

At Any Rate . . .

a fixed income discussion

Presented by

Karen Manna

Vice President

Fixed Income Client Portfolio Manager

Portfolio Manager

May 2024

Federated Securities Corp.

24-40205 (5/24)

This must be preceded or accompanied by a prospectus for Federated Hermes Total Return Bond Fund.

Institutional Sales Material. Not for Distribution to the Public.



\$778.7 B

Assets under management

\$1.8 T

Assets under stewardship

2,039

Employees

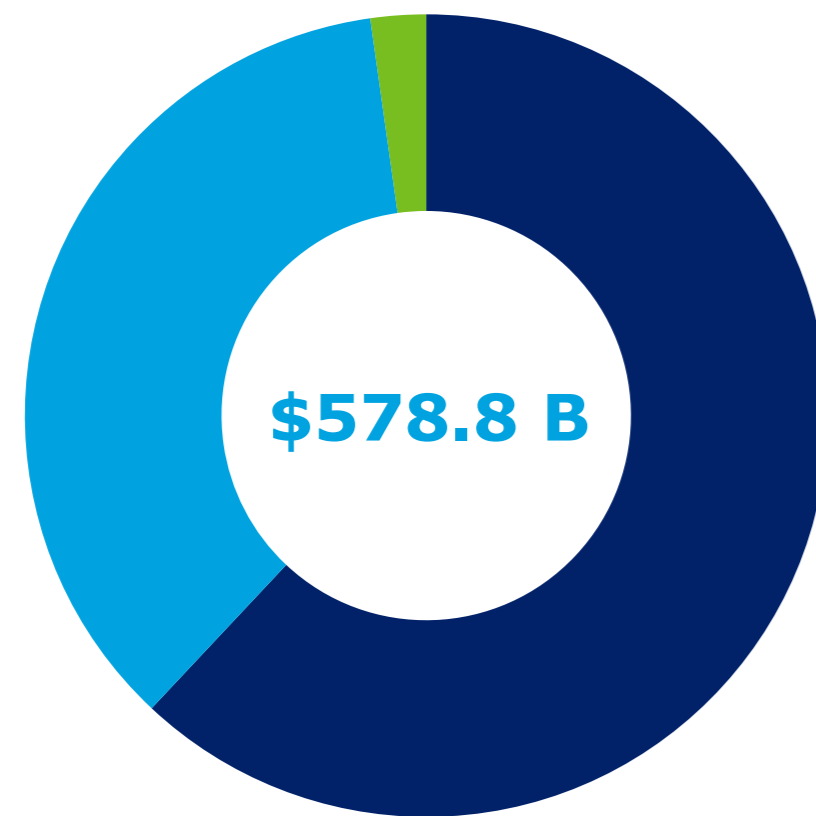
463

Investment & stewardship staff

Federated Hermes assets (as of March 31, 2024)

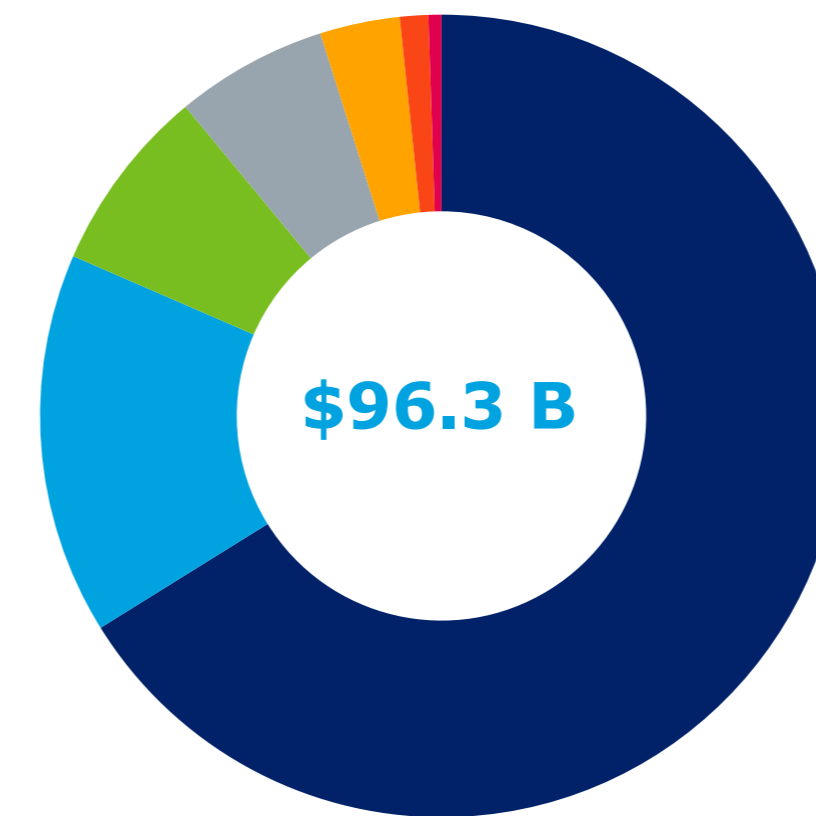
Active manager and global leader in responsible investing

Money market



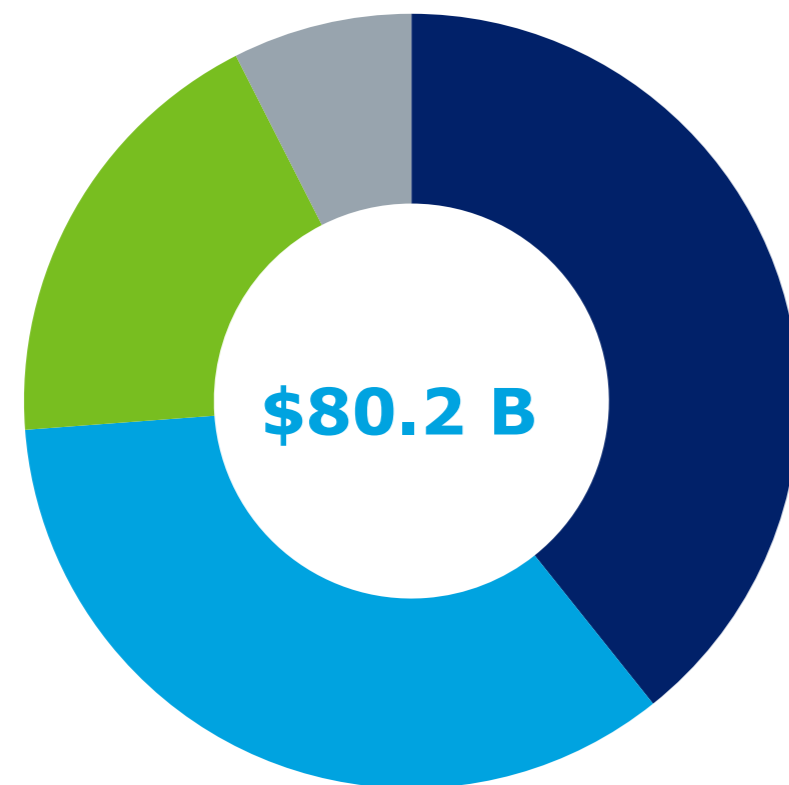
- Government: \$358.8 B
- Prime: \$207.1 B
- Tax-free: \$12.9 B

Fixed income



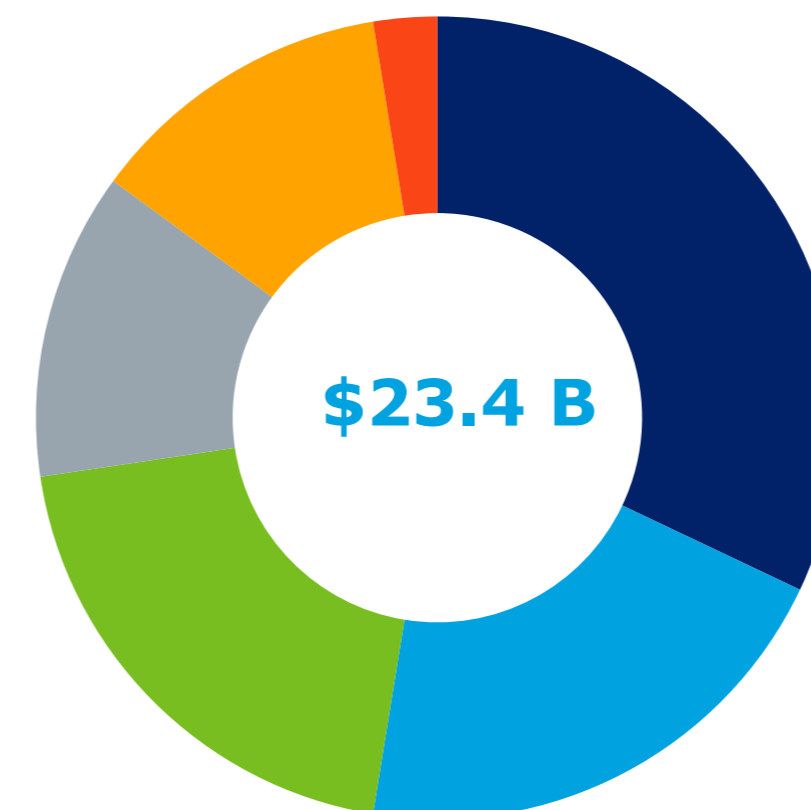
- Multi-sector: \$63.7 B
- High-yield: \$14.8 B
- Municipal: \$7.2 B
- U.S. corporate: \$5.9 B
- U.S. government: \$3.1 B
- International/global: \$1.1 B
- Mortgage-backed: \$0.5 B

Equity



- Value and income: \$31.5 B
- International/global: \$27.7 B
- Growth: \$15.0 B
- Blend: \$6.0 B

Alternative/private markets and multi-asset



- Real estate: \$7.5 B
- Private equity: \$4.8 B
- Private credit: \$4.7 B
- Infrastructure: \$2.9 B
- Multi-asset \$2.9 B
- Other alternative \$0.6 B

Global Fixed-Income Investment Management

John Fisher, President & CEO – Federated Advisory Companies

Robert Ostrowski, CFA, EVP, CIO

Head of Global Fixed Income, Senior Portfolio Manager
37 years industry experience - 37 years with Federated Hermes

Corporate		Government		Multi-Sector		Non-US Multi-Sector		High Yield		International	
John Gentry, CFA		Todd Abraham, CFA		Donald Ellenberger		Fraser Lundie, CFA		Mark Durbiano, CFA		Ihab Salib	
Investment Professionals	15	Investment Professionals	6	Investment Professionals	4	Investment Professionals	15	Investment Professionals	13	Investment Professionals	17
Portfolio Managers	4	Portfolio Managers	3	Portfolio Managers/CPM	4	Portfolio Managers	7	Portfolio Managers	5	Portfolio Managers/CPM	8
Analysts	8	Traders	3			Analysts	6	Analysts	6	Analysts	6
Traders	3					Traders	2	Traders	2	Traders	3
<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>	
Industry	15	Industry	24	Industry	29	Industry	13	Industry	24	Industry	20
Federated Hermes	12	Federated Hermes	22	Federated Hermes	23	Federated Hermes	5	Federated Hermes	21	Federated Hermes	13
CW Henderson Muni SMA		Municipal Bonds		Low Duration		Sustainable Fixed Income		Taxable SMA		Attribution	
R.J. Gallo, CFA				Nicholas Tripodes, CFA		Mitch Reznick, CFA		Denis Doherty, CFA		Allen Knizner	
Investment Professionals	8	Investment Professionals	9	Investment Professionals	6	Investment Professionals	7	Investment Professionals	5	Investment Professionals	6
Portfolio Managers	5	Portfolio Managers	3	Portfolio Managers	1	Portfolio Managers	1	Portfolio Manager	1	Analysts	6
Analysts	3	Analysts	4	Analysts	4	Analysts	6	Analysts	2		
Traders	*	Traders	2	Traders	1			Traders	2		
<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>		<i>Avg Experience (yrs):</i>	
Industry	26	Industry	17	Industry	19	Industry	6	Industry	12	Industry	14
Federated Hermes	2	Federated Hermes	15	Federated Hermes	16	Federated Hermes	3	Federated Hermes	10	Federated Hermes	13

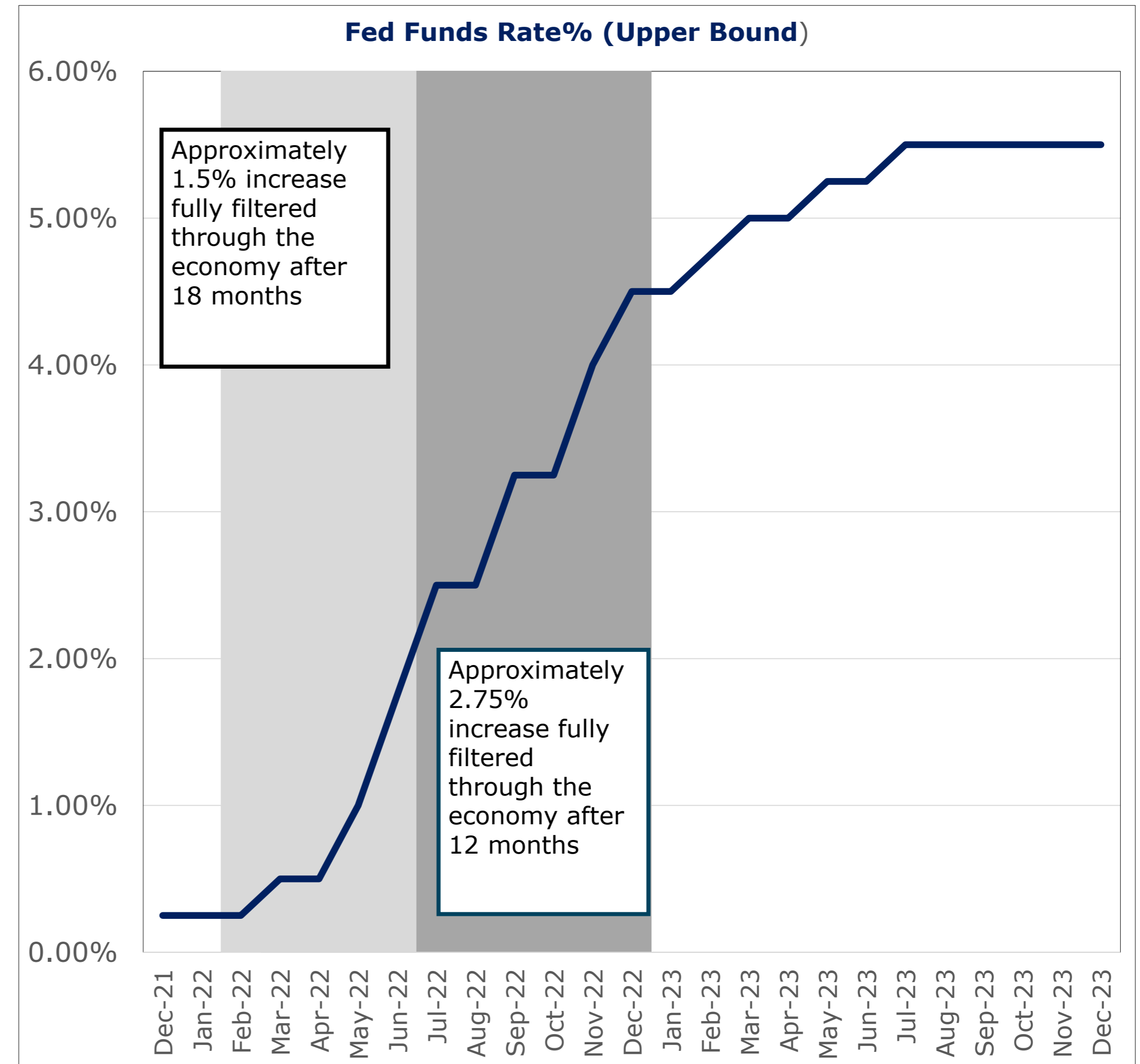
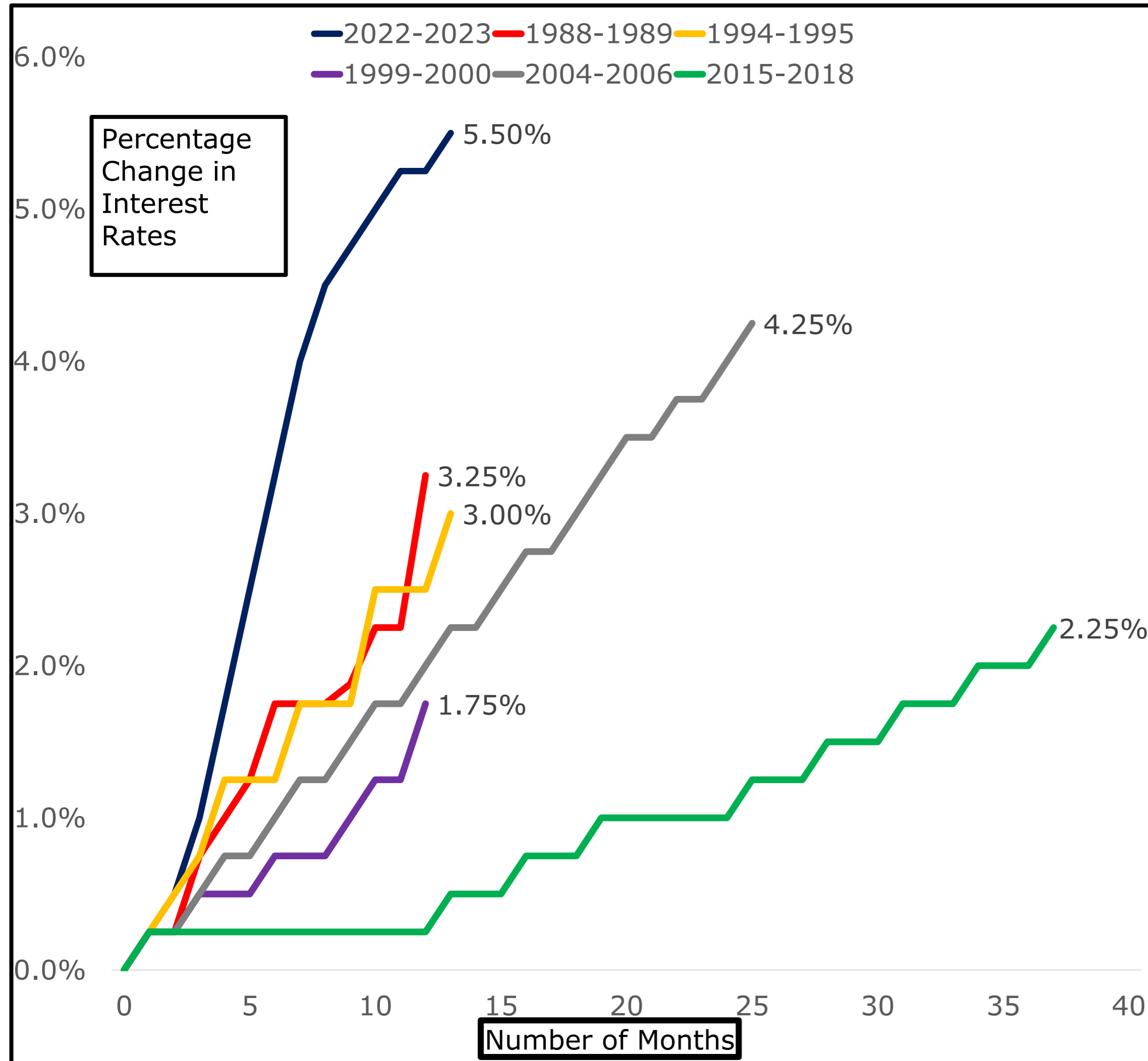
Chief Investment Officer is not included in count, Head of Investment Areas counted as PM; CPM has a dual role reporting to Phil Orlando
*Three Portfolio Managers have a dual role as Traders

Economic Overview

1

Interest rates: The 2022-23 increases have been the fastest in history

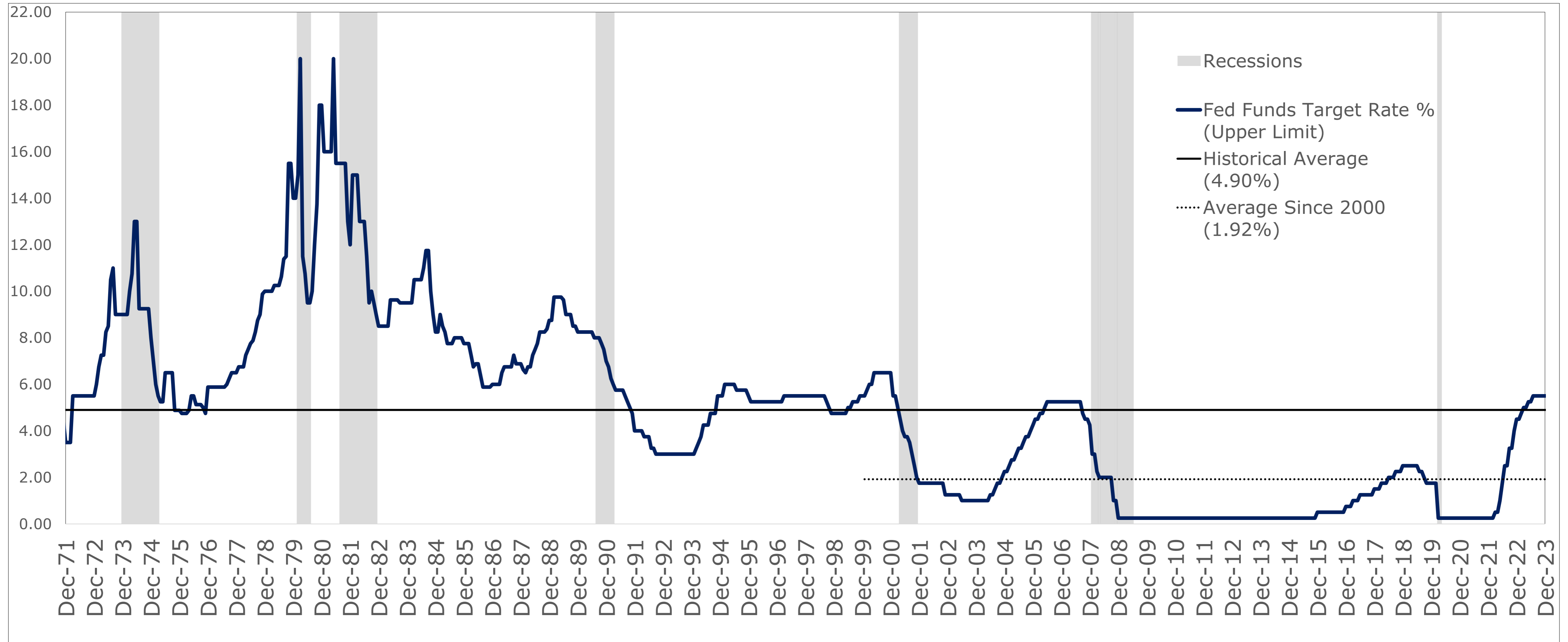
Interest rate increases (Federal Reserve Fed Funds Target Rate–Upper Limit) 1988-2023



Source: Bloomberg. December 1, 2023

Fed's first hike typically has preceded next recession by several years

Current Fed Funds Rate (Upper Limit): 5.50%

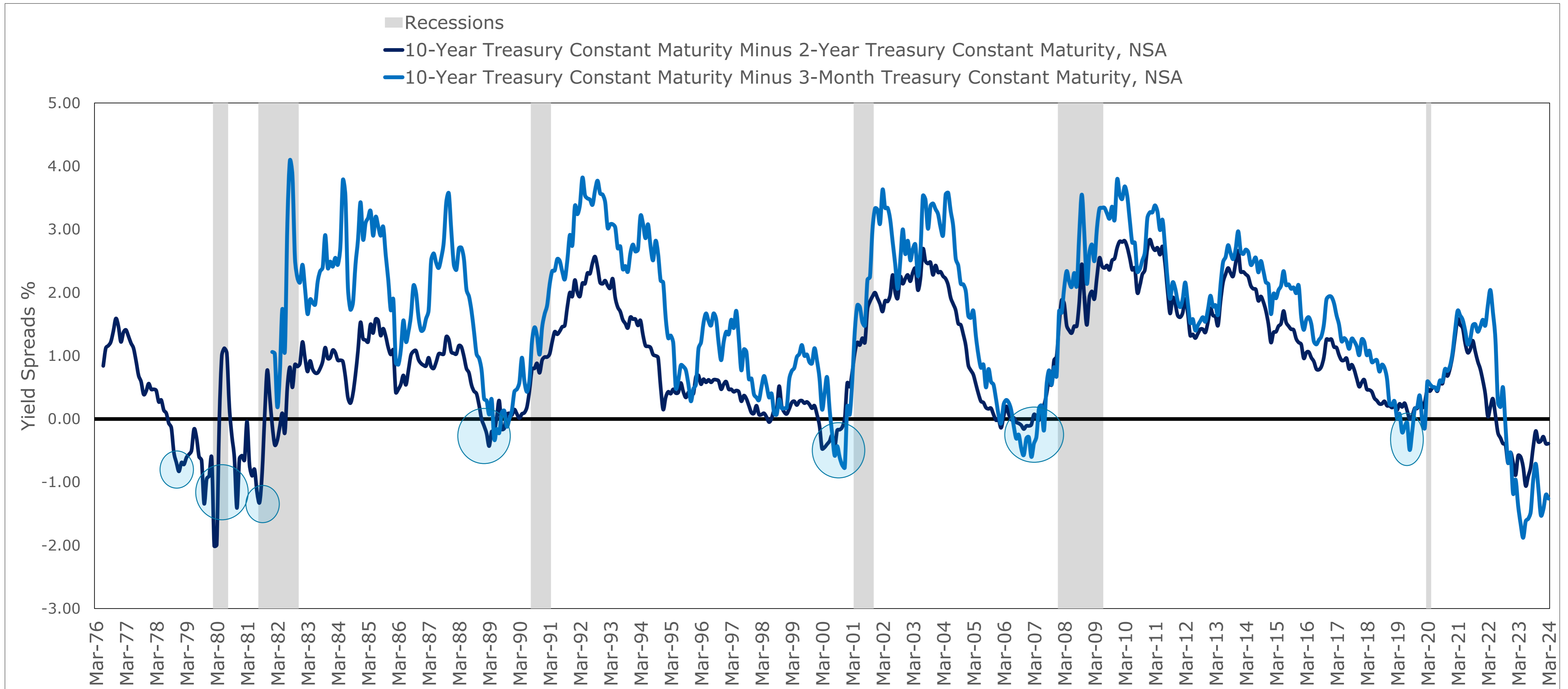


Note: Shaded areas indicate recessions. Fed Funds Rate refers to the upper band.
Source: FRED Economic Data as of 3/31/2024.

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Negative treasury yield spreads often signal recessions

The 10Y 2Y spread has been negative since July 2022. The 10Y 3M spread has been negative since Oct. 2022

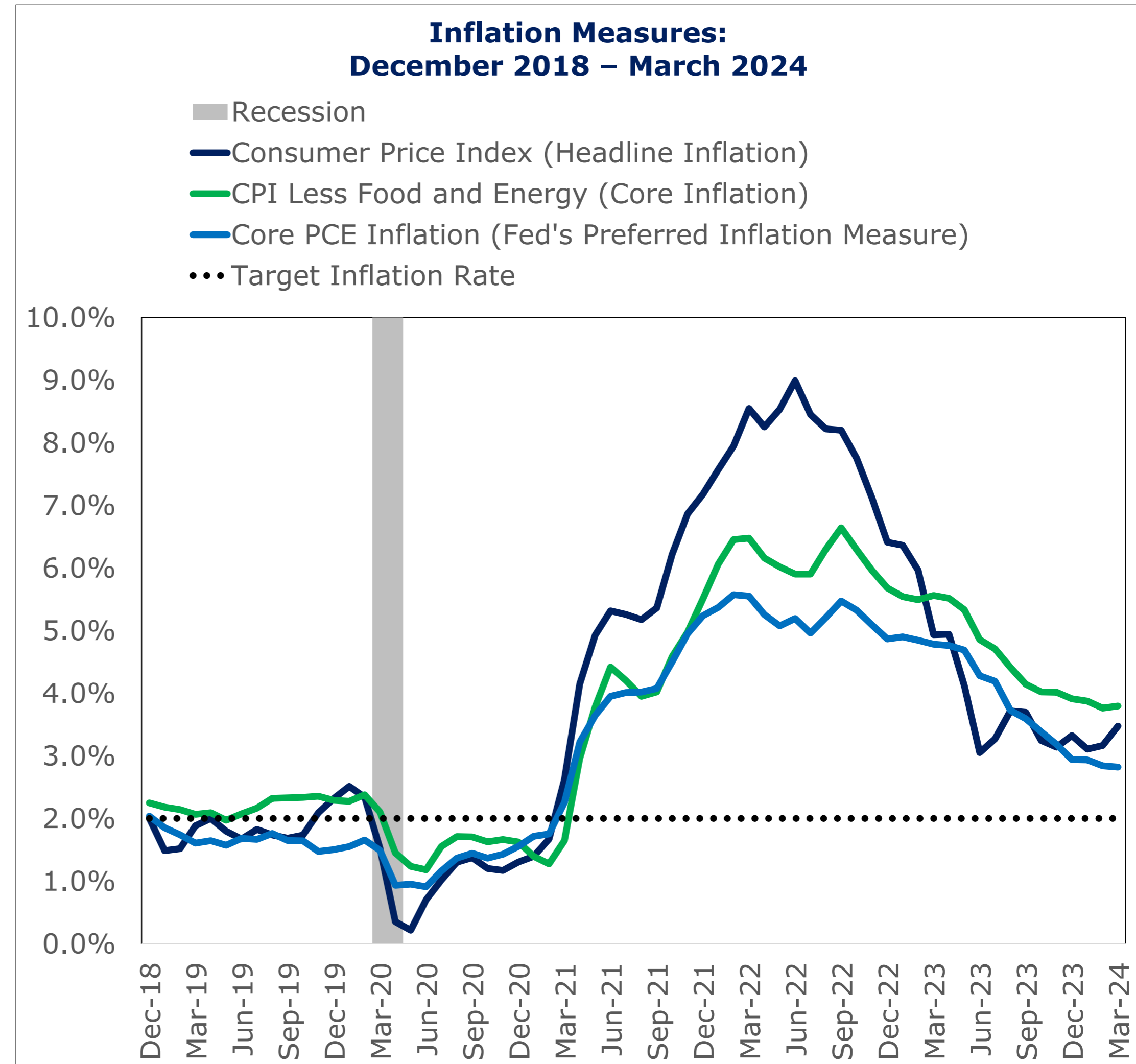
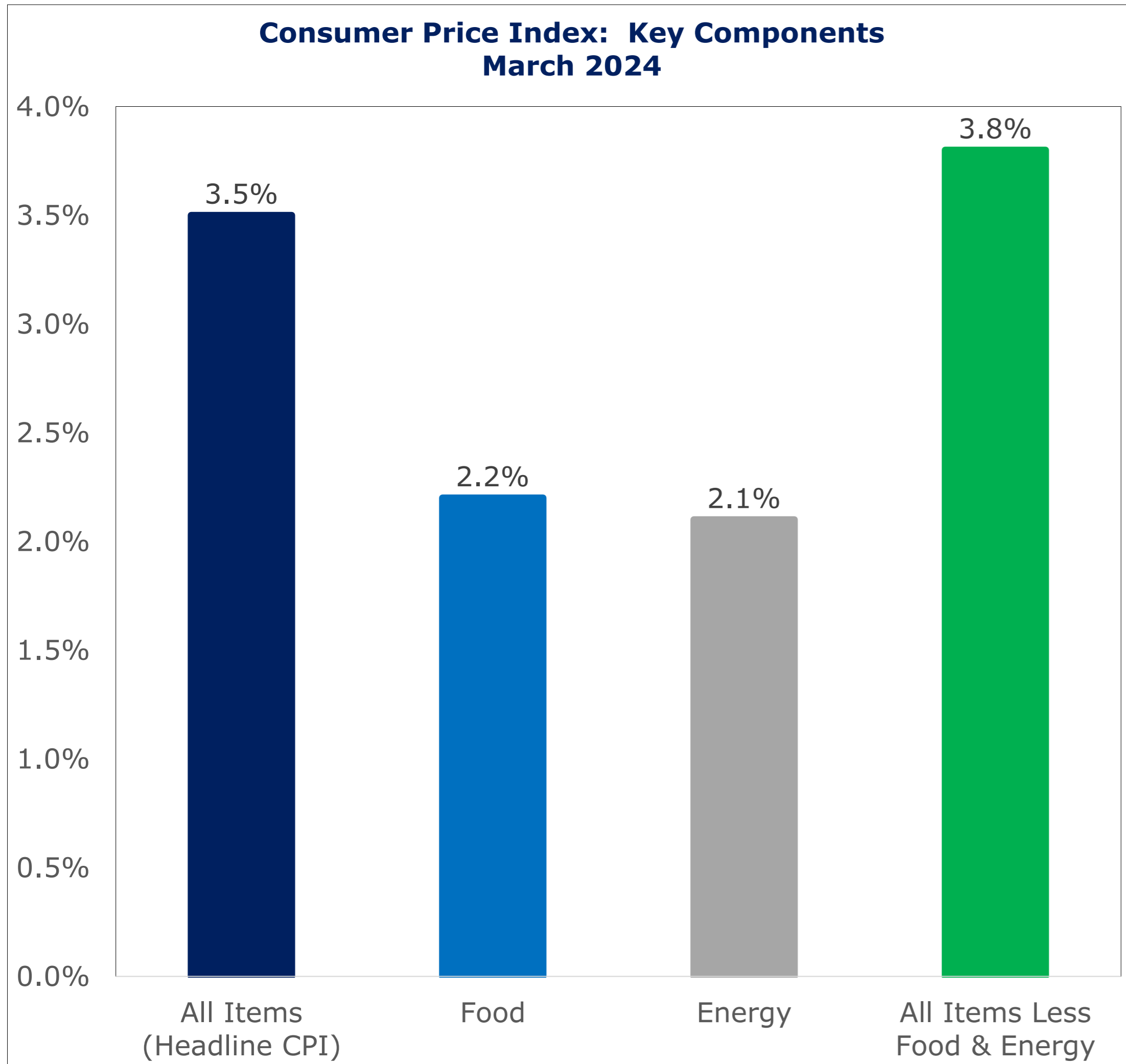


Source: Federal Reserve Bank, St. Louis. March 31, 2024

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Inflation is declining; remains above the Fed's target rate...

Inflation reached 41-year highs in 2022

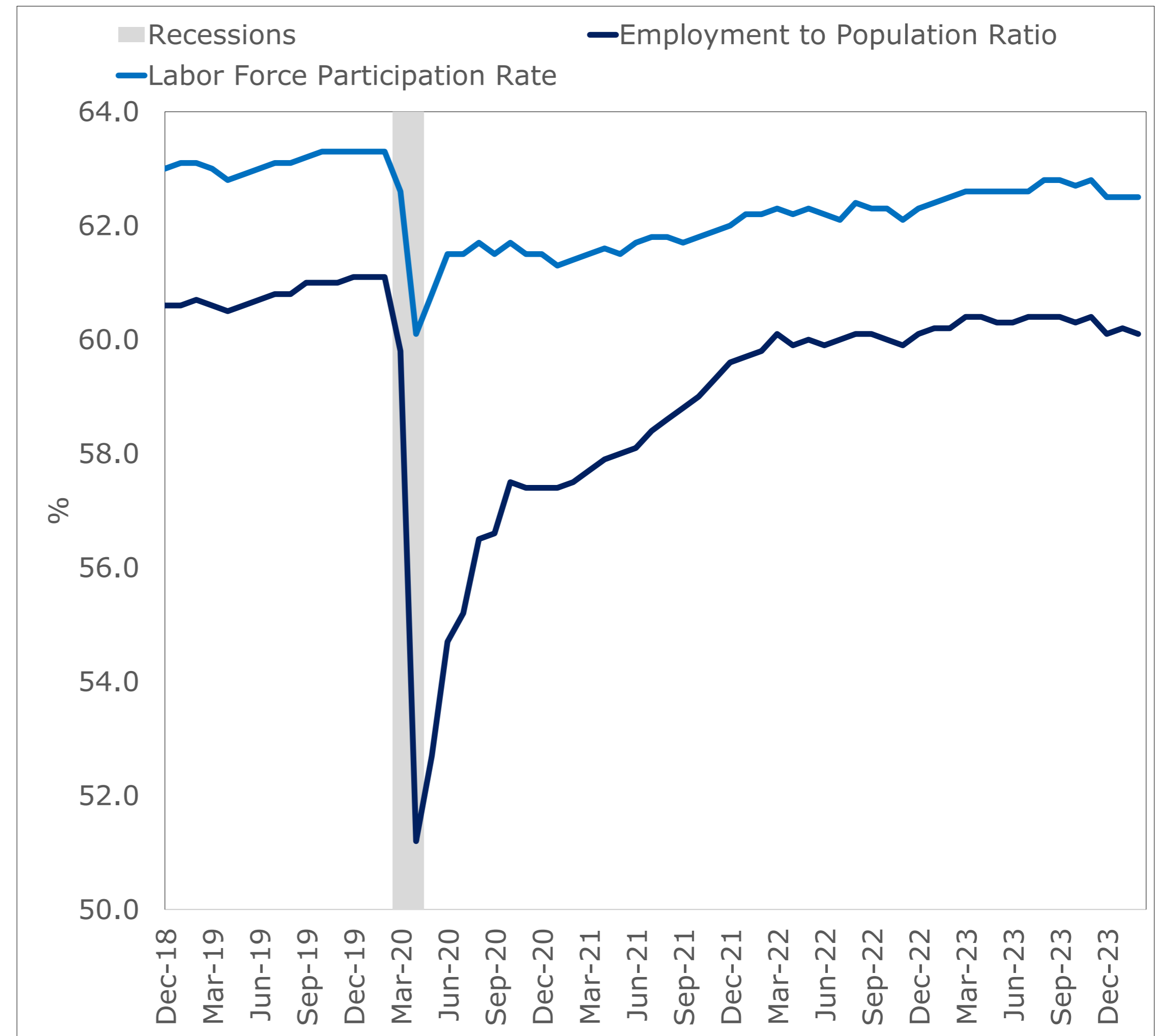
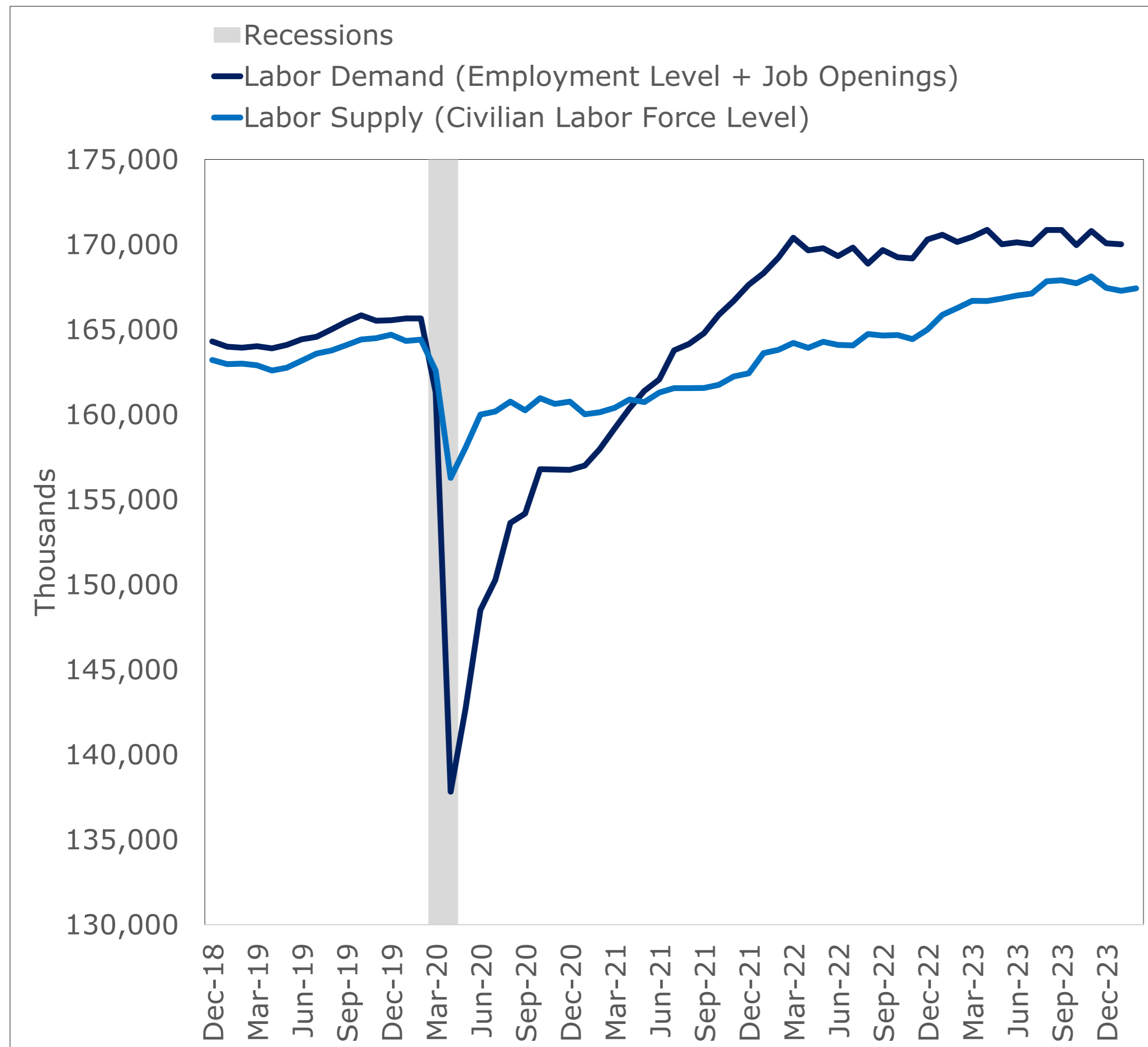


Source: Bloomberg. March 31, 2024

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Labor demand still exceeds labor supply

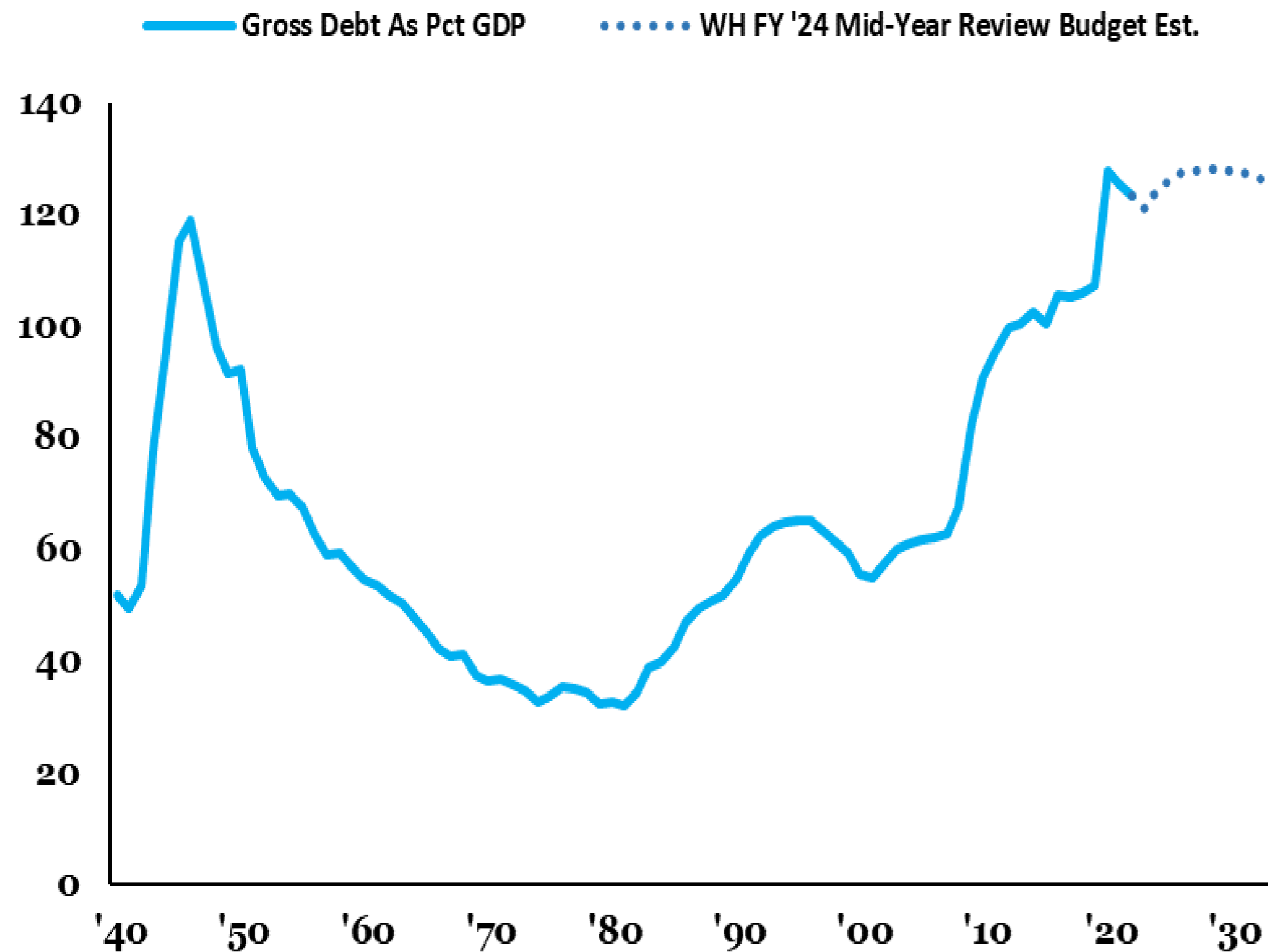
Labor availability is improving but still below pre-pandemic levels



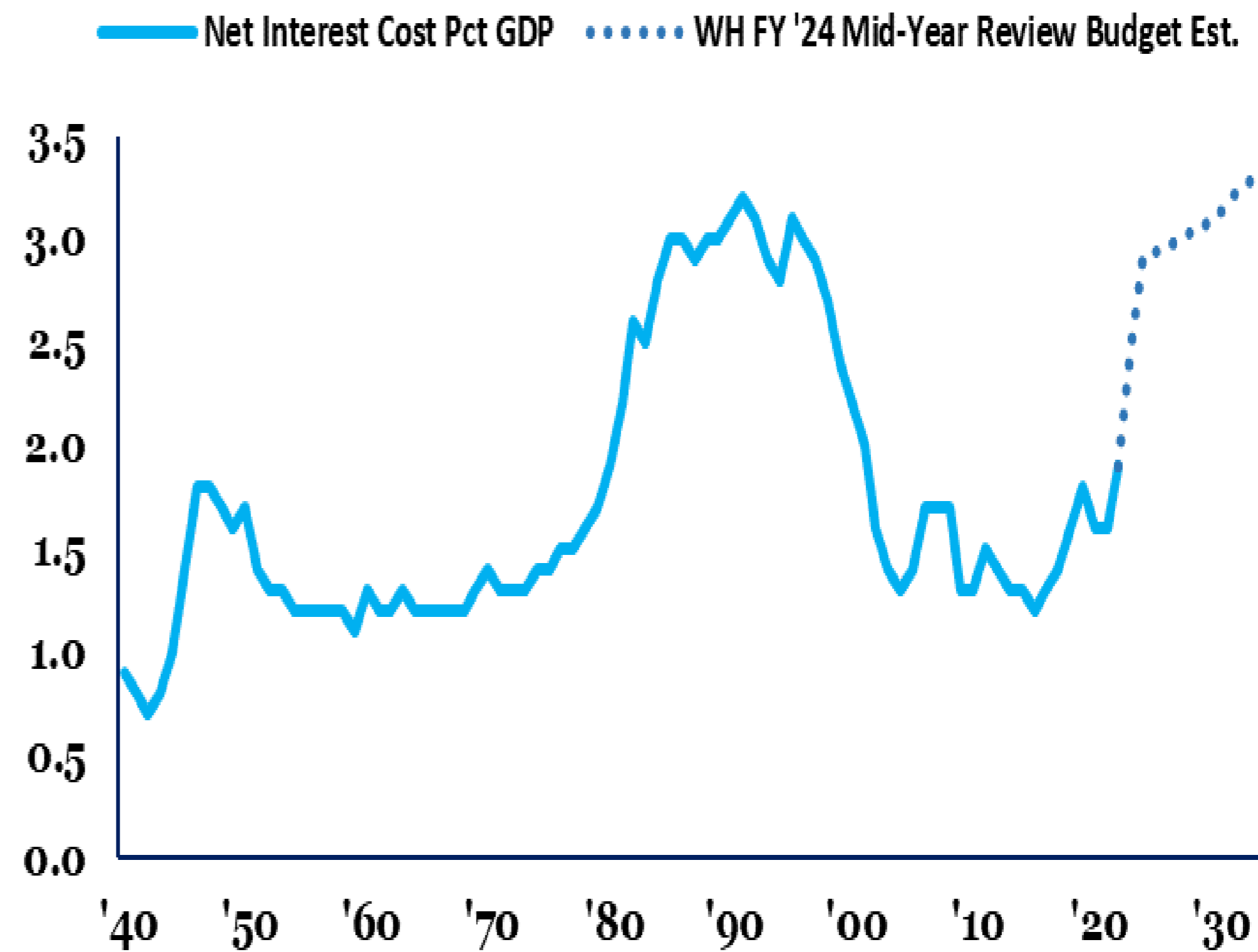
The total federal debt is a growing problem

While debt levels have risen sharply, low rates mean that the interest burden has fallen dramatically

Total Federal Debt to GDP



Interest Expense as a % of GDP



Source: Strategas Research Partners as of August 30, 2023. Federated Hermes as of November 30, 2023. Past performance is no guarantee of future results.

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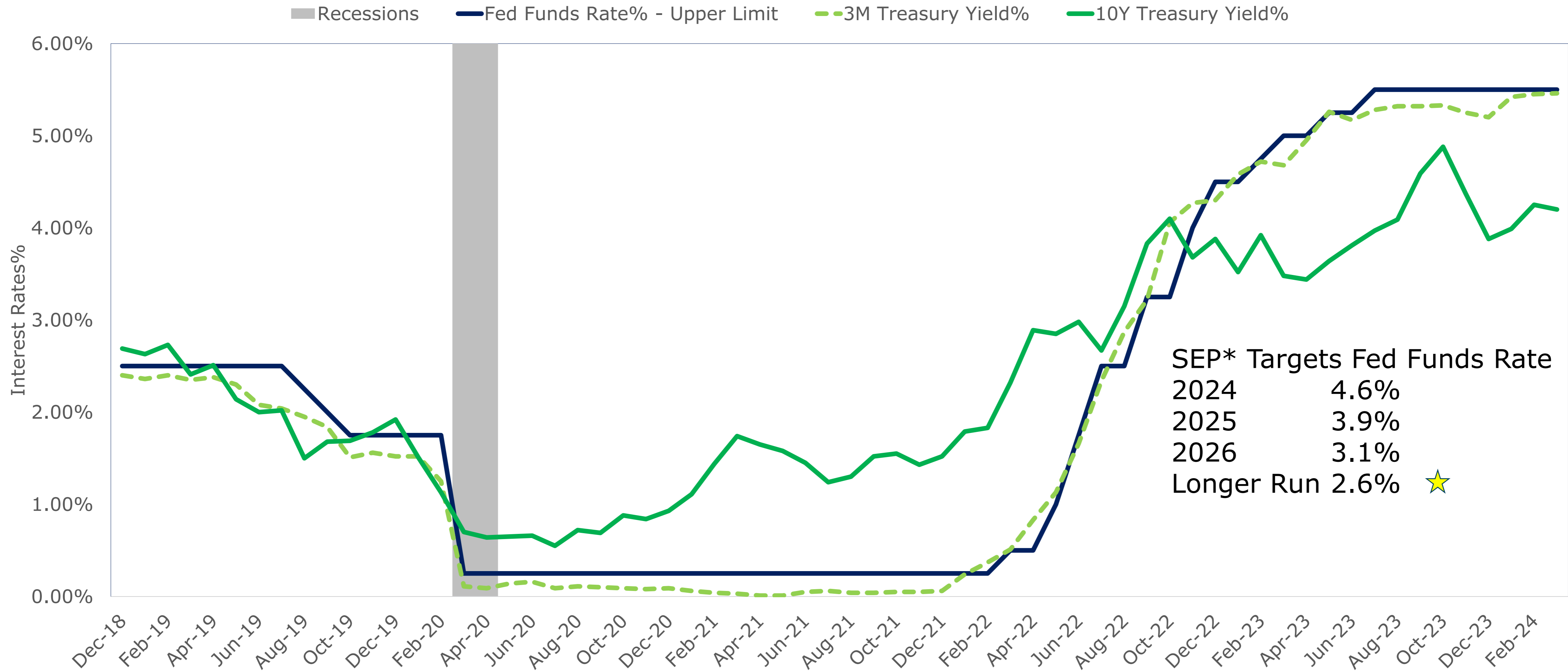
Fixed Income Outlook

An aerial photograph of a winding asphalt road that curves through a dense, lush green forest. The road is a light grey color and has white lane markings. A small blue car is visible on the road. Overlaid on the image is a large, semi-transparent blue circle containing the white number '2'. The circle is positioned in the center-right of the frame, partially overlapping the road and the forest.

2

Fed rates have peaked for the cycle

That is the signal to consider extending out the curve

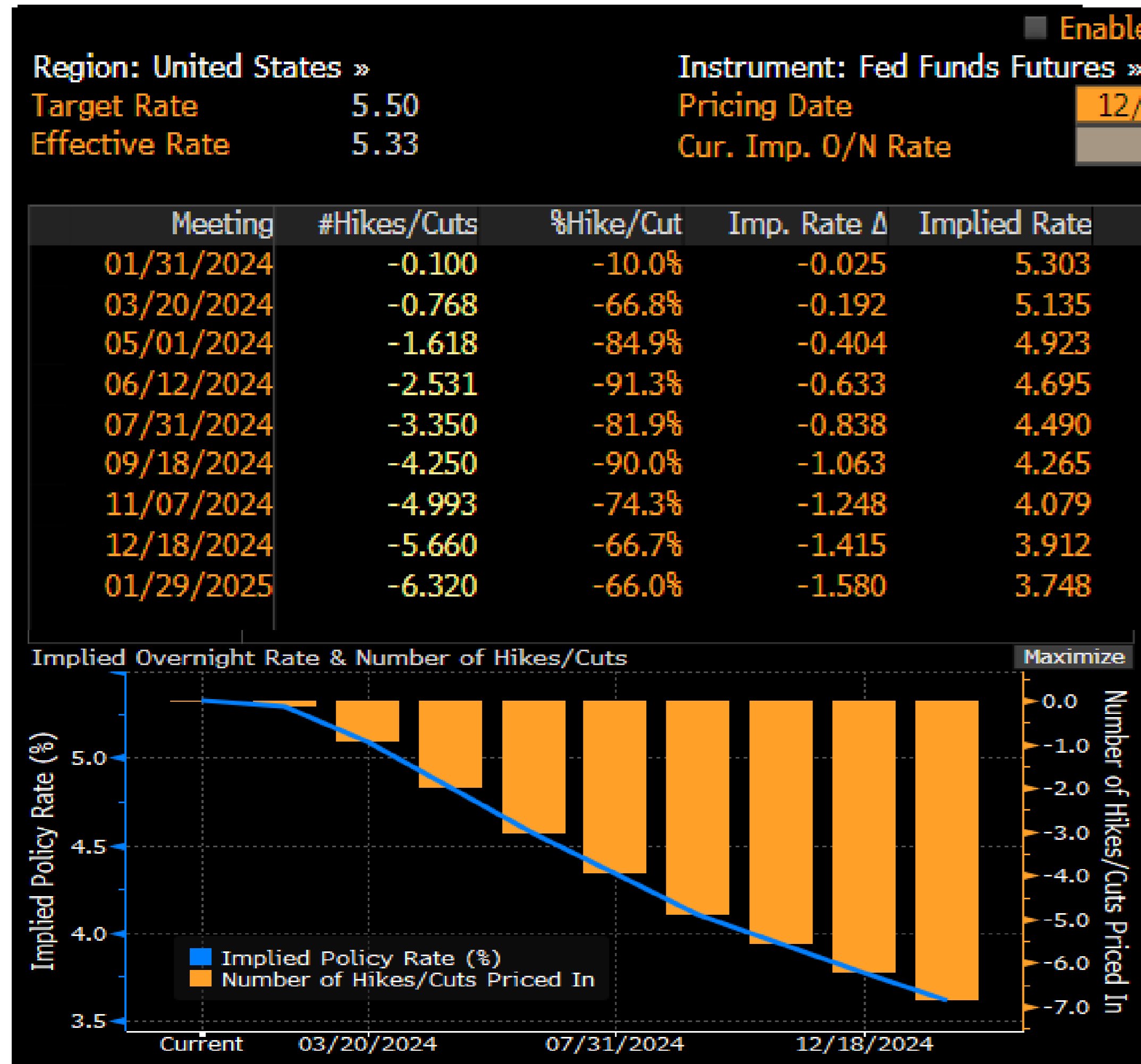


Source: Federal Reserve Bank, St. Louis. March 31, 2024
 *SEP is Summary of Economic Projections

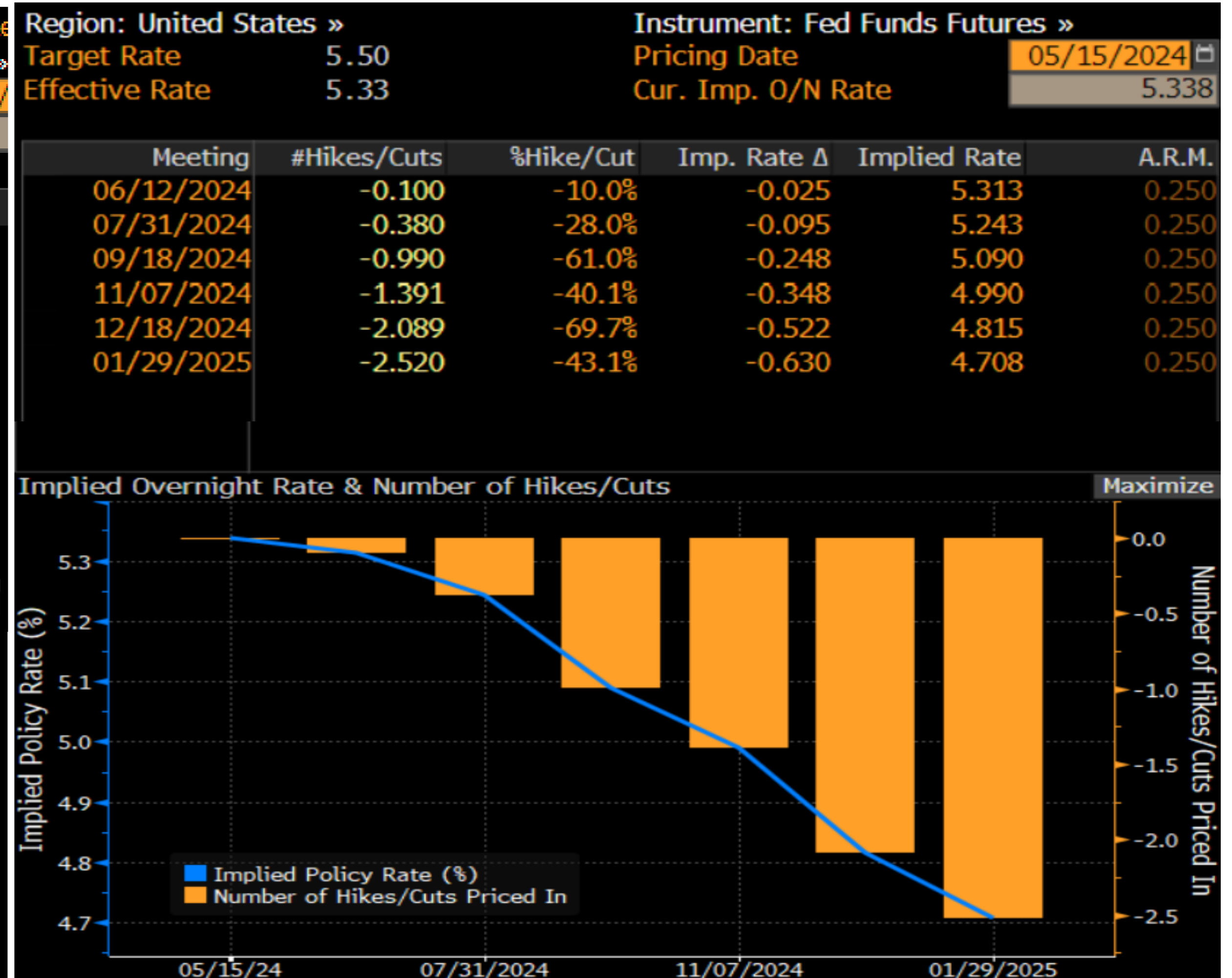
World Interest Rate Probabilities (WIRP)

Implied rate changes from futures

12/15/23



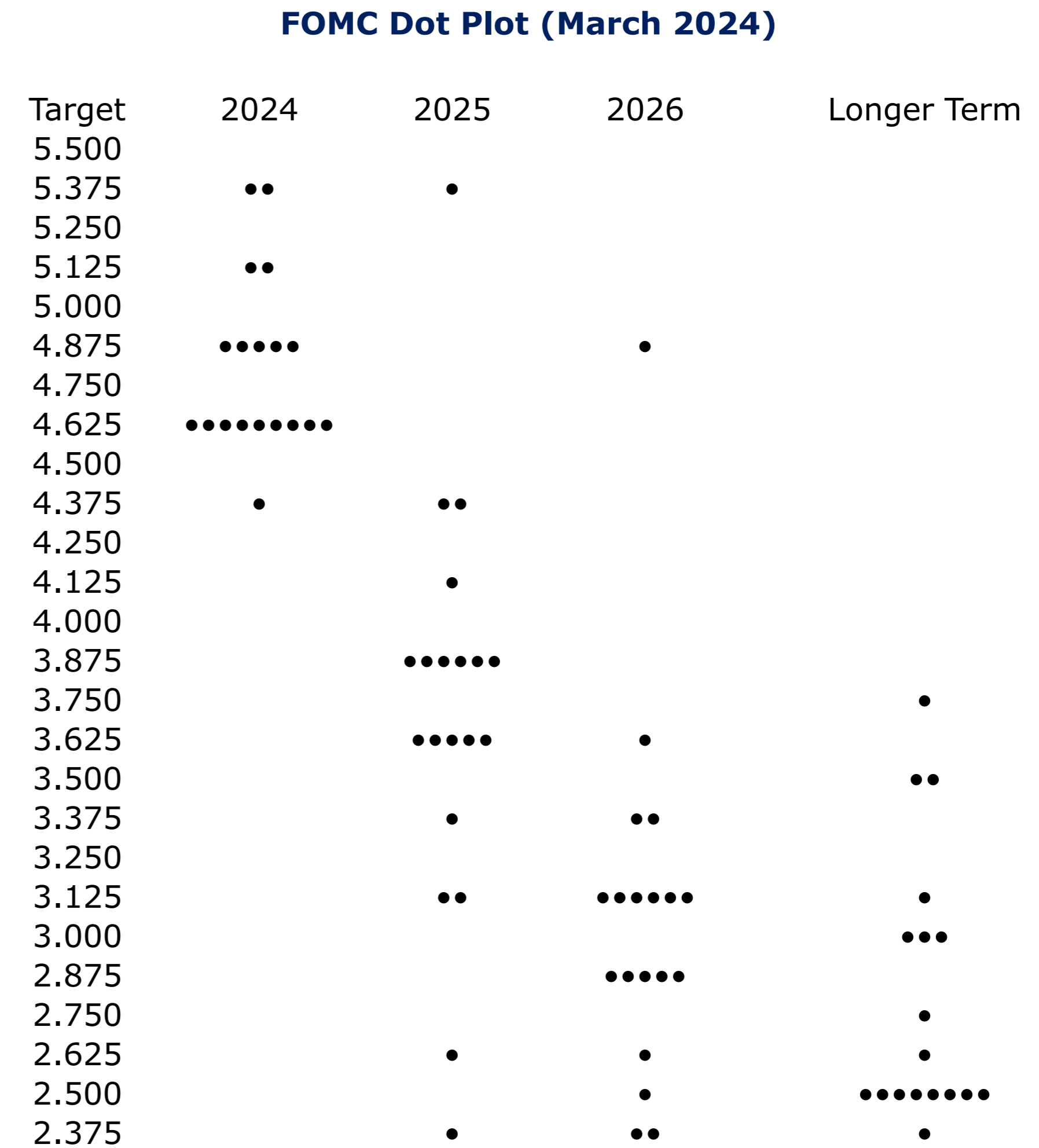
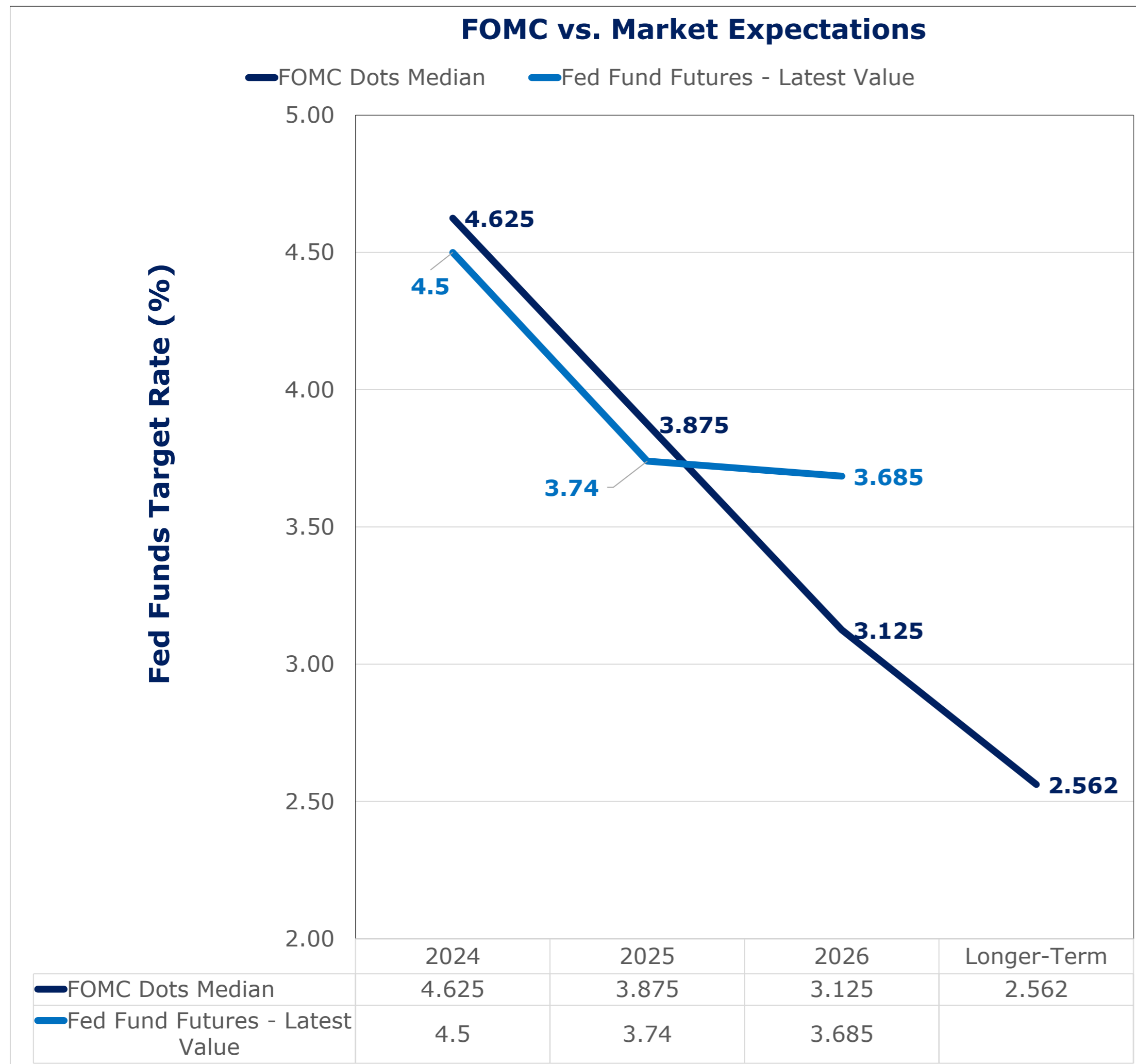
5/15/2024



Source: Bloomberg 5/15/2024
Past performance is no guarantee of future results.

Median Dot gets all the attention amid a cloud of dots

Market is pricing more easing than the Fed median in 2024-2025



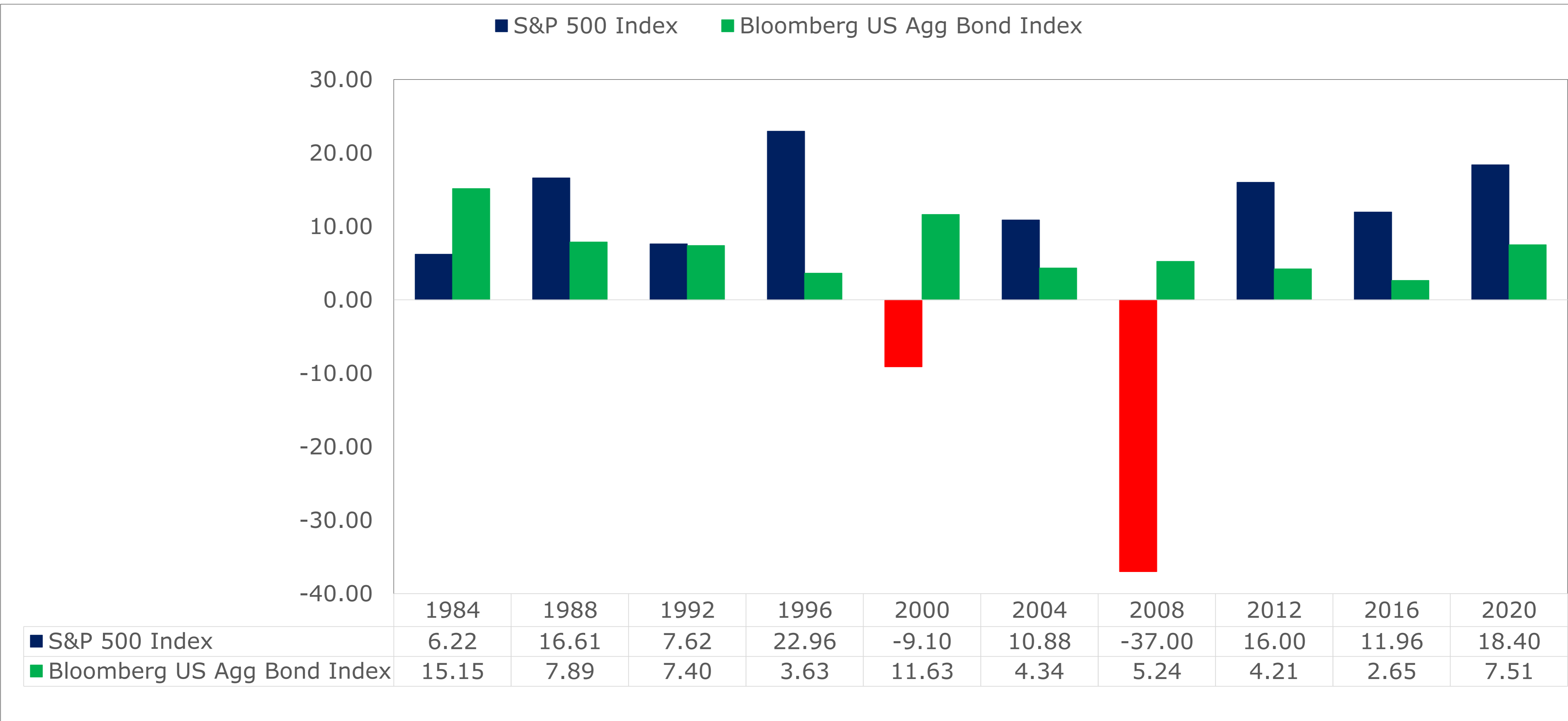
Fed policy moves in prior election years

The Fed has hiked or cut rates in EVERY Presidential election year since 1984

Election Year	Rate Hike	Rate Hike Within 2 Months of Election	Rate Cut	Rate Cut Within 2 Months of Election	Recession	Incumbent	Winner
1984	Yes		Yes	Yes		Republican	Republican
1988	Yes					Republican	Republican
1992			Yes	Yes		Republican	Democrat
1996			Yes			Democrat	Democrat
2000	Yes					Democrat	Republican
2004	Yes	Yes				Republican	Republican
2008			Yes	Yes	Yes	Republican	Democrat
2012			QE3	QE3		Democrat	Democrat
2016	Yes					Democrat	Republican
2020			Yes		Yes	Republican	Democrat

The markets: Performance in presidential election years

1984-2020

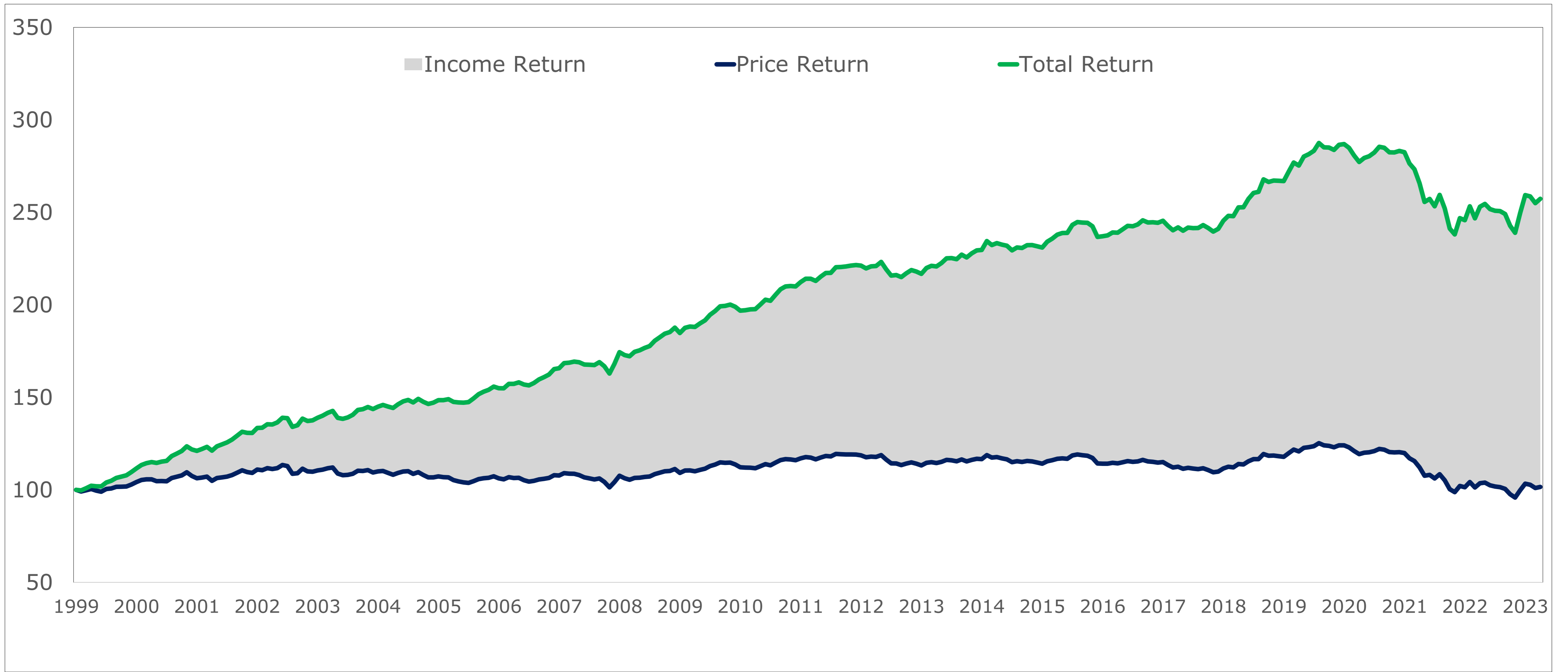


Source: Morningstar, Inc. Past performance is no guarantee of future results. For illustrative purposes only.

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Don't underestimate the power of income

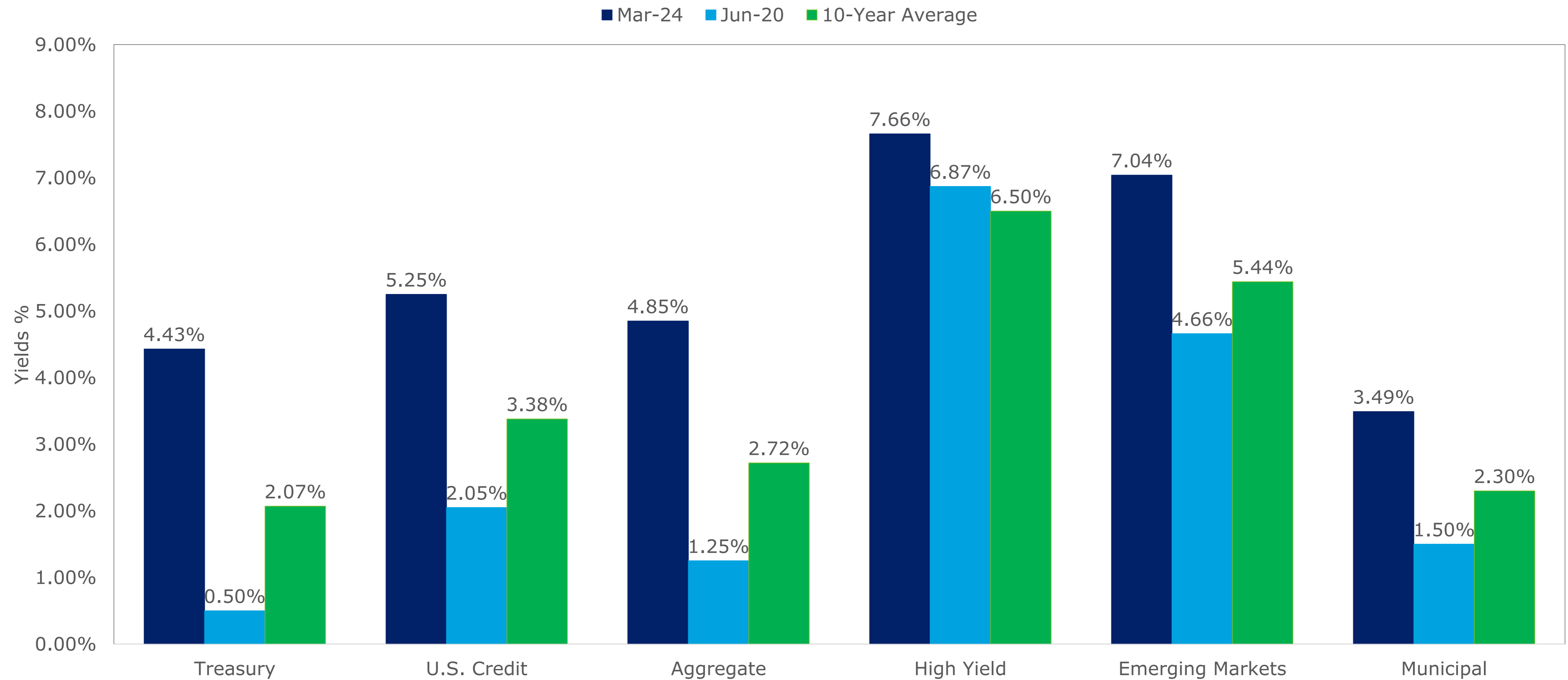
Cumulative Return in the Bloomberg US Aggregate Bond Index: 1999–YTD 3/31/2024



Source: Barclays. February 29, 2024. Past performance is no guarantee of future results. For illustrative purposes only and not representative of any specific investment. Indexes are unmanaged and investments cannot be made in an index.

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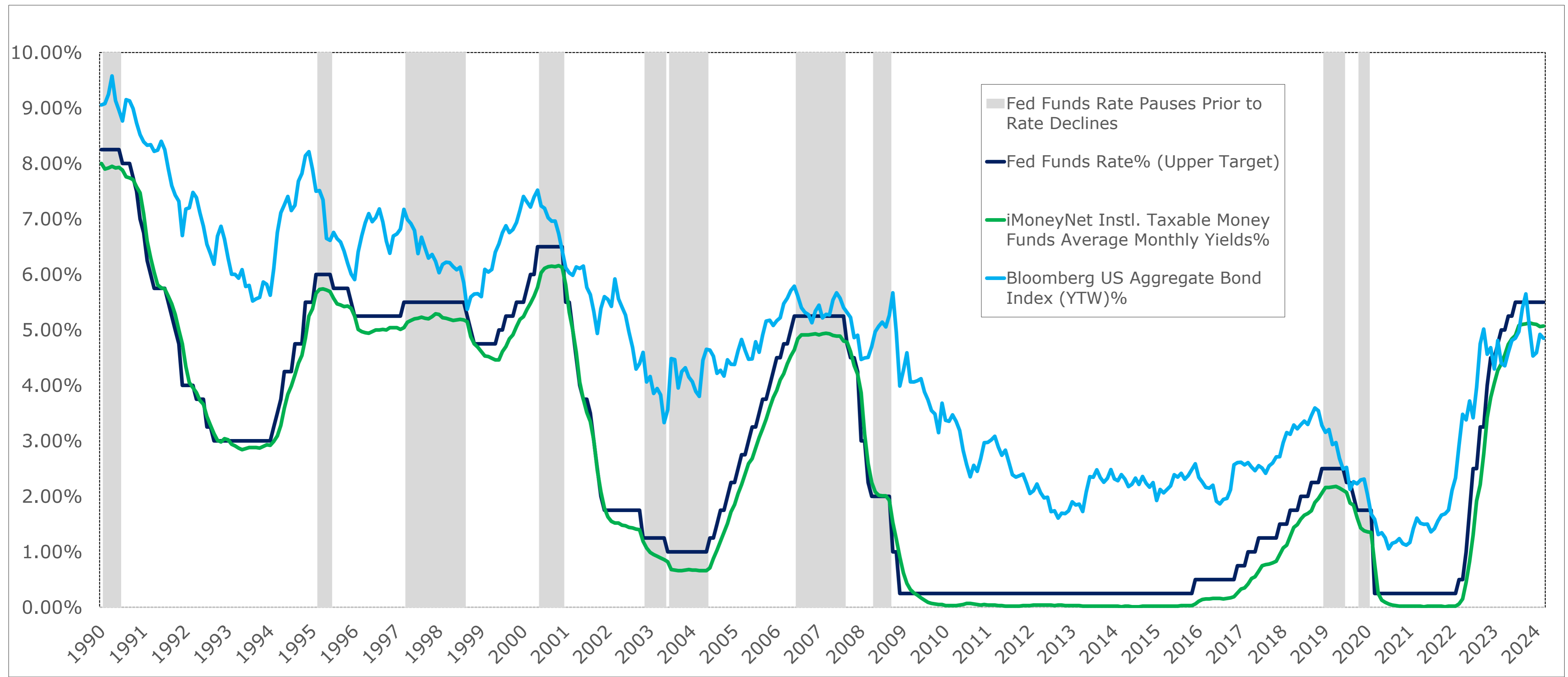
Fixed Income yields have risen since the pandemic



Source: Barclays. March 31, 2024

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Extending duration when The Fed pauses provides yield advantages



Sources: Bloomberg, L.P., iMoneyNet, Inc. and Barclays. March 31, 2024. Past performance is no guarantee of future results. For illustrative purposes only.

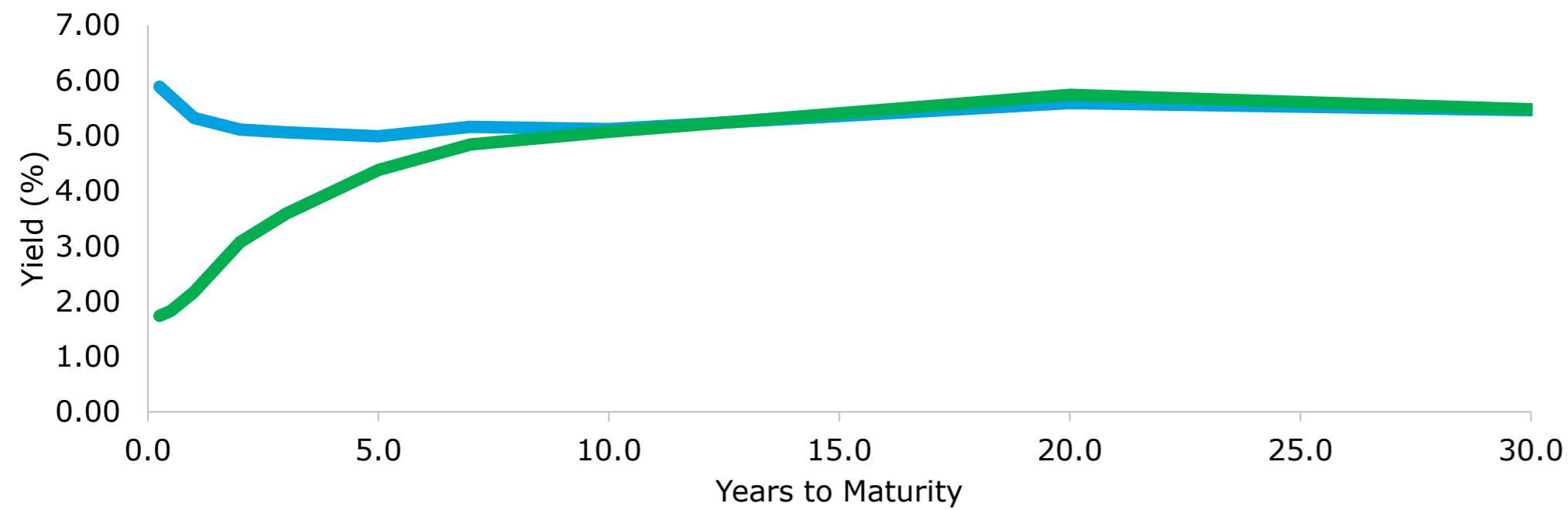
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Yield curve typically steepens following Fed pause

Short rates went down more than long rates following recent Fed pauses

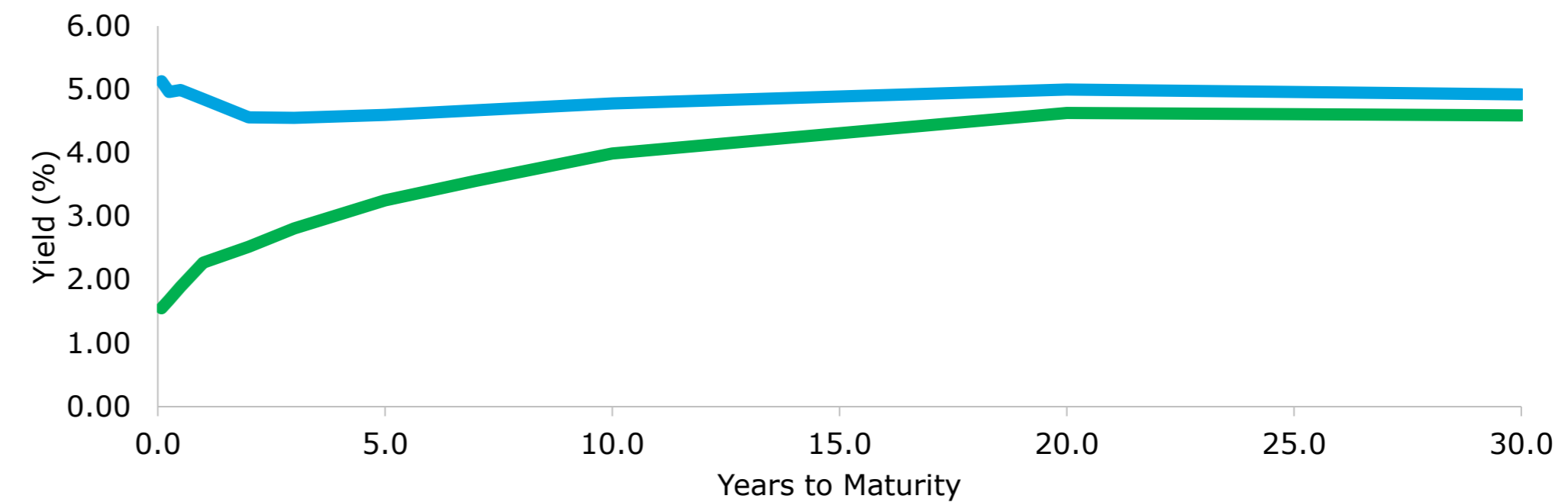
Treasury Yield Curve - Tech Bubble

12/29/2000 12/31/2001



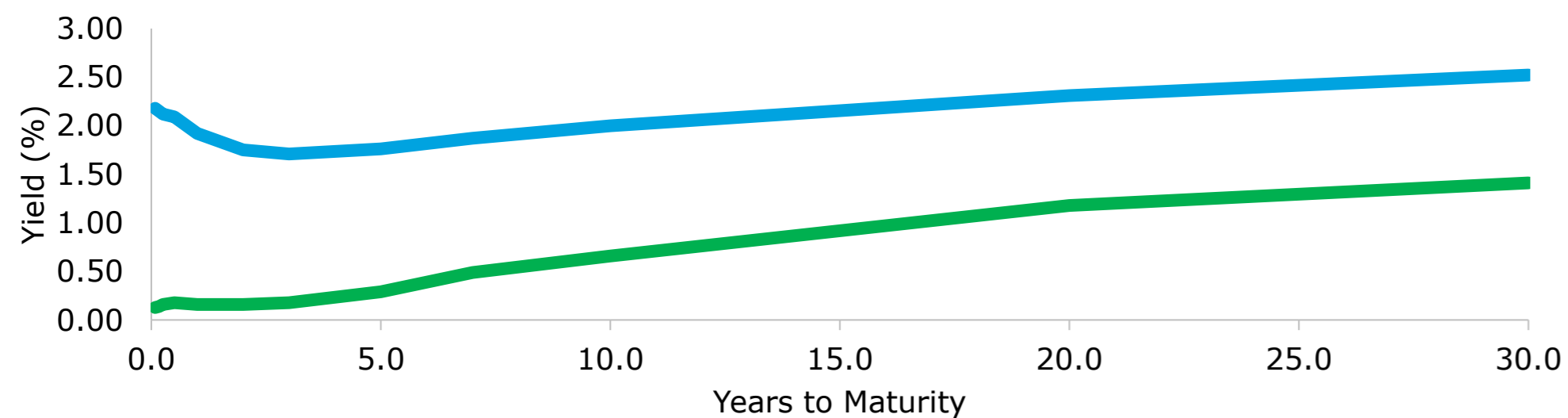
Treasury Yield Curve - Financial Crisis

7/31/2007 7/31/2008



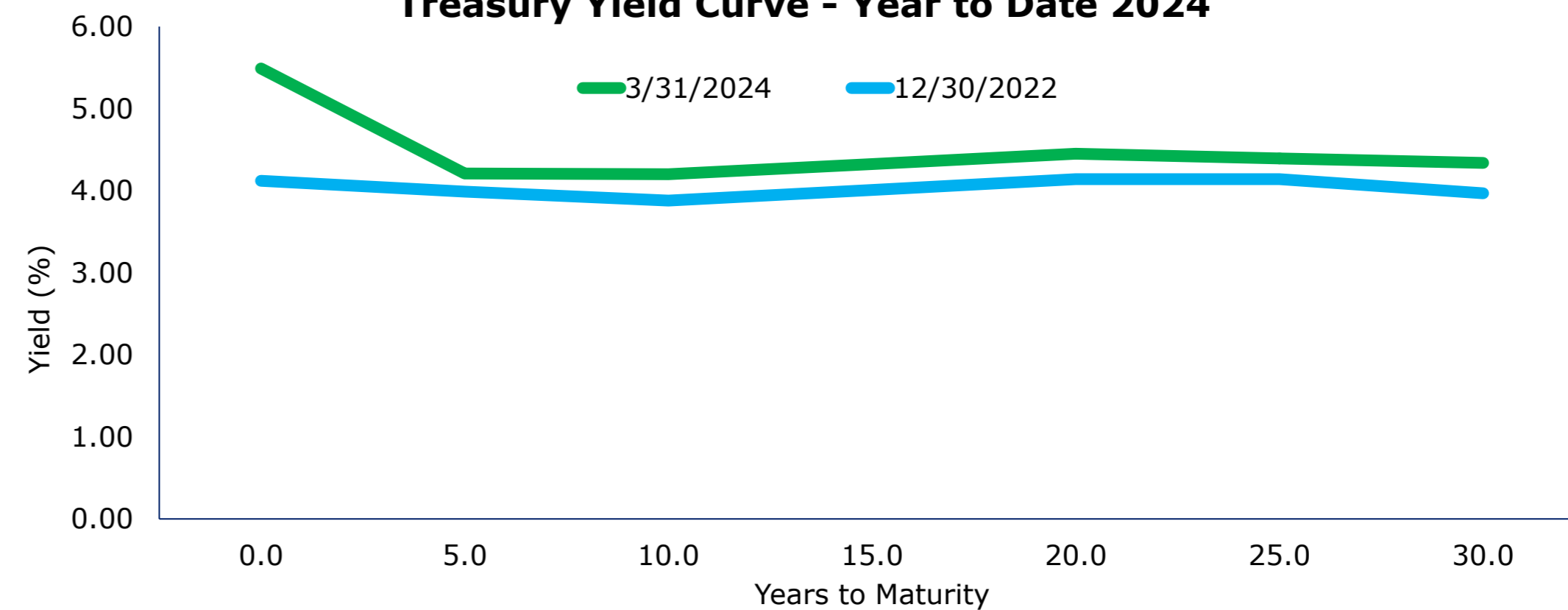
Treasury Yield Curve - Covid Era

6/28/2019 6/30/2020



Treasury Yield Curve - Year to Date 2024

3/31/2024 12/30/2022



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

Source: U.S. Department of the Treasury

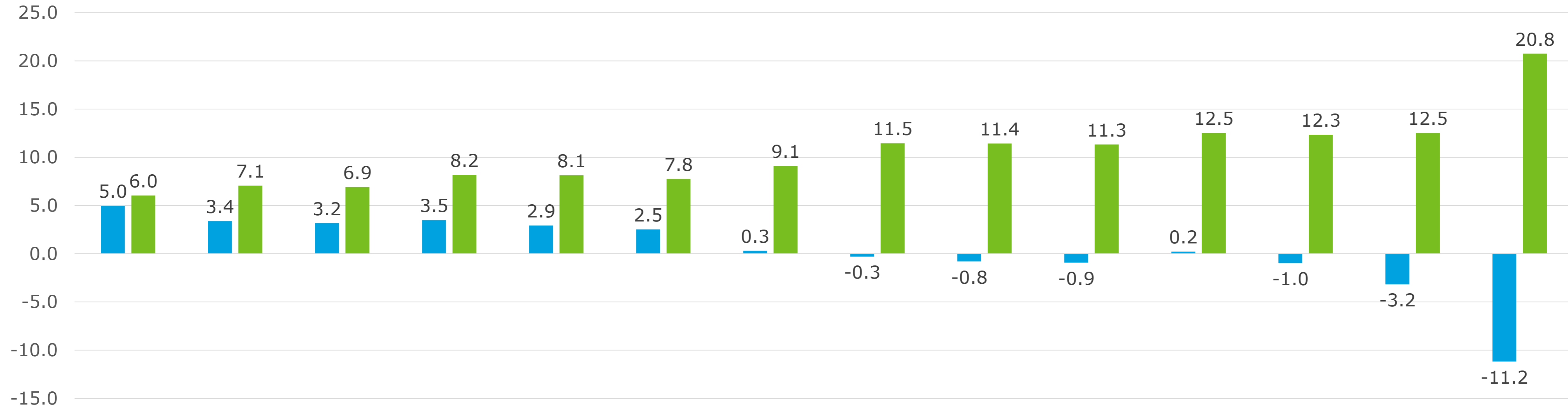
Note: Yield Curve: Graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.

Current yield and duration levels produce favorable return profile

Stressing rates 1% up or 1% down suggests long-term investors shouldn't fear duration

Hypothetical index total returns assuming parallel shift scenarios over 12-months

■ 1% Increase TR (%)* ■ 1% Decrease TR (%)*



	S-T Gov/Corp	Gov/Credit (1-3 year)	2-Yr Treas	Muni Bond 3-Yr^	US Credit (1-5 Yr)	Gov/Credit (1-5 Yr)	5-Yr Treas	US Universal	Agg.	US Govt/Credit	Muni Bond^	US Credit	10-Yr Treas	30-Yr Treas
Effective Duration (Years)	0.53	1.85	1.88	2.34	2.61	2.62	4.40	5.88	6.12	6.13	6.15	6.66	7.86	15.97
YTW (%)	5.50	5.22	5.03	5.83^	5.53	5.14	4.71	5.58	5.31	5.20	6.37^	5.68	4.68	4.78

Source: Bloomberg Indices. Data as of 4/30/2024.

Yield to Worst (%). Yield to worst is used as an approximation for the income return over a 12-month period.

^Tax-adjusted yields shown for Municipal indices based on a 40.8% tax rate (37% top federal income tax rate plus 3.8% tax on net investment income).

*1% Increase scenario = Yield to Worst (YTW) - Effective duration

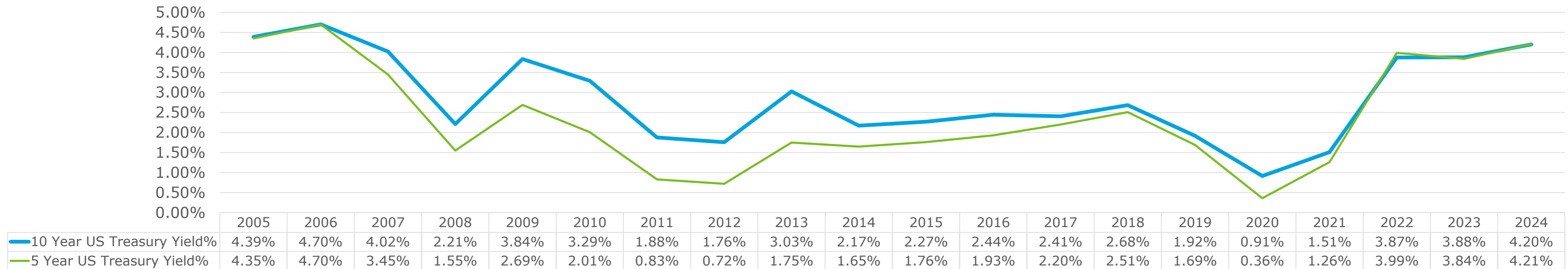
* 1% Decrease scenario = Yield to Worst (YTW) + Effective duration

These hypothetical scenarios are for illustrative purposes only. They are based on a simple mathematical formula and are not a guarantee of future performance. Indexes are unmanaged and investments cannot be made in an index. Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Tax-adjusted yields shown for Municipal indices based on a 40.8% tax rate (37% top federal income tax rate plus 3.8% tax on net investment income).

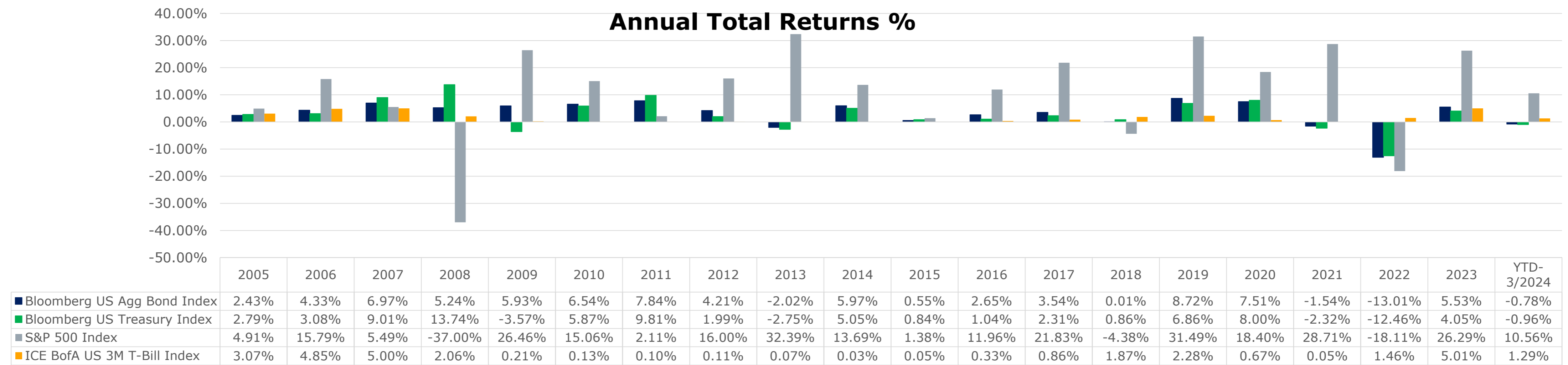
UST yields and broad market returns

Yield movement sets the tone

5-Year and 10-Year US Treasury Yields %



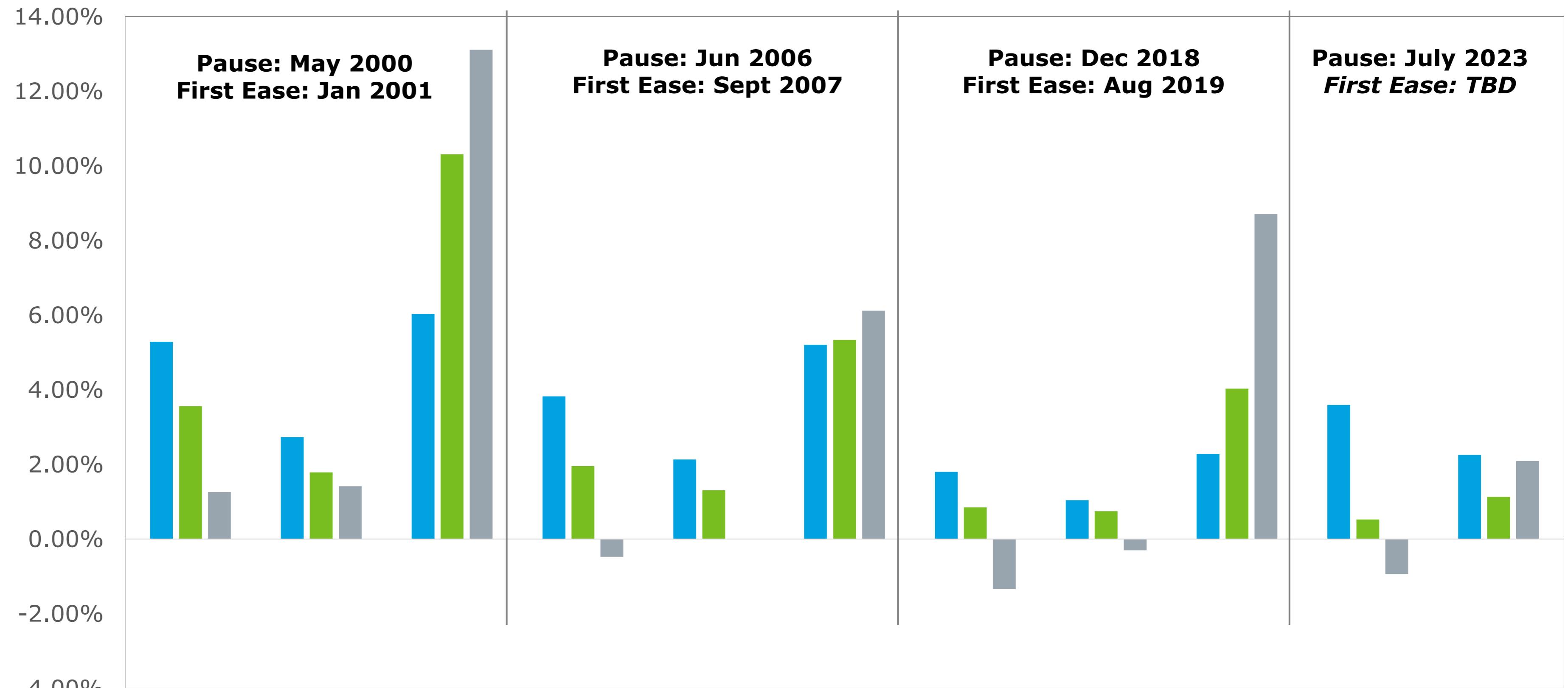
Annual Total Returns %



Sources: Department of the U.S. Treasury and Morningstar, Inc 3/31/2024
 Past performance is no guarantee of future results. Illustrative purposes only and not indicative of any specific investment.

Performance before and after Fed pauses

Longer duration has typically outperformed shorter duration following pauses



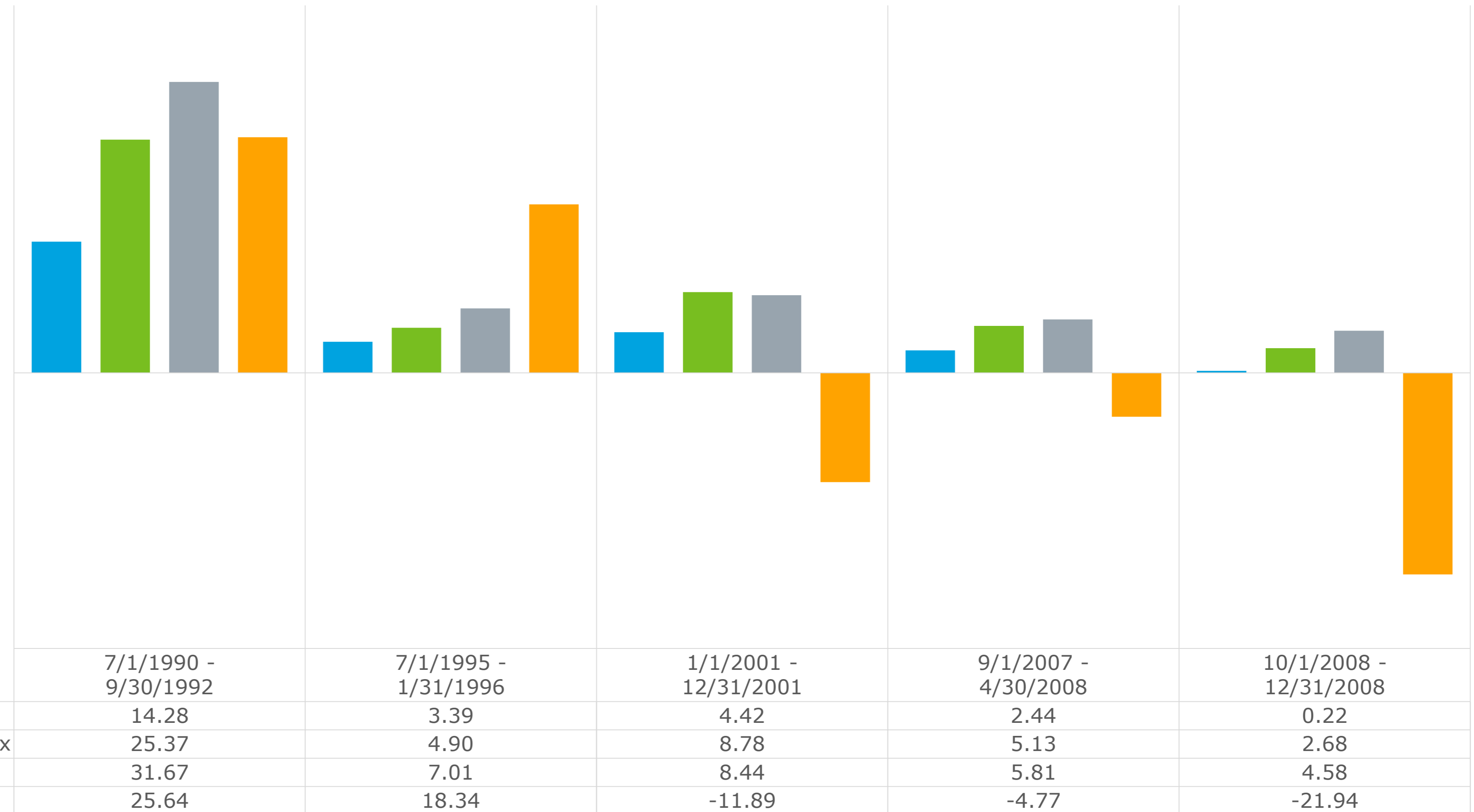
	12 Months Before	6 Months Before	12 Months After	12 Months Before	6 Months Before	12 Months After	12 Months Before	6 Months Before	12 Months After	12 Months Before	6 Months Before
ICE BofA US 3M Trsy Bill Index	5.29%	2.73%	6.03%	3.83%	2.13%	5.21%	1.80%	1.04%	2.28%	3.59%	2.25%
Bloomberg US Govt/Credit 1-3 Yr Index	3.56%	1.79%	10.31%	1.95%	1.31%	5.34%	0.85%	0.75%	4.03%	0.52%	1.13%
Bloomberg US Agg Bond Index	1.26%	1.42%	13.12%	-0.48%	0.01%	6.12%	-1.34%	-0.30%	8.72%	-0.94%	2.09%

Source: Morningstar, Inc. Past performance is no guarantee of future results. For illustrative purposes only.

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Performance in falling interest rate environments

Extending duration has provided total return advantages



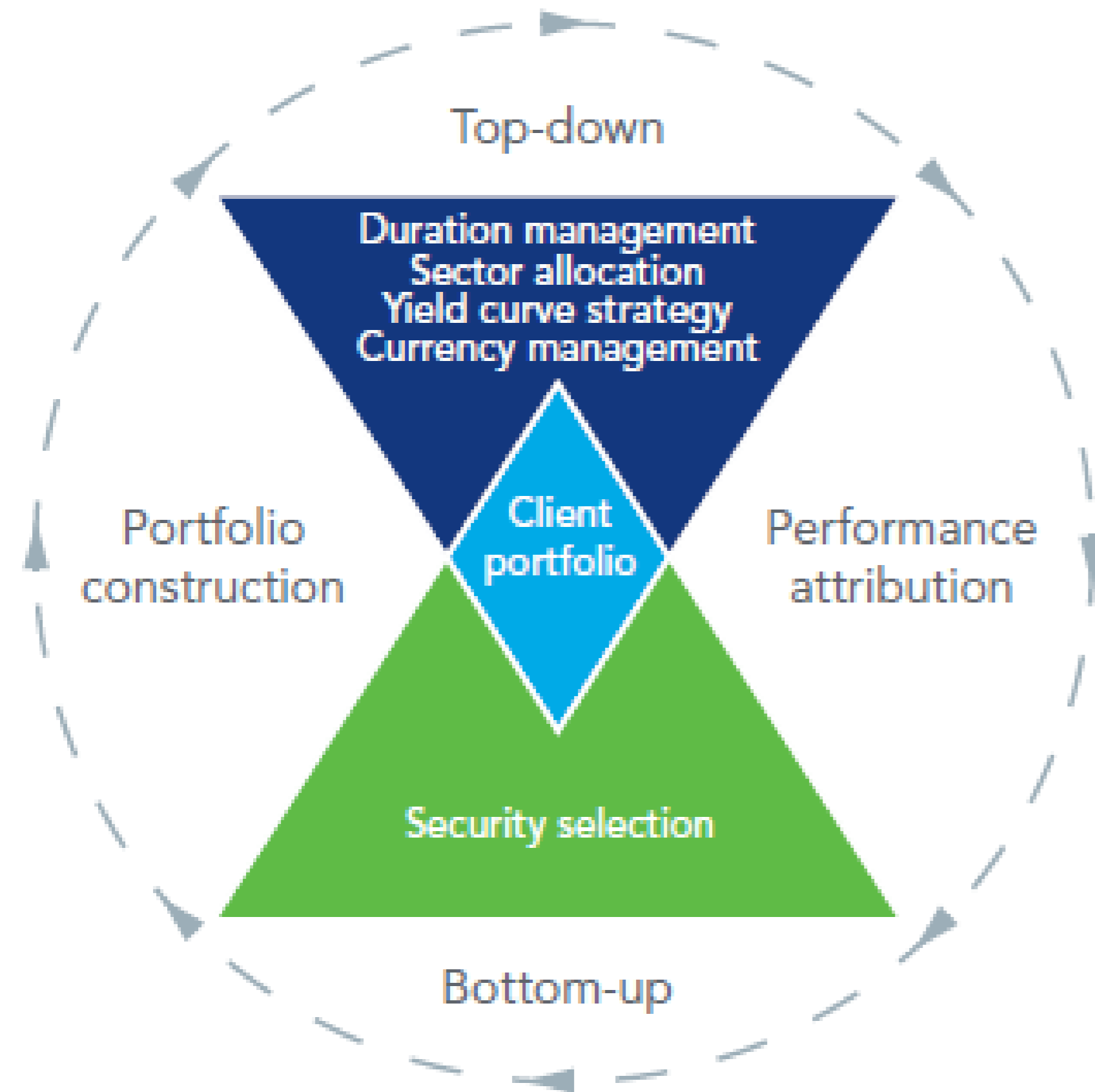
Fed Funds Rate Range	8.25 % to 3.00%	6.00% to 5.25%	6.50% to 1.75%	5.25% to 2.00%	2.00% to 0.00%
# of Months	27 Months	7 Months	12 Months	8 Months	3 Months

Source: Morningstar, Inc. March 31, 2024. Past performance is no guarantee of future results. For illustrative purposes only.
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Fixed Income Philosophy, Positioning and Products

3

Fixed Income philosophy



Fixed Income management points of distinction

Experienced portfolio management team

- 29 years average experience, 20 together at Federated Hermes
- Ideally supports a team-based approach leveraging multiple alpha sources

Validated investment philosophy

- Optimal results are best achieved through utilization of multiple fixed-income decision tools
- Process is designed to capture strong full-cycle performance while providing clients with appropriate risk characteristics

Demonstrated investment process

- Combines top-down decision making with bottom-up security selection
- Decision teams designed to capitalize on diversity of experience and perspective
- Historical performance reflective of current management team

Intensive risk management

- Multiple levels of risk management: portfolio, department and firm
- Effectively identifies, diversifies and manages risk at every step in the decision-making process
- Quantifiable risk budget applied to each decision tool serves to mitigate downside risk

Alpha measures a fund's risk-adjusted performance. It represents the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. A positive value for alpha implies that the fund has performed better than would have been expected given its volatility. The higher the alpha, the better the fund's risk-adjusted performance.

Multiple alpha sources: the Alpha Pod process

- Experienced, specialized teams
- Each team consists of Alpha Pod decision specialist

Duration management	Sector allocation	Yield curve strategy	Currency management	Security selection
<p>10 voting members</p> <p>Constructive/defensive +/- 20% of index</p> <p>The portfolio is positioned to benefit from our interest rate outlook based on a thorough economic analysis of:</p> <ul style="list-style-type: none"> ● Business cycle analysis ● Valuation indicators ● Global attractiveness 	<p>9 voting members</p> <p>Overweight/underweight +/- 50% aggregate sectors +/- 100% plus sectors 0-5% non-benchmark sectors</p> <p>The portfolio is overweighted or underweighted relative to the benchmark after an intensive review of:</p> <ul style="list-style-type: none"> ● Historical spread analysis ● Volatility analysis ● Business cycle 	<p>10 voting members</p> <p>Flat, neutral, steep +/- 100% of the Index KRD</p> <p>The portfolio is positioned along the yield curve based on assessment of:</p> <ul style="list-style-type: none"> ● Federal Reserve policy ● Inflation expectations ● Multi-factor model 	<p>6 voting members</p> <p>Strengthening or weakening U.S. dollar Non-dollar limit 10%</p> <p>The portfolio may gain exposure to non-dollar fixed-income based upon:</p> <ul style="list-style-type: none"> ● U.S. current account/fiscal conditions ● Interest rate differential ● Expectation for growth 	<p>A model list of securities is identified through analysis of:</p> <ul style="list-style-type: none"> ● Industry outlook ● Relative value ● Credit quality ● Structural characteristics

Federated Hermes taxable fixed-income decision tools

Current positioning as of May 7, 2024

	Current	Rationale
Duration management	Returned to neutral after taking profits on tactical move long.	The stubbornness of “the last mile” in the inflation battle to get to Fed target of 2% has repriced the treasury market. While recent data has been softer than expectations, the economy remains robust and near-term inflation behavior uncertain. As such, rates are likely range bound with even risk of moving up or down. The committee had on a tactical long at 102.5% on May 2, but returned to neutral on May 7 after the UST retraced.
Sector allocation	Underweight to high yield (“HY”) and commercial mortgage-backed securities (“CMBS”) as well as U.S. Treasuries and agencies. Neutral to investment-grade corporates (“IG”).	IG is now recommended at neutral from the prior underweight, reflecting that high grade corporate credit has held up well in this moderate growth environment. Spreads have been resilient, and given the backdrop, could remain so for the remainder of the year. While risk sectors continue to perform well under continued strong demand for yield, trading levels are tight to historical averages. Given that dynamic, the recommendations remain at UW to HY and CMBS.
Yield curve analysis	Overweight emerging markets debt (“EMD”) and mortgage-backed securities (“MBS”). Added to and diversified our steepener.	EMD and MBS are trading in attractive ranges and are recommended at OW. We are positioned with some conviction for a longer-term steepening of the yield curve, with a 0.4 KRD position split evenly across the 2/10s and 5/30s.
Currency management	Neutral USD. Selective positions in higher yielding currencies relative to low yielding funding currencies.	The potential for policy divergence across the G10 currencies, with the U.S. the only central bank not set to ease in the very near term leaves us neutral on the U.S. dollar and looking for relative value trades within the foreign currency universe.
Security selection	Discerning as strong demand for yield translates to historically tight valuations.	<ul style="list-style-type: none"> • Within the context of tight spreads, the team is focusing on bottom-up fundamental analysis to identify companies with opportunities to improve further; however, is less sanguine on consumer and retail focused companies. • In HY, the team sees increasing dispersion among the best and worst companies in their universe and has been moving up in quality.

Federated Hermes Total Return Bond Fund statistics

As of 3/31/2024

Characteristics

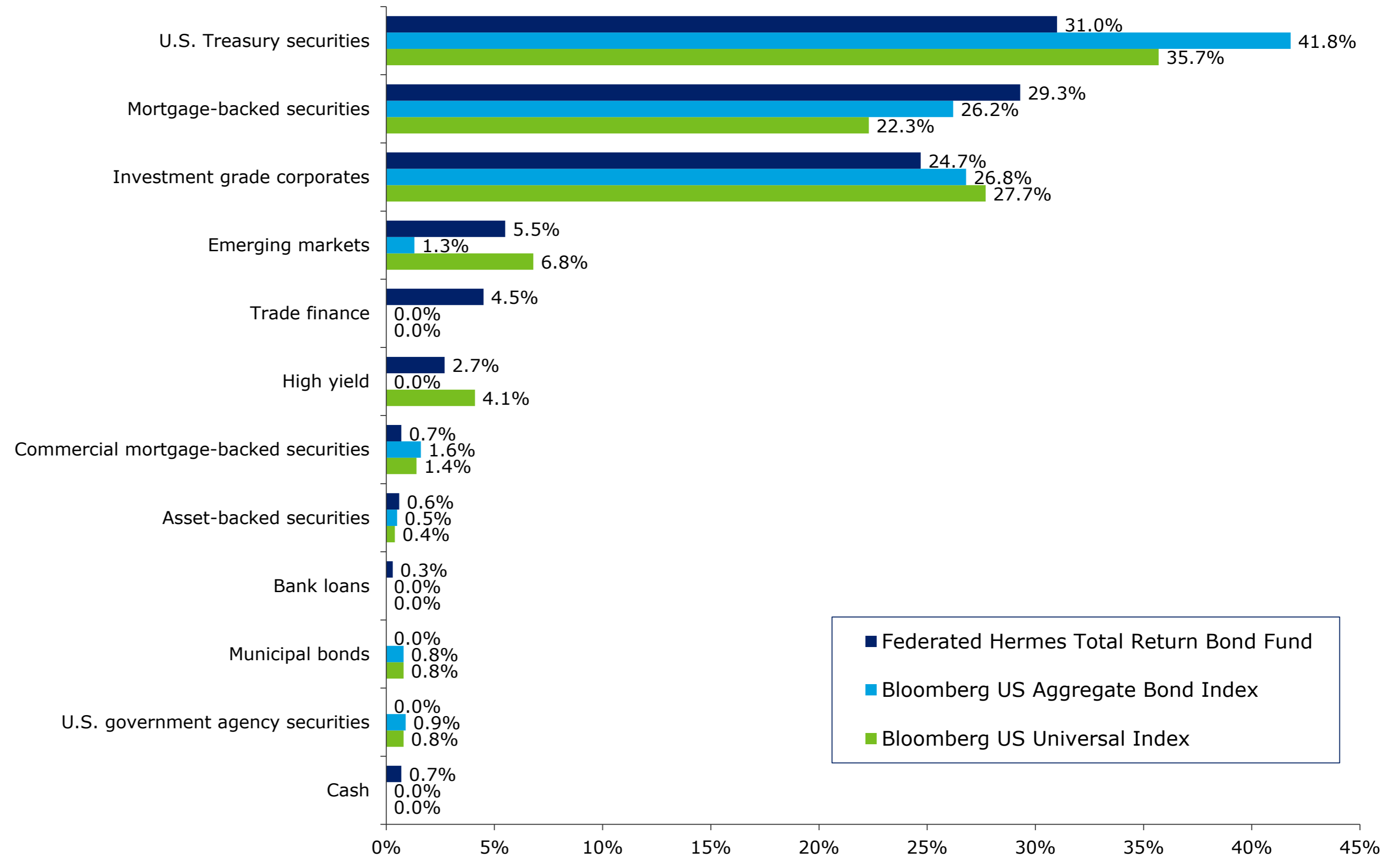
Weighted average effective duration	5.9 yrs.
Weighted average effective maturity	8.5 yrs.
Weighted average coupon	4.14%
Weighted average YTM	5.31%
Weighted average bond price	\$93.59
Number of securities	972

Credit quality allocation (%)*

AAA	3.4
AA	59.1
A	8.9
BBB	15.8
BB	3.1
B	3.0
CCC	1.2
CC & Below	0.1
Not rated	4.7
Cash/Cash Equivalents	0.7

*Quality breakdown does not apply to Equity or Cash/Cash Equivalents.

Sector weights (%)



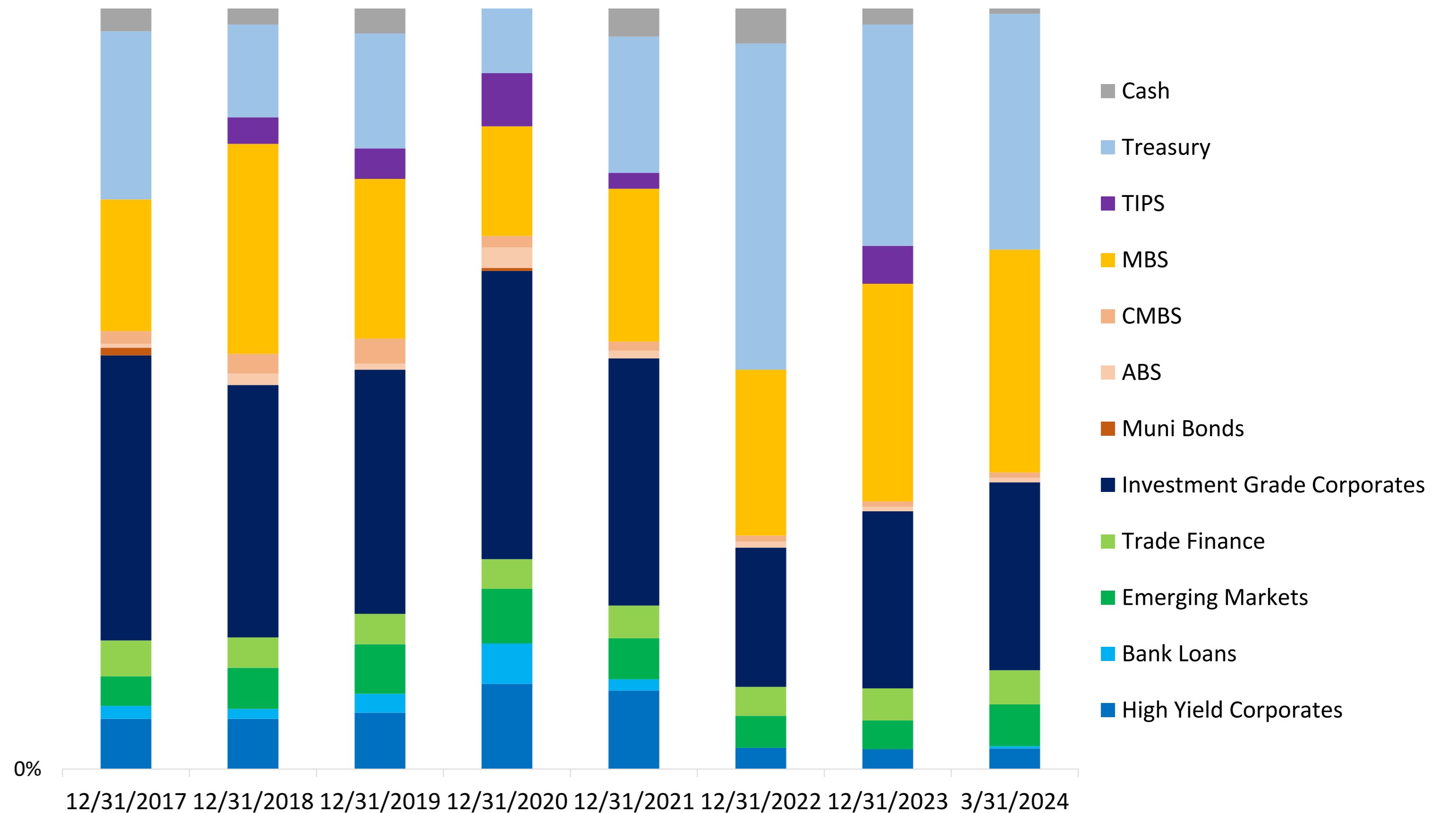
The fund is a managed portfolio and portfolio holdings are subject to change. The percentages are based on net assets at the close of business on 3/31/2024 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Credit ratings pertain only to the securities in the portfolio and do not protect fund shares against market risk.

Historical sector allocation

As of 3/31/2024

- Federated Hermes Total Return Bond Fund seeks broad diversification across bond sectors to uncover value throughout various market environments.
- We maintain underweight positioning in most credit sectors thus far in 2024, with the view that spread widening is more likely than spread tightening.



Diversified alpha sources

FTRBF's largest contributor has shifted in different market environments

	Duration	Yield Curve	Sector	Security Selection
2007		X		
2008	X			
2009			X	
2010			X	
2011		X		
2012			X	
2013			X	
2014				X
2015				X
2016			X	
2017				X
2018	X			
2019			X	
2020			X	
2021			X	
2022	X			
2023		X		

Federated Hermes Total Return Bond Fund results

Average annual total returns (%) as of 03/31/2024

	3 months	YTD	1 year	3 year	5 year	10 year	15 year	20 year	Since inception (10/1/1996)
Class IS Shares (FTRBX)	-0.53	-0.53	1.74	-2.11	1.23	2.13	3.50	3.59	4.69
Bloomberg US Aggregate Bond Index	-0.78	-0.78	1.70	-2.46	0.36	1.54	2.62	2.99	-
Morningstar Intermediate Core-Plus Bond Category Average	-0.20	-0.20	2.91	-2.26	0.75	1.67	3.55	3.21	-
IS Shares - Morningstar Category Rank	-	-	462 / 624	190 / 557	107 / 527	56 / 368	149 / 277	44 / 188	-
IS Shares - Morningstar Percentile Rank	-	-	80	41	26	20	54	27	-
Lipper Core Bond Funds Average	-0.43	-0.43	2.26	-2.50	0.52	1.49	3.15	2.86	-
Lipper Category Rank	-	-	316 / 514	93 / 481	39 / 453	17 / 330	86 / 259	12 / 188	-
Lipper Percentile Rank	-	-	62	20	9	6	34	7	-

	30-day yield (%)	30-day unsubsidized yield (%)
IS Shares	4.62	4.56

Source: Lipper Analytical Services (LANA) and Morningstar, Inc.

Returns of less than one year are cumulative.

Rankings are based on total return and do not take sales charges into account. Rankings for other classes will vary.

Performance quoted represents past performance which is no guarantee of future results. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For performance current to the most recent month-end, and after-tax returns, visit FederatedHermes.com/us or call 1-800-341-7400. Other classes of shares are available whose performance will differ due to different charges and expenses.

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Total return represents the change in value after reinvesting all income and capital gains. Total return would have been lower in the absence of certain fund expense waivers or reimbursements. The unsubsidized yield represents the yield in the absence of these waivers or reimbursements

Federated Hermes Total Return Bond Fund results

Average annual total returns (%) as of 03/31/2024

	3 months	YTD	1 year	3 year	5 year	10 year	Since inception (8/16/2001)
Class A Shares – NAV (TLRAX)	-0.67	-0.67	1.18	-2.65	0.67	1.57	3.42
Class A Shares - MOP	-5.12	-5.12	-3.33	-4.13	-0.26	1.10	3.21
Bloomberg US Aggregate Bond Index	-0.78	-0.78	1.70	-2.46	0.36	1.54	-
Morningstar Intermediate Core-Plus Bond Category Average	-0.20	-0.20	2.91	-2.26	0.75	1.67	-
A Shares – Morningstar Category Rank	-	-	529 / 624	322 / 557	263 / 527	197 / 368	-
A Shares – Morningstar Percentile Rank	-	-	89	66	54	59	-
Lipper Core Bond Funds Average	-0.43	-0.43	2.26	-2.50	0.52	1.49	-
Lipper Category Rank	-	-	441 / 514	281 / 481	159 / 453	148 / 330	-
Lipper Percentile Rank	-	-	86	59	36	45	-

A Shares	30-day yield (%)	30-day unsubsidized yield (%)
A Shares – NAV	4.07	4.05
A Shares - MOP	3.89	3.86

Source: Lipper Analytical Services (LANA) and Morningstar, Inc.

Returns less than one year are cumulative.

Rankings are based on total return and do not take sales charges into account. Rankings for other classes will vary.

Performance quoted represents past performance which is no guarantee of future results. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. MOP returns for A Shares reflect the maximum 4.5% sales charge.

Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For performance current to the most recent month-end, and after-tax returns, visit FederatedHermes.com/us or call 1-800-341-7400. Other classes of shares are available whose performance will differ due to different charges and expenses.

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Federated Hermes Total Return Bond Fund results

Annual Returns (%) as of 03/31/2024

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A Shares – NAV	4.59	-12.97	-0.36	8.98	9.13	-1.40	3.83	4.49	-0.80	4.71
A Shares – MOP	-0.15	-16.92	-4.89	4.09	4.24	-5.81	-0.86	-0.20	-5.26	0.03
Bloomberg US Aggregate Bond Index	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65	0.55	5.97

Performance quoted represents past performance which is no guarantee of future results. Investment return and principal value fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. MOP returns for A Shares reflect the maximum 4.5% sales charge. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For performance current to the most recent month-end, and after-tax returns, visit FederatedHermes.com/us or call 1-800-341-7400. Other classes of shares are available whose performance will differ due to different charges and expenses.

Total return represents the change in value after reinvesting all income and capital gains. Total return would have been lower in the absence of certain fund expense waivers or reimbursements.

Fixed Income Sector Detail

4

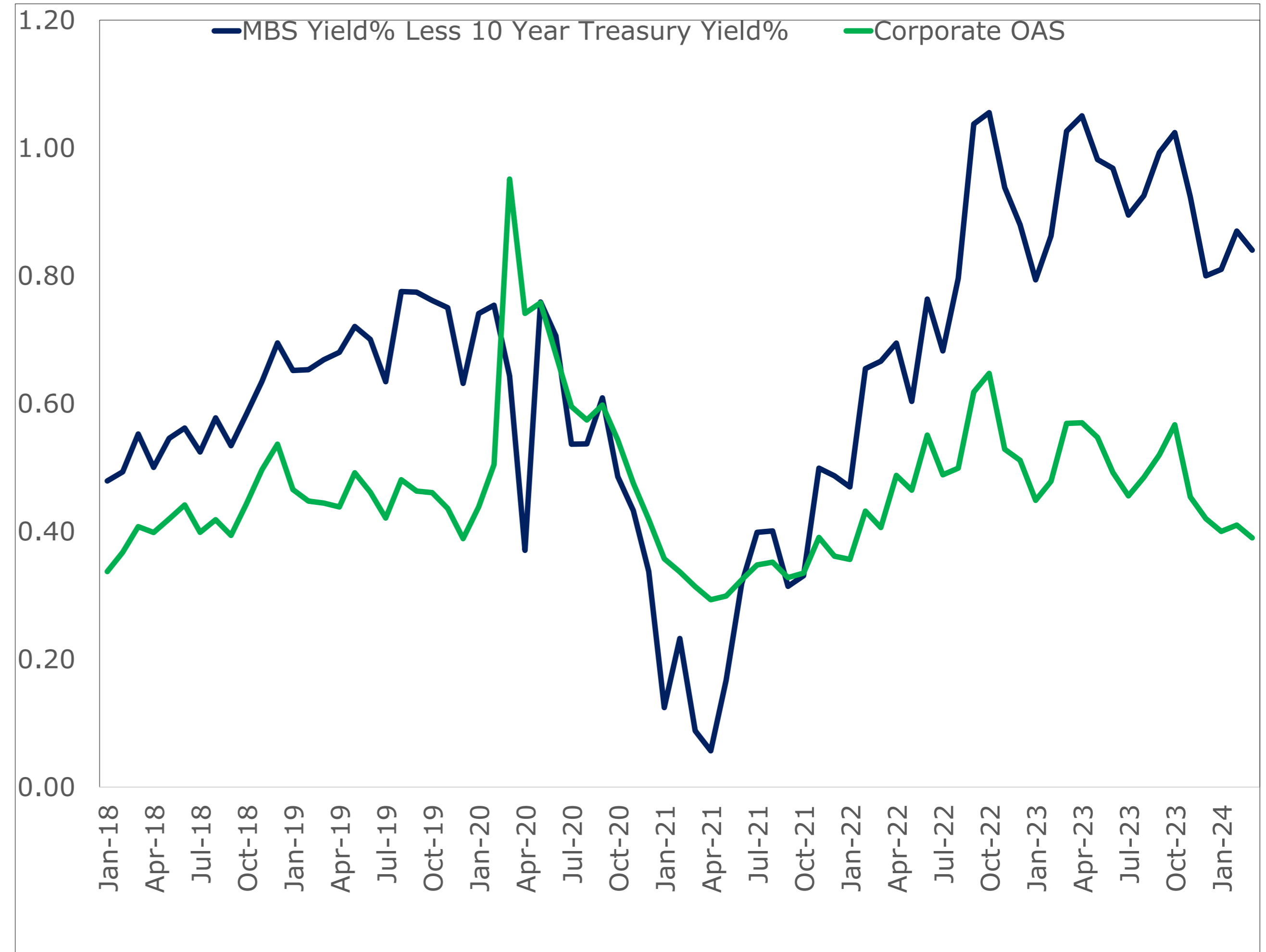
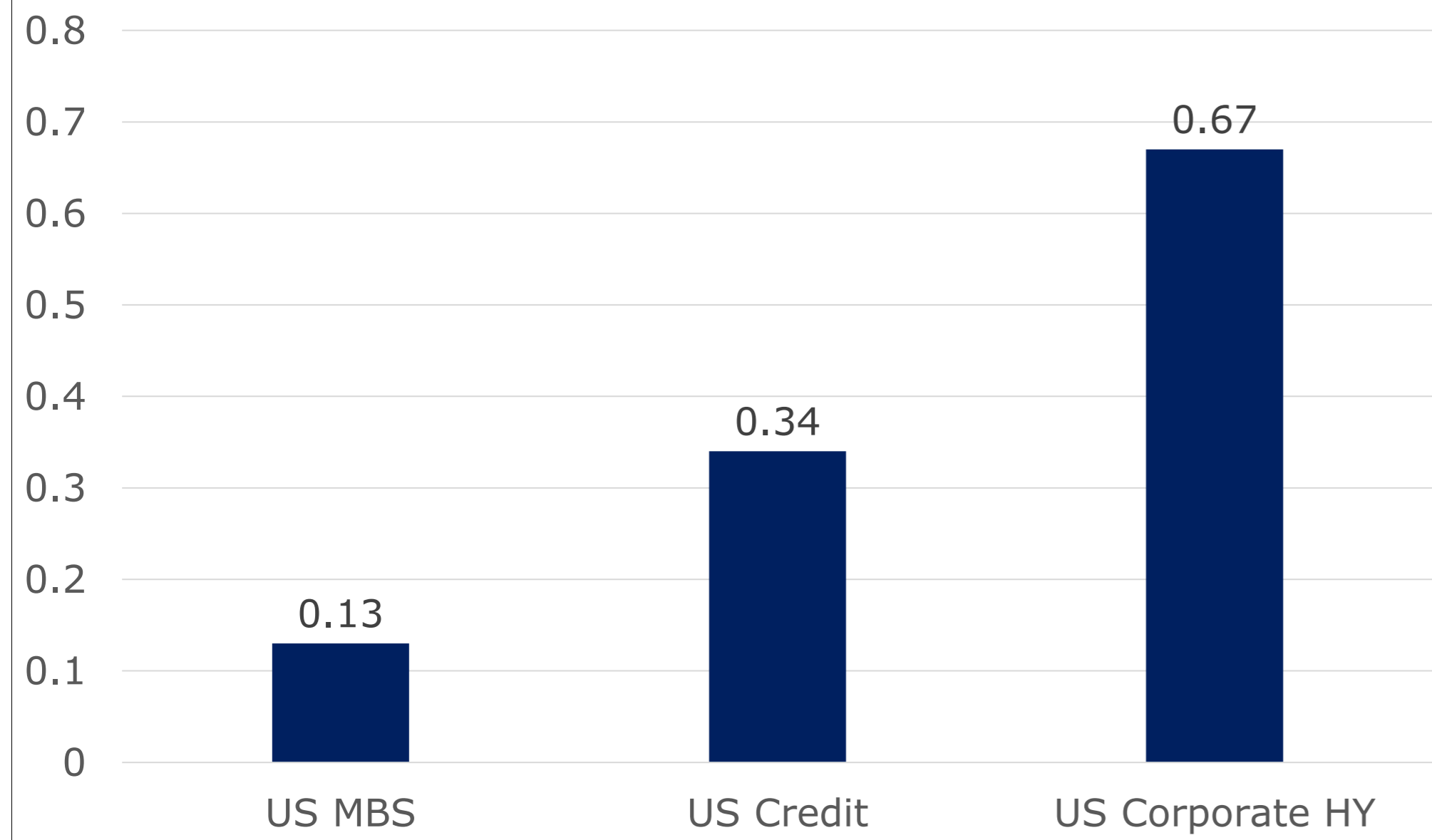
Mortgage-Backed Securities (MBS) strategies

Spreads are compelling

Mortgage-Backed Securities (MBS) offer advantages over other fixed-income securities:

1. Pay a fixed interest rate that is usually higher than U.S. government bonds
2. Typically, MBS securities offer monthly payments
3. Less correlated with stocks than corporate bonds

**30-Year Correlation to S&P 500 Index
As of March 31, 2024**



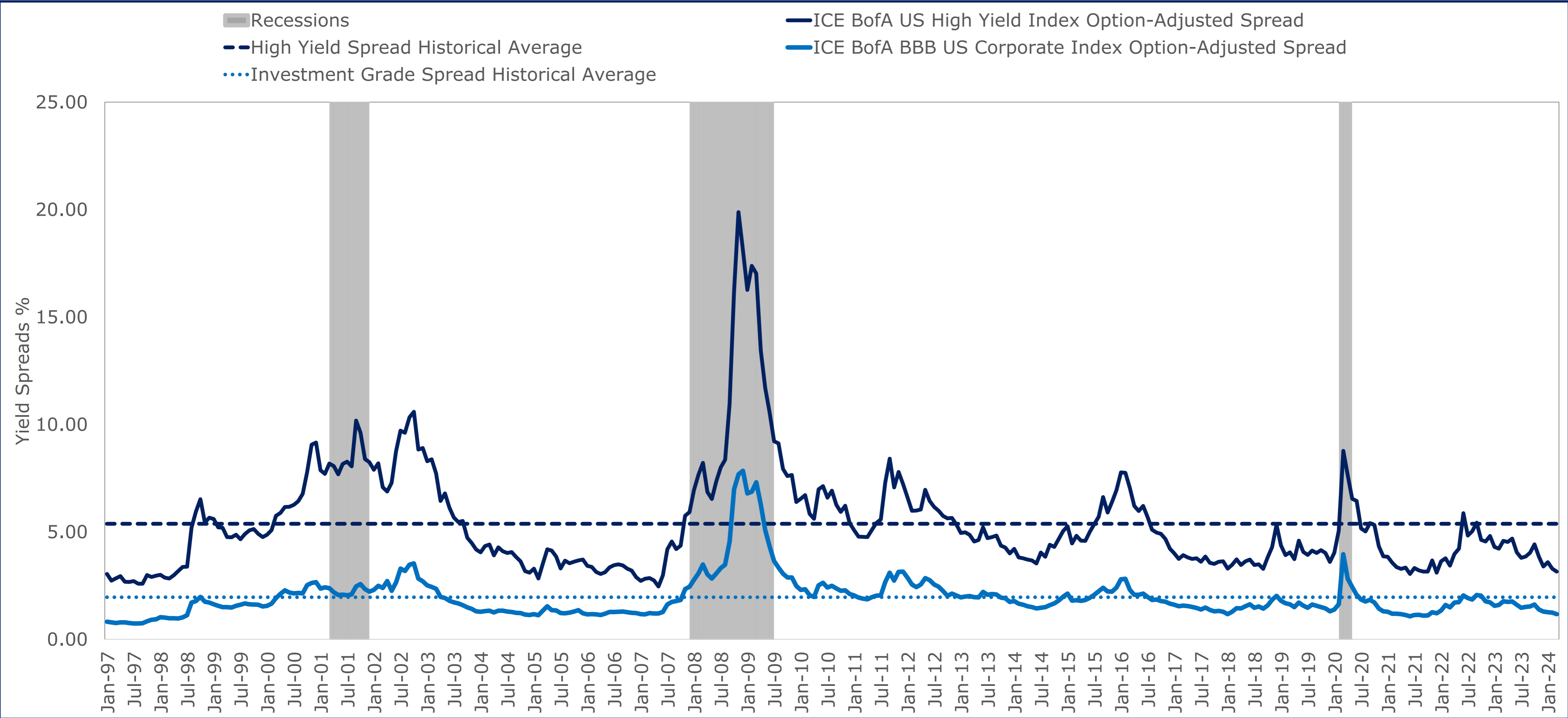
Sources: Barclays, Morningstar, Inc.
Corporate OAS is the Bloomberg US Agg Credit Avg OAS

Investments cannot be made directly in an index. Past performance is not indicative of future results.

Institutional Sales Material. Not for Distribution to the Public.

Credit: Investment grade and high yield spreads are not compelling

Spreads have tightened as investors bet on the end of Fed interest rate hikes



Source: Federal Reserve Bank, St. Louis. March 31, 2024
Institutional Sales Material. Not for Distribution to the Public.

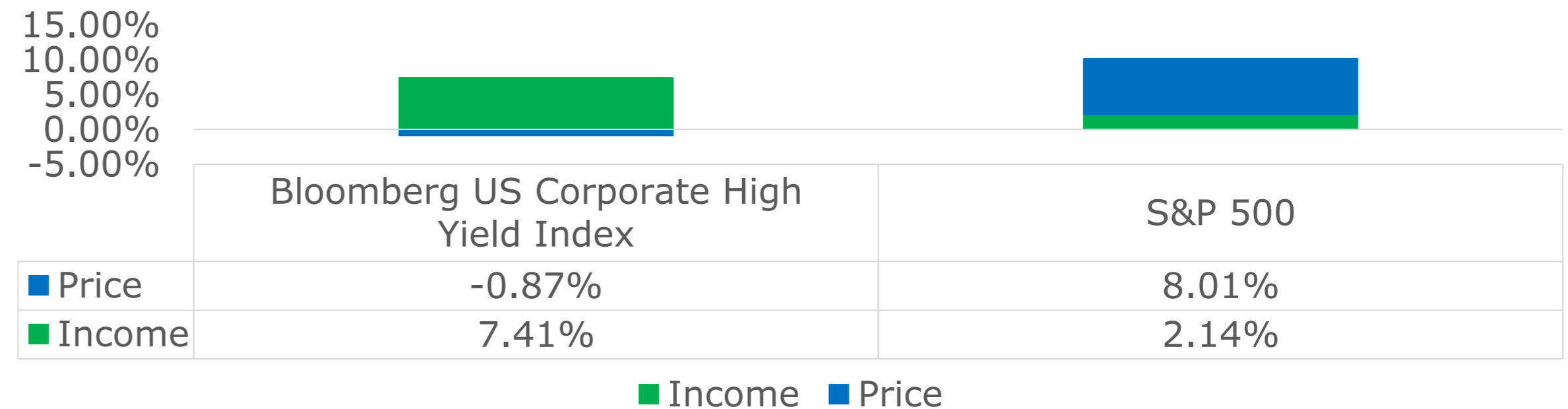
High Yield strategies

A strategic long-term investment

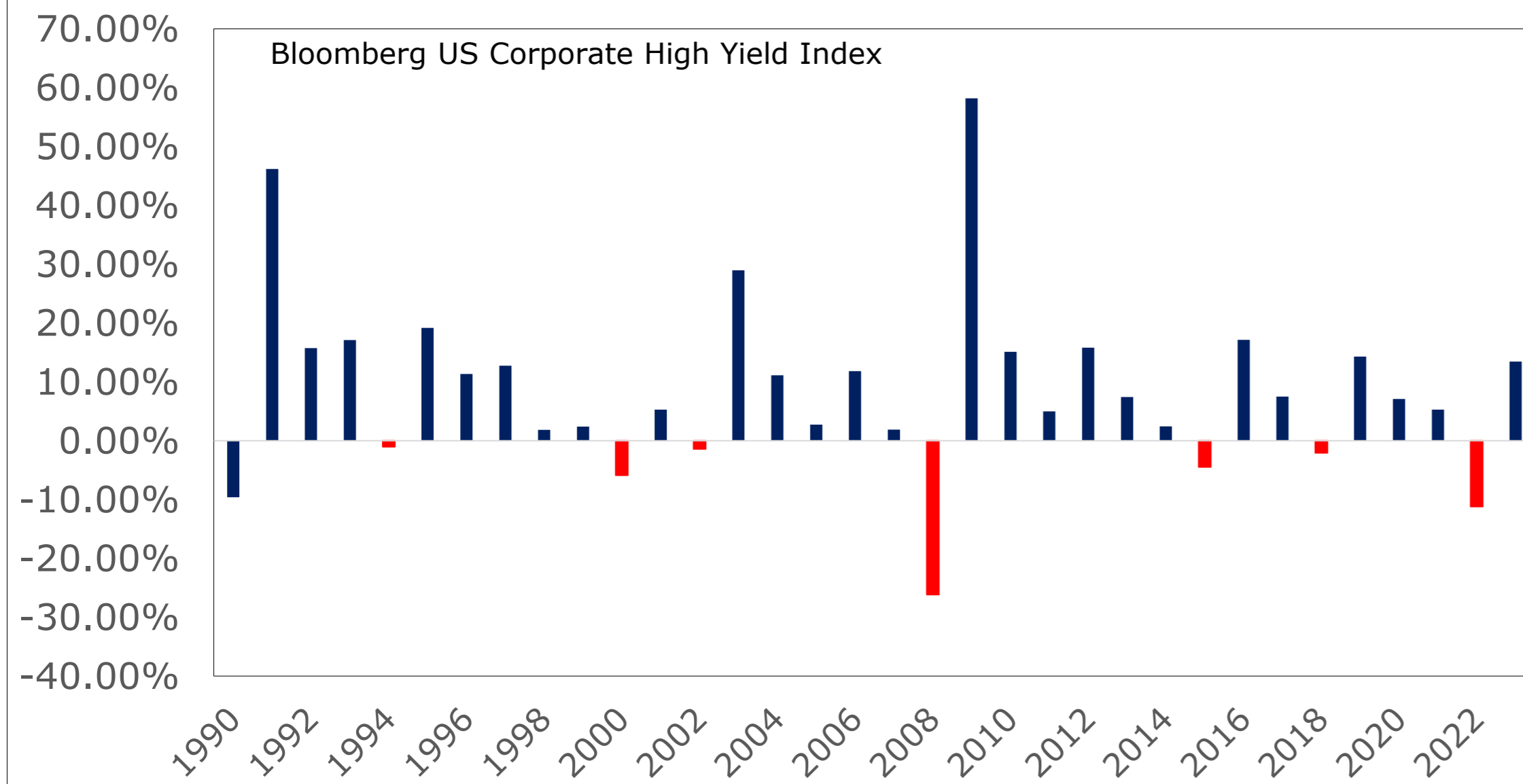
Why invest in High Yield?

1. Historically, competitive annual total returns. Over the last 33 years, high yield has had only 8 negative calendar year returns, often followed by positive return in subsequent years.
2. Income is typically a key source of return.
3. Reduce risk from Equities. High Yield loss less when Equities had down periods.

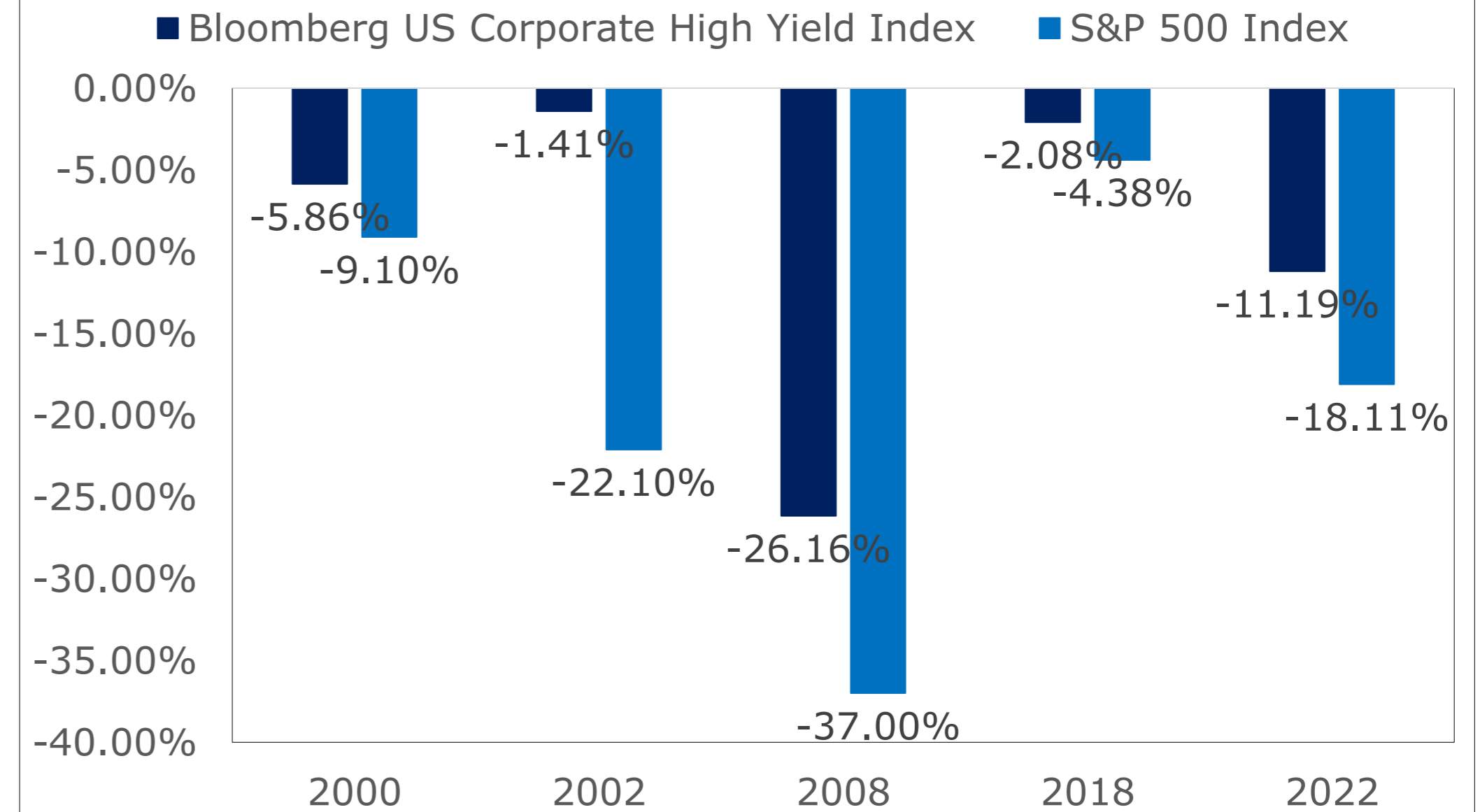
20-Year Total Returns% (As of 3/31/2024)



Historical Calendar Year Total Returns %



High Yield Has Lost Less Than Equities in Down Periods



Source: Morningstar, Inc.

Investments cannot be made directly in an index. Past performance is not indicative of future results. For illustrative purposes only.

Institutional Sales Material. Not for Distribution to the Public.

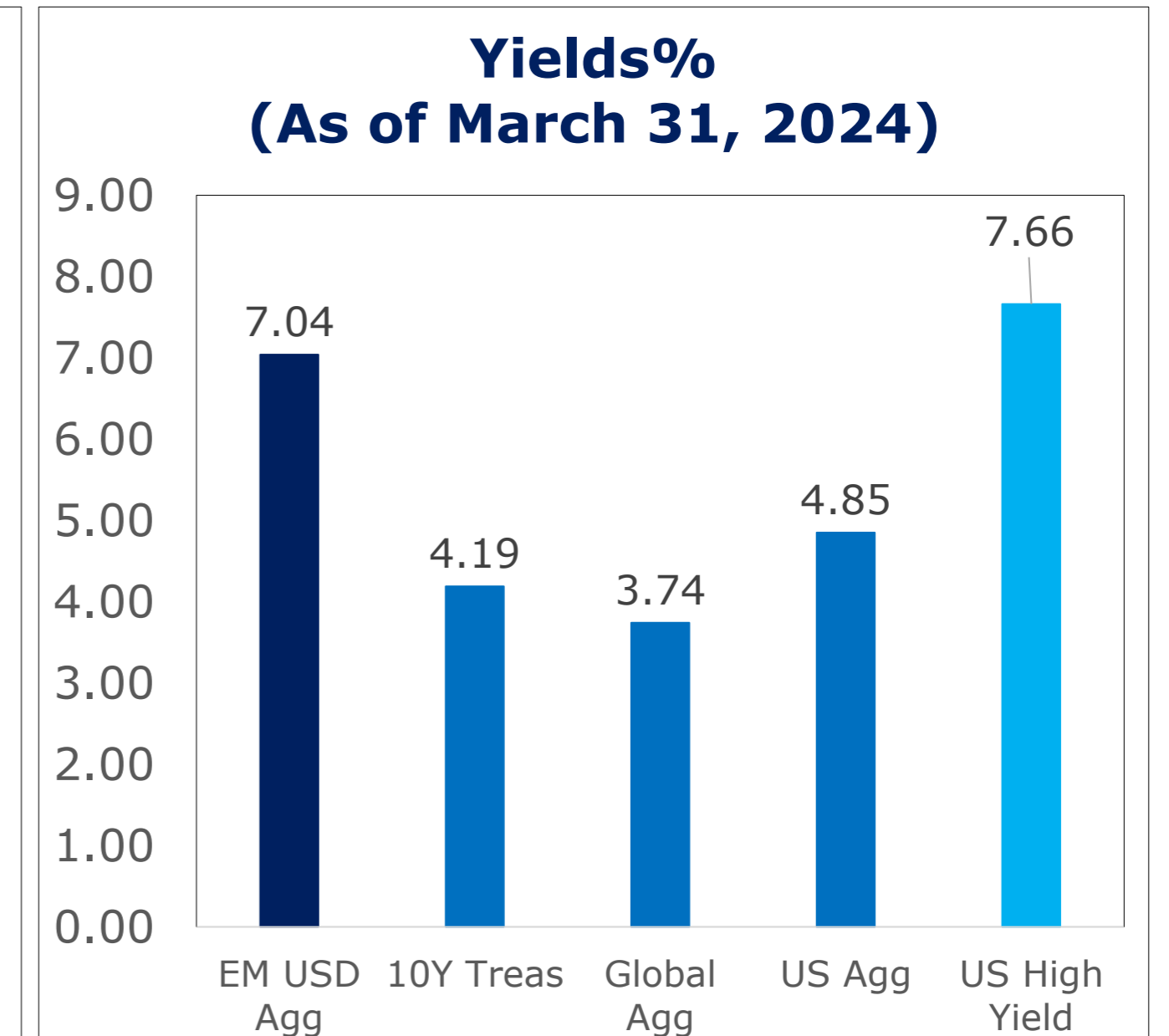
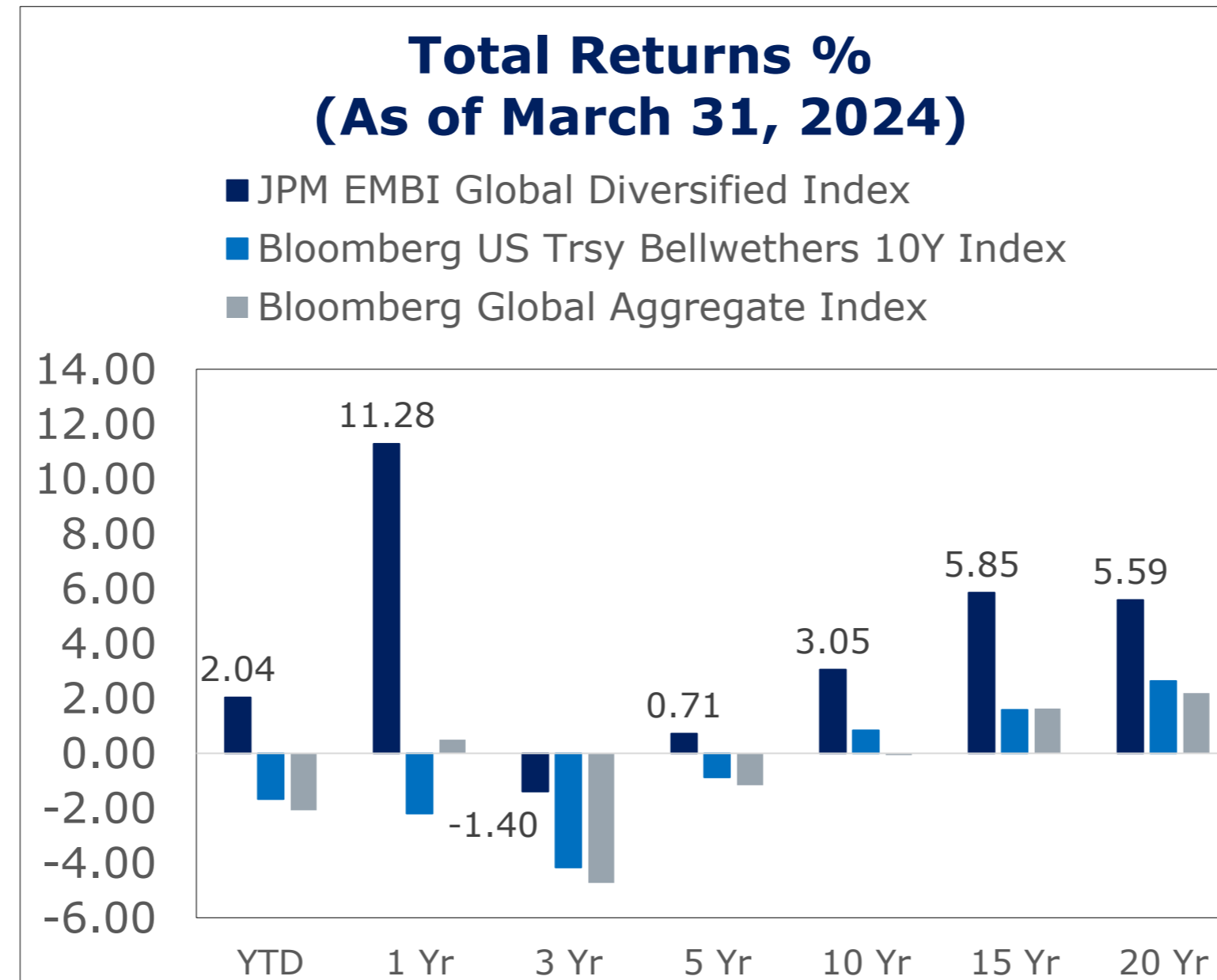
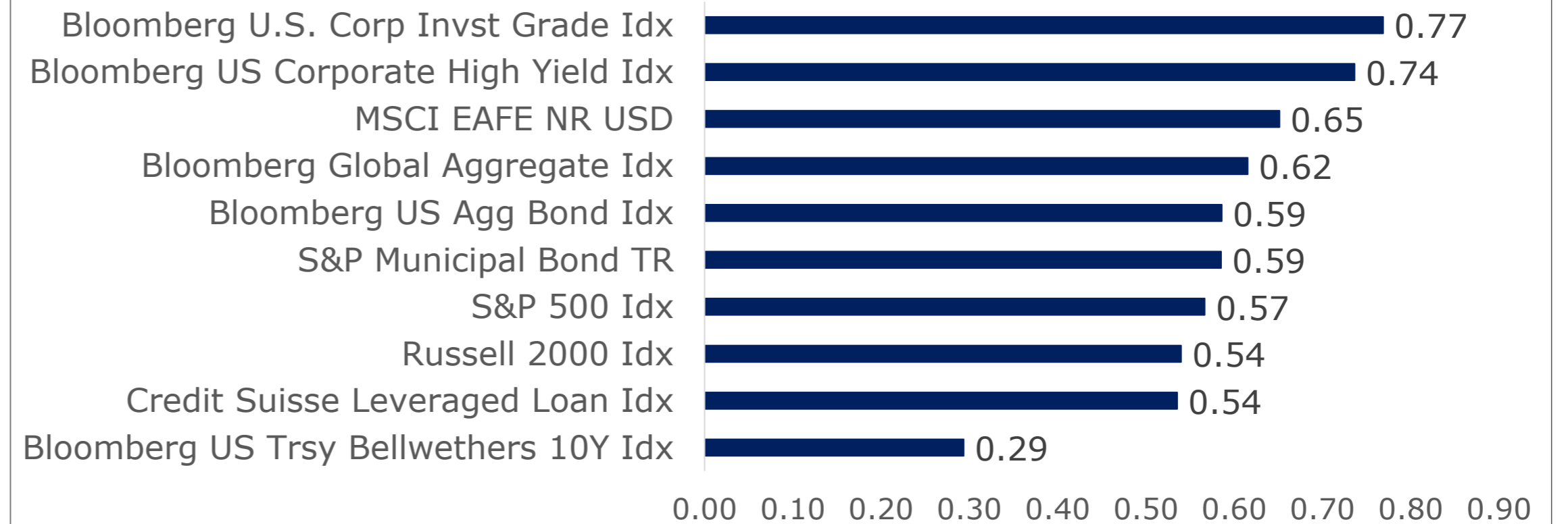
Emerging Markets debt strategies

Diversification, total return potential, and yield advantages

Why invest in Emerging Markets Debt?

1. Emerging Market countries have lower public (government) debt levels pointing to better fiscal responsibility.
2. Diversification – Emerging Market Debt typically has a low correlation to other asset classes.
3. Emerging Markets have outperformed US 10 Year Treasuries and the Global Aggregate Bond Index.
4. Emerging Markets have had higher yields than most developed markets asset classes.

Correlation (8/1/1999 – 3/31/2024)



Sources: IMF, Morningstar, Inc. Investments cannot be made directly in an index. Past performance is not indicative of future results. For illustrative purposes only. Institutional Sales Material. Not for Distribution to the Public.

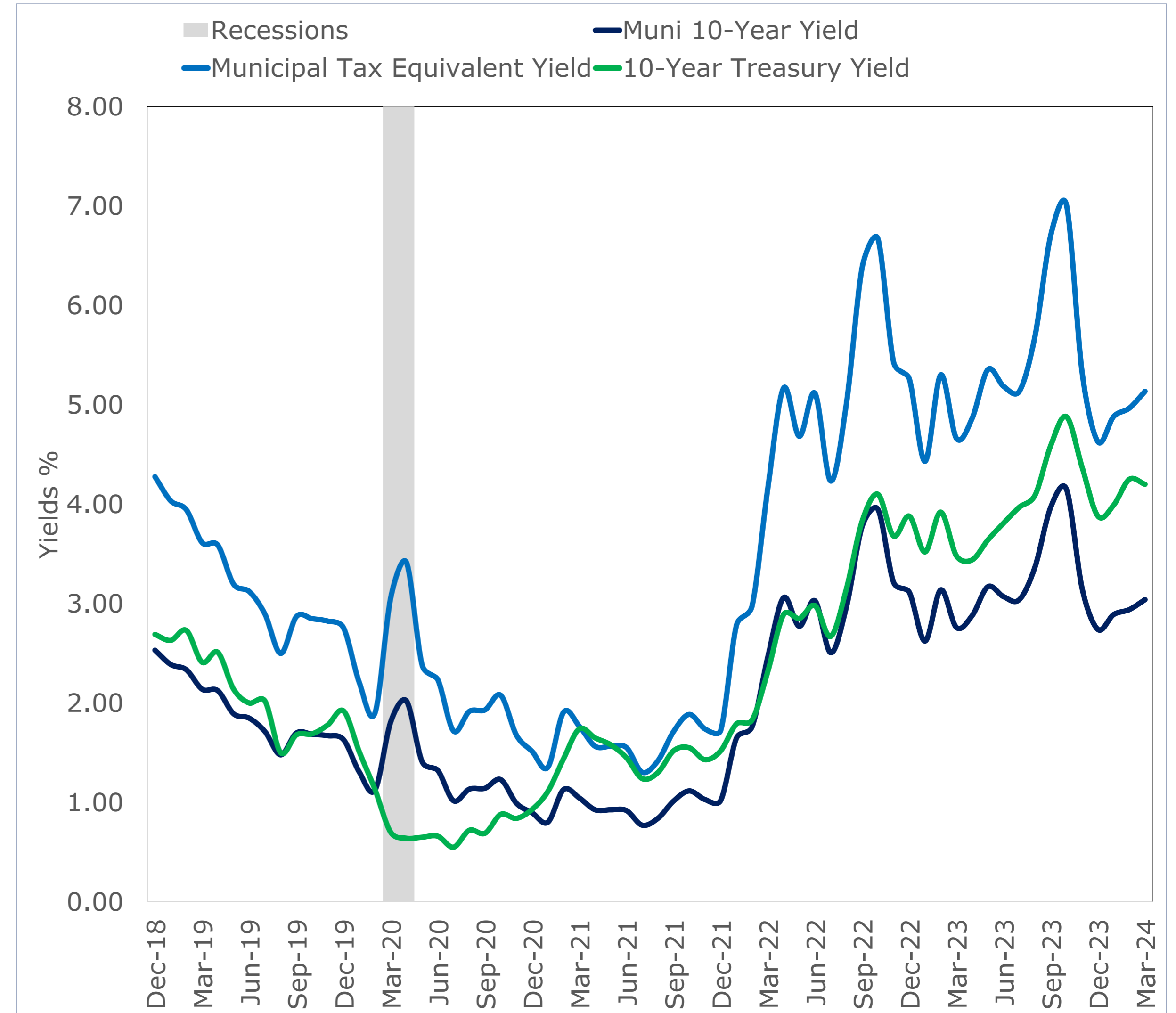
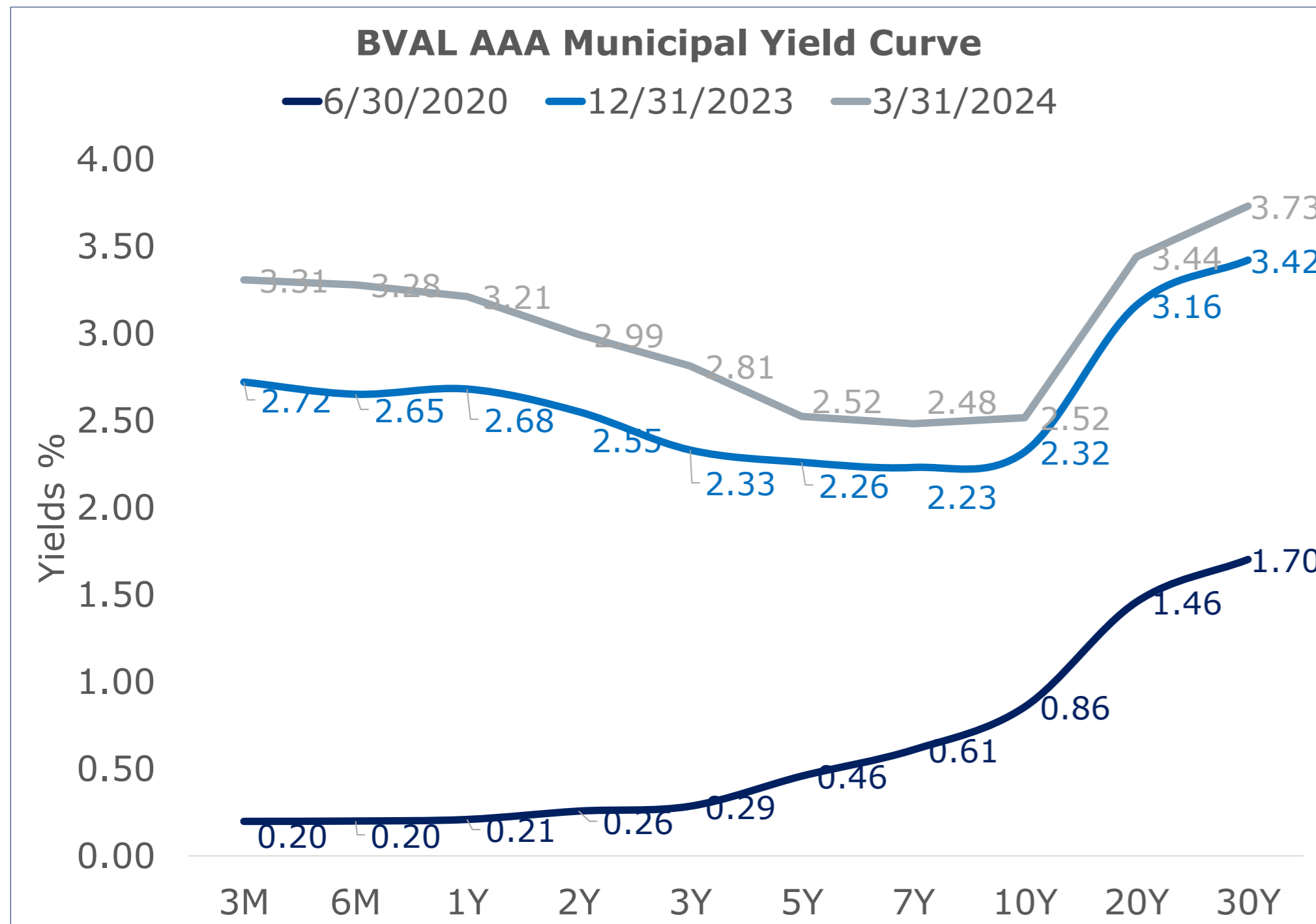
Municipal strategies

Rising Yields + Tax-Advantages=Attractive Investment Opportunity

Municipal bond yields are at their highest levels in over a decade. As of 3/31/2024 the yield on the Bloomberg Municipal Bond Index was 3.49%

A-Rated municipal bonds may be attractive due to their yield and credit quality.

For the tax-aware investor, municipal bonds offer tax advantages and potential higher tax-equivalent yields.



Sources: Federated Hermes, Bloomberg, LLP, and Barclays. Investments cannot be made directly in an index. Past performance is not indicative of future results. For illustrative purposes only. BVAL AAA Municipal Yield Curve, Tax Equivalent Yield based on based on a 40.8% tax rate (37% top federal income tax rate plus 3.8% tax on net investment income).

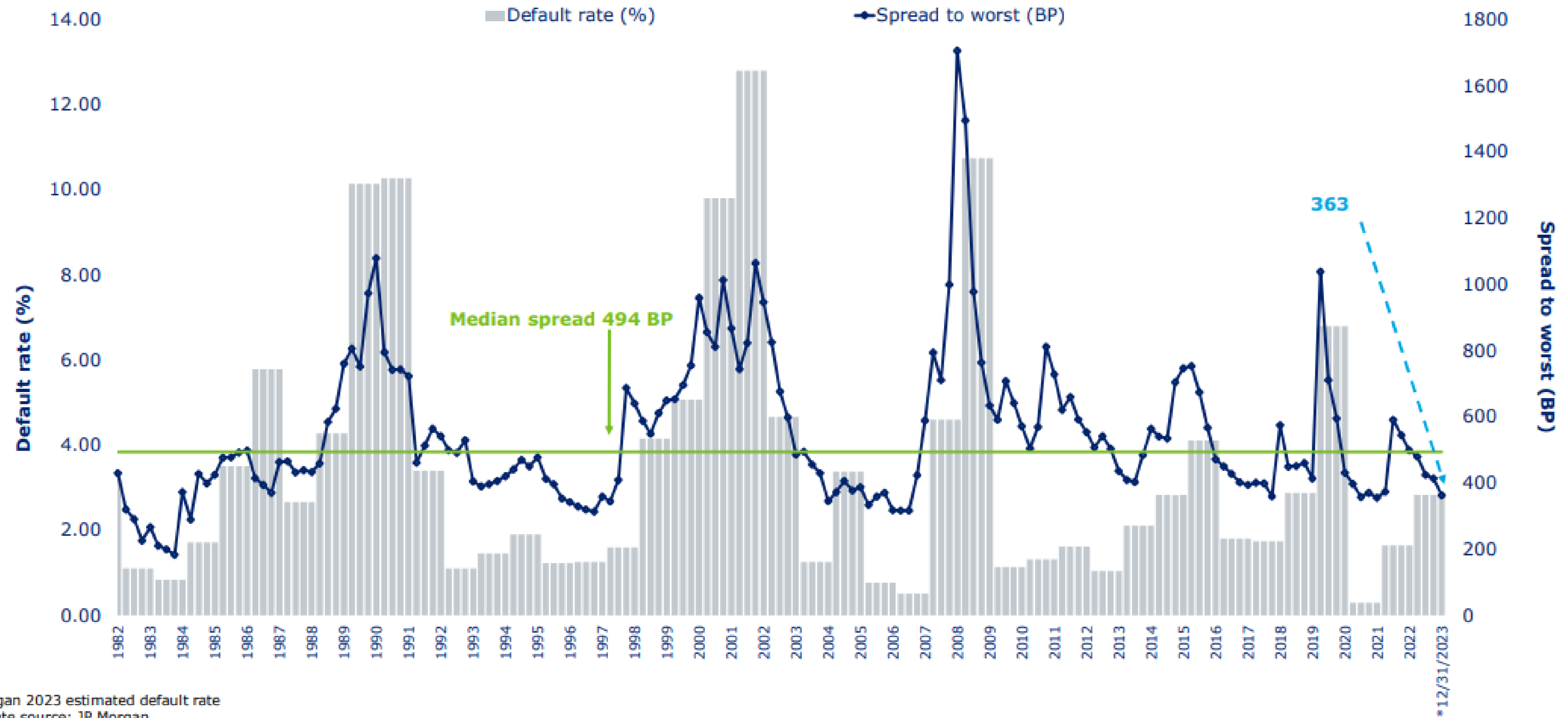
Appendix

5



Yield spreads vs. default rates

1982-12/31/2023



*J.P. Morgan 2023 estimated default rate

Default rate source: JP Morgan

Spread to Treasury source: Credit Suisse High Yield Index II.

Past performance is no guarantee of future results. This chart is for illustrative purposes only and is not representative of performance for any specific investment.

High yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment grade securities and may include higher volatility and high-risk default.

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

Disclosures

The information and data contained herein are provided solely for informational purposes. Accordingly, this communications does not represent specific investment advice and should not be construed as an investment recommendation.

Mutual Fund investing involves risk. Principal loss is possible. Diversification does not guarantee a profit or protect against loss. 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.

Ultrashort bond funds are not "money market" mutual funds. Some money market mutual funds attempt to maintain a stable net asset value through compliance with relevant Securities and Exchange Commission (SEC) rules. Ultrashort bond funds are not governed by those rules, and their shares will fluctuate in value.

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.

Bloomberg US Aggregate Bond Index is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

Indexes are unmanaged and cannot be invested in directly.

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.

When homeowners prepay their mortgages in response to lower interest rates, the fund will be required to reinvest the proceeds at the lower interest rates available. Also, when interest rates fall, the price of mortgage-backed securities may not rise to as great an extent as that of other fixed income securities. Diversification does not assure a profit or protect against loss.

Income generated by municipal bonds may be subject to the federal alternative minimum tax and state and local taxes.

Biography



Karen Manna

Vice President
Fixed Income Client Portfolio Manager
Portfolio Manager

As client portfolio manager, Karen Manna is responsible for interactions with clients and consultants regarding Federated Hermes' fixed income funds. She is also responsible for portfolio management and research in the fixed income area. Karen has more than 20 years of investment experience.

Before joining Federated Hermes in 2004, Karen was a real estate portfolio analyst and a fixed income product manager at Fidelity Management Trust Company, the defined benefit arm of Fidelity Investments in Boston. She then went on to serve in various roles at Federated Hermes. These roles included: Director of research and fixed income marketing; senior product manager of fixed income; portfolio manager and senior investment analyst for tax-free money markets and bonds and then portfolio manager and senior investment analyst on the investment grade bond team.

Karen earned a bachelor's degree from Pennsylvania State University and an MBA from Boston College.