Fund. The fund may invest in Federated Hermes Portfolios that are not available to the public and provide for more effective diversification than is available through the purchase of individual securities. Where applicable, the fund holdings reflect exposure to underlying securities held by the portfolios.

A word about risk
Mutual funds are subject to risks and fluctuate in value. Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

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

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

Variable and浮动-rate loans and securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating-rate loans and securities generally will not increase in value as much as fixed-rate debt instruments if interest rates decline.

In addition to the risks generally associated with debt instruments, such as credit, market, interest rate, liquidity and derivatives risks, bank loans are also subject to the risk that the value of the collateral securing a loan may decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate.

Diversification does not assure a profit nor protect against loss.

Definitions
The holdings percentages are based on net assets at the close of business on 6/30/20 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.

30-day yield (“30-day SEC yield”) is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share.

Morningstar: 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. Morningstar Rating is based on a risk-adjusted return measure that accounts for volatilities and return consistency over various time periods. The Morningstar Rating is calculated monthly by Morningstar Inc., based on the 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, 65% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% five-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 Floating Rate Strategic Income Fund was rated against the following numbers of U.S.-domiciled Bank Loan funds over the following time periods. Ratings are for A and Institutional Shares; other classes may have different performance characteristics. For the 3- and 5-year periods ended 6/30/20, the fund’s A Shares received 3 and 3 stars and the fund’s Institutional Shares received 3 and 4 stars, and was rated among 225 and 283 funds, respectively. 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. Morningstar Rating is based on a risk-adjusted return measure that accounts for volatilities and return consistency over various time periods. The weights are 100% three-year rating for 36-59 months of total returns, 65% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% five-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.

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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.

Rate (LIBOR). The ICE BofAML 1-Month LIBOR is a widely used benchmark for short term interest rates, providing an indication of the average rates at which LIBOR panel banks could obtain wholesale, unsecured funding for set periods “in particular currencies.” 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. ©2020 Morningstar, Inc. All Rights Reserved. The information contained in this chart 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 subsidiaries are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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Multi-sector

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