

Federated Hermes Ultrashort Bond Fund

Nasdaq symbol — R6: FULLX | IS: FULIX | SS: FULBX | A: FULAX

9/30/22

Product highlights

- Pursues total return consistent with current income.
- Invests in asset- and mortgage-backed, corporate, Treasury and government agency securities.
- Maintains a portfolio dollar-weighted average effective duration of one year or less.
- Allocates portfolio to the sectors that offer the best risk/return balance.

Morningstar category

Ultrashort Bond

Benchmark

Bloomberg US Short-Term Government/Corporate Index

Key investment team

Randall Bauer, CFA
Nicholas Tripodes, CFA
Daniel Mastalski, CFA

Fund statistics

Portfolio assets	\$5.7 b
Number of securities	569
Dividends	Paid monthly
Weighted average effective maturity	0.9 years
Weighted average effective duration	0.6 years
Weighted average spread duration	1.3 years
Weighted average bond price	\$95.85

Interest rate basis (%)

Fixed rate	58.0
Floating rate	42.0

Top holdings (%)

Nelnet Student Loan Trust 2021-DA, Class AFL, Floating Rate Note due 4/20/62	0.9
Santander Drive Auto Receivables Trust 2021-1, Class D, 1.130% due 11/16/20	0.9
Santander Drive Auto Receivables Trust 2021-3, Class B, 0.600% due 12/15/25	0.9
Santander Retail Auto Lease Trust 2021-B, Class D, 1.410% due 11/20/25	0.9
Trillium Credit Card Trust II 2021-2A, Class A, Floating Rate Note due 10/26/26	0.9
EverSource Energy, Floating Rate Note due 8/15/23	0.8
Navient Student Loan Trust 2021-BA, Class A, 0.940% due 7/15/69	0.8
Santander Retail Auto Lease Trust 2021-C, Class D, 1.390% due 8/20/26	0.8
Truist Financial Corp., Floating Rate Note due 6/09/25	0.8
Dell Equipment Finance Trust 2021-1, Class D, 1.030% due 11/23/26	0.7

Overall Morningstar Rating™

A Shares
★★★★

Institutional Shares
★★★★★

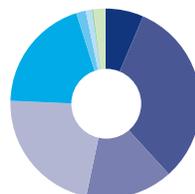
Rating is based on risk adjusted total return for A Shares and Institutional Shares out of 216 Funds in Ultrashort Bond Category. The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

Sector weightings (%)



Auto ABS	24.8	Student Loan ABS	4.5
Corporate - Industrial/Other	21.8	MBS - Fixed Rate and ARMs	4.5
Corporate - Financial	16.9	MBS Commercial	4.4
Other ABS	15.1	Cash/Cash Equivalents	2.0
Credit Card ABS	6.0		

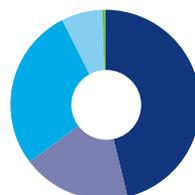
Quality breakdown (%) **



Government	6.4	BB	1.6
AAA	31.8	B	1.1
AA	15.1	CCC & Below	0.1
A	22.4	Not Rated	0.1
BBB	19.4	Cash/Cash Equivalents	2.0

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

Duration (%)



0-3 Months	46.2	2-3 Years	6.9
3 Months - 1 Year	18.7	3-4 Years	0.5
1-2 Years	27.7		

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	2/22/00	0.17	-1.81	0.58	1.38	1.24	2.37	0.42	0.36
IS	2/22/00	0.16	-1.82	0.57	1.38	1.23	2.37	0.45	0.37
SS	5/31/97	0.14	-1.91	0.45	1.12	0.88	2.41	0.56	0.47
A	5/31/97	0.02	-1.96	0.36	1.05	0.79	2.23	0.62	0.52
Benchmark		0.16	-0.25	0.58	1.22	0.84	-	-	-

Calendar year total returns (%)

A Shares/NAV

	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013
NAV	-1.57	0.09	2.23	3.22	1.14	1.27	1.18	-0.34	0.33	0.08
Benchmark	-0.20	0.10	1.31	2.69	1.99	0.98	0.80	0.26	0.18	0.25

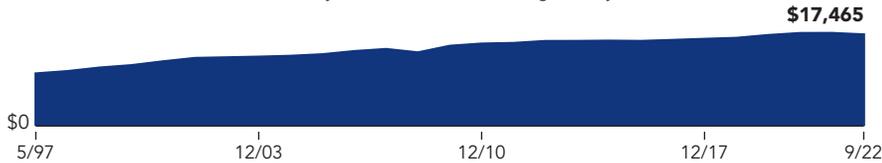
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedInvestors.com.

* 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 12/1/22 or the date of the fund's next effective prospectus.

Federated Hermes Ultrashort Bond Fund

Growth over time

If you had invested \$10,000 in A Shares on 5/31/97 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 9/30/22.



Prior to October 27, 1998, the fund was named Federated Limited Duration Government Fund with an investment concentration in government securities. The fund was reconfigured to maintain an ultrashort duration (one year or less) with a revised investment policy of purchasing both higher and lower quality fixed income securities.

The fund's A Shares commenced operations on October 8, 2002. For the period prior to the commencement of operations of the A Shares, the performance information shown is for the fund's Service Shares, adjusted to reflect the sales charges (for maximum offering price performance) that were applicable to the fund's A Shares until December 1, 2019 and expenses of the A Shares.

The fund's R6 Shares commenced operations on May 29, 2019. For the periods prior to the commencement of operations of the R6 Shares, the performance information shown is for the fund's Institutional Shares. The performance of the Institutional 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 Institutional Shares.

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.

The fund is not a "money market" mutual fund. Some money market mutual funds attempt to maintain a stable net asset value through compliance with relevant Securities and Exchange Commission (SEC) rules. The fund is not governed by those rules, and its shares will fluctuate in value.

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.

Definitions

The holdings percentages are based on net assets at the close of business on 9/30/22 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. 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.

Weighted average spread duration is the average of the spread durations of the underlying securities.

Bloomberg US Short-Term Government/Corporate Index represents securities that have fallen out of the U.S. Government/Corporate index because of the standard minimum one year maturity constraint. Sectors include treasuries, agencies, industrials, utilities and financial institutions.

Indexes 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. 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 Ultrashort Bond Fund was rated against the following numbers of U.S.-domiciled Ultrashort 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 9/30/22, the fund's A Shares received 3, 3 and 3 stars and the fund's Institutional Shares received 3, 4 and 4 stars, and was rated among 216, 178 and 94 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.