

# Semi-Annual Shareholder Report

October 31, 2020



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Share Class | Ticker    **A** | FTIAX    **Institutional** | FSTYX    **Service** | FSTIX    **R6** | FSILX

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## Federated Hermes Short-Term Income Fund

*(formerly, Federated Short-Term Income Fund)*

*Fund Established 1986*

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A Portfolio of Federated Hermes Income Securities Trust

*(formerly, Federated Income Securities Trust)*

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### IMPORTANT NOTICE REGARDING REPORT DELIVERY

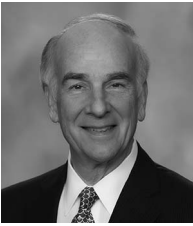
Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

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 Fund or your financial intermediary electronically by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4. Your election to receive reports in paper will apply to all funds held with the Fund complex or your financial intermediary.

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



**J. Christopher  
Donahue**

*President*  
Federated Hermes  
Short-Term  
Income Fund

## Letter from the President

Dear Valued Shareholder,

I am pleased to present the Semi-Annual Shareholder Report for your fund covering the period from May 1, 2020 through October 31, 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 markets 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 dark ink, appearing to read "J. Christopher Donahue". The signature is fluid and cursive, written in a professional style.

J. Christopher Donahue, President

**CONTENTS**

Portfolio of Investments Summary Table ..... 1

Portfolio of Investments ..... 2

Financial Highlights..... 26

Statement of Assets and Liabilities..... 30

Statement of Operations..... 32

Statement of Changes in Net Assets ..... 33

Notes to Financial Statements ..... 34

Shareholder Expense Example ..... 46

Evaluation and Approval of Advisory Contract ..... 48

Liquidity Risk Management Program –  
Annual Evaluation of Adequacy and Effectiveness..... 57

Voting Proxies on Fund Portfolio Securities ..... 59

Quarterly Portfolio Schedule ..... 59

# Portfolio of Investments Summary Table (unaudited)

At October 31, 2020, the Fund's portfolio composition<sup>1</sup> was as follows:

<b>Security Composition</b>	<b>Percentage of Total Net Assets<sup>2</sup></b>
Asset-Backed Securities	40.1%
Corporate Debt Securities	37.4%
U.S. Treasuries <sup>3</sup>	3.9%
Collateralized Mortgage Obligations	2.9%
Commercial Mortgage-Backed Securities	2.5%
Non-Agency Mortgage-Backed Securities	1.3%
Adjustable Rate Mortgages	0.1%
Foreign Government/Agency	0.1%
Derivative Contracts <sup>4,5</sup>	0.0%
Mortgage-Backed Securities <sup>5,6</sup>	0.0%
High Yield Bond Portfolio	1.9%
Federated Mortgage Core Portfolio	1.8%
Bank Loan Core Fund	1.8%
Securities Lending Collateral <sup>7</sup>	0.1%
Cash Equivalents <sup>8</sup>	7.3%
Other Assets and Liabilities—Net <sup>9</sup>	(1.2)%
<b>TOTAL</b>	<b>100%</b>

- 1 See the Fund's Prospectus and Statement of Additional Information for a description of these security types.
- 2 As of the date specified above, the Fund owned shares of one or more affiliated investment companies. For purposes of this table, affiliated investment companies (other than an affiliated money market mutual fund) in which the Fund invested less than 10% of its net assets, are listed individually in the table.
- 3 For purposes of this table, U.S. Treasury and Agency Securities do not include mortgage-backed securities guaranteed by Government Sponsored Entities (GSEs).
- 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 less than 0.1%.
- 6 For purposes of this table, Mortgage-Backed Securities may include mortgage-backed securities guaranteed by GSEs and adjustable rate mortgage-backed securities.
- 7 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.
- 8 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements other than those representing securities lending collateral.
- 9 Assets, other than investments in securities and derivative contracts, less liabilities. See Statement of Assets and Liabilities.

# Portfolio of Investments

October 31, 2020 (unaudited)

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—40.1%	
	<b>Auto Receivables—18.7%</b>	
\$ 5,000,000	AmeriCredit Automobile Receivables Trust 2017-2, Class D, 3.420%, 4/18/2023	\$ 5,117,854
2,070,995	AmeriCredit Automobile Receivables Trust 2018-1, Class A3, 3.070%, 12/19/2022	2,090,109
5,000,000	AmeriCredit Automobile Receivables Trust 2018-1, Class B, 3.260%, 1/18/2024	5,077,102
3,000,000	AmeriCredit Automobile Receivables Trust 2020-1, Class D, 1.800%, 12/18/2025	3,041,067
2,000,000	AmeriCredit Automobile Receivables Trust 2020-2, Class D, 2.130%, 3/18/2026	2,044,349
4,500,000	<sup>1</sup> BMW Floorplan Master Owner Trust 2018-1, Class A2, 0.468% (1-month USLIBOR +0.320%), 5/15/2023	4,513,214
5,000,000	BMW Vehicle Lease Trust 2018-1, Class A4, 3.360%, 3/21/2022	5,051,864
1,104,613	BMW Vehicle Owner Trust 2018-A, Class A3, 2.350%, 4/25/2022	1,110,605
2,252,944	California Republic Auto Receivables Trust 2016-2, Class B, 2.520%, 5/16/2022	2,257,176
2,000,000	California Republic Auto Receivables Trust 2016-2, Class C, 3.510%, 3/15/2023	2,003,873
263,658	Canadian Pacer Auto Receivable 2018-1A, Class A3, 3.000%, 11/19/2021	264,692
3,000,000	Canadian Pacer Auto Receivable 2018-1A, Class B, 3.470%, 2/19/2023	3,010,644
3,250,000	Canadian Pacer Auto Receivable 2018-2A, Class B, 3.630%, 1/19/2024	3,320,185
4,250,000	Canadian Pacer Auto Receivable 2020-1A, Class B, 2.000%, 7/21/2025	4,349,033
4,250,000	Canadian Pacer Auto Receivable 2020-1A, Class C, 2.490%, 5/19/2026	4,278,456
5,000,000	Capital One Prime Auto Receivables Trust 2019-1, Class A4, 2.560%, 10/15/2024	5,145,689
7,000,000	Daimler Trucks Retail Trust 2020-1, Class A3, 1.220%, 9/15/2023	7,085,388
2,000,000	Drive Auto Receivables Trust 2019-4, Class A3, 2.160%, 5/15/2023	2,014,768
6,000,000	Drive Auto Receivables Trust 2020-1, Class D, 2.700%, 5/17/2027	6,148,955
1,900,000	Fifth Third Auto Trust 2019-1, Class A4, 2.690%, 11/16/2026	1,976,648
10,000,000	Ford Credit Auto Lease Trust 2018-B, Class B, 3.490%, 3/15/2022	10,156,448
6,000,000	Ford Credit Auto Lease Trust 2019-A, Class B, 3.250%, 7/15/2022	6,140,504
2,825,000	Ford Credit Auto Lease Trust 2020-A, Class B, 2.050%, 6/15/2023	2,885,499
4,750,000	Ford Credit Auto Lease Trust 2020-B, Class B, 1.000%, 11/15/2023	4,781,340
3,175,000	Ford Credit Auto Lease Trust 2020-B, Class C, 1.700%, 2/15/2025	3,199,575
2,000,000	Ford Credit Auto Owner Trust 2019-B, Class B, 2.400%, 11/15/2024	2,076,702
4,000,000	Ford Credit Auto Owner Trust 2019-B, Class C, 2.580%, 12/15/2025	3,995,112
2,000,000	Ford Credit Auto Owner Trust 2019-C, Class C, 2.250%, 5/15/2026	1,963,089
3,000,000	Ford Credit Auto Owner Trust/Ford Credit 2020-2, Class C, 1.740%, 4/15/2033	2,997,199
6,000,000	Ford Credit Floorplan Master Owner Trust 2020-1, Class C, 1.420%, 9/15/2025	6,010,409

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Auto Receivables—continued</b>	
\$ 5,000,000	Ford Credit Floorplan Master Owner Trust 2020-1, Class D, 2.120%, 9/15/2025	\$ 4,997,447
3,804,000	General Motors 2019-2, Class C, 3.300%, 4/15/2026	4,038,042
3,000,000	General Motors 2020-1, Class B, 1.030%, 8/15/2025	2,988,817
1,500,000	General Motors 2020-1, Class C, 1.480%, 8/15/2025	1,491,351
5,500,000	General Motors 2020-2, Class A, 0.690%, 10/15/2025	5,501,799
2,750,000	General Motors 2020-2, Class B, 0.960%, 10/15/2025	2,750,980
1,500,000	General Motors 2020-2, Class C, 1.310%, 10/15/2025	1,500,835
2,000,000	GM Financial Automobile Leasing Trust 2019-3, Class A4, 2.030%, 7/20/2023	2,035,761
2,625,000	GM Financial Automobile Leasing Trust 2020-2, Class C, 2.560%, 7/22/2024	2,724,026
10,000,000	GM Financial Automobile Leasing Trust 2020-3, Class D, 1.710%, 2/20/2025	10,014,548
2,500,000	GM Financial Consumer Automobile Receivables Trust 2017-1A, Class C, 2.450%, 7/17/2023	2,512,012
2,900,000	GM Financial Securitized Term 2018-1, Class C, 2.770%, 7/17/2023	2,971,052
3,000,000	GM Financial Securitized Term 2018-4, Class C, 3.620%, 6/17/2024	3,041,727
2,000,000	GM Financial Securitized Term 2020-3, Class B, 0.810%, 1/16/2026	2,001,338
1,750,000	GM Financial Securitized Term 2020-3, Class C, 1.370%, 1/16/2026	1,771,783
1,100,000	GM Financial Securitized Term 2020-3, Class D, 1.910%, 9/16/2027	1,100,647
5,000,000	Harley-Davidson Motorcycle Trust 2019-A, Class A4, 2.390%, 11/15/2026	5,069,525
4,363,584	Honda Auto Receivables Owner Trust 2018-2, Class A3, 3.010%, 5/18/2022	4,416,569
3,500,000	Honda Auto Receivables Owner Trust 2019-2, Class A3, 2.520%, 6/21/2023	3,582,277
3,212,668	Honda Auto Receivables Owner Trust 2019-3, Class A2, 1.900%, 4/15/2022	3,233,591
344,039	Hyundai Auto Lease Securitization Trust 2018-B, Class A3, 3.040%, 10/15/2021	344,952
4,000,000	Hyundai Auto Lease Securitization Trust 2019-A, Class B, 3.250%, 10/16/2023	4,045,375
3,000,000	Hyundai Auto Lease Securitization Trust 2020-A, Class B, 2.120%, 5/15/2024	3,082,221
2,000,000	Hyundai Auto Lease Securitization Trust 2020-B, Class B, 0.810%, 10/15/2024	2,002,415
4,000,000	Hyundai Auto Receivables Trust 2019-A, Class C, 3.030%, 11/17/2025	4,195,653
1,500,000	Hyundai Auto Receivables Trust 2019-B, Class B, 2.210%, 4/15/2025	1,522,419
2,000,000	Hyundai Auto Receivables Trust 2019-B, Class C, 2.400%, 6/15/2026	2,071,584
2,000,000	Hyundai Auto Receivables Trust 2020-B, Class C, 1.600%, 12/15/2026	2,040,549
4,000,000	Mercedes-Benz Auto Lease Trust 2019-A, Class A4, 3.250%, 10/15/2024	4,071,472
4,000,000	<sup>1</sup> NextGear Floorplan Master Owner Trust 2018-2A, Class A1, 0.748% (1-month USLIBOR +0.600%), 10/15/2023	4,016,035

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Auto Receivables—continued</b>	
\$ 4,350,000	NextGear Floorplan Master Owner Trust 2019-1A, Class B, 3.460%, 2/15/2024	\$ 4,413,967
7,000,000	NextGear Floorplan Master Owner Trust 2020-1A, Class B, 1.790%, 2/15/2025	7,017,964
6,000,000	<sup>1</sup> Nissan Master Owner Trust Receivables 2019-B, Class A, 0.578% (1-month USLIBOR +0.430%), 11/15/2023	6,021,541
2,000,000	Santander Consumer Auto Receivables Trust 2020-B, Class D, 2.140%, 12/15/2026	2,000,930
1,250,544	Santander Drive Auto Receivables Trust 2016-2, Class D, 3.390%, 4/15/2022	1,255,101
952,308	Santander Drive Auto Receivables Trust 2017-3, Class C, 2.760%, 12/15/2022	956,720
4,000,000	Santander Drive Auto Receivables Trust 2019-2, Class C, 2.900%, 10/15/2024	4,118,333
7,000,000	Santander Drive Auto Receivables Trust 2019-3, Class D, 2.680%, 10/15/2025	7,212,400
3,275,000	Santander Drive Auto Receivables Trust 2020-2, Class D, 2.220%, 9/15/2026	3,355,005
12,000,000	Santander Drive Auto Receivables Trust 2020-3, Class D, 1.640%, 11/16/2026	12,009,488
4,530,000	Santander Retail Auto Lease Trust 2019-A, Class D, 3.660%, 5/20/2024	4,674,859
6,500,000	Santander Retail Auto Lease Trust 2020-A, Class D, 2.520%, 11/20/2024	6,646,971
2,250,000	Santander Retail Auto Lease Trust 2020-B, Class C, 1.180%, 12/20/2024	2,255,462
6,750,000	Santander Retail Auto Lease Trust 2020-B, Class D, 1.980%, 10/20/2025	6,759,585
1,591,927	Securitized Term Auto Receivables Trust 2019-1A, Class A3, 2.986%, 2/27/2023	1,620,935
10,000,000	Securitized Term Auto Receivables Trust 2019-1A, Class A4, 3.141%, 11/27/2023	10,048,060
4,870,000	Tesla Auto Lease Trust 2020-A, Class C, 1.680%, 2/20/2024	4,945,957
9,000,000	Toyota Auto Loan Extended Note 2019-1A, Class A, 2.560%, 11/25/2031	9,612,110
4,000,000	Toyota Auto Receivables Owner 2019-B, Class A3, 2.570%, 8/15/2023	4,096,505
2,000,000	Toyota Auto Receivables Owner Trust 2019-C, Class A3, 1.910%, 9/15/2023	2,039,332
5,000,000	Toyota Auto Receivables Owner Trust 2020-C, Class A3, 0.440%, 10/15/2024	5,012,939
4,000,000	Volkswagen Auto Lease Trust 2019-A, Class A4, 2.020%, 8/20/2024	4,082,582
2,000,000	World Omni Auto Receivables Trust 2017-B, Class B, 2.370%, 5/15/2024	2,011,691
1,000,000	World Omni Auto Receivables Trust 2018-B, Class B, 3.170%, 1/15/2025	1,039,670
3,000,000	World Omni Auto Receivables Trust 2020-C, Class B, 0.870%, 10/15/2026	3,004,682

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Auto Receivables—continued</b>	
\$ 4,000,000	World Omni Automobile Lease Securitization Trust 2018-B, Class B, 3.430%, 3/15/2024	\$ 4,071,310
4,000,000	World Omni Automobile Lease Securitization Trust 2019-A, Class B, 3.240%, 7/15/2024	4,115,153
4,000,000	World Omni Automobile Lease Securitization Trust 2019-B, Class B, 2.130%, 2/18/2025	4,078,060
5,000,000	World Omni Automobile Lease Securitization Trust 2020-A, Class B, 1.930%, 6/16/2025	5,073,093
6,000,000	World Omni Select Auto Trust 2019-A, Class A3, 2.000%, 8/15/2024	6,116,717
2,250,000	World Omni Select Auto Trust 2020-A, Class A2, 0.470%, 6/17/2024	2,252,159
3,000,000	World Omni Select Auto Trust 2020-A, Class B, 0.840%, 6/15/2026	3,002,033
3,750,000	World Omni Select Auto Trust 2020-A, Class D, 1.700%, 10/15/2026	3,737,597
	TOTAL	357,903,261
	<b>Credit Card—8.5%</b>	
9,914,000	<sup>1</sup> American Express Credit Account Master Trust 2018-5, Class B, 0.698% (1-month USLIBOR +0.550%), 12/15/2025	9,943,688
3,000,000	<sup>1</sup> American Express Credit Account Master Trust 2018-7, Class B, 0.718% (1-month USLIBOR +0.570%), 2/17/2026	3,010,982
13,000,000	American Express Credit Account Master Trust 2018-8, Class B, 3.350%, 4/15/2024	13,273,809
8,000,000	Bank of America Credit Card Trust 2019-A1, Class A1, 1.740%, 1/15/2025	8,205,516
10,000,000	<sup>1</sup> Barclays Dryrock Issuance Trust 2018-1, Class A, 0.478% (1-month USLIBOR +0.330%), 7/15/2024	10,030,098
8,000,000	<sup>1</sup> Capital One Multi-Asset Execution Trust 2016-A2, Class A2, 0.778% (1-month USLIBOR +0.630%), 2/15/2024	8,030,591
3,700,000	Capital One Multi-Asset Execution Trust 2019-A2, Class A2, 1.720%, 8/15/2024	3,799,301
6,000,000	<sup>1</sup> Cards II Trust 2019-1A, Class A, 0.538% (1-month USLIBOR +0.390%), 5/15/2024	6,012,425
4,000,000	<sup>1</sup> Chase Issuance Trust 2018-A1, Class A1, 0.348% (1-month USLIBOR +0.200%), 4/17/2023	4,008,203
7,000,000	<sup>1</sup> Citibank Credit Card Issuance Trust 2018-A4, Class A4, 0.482% (1-month USLIBOR +0.340%), 6/7/2025	7,021,870
5,000,000	<sup>1</sup> Discover Card Execution Note Trust 2017-A7, Class A7, 0.508% (1-month USLIBOR +0.360%), 4/15/2025	5,017,323
13,800,000	<sup>1</sup> Discover Card Execution Note Trust 2018-A6, Class A6, 0.538% (1-month USLIBOR +0.390%), 3/15/2026	13,851,716
3,000,000	Evergreen Credit Card Trust 2019-3, Class B, 2.360%, 10/16/2023	3,034,655
3,000,000	Evergreen Credit Card Trust 2019-3, Class C, 2.710%, 10/16/2023	3,044,563
3,000,000	Evergreen Credit Card Trust Series 2018-1, Class A, 2.950%, 3/15/2023	3,033,058
5,000,000	Evergreen Credit Card Trust Series 2019-1, Class B, 3.590%, 1/15/2023	5,035,954
4,000,000	Evergreen Credit Card Trust Series 2019-1, Class C, 3.980%, 1/15/2023	4,029,084
1,900,000	Evergreen Credit Card Trust Series 2019-2 C, Class C, 2.620%, 9/15/2024	1,977,462



Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Credit Card—continued</b>	
\$ 6,000,000	<sup>1</sup> First National Master Note Trust 2018-1, Class A, 0.608% (1-month USLIBOR +0.460%), 10/15/2024	\$ 6,002,289
7,700,000	<sup>1</sup> Golden Credit Card Trust 2017-4A, Class A, 0.668% (1-month USLIBOR +0.520%), 7/15/2024	7,737,360
2,850,000	Golden Credit Card Trust 2018-1A, Class A, 2.620%, 1/15/2023	2,867,028
1,500,000	<sup>1</sup> Master Credit Card Trust 2018-1A, Class A, 0.633% (1-month USLIBOR +0.490%), 7/21/2024	1,503,591
4,500,000	Master Credit Card Trust 2018-1A, Class B, 3.245%, 7/21/2024	4,559,499
5,000,000	<sup>1</sup> Master Credit Card Trust 2019-1A, Class A, 0.623% (1-month USLIBOR +0.480%), 7/21/2022	5,010,526
1,832,000	Master Credit Card Trust 2020-1A, Class B, 2.270%, 9/21/2024	1,823,428
5,250,000	Master Credit Card Trust 2020-1A, Class C, 2.590%, 9/21/2024	5,231,663
2,174,000	Trillium Credit Card Trust II 2019-1A, Class B, 3.522%, 1/26/2024	2,171,808
6,305,000	Trillium Credit Card Trust II 2019-1A, Class C, 3.915%, 1/26/2024	6,303,042
2,064,000	Trillium Credit Card Trust II 2019-2A, Class B, 3.522%, 1/26/2024	2,061,919
4,900,000	Trillium Credit Card Trust II 2020-1A, Class C, 2.628%, 12/26/2024	4,799,110
	TOTAL	162,431,561
	<b>Equipment Lease—5.1%</b>	
4,000,000	CNH Equipment Trust 2019-A, Class B, 3.340%, 7/15/2026	4,229,531
4,000,000	CNH Equipment Trust 2019-B, Class B, 2.870%, 11/16/2026	4,197,792
5,000,000	Dell Equipment Finance Trust 2018-2, Class D, 3.970%, 10/22/2024	5,145,188
3,000,000	Dell Equipment Finance Trust 2019-1, Class D, 3.450%, 3/24/2025	3,083,953
3,250,000	Dell Equipment Finance Trust 2019-2, Class D, 2.480%, 4/22/2025	3,270,128
2,500,000	Dell Equipment Finance Trust 2020-1, Class D, 5.920%, 3/23/2026	2,612,792
1,000,000	Dell Equipment Finance Trust 2020-2, Class C, 1.370%, 1/22/2024	1,001,014
1,500,000	Dell Equipment Finance Trust 2020-2, Class D, 1.920%, 3/23/2026	1,501,686
4,750,000	DLL Securitization Trust 2019-DA1, Class A4, 2.920%, 4/20/2027	4,816,644
5,000,000	DLL Securitization Trust 2019-MA2, Class A4, 2.390%, 4/20/2027	5,035,675
860,000	Great America Leasing Receivable 2020-1, Class A3, 1.760%, 8/15/2023	878,265
1,000,000	Great America Leasing Receivables 2018-1, Class B, 2.990%, 6/17/2024	1,002,473
2,700,000	Great America Leasing Receivables 2018-1, Class C, 3.140%, 6/16/2025	2,761,540
4,000,000	Great America Leasing Receivables 2019-1, Class C, 3.540%, 2/17/2026	4,027,976
6,685,000	Great America Leasing Receivables 2020-1, Class C, 2.120%, 2/15/2027	6,422,591
1,250,000	HPEFS Equipment Trust 2019-1, Class D, 2.720%, 9/20/2029	1,263,142
7,000,000	HPEFS Equipment Trust 2020-1A, Class D, 2.260%, 2/20/2030	7,018,727
3,500,000	HPEFS Equipment Trust 2020-2A, Class D, 2.790%, 7/22/2030	3,550,110
1,527,203	Kubota Credit Owner Trust 2019-1A, Class A2, 2.490%, 6/15/2022	1,542,117
2,000,000	Kubota Credit Owner Trust 2020-1A, Class A3, 1.960%, 3/15/2024	2,060,504
3,000,000	Kubota Credit Owner Trust 2020-2A, Class A2, 0.410%, 6/15/2023	3,006,676

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Equipment Lease—continued</b>	
\$ 3,178,000	Transportation Finance Equipment Trust 2019-1, Class D, 2.570%, 1/25/2027	\$ 3,171,473
3,650,000	Volvo Financial Equipment LLC 2019-1A, Class B, 3.260%, 1/16/2024	3,800,556
3,000,000	Volvo Financial Equipment LLC 2019-2A, Class C, 2.500%, 5/17/2027	3,024,296
8,625,000	Volvo Financial Equipment LLC 2020-1A, Class A4, 0.600%, 3/15/2028	8,618,683
5,500,000	<sup>1</sup> Volvo Financial Equipment Master Series 2017- A, Class A, 0.648% (1-month USLIBOR +0.500%), 11/15/2022	5,509,919
4,000,000	<sup>1</sup> Volvo Financial Equipment Master Series 2018- A, Class A, 0.668% (1-month USLIBOR +0.520%), 7/17/2023	4,013,078
	TOTAL	96,566,529
	<b>Home Equity Loan—0.0%</b>	
8,184	<sup>1</sup> ContiMortgage Home Equity Loan Trust 1996-4, Class A10, 0.628% (1-month USLIBOR +0.480%), 1/15/2028	6,444
2,088,010	Green Tree Home Improvement Loan Trust 1997-C, Class HEB2, 7.590%, 8/15/2028	296,866
328,248	<sup>2</sup> NC Finance Trust 1999-1, Class D, 8.750%, 1/25/2029	0
	TOTAL	303,310
	<b>Other—7.8%</b>	
2,291,744	ARI Fleet Lease Trust 2017-A, Class A3, 2.280%, 4/15/2026	2,300,641
4,000,000	Chesapeake Funding II LLC 2017-2A, Class D, 3.710%, 5/15/2029	4,045,920
2,100,000	Chesapeake Funding II LLC 2017-4A, Class C, 2.760%, 11/15/2029	2,121,508
2,300,000	Chesapeake Funding II LLC 2018-1A, Class C, 3.570%, 4/15/2030	2,330,367
2,000,000	Chesapeake Funding II LLC 2018-2A, Class D, 4.060%, 8/15/2030	2,039,756
2,000,000	Chesapeake Funding II LLC 2019-1A, Class C, 3.360%, 4/15/2031	2,053,437
3,800,000	Chesapeake Funding II LLC 2019-1A, Class D, 3.800%, 4/15/2031	3,905,830
1,000,000	Chesapeake Funding II LLC 2020-1A, Class B, 1.240%, 8/16/2032	1,003,060
1,000,000	Chesapeake Funding II LLC 2020-1A, Class D, 2.830%, 8/16/2032	1,000,046
1,000,000	Chesapeake Funding LLC 2017-3A, Class B, 2.570%, 8/15/2029	1,006,469
1,000,000	Chesapeake Funding LLC 2017-3A, Class C, 2.780%, 8/15/2029	1,008,173
1,000,000	Chesapeake Funding LLC 2017-3A, Class D, 3.380%, 8/15/2029	1,012,199
1,001,716	Enterprise Fleet Financing LLC 2018-2 A2, Class A2, 3.140%, 2/20/2024	1,012,233
5,000,000	Enterprise Fleet Financing LLC 2019-2, Class A3, 2.380%, 2/20/2025	5,034,266
5,100,000	Enterprise Fleet Financing LLC 2020-1, Class A3, 1.860%, 12/22/2025	5,231,857
1,230,310	<sup>1</sup> Mississippi Higher Education Assistance Corp. 2014-1, Class A1, 0.829% (1-month USLIBOR +0.680%), 10/25/2035	1,222,778
5,000,000	Navient Student Loan Trust 2019-D, Class A2A, 3.010%, 12/15/2059	5,218,647
8,000,000	Navient Student Loan Trust 2020-GA, Class A, 144A, 1.170%, 9/16/2069	8,053,337
2,400,000	<sup>1</sup> Navistar Financial Dealer Note Master Trust 2019-1, Class B, 0.899% (1-month USLIBOR +0.750%), 5/25/2024	2,401,178
2,270,000	<sup>1</sup> Navistar Financial Dealer Note Master Trust 2019-1, Class D, 1.599% (1-month USLIBOR +1.450%), 5/25/2024	2,274,333
4,000,000	<sup>1</sup> Navistar Financial Dealer Note Master Trust 2020-1 A, Class A, 1.099% (1-month USLIBOR +0.950%), 7/25/2025	4,010,791

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Other—continued</b>	
\$ 3,100,000	<sup>1</sup> Navistar Financial Dealer Note Master Trust 2020-1 A, Class C, 2.299% (1-month USLIBOR +2.150%), 7/25/2025	\$ 3,118,978
1,318,000	<sup>1</sup> Navistar Financial Dealer Note Master Trust 2020-1 A, Class D, 3.049% (1-month USLIBOR +2.900%), 7/25/2025	1,317,597
4,000,000	PFS Financing Corp. 2018-B, Class B, 3.080%, 2/15/2023	4,040,153
4,250,000	PFS Financing Corp. 2018-F, Class B, 3.770%, 10/15/2023	4,382,676
3,000,000	<sup>1</sup> PFS Financing Corp. 2019-B, Class A, 0.698% (1-month USLIBOR +0.550%), 9/15/2023	3,018,532
2,300,000	PFS Financing Corp. 2019-C, Class B, 2.420%, 10/15/2024	2,318,178
6,000,000	PFS Financing Corp. 2020-E, Class B, 1.570%, 10/15/2025	6,053,216
3,120,000	PFS Financing Corp. 2020-G, Class A, 0.970%, 2/15/2026	3,122,801
1,525,000	PFS Financing Corp. 2020-G, Class B, 1.570%, 2/15/2026	1,527,531
1,784,974	Public Service New Hampshire 2018-1, Class A1, 3.094%, 2/1/2026	1,873,292
4,569,322	Sierra Receivables Funding Co. 2020-2A, Class A, 1.330%, 7/20/2037	4,575,783
285,258	<sup>1</sup> SLM Student Loan Trust 2011-2, Class A1, 0.749% (1-month USLIBOR +0.600%), 11/25/2027	284,734
377,178	<sup>1</sup> Social Professional Loan Program LLC 2017-A, Class A1, 0.849% (1-month USLIBOR +0.700%), 3/26/2040	378,654
397,093	<sup>1</sup> Social Professional Loan Program LLC 2017-E, Class A1, 0.649% (1-month USLIBOR +0.500%), 11/26/2040	395,219
311,683	<sup>1</sup> Social Professional Loan Program LLC 2018-A, Class A1, 0.499% (1-month USLIBOR +0.350%), 2/25/2042	310,389
172,668	Social Professional Loan Program LLC 2018-C, Class A1FX, 3.080%, 1/25/2048	173,954
518,349	Social Professional Loan Program LLC 2019-A, Class A1FX, 3.180%, 6/15/2048	520,824
326,577	Social Professional Loan Program LLC 2019-B, Class A1FX, 2.780%, 8/17/2048	329,558
428,679	Sofi Consumer Loan Program Trust 2016-1, Class A, 3.260%, 8/25/2025	433,983
1,753,639	Sofi Consumer Loan Program Trust 2019-3, Class A, 2.900%, 5/25/2028	1,782,611
3,000,000	Sofi Consumer Loan Program Trust 2020-1, Class B, 2.250%, 1/25/2029	2,984,931
1,627,720	<sup>1</sup> State Board of Regents of the State of Utah 2016-1, Class A, 0.899% (1-month USLIBOR +0.750%), 9/25/2056	1,614,522
516,907	Verizon Owner Trust 2018-1A, Class A1A, 2.820%, 9/20/2022	522,503
6,000,000	Verizon Owner Trust 2018-1A, Class C, 3.550%, 4/20/2023	6,191,542
2,000,000	Verizon Owner Trust 2019-A, Class C, 2.600%, 12/20/2023	2,045,794
2,500,000	Verizon Owner Trust 2019-B, Class A1A, 2.330%, 12/20/2023	2,569,036
3,000,000	Verizon Owner Trust 2019-C, Class A1A, 1.940%, 4/22/2024	3,083,562
7,500,000	Verizon Owner Trust 2019-C, Class C, 2.160%, 4/22/2024	7,762,430
4,250,000	Verizon Owner Trust 2020-A, Class C, 2.060%, 7/22/2024	4,397,969
6,500,000	Verizon Owner Trust 2020-B, Class C, 0.830%, 2/20/2025	6,507,006
10,200,000	Verizon Owner Trust 2020-C, Class B, 0.670%, 4/21/2025	10,211,255
4,000,000	Verizon Owner Trust 2020-C, Class C, 0.770%, 4/21/2025	4,006,417
	<b>TOTAL</b>	<b>150,142,456</b>

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	<b>Rate Reduction Bond—0.0%</b>	
\$ 550,482	Atlantic City Electric Transition Funding 2002-1, Class A4, 5.550%, 10/20/2023	\$ 567,957
	TOTAL ASSET-BACKED SECURITIES (IDENTIFIED COST \$760,923,081)	767,915,074
	CORPORATE BONDS—37.4%	
	<b>Basic Industry - Chemicals—0.1%</b>	
1,110,000	Nutrition & Biosciences, Inc., Sr. Unsecd. Note, 144A, 0.697%, 9/15/2022	1,113,568
	<b>Capital Goods - Aerospace &amp; Defense—1.1%</b>	
6,830,000	Boeing Co., Sr. Unsecd. Note, 1.950%, 2/1/2024	6,808,885
3,000,000	Boeing Co., Sr. Unsecd. Note, 4.508%, 5/1/2023	3,179,677
7,500,000	Leidos, Inc., Unsecd. Note, 144A, 2.950%, 5/15/2023	7,899,585
2,335,000	Textron, Inc., Sr. Unsecd. Note, 3.900%, 9/17/2029	2,607,820
	TOTAL	20,495,967
	<b>Capital Goods - Construction Machinery—0.5%</b>	
2,200,000	CNH Industrial Capital America LLC, Sr. Unsecd. Note, 1.875%, 1/15/2026	2,209,086
1,920,000	CNH Industrial Capital America LLC, Sr. Unsecd. Note, 1.950%, 7/2/2023	1,953,792
2,000,000	CNH Industrial Capital America LLC, Sr. Unsecd. Note, 4.375%, 11/6/2020	2,000,004
3,550,000	John Deere Capital Corp., Sr. Unsecd. Note, Series MTN, 0.400%, 10/10/2023	3,553,933
	TOTAL	9,716,815
	<b>Capital Goods - Diversified Manufacturing—1.7%</b>	
6,550,000	3M Co., Sr. Unsecd. Note, 1.750%, 2/14/2023	6,754,779
3,000,000	CK Hutchison Holdings Ltd., Sr. Unsecd. Note, 144A, 2.750%, 3/29/2023	3,118,920
13,000,000	Honeywell International, Inc., Sr. Unsecd. Note, 0.483%, 8/19/2022	13,018,155
2,015,000	Honeywell International, Inc., Sr. Unsecd. Note, 1.350%, 6/1/2025	2,069,944
775,000	Lennox International, Inc., Sr. Unsecd. Note, 1.350%, 8/1/2025	784,414
1,820,000	Roper Technologies, Inc., Sr. Unsecd. Note, 1.000%, 9/15/2025	1,831,353
2,380,000	Roper Technologies, Inc., Sr. Unsecd. Note, 2.350%, 9/15/2024	2,516,131
1,585,000	Wabtec Corp., Sr. Unsecd. Note, 3.200%, 6/15/2025	1,690,137
	TOTAL	31,783,833
	<b>Communications - Cable &amp; Satellite—0.2%</b>	
4,170,000	<sup>1</sup> Comcast Corp., Sr. Unsecd. Note, 0.866% (3-month USLIBOR +0.630%), 4/15/2024	4,217,572
	<b>Communications - Media &amp; Entertainment—0.6%</b>	
2,940,000	Alphabet, Inc., Sr. Unsecd. Note, 0.450%, 8/15/2025	2,924,574
870,000	Fox Corp., Sr. Unsecd. Note, Series WI, 3.666%, 1/25/2022	904,815
3,225,000	<sup>1</sup> Walt Disney Co., Sr. Unsecd. Note, 0.496% (3-month USLIBOR +0.250%), 9/1/2021	3,231,151
5,000,000	Walt Disney Co., Sr. Unsecd. Note, 1.750%, 1/13/2026	5,207,087
	TOTAL	12,267,627

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Communications - Telecom Wireless—0.5%</b>	
\$ 10,000,000	<sup>1</sup> Vodafone Group PLC, Sr. Unsecd. Note, 1.220% (3-month USLIBOR +0.990%), 1/16/2024	\$ 10,104,210
	<b>Communications - Telecom Wirelines—0.2%</b>	
4,000,000	<sup>1</sup> AT&T, Inc., Sr. Unsecd. Note, 1.429% (3-month USLIBOR +1.180%), 6/12/2024	4,092,557
	<b>Consumer Cyclical - Automotive—3.0%</b>	
4,000,000	<sup>1</sup> American Honda Finance Corp., Sr. Unsecd. Note, Series GMTN, 0.466% (3-month USLIBOR +0.210%), 2/12/2021	4,002,436
5,000,000	American Honda Finance Corp., Sr. Unsecd. Note, Series MTN, 0.650%, 9/8/2023	5,018,396
2,000,000	<sup>1</sup> Daimler Finance NA LLC, Sr. Unsecd. Note, 144A, 0.706% (3-month USLIBOR +0.450%), 2/22/2021	2,001,549
3,000,000	Daimler Finance NA LLC, Sr. Unsecd. Note, 144A, 3.400%, 2/22/2022	3,109,454
1,760,000	General Motors Co., Sr. Unsecd. Note, 5.400%, 10/2/2023	1,947,851
3,630,000	<sup>1</sup> General Motors Financial Co., Inc., Sr. Unsecd. Note, 1.778% (3-month USLIBOR +1.550%), 1/14/2022	3,647,896
2,125,000	General Motors Financial Co., Inc., Sr. Unsecd. Note, 2.900%, 2/26/2025	2,208,987
2,665,000	General Motors Financial Co., Inc., Sr. Unsecd. Note, 5.200%, 3/20/2023	2,893,304
6,000,000	Hyundai Capital America, Sr. Unsecd. Note, 144A, 1.800%, 10/15/2025	5,991,751
2,965,000	Hyundai Capital America, Sr. Unsecd. Note, 144A, 2.375%, 2/10/2023	3,051,693
5,000,000	<sup>1</sup> Nissan Motor Acceptance Corp., Sr. Unsecd. Note, 144A, 0.857% (3-month USLIBOR +0.630%), 9/21/2021	4,972,514
1,500,000	Toyota Motor Credit Corp., Sr. Unsecd. Note, Series GMTN, 3.050%, 1/8/2021	1,507,763
3,200,000	<sup>1</sup> Toyota Motor Credit Corp., Sr. Unsecd. Note, Series MTN, 0.378% (3-month USLIBOR +0.125%), 8/13/2021	3,202,708
5,000,000	<sup>1</sup> Toyota Motor Credit Corp., Sr. Unsecd. Note, Series MTN, 0.914% (3-month USLIBOR +0.690%), 1/11/2022	5,036,143
3,000,000	Toyota Motor Credit Corp., Sr. Unsecd. Note, Series MTN, 1.150%, 5/26/2022	3,038,473
1,200,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 2.500%, 9/24/2021	1,221,351
4,020,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 2.900%, 5/13/2022	4,152,436
	TOTAL	57,004,705
	<b>Consumer Cyclical - Retailers—0.4%</b>	
1,430,000	Alimentation Couche-Tard, Inc., Sr. Unsecd. Note, 144A, 2.700%, 7/26/2022	1,477,284
2,020,000	<sup>1</sup> CVS Health Corp., Sr. Unsecd. Note, 0.961% (3-month USLIBOR +0.720%), 3/9/2021	2,024,100
4,000,000	CVS Health Corp., Sr. Unsecd. Note, 2.125%, 6/1/2021	4,034,846
1,000,000	Home Depot, Inc., Sr. Unsecd. Note, 3.250%, 3/1/2022	1,039,682
	TOTAL	8,575,912

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Consumer Cyclical - Services—0.4%</b>	
\$ 1,900,000	Amazon.com, Inc., Sr. Unsecd. Note, 2.400%, 2/22/2023	\$ 1,985,953
1,800,000	Cintas Corp. No. 2, Sr. Unsecd. Note, 2.900%, 4/1/2022	1,862,926
3,555,000	IHS Markit Ltd., Sr. Unsecd. Note, Series 5YR, 3.625%, 5/1/2024	3,850,012
	TOTAL	7,698,891
	<b>Consumer Non-Cyclical - Food/Beverage—1.5%</b>	
2,875,000	<sup>1</sup> Constellation Brands, Inc., Sr. Unsecd. Note, 0.980% (3-month USLIBOR +0.700%), 11/15/2021	2,875,717
1,390,000	<sup>1</sup> General Mills, Inc., Sr. Unsecd. Note, 1.227% (3-month USLIBOR +1.010%), 10/17/2023	1,405,247
6,180,000	Keurig Dr Pepper, Inc., Sr. Unsecd. Note, 3.551%, 5/25/2021	6,291,513
6,000,000	McCormick & Co., Inc., Sr. Unsecd. Note, 2.700%, 8/15/2022	6,233,761
5,450,000	Mondelez International, Inc., Sr. Unsecd. Note, 0.625%, 7/1/2022	5,472,224
2,000,000	PepsiCo, Inc., Sr. Unsecd. Note, 0.400%, 10/7/2023	2,005,595
3,385,000	PepsiCo, Inc., Sr. Unsecd. Note, 2.250%, 3/19/2025	3,608,649
	TOTAL	27,892,706
	<b>Consumer Non-Cyclical - Health Care—0.6%</b>	
4,500,000	<sup>1</sup> Becton Dickinson & Co., Sr. Unsecd. Note, 1.279% (3-month USLIBOR +1.030%), 6/6/2022	4,537,127
6,250,000	DH Europe Finance II S.a.r.l., Sr. Unsecd. Note, Series 3YR, 2.050%, 11/15/2022	6,450,859
	TOTAL	10,987,986
	<b>Consumer Non-Cyclical - Pharmaceuticals—1.7%</b>	
4,705,000	AstraZeneca PLC, 0.700%, 4/8/2026	4,641,430
5,000,000	<sup>1</sup> AstraZeneca PLC, Sr. Unsecd. Note, 0.869% (3-month USLIBOR +0.620%), 6/10/2022	5,034,932
4,550,000	<sup>1</sup> Bayer US Finance II LLC, Sr. Unsecd. Note, 144A, 1.260% (3-month USLIBOR +1.010%), 12/15/2023	4,589,425
3,845,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, Series WI, 2.900%, 7/26/2024	4,152,853
3,430,000	Eli Lilly & Co., Sr. Unsecd. Note, 2.350%, 5/15/2022	3,536,845
5,255,000	Gilead Sciences, Inc., Sr. Unsecd. Note, 0.750%, 9/29/2023	5,268,674
2,370,000	Merck & Co., Inc., Sr. Unsecd. Note, 2.900%, 3/7/2024	2,554,401
2,790,000	Royalty Pharma PLC, 144A, 1.200%, 9/2/2025	2,778,909
	TOTAL	32,557,469
	<b>Consumer Non-Cyclical - Products—0.7%</b>	
11,015,000	Procter & Gamble Co., Sr. Unsecd. Note, 0.550%, 10/29/2025	10,972,875
2,615,000	Unilever Capital Corp., Sr. Unsecd. Note, 0.375%, 9/14/2023	2,625,483
	TOTAL	13,598,358
	<b>Consumer Non-Cyclical - Tobacco—0.5%</b>	
5,600,000	BAT International Finance PLC, Sr. Unsecd. Note, 1.668%, 3/25/2026	5,629,120
3,635,000	Philip Morris International, Inc., Sr. Unsecd. Note, 1.125%, 5/1/2023	3,699,954
	TOTAL	9,329,074
	<b>Energy - Independent—0.5%</b>	
5,000,000	Canadian Natural Resources Ltd., Sr. Unsecd. Note, 2.050%, 7/15/2025	5,061,395

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Energy - Independent—continued</b>	
\$ 5,320,000	<sup>1</sup> Occidental Petroleum Corp., Sr. Unsecd. Note, 1.730% (3-month USLIBOR +1.450%), 8/15/2022	\$ 4,923,140
	TOTAL	9,984,535
	<b>Energy - Integrated—1.8%</b>	
3,415,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, 2.937%, 4/6/2023	3,608,208
5,000,000	<sup>1</sup> Chevron Corp., Sr. Unsecd. Note, 1.230% (3-month USLIBOR +0.950%), 5/16/2021	5,023,896
3,430,000	Chevron U.S.A., Inc., Sr. Unsecd. Note, 0.687%, 8/12/2025	3,412,580
4,565,000	Exxon Mobil Corp., Sr. Unsecd. Note, 1.902%, 8/16/2022	4,687,759
2,220,000	Exxon Mobil Corp., Sr. Unsecd. Note, 2.222%, 3/1/2021	2,230,971
4,740,000	Exxon Mobil Corp., Sr. Unsecd. Note, 2.992%, 3/19/2025	5,160,499
5,780,000	Shell International Finance B.V., Sr. Unsecd. Note, 0.375%, 9/15/2023	5,773,907
2,855,000	Shell International Finance B.V., Sr. Unsecd. Note, 1.875%, 5/10/2021	2,877,794
1,675,000	Suncor Energy, Inc., Sr. Unsecd. Note, 2.800%, 5/15/2023	1,751,328
	TOTAL	34,526,942
	<b>Energy - Midstream—0.6%</b>	
1,445,000	Boardwalk Pipeline Partners LP, Sr. Unsecd. Note, 4.800%, 5/3/2029	1,543,851
4,200,000	Enterprise Products Operating LLC, Sr. Unsecd. Note, 3.500%, 2/1/2022	4,360,043
6,000,000	<sup>1</sup> Kinder Morgan, Inc., Sr. Unsecd. Note, 1.516% (3-month USLIBOR +1.280%), 1/15/2023	6,030,456
	TOTAL	11,934,350
	<b>Energy - Oil Field Services—0.1%</b>	
2,380,000	Schlumberger Holdings Corp., Sr. Unsecd. Note, 144A, 3.750%, 5/1/2024	2,572,135
	<b>Energy - Refining—0.4%</b>	
6,085,000	Valero Energy Corp., Sr. Unsecd. Note, 1.200%, 3/15/2024	5,965,690
1,750,000	Valero Energy Corp., Sr. Unsecd. Note, 2.700%, 4/15/2023	1,801,642
	TOTAL	7,767,332
	<b>Financial Institution - Banking—10.6%</b>	
1,400,000	Associated Banc-Corp., Sr. Unsecd. Note, Series BKNT, 3.500%, 8/13/2021	1,428,676
2,655,000	Associated Banc-Corp., Sub. Note, 4.250%, 1/15/2025	2,828,560
5,000,000	<sup>1</sup> Australia & New Zealand Banking Group Ltd New York, Unsecd. Note, 144A, 0.740% (3-month USLIBOR +0.460%), 5/17/2021	5,012,451
2,000,000	<sup>1</sup> Australia & New Zealand Banking Group, Melbourne, Sr. Unsecd. Note, 144A, 0.736% (3-month USLIBOR +0.490%), 11/21/2022	2,012,724
4,000,000	<sup>1</sup> Bank of America Corp., Sr. Unsecd. Note, 1.214% (3-month USLIBOR +1.000%), 4/24/2023	4,039,878
2,000,000	<sup>1</sup> Bank of America Corp., Sr. Unsecd. Note, Series FRN, 0.589% (3-month USLIBOR +0.380%), 1/23/2022	2,001,200
3,000,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 0.810%, 10/24/2024	3,004,033
1,500,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 3.458%, 3/15/2025	1,624,161

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Banking—continued</b>	
\$ 3,850,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 3.559%, 4/23/2027	\$ 4,294,362
2,000,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 1.850%, 1/27/2023	2,063,633
3,880,000	<sup>3</sup> Bank of Nova Scotia, Sr. Unsecd. Note, 0.550%, 9/15/2023	3,885,948
5,000,000	Bank of Nova Scotia, Sr. Unsecd. Note, 1.625%, 5/1/2023	5,136,361
3,260,000	<sup>1</sup> Canadian Imperial Bank of Commerce, Sr. Unsecd. Note, 0.887% (Secured Overnight Financing Rate +0.800%), 3/17/2023	3,282,523
2,000,000	Canadian Imperial Bank of Commerce, Sr. Unsecd. Note, 0.950%, 6/23/2023	2,023,468
2,000,000	Capital One Financial Corp., Sr. Unsecd. Note, 3.450%, 4/30/2021	2,025,827
3,000,000	<sup>1</sup> Citibank NA, Sr. Unsecd. Note, Series BKNT, 0.606% (3-month USLIBOR +0.350%), 2/12/2021	3,002,068
3,335,000	Citibank NA, Sr. Unsecd. Note, Series BKNT, 3.165%, 2/19/2022	3,363,004
1,920,000	<sup>1</sup> Citigroup, Inc., Sr. Unsecd. Note, 0.956% (Secured Overnight Financing Rate +0.870%), 11/4/2022	1,929,898
2,900,000	Citigroup, Inc., Sr. Unsecd. Note, 3.352%, 4/24/2025	3,131,914
1,945,000	Citizens Bank N.A., Sr. Unsecd. Note, Series BKNT, 3.250%, 2/14/2022	2,011,026
3,450,000	Citizens Bank, N.A., Providence, Sr. Unsecd. Note, Series BKNT, 2.250%, 4/28/2025	3,651,756
4,170,000	<sup>1</sup> Compass Bank, Birmingham, Sr. Unsecd. Note, Series BKNT, 0.980% (3-month USLIBOR +0.730%), 6/11/2021	4,181,775
760,000	Fifth Third Bank, Sr. Unsecd. Note, Series BKNT, 1.800%, 1/30/2023	782,061
6,285,000	FNB Corp. (PA), Sr. Unsecd. Note, 2.200%, 2/24/2023	6,354,940
5,000,000	<sup>1</sup> Goldman Sachs Group, Inc., Sr. Unsecd. Note, 0.994% (3-month USLIBOR +0.780%), 10/31/2022	5,020,422
2,000,000	<sup>1</sup> Goldman Sachs Group, Inc., Sr. Unsecd. Note, 1.006% (3-month USLIBOR +0.750%), 2/23/2023	2,010,001
10,000,000	<sup>1</sup> HSBC Holdings PLC, Sr. Unsecd. Note, 1.270% (3-month USLIBOR +1.000%), 5/18/2024	10,014,524
2,145,000	HSBC Holdings PLC, Sr. Unsecd. Note, 1.645%, 4/18/2026	2,151,662
1,610,000	Huntington National Bank, Sr. Unsecd. Note, 1.800%, 2/3/2023	1,654,460
1,100,000	Huntington National Bank, Sr. Unsecd. Note, Series BKNT, 3.125%, 4/1/2022	1,140,468
10,000,000	JPMorgan Chase & Co., Sr. Unsecd. Note, 1.514%, 6/1/2024	10,220,032
3,000,000	<sup>1</sup> Manufacturers & Traders Trust Co., Sr. Unsecd. Note, Series BKNT, 0.880% (3-month USLIBOR +0.610%), 5/18/2022	3,020,040
1,500,000	<sup>1</sup> Manufacturers & Traders Trust Co., Sub. Note, Series BKNT, 0.886% (3-month USLIBOR +0.640%), 12/1/2021	1,500,108
5,000,000	Mitsubishi UFJ Financial Group, Inc., Sr. Unsecd. Note, 0.848%, 9/15/2024	5,008,912
4,345,000	<sup>1</sup> Morgan Stanley, Sr. Unsecd. Note, Series GMTN, 0.789% (Secured Overnight Financing Rate +0.700%), 1/20/2023	4,360,361
705,000	Morgan Stanley, Sr. Unsecd. Note, Series I, 0.864%, 10/21/2025	703,870
855,000	Morgan Stanley, Sr. Unsecd. Note, Series MTN, 2.720%, 7/22/2025	912,333



Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Banking—continued</b>	
\$ 1,470,000	<sup>1</sup> MUFG Union Bank, N.A., Sr. Unsecd. Note, Series BKNT, 0.798% (Secured Overnight Financing Rate +0.710%), 12/9/2022	\$ 1,478,505
2,470,000	MUFG Union Bank, N.A., Sr. Unsecd. Note, Series BKNT, 3.150%, 4/1/2022	2,560,604
4,120,000	National Australia Bank Ltd., Sr. Unsecd. Note, 1.875%, 12/13/2022	4,250,948
7,500,000	National Bank of Canada, Montreal, Sr. Unsecd. Note, Series MTN, 2.100%, 2/1/2023	7,756,825
9,000,000	<sup>1</sup> PNC Bank National Association, Sr. Unsecd. Note, 0.671% (3-month USLIBOR +0.430%), 12/9/2022	9,031,312
1,310,000	PNC Bank National Association, Sr. Unsecd. Note, Series BKNT, 2.232%, 7/22/2022	1,327,312
3,000,000	PNC Bank National Association, Sr. Unsecd. Note, Series BKNT, 2.500%, 1/22/2021	3,009,503
1,800,000	PNC Financial Services Group, Inc., Sr. Unsecd. Note, 3.500%, 1/23/2024	1,959,547
3,260,000	Regions Financial Corp., Sr. Unsecd. Note, 2.250%, 5/18/2025	3,447,555
4,630,000	Regions Financial Corp., Sr. Unsecd. Note, 3.800%, 8/14/2023	5,037,085
4,000,000	<sup>1</sup> Royal Bank of Canada, Sr. Unsecd. Note, Series GMTN, 0.944% (3-month USLIBOR +0.730%), 2/1/2022	4,035,365
2,915,000	Royal Bank of Canada, Sr. Unsecd. Note, Series MTN, 0.500%, 10/26/2023	2,912,693
2,180,000	State Street Corp., Sr. Unsecd. Note, 1.950%, 5/19/2021	2,200,612
1,605,000	State Street Corp., Sr. Unsecd. Note, 144A, 2.825%, 3/30/2023	1,657,346
5,000,000	Toronto Dominion Bank, Sr. Unsecd. Note, Series MTN, 0.450%, 9/11/2023	4,994,074
6,000,000	<sup>1</sup> Toronto Dominion Bank, Sr. Unsecd. Note, Series MTN, 0.680% (3-month USLIBOR +0.430%), 6/11/2021	6,015,734
3,000,000	<sup>1</sup> Truist Bank, Sr. Unsecd. Note, Series BKNT, 0.804% (3-month USLIBOR +0.590%), 8/2/2022	3,011,034
3,200,000	Truist Bank, Sr. Unsecd. Note, Series BKNT, 2.800%, 5/17/2022	3,317,249
2,000,000	UBS AG London, Sr. Unsecd. Note, 144A, 1.750%, 4/21/2022	2,036,418
3,000,000	<sup>1</sup> Wells Fargo Bank, N.A., Sr. Unsecd. Note, Series BKNT, 0.546% (3-month USLIBOR +0.310%), 1/15/2021	3,001,760
2,000,000	Wells Fargo Bank, N.A., Sr. Unsecd. Note, Series BKNT, 2.082%, 9/9/2022	2,028,292
3,000,000	Wells Fargo Bank, N.A., Sr. Unsecd. Note, Series BKNT, 2.600%, 1/15/2021	3,014,341
5,000,000	<sup>1</sup> Westpac Banking Corp., Sr. Unsecd. Note, 0.794% (3-month USLIBOR +0.570%), 1/11/2023	5,041,802
	TOTAL	203,915,356
	<b>Financial Institution - Broker/Asset Mgr/Exchange—0.3%</b>	
5,000,000	<sup>1</sup> TD Ameritrade Holding Corp., Sr. Unsecd. Note, 0.644% (3-month USLIBOR +0.430%), 11/1/2021	5,018,096
	<b>Financial Institution - Finance Companies—0.2%</b>	
1,820,000	AerCap Ireland Capital Ltd. / AerCap Global Aviation Trust, Sr. Unsecd. Note, 4.450%, 12/16/2021	1,858,838

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Finance Companies—continued</b>	
\$ 1,430,000	AerCap Ireland Capital Ltd. / AerCap Global Aviation Trust, Sr. Unsecd. Note, 4.875%, 1/16/2024	\$ 1,497,294
	TOTAL	3,356,132
	<b>Financial Institution - Insurance - Health—0.2%</b>	
2,360,000	<sup>1</sup> CIGNA Corp., Sr. Unsecd. Note, Series WI, 0.896% (3-month USLIBOR +0.650%), 9/17/2021	2,360,472
2,000,000	UnitedHealth Group, Inc., Sr. Unsecd. Note, 1.250%, 1/15/2026	2,040,810
	TOTAL	4,401,282
	<b>Financial Institution - Insurance - Life—1.3%</b>	
6,000,000	AIG Global Funding, Sec. Fac. Bond, 144A, 0.900%, 9/22/2025	5,977,345
2,270,000	AIG Global Funding, Sr. Secd. Note, 144A, 0.800%, 7/7/2023	2,287,326
1,250,000	Met Life Global Funding I, Sec. Fac. Bond, 144A, 2.400%, 6/17/2022	1,291,308
1,190,000	Met Life Global Funding I, Sr. Secd. Note, 144A, 2.650%, 4/8/2022	1,228,829
4,000,000	Met Life Real Estate Investments, Sec. Fac. Bond, 144A, 3.450%, 10/9/2021	4,120,785
3,000,000	New York Life Global Funding, Sec. Fac. Bond, 144A, 0.400%, 10/21/2023	2,997,790
3,000,000	<sup>1</sup> New York Life Global Funding, Sec. Fac. Bond, 144A, 0.769% (3-month USLIBOR +0.520%), 6/10/2022	3,020,557
3,750,000	New York Life Global Funding, Sec. Fac. Bond, 144A, 2.950%, 1/28/2021	3,775,801
	TOTAL	24,699,741
	<b>Financial Institution - Insurance - P&amp;C—0.0%</b>	
1,000,000	<sup>1</sup> HSB Group, Inc., Company Guarantee, Series B, 1.146% (3-month USLIBOR +0.910%), 7/15/2027	921,068
	<b>Financial Institution - REIT - Office—0.0%</b>	
230,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 4.000%, 1/15/2024	252,703
	<b>Technology—2.0%</b>	
6,000,000	Apple, Inc., Sr. Unsecd. Note, 0.750%, 5/11/2023	6,062,048
3,270,000	Apple, Inc., Sr. Unsecd. Note, 1.700%, 9/11/2022	3,357,036
4,165,000	Broadcom, Inc., Sr. Unsecd. Note, 2.250%, 11/15/2023	4,329,621
1,430,000	Broadcom, Inc., Sr. Unsecd. Note, 4.700%, 4/15/2025	1,625,931
2,500,000	Dell International LLC / EMC Corp., 144A, 4.000%, 7/15/2024	2,718,362
2,985,000	Dell International LLC / EMC Corp., Sec. Fac. Bond, 144A, 5.850%, 7/15/2025	3,509,364
4,545,000	<sup>1</sup> Equifax, Inc., Sr. Unsecd. Note, Series FRN, 1.150% (3-month USLIBOR +0.870%), 8/15/2021	4,562,173
1,975,000	Fiserv, Inc., Sr. Unsecd. Note, 2.750%, 7/1/2024	2,111,223
2,520,000	Fiserv, Inc., Sr. Unsecd. Note, 3.800%, 10/1/2023	2,747,383
5,000,000	IBM Credit Corp., Sr. Unsecd. Note, 3.600%, 11/30/2021	5,177,426
1,535,000	Micron Technology, Inc., Sr. Unsecd. Note, 2.497%, 4/24/2023	1,598,347
	TOTAL	37,798,914
	<b>Transportation - Airlines—0.3%</b>	
5,385,000	Southwest Airlines Co., Sr. Unsecd. Note, 4.750%, 5/4/2023	5,771,591

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Transportation - Services—0.8%</b>	
\$ 2,555,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsec'd. Note, 144A, 1.200%, 11/15/2025	\$ 2,552,212
3,000,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsec'd. Note, 144A, 2.700%, 3/14/2023	3,133,249
2,560,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsec'd. Note, 144A, 3.450%, 7/1/2024	2,777,390
820,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsec'd. Note, 144A, 3.650%, 7/29/2021	836,835
1,925,000	Ryder System, Inc., Sr. Unsec'd. Note, Series MTN, 3.500%, 6/1/2021	1,959,559
3,000,000	Ryder System, Inc., Sr. Unsec'd. Note, Series MTN, 3.650%, 3/18/2024	3,264,011
	TOTAL	14,523,256
	<b>Utility - Electric—4.0%</b>	
1,500,000	AEP Texas, Inc., Sr. Unsec'd. Note, Series WI, 2.400%, 10/1/2022	1,552,671
3,000,000	American Electric Power Co., Inc., Sr. Unsec'd. Note, 2.150%, 11/13/2020	3,001,561
2,810,000	Avangrid, Inc., Sr. Unsec'd. Note, 3.200%, 4/15/2025	3,083,414
5,000,000	<sup>1</sup> Consolidated Edison Co., Sr. Unsec'd. Note, Series C, 0.625% (3-month USLIBOR +0.400%), 6/25/2021	5,010,195
6,755,000	<sup>1</sup> Dominion Energy, Inc., Sr. Unsec'd. Note, Series D, 0.776% (3-month USLIBOR +0.530%), 9/15/2023	6,774,841
4,920,000	<sup>1</sup> Duke Energy Progress LLC, Sr. Unsec'd. Note, Series A, 0.433% (3-month USLIBOR +0.180%), 2/18/2022	4,921,109
2,320,000	EverSource Energy, Sr. Unsec'd. Note, Series Q, 0.800%, 8/15/2025	2,313,097
3,000,000	Exelon Corp., Jr. Sub. Note, 3.497%, 6/1/2022	3,128,367
5,040,000	Exelon Generation Co. LLC, Sr. Unsec'd. Note, 3.250%, 6/1/2025	5,487,685
2,370,000	<sup>1</sup> Florida Power & Light Co., Sr. Unsec'd. Note, 0.602% (3-month USLIBOR +0.380%), 7/28/2023	2,371,206
3,385,000	National Rural Utilities Cooperative Finance Corp., Sr. Unsec'd. Note, Series MTN, 1.750%, 1/21/2022	3,446,976
1,900,000	National Rural Utilities Cooperative Finance Corp., Sr. Unsec'd. Note, Series MTN, 2.900%, 3/15/2021	1,918,834
1,565,000	NextEra Energy Capital Holdings, Inc., Sr. Unsec'd. Note, 2.750%, 5/1/2025	1,687,713
6,155,000	Oncor Electric Delivery Co. LLC, Sec. Fac. Bond, 144A, 0.550%, 10/1/2025	6,115,818
7,145,000	<sup>1</sup> PPL Electric Utilities Corp., Term Loan - 1st Lien, 0.475% (3-month USLIBOR +0.250%), 9/28/2023	7,149,536
1,465,000	Public Service Enterprises Group, Inc., Sr. Unsec'd. Note, 2.875%, 6/15/2024	1,576,476
8,000,000	WEC Energy Group, Inc., Sr. Unsec'd. Note, 0.550%, 9/15/2023	8,030,826
4,120,000	Wisconsin Public Service, Sr. Unsec'd. Note, 3.350%, 11/21/2021	4,253,237
3,860,000	Xcel Energy, Inc., Sr. Unsec'd. Note, 0.500%, 10/15/2023	3,864,334
	TOTAL	75,687,896
	<b>Utility - Natural Gas—0.4%</b>	
6,950,000	National Fuel Gas Co., Sr. Unsec'd. Note, 5.500%, 1/15/2026	7,612,736

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	<b>Utility - Natural Gas Distributor—0.2%</b>	
\$ 3,830,000	<sup>1</sup> Southern California Gas Co., Sr. Unsec'd. Note, 0.569% (3-month USLIBOR +0.350%), 9/14/2023	\$ 3,831,488
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$700,574,096)	716,012,803
	U.S. TREASURIES—3.9%	
	<b>U.S. Treasury Notes—3.9%</b>	
10,000,000	<sup>1</sup> United States Treasury Floating Rate Notes, 0.400% (91-day T-Bill +0.300%), 11/3/2020	10,028,504
40,000,000	United States Treasury Note, 2.125%, 2/29/2024	42,511,272
20,000,000	<sup>4</sup> United States Treasury Note, 2.500%, 2/28/2026	22,181,304
	TOTAL U.S. TREASURIES (IDENTIFIED COST \$69,915,254)	74,721,080
	COLLATERALIZED MORTGAGE OBLIGATIONS—2.9%	
	<b>Federal Home Loan Mortgage Corporation—1.7%</b>	
620	Federal Home Loan Mortgage Corp. REMIC, Series 1686, Class PJ, 5.000%, 2/15/2024	645
7,514	Federal Home Loan Mortgage Corp. REMIC, Series 2091, Class PG, 6.000%, 11/15/2028	8,361
27,535	Federal Home Loan Mortgage Corp. REMIC, Series 2647, Class A, 3.250%, 4/15/2032	29,252
21,973	Federal Home Loan Mortgage Corp. REMIC, Series 2694, Class BA, 4.000%, 6/15/2031	22,815
14,111	Federal Home Loan Mortgage Corp. REMIC, Series 2756, Class NA, 5.000%, 2/15/2024	14,900
554,737	<sup>1</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3117, Class FE, 0.448% (1-month USLIBOR +0.300%), 2/15/2036	556,516
63,762	<sup>1</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3152, Class WF, 0.608% (1-month USLIBOR +0.460%), 2/15/2034	64,367
172,533	<sup>1</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3317, Class F, 0.548% (1-month USLIBOR +0.400%), 7/15/2036	173,751
80,215	<sup>1</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3542, Class NF, 0.898% (1-month USLIBOR +0.750%), 7/15/2036	81,767
302,283	<sup>1</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3556, Class FA, 1.058% (1-month USLIBOR +0.910%), 7/15/2037	309,434
8,176,718	<sup>1</sup> Federal Home Loan Mortgage Corp. REMIC, Series 3843, Class F, 0.478% (1-month USLIBOR +0.330%), 4/15/2041	8,211,066
12,225,177	<sup>1</sup> Federal Home Loan Mortgage Corp. REMIC, Series 5031, Class FB, 0.386% (Secured Overnight Financing Rate +0.300%), 4/25/2041	12,234,099
10,364,101	Federal Home Loan Mortgage Corp. REMIC, Series K105, Class A1, 1.536%, 9/25/2029	10,618,959
93,597	Federal Home Loan Mortgage Corp. REMIC, Series T-51, Class 1A, 6.500%, 9/25/2043	119,019
	TOTAL	32,444,951
	<b>Federal National Mortgage Association—0.9%</b>	
46	Federal National Mortgage Association REMIC, Series 1991-141, Class PZ, 8.000%, 10/25/2021	47

Principal Amount or Shares		Value
	COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	<b>Federal National Mortgage Association—continued</b>	
\$ 2,948	Federal National Mortgage Association REMIC, Series 1992-162, Class D, 7.000%, 9/25/2022	\$ 3,085
3,954	<sup>1</sup> Federal National Mortgage Association REMIC, Series 1993-113, Class SB, 9.749% (10-year Constant Maturity Treasury +48.285%), Maximum Rate 9.749%, 7/25/2023	4,221
393	<sup>1</sup> Federal National Mortgage Association REMIC, Series 1993-179, Class FO, 4.000% (3-month Constant Maturity Treasury +0.700%), 10/25/2023	408
1,529	Federal National Mortgage Association REMIC, Series 1993-32, Class H, 6.000%, 3/25/2023	1,610
62,304	Federal National Mortgage Association REMIC, Series 1997-81, Class PD, 6.350%, 12/18/2027	68,525
36,658	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2002-52, Class FG, 0.649% (1-month USLIBOR +0.500%), 9/25/2032	37,004
6,658	Federal National Mortgage Association REMIC, Series 2003-35, Class UC, 3.750%, 5/25/2033	7,036
143,011	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2006-44, Class FK, 0.579% (1-month USLIBOR +0.430%), 6/25/2036	144,159
656,954	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2007-97, Class FE, 0.599% (1-month USLIBOR +0.450%), 7/25/2037	663,392
88,236	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2008-69, Class FB, 1.149% (1-month USLIBOR +1.000%), 6/25/2037	90,635
14,781	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2009-42, Class FG, 0.949% (1-month USLIBOR +0.800%), 5/25/2039	14,826
199,054	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2009-69, Class F, 0.999% (1-month USLIBOR +0.850%), 4/25/2037	203,858
295,987	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2010-74, Class AF, 0.689% (1-month USLIBOR +0.540%), 7/25/2037	299,699
406,711	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2011-17, Class FP, 0.599% (1-month USLIBOR +0.450%), 3/25/2041	408,664
1,895,374	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2012-1, Class PF, 0.549% (1-month USLIBOR +0.400%), 2/25/2042	1,909,781
5,273,068	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2016-24, Class FG, 0.499% (1-month USLIBOR +0.350%), 5/25/2046	5,301,289
1,288,905	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2017-24, Class FB, 0.499% (1-month USLIBOR +0.350%), 4/25/2047	1,293,470
6,160,689	<sup>1</sup> Federal National Mortgage Association REMIC, Series 2020-68, Class FB, 0.449% (1-month USLIBOR +0.300%), 10/25/2060	6,165,998
94	Federal National Mortgage Association REMIC, Series G92-44, Class ZQ, 8.000%, 7/25/2022	97
1,777	Federal National Mortgage Association REMIC, Series G92-54, Class ZQ, 7.500%, 9/25/2022	1,829
13,677	<sup>1</sup> Federal National Mortgage Association, Class FB, 0.649% (1-month USLIBOR +0.500%), 8/25/2039	13,851
	<b>TOTAL</b>	<b>16,633,484</b>
	<b>Government National Mortgage Association—0.3%</b>	
3,064,967	<sup>1</sup> Government National Mortgage Association REMIC, Series 2013-H16, Class FA, 0.695% (1-month USLIBOR +0.540%), 7/20/2063	3,072,853

Principal Amount or Shares		Value
	<b>COLLATERALIZED MORTGAGE OBLIGATIONS—continued</b>	
	<b>Government National Mortgage Association—continued</b>	
\$ 3,876,208	<sup>1</sup> Government National Mortgage Association REMIC, Series 2013-H17, Class FA, 0.705% (1-month USLIBOR +0.550%), 7/20/2063	\$ 3,885,471
	TOTAL	6,958,324
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (IDENTIFIED COST \$55,752,736)	56,036,759
	<b>COMMERCIAL MORTGAGE-BACKED SECURITIES—2.5%</b>	
	<b>Commercial Mortgage—2.5%</b>	
5,000,000	<sup>1</sup> BHMS Mortgage Trust 2018-ATLS, Class A, 1.398% (1-month USLIBOR +1.250%), 7/15/2035	4,775,709
10,000,000	<sup>1</sup> Cosmopolitan Hotel Trust 2017-CSMO, Class B, 1.548% (1-month USLIBOR +1.400%), 11/15/2036	9,656,685
4,000,000	<sup>1</sup> DBWF Mortgage Trust 2018-GLKS, Class A, 1.177% (1-month USLIBOR +1.030%), 12/19/2030	3,872,667
8,550,000	<sup>1</sup> DBWF Mortgage Trust 2018-GLKS, Class B, 1.497% (1-month USLIBOR +1.350%), 12/19/2030	7,973,192
40,278	Deutsche Bank Commercial Mortgage Trust 2016-C1, Class A1, 1.676%, 5/10/2049	40,270
12,000,000	Fontainebleau Miami Beach Trust, Class B, 3.447%, 12/10/2036	12,036,294
4,849,803	<sup>1</sup> UBS-Barclays Commercial Mortgage Trust 2013-C6, Class A3FL, 0.935% (1-month USLIBOR +0.790%), 4/10/2046	4,861,079
5,000,000	<sup>1</sup> WF-RBS Commercial Mortgage Trust 2012-C7, Class AFL, 1.347% (1-month USLIBOR +1.200%), 6/15/2045	5,009,535
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$49,341,046)	48,225,431
	<b>NON-AGENCY MORTGAGE-BACKED SECURITIES—1.3%</b>	
	<b>Non-Agency Mortgage—1.3%</b>	
4,476	Banc of America Mortgage Securities 2003-B, Class 2A2, 4.371%, 3/25/2033	4,474
4,552	Countrywide Alternative Loan Trust 2003-J3, Class 2A1, 6.250%, 12/25/2033	4,675
4,554,974	<sup>1</sup> Gosforth Funding PLC 2018-1A, Class A1, 0.700% (3-month USLIBOR +0.450%), 8/25/2060	4,557,324
2,190,665	<sup>1</sup> Holmes Master Issuer PLC 2018-2A, Class A2, 0.695% (3-month USLIBOR +0.420%), 10/15/2054	2,191,020
2,500,000	<sup>1</sup> Lanark Master Issuer PLC 2018-2A, Class 1A, 0.676% (3-month USLIBOR +0.420%), 12/22/2069	2,500,903
4,000,000	Lanark Master Issuer PLC 2020-1A, Class 1A, 2.277%, 12/22/2069	4,100,392
124,672	Residential Accredit Loans, Inc. 2004-QA4, Class NB1, 0.246%, 9/25/2034	115,261
1,572,114	Sequoia Mortgage Trust 2012-6, Class A2, 1.808%, 12/25/2042	1,524,579
639,089	Sequoia Mortgage Trust 2013-1, Class 2A1, 1.855%, 2/25/2043	638,930
1,297,946	Sequoia Mortgage Trust 2013-2, Class A, 1.874%, 2/25/2043	1,287,519
6,776,000	<sup>1</sup> Silverstone Master Issuer 2018-1A, Class 1A, 0.598% (3-month USLIBOR +0.390%), 1/21/2070	6,781,197
55,109	Vendee Mortgage Trust 1994-3A, Class 1ZB, 6.500%, 9/15/2024	59,860

Principal Amount or Shares		Value
	NON-AGENCY MORTGAGE-BACKED SECURITIES—continued	
	<b>Non-Agency Mortgage—continued</b>	
\$ 288,124	<sup>1</sup> Washington Mutual 2006-AR15, Class 1A, 1.722% (Fed Reserve 12Mo Cumulative Avg 1 Yr CMT +0.840%), 11/25/2046	\$ 249,544
330,734	<sup>1</sup> Washington Mutual 2006-AR17, Class 1A, 1.840% (Fed Reserve 12Mo Cumulative Avg 1 Yr CMT +0.820%), 12/25/2046	297,198
	TOTAL NON-AGENCY MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$24,343,145)	24,312,876
	FOREIGN GOVERNMENTS/AGENCY—0.1%	
	<b>Supranational—0.1%</b>	
3,000,000	Corp Andina De Fomento, Sr. Unsecd. Note, 2.125%, 9/27/2021 (IDENTIFIED COST \$2,998,930)	3,010,980
	<sup>1</sup> ADJUSTABLE RATE MORTGAGES—0.1%	
	<b>Federal Home Loan Mortgage Corporation—0.0%</b>	
29	FHLMC ARM, 1.897%, 10/1/2030	29
262,070	FHLMC ARM, 3.601%, 3/1/2033	273,994
2,400	FHLMC ARM, 5.331%, 11/1/2030	2,597
	TOTAL	276,620
	<b>Federal National Mortgage Association—0.1%</b>	
340,724	FNMA ARM, 1.932%, 8/1/2033	345,429
137,374	FNMA ARM, 2.420%, 5/1/2040	139,783
48,543	FNMA ARM, 2.420%, 5/1/2040	49,399
13,413	FNMA ARM, 2.448%, 10/1/2027	13,579
204,469	FNMA ARM, 2.477%, 5/1/2034	209,737
113,094	FNMA ARM, 2.504%, 4/1/2028	114,524
	TOTAL	872,451
	<b>Government National Mortgage Association—0.0%</b>	
925	GNMA ARM, 3.000%, 1/20/2022	934
	TOTAL ADJUSTABLE RATE MORTGAGES (IDENTIFIED COST \$1,134,245)	1,150,005
	MORTGAGE-BACKED SECURITIES—0.0%	
	<b>Federal Home Loan Mortgage Corporation—0.0%</b>	
740	Federal Home Loan Mortgage Corp., Pool C90493, 6.500%, 11/1/2021	756
	<b>Federal National Mortgage Association—0.0%</b>	
40,035	Federal National Mortgage Association, Pool 728568, 6.500%, 10/1/2033	47,344
	<b>Government National Mortgage Association—0.0%</b>	
4,159	Government National Mortgage Association, Pool 354754, 7.500%, 2/15/2024	4,403
3,826	Government National Mortgage Association, Pool 423843, 8.500%, 8/15/2026	4,269
	TOTAL	8,672
	TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$51,204)	56,772
	INVESTMENT COMPANIES—12.9%	
3,729,102	Bank Loan Core Fund	34,792,525

Principal Amount or Shares		Value
	INVESTMENT COMPANIES—continued	
1,021,760	Federated Hermes Government Obligations Fund, Premier Shares, 0.03% <sup>5</sup>	\$ 1,021,760
139,372,346	Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares, 0.10% <sup>5</sup>	139,428,094
3,408,385	Federated Mortgage Core Portfolio	34,322,442
6,065,411	High Yield Bond Portfolio	36,877,697
	TOTAL INVESTMENT COMPANIES (IDENTIFIED COST \$247,393,500)	246,442,518
	TOTAL INVESTMENT IN SECURITIES—101.2% (IDENTIFIED COST \$1,912,427,237) <sup>6</sup>	1,937,884,298
	OTHER ASSETS AND LIABILITIES - NET—(1.2)% <sup>7</sup>	(22,436,337)
	TOTAL NET ASSETS—100%	\$1,915,447,961

At October 31, 2020, the Fund had the following outstanding futures contracts:

Description	Number of Contracts	Notional Value	Expiration Date	Value and Unrealized Depreciation
<b>Long Futures:</b>				
<sup>8</sup> United States Treasury Note 2-Year Long Futures	300	\$66,253,125	December 2020	\$ (10,075)
<sup>8</sup> United States Treasury Note 5-Year Long Futures	300	\$37,680,469	December 2020	\$ (94,391)
NET UNREALIZED DEPRECIATION ON FUTURES CONTRACTS				\$(104,466)

Net Unrealized Depreciation on Futures Contracts is included in “Other Assets and Liabilities—Net.”



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Affiliated fund holdings are investment companies which are managed by the Adviser or an affiliate of the Adviser. Transactions with the affiliated fund holdings during the period ended October 31, 2020, were as follows:

<b>Affiliates</b>	<b>Value as of 4/30/2020</b>	<b>Purchases at cost</b>	<b>Proceeds from Sales</b>
Bank Loan Core Fund	\$ 17,811,184	\$ 16,011,100	\$ —
Federated Hermes Government Obligations Fund, Premier Shares	\$ 210,630	\$ 4,197,520	\$ (3,386,390)
Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares	\$160,967,045	\$421,377,979	\$(442,947,371)
Federated Mortgage Core Portfolio	\$ 34,138,290	\$ 455,219	\$ —
High Yield Bond Portfolio	\$ 19,276,049	\$ 16,304,370	\$ —
<b>TOTAL OF AFFILIATED TRANSACTIONS</b>	<b>\$232,403,198</b>	<b>\$458,346,188</b>	<b>\$(446,333,761)</b>

Change in Unrealized Appreciation/Depreciation	Net Realized Gain/(Loss)	Value as of 10/31/2020	Shares Held as of 10/31/2020	Dividend Income
\$ 970,241	\$ —	\$ 34,792,525	3,729,102	\$ 511,100
\$ —	\$ —	\$ 1,021,760	1,021,760	\$ 87
\$ (58,305)	\$88,746	\$139,428,094	139,372,346	\$ 128,100
\$ (271,067)	\$ —	\$ 34,322,442	3,408,385	\$ 455,219
\$1,297,278	\$ —	\$ 36,877,697	6,065,411	\$ 804,370
\$1,938,147	\$88,746	\$246,442,518	153,597,004	\$1,898,876

- 1 *Floating/adjustable note with current rate and current maturity or next reset date shown. Adjustable rate mortgage security coupons are based on the weighted average note rates of the underlying mortgages less the guarantee and servicing fees. These securities do not indicate an index and spread in their description above.*
- 2 *Market quotations and price evaluations are not available. Fair value determined using significant unobservable inputs in accordance with procedures established by and under the general supervision of the Fund's Board of Trustees (the "Trustees").*
- 3 *All or a portion of these securities are temporarily on loan to unaffiliated broker/dealers.*
- 4 *All or a portion of this security is pledged as collateral to ensure the Fund is able to satisfy the obligations of its outstanding futures contracts.*
- 5 *7-day net yield.*
- 6 *The cost of investments for federal tax purposes amounts to \$1,912,427,237.*
- 7 *Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*
- 8 *Non-income-producing security.*

Note: The categories of investments are shown as a percentage of total net assets at October 31, 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 October 31, 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>				
Asset-Backed Securities	\$ —	\$ 767,915,074	\$ 0	\$ 767,915,074
Corporate Bonds	—	716,012,803	—	716,012,803
U.S. Treasuries	—	74,721,080	—	74,721,080
Collateralized Mortgage Obligations	—	56,036,759	—	56,036,759
Commercial Mortgage-Backed Securities	—	48,225,431	—	48,225,431
Non-Agency Mortgage-Backed Securities	—	24,312,876	—	24,312,876
Foreign Governments/Agency	—	3,010,980	—	3,010,980
Adjustable Rate Mortgages	—	1,150,005	—	1,150,005
Mortgage-Backed Securities	—	56,772	—	56,772
<b>Investment Companies</b>	246,442,518	—	—	246,442,518
<b>TOTAL SECURITIES</b>	<b>\$246,442,518</b>	<b>\$1,691,441,780</b>	<b>\$ 0</b>	<b>\$1,937,884,298</b>
<b>Other Financial Instruments:<sup>1</sup></b>				
Liabilities	\$ (104,466)	\$ —	\$—	\$ (104,466)
<b>TOTAL OTHER FINANCIAL INSTRUMENTS</b>	<b>\$ (104,466)</b>	<b>\$ —</b>	<b>\$—</b>	<b>\$ (104,466)</b>

<sup>1</sup> Other financial instruments are futures contracts.

The following acronym(s) are used throughout this portfolio:

ARM —Adjustable Rate Mortgage  
 BKNT —Bank Notes  
 CMT —Constant Maturity Treasury  
 FHLMC—Federal Home Loan Mortgage Corporation  
 FNMA —Federal National Mortgage Association  
 GMTN —Global Medium Term Note  
 GNMA —Government National Mortgage Association  
 LIBOR —London Interbank Offered Rate  
 MTN —Medium Term Note  
 REIT —Real Estate Investment Trust  
 REMIC —Real Estate Mortgage Investment Conduit

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class A Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 10/31/2020	Year Ended April 30,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.52</b>	<b>\$8.49</b>	<b>\$8.44</b>	<b>\$8.51</b>	<b>\$8.50</b>	<b>\$8.56</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.06	0.18	0.17	0.11	0.07	0.06
Net realized and unrealized gain (loss)	0.17	0.03	0.05	(0.07)	0.01	(0.06)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.23</b>	<b>0.21</b>	<b>0.22</b>	<b>0.04</b>	<b>0.08</b>	<b>0.00<sup>1</sup></b>
<b>Less Distributions:</b>						
Distributions from net investment income	(0.06)	(0.18)	(0.17)	(0.11)	(0.07)	(0.06)
<b>Net Asset Value, End of Period</b>	<b>\$8.69</b>	<b>\$8.52</b>	<b>\$8.49</b>	<b>\$8.44</b>	<b>\$8.51</b>	<b>\$8.50</b>
<b>Total Return<sup>2</sup></b>	<b>2.76%</b>	<b>2.44%</b>	<b>2.59%</b>	<b>0.47%</b>	<b>0.95%</b>	<b>0.03%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>3</sup>	0.62% <sup>4</sup>	0.79%	0.96%	1.11%	1.10%	1.10%
Net investment income	1.41% <sup>4</sup>	2.05%	1.99%	1.28%	0.82%	0.69%
Expense waiver/reimbursement <sup>5</sup>	0.07% <sup>4</sup>	0.08%	0.14%	0.28%	0.24%	0.22%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$372,216	\$91,446	\$86,807	\$52,740	\$59,738	\$77,009
Portfolio turnover	11%	39%	40%	28%	34%	15%

- 1 Represents less than \$0.01.
- 2 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. Total returns for periods of less than one year are not annualized.
- 3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 4 Computed on an annualized basis.
- 5 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Institutional Shares<sup>1</sup>

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 10/31/2020	Year Ended April 30,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.52</b>	<b>\$8.49</b>	<b>\$8.44</b>	<b>\$8.51</b>	<b>\$8.50</b>	<b>\$8.56</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.08	0.21	0.22	0.17	0.13	0.12
Net realized and unrealized gain (loss)	0.16	0.03	0.05	(0.07)	0.01	(0.05)
TOTAL FROM INVESTMENT OPERATIONS	0.24	0.24	0.27	0.10	0.14	0.07
<b>Less Distributions:</b>						
Distributions from net investment income	(0.08)	(0.21)	(0.22)	(0.17)	(0.13)	(0.13)
<b>Net Asset Value, End of Period</b>	<b>\$8.68</b>	<b>\$8.52</b>	<b>\$8.49</b>	<b>\$8.44</b>	<b>\$8.51</b>	<b>\$8.50</b>
<b>Total Return<sup>2</sup></b>	<b>2.77%</b>	<b>2.87%</b>	<b>3.21%</b>	<b>1.22%</b>	<b>1.71%</b>	<b>0.79%</b>

## Ratios to Average Net Assets:

Net expenses <sup>3</sup>	0.37% <sup>4</sup>	0.37%	0.37%	0.36%	0.35%	0.35%
Net investment income	1.73% <sup>4</sup>	2.47%	2.59%	2.04%	1.57%	1.44%
Expense waiver/reimbursement <sup>5</sup>	0.09% <sup>4</sup>	0.10%	0.14%	0.27%	0.24%	0.22%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$1,011,758	\$960,898	\$844,119	\$438,235	\$403,852	\$515,604
Portfolio turnover	11%	39%	40%	28%	34%	15%

- <sup>1</sup> Prior to November 2, 2018, Institutional Shares were designated as the Class Y Shares.
- <sup>2</sup> Based on net asset value. Total returns for periods of less than one year are not annualized.
- <sup>3</sup> Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- <sup>4</sup> Computed on an annualized basis.
- <sup>5</sup> 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<sup>1</sup>

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 10/31/2020	Year Ended April 30,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.52</b>	<b>\$8.48</b>	<b>\$8.44</b>	<b>\$8.51</b>	<b>\$8.50</b>	<b>\$8.56</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.06	0.19	0.20	0.16	0.12	0.11
Net realized and unrealized gain (loss)	0.16	0.04	0.04	(0.07)	0.01	(0.06)
TOTAL FROM INVESTMENT OPERATIONS	0.22	0.23	0.24	0.09	0.13	0.05
<b>Less Distributions:</b>						
Distributions from net investment income	(0.06)	(0.19)	(0.20)	(0.16)	(0.12)	(0.11)
<b>Net Asset Value, End of Period</b>	<b>\$8.68</b>	<b>\$8.52</b>	<b>\$8.48</b>	<b>\$8.44</b>	<b>\$8.51</b>	<b>\$8.50</b>
<b>Total Return<sup>2</sup></b>	2.63%	2.70%	2.89%	1.09%	1.57%	0.63%

## Ratios to Average Net Assets:

Net expenses <sup>3</sup>	0.65% <sup>4</sup>	0.65%	0.57%	0.48%	0.49%	0.52%
Net investment income	1.45% <sup>4</sup>	2.19%	2.37%	1.91%	1.46%	1.27%
Expense waiver/reimbursement <sup>5</sup>	0.10% <sup>4</sup>	0.10%	0.11%	0.20%	0.22%	0.22%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$338,952	\$337,987	\$372,876	\$417,673	\$478,362	\$400,918
Portfolio turnover	11%	39%	40%	28%	34%	15%

- <sup>1</sup> Prior to November 2, 2018, new Service Shares were designated as Institutional Shares. At the close of business on November 2, 2018, the existing Service Shares were converted into the newly re-designated Service Shares.
- <sup>2</sup> Based on net asset value. Total returns for periods of less than one year are not annualized.
- <sup>3</sup> Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- <sup>4</sup> Computed on an annualized basis.
- <sup>5</sup> 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 – Class R6 Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 10/31/2020	Year Ended April 30,			Period Ended 4/30/2017 <sup>1</sup>
		2020	2019	2018	
<b>Net Asset Value, Beginning of Period</b>	<b>\$8.53</b>	<b>\$8.49</b>	<b>\$8.45</b>	<b>\$8.51</b>	<b>\$8.49</b>
<b>Income From Investment Operations:</b>					
Net investment income	0.08	0.21	0.22	0.17	0.07
Net realized and unrealized gain (loss)	0.16	0.04	0.04	(0.06)	(0.01)
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.24</b>	<b>0.25</b>	<b>0.26</b>	<b>0.11</b>	<b>0.06</b>
<b>Less Distributions:</b>					
Distributions from net investment income	(0.08)	(0.21)	(0.22)	(0.17)	(0.04)
<b>Net Asset Value, End of Period</b>	<b>\$8.69</b>	<b>\$8.53</b>	<b>\$8.49</b>	<b>\$8.45</b>	<b>\$8.51</b>
<b>Total Return<sup>2</sup></b>	<b>2.78%</b>	<b>3.02%</b>	<b>3.11%</b>	<b>1.35%</b>	<b>0.72%</b>
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>3</sup>	0.34% <sup>4</sup>	0.34%	0.34%	0.35%	0.33% <sup>4</sup>
Net investment income	1.75% <sup>4</sup>	2.48%	2.66%	2.19%	1.34% <sup>4</sup>
Expense waiver/reimbursement <sup>5</sup>	0.08% <sup>4</sup>	0.08%	0.10%	0.20%	0.40% <sup>4</sup>
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$192,522	\$147,771	\$68,022	\$13,637	\$0 <sup>6</sup>
Portfolio turnover	11%	39%	40%	28%	34% <sup>7</sup>

- 1 Reflects operations for the period from January 20, 2017 (date of initial investment) to April 30, 2017. Certain ratios included above in Ratios to Average Net Assets and per share amounts may be inflated or deflated as compared to the fee structure for each respective share class as a result of daily systematic allocations being rounded to the nearest penny for fund level income, expense and realized/unrealized gain/loss amounts. Such differences are immaterial.
- 2 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 4 Computed on an annualized basis.
- 5 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 6 Represents less than \$1,000.
- 7 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended April 30, 2017.

See Notes which are an integral part of the Financial Statements



# Statement of Assets and Liabilities

October 31, 2020 (unaudited)

## Assets:

Investment in securities, at value including \$545,600 of securities loaned and \$246,442,518 of investment in affiliated holdings* (identified cost \$1,912,427,237)	\$1,937,884,298
Income receivable	4,155,938
Income receivable from affiliated holdings	364,607
Receivable for shares sold	9,224,206
<b>TOTAL ASSETS</b>	<b>1,951,629,049</b>

## Liabilities:

Payable for investments purchased	31,196,878
Payable for shares redeemed	3,521,358
Payable for variation margin on futures contracts	14,106
Payable for collateral due to broker for securities lending	1,021,760
Income distribution payable	163,185
Payable to adviser (Note 5)	23,925
Payable for administrative fee (Note 5)	8,151
Payable for other service fees (Notes 2 and 5)	148,470
Accrued expenses (Note 5)	83,255
<b>TOTAL LIABILITIES</b>	<b>36,181,088</b>
Net assets for 220,544,977 shares outstanding	\$1,915,447,961

## Net Assets Consist of:

Paid-in capital	\$1,890,670,604
Total distributable earnings (loss)	24,777,357
<b>TOTAL NET ASSETS</b>	<b>\$1,915,447,961</b>

## Statement of Assets and Liabilities – continued

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

#### Class A Shares:

Net asset value per share (\$372,215,805 ÷ 42,846,622 shares outstanding), no par value, unlimited shares authorized	\$	8.69
Offering price per share (100/99.00 of \$8.69)	\$	8.78
Redemption proceeds per share	\$	8.69

#### Institutional Shares:

Net asset value per share (\$1,011,757,892 ÷ 116,495,717 shares outstanding), no par value, unlimited shares authorized	\$	8.68
Offering price per share	\$	8.68
Redemption proceeds per share	\$	8.68

#### Service Shares:

Net asset value per share (\$338,952,467 ÷ 39,047,832 shares outstanding), no par value, unlimited shares authorized	\$	8.68
Offering price per share	\$	8.68
Redemption proceeds per share	\$	8.68

#### Class R6 Shares:

Net asset value per share (\$192,521,797 ÷ 22,154,806 shares outstanding), no par value, unlimited shares authorized	\$	8.69
Offering price per share	\$	8.69
Redemption proceeds per share	\$	8.69

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended October 31, 2020 (unaudited)

## Investment Income:

Interest	\$15,410,933
Dividends (including \$1,898,789 received from affiliated holdings*)	1,898,762
Net income on securities loaned (includes \$87 received from affiliated holdings related to cash collateral balances (Note 2)*)	139
<b>TOTAL INCOME</b>	<b>17,309,834</b>

## Expenses:

Investment adviser fee (Note 5)	2,482,102
Administrative fee (Note 5)	646,302
Custodian fees	30,567
Transfer agent fees (Note 2)	457,655
Directors'/Trustees' fees (Note 5)	3,857
Auditing fees	15,224
Legal fees	3,951
Portfolio accounting fees	100,134
Other service fees (Notes 2 and 5)	659,525
Share registration costs	71,077
Printing and postage	27,107
Miscellaneous (Note 5)	17,003
<b>TOTAL EXPENSES</b>	<b>4,514,504</b>

## Waiver and Reimbursements:

Waiver/reimbursement of investment adviser fee (Note 5)	(627,151)
Reimbursement of other operating expenses (Notes 2 and 5)	(101,504)
<b>TOTAL WAIVER AND REIMBURSEMENTS</b>	<b>(728,655)</b>

Net expenses	3,785,849
Net investment income	13,523,985

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

Net realized gain on investments (including net realized gain of \$88,746 on sales of investments in affiliated holdings*)	589,672
Net realized gain on futures contracts	2,377,054
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$1,938,147 on investments in affiliated holdings*)	29,379,463
Net change in unrealized appreciation of futures contracts	(2,604,119)
Net realized and unrealized gain (loss) on investments and futures contracts	29,742,070
Change in net assets resulting from operations	\$43,266,055

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

	Six Months Ended (unaudited) 10/31/2020	Year Ended 4/30/2020
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 13,523,985	\$ 33,693,353
Net realized gain (loss)	2,966,726	5,372,167
Net change in unrealized appreciation/depreciation	26,775,344	(840,137)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	43,266,055	38,225,383
<b>Distributions to Shareholders:</b>		
Class A Shares	(1,428,879)	(1,651,015)
Institutional Shares	(8,319,584)	(22,372,403)
Service Shares	(2,401,843)	(7,877,195)
Class R6 Shares	(1,416,840)	(1,881,721)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(13,567,146)	(33,782,334)
<b>Share Transactions:</b>		
Proceeds from sale of shares	761,954,763	739,499,703
Net asset value of shares issued to shareholders in payment of distributions declared	12,520,858	30,465,792
Cost of shares redeemed	(426,829,574)	(608,129,967)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	347,646,047	161,835,528
Change in net assets	377,344,956	166,278,577
<b>Net Assets:</b>		
Beginning of period	1,538,103,005	1,371,824,428
End of period	\$1,915,447,961	\$1,538,103,005

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

October 31, 2020 (unaudited)

## 1. ORGANIZATION

Federated Hermes Income Securities Trust (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 seven portfolios. The financial statements included herein are only those of Federated Hermes Short-Term Income Fund (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 four classes of shares: Class A Shares, Institutional Shares, Service Shares and Class R6 Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The investment objective of the Fund is to seek to provide current income.

Prior to June 29, 2020, the name of the Trust and Fund was Federated Income Securities Trust and Federated Short-Term Income Fund, 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 Trustees.
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.
- Equity securities listed on an exchange or traded through a regulated market system are valued at their last reported sale price or official closing price in their principal exchange or market.
- 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.

## 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 daily and paid monthly.

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 and reimbursements of \$728,655 is disclosed in various locations in this Note 2 and Note 5.

For the six months ended October 31, 2020, transfer agent fees for the Fund were as follows:

	Transfer Agent Fees Incurred	Transfer Agent Fees Reimbursed
Class A Shares	\$ 35,391	\$ —
Institutional Shares	258,450	(67,393)
Service Shares	155,889	(34,111)
Class R6 Shares	7,925	—
TOTAL	\$457,655	\$(101,504)

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.

## Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Class A Shares and Service Shares to unaffiliated financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees. For the six months ended October 31, 2020, other service fees for the Fund were as follows:

	Other Service Fees Incurred
Class A Shares	\$252,417
Service Shares	407,108
TOTAL	\$659,525



## **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 October 31, 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 October 31, 2020, tax years 2017 through 2020 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

The Fund may be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The Fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or gains are earned.

## **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 currency, duration and market risks. 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 futures contracts held by the Fund throughout the period was \$122,461,831. This is based on amounts held as of each month-end throughout the six-month fiscal period.

## **Foreign Exchange Contracts**

The Fund enters into foreign exchange contracts to manage currency risk. Purchased contracts are used to acquire exposure to foreign currencies, whereas, contracts to sell are used to hedge the Fund's securities against currency fluctuations. Risks may arise upon entering into these transactions from the potential inability of counterparties to

meet the terms of their commitments and from unanticipated movements in security prices or foreign exchange rates. The foreign exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the settlement date.

At October 31, 2020, the Fund had no outstanding foreign exchange contracts and no activity for the fiscal period.

### **Foreign Currency Translation**

The accounting records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rates of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities, income and expenses are translated at the rate of exchange quoted on the respective date that such transactions are recorded. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at period end, resulting from changes in the exchange rate.

### **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 October 31, 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>
\$545,600	\$1,021,760

### **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**

	<b>Liabilities</b>	
	<b>Statement of Assets and Liabilities Location</b>	<b>Fair Value</b>
Derivatives not accounted for as hedging instruments under ASC Topic 815		
Interest rate contracts	Payable for variation margin on futures contracts	\$104,466*

\* Includes cumulative net depreciation 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 October 31, 2020**

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

	<b>Futures Contracts</b>
Interest rate contracts	\$2,377,054

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

	Futures Contracts
Interest rate contracts	\$(2,604,119)

### 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 10/31/2020		Year Ended 4/30/2020	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Shares sold	36,105,285	\$ 312,937,017	9,096,265	\$ 77,947,819
Shares issued to shareholders in payment of distributions declared	164,427	1,425,739	191,687	1,641,804
Shares redeemed	(4,154,697)	(35,990,931)	(8,783,220)	(75,240,739)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	32,115,015	\$ 278,371,825	504,732	\$ 4,348,884

	Six Months Ended 10/31/2020		Year Ended 4/30/2020	
	Shares	Amount	Shares	Amount
<b>Institutional Shares:</b>				
Shares sold	37,770,900	\$ 326,386,496	52,769,135	\$ 451,134,344
Shares issued to shareholders in payment of distributions declared	923,299	7,986,847	2,513,762	21,535,233
Shares redeemed	(34,974,732)	(301,727,150)	(41,965,941)	(358,594,445)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	3,719,467	\$ 32,646,193	13,316,956	\$ 114,075,132

	Six Months Ended 10/31/2020		Year Ended 4/30/2020	
	Shares	Amount	Shares	Amount
<b>Service Shares:</b>				
Shares sold	6,969,284	\$ 60,294,506	11,916,153	\$ 101,914,349
Shares issued to shareholders in payment of distributions declared	248,507	2,148,835	808,893	6,926,931
Shares redeemed	(7,857,989)	(67,688,043)	(16,989,882)	(144,858,955)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(640,198)	\$ (5,244,702)	(4,264,836)	\$ (36,017,675)

Class R6 Shares:	Six Months Ended 10/31/2020		Year Ended 4/30/2020	
	Shares	Amount	Shares	Amount
Shares sold	7,182,844	\$ 62,336,744	12,722,352	\$ 108,503,191
Shares issued to shareholders in payment of distributions declared	110,862	959,437	42,232	361,824
Shares redeemed	(2,472,635)	(21,423,450)	(3,442,719)	(29,435,828)
NET CHANGE RESULTING FROM CLASS R6 SHARE TRANSACTIONS	4,821,071	\$ 41,872,731	9,321,865	\$ 79,429,187
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	40,015,355	\$ 347,646,047	18,878,717	\$ 161,835,528

#### 4. FEDERAL TAX INFORMATION

At October 31, 2020, the cost of investments for federal tax purposes was \$1,912,427,237. The net unrealized appreciation of investments for federal tax purposes was \$25,352,595. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$31,150,178 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$5,797,583. 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 0.30% 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 and/or reimburse certain operating expenses of the Fund. For the six months ended October 31, 2020, the Adviser voluntarily waived \$591,639 of its fee and voluntarily reimbursed \$101,504 of transfer agent fees.

The Adviser has agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the six months ended October 31, 2020, the Adviser reimbursed \$35,512.

##### 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 October 31, 2020, the annualized fee paid to FAS was 0.078% 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 Class A Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at 0.05% of average daily net assets, annually, to compensate FSC. Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee.

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended October 31, 2020, the Fund's Class A Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

### **Sales Charges**

Front-end sales charges and contingent deferred sales charges do not represent expenses of the Fund. They are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. For the six months ended October 31, 2020, FSC retained \$3,112 in sales charges from the sale of Class A Shares.

### **Other Service Fees**

For the six months ended October 31, 2020, FSSC received \$13,222 of the other service fees disclosed in Note 2.

### **Expense Limitation**

The Adviser and certain of its affiliates (which may include FSC, FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Effective July 1, 2020, 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 Class A Shares, Institutional Shares, Service Shares, and Class R6 Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.65%, 0.37%, 0.65% and 0.34% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) July 1, 2021; or (b) the date of the Fund's next effective Prospectus. Prior to July 1, 2020, the Fee Limit disclosed above for Class A Shares was 0.70%. 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 October 31, 2020, were as follows:

Purchases	\$535,315,376
Sales	\$168,251,075

## **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 dated June 24, 2020. 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 October 31, 2020, the Fund had no outstanding loans. During the six months ended October 31, 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 October 31, 2020, there were no outstanding loans. During the six months ended October 31, 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 late 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains, workflow operations and consumer activity, as well as general concern and uncertainty. The impact of this coronavirus may be short-term or may last for an extended period of time and has resulted in a substantial economic downturn. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in

the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries, individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the Fund's performance.



## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase or redemption payments; and (2) 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 mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from May 1, 2020 to October 31, 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 and do not reflect any transaction costs, such as sales charges (loads) on purchase or redemption payments. 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. In addition, if these transaction costs were included, your costs would have been higher.

	Beginning Account Value 5/1/2020	Ending Account Value 10/31/2020	Expenses Paid During Period
<b>Actual:</b>			
Class A Shares	\$1,000	\$1,027.60	\$3.17
Institutional Shares	\$1,000	\$1,027.70	\$1.89
Service Shares	\$1,000	\$1,026.30	\$3.32
Class R6 Shares	\$1,000	\$1,027.80	\$1.74
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Class A Shares	\$1,000	\$1,022.08	\$3.16
Institutional Shares	\$1,000	\$1,023.34	\$1.89
Service Shares	\$1,000	\$1,021.93	\$3.31
Class R6 Shares	\$1,000	\$1,023.49	\$1.73

1 Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	0.62%
Institutional Shares	0.37%
Service Shares	0.65%
Class R6 Shares	0.34%

# Evaluation and Approval of Advisory Contract – May 2020

## **FEDERATED SHORT-TERM INCOME FUND (THE “FUND”)**

### **(EFFECTIVE CLOSE OF BUSINESS ON JUNE 26, 2020, THE FUND’S NAME CHANGED TO FEDERATED HERMES SHORT-TERM INCOME FUND)**

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.

For the periods ended December 31, 2019, the Fund's performance for the three-year and five-year periods was above the median of the relevant Performance Peer Group, and the Fund's performance fell below the median of the relevant Performance Peer Group for the one-year period. 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, net 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 fee rates relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was below the median of the Expense Peer Group and the Board was satisfied that the overall expense structure of the Fund remained competitive.

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

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 Income Securities Trust (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Short-Term Income Fund (the “Fund” and, collectively with the Federated Hermes funds, the “Federated Hermes Funds”). The Program 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 Fund’s investment adviser as the administrator for the Program for the Fund. Each affiliated Federated Hermes advisory subsidiary (including the Fund’s investment adviser) that serves as investment adviser to a Federated Hermes Fund (including the Fund) has been approved as the administrator of the Program for each Federated Hermes Fund they manage (each an “Administrator”). The Administrator in turn has delegated daily responsibility for the administration of the Program to multiple Liquidity Risk Management Committees (the “Committees”). The Committees, which are comprised of representatives of Enterprise Risk Management, Compliance, Investment Management and Trading, must review and assess certain information related to the liquidity of the Federated Hermes Funds, including the Fund.

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 (the “Report”) from the Federated Hermes Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the Program for the period from the Program’s inception on December 1, 2018 through March 31, 2020 (the “Period”). The Report

addressed the operation of the Program and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund and each Federated Hermes Fund's access to other available funding sources such as the Federated Hermes Funds' interfund lending facility, redemptions in-kind and committed lines of credit. There were no material changes to the Program 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 Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that the Fund did not utilize 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 Fund's investment adviser, in its role as Administrator, collectively with the other investment advisers to the Federated Hermes Funds, concluded that the Program 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://www.federatedinvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://www.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://www.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://www.federatedinvestors.com).

*Mutual funds 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 mutual funds 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.

## Sign up for Electronic Delivery!

*A faster way to receive documents.*

If you purchased shares through a financial intermediary (bank or broker-dealer), please contact your representative to set up e-delivery. Otherwise, contact the Fund at 1-800-341-7400, option 4.



Federated Hermes Short-Term Income Fund  
Federated Hermes Funds  
4000 Ericsson Drive  
Warrendale, PA 15086-7561

Contact us at [FederatedInvestors.com](https://www.federatedinvestors.com)  
or call 1-800-341-7400.

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CUSIP 31420C209  
CUSIP 31420C563

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