

Federated Hermes Short-Intermediate Total Return Bond Fund

9/30/22

Fund facts

Performance inception date

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

Benchmark

Bloomberg 1-5 Year US Government/Credit Index

Morningstar category

Short-Term Bond

Lipper classification

Short Investment Grade Debt Funds

Fund assets

\$1.4 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)	3.87
30-day yield (IS)	3.86
30-day yield (A)	3.60

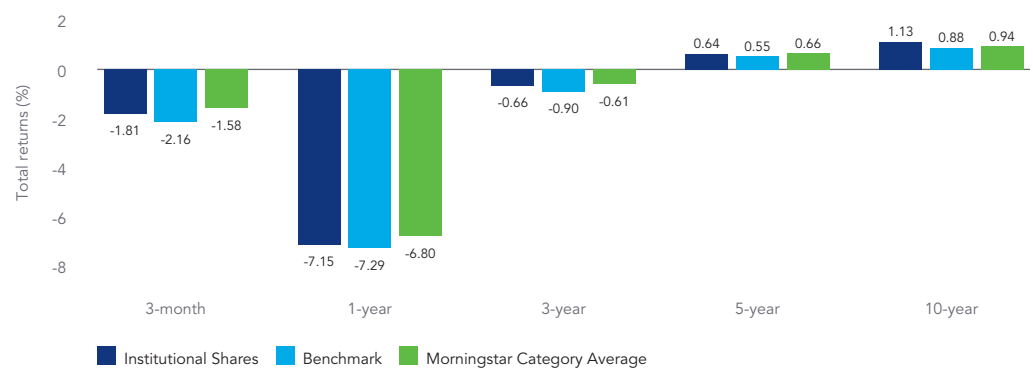
Fund description

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	-1.71	-6.63	-7.14	-0.65	0.65	-	0.97	0.43	0.37
Institutional Shares	-1.81	-6.72	-7.15	-0.66	0.64	1.13	3.00	0.48	0.38
A Shares (NAV)	-1.77	-6.80	-7.37	-0.88	0.41	-	0.95	0.71	0.63
A Shares (MOP)	-2.75	-7.76	-8.32	-1.22	0.22	-	0.83	0.71	0.63
Benchmark	-2.16	-6.62	-7.29	-0.90	0.55	0.88	-	-	-



Calendar year total returns (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Institutional Shares	-0.28	4.89	5.19	0.81	1.70	3.31	0.34	2.47	-0.17	4.12
Benchmark	-0.97	4.71	5.01	1.38	1.27	1.56	0.97	1.42	0.28	2.24
Morningstar Category Average	0.05	3.81	4.72	0.92	1.73	2.08	0.19	1.07	0.45	3.67

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 11/1/22 or the date of the fund's next effective prospectus.**

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 50-year heritage
- Senior fixed-income management team averages more than 28 years of experience, and team members have worked together at Federated Hermes for more than 24 years

As of 9/30/22

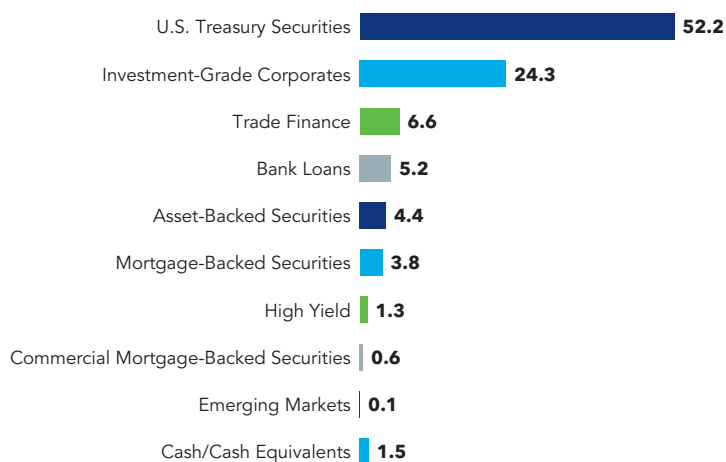
Portfolio statistics

Weighted average effective maturity	3.0 yrs.
Weighted average effective duration	2.6 yrs.
Weighted average coupon	2.11%
Weighted average yield to maturity	5.69%
Weighted average bond price	\$93.18

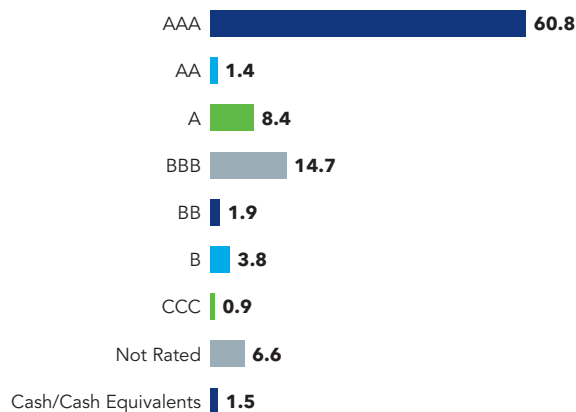
Top holdings (%)

Project and Trade Finance Core Fund	7.2
Bank Loan Core Fund	6.5
U.S. Treasury Note, 3.125% due 8/31/27	4.2
Mortgage Core Fund	4.1
U.S. Treasury Note, 0.250% due 6/30/25	4.1
U.S. Treasury Note, 0.125% due 8/15/23	3.4
U.S. Treasury Note, 1.500% due 2/29/24	3.4
U.S. Treasury Note, 0.250% due 7/31/25	3.3
U.S. Treasury Note, 1.875% due 2/28/27	3.2
U.S. Treasury Note, 2.750% due 4/30/27	2.0
Total % of portfolio	41.4

Sector weightings (%)



Quality breakdown¹ (%)



Portfolio composition is 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.

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

Highlights

- The fund's institutional shares returned -1.81% vs. -2.16% for the Bloomberg 1-5 Year Government/Credit Index, and year-to-date has returned -6.72% vs. -6.62% for its benchmark index
- Duration and sector allocation were the key contributors to performance during the quarter
- The fund's duration is neutral to its benchmark and its yield curve exposure is underweight the front-end of its benchmark to start the fourth quarter, with allocations to bank loans, trade finance and securitized products

Looking back

Optimism that inflation would cool as the U.S. economy entered fall was dashed with the release of the August consumer price report in mid-September. Despite Federal Reserve (Fed) governors' speeches that the Fed intended to suffocate inflation, during the summer markets persuaded themselves that the Fed would slow its rate hikes, and even pivot to rate cuts in early 2023, increasing the chance of a soft economic landing. Fed Chair Powell succinctly dispelled this notion in his late August Jackson Hole symposium speech, saying that the Fed had learned its lesson from the inflation of the 1970s and 1980s. Not only would the Fed not pivot to rate cuts in early 2023, but the Fed would likely leave the fed funds rate high and unchanged for some time, until it was satisfied that inflation was truly under control.

The Fed's actions and speeches caused a sharp move higher in peak fed funds rate, from 3.49% at June 30, 2022 to 4.53% at September 30, 2022, which in turn repriced Treasury yields higher. Front-end Treasury yields rose over 100 basis points in the quarter, bringing the year-to-date increase in the 2-year Treasury yield to over 350 basis points. Against this backdrop, the Fed lowered its growth forecast through 2024, while raising its unemployment, inflation and fed funds projections, and implying that at least a mild recession would be likely in early 2023.

Economic activity data held up well during the quarter. The labor market showed surprising strength, as weekly jobless claims veered lower, ending the quarter just above the all-time low level reached in November 1968. Though the unemployment rate ticked up to 3.7% in August, new employment gains averaged over 420,000 jobs in July and August, no doubt contributing to the rebound in consumer confidence. After peaking in mid-June, gasoline prices followed crude oil lower, relieving economic and political pressures. Manufacturing measures stabilized at lower levels, still in expansionary territory, but housing struggled under the weight of the highest mortgage rates in some 15 years and strong recent price gains that have reduced affordability. Inflation remains the key worry for the Fed; while annual headline inflation fell from 8.5% to 8.3%, core inflation excluding volatile food and energy increased from 5.9% to 6.3%, placing even more focus on future reports.

Treasury yields rose in the quarter, far more in the short maturities than long, flattening yield curves. The 10-year Treasury yield opened at 3.01%, fell to 2.58%, and then marched steadily higher to close the quarter at 3.83%. As they have in the first two quarters, all fixed-income sectors posted negative total returns in the quarter, according to Bloomberg data. Performance relative to comparable-duration Treasuries was mixed, as high yield, asset-backed securities and emerging market (EM) debt outperformed, while mortgage-backed securities (MBS), commercial MBS and credit underperformed. The Bloomberg US Aggregate Bond Index returned -4.75%, outpacing the S&P 500 Index, which returned -4.89%. Most commodity prices fell, led by gasoline, crude oil, iron ore and aluminum, while natural gas rose over 20%.

Performance

Federated Hermes Short-Intermediate Total Return Bond Fund Institutional Shares returned -1.81% at net asset value (NAV) for the third quarter of 2022, while the fund's benchmark, the Bloomberg 1-5 Year Government Credit Index, had a total return of -2.16%. 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

- Duration short of benchmark
- Allocation to EM debt

Performance detractors

- Security selection in insurance and transportation sectors
- Exposure to trade finance and bank loans

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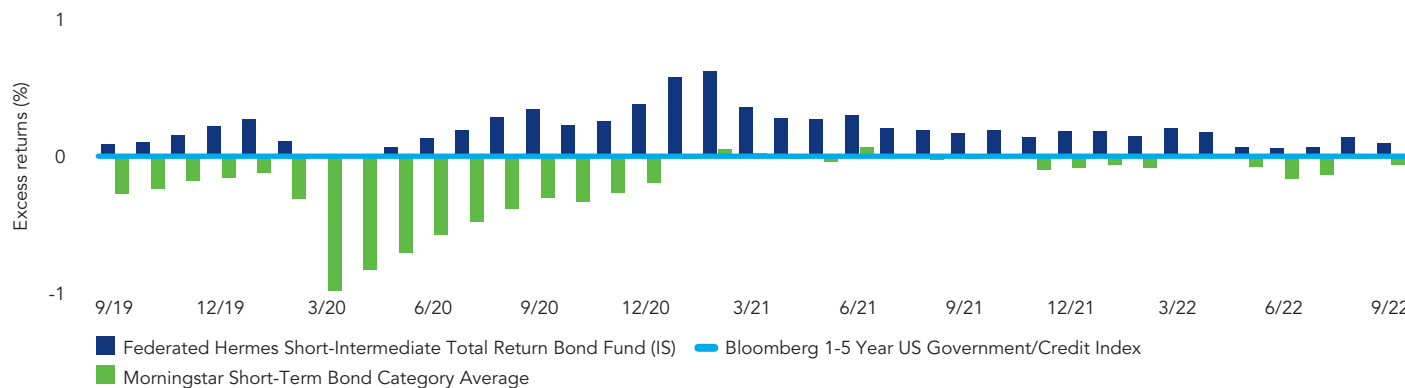
How we are positioned

The fund starts the fourth quarter of 2022 with duration in-line with that of its benchmark and yield curve exposure underweight the front-end of its benchmark. During the third quarter, the fund further reduced its exposure to bank loans and MBS, on concerns of further Fed action and economic slowdown, while adding to cash and nominal Treasury exposure.

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 1-5 Year US Government/Credit Index



Source: Morningstar, Inc. Performance for 5-year periods (1-month step) from 7/1/14 - 9/30/22.

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

Risk statistics

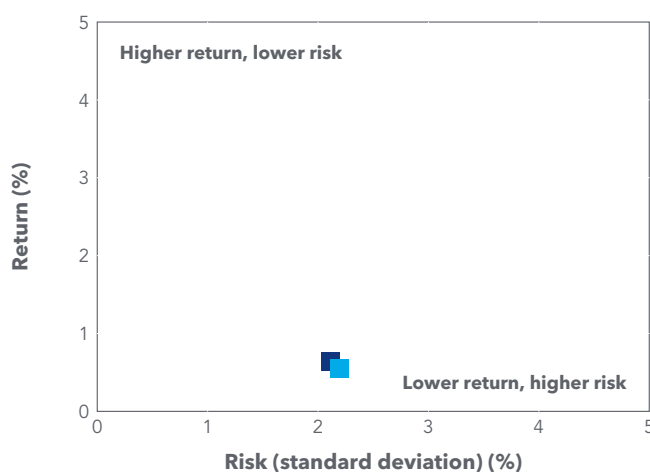
	3-year	5-year	7-year	10-year
Standard deviation	2.43	2.11	2.04	2.09
Alpha	0.19	0.05	0.36	0.26
Beta	0.96	0.92	0.93	1.00
Up capture ratio	98.07	92.32	102.14	111.08
Down capture ratio	91.62	86.75	85.05	102.42
Sharpe ratio	-0.53	-0.26	0.07	0.20

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg 1-5 Year US Government/Credit Index

See disclosure section for important definitions.

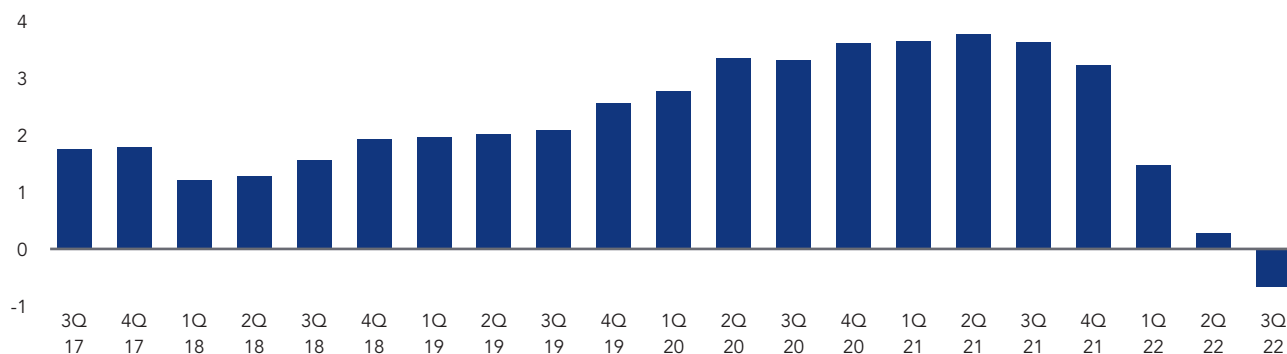
5-year risk/return



	Risk (%)	Return (%)
Federated Hermes Short-Intermediate Total Return Bond Fund (IS)	2.11	0.64
Bloomberg 1-5 Year US Government/Credit Index	2.19	0.55

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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	62	51	48	–
	Morningstar Category Rank	377 of 582 funds	275 of 544 funds	213 of 481 funds	–
IS Shares	Morningstar Category % Rank	63	53	48	33
	Morningstar Category Rank	383 of 582 funds	281 of 544 funds	216 of 481 funds	94 of 338 funds
A Shares	Morningstar Category % Rank	68	66	69	–
	Morningstar Category Rank	420 of 582 funds	359 of 544 funds	312 of 481 funds	–

Lipper Short Investment Grade Debt Funds

		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	82	62	54	–
	Lipper Classification Rank	301 of 369 funds	213 of 345 funds	166 of 309 funds	–
IS Shares	Lipper Classification % Rank	83	64	55	31
	Lipper Classification Rank	305 of 369 funds	220 of 345 funds	168 of 309 funds	65 of 213 funds
A Shares	Lipper Classification % Rank	90	78	74	–
	Lipper Classification Rank	331 of 369 funds	269 of 345 funds	229 of 309 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

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 3.81% for R6 Shares, 3.76% for Institutional Shares and 3.52% 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 1-5 Year US Government/Credit Index is a broad-based benchmark that measures the non-securitized component of the US 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 US Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg 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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