

Federated Hermes Short-Intermediate Total Return Bond Fund

12/31/20

Fund facts

Performance inception date

R6 Shares	1/31/14
Institutional Shares	9/2/05
A Shares	1/31/14

Benchmark

Bloomberg Barclays 1-5 Year U.S. Government/Credit Index

Morningstar category

Short-Term Bond

Lipper classification

Short Investment Grade Debt Funds

Fund assets

\$1.9 billion

Ticker symbols

R6 Shares - SRBRX
 Institutional Shares - FGCIX
 Service Shares - FGCSX
 A Shares - FGCAx

Key investment team

John Gentry, CFA®
 Chengjun (Chris) Wu, CFA®
 Todd Abraham, CFA®
 Mark Durbiano, CFA®
 Ihab Salib
 Steven Wagner
 Christopher McGinley

Yields (%)

30-day yield (R6)	0.89
30-day yield (IS)	0.89
30-day yield (A)	0.63

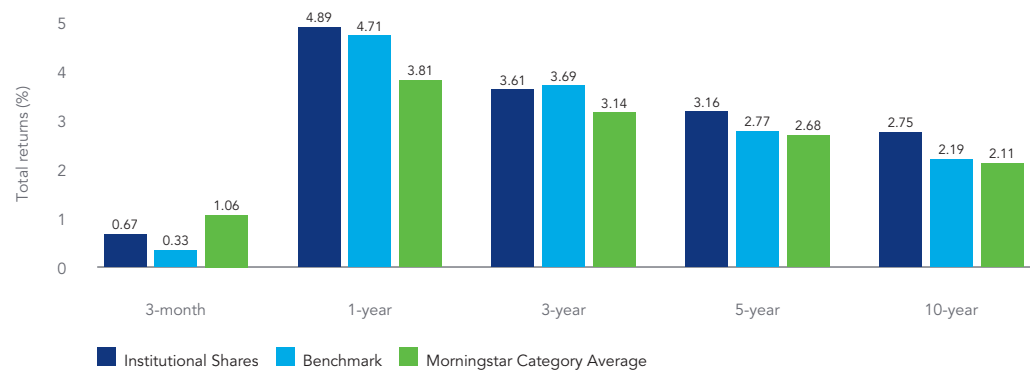
Fund description

The fund seeks to maintain a dollar-weighted average effective portfolio duration of 1.5 to 3.5 years and pursues total return by investing in a broad mix of bond sectors that management believes will benefit from changes in economic and market conditions. U.S. government and investment-grade corporate bonds predominate, with limits on exposure to domestic high-yield and international emerging-market sectors.

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	0.68	4.90	4.90	3.62	3.07	–	2.29	0.50	0.37
Institutional Shares	0.67	4.89	4.89	3.61	3.16	2.75	3.83	0.54	0.38
A Shares (NAV)	0.61	4.72	4.72	3.35	2.91	–	2.32	0.83	0.63
A Shares (MOP)	-0.41	3.63	3.63	3.02	2.71	–	2.17	0.83	0.63
Benchmark	0.33	4.71	4.71	3.69	2.77	2.19	–	–	–



Calendar year total returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Institutional Shares	4.89	5.19	0.81	1.70	3.31	0.34	2.47	-0.17	4.12	5.03
Benchmark	4.71	5.01	1.38	1.27	1.56	0.97	1.42	0.28	2.24	3.14
Morningstar Category Average	3.81	4.72	0.92	1.73	2.08	0.19	1.07	0.45	3.67	1.66

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 charge of 1% 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 11/1/21 or the date of the fund's next effective prospectus.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Investment approach

Core, Intermediate-term Bond Fund

- A disciplined approach to short-term fixed income with a conservative, investment-grade risk profile
- Invests primarily in U.S. government, mortgage-backed and investment-grade corporate fixed income with modest exposure to sectors such as high yield and emerging markets debt
- May invest in below investment-grade securities up to 35%. Typically up to 15%

Consistent, repeatable investment process

- Combines top-down decision making with bottom-up security selection to build diversified, risk-managed portfolios
- Key decision teams known as “Alpha Pods” seek diversified, uncorrelated alpha sources across various market environments
- Positioning set across five factors: sector allocation, security selection, duration management, yield curve strategy and currency management

Tenured team with long-term results

- Team-based approach focused by sector to extract value from each step of the process
- Federated Hermes’ fixed-income philosophy and process has a 45-year heritage
- Senior fixed-income management team averages more than 27 years of experience, and team members have worked together at Federated Hermes for more than 22 years

As of 12/31/20

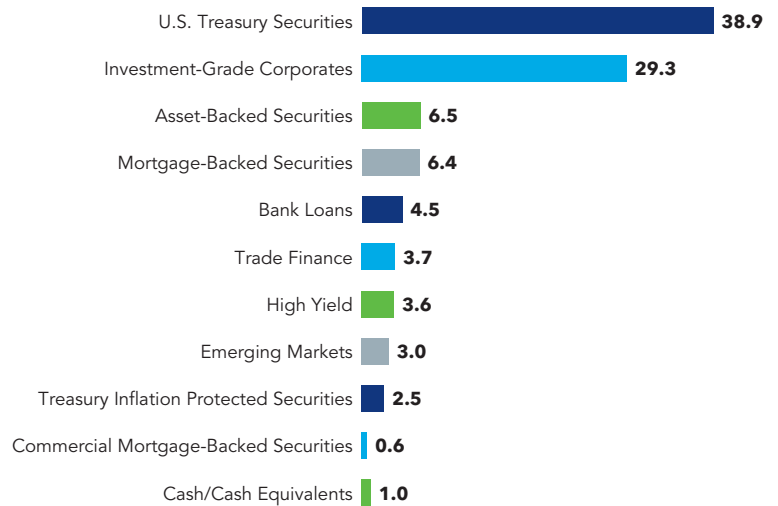
Portfolio statistics

Weighted average effective maturity	3.3 yrs.
Weighted average effective duration	2.5 yrs.
Weighted average coupon	1.87%
Weighted average yield to maturity	1.01%
Weighted average bond price	\$102.54

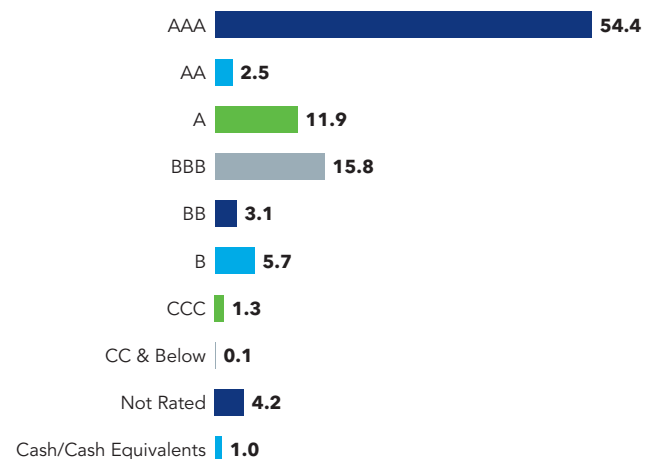
Top holdings (%)

Mortgage Core Fund	6.7
Bank Loan Core Fund	5.8
Project and Trade Finance Core Fund	4.0
U.S. Treasury Note, 0.250% due 6/30/25	3.6
Emerging Markets Core Fund	3.0
U.S. Treasury Note, 0.250% due 7/31/25	2.7
High Yield Bond Core Fund	2.6
U.S. Treasury Note, 0.125% due 7/15/23	2.6
U.S. Treasury Note, 0.125% due 8/15/23	2.6
U.S. Treasury Note, 0.250% due 6/15/23	2.5
Total % of portfolio	36.1

Sector weightings (%)



Quality breakdown¹ (%)



Portfolio composition is based on net assets at the close of business on 12/31/20 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

- Based on total return and for all periods ending December 31, 2020, the Institutional Shares performance placed the fund in the 21st percentile of the Morningstar Short-Term Bond category for the 1-year period, 22nd for the 5-year period and 15th for the 10-year period (among a total of 574, 458 and 300 funds respectively)
- Allocations to spread sectors and Treasury Inflation-Protected Securities (TIPS) contributed
- The fund's duration is slightly short, but its yield curve exposure is in line with its benchmark to start the first quarter

Looking back

Markets climbed a wall of worries to finish a surprisingly strong year. Three foremost in the market's mind during the fourth quarter were Covid-19, stimulus legislation and the election, and one by one, they fell away, pushing equity indices to record highs and bond yields to their highest levels since March.

As health experts had predicted, virus cases rebounded once the weather cooled, but markets chose to focus on the incredible work being done on developing a vaccine. Two vaccines were announced in mid-November, allowing investors to be hopeful that an end to the uncertainty was within reach. As the first vaccinations were rolled out in December, it seemed only a matter of time before some sense of normalcy would return.

Unfortunately, bridging the economic chasm until normalcy returns proved very difficult. Market expectations that a fiscal stimulus deal would be agreed to before the November election were frustrated by political wrangling. Federal Reserve (Fed) speakers made it clear that, while the Fed remained willing and able to increase its monetary policy actions to help the economy, the burden for action fell to the fiscal side, meaning Congress should act.

It became clear that both parties were waiting for the election outcome before taking any action. While it took some time to certify the election results, Joe Biden emerged as the winner of the presidency, with two Senate seats in Georgia awaiting run-off to determine control of the Senate and the direction of the Democratic agenda. Seen as a down payment, a compromise stimulus bill was finally signed by the president in late December. So, as the prospect of normalcy in 2021 approaches, all three major risks of the fourth quarter are in the rearview mirror.

Financial markets were broadly higher during the quarter, as the S&P 500 Index gained over 12%, high-yield debt 6.45%, emerging markets (EM) 4.5% and investment-grade bonds 2.8%, while the broad measure of investment-grade debt, the Bloomberg Barclays U.S. Aggregate Index, rose 0.7%, according to Bloomberg Barclays data. U.S. Treasuries posted a -0.8% return, as rates rose during the quarter. Commodity prices also rose, led by a jump in crude oil and gasoline, while industrial metals like copper and aluminum gained over 16% and 12%, respectively. The 10-year Treasury yield continued to edge higher, ranging from its start-of-quarter low of 0.68% to end the quarter at 0.92%.

Performance

Federated Hermes Short Intermediate Total Return Bond Fund Institutional Shares returned 0.67% at net asset value (NAV) for the fourth quarter of 2020, while the fund's benchmark, the Bloomberg Barclays 1-5 Year U.S. Government/Credit Index, had a total return of 0.33%. The fund's total return for the period also reflected actual cash flows, transaction costs and other expenses that were not reflected in the total return of the benchmark index.

Performance contributors

- Allocation to EM debt
- Allocation to bank loans
- Allocation to high-yield debt

Performance detractors

- Allocation to mortgage-backed securities (MBS)
- Banking sector selection
- Exposure to the long end of the fund's maturity limit, where yields rose most

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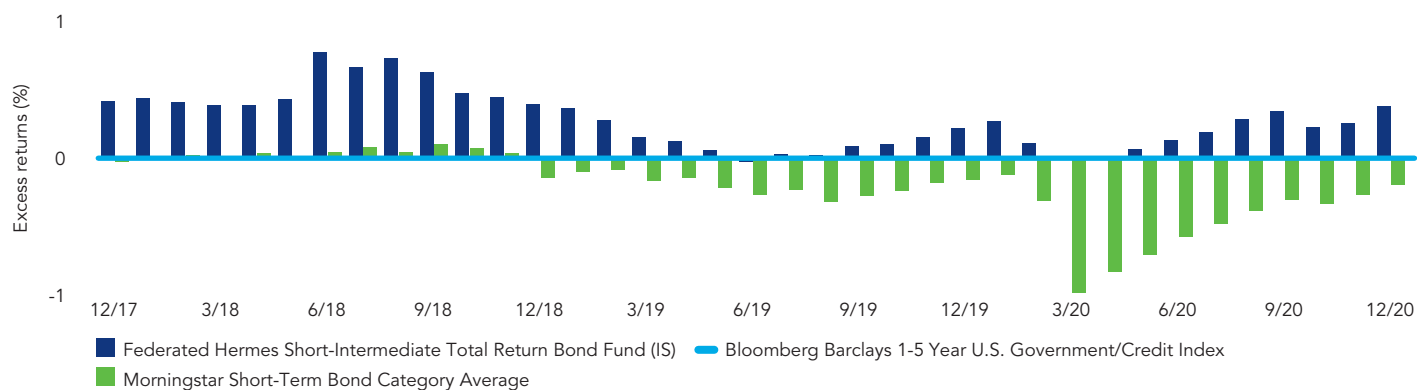
How we are positioned

The fund starts the first quarter of 2021 with duration slightly short and yield curve exposure in line with those of the benchmark. In keeping with sector committee recommendations, the fund increased its exposure to EM debt and bank loans and added high yield exposure, while reducing U.S. Treasuries and residential and commercial MBS. The fund also added to its investment-grade corporate exposure as part of the broad risk-on move following the November elections and vaccine approvals.

The fund employed derivatives to express duration, yield curve, sector and currency investment themes during the quarter. The fund continues to incorporate into its security selection process sustainable investing practices that focus on environmental, social and governance issues.

See disclosure section for important disclosures and definitions.

5-year rolling excess performance vs. Bloomberg Barclays 1-5 Year U.S. Government/Credit Index



Source: Morningstar, Inc. Performance for 5-year periods (1-month step) from 1/1/13 - 12/31/20.

Returns are for Institutional Shares. Other classes of shares are available whose performance will vary due to different charges and expenses.

Risk statistics

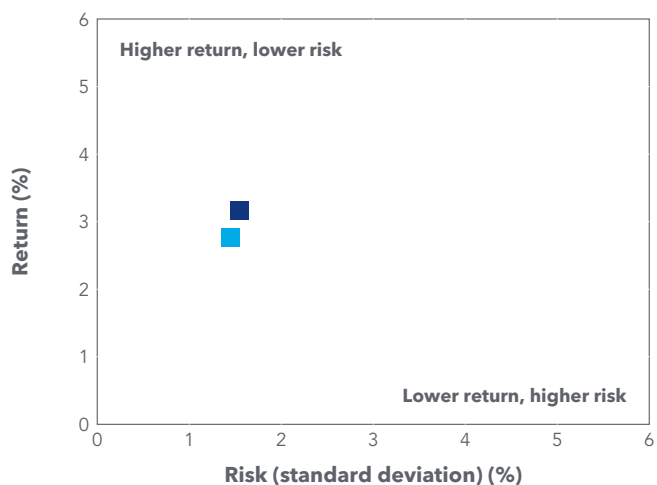
	3-year	5-year	7-year	10-year
Standard deviation	1.44	1.55	1.56	1.89
Alpha	0.19	0.59	0.53	0.41
Beta	0.87	0.87	0.87	1.10
Up capture ratio	92.62	104.00	103.56	120.12
Down capture ratio	57.83	68.00	74.80	106.63
Sharpe ratio	1.44	1.27	1.15	1.13

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg Barclays 1-5 Year U.S. Government/Credit Index

See disclosure section for important definitions.

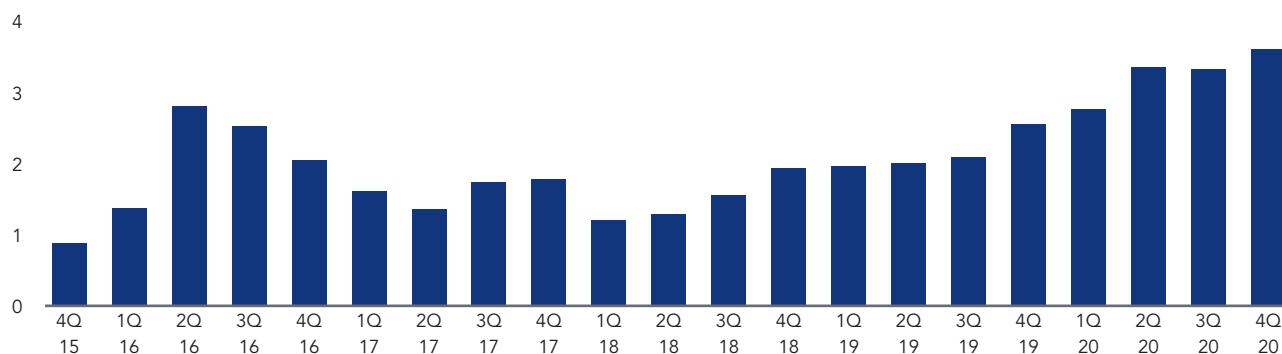
5-year risk/return



■ Federated Hermes Short-Intermediate Total Return Bond Fund (IS)
 ■ Bloomberg Barclays 1-5 Year U.S. Government/Credit Index

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3-year rolling returns - IS (%)



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Category rankings

Morningstar Short-Term Bond Category

		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	20	23	24	21
	Morningstar Category Rank	130 of 574 funds	117 of 514 funds	105 of 458 funds	–
IS Shares	Morningstar Category % Rank	21	24	22	15
	Morningstar Category Rank	132 of 574 funds	119 of 514 funds	94 of 458 funds	39 of 300 funds
A Shares	Morningstar Category % Rank	24	36	31	21
	Morningstar Category Rank	148 of 574 funds	184 of 514 funds	134 of 458 funds	–

Lipper Short Investment Grade Debt Funds

		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	12	14	18	–
	Lipper Classification Rank	41 of 369 funds	44 of 332 funds	51 of 293 funds	–
IS Shares	Lipper Classification % Rank	12	15	15	7
	Lipper Classification Rank	42 of 369 funds	47 of 332 funds	44 of 293 funds	12 of 191 funds
A Shares	Lipper Classification % Rank	15	27	24	–
	Lipper Classification Rank	54 of 369 funds	87 of 332 funds	69 of 293 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 Short-Intermediate Total Return Bond Fund

As of June 29, 2020, the fund was renamed Federated Hermes Short-Intermediate Total Return 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") for A Shares 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 0.84% for R6 Shares, 0.80% for Institutional Shares and 0.56% for A Shares.

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.

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

Prices of emerging market and frontier market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

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.

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 1-5 Year U.S. Government/Credit Index is a broad-based benchmark that measures the non-securitized component of the Barclays U.S. Aggregate Index. It includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities that have a remaining maturity of greater than or equal to one year and less than five years.

Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg Barclays Government/Corporate Bond Index, the Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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