

# Semi-Annual Shareholder Report

June 30, 2020



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Share Class

Primary

Service

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## Federated Hermes High Income Bond Fund II

*(formerly, Federated High Income Bond Fund II)*

A Portfolio of Federated Hermes Insurance Series

*(formerly, Federated Insurance Series)*

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### IMPORTANT NOTICE TO SHAREHOLDERS

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from the insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a website, and the insurance company will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the insurance company electronically by following the instructions provided by the insurance company.

You may elect to receive all future reports in paper free of charge from the insurance company. You can inform the insurance company that you wish to continue receiving paper copies of your shareholder reports by contacting the insurance company that offers your contract or your financial intermediary. Your election to receive reports in paper will apply to all portfolio companies available under your contract.

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Dear Valued Shareholder,

I am pleased to present the Semi-Annual Shareholder Report for your fund covering the period from January 1, 2020 through June 30, 2020.

As we all confront the unprecedented effects of the coronavirus and the challenges it presents to our families, communities, businesses and the financial markets, I want you to know that everyone at Federated Hermes is dedicated to helping you successfully navigate the uncertainty ahead. You can count on us for the insights, investment management knowledge and client service that you have come to expect. Please refer to our website, [FederatedInvestors.com](https://www.federatedinvestors.com), for timely updates on this and other economic and market matters.

Thank you for investing with us. I hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in black ink, appearing to read "John B. Fisher".

John B. Fisher, President

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**

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## Portfolio of Investments Summary Table (unaudited)

At June 30, 2020, the Fund's index classification<sup>1</sup> was as follows:

<b>Index Classification</b>	<b>Percentage of Total Net Assets</b>
Cable Satellite	8.8%
Health Care	8.7%
Midstream	7.7%
Technology	7.0%
Media Entertainment	6.4%
Packaging	5.9%
Automotive	4.5%
Independent Energy	4.5%
Insurance—P&C	4.4%
Gaming	3.7%
Other <sup>2</sup>	35.2%
Cash Equivalents <sup>3</sup>	2.9%
Other Assets and Liabilities—Net <sup>4</sup>	0.3%
<b>TOTAL</b>	<b>100.0%</b>

1 Index classifications are based upon, and individual portfolio securities are assigned to, the classifications and sub-classifications of the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index (BBHY2%ICI). Individual portfolio securities that are not included in the BBHY2%ICI are assigned to an index classification by the Fund's Adviser.

2 For purposes of this table, index classifications which constitute less than 3.5% of the Fund's total net assets have been aggregated under the designation "Other."

3 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.

4 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

# Portfolio of Investments

June 30, 2020 (unaudited)

Principal Amount or Shares		Value
	CORPORATE BONDS—96.6%	
	<b>Aerospace/Defense—1.4%</b>	
\$ 500,000	TransDigm, Inc., Sec. Fac. Bond, 144A, 6.250%, 3/15/2026	\$ 500,550
375,000	TransDigm, Inc., Sr. Sub., 6.875%, 5/15/2026	350,085
525,000	TransDigm, Inc., Sr. Sub. Note, 6.500%, 7/15/2024	506,570
675,000	TransDigm, Inc., Sr. Sub., Series WI, 5.500%, 11/15/2027	591,108
100,000	TransDigm, Inc., Sr. Sub., Series WI, 7.500%, 3/15/2027	96,277
	TOTAL	2,044,590
	<b>Automotive—4.5%</b>	
500,000	Adient Global Holdings Ltd., Sr. Unsecd. Note, 144A, 4.875%, 8/15/2026	414,642
25,000	Adient US LLC, 144A, 7.000%, 5/15/2026	25,916
100,000	Adient US LLC, 144A, 9.000%, 4/15/2025	108,158
475,000	American Axle & Manufacturing, Inc., Sr. Unsecd. Note, Series WI, 6.500%, 4/1/2027	461,935
25,000	Clarios Global LP, Sec. Fac. Bond, 144A, 6.750%, 5/15/2025	26,078
525,000	Dana Financing Lux Sarl, 144A, 6.500%, 6/1/2026	545,278
200,000	Dana, Inc., Sr. Unsecd. Note, 5.375%, 11/15/2027	199,000
400,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 3.096%, 5/4/2023	380,580
300,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 3.336%, 3/18/2021	297,851
250,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 3.813%, 10/12/2021	247,513
300,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.063%, 11/1/2024	286,658
375,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 5.113%, 5/3/2029	367,299
200,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 5.125%, 6/16/2025	200,956
400,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, Series GMTN, 4.389%, 1/8/2026	379,814
275,000	Goodyear Tire & Rubber Co., Sr. Unsecd. Note, 4.875%, 3/15/2027	253,103
75,000	Goodyear Tire & Rubber Co., Sr. Unsecd. Note, 5.000%, 5/31/2026	70,125
75,000	IHO Verwaltungs GmbH, Sec. Fac. Bond, 144A, 6.000%, 5/15/2027	76,439
325,000	IHO Verwaltungs GmbH, Sec. Fac. Bond, 144A, 6.375%, 5/15/2029	331,337
375,000	J.B. Poindexter & Co., Inc., Sr. Unsecd. Note, 144A, 7.125%, 4/15/2026	380,085
50,000	Panther BF Aggregator 2 LP, Sec. Fac. Bond, 144A, 6.250%, 5/15/2026	51,784
1,100,000	Panther BF Aggregator 2 LP, Sr. Unsecd. Note, 144A, 8.500%, 5/15/2027	1,108,222
375,000	Schaeffler Verwaltung Zw, 144A, 4.750%, 9/15/2026	368,589
	TOTAL	6,581,362
	<b>Building Materials—2.2%</b>	
150,000	American Builders & Contractors Supply Co., Inc., 144A, 4.000%, 1/15/2028	146,019
600,000	American Builders & Contractors Supply Co., Inc., Sr. Unsecd. Note, 144A, 5.875%, 5/15/2026	595,389
425,000	Building Materials Corp. of America, Sr. Unsecd. Note, 144A, 6.000%, 10/15/2025	438,764
675,000	CD&R Waterworks Merger Subsidiary LLC, Sr. Unsecd. Note, 144A, 6.125%, 8/15/2025	674,841
125,000	Masonite International Corp., Sr. Unsecd. Note, 144A, 5.750%, 9/15/2026	129,195
575,000	Pisces Midco, Inc., Sec. Fac. Bond, 144A, 8.000%, 4/15/2026	581,127
650,000	Standard Industries, Inc., Sr. Unsecd. Note, 144A, 5.000%, 2/15/2027	660,013
	TOTAL	3,225,348
	<b>Cable Satellite—8.8%</b>	
325,000	CCO Holdings LLC/Cap Corp., 144A, 5.750%, 2/15/2026	336,877
175,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 4.500%, 8/15/2030	179,227
1,075,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 4.750%, 3/1/2030	1,101,574
650,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 5.000%, 2/1/2028	671,775
275,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 5.375%, 6/1/2029	290,439
775,000	CCO Holdings LLC/Cap Corp., Sr. Unsecd. Note, 144A, 5.875%, 5/1/2027	809,449

Principal  
Amount  
or Shares

## Value

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Cable Satellite—continued</b>	
\$375,000	CSC Holdings LLC, 144A, 5.375%, 7/15/2023	\$ 380,700
325,000	CSC Holdings LLC, 144A, 5.500%, 5/15/2026	334,514
325,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 4.125%, 12/1/2030	322,582
200,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 5.750%, 1/15/2030	209,179
225,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 6.500%, 2/1/2029	246,234
450,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 6.625%, 10/15/2025	468,839
275,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 7.500%, 4/1/2028	300,893
225,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 7.750%, 7/15/2025	234,677
450,000	CSC Holdings, Inc., Sr. Unsecd. Note, 5.250%, 6/1/2024	479,014
450,000	Cablevision Systems Corp., Sr. Unsecd. Note, 5.875%, 9/15/2022	471,251
750,000	DISH DBS Corp., Sr. Unsecd. Note, 5.875%, 11/15/2024	746,839
200,000	DISH DBS Corp., Sr. Unsecd. Note, 7.750%, 7/1/2026	212,396
450,000	<sup>1,2</sup> Intelsat Jackson Holdings S.A., Sr. Unsecd. Note, 144A, 8.500%, 10/15/2024	272,000
325,000	<sup>1,2</sup> Intelsat Jackson Holdings S.A., Sr. Unsecd. Note, 5.500%, 8/1/2023	185,973
225,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 3.875%, 8/1/2022	226,646
375,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 4.125%, 7/1/2030	371,329
175,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 4.625%, 7/15/2024	179,977
50,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 5.000%, 8/1/2027	51,364
600,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 5.375%, 4/15/2025	617,763
300,000	Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 5.500%, 7/1/2029	318,009
850,000	Telenet Finance Luxembourg, Sec. Fac. Bond, 144A, 5.500%, 3/1/2028	892,500
200,000	Virgin Media Finance PLC, Sr. Unsecd. Note, 144A, 5.000%, 7/15/2030	196,270
200,000	Virgin Media Secured Finance PLC, 144A, 5.500%, 8/15/2026	205,169
200,000	Virgin Media Secured Finance PLC, Sec. Fac. Bond, 144A, 4.500%, 8/15/2030	200,625
200,000	Virgin Media Secured Finance PLC, Sec. Fac. Bond, 144A, 5.500%, 5/15/2029	211,139
200,000	Ziggo Bond Co. BV, Sr. Unsecd. Note, 144A, 5.125%, 2/28/2030	198,784
629,000	Ziggo Finance BV, Sec. Fac. Bond, 144A, 5.500%, 1/15/2027	640,407
200,000	Ziggo Finance BV, Sr. Unsecd. Note, 144A, 6.000%, 1/15/2027	203,581
	<b>TOTAL</b>	<b>12,767,995</b>
	<b>Chemicals—2.9%</b>	
200,000	Alpha 2 BV, Sr. Unsecd. Note, 144A, 8.750%, 6/1/2023	200,229
450,000	Alpha 3 BV, Sr. Unsecd. Note, 144A, 6.250%, 2/1/2025	445,500
150,000	Axalta Coat/Dutch Holding BV, Sr. Unsecd. Note, 144A, 4.750%, 6/15/2027	151,155
675,000	Compass Minerals International, Inc., 144A, 4.875%, 7/15/2024	679,148
150,000	Compass Minerals International, Inc., Sr. Unsecd. Note, 144A, 6.750%, 12/1/2027	157,754
400,000	Element Solutions, Inc., Sr. Unsecd. Note, 144A, 5.875%, 12/1/2025	405,121
375,000	Hexion, Inc., Sr. Unsecd. Note, 144A, 7.875%, 7/15/2027	342,199
25,000	Illuminate Buyer LLC/Illuminate Holdings IV, Inc., Sr. Unsecd. Note, 144A, 9.000%, 7/1/2028	26,125
750,000	Koppers, Inc., Sr. Unsecd. Note, 144A, 6.000%, 2/15/2025	731,707
250,000	PQ Corp., Sr. Unsecd. Note, 144A, 5.750%, 12/15/2025	252,786
700,000	Starfruit Finco BV, Sr. Unsecd. Note, 144A, 8.000%, 10/1/2026	718,791
150,000	WR Grace & Co-Conn, Sr. Unsecd. Note, 144A, 4.875%, 6/15/2027	152,705
	<b>TOTAL</b>	<b>4,263,220</b>
	<b>Construction Machinery—0.7%</b>	
75,000	United Rentals North America, Inc., Sr. Unsecd. Note, 4.000%, 7/15/2030	72,635
100,000	United Rentals North America, Inc., Sr. Unsecd. Note, 6.500%, 12/15/2026	105,190
400,000	United Rentals, Inc., Sr. Unsecd. Note, 5.500%, 5/15/2027	413,574
450,000	United Rentals, Inc., Sr. Unsecd. Note, 5.875%, 9/15/2026	472,102
	<b>TOTAL</b>	<b>1,063,501</b>

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Consumer Cyclical Services—1.9%</b>	
\$ 225,000	Allied Universal Holdco LLC, Sec. Fac. Bond, 144A, 6.625%, 7/15/2026	\$ 236,980
1,125,000	Allied Universal Holdco LLC, Sr. Unsecd. Note, 144A, 9.750%, 7/15/2027	1,187,426
954,000	GW B-CR Security Corp., Sr. Unsecd. Note, 144A, 9.500%, 11/1/2027	1,010,467
125,000	Garda World Security Corp., Sec. Fac. Bond, 144A, 4.625%, 2/15/2027	123,516
125,000	Go Daddy Operating Co. LLC/GD Finance Co., Inc., Sr. Unsecd. Note, 144A, 5.250%, 12/1/2027	127,477
75,000	The Brink's Co., Sr. Unsecd. Note, 144A, 5.500%, 7/15/2025	76,577
	TOTAL	2,762,443
	<b>Consumer Products—1.1%</b>	
175,000	Edgewell Personal Care Co., Sr. Unsecd. Note, 144A, 5.500%, 6/1/2028	180,359
75,000	Energizer Holdings, Inc., Sec. Fac. Bond, 144A, 6.375%, 7/15/2026	77,735
175,000	Energizer Holdings, Inc., Sr. Unsecd. Note, 144A, 4.750%, 6/15/2028	172,107
125,000	Energizer Holdings, Inc., Sr. Unsecd. Note, 144A, 5.500%, 6/15/2025	127,352
125,000	Energizer Holdings, Inc., Sr. Unsecd. Note, 144A, 7.750%, 1/15/2027	133,573
75,000	Newell Brands, Inc., Sr. Unsecd. Note, 4.875%, 6/1/2025	78,687
100,000	Prestige Brands, Inc., Sr. Unsecd. Note, 144A, 5.125%, 1/15/2028	98,750
700,000	Prestige Brands, Inc., Sr. Unsecd. Note, 144A, 6.375%, 3/1/2024	722,824
	TOTAL	1,591,387
	<b>Diversified Manufacturing—1.3%</b>	
75,000	CFX Escrow Corp., Sr. Unsecd. Note, 144A, 6.375%, 2/15/2026	78,492
675,000	Gates Global LLC, Sr. Unsecd. Note, 144A, 6.250%, 1/15/2026	669,654
125,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 144A, 7.125%, 6/15/2025	132,150
250,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 144A, 7.250%, 6/15/2028	264,267
625,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 5.375%, 12/15/2021	627,047
175,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 5.375%, 6/15/2024	174,800
	TOTAL	1,946,410
	<b>Environmental—0.2%</b>	
350,000	Tervita Escrow Corp., 144A, 7.625%, 12/1/2021	275,735
	<b>Finance Companies—1.6%</b>	
50,000	Navient Corp., Sr. Unsecd. Note, 5.000%, 3/15/2027	42,110
850,000	Navient Corp., Sr. Unsecd. Note, 5.875%, 10/25/2024	801,121
100,000	Navient Corp., Sr. Unsecd. Note, 6.750%, 6/25/2025	95,937
100,000	Navient Corp., Sr. Unsecd. Note, 6.750%, 6/15/2026	93,232
900,000	Quicken Loans, Inc., 144A, 5.750%, 5/1/2025	922,405
400,000	Quicken Loans, Inc., Sr. Unsecd. Note, 144A, 5.250%, 1/15/2028	417,162
	TOTAL	2,371,967
	<b>Food &amp; Beverage—2.7%</b>	
650,000	Aramark Services, Inc., Sr. Unsecd. Note, 144A, 5.000%, 4/1/2025	642,275
325,000	Aramark Services, Inc., Sr. Unsecd. Note, 144A, 5.000%, 2/1/2028	309,496
200,000	Aramark Services, Inc., Sr. Unsecd. Note, 144A, 6.375%, 5/1/2025	206,901
650,000	Kraft Heinz Foods Co., Sr. Unsecd. Note, 4.375%, 6/1/2046	639,756
150,000	Post Holdings, Inc., Sr. Unsecd. Note, 144A, 5.500%, 12/15/2029	155,371
200,000	Post Holdings, Inc., Sr. Unsecd. Note, 144A, 5.625%, 1/15/2028	207,463
1,075,000	Post Holdings, Inc., Sr. Unsecd. Note, 144A, 5.750%, 3/1/2027	1,115,748
600,000	U.S. Foodservice, Inc., Sr. Unsecd. Note, 144A, 5.875%, 6/15/2024	571,563
	TOTAL	3,848,573
	<b>Gaming—3.7%</b>	
275,000	Boyd Gaming Corp., Sr. Unsecd. Note, 144A, 4.750%, 12/1/2027	236,593
25,000	Boyd Gaming Corp., Sr. Unsecd. Note, 144A, 8.625%, 6/1/2025	26,172
325,000	Boyd Gaming Corp., Sr. Unsecd. Note, 6.375%, 4/1/2026	309,364

Principal  
Amount  
or Shares

## Value

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Gaming—continued</b>	
\$100,000	Boyd Gaming Corp., Sr. Unsecd. Note, Series WI, 6.000%, 8/15/2026	\$ 93,356
175,000	CRC Escrow Issuer LLC, Sr. Unsecd. Note, 144A, 5.250%, 10/15/2025	152,514
50,000	Colt Merger Sub, Inc., Sr. Secd. Note, 144A, 5.750%, 7/1/2025	50,375
275,000	Colt Merger Sub, Inc., Sr. Secd. Note, 144A, 6.250%, 7/1/2025	273,542
325,000	Colt Merger Sub, Inc., Sr. Unsecd. Note, 144A, 8.125%, 7/1/2027	316,875
600,000	Eldorado Resorts, Inc., Sr. Unsecd. Note, 6.000%, 4/1/2025	626,187
50,000	MGM Growth Properties LLC, Sr. Unsecd. Note, 5.625%, 5/1/2024	52,134
625,000	MGM Resorts International, 6.000%, 3/15/2023	632,878
77,000	MGM Resorts International, Sr. Unsecd. Note, 4.625%, 9/1/2026	70,294
181,000	MGM Resorts International, Sr. Unsecd. Note, 5.750%, 6/15/2025	179,531
75,000	MGM Resorts International, Sr. Unsecd. Note, 6.750%, 5/1/2025	74,584
500,000	Mohegan Tribal Gaming Authority, Sr. Unsecd. Note, 144A, 7.875%, 10/15/2024	416,822
800,000	Star Group Holdings BV, Sr. Unsecd. Note, 144A, 7.000%, 7/15/2026	845,148
100,000	Station Casinos, Inc., Sr. Unsecd. Note, 144A, 4.500%, 2/15/2028	84,313
575,000	Station Casinos, Inc., Sr. Unsecd. Note, 144A, 5.000%, 10/1/2025	507,797
25,000	VICI Properties LP/ VICI Note Co., Inc., 144A, 3.500%, 2/15/2025	23,559
50,000	VICI Properties LP/ VICI Note Co., Inc., 144A, 3.750%, 2/15/2027	47,086
25,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 4.125%, 8/15/2030	23,883
200,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 4.250%, 12/1/2026	192,233
150,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 4.625%, 12/1/2029	146,504
	<b>TOTAL</b>	<b>5,381,744</b>
	<b>Health Care—8.6%</b>	
75,000	Acadia Healthcare Co., Inc., Sr. Unsecd. Note, 144A, 5.500%, 7/1/2028	75,469
25,000	Acadia Healthcare Co., Inc., Sr. Unsecd. Note, 5.125%, 7/1/2022	25,020
175,000	Acadia Healthcare Co., Inc., Sr. Unsecd. Note, 5.625%, 2/15/2023	175,517
625,000	Acadia Healthcare Co., Inc., Sr. Unsecd. Note, 6.500%, 3/1/2024	638,328
550,000	Air Medical Group Holdings, Inc., Sr. Unsecd. Note, 144A, 6.375%, 5/15/2023	508,005
950,000	Avantor, Inc., Sr. Unsecd. Note, 144A, 9.000%, 10/1/2025	1,024,812
550,000	CHS/Community Health Systems, Inc., 6.250%, 3/31/2023	519,150
50,000	CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 6.625%, 2/15/2025	47,125
200,000	CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 8.000%, 3/15/2026	189,240
150,000	CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 8.625%, 1/15/2024	147,149
75,000	Charles River Laboratories International, Inc., Sr. Unsecd. Note, 144A, 4.250%, 5/1/2028	75,089
100,000	Charles River Laboratories International, Inc., Sr. Unsecd. Note, 144A, 5.500%, 4/1/2026	104,291
150,000	HCA, Inc., 5.875%, 5/1/2023	162,597
475,000	HCA, Inc., 5.875%, 2/15/2026	522,008
250,000	HCA, Inc., Sr. Unsecd. Note, 3.500%, 9/1/2030	241,040
750,000	HCA, Inc., Sr. Unsecd. Note, 5.375%, 2/1/2025	805,541
175,000	HCA, Inc., Sr. Unsecd. Note, 5.375%, 9/1/2026	190,960
275,000	HCA, Inc., Sr. Unsecd. Note, 5.625%, 9/1/2028	307,373
50,000	Hill-Rom Holdings, Inc., Sr. Unsecd. Note, 144A, 4.375%, 9/15/2027	51,334
525,000	IMS Health, Inc., Sr. Unsecd. Note, 144A, 5.000%, 10/15/2026	542,561
200,000	Iqvia, Inc., Sr. Unsecd. Note, 144A, 5.000%, 5/15/2027	205,044
175,000	LifePoint Health, Inc., 144A, 6.750%, 4/15/2025	181,125
100,000	LifePoint Health, Inc., Sec. Fac. Bond, 144A, 4.375%, 2/15/2027	94,750
625,000	LifePoint Health, Inc., Sr. Unsecd. Note, 144A, 9.750%, 12/1/2026	639,472
350,000	MEDNAX, Inc., Sr. Unsecd. Note, 144A, 6.250%, 1/15/2027	351,209
900,000	MPH Acquisition Holdings LLC, 144A, 7.125%, 6/1/2024	840,361
425,000	Polaris Intermediate Corp., Sr. Unsecd. Note, 144A, 8.500%, 12/1/2022	375,324

Principal  
Amount  
or Shares

## Value

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Health Care—continued</b>	
\$850,000	Team Health Holdings, Inc., Sr. Unsecd. Note, 144A, 6.375%, 2/1/2025	\$ 496,098
50,000	Teleflex, Inc., Sr. Unsecd. Note, 144A, 4.250%, 6/1/2028	51,344
50,000	Teleflex, Inc., Sr. Unsecd. Note, 4.625%, 11/15/2027	52,976
25,000	Tenet Healthcare Corp., 144A, 4.625%, 6/15/2028	24,555
175,000	Tenet Healthcare Corp., 144A, 4.875%, 1/1/2026	171,672
300,000	Tenet Healthcare Corp., 144A, 5.125%, 11/1/2027	296,880
25,000	Tenet Healthcare Corp., 144A, 7.500%, 4/1/2025	26,672
450,000	Tenet Healthcare Corp., 5.125%, 5/1/2025	434,794
275,000	Tenet Healthcare Corp., Sr. Secd. Note, 4.625%, 7/15/2024	269,853
375,000	Tenet Healthcare Corp., Sr. Unsecd. Note, 6.750%, 6/15/2023	372,563
325,000	Tenet Healthcare Corp., Sr. Unsecd. Note, 7.000%, 8/1/2025	319,376
125,000	Vizient, Inc., Sr. Unsecd. Note, 144A, 6.250%, 5/15/2027	131,383
850,000	West Street Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.375%, 9/1/2025	825,023
	<b>TOTAL</b>	<b>12,513,083</b>
	<b>Health Insurance—1.4%</b>	
50,000	Centene Corp., Sr. Unsecd. Note, 144A, 5.250%, 4/1/2025	51,556
250,000	Centene Corp., Sr. Unsecd. Note, 144A, 5.375%, 6/1/2026	260,181
350,000	Centene Corp., Sr. Unsecd. Note, 4.750%, 1/15/2025	358,736
175,000	Centene Corp., Sr. Unsecd. Note, 4.750%, 1/15/2025	179,368
525,000	Centene Corp., Sr. Unsecd. Note, Series WI, 4.250%, 12/15/2027	542,968
575,000	Centene Corp., Sr. Unsecd. Note, Series WI, 4.625%, 12/15/2029	610,230
	<b>TOTAL</b>	<b>2,003,039</b>
	<b>Independent Energy—4.5%</b>	
325,000	Antero Resources Corp., Sr. Unsecd. Note, 5.000%, 3/1/2025	192,766
50,000	Ascent Resources Utica Holdings LLC/ARU Finance Corp., Sr. Unsecd. Note, 144A, 7.000%, 11/1/2026	32,178
300,000	Ascent Resources Utica Holdings LLC/ARU Finance Corp., Sr. Unsecd. Note, 144A, 10.000%, 4/1/2022	256,684
250,000	Berry Petroleum Co., Sr. Unsecd. Note, 144A, 7.000%, 2/15/2026	203,390
469,000	Callon Petroleum Corp., Sr. Unsecd. Note, 6.125%, 10/1/2024	160,926
75,000	Callon Petroleum Corp., Sr. Unsecd. Note, Series WI, 6.375%, 7/1/2026	25,017
400,000	Carrizo Oil & Gas, Inc., Sr. Unsecd. Note, 8.250%, 7/15/2025	141,458
275,000	Centennial Resource Production, LLC, Sr. Unsecd. Note, 144A, 6.875%, 4/1/2027	146,549
577,000	<sup>1,2</sup> Chesapeake Energy Corp., 144A, 11.500%, 1/1/2025	62,475
200,000	Continental Resources, Inc., Sr. Unsecd. Note, 4.375%, 1/15/2028	176,402
525,000	Crownrock LP/ Crownrock F, 144A, 5.625%, 10/15/2025	472,167
375,000	<sup>1,2</sup> EP Energy LLC/Everest Acquisition Finance, Inc., Sec. Fac. Bond, 144A, 8.000%, 11/29/2024	11,250
100,000	EQT Corp., Sr. Unsecd. Note, 4.875%, 11/15/2021	98,282
225,000	EQT Corp., Sr. Unsecd. Note, 6.125%, 2/1/2025	224,608
150,000	EQT Corp., Sr. Unsecd. Note, 7.000%, 2/1/2030	154,705
125,000	Endeavor Energy Resources LP, Sr. Unsecd. Note, 144A, 5.750%, 1/30/2028	120,289
175,000	Endeavor Energy Resources LP, Sr. Unsecd. Note, 144A, 6.625%, 7/15/2025	176,806
100,000	Gulfport Energy Corp., Sr. Unsecd. Note, 6.000%, 10/15/2024	51,313
325,000	Gulfport Energy Corp., Sr. Unsecd. Note, 6.375%, 5/15/2025	163,296
200,000	Jagged Peak Energy, Inc., Sr. Unsecd. Note, Series WI, 5.875%, 5/1/2026	194,593
75,000	Oasis Petroleum, Inc., 6.875%, 3/15/2022	12,609
500,000	Oasis Petroleum, Inc., Sr. Unsecd. Note, 144A, 6.250%, 5/1/2026	84,078
350,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 2.900%, 8/15/2024	299,946
275,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 3.500%, 6/15/2025	233,750
125,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 4.100%, 2/15/2047	84,844
125,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 4.300%, 8/15/2039	86,761



Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Independent Energy—continued</b>	
\$ 125,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 4.400%, 8/15/2049	\$ 87,334
250,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 6.450%, 9/15/2036	215,270
150,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 8.000%, 7/15/2025	150,937
300,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 8.875%, 7/15/2030	300,375
175,000	PDC Energy, Inc., Sr. Unsecd. Note, 6.125%, 9/15/2024	163,388
175,000	PDC Energy, Inc., Sr. Unsecd. Note, Series WI, 5.750%, 5/15/2026	159,802
50,000	Parsley Energy LLC/Parsley Finance Corp., Sr. Unsecd. Note, 144A, 5.375%, 1/15/2025	48,735
150,000	Parsley Energy LLC/Parsley Finance Corp., Sr. Unsecd. Note, 144A, 5.625%, 10/15/2027	148,097
200,000	QEP Resources, Inc., Sr. Unsecd. Note, 5.250%, 5/1/2023	132,625
175,000	QEP Resources, Inc., Sr. Unsecd. Note, 5.625%, 3/1/2026	111,677
25,000	Range Resources Corp., Sr. Unsecd. Note, 144A, 9.250%, 2/1/2026	22,520
425,000	Range Resources Corp., Sr. Unsecd. Note, 4.875%, 5/15/2025	320,227
200,000	SM Energy Co., Sr. Unsecd. Note, 5.000%, 1/15/2024	108,729
150,000	SM Energy Co., Sr. Unsecd. Note, 5.625%, 6/1/2025	80,047
25,000	SM Energy Co., Sr. Unsecd. Note, 6.625%, 1/15/2027	12,323
100,000	SM Energy Co., Sr. Unsecd. Note, 6.750%, 9/15/2026	50,644
175,000	<sup>1,2</sup> Ultra Resources, Inc., Sr. Unsecd. Note, 144A, 7.125%, 4/15/2025	525
50,000	WPX Energy Inc., Sr. Unsecd. Note, 4.500%, 1/15/2030	44,278
150,000	WPX Energy Inc., Sr. Unsecd. Note, 5.250%, 10/15/2027	140,382
200,000	WPX Energy Inc., Sr. Unsecd. Note, 5.750%, 6/1/2026	194,581
350,000	<sup>1,2</sup> Whiting Petroleum Corp., Sr. Unsecd. Note, 6.250%, 4/1/2023	61,906
150,000	<sup>1,2</sup> Whiting Petroleum Corp., Sr. Unsecd. Note, Series WI, 6.625%, 1/15/2026	26,891
	TOTAL	6,448,435
	<b>Industrial - Other—0.4%</b>	
175,000	Cushman & Wakefield US Borrower LLC, Sec. Fac. Bond, 144A, 6.750%, 5/15/2028	183,203
325,000	KAR Auction Services, Inc., Sr. Unsecd. Note, 144A, 5.125%, 6/1/2025	320,972
	TOTAL	504,175
	<b>Industrial Machinery—0.3%</b>	
200,000	Vertical Holdco GmbH, 7.625%, 7/15/2028	200,000
275,000	Vertical U.S. Newco, Inc., 5.250%, 7/15/2027	275,347
	TOTAL	475,347
	<b>Insurance - P&amp;C—4.4%</b>	
650,000	Alliant Holdings Intermediate LLC/Alliant Holdings Co-Issuer, Sr. Unsecd. Note, 144A, 6.750%, 10/15/2027	648,902
750,000	AmWINS Group, Inc., Sr. Unsecd. Note, 144A, 7.750%, 7/1/2026	790,170
275,000	Ardonagh Midco 2 PLC, Sr. Unsecd. Note, 144A, PIK 12.750% (Cash Rate 11.500%), 1/15/2027	277,750
200,000	Ardonagh Midco Three PLC, Sec. Fac. Bond, 144A, 8.625%, 7/15/2023	209,400
600,000	AssuredPartners, Inc., Sr. Unsecd. Note, 144A, 7.000%, 8/15/2025	601,869
225,000	GTCR AP Finance, Inc., Sr. Unsecd. Note, 144A, 8.000%, 5/15/2027	232,409
1,825,000	Hub International Ltd., Sr. Unsecd. Note, 144A, 7.000%, 5/1/2026	1,826,834
75,000	NFP Corp., Sec. Fac. Bond, 144A, 7.000%, 5/15/2025	79,078
775,000	NFP Corp., Sr. Unsecd. Note, 144A, 6.875%, 7/15/2025	746,112
100,000	NFP Corp., Sr. Unsecd. Note, 144A, 8.000%, 7/15/2025	98,052
900,000	USIS Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.875%, 5/1/2025	910,678
	TOTAL	6,421,254
	<b>Leisure—0.6%</b>	
600,000	Six Flags Entertainment Corp., Sr. Unsecd. Note, 144A, 5.500%, 4/15/2027	537,000
50,000	Six Flags Theme Parks, Sec. Fac. Bond, 144A, 7.000%, 7/1/2025	51,906
325,000	Voc Escrow Ltd., 144A, 5.000%, 2/15/2028	242,065
	TOTAL	830,971

Principal  
Amount  
or Shares

## Value

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Lodging—0.5%</b>	
\$ 75,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 144A, 5.375%, 5/1/2025	\$ 75,047
100,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 144A, 5.750%, 5/1/2028	101,438
375,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 5.125%, 5/1/2026	374,696
175,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, Series WI, 4.875%, 1/15/2030	172,774
	TOTAL	723,955
	<b>Media Entertainment—6.3%</b>	
100,000	AMC Networks, Inc., Sr. Unsecd. Note, 4.750%, 8/1/2025	98,411
550,000	AMC Networks, Inc., Sr. Unsecd. Note, 5.000%, 4/1/2024	546,219
425,000	CBS Radio, Inc., Sr. Unsecd. Note, 144A, 7.250%, 11/1/2024	371,299
75,000	Cumulus Media News Holdings, Inc., 144A, 6.750%, 7/1/2026	69,410
350,000	Diamond Sports Group LLC/Diamond Sports Finance Co., Sec. Fac. Bond, 144A, 5.375%, 8/15/2026	255,472
450,000	Diamond Sports Group LLC/Diamond Sports Finance Co., Sec. Fac. Bond, 144A, 6.625%, 8/15/2027	242,338
350,000	Entercom Media Corp., 144A, 6.500%, 5/1/2027	315,371
75,000	Gray Escrow, Inc., Sr. Unsecd. Note, 144A, 7.000%, 5/15/2027	77,074
375,000	Gray Television, Inc., Sr. Unsecd. Note, 144A, 5.125%, 10/15/2024	375,977
250,000	Gray Television, Inc., Sr. Unsecd. Note, 144A, 5.875%, 7/15/2026	249,641
100,000	iHeartCommunications, Inc., 144A, 4.750%, 1/15/2028	92,419
150,000	iHeartCommunications, Inc., 144A, 5.250%, 8/15/2027	143,878
50,000	iHeartCommunications, Inc., 6.375%, 5/1/2026	49,617
806,114	iHeartCommunications, Inc., Sr. Unsecd. Note, 8.375%, 5/1/2027	740,162
100,000	Lamar Media Corp., Sr. Unsecd. Note, 144A, 4.875%, 1/15/2029	100,937
450,000	Match Group, Inc., Sr. Unsecd. Note, 144A, 4.125%, 8/1/2030	441,351
50,000	Match Group, Inc., Sr. Unsecd. Note, 144A, 4.625%, 6/1/2028	50,776
325,000	Match Group, Inc., Sr. Unsecd. Note, 144A, 5.000%, 12/15/2027	339,336
375,000	Nexstar Escrow Corp., Sr. Unsecd. Note, 144A, 5.625%, 7/15/2027	375,949
825,000	Nexstar Escrow Corp., Sr. Unsecd. Note, 144A, 5.625%, 8/1/2024	833,337
350,000	Nielsen Finance LLC/Nielsen Finance Co., 144A, 5.000%, 4/15/2022	349,370
325,000	Nielsen Finance LLC/Nielsen Finance Co., Sr. Unsecd. Note, 144A, 5.000%, 2/1/2025	324,352
375,000	Scripps Escrow, Inc., Sr. Unsecd. Note, 144A, 5.875%, 7/15/2027	355,946
75,000	Sinclair Television Group, Sr. Unsecd. Note, 144A, 5.125%, 2/15/2027	68,517
800,000	Sinclair Television Group, Sr. Unsecd. Note, 144A, 5.875%, 3/15/2026	790,848
475,000	Tegna, Inc., Sr. Unsecd. Note, 144A, 4.625%, 3/15/2028	439,767
225,000	Tegna, Inc., Sr. Unsecd. Note, 144A, 5.000%, 9/15/2029	212,206
725,000	Terrier Media Buyer, Inc., Sr. Unsecd. Note, 144A, 8.875%, 12/15/2027	696,906
100,000	WMG Acquisition Corp., Sec. Fac. Bond, 144A, 3.875%, 7/15/2030	101,255
	TOTAL	9,108,141
	<b>Metals &amp; Mining—1.3%</b>	
425,000	Coeur Mining, Inc., Sr. Unsecd. Note, 5.875%, 6/1/2024	409,549
275,000	Freeport-McMoRan, Inc., Sr. Unsecd. Note, 3.875%, 3/15/2023	275,907
125,000	Freeport-McMoRan, Inc., Sr. Unsecd. Note, 4.125%, 3/1/2028	121,542
25,000	Freeport-McMoRan, Inc., Sr. Unsecd. Note, 4.250%, 3/1/2030	24,274
200,000	Freeport-McMoRan, Inc., Sr. Unsecd. Note, 5.000%, 9/1/2027	201,141
75,000	Freeport-McMoRan, Inc., Sr. Unsecd. Note, 5.250%, 9/1/2029	77,036
375,000	Freeport-McMoRan, Inc., Sr. Unsecd. Note, 5.400%, 11/14/2034	371,753
125,000	HudBay Minerals, Inc., Sr. Unsecd. Note, 144A, 7.250%, 1/15/2023	123,581
325,000	HudBay Minerals, Inc., Sr. Unsecd. Note, 144A, 7.625%, 1/15/2025	312,034
	TOTAL	1,916,817
	<b>Midstream—7.7%</b>	
150,000	AmeriGas Partners LP, Sr. Unsecd. Note, 5.500%, 5/20/2025	154,967

Principal  
Amount  
or Shares

## Value

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Midstream—continued</b>	
\$175,000	AmeriGas Partners LP, Sr. Unsecd. Note, 5.750%, 5/20/2027	\$ 185,571
400,000	AmeriGas Partners LP, Sr. Unsecd. Note, 5.875%, 8/20/2026	422,926
225,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.750%, 3/1/2027	178,460
500,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.750%, 1/15/2028	396,265
550,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 5.375%, 9/15/2024	470,313
500,000	Atlas Pipeline Partners LP, 5.875%, 8/1/2023	466,250
225,000	Buckeye Partners, Sr. Unsecd. Note, 144A, 4.125%, 3/1/2025	216,398
325,000	Buckeye Partners, Sr. Unsecd. Note, 144A, 4.500%, 3/1/2028	306,312
575,000	CNX Midstream Partners LP/CNX Midstream Finance Corp., Sr. Unsecd. Note, 144A, 6.500%, 3/15/2026	531,047
250,000	Cheniere Energy Partners, LP, Series WI, 5.250%, 10/1/2025	249,425
425,000	Cheniere Energy Partners, LP, Sr. Unsecd. Note, 5.625%, 10/1/2026	422,118
225,000	Cheniere Energy Partners, LP, Sr. Unsecd. Note, Series WI, 4.500%, 10/1/2029	228,691
250,000	EQM Midstream Partners, LP, Sr. Unsecd. Note, 144A, 6.500%, 7/1/2027	256,708
175,000	EQT Midstream Partners LP, Sr. Unsecd. Note, 144A, 6.000%, 7/1/2025	177,188
150,000	EQT Midstream Partners LP, Sr. Unsecd. Note, 4.750%, 7/15/2023	151,575
200,000	EQT Midstream Partners LP, Sr. Unsecd. Note, 5.500%, 7/15/2028	190,946
100,000	EQT Midstream Partners LP, Sr. Unsecd. Note, 6.500%, 7/15/2048	91,437
50,000	Ferrellgas LP/Ferrellgas Finance Corp., Sr. Unsecd. Note, 6.750%, 6/15/2023	41,432
300,000	Ferrellgas, L.P., Sr. Unsecd. Note, 6.750%, 1/15/2022	253,055
250,000	Hess Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.125%, 6/15/2028	240,840
225,000	Holly Energy Partners LP, Sr. Unsecd. Note, 144A, 5.000%, 2/1/2028	214,840
177,000	MPLX LP, Sr. Unsecd. Note, Series WI, 6.250%, 10/15/2022	179,175
700,000	NuStar Logistics LP, Sr. Unsecd. Note, 5.625%, 4/28/2027	678,205
100,000	NuStar Logistics LP, Sr. Unsecd. Note, 6.000%, 6/1/2026	98,172
425,000	Suburban Propane Partners LP, 5.500%, 6/1/2024	422,074
450,000	Suburban Propane Partners LP, Sr. Unsecd. Note, 5.875%, 3/1/2027	447,102
475,000	Summit Midstream Holdings LLC, 5.500%, 8/15/2022	315,170
475,000	Summit Midstream Holdings LLC, Sr. Unsecd. Note, 5.750%, 4/15/2025	267,731
50,000	Sunoco LP/Finance Corp., Sr. Unsecd. Note, Series WI, 5.500%, 2/15/2026	48,678
275,000	Sunoco LP/Finance Corp., Sr. Unsecd. Note, Series WI, 5.875%, 3/15/2028	273,961
500,000	Targa Resources Partners LP/Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 144A, 5.500%, 3/1/2030	483,280
75,000	Targa Resources Partners LP/Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 5.000%, 1/15/2028	70,746
275,000	Targa Resources Partners LP/Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 5.375%, 2/1/2027	266,012
475,000	Targa Resources Partners LP/Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 5.875%, 4/15/2026	471,361
25,000	Targa Resources Partners LP/Targa Resources Partners Finance Corp., Sr. Unsecd. Note, 6.500%, 7/15/2027	25,125
250,000	TransMontaigne Partners LP/TLP Finance Corp., Sr. Unsecd. Note, 6.125%, 2/15/2026	242,140
100,000	Western Gas Partners LP, Sr. Unsecd. Note, 4.000%, 7/1/2022	100,180
150,000	Western Gas Partners LP, Sr. Unsecd. Note, 4.500%, 3/1/2028	141,750
25,000	Western Gas Partners LP, Sr. Unsecd. Note, 4.650%, 7/1/2026	24,070
550,000	Western Gas Partners LP, Sr. Unsecd. Note, 5.300%, 3/1/2048	448,937
75,000	Western Gas Partners LP, Sr. Unsecd. Note, 5.450%, 4/1/2044	62,835
75,000	Western Gas Partners LP, Sr. Unsecd. Note, 5.500%, 8/15/2048	61,125
150,000	Western Midstream Operating, LP, Sr. Unsecd. Note, 4.050%, 2/1/2030	144,934
100,000	Western Midstream Operating, LP, Sr. Unsecd. Note, 5.250%, 2/1/2050	87,146
	<b>TOTAL</b>	<b>11,206,673</b>
	<b>Oil Field Services—1.5%</b>	
125,000	Archrock Partners LP/Archrock Partners Finance Corp., Sr. Unsecd. Note, 144A, 6.250%, 4/1/2028	114,725
525,000	Archrock Partners LP/Archrock Partners Finance Corp., Sr. Unsecd. Note, 144A, 6.875%, 4/1/2027	496,075
75,000	Nabors Industries Ltd., Sr. Unsecd. Note, 144A, 7.250%, 1/15/2026	46,313

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Oil Field Services—continued</b>	
\$ 75,000	Nabors Industries Ltd., Sr. Unsecd. Note, 144A, 7.500%, 1/15/2028	\$ 46,359
150,000	Precision Drilling Corp., Sr. Unsecd. Note, 144A, 7.125%, 1/15/2026	92,034
225,000	Precision Drilling Corp., Sr. Unsecd. Note, 7.750%, 12/15/2023	154,945
175,000	Sesi LLC, 7.125%, 12/15/2021	63,875
675,000	Sesi LLC, Sr. Unsecd. Note, Series WI, 7.750%, 9/15/2024	248,836
350,000	Shelf Drilling Holdings Ltd., Sr. Unsecd. Note, 144A, 8.250%, 2/15/2025	158,590
300,000	USA Compression Partners LP, Sr. Unsecd. Note, 6.875%, 9/1/2027	285,447
475,000	USA Compression Partners LP, Sr. Unsecd. Note, Series WI, 6.875%, 4/1/2026	460,080
	TOTAL	2,167,279
	<b>Packaging—5.9%</b>	
850,000	ARD Finance SA, Sec. Fac. Bond, 144A, 6.500%, 6/30/2027	842,405
200,000	Ardagh Packaging Finance PLC/Ardagh Holdings, Sec. Fac. Bond, 144A, 5.250%, 8/15/2027	196,662
350,000	Ardagh Packaging Finance PLC/Ardagh Holdings, Sr. Unsecd. Note, 144A, 5.250%, 8/15/2027	344,158
400,000	Ardagh Packaging Finance PLC/Ardagh Holdings, Sr. Unsecd. Note, 144A, 6.000%, 2/15/2025	409,900
350,000	Berry Global Escrow Corp., 144A, 4.875%, 7/15/2026	355,616
225,000	Berry Global Escrow Corp., 144A, 5.625%, 7/15/2027	231,897
166,000	Berry Plastics Corp., 5.500%, 5/15/2022	166,766
75,000	Berry Plastics Corp., 6.000%, 10/15/2022	75,328
300,000	Bway Holding Co., Sec. Fac. Bond, 144A, 5.500%, 4/15/2024	295,309
1,000,000	Bway Holding Co., Sr. Unsecd. Note, 144A, 7.250%, 4/15/2025	909,740
175,000	Crown Americas LLC/Crown Americas Capital Corp. VI, Sr. Unsecd. Note, 4.750%, 2/1/2026	178,953
1,075,000	Flex Acquisition Co., Inc., Sr. Unsecd. Note, 144A, 6.875%, 1/15/2025	1,040,724
625,000	Flex Acquisition Co., Inc., Sr. Unsecd. Note, 144A, 7.875%, 7/15/2026	608,066
425,000	Owens-Brockway Glass Container, Inc., 144A, 5.375%, 1/15/2025	430,799
150,000	Owens-Brockway Glass Container, Inc., 144A, 5.875%, 8/15/2023	155,266
200,000	Owens-Brockway Glass Container, Inc., 144A, 6.375%, 8/15/2025	212,125
100,000	Owens-Brockway Glass Container, Inc., Sr. Unsecd. Note, 144A, 6.625%, 5/13/2027	104,188
525,000	Reynolds Group Issuer, Inc./LLC/LU, 144A, 7.000%, 7/15/2024	527,706
125,000	Sealed Air Corp., Sr. Unsecd. Note, 144A, 4.000%, 12/1/2027	125,313
150,000	Sealed Air Corp., Sr. Unsecd. Note, 144A, 5.500%, 9/15/2025	161,797
500,000	Trident Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.625%, 11/1/2025	476,822
175,000	Trident Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 9.250%, 8/1/2024	179,904
200,000	Trivium Packaging Finance BV, Sec. Fac. Bond, 144A, 5.500%, 8/15/2026	202,750
300,000	Trivium Packaging Finance BV, Sr. Unsecd. Note, 144A, 8.500%, 8/15/2027	321,319
	TOTAL	8,553,513
	<b>Paper—0.6%</b>	
725,000	Clearwater Paper Corp., Sr. Unsecd. Note, 144A, 5.375%, 2/1/2025	732,703
125,000	Graphic Packaging International, LLC, Sr. Unsecd. Note, 144A, 4.750%, 7/15/2027	132,320
	TOTAL	865,023
	<b>Pharmaceuticals—3.1%</b>	
200,000	Bausch Health Cos, Inc., Sec. Fac. Bond, 144A, 5.500%, 11/1/2025	204,612
200,000	Bausch Health Cos, Inc., Sec. Fac. Bond, 144A, 5.750%, 8/15/2027	212,462
175,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 5.000%, 1/30/2028	164,980
45,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 5.500%, 3/1/2023	44,892
50,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 5.875%, 5/15/2023	49,914
1,175,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 6.125%, 4/15/2025	1,193,424
50,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 6.250%, 2/15/2029	50,344
300,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 7.250%, 5/30/2029	315,244
400,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 8.500%, 1/31/2027	425,290

Principal  
Amount  
or Shares

## Value

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Pharmaceuticals—continued</b>	
\$375,000	Bausch Health Cos, Inc., Sr. Unsecd. Note, 144A, 9.000%, 12/15/2025	\$ 404,404
431,000	Endo Dac/Endo Finance LLC/Endo Finco, Inc., 144A, 6.000%, 6/30/2028	280,150
296,000	Endo Dac/Endo Finance LLC/Endo Finco, Inc., Term Loan—2nd Lien, 144A, 9.500%, 7/31/2027	314,559
225,000	Jaguar Holding Co. II/Pharmaceutical Product Development LLC, Sr. Unsecd. Note, 144A, 4.625%, 6/15/2025	229,404
175,000	Jaguar Holding Co. II/Pharmaceutical Product Development LLC, Sr. Unsecd. Note, 144A, 5.000%, 6/15/2028	179,484
925,000	Mallinckrodt International Finance SA/Mallinckrodt CB LLC, Sr. Unsecd. Note, 144A, 5.500%, 4/15/2025	155,516
575,000	Mallinckrodt International Finance SA/Mallinckrodt CB LLC, Sr. Unsecd. Note, 144A, 5.625%, 10/15/2023	115,000
75,000	Par Pharmaceutical Cos., Inc., Sec. Fac. Bond, 144A, 7.500%, 4/1/2027	77,216
	TOTAL	4,416,895
	<b>Restaurants—1.5%</b>	
250,000	1011778 BC Unltd. Liability Co./New Red Finance, Inc., 144A, 4.375%, 1/15/2028	245,470
975,000	1011778 BC Unltd. Liability Co./New Red Finance, Inc., 144A, 5.000%, 10/15/2025	971,778
200,000	1011778 BC Unltd. Liability Co./New Red Finance, Inc., Sr. Secd. Note, 144A, 4.250%, 5/15/2024	200,554
75,000	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, Sr. Unsecd. Note, 144A, 4.750%, 6/1/2027	77,093
75,000	Yum! Brands, Inc., Sr. Unsecd. Note, 144A, 4.750%, 1/15/2030	76,329
500,000	Yum! Brands, Inc., Sr. Unsecd. Note, 144A, 5.250%, 6/1/2026	514,077
75,000	Yum! Brands, Inc., Sr. Unsecd. Note, 144A, 7.750%, 4/1/2025	81,047
	TOTAL	2,166,348
	<b>Retailers—0.5%</b>	
350,000	Michaels Stores, Inc., Sr. Unsecd. Note, 144A, 8.000%, 7/15/2027	304,784
525,000	Party City Holdings, Inc., Sr. Unsecd. Note, 144A, 6.125%, 8/15/2023	118,125
525,000	Party City Holdings, Inc., Sr. Unsecd. Note, 144A, 6.625%, 8/1/2026	118,125
75,000	William Carter Co., Sr. Unsecd. Note, 144A, 5.500%, 5/15/2025	77,484
50,000	William Carter Co., Sr. Unsecd. Note, 144A, 5.625%, 3/15/2027	51,645
	TOTAL	670,163
	<b>Supermarkets—0.9%</b>	
75,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 144A, 4.875%, 2/15/2030	76,810
75,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 144A, 5.875%, 2/15/2028	77,509
50,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 144A, 7.500%, 3/15/2026	54,280
600,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 5.750%, 3/15/2025	615,315
475,000	Albertsons Cos. LLC/SAFEW, Sr. Unsecd. Note, 6.625%, 6/15/2024	487,350
	TOTAL	1,311,264
	<b>Technology—7.0%</b>	
250,000	AMS AG, Sr. Unsecd. Note, 144A, 7.000%, 7/31/2025	248,750
125,000	Banff Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 9.750%, 9/1/2026	126,070
125,000	CDW LLC/CDW Finance, Sr. Unsecd. Note, 4.250%, 4/1/2028	127,593
175,000	CDW LLC/CDW Finance, Sr. Unsecd. Note, 5.500%, 12/1/2024	190,732
900,000	Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Unsecd. Note, 144A, 7.125%, 6/15/2024	933,244
250,000	Ensemble S Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 9.000%, 9/30/2023	253,411
50,000	Fair Isaac & Co., Inc., Sr. Unsecd. Note, 144A, 4.000%, 6/15/2028	50,250
125,000	Financial & Risk US Holdings, Inc., 144A, 6.250%, 5/15/2026	132,789
900,000	Financial & Risk US Holdings, Inc., Sr. Unsecd. Note, 144A, 8.250%, 11/15/2026	975,586
25,000	Gartner, Inc., Sr. Unsecd. Note, 144A, 4.500%, 7/1/2028	25,355
250,000	Gartner, Inc., Sr. Unsecd. Note, 144A, 5.125%, 4/1/2025	256,664
775,000	Inception Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 8.625%, 11/15/2024	789,725
675,000	JDA Escrow LLC / JDA Bond Finance, Inc., 144A, 7.375%, 10/15/2024	675,773
225,000	Microchip Technology, Inc., Sr. Unsecd. Note, 144A, 4.250%, 9/1/2025	227,069
50,000	NCR Corp., Sr. Unsecd. Note, 144A, 5.750%, 9/1/2027	50,114
150,000	NCR Corp., Sr. Unsecd. Note, 144A, 8.125%, 4/15/2025	159,656

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Technology—continued</b>	
\$ 400,000	NCR Corp., Sr. Unsecd. Note, 6.375%, 12/15/2023	\$ 407,542
400,000	Nuance Communications, Inc., Sr. Unsecd. Note, 5.625%, 12/15/2026	417,162
150,000	Open Text Corp., Sr. Unsecd. Note, 144A, 4.125%, 2/15/2030	147,727
200,000	Qorvo, Inc., 144A, 4.375%, 10/15/2029	205,160
625,000	SS&C Technologies, Inc., Sr. Unsecd. Note, 144A, 5.500%, 9/30/2027	639,341
25,000	Science Applications International Corp., Sr. Unsecd. Note, 144A, 4.875%, 4/1/2028	24,964
75,000	Sensata Technologies B.V., Sr. Unsecd. Note, 144A, 4.375%, 2/15/2030	74,440
200,000	Sensata Technologies UK Financing Co. PLC, Sr. Unsecd. Note, 144A, 6.250%, 2/15/2026	207,963
200,000	Star Merger Sub, Inc., 144A, 6.875%, 8/15/2026	212,469
850,000	Star Merger Sub, Inc., Sr. Unsecd. Note, 144A, 10.250%, 2/15/2027	945,468
375,000	TTM Technologies, Inc., Sr. Unsecd. Note, 144A, 5.625%, 10/1/2025	373,322
1,200,000	Tempo Acquisition LLC, Sr. Unsecd. Note, 144A, 6.750%, 6/1/2025	1,218,738
	TOTAL	10,097,077
	<b>Transportation Services—0.3%</b>	
200,000	Sena International S.A., Sec. Fac. Bond, 144A, 6.125%, 2/1/2025	191,625
250,000	Watco Cos LLC/Finance Co., Sr. Unsecd. Note, 144A, 6.500%, 6/15/2027	257,395
	TOTAL	449,020
	<b>Utility - Electric—3.3%</b>	
300,000	Calpine Corp., 144A, 4.500%, 2/15/2028	294,504
200,000	Calpine Corp., 144A, 5.250%, 6/1/2026	202,523
550,000	Calpine Corp., 5.750%, 1/15/2025	557,103
125,000	Calpine Corp., Sr. Unsecd. Note, 144A, 5.125%, 3/15/2028	122,453
75,000	DPL, Inc., Sr. Unsecd. Note, 144A, 4.125%, 7/1/2025	75,208
775,000	Enviva Partners LP/Enviva Partners Finance Corp., Sr. Unsecd. Note, 144A, 6.500%, 1/15/2026	807,453
300,000	NRG Energy, Inc., Sr. Unsecd. Note, 144A, 5.250%, 6/15/2029	316,381
450,000	NRG Energy, Inc., Sr. Unsecd. Note, 7.250%, 5/15/2026	475,792
50,000	NRG Energy, Inc., Sr. Unsecd. Note, Series WI, 5.750%, 1/15/2028	52,866
50,000	TerraForm Power Operating LLC, Sr. Unsecd. Note, 144A, 4.250%, 1/31/2023	50,406
50,000	TerraForm Power Operating LLC, Sr. Unsecd. Note, 144A, 4.750%, 1/15/2030	50,866
850,000	TerraForm Power Operating LLC, Sr. Unsecd. Note, 144A, 5.000%, 1/31/2028	890,218
300,000	Vistra Operations Co., LLC, Sr. Unsecd. Note, 144A, 5.000%, 7/31/2027	305,325
175,000	Vistra Operations Co., LLC, Sr. Unsecd. Note, 144A, 5.500%, 9/1/2026	179,558
400,000	Vistra Operations Co., LLC, Sr. Unsecd. Note, 144A, 5.625%, 2/15/2027	411,376
	TOTAL	4,792,032
	<b>Wireless Communications—3.0%</b>	
1,100,000	Numericable-SFR SAS, 144A, 7.375%, 5/1/2026	1,149,489
450,000	Sprint Capital Corp., Company Guarantee, 6.875%, 11/15/2028	549,653
775,000	Sprint Corp., 7.125%, 6/15/2024	876,478
150,000	Sprint Corp., 7.875%, 9/15/2023	169,124
150,000	Sprint Corp., Sr. Unsecd. Note, 7.625%, 2/15/2025	173,387
150,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 4.500%, 2/1/2026	152,105
250,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 4.750%, 2/1/2028	264,406
275,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 6.000%, 3/1/2023	276,614
350,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 6.375%, 3/1/2025	359,975
325,000	T-Mobile USA, Inc., Sr. Unsecd. Note, 6.500%, 1/15/2026	340,010
	TOTAL	4,311,241
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$147,504,982)	140,076,020

Principal Amount or Shares		Value
	COMMON STOCKS—0.1%	
	<b>Chemicals—0.0%</b>	
8,506	<sup>2</sup> Hexion Holdings Corp.	\$ 57,416
	<b>Media Entertainment—0.1%</b>	
7,915	<sup>2</sup> iHeartMedia, Inc.	66,090
	TOTAL COMMON STOCKS (IDENTIFIED COST \$319,520)	123,506
	FLOATING RATE LOAN—0.1%	
	<b>Health Care—0.1%</b>	
\$ 316,250	<sup>3</sup> Envision Healthcare Corp., 1st Lien PIK Term Loan B, 5.491% (3-month USLIBOR +4.500%), 10/10/2025 (IDENTIFIED COST \$557,456)	181,844
	REPURCHASE AGREEMENT—2.9%	
	<b>Finance - Banking—2.9%</b>	
4,142,000	Interest in \$1,400,000,000 joint repurchase agreement 0.09%, dated 6/30/2020 under which Bank of America, N.A. will repurchase securities provided as collateral for \$1,400,003,500 on 7/1/2020. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 7/20/2045 and the market value of those underlying securities was \$1,428,003,570. (IDENTIFIED COST \$4,142,000)	4,142,000
	TOTAL INVESTMENT IN SECURITIES—99.7% (IDENTIFIED COST \$152,523,958) <sup>4</sup>	144,523,370
	OTHER ASSETS AND LIABILITIES - NET—0.3% <sup>5</sup>	450,392
	TOTAL NET ASSETS—100%	\$ 144,973,762

1 Issuer in default.

2 Non-income-producing security.

3 Floating/variable note with current rate and current maturity or next reset date shown.

4 The cost of investments for federal tax purposes amounts to \$152,875,987.

5 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at June 30, 2020.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of June 30, 2020, in valuing the Fund's assets carried at fair value:

**Valuation Inputs**

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
<b>Debt Securities:</b>				
Corporate Bonds	\$ —	\$140,076,020	\$—	\$140,076,020
Floating Rate Loan	—	181,844	—	181,844
<b>Equity Securities:</b>				
Common Stocks				
Domestic	123,506	—	—	123,506
<b>Repurchase Agreement</b>	—	4,142,000	—	4,142,000
<b>TOTAL SECURITIES</b>	<b>\$123,506</b>	<b>\$144,399,864</b>	<b>\$—</b>	<b>\$144,523,370</b>

See Notes which are an integral part of the Financial Statements



## Financial Highlights – Primary Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 6/30/2020	Year Ended December 31,				
		2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.53</b>	<b>\$6.07</b>	<b>\$6.82</b>	<b>\$6.84</b>	<b>\$6.36</b>	<b>\$6.91</b>
<b>Income From Investment Operations:</b>						
Net investment income <sup>1</sup>	0.15	0.33	0.34	0.36	0.37	0.37
Net realized and unrealized gain (loss)	(0.50)	0.53	(0.55)	0.09	0.53	(0.53)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>(0.35)</b>	<b>0.86</b>	<b>(0.21)</b>	<b>0.45</b>	<b>0.90</b>	<b>(0.16)</b>
<b>Less Distributions:</b>						
Distributions from net investment income	(0.37)	(0.40)	(0.54)	(0.47)	(0.42)	(0.39)
<b>Net Asset Value, End of Period</b>	<b>\$5.81</b>	<b>\$6.53</b>	<b>\$6.07</b>	<b>\$6.82</b>	<b>\$6.84</b>	<b>\$6.36</b>
<b>Total Return<sup>2</sup></b>	<b>(4.30)%</b>	<b>14.54%</b>	<b>(3.29)%</b>	<b>6.94%</b>	<b>14.82%</b>	<b>(2.57)%</b>

### Ratios to Average Net Assets:

Net expenses <sup>3</sup>	0.81% <sup>4</sup>	0.81%	0.81%	0.78%	0.72%	0.77%
Net investment income	5.15% <sup>4</sup>	5.26%	5.27%	5.26%	5.74%	5.55%
Expense waiver/reimbursement <sup>5</sup>	0.03% <sup>4</sup>	0.02%	0.01%	0.00% <sup>6</sup>	0.06%	–%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$97,407	\$109,538	\$106,628	\$192,194	\$190,070	\$267,448
Portfolio turnover	15%	31%	18%	32%	26%	33%

1 Per share numbers have been calculated using the average shares method.

2 Based on net asset value. Total returns do not reflect any additional fees or expenses that may be imposed by separate accounts of insurance companies or in connection with any variable annuity or variable life insurance contract. Total returns for periods of less than one year are not annualized.

3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.

4 Computed on an annualized basis.

5 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

6 Represents less than 0.01%.

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Service Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 6/30/2020	Year Ended December 31,				
		2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.49</b>	<b>\$6.04</b>	<b>\$6.78</b>	<b>\$6.81</b>	<b>\$6.33</b>	<b>\$6.87</b>
<b>Income From Investment Operations:</b>						
Net investment income <sup>1</sup>	0.14	0.31	0.32	0.34	0.35	0.35
Net realized and unrealized gain (loss)	(0.48)	0.52	(0.54)	0.09	0.53	(0.52)
TOTAL FROM INVESTMENT OPERATIONS	(0.34)	0.83	(0.22)	0.43	0.88	(0.17)
<b>Less Distributions:</b>						
Distributions from net investment income	(0.36)	(0.38)	(0.52)	(0.46)	(0.40)	(0.37)
<b>Net Asset Value, End of Period</b>	<b>\$5.79</b>	<b>\$6.49</b>	<b>\$6.04</b>	<b>\$6.78</b>	<b>\$6.81</b>	<b>\$6.33</b>
<b>Total Return<sup>2</sup></b>	<b>(4.29)%</b>	<b>14.13%</b>	<b>(3.43)%</b>	<b>6.56%</b>	<b>14.53%</b>	<b>(2.72)%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>3</sup>	1.06% <sup>4</sup>	1.06%	1.06%	1.03%	0.96%	1.01%
Net investment income	4.88% <sup>4</sup>	4.99%	5.03%	5.01%	5.48%	5.29%
Expense waiver/reimbursement <sup>5</sup>	0.03% <sup>4</sup>	0.02%	0.01%	0.00% <sup>6</sup>	0.08%	–%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$47,566	\$58,591	\$43,012	\$50,284	\$49,183	\$44,179
Portfolio turnover	15%	31%	18%	32%	26%	33%

1 Per share numbers have been calculated using the average shares method.

2 Based on net asset value. Total returns do not reflect any additional fees or expenses that may be imposed by separate accounts of insurance companies or in connection with any variable annuity or variable life insurance contract. Total returns for periods of less than one year are not annualized.

3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.

4 Computed on an annualized basis.

5 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

6 Represents less than 0.01%.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

June 30, 2020 (unaudited)

## Assets:

Investment in securities, at value including (identified cost \$152,523,958)	\$144,523,370
Income receivable	2,361,264
Receivable for investments sold	992,695
Receivable for shares sold	111,698
<b>TOTAL ASSETS</b>	<b>147,989,027</b>

## Liabilities:

Payable for investments purchased	\$2,828,750
Payable for shares redeemed	148,214
Bank overdraft	1,907
Payable for investment adviser fee (Note 5)	2,237
Payable for administrative fees (Note 5)	308
Payable for distribution services fee (Note 5)	9,896
Accrued expenses (Note 5)	23,953
<b>TOTAL LIABILITIES</b>	<b>3,015,265</b>
Net assets for 24,969,567 shares outstanding	\$144,973,762

## Net Assets Consist of:

Paid-in capital	\$162,717,116
Total distributable earnings (loss)	(17,743,354)
<b>TOTAL NET ASSETS</b>	<b>\$144,973,762</b>

## Net Asset Value, Offering Price and Redemption Proceeds Per Share

### Primary Shares:

Net asset value per share ( $\$97,407,349 \div 16,755,310$ shares outstanding), no par value, unlimited shares authorized	\$5.81
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### Service Shares:

Net asset value per share ( $\$47,566,413 \div 8,214,257$ shares outstanding), no par value, unlimited shares authorized	\$5.79
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See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended June 30, 2020 (unaudited)

**Investment Income:**

Interest	\$ 4,393,424
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**Expenses:**

Investment adviser fee (Note 5)	\$442,537
Administrative fee (Note 5)	59,901
Custodian fees	6,853
Transfer agent fee	8,215
Directors'/Trustees' fees (Note 5)	1,043
Auditing fees	16,913
Legal fees	4,239
Portfolio accounting fees	44,347
Distribution services fee (Note 5)	61,100
Printing and postage	25,813
Miscellaneous (Note 5)	11,702
<b>TOTAL EXPENSES</b>	<b>682,663</b>

Waiver of investment adviser fee (Note 5)	(20,523)
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Net expenses	662,140
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Net investment income	3,731,284
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**Realized and Unrealized Gain (Loss) on Investments:**

Net realized loss on investments	(234,548)
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Net change in unrealized appreciation of investments	(9,606,248)
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Net realized and unrealized loss on investments	(9,840,796)
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Change in net assets resulting from operations	\$(6,109,512)
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See Notes which are an integral part of the Financial Statements

## Statement of Changes in Net Assets

	Six Months Ended (unaudited) 6/30/2020	Year Ended 12/31/2019
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 3,731,284	\$ 8,215,344
Net realized loss	(234,548)	(529,999)
Net change in unrealized appreciation/depreciation	(9,606,248)	13,556,833
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	(6,109,512)	21,242,178
<b>Distributions to Shareholders:</b>		
Primary Shares	(5,812,160)	(6,917,851)
Service Shares	(2,736,746)	(2,697,708)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(8,548,906)	(9,615,559)
<b>Share Transactions:</b>		
Proceeds from sale of shares	19,847,907	42,973,449
Net asset value of shares issued to shareholders in payment of distributions declared	8,548,900	9,615,553
Cost of shares redeemed	(36,893,985)	(45,725,985)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(8,497,178)	6,863,017
Change in net assets	(23,155,596)	18,489,636
<b>Net Assets:</b>		
Beginning of period	168,129,358	149,639,722
End of period	\$144,973,762	\$168,129,358

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

June 30, 2020 (unaudited)

## 1. ORGANIZATION

Federated Hermes Insurance Series (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of six portfolios. The financial statements included herein are only those of Federated Hermes High Income Bond Fund II (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers two classes of shares: Primary Shares and Service Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. Fund shares are available exclusively as a funding vehicle for life insurance companies writing variable life insurance policies and variable annuity contracts. The investment objective of the Fund is to seek high current income.

Prior to April 28, 2020, the name of the Trust and Fund were Federated Insurance Series and Federated High Income Bond Fund II, respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

### Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Trustees (the "Trustees").
- Equity securities listed on an exchange or traded through a regulated market system are valued at their last reported sale price or official closing price in their principal exchange or market.
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different.

### Fair Valuation and Significant Events Procedures

The Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees have appointed a Valuation Committee comprised of officers of the Fund, Federated Investment Management Company (the "Adviser") and certain of the Adviser's affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Trustees. The Trustees periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Trustees.

The Trustees also have adopted procedures requiring an investment to be priced at its fair value whenever the Adviser determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Trustees have adopted procedures whereby the Valuation Committee uses a pricing service to provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Fund will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Trustees. The Trustees have ultimate responsibility for any fair valuations made in response to a significant event.

### **Repurchase Agreements**

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

Repurchase agreements are subject to Master Netting Agreements which are agreements between the Fund and its counterparties that provide for the net settlement of all transactions and collateral with the Fund, through a single payment, in the event of default or termination. Amounts presented on the Portfolio of Investments and Statement of Assets and Liabilities are not net settlement amounts but gross. As indicated above, the cash or securities to be repurchased, as shown on the Portfolio of Investments, exceeds the repurchase price to be paid under the agreement reducing the net settlement amount to zero.

### **Investment Income, Gains and Losses, Expenses and Distributions**

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared and paid annually. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. Effective January 1, 2019, the Fund is subject to Accounting Standards Update (ASU) 2017-08, Premium Amortization on Purchased Callable Debt Securities, which shortens the premium amortization period for purchased callable debt securities with non-contingent call features to the earliest call date. The Fund applied the standard on a retrospective basis, as allowed under the standard, beginning with the fiscal year ended December 31, 2018. The identified cost basis of the applicable securities at December 31, 2018 has been adjusted from \$38,215,162 to \$38,157,938. This change had no impact on total distributable earnings (loss) or the net asset value of the Fund. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense waiver of \$20,523 is disclosed in Note 5.

Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses.

### Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code (the "Code") and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the six months ended June 30, 2020, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of June 30, 2020, tax years 2016 through 2019 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

### When-Issued and Delayed-Delivery Transactions

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

### Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Trustees. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Trustees.

### Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

## 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

	Six Months Ended 6/30/2020		Year Ended 12/31/2019	
	Shares	Amount	Shares	Amount
<b>Primary Shares:</b>				
Shares sold	2,450,185	\$ 13,735,566	3,164,991	\$ 19,950,540
Shares issued to shareholders in payment of distributions declared	1,181,333	5,812,160	1,132,218	6,917,851
Shares redeemed	(3,658,916)	(21,996,743)	(5,078,703)	(31,964,711)
NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS	(27,398)	\$ (2,449,017)	(781,494)	\$ (5,096,320)

	Six Months Ended 6/30/2020		Year Ended 12/31/2019	
	Shares	Amount	Shares	Amount
<b>Service Shares:</b>				
Shares sold	1,039,349	\$ 6,112,341	3,668,502	\$ 23,022,909
Shares issued to shareholders in payment of distributions declared	558,519	2,736,740	442,972	2,697,702
Shares redeemed	(2,408,486)	(14,897,242)	(2,207,531)	(13,761,274)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(810,618)	\$ (6,048,161)	1,903,943	\$ 11,959,337
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(838,016)	\$ (8,497,178)	1,122,449	\$ 6,863,017

## 4. FEDERAL TAX INFORMATION

At June 30, 2020, the cost of investments for federal tax purposes was \$152,875,987. The net unrealized depreciation of investments for federal tax purposes was \$8,352,617. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$3,171,112 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$11,523,729.

As of December 31, 2019, the Fund had a capital loss carryforward of \$12,942,966 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, these net capital losses retain their character as either short-term or long-term and do not expire.



The following schedule summarizes the Fund's capital loss carryforwards:

Short-Term	Long-Term	Total
\$35,125	\$12,907,841	\$12,942,966

## 5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

### Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.60% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee. For the six months ended June 30, 2020, the Adviser voluntarily waived \$20,523 of its fee.

### Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Hermes Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

Administrative Fee	Average Daily Net Assets of the Investment Complex
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the six months ended June 30, 2020, the annualized fee paid to FAS was 0.081% of average daily net assets of the Fund.

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

### Distribution Services Fee

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund's Service Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at 0.25% of average daily net assets, annually, to compensate FSC. For the six months ended June 30, 2020, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Service Shares	\$61,100

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee. For the six months ended June 30, 2020, FSC retained \$1,739 of fees paid by the Fund.

### Expense Limitation

The Adviser and certain of its affiliates (which may include FAS and FSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses paid by the Fund, if any) paid by the Fund's Primary Shares and Service Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.81% and 1.06% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) May 1, 2021; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

### Interfund Transactions

During the six months ended June 30, 2020, the Fund engaged in sale transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees and/or common Officers. These sales transactions complied with Rule 17a-7 under the Act and amounted to \$447,141. Net realized gain recognized on these transactions was \$11,641.

### Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Independent Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

## 6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the six months ended June 30, 2020, were as follows:

Purchases	\$20,879,563
Sales	\$26,502,006

## 7. LINE OF CREDIT

The Fund participates with certain other Federated Hermes Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to the highest, on any day, of (a) (i) the federal funds effective rate, (ii) the one month London Interbank Offered Rate (LIBOR), or a replacement rate as appropriate, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of an upfront fee, and its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and, at maturity. As of June 30, 2020, the Fund had no outstanding loans. During the six months ended June 30, 2020, the Fund did not utilize the LOC.

## 8. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of June 30, 2020, there were no outstanding loans. During the six months ended June 30, 2020, the program was not utilized.

## 9. OTHER MATTERS

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains, workflow operations and consumer activity, as well as general concern and uncertainty. The impact of this coronavirus may be short-term or may last for an extended period of time and has resulted in a substantial economic downturn. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries, individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the Fund's performance.

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other variable investment options. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2020 to June 30, 2020.

### ACTUAL EXPENSES

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

### HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds.

	Beginning Account Value 1/1/2020	Ending Account Value 6/30/2020	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Primary Shares	\$1,000	\$ 957.00	\$3.94
Service Shares	\$1,000	\$ 957.10	\$5.16
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Primary Shares	\$1,000	\$1,020.84	\$4.07
Service Shares	\$1,000	\$1,019.60	\$5.32

<sup>1</sup> Expenses are equal to the Fund’s annualized net expense ratios, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half-year period). The expenses shown in the table do not include the charges and expenses imposed by the insurance company under the variable insurance product contract. Please refer to the variable insurance product prospectus for a complete listing of these expenses. The annualized net expense ratios are as follows:

Primary Shares	0.81%
Service Shares	1.06%

## Evaluation and Approval of Advisory Contract – May 2020

### **FEDERATED HERMES HIGH INCOME BOND FUND II (THE “FUND”)**

#### **(FORMERLY, FEDERATED HIGH INCOME BOND FUND II)**

At its meetings in May 2020 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) (the “Contract”) for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to continue the existing arrangements. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

#### **Information Received and Review Process**

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation presenting on the topics discussed below. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contract. The CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes on behalf of the Independent Trustees encompassing a wide variety of topics. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the Contract, which included detailed information about the Fund and Federated Hermes furnished to the Board at its meetings throughout the year and in between regularly scheduled meetings on particular matters as the need arose, as well as information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings.

The Board’s consideration of the Contract included review of materials and information covering the following matters, among others: the Adviser’s and sub-adviser’s investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund’s short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund’s particular investment program and a group of its peer funds and/or its benchmark, as appropriate) and comments on the reasons for the Fund’s performance; the Fund’s investment objectives; the Fund’s expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the use and allocation of brokerage commissions derived from trading the Fund’s portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring and managing the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund’s relationship to the other funds advised by Federated Hermes (each, a “Federated Hermes Fund”), which include a comprehensive array of funds with different investment objectives, policies and strategies which are generally available for exchange without the inurrence of additional sales charges; compliance and audit reports concerning the Federated Hermes Funds and the Federated Hermes’ affiliates that service them (including communications from regulatory agencies), as well as Federated Hermes’ responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated Hermes Funds and/or Federated Hermes may be responding to them. In addition, the Board received and considered information furnished by Federated Hermes on the impacts of the coronavirus (COVID-19) outbreak on Federated Hermes generally and the Fund in particular, including, among other information, the current and anticipated impacts on the management, operations and performance of the Fund. The Board noted that its evaluation process is evolutionary and that the criteria considered and the emphasis placed on relevant criteria may change in recognition of changing circumstances in the mutual fund marketplace.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in determining to approve the Contract. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser's fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser's cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize "economies of scale" as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any "fall-out" financial benefits that accrue to an adviser because of its relationship with a fund (including research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the adviser for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser's services and fees). The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements regarding the basis for a fund board's approval of the fund's investment advisory contracts generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the Federated Hermes Funds. While individual members of the Board may have weighed certain factors differently, the Board's determination to continue the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contract. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contract for the Fund as part of its consideration of agreements for funds across the Federated Hermes Funds family, but its approvals were made on a fund-by-fund basis.

#### **Nature, Extent and Quality of Services**

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of the Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the Adviser's personnel, experience and track record, as well as the financial resources and overall reputation of Federated Hermes and its willingness to invest in personnel and infrastructure that benefit the Federated Hermes Funds. The Board noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes in 2018, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to incorporate environmental, social and governance ("ESG") factors and issuer engagement on ESG matters.

In addition, the Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and the Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Adviser and the compliance-related resources devoted by the Adviser and its affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including the Adviser's commitment to respond to rulemaking and other regulatory initiatives of the SEC such as the liquidity risk management program rules. In addition, the Board considered the response by the Adviser to recent market conditions and considered the overall performance of the Adviser in this context. The Fund's ability to deliver competitive performance when compared to its Performance Peer Group (as defined below) was also deemed to be relevant by the Board as a useful indicator of how the Adviser is executing the Fund's investment program. The Adviser's ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Adviser's investment management and related services warrant the continuation of the Contract.

#### **Fund Investment Performance**

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board also considered the Fund's performance in light of the overall recent market conditions. The Board considered detailed investment reports on the Fund's performance over different time periods that were provided to the Board throughout the year and in connection

with the May Meetings and evaluated the Adviser's analysis of the Fund's performance for these time periods. The Board also reviewed comparative information regarding the performance of other mutual funds in the category of peer funds selected by Morningstar, Inc. (the "Morningstar"), an independent fund ranking organization (the "Performance Peer Group"), noting the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered, in evaluating such comparisons, that in some cases there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group.

For the one-year, three-year and five-year periods ended December 31, 2019, the Fund's performance was above the median of the relevant Performance Peer Group.

Following such evaluation, and full deliberations, the Board concluded that the performance of the Fund supported renewal of the Contract.

### **Fund Expenses**

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board has found the use of such comparisons to be relevant to its deliberations. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by Morningstar (the "Expense Peer Group"). The Board received a description of the methodology used to select the Expense Peer Group from the overall Morningstar category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because such comparisons are believed to be more relevant. The Board considered that other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's investors. The Board noted that the range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund and noted the position of the Fund's contractual advisory fee rate and other expenses relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was below the median of the Expense Peer Group and the Board was satisfied that the overall expense structure of the Fund remained competitive.

For comparison, the Board received and considered information about the fees charged by Federated Hermes for providing advisory services to other types of clients with investment strategies similar to those of the Federated Hermes Funds, including non-mutual fund clients such as institutional separate accounts and third-party unaffiliated mutual funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-mutual fund clients are inherently different products due to the following differences, among others: (i) different types of targeted investors; (ii) different applicable laws and regulations; (iii) different legal structures; (iv) different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; (v) and the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing, addressing different administrative responsibilities, and addressing different degrees of risk associated with management; and (vi) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary mutual fund business versus managing a discrete pool of assets as a sub-adviser to another institution's mutual fund, noting that Federated Hermes generally performs significant additional services and assumes substantially greater risks in managing the Fund and other Federated Hermes Funds than in its role as sub-adviser to an unaffiliated third-party mutual fund. The Board noted that the CCO did not consider the fees for providing advisory services to other types of clients to be determinative in judging the appropriateness of the Federated Hermes Funds' advisory fees.

The Board considered the CCO's view that the services, administrative responsibilities and risks associated with such relationships are quite different than serving as a primary adviser to a fund.

Following such evaluation, and full deliberations, the Board concluded that the fees and expenses of the Fund are reasonable and supported renewal of the Contract.



### **Profitability and Other Benefits**

The Board also received financial information about Federated Hermes, including information regarding the compensation and ancillary (or “fall-out”) benefits Federated Hermes derived from its relationships with the Federated Hermes Funds. This information covered not only the fees under the Federated Hermes Funds’ investment advisory contracts, but also fees received by Federated Hermes’ affiliates for providing other services to the Federated Hermes Funds under separate contracts (e.g., for serving as the Federated Hermes Funds’ administrator and distributor). In this regard, the Board considered that certain of Federated Hermes’ affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing any indirect benefit Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds. In addition, the Board considered the fact that, in order for the Federated Hermes Funds to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated Hermes Fund shareholders and/or reported to the Board their intention to do so in the future. Moreover, the Board received and considered regular reports from Federated Hermes throughout the year as to the institution, adjustment or elimination of these voluntary waivers and/or reimbursements.

The Board received and considered information furnished by Federated Hermes, as requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO’s view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable, because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. The allocation information, including the CCO’s view that fund-by-fund estimations may be unreliable, was considered in the evaluation by the Board. In addition, the Board considered that, during the prior year, an independent consultant conducted a review of the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract. The Board noted the consultant’s view that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. The Board considered the CCO’s conclusion that, based on such profitability information, Federated Hermes’ profit margins did not appear to be excessive. The Board also considered the CCO’s view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Federated Hermes Funds.

### **Economies of Scale**

The Board received and considered information about the notion of possible realization of “economies of scale” as a fund grows larger, the difficulties of calculating economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the Board considered that the Adviser has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as personnel and processes for the portfolio management, trading operations, issuer engagement (including with respect to ESG matters), shareholder services, compliance, business continuity, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and use of data. The Board noted that Federated Hermes’ investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments (as well as the benefits of any economies of scale, should they exist) are likely to be shared with the Federated Hermes Fund family as a whole. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and that such waivers and reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund’s assets decline. Federated Hermes, as it does throughout the year, and specifically in connection with the Board’s review of the Contract, furnished information relative to adviser-paid fees (commonly referred to as revenue sharing). The Board considered the beliefs of Federated Hermes and the CCO that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with “breakpoints” that serve to reduce the fee as a fund attains a certain size.

## **Conclusions**

The Board considered the CCO's conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund was reasonable and the CCO's recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contract by the CCO. The CCO also recognized that the Board's evaluation of the Federated Hermes Funds' advisory and subadvisory arrangements is a continuing and on-going process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its on-going oversight of the Federated Hermes Funds.

In its determination to continue an existing investment advisory contract, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew an investment advisory contract. In particular, the Board recognized that many shareholders have invested in the Fund on the strength of the Adviser's industry standing and reputation and with the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board's approval of the Contract reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund. The Board concluded that, in light of the factors summarized above, including the nature, quality and scope of the services provided to the Fund by the Adviser and its affiliates, continuation of the Contract was appropriate.

The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were deemed to be relevant, the Board's determination to approve the continuation of the Contract reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to continue the existing arrangement.



## Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Insurance Series (the “Trust”) has adopted and implemented a liquidity risk management program (the “LRMP”) for Federated Hermes High Income Bond Fund II (the “Fund” and collectively with the Federated Hermes funds, the “Funds”). The LRMP seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Trustees of the Trust (the “Board”) has approved the designation of the Funds’ investment advisers as the administrators for the LRMP (collectively, the “Administrator”). The Administrator has established a Liquidity Risk Management Committee (the “Committee”) comprised of representatives from various departments across the Administrator to assist it in the implementation and on-going administration of the LRMP. The Committee, in turn, has delegated to the Fixed Income and Equities Liquidity Committees, each a separate committee previously established by the Administrator, the responsibility to review and assess certain information related to the liquidity of the Funds that fall within their respective asset classes.

The Program is comprised of various components designed to support the assessment and/or management of liquidity risk, including: (1) the periodic assessment (no less frequently than annually) of certain factors that influence the Fund’s liquidity risk; (2) the periodic classification (no less frequently than monthly) of the Fund’s investments into one of four liquidity categories that reflect an estimate of their liquidity under current market conditions; (3) a 15% limit on the acquisition of “illiquid investments” (as defined under the Liquidity Rule); (4) to the extent a Fund does not invest primarily in “highly liquid investments” (as defined under the Liquidity Rule), the determination of a minimum percentage of the Fund’s assets that generally will be invested in highly liquid investments (an “HLIM”); (5) if a Fund has established an HLIM, the periodic review (no less frequently than annually) of the HLIM and the adoption of policies and procedures for responding to a shortfall of the Fund’s highly liquid investments below its HLIM; and (6) periodic reporting to the Board.

At its meetings in May 2020, the Board received and reviewed a written report from the Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the LRMP for the period from the LRMP’s inception on December 1, 2018 through March 31, 2020 (the “Period”). The Report addressed the operation of the LRMP and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Fund. There were no material changes to the LRMP during the Period. The Report summarized the operation of the Program and the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Funds. Such information and factors included, among other things:

- the liquidity risk framework used to assess, manage, and periodically review each Fund’s liquidity risk and the results of this assessment, including a review of the Funds’ access to other available funding sources such as the Funds’ interfund lending facility, redemptions in-kind and committed lines of credit and confirmation that the Fund did not have to access any of these alternative funding sources during the Period;
- the periodic classifications of the Fund’s investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund’s reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund’s investments and the results of an evaluation of the services performed by the vendor in support of this process;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period and the procedures for monitoring this limit; and
- liquidity events during the Period, including the impact on liquidity caused by extended non-U.S. market closures and the market disruptions resulting from the novel coronavirus outbreak, and the fact that there were no specific liquidity events during the Period that materially affected the Fund’s liquidity risk.

Based on this review, the Administrator concluded that the LRMP is operating effectively to assess and manage the Fund’s liquidity risk, and that the Program has been and continues to be adequately and effectively implemented to monitor and, as applicable, respond to the Fund’s liquidity developments.

## Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [FederatedInvestors.com/FundInformation](https://FederatedInvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://sec.gov).

## Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [sec.gov](https://sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund and share class name at [FederatedInvestors.com](https://FederatedInvestors.com).

*Variable investment options are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in variable investment options involves investment risk, including the possible loss of principal.*

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

**IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400.



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