

Annual Shareholder Report

August 31, 2020



Share Class | Ticker

Institutional | FEUNX

Service | FEUGX

Federated Hermes Adjustable Rate Fund

(formerly, Federated Adjustable Rate Securities Fund)

Fund Established 1985

A Portfolio of Federated Hermes Adjustable Rate Securities Trust

IMPORTANT NOTICE REGARDING REPORT DELIVERY

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4. Your election to receive reports in paper will apply to all funds held with the Fund complex or your financial intermediary.

Not FDIC Insured • May Lose Value • No Bank Guarantee



**J. Christopher
Donahue**

President

Federated Hermes
Adjustable Rate Fund

Letter from the President

Dear Valued Shareholder,

I am pleased to present the Annual Shareholder Report for your fund covering the period from September 1, 2019 through August 31, 2020.

As we all confront the unprecedented effects of the coronavirus and the challenges it presents to our families, communities, businesses and the financial markets,

I want you to know that everyone at Federated Hermes is dedicated to helping you successfully navigate the markets ahead. You can count on us for the insights, investment management knowledge and client service that you have come to expect. Please refer to our website, [FederatedInvestors.com](https://www.federatedinvestors.com), for timely updates on this and other economic and market matters.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Christopher Donahue". The signature is written in a cursive, flowing style.

J. Christopher Donahue, President

CONTENTS

Management's Discussion of Fund Performance	1
Portfolio of Investments Summary Table	5
Portfolio of Investments	6
Financial Highlights.....	15
Statement of Assets and Liabilities.....	17
Statement of Operations.....	18
Statement of Changes in Net Assets	19
Notes to Financial Statements	20
Report of Independent Registered Public Accounting Firm	29
Shareholder Expense Example	31
Board of Trustees and Fund Officers.....	33
Evaluation and Approval of Advisory Contract	39
Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness.....	48
Voting Proxies on Fund Portfolio Securities	50
Quarterly Portfolio Schedule	50

Management’s Discussion of Fund Performance (unaudited)

The total return of Federated Hermes Adjustable Rate Fund (the “Fund”), based on net asset value for the 12-month reporting period ended August 31, 2020, was 1.64% for the Institutional Shares and 1.42% for the Service Shares. The 1.64% total return of the Institutional Shares consisted of 1.85% in taxable dividends and -0.21% of price depreciation in the net asset value of the shares. The ICE BofA 1-Year US Treasury Note Index (IBA1T),¹ the Fund’s broad-based securities market index benchmark, returned 2.44% for the same period. The Fund’s total return for the most recently completed fiscal year reflected actual cash flows, transaction costs and other expenses, which were not reflected in the total return of the IBA1T.

During the reporting period, the Fund’s investment strategy focused on sector allocation among agency adjustable- and fixed-rate pass-through securities. This was the most significant factor affecting the Fund’s performance relative to the IBA1T.

The following discussion will focus on the performance of the Fund’s Institutional Shares relative to the IBA1T.

MARKET OVERVIEW

The reporting period can be divided into two periods: pre- and post-Covid-19 arrival. Prior to the arrival of the coronavirus and economic shutdown, domestic growth was steady with low unemployment. While pockets of weakness and limited inflation had the Federal Open Market Committee (FOMC) on an easing path prior to the pandemic, policy adjustments were minimal relative to the post-Covid-19 period. The arrival of Covid-19 produced a dramatic, negative impact as the U.S. economy was shuttered in an attempt to contain the pandemic. Policymakers and central bankers around the globe acted in unprecedented fashion to support businesses and citizens negatively impacted by the public health emergency.

The coronavirus and its economic impact was the dominant event of the 12-month reporting period as the pandemic wreaked havoc on worldwide economic activity. Domestically, the total U.S. labor force employed declined by over 22 million from March to April 2020, the largest drop on record. Gross Domestic Product (GDP) declined at an annualized rate of nearly 32% for the second quarter of 2020. In response, the FOMC slashed the federal funds target rate to a range of 0-0.25% and unleashed unprecedented quantitative easing programs and lending facilities to combat the pandemic-induced slowdown. The depth and breadth of these programs reflected a “whatever it takes” approach to supporting and stabilizing all aspects of the economy. While job and economic growth staged a strong rebound from the trough of activity, GDP remained well below the pre-Covid-19 level at the end of the reporting period.

Slower economic growth, central bank actions and investor demand for government debt drove U.S. Treasury yields to record lows. During the reporting period, the 30-year fixed mortgage rate declined to 2.91%, a year-over-year decline of nearly 70 basis points. Refinance activity accelerated as homeowners reduced debt servicing cost and extracted equity via lower mortgage rates. The Mortgage Banker Association's Refinance Index increased 40% on a year-over-year basis.

During the reporting period, 2- and 10-year U.S. Treasury yields decreased 137 and 79 basis points to 0.13% and 0.71%, respectively.²

SECTOR ALLOCATION

As stated in the Fund's prospectus, under normal circumstances, at least 80% of portfolio assets must be invested in adjustable-rate securities, including adjustable-rate mortgage (ARM) pass-throughs and monthly adjustable collateralized mortgage obligations.³ The Fund utilizes these sectors to pursue its investment objective of current income consistent with minimal volatility of principal. Significantly lower U.S. Treasury yields increased mortgage prepayment risk and limited capital appreciation for the adjustable sector. As a result, benchmark price appreciation outpaced the portfolio which experienced a slight net asset value (NAV) decline. Overall, sector allocation acted as a drag on Fund performance.

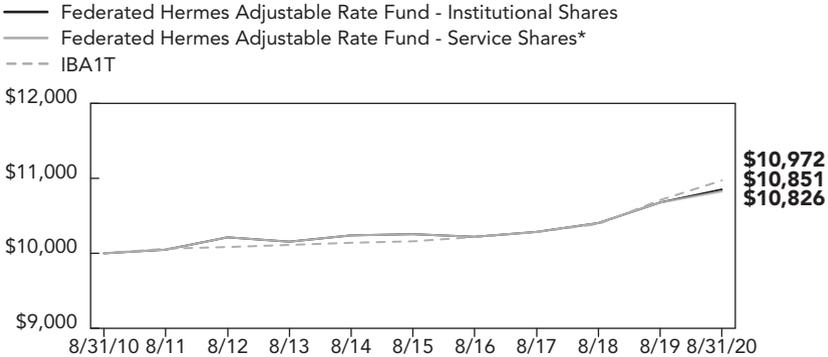
- ¹ Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the IBA1T. During the reporting period, the name of the IBA1T changed from "ICE BofA ML" to "ICE BofA."
- ² Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.
- ³ The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.

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

The graph below illustrates the hypothetical investment of \$10,000¹ in the Federated Hermes Adjustable Rate Fund (the “Fund”) from August 31, 2010 to August 31, 2020, compared to the ICE BofA 1-Year US Treasury Note Index (IBA1T).² The Average Annual Total Return table below shows returns for each class averaged over the stated periods.

GROWTH OF A \$10,000 INVESTMENT

Growth of \$10,000 as of August 31, 2020



The Fund offers multiple share classes whose performance may be greater than or less than its other share class(es) due to differences in sales charges and expenses.

Average Annual Total Returns for the Periods Ended 8/31/2020

Share Class*	1 Year	5 Years	10 Years
Institutional Shares ³	1.64%	1.14%	0.82%
Service Shares ⁴	1.42%	1.09%	0.80%
IBA1T	2.44%	1.55%	0.93%

Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit FederatedInvestors.com or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.

- * *Effective at the close of business on August 2, 2019, the existing Institutional Shares were redesignated as new Service Shares, the existing Service Shares were converted into the newly re-designated Service Shares, and a new Institutional Share class was created. References herein refer to the new class designations unless otherwise noted.*
- 1 *The Fund's performance assumes the reinvestment of all dividends and distributions. The IBA1T has been adjusted to reflect reinvestment of dividends on securities in the index.*
 - 2 *The IBA1T is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding two-year Treasury note that matures closest to, but not beyond, one year from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date. The IBA1T is not adjusted to reflect expenses or other fees that the Securities and Exchange Commission requires to be reflected in the Fund's performance. The index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index. During the reporting period, the name of the IBA1T changed from "ICE BofA ML" to "ICE BofA."*
 - 3 *The Fund's new Institutional Shares (IS) commenced operations on August 5, 2019. For the period prior to the commencement of the Fund's new IS, the performance information shown is for the Fund's re-designated Service Shares, the Fund's previously existing Institutional Shares. The performance of the Fund's new IS has not been adjusted since the new IS has a lower expense ratio than the Fund's previously existing Institutional Shares.*
 - 4 *For the period prior to the re-designation of the new Service Shares on August 5, 2019, the performance information shown is for the Fund's previously existing Institutional Shares. Prior to August 5, 2019, the performance of the re-designated Service Shares has not been adjusted since the re-designated Service Shares have a lower expense ratio than the Fund's previously existing Institutional Shares.*

Portfolio of Investments Summary Table (unaudited)

At August 31, 2020, the Fund's portfolio composition¹ was as follows:

Type of Investment	Percentage of Total Net Assets
Collateralized Mortgage Obligations	43.1%
U.S. Government Agency Adjustable Rate Mortgage Securities (ARMS)	27.4%
Asset-Backed Securities	12.8%
U.S. Government Agency Mortgage-Backed Securities	10.1%
U.S. Government Agency Commercial Mortgage-Backed Securities	1.1%
Non-Agency Mortgage-Backed Securities	0.7%
Cash Equivalents ²	8.6%
Other Assets and Liabilities—Net ³	(3.8)%
TOTAL	100.0%

- 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 and/or overnight repurchase agreements.
- 3 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Portfolio of Investments

August 31, 2020

Principal Amount or Shares		Value
	¹ ADJUSTABLE RATE MORTGAGES—27.4%	
	Federal Home Loan Mortgage Corporation ARM—9.9%	
\$1,653,062	3.028%, 7/1/2036	\$ 1,728,315
1,073,311	3.129%, 7/1/2038	1,109,368
2,197,125	3.159%, 7/1/2034	2,270,138
682,594	3.182%, 5/1/2035	719,218
808,603	3.607%, 4/1/2037	844,575
1,410,536	3.641%, 7/1/2035	1,471,807
868,755	3.750%, 4/1/2034	915,461
1,398,624	3.778%, 2/1/2035	1,467,596
1,397,307	3.823%, 10/1/2033	1,468,427
802,501	3.829%, 12/1/2034	845,254
134,258	3.995%, 2/1/2036	139,110
1,006,311	4.071%, 8/1/2035	1,060,412
1,232,109	4.468%, 11/1/2034	1,298,349
	TOTAL	15,338,030
	Federal National Mortgage Association ARM—17.4%	
235,536	2.424%, 7/1/2035	244,911
896,487	2.479%, 8/1/2034	921,595
373,060	2.622%, 7/1/2034	392,363
292,272	2.668%, 7/1/2035	305,538
333,985	2.670%, 6/1/2033	350,678
616,656	2.671%, 6/1/2034	634,623
265,088	2.683%, 7/1/2039	277,973
65,446	2.723%, 5/1/2038	67,879
348,446	2.765%, 5/1/2035	364,132
331,381	2.958%, 9/1/2033	338,733
33,821	2.962%, 4/1/2034	35,224
650,573	3.050%, 7/1/2035	677,595
1,193,242	3.059%, 5/1/2036	1,257,393
378,451	3.066%, 7/1/2035	395,102
63,848	3.128%, 2/1/2036	66,839
1,540,284	3.186%, 7/1/2034	1,622,250
907,848	3.222%, 5/1/2039	941,889
2,442,012	3.230%, 8/1/2039	2,550,652
135,142	3.275%, 11/1/2035	140,067

**Principal
Amount
or Shares**

Value

¹ADJUSTABLE RATE MORTGAGES—continued

Federal National Mortgage Association ARM—continued

\$ 931,142	3.292%, 10/1/2035	\$ 981,202
61,287	3.293%, 7/1/2027	64,515
347,059	3.317%, 1/1/2035	360,686
1,629,882	3.422%, 5/1/2035	1,705,241
119,709	3.435%, 7/1/2036	124,316
129,248	3.462%, 5/1/2035	135,298
524,764	3.476%, 10/1/2037	552,976
916,264	3.486%, 7/1/2035	965,525
409,503	3.487%, 5/1/2035	431,519
809,678	3.526%, 10/1/2034	827,681
266,560	3.565%, 10/1/2037	274,876
146,611	3.572%, 12/1/2034	151,546
622,512	3.666%, 12/1/2034	654,504
2,982,148	3.668%, 8/1/2035	3,132,423
217,581	3.685%, 2/1/2036	229,124
144,699	3.690%, 11/1/2040	152,478
1,090,815	3.820%, 2/1/2042	1,149,460
275,110	3.840%, 12/1/2033	289,900
76,187	3.845%, 10/1/2033	77,741
924,950	3.898%, 1/1/2040	966,839
628,976	3.932%, 1/1/2035	662,791
525,062	3.960%, 11/1/2039	553,290
173,105	3.988%, 10/1/2035	180,523
190,053	4.182%, 6/1/2035	200,271
330,312	4.206%, 10/1/2035	348,070
	TOTAL	26,758,231

Government National Mortgage Association ARM—0.1%

16,806	2.875%, 5/20/2029	17,294
20,768	3.000%, 1/20/2022	20,986
27,258	3.000%, 2/20/2023	27,675
26,398	3.000%, 3/20/2023	26,810
10,693	3.000%, 1/20/2030	11,087
20,228	3.125%, 11/20/2023	20,562
26,463	3.125%, 10/20/2029	27,215
22,160	3.250%, 7/20/2023	22,466

Principal Amount or Shares		Value
	¹ ADJUSTABLE RATE MORTGAGES—continued	
	Government National Mortgage Association ARM—continued	
\$ 23,432	3.250%, 9/20/2023	\$ 23,763
	TOTAL	197,858
	TOTAL ADJUSTABLE RATE MORTGAGES (IDENTIFIED COST \$42,191,966)	
		42,294,119
	¹ ASSET-BACKED SECURITIES—12.8%	
	Auto Receivables—2.8%	
3,350,000	NextGear Floorplan Master Owner Trust 2019-1A, Class A1, 0.811% (1-month USLIBOR +0.650%), 2/15/2024	3,356,197
976,753	Santander Drive Auto Receivables Trust 2020-1, Class A2B, 1.711% (1-month USLIBOR +1.550%), 1/17/2023	979,194
	TOTAL	4,335,391
	Credit Card—8.9%	
3,000,000	American Express Credit Account Master Trust 2018-5, Class A, 0.501% (1-month USLIBOR +0.340%), 12/15/2025	3,007,029
3,250,000	American Express Credit Account Master Trust 2018-9, Class A, 0.541% (1-month USLIBOR +0.380%), 4/15/2026	3,262,014
2,270,000	Discover Card Execution Note T 2017-A5, Class A5, 0.761% (1-month USLIBOR +0.600%), 12/15/2026	2,281,509
3,150,000	Discover Card Execution Note Trust 2017-A7, Class A7, 0.521% (1-month USLIBOR +0.360%), 4/15/2025	3,159,342
2,000,000	First National Master Note Trust 2018-1, Class A, 0.621% (1-month USLIBOR +0.460%), 10/15/2024	1,998,642
	TOTAL	13,708,536
	Other—0.3%	
495,643	Sofi Professional Loan Program LLC, Class A1, 1.925% (1-month USLIBOR +1.750%), 8/25/2036	492,110
	Student Loans—0.8%	
1,200,000	SMB Private Education Loan Trust 2020-BA, Class A1B, 1.275% (1-month USLIBOR +1.100%), 7/15/2053	1,205,999
	TOTAL ASSET-BACKED SECURITIES (IDENTIFIED COST \$19,699,375)	
		19,742,036
	COLLATERALIZED MORTGAGE OBLIGATIONS—43.1%	
	Federal Home Loan Mortgage Corporation—13.1%	
170,843	¹ REMIC, Series 2380, Class FL, 0.761% (1-month USLIBOR +0.600%), 11/15/2031	172,757
171,922	¹ REMIC, Series 2434, Class FA, 1.161% (1-month USLIBOR +1.000%), 3/15/2032	176,253
71,194	¹ REMIC, Series 2448, Class FA, 1.161% (1-month USLIBOR +1.000%), 1/15/2032	72,828

**Principal
Amount
or Shares**

Value

COLLATERALIZED MORTGAGE OBLIGATIONS—continued
Federal Home Loan Mortgage Corporation—continued

\$ 75,326	¹ REMIC, Series 2452, Class FC, 1.161% (1-month USLIBOR +1.000%), 1/15/2032	\$ 77,054
214,683	¹ REMIC, Series 2459, Class FP, 1.161% (1-month USLIBOR +1.000%), 6/15/2032	219,625
54,032	¹ REMIC, Series 2470, Class EF, 1.161% (1-month USLIBOR +1.000%), 3/15/2032	55,394
247,992	¹ REMIC, Series 2475, Class F, 1.161% (1-month USLIBOR +1.000%), 2/15/2032	254,170
195,844	¹ REMIC, Series 2475, Class FD, 0.711% (1-month USLIBOR +0.550%), 6/15/2031	198,434
167,473	¹ REMIC, Series 2480, Class NF, 1.161% (1-month USLIBOR +1.000%), 1/15/2032	171,578
53,204	¹ REMIC, Series 2498, Class AF, 1.161% (1-month USLIBOR +1.000%), 3/15/2032	54,544
205,933	¹ REMIC, Series 3085, Class UF, 0.611% (1-month USLIBOR +0.450%), 12/15/2035	208,423
458,969	¹ REMIC, Series 3156, Class HF, 0.646% (1-month USLIBOR +0.485%), 8/15/2035	464,380
162,059	¹ REMIC, Series 3213, Class GF, 0.591% (1-month USLIBOR +0.430%), 9/15/2036	163,767
920,962	¹ REMIC, Series 3284, Class AF, 0.471% (1-month USLIBOR +0.310%), 3/15/2037	924,938
477,305	¹ REMIC, Series 3380, Class FP, 0.511% (1-month USLIBOR +0.350%), 11/15/2036	480,085
547,475	¹ REMIC, Series 3550, Class GF, 0.911% (1-month USLIBOR +0.750%), 7/15/2039	557,875
772,623	¹ REMIC, Series 3556, Class FA, 1.071% (1-month USLIBOR +0.910%), 7/15/2037	791,059
299,683	¹ REMIC, Series 3593, Class CF, 0.761% (1-month USLIBOR +0.600%), 2/15/2036	304,324
3,741,360	¹ REMIC, Series 4452, Class FP, 0.461% (1-month USLIBOR +0.300%), 10/15/2043	3,744,726
3,617,052	¹ REMIC, Series 4508, Class CF, 0.561% (1-month USLIBOR +0.400%), 9/15/2045	3,650,163
2,321,411	¹ REMIC, Series 4915, Class FG, 0.634% (1-month USLIBOR +0.450%), 9/25/2049	2,338,128
1,121,230	¹ REMIC, Series 4959, Class JF, 0.622% (1-month USLIBOR +0.450%), 3/25/2050	1,126,958
3,968,696	¹ REMIC, Series 4998, Class KF, 0.450% (SOFR30A +0.350%), 8/25/2050	3,988,692
	TOTAL	20,196,155

**Principal
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Value

COLLATERALIZED MORTGAGE OBLIGATIONS—continued		
Federal National Mortgage Association—29.6%		
\$ 30,799	REMIC, Series 1995-17, Class B, 3.534%, 2/25/2025	\$ 31,087
189,832	¹ REMIC, Series 2001-32, Class FA, 0.725% (1-month USLIBOR +0.550%), 7/25/2031	192,119
73,904	¹ REMIC, Series 2001-57, Class FA, 0.625% (1-month USLIBOR +0.450%), 6/25/2031	74,482
59,327	¹ REMIC, Series 2001-62, Class FC, 0.825% (1-month USLIBOR +0.650%), 11/25/2031	60,346
77,013	¹ REMIC, Series 2001-71, Class FS, 0.775% (1-month USLIBOR +0.600%), 11/25/2031	78,228
164,649	¹ REMIC, Series 2002-52, Class FG, 0.675% (1-month USLIBOR +0.500%), 9/25/2032	166,557
412,118	¹ REMIC, Series 2002-58, Class FG, 1.175% (1-month USLIBOR +1.000%), 8/25/2032	422,768
66,969	¹ REMIC, Series 2002-60, Class FH, 1.175% (1-month USLIBOR +1.000%), 8/25/2032	68,700
276,540	¹ REMIC, Series 2002-7, Class FG, 1.075% (1-month USLIBOR +0.900%), 1/25/2032	282,527
133,288	¹ REMIC, Series 2002-77, Class FA, 1.151% (1-month USLIBOR +1.000%), 12/18/2032	136,708
55,170	¹ REMIC, Series 2002-77, Class FG, 0.701% (1-month USLIBOR +0.550%), 12/18/2032	55,994
129,136	¹ REMIC, Series 2002-8, Class FA, 0.901% (1-month USLIBOR +0.750%), 3/18/2032	131,599
174,168	¹ REMIC, Series 2005-67, Class FM, 0.525% (1-month USLIBOR +0.350%), 8/25/2035	175,043
808,462	¹ REMIC, Series 2006-103, Class FB, 0.575% (1-month USLIBOR +0.400%), 10/25/2036	815,029
206,453	¹ REMIC, Series 2006-11, Class FB, 0.475% (1-month USLIBOR +0.300%), 3/25/2036	207,849
798,830	¹ REMIC, Series 2006-65, Class DF, 0.525% (1-month USLIBOR +0.350%), 7/25/2036	803,408
298,747	¹ REMIC, Series 2006-76, Class QF, 0.575% (1-month USLIBOR +0.400%), 8/25/2036	301,385
2,796,181	REMIC, Series 2006-W1, Class 2AF1, 0.395%, 2/25/2046	2,762,107
88,551	¹ REMIC, Series 2007-102, Class FA, 0.745% (1-month USLIBOR +0.570%), 11/25/2037	90,027
229,658	¹ REMIC, Series 2007-20, Class F, 0.435% (1-month USLIBOR +0.260%), 3/25/2037	230,172
1,813,838	¹ REMIC, Series 2007-71, Class WF, 0.625% (1-month USLIBOR +0.450%), 7/25/2037	1,832,358
369,691	¹ REMIC, Series 2007-88, Class FW, 0.725% (1-month USLIBOR +0.550%), 9/25/2037	368,725

**Principal
Amount
or Shares**

Value

Principal Amount or Shares		Value
	COLLATERALIZED MORTGAGE OBLIGATIONS—continued	
	Federal National Mortgage Association—continued	
\$ 434,581	¹ REMIC, Series 2008-69, Class FB, 1.175% (1-month USLIBOR +1.000%), 6/25/2037	\$ 446,396
90,100	¹ REMIC, Series 2008-75, Class DF, 1.425% (1-month USLIBOR +1.250%), 9/25/2038	92,804
2,029,943	¹ REMIC, Series 2009-106, Class FN, 0.925% (1-month USLIBOR +0.750%), 1/25/2040	2,066,616
702,237	¹ REMIC, Series 2009-78, Class UF, 0.945% (1-month USLIBOR +0.770%), 10/25/2039	717,549
1,219,365	¹ REMIC, Series 2009-87, Class FX, 0.925% (1-month USLIBOR +0.750%), 11/25/2039	1,242,725
1,456,339	¹ REMIC, Series 2009-87, Class HF, 1.025% (1-month USLIBOR +0.850%), 11/25/2039	1,489,199
635,957	¹ REMIC, Series 2010-39, Class EF, 0.695% (1-month USLIBOR +0.520%), 6/25/2037	643,981
3,924,415	¹ REMIC, Series 2010-68, Class BF, 0.675% (1-month USLIBOR +0.500%), 7/25/2040	3,976,243
2,505,798	¹ REMIC, Series 2011-4, Class PF, 0.725% (1-month USLIBOR +0.550%), 2/25/2041	2,538,120
3,176,173	¹ REMIC, Series 2012-130, Class DF, 0.575% (1-month USLIBOR +0.400%), 12/25/2042	3,188,955
768,191	¹ REMIC, Series 2012-65, Class FB, 0.695% (1-month USLIBOR +0.520%), 6/25/2042	777,869
2,824,761	¹ REMIC, Series 2014-20, Class FB, 2.026% (1-month USLIBOR +0.400%), 4/25/2044	2,847,900
1,378,214	¹ REMIC, Series 2016-83, Class FA, 0.675% (1-month USLIBOR +0.500%), 11/25/2046	1,388,638
6,039,547	¹ REMIC, Series 2018-15, Class JF, 0.475% (1-month USLIBOR +0.000%), 3/25/2048	6,059,326
3,999,707	¹ REMIC, Series 2019-33, Class FB, 0.625% (1-month USLIBOR +0.450%), 7/25/2049	4,025,320
1,737,832	¹ REMIC, Series 2019-41, Class FC, 0.625% (1-month USLIBOR +0.450%), 8/25/2049	1,747,534
2,944,420	¹ REMIC, Series 2020-34, Class FA, 0.625% (1-month USLIBOR +0.450%), 6/25/2050	2,968,057
	TOTAL	45,504,450
	Government National Mortgage Association—0.4%	
662,579	REMIC, Series 2012-42, Class HF, 0.528% (1-month USLIBOR +0.370%), 3/20/2042	665,655
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (IDENTIFIED COST \$65,776,791)	66,366,260

Principal Amount or Shares		Value
	NON-AGENCY MORTGAGE-BACKED SECURITY—0.7%	
\$ 1,090,441	Sequoia Mortgage Trust 2013-1, Class 1A1, 1.450%, 2/25/2043 (IDENTIFIED COST \$1,090,441)	\$ 1,069,032
	¹ COMMERCIAL MORTGAGE-BACKED SECURITIES—1.1%	
	Agency Commercial Mortgage-Backed Securities—1.1%	
237,534	FHLMC REMIC, Series KS02, Class A, 0.534% (1-month USLIBOR +0.380%), 8/25/2023	237,307
1,430,155	FNMA REMIC, Series 2020-M5, Class FA, 0.615% (1-month USLIBOR +0.460%), 1/25/2027	1,434,394
	TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$1,665,673)	1,671,701
	MORTGAGE-BACKED SECURITIES—10.1%	
	Federal Home Loan Mortgage Corporation—2.1%	
1,988,321	1.500%, 8/1/2035	2,035,478
1,159,851	4.000%, 9/1/2047	1,244,285
	TOTAL	3,279,763
	Federal National Mortgage Association—3.9%	
1,675,202	2.500%, 12/1/2034	1,757,994
691,944	3.000%, 8/1/2023	726,367
3,183,354	4.000%, 3/1/2048	3,406,139
100,346	5.000%, 1/1/2024	105,095
	TOTAL	5,995,595
	² Uniform Mortgage-Backed Securities, TBA—4.1%	
4,000,000	2.000%, 9/1/2035	4,162,594
2,000,000	2.500%, 9/1/2035	2,098,126
	TOTAL	6,260,720
	TOTAL MORTGAGE-BACKED SECURITIES (IDENTIFIED COST \$15,112,066)	15,536,078
	INVESTMENT COMPANY—8.6%	
13,299,121	Federated Hermes Government Obligations Fund, Premier Shares, 0.05% ³ (AT AMORTIZED COST)	13,299,121
	TOTAL INVESTMENT IN SECURITIES-103.8% (IDENTIFIED COST \$158,835,433) ⁴	159,978,347
	OTHER ASSETS AND LIABILITIES - NET—(3.8)% ⁵	(5,903,197)
	TOTAL NET ASSETS—100%	\$154,075,150

Affiliated fund holdings are investment companies which are managed by the Adviser or an affiliate of the Adviser. Transactions with affiliated fund holdings during the period ended August 31, 2020, were as follows:

	Federated Hermes Government Obligations Fund, Premier Shares
Value as of 8/31/2019	\$ 2,419,668
Purchases at Cost	\$ 131,608,500
Proceeds from Sales	\$(120,729,047)
Change in Unrealized Appreciation/Depreciation	N/A
Net Realized Gain/(Loss)	N/A
Value as of 8/31/2020	\$ 13,299,121
Shares Held as of 8/31/2020	13,299,121
Dividend/Income	\$ 40,482

- 1 *Floating/adjustable note with current rate and current maturity or next reset date shown. Adjustable rate mortgage security coupons are based on the weighted average note rates of the underlying mortgages less the guarantee and servicing fees. These securities do not indicate an index and spread in their description above.*
- 2 *All or a portion of these To Be Announced Securities (TBAs) are subject to dollar-roll transactions.*
- 3 *7-day net yield.*
- 4 *The cost of investments for federal tax purposes amounts to \$158,805,411.*
- 5 *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 August 31, 2020.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of August 31, 2020, in valuing the Fund's assets carried at fair value.

Valuation Inputs

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
Debt Securities:				
Adjustable Rate Mortgages	\$ —	\$ 42,294,119	\$—	\$ 42,294,119
Asset-Backed Securities	—	19,742,036	—	19,742,036
Collateralized Mortgage Obligations	—	66,366,260	—	66,366,260
Non-Agency Mortgage-Backed Security	—	1,069,032	—	1,069,032
Commercial Mortgage-Backed Securities	—	1,671,701	—	1,671,701
Mortgage-Backed Securities	—	15,536,078	—	15,536,078
Investment Company	13,299,121	—	—	13,299,121
TOTAL SECURITIES	\$13,299,121	\$146,679,226	\$—	\$159,978,347

The following acronyms are used throughout this portfolio:

ARM —Adjustable Rate Mortgage
 FHLMC—Federal Home Loan Mortgage Corporation
 FNMA —Federal National Mortgage Association
 LIBOR —London Interbank Offered Rate
 REMIC —Real Estate Mortgage Investment Conduit
 SOFR —Secured Overnight Financing Rate
 TBA —To Be Announced

See Notes which are an integral part of the Financial Statements

Financial Highlights – Institutional Shares¹

(For a Share Outstanding Throughout Each Period)

	Year Ended 8/31/2020	Period Ended 8/31/2019 ²
Net Asset Value, Beginning of Period	\$9.67	\$9.67
Income From Investment Operations:		
Net investment income (loss)	0.17	0.02
Net realized and unrealized gain (loss)	(0.01)	—
TOTAL FROM INVESTMENT OPERATIONS	0.16	0.02
Less Distributions:		
Distributions from net investment income	(0.18)	(0.02)
Net Asset Value, End of Period	\$9.65	\$9.67
Total Return³	1.64%	0.18%
Ratios to Average Net Assets:		
Net expenses ⁴	0.30%	0.30% ⁵
Net investment income	1.78%	3.10% ⁵
Expense waiver/reimbursement ⁶	0.34%	0.38% ⁵
Supplemental Data:		
Net assets, end of period (000 omitted)	\$60,878	\$7,773
Portfolio turnover	80%	35% ⁷
Portfolio turnover (excluding purchases and sales from dollar-roll transactions)	67%	35% ⁷

- 1 The Fund's Institutional Shares are a new class of Shares effective as of the close of business on August 2, 2019.
- 2 Reflects operations for the period from August 5, 2019 (commencement of operations) to August 31, 2019.
- 3 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 Computed on an annualized basis.
- 6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 7 Portfolio turnover is calculated at the fund level. Percentage indicated was calculated for the fiscal year ended August 31, 2019.

See Notes which are an integral part of the Financial Statements

Financial Highlights – Service Shares¹

(For a Share Outstanding Throughout Each Period)

Year Ended August 31	2020	2019	2018	2017	2016
Net Asset Value, Beginning of Period	\$9.67	\$9.64	\$9.67	\$9.69	\$9.78
Income From Investment Operations:					
Net investment income (loss)	0.15	0.22	0.14	0.08	0.06
Net realized and unrealized gain (loss)	(0.01)	0.03	(0.03)	(0.02)	(0.09)
TOTAL FROM INVESTMENT OPERATIONS	0.14	0.25	0.11	0.06	(0.03)
Less Distributions:					
Distributions from net investment income	(0.16)	(0.22)	(0.14)	(0.08)	(0.06)
Net Asset Value, End of Period	\$9.65	\$9.67	\$9.64	\$9.67	\$9.69
Total Return²	1.42%	2.61%	1.15%	0.63%	(0.35)%
Ratios to Average Net Assets:					
Net expenses ³	0.52%	0.65%	0.65%	0.65%	0.64%
Net investment income	1.63%	2.24%	1.44%	0.82%	0.58%
Expense waiver/reimbursement ⁴	0.35%	0.38%	0.33%	0.30%	0.25%
Supplemental Data:					
Net assets, end of period (000 omitted)	\$93,198	\$122,537	\$151,186	\$226,904	\$357,065
Portfolio turnover	80%	35%	21%	1%	19%
Portfolio turnover (excluding purchases and sales from dollar-roll transactions)	67%	35%	21%	1%	19%

- ¹ Prior to August 5, 2019, Service Shares were designated as the Institutional Shares.
- ² Based on net asset value.
- ³ Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- ⁴ This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

August 31, 2020

Assets:

Investment in securities, at value including \$13,299,121 of investment in an affiliated holding* (identified cost \$158,835,433)	\$159,978,347
Income receivable	505,439
Income receivable from an affiliated holding	791
Receivable for shares sold	243,064
TOTAL ASSETS	160,727,641

Liabilities:

Payable for investments purchased	\$6,253,903
Payable for shares redeemed	277,116
Income distribution payable	38,569
Payable to adviser (Note 5)	2,395
Payable for administrative fees (Note 5)	328
Payable for other service fees (Notes 2 and 5)	30,892
Accrued expenses (Note 5)	49,288
TOTAL LIABILITIES	6,652,491
Net assets for 15,963,717 shares outstanding	\$154,075,150

Net Assets Consist of:

Paid-in capital	\$155,217,493
Total distributable earnings (loss)	(1,142,343)
TOTAL NET ASSETS	\$154,075,150

Net Asset Value, Offering Price and Redemption Proceeds Per Share

Institutional Shares:

Net asset value per share ($\$60,877,552 \div 6,309,156$ shares outstanding), no par value, unlimited shares authorized	\$9.65
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Service Shares:

Net asset value per share ($\$93,197,598 \div 9,654,561$ shares outstanding), no par value, unlimited shares authorized	\$9.65
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* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

Statement of Operations

Year Ended August 31, 2020

Investment Income:

Interest	\$2,916,888
Dividends received from an affiliated holding*	40,482
TOTAL INCOME	2,957,370

Expenses:

Investment adviser fee (Note 5)	\$ 416,790
Administrative fee (Note 5)	109,193
Custodian fees	16,362
Transfer agent fee	62,605
Directors'/Trustees' fees (Note 5)	7,733
Auditing fees	33,380
Legal fees	8,728
Portfolio accounting fees	109,520
Other service fees (Notes 2 and 5)	194,363
Share registration costs	55,296
Printing and postage	22,973
Commitment fee	11,311
Miscellaneous (Note 5)	52,189
TOTAL EXPENSES	1,100,443

Waiver and Reimbursements:

Waiver/reimbursement of investment adviser fee (Note 5)	\$(416,790)
Reimbursement of other operating expenses (Notes 2 and 5)	(65,691)
TOTAL REIMBURSEMENTS	(482,481)

Net expenses	617,962
Net investment income	2,339,408

Realized and Unrealized Gain (Loss) on Investments:

Net realized loss on investments	(577,036)
Net change in unrealized appreciation of investments	225,629
Net realized and unrealized loss on investments	(351,407)
Change in net assets resulting from operations	\$1,988,001

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

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

Year Ended August 31	2020	2019
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 2,339,408	\$ 3,192,313
Net realized loss	(577,036)	(204,317)
Net change in unrealized appreciation/depreciation	225,629	629,138
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	1,988,001	3,617,134
Distributions to Shareholders:		
Institutional Shares	(887,274)	(9,374) ¹
Service Shares	(1,488,911)	(3,008,168) ²
Service Shares	—	(197,754) ³
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(2,376,185)	(3,215,296)
Share Transactions:		
Proceeds from sale of shares	163,305,570	49,965,648
Net asset value of shares issued to shareholders in payment of distributions declared	1,349,499	1,745,911
Cost of shares redeemed	(140,501,487)	(83,636,848)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	24,153,582	(31,925,289)
Change in net assets	23,765,398	(31,523,451)
Net Assets:		
Beginning of period	130,309,752	161,833,203
End of period	\$ 154,075,150	\$ 130,309,752

- 1 Represents the total for the period from August 5, 2019 (commencement of operations) to August 31, 2019.
- 2 Represents totals for the Fund's previously existing Institutional Shares from September 1, 2018 to August 2, 2019 and for the Fund's newly re-designated Service Shares from August 5, 2019 to August 31, 2019.
- 3 Represents the total for the Fund's previously existing Service Shares for the period from September 1, 2018 to August 2, 2019, prior to its conversion into the newly re-designated Service Shares.

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

August 31, 2020

1. ORGANIZATION

Federated Hermes Adjustable Rate Securities Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The financial statements included herein are only those of Federated Hermes Adjustable Rate Fund (the "Fund"), a diversified portfolio. The Fund offers two classes of shares: Institutional Shares and Service Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The investment objective of the Fund is to provide current income consistent with minimal volatility of principal.

Prior to August 5, 2019, Service Shares were designated as the Institutional Shares. Effective at the close of business on August 2, 2019, the existing Service Shares were converted into the newly re-designated Service Shares, and a new Institutional Shares class was created.

Prior to June 29, 2020, the name of the Trust and Fund was Federated Adjustable Rate Securities Fund.

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:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Trustees (the "Trustees").
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different.

Fair Valuation Procedures

The Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees have appointed a Valuation Committee comprised of officers of the Fund, Federated Investment Management Company (the "Adviser"), and certain of the Adviser's affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the 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 Trustees. The Trustees periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Trustees.

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. Distributions of net investment income, if any, are declared daily and paid monthly. Amortization/accretion of premium and discount is included in investment income. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense waiver and reimbursements of \$482,481 is disclosed in various locations in this Note 2 and Note 5.

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

Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Institutional Shares and Service Shares to unaffiliated financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees. For the year ended August 31, 2020, other service fees for the Fund were as follows:

	Other Service Fees Incurred
Service Shares	\$194,363

For the year ended August 31, 2020, the Fund's Institutional Shares did not incur other service fees.

Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code (the "Code") and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the year ended August 31, 2020, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of August 31, 2020, tax years 2017 through 2020 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

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.

Dollar-Roll Transactions

The Fund engages in dollar-roll transactions in which the Fund sells mortgage-backed securities with a commitment to buy similar (same type, coupon and maturity), but not identical mortgage-backed securities on a future date. Both securities involved are TBA mortgage-backed securities. The Fund treats dollar-roll transactions as purchases and sales. Dollar-rolls are subject to interest rate risks and credit risks.

Restricted Securities

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

Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

Year Ended August 31	2020		2019 ¹	
Institutional Shares:	Shares	Amount	Shares	Amount
Shares sold	12,747,978	\$123,007,264	804,060	\$7,767,221
Shares issued to shareholders in payment of distributions declared	41,886	403,763	606	5,857
Shares redeemed	(7,284,959)	(70,100,492)	(415)	(4,006)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARES TRANSACTIONS	5,504,905	\$ 53,310,535	804,251	\$7,769,072

Year Ended August 31	2020		2019 ²	
Service Shares:	Shares	Amount	Shares	Amount
Shares sold	4,181,137	\$ 40,298,306	4,333,733	\$ 41,800,616
Shares issued to shareholders in payment of distributions declared	98,040	945,736	161,272	1,555,708
Shares redeemed	(7,296,471)	(70,400,995)	(7,507,588)	(72,368,678)
NET CHANGE RESULTING FROM SERVICE SHARES TRANSACTIONS	(3,017,294)	\$(29,156,953)	(3,012,583)	\$(29,012,354)

Year Ended August 31	2020		2019 ³	
	Shares	Amount	Shares	Amount
Service Shares:				
Shares sold	-	\$ -	41,310	\$ 397,811
Shares issued to shareholders in payment of distributions declared	-	-	19,116	184,346
Shares redeemed	-	-	(1,165,216)	(11,264,164)
NET CHANGE RESULTING FROM SERVICE SHARES TRANSACTIONS	-	\$ -	(1,104,790)	\$(10,682,007)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	2,487,611	\$24,153,582	(3,313,122)	\$(31,925,289)

- 1 Represents totals for the period from August 5, 2019 (commencement of operations) to August 31, 2019.
- 2 Represents totals for the Fund's previously existing Institutional Shares from September 1, 2018 to August 2, 2019 and for the Fund's newly re-designated Service Shares from August 5, 2019 to August 31, 2019.
- 3 Represents totals for the Fund's previously existing Service Shares for the period from September 1, 2018 to August 2, 2019, prior to its conversion into the newly re-designated Service Shares.

4. FEDERAL TAX INFORMATION

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

	2020	2019
Ordinary income	\$2,376,185	\$3,215,296

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

Undistributed ordinary income	\$ 5,180
Net unrealized depreciation	\$ 1,172,936
Capital loss carryforwards	\$(2,320,459)

At August 31, 2020, the cost of investments for federal tax purposes was \$158,805,411. The net unrealized appreciation of investments for federal tax purposes was \$1,172,936. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$1,450,393 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$277,457.

The difference between book-basis and tax-basis net unrealized appreciation/depreciation is attributable to differing treatments for dollar-roll transactions and REMIC adjustments.

As of August 31, 2020, the Fund had a capital loss carryforward of \$2,320,459 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
\$2,022,742	\$297,717	\$2,320,459

5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

Effective August 5, 2019, the advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.30% of the Fund's average daily net assets. Prior to August 5, 2019, the annual advisory fee was 0.60% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee. For the year ended August 31, 2020, the Adviser voluntarily waived \$413,154 of its fee and voluntarily reimbursed \$65,691 of other operating expenses.

The Adviser has agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the year ended August 31, 2020, the Adviser reimbursed \$3,636.

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 year ended August 31, 2020, 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.

Distribution Services Fee

Prior to August 5, 2019, the Fund adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund compensated Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund's previously existing Service Shares to finance activities intended to result in the sale of these shares. The Plan provided that the Fund may incur distribution expenses at 0.05% of average daily net assets, annually, to compensate FSC. FSC may voluntarily choose to waive any portion of its fee. When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares.

The Fund's newly re-designated Service Shares are not subject to the Plan.

Other Service Fees

For the year ended August 31, 2020, FSSC received \$717 of the other service fees disclosed in Note 2.

Expense Limitation

The Adviser and certain of its affiliates (which may include FSC, FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses paid by the Fund, if any) paid by the Fund's Institutional Shares and Service Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.30% and 0.55% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) November 1, 2021; 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.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the year ended August 31, 2020, were as follows:

Purchases	\$90,062,549
Sales	\$47,407,970

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. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to the highest, on any day, of (a) (i) the federal funds effective rate, (ii) the one month London Interbank Offered Rate (LIBOR), or a replacement rate as appropriate, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of an upfront fee, and its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and at maturity.

As of August 31, 2020, the Fund had no outstanding loans. During the year ended August 31, 2020, the Fund did not utilize the LOC.

8. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of August 31, 2020, there were no outstanding loans. During the year ended August 31, 2020, the program was not utilized.

9. OTHER MATTERS

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in late 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains, workflow operations and consumer activity, as well as general concern and uncertainty. The impact of this coronavirus may be short-term or may last for an extended period of time and has resulted in a substantial economic downturn. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries, individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the Fund's performance.

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF TRUSTEES OF FEDERATED HERMES ADJUSTABLE RATE SECURITIES TRUST AND SHAREHOLDERS OF FEDERATED HERMES ADJUSTABLE RATE FUND:

Opinion on the Financial Statements

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

Basis for Opinion

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

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

KPMG LLP

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

Boston, Massachusetts
October 23, 2020

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 March 1, 2020 to August 31, 2020.

ACTUAL EXPENSES

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds.

	Beginning Account Value 3/1/2020	Ending Account Value 8/31/2020	Expenses Paid During Period ¹
Actual:			
Institutional Shares	\$1,000	\$1,001.40	\$1.56
Service Shares	\$1,000	\$1,000.40	\$2.51 ²
Hypothetical (assuming a 5% return before expenses):			
Institutional Shares	\$1,000	\$1,023.50	\$1.58
Service Shares	\$1,000	\$1,022.60	\$2.54 ²

1 Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Institutional Shares	0.31%
Service Shares	0.50%

2 Actual and Hypothetical expenses paid during the period utilizing the Fund's Service Shares current Fee Limit of 0.55% (as reflected in the Notes to Financial Statements, Note 5 under Expense Limitation), multiplied by the average account value over the period, multiplied by 184/366 (to reflect expenses paid as if they had been in effect throughout the most recent one-half-year period) would be \$2.77 and \$2.80, respectively.

Board of Trustees and Fund Officers

The Board of Trustees is responsible for managing the Fund’s business affairs and for exercising all the Fund’s powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are “interested persons” of the Fund (i.e., “Interested” Trustees) and those who are not (i.e., “Independent” Trustees). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2019, the Fund comprised one portfolio(s), and the Federated Hermes Fund Family consisted of 41 investment companies (comprising 135 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund’s Statement of Additional Information includes additional information about Fund Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

INTERESTED TRUSTEES BACKGROUND

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
J. Christopher Donahue* Birth Date: April 11, 1949 PRESIDENT AND TRUSTEE Indefinite Term Began serving: April 1999	Principal Occupations: Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of the Funds in the Federated Hermes Fund Family; President, Chief Executive Officer and Director, Federated Hermes, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.	Previous Positions: President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd.	

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
John B. Fisher*	Birth Date: May 16, 1956 TRUSTEE	Indefinite Term Began serving: May 2016	<p>Principal Occupations: Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of certain of the Funds in the Federated Hermes Fund Family; Vice President, Federated Hermes, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President of some of the Funds in the Federated Hermes Fund Family and Director, Federated Investors Trust Company.</p> <p>Previous Positions: President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; President and CEO of Passport Research, Ltd.; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Hermes, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.</p>

* Reasons for "interested" status: J. Christopher Donahue and John B. Fisher are interested due to their beneficial ownership of shares of Federated Hermes, Inc. and due to positions they hold with Federated Hermes, Inc. and its subsidiaries.

INDEPENDENT TRUSTEES BACKGROUND

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

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
G. Thomas Hough	Birth Date: February 28, 1955	TRUSTEE Indefinite Term Began serving: August 2015	<p>Principal Occupations: Director or Trustee, Chair of the Audit Committee of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst & Young LLP (public accounting firm) (Retired).</p> <p>Other Directorships Held: Director, Chair of the Audit Committee, Equifax, Inc.; Director, Member of the Audit Committee, Haverty Furniture Companies, Inc.; formerly, Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.</p> <p>Qualifications: Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst & Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p>
Maureen Lally-Green	Birth Date: July 5, 1949	TRUSTEE Indefinite Term Began serving: August 2009	<p>Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor of Law, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p>Other Directorships Held: Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p>Qualifications: Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania to serve on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; and Director and Chair, North Catholic High School, Inc.</p>

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
Charles F. Mansfield, Jr.	Birth Date: April 10, 1945	TRUSTEE Indefinite Term Began serving: April 1999	<p>Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; Management Consultant and Author.</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Mansfield has served as a Marine Corps officer and in several banking, business management, educational roles and directorship positions throughout his long career. He remains active as a Management Consultant and Author.</p>
Thomas M. O'Neill	Birth Date: June 14, 1951	TRUSTEE Indefinite Term Began serving: August 2006	<p>Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p>
P. Jerome Richey	Birth Date: February 23, 1949	TRUSTEE Indefinite Term Began serving: October 2013	<p>Principal Occupations: Director or Trustee of the Federated Hermes Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p>Other Directorships Held: None.</p> <p>Qualifications: Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CNX Resources Corporation (formerly known as CONSOL Energy Inc.); and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll & Rooney PC (a law firm).</p>

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

OFFICERS

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
Lori A. Hensler	Birth Date: January 6, 1967	TREASURER Officer since: April 2013	<p>Principal Occupations: Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.</p> <p>Previous Positions: Controller of Federated Hermes, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.</p>

Name	Birth Date	Positions Held with Fund Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
Peter J. Germain	Birth Date:	September 3, 1959 CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	<p>Principal Occupations: Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Hermes Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Hermes, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated Hermes, Inc. in 1984 and is a member of the Pennsylvania Bar Association.</p> <p>Previous Positions: Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Hermes, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Hermes, Inc.</p>
Stephen Van Meter	Birth Date: June 5, 1975	CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	<p>Principal Occupations: Senior Vice President and Chief Compliance Officer of the Federated Hermes Fund Family; Vice President and Chief Compliance Officer of Federated Hermes, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated Hermes, Inc. in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.</p> <p>Previous Positions: Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Hermes, Inc. Prior to joining Federated Hermes, Inc., Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.</p>
Robert J. Ostrowski	Birth Date: April 26, 1963	CHIEF INVESTMENT OFFICER Officer since: May 2004	<p>Principal Occupations: Robert J. Ostrowski joined Federated Hermes in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated Hermes' taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.</p>

Evaluation and Approval of Advisory Contract – May 2020

FEDERATED ADJUSTABLE RATE SECURITIES FUND (THE “FUND”)

(EFFECTIVE CLOSE OF BUSINESS ON JUNE 26, 2020, THE FUND’S NAME CHANGED TO FEDERATED HERMES ADJUSTABLE RATE FUND)

At its meetings in May 2020 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) (the “Contract”) 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 continue the existing arrangements. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

Information Received and Review Process

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation presenting on the topics discussed below. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contract. The CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes on behalf of the Independent Trustees encompassing a wide variety of topics. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the Contract, which included detailed information about the Fund and Federated Hermes furnished to the Board at its meetings

throughout the year and in between regularly scheduled meetings on particular matters as the need arose, as well as information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings.

The Board's consideration of the Contract included review of materials and information covering the following matters, among others: the Adviser's and sub-adviser's investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund's short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund's particular investment program and a group of its peer funds and/or its benchmark, as appropriate) and comments on the reasons for the Fund's performance; the Fund's investment objectives; the Fund's expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring and managing the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund's relationship to the other funds advised by Federated Hermes (each, a "Federated Hermes Fund"), which include a comprehensive array of funds with different investment objectives, policies and strategies which are generally available for exchange without the incurrence of additional sales charges; compliance and audit reports concerning the Federated Hermes Funds and the Federated Hermes' affiliates that service them (including communications from regulatory agencies), as well as Federated Hermes' responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated Hermes Funds and/or Federated Hermes may be responding to them. In addition, the Board received and considered information furnished by Federated Hermes on the impacts of the coronavirus (COVID-19) outbreak on Federated Hermes generally and the Fund in particular, including, among other information, the current and anticipated impacts on the management, operations and performance of the Fund. The Board noted that its evaluation process is evolutionary and that the criteria considered and the emphasis placed on relevant criteria may change in recognition of changing circumstances in the mutual fund marketplace.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in determining to approve the Contract. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser's fiduciary duty with respect to its receipt of

compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser's cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize "economies of scale" as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any "fall-out" financial benefits that accrue to an adviser because of its relationship with a fund (including research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the adviser for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser's services and fees). The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements regarding the basis for a fund board's approval of the fund's investment advisory contracts generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the Federated Hermes Funds. While individual members of the Board may have weighed certain factors differently, the Board's determination to continue the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contract. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contract for the Fund as part of its consideration of agreements for funds across the Federated Hermes Funds family, but its approvals were made on a fund-by-fund basis.

Nature, Extent and Quality of Services

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of the Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the Adviser's personnel, experience and track record, as well as the financial resources and overall reputation of Federated Hermes and its willingness to invest in personnel and infrastructure that benefit the Federated Hermes Funds. The Board noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes in 2018, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to incorporate environmental, social and governance ("ESG") factors and issuer engagement on ESG matters.

In addition, the Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and the Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Adviser and the compliance-related resources devoted by the Adviser and its affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including the Adviser's commitment to respond to rulemaking and other regulatory initiatives of the SEC such as the liquidity risk management program rules. In addition, the Board considered the response by the Adviser to recent market conditions and considered the overall performance of the Adviser in this context. The Fund's ability to deliver competitive performance when compared to its Performance Peer Group (as defined below) was also deemed to be relevant by the Board as a useful indicator of how the Adviser is executing the Fund's investment program. The Adviser's ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Adviser's investment management and related services warrant the continuation of the Contract.

Fund Investment Performance

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board also considered the Fund's performance in light of the overall recent market conditions. The Board considered detailed investment reports on the Fund's performance over different time periods that were provided to the Board throughout the year and in connection with the May Meetings and evaluated the Adviser's analysis of the Fund's performance for these time periods. The Board also reviewed comparative information regarding the performance of other mutual funds in the category of peer funds selected by Morningstar, Inc. (the "Morningstar"), an independent fund ranking organization (the "Performance Peer Group"), noting the CCO's view that comparisons to fund peer groups may be helpful,

though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered, in evaluating such comparisons, that in some cases there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group.

The Fund's performance fell below the median of the relevant Performance Peer Group for the one-year, three-year and five-year periods ended December 31, 2019. The Board discussed the Fund's performance with the Adviser and recognized the efforts being taken by the Adviser in the context of other factors considered relevant by the Board.

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

Fund Expenses

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

The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund 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. In 2019, the Board approved a reduction of 30 basis points in the contractual advisory fee.

For comparison, the Board received and considered information about the fees charged by Federated Hermes for providing advisory services to other types of clients with investment strategies similar to those of the Federated Hermes Funds, including non-mutual fund clients such as institutional separate accounts and third-party unaffiliated mutual funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-mutual fund clients are inherently different products due to the following differences, among others: (i) different types of targeted investors; (ii) different applicable laws and regulations; (iii) different legal structures; (iv) different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; (v) and the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing, addressing different administrative responsibilities, and addressing different degrees of risk associated with management; and (vi) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary mutual fund business versus managing a discrete pool of assets as a sub-adviser to another institution's mutual fund, noting that Federated Hermes generally performs significant additional services and assumes substantially greater risks in managing the Fund and other Federated Hermes Funds than in its role as sub-adviser to an unaffiliated third-party mutual fund. The Board noted that the CCO did not consider the fees for providing advisory services to other types of clients to be determinative in judging the appropriateness of the Federated Hermes Funds' advisory fees.

Following such evaluation, and full deliberations, the Board concluded that the fees and expenses of the Fund are reasonable and supported renewal of the Contract.

Profitability and Other Benefits

The Board also received financial information about Federated Hermes, including information regarding the compensation and ancillary (or "fall-out") benefits Federated Hermes derived from its relationships with the Federated Hermes Funds. This information covered not only the fees under the Federated Hermes Funds' investment advisory contracts, but also fees received by Federated Hermes' affiliates for providing other services to the Federated Hermes Funds under separate contracts (e.g., for serving as the Federated Hermes Funds' administrator and distributor). In this regard, the Board considered that certain of Federated Hermes' affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing any indirect benefit Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds. In addition, the Board considered the fact that, in

order for the Federated Hermes Funds to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated Hermes Fund shareholders and/or reported to the Board their intention to do so in the future. Moreover, the Board received and considered regular reports from Federated Hermes throughout the year as to the institution, adjustment or elimination of these voluntary waivers and/or reimbursements.

The Board received and considered information furnished by Federated Hermes, as requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable, because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. The allocation information, including the CCO's view that fund-by-fund estimations may be unreliable, was considered in the evaluation by the Board. In addition, the Board considered that, during the prior year, an independent consultant conducted a review of the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract. The Board noted the consultant's view that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. The Board considered the CCO's conclusion that, based on such profitability information, Federated Hermes' profit margins did not appear to be excessive. The Board also considered the CCO's view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Federated Hermes Funds.

Economies of Scale

The Board received and considered information about the notion of possible realization of "economies of scale" as a fund grows larger, the difficulties of calculating economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the Board considered that the Adviser has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as personnel and processes for the portfolio management, trading operations, issuer engagement (including with respect to ESG matters), shareholder

services, compliance, business continuity, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and use of data. The Board noted that Federated Hermes' investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments (as well as the benefits of any economies of scale, should they exist) are likely to be shared with the Federated Hermes Fund family as a whole. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and that such waivers and reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund's assets decline. Federated Hermes, as it does throughout the year, and specifically in connection with the Board's review of the Contract, furnished information relative to adviser-paid fees (commonly referred to as revenue sharing). The Board considered the beliefs of Federated Hermes and the CCO that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with "breakpoints" that serve to reduce the fee as a fund attains a certain size.

Conclusions

The Board considered the CCO's conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund was reasonable and the CCO's recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contract by the CCO. The CCO also recognized that the Board's evaluation of the Federated Hermes Funds' advisory and subadvisory arrangements is a continuing and on-going process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its on-going oversight of the Federated Hermes Funds.

In its determination to continue an existing investment advisory contract, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew an investment advisory contract. In particular, the Board recognized that many shareholders have invested in the Fund on the strength of the Adviser's industry standing and reputation and

with the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board's approval of the Contract reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund. The Board concluded that, in light of the factors summarized above, including the nature, quality and scope of the services provided to the Fund by the Adviser and its affiliates, continuation of the Contract was appropriate.

The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were deemed to be relevant, the Board's determination to approve the continuation of the Contract reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to continue the existing 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 Adjustable Rate Securities Trust (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Adjustable Rate Fund (the “Fund” and, collectively with the Federated Hermes funds, the “Federated Hermes Funds”). The Program seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Trustees of the Trust (the “Board”) has approved the designation of the Fund’s investment adviser as the administrator for the Program for the Fund. Each affiliated Federated Hermes advisory subsidiary (including the Fund’s investment adviser) that serves as investment adviser to a Federated Hermes Fund (including the Fund) has been approved as the administrator of the Program for each Federated Hermes Fund they manage (each an “Administrator”). The Administrator in turn has delegated daily responsibility for the administration of the Program to multiple Liquidity Risk Management Committees (the “Committees”). The Committees, which are comprised of representatives of Enterprise Risk Management, Compliance, Investment Management and Trading, must review and assess certain information related to the liquidity of the Federated Hermes Funds, including the Fund.

The Program is comprised of various components designed to support the assessment and/or management of liquidity risk, including: (1) the periodic assessment (no less frequently than annually) of certain factors that influence the Fund’s liquidity risk; (2) the periodic classification (no less frequently than monthly) of the Fund’s investments into one of four liquidity categories that reflect an estimate of their liquidity under current market conditions; (3) a 15% limit on the acquisition of “illiquid investments” (as defined under the Liquidity Rule); (4) to the extent a Fund does not invest primarily in “highly liquid investments” (as defined under the Liquidity Rule), the determination of a minimum percentage of the Fund’s assets that generally will be invested in highly liquid investments (an “HLIM”); (5) if a Fund has established an HLIM, the periodic review (no less frequently than annually) of the HLIM and the adoption of policies and procedures for responding to a shortfall of the Fund’s highly liquid investments below its HLIM; and (6) periodic reporting to the Board.

At its meetings in May 2020, the Board received and reviewed a written report (the “Report”) from the Federated Hermes Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the Program for the period from the Program’s inception on December 1, 2018 through March 31, 2020 (the “Period”). The Report

addressed the operation of the Program and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund and each Federated Hermes Fund's access to other available funding sources such as the Federated Hermes Funds' interfund lending facility, redemptions in-kind and committed lines of credit. There were no material changes to the Program during the Period. The Report summarized the operation of the Program and the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that the Fund did not utilize alternative funding sources during the Period;
- the periodic classifications of the Fund's investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund's reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund's investments and the results of an evaluation of the services performed by the vendor in support of this process;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period and the procedures for monitoring this limit; and
- liquidity events during the Period, including the impact on liquidity caused by extended non-U.S. market closures and the market disruptions resulting from the novel coronavirus outbreak, and the fact that there were no specific liquidity events during the Period that materially affected the Fund's liquidity risk.

Based on this review, the Fund's investment adviser, in its role as Administrator, collectively with the other investment advisers to the Federated Hermes Funds, concluded that the Program is operating effectively to assess and manage the Fund's liquidity risk, and that the Program has been and continues to be adequately and effectively implemented to monitor and, as applicable, respond to the Fund's liquidity developments.

Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [FederatedInvestors.com/FundInformation](https://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).

Notes

Notes

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.

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