

Federated Hermes Corporate Bond Fund

6/30/20

Fund facts

Performance inception date

6/28/95

Benchmark 1

Bloomberg Barclays U.S. Credit Index

Benchmark 2

75% Bloomberg Barclays U.S. Credit Index/25% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index

Morningstar category

Corporate Bond

Lipper classification

Corporate Debt Funds BBB-Rated

Fund assets

\$1.5 billion

Ticker symbols

Class R6 Shares - FDBLX
 Institutional Shares - FDBIX
 Class A Shares - FDBAX
 Class C Shares - FDBCX
 Class F Shares - ISHIX

Key investment team

Brian Ruffner
 Bryan Dingle, CFA®
 Mark Durbiano, CFA®
 Steven Wagner
 Christopher McGinley

Yields (%)

30-day yield (R6) 2.63
 30-day yield (IS) 2.60
 30-day yield (A) 2.25

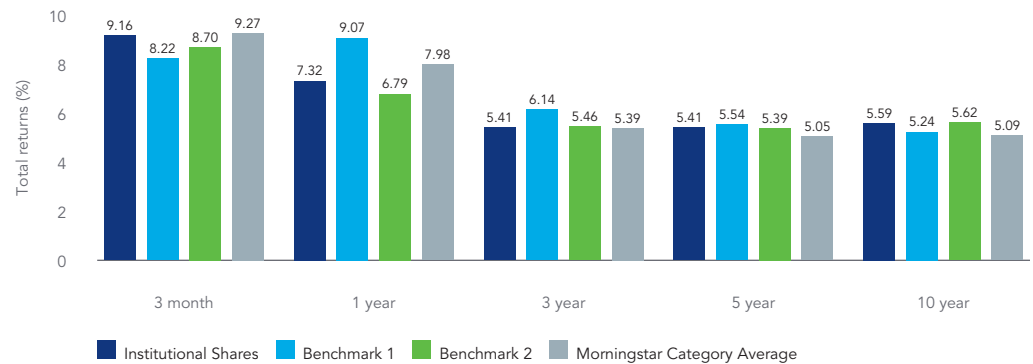
Fund description

The fund seeks to provide a high level of current income and to preserve capital by investing in a diversified portfolio of fixed-income securities. It invests primarily in investment-grade corporate bonds, but also may invest up to 35% of its portfolio assets in lower-rated high-yield bonds.

Average annual total returns (%)

Performance shown is before tax.

	3 month	YTD	1 year	3 year	5 year	10 year	15 year	Since inception	Expense ratio*	
									Before waivers	After waivers
R6 Shares	9.27	3.21	7.45	5.45	5.39	5.47	5.66	6.05	0.66	0.59
Institutional Shares	9.16	3.09	7.32	5.41	5.41	5.59	5.76	6.11	0.75	0.61
A Shares (NAV)	9.22	3.07	7.17	5.14	5.18	5.37	5.59	6.00	1.00	0.86
A Shares (MOP)	4.31	-1.58	2.34	3.53	4.23	4.89	5.26	5.81	1.00	0.86
Benchmark 1	8.22	4.82	9.07	6.14	5.54	5.24	5.26	-	-	-
Benchmark 2	8.70	2.63	6.79	5.46	5.39	5.62	5.71	-	-	-



Calendar year returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Institutional Shares	14.27	-2.84	7.05	8.44	-1.77	5.93	1.03	10.54	6.17	11.16
Benchmark 1	13.80	-2.11	6.18	5.63	-0.77	7.53	-2.01	9.37	8.35	8.47
Benchmark 2	13.96	-2.08	6.51	8.43	-1.66	6.25	0.28	10.95	7.55	10.10
Morningstar Category Average	13.03	-2.49	5.79	6.51	-1.39	6.93	-1.06	11.06	7.46	10.00

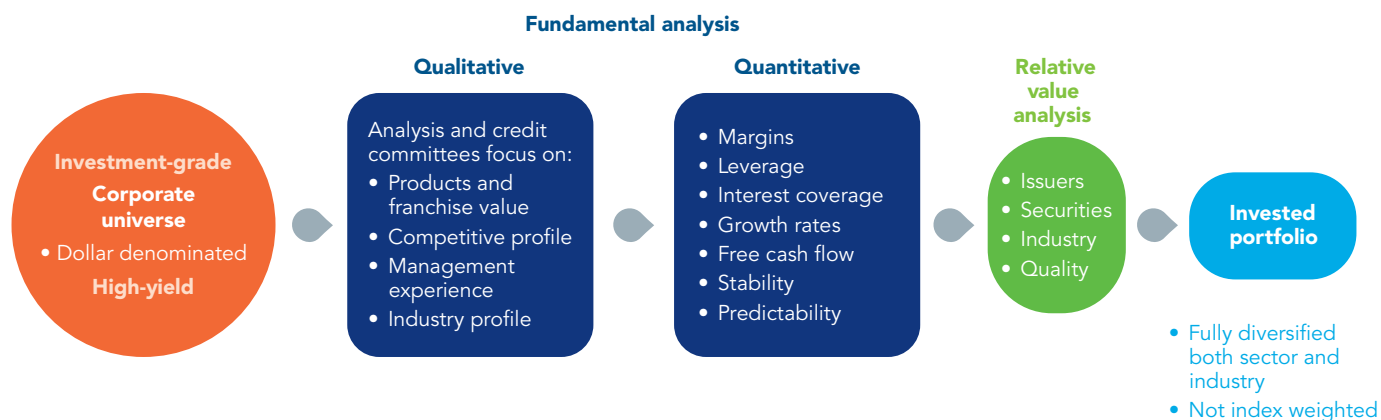
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedInvestors.com. Maximum Offering Price figures reflect the maximum sales charges of 4.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund. Total returns for periods of less than one year are cumulative.

* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 2/1/21 or the date of the fund's next effective prospectus.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Investment process



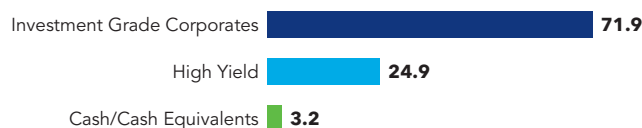
Portfolio statistics

Weighted average effective maturity	9.3 Yrs.
Weighted average effective duration	7.0 Yrs.
Weighted average coupon	4.60%
Weighted average yield to maturity	3.57%
Weighted average bond price	\$108.74

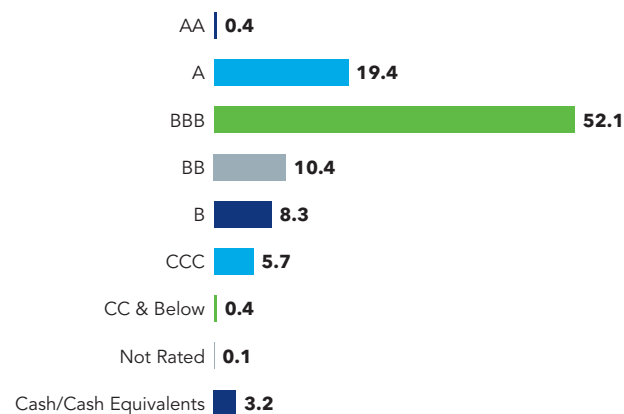
Top holdings (%)

Bank of America Corp., 2.328% due 10/01/21	0.6
JPMorgan Chase & Co., 3.875% due 9/10/24	0.6
Morgan Stanley, 3.772% due 1/24/29	0.6
Anheuser-Busch InBev Worldwide, Inc., 4.600% due 4/15/48	0.5
CCO Safari II LLC, 4.908% due 7/23/25	0.5
DH Europe Finance II S.a.r.l., 2.600% due 11/15/29	0.5
GE Capital International, 4.418% due 11/15/35	0.5
JPMorgan Chase & Co., 3.509% due 1/23/29	0.5
Kerry Group Financial Services, 3.200% due 4/09/23	0.5
Verizon Communications, Inc., 4.125% due 8/15/46	0.5
Total % of Portfolio	5.3

Sector weightings (%)



Quality breakdown¹ (%)



Portfolio composition is based on net assets at the close of business on 6/30/20 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

Highlights

- Risk assets rebound following the global onset of Covid-19
- The Federal Reserve's (Fed) aggressive actions improve market liquidity
- Significant positive contribution from sector allocation

Looking back

Markets climbed a wall of worry in the second quarter to post strong financial results. The sharp, unexpected shutdown of the U.S. economy in late March caused untold economic hardship, but the aggressive and fast response by the Fed and Congress helped to mitigate some of the economic impact. However, the medical impact of the coronavirus has been great and its future path unpredictable, as cases spiked in many states, even as pharmaceutical companies work feverishly toward treatments and vaccines.

Thanks to aggressive action taken by the Fed especially during late March and April, financial markets regained orderly functioning. Expanding on its efforts from the 2008 recession, the Fed reduced bank regulations, implemented new facilities to purchase securities and broadened capital access for businesses and governmental entities. Congress also moved quickly to pass stimulus bills to fund Fed programs and extend unemployment benefits. After bottoming in late March, equity indexes gained nearly 40%, and investment-grade credit spreads recaptured nearly 80% of their widening.

Economic data reflected the sudden shock: from a multi-decade low of 3.5% in February, unemployment reached 14.7% in April, and over 47 million first-time unemployment claims have been filed since late March. With businesses shut down, consumers retreated during April, sending retail, home and auto sales plummeting. Mid-May brought some relief on the virus case count and improving economic data, helping the market's tone and consumers' outlook, but by the end of the quarter, as more states had relaxed guidelines, case counts began to rise across the South and West.

Financial assets rebounded from first quarter lows, led by the S&P 500 Index, which gained over 20% in the quarter; high yield and investment grade debt gained over 10% and 8%, respectively, according to Bloomberg Barclays. The yield on the 10-year U.S. Treasury bond ranged between 0.57% and 0.90% during the quarter, averaging 0.68%, near where it both began and ended the quarter.

Performance

Federated Hermes Corporate Bond Fund R6 Shares returned 9.27% at net asset value for the three months ended June 30, 2020. That compares with the Bloomberg Barclays U.S. Credit Index return of 8.22% and the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index return of 10.18%. The Blended Benchmark, consisting of 25% of the Bloomberg Barclays U.S. Credit Index and 75% of the Bloomberg Barclays U.S. High Yield 2% Issuer Capped Index, returned 8.71%. The fund's total return for the period also reflected actual cash flows, transaction costs and other expenses that were not reflected in the return of the Blended Benchmark.

Performance contributors

- Underweight position in such non-corporate sectors as sovereign and supranational
- Positive security selection, with contribution in the consumer non-cyclical, technology, capital goods and consumer cyclical sectors
- Slight steepening bias
- Specific issuers held by the portfolio that outperformed the Blended Benchmark included Canadian Natural Resources, Marathon Petroleum, Summit Midstream Partners, Constellation Brands and Team Health Holdings

Performance detractors

- Cash position at roughly 3% of assets under management
- Negative security selection in basic industries, insurance and banking sectors
- Specific issuers held by the portfolio that underperformed the Blended Benchmark included Occidental Petroleum, General Electric, Bank of America, Kerry Group PLC and Continental Resources

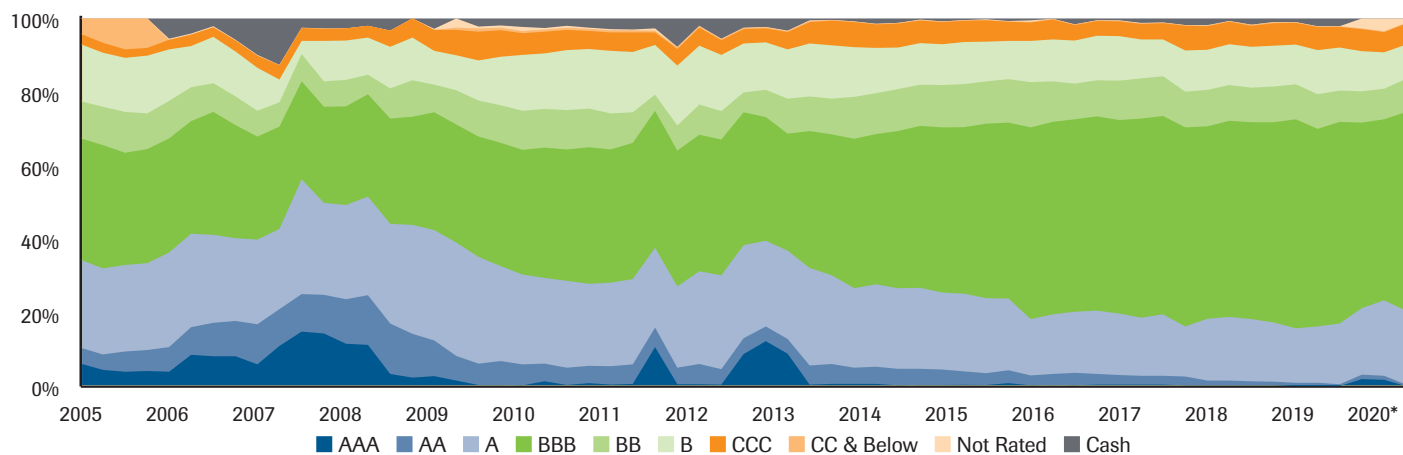
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How we are positioned

We exited the quarter maintaining a slight underweight position in the high-yield asset class. The fund continues with an overweight allocation to the BBB component of the investment-grade asset class. Additionally, the fund is targeting a neutral duration position relative to the benchmark. The portfolio remains committed to adjust the overall sector positioning in response to changes in valuation and credit quality.

See disclosure section for important disclosures and definitions.

Historical credit quality¹



* As of 6/30/20

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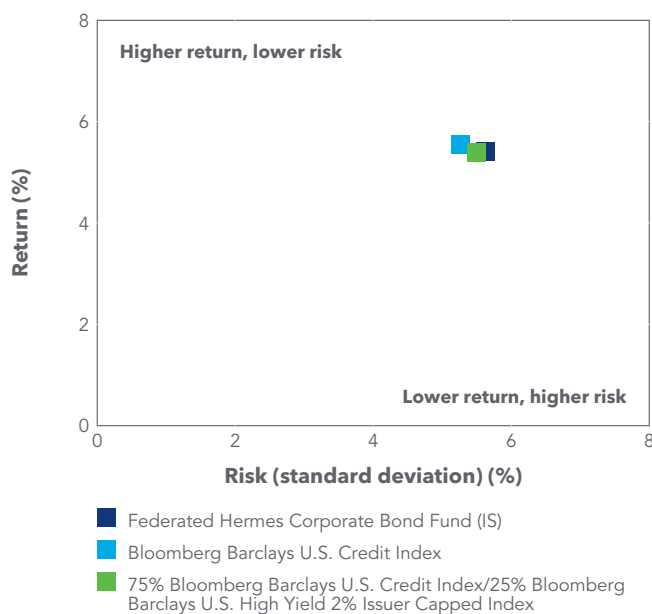
Risk statistics

	3 year	5 year	7 year	10 year
Standard deviation	6.47	5.63	5.07	4.86
Alpha	-0.77	-0.21	0.08	0.52
Beta	1.02	1.02	0.99	0.96
Up capture ratio	91.94	98.27	97.20	98.15
Down capture ratio	96.83	99.28	92.39	86.74
Sharpe ratio	0.56	0.74	0.85	1.02

Sources: Federated Hermes, Morningstar, Inc. Fund vs. Bloomberg Barclays U.S. Credit Index

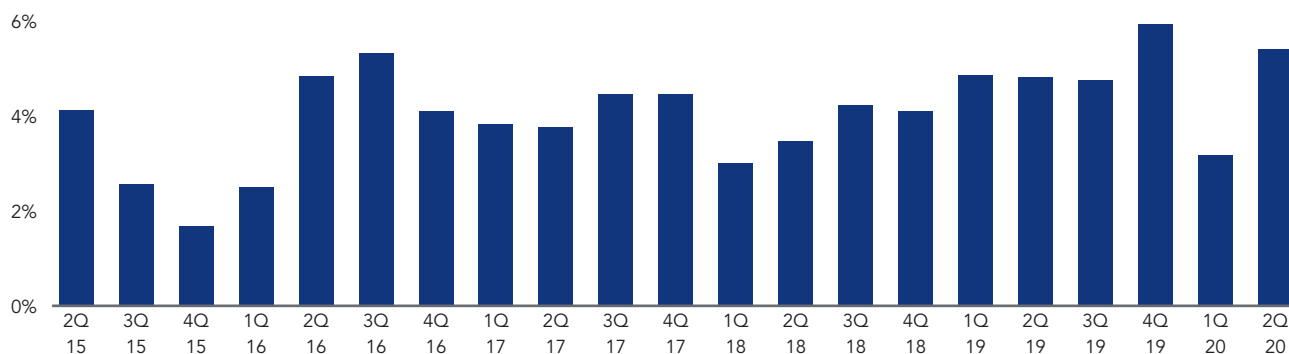
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5 year risk/return



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3 year rolling returns (IS)



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Category rankings

Morningstar Corporate Bond Category

		1 year	3 year	5 year	10 year
R6 Shares	Morningstar Category % Rank	70	61	51	46
	Morningstar Category Rank	152 of 214 Funds	112 of 189 Funds	–	–
IS Shares	Morningstar Category % Rank	72	62	50	43
	Morningstar Category Rank	156 of 214 Funds	118 of 189 Funds	66 of 141 Funds	40 of 90 Funds
A Shares	Morningstar Category % Rank	73	69	55	49
	Morningstar Category Rank	161 of 214 Funds	135 of 189 Funds	77 of 141 Funds	49 of 90 Funds

Lipper Corporate Debt Funds BBB-Rated

		1 year	3 year	5 year	10 year
R6 Shares	Lipper Classification % Rank	69	54	–	–
	Lipper Classification Rank	176 of 255 Funds	126 of 235 Funds	–	–
IS Shares	Lipper Classification % Rank	70	56	44	43
	Lipper Classification Rank	179 of 255 Funds	132 of 235 Funds	80 of 182 Funds	53 of 123 Funds
A Shares	Lipper Classification % Rank	73	65	51	50
	Lipper Classification Rank	186 of 255 Funds	152 of 235 Funds	93 of 182 Funds	62 of 123 Funds

Past performance is no guarantee of future results. Rankings are based on total return and do not take sales charges into account.

Federated Hermes Corporate Bond Fund

As of June 29, 2020, the Federated Bond Fund was renamed Federated Hermes Corporate Bond Fund.

¹The ratings agencies that provided the ratings are Standard & Poor's, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.

30-day yield (also known as "SEC yield") is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 2.57% for R6 Shares, 2.48% for Institutional Shares, and 2.14% for A Shares.

The fund's Institutional Shares commenced operations on January 28, 2008. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses applicable to the Institutional Shares since the Institutional Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of fund expenses related to the A Shares that may have occurred prior to commencement of operations of the Institutional Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

The fund's R6 Shares commenced operations on September 30, 2016. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for A Shares. The performance of the A Shares has not been adjusted to reflect the expenses applicable to the R6 since the R6 Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of the fund's expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

A word about risk

Mutual funds are subject to risks and fluctuate in value.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

Diversification does not assure a profit nor protect against loss.

Definitions

Bloomberg Barclays U.S. Credit Index is composed of all publicly issued, fixed-rate, nonconvertible, investment-grade corporate debt. Issues are rated at least Baa by Moody's Investors Service or BBB by Standard & Poor's, if unrated by Moody's. Collateralized Mortgage Obligations (CMOs) are not included. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index is an issuer-constrained version of the flagship U.S. Corporate High Yield Index, which measures the USD-denominated, high yield, fixed-rate corporate bond market. The index follows the same rules as the uncapped version, but limits the exposure of each issuer to 2% of the total market value and redistributes any excess market value index wide on a pro rata basis. The index was created in 2002, with history backfilled to January 1, 1993.

Indexes are unmanaged and cannot be invested in directly.

Alpha shows how much or how little return is generated, given the risk a portfolio takes. A portfolio with an alpha greater than 0 has earned more than expected given its beta—meaning the portfolio has generated excess return without increasing risk. A portfolio with a negative alpha is producing a lower return than would be expected given its risk.

Beta measures a portfolio's volatility relative to the market. A beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market.

Sharpe ratio is calculated by dividing a fund's annualized excess return by the fund's annualized standard deviation. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard deviation is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

Up capture ratio/down capture ratio is a measure of how well a manager was able to replicate or improve on periods of positive benchmark returns and how badly the manager was affected by periods of negative benchmark returns. The up-market capture ratio is a measure of a manager's performance in up markets relative to the index during the same period. For example, a ratio value of 115 indicates that the manager has outperformed the market index by 15% in periods when the index has risen. The down-market capture ratio is the direct opposite of the up-market capture ratio, gauging performance of the manager relative to the index in down markets. A ratio value of 80 would indicate the manager had declined on 80% as much as the declining overall market, indicating relative outperformance.

Weighted average bond price is the weighted average of all individual bond prices within a portfolio.

Weighted average coupon is the weighted average interest payment of all individual debt securities within a portfolio.

Weighted average effective duration (sometimes called "Option-Adjusted Duration") is a measure of a security's price sensitivity to changes in interest rates calculated using a model that recognizes that the probability of a bond being called or remaining outstanding until maturity may vary if market interest rates change, and that makes adjustments based on a bond's embedded options (e.g., call rights, or in the case of a mortgage-backed security, the probability that homeowners will prepay their mortgages), if any, based on the probability that the options will be exercised. A fund's weighted average effective duration will equal the market value weighted average of each bond's effective duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average effective duration of a fund in the Federated family of funds may not be comparable to other funds outside of the Federated family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

Weighted average effective maturity is the average time to maturity of debt securities held in the fund.

Weighted average yield to maturity is used to determine the rate of return an investor would receive if a long-term, interest-bearing investment, such as a bond, is held to its maturity date. It takes into account purchase price, redemption value, time to maturity, coupon yield and the time between interest payments.

Ratings and rating agencies

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