

# Semi-Annual Shareholder Report

June 30, 2020



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Share Class

Primary

Service

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## Federated Hermes Quality Bond Fund II

*(formerly, Federated Quality 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**

**CONTENTS**

Portfolio of Investments Summary Table .....	1
Portfolio of Investments .....	2
Financial Highlights .....	14
Statement of Assets and Liabilities .....	16
Statement of Operations .....	17
Statement of Changes in Net Assets.....	18
Notes to Financial Statements.....	19
Shareholder Expense Example .....	25
Evaluation and Approval of Advisory Contract.....	26
Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness.....	31
Voting Proxies on Fund Portfolio Securities .....	32
Quarterly Portfolio Schedule .....	32

## Portfolio of Investments Summary Table (unaudited)

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

<b>Security Type</b>	<b>Percentage of Total Net Assets</b>
Corporate Debt Securities	97.7%
Mortgage-Backed Securities <sup>2,3</sup>	0.0%
Derivative Contracts <sup>3,4</sup>	0.0%
Securities Lending Collateral <sup>5</sup>	1.7%
Cash Equivalents <sup>6</sup>	0.5%
Other Assets and Liabilities—Net <sup>7</sup>	0.1%
<b>TOTAL</b>	<b>100.0%</b>

1 See the Fund's Prospectus and Statement of Additional Information for a description of these security types.

2 For purposes of this table, Mortgage-Backed Securities include mortgage-backed securities guaranteed by Government-Sponsored Enterprises.

3 Represents less than 0.1%.

4 Based upon net unrealized appreciation (depreciation) or value of the derivative contracts as applicable. Derivative contracts may consist of futures, forwards, options and swaps. The impact of a derivative contract on the Fund's performance may be larger than its unrealized appreciation (depreciation) or value may indicate. In many cases, the notional value or amount of a derivative contract may provide a better indication of the contract's significance to the portfolio. More complete information regarding the Fund's direct investments in derivative contracts, including unrealized appreciation (depreciation), value and notional values or amounts of such contracts, can be found in the table at the end of the Portfolio of Investments included in this Report.

5 Represents cash collateral received for portfolio securities on loan that may be invested in affiliated money market funds, other money market instruments and/or repurchase agreements.

6 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements other than those representing cash collateral for securities lending.

7 Assets, other than investments in securities and derivative contracts, less liabilities. See Statement of Assets and Liabilities.

# Portfolio of Investments

June 30, 2020 (unaudited)

Principal Amount		Value
	CORPORATE BONDS—97.7%	
	<b>Basic Industry - Chemicals—0.7%</b>	
\$ 640,000	FMC Corp., Sr. Unsecd. Note, 3.950%, 2/1/2022	\$ 664,080
500,000	RPM International, Inc., Sr. Unsecd. Note, 4.550%, 3/1/2029	562,895
	TOTAL	1,226,975
	<b>Basic Industry - Metals &amp; Mining—1.2%</b>	
230,000	Carpenter Technology Corp., Sr. Unsecd. Note, 4.450%, 3/1/2023	227,835
650,000	<sup>1</sup> Carpenter Technology Corp., Sr. Unsecd. Note, 5.200%, 7/15/2021	656,333
1,000,000	Reliance Steel & Aluminum Co., Sr. Unsecd. Note, 4.500%, 4/15/2023	1,074,470
320,000	Southern Copper Corp., Sr. Unsecd. Note, 3.500%, 11/8/2022	335,999
	TOTAL	2,294,637
	<b>Capital Goods - Aerospace &amp; Defense—2.9%</b>	
600,000	Airbus Group SE, Sr. Unsecd. Note, 144A, 3.150%, 4/10/2027	620,133
270,000	BAE Systems Holdings, Inc., Sr. Unsecd. Note, 144A, 2.850%, 12/15/2020	271,789
280,000	BAE Systems Holdings, Inc., Sr. Unsecd. Note, 144A, 3.850%, 12/15/2025	310,334
200,000	BAE Systems PLC, Sr. Unsecd. Note, 144A, 3.400%, 4/15/2030	218,564
200,000	Boeing Co., Sr. Unsecd. Note, 1.875%, 6/15/2023	200,012
600,000	Boeing Co., Sr. Unsecd. Note, 2.700%, 2/1/2027	586,487
584,000	<sup>1</sup> Boeing Co., Sr. Unsecd. Note, 2.950%, 2/1/2030	570,779
519,000	Embraer Overseas Ltd., Sr. Unsecd. Note, 144A, 5.696%, 9/16/2023	496,244
275,000	General Dynamics Corp., Sr. Unsecd. Note, 3.250%, 4/1/2025	305,181
145,000	Huntington Ingalls Industries, Inc., Sr. Unsecd. Note, 144A, 3.844%, 5/1/2025	157,616
410,000	Huntington Ingalls Industries, Inc., Sr. Unsecd. Note, 3.483%, 12/1/2027	442,287
335,000	Leidos, Inc., Unsecd. Note, 144A, 3.625%, 5/15/2025	366,532
320,000	Raytheon Technologies Corp., Sr. Unsecd. Note, 144A, 3.100%, 11/15/2021	328,619
460,000	<sup>2</sup> Textron Financial Corp., Jr. Sub. Note, 144A, 2.127% (3-month USLIBOR +1.735%), 2/15/2042	288,282
295,000	Textron, Inc., Sr. Unsecd. Note, 4.300%, 3/1/2024	314,705
	TOTAL	5,477,564
	<b>Capital Goods - Building Materials—0.9%</b>	
165,000	Allegion PLC, Sr. Unsecd. Note, 3.500%, 10/1/2029	173,633
800,000	Allegion US Holdings Co., Inc., Sr. Unsecd. Note, 3.200%, 10/1/2024	835,535
300,000	Masco Corp., Sr. Unsecd. Note, 3.500%, 11/15/2027	318,812
275,000	Masco Corp., Unsecd. Note, 4.450%, 4/1/2025	311,657
	TOTAL	1,639,637
	<b>Capital Goods - Construction Machinery—1.1%</b>	
195,000	CNH Industrial Capital America LLC, Sr. Unsecd. Note, 1.950%, 7/2/2023	196,405
500,000	CNH Industrial Capital America LLC, Sr. Unsecd. Note, 4.375%, 4/5/2022	523,062
595,000	CNH Industrial NV, Sr. Unsecd. Note, Series MTN, 3.850%, 11/15/2027	628,930
750,000	Deere & Co., Sr. Unsecd. Note, 2.600%, 6/8/2022	778,927
	TOTAL	2,127,324
	<b>Capital Goods - Diversified Manufacturing—3.8%</b>	
700,000	3M Co., Sr. Unsecd. Note, 2.000%, 2/14/2025	737,664
750,000	CK Hutchison Holdings Ltd., Sr. Unsecd. Note, 144A, 2.750%, 3/29/2023	775,713
225,000	General Electric Co., Sr. Unsecd. Note, 4.350%, 5/1/2050	223,354
205,000	Honeywell International, Inc., Sr. Unsecd. Note, 1.350%, 6/1/2025	210,660
400,000	Honeywell International, Inc., Sr. Unsecd. Note, 1.950%, 6/1/2030	418,481
1,000,000	Lennox International, Inc., Sr. Unsecd. Note, 3.000%, 11/15/2023	1,032,813
210,000	Otis Worldwide Corp., Sr. Unsecd. Note, 144A, 2.565%, 2/15/2030	220,674
430,000	Roper Technologies, Inc., Sr. Unsecd. Note, 2.000%, 6/30/2030	430,781

Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Capital Goods - Diversified Manufacturing—continued</b>	
\$ 250,000	Roper Technologies, Inc., Sr. Unsecd. Note, 3.650%, 9/15/2023	\$ 271,942
875,000	Roper Technologies, Inc., Sr. Unsecd. Note, 3.800%, 12/15/2026	1,000,714
800,000	United Technologies Corp., Sr. Unsecd. Note, 4.125%, 11/16/2028	943,433
235,000	Wabtec Corp., Sr. Unsecd. Note, 3.200%, 6/15/2025	240,174
400,000	Xylem, Inc., Sr. Unsecd. Note, 1.950%, 1/30/2028	404,184
250,000	Xylem, Inc., Sr. Unsecd. Note, 2.250%, 1/30/2031	251,968
	TOTAL	7,162,555
	<b>Capital Goods - Packaging—0.3%</b>	
500,000	WestRock Co., Sr. Unsecd. Note, Series WI, 3.750%, 3/15/2025	554,899
	<b>Communications - Cable &amp; Satellite—2.3%</b>	
1,000,000	CCO Safari II LLC, 4.908%, 7/23/2025	1,147,478
300,000	Charter Communications Operating, LLC/Charter Communications Operating Capital Corp., Sec. Fac. Bond, 2.800%, 4/1/2031	304,796
400,000	Comcast Corp., Sr. Unsecd. Note, 2.350%, 1/15/2027	427,771
730,000	Comcast Corp., Sr. Unsecd. Note, 2.750%, 3/1/2023	776,317
300,000	Comcast Corp., Sr. Unsecd. Note, 3.300%, 2/1/2027	336,839
750,000	Comcast Corp., Sr. Unsecd. Note, 3.950%, 10/15/2025	860,067
400,000	Time Warner Cable, Inc., Sr. Unsecd. Note, 8.375%, 3/15/2023	469,072
	TOTAL	4,322,340
	<b>Communications - Media &amp; Entertainment—2.1%</b>	
300,000	British Sky Broadcasting Group PLC, 144A, 3.750%, 9/16/2024	334,450
132,000	Discovery Communications LLC, Sr. Unsecd. Note, 2.950%, 3/20/2023	138,783
400,000	Discovery Communications LLC, Sr. Unsecd. Note, 3.625%, 5/15/2030	438,379
400,000	Discovery Communications LLC, Sr. Unsecd. Note, 4.125%, 5/15/2029	456,952
500,000	Fox Corp., Sr. Unsecd. Note, 3.500%, 4/8/2030	559,357
400,000	Fox Corp., Sr. Unsecd. Note, Series WI, 4.709%, 1/25/2029	481,083
270,000	Omnicom Group, Inc., Sr. Unsecd. Note, 4.200%, 6/1/2030	314,306
310,000	ViacomCBS, Inc., Sr. Unsecd. Note, 4.950%, 1/15/2031	363,265
750,000	ViacomCBS, Inc., Sr. Unsecd. Note, 3.700%, 8/15/2024	815,215
	TOTAL	3,901,790
	<b>Communications - Telecom Wireless—1.7%</b>	
600,000	<sup>1</sup> American Tower Corp., Sr. Unsecd. Note, 3.500%, 1/31/2023	641,556
300,000	Crown Castle International Corp., 3.150%, 7/15/2023	320,374
180,000	Crown Castle International Corp., Sr. Unsecd. Note, 2.250%, 1/15/2031	181,714
250,000	Crown Castle International Corp., Sr. Unsecd. Note, 3.300%, 7/1/2030	273,525
200,000	Crown Castle International Corp., Sr. Unsecd. Note, 4.450%, 2/15/2026	229,423
450,000	T-Mobile USA, Inc., Sec. Fac. Bond, 144A, 3.875%, 4/15/2030	502,400
450,000	T-Mobile USA, Inc., Term Loan—1st Lien, 144A, 3.750%, 4/15/2027	499,838
395,000	Vodafone Group PLC, Sr. Unsecd. Note, 4.125%, 5/30/2025	448,820
	TOTAL	3,097,650
	<b>Communications - Telecom Wirelines—2.1%</b>	
300,000	AT&T, Inc., Sr. Unsecd. Note, 2.300%, 6/1/2027	310,220
250,000	AT&T, Inc., Sr. Unsecd. Note, 2.750%, 6/1/2031	259,219
450,000	AT&T, Inc., Sr. Unsecd. Note, 3.400%, 5/15/2025	495,120
750,000	AT&T, Inc., Sr. Unsecd. Note, 4.250%, 3/1/2027	857,178
250,000	Telefonica SA, Company Guarantee, 7.045%, 6/20/2036	364,148
175,000	Verizon Communications, Inc., Sr. Unsecd. Note, 3.150%, 3/22/2030	198,217
600,000	Verizon Communications, Inc., Sr. Unsecd. Note, 4.150%, 3/15/2024	668,227
735,000	Verizon Communications, Inc., Sr. Unsecd. Note, 5.150%, 9/15/2023	837,101
	TOTAL	3,989,430

Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Consumer Cyclical - Automotive—3.3%</b>	
\$ 700,000	Daimler Finance NA LLC, Sr. Unsecd. Note, 144A, 3.250%, 8/1/2024	\$ 739,062
500,000	Fiat Chrysler Automobiles NV, Sr. Unsecd. Note, 5.250%, 4/15/2023	517,848
250,000	<sup>1</sup> Ford Motor Co., Sr. Unsecd. Note, 4.346%, 12/8/2026	233,960
250,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 3.336%, 3/18/2021	248,209
920,000	General Motors Co., Sr. Unsecd. Note, 4.000%, 4/1/2025	955,905
250,000	General Motors Co., Sr. Unsecd. Note, 6.125%, 10/1/2025	281,265
500,000	General Motors Financial Co., Inc., Sr. Unsecd. Note, 3.200%, 7/6/2021	505,857
300,000	General Motors Financial Co., Inc., Sr. Unsecd. Note, 4.000%, 10/6/2026	311,668
355,000	Hyundai Capital America, Sr. Unsecd. Note, 144A, 2.375%, 2/10/2023	359,038
1,025,000	Nissan Motor Acceptance Corp., Sr. Unsecd. Note, 144A, 2.650%, 7/13/2022	1,009,984
650,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 4.000%, 11/12/2021	676,985
300,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 4.250%, 11/13/2023	328,657
	TOTAL	6,168,438
	<b>Consumer Cyclical - Leisure—0.2%</b>	
333,533	Football Trust V, Pass Thru Cert., 5.350%, 10/5/2020	336,264
	<b>Consumer Cyclical - Retailers—3.2%</b>	
1,000,000	Advance Auto Parts, Inc., Sr. Unsecd. Note, 144A, 3.900%, 4/15/2030	1,071,705
470,000	Alimentation Couche-Tard, Inc., 144A, 2.950%, 1/25/2030	488,198
215,000	AutoNation, Inc., Sr. Unsecd. Note, 4.750%, 6/1/2030	233,384
1,290,000	CVS Health Corp., Sr. Unsecd. Note, 4.300%, 3/25/2028	1,509,110
275,000	Costco Wholesale Corp., Sr. Unsecd. Note, 1.375%, 6/20/2027	281,415
200,000	Dollar General Corp., Sr. Unsecd. Note, 4.150%, 11/1/2025	231,847
600,000	Dollar Tree, Inc., Sr. Unsecd. Note, 3.700%, 5/15/2023	642,535
500,000	Dollar Tree, Inc., Sr. Unsecd. Note, 4.000%, 5/15/2025	563,382
500,000	Home Depot, Inc., Sr. Unsecd. Note, 2.125%, 9/15/2026	538,092
370,000	O'Reilly Automotive, Inc., Sr. Unsecd. Note, 4.200%, 4/1/2030	434,055
	TOTAL	5,993,723
	<b>Consumer Cyclical - Services—2.4%</b>	
500,000	Alibaba Group Holding Ltd., Sr. Unsecd. Note, 3.400%, 12/6/2027	555,733
170,000	Amazon.com, Inc., Sr. Unsecd. Note, 3.150%, 8/22/2027	194,649
400,000	Booking Holdings, Inc., Sr. Unsecd. Note, 4.625%, 4/13/2030	468,727
750,000	Cintas Corp. No. 2, Sr. Unsecd. Note, 3.700%, 4/1/2027	852,897
300,000	Expedia Group, Inc., Sr. Unsecd. Note, 144A, 6.250%, 5/1/2025	320,976
500,000	<sup>1</sup> Expedia, Inc., 4.500%, 8/15/2024	518,895
325,000	IHS Markit Ltd., Sr. Unsecd. Note, 4.125%, 8/1/2023	355,766
135,000	IHS Markit Ltd., Sr. Unsecd. Note, Series 5YR, 3.625%, 5/1/2024	144,972
500,000	Visa, Inc., Sr. Unsecd. Note, 2.800%, 12/14/2022	527,999
530,000	Visa, Inc., Sr. Unsecd. Note, 3.150%, 12/14/2025	591,717
	TOTAL	4,532,331
	<b>Consumer Non-Cyclical - Food/Beverage—5.8%</b>	
750,000	<sup>1</sup> Anheuser-Busch InBev Worldwide, Inc., Sr. Unsecd. Note, 4.750%, 1/23/2029	906,675
515,000	Coca-Cola Femsa S.A.B. de C.V., Sr. Unsecd. Note, 2.750%, 1/22/2030	546,109
1,000,000	Constellation Brands, Inc., Sr. Unsecd. Note, 4.650%, 11/15/2028	1,177,552
340,000	<sup>1</sup> Danone SA, Sr. Unsecd. Note, 144A, 2.947%, 11/2/2026	373,051
380,000	Flowers Foods, Inc., Sr. Unsecd. Note, 3.500%, 10/1/2026	409,750
330,000	General Mills, Inc., Sr. Unsecd. Note, 3.700%, 10/17/2023	359,437
500,000	Grupo Bimbo S.A.B. de CV, Sr. Unsecd. Note, 144A, 3.875%, 6/27/2024	538,304
660,000	Grupo Bimbo S.A.B. de CV, Sr. Unsecd. Note, 144A, 4.500%, 1/25/2022	692,180
1,050,000	Kerry Group Financial Services, Sr. Unsecd. Note, 144A, 3.200%, 4/9/2023	1,098,300
85,000	Keurig Dr Pepper, Inc., Sr. Unsecd. Note, 3.200%, 5/1/2030	94,228

Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Consumer Non-Cyclical - Food/Beverage—continued</b>	
\$ 700,000	Keurig Dr Pepper, Inc., Sr. Unsecd. Note, 4.057%, 5/25/2023	\$ 764,002
450,000	Keurig Dr Pepper, Inc., Sr. Unsecd. Note, 4.417%, 5/25/2025	519,206
1,000,000	McCormick & Co., Inc., Sr. Unsecd. Note, 3.150%, 8/15/2024	1,084,090
380,000	Smithfield Foods, Inc., Sr. Unsecd. Note, 144A, 2.650%, 10/3/2021	375,919
240,000	Smithfield Foods, Inc., Sr. Unsecd. Note, 144A, 3.350%, 2/1/2022	238,290
60,000	Smithfield Foods, Inc., Sr. Unsecd. Note, 144A, 4.250%, 2/1/2027	61,380
600,000	Smucker (J.M.) Co., Sr. Unsecd. Note, 2.375%, 3/15/2030	613,753
370,000	Tyson Foods, Inc., Sr. Unsecd. Note, 3.900%, 9/28/2023	404,371
500,000	Tyson Foods, Inc., Sr. Unsecd. Note, 4.500%, 6/15/2022	531,842
	TOTAL	10,788,439
	<b>Consumer Non-Cyclical - Health Care—2.8%</b>	
275,000	Agilent Technologies, Inc., Sr. Unsecd. Note, 2.100%, 6/4/2030	282,575
210,000	Agilent Technologies, Inc., Sr. Unsecd. Note, 2.750%, 9/15/2029	228,652
940,000	Agilent Technologies, Inc., Sr. Unsecd. Note, 3.875%, 7/15/2023	1,016,268
205,000	Alcon Finance Corp., Sr. Unsecd. Note, 144A, 2.600%, 5/27/2030	210,962
350,000	Alcon Finance Corp., Sr. Unsecd. Note, 144A, 3.000%, 9/23/2029	372,210
250,000	Becton Dickinson & Co., Sr. Unsecd. Note, 3.700%, 6/6/2027	279,867
740,000	Becton Dickinson & Co., Sr. Unsecd. Note, 3.734%, 12/15/2024	815,233
235,000	Biogen, Inc., Sr. Unsecd. Note, 2.250%, 5/1/2030	237,659
235,000	DH Europe Finance II S.a.r.l., Sr. Unsecd. Note, 2.600%, 11/15/2029	250,540
470,000	DH Europe Finance II S.a.r.l., Sr. Unsecd. Note, Series 5YR, 2.200%, 11/15/2024	494,278
160,000	Dentsply Sirona, Inc., Sr. Unsecd. Note, 3.250%, 6/1/2030	167,980
450,000	PerkinElmer, Inc., Sr. Unsecd. Note, 3.300%, 9/15/2029	483,145
250,000	Thermo Fisher Scientific, Inc., Sr. Unsecd. Note, 2.950%, 9/19/2026	276,753
50,000	Thermo Fisher Scientific, Inc., Sr. Unsecd. Note, 4.133%, 3/25/2025	57,145
	TOTAL	5,173,267
	<b>Consumer Non-Cyclical - Pharmaceuticals—4.3%</b>	
210,000	Abbott Laboratories, Sr. Unsecd. Note, 3.400%, 11/30/2023	229,256
453,000	Abbott Laboratories, Sr. Unsecd. Note, 3.750%, 11/30/2026	527,495
580,000	AbbVie, Inc., Sr. Unsecd. Note, 144A, 2.950%, 11/21/2026	635,190
455,000	AbbVie, Inc., Sr. Unsecd. Note, 144A, 3.200%, 11/21/2029	508,031
67,000	AbbVie, Inc., Sr. Unsecd. Note, 144A, 4.750%, 3/15/2045	83,252
300,000	AbbVie, Inc., Sr. Unsecd. Note, 3.600%, 5/14/2025	333,323
600,000	AstraZeneca PLC, Sr. Unsecd. Note, 3.125%, 6/12/2027	669,147
1,000,000	Bayer US Finance II LLC, Sr. Unsecd. Note, 144A, 3.875%, 12/15/2023	1,097,752
200,000	Bayer US Finance II LLC, Sr. Unsecd. Note, 144A, 4.250%, 12/15/2025	229,953
600,000	Biogen Idec, Inc., Sr. Unsecd. Note, 4.050%, 9/15/2025	687,879
320,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, 144A, 3.400%, 7/26/2029	373,249
200,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, 144A, 5.000%, 8/15/2045	282,351
310,000	Eli Lilly & Co., Sr. Unsecd. Note, 3.375%, 3/15/2029	358,911
220,000	Gilead Sciences, Inc., Sr. Unsecd. Note, 3.650%, 3/1/2026	251,965
500,000	Merck & Co., Inc., Sr. Unsecd. Note, 3.400%, 3/7/2029	577,225
900,000	Teva Pharmaceutical Finance Netherlands III BV, Sr. Unsecd. Note, 2.200%, 7/21/2021	883,724
300,000	Teva Pharmaceutical Finance Netherlands III BV, Sr. Unsecd. Note, 3.150%, 10/1/2026	268,989
	TOTAL	7,997,692
	<b>Consumer Non-Cyclical - Supermarkets—0.5%</b>	
610,000	Kroger Co., Bond, 6.900%, 4/15/2038	912,619
	<b>Consumer Non-Cyclical - Tobacco—1.1%</b>	
800,000	Altria Group, Inc., Sr. Unsecd. Note, 4.400%, 2/14/2026	920,825
290,000	BAT International Finance PLC, Sr. Unsecd. Note, 144A, 3.950%, 6/15/2025	320,058

Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Consumer Non-Cyclical - Tobacco—continued</b>	
\$ 300,000	Reynolds American, Inc., Sr. Unsecd. Note, 4.450%, 6/12/2025	\$ 338,196
360,000	Reynolds American, Inc., Sr. Unsecd. Note, 7.000%, 8/4/2041	445,608
	TOTAL	2,024,687
	<b>Energy - Independent—1.9%</b>	
94,000	Apache Corp., Sr. Unsecd. Note, 3.250%, 4/15/2022	91,236
500,000	<sup>1</sup> Apache Corp., Sr. Unsecd. Note, 4.375%, 10/15/2028	441,742
250,000	Canadian Natural Resources Ltd., Sr. Unsecd. Note, 2.050%, 7/15/2025	250,793
420,000	Canadian Natural Resources Ltd., Sr. Unsecd. Note, 2.950%, 1/15/2023	433,493
500,000	Cimarex Energy Co., Sr. Unsecd. Note, 3.900%, 5/15/2027	503,887
215,000	Cimarex Energy Co., Sr. Unsecd. Note, 4.375%, 3/15/2029	221,091
250,000	<sup>1</sup> Cimarex Energy Co., Sr. Unsecd. Note, 4.375%, 6/1/2024	264,031
475,000	<sup>1</sup> Marathon Oil Corp., Sr. Unsecd. Note, 3.850%, 6/1/2025	479,353
100,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 2.900%, 8/15/2024	85,699
1,000,000	Occidental Petroleum Corp., Sr. Unsecd. Note, 3.450%, 7/15/2024	835,000
	TOTAL	3,606,325
	<b>Energy - Integrated—2.0%</b>	
500,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, 3.796%, 9/21/2025	565,898
500,000	BP Capital Markets PLC, Sr. Unsecd. Note, 3.994%, 9/26/2023	549,660
530,000	CNPC Hong Kong Overseas Capital Ltd., Company Guarantee, 144A, 5.950%, 4/28/2041	766,085
500,000	Chevron Corp., Sr. Unsecd. Note, 1.141%, 5/11/2023	508,827
585,000	Husky Energy, Inc., 4.000%, 4/15/2024	600,715
240,000	Husky Energy, Inc., Sr. Unsecd. Note, 4.400%, 4/15/2029	240,200
175,000	Petroleos Mexicanos, Sr. Unsecd. Note, 4.875%, 1/18/2024	168,638
325,000	Shell International Finance B.V., Sr. Unsecd. Note, 2.875%, 5/10/2026	356,486
	TOTAL	3,756,509
	<b>Energy - Midstream—2.9%</b>	
500,000	Boardwalk Pipeline Partners LP, Sr. Unsecd. Note, 4.800%, 5/3/2029	533,080
565,000	Energy Transfer Partners LP, Sr. Unsecd. Note, 4.900%, 2/1/2024	611,237
470,000	Energy Transfer Partners LP, Sr. Unsecd. Note, Series 5Y, 4.200%, 9/15/2023	499,962
500,000	Kinder Morgan Energy Partners LP, 4.250%, 9/1/2024	548,820
350,000	<sup>1</sup> MPLX LP, Sr. Unsecd. Note, 3.375%, 3/15/2023	366,041
395,000	MPLX LP, Sr. Unsecd. Note, 4.125%, 3/1/2027	421,752
500,000	MPLX LP, Sr. Unsecd. Note, Series WI, 3.500%, 12/1/2022	521,244
345,000	ONEOK, Inc., Sr. Unsecd. Note, 4.000%, 7/13/2027	350,633
600,000	TC Pipelines, LP, Sr. Unsecd. Note, 3.900%, 5/25/2027	631,887
540,000	<sup>1</sup> Texas Eastern Transmission LP, Sr. Unsecd. Note, 144A, 2.800%, 10/15/2022	549,994
300,000	Williams Partners LP, Sr. Unsecd. Note, 3.900%, 1/15/2025	328,650
	TOTAL	5,363,300
	<b>Energy - Oil Field Services—0.2%</b>	
300,000	Schlumberger Holdings Corp., Sr. Unsecd. Note, 144A, 4.000%, 12/21/2025	330,146
	<b>Energy - Refining—0.4%</b>	
215,000	Valero Energy Corp., 7.500%, 4/15/2032	296,246
335,000	Valero Energy Corp., Sr. Unsecd. Note, 6.625%, 6/15/2037	443,750
	TOTAL	739,996
	<b>Financial Institution - Banking—20.6%</b>	
750,000	American Express Co., Sr. Unsecd. Note, 3.000%, 10/30/2024	812,397
935,000	Associated Banc-Corp., Sub. Note, 4.250%, 1/15/2025	981,669
1,250,000	Bank of America Corp., Sr. Unsecd. Note, 3.705%, 4/24/2028	1,413,570
700,000	Bank of America Corp., Sr. Unsecd. Note, Series GMTN, 2.816%, 7/21/2023	727,402
500,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 2.456%, 10/22/2025	526,337



Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Banking—continued</b>	
\$ 500,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 3.248%, 10/21/2027	\$ 551,754
500,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 4.271%, 7/23/2029	588,904
310,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 2.100%, 10/24/2024	326,898
300,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 2.661%, 5/16/2023	310,830
550,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 3.250%, 9/11/2024	604,705
600,000	Capital One Financial Corp., Sr. Unsecd. Note, 3.050%, 3/9/2022	623,122
350,000	Capital One Financial Corp., Sr. Unsecd. Note, 3.200%, 1/30/2023	368,876
500,000	Citigroup, Inc., 4.125%, 7/25/2028	565,491
750,000	Citigroup, Inc., Sr. Unsecd. Note, 2.876%, 7/24/2023	780,865
730,000	Citigroup, Inc., Sr. Unsecd. Note, 3.400%, 5/1/2026	810,076
500,000	Citigroup, Inc., Sr. Unsecd. Note, 3.700%, 1/12/2026	559,252
500,000	Citigroup, Inc., Sr. Unsecd. Note, 4.075%, 4/23/2029	570,713
500,000	Citizens Bank N.A., Sr. Unsecd. Note, Series BKNT, 3.750%, 2/18/2026	561,648
90,000	Citizens Financial Group, Inc., Sr. Unsecd. Note, 2.500%, 2/6/2030	91,340
660,000	<sup>1</sup> Citizens Financial Group, Inc., Sub. Note, 144A, 4.150%, 9/28/2022	695,722
300,000	Comerica, Inc., 3.800%, 7/22/2026	324,339
500,000	Compass Bank, Birmingham, Sub. Note, Series BKNT, 3.875%, 4/10/2025	528,543
685,000	FNB Corp. (PA), Sr. Unsecd. Note, 2.200%, 2/24/2023	681,876
140,000	Fifth Third Bancorp, Sr. Unsecd. Note, 2.375%, 1/28/2025	147,759
385,000	Fifth Third Bancorp, Sr. Unsecd. Note, 3.650%, 1/25/2024	420,231
250,000	Fifth Third Bank, Sr. Unsecd. Note, Series BKNT, 2.250%, 2/1/2027	264,794
500,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 3.000%, 4/26/2022	509,752
1,250,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 3.500%, 11/16/2026	1,375,716
500,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 4.223%, 5/1/2029	582,061
500,000	Goldman Sachs Group, Inc., Sub. Note, 4.250%, 10/21/2025	563,895
1,000,000	HSBC USA, Inc., Sr. Unsecd. Note, 3.500%, 6/23/2024	1,090,883
490,000	Huntington Bancshares, Inc., Sr. Unsecd. Note, 2.550%, 2/4/2030	507,039
500,000	Huntington Bancshares, Inc., Sr. Unsecd. Note, 2.625%, 8/6/2024	530,274
1,000,000	JPMorgan Chase & Co., 3.250%, 9/23/2022	1,058,752
500,000	JPMorgan Chase & Co., Sr. Unsecd. Note, 3.782%, 2/1/2028	566,848
500,000	JPMorgan Chase & Co., Sr. Unsecd. Note, 4.452%, 12/5/2029	599,845
1,000,000	JPMorgan Chase & Co., Sub. Note, 3.375%, 5/1/2023	1,070,278
1,000,000	JPMorgan Chase & Co., Sub. Note, 3.875%, 9/10/2024	1,109,371
408,000	MUFG Americas Holdings Corp., Sr. Unsecd. Note, 3.000%, 2/10/2025	434,856
250,000	MUFG Americas Holdings Corp., Sr. Unsecd. Note, 3.500%, 6/18/2022	262,592
250,000	MUFG Union Bank, N.A., Sr. Unsecd. Note, Series BKNT, 3.150%, 4/1/2022	260,496
1,940,000	<sup>2</sup> Manufacturers & Traders Trust Co., Sub. Note, Series BKNT, 0.990% (3-month USLIBOR +0.640%), 12/1/2021	1,936,493
750,000	Morgan Stanley, Sec. Fac. Bond, 2.750%, 5/19/2022	779,978
1,000,000	Morgan Stanley, Sr. Unsecd. Note, 3.625%, 1/20/2027	1,129,848
165,000	Morgan Stanley, Sr. Unsecd. Note, Series GMTN, 2.699%, 1/22/2031	175,475
500,000	Morgan Stanley, Sr. Unsecd. Note, Series GMTN, 3.125%, 1/23/2023	530,349
250,000	Morgan Stanley, Sub. Note, 5.000%, 11/24/2025	292,353
1,000,000	Morgan Stanley, Sub. Note, Series MTN, 4.100%, 5/22/2023	1,081,234
320,000	PNC Bank NA, Sr. Unsecd. Note, Series BKNT, 2.232%, 7/22/2022	325,548
330,000	Regions Financial Corp., Sr. Unsecd. Note, 2.250%, 5/18/2025	345,596
230,000	Regions Financial Corp., Sr. Unsecd. Note, 3.800%, 8/14/2023	250,264
250,000	State Street Corp., Sr. Unsecd. Note, 2.653%, 5/15/2023	259,625
700,000	State Street Corp., Sr. Unsecd. Note, 3.300%, 12/16/2024	780,059
250,000	Synovus Bank GA, Sr. Unsecd. Note, 2.289%, 2/10/2023	253,229
475,000	Truist Bank, Sr. Unsecd. Note, Series BKNT, 2.150%, 12/6/2024	499,712

Principal  
Amount

## Value

Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Banking—continued</b>	
\$500,000	Truist Bank, Sr. Unsecd. Note, Series BKNT, 3.000%, 2/2/2023	\$ 529,037
200,000	Truist Bank, Sub. Note, Series BKNT, 3.300%, 5/15/2026	220,903
245,000	Truist Financial Corp., Sr. Unsecd. Note, Series MTN, 2.750%, 4/1/2022	254,064
750,000	US Bancorp, Sub. Note, Series MTN, 3.600%, 9/11/2024	837,024
500,000	Wells Fargo & Co., Series MTN, 3.500%, 3/8/2022	523,851
500,000	Wells Fargo & Co., Sr. Unsecd. Note, 2.188%, 4/30/2026	517,576
620,000	Wells Fargo & Co., Sr. Unsecd. Note, 3.000%, 10/23/2026	676,788
250,000	Wells Fargo & Co., Sr. Unsecd. Note, Series MTN, 2.406%, 10/30/2025	260,410
500,000	Wells Fargo & Co., Sr. Unsecd. Note, Series MTN, 3.584%, 5/22/2028	555,254
	TOTAL	38,376,441
	<b>Financial Institution - Broker/Asset Mgr/Exchange—1.7%</b>	
370,000	Eaton Vance Corp., Sr. Unsecd. Note, 3.625%, 6/15/2023	396,643
220,000	Invesco Finance PLC, Sr. Unsecd. Note, 3.750%, 1/15/2026	241,256
200,000	Jefferies Group LLC, Sr. Unsecd. Note, 6.500%, 1/20/2043	232,940
245,000	Nuveen LLC, Sr. Unsecd. Note, 144A, 4.000%, 11/1/2028	290,062
595,000	Raymond James Financial, Inc., Sr. Unsecd. Note, 4.650%, 4/1/2030	712,718
193,000	<sup>1</sup> Raymond James Financial, Inc., Sr. Unsecd. Note, 5.625%, 4/1/2024	220,154
390,000	Stifel Financial Corp., 4.250%, 7/18/2024	415,491
190,000	Stifel Financial Corp., Sr. Unsecd. Note, 3.500%, 12/1/2020	190,958
500,000	TD Ameritrade Holding Corp., Sr. Unsecd. Note, 3.625%, 4/1/2025	558,733
	TOTAL	3,258,955
	<b>Financial Institution - Finance Companies—1.0%</b>	
500,000	Discover Financial Services, Sr. Unsecd. Note, 3.850%, 11/21/2022	530,037
250,000	Discover Financial Services, Sr. Unsecd. Note, 4.100%, 2/9/2027	273,434
950,000	GE Capital Funding LLC, Sr. Unsecd. Note, 144A, 4.400%, 5/15/2030	988,958
	TOTAL	1,792,429
	<b>Financial Institution - Insurance - Health—0.8%</b>	
300,000	CIGNA Corp., Sr. Unsecd. Note, 3.750%, 7/15/2023	325,884
650,000	CIGNA Corp., Sr. Unsecd. Note, 4.375%, 10/15/2028	769,762
405,000	UnitedHealth Group, Inc., Sr. Unsecd. Note, 3.750%, 7/15/2025	461,992
	TOTAL	1,557,638
	<b>Financial Institution - Insurance - Life—1.0%</b>	
350,000	AIA Group Ltd., Sr. Unsecd. Note, 144A, 3.600%, 4/9/2029	387,779
200,000	AIG Global Funding, Sec. Fac. Bond, 144A, 2.300%, 7/1/2022	206,111
800,000	American International Group, Inc., Sr. Unsecd. Note, 4.125%, 2/15/2024	893,018
172,000	Massachusetts Mutual Life Insurance Co., Sub. Note, 144A, 8.875%, 6/1/2039	298,158
	TOTAL	1,785,066
	<b>Financial Institution - Insurance - P&amp;C—0.8%</b>	
250,000	CNA Financial Corp., Sr. Unsecd. Note, 3.450%, 8/15/2027	267,034
95,000	CNA Financial Corp., Sr. Unsecd. Note, 3.900%, 5/1/2029	104,816
250,000	<sup>1</sup> Chubb INA Holdings, Inc., Sr. Unsecd. Note, 2.700%, 3/13/2023	263,987
300,000	Chubb INA Holdings, Inc., Sr. Unsecd. Note, 3.350%, 5/15/2024	330,010
300,000	Nationwide Mutual Insurance Co., Sub. Note, 144A, 9.375%, 8/15/2039	483,132
	TOTAL	1,448,979
	<b>Financial Institution - REIT - Apartment—1.2%</b>	
395,000	Avalonbay Communities, Inc., Sr. Unsecd. Note, Series MTN, 3.350%, 5/15/2027	441,144
115,000	Camden Property Trust, Sr. Unsecd. Note, 2.800%, 5/15/2030	124,497
500,000	Mid-America Apartment Communities LP, Sr. Unsecd. Note, 3.750%, 6/15/2024	541,950
550,000	Post Apartment Homes LP, Sr. Unsecd. Note, 3.375%, 12/1/2022	573,977

Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - REIT - Apartment—continued</b>	
\$500,000	UDR, Inc., Sr. Unsecd. Note, Series MTN, 2.950%, 9/1/2026	\$ 530,261
	TOTAL	2,211,829
	<b>Financial Institution - REIT - Healthcare—1.2%</b>	
500,000	Healthcare Trust of America, 3.700%, 4/15/2023	523,468
710,000	Physicians Realty Trust, Sr. Unsecd. Note, 4.300%, 3/15/2027	740,465
155,000	Welltower, Inc., Sr. Unsecd. Note, 2.700%, 2/15/2027	161,196
375,000	Welltower, Inc., Sr. Unsecd. Note, 2.750%, 1/15/2031	373,946
500,000	Welltower, Inc., Sr. Unsecd. Note, 3.100%, 1/15/2030	519,336
	TOTAL	2,318,411
	<b>Financial Institution - REIT - Office—0.9%</b>	
640,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 4.000%, 1/15/2024	708,140
250,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 4.900%, 12/15/2030	312,600
480,000	Boston Properties LP, Sr. Unsecd. Note, 3.200%, 1/15/2025	517,281
80,000	Boston Properties LP, Sr. Unsecd. Note, 3.250%, 1/30/2031	86,244
	TOTAL	1,624,265
	<b>Financial Institution - REIT - Other—0.6%</b>	
300,000	ProLogis LP, Sr. Unsecd. Note, 4.250%, 8/15/2023	332,282
320,000	<sup>1</sup> ProLogis LP, Sr. Unsecd. Note, 4.375%, 2/1/2029	389,458
450,000	WP Carey, Inc., Sr. Unsecd. Note, 4.600%, 4/1/2024	479,590
	TOTAL	1,201,330
	<b>Financial Institution - REIT - Retail—0.8%</b>	
410,000	Kimco Realty Corp., Sr. Unsecd. Note, 2.700%, 3/1/2024	421,824
396,000	Kimco Realty Corp., Sr. Unsecd. Note, 3.200%, 5/1/2021	401,344
100,000	Kimco Realty Corp., Sr. Unsecd. Note, 3.400%, 11/1/2022	104,090
450,000	Regency Centers Corp., Sr. Unsecd. Note, 3.750%, 11/15/2022	469,042
	TOTAL	1,396,300
	<b>Sovereign—0.6%</b>	
320,000	Corp Andina De Fomento, Sr. Unsecd. Note, 4.375%, 6/15/2022	339,682
510,000	Inter-American Development Bank, Series MTN, 6.750%, 7/15/2027	700,143
	TOTAL	1,039,825
	<b>Technology—7.2%</b>	
500,000	Adobe, Inc., Sr. Unsecd. Note, 3.250%, 2/1/2025	556,853
315,000	Apple, Inc., Sr. Unsecd. Note, 1.125%, 5/11/2025	321,002
650,000	Apple, Inc., Sr. Unsecd. Note, 2.400%, 5/3/2023	687,289
125,000	Apple, Inc., Sr. Unsecd. Note, 4.450%, 5/6/2044	167,046
340,000	Automatic Data Processing, Inc., 3.375%, 9/15/2025	381,915
280,000	<sup>1</sup> Broadcom Corp., Sr. Unsecd. Note, Series WI, 3.875%, 1/15/2027	302,952
666,000	Broadcom, Inc., Sr. Unsecd. Note, 144A, 4.110%, 9/15/2028	729,685
135,000	Broadcom, Inc., Sr. Unsecd. Note, 144A, 4.700%, 4/15/2025	152,156
650,000	Dell International LLC / EMC Corp., Sec. Fac. Bond, 144A, 5.850%, 7/15/2025	747,724
400,000	Diamond 1 Finance Corp./Diamond 2 Finance Corp., Sr. Secd. Note, 144A, 6.020%, 6/15/2026	458,927
480,000	Equifax, Inc., Sr. Unsecd. Note, 2.600%, 12/1/2024	508,268
80,000	Equifax, Inc., Sr. Unsecd. Note, Series 5Y, 3.950%, 6/15/2023	86,545
83,000	Fidelity National Information Services, Inc., Sr. Unsecd. Note, 3.875%, 6/5/2024	91,704
600,000	<sup>1</sup> Fidelity National Information Services, Inc., Sr. Unsecd. Note, 5.000%, 10/15/2025	719,410
230,000	Fiserv, Inc., Sr. Unsecd. Note, 2.750%, 7/1/2024	245,389
500,000	<sup>1</sup> Fiserv, Inc., Sr. Unsecd. Note, 4.200%, 10/1/2028	586,992
670,000	Ingram Micro, Inc., Sr. Unsecd. Note, 5.000%, 8/10/2022	670,356
175,000	Intel Corp., Sr. Unsecd. Note, 3.400%, 3/25/2025	196,545
500,000	Intel Corp., Sr. Unsecd. Note, 3.700%, 7/29/2025	569,272

Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Technology—continued</b>	
\$ 460,000	Keysight Technologies, Inc., 4.550%, 10/30/2024	\$ 514,284
100,000	Keysight Technologies, Inc., Sr. Unsecd. Note, 3.000%, 10/30/2029	108,295
310,000	Lam Research Corp., Sr. Unsecd. Note, 4.000%, 3/15/2029	368,589
105,000	Micron Technology, Inc., Sr. Unsecd. Note, 2.497%, 4/24/2023	109,128
250,000	Micron Technology, Inc., Sr. Unsecd. Note, 4.640%, 2/6/2024	276,533
500,000	Microsoft Corp., Sr. Unsecd. Note, 1.550%, 8/8/2021	507,003
750,000	Microsoft Corp., Sr. Unsecd. Note, 2.400%, 8/8/2026	819,452
190,000	Molex Electronics Technologies LLC, Unsecd. Note, 144A, 3.900%, 4/15/2025	198,222
750,000	Oracle Corp., Sr. Unsecd. Note, 3.400%, 7/8/2024	821,307
310,000	Qualcomm, Inc., Sr. Unsecd. Note, 2.600%, 1/30/2023	325,511
260,000	Total System Services, Inc., Sr. Unsecd. Note, 4.450%, 6/1/2028	301,713
600,000	Verisk Analytics, Inc., Sr. Unsecd. Note, 4.125%, 3/15/2029	701,399
195,000	Verisk Analytics, Inc., Sr. Unsecd. Note, 4.125%, 9/12/2022	208,767
	TOTAL	13,440,233
	<b>Technology Services—0.1%</b>	
90,000	Global Payments, Inc., Sr. Unsecd. Note, 2.900%, 5/15/2030	94,246
	<b>Transportation - Airlines—0.3%</b>	
275,000	Southwest Airlines Co., Sr. Unsecd. Note, 4.750%, 5/4/2023	284,143
215,000	Southwest Airlines Co., Sr. Unsecd. Note, 5.250%, 5/4/2025	227,038
	TOTAL	511,181
	<b>Transportation - Railroads—0.8%</b>	
2,880	Burlington Northern Santa Fe Corp., Pass Thru Cert., Series 99-2, 7.570%, 1/2/2021	2,953
850,000	Kansas City Southern Industries, Inc., Sr. Unsecd. Note, 3.000%, 5/15/2023	868,562
500,000	Union Pacific Corp., Sr. Unsecd. Note, 2.150%, 2/5/2027	529,319
	TOTAL	1,400,834
	<b>Transportation - Services—1.4%</b>	
550,000	FedEx Corp., Sr. Unsecd. Note, 3.100%, 8/5/2029	588,080
250,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, 144A, 3.375%, 2/1/2022	256,570
300,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, 144A, 3.450%, 7/1/2024	317,721
250,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, 144A, 4.450%, 1/29/2026	275,987
125,000	Ryder System, Inc., Sr. Unsecd. Note, Series MTN, 2.250%, 9/1/2021	126,791
280,000	Ryder System, Inc., Sr. Unsecd. Note, Series MTN, 2.800%, 3/1/2022	288,025
150,000	Ryder System, Inc., Sr. Unsecd. Note, Series MTN, 3.450%, 11/15/2021	154,747
590,000	United Parcel Service, Inc., Sr. Unsecd. Note, 3.900%, 4/1/2025	670,487
	TOTAL	2,678,408
	<b>Utility - Electric—4.8%</b>	
310,000	AEP Texas, Inc., Sr. Unsecd. Note, 3.850%, 10/1/2025	344,055
125,000	American Electric Power Co., Inc., Sr. Unsecd. Note, 2.300%, 3/1/2030	126,638
380,000	American Electric Power Co., Inc., Sr. Unsecd. Note, Series F, 2.950%, 12/15/2022	399,625
500,000	Berkshire Hathaway Energy Co., 3.500%, 2/1/2025	557,921
130,000	Berkshire Hathaway Energy Co., Sr. Unsecd. Note, 144A, 4.050%, 4/15/2025	148,234
560,000	Dominion Energy, Inc., Jr. Sub. Note, 3.071%, 8/15/2024	601,924
500,000	EDP Finance BV, Sr. Unsecd. Note, 144A, 3.625%, 7/15/2024	539,383
1,000,000	Electricite de France SA, Jr. Sub. Note, 144A, 5.625%, 7/22/2068	1,034,445
470,000	Enel Finance International NV, Sr. Unsecd. Note, 144A, 2.875%, 5/25/2022	486,386
380,000	Enel Finance International NV, Sr. Unsecd. Note, 144A, 4.625%, 9/14/2025	433,059
385,000	Exelon Corp., Sr. Unsecd. Note, 4.050%, 4/15/2030	445,352
250,000	Exelon Generation Co. LLC, Sr. Unsecd. Note, 3.250%, 6/1/2025	269,793
240,000	Fortis, Inc. / Canada, Sr. Unsecd. Note, 3.055%, 10/4/2026	259,313
600,000	National Rural Utilities Cooperative Finance Corp., Sec. Fac. Bond, 2.400%, 4/25/2022	619,666

Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Utility - Electric—continued</b>	
\$ 140,000	National Rural Utilities Cooperative Finance Corp., Sr. Unsecd. Note, 2.950%, 2/7/2024	\$ 149,990
300,000	NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 3.550%, 5/1/2027	340,598
110,000	<sup>1</sup> NiSource Finance Corp., Sr. Unsecd. Note, 2.650%, 11/17/2022	114,961
500,000	NiSource Finance Corp., Sr. Unsecd. Note, 3.490%, 5/15/2027	566,184
590,000	PPL Capital Funding, Inc., Sr. Unsecd. Note, 4.200%, 6/15/2022	624,919
250,000	Southern Co., Sr. Unsecd. Note, 3.250%, 7/1/2026	277,266
120,000	WEC Energy Group, Inc., Sr. Unsecd. Note, 3.100%, 3/8/2022	125,007
450,000	Wisconsin Energy Corp., Sr. Unsecd. Note, 3.550%, 6/15/2025	501,754
	TOTAL	8,966,473
	<b>Utility - Natural Gas—1.5%</b>	
205,000	Dominion Energy Gas Holdings LLC, Sr. Unsecd. Note, Series A, 2.500%, 11/15/2024	216,380
1,000,000	<sup>1</sup> Enbridge Energy Partners LP, Sr. Unsecd. Note, 4.200%, 9/15/2021	1,034,163
600,000	National Fuel Gas Co., Sr. Unsecd. Note, 3.750%, 3/1/2023	611,959
395,000	National Fuel Gas Co., Sr. Unsecd. Note, 5.500%, 1/15/2026	420,665
250,000	Sempra Energy, Sr. Unsecd. Note, 2.900%, 2/1/2023	261,412
300,000	<sup>1</sup> Southeast Supply Header LLC, Sr. Unsecd. Note, 144A, 4.250%, 6/15/2024	299,407
	TOTAL	2,843,986
	<b>Utility - Natural Gas Distributor—0.3%</b>	
450,000	Southern Co. Gas Capital, Sr. Unsecd. Note, 2.450%, 10/1/2023	472,586
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$168,569,610)	181,937,952
	MORTGAGE-BACKED SECURITIES—0.0%	
	<b>Federal Home Loan Mortgage Corporation—0.0%</b>	
632	Federal Home Loan Mortgage Corp., Pool C01051, 8.000%, 9/1/2030	742
	<b>Government National Mortgage Association—0.0%</b>	
1,060	Government National Mortgage Association, Pool 1512, 7.500%, 12/20/2023	1,133
1,891	Government National Mortgage Association, Pool 2630, 6.500%, 8/20/2028	2,128
2,660	Government National Mortgage Association, Pool 2631, 7.000%, 8/20/2028	3,003
3,698	Government National Mortgage Association, Pool 2658, 6.500%, 10/20/2028	4,169
5,992	Government National Mortgage Association, Pool 2701, 6.500%, 1/20/2029	6,754
3,959	Government National Mortgage Association, Pool 2796, 7.000%, 8/20/2029	4,520
929	Government National Mortgage Association, Pool 3039, 6.500%, 2/20/2031	1,065
2,874	Government National Mortgage Association, Pool 3040, 7.000%, 2/20/2031	3,321
10,363	Government National Mortgage Association, Pool 3188, 6.500%, 1/20/2032	11,973
7,020	Government National Mortgage Association, Pool 3239, 6.500%, 5/20/2032	8,148
15,915	Government National Mortgage Association, Pool 3261, 6.500%, 7/20/2032	18,505
4,352	Government National Mortgage Association, Pool 516688, 8.000%, 8/15/2029	5,062
	TOTAL	69,781
	TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$61,388)	70,523
	REPURCHASE AGREEMENTS—2.2%	
	<b>Banking—2.2%</b>	
3,079,280	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. (purchased with proceeds from securities lending collateral)	3,079,280

Principal Amount	Value
	REPURCHASE AGREEMENTS—continued
	<b>Banking—continued</b>
\$1,009,000	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.
	\$ 1,009,000
	TOTAL REPURCHASE AGREEMENTS (IDENTIFIED COST \$4,088,280)
	4,088,280
	TOTAL INVESTMENT IN SECURITIES—99.9% (IDENTIFIED COST \$172,719,278) <sup>3</sup>
	186,096,755
	OTHER ASSETS AND LIABILITIES - NET—0.1% <sup>4</sup>
	227,966
	TOTAL NET ASSETS—100%
	\$ 186,324,721

At June 30, 2020, the Fund had the following outstanding futures contracts:

Description	Number of Contracts	Notional Value	Expiration Date	Value and Unrealized Appreciation (Depreciation)
<b>Long Futures</b>				
<sup>5</sup> U.S. Treasury Note 10-Year Long Futures	45	\$6,262,734	September 2020	\$12,556
<b>Short Futures</b>				
<sup>5</sup> U.S. Treasury Long Bond Short Futures	28	\$4,999,750	September 2020	\$ 3,437
<sup>5</sup> U.S. Treasury Ultra Bond Short Futures	7	\$1,527,094	September 2020	\$(2,860)
NET UNREALIZED APPRECIATION ON FUTURES CONTRACTS				\$13,133

Net Unrealized Appreciation on Futures Contracts is included in "Other Assets and Liabilities—Net."

- 1 All or a portion of these securities are temporarily on loan to unaffiliated broker/dealers.
- 2 Floating/variable note with current rate and current maturity or next reset date shown.
- 3 Also represents cost for federal tax purposes.
- 4 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.
- 5 Non-income-producing security.

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	\$ —	\$181,937,952	\$—	\$181,937,952
Mortgage-Backed Securities	—	70,523	—	70,523
<b>Repurchase Agreements</b>				
TOTAL SECURITIES	\$ —	\$186,096,755	\$—	\$186,096,755
<b>Other Financial Instruments:<sup>1</sup></b>				
Assets	\$15,993	\$ —	\$—	\$ 15,993
Liabilities	(2,860)	—	—	(2,860)
TOTAL OTHER FINANCIAL INSTRUMENTS	\$13,133	\$ —	\$—	\$ 13,133

1 Other financial instruments are futures contracts.

The following acronyms are used throughout this portfolio:

BKNT —Bank Notes

GMTN—Global Medium Term Note

LIBOR —London Interbank Offered Rate

MTN —Medium Term Note

REIT —Real Estate Investment Trust

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>\$11.31</b>	<b>\$10.65</b>	<b>\$11.05</b>	<b>\$10.98</b>	<b>\$10.97</b>	<b>\$11.42</b>
<b>Income From Investment Operations:</b>						
Net investment income <sup>1</sup>	0.15	0.31	0.30	0.31	0.34	0.37
Net realized and unrealized gain (loss)	0.33	0.68	(0.37)	0.12	0.07	(0.39)
TOTAL FROM INVESTMENT OPERATIONS	0.48	0.99	(0.07)	0.43	0.41	(0.02)
<b>Less Distributions:</b>						
Distributions from net investment income	(0.32)	(0.33)	(0.33)	(0.36)	(0.40)	(0.43)
Distributions from net realized gain	(0.03)	(0.00) <sup>2</sup>	—	—	—	—
TOTAL DISTRIBUTIONS	(0.35)	(0.33)	(0.33)	(0.36)	(0.40)	(0.43)
<b>Net Asset Value, End of Period</b>	<b>\$11.44</b>	<b>\$11.31</b>	<b>\$10.65</b>	<b>\$11.05</b>	<b>\$10.98</b>	<b>\$10.97</b>
<b>Total Return<sup>3</sup></b>	4.64%	9.44%	(0.59)%	4.04%	3.82%	(0.24)%

### Ratios to Average Net Assets:

Net expenses <sup>4</sup>	0.74% <sup>5</sup>	0.74%	0.74%	0.74%	0.73%	0.73%
Net investment income	2.61% <sup>5</sup>	2.79%	2.83%	2.81%	3.10%	3.30%
Expense waiver/reimbursement <sup>6</sup>	0.07% <sup>5</sup>	0.08%	0.08%	0.06%	0.07%	0.05%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$167,722	\$167,625	\$162,812	\$185,026	\$188,831	\$198,990
Portfolio turnover	16%	21%	19%	27%	26%	17%

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

2 Represents less than \$0.01.

3 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.

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

5 Computed on an annualized basis.

6 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.

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>\$11.28</b>	<b>\$10.62</b>	<b>\$11.01</b>	<b>\$10.94</b>	<b>\$10.93</b>	<b>\$11.37</b>
<b>Income From Investment Operations:</b>						
Net investment income <sup>1</sup>	0.13	0.28	0.27	0.28	0.31	0.34
Net realized and unrealized gain (loss)	0.34	0.68	(0.36)	0.12	0.07	(0.38)
TOTAL FROM INVESTMENT OPERATIONS	0.47	0.96	(0.09)	0.40	0.38	(0.04)
<b>Less Distributions:</b>						
Distributions from net investment income	(0.29)	(0.30)	(0.30)	(0.33)	(0.37)	(0.40)
Distributions from net realized gain	(0.03)	(0.00) <sup>2</sup>	—	—	—	—
TOTAL DISTRIBUTIONS	(0.32)	(0.30)	(0.30)	(0.33)	(0.37)	(0.40)
<b>Net Asset Value, End of Period</b>	<b>\$11.43</b>	<b>\$11.28</b>	<b>\$10.62</b>	<b>\$11.01</b>	<b>\$10.94</b>	<b>\$10.93</b>
<b>Total Return<sup>3</sup></b>	<b>4.57%</b>	<b>9.17%</b>	<b>(0.78)%</b>	<b>3.75%</b>	<b>3.53%</b>	<b>(0.44)%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>4</sup>	0.99% <sup>5</sup>	0.99%	0.99%	0.99%	0.98%	0.98%
Net investment income	2.36% <sup>5</sup>	2.54%	2.58%	2.56%	2.86%	3.04%
Expense waiver/reimbursement <sup>6</sup>	0.07% <sup>5</sup>	0.08%	0.07%	0.06%	0.07%	0.05%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$18,603	\$18,776	\$19,344	\$22,596	\$23,920	\$27,977
Portfolio turnover	16%	21%	19%	27%	26%	17%

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

2 Represents less than \$0.01.

3 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.

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

5 Computed on an annualized basis.

6 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.

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 \$2,986,468 of securities loaned (identified cost \$172,719,278)	\$186,096,755
Due from broker (Note 2)	162,180
Income receivable	1,547,642
Receivable for investments sold	1,808,930
Receivable for shares sold	72,813
Receivable for variation margin on futures contracts	13,355
<b>TOTAL ASSETS</b>	<b>189,701,675</b>

## Liabilities:

Payable for investments purchased	\$ 193,772
Payable for shares redeemed	41,125
Bank overdraft	1,864
Payable for collateral due to broker for securities lending	3,079,280
Payable for investment adviser fee (Note 5)	2,666
Payable for administrative fees (Note 5)	396
Payable for distribution services fee (Note 5)	3,830
Accrued expenses (Note 5)	54,021
<b>TOTAL LIABILITIES</b>	<b>3,376,954</b>

Net assets for 16,284,929 shares outstanding \$186,324,721

## Net Assets Consist of:

Paid-in capital	\$170,007,038
Total distributable earnings (loss)	16,317,683
<b>TOTAL NET ASSETS</b>	<b>\$186,324,721</b>

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

### Primary Shares:

Net asset value per share ( $\$167,722,218 \div 14,657,045$  shares outstanding), no par value, unlimited shares authorized \$11.44

### Service Shares:

Net asset value per share ( $\$18,602,503 \div 1,627,884$  shares outstanding), no par value, unlimited shares authorized \$11.43

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended June 30, 2020 (unaudited)

## Investment Income:

Interest	\$3,073,855
Net income on securities loaned	2,539
<b>TOTAL INCOME</b>	<b>3,076,394</b>

## Expenses:

Investment adviser fee (Note 5)	\$549,727
Administrative fee (Note 5)	72,674
Custodian fees	4,813
Transfer agent fee	8,546
Directors'/Trustees' fees (Note 5)	1,108
Auditing fees	13,342
Legal fees	4,408
Portfolio accounting fees	47,700
Distribution services fee (Note 5)	23,083
Printing and postage	34,574
Miscellaneous (Note 5)	13,256
<b>TOTAL EXPENSES</b>	<b>773,231</b>
Waiver of investment adviser fee (Note 5)	\$ (67,662)
Net expenses	705,569
Net investment income	2,370,825

## Realized and Unrealized Gain (Loss) on Investments and Futures Contracts:

Net realized gain on investments	737,103
Net realized loss on futures contracts	(129,236)
Net change in unrealized appreciation of investments	5,380,513
Net change in unrealized appreciation of futures contracts	(37,921)
Net realized and unrealized gain on investments and futures contracts	5,950,459
Change in net assets resulting from operations	\$8,321,284

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	\$ 2,370,825	\$ 5,110,075
Net realized gain	607,867	556,588
Net change in unrealized appreciation/depreciation	5,342,592	10,915,627
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	8,321,284	16,582,290
<b>Distributions to Shareholders:</b>		
Primary Shares	(5,129,491)	(4,859,559)
Service Shares	(531,200)	(520,306)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(5,660,691)	(5,379,865)
<b>Share Transactions:</b>		
Proceeds from sale of shares	7,668,357	11,736,570
Net asset value of shares issued to shareholders in payment of distributions declared	5,660,688	5,379,862
Cost of shares redeemed	(16,065,448)	(24,074,695)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(2,736,403)	(6,958,263)
Change in net assets	(75,810)	4,244,162
<b>Net Assets:</b>		
Beginning of period	186,400,531	182,156,369
End of period	\$186,324,721	\$186,400,531

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 Quality 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 provide current income.

Prior to April 28, 2020, the name of the Trust and Fund were Federated Insurance Series and Federated Quality 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").
- 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.
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- 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. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. 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 \$67,662 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 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.

## Futures Contracts

The Fund purchases and sells financial futures contracts to manage duration risk and yield curve risk. Upon entering into a financial futures contract with a broker, the Fund is required to deposit with a broker, either U.S. government securities or a specified amount of cash, which is shown as due from broker in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. The Fund receives from or pays to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures contracts, guarantees the futures contracts against default.

Futures contracts outstanding at period end are listed after the Fund's Portfolio of Investments.

The average notional value of long and short futures contracts held by the Fund throughout the period was \$9,309,542 and \$6,181,201, respectively. This is based on amounts held as of each month-end throughout the six-month period.

## Securities Lending

The Fund participates in a securities lending program providing for the lending of corporate bonds to qualified brokers. The term of the loans within the program is one year or less. The Fund normally receives cash collateral for securities loaned that may be invested in affiliated money market funds, other money market instruments and/or repurchase agreements. Investments in money market funds may include funds with a "floating" NAV that can impose redemption fees and liquidity gates, impose certain operational impediments to investing cash collateral, and, if the investee fund's NAV decreases, result in the Fund recognizing losses and being required to cover the decrease in the value of the cash collateral. Collateral is maintained at a minimum level of 100% of the market value of investments loaned, plus interest, if applicable. In accordance with the Fund's securities lending agreement, the market value of securities on loan is determined each day at the close of business and any additional collateral required to cover the value of securities on loan is delivered to the Fund on the next business day. Earnings on collateral are allocated between the borrower of the security, the securities lending agent, as a fee for its services under the program and the Fund, according to agreed-upon rates. The Fund will not have the right to vote on securities while they are on loan. However, the Fund will attempt to terminate a loan in an effort to reacquire the securities in time to vote on matters that are deemed to be material by the Adviser. There can be no assurance that the Fund will have sufficient notice of such matters to be able to terminate the loan in time to vote thereon.

As of June 30, 2020, securities subject to this type of arrangement and related collateral were as follows:

<b>Market Value of Securities Loaned</b>	<b>Collateral Received</b>
\$2,986,468	\$3,079,280

## 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.

## Additional Disclosure Related to Derivative Instruments

### Fair Value of Derivative Instruments

	Assets	
	Statement of Assets and Liabilities Location	Fair Value
Derivatives not accounted for as hedging instruments under ASC Topic 815		
Interest Rate Contracts	Receivable for daily variation margin on futures contracts	\$13,133*

\* Includes cumulative net appreciation of futures contracts as reported in the footnotes to the Portfolio of Investments. Only the current day's variation margin is reported within the Statement of Assets and Liabilities.

### The Effect of Derivative Instruments on the Statement of Operations for the Six Months Ended June 30, 2020

#### Amount of Realized Gain or (Loss) on Derivatives Recognized in Income

	Futures Contracts
Interest rate contracts	\$(129,236)

#### Change in Unrealized Appreciation or (Depreciation) on Derivatives Recognized in Income

	Futures Contracts
Interest rate contracts	\$(37,921)

### 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	621,982	\$ 6,980,851	1,017,072	\$ 11,219,212
Shares issued to shareholders in payment of distributions declared	507,368	5,129,490	456,297	4,859,559
Shares redeemed	(1,297,167)	(14,372,986)	(1,939,194)	(21,305,622)
NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS	(167,817)	\$ (2,262,645)	(465,825)	\$ (5,226,851)

	Six Months Ended 6/30/2020		Year Ended 12/31/2019	
	Shares	Amount	Shares	Amount
<b>Service Shares:</b>				
Shares sold	62,614	\$ 687,506	47,093	\$ 517,358
Shares issued to shareholders in payment of distributions declared	52,594	531,198	48,900	520,303
Shares redeemed	(152,294)	(1,692,462)	(252,919)	(2,769,073)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(37,086)	\$ (473,758)	(156,926)	\$(1,731,412)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(204,903)	\$(2,736,403)	(622,751)	\$(6,958,263)



#### 4. FEDERAL TAX INFORMATION

At June 30, 2020, the cost of investments for federal tax purposes was \$172,719,278. The net unrealized appreciation of investments for federal tax purposes was \$13,390,610. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$13,967,233 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$576,623. The amounts presented are inclusive of derivative contracts.

#### 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 \$67,662 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 0.079% 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 Primary Shares and 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 the following percentages of average daily net assets annually, to compensate FSC:

	Percentage of Average Daily Net Assets of Class
Primary Shares	0.25%
Service Shares	0.25%

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, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Service Shares	\$23,083

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares.

For the six months ended June 30, 2020, the Fund's Primary Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

##### Expense Limitation

The Adviser and certain of its affiliates (which may include FSC and FAS) 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 0.74% and 0.99% (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 applicable 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.

## 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	\$28,730,210
Sales	\$33,788,176

## 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-existed 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 funds used as 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	\$1,046.40	\$3.77
Service Shares	\$1,000	\$1,045.70	\$5.04
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Primary Shares	\$1,000	\$1,021.20	\$3.72
Service Shares	\$1,000	\$1,019.90	\$4.97

<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	0.74%
Service Shares	0.99%

## Evaluation and Approval of Advisory Contract – May 2020

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

#### **(FORMERLY, FEDERATED QUALITY 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 incurrence 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.

The Fund's performance fell below the median of the relevant Performance Peer Group for the one-year, three-year and five-year periods ended December 31, 2019. The Board discussed the Fund's performance with the Adviser and recognized the efforts being taken by the Adviser in the context of other factors considered relevant by the Board.

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 above the median of the relevant Expense Peer Group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board.

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.

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 Quality 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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Contact us at [FederatedInvestors.com](https://www.federatedinvestors.com)  
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*G02590-01 (8/20)*

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