

Federated Hermes Corporate Bond Fund

9/30/20

Fund facts

Performance inception date

6/28/95

Benchmark 1

Bloomberg Barclays U.S. Credit Index

Benchmark 2

75% Bloomberg Barclays U.S. Credit Index/25% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index

Morningstar category

Corporate Bond

Lipper classification

Corporate Debt Funds BBB-Rated

Fund assets

\$1.6 billion

Ticker symbols

R6 Shares - FDBLX

Institutional Shares - FDBIX

A Shares - FDBAX

C Shares - FDBCX

F Shares - ISHIX

Key investment team

Brian Ruffner

Bryan Dingle, CFA®

Mark Durbiano, CFA®

Steven Wagner

Christopher McGinley

Yields (%)

30-day yield (R6) 2.37

30-day yield (IS) 2.35

30-day yield (A) 2.10

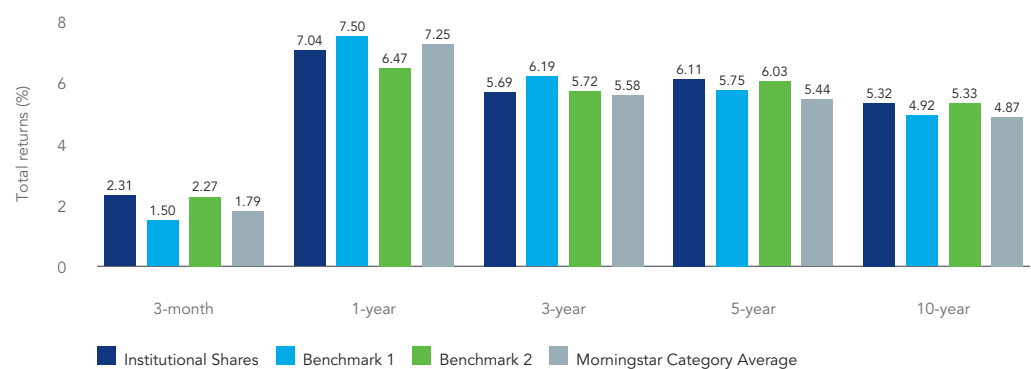
Fund description

The fund seeks to provide a high level of current income and to preserve capital by investing in a diversified portfolio of fixed-income securities. It invests primarily in investment-grade corporate bonds, but also may invest up to 35% of its portfolio assets in lower-rated high-yield bonds.

Average annual total returns (%)

Performance shown is before tax.

	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Expense ratio*	
								Before waivers	After waivers
R6 Shares	2.31	5.60	7.16	5.73	6.08	5.21	6.08	0.66	0.59
Institutional Shares	2.31	5.48	7.04	5.69	6.11	5.32	6.14	0.75	0.61
A Shares (NAV)	2.25	5.39	6.77	5.47	5.86	5.10	6.04	1.00	0.86
A Shares (MOP)	-2.31	0.64	1.94	3.86	4.88	4.61	5.84	1.00	0.86
Benchmark 1	1.50	6.39	7.50	6.19	5.75	4.92	-	-	-
Benchmark 2	2.27	4.96	6.47	5.72	6.03	5.33	-	-	-



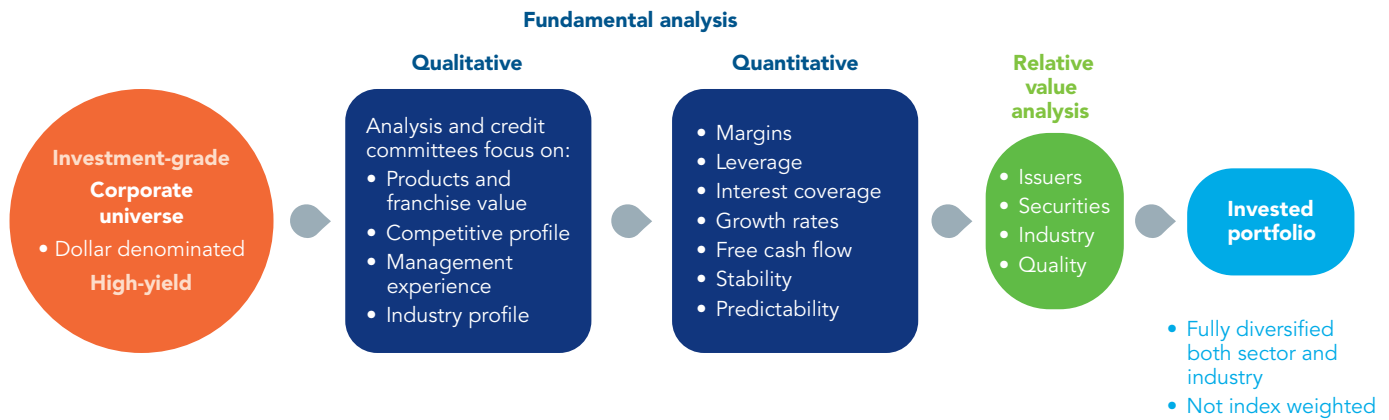
Calendar year returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Institutional Shares	14.27	-2.84	7.05	8.44	-1.77	5.93	1.03	10.54	6.17	11.16
Benchmark 1	13.80	-2.11	6.18	5.63	-0.77	7.53	-2.01	9.37	8.35	8.47
Benchmark 2	13.96	-2.08	6.51	8.43	-1.66	6.25	0.28	10.95	7.55	10.10
Morningstar Category Average	13.03	-2.49	5.79	6.51	-1.39	6.93	-1.06	11.06	7.46	10.00

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. See the prospectus for other fees and expenses that apply to a continued investment in the fund. Total returns for periods of less than one year are cumulative.

* 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 2/1/21 or the date of the fund's next effective prospectus.

Investment process



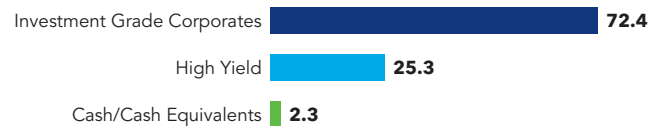
Portfolio statistics

Weighted average effective maturity	9.4 yrs.
Weighted average effective duration	7.0 yrs.
Weighted average coupon	4.52%
Weighted average yield to maturity	3.13%
Weighted average bond price	\$110.17

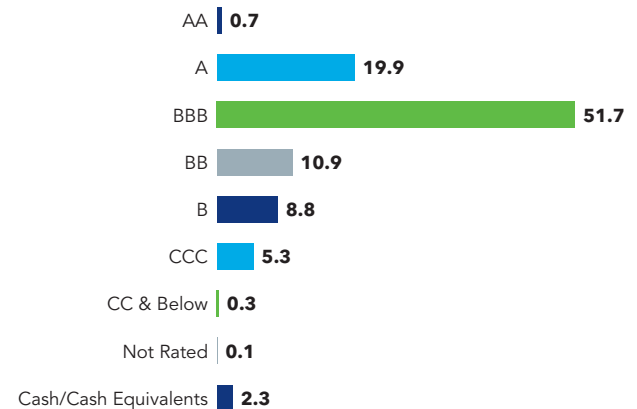
Top holdings (%)

Goldman Sachs Group, Inc., 3.814% due 4/23/29	0.6
Anheuser-Busch InBev Worldwide, Inc., 4.600% due 4/15/48	0.5
Bank of America Corp., 2.328% due 10/01/21	0.5
CCO Safari II LLC, 4.908% due 7/23/25	0.5
DH Europe Finance II S.a.r.l., 2.600% due 11/15/29	0.5
GE Capital International, 4.418% due 11/15/35	0.5
JPMorgan Chase & Co., 3.509% due 1/23/29	0.5
JPMorgan Chase & Co., 3.875% due 9/10/24	0.5
Morgan Stanley, 3.772% due 1/24/29	0.5
Verizon Communications, Inc., 4.125% due 8/15/46	0.5
Total % of portfolio	5.1

Sector weightings (%)



Quality breakdown¹ (%)



Portfolio composition is based on net assets at the close of business on 9/30/20 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.

Highlights

- Roller-coaster reaction from risk assets to Covid-19 news
- The Federal Reserve (Fed) remains accommodative
- Significant positive contribution from security selection

Looking back

Judging by market reaction, either little happened during the third quarter, or it was a series of mini-market moves that showcased how the various asset classes were out of sync.

Measured at quarter end, interest rates changed very little and equities posted solid gains. But the U.S. dollar peaked in early July, gold in early August, the 10-year Treasury yield in late August and the S&P 500 Index in early September. During the period, equities hit all-time highs before correcting sharply in September, while bond prices rallied in July before selling off in August and then rallying some in September. Gold and crude oil rallied along with equities, and then sold off. All told, the 10-year Treasury yield ended the quarter just above where it began, and the S&P 500 rose 16% before dropping nearly 6%. This churning reflected the uncertainty surrounding the spread of the coronavirus, hopes for vaccine and potential additional fiscal stimulus.

The Fed met twice during the quarter, and as expected, did not take any action. However, policymakers made clear they were prepared to increase efforts if risks emerge that impede attaining full employment and stable price goals. In a first, the Fed also tilted its bias toward allowing inflation to run a little higher (averaging 2% over time) in order to allow for more job creation. As a prod to Congress, Fed speakers also firmly called for more fiscal stimulus to limit further damage to households and businesses.

Financial markets were broadly higher during the quarter as the S&P 500 Index gained nearly 9%, high-yield debt 4.6%, emerging markets 2.4% and investment-grade bonds 1.5%, while the broad measure of investment-grade debt, the aggregate index, rose 0.6%, according to Bloomberg Barclays data. The 10-year Treasury yield has traded in a tight band of 0.50%-0.90% since March 31 and an even tighter band during the third quarter, with a peak yield of 0.75%.

Performance

Federated Hermes Corporate Bond Fund R6 Shares returned 2.31% at net asset value (NAV) for the three months ended Sept. 30. That compares with the Bloomberg Barclays U.S. Credit Index return of 1.50% and the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index return of 4.58%. The Blended Benchmark, consisting of 25% of the Bloomberg Barclays U.S. Credit Index and 75% of the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index, returned 2.27%. The fund's total return for the period also reflected actual cash flows, transaction costs and other expenses that were not reflected in the return of the Blended Benchmark.

Performance contributors

- Underweight position in the non-corporate sectors, like sovereign and supranational
- Positive security selection, with contribution from energy, insurance, capital goods and consumer cyclicals
- Specific issuers held by the portfolio that outperformed the Blended Benchmark included: Enterprise Rent-A-Car (ERAC), Masco, Prologis and Embraer

Performance detractors

- Cash position at roughly 2.3% of assets under management
- Negative security selection in the Communications Services sector
- Specific issuers held by the portfolio that underperformed the Blended Benchmark included: AstraZeneca, Telefonica, Merck & Co. and Bank of America

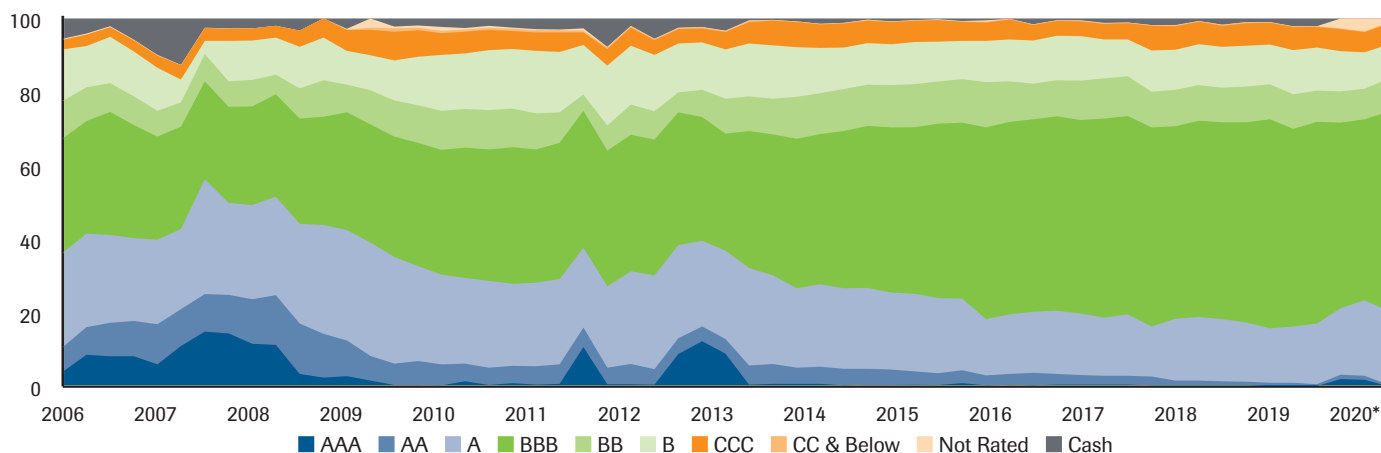
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How we are positioned

We exited the quarter targeting a slight underweight position in the high-yield asset class and maintaining an overweight allocation to the BBB component of the investment-grade asset class. Additionally, the fund is targeting neutral duration and yield curve positioning relative to the benchmark. The portfolio remains committed to adjust the overall sector positioning in response to changes in valuation and credit quality.

See disclosure section for important disclosures and definitions.

Historical credit quality (%)¹



* As of 9/30/20

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Risk statistics

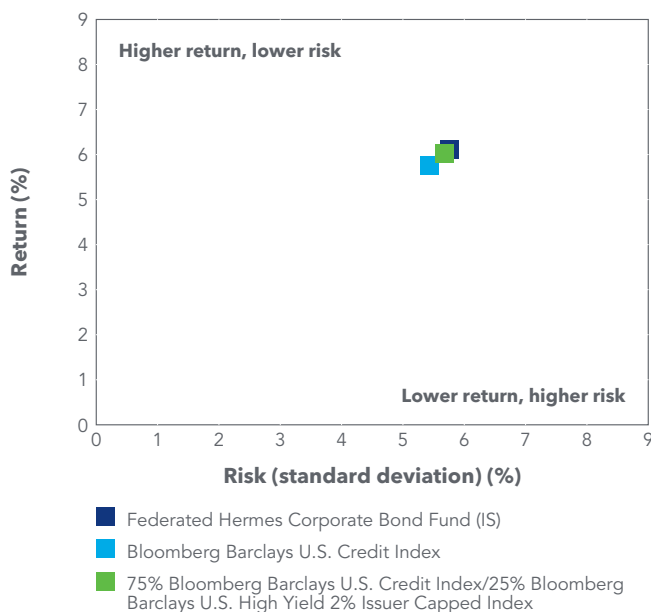
	3-year	5-year	7-year	10-year
Standard deviation	6.72	5.76	5.18	4.92
Alpha	-0.53	0.29	0.12	0.55
Beta	1.02	1.02	0.99	0.96
Up capture ratio	93.50	101.28	96.57	97.99
Down capture ratio	95.27	94.57	90.42	85.75
Sharpe ratio	0.60	0.85	0.86	0.95

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg Barclays U.S. Credit Index

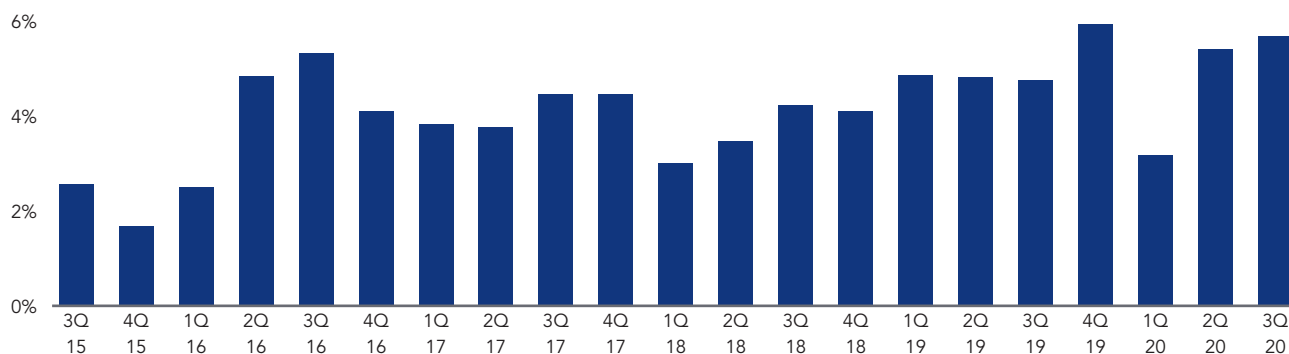
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5-year risk/return



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3-year rolling returns (IS)



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Category rankings

Morningstar Corporate Bond Category

		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	63	59	31	46
	Morningstar Category Rank	130 of 205 funds	108 of 185 funds	–	–
IS Shares	Morningstar Category % Rank	66	59	29	34
	Morningstar Category Rank	135 of 205 funds	109 of 185 funds	41 of 135 funds	31 of 89 funds
A Shares	Morningstar Category % Rank	69	67	38	47
	Morningstar Category Rank	145 of 205 funds	129 of 185 funds	59 of 135 funds	47 of 89 funds

Lipper Corporate Debt Funds BBB-Rated

		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	59	51	–	–
	Lipper Classification Rank	149 of 252 funds	119 of 234 funds	–	–
IS Shares	Lipper Classification % Rank	62	52	33	36
	Lipper Classification Rank	155 of 252 funds	120 of 234 funds	60 of 183 funds	44 of 123 funds
A Shares	Lipper Classification % Rank	66	60	42	49
	Lipper Classification Rank	165 of 252 funds	140 of 234 funds	77 of 183 funds	60 of 123 funds

Past performance is no guarantee of future results. Rankings are based on total return and do not take sales charges into account.

Federated Hermes Corporate Bond Fund

As of June 29, 2020, the Federated Bond Fund was renamed Federated Hermes Corporate Bond Fund.

¹The ratings agencies that provided the ratings are Standard & 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.

30-day yield (also known as "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. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 2.30% for R6 Shares, 2.20% for Institutional Shares, and 1.87% for A 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 fund's R6 Shares commenced operations on September 30, 2016. 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 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 the fund's expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

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.

Diversification does not assure a profit nor protect against loss.

Definitions

Alpha shows how much or how little return is generated, given the risk a portfolio takes. A portfolio with an alpha greater than 0 has earned more than expected given its beta—meaning the portfolio has generated excess return without increasing risk. A portfolio with a negative alpha is producing a lower return than would be expected given its risk.

Beta measures a portfolio's volatility relative to the market. A beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market.

Sharpe ratio is calculated by dividing a fund's annualized excess return by the fund's annualized standard deviation. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard deviation is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

Up capture ratio/down capture ratio is a measure of how well a manager was able to replicate or improve on periods of positive benchmark returns and how badly the manager was affected by periods of negative benchmark returns. The up-market capture ratio is a measure of a manager's performance in up markets relative to the index during the same period. For example, a ratio value of 115 indicates that the manager has outperformed the market index by 15% in periods when the index has risen. The down-market capture ratio is the direct opposite of the up-market capture ratio, gauging performance of the manager relative to the index in down markets. A ratio value of 80 would indicate the manager had declined on 80% as much as the declining overall market, indicating relative outperformance.

Weighted average bond price is the weighted average of all individual bond prices within a portfolio.

Weighted average coupon is the weighted average interest payment of all individual debt securities within a portfolio.

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

Weighted average yield to maturity is used to determine the rate of return an investor would receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. It takes into account purchase price, redemption value, time to maturity, coupon yield and the time between interest payments.

Bloomberg Barclays U.S. 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 Barclays U.S. Credit Index is composed of all publicly issued, fixed-rate, nonconvertible, investment-grade corporate debt. Issues are rated at least Baa by Moody's Investors Service or BBB by Standard & Poor's, if unrated by Moody's. Collateralized Mortgage Obligations (CMOs) are not included. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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