

Why own Federated Hermes Prudent Bear Fund?

Ticker - IS: PBRIX | A: BEARX | C: PBRCX

The equity market never trades just one direction. Be ready with a fund that will tend to perform best when the S&P 500® Index is performing at its worst.

Mitigate downside risk

- The fund actively manages a net short exposure, seeking to gain or preserve capital when the market falls, thereby helping to mitigate overall portfolio downside risk.

Enhance stability

- The fund has a historically strong inverse correlation with the S&P 500® Index, which even in a secular bull market has generated negative returns in nine of the past 40 quarters over 10 years ended December 31, 2022 (see chart).

Enhance diversification

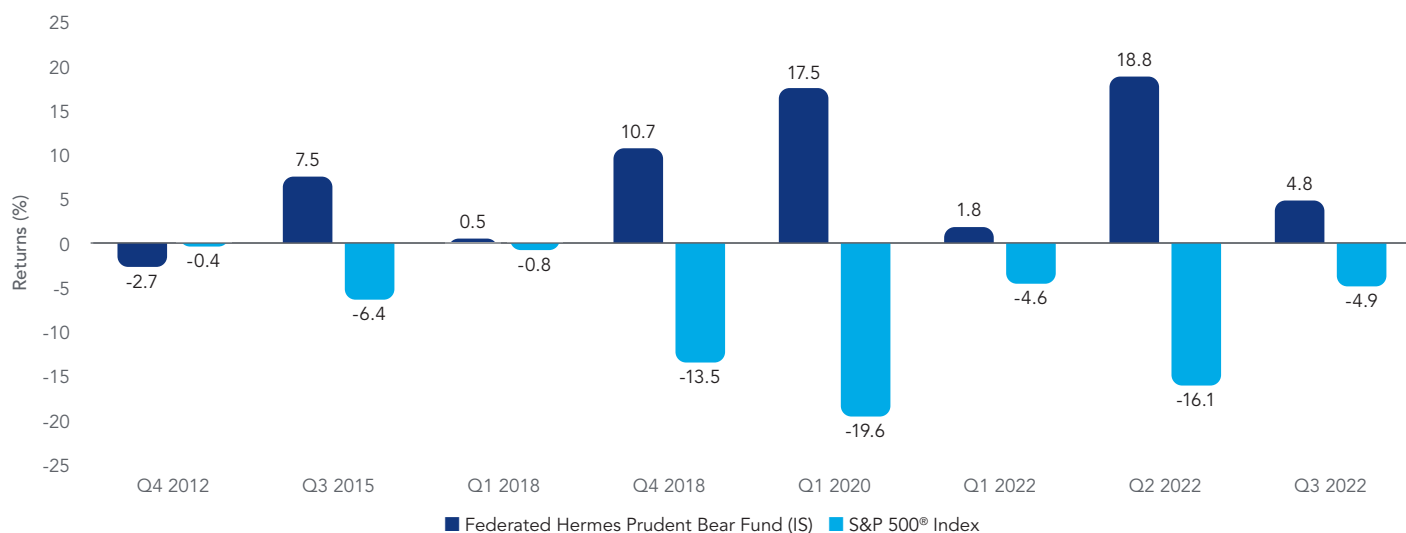
- Because timing equity-market corrections can be a fool's errand, it makes sense to have a portion of a portfolio allocated to bear strategies, particularly for investors who have shifted from wealth accumulation to wealth preservation.

Portfolio fit

- The fund can be used as a hedging strategy within a portfolio to diversify long-only allocations in order to help mitigate overall portfolio downside risk in declining markets.

In the past 10 years, Federated Hermes Prudent Bear Fund produced positive returns in seven of the eight quarters in which the S&P 500® Index posted a negative return

Returns during negative quarters for the S&P 500® Index



Source: Morningstar Inc., as of 12/31/22.

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 the 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](https://www.federatedinvestors.com).

Performance shown is for the Institutional Shares. Performance for other classes will vary due to differences in charges and expenses.

See page 2 for the fund's standard total returns.

Why own Federated Hermes Prudent Bear Fund?

Investment process

Our team combines top-down analysis with bottom-up security selection to build a diversified equity portfolio with a net short position. The fund seeks alpha in both long and short positions, enhanced by purchasing derivatives. With the goal of evaluating all the risks and opportunities of equity securities, we include Environmental, Social and Governance (ESG) considerations in our security selection, incorporating proprietary insights from our corporate engagement service, EOS at Federated Hermes.

Key investment team

Dana Meissner, CFA, FRM, CAIA
Senior Vice President
Senior Portfolio Manager
Head of Alternatives Equity Team
Investment experience: 23 years

P. Ryan Bend, CFA, CPA, CAIA
Vice President
Senior Portfolio Manager
Investment experience: 21 years

Chad Hudson, CFA
Vice President
Portfolio Manager
Senior Trader

Investment experience: 28 years

Average annual total returns (%) as of 12/31/22

Performance shown is before tax.

	Ticker symbol	3-month	1-year	3-year	5-year	10-year	Since inception 12/28/95	Expense ratio*		
								Before waivers	After waivers	Net expenses ¹
Institutional Shares	PBRX	-6.93	17.99	-11.38	-12.03	-13.71	-7.00	2.49	2.46	1.57
A Shares (NAV)	BEARX	-6.91	17.78	-11.56	-12.23	-13.90	-6.96	2.73	2.69	1.82
A Shares (MOP)	BEARX	-12.03	11.31	-13.21	-13.22	-14.38	-7.16	2.73	2.69	1.82
Benchmark	–	7.56	-18.11	7.66	9.42	12.56	–	–	–	–

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](https://www.federatedinvestors.com). Maximum offering price figures reflect the maximum sales charge of 5.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

* 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/or its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 12/1/23 or the date of the fund's next effective prospectus. The expense ratio includes Dividends and Other Expenses Related to Short Sales. See the Net Expenses column for expenses if Dividends and Other Expenses Related to Short Sales were excluded.

¹ Excluding Short Sale Expenses.

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 the prospectus before investing. Past performance is no guarantee of future results.

Federated Hermes Prudent Bear Fund is the successor to Prudent Bear Fund, pursuant to a reorganization that took place on December 5, 2008. Prior to that date, Federated Prudent Bear Fund had no investment operations. Accordingly, performance information shown for periods prior to December 5, 2008, is historical information for the former No Load Shares but has been adjusted to reflect the maximum sales charges and expenses applicable to the fund's A and C Shares and to remove any voluntary waiver of expenses related to the No Load Shares that may have occurred prior to commencement of operations of the Institutional Shares. The performance information of the predecessor Prudent Bear Fund has not been adjusted to reflect the expense ratio of the Institutional Shares since the Institutional Shares are estimated to have a lower expense ratio than the expense ratio of the predecessor Prudent Bear Fund's No Load Shares.

A word about risk

Mutual funds are subject to risks and fluctuate in value.

Federated Hermes Prudent Bear Fund regularly makes short sales of securities, which involves unlimited risk including the possibility that losses may exceed the original amount invested. The fund may also use options and future contracts, which have risks associated with unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. However, a mutual fund investor's risk is limited to one's amount of investment in a mutual fund. The fund may also hold restricted securities purchased through private placements. Such securities may be difficult to sell without experiencing delays or additional costs. Please see the prospectus for further details. Considering the increased risks, the fund may not be suitable for all investors.

ESG factors may be considered in the investment analysis process in a manner that is complementary to and enhances the fundamental research and analysis process. Certain ESG factors may help identify business and operational risks or opportunities and add a contextual dimension to the overall evaluation of a security. 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.

Diversification does not assure a profit nor protect against loss.

Definitions

Alpha measures a fund's risk-adjusted performance. It represents the difference between a fund's actual returns and its expected performance, given its level of risk.

S&P 500® Index is an unmanaged capitalization-weighted index of 500 stocks designated to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Indexes are unmanaged and cannot be invested in directly.