Federated Hermes Total Return Bond Fund

12/31/20

Fund facts

Performance inception date

R6 Shares	10/1/96
Institutional Shares	10/1/96
A Shares	8/16/01

Benchmark 1
Bloomberg Barclays U.S. Aggregate Bond Index

Benchmark 2
Bloomberg Barclays U.S. Universal Index

Morningstar category
Intermediate Core-Plus Bond

Lipper classification
Core Bond Funds

Fund assets
$10.1 billion

Ticker symbols
R6 Shares - FTRLX
Institutional Shares - FTRBX
Service Shares - FTRFX
A Shares - TLRAX
C Shares - TLRCX
R Shares - FTRKX

Key investment team
Donald Ellenberger
Jerome Conner, CFA®
R.J. Gallo, CFA®
Chengjun (Chris) Wu, CFA®
Todd Abraham, CFA®
Mark Durbiano, CFA®
Ihab Salib
Steven Wagner
Christopher McGinley

Yields (%)

30-day yield (R6)	2.32
30-day yield (IS)	2.31
30-day yield (A)	1.67

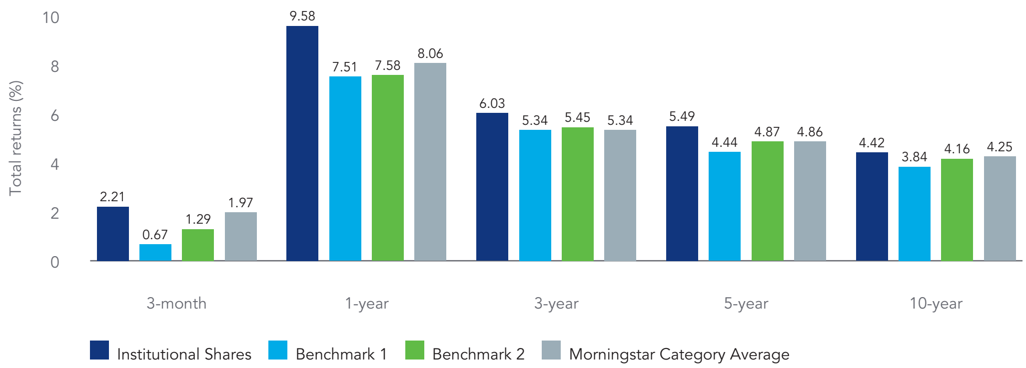
Fund description

The fund 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 both developed and emerging international 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	Expense ratio* After waivers
R6 Shares	2.21	9.59	9.59	6.01	5.50	4.37	5.23	0.42	0.38
Institutional Shares	2.21	9.58	9.58	6.03	5.49	4.42	5.71	0.46	0.39
A Shares (NAV)	2.07	8.98	8.98	5.45	4.93	3.85	4.56	1.00	0.94
A Shares (MOP)	-2.54	4.09	4.09	3.86	3.97	3.37	4.31	1.00	0.94
Benchmark 1	0.67	7.51	7.51	5.34	4.44	3.84	–	–	–
Benchmark 2	1.29	7.58	7.58	5.45	4.87	4.16	–	–	–



Calendar year total returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Institutional Shares	9.58	9.73	-0.86	4.40	4.96	-0.16	5.29	-0.87	6.58	6.28
Benchmark 1	7.51	8.72	0.01	3.54	2.65	0.55	5.97	-2.02	4.21	7.84
Benchmark 2	7.58	9.29	-0.26	4.09	3.91	0.43	5.59	-1.35	5.53	7.40
Morningstar Category Average	8.06	8.94	-0.61	4.27	3.86	-0.45	5.42	-0.90	7.76	6.27

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 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.**

Not FDIC Insured • May Lose Value • No Bank Guarantee

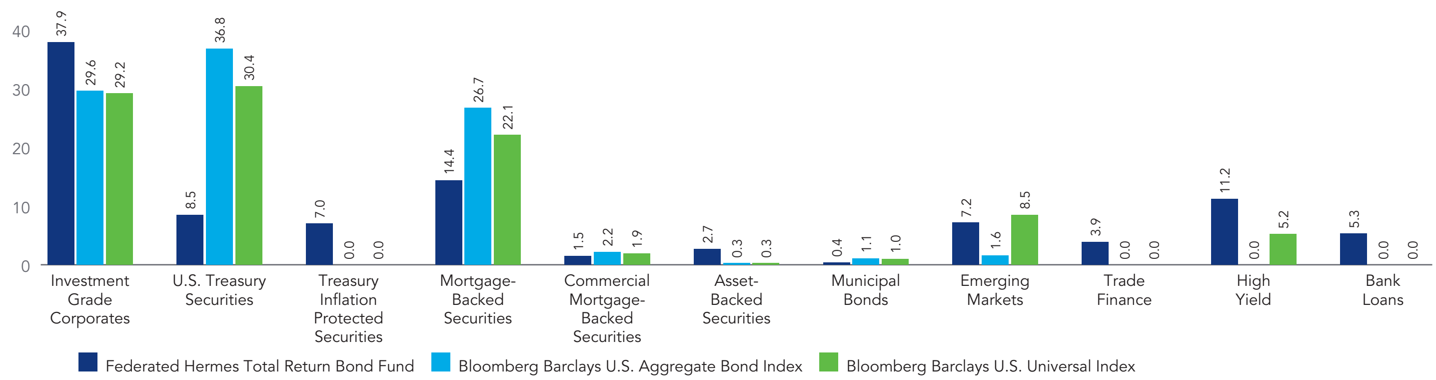
Federated Hermes

Investment approach

Core Plus, Intermediate Bond Fund	Consistent, repeatable investment process	Tenured team with long-term results
• A disciplined approach to core 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 25%	• 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	• 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 27 years of experience, and team members have worked together at Federated Hermes for 22 years

As of 12/31/20

Sector weightings (%)



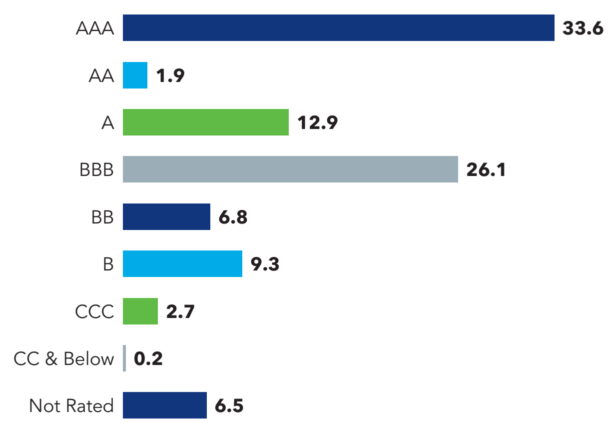
Portfolio statistics

Weighted average effective maturity	6.9 yrs.
Weighted average effective duration	5.6 yrs.
Weighted average coupon	3.31%
Weighted average yield to maturity	2.15%
Weighted average bond price	$108.69

Top holdings (%)

Mortgage Core Fund	15.3
High Yield Bond Core Fund	7.9
Bank Loan Core Fund	7.0
Emerging Markets Core Fund	5.8
U.S. Treasury Note, TIPS, 0.125% due 7/15/30	4.8
Project and Trade Finance Core Fund	4.1
U.S. Treasury Note, 0.125% due 11/30/22	2.8
U.S. Treasury Bond, 1.625% due 11/15/50	2.5
U.S. Treasury Note, TIPS, 0.125% due 4/15/25	2.0
iShares iBoxx High Yield Corporate Bond ETF	1.9
Total % of portfolio	54.1

Quality breakdown[1] (%)



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

- The fund outperformed its index, and all sectors of the taxable bond market outperformed Treasuries
- Allocations to the credit sectors - high-yield and investment-grade (IG) corporates, emerging-market (EM) bonds and bank and trade-finance loans – drove outperformance
- Security selection was beneficial, in particular Treasury Inflation-Protected Securities (TIPS) and select EM bonds

Looking back

During the fourth quarter of 2020, several uncertainties plaguing the market for much of the year were finally resolved, including the presidential election outcome, the approval and distribution of Covid-19 vaccines, Brexit and the passage of a phase 4 fiscal stimulus program. The resolution of these uncertainties helped unleash a rally in risk assets the final two months of the year, with stocks finishing the year near all-time highs and spreads on corporate bonds significantly tighter than levels prevailing at the end of the first quarter.

Risk markets were supported by several other factors, as well. Monetary policy remains extraordinarily accommodative, with the Federal Reserve (Fed) expected to keep short-term interest rates near zero for the next three years, while at the same time pumping liquidity into the markets by purchasing $120 billion of government bonds a month. Fiscal policy, as noted above, is providing an income bridge for consumers and small businesses until the vaccine has been widely distributed. The dollar continues to drift lower, thanks in part to diminished haven demand as the world economy claws back from the recession earlier in the year. A high consumer savings rate abetted by government stimulus checks is expected to result in substantial pent-up demand for services in 2021. Corporate earnings as a whole exceeded lowered expectations. Extremely low mortgage rates are supporting a boom in housing. And finally, the development and distribution of Covid vaccines has enabled markets to look past the winter spike in cases.

While short-term interest rates remained anchored due to the Fed, longer-term interest rates rose in the fourth quarter on the rally in risk assets, increased supply of Treasuries needed to fund the fiscal stimulus programs, gradually rising inflation expectations and improving global economic prospects. 10-year Treasury yields increased from 1.22% to 1.44% and 30-year Treasury yields rose from 1.46% to 1.65%. The increases were constrained by the Fed's bond-buying program.

During the fourth quarter, all sectors of the taxable bond market outperformed Treasuries. The best performers, in order of excess returns relative to duration-equivalent Treasuries, were EM, high yield, IG corporates, bank loans, commercial mortgage-backed securities (CMBS), trade-finance loans, asset-backed securities (ABS) and residential government mortgage-backed securities (MBS).

Performance

Federated Hermes Total Return Bond Fund R6 Shares posted a total return net of fees of 2.21% for the quarter. The performance compares to a return of 0.67% of its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index (BBAB). 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 BBAB.

Performance contributors

- Allocations to credit sectors (high yield and IG corporates, EM, and bank and trade-finance loans)
- Security selection within the EM allocation and an allocation to TIPS
- Positioning the fund for the yield curve to steepen and rates to rise added modestly

Performance detractors

- None of significance

Performance data 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. Other share classes may have experienced different returns than the share class presented. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedInvestors.com.

How we are positioned

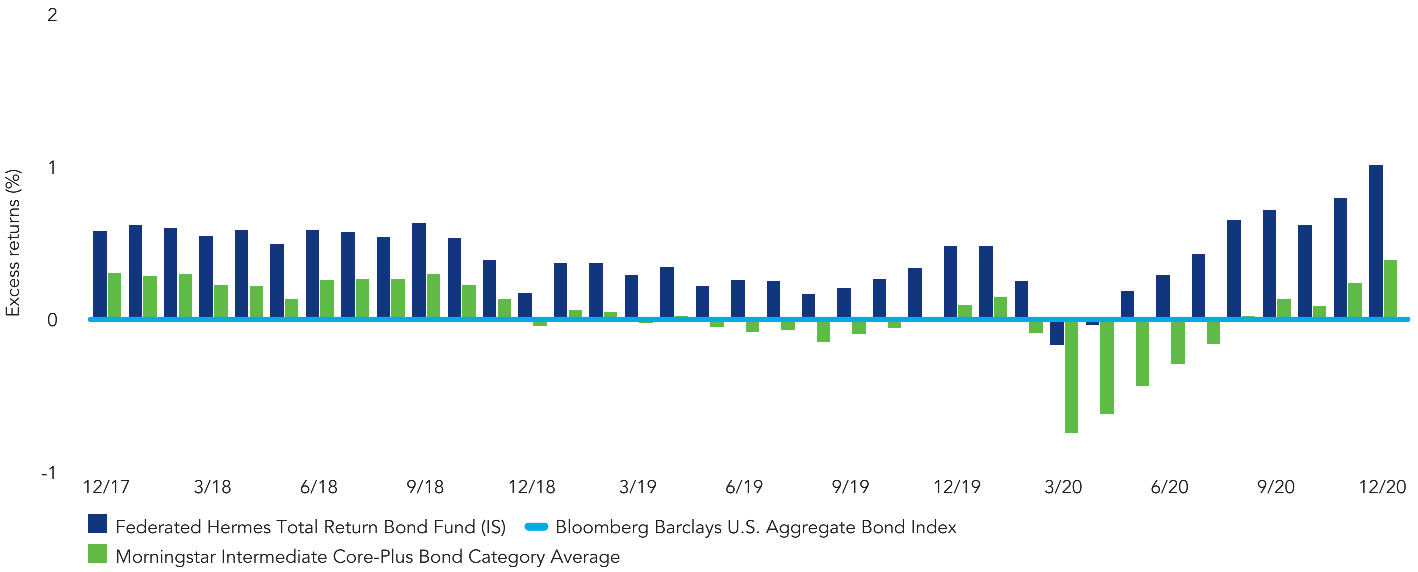
After reducing risk in September, the fund added risk back throughout the fourth quarter, increasing allocations to high yield, EM, bank loans and TIPS. The fund reduced its overweight to IG corporates due to rich valuations, but remained overweight, particularly BBB-rated companies. The fund took profits on several municipal bond and agency credit risk transfer securities purchased earlier in the year. The fund remained underweight CMBS and residential government MBS. While there are risks to the fund's overweight to the credit sectors of the bond market, primarily due to virus-related concerns and the fact that risk-on trades have become more of a consensus opinion among investors, Federated Hermes believes credit sectors will outperform government bonds in the long run due mainly to Fed support. The Fed's promise to keep short-term interest rates near zero for several years, combined with its willingness to purchase IG corporate bonds, high-yield fallen angels, ABS, CMBS, municipal bonds and other fixed-income securities, create a powerful backstop for the credit sectors of the bond market.

The fund is positioned for interest rates to rise, particularly longer maturities, and for the U.S. dollar to underperform a basket of developed and developing nation currencies. The dollar typically depreciates when the government's trade and current account deficits are growing, and the Fed's inflation-targeting policy should also pressure the dollar lower.

The fund employed derivatives to both hedge risk and to express duration, yield curve, sector, currency and volatility investment themes during the quarter. Derivatives are used when they are less expensive or more efficient than physical securities to express investment themes from our fixed income team's Alpha Pod process. The fund continues to actively incorporate sustainable investing practices in its security selection process.

See disclosure section for important disclosures and definitions.

5-year rolling excess performance vs. Bloomberg Barclays U.S. Aggregate Bond 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

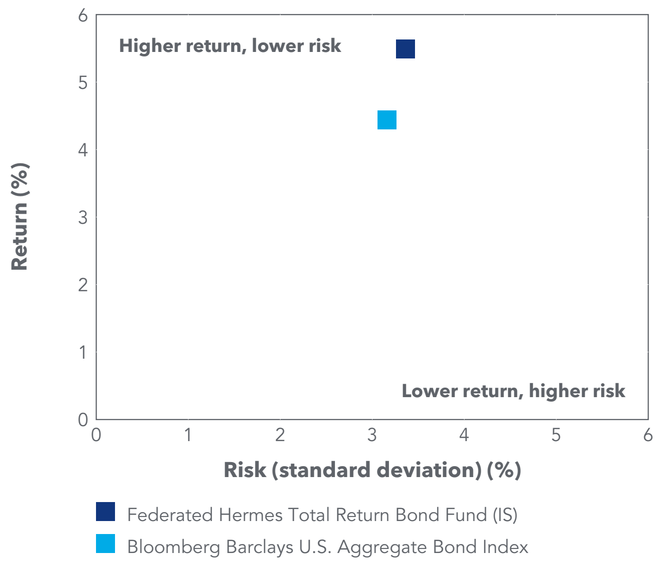
	3-year	5-year	7-year	10-year
Standard deviation	3.77	3.36	3.14	3.02
Alpha	0.92	1.30	0.86	0.89
Beta	0.93	0.91	0.90	0.90
Up capture ratio	108.50	110.21	104.20	105.11
Down capture ratio	99.30	84.91	88.10	88.36
Sharpe ratio	1.18	1.27	1.20	1.25

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg Barclays U.S. Aggregate Bond Index

See disclosure section for important definitions.

5-year risk/return



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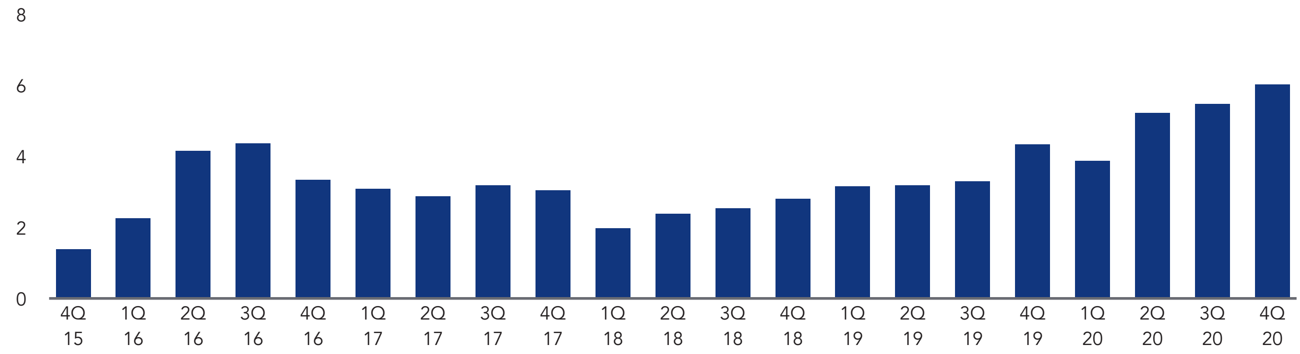
3-year rolling returns - IS (%)



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Category rankings

Morningstar Intermediate Core-Plus Bond Category		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	19	24	23	40
	Morningstar Category Rank	121 of 602 funds	133 of 543 funds	98 of 464 funds	–
IS Shares	Morningstar Category % Rank	19	24	23	40
	Morningstar Category Rank	122 of 602 funds	131 of 543 funds	102 of 464 funds	125 of 343 funds
A Shares	Morningstar Category % Rank	31	48	48	73
	Morningstar Category Rank	189 of 602 funds	276 of 543 funds	222 of 464 funds	245 of 343 funds

Lipper Core Bond Funds		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	15	18	7	–
	Lipper Classification Rank	72 of 505 funds	83 of 473 funds	29 of 414 funds	–
IS Shares	Lipper Classification % Rank	15	18	8	18
	Lipper Classification Rank	73 of 505 funds	81 of 473 funds	31 of 414 funds	55 of 314 funds
A Shares	Lipper Classification % Rank	29	45	29	56
	Lipper Classification Rank	142 of 505 funds	211 of 473 funds	119 of 414 funds	176 of 314 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 Total Return Bond Fund

As of June 29, 2020, the fund was renamed Federated Hermes Total Return Bond Fund.

[1]The 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. For an indefinite period of time, the investment advisor is waiving all or part of its fee and, in addition, may reimburse the fund for some of its expenses. Otherwise, the yield would have been 2.28% for R6 Shares, 2.24% for Institutional Shares and 1.63% for A Shares.

The fund's R6 Shares commenced operations on April 17, 2015. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for the fund's Institutional Shares, adjusted to reflect the expenses of the R6 Shares for each year for which the expenses of the R6 Shares would have exceeded the actual expenses paid by the Institutional 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.

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 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.

Bloomberg Barclays U.S. Universal Index represents the union of the U.S. Aggregate Index, U.S. Corporate High-Yield, Investment Grade 144A Index, Eurodollar Index, U.S. Emerging Markets Index and the non-ERISA eligible portion of the CMBS Index. The index covers USD denominated, taxable bonds that are rated either investment-grade or below investment-grade.

Russell Top 200® Index measures the performance of the largest cap segment of the U.S. equity universe. The Russell Top 200® Index is a subset of the Russell 3000® Index. It includes approximately 200 of the largest securities based on a combination of their market cap and current index membership and represents approximately 68% of the U.S. market. The Russell Top 200® Index is constructed to provide a comprehensive and unbiased barometer for this very large cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2021 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

This must be preceded or accompanied by a prospectus.

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