Federated Hermes SDG Engagement High Yield Credit Fund

Nasdaq Symbol — IS: FHHIX

Product Highlights

■ Pursues current income and long-term capital appreciation alongside positive societal impact.
■ Invests primarily in diversified portfolio of high yield fixed-income securities issued by U.S. or foreign businesses (including emerging market debt securities).
■ Committed to responsible investment practices through investment that is aligned with the Sustainable Development Goals (SDGs).

Benchmark

ICE BofAML Global High Yield Index Constrained-USD Hedged

Key Investment Team

Mitch Reznick, CFA
Hermes Investment Management Limited
Fraser Lundie, CFA
Hermes Investment Management Limited

Fund Statistics

Portfolio Assets $20.0 m
Number of Securities 60
Dividends Paid Monthly
Weighted Average 4.5 Years
Effective Maturity
Weighted Average 3.0 Years
Effective Duration
Weighted Average Bond Price $111.68
Option Adjusted Spread 272
Duration Times Spread 19.39
Spread Duration 7.78

Top Holdings (%)

Ardagh Packaging Finance, Sr. Unsecd. Note, Series REGS, 4.75%, 07/15/2027, Ireland
Credit Suisse Group AG, Jr. Sub. Deb., Series REGS, 03/12/2018, Switzerland
CCO Holdings LLC/Cap Corp, Sr. Unsecd. Note, Series 144A, 4.75%, 03/01/2030, United States
Crown European Holdings S, Sr. Unsecd. Note, Series REGS, 2.875%, 02/01/2026, United States
Altice France SA, Sec. Fac. Bond, Series REGS, 3.375%, 01/15/2028, France
Tenet Healthcare Corp., 4.875%, Series 144A, 1/01/2026, United States
Fiat Chrysler Automobiles, Sr. Unsecd. Note, 5.25%, 04/15/2023, United Kingdom
CSC Holdings LLC, Sr. Unsecd. Note, Series 144A, 5.75%, 01/15/2030, United States
Intesa Sanpaolo SpA, Sub. Deb., 5.71%, 01/15/2026, Italy
Hanesbrands, Inc., Sr. Unsecd. Note, Series 144A, 4.875%, 05/15/2026, United States

Sector Weightings (%)

Basic Industry 18.7
Banking 17.7
Capital Goods 9.4
Telecommunications 9.4
Media 8.1
Energy 6.7
Health Care 4.9
Retail 3.1
Automotive 2.7

Country Weightings (%)

United States 38.4
United Kingdom 8.7
Ireland 6.9
Brazil 6.8
Italy 5.1
Mexico 5.1
Russia 4.0
Switzerland 3.2
France 2.8
Australia 2.4

Quality Breakdown**

BBB 15.3
BB 57.1
B 18.8

Not Rated 5.0
Cash/Cash Equivalents 3.8
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. Federated Investment Management Company is the advisor of the fund and Hermes Investment Management Limited is the sub-advisor.

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 fund's strategy is to target companies that the advisor or sub-advisor believes will contribute positive societal impact aligned to the SDGs. The fund may underperform funds that do not have such a strategy.

The SDGs are as follows: no poverty; zero hunger; good health and well-being; quality education; gender equality; clean water and sanitation; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; reduced inequalities; sustainable cities and communities; responsible consumption and production; climate action; life below water; life on land; peace, justice and strong institutions; and partnership for the goals.

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

Definitions

The holdings percentages are based on net assets at the close of business on 9/30/19 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. Weighted Average Effective Maturity is the average time to maturity of debt securities held in the fund. 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. 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 family of funds may not be comparable to other funds outside of the Federated family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

ICE BofAML Global High Yield Index Constrained-USD Hedged tracks the performance of below-investment grade corporate debt denominated in US dollars, Canadian dollars, pounds and euros that are publicly issued in the major US or Eurobond markets. The weighting of index constituents is limited to a maximum 2%.

Indexes are unmanaged and cannot be invested in directly.

Ratings and Rating Agencies

**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.**