

# Annual Shareholder Report

December 31, 2020



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Share Class                      Primary                      Service

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## Federated Hermes Managed Volatility Fund II

*(formerly, Federated Managed Volatility Fund II)*

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A Portfolio of Federated Hermes Insurance Series

*(formerly, Federated Insurance Series)*

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Dear Valued Shareholder,

I am pleased to present the Annual Shareholder Report for your fund covering the period from January 1, 2020 through December 31, 2020.

While Covid-19 continues to present challenges to our lives, families and businesses, I want you to know that Federated Hermes remains 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 black ink, appearing to read "John B. Fisher".

John B. Fisher, President

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## Management’s Discussion of Fund Performance (unaudited)

The total return of Federated Hermes Managed Volatility Fund II (the “Fund”), based on net asset value for the 12-month reporting period ended December 31, 2020, was 0.93% for the Primary Shares and 0.71% for the Service Shares. The 0.93% total return of the Primary Shares for the reporting period consisted of -1.86% in price depreciation and 2.79% in reinvested dividends. For the same period, the Russell 1000<sup>®</sup> Value Index (R1000V) returned 2.80%, and the Bloomberg Barclays U.S. Aggregate Bond Index (BBAB) returned 7.51%. Weighting these benchmarks (40% R1000V, 60% BBAB), the blended index (“Blended Index”)<sup>1</sup> return for the period was 6.56%. The Fund’s total return for the most recently completed fiscal year reflected actual cash flows, transaction costs and other expenses, which are not reflected in the total return of the Blended Index.

The Fund’s investment strategy focused on income-earning investments, specifically equity and fixed-income<sup>2</sup> securities that have high income potential through: (1) portfolio allocation; (2) sector security selection for equities and; (3) sector and security selection for bonds to achieve the Fund’s objectives of high current income and moderate capital appreciation. In addition, the Fund implements an equity futures strategy for volatility control purposes.

### MARKET OVERVIEW

The reporting period will forever be defined by the Covid-19 global pandemic. The first quarter saw global Covid-19 cases spike, and equity markets plummeted in response. From February 19<sup>th</sup> through March 23<sup>rd</sup> the S&P 500<sup>®</sup> Index<sup>3</sup> experienced its fastest 30% decline in history, bottoming down 33.92% from its prior closing high. The CBOE Volatility Index<sup>®</sup> (VIX)<sup>4</sup> – a commonly referred to measure of fear in the market – reached levels not seen since the Great Recession of 2008, closing on March 16<sup>th</sup> at an all-time high of 82.69. In response to the exogenous shock to the economy from Covid-19, the U.S. Federal Reserve (the “Fed”) cut the federal funds target rate by 100 basis points to a range of 0.0% to 0.25%. In addition, the Fed re-instituted several liquidity programs that were first created in the Great Recession of 2008. Specifically, the Fed intervened to provide liquidity to the U.S Treasury, commercial paper, agency mortgage backed,<sup>5</sup> and investment-grade<sup>6</sup> corporate markets. The U.S. Congress also responded to the pandemic by approving a \$2 trillion-dollar fiscal stimulus package at the end of the first quarter and approved an additional \$900 billion stimulus package at the end of the year. These actions helped to propel markets back to all-time highs in a record period of time, with the market retaking its February 19<sup>th</sup> closing high on August 18<sup>th</sup>. Despite seeing a second and third wave of infections in the second half of the year, the combination of accommodative monetary and fiscal policy, the resolution of the 2020 Presidential election and the development of breakthrough Covid-19 vaccines led to positive total returns for all major U.S. equity and fixed-income markets.

The S&P 500 returned 18.40% for the reporting period. In general, value stocks underperformed growth stocks, with cyclical sectors outperforming defensive sectors. The S&P 500’s weak performance in the Energy and Financials sectors was overshadowed by stronger performance in the Information Technology, Consumer Discretionary and Communications sectors.

On the fixed-income side, the negative economic impacts from the Covid-19 pandemic and the resulting monetary and fiscal policies implemented to handle the crisis, along with some uncertainty around the Presidential election in the fourth quarter, were the primary drivers of fixed-income markets in 2020. In addition to the aforementioned Fed reaction to the initial wave of the virus, in the 3<sup>rd</sup> quarter the Fed also announced the results of its recently completed monetary policy framework review, which established the following three necessary conditions for future rate hikes: (1) levels of employment consistent with maximum employment; (2) inflation of at least 2%; and (3) inflation on track to moderately exceed 2% for some time. This new framework is a more dovish approach, since it will allow inflation to exceed 2% for a period of time to ensure the Fed has achieved its 2% inflation target. For the reporting period, the total return of the Bloomberg Barclays U.S. Treasury Index<sup>7</sup> was 8.0%, compared to the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index<sup>8</sup> total return of 7.05%, the Bloomberg Barclays Emerging Markets USD Aggregate Index<sup>9</sup> total return of 6.5%, the Bloomberg Barclays U.S. Corporate Investment Grade Index<sup>10</sup> of 9.9%, and the Bloomberg Barclays MBS Index<sup>11</sup> of 3.9%.

### PORTFOLIO ALLOCATION

During the reporting period, the Fund’s portfolio was allocated between stocks and fixed-income securities in a manner reflecting the Fund’s primary investment objective of income and its secondary objective of capital appreciation. Factors used in making this allocation were: (1) the Fund’s ability to pay and maintain an attractive level of dividends;<sup>12</sup> and (2) the expected relative total return of fixed-income securities and stocks. The allocation at the end of the reporting period was 54% fixed-income securities, 43% stocks and 3% cash equivalents and other assets/liabilities.

During the reporting period, the Fund invested in S&P 500 futures contracts<sup>13</sup> for volatility risk management purposes. The first and second quarters of 2020 contained record volatility spikes, causing the Fund to reduce its volatility overlay to the bottom end of its range. However, the Fund ended the year with a moderate long futures allocation. The short futures exposure, particularly in the second quarter, was the major negative contributor to Fund performance for the reporting period. Despite the large volatility in the first half of the year, the low levels of the overlay helped to cause the realized, annualized daily volatility of the Fund to fall within its 8%-12% target range, at 11.5%. Furthermore, at the end of the reporting period, the Fund had a futures volatility overlay of 26%.

Relative to the Blended Index, the Fund's equity and bond allocation, other than the overlay, had a slight negative effect on Fund performance because of an allocation to cash for futures margin. The overlay also contributed negatively, due to the short futures position implemented to reduce volatility in the record-setting market decline of the 1<sup>st</sup> quarter.

#### **SECTOR AND SECURITY SELECTION – EQUITY**

The equity component of the Fund contributed to the Fund's current income objective and outperformed the R1000V benchmark during the reporting period. Fund management focused on realization of the Fund's income and total return objectives by purchasing and holding income-producing equity securities with favorable valuation levels. Relative to the equity component of the blended index, both stock selection and sector allocation contributed positively to the Fund's equity performance. Stock selection in the Health Care and Information Technology sectors contributed positively to the Fund's equity performance. This was slightly offset by negative stock selection in the Financials and Materials sectors.

#### **SECTOR AND SECURITY SELECTION – BONDS**

For the reporting period, the fixed-income portfolio outperformed its benchmark's (BBAB) return of 7.51%. Security selection, especially in high yield,<sup>14</sup> investment-grade corporates, and emerging market<sup>15</sup> credits were the largest positive contributors to performance. Sector allocation was a large negative contributor to the Fund's fixed-income performance due primarily to the allocation to the high-yield market, which more than offset the positive impact from an over-weight to investment-grade corporates. The fixed-income portfolio's duration<sup>16</sup> during the year averaged 95% of its benchmark, resulting in a negative contribution to performance in a declining rate environment. The negative performance contribution from duration was completely offset by the timing of tactical yield curve trades, which fluctuated in the year between neutral and a steepening bias.

1 Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the Blended Index.

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

3 Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the S&P 500 Index.

4 The CBOE Volatility Index® (VIX® Index) is a leading measure of market expectations of near-term volatility conveyed by S&P 500 Index option prices.\*

5 The value of some mortgage-backed securities may be particularly sensitive to changes in the 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.

6 Investment-grade securities are securities that are rated at least "BBB- (minus)" or unrated securities of a comparable quality. Noninvestment-grade securities are securities that are not rated at least "BBB- (minus)" or unrated securities of a comparable quality. Credit ratings are an indication of the risk that a security will default. They do not protect a security from credit risk. Lower-rated bonds typically offer higher yields to help compensate investors for the increased risk associated with them. Among these risks are lower credit-worthiness, greater price volatility, more risk to principal and income than with higher-rated securities and increased possibilities of default.

7 The Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.\*

8 The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index is an issuer-constrained version of the Bloomberg Barclays U.S. Corporate High-Yield Index that measures the market of USD-denominated, noninvestment-grade, fixed-rate, taxable corporate bonds. The index follows the same rules as the uncapped index 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.\*

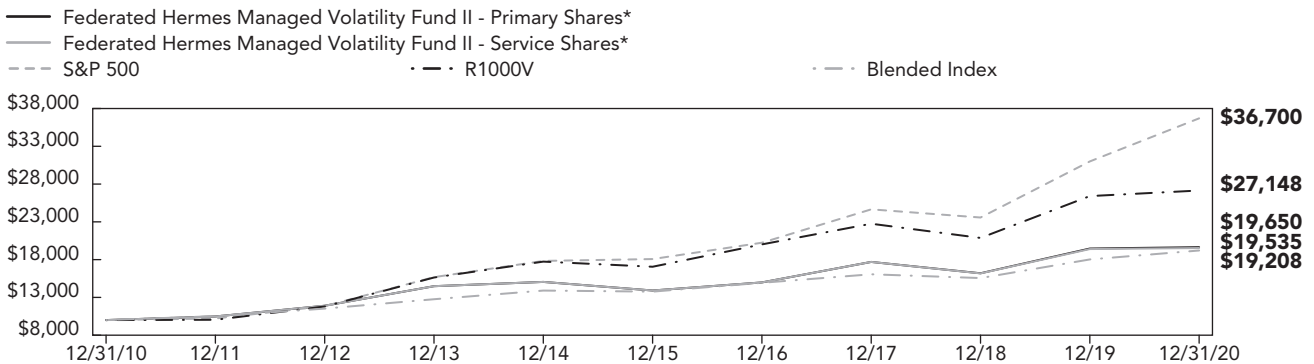
- 9 *The Bloomberg Barclays Emerging Markets USD Aggregate Index tracks total returns for external-currency-denominated debt instruments of the emerging markets.\**
  - 10 *The Bloomberg Barclays U.S. Corporate Investment Grade Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.\**
  - 11 *The Bloomberg Barclays MBS Index covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC).\**
  - 12 *There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks. High-yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment-grade securities and may include higher volatility and higher risk of default.*
  - 13 *The Fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities or other traditional instruments.*
  - 14 *High-yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment-grade securities and may include higher volatility and a higher risk of default.*
  - 15 *International investing involves special risks including currency risk, increased volatility, political risks and differences in auditing and other financial standards. Prices of emerging markets 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.*
  - 16 *Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.*
- \* *The index is unmanaged, and it is not possible to invest directly in an index.*

## FUND PERFORMANCE AND GROWTH OF A \$10,000 INVESTMENT

The graph below illustrates the hypothetical investment of \$10,000<sup>1</sup> in the Federated Hermes Managed Volatility Fund II from December 31, 2010 to December 31, 2020, compared to the Standard & Poor's 500 Index (S&P 500),<sup>2,3</sup> the Russell 1000<sup>®</sup> Value Index (R1000V),<sup>3,4</sup> both broad-based securities market indexes, and a blend of indexes comprised of 40% R1000V/60% Bloomberg Barclays U.S. Aggregate Bond Index (BBAB) ("Blended Index").<sup>3,4</sup> The Average Annual Total Return table below shows returns averaged over the stated periods.

### GROWTH OF A \$10,000 INVESTMENT

#### Growth of \$10,000 as of December 31, 2020



\* The performance of the Primary Shares and Service Shares is substantially similar for the time period shown and, therefore, only one line appears in the graph.

#### Average Annual Total Returns for the Period Ended 12/31/2020

	1 Year	5 Years	10 Years
Primary Shares	0.93%	7.15%	6.99%
Service Shares <sup>5</sup>	0.71%	7.02%	6.93%
S&P 500	18.40%	15.22%	13.88%
R1000V	2.80%	9.74%	10.50%
Blended Index	6.56%	6.89%	6.75%

Performance data 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. Performance of a variable investment option changes over time and current performance may be lower or higher than what is stated. For current to the most recent month end performance, contact your insurance company. The performance information presented does not include the charges and expenses imposed by the insurance company under the variable insurance product contract. The inclusion of such charges would lower performance. Please refer to the variable insurance product prospectus for a complete listing of these expenses. Fund shares are available exclusively as a funding vehicle for life insurance companies writing variable life insurance policies and variable annuity contracts. Variable investment options are not obligations of or guaranteed by any bank and are not federally insured.

- 1 The Fund's performance assumes the reinvestment of all dividends and distributions. The S&P 500, R1000V and the Blended Index have been adjusted to reflect reinvestment of dividends on securities in the indexes.
- 2 The S&P 500 is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- 3 The S&P 500, R1000V and the Blended Index are not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission (SEC) requires to be reflected in the Fund's performance. The indexes are unmanaged and, unlike the Fund, are not affected by cash flows. It is not possible to invest directly in an index.
- 4 The Russell 1000<sup>®</sup> Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000<sup>®</sup> Index companies with lower price-to-book ratios and lower expected growth values. The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The R1000V is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. The Bloomberg Barclays U.S. Aggregate Bond Index measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid ARM pass-throughs), asset-backed securities and commercial mortgage-backed securities.
- 5 The Fund's Service (S) Class commenced operations on April 26, 2018. For the periods prior to the commencement of operations of the Fund's S class, the performance information shown is for the Fund's Primary (P) class. The performance of the P class has not been adjusted to reflect the expenses applicable to the S class. The total returns of the S class would have been substantially similar to the annual returns for the P class over the same period because the classes are invested in the same portfolio of securities and would differ only to the extent the classes do not have the same expenses. The expenses of the S class are higher than those of the P class; accordingly, the performance of the S class is anticipated to be lower than the performance of the P class.

## Portfolio of Investments Summary Tables (unaudited)

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

Portfolio Composition	Percentage of Total Net Assets
Domestic Fixed-Income Securities	46.2%
Domestic Equity Securities	42.1%
International Equity Securities	1.5%
Federated Hermes High Income Bond Fund II, Class P	3.5%
Emerging Markets Core Fund	2.1%
Project and Trade Finance Core Fund	1.6%
Bank Loan Core Fund	1.6%
Federated Hermes Short-Intermediate Government Fund, Institutional Shares <sup>2</sup>	0.0%
Cash Equivalents <sup>3</sup>	1.2%
Derivative Contracts <sup>4</sup>	0.5%
Repurchase Agreement	2.2%
Other Assets and Liabilities—Net <sup>5</sup>	(2.5)%
TOTAL	<b>100%</b>

At December 31, 2020, the Fund's sector composition<sup>6</sup> of the Fund's equity holdings was as follows:

Sector Composition of Equity Holdings	Percentage of Equity Securities
Financials	20.3%
Health Care	13.9%
Industrials	13.1%
Information Technology	9.8%
Communication Services	9.6%
Consumer Staples	8.1%
Consumer Discretionary	7.1%
Utilities	5.3%
Materials	4.6%
Real Estate	4.2%
Energy	4.0%
TOTAL	<b>100%</b>

1 See the Fund's Prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests. 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 greater than 10% of its net assets are not treated as a single portfolio security, but rather the Fund is treated as owning a pro rata portion of each security and each other asset and liability owned by the affiliated investment company. Accordingly, the percentages of total net assets shown in the table will differ from those presented on the Portfolio of Investments. 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.

2 Represents less than 0.1%.

3 Cash Equivalents include any investments in money market mutual funds.

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

6 Sector classifications are based upon, and individual portfolio securities are assigned to, the classifications of the Global Industry Classification Standard (GICS) except that the Co-Advisers assign a classification to securities not classified by the GICS and to securities for which the Co-Advisers do not have access to the classification made by the GICS.



# Portfolio of Investments

December 31, 2020

Shares or Principal Amount		Value
	COMMON STOCKS—43.6%	
	<b>Communication Services—4.2%</b>	
12,995	Activision Blizzard, Inc.	\$ 1,206,586
1,761	<sup>1</sup> Alphabet, Inc., Class A	3,086,399
684	<sup>1</sup> Alphabet, Inc., Class C	1,198,286
127,524	AT&T, Inc.	3,667,590
100,000	<sup>1</sup> BBTV Holdings Inc.	1,114,777
1,922	<sup>1</sup> Charter Communications, Inc.	1,271,499
62,134	Comcast Corp., Class A	3,255,822
7,492	<sup>1</sup> Discovery, Inc., Class C	196,215
48	<sup>1</sup> DISH Network Corp., Class A	1,552
268	Electronic Arts, Inc.	38,485
3,325	<sup>1</sup> Pinterest, Inc.	219,118
3,898	<sup>1</sup> Take-Two Interactive Software, Inc.	809,965
10,266	<sup>1</sup> Twitter, Inc.	555,904
78,176	Verizon Communications, Inc.	4,592,840
23,406	<sup>1</sup> Walt Disney Co.	4,240,699
4,873	<sup>1</sup> Zillow Group, Inc.	662,436
13,565	<sup>1</sup> Zynga, Inc.	133,887
	<b>TOTAL</b>	<b>26,252,060</b>
	<b>Consumer Discretionary—3.1%</b>	
7,091	Best Buy Co., Inc.	707,611
6,677	Brunswick Corp.	509,054
10,582	Carter's, Inc.	995,449
7,500	<sup>1</sup> ContextLogic, Inc.	136,800
1,068	Darden Restaurants, Inc.	127,220
20,873	eBay, Inc.	1,048,868
5,100	Extended Stay America, Inc.	75,531
188,428	Ford Motor Co.	1,656,282
9,674	Gentex Corp.	328,239
5,111	Harley-Davidson, Inc.	187,574
10,227	Hilton Worldwide Holdings, Inc.	1,137,856
8,690	Home Depot, Inc.	2,308,238
929	Kohl's Corp.	37,801
3,139	L Brands, Inc.	116,739
7,508	Lennar Corp., Class A	572,335
7,085	Marriott International, Inc., Class A	934,653
14,916	McDonald's Corp.	3,200,675
331	<sup>1</sup> Mohawk Industries, Inc.	46,654
6,238	Newell Brands, Inc.	132,433
1,756	<sup>1</sup> Peloton Interactive, Inc.	266,420
2,003	<sup>1</sup> Planet Fitness, Inc.	155,493
2,474	Polaris, Inc., Class A	235,723
10,355	PVH Corp.	972,231
2,817	Six Flags Entertainment Corp.	96,060
12,379	Target Corp.	2,185,265
12,000	<sup>1</sup> Vasta Platform Ltd.	174,000
18,067	Wyndham Destinations, Inc.	810,486
3,003	Wyndham Hotels & Resorts, Inc.	178,498

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Consumer Discretionary—continued</b>	
2,376	Yum China Holding, Inc.	\$ 135,646
	TOTAL	19,469,834
	<b>Consumer Staples—3.5%</b>	
84,638	Albertsons Cos., Inc.	1,487,936
46,231	Altria Group, Inc.	1,895,471
16,000	<sup>1</sup> Bellring Brands, Inc.	388,960
7,907	Colgate-Palmolive Co.	676,128
12,314	Conagra Brands, Inc.	446,506
1,658	Constellation Brands, Inc., Class A	363,185
9,289	General Mills, Inc.	546,193
6,362	Hershey Foods Corp.	969,123
4,000	<sup>1</sup> Jde Peet's B.V.	180,315
673	Kimberly-Clark Corp.	90,741
36,796	Kraft Heinz Co./The	1,275,349
24,908	Kroger Co.	791,078
60,000	<sup>1</sup> Mission Produce, Inc.	903,000
25,609	Mondelez International, Inc.	1,497,358
5,848	PepsiCo, Inc.	867,258
23,894	Philip Morris International, Inc.	1,978,184
862	<sup>1</sup> Post Holdings, Inc.	87,071
27,299	Procter & Gamble Co.	3,798,383
9,358	Spectrum Brands Holdings, Inc.	739,095
7,641	The Coca-Cola Co.	419,032
18,312	WalMart, Inc.	2,639,675
	TOTAL	22,040,041
	<b>Energy—1.8%</b>	
23,772	Apache Corp.	337,325
5,155	Cabot Oil & Gas Corp., Class A	83,923
41,019	Chevron Corp.	3,464,055
24,894	Concho Resources, Inc.	1,452,565
22,424	ConocoPhillips	896,736
8,820	EOG Resources, Inc.	439,853
29,546	Exxon Mobil Corp.	1,217,886
158	Helmerich & Payne, Inc.	3,659
23,156	Kinder Morgan, Inc.	316,542
24,713	<sup>1</sup> National Oilwell Varco, Inc.	339,309
4,738	Phillips 66	331,376
866	Pioneer Natural Resources, Inc.	98,629
60,220	Schlumberger Ltd.	1,314,603
1,770	Valero Energy Corp.	100,129
25,578	Williams Cos., Inc.	512,839
	TOTAL	10,909,429
	<b>Financials—8.8%</b>	
63,288	AGNC Investment Corp.	987,293
12,369	Allstate Corp.	1,359,724
14,458	Ally Financial, Inc.	515,572
3,340	Ameriprise Financial, Inc.	649,062
164,061	Bank of America Corp.	4,972,689
36,150	Bank of New York Mellon Corp.	1,534,206
30,962	<sup>1</sup> Berkshire Hathaway, Inc., Class B	7,179,159

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Financials—continued</b>	
947	BlackRock, Inc.	\$ 683,298
38,263	<sup>1</sup> Brighthouse Financial, Inc.	1,385,312
7,292	Charles Schwab Corp.	386,768
730	Chubb Ltd.	112,362
41,693	Citigroup, Inc.	2,570,790
1,349	CME Group, Inc.	245,585
13,587	CNA Financial Corp.	529,350
57,927	Equitable Holdings, Inc.	1,482,352
1,559	First Citizens Bancshares, Inc., Class A	895,287
98	First Horizon Corp.	1,250
74,000	<sup>1</sup> GoHealth, Inc.	1,010,840
5,292	Goldman Sachs Group, Inc.	1,395,553
28,000	<sup>1</sup> Guild Holdings Co.	474,320
11,268	Hanover Insurance Group, Inc.	1,317,455
55,196	JPMorgan Chase & Co.	7,013,756
2,065	Kemper Corp.	158,654
7,257	Lincoln National Corp.	365,100
3,028	LPL Investment Holdings, Inc.	315,578
32,458	MetLife, Inc.	1,523,903
48,028	MGIC Investment Corp.	602,751
16,558	Morgan Stanley	1,134,720
10,639	NASDAQ, Inc.	1,412,221
34,258	Old Republic International Corp.	675,225
13,273	OneMain Holdings, Inc.	639,228
50,000	<sup>1</sup> Oportun Financial Corp.	968,500
28,847	Popular, Inc.	1,624,663
11,844	Prudential Financial, Inc.	924,661
632	Regions Financial Corp.	10,188
16,000	<sup>1</sup> Root, Inc.	251,360
12,000	<sup>1</sup> SelectQuote, Inc.	249,000
104,252	SLM Corp.	1,291,682
7,191	Sterling Bancorp	129,294
522	<sup>1</sup> SVB Financial Group	202,447
21,791	Synchrony Financial	756,366
24,000	<sup>1</sup> Trean Insurance Group, Inc.	314,400
3,029	U.S. Bancorp	141,121
55,601	Unum Group	1,275,487
48,000	<sup>1</sup> Velocity Financial, LLC	299,040
27,655	Virtu Financial, Inc.	696,076
5,934	VOYA Financial, Inc.	348,979
57,701	Wells Fargo & Co.	1,741,416
12,614	Zions Bancorporation, N.A.	547,952
	<b>TOTAL</b>	<b>55,301,995</b>
	<b>Health Care—6.1%</b>	
17,751	Abbott Laboratories	1,943,557
6,140	AbbVie, Inc.	657,901
8,000	<sup>1</sup> Akouos, Inc.	158,640
2,553	<sup>1</sup> Alexion Pharmaceuticals, Inc.	398,881
2,501	<sup>1</sup> Alkermes, Inc.	49,895
2,982	Anthem, Inc.	957,490

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Health Care—continued</b>	
8,175	Baxter International, Inc.	\$ 655,962
163	Becton Dickinson & Co.	40,786
2,855	<sup>1</sup> Biogen, Inc.	699,075
34,376	Bristol-Myers Squibb Co.	2,132,343
40	<sup>1</sup> Charles River Laboratories International, Inc.	9,994
10,781	<sup>1</sup> Checkmate Pharmaceuticals, Inc.	157,295
24,657	CVS Health Corp.	1,684,073
13,340	Danaher Corp.	2,963,348
13,739	<sup>1</sup> Davita, Inc.	1,612,959
6,707	Dentsply Sirona, Inc.	351,178
8,000	<sup>1</sup> Freeline Therapeutics Holdings PLC, ADR	146,080
8,000	<sup>1</sup> Frequency Therapeutics, Inc.	282,080
8,000	<sup>1</sup> Galecto, Inc.	100,000
16,000	<sup>1</sup> Genetron Holdings Ltd., ADR	224,000
37,078	Gilead Sciences, Inc.	2,160,164
10,714	<sup>1</sup> HCA Healthcare, Inc.	1,762,024
3,934	Humana, Inc.	1,614,002
2,521	<sup>1</sup> IQVIA Holdings, Inc.	451,688
520	<sup>1</sup> Jazz Pharmaceuticals PLC.	85,826
42,029	Johnson & Johnson	6,614,524
8,000	<sup>1</sup> Maravai LifeSciences Holdings, Inc.	224,400
7,010	McKesson Corp.	1,219,179
15,433	Medtronic PLC	1,807,822
3,040	Merck & Co., Inc.	248,672
63,899	Pfizer, Inc.	2,352,122
12,130	<sup>1</sup> PolyPid Ltd.	120,693
4,000	<sup>1</sup> Progyny, Inc.	169,560
59,631	<sup>2</sup> Recursion Pharmaceuticals, Inc.	841,272
1,781	STERIS PLC	337,571
125	<sup>1</sup> Tandem Diabetes Care, Inc.	11,960
210	<sup>1</sup> Teladoc, Inc.	41,992
2,309	Thermo Fisher Scientific, Inc.	1,075,486
609	<sup>1</sup> United Therapeutics Corp.	92,440
1,179	UnitedHealth Group, Inc.	413,452
4,374	Universal Health Services, Inc., Class B	601,425
7,928	<sup>1</sup> Viatris, Inc.	148,571
2,417	Zimmer Biomet Holdings, Inc.	372,436
	TOTAL	37,992,818
	<b>Industrials—5.7%</b>	
3,045	3M Co.	532,236
29,116	ADT, Inc.	228,561
4,228	<sup>1</sup> AECOM	210,470
6,528	Ametek, Inc.	789,496
5,379	Armstrong World Industries, Inc.	400,144
2,152	Boeing Co.	460,657
9,964	Carrier Global Corp.	375,842
4,467	Caterpillar, Inc.	813,083
3,132	CoreLogic, Inc.	242,166
6,005	Crane Co.	466,348
11,686	CSX Corp.	1,060,504

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Industrials—continued</b>	
4,300	Cummins, Inc.	\$ 976,530
5,935	Deere & Co.	1,596,812
5,897	Dover Corp.	744,496
12,417	Eaton Corp. PLC	1,491,778
11,275	Emerson Electric Co.	906,172
21	FedEx Corp.	5,452
1,395	Fortune Brands Home & Security, Inc.	119,579
1,945	<sup>1</sup> Generac Holdings, Inc.	442,312
110,664	General Electric Co.	1,195,171
38,769	GrafTech International Ltd.	413,278
10,305	Honeywell International, Inc.	2,191,873
2,835	Hubbell, Inc.	444,500
1,670	Hunt (J.B.) Transportation Services, Inc.	228,206
867	Huntington Ingalls Industries, Inc.	147,806
785	<sup>1</sup> IAA Spinco, Inc.	51,009
44,206	<sup>1</sup> IBEX LTD	826,652
5,231	Kansas City Southern Industries, Inc.	1,067,804
3,224	Lennox International, Inc.	883,279
1,403	<sup>1</sup> Lyft, Inc.	68,929
10,917	Manpower, Inc.	984,495
12,620	Masco Corp.	693,217
4,000	<sup>1</sup> Montrose Environmental Group, Inc.	123,840
327	Nielsen Holdings PLC	6,824
597	Nordson Corp.	119,967
2,583	Norfolk Southern Corp.	613,747
2,649	Northrop Grumman Corp.	807,203
6,093	Old Dominion Freight Lines, Inc.	1,189,232
5,749	Otis Worldwide Corp.	388,345
18,664	Owens Corning, Inc.	1,413,985
2,360	Parker-Hannifin Corp.	642,888
19,881	Quanta Services, Inc.	1,431,830
4,184	Raytheon Technologies Corp.	299,198
4,110	Regal Beloit Corp.	504,749
5,134	Rockwell Automation, Inc.	1,287,659
8,617	Ryder System, Inc.	532,186
11,845	Schneider National, Inc.	245,192
1,918	<sup>1</sup> Teledyne Technologies, Inc.	751,818
6,069	Trane Technologies PLC	880,976
2,266	TransUnion	224,833
5,728	<sup>1</sup> Uber Technologies, Inc.	292,128
5,210	Union Pacific Corp.	1,084,826
6,153	United Parcel Service, Inc.	1,036,165
1,360	<sup>1</sup> United Rentals, Inc.	315,398
495	W.W. Grainger, Inc.	202,128
3,886	Waste Management, Inc.	458,276
	TOTAL	35,912,250
	<b>Information Technology—4.3%</b>	
1,538	<sup>1</sup> Advanced Micro Devices, Inc.	141,050
967	<sup>1</sup> Akamai Technologies, Inc.	101,525
369	<sup>1</sup> Arista Networks, Inc.	107,220

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Information Technology—continued</b>	
8,579	Arrow Electronics, Inc.	\$ 834,737
5,786	<sup>1</sup> Autodesk, Inc.	1,766,697
526	Broadcom, Inc.	230,309
13,508	<sup>1</sup> Ciena Corp.	713,898
14,046	<sup>1</sup> Cirrus Logic, Inc.	1,154,581
42,078	Cisco Systems, Inc.	1,882,991
3,284	Citrix Systems, Inc.	427,248
6,575	Cognizant Technology Solutions Corp.	538,821
76,905	<sup>1</sup> CommScope Holdings Co., Inc.	1,030,527
3,481	<sup>1</sup> Concentrix Corp.	343,575
4,656	Corning, Inc.	167,616
2,268	<sup>1</sup> CrowdStrike Holdings, Inc.	480,408
5,202	<sup>1</sup> Dell Technologies, Inc.	381,255
47,225	DXC Technology Co.	1,216,044
3,125	<sup>1</sup> Euronet Worldwide, Inc.	452,875
1,392	Fidelity National Information Services, Inc.	196,912
1,463	Global Payments, Inc.	315,160
3,522	HP, Inc.	86,606
7,147	IBM Corp.	899,664
84,744	Intel Corp.	4,221,946
1,913	<sup>1</sup> IPG Photonics Corp.	428,110
2,160	<sup>1</sup> Jamf Holding Corp.	64,627
3,260	<sup>1</sup> Lumentum Holdings, Inc.	309,048
19,190	<sup>1</sup> Micron Technology, Inc.	1,442,704
1,257	Motorola, Inc.	213,765
4,807	<sup>1</sup> ON Semiconductor Corp.	157,333
38,269	<sup>1</sup> Pure Storage, Inc.	865,262
4,226	<sup>1</sup> Qorvo, Inc.	702,657
6,493	Science Applications International Corp.	614,498
5,395	Skyworks Solutions, Inc.	824,788
3,481	Synnex Corp.	283,493
5,256	<sup>1</sup> Synopsys, Inc.	1,362,566
8,000	<sup>1</sup> Telos Corp.	263,840
254	<sup>1</sup> Twilio, Inc.	85,979
6,659	<sup>1</sup> WEX, Inc.	1,355,306
	TOTAL	26,665,641
	<b>Materials—2.0%</b>	
3,116	Air Products & Chemicals, Inc.	851,354
11,885	Amcor PLC	139,886
2,569	Aptargroup, Inc.	351,670
19,221	Cabot Corp.	862,639
4,361	Celanese Corp.	566,668
16,374	CF Industries Holdings, Inc.	633,838
16,349	Dow, Inc.	907,370
6,277	DuPont de Nemours, Inc.	446,357
5,426	<sup>1</sup> Eagle Materials, Inc.	549,925
8,784	Element Solutions, Inc.	155,740
81,497	Graphic Packaging Holding Co.	1,380,559
2,895	International Paper Co.	143,939
11,376	Linde PLC	2,997,690

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Materials—continued</b>	
4,539	LyondellBasell Industries N.V.	\$ 416,045
7,402	Mosaic Co./The	170,320
9,494	Newmont Corp.	568,596
11,397	Reliance Steel & Aluminum Co.	1,364,791
	TOTAL	12,507,387
	<b>Real Estate—1.8%</b>	
3,139	Avalonbay Communities, Inc.	503,590
16,358	<sup>1</sup> CBRE Group, Inc.	1,025,974
3,433	Crown Castle International Corp.	546,499
32,564	Duke Realty Corp.	1,301,583
35,404	Equity Commonwealth	965,821
22,308	Equity Residential Properties Trust	1,322,418
1,757	Essex Property Trust, Inc.	417,147
802	Extra Space Storage, Inc.	92,920
18,244	Highwoods Properties, Inc.	723,010
48,004	Invitation Homes, Inc.	1,425,719
42	Life Storage, Inc.	5,014
11,378	Mid-American Apartment Communities, Inc.	1,441,479
5,598	Public Storage	1,292,746
1,172	SBA Communications, Corp.	330,656
	TOTAL	11,394,576
	<b>Utilities—2.3%</b>	
5,014	AES Corp.	117,829
3,177	American Electric Power Co., Inc.	264,549
5,279	American Water Works Co., Inc.	810,168
2,006	Consolidated Edison Co.	144,974
3,209	Dominion Energy, Inc.	241,317
13,812	Eversource Energy, Inc.	766,704
24,992	Exelon Corp.	1,055,162
7,080	FirstEnergy Corp.	216,719
30,457	MDU Resources Group, Inc.	802,237
44,809	NextEra Energy, Inc.	3,457,014
52,782	NiSource, Inc.	1,210,819
10,089	NRG Energy, Inc.	378,842
38,731	OGE Energy Corp.	1,233,970
20,195	<sup>1</sup> P G & E Corp.	251,630
26,610	Public Service Enterprises Group, Inc.	1,551,363
1,417	Southern Co.	87,046
71,365	Vistra Corp.	1,403,036
6,746	WEC Energy Group, Inc.	620,834
	TOTAL	14,614,213
	TOTAL COMMON STOCKS (IDENTIFIED COST \$216,090,354)	273,060,244
	CORPORATE BONDS—21.2%	
	<b>Basic Industry - Chemicals—0.3%</b>	
\$ 200,000	Albemarle Corp., 4.150%, 12/1/2024	222,020
200,000	Albemarle Corp., Sr. Unsecd. Note, 5.450%, 12/1/2044	239,825
85,000	Nutrition & Biosciences, Inc., Sr. Unsecd. Note, 144A, 1.832%, 10/15/2027	87,623
650,000	Nutrition & Biosciences, Inc., Sr. Unsecd. Note, 144A, 2.300%, 11/1/2030	669,706

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Basic Industry - Chemicals—continued</b>	
\$ 300,000	RPM International, Inc., Sr. Unsecd. Note, 4.550%, 3/1/2029	\$ 349,918
	TOTAL	1,569,092
	<b>Basic Industry - Metals &amp; Mining—0.2%</b>	
156,000	Carpenter Technology Corp., Sr. Unsecd. Note, 4.450%, 3/1/2023	163,448
650,000	Reliance Steel & Aluminum Co., Sr. Unsecd. Note, 4.500%, 4/15/2023	701,465
150,000	Worthington Industries, Inc., Sr. Unsecd. Note, 4.300%, 8/1/2032	174,181
55,000	Worthington Industries, Inc., Sr. Unsecd. Note, 4.550%, 4/15/2026	62,668
	TOTAL	1,101,762
	<b>Capital Goods - Aerospace &amp; Defense—0.9%</b>	
750,000	Airbus Group SE, Sr. Unsecd. Note, 144A, 3.150%, 4/10/2027	813,004
200,000	BAE Systems PLC, Sr. Unsecd. Note, 144A, 3.000%, 9/15/2050	209,310
300,000	Boeing Co., Sr. Unsecd. Note, 2.700%, 2/1/2027	312,096
535,000	Boeing Co., Sr. Unsecd. Note, 2.950%, 2/1/2030	553,849
200,000	Boeing Co., Sr. Unsecd. Note, 3.625%, 2/1/2031	219,468
90,000	Boeing Co., Sr. Unsecd. Note, 3.950%, 8/1/2059	96,328
200,000	Boeing Co., Sr. Unsecd. Note, 4.508%, 5/1/2023	216,247
200,000	Boeing Co., Sr. Unsecd. Note, 4.875%, 5/1/2025	228,116
400,000	Embraer Netherlands BV, Sr. Unsecd. Note, 5.050%, 6/15/2025	424,604
50,000	Embraer Overseas Ltd., Sr. Unsecd. Note, 144A, 5.696%, 9/16/2023	53,376
160,000	Huntington Ingalls Industries, Inc., Sr. Unsecd. Note, 3.483%, 12/1/2027	179,551
140,000	Leidos, Inc., Unsecd. Note, 144A, 3.625%, 5/15/2025	156,708
400,000	Leidos, Inc., Unsecd. Note, 144A, 4.375%, 5/15/2030	479,648
155,000	Lockheed Martin Corp., Sr. Unsecd. Note, 1.850%, 6/15/2030	162,732
400,000	Lockheed Martin Corp., Sr. Unsecd. Note, 2.900%, 3/1/2025	436,447
585,000	Northrop Grumman Corp., Sr. Unsecd. Note, 3.250%, 1/15/2028	661,666
500,000	Textron Inc., Sr. Unsecd. Note, 3.650%, 3/15/2027	552,475
20,000	Textron Inc., Sr. Unsecd. Note, 4.000%, 3/15/2026	22,573
25,000	Textron, Inc., Sr. Unsecd. Note, 4.300%, 3/1/2024	27,480
	TOTAL	5,805,678
	<b>Capital Goods - Building Materials—0.2%</b>	
60,000	Allegion PLC, Sr. Unsecd. Note, 3.500%, 10/1/2029	66,651
110,000	Allegion US Holdings Co., Inc., Sr. Unsecd. Note, 3.200%, 10/1/2024	117,587
490,000	Allegion US Holdings Co., Inc., Sr. Unsecd. Note, 3.550%, 10/1/2027	536,468
200,000	Carrier Global Corp., Sr. Unsecd. Note, 2.700%, 2/15/2031	215,134
40,000	Masco Corp., Sr. Unsecd. Note, 4.375%, 4/1/2026	46,986
165,000	Masco Corp., Sr. Unsecd. Note, 4.500%, 5/15/2047	207,281
	TOTAL	1,190,107
	<b>Capital Goods - Construction Machinery—0.2%</b>	
770,000	CNH Industrial NV, Sr. Unsecd. Note, Series MTN, 3.850%, 11/15/2027	868,409
450,000	John Deere Capital Corp., Sr. Unsecd. Note, Series MTN, 3.450%, 3/7/2029	522,697
	TOTAL	1,391,106
	<b>Capital Goods - Diversified Manufacturing—0.4%</b>	
125,000	General Electric Co., Sr. Unsecd. Note, 3.625%, 5/1/2030	142,954
105,000	Honeywell International, Inc., Sr. Unsecd. Note, 1.350%, 6/1/2025	108,703
110,000	Honeywell International, Inc., Sr. Unsecd. Note, 2.800%, 6/1/2050	120,659
750,000	Lennox International, Inc., Sr. Unsecd. Note, 3.000%, 11/15/2023	791,267
305,000	Otis Worldwide Corp., Sr. Unsecd. Note, Series WI, 2.565%, 2/15/2030	327,866
500,000	Roper Technologies, Inc., Sr. Unsecd. Note, 2.800%, 12/15/2021	510,741
120,000	Wabtec Corp., Sr. Unsecd. Note, 3.200%, 6/15/2025	129,570



Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Capital Goods - Diversified Manufacturing—continued</b>	
\$ 220,000	Xylem, Inc., Sr. Unsecd. Note, 2.250%, 1/30/2031	\$ 231,871
	TOTAL	2,363,631
	<b>Capital Goods - Packaging—0.2%</b>	
600,000	Packaging Corp. of America, Sr. Unsecd. Note, 3.650%, 9/15/2024	657,963
360,000	WestRock Co., Sr. Unsecd. Note, Series WI, 4.000%, 3/15/2028	417,763
	TOTAL	1,075,726
	<b>Communications - Cable &amp; Satellite—0.6%</b>	
250,000	CCO Safari II LLC, 6.484%, 10/23/2045	354,999
200,000	Charter Communications Operating, LLC/Charter Communications Operating Capital Corp., Sec. Fac. Bond, 2.800%, 4/1/2031	211,551
200,000	Charter Communications Operating, LLC/Charter Communications Operating Capital Corp., Sec. Fac. Bond, 3.850%, 4/1/2061	201,553
1,000,000	Comcast Corp., Sr. Unsecd. Note, 3.150%, 2/15/2028	1,129,208
650,000	Comcast Corp., Sr. Unsecd. Note, 3.300%, 2/1/2027	734,638
250,000	Comcast Corp., Sr. Unsecd. Note, 3.400%, 4/1/2030	288,397
300,000	Comcast Corp., Sr. Unsecd. Note, 3.950%, 10/15/2025	344,814
300,000	Time Warner Cable, Inc., Company Guarantee, 5.500%, 9/1/2041	386,231
	TOTAL	3,651,391
	<b>Communications - Media &amp; Entertainment—0.7%</b>	
345,000	Alphabet, Inc., Sr. Unsecd. Note, 1.900%, 8/15/2040	338,619
600,000	British Sky Broadcasting Group PLC, 144A, 3.750%, 9/16/2024	668,561
300,000	Discovery Communications LLC, Sr. Unsecd. Note, 4.650%, 5/15/2050	375,565
135,000	Fox Corp, Sr. Unsecd. Note, Series WI, 4.709%, 1/25/2029	163,887
180,000	Fox Corp, Sr. Unsecd. Note, Series WI, 5.576%, 1/25/2049	263,124
500,000	Grupo Televisa S.A., Sr. Unsecd. Note, 5.000%, 5/13/2045	604,535
100,000	Omnicom Group, Inc., Sr. Unsecd. Note, 3.600%, 4/15/2026	114,164
260,000	Omnicom Group, Inc., Sr. Unsecd. Note, 4.200%, 6/1/2030	312,502
200,000	ViacomCBS Inc., Sr. Unsecd. Note, 4.200%, 6/1/2029	239,473
400,000	ViacomCBS, Inc., Sr. Unsecd. Note, 4.950%, 1/15/2031	501,531
200,000	Walt Disney Co., Sr. Unsecd. Note, 2.000%, 9/1/2029	209,086
110,000	Walt Disney Co., Sr. Unsecd. Note, 3.600%, 1/13/2051	133,523
135,000	Walt Disney Co., Sr. Unsecd. Note, 3.800%, 5/13/2060	171,530
	TOTAL	4,096,100
	<b>Communications - Telecom Wireless—0.6%</b>	
425,000	America Movil S.A.B. de C.V., Sr. Unsecd. Note, 2.875%, 5/7/2030	461,146
400,000	American Tower Corp., Sr. Unsecd. Note, 2.100%, 6/15/2030	411,006
300,000	American Tower Corp., Sr. Unsecd. Note, 5.000%, 2/15/2024	339,763
350,000	Bell Canada, Sr. Unsecd. Note, 4.464%, 4/1/2048	468,134
250,000	Crown Castle International Corp., Sr. Unsecd. Note, 3.250%, 1/15/2051	263,788
160,000	Crown Castle International Corp., Sr. Unsecd. Note, 3.300%, 7/1/2030	179,277
400,000	T-Mobile USA, Inc., Sec. Fac. Bond, 144A, 3.875%, 4/15/2030	463,704
120,000	T-Mobile USA, Inc., Sec. Fac. Bond, 144A, 4.500%, 4/15/2050	148,231
350,000	T-Mobile USA, Inc., Sr. Sub. Note, 144A, 3.000%, 2/15/2041	363,508
250,000	Vodafone Group PLC, Sr. Unsecd. Note, 4.125%, 5/30/2025	285,992
280,000	Vodafone Group PLC, Sr. Unsecd. Note, 5.250%, 5/30/2048	389,568
	TOTAL	3,774,117
	<b>Communications - Telecom Wirelines—0.8%</b>	
350,000	AT&T, Inc., Sr. Unsecd. Note, 3.500%, 6/1/2041	377,897
350,000	AT&T, Inc., Sr. Unsecd. Note, 3.650%, 6/1/2051	366,500
978,000	AT&T, Inc., Sr. Unsecd. Note, 144A, 3.800%, 12/1/2057	1,019,820
800,000	Deutsche Telekom International Finance BV, Sr. Unsecd. Note, 144A, 3.600%, 1/19/2027	900,320
580,000	Telefonica Emisiones SAU, Sr. Unsecd. Note, 5.213%, 3/8/2047	748,902

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Communications - Telecom Wirelines—continued</b>	
\$ 350,000	Verizon Communications, Inc., Sr. Unsecd. Note, 4.125%, 8/15/2046	\$ 430,470
534,000	Verizon Communications, Inc., Sr. Unsecd. Note, 4.672%, 3/15/2055	717,610
125,000	Verizon Communications, Inc., Sr. Unsecd. Note, 5.150%, 9/15/2023	140,974
	TOTAL	4,702,493
	<b>Consumer Cyclical - Automotive—0.7%</b>	
300,000	American Honda Finance Corp., Sr. Unsecd. Note, Series MTN, 0.875%, 7/7/2023	303,745
500,000	Daimler Finance NA LLC, Sr. Unsecd. Note, 144A, 3.350%, 2/22/2023	529,448
350,000	Fiat Chrysler Automobiles NV, Sr. Unsecd. Note, 5.250%, 4/15/2023	375,813
450,000	General Motors Co., Sr. Unsecd. Note, 6.125%, 10/1/2025	546,180
400,000	General Motors Financial Co., Inc., Sr. Unsecd. Note, 4.000%, 10/6/2026	450,576
205,000	Hyundai Capital America, Sr. Unsecd. Note, 144A, 2.375%, 2/10/2023	211,483
180,000	Hyundai Capital America, Sr. Unsecd. Note, 144A, 2.375%, 10/15/2027	188,935
720,000	Toyota Motor Credit Corp., Sr. Unsecd. Note, Series GMTN, 2.700%, 1/11/2023	754,409
250,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 1.250%, 11/24/2025	252,199
365,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 3.125%, 5/12/2023	385,706
200,000	Volkswagen Group of America Finance LLC, Sr. Unsecd. Note, 144A, 4.000%, 11/12/2021	206,163
	TOTAL	4,204,657
	<b>Consumer Cyclical - Retailers—0.9%</b>	
295,000	Advance Auto Parts, Inc., Sr. Unsecd. Note, 1.750%, 10/1/2027	299,936
350,000	Advance Auto Parts, Inc., Sr. Unsecd. Note, Series WI, 3.900%, 4/15/2030	403,050
600,000	Alimentation Couche-Tard, Inc., Sr. Unsecd. Note, 144A, 3.800%, 1/25/2050	712,846
170,000	AutoNation, Inc., Sr. Unsecd. Note, 4.750%, 6/1/2030	204,697
15,000	AutoZone, Inc., Sr. Unsecd. Note, 3.625%, 4/15/2025	16,816
215,000	AutoZone, Inc., Sr. Unsecd. Note, 4.000%, 4/15/2030	255,074
600,000	CVS Health Corp., Sr. Unsecd. Note, 4.250%, 4/1/2050	750,564
310,000	CVS Health Corp., Sr. Unsecd. Note, 4.300%, 3/25/2028	369,218
540,000	Dollar General Corp., Sr. Unsecd. Note, 3.875%, 4/15/2027	625,578
600,000	Dollar Tree, Inc., Sr. Unsecd. Note, 3.700%, 5/15/2023	642,448
120,000	Home Depot, Inc., Sr. Unsecd. Note, 2.950%, 6/15/2029	136,436
600,000	Home Depot, Inc., Sr. Unsecd. Note, 3.300%, 4/15/2040	707,697
195,000	O'Reilly Automotive, Inc., Sr. Unsecd. Note, 1.750%, 3/15/2031	195,626
40,000	O'Reilly Automotive, Inc., Sr. Unsecd. Note, 3.550%, 3/15/2026	45,181
115,000	O'Reilly Automotive, Inc., Sr. Unsecd. Note, 4.200%, 4/1/2030	138,728
160,000	Tractor Supply Co., Sr. Unsecd. Note, 1.750%, 11/1/2030	161,072
	TOTAL	5,664,967
	<b>Consumer Cyclical - Services—0.2%</b>	
400,000	Amazon.com, Inc., Sr. Unsecd. Note, 3.875%, 8/22/2037	499,004
200,000	Booking Holdings, Inc., Sr. Unsecd. Note, 4.625%, 4/13/2030	248,674
400,000	IHS Markit Ltd., Sr. Unsecd. Note, 4.750%, 8/1/2028	493,362
200,000	Visa, Inc., Sr. Unsecd. Note, 2.800%, 12/14/2022	209,297
30,000	Visa, Inc., Sr. Unsecd. Note, 3.150%, 12/14/2025	33,670
	TOTAL	1,484,007
	<b>Consumer Non-Cyclical - Food/Beverage—1.1%</b>	
165,000	Anheuser-Busch InBev Finance, Inc., 4.900%, 2/1/2046	212,365
1,000,000	Anheuser-Busch InBev Worldwide, Inc., Sr. Unsecd. Note, 4.500%, 6/1/2050	1,260,490
400,000	Campbell Soup Co., Sr. Unsecd. Note, 2.375%, 4/24/2030	422,985
150,000	Coca-Cola Femsa S.A.B. de C.V., Sr. Unsecd. Note, 1.850%, 9/1/2032	150,412
230,000	Coca-Cola Femsa S.A.B. de C.V., Sr. Unsecd. Note, 2.750%, 1/22/2030	248,399
235,000	Conagra Brands, Inc., Sr. Unsecd. Note, 1.375%, 11/1/2027	237,266
75,000	Constellation Brands, Inc., Sr. Unsecd. Note, 3.750%, 5/1/2050	88,559

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Consumer Non-Cyclical - Food/Beverage—continued</b>	
\$ 500,000	Flowers Foods, Inc., Sr. Unsecd. Note, 3.500%, 10/1/2026	\$ 557,928
200,000	General Mills, Inc., Sr. Unsecd. Note, 3.700%, 10/17/2023	218,000
150,000	General Mills, Inc., Sr. Unsecd. Note, 4.550%, 4/17/2038	193,149
500,000	Grupo Bimbo S.A.B. de CV, 144A, 4.875%, 6/27/2044	628,205
250,000	Keurig Dr Pepper, Inc., Sr. Unsecd. Note, 3.200%, 5/1/2030	283,357
220,000	Keurig Dr Pepper, Inc., Sr. Unsecd. Note, 4.417%, 5/25/2025	253,747
455,000	McCormick & Co., Inc., Sr. Unsecd. Note, 2.500%, 4/15/2030	487,764
160,000	Mondelez International, Inc., Sr. Unsecd. Note, 1.500%, 5/4/2025	165,617
170,000	Smithfield Foods, Inc., Sr. Unsecd. Note, 144A, 3.000%, 10/15/2030	180,192
350,000	Smucker (J.M.) Co., Sr. Unsecd. Note, 2.375%, 3/15/2030	371,027
300,000	Smucker (J.M.) Co., Sr. Unsecd. Note, 3.500%, 3/15/2025	334,707
495,000	Tyson Foods, Inc., Sr. Unsecd. Note, 3.550%, 6/2/2027	566,000
	TOTAL	6,860,169
	<b>Consumer Non-Cyclical - Health Care—0.4%</b>	
155,000	Agilent Technologies, Inc., Sr. Unsecd. Note, 2.750%, 9/15/2029	169,332
600,000	Alcon Finance Corp., Sr. Unsecd. Note, 144A, 2.600%, 5/27/2030	639,800
392,000	Becton Dickinson & Co., Sr. Unsecd. Note, 3.700%, 6/6/2027	449,948
79,000	Becton Dickinson & Co., Sr. Unsecd. Note, 4.685%, 12/15/2044	102,057
340,000	Danaher Corp., Sr. Unsecd. Note, 2.600%, 10/1/2050	353,040
135,000	Dentsply Sirona, Inc., Sr. Unsecd. Note, 3.250%, 6/1/2030	150,454
140,000	DH Europe Finance II S.a.r.l., Sr. Unsecd. Note, 2.600%, 11/15/2029	153,151
300,000	PerkinElmer, Inc., Sr. Unsecd. Note, 3.300%, 9/15/2029	338,716
10,000	Stryker Corp., Sr. Unsecd. Note, 3.500%, 3/15/2026	11,326
	TOTAL	2,367,824
	<b>Consumer Non-Cyclical - Pharmaceuticals—1.2%</b>	
283,000	Abbott Laboratories, Sr. Unsecd. Note, 3.750%, 11/30/2026	331,693
225,000	AbbVie, Inc., Sr. Unsecd. Note, 3.200%, 11/21/2029	252,413
255,000	AbbVie, Inc., Sr. Unsecd. Note, 4.250%, 11/21/2049	320,749
250,000	Amgen, Inc., 2.300%, 2/25/2031	266,956
500,000	Amgen, Inc., Sr. Unsecd. Note, 2.450%, 2/21/2030	535,982
190,000	AstraZeneca PLC, Sr. Unsecd. Note, 2.375%, 6/12/2022	195,331
600,000	AstraZeneca PLC, Sr. Unsecd. Note, 3.125%, 6/12/2027	675,713
600,000	Bayer US Finance LLC, Sr. Unsecd. Note, 144A, 3.375%, 10/8/2024	655,454
350,000	Biogen, Inc., Sr. Unsecd. Note, 2.250%, 5/1/2030	365,772
375,000	Biogen, Inc., Sr. Unsecd. Note, 3.150%, 5/1/2050	389,238
500,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, Series WI, 3.900%, 2/20/2028	592,116
110,000	Bristol-Myers Squibb Co., Sr. Unsecd. Note, Series WI, 4.250%, 10/26/2049	148,996
500,000	Eli Lilly & Co., Sr. Unsecd. Note, 3.375%, 3/15/2029	580,567
700,000	Merck & Co., Inc., Sr. Unsecd. Note, 3.400%, 3/7/2029	814,553
91,000	Regeneron Pharmaceuticals, Inc., Sr. Unsecd. Note, 2.800%, 9/15/2050	88,529
670,000	Royalty Pharma PLC, Sr. Unsecd. Note, 144A, 1.750%, 9/2/2027	689,959
210,000	Takeda Pharmaceutical Co. Ltd., Sr. Unsecd. Note, 2.050%, 3/31/2030	215,006
450,000	Zoetis, Inc., Sr. Unsecd. Note, 3.000%, 5/15/2050	497,665
	TOTAL	7,616,692
	<b>Consumer Non-Cyclical - Products—0.1%</b>	
230,000	Clorox Co., Sr. Unsecd. Note, 1.800%, 5/15/2030	237,725
70,000	Newell Rubbermaid, Inc., Sr. Unsecd. Note, 4.700%, 4/1/2026	77,205
	TOTAL	314,930
	<b>Consumer Non-Cyclical - Supermarkets—0.1%</b>	
300,000	Kroger Co., Sr. Unsecd. Note, 2.650%, 10/15/2026	328,031

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Consumer Non-Cyclical - Supermarkets—continued</b>	
\$ 200,000	Kroger Co., Sr. Unsecd. Note, 4.450%, 2/1/2047	\$ 252,119
	TOTAL	580,150
	<b>Consumer Non-Cyclical - Tobacco—0.3%</b>	
400,000	Altria Group, Inc., Sr. Unsecd. Note, 5.950%, 2/14/2049	560,406
350,000	Bat Capital Corp., Sr. Unsecd. Note, Series WI, 4.540%, 8/15/2047	388,674
315,000	Philip Morris International, Inc., Sr. Unsecd. Note, 2.100%, 5/1/2030	328,755
280,000	Reynolds American, Inc., Sr. Unsecd. Note, 7.000%, 8/4/2041	376,810
	TOTAL	1,654,645
	<b>Energy - Independent—0.2%</b>	
100,000	Canadian Natural Resources Ltd., 3.900%, 2/1/2025	110,717
250,000	Canadian Natural Resources Ltd., Sr. Unsecd. Note, 2.050%, 7/15/2025	262,471
250,000	Cimarex Energy Co., Sr. Unsecd. Note, 3.900%, 5/15/2027	275,660
430,000	Cimarex Energy Co., Sr. Unsecd. Note, 4.375%, 3/15/2029	489,915
	TOTAL	1,138,763
	<b>Energy - Integrated—0.5%</b>	
340,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, 1.749%, 8/10/2030	341,397
250,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, Series, 2.520%, 9/19/2022	258,718
110,000	BP Capital Markets America, Inc., Sr. Unsecd. Note, 3.119%, 5/4/2026	121,789
325,000	Chevron Corp., Sr. Unsecd. Note, 3.078%, 5/11/2050	361,373
600,000	Exxon Mobil Corp., Sr. Unsecd. Note, 3.482%, 3/19/2030	699,343
300,000	Husky Energy, Inc., 4.000%, 4/15/2024	321,788
75,000	Shell International Finance B.V., Sr. Unsecd. Note, 4.000%, 5/10/2046	94,501
500,000	Shell International Finance B.V., Sr. Unsecd. Note, 4.125%, 5/11/2035	625,764
500,000	Suncor Energy, Inc., Sr. Unsecd. Note, 3.600%, 12/1/2024	551,785
	TOTAL	3,376,458
	<b>Energy - Midstream—0.6%</b>	
465,000	Boardwalk Pipeline Partners LP, Sr. Unsecd. Note, 3.400%, 2/15/2031	485,942
115,000	Boardwalk Pipeline Partners LP, Sr. Unsecd. Note, 4.800%, 5/3/2029	131,897
200,000	Energy Transfer Operating, Sr. Unsecd. Note, 5.000%, 5/15/2050	216,758
40,000	Energy Transfer Partners LP, Sr. Unsecd. Note, 4.900%, 2/1/2024	43,816
475,000	Energy Transfer Partners LP, Sr. Unsecd. Note, Series 10Y, 4.950%, 6/15/2028	547,604
400,000	Enterprise Products Operating LLC, Sr. Unsecd. Note, 3.700%, 1/31/2051	441,148
70,000	Enterprise Products Operating LLC, Sr. Unsecd. Note, 3.950%, 2/15/2027	80,686
200,000	Kinder Morgan Energy Partners LP, Sr. Unsecd. Note, 6.375%, 3/1/2041	262,995
200,000	Kinder Morgan, Inc., 5.050%, 2/15/2046	245,130
335,000	ONEOK, Inc., Sr. Unsecd. Note, 4.950%, 7/13/2047	374,305
120,000	TC Pipelines, LP, Sr. Unsecd. Note, 3.900%, 5/25/2027	135,105
490,000	Williams Partners LP, Sr. Unsecd. Note, 4.900%, 1/15/2045	579,461
	TOTAL	3,544,847
	<b>Energy - Refining—0.1%</b>	
220,000	Phillips 66, Sr. Unsecd. Note, 4.875%, 11/15/2044	277,905
405,000	Valero Energy Corp., Sr. Unsecd. Note, 2.150%, 9/15/2027	414,268
175,000	Valero Energy Corp., Sr. Unsecd. Note, 2.700%, 4/15/2023	182,723
	TOTAL	874,896
	<b>Financial Institution - Banking—3.9%</b>	
600,000	American Express Credit Corp., Sr. Unsecd. Note, Series MTN, 3.300%, 5/3/2027	682,691
400,000	Associated Banc-Corp., Sub. Note, 4.250%, 1/15/2025	433,800
1,850,000	Bank of America Corp., Sr. Unsecd. Note, 3.419%, 12/20/2028	2,093,019
250,000	Bank of America Corp., Sr. Unsecd. Note, Series MTN, 1.922%, 10/24/2031	253,381
150,000	Bank of America Corp., Sub. Note, 6.500%, 9/15/2037	213,081

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Banking—continued</b>	
\$ 50,000	Bank of America Corp., Sub. Note, Series L, 3.950%, 4/21/2025	\$ 56,385
300,000	Bank of America Corp., Sub. Note, Series MTN, 4.000%, 1/22/2025	337,289
800,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 2.200%, 8/16/2023	838,378
200,000	Bank of New York Mellon Corp., Sr. Unsecd. Note, Series MTN, 2.661%, 5/16/2023	206,192
125,000	Capital One Financial Corp., Sr. Unsecd. Note, 3.900%, 1/29/2024	136,981
580,000	Citigroup, Inc., Sr. Unsecd. Note, 3.352%, 4/24/2025	630,764
570,000	Citigroup, Inc., Sr. Unsecd. Note, 3.400%, 5/1/2026	643,148
900,000	Citigroup, Inc., Sr. Unsecd. Note, 3.668%, 7/24/2028	1,020,535
265,000	Citizens Bank, N.A., Providence, Sr. Unsecd. Note, Series BKNT, 2.250%, 4/28/2025	281,414
250,000	Citizens Bank N.A., Sr. Unsecd. Note, Series BKNT, 3.750%, 2/18/2026	284,199
30,000	Comerica, Inc., 3.800%, 7/22/2026	34,130
350,000	Compass Bank, Birmingham, Sub. Note, Series BKNT, 3.875%, 4/10/2025	392,642
800,000	Fifth Third Bancorp, Sr. Unsecd. Note, 3.950%, 3/14/2028	940,731
165,000	FNB Corp. (PA), Sr. Unsecd. Note, 2.200%, 2/24/2023	168,222
1,300,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 2.876%, 10/31/2022	1,326,523
500,000	Goldman Sachs Group, Inc., Sr. Unsecd. Note, 6.250%, 2/1/2041	783,056
1,400,000	HSBC Holdings PLC, Sr. Unsecd. Note, 3.900%, 5/25/2026	1,598,822
345,000	Huntington Bancshares, Inc., Sr. Unsecd. Note, 2.550%, 2/4/2030	370,239
1,850,000	JPMorgan Chase & Co., Sr. Unsecd. Note, 3.509%, 1/23/2029	2,111,732
850,000	JPMorgan Chase & Co., Sub. Note, 3.375%, 5/1/2023	908,721
210,000	M&T Bank Corp., Sr. Unsecd. Note, 3.550%, 7/26/2023	227,005
500,000	Manufacturers & Traders Trust Co., Sr. Unsecd. Note, Series BKNT, 2.500%, 5/18/2022	514,530
950,000	Morgan Stanley, Sr. Unsecd. Note, Series GMTN, 3.772%, 1/24/2029	1,101,554
40,000	Morgan Stanley, Sr. Unsecd. Note, Series MTN, 1.794%, 2/13/2032	40,260
250,000	Morgan Stanley, Sr. Unsecd. Note, Series MTN, 6.250%, 8/9/2026	319,269
275,000	Morgan Stanley, Sub. Note, Series MTN, 4.100%, 5/22/2023	298,540
400,000	Northern Trust Corp., Sr. Unsecd. Note, 1.950%, 5/1/2030	417,224
400,000	PNC Bank N.A., Sr. Unsecd. Note, Series BKNT, 3.250%, 1/22/2028	456,494
235,000	Regions Financial Corp., Sr. Unsecd. Note, 2.250%, 5/18/2025	249,418
250,000	Synovus Bank GA, Sr. Unsecd. Note, 2.289%, 2/10/2023	253,254
600,000	Truist Bank, Sr. Unsecd. Note, Series BKNT, 3.000%, 2/2/2023	631,683
60,000	Truist Financial Corp., Sr. Unsecd. Note, 2.900%, 3/3/2021	60,125
495,000	Truist Financial Corp., Sr. Unsecd. Note, Series MTN, 2.750%, 4/1/2022	509,389
250,000	Truist Financial Corp., Sr. Unsecd. Note, Series MTN, 3.750%, 12/6/2023	274,758
250,000	US Bancorp, Sr. Unsecd. Note, Series MTN, 1.375%, 7/22/2030	250,669
50,000	<sup>3</sup> Wells Fargo & Co., Sr. Unsecd. Note, 1.444% (3-month USLIBOR +1.230%), 10/31/2023	50,799
410,000	Wells Fargo & Co., Sr. Unsecd. Note, 2.188%, 4/30/2026	432,044
300,000	Wells Fargo & Co., Sr. Unsecd. Note, 3.000%, 10/23/2026	332,729
1,300,000	Wells Fargo & Co., Sr. Unsecd. Note, Series MTN, 3.584%, 5/22/2028	1,473,951
	TOTAL	24,639,770
	<b>Financial Institution - Broker/Asset Mgr/Exchange—0.2%</b>	
130,000	BlackRock, Inc., Sr. Unsecd. Note, 1.900%, 1/28/2031	136,116
40,000	Invesco Finance PLC, Sr. Unsecd. Note, 3.750%, 1/15/2026	45,177
140,000	Jefferies Group LLC, Sr. Unsecd. Note, 2.750%, 10/15/2032	147,196
165,000	Nuveen LLC, Sr. Unsecd. Note, 144A, 4.000%, 11/1/2028	197,294
150,000	Raymond James Financial, Inc., Sr. Unsecd. Note, 4.650%, 4/1/2030	184,183
350,000	Stifel Financial Corp., Sr. Unsecd. Note, 4.000%, 5/15/2030	400,513
	TOTAL	1,110,479
	<b>Financial Institution - Finance Companies—0.2%</b>	
350,000	GE Capital Funding LLC, Sr. Unsecd. Note, 144A, 4.400%, 5/15/2030	412,696

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Financial Institution - Finance Companies—continued</b>	
\$ 600,000	GE Capital International Funding, Inc., Sr. Unsecd. Note, 4.418%, 11/15/2035	\$ 716,271
	TOTAL	1,128,967
	<b>Financial Institution - Insurance - Health—0.0%</b>	
190,000	UnitedHealth Group, Inc., Sr. Unsecd. Note, 2.900%, 5/15/2050	210,369
	<b>Financial Institution - Insurance - Life—0.6%</b>	
800,000	Aflac, Inc., Sr. Unsecd. Note, 3.625%, 6/15/2023	863,115
500,000	AIA Group Ltd., Sr. Unsecd. Note, 144A, 3.600%, 4/9/2029	563,315
800,000	American International Group, Inc., Sr. Unsecd. Note, 4.125%, 2/15/2024	886,052
450,000	Lincoln National Corp., Sr. Unsecd. Note, 3.625%, 12/12/2026	519,952
150,000	Massachusetts Mutual Life Insurance Co., Sub. Note, 144A, 4.900%, 4/1/2077	206,314
250,000	MetLife, Inc., Sr. Unsecd. Note, 4.050%, 3/1/2045	320,551
170,000	Pacific Life Insurance Co., Sub. Note, 144A, 4.300%, 10/24/2067	193,573
350,000	Prudential Financial, Inc., Sr. Unsecd. Note, Series MTN, 4.600%, 5/15/2044	457,329
	TOTAL	4,010,201
	<b>Financial Institution - Insurance - P&amp;C—0.3%</b>	
30,000	Chubb INA Holdings, Inc., 3.350%, 5/3/2026	33,824
300,000	Chubb INA Holdings, Inc., Sr. Unsecd. Note, 1.375%, 9/15/2030	299,680
240,000	Hartford Financial Services Group, Inc., Sr. Unsecd. Note, 4.400%, 3/15/2048	317,115
340,000	Liberty Mutual Group, Inc., Sr. Unsecd. Note, 144A, 3.951%, 10/15/2050	407,921
500,000	Nationwide Mutual Insurance Co., Sub. Note, 144A, 9.375%, 8/15/2039	871,046
90,000	Travelers Cos., Inc., Sr. Unsecd. Note, 2.550%, 4/27/2050	94,845
	TOTAL	2,024,431
	<b>Financial Institution - REIT - Apartment—0.4%</b>	
750,000	Avalonbay Communities, Inc., Sr. Unsecd. Note, Series MTN, 3.350%, 5/15/2027	840,911
95,000	Camden Property Trust, Sr. Unsecd. Note, 2.800%, 5/15/2030	105,617
750,000	Mid-America Apartment Communities LP, 4.000%, 11/15/2025	849,849
550,000	UDR, Inc., Sr. Unsecd. Note, Series GMTN, 3.500%, 1/15/2028	617,384
	TOTAL	2,413,761
	<b>Financial Institution - REIT - Healthcare—0.2%</b>	
300,000	Healthcare Trust of America, Sr. Unsecd. Note, 2.000%, 3/15/2031	300,507
600,000	Physicians Realty Trust, Sr. Unsecd. Note, 3.950%, 1/15/2028	650,371
450,000	Welltower, Inc., Sr. Unsecd. Note, 4.250%, 4/1/2026	524,558
	TOTAL	1,475,436
	<b>Financial Institution - REIT - Office—0.2%</b>	
130,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 1.875%, 2/1/2033	130,048
400,000	Alexandria Real Estate Equities, Inc., Sr. Unsecd. Note, 3.950%, 1/15/2028	464,996
750,000	Boston Properties LP, Sr. Unsecd. Note, 3.650%, 2/1/2026	855,685
	TOTAL	1,450,729
	<b>Financial Institution - REIT - Other—0.1%</b>	
150,000	WP Carey, Inc., Sr. Unsecd. Note, 2.400%, 2/1/2031	156,033
295,000	WP Carey, Inc., Sr. Unsecd. Note, 3.850%, 7/15/2029	339,203
250,000	WP Carey, Inc., Sr. Unsecd. Note, 4.600%, 4/1/2024	277,709
	TOTAL	772,945
	<b>Financial Institution - REIT - Retail—0.1%</b>	
700,000	Regency Centers LP, Sr. Unsecd. Note, 4.125%, 3/15/2028	798,854
	<b>Technology—1.1%</b>	
600,000	Apple, Inc., Sr. Unsecd. Note, 2.400%, 8/20/2050	615,378
350,000	Apple, Inc., Sr. Unsecd. Note, 2.500%, 2/9/2022	358,014
75,000	Autodesk, Inc., Sr. Unsecd. Note, 4.375%, 6/15/2025	85,804
318,000	Broadcom, Inc., Sr. Unsecd. Note, 4.110%, 9/15/2028	364,381

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Technology—continued</b>	
\$ 250,000	Broadcom, Inc., Sr. Unsecd. Note, 4.150%, 11/15/2030	\$ 289,574
75,000	Broadcom, Inc., Sr. Unsecd. Note, 4.700%, 4/15/2025	85,965
350,000	Cisco Systems, Inc., 3.625%, 3/4/2024	384,985
525,000	Dell International LLC / EMC Corp., Sec. Fac. Bond, 144A, 5.850%, 7/15/2025	631,042
240,000	Equifax, Inc., Sr. Unsecd. Note, 2.600%, 12/1/2024	257,290
200,000	Experian Finance PLC., Sr. Unsecd. Note, 144A, 4.250%, 2/1/2029	241,001
145,000	Fidelity National Information Services, Inc., Sr. Unsecd. Note, 3.750%, 5/21/2029	170,270
185,000	Fiserv, Inc., Sr. Unsecd. Note, 3.500%, 7/1/2029	211,524
380,000	Fiserv, Inc., Sr. Unsecd. Note, 3.800%, 10/1/2023	414,078
120,000	Keysight Technologies, Inc., Sr. Unsecd. Note, 3.000%, 10/30/2029	132,574
245,000	Lam Research Corp., Sr. Unsecd. Note, 4.000%, 3/15/2029	293,970
70,000	Micron Technology, Inc., Sr. Unsecd. Note, 2.497%, 4/24/2023	72,998
200,000	Micron Technology, Inc., Sr. Unsecd. Note, 4.975%, 2/6/2026	236,555
245,000	Microsoft Corp., Sr. Unsecd. Note, 2.675%, 6/1/2060	266,182
600,000	Microsoft Corp., Sr. Unsecd. Note, 3.125%, 11/3/2025	670,998
600,000	Oracle Corp., Sr. Unsecd. Note, 3.600%, 4/1/2050	700,722
20,000	Total System Services, Inc., Sr. Unsecd. Note, 4.800%, 4/1/2026	23,813
200,000	Verisk Analytics, Inc., Sr. Unsecd. Note, 4.125%, 3/15/2029	240,400
25,000	Verisk Analytics, Inc., Sr. Unsecd. Note, 5.500%, 6/15/2045	35,480
	TOTAL	6,782,998
	<b>Technology Services—0.0%</b>	
145,000	Global Payments, Inc., Sr. Unsecd. Note, 2.900%, 5/15/2030	157,788
	<b>Transportation - Airlines—0.1%</b>	
140,000	Southwest Airlines Co., Sr. Unsecd. Note, 4.750%, 5/4/2023	152,205
140,000	Southwest Airlines Co., Sr. Unsecd. Note, 5.250%, 5/4/2025	162,238
	TOTAL	314,443
	<b>Transportation - Railroads—0.1%</b>	
175,000	Burlington Northern Santa Fe Corp., Sr. Unsecd. Note, 3.000%, 4/1/2025	191,932
105,000	Canadian Pacific Railway Co., Sr. Unsecd. Note, 2.050%, 3/5/2030	110,491
310,000	Kansas City Southern Industries, Inc., Sr. Unsecd. Note, 3.500%, 5/1/2050	345,645
230,000	Union Pacific Corp., Sr. Unsecd. Note, 2.400%, 2/5/2030	247,961
	TOTAL	896,029
	<b>Transportation - Services—0.3%</b>	
400,000	Enterprise Rent-A-Car USA Finance Co., Sr. Unsecd. Note, 144A, 3.300%, 10/15/2022	420,330
100,000	FedEx Corp., Sr. Unsecd. Note, 3.100%, 8/5/2029	111,822
300,000	FedEx Corp., Sr. Unsecd. Note, 4.050%, 2/15/2048	362,640
500,000	Penske Truck Leasing Co. LP & PTL Finance Corp., Sr. Unsecd. Note, 144A, 2.700%, 3/14/2023	523,013
500,000	Ryder System, Inc., Sr. Unsecd. Note, Series MTN, 3.400%, 3/1/2023	529,826
	TOTAL	1,947,631
	<b>Utility - Electric—1.4%</b>	
600,000	American Electric Power Co., Inc., Sr. Unsecd. Note, 3.200%, 11/13/2027	672,161
400,000	Avangrid, Inc., Sr. Unsecd. Note, 3.800%, 6/1/2029	459,194
300,000	Berkshire Hathaway Energy Co., Sr. Unsecd. Note, 3.750%, 11/15/2023	326,933
195,000	Black Hills Corp., Sr. Unsecd. Note, 2.500%, 6/15/2030	205,112
165,000	Dominion Energy, Inc., Jr. Sub. Note, 3.071%, 8/15/2024	178,187
210,000	Dominion Energy, Inc., Sr. Unsecd. Note, Series C, 3.375%, 4/1/2030	239,367
900,000	Duke Energy Corp., Sr. Unsecd. Note, 2.650%, 9/1/2026	981,143
200,000	EDP Finance BV, Sr. Unsecd. Note, 144A, 3.625%, 7/15/2024	218,421
400,000	Emera US Finance LP, Sr. Unsecd. Note, 3.550%, 6/15/2026	449,762
400,000	Emera US Finance LP, Sr. Unsecd. Note, 4.750%, 6/15/2046	512,353

Shares or Principal Amount		Value
	CORPORATE BONDS—continued	
	<b>Utility - Electric—continued</b>	
\$ 470,000	Enel Finance International NV, Sr. Unsecd. Note, 144A, 4.625%, 9/14/2025	\$ 547,481
200,000	Enel Finance International SA, Company Guarantee, 144A, 6.000%, 10/7/2039	285,724
70,000	EverSource Energy, Sr. Unsecd. Note, 3.350%, 3/15/2026	78,057
500,000	EverSource Energy, Sr. Unsecd. Note, Series N, 3.800%, 12/1/2023	547,845
195,000	Exelon Corp., Sr. Unsecd. Note, 4.700%, 4/15/2050	259,765
50,000	Exelon Generation Co. LLC, Sr. Unsecd. Note, 4.250%, 6/15/2022	52,215
160,000	FirstEnergy Transmission LLC, Sr. Unsecd. Note, 144A, 4.550%, 4/1/2049	186,861
93,000	Fortis, Inc. / Canada, Sr. Unsecd. Note, 3.055%, 10/4/2026	102,469
20,000	Indiana Michigan Power Co., Sr. Unsecd. Note, Series K, 4.550%, 3/15/2046	26,198
490,000	Kansas City Power and Light Co., Sr. Unsecd. Note, 4.200%, 3/15/2048	635,625
200,000	Mississippi Power Co., Sr. Unsecd. Note, 3.950%, 3/30/2028	233,309
50,000	National Rural Utilities Cooperative Finance Corp., Sr. Sub. Note, 5.250%, 4/20/2046	55,448
110,000	National Rural Utilities Cooperative Finance Corp., Sr. Unsecd. Note, 2.950%, 2/7/2024	117,756
500,000	NextEra Energy Capital Holdings, Inc., Sr. Unsecd. Note, 2.250%, 6/1/2030	524,570
65,000	NiSource Finance Corp., Sr. Unsecd. Note, 4.375%, 5/15/2047	82,608
300,000	PPL Capital Funding, Inc., Sr. Unsecd. Note, 3.100%, 5/15/2026	331,453
300,000	Southern Co., Jr. Sub. Note, Series B, 4.000%, 1/15/2051	318,068
135,000	Southern Co., Sr. Unsecd. Note, Series A, 3.700%, 4/30/2030	156,489
140,000	Virginia Electric & Power Co., Sr. Unsecd. Note, Series A, 3.500%, 3/15/2027	160,000
	TOTAL	8,944,574
	<b>Utility - Natural Gas—0.5%</b>	
35,000	Dominion Energy Gas Holdings LLC, Sr. Unsecd. Note, Series B, 3.000%, 11/15/2029	38,827
115,000	Dominion Energy Gas Holdings LLC, Sr. Unsecd. Note, Series C, 3.900%, 11/15/2049	135,983
700,000	Enbridge Energy Partners LP, Sr. Unsecd. Note, 5.500%, 9/15/2040	865,432
395,000	National Fuel Gas Co., Sr. Unsecd. Note, 5.500%, 1/15/2026	456,013
750,000	Sempra Energy, Sr. Unsecd. Note, 3.400%, 2/1/2028	855,874
120,000	Southern Natural Gas, Sr. Unsecd. Note, 144A, 4.800%, 3/15/2047	140,573
690,000	TransCanada PipeLines Ltd., Sr. Secd. Note, 5.100%, 3/15/2049	923,382
	TOTAL	3,416,084
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$117,841,814)	132,899,697
	U.S. TREASURIES—10.8%	
	<b>Treasury Inflation-Indexed Note—1.3%</b>	
2,318,561	U.S. Treasury Inflation-Protected Notes, 0.125%, 4/15/2025	2,493,007
2,335,811	U.S. Treasury Inflation-Protected Notes, 0.125%, 7/15/2030	2,618,990
2,329,417	U.S. Treasury Inflation-Protected Notes, 0.250%, 2/15/2050	2,771,783
10,989	U.S. Treasury Inflation-Protected Notes, 1.000%, 2/15/2046	14,994
	TOTAL	7,898,774
	<b>U.S. Treasury Bond—1.2%</b>	
150,000	United States Treasury Bond, 1.375%, 11/15/2040	148,263
760,000	United States Treasury Bond, 1.625%, 11/15/2050	756,289
20,000	United States Treasury Bond, 2.750%, 11/15/2047	25,094
2,000,000	United States Treasury Bond, 2.875%, 5/15/2049	2,580,564
1,000	United States Treasury Bond, 3.000%, 11/15/2044	1,294
900,000	United States Treasury Bond, 3.000%, 2/15/2049	1,186,322
2,000,000	United States Treasury Bond, 3.125%, 5/15/2048	2,683,900
	TOTAL	7,381,726
	<b>U.S. Treasury Note—8.3%</b>	
3,000,000	United States Treasury Note, 0.125%, 6/30/2022	3,000,325
1,350,000	United States Treasury Note, 0.125%, 11/30/2022	1,350,032



Shares or Principal Amount		Value
	U.S. TREASURIES—continued	
	<b>U.S. Treasury Note—continued</b>	
\$ 1,500,000	United States Treasury Note, 0.250%, 9/30/2025	\$ 1,493,922
1,025,000	United States Treasury Note, 0.375%, 11/30/2025	1,026,250
5,700,000	<sup>4</sup> United States Treasury Note, 0.500%, 3/15/2023	5,746,107
600,000	United States Treasury Note, 0.625%, 11/30/2027	599,614
900,000	United States Treasury Note, 0.625%, 8/15/2030	877,078
400,000	United States Treasury Note, 0.875%, 11/15/2030	398,393
18,000,000	<sup>4</sup> United States Treasury Note, 1.375%, 6/30/2023	18,546,824
4,500,000	United States Treasury Note, 1.500%, 8/31/2021	4,540,689
2,500,000	United States Treasury Note, 1.500%, 9/15/2022	2,558,022
900,000	United States Treasury Note, 1.750%, 12/31/2024	953,179
7,500,000	United States Treasury Note, 1.750%, 11/15/2029	8,101,469
1,000,000	United States Treasury Note, 2.000%, 10/31/2022	1,034,024
900,000	United States Treasury Note, 2.125%, 11/30/2024	965,486
50,000	United States Treasury Note, 2.250%, 11/15/2027	55,490
40,000	United States Treasury Note, 2.875%, 5/31/2025	44,502
300,000	United States Treasury Note, 2.875%, 5/15/2028	347,384
500,000	United States Treasury Note, 3.125%, 11/15/2028	591,660
	TOTAL	52,230,450
	TOTAL U.S. TREASURIES (IDENTIFIED COST \$64,181,520)	67,510,950
	COMMERCIAL MORTGAGE-BACKED SECURITIES—0.8%	
	<b>Agency Commercial Mortgage-Backed Securities—0.5%</b>	
1,826,820	Federal Home Loan Mortgage Corp. REMIC, Series K105, Class A1, 1.536%, 9/25/2029	1,885,704
790,000	FREMF Mortgage Trust 2015-K49 REMIC, Class B, 3.720%, 10/25/2048	859,449
	TOTAL	2,745,153
	<b>Commercial Mortgage—0.3%</b>	
85,000	Bank 2017-BN8, Class A4, 3.488%, 11/15/2050	96,902
800,000	Benchmark Mortgage Trust 2020-B19, Class A5, 1.850%, 9/15/2053	820,516
50,000	Commercial Mortgage Trust 2015-DC1, Class AM, 3.724%, 2/10/2048	54,362
1,000,000	Fontainebleau Miami Beach Trust, Class B, 3.447%, 12/10/2036	1,034,201
100,000	JPMDB Commercial Mortgage Securities Trust 2016-C4, Class A3, 3.141%, 12/15/2049	111,046
	TOTAL	2,117,027
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$4,686,061)	4,862,180
	FOREIGN GOVERNMENTS/AGENCIES—0.2%	
	<b>Sovereign—0.2%</b>	
600,000	Colombia, Government of, Sr. Unsecd. Note, 4.500%, 3/15/2029	693,750
600,000	Mexico, Government of, 3.750%, 1/11/2028	674,136
200,000	Poland, Government of, 4.000%, 1/22/2024	221,475
	TOTAL FOREIGN GOVERNMENTS/AGENCIES (IDENTIFIED COST \$1,434,800)	1,589,361
	MORTGAGE-BACKED SECURITIES—0.0%	
	<b>Federal National Mortgage Association—0.0%</b>	
21,958	Federal National Mortgage Association, Pool AO8829, 3.500%, 7/1/2042	23,838
	<b>Government National Mortgage Association—0.0%</b>	
5,333	Government National Mortgage Association, Pool 2796, 7.000%, 8/20/2029	6,080
3,250	Government National Mortgage Association, Pool 3040, 7.000%, 2/20/2031	3,754
9,241	Government National Mortgage Association, Pool 3188, 6.500%, 1/20/2032	10,682

Shares or Principal Amount		Value
	MORTGAGE-BACKED SECURITIES—continued	
	<b>Government National Mortgage Association—continued</b>	
\$ 10,654	Government National Mortgage Association, Pool 3239, 6.500%, 5/20/2032	\$ 12,372
	TOTAL	32,888
	TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$51,558)	56,726
	ADJUSTABLE RATE MORTGAGE—0.0%	
	<b>Federal National Mortgage Association—0.0%</b>	
2,452	<sup>3</sup> Federal National Mortgage Association ARM, 2.329%, 9/1/2037 (IDENTIFIED COST \$2,470)	2,578
	INVESTMENT COMPANIES—20.8%	
1,065,167	Bank Loan Core Fund	10,204,299
1,246,391	Emerging Markets Core Fund	13,049,717
3,450,059	Federated Hermes High Income Bond Fund II, Class P	22,114,880
1,050	Federated Hermes Short-Intermediate Government Fund, Institutional Shares	11,925
7,384,327	Federated Mortgage Core Portfolio	74,360,167
1,157,767	Project and Trade Finance Core Fund	10,223,086
	TOTAL INVESTMENT COMPANIES (IDENTIFIED COST \$123,296,148)	129,964,074
	REPURCHASE AGREEMENT—2.2%	
\$13,824,000	Interest in \$1,000,000,000 joint repurchase agreement 0.08%, dated 12/31/2020 under which Bank of Montreal will repurchase securities provided as collateral for \$1,000,008,889 on 1/4/2021. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 5/20/2069 and the market value of those underlying securities was \$1,022,038,963. (IDENTIFIED COST \$13,824,000)	13,824,000
	TOTAL INVESTMENT IN SECURITIES—99.6% (IDENTIFIED COST \$541,408,725) <sup>5</sup>	623,769,810
	OTHER ASSETS AND LIABILITIES - NET—0.4% <sup>6</sup>	2,191,438
	TOTAL NET ASSETS—100.0%	\$625,961,248

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

Description	Number of Contracts	Notional Value	Expiration Date	Value and Unrealized Appreciation (Depreciation)
<b>Long Futures:</b>				
<sup>1</sup> S&P 500 E-Mini Long Futures	865	\$162,135,600	March 2021	\$2,953,713
<sup>1</sup> United States Treasury Notes 5-Year Long Futures	69	\$ 8,705,320	March 2021	\$ 16,578
<sup>1</sup> United States Treasury Ultra Bond Long Futures	15	\$ 3,203,438	March 2021	\$ (62,260)
<b>Short Future:</b>				
<sup>1</sup> United States Treasury Notes 10-Year Short Futures	48	\$ 6,627,750	March 2021	\$ 1,023
NET UNREALIZED APPRECIATION ON FUTURES CONTRACTS				\$2,909,054

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

An affiliated company is a company in which the Fund, alone or in combination with other funds, has ownership of at least 5% of the voting shares. Transactions with affiliated companies during the year ended December 31, 2020, were as follows:

	Value as of 12/31/2019	Purchases at Cost	Proceeds from Sales	Change in Unrealized Appreciation/ Depreciation	Net Realized Gain/ (Loss)	Value as of 12/31/2020	Shares Held as of 12/31/2020	Dividend Income
<b>Health Care:</b>								
Akouos, Inc.	\$ —	\$242,570	\$ (151,674)	\$18,070	\$ 49,674	\$158,640	8,000	\$—
Frequency Therapeutics, Inc.	\$525,900	\$601,587	\$(1,323,861)	\$66,231	\$412,223	\$282,080	8,000	\$—
TOTAL OF AFFILIATED COMPANIES TRANSACTIONS	\$525,900	\$844,157	\$(1,475,535)	\$84,301	\$461,897	\$440,720	16,000	\$—

Affiliated fund holdings are investment companies which are managed by Federated Global Investment Management Corp., Federated Investment Management Company and Federated Equity Management Company of Pennsylvania (collectively, the “Co-Advisers”) or an affiliate of the Co-Advisers. Transactions with affiliated fund holdings during the period ended December 31, 2020, were as follows:

Affiliates	Value as of 12/31/2019	Purchases at Cost	Proceeds from Sales	Change in Unrealized Appreciation/ Depreciation	Net Realized Gain/ (Loss)	Value as of 12/31/2020	Shares Held as of 12/31/2020	Dividend Income
Bank Loan Core Fund	\$ 7,249,549	\$ 5,080,558	\$ (1,900,000)	\$ 9,610	\$(235,418)	\$ 10,204,299	1,065,167	\$ 280,542
Emerging Markets Core Fund	\$ 12,098,932	\$ 4,998,934	\$ (4,550,000)	\$ 472,650	\$ 29,201	\$ 13,049,717	1,246,391	\$ 648,983
Federated Hermes High Income Bond Fund II, Class P	\$ 17,136,381	\$10,246,383	\$ (5,950,000)	\$ 616,716	\$ 65,400	\$ 22,114,880	3,450,059	\$ 846,383
Federated Hermes Short- Intermediate Government Fund, Institutional Shares	\$ 11,276	\$ 162	\$ —	\$ 487	\$ —	\$ 11,925	1,050	\$ 184
Federated Mortgage Core Portfolio	\$ 83,776,815	\$24,359,910	\$(35,600,000)	\$1,015,647	\$ 807,795	\$ 74,360,167	7,384,326	\$2,060,167
Project and Trade Finance Core Fund	\$ 17,281,796	\$ 435,231	\$ (7,200,000)	\$ 163,540	\$(457,481)	\$ 10,223,086	1,157,767	\$ 435,484
<b>TOTAL OF AFFILIATED TRANSACTIONS</b>	<b>\$137,554,749</b>	<b>\$45,121,178</b>	<b>\$(55,200,000)</b>	<b>\$2,278,650</b>	<b>\$ 209,497</b>	<b>\$129,964,074</b>	<b>14,304,760</b>	<b>\$4,271,743</b>

1 Non-income-producing security.

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 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.

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 The cost of investments for federal tax purposes amounts to \$547,610,823.

6 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at December 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 December 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>Equity Securities:</b>				
Common Stocks				
Domestic	\$259,791,177	\$ —	\$841,272	\$260,632,449
International	12,247,480	180,315	—	12,427,795
<b>Debt Securities:</b>				
Corporate Bonds	—	132,899,697	—	132,899,697
U.S. Treasuries	—	67,510,950	—	67,510,950
Commercial Mortgage-Backed Securities	—	4,862,180	—	4,862,180
Foreign Governments/Agencies	—	1,589,361	—	1,589,361
Mortgage-Backed Securities	—	56,726	—	56,726
Adjustable Rate Mortgage	—	2,578	—	2,578
<b>Investment Companies<sup>1</sup></b>	119,740,988	—	—	129,964,074
<b>Repurchase Agreement</b>	—	13,824,000	—	13,824,000
<b>TOTAL SECURITIES</b>	<b>\$391,779,645</b>	<b>\$220,925,807</b>	<b>\$841,272</b>	<b>\$623,769,810</b>
<b>Other Financial Instruments<sup>2</sup></b>				
Assets	\$ 2,971,314	\$ —	\$ —	\$ 2,971,314
Liabilities	(62,260)	—	—	(62,260)
<b>TOTAL OTHER FINANCIAL INSTRUMENTS</b>	<b>\$ 2,909,054</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,909,054</b>

1 As permitted by U.S. generally accepted accounting principles (GAAP), an Investment Company valued at \$10,223,086 is measured at fair value using the net asset value (NAV) per share practical expedient and has not been categorized in the chart above but is included in the Total column. The amount included herein is intended to permit reconciliation of the fair value classifications to the amounts presented on the Statement of Assets and Liabilities. The price of shares redeemed of Project and Trade Finance Core Fund may be determined as of the closing NAV of the fund up to twenty-four days after receipt of a shareholder redemption request.

2 Other financial instruments are futures contracts.

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

- ADR —American Depositary Receipt
- ARM —Adjustable Rate Mortgage
- BKNT —Bank Notes
- FREMF—Freddie Mac Multifamily K-Deals
- GMTN —Global Medium Term Note
- 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 – Primary Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.30</b>	<b>\$9.60</b>	<b>\$10.80</b>	<b>\$9.52</b>	<b>\$9.29</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss) <sup>1</sup>	0.19	0.24	0.23	0.29	0.34
Net realized and unrealized gain (loss)	(0.13)	1.68	(1.13)	1.39	0.34
TOTAL FROM INVESTMENT OPERATIONS	0.06	1.92	(0.90)	1.68	0.68
<b>Less Distributions:</b>					
Distributions from net investment income	(0.27)	(0.22)	(0.30)	(0.40)	(0.45)
<b>Net Asset Value, End of Period</b>	<b>\$11.09</b>	<b>\$11.30</b>	<b>\$9.60</b>	<b>\$10.80</b>	<b>\$9.52</b>
<b>Total Return<sup>2</sup></b>	<b>0.93%</b>	<b>20.23%</b>	<b>(8.49)%</b>	<b>18.11%</b>	<b>7.69%</b>
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>3</sup>	0.92%	0.91%	0.89%	0.83%	0.79% <sup>4</sup>
Net investment income	1.82%	2.28%	2.26%	2.91%	3.72%
Expense waiver/reimbursement <sup>5</sup>	0.01%	0.02%	0.03%	0.09%	0.14%
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$586,281	\$651,498	\$632,957	\$621,804	\$563,745
Portfolio turnover	61%	47%	96%	71%	90%

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

2 Based on net asset value. Total returns do not reflect any additional fees or expenses that may be imposed by separate accounts of insurance companies or in connection with any variable annuity or variable life insurance contract.

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

4 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio was 0.79% for the year ended December 31, 2016, after taking into account these expense reductions.

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 – Service Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended December 31,		Period Ended
	2020	2019	12/31/2018 <sup>1</sup>
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.27</b>	<b>\$9.59</b>	<b>\$10.08</b>
<b>Income From Investment Operations:</b>			
Net investment income (loss) <sup>2</sup>	0.16	0.21	0.13
Net realized and unrealized gain (loss)	(0.12)	1.68	(0.62)
TOTAL FROM INVESTMENT OPERATIONS	0.04	1.89	(0.49)
<b>Less Distributions:</b>			
Distributions from net investment income	(0.22)	(0.21)	—
<b>Net Asset Value, End of Period</b>	<b>\$11.09</b>	<b>\$11.27</b>	<b>\$9.59</b>
<b>Total Return<sup>3</sup></b>	0.71%	19.92%	(4.86)%
<b>Ratios to Average Net Assets:</b>			
Net expenses <sup>4</sup>	1.17%	1.16%	1.15% <sup>5</sup>
Net investment income	1.57%	2.03%	1.91% <sup>5</sup>
Expense waiver/reimbursement <sup>6</sup>	0.01%	0.02%	0.02% <sup>5</sup>
<b>Supplemental Data:</b>			
Net assets, end of period (000 omitted)	\$39,680	\$44,161	\$44,037
Portfolio turnover	61%	47%	96% <sup>7</sup>

1 Reflects operations for the period from April 26, 2018 (date of initial investment) to December 31, 2018.

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

3 Based on net asset value. Total returns do not reflect any additional fees or expenses that may be imposed by separate accounts of insurance companies or in connection with any variable annuity or variable life insurance contract. Total returns for periods of less than one year are not annualized.

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

5 Computed on an annualized basis.

6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

7 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended December 31, 2018.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

December 31, 2020

## Assets:

Investment in securities, at value including \$129,964,074 of investment in affiliated holdings and \$440,720 of investment in affiliated companies* (identified cost \$541,408,725)	\$623,769,810
Cash	835
Due from broker (Note 2)	2,000
Income receivable	1,509,861
Income receivable from affiliated holdings	296,290
Receivable for investments sold	376,578
Receivable for shares sold	18,711
Receivable for variation margin on futures contracts	1,073,201
<b>TOTAL ASSETS</b>	<b>627,047,286</b>

## Liabilities:

Payable for investments purchased	300,179
Payable for shares redeemed	626,376
Payable for investment adviser fee (Note 5)	12,404
Payable for administrative fee (Note 5)	1,669
Payable for custodian fees	26,272
Payable for portfolio accounting fees	78,802
Payable for distribution services fee (Note 5)	8,321
Accrued expenses (Note 5)	32,015
<b>TOTAL LIABILITIES</b>	<b>1,086,038</b>
Net assets for 56,466,180 shares outstanding	\$625,961,248

## Net Assets Consist of:

Paid-in capital	\$588,024,559
Total distributable earnings (loss)	37,936,689
<b>TOTAL NET ASSETS</b>	<b>\$625,961,248</b>

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

### Primary Shares:

\$586,281,090 ÷ 52,887,537 shares outstanding, no par value, unlimited shares authorized	\$ 11.09
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### Service Shares:

\$39,680,158 ÷ 3,578,643 shares outstanding, no par value, unlimited shares authorized	\$ 11.09
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\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Year Ended December 31, 2020

## Investment Income:

Dividends (including \$4,271,743 received from affiliated holdings* and net of foreign taxes withheld of \$5,444)	\$ 10,971,589
Interest	5,944,782
<b>TOTAL INCOME</b>	<b>16,916,371</b>

## Expenses:

Investment adviser fee (Note 5)	4,636,543
Administrative fee (Note 5)	611,557
Custodian fees	50,018
Transfer agent fees	46,212
Directors'/Trustees' fees (Note 5)	4,309
Auditing fees	32,840
Legal fees	16,195
Portfolio accounting fees	187,616
Distribution services fee (Note 5)	97,173
Printing and postage	135,506
Miscellaneous (Note 5)	34,935
<b>TOTAL EXPENSES</b>	<b>5,852,904</b>
Reimbursement of investment adviser fee (Note 5)	(89,336)
Net expenses	5,763,568
Net investment income	11,152,803

## Realized and Unrealized Gain (Loss) on Investments, Foreign Currency Transactions, Futures Contracts and Written Options:

Net realized gain on investments (including net realized gain of \$671,394 on sales of investments in affiliated companies and holdings*)	13,550,335
Net realized gain on foreign currency transactions	27,996
Net realized loss on futures contracts	(37,729,994)
Net realized gain on written options	152,624
Net change in unrealized appreciation of investments (including net change in unrealized appreciation of \$2,362,951 on investments in affiliated companies and holdings*)	23,532,316
Net change in unrealized appreciation of translation of assets and liabilities in foreign currency	75
Net change in unrealized appreciation of futures contracts	(8,548,630)
Net change in unrealized depreciation of written options	(4,089)
Net realized and unrealized gain (loss) on investments, foreign currency transactions, futures contracts and written options	(9,019,367)
Change in net assets resulting from operations	<b>\$ 2,133,436</b>

\* 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

Year Ended December 31	2020	2019
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income (loss)	\$ 11,152,803	\$ 15,670,104
Net realized gain (loss)	(23,999,039)	24,776,133
Net change in unrealized appreciation/depreciation	14,979,672	87,210,130
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	2,133,436	127,656,367
<b>Distributions to Shareholders:</b>		
Primary Shares	(14,937,718)	(13,858,559)
Service Shares	(827,265)	(900,138)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(15,764,983)	(14,758,697)
<b>Share Transactions:</b>		
Proceeds from sale of shares	29,845,467	25,506,299
Net asset value of shares issued to shareholders in payment of distributions declared	15,764,983	14,758,695
Cost of shares redeemed	(101,676,772)	(134,498,167)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(56,066,322)	(94,233,173)
Change in net assets	(69,697,869)	18,664,497
<b>Net Assets:</b>		
Beginning of period	695,659,117	676,994,620
End of period	\$ 625,961,248	\$ 695,659,117

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

December 31, 2020

## 1. ORGANIZATION

Federated Hermes Insurance Series (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company. The Trust consists of six portfolios. The financial statements included herein are only those of Federated Hermes Managed Volatility Fund II (the “Fund”), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder’s interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers two classes of shares: Primary Shares and Service Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. Fund shares are available exclusively as a funding vehicle for life insurance companies writing variable life insurance policies and variable annuity contracts. The investment objective of the Fund is to achieve high current income and moderate capital appreciation. The Co-Advisers each are registered as a “commodity pool operator” with respect to operation of the Fund.

Prior to April 28, 2020, the names of the Trust and Fund were Federated Insurance Series and Federated Managed Volatility Fund II, respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with GAAP.

### Investment Valuation

In calculating its NAV, the Fund generally values investments as follows:

- 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.
- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund’s 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.
- 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, the Co-Advisers and certain of the Co-Advisers’ 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 Co-Advisers 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 Co-Advisers determine 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 Co-Advisers and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

Repurchase agreements are subject to Master Netting Agreements which are agreements between the Fund and its counterparties that provide for the net settlement of all transactions and collateral with the Fund, through a single payment, in the event of default or termination. Amounts presented on the Portfolio of Investments and Statement of Assets and Liabilities are not net settlement amounts but gross. As indicated above, the cash or securities to be repurchased, as shown on the Portfolio of Investments, exceeds the repurchase price to be paid under the agreement reducing the net settlement amount to zero.

### **Investment Income, Gains and Losses, Expenses and Distributions**

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Positive or negative inflation adjustments on Treasury Inflation-Protected Securities are included in interest income. Distributions of net investment income, if any, are declared and paid annually. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense reimbursement of \$89,336 is disclosed in Note 5.

Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses.

### **Federal Taxes**

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code (the "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 year ended December 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 December 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 seek to manage duration, market and yield curve 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 and short futures contracts held by the Fund throughout the period was \$151,690,586 and \$60,858,085, respectively. This is based on amounts held as of each month-end throughout 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 fiscal year end, resulting from changes in the exchange rate.

## Option Contracts

The Fund buys or sells put and call options to seek to manage market risks. The seller ("writer") of an option receives a payment or premium, from the buyer, which the writer keeps regardless of whether the buyer exercises the option. When the Fund writes a put or call option, an amount equal to the premium received is recorded as a liability and subsequently marked to market to reflect the current value of the option written. Premiums received from writing options which expire are treated as realized gains. The Fund, as a writer of an option, bears the market risk of an unfavorable change in the price of the underlying reference instrument. When the Fund purchases a put or call option, an amount equal to the premium paid is recorded as an increase to the cost of the investment and subsequently marked to market to reflect the current value of the option purchased. Premiums paid for purchasing options which expire are treated as realized losses. Premiums received/paid for writing/purchasing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying reference instrument to determine the realized gain or loss. The risk associated with purchasing put and call options is limited to the premium paid. Options can trade on securities or commodities exchanges. In this case, the exchange sets all the terms of the contract except for the price. Most exchanges require investors to maintain margin accounts through their brokers to cover their potential obligations to the exchange. This protects investors against potential defaults by the counterparty.

At December 31, 2020, the Fund had no outstanding purchased and written option contracts.

The average market value of purchased put and call options held by the Fund throughout the period was \$607,319 and \$1,122,823, respectively. This is based on amounts held as of each month-end throughout the fiscal period.

The average market value of written put and call options held by the Fund throughout the period was \$285,827 and \$338,142, respectively. This is based on amounts held as of each month-end throughout the fiscal period.

## Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Trustees. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Trustees.

## Additional Disclosure Related to Derivative Instruments

### Fair Value of Derivative Instruments

	Assets	
	Statement of Assets and Liabilities Location	Fair Value
Derivatives not accounted for as hedging instruments under ASC Topic 815		
Interest rate contracts	Receivable for variation margin on futures contracts	\$ (44,659)*
Equity contracts	Receivable for variation margin on futures contracts	2,953,713*
Total derivatives not accounted for as hedging instruments under ASC Topic 815		\$2,909,054

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

### The Effect of Derivative Instruments on the Statement of Operations for the Year Ended December 31, 2020

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

	Futures Contracts	Purchased Options Contracts <sup>1</sup>	Written Options Contracts	Total
Interest rate contracts	\$ 791,058	\$ —	\$ —	\$ 791,058
Equity contracts	(38,521,052)	4,728,361	152,624	(33,640,067)
TOTAL	\$(37,729,994)	\$4,728,361	\$152,624	\$(32,849,009)

1 The net realized gain on Purchased Option Contracts is found within the Net realized gain on investments on the Statement of Operations.

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

	Futures Contracts	Purchased Options Contracts <sup>2</sup>	Written Options Contracts	Total
Interest rate contracts	\$ 167,515	\$ —	\$ —	\$ 167,515
Equity contracts	(8,716,145)	31,904	(4,089)	(8,688,330)
TOTAL	\$(8,548,630)	\$31,904	\$(4,089)	\$(8,520,815)

2 The net change in unrealized depreciation of Purchased Option Contracts is found within the Net change in unrealized appreciation of investments on the Statement of Operations.

### 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:

Primary Shares:	Year Ended 12/31/2020		Year Ended 12/31/2019	
	Shares	Amount	Shares	Amount
Shares sold	2,708,594	\$ 27,733,700	2,373,923	\$ 24,532,576
Shares issued to shareholders in payment of distributions declared	1,577,373	14,937,718	1,369,423	13,858,559
Shares redeemed	(9,062,173)	(95,024,537)	(12,039,584)	(125,610,367)
NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS	(4,776,206)	\$(52,353,119)	(8,296,238)	\$( 87,219,232)

Service Shares:	Year Ended 12/31/2020		Year Ended 12/31/2019	
	Shares	Amount	Shares	Amount
Shares sold	209,920	\$ 2,111,767	94,757	\$ 973,723
Shares issued to shareholders in payment of distributions declared	87,172	827,265	88,946	900,136
Shares redeemed	(635,596)	(6,652,235)	(858,584)	(8,887,800)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	(338,504)	\$( 3,713,203)	(674,881)	\$( 7,013,941)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(5,114,710)	\$(56,066,322)	(8,971,119)	\$( 94,233,173)

### 4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended December 31, 2020 and 2019, was as follows:

	2020	2019
Ordinary income	\$15,764,983	\$14,758,697

As of December 31, 2020, the components of distributable earnings on a tax-basis were as follows:

Undistributed ordinary income	\$ 11,448,269
Net unrealized appreciation	\$ 75,706,771
Capital loss carryforwards	\$(49,218,351)

The difference between book-basis and tax-basis net unrealized appreciation is attributable to the differing treatments for discount accretion/premium amortization on debt securities, deferral of losses on wash sales, straddle loss deferrals and mark-to-market of futures contracts.

At December 31, 2020, the cost of investments for federal tax purposes was \$547,610,823. The net unrealized appreciation of investments for federal tax purposes was \$75,706,696. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$82,980,802 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$7,274,106. The amounts presented are inclusive of derivative contracts.

As of December 31, 2020, the Fund had a capital loss carryforward of \$49,218,351 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, these net capital losses retain their character as either short-term or long-term and do not expire.

The following schedule summarizes the Fund's capital loss carryforwards:

Short-Term	Long-Term	Total
\$14,831,773	\$34,386,578	\$49,218,351

At December 31, 2020, for federal income tax purposes, the Fund had \$452,291 in straddle loss deferrals.

As a result of the August 2018 tax-free transfer of assets from Federated Managed Tail Risk Fund II, certain capital loss carryforwards listed above may be limited.

### 5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

#### Investment Adviser Fee

The co-advisory agreement between the Fund and the Co-Advisers provides for an annual fee equal to 0.75% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Co-Advisers may voluntarily choose to waive any portion of their fee. The Co-Advisers have agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the year ended December 31, 2020, the Co-Advisers reimbursed \$89,336.

## 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

In addition to the fees described above, the Fund agrees to pay FAS an annual Administrative Service Charge of \$125,000 for administrative and compliance services related to commodities Futures Trading Commission Rule 4.5. Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended December 31, 2020, the annualized fee paid to FAS was 0.099% 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 Service Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at 0.25% of average daily net assets, annually, to compensate FSC. For the year ended December 31, 2020, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Service Shares	\$97,173

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the year ended December 31, 2020, FSC did not retain any fees paid by the Fund.

## Expense Limitation

The Co-Advisers and certain of their affiliates (which may include FAS and FSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy related expenses paid by the Fund, if any) paid by the Fund's Primary Shares and Service Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.95% and 1.20% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) June 1, 2021; or (b) the date of the Fund's next effective Prospectus. While the Co-Advisers and their 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.

## Interfund Transactions

During the year ended December 31, 2020, the Fund engaged in sale transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees and/or common Officers. These sale transactions complied with Rule 17a-7 under the Act and amounted to \$309,680. Net realized gain recognized on these transactions was \$54,710.

## 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 Co-Advisers 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 year ended December 31, 2020, were as follows:

Purchases	\$302,820,521
Sales	\$330,646,695

## **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 December 31, 2020, the Fund had no outstanding loans. During the year ended December 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 December 31, 2020, there were no outstanding loans. During the year ended December 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.

## **10. FEDERAL TAX INFORMATION (UNAUDITED)**

Of the ordinary income distributions made by the Fund during the year ended December 31, 2020, 41.91% qualify for the dividend received deduction available to corporate shareholders.



# Report of Independent Registered Public Accounting Firm

## TO THE BOARD OF TRUSTEES OF FEDERATED HERMES INSURANCE SERIES AND SHAREHOLDERS OF FEDERATED HERMES MANAGED VOLATILITY FUND II:

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the Federated Hermes Managed Volatility Fund II (formerly, Federated Managed Volatility Fund II) (the “Fund”), a portfolio of Federated Hermes Insurance Series (formerly, Federated Insurance Series), as of December 31, 2020, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two year period then ended, and the related notes (collectively, the “financial statements”) and the financial highlights for each of the years or periods in the five year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two year period then ended, and the financial highlights for each of the years or periods in the five year period then ended, in conformity with U.S. generally accepted accounting principles.

### Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2020, by correspondence with the custodian and brokers, or by other appropriate auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

**KPMG LLP**

We have served as the auditor of one or more of Federated Hermes’ investment companies since 2006.

Boston, Massachusetts  
February 16, 2021

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds used as variable investment options. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from July 1, 2020 to December 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. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds.

	Beginning Account Value 7/1/2020	Ending Account Value 12/31/2020	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Primary Shares	\$1,000	\$1,111.20	\$4.88
Service Shares	\$1,000	\$1,109.00	\$6.20
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Primary Shares	\$1,000	\$1,020.51	\$4.67
Service Shares	\$1,000	\$1,019.25	\$5.94

<sup>1</sup> Expenses are equal to the Fund’s annualized net expense ratios, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half-year period). The expenses shown in the table do not include the charges and expenses imposed by the insurance company under the variable insurance product contract. Please refer to the variable insurance product prospectus for a complete listing of these expenses. The annualized net expense ratios are as follows:

Primary Shares	0.92%
Service Shares	1.17%

## Board of Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are "interested persons" of the Fund (i.e., "Interested" Trustees) and those who are not (i.e., "Independent" Trustees). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222-3779. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2020, the Trust comprised six portfolio(s), and the Federated Hermes Fund Family consisted of 41 investment companies (comprising 163 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund's Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

### INTERESTED TRUSTEES BACKGROUND

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
<b>J. Christopher Donahue*</b> Birth Date: April 11, 1949 TRUSTEE Indefinite Term Began serving: September 1993	<b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of the Funds in the Federated Hermes Fund Family; President, Chief Executive Officer and Director, Federated Hermes, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.  <b>Previous Positions:</b> President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd.
<b>Thomas R. Donahue*</b> Birth Date: October 20, 1958 TRUSTEE Indefinite Term Began serving: May 2016	<b>Principal Occupations:</b> Director or Trustee of certain of the funds in the Federated Hermes Fund Family; Chief Financial Officer, Treasurer, Vice President and Assistant Secretary, Federated Hermes, Inc.; Chairman and Trustee, Federated Administrative Services; Chairman and Director, Federated Administrative Services, Inc.; Trustee and Treasurer, Federated Advisory Services Company; Director or Trustee and Treasurer, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, and Federated Investment Management Company; Director, MDTA LLC; Director, Executive Vice President and Assistant Secretary, Federated Securities Corp.; Director or Trustee and Chairman, Federated Services Company and Federated Shareholder Services Company; and Director and President, FII Holdings, Inc.  <b>Previous Positions:</b> Director, Federated Hermes, Inc.; Assistant Secretary, Federated Investment Management Company, Federated Global Investment Management Company and Passport Research, LTD; Treasurer, Passport Research, LTD; Executive Vice President, Federated Securities Corp.; and Treasurer, FII Holdings, Inc.

\* Family relationships and reasons for "interested" status: J. Christopher Donahue and Thomas R. Donahue are brothers. Both are "interested" due to their beneficial ownership of shares of Federated Hermes, Inc. and the positions they hold with Federated Hermes, Inc. and its subsidiaries.

### INDEPENDENT TRUSTEES BACKGROUND

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>John T. Collins</b> Birth Date: January 24, 1947 TRUSTEE Indefinite Term Began serving: October 2013	<b>Principal Occupations:</b> Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Hermes Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).  <b>Other Directorships Held:</b> Chairman of the Board of Directors, Director, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).  <b>Qualifications:</b> Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).

Name Birth Date Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>G. Thomas Hough</b> Birth Date: February 28, 1955 TRUSTEE Indefinite Term Began serving: August 2015	<p><b>Principal Occupations:</b> Director or Trustee, Chair of the Audit Committee of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst &amp; Young LLP (public accounting firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, Chair of the Audit Committee, Equifax, Inc.; Director, Member of the Audit Committee, Haverly Furniture Companies, Inc.; formerly, Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.</p> <p><b>Qualifications:</b> Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst &amp; Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p>
<b>Maureen Lally-Green</b> Birth Date: July 5, 1949 TRUSTEE Indefinite Term Began serving: August 2009	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor Emerita of Law, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p><b>Other Directorships Held:</b> Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p><b>Qualifications:</b> Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania to serve on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; Director and Chair, North Catholic High School, Inc.; and Director and Vice Chair, Our Campaign for the Church Alive!, Inc.</p>
<b>Thomas M. O'Neill</b> Birth Date: June 14, 1951 TRUSTEE Indefinite Term Began serving: August 2006	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p>
<b>Madelyn A. Reilly</b> Birth Date: February 2, 1956 TRUSTEE Indefinite Term Began serving: November 2020	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Senior Vice President for Legal Affairs, General Counsel and Secretary of the Board of Trustees, Duquesne University.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Ms. Reilly has served in various business and legal management roles throughout her career. Ms. Reilly previously served as Director of Risk Management and Associate General Counsel, Duquesne University. Prior to her work at Duquesne University, Ms. Reilly served as Assistant General Counsel of Compliance and Enterprise Risk as well as Senior Counsel of Environment, Health and Safety, PPG Industries.</p>
<b>P. Jerome Richey</b> Birth Date: February 23, 1949 TRUSTEE Indefinite Term Began serving: October 2013	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CONSOL Energy Inc. (now split into two separate publicly traded companies known as CONSOL Energy Inc. and CNX Resources Corp.).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CONSOL Energy Inc. and CNX Gas Company; and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll &amp; Rooney PC (a law firm).</p>

<b>Name</b>	<b>Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications</b>
<b>John S. Walsh</b> Birth Date: November 28, 1957 TRUSTEE Indefinite Term Began serving: January 1999	<b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.  <b>Other Directorships Held:</b> None.  <b>Qualifications:</b> Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh & Kelly, Inc. (paving contractors).

## OFFICERS

<b>Name</b>	<b>Principal Occupation(s) for Past Five Years and Previous Position(s)</b>
<b>Lori A. Hensler</b> Birth Date: January 6, 1967 TREASURER Officer since: April 2013	<b>Principal Occupations:</b> Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.  <b>Previous Positions:</b> Controller of Federated Hermes, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.
<b>Peter J. Germain</b> Birth Date: September 3, 1959 CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	<b>Principal Occupations:</b> Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Hermes Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Hermes, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated Hermes, Inc. in 1984 and is a member of the Pennsylvania Bar Association.  <b>Previous Positions:</b> Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Hermes, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Hermes, Inc.
<b>John B. Fisher</b> Birth Date: May 16, 1956 PRESIDENT Officer since: November 2004	<b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of certain of the Funds in the Federated Hermes Fund Family; Vice President, Federated Hermes, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President and CEO of Passport Research, Ltd.; President of some of the Funds in the Federated Fund Complex and Director, Federated Investors Trust Company.  <b>Previous Positions:</b> President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Hermes, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.
<b>Stephen Van Meter</b> Birth Date: June 5, 1975 CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	<b>Principal Occupations:</b> Senior Vice President and Chief Compliance Officer of the Federated Hermes Fund Family; Vice President and Chief Compliance Officer of Federated Hermes, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated Hermes, Inc. in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.  <b>Previous Positions:</b> Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Hermes, Inc. Prior to joining Federated Hermes, Inc., Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.
<b>Stephen F. Auth</b> Birth Date: September 13, 1956 101 Park Avenue 41 <sup>st</sup> Floor New York, NY 10178 CHIEF INVESTMENT OFFICER Officer since: November 2002	<b>Principal Occupations:</b> Stephen F. Auth is Chief Investment Officer of various Funds in the Federated Hermes Fund Family; Executive Vice President, Federated Investment Counseling, Federated Global Investment Management Corp. and Federated Equity Management Company of Pennsylvania.  <b>Previous Positions:</b> Executive Vice President, Federated Investment Management Company and Passport Research, Ltd. (investment advisory subsidiary of Federated); Senior Vice President, Global Portfolio Management Services Division; Senior Vice President, Federated Investment Management Company and Passport Research, Ltd.; Senior Managing Director and Portfolio Manager, Prudential Investments.

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<b>Name</b> <b>Birth Date</b> <b>Address</b> <b>Positions Held with Trust</b> <b>Date Service Began</b>	<b>Principal Occupation(s) for Past Five Years</b> <b>and Previous Position(s)</b>
<b>Robert J. Ostrowski</b> Birth Date: April 26, 1963 CHIEF INVESTMENT OFFICER Officer since: May 2004	<b>Principal Occupations:</b> Robert J. Ostrowski joined Federated Hermes, Inc. in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated Hermes' taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.
<b>Deborah A. Cunningham</b> Birth Date: September 15, 1959 CHIEF INVESTMENT OFFICER Officer since: June 2012	<b>Principal Occupations:</b> Deborah A. Cunningham was named Chief Investment Officer of Federated Hermes' money market products in 2004. She joined Federated Hermes in 1981 and has been a Senior Portfolio Manager since 1997 and an Executive Vice President of the Fund's Adviser since 2009. Ms. Cunningham has received the Chartered Financial Analyst designation and holds an M.S.B.A. in Finance from Robert Morris College.

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# Evaluation and Approval of Advisory Contract – May 2020

## **FEDERATED HERMES MANAGED VOLATILITY FUND II (THE “FUND”)**

### **(FORMERLY, FEDERATED MANAGED VOLATILITY FUND II)**

At its meetings in May 2020 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Global Investment Management Corp., Federated Investment Management Company and Federated Equity Management Company of Pennsylvania under which they will serve as co-advisers to the Fund (the “Co-Advisers”), for an additional one-year term (the “Contract”). 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 materials and information covering the following matters, as among others: the Co-Advisers’ 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 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 Co-Advisers and their affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Co-Advisers 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 Board’s 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 a fund board's approval of the fund's investment advisory contract 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. Also, in weighing these factors, the Board considered the aggregate advisory fee paid by the Fund for the services of all Co-Advisers in addition to considering the allocation of that aggregate fee among the Co-Advisers and the rationale for that allocation.

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 Co-Advisers and the resources of the Co-Advisers and their affiliates dedicated to the Fund. In particular, the Board considered the services provided by the Co-Advisers in the aggregate, to the extent that the Co-Advisers collaborate in the implementation of the Fund's strategy, as well as separately, to the extent to which specific services provided by a Co-Adviser are distinguishable and subject to meaningful assessment. In this regard, the Board evaluated, among other things, the Co-Advisers' 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 Co-Advisers' ability and experience in attracting and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Co-Advisers and the compliance-related resources devoted by the Co-Advisers and its affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including the Co-Advisers' 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 Co-Advisers are executing the Fund's investment program. The Co-Advisers' ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent, and quality of the Co-Advisers' 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 Co-Advisers' 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 Co-Advisers 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. In this connection, the Board considered that the longevity and experience of the Fund's portfolio management team and their extensive bottom-up approach to investing may limit the utility of comparisons to other equity mutual funds.

For the one-year, three-year and five-year periods ended December 31, 2019, the Fund's performance was above the median of the relevant Performance Peer Group.

Following such evaluation, and full deliberations, the Board concluded that the performance of the Fund supported renewal of the Contract.

### **Fund Expenses**

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board has found the use of such comparisons to be relevant to its deliberations. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by Morningstar (the "Expense Peer Group"). The Board received a description of the methodology used to select the Expense Peer Group from the overall Morningstar category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because such comparisons are believed to be more relevant. The Board considered that other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's investors. The Board noted that the range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate and other expenses relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was below the median of the relevant 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) 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 Fund's 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 Fund to be competitive in the marketplace, the Co-Advisers and their 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 investment advisory contract between the Fund and the Co-Advisers provides for payment of a single advisory fee by the Fund for all services provided by the Co-Advisers. The investment advisory contract permits the Co-Advisers to allocate the advisory fee in a manner commensurate with the services they provide to the Fund. Throughout the year, as well as in connection with its May Meetings, the Board considered the fee allocation and analyzed whether the allocation of fees among the Co-Advisers continued to be a reasonable proxy for and measurement of the level of resources and services provided by each Co-Adviser toward the management of the Fund. The Board considered Federated Hermes’ previous reductions in contractual management fees to certain Federated Hermes Funds during the prior year, including in response to the CCO’s recommendations in the prior year’s CCO Fee Evaluation Report.

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 Federated Hermes 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 Co-Advisers and their 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 Co-Advisers’ industry standing and reputation and with the expectation that the Co-Advisers 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 Co-Advisers 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 Co-Advisers and their 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 arrangements.

## Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Insurance Series (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Managed Volatility Fund II (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://FederatedInvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://sec.gov).

## Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [sec.gov](https://sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund and share class name at [FederatedInvestors.com](https://FederatedInvestors.com).

*Variable investment options are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in variable investment options involves investment risk, including the possible loss of principal.*

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.



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