

Federated Hermes Short-Intermediate Total Return Bond Fund

6/30/20

Fund facts

Performance inception date

R6 Shares	1/31/14
Institutional Shares	9/2/05
A Shares	1/31/14

Benchmark

Bloomberg Barclays 1-5 Year Government/Credit Index

Morningstar category

Short-Term Bond

Lipper classification

Short Investment Grade Debt Funds

Fund assets

\$783.7 million

Ticker symbols

R6 Shares - SRBRX
 Institutional Shares - FGCIX
 Service Shares - FGCSX
 A Shares - FGCAx

Key investment team

John Gentry, CFA®
 Chengjun (Chris) Wu, CFA®
 Todd Abraham, CFA®
 Mark Durbiano, CFA®
 Ihab Salib
 Steven Wagner
 Christopher McGinley

Yields (%)

30-day yield (R6)	0.66
30-day yield (IS)	0.64
30-day yield (A)	0.38

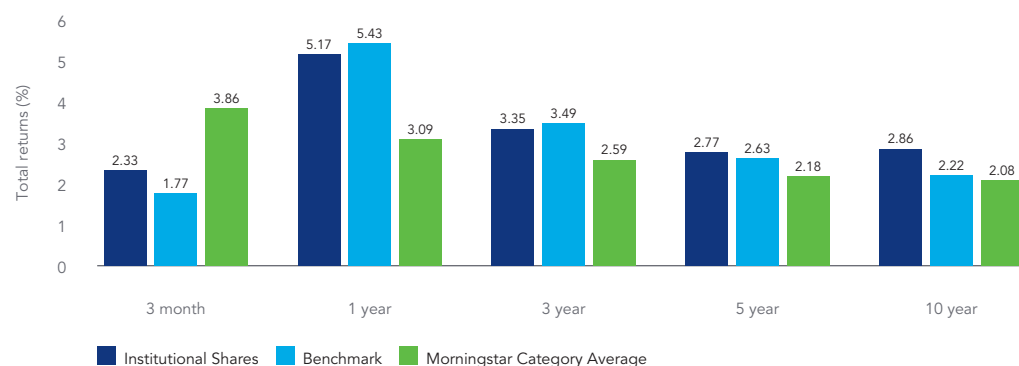
Fund description

The fund seeks to maintain a dollar-weighted average effective portfolio duration of 1.5 to 3.5 years and pursues total return by investing in a broad mix of bond sectors that management believes will benefit from changes in economic and market conditions. U.S. government and investment-grade corporate bonds predominate, with limits on exposure to domestic high-yield and international emerging-market sectors.

Average annual total returns (%)

Performance shown is before tax.

	3 month	YTD	1 year	3 year	5 year	10 year	Since inception	Expense ratio*	
								Before waivers	After waivers
R6 Shares	2.33	3.68	5.18	3.36	2.60	–	2.28	0.49	0.37
Institutional Shares	2.33	3.67	5.17	3.35	2.77	2.86	3.88	0.53	0.38
A Shares (NAV)	2.17	3.54	4.81	3.09	2.51	–	2.33	0.80	0.63
A Shares (MOP)	1.11	2.46	3.81	2.76	2.30	–	2.16	0.80	0.63
Benchmark	1.77	3.98	5.43	3.49	2.63	2.22	–	–	–



Calendar year returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Institutional Shares	5.19	0.81	1.70	3.31	0.34	2.47	-0.17	4.12	5.03	7.25
Benchmark	5.01	1.38	1.27	1.56	0.97	1.42	0.28	2.24	3.14	4.08
Morningstar Category Average	4.72	0.92	1.73	2.08	0.19	1.07	0.45	3.67	1.66	4.11

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 charge of 1% 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 12/1/20 or the date of the fund's next effective prospectus.

Investment approach

Core, Intermediate-term Bond Fund

- A disciplined approach to short-term fixed income with a conservative, investment-grade risk profile
- Invests primarily in U.S. government, mortgage-backed and investment-grade corporate fixed income with modest exposure to sectors such as high yield and emerging markets debt
- May invest in below investment grade securities up to 35%. Typically up to 15%

Consistent, repeatable investment process

- Combines top-down decision making with bottom-up security selection to build diversified, risk-managed portfolios
- Key decision teams known as “Alpha Pods” seek diversified, uncorrelated alpha sources across various market environments
- Positioning set across five factors: sector allocation, security selection, duration management, yield curve strategy and currency management

Tenured team with long-term results

- Team based approach focused by sector to extract value from each step of the process
- Federated Hermes’ fixed income philosophy and process has a 45-year heritage
- Senior fixed-income management team averages more than 27 years of experience, and team members have worked together at Federated Hermes for more than 22 years

As of 6/30/20

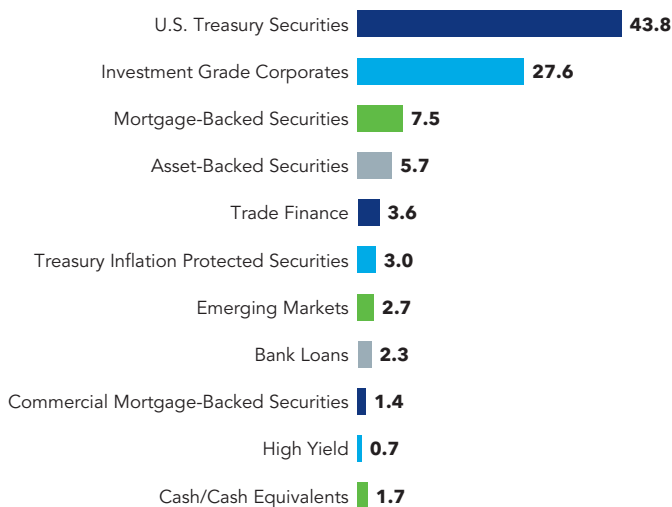
Portfolio statistics

Weighted average effective maturity	3.3 Yrs.
Weighted average effective duration	2.7 Yrs.
Weighted average coupon	2.14%
Weighted average yield to maturity	1.03%
Weighted average bond price	\$103.13

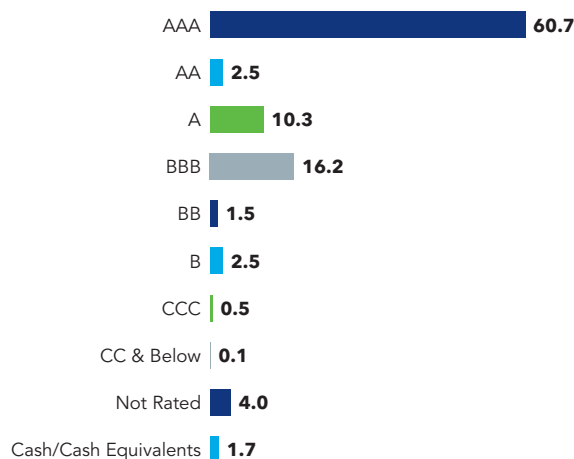
Top holdings (%)

Mortgage Core Fund	6.9
Project and Trade Finance Core Fund	4.0
U.S. Treasury Note, 0.250% due 6/15/23	3.8
Bank Loan Core Fund	3.0
U.S. Treasury Note, 0.250% due 5/31/25	3.0
Emerging Markets Core Fund	2.5
U.S. Treasury Note, 0.125% due 5/31/22	2.4
U.S. Treasury Note, 1.375% due 1/31/25	2.4
U.S. Treasury Note, 1.750% due 6/30/24	2.3
U.S. Treasury Note, TIPS, 0.125% due 4/15/22	2.0
Total % of Portfolio	32.3

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

- The fund's institutional shares returned 2.33% vs. 1.77% for the Bloomberg Barclays 1-5 Year Government/Credit Index during the quarter.
- Allocations to spread sectors and underweight to U.S. Treasuries contributed to performance in the quarter
- The fund's duration and yield-curve positioning were in-line with the benchmark at the end of the period, with allocations to bank loans, securitized products, emerging markets (EM) and trade finance

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 Federal Reserve (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, with more than 47 million first-time unemployment claims filed since late March. With businesses shut, consumers retreated during April, sending retail, home and auto sales plummeting. Mid-May brought some relief to 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, as high yield and EM debt gained over 10% and 13%, respectively, according to Bloomberg Barclays. Crude oil prices nearly doubled on the increase in optimism and production cuts that seemed to be holding. Industrial metals like copper and nickel posted double-digit gains, as did gold and silver. The 10-year U.S. Treasury yield 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 Short-Intermediate Total Return Bond Fund Institutional Shares returned 2.33% at net asset value for the second quarter of 2020, while the fund's benchmark, the Bloomberg Barclays 1-5 Year Government Credit Index, had a total return of 1.77%. The fund's total return for the period also reflected actual cash flows, transaction costs and other expenses that were not reflected in the total return of the benchmark index.

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.

Performance contributors

- Contribution from asset-backed securities (ABS)
- Underweight to U.S. Treasuries
- Contribution from bank loans

Performance detractors

- Allocation to mortgage-backed securities (MBS)
- Banking sector selection

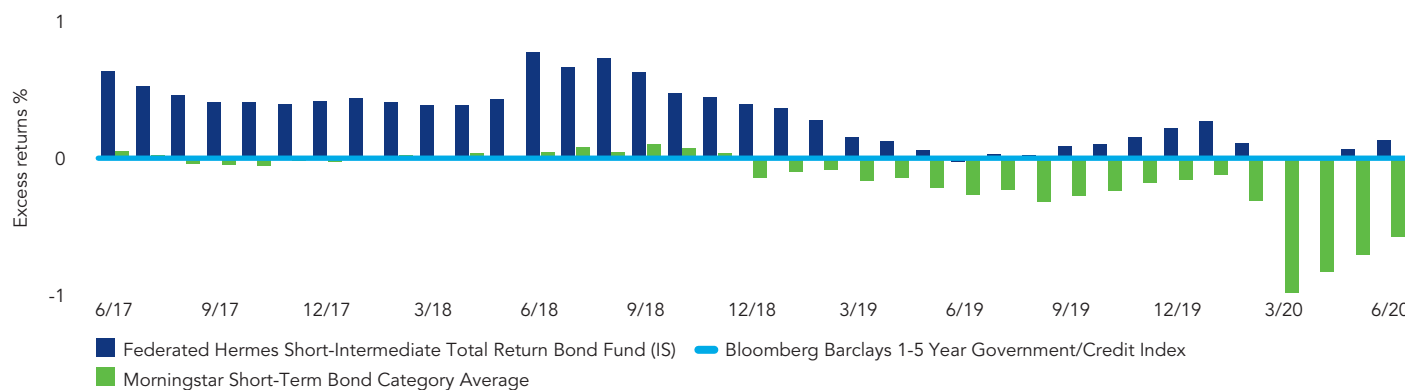
How we are positioned

The fund starts the third quarter with duration and yield curve in-line with those of the benchmark. In keeping with Sector Committee recommendations, the fund reduced its exposure to investment-grade corporates later in second quarter on richening valuations after increasing it earlier on further support from the Fed. The fund also re-established an allocation to EM debt consistent with Sector Committee moves. In addition, the fund added modest exposure to Treasury Inflation-Protected Securities (TIPS) during the quarter and enters the third quarter with 3.0% exposure.

The fund employed derivatives to express duration, yield curve, sector and currency investment themes during the quarter. The fund continues to incorporate into its security selection process sustainable investing practices that focus on environmental, social and governance issues.

See disclosure section for important disclosures and definitions.

5 year rolling excess performance vs. Bloomberg Barclays 1-5 Year Government/Credit Index



Source: Morningstar, Inc. Performance for 5 year periods (1-month step) from 6/30/12 - 6/30/20.

Returns are for IS Shares. Other classes of shares are available whose performance will vary due to different charges and expenses.

Risk statistics

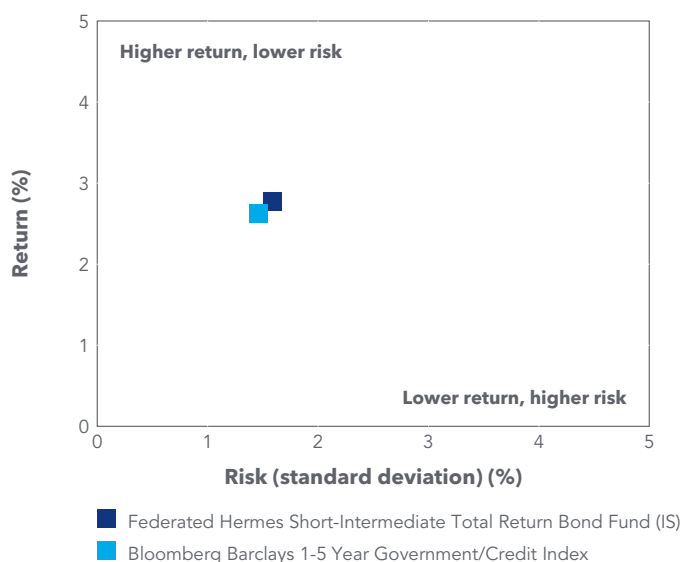
	3 year	5 year	7 year	10 year
Standard deviation	1.48	1.64	1.72	1.98
Alpha	0.10	0.32	0.56	0.42
Beta	0.87	0.87	0.94	1.14
Up capture ratio	88.93	98.10	110.25	122.73
Down capture ratio	56.06	77.38	86.84	109.62
Sharpe ratio	1.10	0.96	1.13	1.13

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Bloomberg Barclays 1-5 Year Government/Credit Index

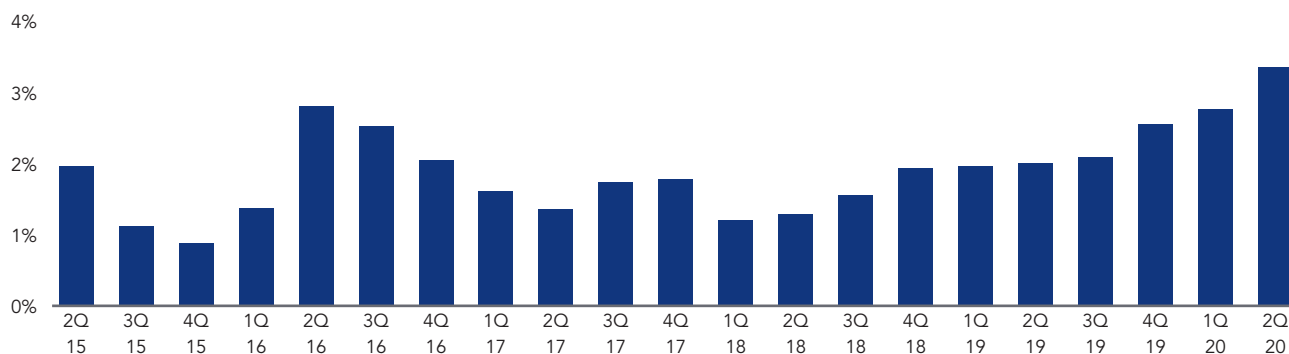
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5 year risk/return



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3 year rolling returns (IS)



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Category rankings

Morningstar Short-Term Bond Category

	1 year	3 year	5 year	10 year
R6 Shares				
Morningstar Category % Rank	13	15	22	17
Morningstar Category Rank	74 of 571 Funds	67 of 510 Funds	89 of 448 Funds	–
IS Shares				
Morningstar Category % Rank	13	16	15	13
Morningstar Category Rank	75 of 571 Funds	70 of 510 Funds	57 of 448 Funds	33 of 285 Funds
A Shares				
Morningstar Category % Rank	18	26	27	16
Morningstar Category Rank	102 of 571 Funds	112 of 510 Funds	114 of 448 Funds	–

Lipper Short Investment Grade Debt Funds

	1 year	3 year	5 year	10 year
R6 Shares				
Lipper Classification % Rank	4	5	14	–
Lipper Classification Rank	12 of 369 Funds	14 of 335 Funds	39 of 288 Funds	–
IS Shares				
Lipper Classification % Rank	4	6	9	7
Lipper Classification Rank	13 of 369 Funds	17 of 335 Funds	25 of 288 Funds	11 of 181 Funds
A Shares				
Lipper Classification % Rank	6	12	20	–
Lipper Classification Rank	22 of 369 Funds	39 of 335 Funds	55 of 288 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 Short-Intermediate Total Return Bond Fund

As of June 29, 2020, the fund was renamed Federated Hermes Short-Intermediate Total Return 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.

²30-day yield (also known as "SEC yield") for A Shares 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 0.55% for R6, 0.52% for IS and 0.27% for A shares.

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.

International investing involves special risks, including currency risk, increased volatility, political risks and differences in auditing and other financial standards. Prices of emerging market and frontier market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

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

The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.

Definitions

Bloomberg Barclays 1-5 Year U.S. Government/Credit Bond Index is a broad-based benchmark that measures the non-securitized component of the Barclays U.S. Aggregate Index. It includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities that have a remaining maturity of greater than or equal to one year and less than five years.

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 Hermes family of funds may not be comparable to other funds outside of the Federated Hermes 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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