

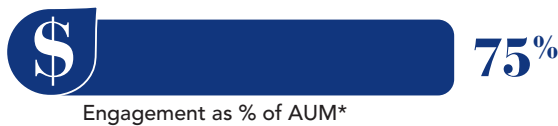
# Federated Hermes Total Return Bond Fund

## Engagement report as of 12/31/22

Federated Hermes' Total Return Bond Fund integrates Environmental, Social and Governance (ESG) considerations into its multi-sector approach to building the portfolio, with each bond sector's team tailoring its rating system to the most relevant ESG factors. Incorporating these factors can lead to discovering credit risk not found through financial analysis alone.

The investment team also consults regularly with our global team of ESG engagement specialists, EOS at Federated Hermes. Combined with the investment teams' bottom-up fundamental analysis, EOS' specific insights offer a complementary stream of information to provide a more comprehensive view of the ESG risks and opportunities for issuers under coverage.

### Engagement coverage and progress



The progress percentage achieved will change constantly and never be 100%. Typically, we expect to see between 35% and 65%.

### Percentage of AUM\* engaged by theme



**531** Engagement objectives

**942** Engagement interactions\*\*\*

**31** Engagement specialists

Engagement objectives are specific, measurable changes defined at the company level that are designed to improve ESG performance. We may have multiple engagements with a company at any one time. Objectives are regularly reviewed until they are completed and are tracked using milestones. Objectives may be discontinued if the objective is no longer relevant, or because the engagement is no longer feasible or material.

### Engagement outcomes

#### Board independence

##### Global health care company

##### Governance

- Expanded the responsibilities of the lead independent director.

#### Climate change

##### Global financial services company

##### Environmental

- Announced targets for Scope 3 financed emissions.

#### Climate change

##### Global energy company

##### Environmental

- Established medium-term greenhouse gas targets.

The above case studies are shown to demonstrate engagement. EOS at Federated Hermes does not make any investment recommendations, and this information is not an offer to buy or sell securities or financial instruments.

For illustrative purposes only.

\*Engagement as a percent of assets under management (AUM) is the percent of the fund's AUM engaged, out of the fund's engageable assets. The following securities that are not engageable are excluded from this calculation: U.S. Treasury securities, derivative contracts, sovereign bonds, third-party pooled vehicles, and U.S. government-operated repurchase facilities.

The fund may invest in affiliated funds and, where applicable, the engagement numbers reflect exposure to the underlying securities held by the affiliated funds, with the engagements for those funds are included within the overall percentages. However, the engagement objectives and engagement interactions totals do not include numbers related to investments in affiliated money market funds.

\*\*Engagement milestones achieved is the percentage of EOS engagements whose objectives moved forward by at least one milestone over the trailing 12 months.

\*\*\*Trailing 12 months. Engagement interactions are tailored to specific companies and seek to assess the most material ESG risks and opportunities, through long-term, continuous dialogue at the board and senior executive level.

## Engagement milestones



## Engagement themes and objectives include but are not limited to:

- Environmental**  
 Climate change, natural resource stewardship, pollution waste and circular economy
- Social & ethical**  
 Human and labor rights, human capital management, conduct, culture and ethics
- Governance**  
 Board effectiveness, executive remuneration, shareholder protection and rights
- Strategy, risk & communication**  
 Corporate reporting, risk management, business purpose and strategy

**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](https://www.federatedinvestors.com). Please carefully read the summary prospectus or prospectus before investing.**

Terminology such as “ESG integrated”, “sustainable” or “impact”, among other terms, is not uniformly defined across the industry. Investment managers may understand and apply ESG factors in different ways, and that the role those factors play in investment decisions also varies. Therefore, we recommend investors understand the role of ESG factors in a strategy to ensure that approach is consistent with their investment objectives. Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers ESG factors will result in performance better than or equal to products that do not consider such factors. Investing and making buy and sell decisions that emphasize ESG factors carries the risk that, under certain market conditions, the fund or strategy may underperform those that do not incorporate such factors explicitly into the decision-making process. The application of ESG criteria may affect exposure to certain

sectors or securities and may impact relative investment performance depending on whether such sectors or securities are generally in or out of favor in the market.

Past performance is no guarantee of future results.

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.