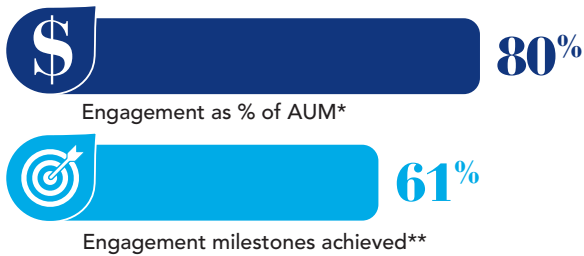


## Engagement report as of 12/31/22

In pursuit of attractive, risk-adjusted yield potential, the investment team emphasizes rigorous, fundamental research when evaluating securitized assets—such as asset-backed and mortgage-backed securities—for inclusion in the portfolio. This analysis includes consideration of material Environmental, Social and Governance (ESG) factors. The team’s proprietary ESG research lends an essential vantage point given the lack of securitized asset coverage by ESG data providers.

The investment team also consults regularly with our global team of ESG engagement specialists, EOS at Federated Hermes. Combined with the investment team’s bottom-up fundamental analysis, EOS’ specific insights 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



**184** Engagement objectives

**410** Engagement interactions\*\*\*

**24** 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

<p><b>Climate change</b></p> <p><b>U.S. utility company</b></p> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Set long-term ambition to achieve net zero emissions by 2050 or sooner.</li> </ul>	<p><b>Business strategy</b></p> <p><b>Global financial services company</b></p> <p><b>Strategy, risk &amp; communication</b></p> <ul style="list-style-type: none"> <li>Included a statement of purpose in its governance documents.</li> </ul>	<p><b>Climate change</b></p> <p><b>North American financial services company</b></p> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>Released TCFD-aligned climate report.</li> </ul>
---	---	--

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.

## Top holdings

(Total % of portfolio: 10.9%)

Company	EOS engagement	Environmental	Social & ethical	Governance	Strategy, risk & communication
<b>Santander Retail Auto Lease Trust 2021-B, Class D, 1.410% due 11/20/25</b>	Yes	–	–	Executive remuneration	Business strategy
<b>Santander Drive Auto Receivables Trust 2021-1, Class D, 1.130% due 11/16/26</b>	Yes	–	–	Executive remuneration	Business strategy
<b>Trillium Credit Card Trust II 2021-2A, Class A, Floating Rate Note due 10/26/26</b>	Yes	Climate change	Human rights	Executive remuneration	Business strategy
<b>Santander Retail Auto Lease Trust 2021-C, Class D, 1.390% due 8/20/26</b>	Yes	–	–	Executive remuneration	Business strategy
<b>EverSource Energy, Floating Rate Note due 8/15/23</b>	Yes	Climate change	–	–	–
<b>Nelnet Student Loan Trust 2021-DA, Class AFL, Floating Rate Note due 4/20/62</b>	No	–	–	–	–
<b>Truist Financial Corp., Floating Rate Note due 6/09/25</b>	Yes	Climate change	–	Executive remuneration	–
<b>Navient Student Loan Trust 2021-BA, Class A, 0.940% due 7/15/69</b>	Yes	–	–	Executive remuneration	–
<b>Dell Equipment Finance Trust 2021-1, Class D, 1.030% due 11/23/26</b>	Yes	Climate change	–	–	Integrated reporting
<b>Santander Drive Auto Receivables Trust 2021-3, Class B, 0.600% due 12/15/25</b>	Yes	–	–	Executive remuneration	Business strategy

## 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.

The holdings percentages are based on net assets at the close of business on 12/31/22 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.

Past performance is no guarantee of future results.

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 issuers will meet their obligations.