

# Federated Hermes Prime Cash Obligations Fund

## Automated Shares

Nasdaq symbol: PTAXX | Cusip number: 608919627 | Newspaper listing: PrmCshObAS

3/31/22

### Product highlights

- Pursues current income consistent with stability of principal and liquidity.
- Invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. government.
- Offers the potential for higher yield than a money market fund portfolio limited to Treasury or government fixed-income securities.
- Intensive credit review integrating ESG factors in a non-exclusionary way.
- Holds AAAm, Aaa-mf and AAAmmf ratings from Standard & Poor's, Moody's and Fitch, respectively.
- Gives investors more time to complete daily cash processing and initiate late-day deposit transactions through 5 p.m. ET cut-off time for purchases and redemptions.

### Key investment team

Deborah A. Cunningham, CFA  
Paige Wilhelm

### Credit ratings

AAA Standard & Poor's

Aaa-mf Moody's

AAAmmf Fitch

### Portfolio assets

\$17.7 billion

### Top ten holdings

Federated Hermes Institutional Money Market Management  
BNP Paribas SA  
ABN Amro Bank NV  
Bank of Montreal  
Credit Agricole Group  
Australia & New Zealand Banking Group  
Toronto Dominion Bank  
Bank of Nova Scotia  
Societe Generale  
Canadian Imperial Bank of Commerce  
Total % of Portfolio: 49%

### Share class statistics

#### Inception date

6/2/15

#### Federated Hermes fund number

909

#### Cut-off times

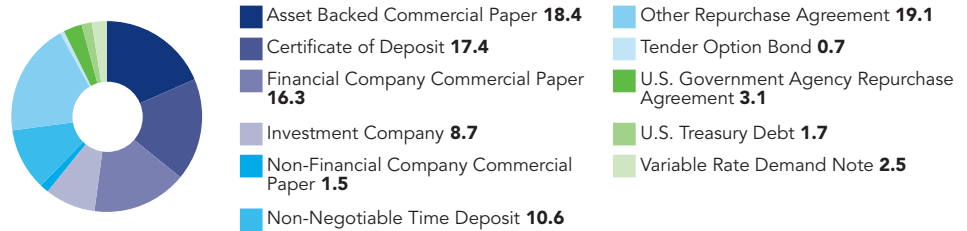
5:00 p.m. ET — purchases

5:00 p.m. ET — redemptions

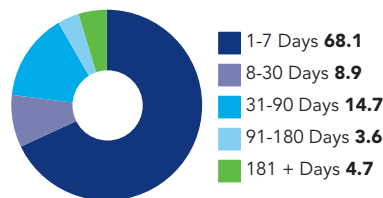
#### Dividends

Declared daily/paid monthly

### Portfolio composition (%)



### Effective maturity schedule (%)



### 2a-7 liquidity

Daily 27.24%  
Weekly 49.01%

### Weighted average maturity

27 Days

### Weighted average life

69 Days

### Fund performance

Net yield (%)		Total return (%)											
7-day	0.01	1-year	0.01										
Annualized yields (%)		Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
7-day		0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

**Performance quoted represents past performance, which is no guarantee of future results. Investment return will vary. An investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, contact us or visit [FederatedInvestors.com](http://FederatedInvestors.com).**

Although not contractually obligated to do so, the advisor and/or certain fund service providers waived all or a portion of their fees or reimbursed the fund for certain operating expenses. These voluntary waivers and reimbursements may be modified or terminated at any time; accordingly, the fund's expenses may vary (i.e., increase or decrease) during the fund's fiscal year. These waivers increase income to the fund and result in a higher return to investors.

Otherwise, the 7-day yield would have been -0.14% and total return would have been lower.

**Total return** represents the change in value of an investment after reinvesting all income and capital gains. Yield quotations more closely reflect the current earnings of the fund than the total return quotation.

Rule 2a-7 requires that money market funds maintain at least 10% daily liquidity assets and at least 30% weekly liquidity assets. Both requirements are 'point of purchase' requirements. Thus, it is possible that money market funds may, at any given time, have liquidity percentages reflecting less than the 10% and 30% thresholds. In such circumstances, the portfolio manager will be required to purchase securities to meet the requisite liquidity thresholds prior to purchasing longer-dated securities. Additionally, the SEC requirements for what may be defined as 'daily' and 'weekly' differs from the standard maturities used in calculating the 'Effective Maturity Schedule.' Therefore, the percentages in the 2a-7 Liquidity table will generally not equal the amounts shown in the 'Effective Maturity Schedule.'

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### Portfolio manager commentary

The U.S. Federal Reserve signaled a future path of more aggressive policy to rein in inflation in a quarter marked by resurgent Covid-19 cases and marred by Russia's destructive invasion of Ukraine.

The highly contagious omicron variant of Covid-19 swept across the U.S. in January and February before receding in March. The wave weighed on already stressed supply chains, driving annualized inflation to multi-decade highs. The Consumer Price Index reached 7.5% in January and 7.9% in February, and the Personal Consumption Expenditures Index rose 6% in January and 6.4% in Feb. Stoked by a hot labor market, rising wages also contributed to the inflationary environment. The Russian invasion exacerbated the situation, as the price of crude oil and other commodities surged. Retail sales were robust in January, but consumer activity in general slowed as inflation grew.

After initially targeting inflation by ending its asset purchase program, the Fed began to normalize rates. In the March Federal Open Market Committee meeting, policy-

makers announced a 25 basis-point hike of the fed funds target range, shifting it from 0.0-0.25% to 0.25-0.50%, with a concomitant lifting of the Reverse Repo (RRP) level to 0.30%. Their projections for the path of rate action jumped from earlier predictions to indicate that 2022 might see as many as six more quarter-percentage-point hikes, though the futures market anticipated larger increases. This combination and a flight-to-quality due to the Ukrainian war caused the front end of the U.S. Treasury yield curve to sharply steepen. Fed Chair Jerome Powell expressed confidence that labor market conditions could withstand the reduction in policy accommodation and that progress had been made on the discussion of reducing the balance sheet.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.12%, 0.51%, 1% and 1.57%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 0.39%, 0.89%, 1.37% and 1.97%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 0.44%, 0.96%, 1.49% and 2.17%, respectively.

*You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.*

*Performance shown is for Automated Shares. The fund offers additional share classes whose performance will vary due to differences in charges and expenses. Please consult your financial institution regarding your eligibility to purchase these classes.*

### A word about risk

ESG factors may be considered in the investment analysis process in a manner that is complementary to and enhances the fundamental research and analysis process. Certain ESG factors may help identify business and operational risks or opportunities and add a contextual dimension to the overall evaluation of a security. Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers ESG factors will result in performance better than or equal to products that do not consider such factors.

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

Current and future portfolio holdings are subject to risk.

### Definitions

At Federated Hermes, integrating ESG factors means including relevant and financially material environmental, social and governance information in the analysis of a security/issuer. ESG factors are used as qualitative insights with the goal of improving portfolio risk/reward characteristics and prospects for long-term outperformance. ESG investing does not automatically exclude issuers or sectors, but rather attempts to mitigate risks by identifying companies exhibiting positive (or negative) ESG policies and behaviors.

**Net yields** are based on the average daily income dividend and average net asset value for the 7 days ended on the date of calculation. The 7-day net annualized yield is based on the average net income per share for the 7 days ended on the date of calculation and the offering price on that date.

**The fund is a managed portfolio** and its holdings are subject to change.

**The holdings percentages** are based on net assets at the close of business on 3/31/22 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

**Weighted average maturity** is the mean average of the periods of time remaining until the securities held in the fund's portfolio (a) are scheduled to be repaid, (b) would be repaid upon a demand by the fund or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates if their scheduled maturity is 397 days or less, and the later of the two dates if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

**Weighted average life** is calculated in the same manner as the Weighted average maturity (WAM), but is based solely on the periods of time remaining until the securities held in the fund's portfolio (a) are scheduled to be repaid or (b) would be repaid upon a demand by the fund without reference to when interest rates of securities within the fund are scheduled to be readjusted.

**Repurchase agreements** consist of a financial institution selling securities to a fund and agreeing to repurchase them at a mutually agreed upon price and time.

Variable rate demand notes are tax-exempt securities that require the issuer or a third party, such as a dealer or bank, to repurchase the security for its face value upon demand. The securities also pay interest at a variable rate intended to cause the securities to trade at their face value.

### Ratings and rating agencies

Ratings are based on an evaluation of several factors, including credit quality, diversification and maturity of assets in the portfolio, as well as management strength and operational capabilities. A money market fund rated AAAM by Standard & Poor's is granted after evaluating a number of factors, including credit quality, market price, exposure and management. Money market funds rated Aaa-mf by Moody's are judged to be of an investment quality similar to Aaa-rated fixed income obligations, that is, they are judged to be of the best quality. Fitch's money market fund ratings are an assessment of a money market fund's capacity to preserve principal and provide liquidity through limiting credit, market and liquidity risk. For more information on credit ratings, visit [standardandpoors.com](http://standardandpoors.com), [moody.com](http://moody.com) and [fitchratings.com](http://fitchratings.com).

Ratings are subject to change and do not remove market risk.

Credit ratings do not provide assurance against default or other loss of money and can change.