

Semi-Annual Shareholder Report

February 28, 2023



Share Class | Ticker

Institutional | FHCOX

Federated Hermes Conservative Microshort Fund

Fund Established 2021

A Portfolio of Federated Hermes Adviser Series

Dear Valued Shareholder,

We are pleased to present the Semi-Annual Shareholder Report for your fund covering the period from September 1, 2022 through February 28, 2023. This report includes a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

As a global leader in active, responsible investment management, Federated Hermes is guided by our conviction that responsible investing is the best way to create wealth over the long term. The company provides capabilities across a wide range of asset classes to investors around the world.

In addition, [FederatedInvestors.com](https://www.federatedinvestors.com) offers quick and easy access to valuable resources that include timely fund updates, economic and market insights from our investment strategists and financial planning tools. You can also access many of those insights by following us on Twitter (@FederatedHermes) and LinkedIn.

Thank you for investing with us. We hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in cursive script, reading "J. Christopher Donahue".

J. Christopher Donahue, President

Not FDIC Insured • May Lose Value • No Bank Guarantee

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Portfolio of Investments Summary Table (unaudited)

At February 28, 2023, the Fund's portfolio composition¹ was as follows:

Security Type	Percentage of Total Net Assets
Commercial Paper	25.3%
Asset-Backed Securities	20.7%
Certificates of Deposit	4.4%
Corporate Bond	1.5%
Cash Equivalents ²	22.0%
Repurchase Agreements	3.6%
Other Repurchase Agreements	25.8%
Other Assets and Liabilities—Net ³	(3.3)%
TOTAL	100%

1 See the Fund's Prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests.

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

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

Portfolio of Investments

February 28, 2023 (unaudited)

Principal Amount or Shares		Value
	COMMERCIAL PAPER—25.3%	
	Banking—1.4%	
\$ 1,500,000	National Australia Bank Ltd., Melbourne, 3.844%, 6/15/2023	\$ 1,478,363
	Electric Power—14.1%	
5,300,000	Avangrid, Inc., 4.706%, 3/2/2023	5,298,598
5,200,000	Duke Energy Corp., 4.685%, 3/7/2023	5,195,197
4,000,000	EverSource Energy, 4.798%, 3/6/2023	3,996,916
	TOTAL	14,490,711
	Energy - Midstream—4.9%	
5,000,000	Energy Transfer LP, 5.251%, 3/1/2023	4,999,297
	Food & Beverage—4.9%	
5,000,000	Mondelez International, Inc., 4.731%, 3/1/2023	4,999,339
	TOTAL COMMERCIAL PAPER (IDENTIFIED COST \$25,976,249)	25,967,710
	ASSET-BACKED SECURITIES—20.7%	
	Auto Receivables—11.2%	
384,633	Chase Auto Credit Linked Notes 2020-2, Class C, 1.139%, 2/25/2028	375,862
139,430	Chase Auto Credit Linked Notes 2020-2, Class D, 1.487%, 2/25/2028	136,156
1,530,000	General Motors 2020-1, Class A, 0.680%, 8/15/2025	1,498,446
1,500,000	Harley-Davidson Motorcycle Trust 2023-A, Class A2A, 5.320%, 6/15/2026	1,500,110
975,771	¹ Hyundai Auto Lease Securitization Trust 2022 - C, Class A2B, 5.101% (30-DAY AVERAGE SOFR +0.700%), 1/15/2025	977,238
234,657	Santander Bank Auto Credit-Linked Notes 2021-1A, Class B, 1.833%, 12/15/2031	226,754
1,148,224	Santander Bank Auto Credit-Linked Notes 2022-B, Class C, 0.000%, 8/16/2032	1,141,302
58,204	Santander Drive Auto Receivables Trust 2022-2, Class A2, 2.120%, 10/15/2026	58,133
850,000	Santander Drive Auto Receivables Trust 2022-6, Class B, 4.720%, 6/15/2027	836,043
888,747	Santander Retail Auto Lease Trust 2020-A, Class D, 2.520%, 11/20/2024	887,109
81,590	Tesla Auto Lease Trust 2020-A, Class B, 1.180%, 1/22/2024	81,414
3,000,000	Tesla Auto Lease Trust 2020-A, Class D, 2.330%, 2/20/2024	2,989,637
725,000	World Omni Auto Receivables Trust 2019-A, Class D, 2.590%, 12/15/2025	711,023
	TOTAL	11,419,227
	Credit Card—2.4%	
2,000,000	Evergreen Credit Card Trust 2022-CRT1, Class C, 6.190%, 7/15/2026	1,948,378
550,000	Evergreen Credit Card Trust 2022-CRT2 C, Class C, 7.440%, 11/16/2026	541,859
	TOTAL	2,490,237

Principal Amount or Shares		Value
	ASSET-BACKED SECURITIES—continued	
	Equipment Lease—3.2%	
\$ 3,000,000	Dell Equipment Finance Trust 2020-2, Class D, 1.920%, 3/23/2026	\$ 2,975,739
300,000	Dell Equipment Finance Trust 2021-1, Class D, 1.030%, 11/23/2026	291,496
	TOTAL	3,267,235
	Other—3.9%	
625,000	DLLAD LLC 2023-1A, Class A2, 5.190%, 4/20/2026	624,686
1,500,000	¹ PFS Financing Corp. 2022-B, Class B, 5.251% (30-DAY AVERAGE SOFR +0.850%), 2/15/2026	1,492,448
282,222	Sofi Consumer Loan Program Trust 2021-1, Class A, 0.490%, 9/25/2030	276,970
1,626,741	Sofi Consumer Loan Program Trust 2022-1S, Class A, 6.210%, 4/15/2031	1,624,548
	TOTAL	4,018,652
	Student Loans—0.0%	
20,239	Navient Student Loan Trust 2018-A, Class A2, 3.190%, 2/18/2042	20,038
	TOTAL ASSET-BACKED SECURITIES (IDENTIFIED COST \$21,436,317)	21,215,389
	CERTIFICATES OF DEPOSIT—4.4%	
	Banking—4.4%	
3,000,000	¹ Bank of Montreal, 5.200% (SOFR +0.650%), 3/1/2023	3,004,993
1,500,000	Toronto Dominion Bank, 4.070%, 7/18/2023	1,494,459
	TOTAL CERTIFICATES OF DEPOSIT (IDENTIFIED COST \$4,500,000)	4,499,452
	CORPORATE BOND—1.5%	
	Finance - Automotive—1.5%	
1,500,000	Toyota Motor Credit Corp., Sr. Unsecd. Note, Series MTN, 5.122% (SOFR +0.650%), 12/29/2023 (IDENTIFIED COST \$1,500,000)	1,505,689
	OTHER REPURCHASE AGREEMENTS—25.8%	
5,295,000	BNP Paribas S.A. 4.65%, dated 2/28/2023, interest in a \$350,000,000 collateralized loan agreement will repurchase securities provided as collateral for \$350,045,208 on 3/1/2023, in which asset-backed securities, corporate bonds and sovereign debt with a market value of \$357,046,113 have been received as collateral and held with BNY Mellon as tri-party agent.	5,295,000
5,295,000	ING Financial Markets LLC, 4.64%, dated 2/28/2023, interest in a \$50,000,000 collateralized loan agreement will repurchase securities provided as collateral for \$50,006,444 on 3/1/2023, in which corporate bonds with a market value of \$51,006,737 have been received as collateral and held with BNY Mellon as tri-party agent.	5,295,000
5,295,000	MUFG Securities Americas, Inc., 4.72%, dated 2/28/2023, interest in a \$300,000,000 collateralized loan agreement will repurchase securities provided as collateral for \$300,039,333 on 3/1/2023, in which American depositary receipts, common stocks, corporate bonds, exchange traded funds and unit investment trust with a market value of \$306,040,996 have been received as collateral and held with BNY Mellon as tri-party agent.	5,295,000

Principal Amount or Shares		Value
	OTHER REPURCHASE AGREEMENTS—continued	
\$ 5,295,000	Societe Generale, Paris 4.72%, dated 2/28/2023, interest in a \$650,000,000 collateralized loan agreement will repurchase securities provided as collateral for \$650,085,222 on 3/1/2023, in which asset-backed securities, corporate bonds, collateralized mortgage obligations, medium-term notes and sovereign debt with a market value of \$663,086,974 have been received as collateral and held with BNY Mellon as tri-party agent.	\$ 5,295,000
5,295,000	Standard Chartered Bank, 4.63%, dated 2/28/2023, interest in a \$150,000,000 collateralized loan agreement will repurchase securities provided as collateral for \$150,019,292 on 3/1/2023, in which U.S. Government Agency securities with a market value of \$153,019,678 have been received as collateral and held with BNY Mellon as tri-party agent.	5,295,000
	TOTAL OTHER REPURCHASE AGREEMENTS (IDENTIFIED COST \$26,475,000)	26,475,000
	REPURCHASE AGREEMENT—3.6%	
3,682,000	Interest in \$2,000,000,000 joint repurchase agreement 4.55%, dated 2/28/2023 under which Sumitomo Mitsui Banking Corp. will repurchase securities provided as collateral for \$2,000,252,778 on 3/1/2023. 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 10/20/2052 and the market value of those underlying securities was \$2,040,257,833. (IDENTIFIED COST \$3,682,000)	3,682,000
	INVESTMENT COMPANY—22.0%	
22,614,490	Federated Hermes Institutional Money Market Management, Institutional Shares, 4.66% ² (IDENTIFIED COST \$22,608,467)	22,607,705
	TOTAL INVESTMENT IN SECURITIES—103.3% (IDENTIFIED COST \$106,178,033) ³	105,952,945
	OTHER ASSETS AND LIABILITIES - NET—(3.3)% ⁴	(3,402,760)
	TOTAL NET ASSETS—100%	\$102,550,185

Transactions with affiliated investment companies, which are funds managed by the Adviser or an affiliate of the Adviser, during the period ended February 28, 2023, were as follows:

	Federated Hermes Institutional Money Market Management, Institutional Shares
Value as of 8/31/2021	\$22,600,921
Purchases at Cost	\$ —
Proceeds from Sales	\$ —
Change in Unrealized Appreciation/Depreciation	\$ 6,784
Net Realized Gain/(Loss)	\$ —
Value as of 2/28/2023	\$22,607,705
Shares Held as of 2/28/2023	22,614,490
Dividend Income	\$ 458,879

The Fund invests in Federated Hermes Institutional Money Market Management (MMM), a diversified portfolio of Federated Hermes Money Market Obligations Trust (MMOT) which is also managed by the Adviser. MMOT is an open-end management investment company, registered under the Investment Company Act of 1940, as amended. The investment objective of MMM is to provide current income consistent with stability of principal. Income distributions from MMM are declared daily and paid monthly. All income distributions are recorded by the Fund as dividend income. Capital gain distributions of MMM, if any, are declared and paid annually, and are recorded by the Fund as capital gains received. At February 28, 2023, MMM represents 22.0% of the Fund's net assets. Therefore, the performance of the Fund is directly affected by the performance of MMM. Copies of MMM's financial statements are available on the EDGAR Database on the SEC's website or upon request from the Fund.

- 1 *Floating/variable note with current rate and current maturity or next reset date shown.*
- 2 *7-day net yield.*
- 3 *Also represents cost of investments for federal tax purposes.*
- 4 *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 February 28, 2023.

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 February 28, 2023, 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
Debt Securities:				
Commercial Paper	\$ —	\$25,967,710	\$—	\$ 25,967,710
Asset-Backed Securities	—	21,215,389	—	21,215,389
Certificates of Deposit	—	4,499,452	—	4,499,452
Corporate Bond	—	1,505,689	—	1,505,689
Other Repurchase Agreements	—	26,475,000	—	26,475,000
Repurchase Agreements	—	3,682,000	—	3,682,000
Investment Company	22,607,705	—	—	22,607,705
TOTAL SECURITIES	\$22,607,705	\$83,345,240	\$—	\$105,952,945

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

MTN —Medium Term Note

SOFR—Secured Overnight Financing Rate

See Notes which are an integral part of the Financial Statements

Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 2/28/2023	Year Ended 8/31/2022	Period Ended 8/31/2021 ¹
Net Asset Value, Beginning of Period	\$9.94	\$10.02	\$10.00
Income From Investment Operations:			
Net investment income (loss)	0.18	0.07	0.01
Net realized and unrealized gain (loss)	0.01	(0.08)	0.03
TOTAL FROM INVESTMENT OPERATIONS	0.19	(0.01)	0.04
Less Distributions:			
Distributions from net investment income	(0.18)	(0.07)	(0.02)
Net Asset Value, End of Period	\$9.95	\$9.94	\$10.02
Total Return²	1.88%	(0.10)%	0.36%
Ratios to Average Net Assets:			
Net expenses ³	0.07% ⁴	0.05%	0.04% ⁴
Net investment income	3.70% ⁴	0.73%	0.23% ⁴
Expense waiver/reimbursement ⁵	0.46% ⁴	0.55%	1.15% ⁴
Supplemental Data:			
Net assets, end of period (000 omitted)	\$102,550	\$61,280	\$71,621
Portfolio turnover ⁶	10%	37%	26%

- 1 Reflects operations for the period from February 3, 2021 (commencement of operations) to August 31, 2021.
- 2 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 4 Computed on an annualized basis.
- 5 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 6 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

February 28, 2023 (unaudited)

Assets:

Investment in repurchase agreements	\$ 30,157,000
Investment in securities	75,795,945
Investment in securities, at value including \$22,607,705 of investments in affiliated holdings* (identified cost \$106,178,033, including \$22,608,467 of identified cost in affiliated holdings)	105,952,945
Cash	1,512
Income receivable	29,419
Income receivable from affiliated holdings	160,614
Receivable for shares sold	52,000
Prepaid expenses	40,148
TOTAL ASSETS	106,236,638

Liabilities:

Payable for shares redeemed	3,518,828
Income distribution payable	134,593
Payable to adviser (Note 5)	1,425
Payable for administrative fee (Note 5)	226
Accrued expenses (Note 5)	31,381
TOTAL LIABILITIES	3,686,453
Net assets for 10,305,959 shares outstanding	\$102,550,185

Net Assets Consist of:

Paid-in capital	\$102,775,199
Total distributable earnings (loss)	(225,014)
TOTAL NET ASSETS	\$102,550,185

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

Net asset value per share ($\$102,550,185 \div 10,305,959$ shares outstanding), no par value, unlimited shares authorized	\$9.95
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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

Six Months Ended February 28, 2023 (unaudited)

Investment Income:

Interest	\$1,350,895
Dividends (including \$458,879 received from affiliated holdings*)	421,655
TOTAL INCOME	1,772,550

Expenses:

Investment adviser fee (Note 5)	117,706
Administrative fee (Note 5)	37,029
Custodian fees	6,233
Transfer agent fees	3,733
Directors'/Trustees' fees (Note 5)	469
Auditing fees	15,053
Legal fees	5,017
Portfolio accounting fees	28,464
Share registration costs	15,030
Printing and postage	8,992
Miscellaneous (Note 5)	10,723
TOTAL EXPENSES	248,449

Waiver and Reimbursement:

Waiver of investment adviser fee (Note 5)	(117,706)
Reimbursement of other operating expenses (Note 5)	(98,714)
TOTAL WAIVER AND REIMBURSEMENT	(216,420)
Net expenses	32,029
Net investment income	1,740,521
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$6,784 on investments in affiliated holdings*)	132,523
Change in net assets resulting from operations	\$1,873,044

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

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

	Six Months Ended (unaudited) 2/28/2023	Year Ended 8/31/2022
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 1,740,521	\$ 436,246
Net realized gain (loss)	—	(1,318)
Net change in unrealized appreciation/depreciation	132,523	(415,384)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	1,873,044	19,544
Distributions to Shareholders	(1,736,405)	(435,829)
Share Transactions:		
Proceeds from sale of shares	114,445,856	14,821,082
Net asset value of shares issued to shareholders in payment of distributions declared	749,312	62,478
Cost of shares redeemed	(74,061,374)	(24,808,027)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	41,133,794	(9,924,467)
Change in net assets	41,270,433	(10,340,752)
Net Assets:		
Beginning of period	61,279,752	71,620,504
End of period	\$102,550,185	\$ 61,279,752

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

February 28, 2023 (unaudited)

1. ORGANIZATION

Federated Hermes Adviser Series (the “Trust”) was established as a Delaware statutory trust on July 12, 2017, and is registered under the Investment Company Act of 1940, as amended (the “Act”), as an open-end management investment company. The Trust consists of 13 portfolios. The financial statements included herein are only those of Federated Hermes Conservative Microshort Fund (the “Fund”), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder’s interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers one class of shares: Institutional Shares, which commenced operations on February 3, 2021. Class A Shares are effective with the Securities and Exchange Commission (SEC), but currently are not yet offered for sale. The investment objective of the Fund is to provide current income consistent with capital preservation while maintaining liquidity.

The Fund invests a significant portion of its net assets in the Institutional Shares of Federated Hermes Institutional Money Market Management (the “Underlying Fund”), an affiliated institutional money market fund with substantially similar investment objectives and strategies as the Fund. Therefore, the performance of the Fund is directly affected by the performance of the Underlying Fund. To illustrate the security holdings, financial condition, results of operations and changes in net assets of the Underlying Fund, its financial statements should be read in conjunction with the Fund’s financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs, or NAV per share practical expedient, as applicable.
- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by Federated Investment Management Company (the “Adviser”).
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Adviser, 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 Adviser's valuation policies and procedures for the Fund, or if information furnished by a pricing service, in the opinion of the Adviser's 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

Pursuant to Rule 2a-5 under the Act, the Fund's Board of Trustees (the "Trustees") has designated the Adviser as the Fund's valuation designee to perform any fair value determinations for securities and other assets held by the Fund. The Adviser is subject to the Trustees' oversight and certain reporting and other requirements intended to provide the Trustees the information needed to oversee the Adviser's fair value determinations.

The Adviser, acting through its Valuation Committee, is responsible for determining the fair value of investments for which market quotations are not readily available. The Valuation Committee is comprised of officers of the Adviser and certain of the Adviser's affiliated companies and determines fair value and oversees the calculation of the NAV. The Valuation Committee is also authorized to use pricing services to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Adviser. The Trustees periodically review the fair valuations made by the Valuation Committee. The Trustees have also approved the Adviser's fair valuation and significant events procedures as part of the Fund's compliance program and will review 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 ask 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 Adviser.

The Adviser has also adopted procedures requiring an investment to be priced at its fair value whenever the Valuation Committee determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Adviser has 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 Valuation Committee will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Adviser. The Trustees periodically review fair valuations made in response to significant events.

Repurchase Agreements

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared daily and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. The detail of the total fund expense waiver and reimbursement of \$216,420 is disclosed in Note 5.

Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code of 1986 (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 six months ended February 28, 2023, 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 February 28, 2023, tax years 2021 and 2022 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the State of Delaware.

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.

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 Adviser.

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 table summarizes share activity:

	Six Months Ended 2/28/2023	Year Ended 8/31/2022
Shares sold	11,517,167	1,488,051
Shares issued to shareholders in payment of distributions declared	75,344	6,279
Shares redeemed	(7,449,136)	(2,482,839)
NET CHANGE RESULTING FROM FUND SHARE TRANSACTIONS	4,143,375	(988,509)

4. FEDERAL TAX INFORMATION

At February 28, 2023, the cost of investments for federal tax purposes was \$106,178,033. The net unrealized depreciation of investments for federal tax purposes was \$225,088. This consists of unrealized appreciation from investments for those securities having an excess of value over cost of \$14,452 and unrealized depreciation from investments for those securities having an excess of cost over value of \$239,540.

As of August 31, 2022, the Fund had a capital loss carryforward of \$5,089 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
\$5,089	\$—	\$5,089

5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.25% of the Fund's average daily net assets. The Underlying Fund also has an investment advisory agreement with the Adviser by which the Adviser is entitled to an investment adviser fee with respect to the Underlying Fund's average daily net assets. To avoid charging duplicative fees, the Adviser has agreed to waive and/or reimburse its fee with respect to the Fund's net assets invested in the Underlying Fund. For the six months ended February 28, 2023, the Adviser voluntarily waived and/or reimbursed all of its fee.

In addition, subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive and/or reimburse certain operating expenses of the Fund for competitive reasons such as to maintain the Fund's expense ratio, or as and when appropriate, to maintain positive or zero net yields. For the six months ended February 28, 2023, the Adviser voluntarily reimbursed \$98,714 of other operating expenses.

Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Hermes Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

Administrative Fee	Average Daily Net Assets of the Investment Complex
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the six months ended February 28, 2023, the annualized fee paid to FAS was 0.079% of average daily net assets of the Fund.

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

Expense Limitation

The Adviser and certain of its affiliates (which may include FAS) 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) by the Fund's Institutional Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.25% (the "Fee Limit"), up to but not including the later of (the "Termination Date"): (a) December 1, 2023; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Independent Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

Affiliated Shares of Beneficial Interest

As of February 28, 2023, a majority of the shares of beneficial interest outstanding are owned by an affiliate of the Adviser.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the six months ended February 28, 2023, were as follows:

Purchases	\$8,024,723
Sales	\$4,410,510

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 22, 2022. 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 (a) the highest, on any day, of (i) the federal funds effective rate, (ii) the published secured overnight financing rate plus an assigned percentage, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays 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 February 28, 2023, the Fund had no outstanding loans. During the six months ended February 28, 2023, the Fund did not utilize the LOC.

8. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the SEC, 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 February 28, 2023, there were no outstanding loans. During the six months ended February 28, 2023, the program was not utilized.

9. INDEMNIFICATIONS

Under the Fund's organizational documents, its Officers and Directors/Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund (other than liabilities arising out of their willful misfeasance, bad faith, gross negligence or reckless disregard of their duties to the Fund). In addition, in the normal course of business, the Fund provides certain indemnifications under arrangements with third parties. Typically, obligations to indemnify a third party arise in the context of an arrangement entered into by the Fund under which the Fund agrees to indemnify such third party for certain liabilities arising out of actions taken pursuant to the arrangement, provided the third party's actions are not deemed to have breached an agreed-upon standard of care (such as willful misfeasance, bad faith, gross negligence or reckless disregard of their duties under the contract). The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet arisen. The Fund does not anticipate any material claims or losses pursuant to these arrangements at this time, and accordingly expects the risk of loss to be remote.

10. 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, and may continue to result in, closed borders, enhanced health screenings, disruptions to 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 has resulted in substantial economic volatility. 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. In addition, governments, their regulatory agencies, or self-regulatory organizations may take actions in response to the pandemic, including significant fiscal and monetary policy changes, that may affect the instruments in which the Fund invests or the issuers of such investments. Any such impact could adversely affect the Fund's performance.

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 mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from September 1, 2022 to February 28, 2023.

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 9/1/2022	Ending Account Value 2/28/2023	Expenses Paid During Period ¹
Actual	\$1,000	\$1,018.80	\$0.35
Hypothetical (assuming a 5% return before expenses)	\$1,000	\$1,024.45	\$0.35 ²

- 1 Expenses are equal to the Fund's annualized net expense ratio of 0.07%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half-year period).
- 2 Actual and Hypothetical expenses paid during the period utilizing the Fund's current Fee Limit of 0.25% (as reflected in the Notes to Financial Statements, Note 5 under Expense Limitation), multiplied by the average account value over the period, multiplied by 181/365 (to reflect expenses paid as if they had been in effect throughout the most recent one-half-year period) would be \$1.25 and 1.26, respectively.

Evaluation and Approval of Advisory Contract – May 2022

FEDERATED HERMES CONSERVATIVE MICROSHORT FUND (THE “FUND”)

At its meetings in May 2022 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) with respect to the Fund for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to approve the continuation of 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, the Board considered information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings. In this regard, 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 by independent legal counsel on behalf of the Independent Trustees encompassing a wide variety of topics, including those summarized below. 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 since the Fund's inception and in between regularly scheduled meetings on particular matters as the need arose. The Board also considered information previously requested by the Board and provided by Federated Hermes prior to the May Meeting in connection with the Board's approval of the initial offering of this new investment vehicle, including Federated Hermes' recommendation to go forward with the Fund.

The Board's consideration of the Contract included review of materials and information covering the following matters, among others: the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates; Federated Hermes' business and operations; the Adviser's investment philosophy, personnel and processes; the Fund's investment objectives and strategies; the Fund's fees and 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 financial condition of Federated Hermes; the Adviser's profitability with respect to the Fund; and the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any).

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees charged to other registered funds 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 the adviser to the fund and its shareholders, including the performance of the fund, its benchmark and comparable funds; (2) the adviser's cost of providing the services and the profitability to the adviser of providing advisory services to the fund; (3) the extent to which the adviser may realize "economies of scale" as the fund grows larger and, if such economies of scale exist, whether they have been appropriately shared with the fund and its shareholders or the family of funds; (4) any "fall-out" benefits that accrue to the adviser because of its relationship with the fund, including research services received from brokers that execute fund trades and any fees paid to affiliates of the adviser for services rendered to the fund; (5) comparative fee and expense structures, including a comparison of management fees paid to the 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 the adviser's services and fees. The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements regarding the basis for a fund board's approval of the fund's investment advisory contract generally align with the factors listed above. The Board was

guided by these factors in its review of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below. The Board recognized that certain of the factors listed above (relating to such matters as Fund performance and any indirect benefits that may accrue to the Federated Hermes as a result of the Adviser's relationship with the Fund) are essentially impossible to apply before the Fund has experienced any meaningful operating history. 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 oversight of the other funds advised by Federated Hermes (each, a "Federated Hermes Fund" and, collectively, the "Federated Hermes Funds").

In addition to considering the above-referenced factors, the Board was mindful of the preferences and expectations of Fund shareholders and 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 the Contract. In particular, the Board recognized that many shareholders likely have invested in the Fund on the strength of Federated Hermes' industry standing and reputation and with the expectation that Federated Hermes will have a continuing role in providing advisory services to the Fund. Thus, the Board observed that in the marketplace there are a range of investment options available to the Fund's shareholders and such shareholders, having had the opportunity to consider other investment options, have effectively selected Federated Hermes by virtue of investing in the Fund.

In determining to approve the continuation of the Contract, the members of the Board reviewed and evaluated information and factors they believed to be relevant and appropriate through the exercise of their reasonable business judgment. While individual members of the Board may have weighed certain factors differently, the Board's determination to approve the continuation of the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year since the Fund's inception and specifically with respect to the continuation of the Contract. The Board recognized that its evaluation process is evolutionary and that the factors considered and emphasis placed on relevant factors may change in recognition of changing circumstances in the registered fund marketplace. 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 family of Federated Hermes Funds, but its approvals were made on a fund-by-fund basis.

Nature, Extent and Quality of Services

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of Federated Hermes dedicated to the Fund. In this regard, the Board evaluated, among other things, the terms of the Contract and the range of services provided to the Fund by Federated Hermes. The Board considered the Adviser's personnel, investment philosophy and process, investment research capabilities and resources, trade operations capabilities, experience and performance track record. 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 Federated Hermes' ability and experience in attracting and retaining qualified personnel to service the Fund. The Board also considered the Adviser's ability to execute the Fund's investment program, with due regard for the fact that the Fund did not yet have a meaningful operating history.

In addition, the Board considered the financial resources and overall reputation of Federated Hermes and its willingness to consider and make investments in personnel, infrastructure, technology, cybersecurity, business continuity planning and operational enhancements that are designed to benefit the Federated Hermes Funds. The Board noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to have access to analytical resources related to environmental, social and governance ("ESG") factors and issuer engagement on ESG matters. The Board considered Federated Hermes' oversight of the securities lending program for the Federated Hermes Funds that engage in securities lending and noted the income earned by the Federated Hermes Funds that participate in such program. In addition, the Board considered the quality of Federated Hermes' communications with the Board and responsiveness to Board inquiries and requests made from time to time with respect to the Fund and other Federated Hermes Funds. In this regard, the Board took into account Federated Hermes' communications with the Board in light of the pandemic. The Board also considered that Federated Hermes is responsible for providing the Federated Hermes Funds' officers.

The Board received and evaluated information regarding Federated Hermes' regulatory and compliance environment. The Board considered Federated Hermes' compliance program and compliance history and reports from the CCO about Federated Hermes' compliance with applicable laws and regulations, including responses to regulatory developments and any

compliance or other issues raised by regulatory agencies. The Board also noted Federated Hermes' support of the Federated Hermes Funds' compliance control structure and the compliance-related resources devoted by Federated Hermes' in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including Federated Hermes' commitment to respond to rulemaking and other regulatory initiatives of the SEC. The Board considered Federated Hermes' approach to internal audits and risk management with respect to the Federated Hermes Funds and its day-to-day oversight of the Federated Hermes Funds' compliance with their investment objectives and policies as well as with applicable laws and regulations, noting that regulatory and other developments had over time led to an increase in the scope of Federated Hermes' oversight in this regard, including in connection with the designation of the Federated Hermes Funds' investment advisers as the administrators of the Federated Hermes Funds' liquidity risk management program.

The Board also considered the implementation of Federated Hermes' business continuity plans and recognized steps taken by Federated Hermes to continue to provide the same nature, extent and quality of services to the Federated Hermes Funds during the pandemic. In addition, the Board noted Federated Hermes' commitment to maintaining high quality systems and expending substantial resources to prepare for and respond to ongoing changes due to the market, regulatory and control environments in which the Fund and its service providers operate, including changes associated with the pandemic.

The Board considered Federated Hermes' efforts to provide shareholders in the Federated Hermes Funds with a comprehensive array of funds with different investment objectives, policies and strategies. The Board considered the expenses that Federated Hermes had incurred, as well as the entrepreneurial and other risks assumed by Federated Hermes, in sponsoring and providing ongoing services to new funds to expand these opportunities for shareholders. The Board noted the benefits to shareholders of being part of the family of Federated Hermes Funds, which include the general right to exchange investments between the same class of shares without the incurrence of additional sales charges.

Based on these considerations, the Board concluded that it was satisfied with the nature, extent and quality of the services provided by the Adviser to the Fund.

Fund Investment Performance

The Board considered the investment performance of the Fund. In evaluating the Fund's investment performance, the Board considered the Fund's limited operating history. The Board noted that it monitors the Fund's performance quarterly as information becomes available. The Board also considered a report comparing the performance of the Fund solely to other funds with a quantitative focus in the Performance Peer Group. In evaluating

the Fund's limited performance track record, 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 considered detailed investment reports on, and the Adviser's analysis of, the Fund's performance that were provided to the Board throughout the year since the Fund's inception and in connection with the May Meetings.

Based on these considerations, the Board concluded that, in light of the Fund's limited operating history, additional time is required to evaluate the Adviser's performance in managing the Fund.

Fund Expenses

The Board considered the advisory fee, and overall expense structure of the Fund and the comparative fee and expense information that had been provided in connection with the May Meetings. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, net advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by Morningstar, Inc. ("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 noted the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the reasonableness of the Fund's fees. 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 Expense Peer Group. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category.

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 noted that it found the use of such comparisons to be relevant to its evaluation. The Board focused on comparisons with other similar registered funds more heavily than non-registered fund products or services because such comparisons are believed to be more relevant. The Board considered that other registered 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 shareholders. The Board noted that the range of such other registered funds' fees and expenses, therefore, appears to be a relevant indicator of what investors have found to be reasonable in the marketplace in which the Fund competes.

The Board noted that, for the year ended December 31, 2020, the Fund's investment advisory fee was waived in its entirety. The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund with the Adviser and noted the position of the Fund's fee rates relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was below the median of the Expense Peer Group, and the Board was satisfied that the overall expense structure of the Fund remained competitive.

The Board also 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-registered fund clients (such as institutional separate accounts) and third-party unaffiliated registered funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-registered 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 and fund liquidity; (vi) different administrative responsibilities; (vii) 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 registered fund business versus managing a discrete pool of assets as a sub-adviser to another institution's registered fund, noting the CCO's view 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 registered 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.

Based on these considerations, the Board concluded that the fees and total operating expenses of the Fund, in conjunction with other matters considered, are reasonable in light of the services provided.

Profitability

The Board had previously received and considered profitability information furnished by Federated Hermes, as requested by the CCO. Such profitability information included estimates of the allocation of expenses made 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 on a fund-by-fund basis 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 Board considered that the Fund was new to Federated Hermes and noted the CCO's view that any projected cost allocation and/or profit margin does not represent the full or actual cost of operating a fund and makes only rough estimates of the cost to launch a fund. The Board also considered the CCO's view that, while the Fund is expected to grow in size, the creation and maintenance of the Fund requires a substantial initial investment. In addition, the Board considered the CCO's view that 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 is consistent with the methodologies previously reviewed by an independent consultant. The Board noted that the independent consultant had previously conducted a review of the allocation methodologies and reported 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, processes and tools for portfolio management, including the use of market data on which portfolio managers make investment decisions; trading operations; ESG integration and issuer engagement on ESG matters; shareholder services; compliance; business continuity; cybersecurity; internal audit and risk management functions; and technology that supports the provision of investment management services. 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 are likely to be shared with the family of Federated

Hermes Funds as a whole. In addition, the Board considered that fee waivers and expense 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. The Board considered that, in order for the Federated Hermes Funds to remain competitive in the marketplace, Federated Hermes has frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and has disclosed to shareholders and/or reported to the Board its intention to do so (or continue to do so) in the future. The Board also considered Federated Hermes' reductions in contractual management fees for 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, which have resulted in benefits being realized by shareholders.

The Board also considered reports on adviser-paid fees (commonly referred to as "revenue sharing") that were provided to the Board throughout the year and in connection with the May Meetings. The Board considered that Federated Hermes and the CCO believe 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 evaluate the reasonableness 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 uniform methodology or pattern with respect to structuring fund advisory fees with breakpoints that serve to reduce the fees as a fund attains a certain size.

Other Benefits

The Board considered information regarding the compensation and other ancillary (or "fall-out") benefits that Federated Hermes derived from its relationships with the Federated Hermes Funds. In connection with the Board's governance of other Federated Hermes Funds, the Board noted that, in addition to receiving advisory fees under the Federated Hermes Funds' investment advisory contracts, Federated Hermes' affiliates also receive fees 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 that Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds.

Conclusions

The Board considered: (i) the CCO's conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund is reasonable; and (ii) 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 sub-advisory arrangements is a continuing and ongoing 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 ongoing oversight of the Federated Hermes Funds.

On the basis of the information and factors summarized above, among other information and factors deemed relevant by the Board, and the evaluation thereof, the Board, including the Independent Trustees, unanimously voted to approve the continuation of the Contract. The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view of 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 approve the continuation of the existing arrangement.

Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Adviser Series (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Conservative Microshort Fund (the “Fund” and, collectively with the other non-money market open-end funds advised by Federated Hermes, 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 each Federated Hermes Fund’s investment adviser as the administrator for the Program (the “Administrator”) with respect to that Fund. The Administrator, in turn, has delegated day-to-day responsibility for the administration of the Program to multiple Liquidity Risk Management Committees, which are comprised of representatives from certain divisions within Federated Hermes.

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 2022, 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 April 1, 2021 through March 31, 2022 (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, reverse repurchase agreement transactions, redemptions

delayed beyond the normal T+1 settlement, but within seven days of the redemption request, 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 it was not necessary for the Fund to utilize, and 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;
- the fact that there were no liquidity events during the Period, that materially affected the Fund's liquidity risk;
- the impact on liquidity and management of liquidity risk caused by extended non-U.S. market closures and confirmation that there were no issues for any of the affected Federated Hermes Funds in meeting shareholder redemptions at any time during these temporary non-U.S. market closures;
- circumstances during the Period under which the Administrator convened meetings of the Liquidity Risk Management Committees more frequently than normal to conduct enhanced liquidity risk monitoring, including prior to the Russian invasion of Ukraine.

Based on this review, the Administrator 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, Option #4. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [FederatedInvestors.com/FundInformation](https://www.federatedinvestors.com/fundinformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://www.sec.gov).

Quarterly Portfolio Schedule

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

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

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

IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400, Option #4.

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Sign up for Electronic Delivery!

A faster way to receive documents.

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



Federated Hermes Conservative Microshort Fund
Federated Hermes Funds
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Contact us at [FederatedInvestors.com](https://www.federatedinvestors.com)
or call 1-800-341-7400.

Federated Securities Corp., Distributor

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