

**Annual  
Shareholder Report**  
*August 31, 2022*



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Share Class | Ticker

Institutional | FHMIX

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# Federated Hermes Conservative Municipal Microshort Fund

*Fund Established 2021*

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A Portfolio of Federated Hermes Adviser Series

Dear Valued Shareholder,

We are pleased to present the Annual Shareholder Report for your fund covering the period from September 1, 2021 through August 31, 2022. This report includes Management's Discussion of Fund Performance, a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "J. Christopher Donahue".

J. Christopher Donahue, President

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**

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

The total return of Federated Hermes Conservative Municipal Microshort Fund (the "Fund"),<sup>1</sup> based on net asset value for the 12-month reporting period ended August 31, 2022, was 0.60% for the Institutional Shares. The 0.60% total return for the Institutional Shares for the reporting period consisted of 0.60% of tax-exempt dividend income and price appreciation of 0.00% in the net asset value of the shares.<sup>2</sup> The total return of the Bloomberg BVAL Municipal Yield Curve (Callable) 3-Month Index (the "Index"),<sup>3</sup> the Fund's yield-based benchmark, was 0.68%. The Fund's total return for the most recently completed fiscal year reflected actual cash flows, transaction costs and expenses that were not reflected in the total return of the Index.

During the reporting period, the Fund's investment strategy focused on: (a) the credit quality<sup>4</sup> of the portfolio securities; (b) security selection; and (c) the dollar-weighted average portfolio maturity (WAM). These were the most significant factors affecting the Fund's performance during the reporting period.

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

### MARKET OVERVIEW

Fixed-income markets contended with the shift from transitory inflation to embedded inflation during the reporting period. As market expectations surrounding the outlook for inflation changed, the Federal Reserve (the "Fed") adjusted accordingly and began an aggressive rate hiking campaign to address inflation rates that hit 40-year highs as measured by the U.S. Consumer Price Index (CPI).

The U.S. labor market expansion continued at a healthy pace with the U-3 unemployment rate ending the period at 3.70% after beginning the period at 5.20%. Outside of the unemployment rate, the economy did show signs of weakening as economic growth was impacted by inflation that continued its ascension during the reporting period. Inflation ended the period with a year-over-year rate increase of 8.3%, as measured by the CPI, compared to 5.3% at the beginning of the period and a peak of 9.1% in June 2022. This was the impetus for the Fed to refocus on its price stability mandate and undertake the aggressive rate-hiking campaign.

Municipal bond mutual funds experienced heavy net redemptions as investors reacted to the rising rates and volatile market. Municipal credit spreads, the yield advantage of mid-to-low-quality bonds relative to high-quality bonds, widened as the redemptions persisted and as concerns emerged that the inflation shock and the Fed's attempt to address it may precipitate a recession in the coming quarters or years.

During the reporting period, the Fed raised the federal funds target rate at four consecutive meetings beginning in March 2022 by a total of 225 basis points to a 2.25% to 2.50% range. The Fed also raised the rates on both its Reverse Repo Facility and Interest on Excess Reserves by 225 basis points to 2.30% and 2.40%, respectively. The 2-year U.S. Treasury Note began the reporting period with a yield of 0.21% and ended the period with a yield of 3.50% for an increase of 329 basis points.

Municipal rates also rose sharply. The 7-day SIFMA Index rate, a proxy for weekly municipal variable-rate demand notes (“MVRDN”) ranged from a low of 0.02% in September to a high of 1.83% on August 10, 2022 and averaged 0.46% for the reporting period. The 1-year Moody’s Investment Grade 1 (“MIG1”) note scale ranged between 0.09% and 2.43% while the 2-year AAA Municipal Scale started the period at 0.11% and ended the period at 2.28% per Municipal Market Data or “MMD.” The Bloomberg BVAL Municipal AAA Yield Curve 2-Year Index ranged from a low of 0.09% on September 1, 2021 to a high of 2.33% on May 17, 2022 and averaged 1.14%. As a ratio, the MMD 2-year AAA Municipal Scale was approximately 53% of the 2-year U.S. Treasury Note to start the period and approximately 66% at the end of the period. The MMD 2-year Baa Municipal Scale began the period at 0.39% and ended the period at 2.80%. Therefore, the spread above the MMD 2-year AAA Municipal Scale began the period at 0.28% and ended the period at 0.52%, for a widening of 0.24%.

## **CREDIT QUALITY**

The Fund attempts to achieve returns in excess of its “AAA”-rated yield-based benchmark with a conservative approach to municipal credit by seeking to invest in tax-exempt securities or issuers rated investment grade<sup>5</sup> (or unrated securities of comparable quality). Within investment-grade securities, the Fund’s prospectus allows for purchasing up to 15% in “BBB”-rated securities, including securities with short-term ratings of comparable quality (i.e., “A-3” or “P-3” ratings). Given valuation, limited opportunity and a selective approach in the “BBB” space, the Fund’s exposure to “BBB”-rated securities was 0.5% at the end of the reporting period. This was down from a high of approximately 3% from September 2021 through December 2021 as Fund assets grew and securities matured.

Therefore, the Fund sought higher exposure to securities with “A-2”/“P-2”/“F2” short-term ratings (average exposure for the period based on month-end holdings was approximately 27% vs. 18% in the prior reporting period) as short-maturity credit spreads provided attractive buying opportunities that generated higher returns. Municipal credit performed well in the short duration investment-grade space given conservative budgeting, prior stimulus funds and a continued moderate expansion of the U.S. economy. As noted above, spreads on 2-year “BBB” paper widened moderately.

## **SECURITY SELECTION**

Because the Fund pursues a strategy that seeks to generate higher returns than may be obtained by a tax-exempt money market fund with a low degree of share price fluctuation, the Fund was managed during the reporting period with an intention of maintaining a barbell structure in a wide range of approximately 55% to 85% weighting in short-term, variable-rate securities such as tax-exempt weekly reset MVRDNs and tender option bonds combined with 15% to 45% weighting in fixed-rate municipal bonds and notes with maturities generally from three months to two years. This wide range is attributed to the rapidly changing views on the Fed's interest rate policy and proved to be beneficial as the Fund had higher exposure to variable rates in the later half of the reporting period as interest rates rose sharply.

The Fund addressed liquidity needs by owning daily and weekly MVRDNs with spreads of approximately 0-10 basis points over the SIFMA Index. Additionally, as part of the effort to shorten WAM and increase exposure to variable rates, the Fund was able to build core positions in MVRDNs and tender option bonds with spreads of approximately 15-20 basis points and 20-30 basis points, respectively, over the SIFMA Index. And lastly the Fund selectively added fixed-rate holdings with credit spreads of approximately 20-100 basis points above the MMD 1-year AAA Municipal Scale, with a focus on the 3-month space. Spreads increased over the period as both interest rates and rate uncertainty increased. Overall, security selection added to Fund performance.

## **DOLLAR-WEIGHTED AVERAGE PORTFOLIO MATURITY ("WAM")**

The Fund also employs a "microshort" strategy to aid in seeking a low degree of share price fluctuation. As such, the Fund's WAM is constrained by its prospectus to a maximum of 180 days. As determined at the end of the reporting period, the Fund's WAM was 30 days (versus 71 days for the prior reporting period). While the Fund's shortened WAM was a primary factor in producing an increased distribution yield and maintaining a \$10.00 NAV, it had a negative effect on Fund performance as compared to the Index since the Fund was shorter than the Index.

The Fund's WAM ranged from a high of 84 days on October 26, 2021 to a low of 20 days on May 9, 2022. The range was impacted by Fund management's view on the direction of interest rates, the availability of appropriate securities at certain intervals, periods of rich tax-exempt valuations in the short-duration investment-grade space and maintaining a healthy position in securities with interest rates that reset weekly. In particular, as the Fund's assets grew along with an outlook for higher rates, the Fund's WAM was reduced from approximately 60 days to approximately 30 days between January and February 2022.

As noted above, short-term municipal rates rose sharply with periods of high volatility and largely maintained an upward but reduced slope during the Fund's fiscal year.

- 1 *Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices. The Fund is not a "money market" mutual fund. Some money market mutual funds attempt to maintain a stable net asset value through compliance with relevant Securities and Exchange Commission (SEC) rules. The Fund is not governed by those rules, and its shares will fluctuate in value.*
- 2 *Income may be subject to the federal alternative minimum tax, as well as state and local taxes.*
- 3 *Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the Index.*
- 4 *Credit ratings are an indication of the risk that a security will default. They do not protect a security from credit risk. Lower-rated bonds typically offer higher yields to help compensate investors for the increased risk associated with them. Among these risks are lower creditworthiness, greater price volatility, more risk to principal and income than with higher-rated securities and increased possibilities of default.*
- 5 *Investment-grade securities and noninvestment-grade securities may either be: (a) rated by a nationally recognized statistical ratings organization or rating agency; or (b) unrated securities that the Fund's investment adviser ("Adviser") believes are of comparable quality. The rating agencies that provided the ratings for rated securities include Standard & Poor's, Moody's Investor Services, Inc. and Fitch Rating Service. When ratings vary, the highest rating is used. Credit ratings of "AA" or better are considered to be high credit quality; credit ratings of "A" are considered high or medium/good quality; and credit ratings of "BBB" are considered to be medium/good credit quality, and the lowest category of investment-grade securities; credit ratings of "BB" and below are lower-rated, noninvestment-grade securities or junk bonds; and credit ratings of "CCC" or below are noninvestment-grade securities that have high default risk. Any credit quality breakdown does not give effect to the impact of any credit derivative investments made by the Fund.*

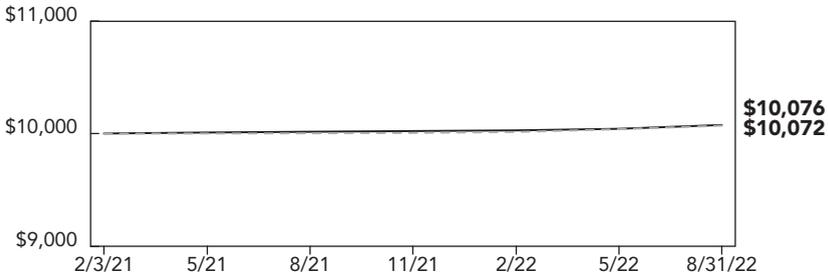
## FUND PERFORMANCE AND GROWTH OF A \$10,000 INVESTMENT

The graph below illustrates the hypothetical investment of \$10,000 in the Federated Hermes Conservative Municipal Microshort Fund (the “Fund”) from February 3, 2021 to August 31, 2022, compared to the Bloomberg BVAL Municipal Yield Curve (Callable) 3-Month Index (the “Index”).<sup>1</sup> The Average Annual Total Return table below shows returns averaged over the stated period.

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

#### Growth of \$10,000 as of August 31, 2022

— Federated Hermes Conservative Municipal Microshort Fund - Institutional Shares  
 - - - Index



#### Average Annual Total Returns for the Period Ended 8/31/2022

|                             | 1 Year | Since Inception |
|-----------------------------|--------|-----------------|
| <b>Inception Date:</b>      |        | 2/3/2021        |
| <b>Institutional Shares</b> | 0.60%  | 0.48%           |
| <b>Index</b>                | 0.68%  | 0.46%           |

**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](http://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.**

- 1 The Bloomberg BVAL Municipal Yield Curve (Callable) 3-Month Index is a municipal "AAA" 5% coupon benchmark yield curve that is the baseline curve for BVAL tax-exempt municipals. It is populated with high quality U.S. municipal bonds with an average rating of "AAA" from Moody's and S&P. The yield curve is built using non-parametric fit of market data obtained from the Municipal Securities Rulemaking Board, new issues calendars and other proprietary contributed prices. The benchmark is updated hourly and utilizes eligible "AAA" traded observations throughout the day and accessible on through Bloomberg services. The 3-Month curve is one data point of the overall BVAL Municipal AAA Benchmark Curve. The Index is unmanaged, and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*

# Portfolio of Investments Summary Tables (unaudited)

At August 31, 2022, the Fund's sector composition<sup>1</sup> was as follows:

| Sector Composition                            | Percentage of<br>Total Net Assets |
|---|-----------------------------------|
| Industrial Development/Pollution Control      | 24.2%                             |
| Electric & Gas                                | 22.0%                             |
| Multi-Family Housing                          | 17.4%                             |
| General Obligation- Local                     | 5.9%                              |
| Hospital                                      | 5.2%                              |
| Single Family Housing                         | 2.6%                              |
| Special Tax                                   | 0.9%                              |
| General Obligation- State                     | 0.7%                              |
| Other Transportation                          | 0.7%                              |
| Senior Care                                   | 0.4%                              |
| Other <sup>2</sup>                            | 18.1%                             |
| Other Assets and Liabilities—Net <sup>3</sup> | 1.9%                              |
| <b>TOTAL</b>                                  | <b>100%</b>                       |

- Sector classifications and the assignments of holdings to such sectors, are based upon the economic sector and/or revenue source of the underlying obligor, as determined by the Fund's Adviser. For securities that have been enhanced by a third-party guarantor, such as bond insurers and banks, sector classifications are based upon the economic sector and/or revenue source of the underlying obligor, as determine by the Fund's Adviser.*
- For purposes of this table, sector classifications constitute 80.0% of the Fund's total net assets. Remaining sectors have been aggregated under the designation "Other".*
- Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

At August 31, 2022, the Fund's effective maturity schedule<sup>1</sup> was as follows:

| Securities With an<br>Effective Maturity of:  | Percentage of<br>Total Net Assets |
|---|-----------------------------------|
| 1-7 Days                                      | 72.7%                             |
| 8-30 Days                                     | 1.6%                              |
| 31-90 Days                                    | 17.1%                             |
| 91-180 Days                                   | 0.6%                              |
| 181 Days or more                              | 6.1%                              |
| Other Assets and Liabilities—Net <sup>2</sup> | 1.9%                              |
| <b>TOTAL</b>                                  | <b>100%</b>                       |

- Variable rate demand instruments are treated as short-term securities as the repayment of their principal amount at face value can be on demand. For other investments, effective maturity is the unexpired time until final maturity.*
- Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

# Portfolio of Investments

August 31, 2022

| Principal Amount |   | Value             |
|------------------|---|-------------------|
|                  | <sup>1</sup> SHORT-TERM MUNICIPALS—98.1%  |                   |
|                  | <b>Alabama—1.5%</b>   |                   |
| \$2,000,000      | Mobile, AL IDB (Alabama Power Co.), PCRBs (Series 2007B) Weekly VRDNs, 1.820%, 9/7/2022   | \$ 2,000,000      |
|                  | <b>Arizona—2.3%</b>   |                   |
| 3,000,000        | Arizona State IDA (Vaseo Apartments LP), Mizuho 3a-7 (2021-MIZ9088) VRENs, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022   | 3,000,000         |
|                  | <b>California—10.3%</b>   |                   |
| 1,000,000        | California HFA, Mizuho 3a-7 (Series 2022-MIZ9097) VRENs, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022   | 1,000,000         |
| 3,000,000        | Los Angeles, CA Community Redevelopment Agency (DWF V Hollywood & Vine, LP), Mizuho 3a-7 (Series 2022-MIZ9089) Weekly VRDNs, (GTD by FHLMC)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022  | 3,000,000         |
| 2,475,000        | Los Angeles, CA MFH Revenue Bonds (CORE Related/ GALA Rentals, LP), SPEAR's 3a7 (Series DBE-8081) VRDNs, (Deutsche Bank AG LIQ)/(Deutsche Bank AG LOC), 2.070%, 9/1/2022  | 2,475,000         |
| 3,800,000        | Nuveen California AMT-Free Quality Municipal Income Fund, (Series A) Weekly VRDPs, 2.170%, 9/1/2022   | 3,800,000         |
| 1,445,000        | Nuveen California Quality Municipal Income Fund, RIB floater Trust (Series 2022-FR-RI-005) VRENs, (Barclays Bank PLC LIQ)/(Barclays Bank PLC LOC), 2.000%, 9/1/2022   | 1,445,000         |
| 1,140,000        | River Islands, CA Public Financing Authority (River Islands, CA Public Financing Authority Community Facilities District No. 2003-1), Tender Option Bond Trust Floater Certificates (2020-MIZ9026) VRENs, (Mizuho Bank Ltd. GTD)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022 | 1,140,000         |
| 500,000          | San Francisco, CA City and County (Block 9 MRU Residential LLC), Mizuho 3A-7 (Series 2022-MIZ9100) VRENs, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022  | 500,000           |
|                  | <b>TOTAL</b>  | <b>13,360,000</b> |
|                  | <b>Colorado—0.2%</b>  |                   |
| 242,227          | Colorado HFA (Steele San Juan, LLC), Mizuho 3a-7 (Series 2021-MIZ9068) VRENs, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022  | 242,227           |
|                  | <b>Connecticut—0.1%</b>   |                   |
| 100,000          | Connecticut State Special Transportation Fund, RBC Muni Products (Series G-110) TOBs, (Royal Bank of Canada LIQ)/(Royal Bank of Canada LOC), 1.850%, Optional Tender 10/3/2022  | 100,000           |
|                  | <b>Florida—4.0%</b>   |                   |
| 130,000          | Capital Trust Agency, FL (Milestones Community School, Inc.), Tender Option Bond Trust Receipts (2022-XF2965) Weekly VRDNs, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.870%, 9/1/2022  | 130,000           |
| 1,000,000        | Florida Development Finance Corp. (Brightline Florida Passenger Rail Expansion), (Series A) TOBs, (GTD by United States Treasury), 2.900%, Mandatory Tender 4/4/2023  | 994,858           |

| Principal Amount |  | Value      |
|------------------|--|------------|
|                  | <sup>1</sup> SHORT-TERM MUNICIPALS—continued   |            |
|                  | <b>Florida—continued</b>   |            |
| \$ 750,000       | Martin County, FL (Florida Power & Light Co.), (Series 2022) Daily VRDNs, 1.680%, 9/1/2022   | \$ 750,000 |
| 3,370,000        | Miami-Dade County, FL HFA (Superior Manor Phase II LLC), Mizuho 3a-7 (2022-MIZ9087) VRENS, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022                        | 3,370,000  |
|                  | TOTAL  | 5,244,858  |
|                  | <b>Georgia—2.8%</b>  |            |
| 700,000          | Appling County, GA Development Authority (Georgia Power Co.), (First Series 2011) Daily VRDNs, 1.390%, 9/1/2022  | 700,000    |
| 300,000          | Burke County, GA Development Authority (Georgia Power Co.), (2018 1st Series) Daily VRDNs, 1.400%, 9/1/2022  | 300,000    |
| 1,400,000        | Burke County, GA Development Authority (Georgia Power Co.), (Series 2008) Daily VRDNs, 1.390%, 9/1/2022  | 1,400,000  |
| 1,300,000        | Monroe County, GA Development Authority Pollution Control (Georgia Power Co.), (First Series 2008) Daily VRDNs, 1.390%, 9/1/2022   | 1,300,000  |
|                  | TOTAL  | 3,700,000  |
|                  | <b>Idaho—3.1%</b>  |            |
| 4,000,000        | American Falls, ID Reservoir District (Idaho Power Co.), (Series 2000) Weekly VRDNs, 1.750%, 9/7/2022  | 4,000,000  |
|                  | <b>Illinois—1.2%</b>   |            |
| 550,000          | Illinois Development Finance Authority (North Shore Senior Center), (Series 1999) Weekly VRDNs, (JPMorgan Chase Bank, N.A. LOC), 1.500%, 9/7/2022                                    | 550,000    |
| 500,000          | Illinois Finance Authority (Saint Xavier University), (Series 2006) Weekly VRDNs, (Huntington National Bank LOC), 1.740%, 9/1/2022   | 500,000    |
| 500,000          | Illinois State, GO Bonds (Series 2022A), 5.000%, 3/1/2023  | 505,134    |
|                  | TOTAL  | 1,555,134  |
|                  | <b>Indiana—3.0%</b>  |            |
| 290,000          | Greater Clark County, IN Community Schools Corp., Ad Valorem Property Tax First Mortgage Bonds (Series 2020), (GTD by Indiana State School Aid Intercept Program), 4.000%, 1/15/2023 | 291,752    |
| 3,600,000        | Indiana State Finance Authority Environmental (Mittal Steel USA, Inc.), (Series 2006) Weekly VRDNs, (Banco Bilbao Vizcaya Argentaria SA LOC), 1.950%, 9/7/2022                       | 3,600,000  |
|                  | TOTAL  | 3,891,752  |
|                  | <b>Kansas—3.1%</b>   |            |
| 4,000,000        | Burlington, KS (Kansas City Power And Light Co.), (Series 2007A) Weekly VRDNs, 1.690%, 9/7/2022  | 4,000,000  |
| 20,000           | Leawood, KS, UT GO Temporary Notes (Series 2021-1) BANs, 1.500%, 9/1/2022  | 20,000     |
|                  | TOTAL  | 4,020,000  |
|                  | <b>Kentucky—5.3%</b>   |            |
| 4,500,000        | Kentucky EDFA (Catholic Health Initiatives), (Series 2004 C) Weekly VRDNs, 1.800%, 9/7/2022  | 4,500,000  |

| Principal Amount |  | Value        |
|------------------|--|--------------|
|                  | <sup>1</sup> SHORT-TERM MUNICIPALS—continued   |              |
|                  | <b>Kentucky—continued</b>  |              |
| \$1,500,000      | Kentucky EDFA (Republic Services, Inc.), (Series A) TOBs, 2.000%, Mandatory Tender 9/1/2022  | \$ 1,500,000 |
| 900,000          | Meade County, KY Industrial Building Revenue Authority (Nucor Corp.), (Series 2021B-1) Daily VRDNs, 1.360%, 9/1/2022   | 900,000      |
|                  | TOTAL  | 6,900,000    |
|                  | <b>Louisiana—4.0%</b>  |              |
| 150,000          | Louisiana Stadium and Exposition District, BANS (Series 2021), 4.000%, 7/3/2023  | 150,922      |
| 1,650,000        | St. James Parish, LA (Nucor Steel Louisiana LLC), (Series 2010A-1) Weekly VRDNs, (GTD by Nucor Corp.), 1.830%, 9/7/2022  | 1,650,000    |
| 3,400,000        | St. James Parish, LA (Nucor Steel Louisiana LLC), (Series 2010B-1) Weekly VRDNs, (GTD by Nucor Corp.), 1.950%, 9/7/2022  | 3,400,000    |
|                  | TOTAL  | 5,200,922    |
|                  | <b>Massachusetts—1.5%</b>  |              |
| 1,000,000        | Massachusetts Development Finance Agency (Nantucket Electric Co.), (Series 2004), CP, (GTD by Massachusetts Electric Co.), 1.500%, Mandatory Tender 9/8/2022                     | 999,834      |
| 1,000,000        | Massachusetts IFA (New England Power Co.), (Series 1992B), CP, 1.400%, Mandatory Tender 9/8/2022   | 999,835      |
|                  | TOTAL  | 1,999,669    |
|                  | <b>Mississippi—2.4%</b>  |              |
| 2,640,000        | Mississippi Business Finance Corp. (Tri-State Truck Center, Inc.), (Series 2008) Weekly VRDNs, (Regions Bank LOC), 1.820%, 9/1/2022  | 2,640,000    |
| 425,000          | Mississippi Home Corp. (Shady Lane Group LP), (Series 2022-XF1134) Weekly VRDNs, (Deutsche Bank AG LIQ)/(Deutsche Bank AG LOC), 1.920%, 9/1/2022                                 | 425,000      |
|                  | TOTAL  | 3,065,000    |
|                  | <b>Missouri—0.2%</b>   |              |
| 255,000          | Kansas City, MO Planned Industrial Expansion Authority (EPD3 Ridgeview LP), Mizuho 3a-7 (2022-MIZ9086) VRENS, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022 | 255,000      |
|                  | <b>Montana—1.7%</b>  |              |
| 2,215,000        | Montana State Board of Housing (HRDC IX Affordable Housing Solutions LP), Mizuho 3a-7 (2021-MIZ9061) VRENS, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022   | 2,215,000    |
|                  | <b>Multi-State—8.7%</b>  |              |
| 600,000          | Invesco Municipal Opportunity Trust, PUTTERS 3a-7 (VMTP 5029) Daily VRDNs, (JPMorgan Chase Bank, N.A. LIQ), 1.850%, 9/1/2022   | 600,000      |
| 1,500,000        | Invesco Value Municipal Income Trust, PUTTERS 3a-7 (VMTP 5027) Daily VRDNs, (JPMorgan Chase Bank, N.A. LIQ), 1.850%, 9/1/2022  | 1,500,000    |
| 3,600,000        | Nuveen AMT-Free Quality Municipal Income Fund, Series D MuniFund Preferred Shares Weekly VRDPs, 2.170%, 9/1/2022   | 3,600,000    |
| 3,000,000        | Nuveen Muni High Income Opportunity Fund, SPEARs 3a7 (Series DBE-8088) Weekly VRDNs, (Deutsche Bank AG LIQ)/(Deutsche Bank AG LOC), 1.970%, 9/1/2022                             | 3,000,000    |

| Principal Amount |   | Value        |
|------------------|---|--------------|
|                  | <sup>1</sup> SHORT-TERM MUNICIPALS—continued  |              |
|                  | <b>Multi-State—continued</b>  |              |
| \$1,700,000      | Nuveen Municipal Credit Income Fund, PUTTERS 3a-7 (Series 5039) (VMFP Series C) Daily VRDNs, (JPMorgan Chase Bank, N.A. LIQ), 1.850%, 9/1/2022  | \$ 1,700,000 |
| 900,000          | Nuveen Municipal Credit Opportunities Fund, PUTTERS 3a-7 (Series 5033) (VMFP Series C) Daily VRDNs, (JPMorgan Chase Bank, N.A. LIQ), 1.850%, 9/1/2022                                       | 900,000      |
|                  | TOTAL   | 11,300,000   |
|                  | <b>Nevada—1.3%</b>  |              |
| 1,500,000        | Nevada Housing Division (DWF V Summit Club Holdings LLC), Mizuho 3a-7 (2021-MIZ9091) VRENS, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022                              | 1,500,000    |
| 235,000          | Nevada Housing Division (Lake Mead West AHP LP), (Series 2021-XF1120) Weekly VRDNs, (Deutsche Bank AG LIQ)/(Deutsche Bank AG LOC), 1.920%, 9/1/2022   | 235,000      |
|                  | TOTAL   | 1,735,000    |
|                  | <b>New Jersey—4.6%</b>  |              |
| 198,599          | Hillsdale Borough, NJ BANs, 1.000%, 12/2/2022   | 197,797      |
| 146,967          | Moonachie, NJ BANs, 1.000%, 10/14/2022  | 146,697      |
| 3,375,000        | New Jersey State Economic Development Authority (Jewish Community Housing Corporation of Metropolitan New Jersey), (Series 2010) Weekly VRDNs, (Valley National Bank LOC), 1.790%, 9/1/2022 | 3,375,000    |
| 729,270          | Pemberton Township, NJ, (Series 2022) BANs, 4.000%, 5/31/2023   | 732,453      |
| 173,050          | Pine Beach, NJ BANs, 1.000%, 10/28/2022   | 172,621      |
| 255,000          | Ramsey, NJ BANs, 1.250%, 1/6/2023   | 253,736      |
| 75,000           | Vernon Township, NJ, UT GO Refunding Bonds (Series 2020A), 4.000%, 1/1/2023   | 75,406       |
| 1,000,000        | Woolwich, NJ BANs, 3.750%, 5/30/2023  | 1,004,879    |
|                  | TOTAL   | 5,958,589    |
|                  | <b>New York—8.5%</b>  |              |
| 460,000          | Albany, NY Housing Authority (Nutmeg Garden Apartments), (Series 2005) Weekly VRDNs, (Citizens Bank, N.A., Providence LOC), 2.300%, 9/1/2022  | 460,000      |
| 1,500,000        | Greater Southern Tier Board of Cooperative Educational Services, NY RANs, 4.000%, 6/30/2023   | 1,509,716    |
| 1,072,545        | Hannibal, NY CSD BANs, 4.250%, 6/28/2023  | 1,080,860    |
| 1,000,000        | Lowville, NY, (Series A) BANs, 3.250%, 8/24/2023  | 999,880      |
| 285,000          | New York City Capital Resource Corp. (Cobble Hill Health Center, Inc.), Loan Enhanced Assistance Program (Series 2008B-3) Weekly VRDNs, (Bank of America N.A. LOC), 1.720%, 9/1/2022        | 285,000      |
| 1,790,000        | New York State HFA (42nd and 10th Street Associates LLC), 3a-7 High Grade Trust (Series 2022-007) VRENS, (Barclays Bank PLC LIQ)/(Barclays Bank PLC LOC), 2.070%, 9/1/2022                  | 1,790,000    |
| 3,900,000        | Nuveen New York AMT-Free Quality Municipal Income Fund, 800 (Series A) Munifund Preferred Shares Weekly VRDPs, 2.170%, 9/1/2022   | 3,900,000    |

| Principal Amount |  | Value        |
|------------------|--|--------------|
|                  | <sup>1</sup> SHORT-TERM MUNICIPALS—continued   |              |
|                  | <b>New York—continued</b>  |              |
| \$1,000,000      | Walton, NY CSD BANS, 4.000%, 6/28/2023   | \$ 1,005,330 |
|                  | TOTAL  | 11,030,786   |
|                  | <b>North Carolina—2.6%</b>   |              |
| 2,100,000        | Hertford County, NC Industrial Facilities & PCFA (Nucor Corp.), (Series 2000A) Weekly VRDNs, 1.950%, 9/7/2022  | 2,100,000    |
| 500,000          | North Carolina Medical Care Commission (Trinity Healthcare Credit Group) Weekly VRDNs, 1.670%, 9/7/2022  | 500,000      |
| 720,000          | Selma, NC Housing Authority Multi Family Revenue (GREH Lizzie Mill, NC TC LLC), Tender Option Bond Certificates (Series 2022-XF1133) Weekly VRDNs, (Deutsche Bank AG LIQ)/(Deutsche Bank AG LOC), 1.920%, 9/1/2022 | 720,000      |
|                  | TOTAL  | 3,320,000    |
|                  | <b>Ohio—0.1%</b>   |              |
| 150,000          | Harrison, OH BANS, 2.000%, 10/25/2022  | 149,831      |
|                  | <b>Oklahoma—6.9%</b>   |              |
| 2,250,000        | Garfield County, OK Industrial Authority Pollution Control (Oklahoma Gas and Electric Co.), (Series 1995-A) Weekly VRDNs, 1.810%, 9/7/2022   | 2,250,000    |
| 2,000,000        | Muskogee, OK Industrial Trust (Oklahoma Gas and Electric Co.), (1995 Series A) Weekly VRDNs, 1.670%, 9/7/2022  | 2,000,000    |
| 4,705,000        | Muskogee, OK Industrial Trust (Oklahoma Gas and Electric Co.), (Series 1997A) Weekly VRDNs, 1.810%, 9/7/2022   | 4,705,000    |
|                  | TOTAL  | 8,955,000    |
|                  | <b>Pennsylvania—3.3%</b>   |              |
| 465,000          | East Hempfield Township, PA IDA (BGT Realty), (Series of 2005) Weekly VRDNs, (Fulton Bank, N.A. LOC), 1.950%, 9/1/2022   | 465,000      |
| 170,000          | Lancaster, PA IDA (Snavelly's Mill, Inc.), (Series A of 2003) Weekly VRDNs, (Fulton Bank, N.A. LOC), 1.950%, 9/1/2022  | 170,000      |
| 60,000           | Northampton County, PA IDA (Binney & Smith Inc.), (Series 1997B) Weekly VRDNs, (JPMorgan Chase Bank, N.A. LOC), 1.870%, 9/1/2022   | 60,000       |
| 1,500,000        | Pennsylvania Economic Development Financing Authority (PPL Energy Supply LLC), (Series 2009B) Weekly VRDNs, (MUFG Bank Ltd. LOC), 2.600%, 9/7/2022   | 1,500,000    |
| 1,500,000        | Pennsylvania Economic Development Financing Authority (PPL Energy Supply LLC), (Series 2009C) Weekly VRDNs, (MUFG Bank Ltd. LOC), 2.600%, 9/7/2022   | 1,500,000    |
| 600,000          | Pennsylvania State Economic Development Financing Authority (UPMC Health System), (Series 2021A), 4.000%, 10/15/2022   | 601,025      |
|                  | TOTAL  | 4,296,025    |
|                  | <b>Texas—11.4%</b>   |              |
| 500,000          | Austin, TX Affordable Public Finance Authority (LDG Belmont LP), (Series 2021-XF1102) Weekly VRDNs, (Deutsche Bank AG LIQ)/(Deutsche Bank AG LOC), 1.920%, 9/1/2022  | 500,000      |
| 1,000,000        | Mission, TX Economic Development Corp. (Waste Management, Inc.), (Series 2020B) TOBs, (GTD by Waste Management Holdings, Inc.), 2.100%, Mandatory Tender 9/1/2022  | 1,000,000    |

| Principal Amount |   | Value         |
|------------------|---|---------------|
|                  | <sup>1</sup> SHORT-TERM MUNICIPALS—continued  |               |
|                  | <b>Texas—continued</b>  |               |
| \$ 500,000       | North Central Texas HFDC (Gala at Waxahachie, LP), Tender Option Bond Trust Certificates (Series 2021-XF1099) Weekly VRDNs, (Deutsche Bank AG LIQ)/(Deutsche Bank AG LOC), 1.920%, 9/1/2022 | \$ 500,000    |
| 500,000          | Port of Port Arthur Navigation District of Jefferson County, TX (Motiva Enterprises LLC), (Series 2002) Weekly VRDNs, 2.310%, 9/7/2022  | 500,000       |
| 3,850,000        | Port of Port Arthur Navigation District of Jefferson County, TX (Motiva Enterprises LLC), (Series 2010A) Daily VRDNs, 1.600%, 9/1/2022  | 3,850,000     |
| 3,450,000        | Port of Port Arthur Navigation District of Jefferson County, TX (Motiva Enterprises LLC), (Series 2010B) Daily VRDNs, 1.600%, 9/1/2022  | 3,450,000     |
| 900,000          | Port of Port Arthur Navigation District of Jefferson County, TX (Motiva Enterprises LLC), (Series 2010C) Daily VRDNs, 1.610%, 9/1/2022  | 900,000       |
| 3,750,000        | Port of Port Arthur Navigation District of Jefferson County, TX (Motiva Enterprises LLC), (Series 2010E) Weekly VRDNs, 2.230%, 9/7/2022   | 3,750,000     |
| 405,000          | Texas State, Veterans Bonds, Series 2021 Weekly VRDNs, (FHLB of Dallas LIQ), 1.520%, 9/7/2022   | 405,000       |
|                  | TOTAL   | 14,855,000    |
|                  | <b>Virginia—0.2%</b>  |               |
| 320,000          | Lynchburg, VA Economic Development Authority (Centra Health Obligated Group), (Series 2017C) Weekly VRDNs, (Truist Bank LOC), 1.740%, 9/1/2022  | 320,000       |
|                  | <b>West Virginia—0.6%</b>   |               |
| 200,000          | Mason County, WV (Appalachian Power Co.), PCRBs (Series L), 2.750%, 10/1/2022   | 199,876       |
| 590,000          | West Virginia State Hospital Finance Authority (Cabell Huntington Hospital), (Series 2008A) Weekly VRDNs, (Truist Bank LOC), 1.740%, 9/1/2022   | 590,000       |
|                  | TOTAL   | 789,876       |
|                  | <b>Wisconsin—3.2%</b>   |               |
| 2,200,000        | Appleton, WI Redevelopment Authority (Fox Cities Performing Arts Center), (Series 2001B) Weekly VRDNs, (Associated Bank, N.A. LOC), 1.750%, 9/7/2022  | 2,200,000     |
| 450,000          | Public Finance Authority, WI (Atlantic Housing Foundation, Inc.), Mizuho 3a-7 (2022-MIZ9092) VREns, (GTD by Mizuho Bank Ltd.)/(Mizuho Bank Ltd. LIQ), 1.920%, 9/1/2022                      | 450,000       |
| 1,500,000        | Wisconsin State Public Finance Authority (Waste Management, Inc.), (Series A-2) TOBs, 2.250%, Mandatory Tender 11/1/2022  | 1,496,665     |
|                  | TOTAL   | 4,146,665     |
|                  | TOTAL INVESTMENT IN SECURITIES—98.1%<br>(IDENTIFIED COST \$127,637,146) <sup>2</sup>  | 127,606,334   |
|                  | OTHER ASSETS AND LIABILITIES - NET—1.9% <sup>3</sup>  | 2,410,998     |
|                  | TOTAL NET ASSETS—100%   | \$130,017,332 |

Securities that are subject to the federal alternative minimum tax (AMT) represent 19.7% of the portfolio as calculated based upon total market value (unaudited).

- 1 *Current rate and current maturity or next reset date shown for floating rate notes and variable rate notes/demand instruments. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.*
- 2 *Also represents cost of investments for federal tax purposes.*
- 3 *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, 2022.

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.

As of August 31, 2022, all investments of the Fund utilized Level 2 inputs in valuing the Fund's assets carried at fair value.

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

|         |  |
|---------|--|
| AMT     | —Alternative Minimum Tax                   |
| BANs    | —Bond Anticipation Notes                   |
| CP      | —Commercial Paper                          |
| CSD     | —Central School District                   |
| EDFA    | —Economic Development Finance Authority    |
| FHLB    | —Federal Home Loan Bank                    |
| FHLMC   | —Federal Home Loan Mortgage Corporation    |
| GO      | —General Obligation                        |
| GTD     | —Guaranteed                                |
| HFA     | —Housing Finance Authority                 |
| HFDC    | —Health Facility Development Corporation   |
| IDA     | —Industrial Development Authority          |
| IDB     | —Industrial Development Bond               |
| IFA     | —Industrial Finance Authority              |
| LIQ     | —Liquidity Agreement                       |
| LOC     | —Letter of Credit                          |
| MFH     | —Multi-Family Housing                      |
| PCFA    | —Pollution Control Finance Authority       |
| PCRBs   | —Pollution Control Revenue Bonds           |
| PUTTERS | —Puttable Tax-Exempt Receipts              |
| RANs    | —Revenue Anticipation Notes                |
| SPEARs  | —Short Puttable Exempt Adjustable Receipts |
| TOBs    | —Tender Option Bonds                       |
| UT      | —Unlimited Tax                             |
| VMTP    | —Variable Municipal Term Preferred         |
| VRDNs   | —Variable Rate Demand Notes                |
| VRDPs   | —Variable Rate Demand Preferreds           |
| VRENs   | —Variable Rate Extendible Notes            |

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

|   | Year<br>Ended<br>8/31/2022 | Period<br>Ended<br>8/31/2021 <sup>1</sup> |
|---|----------------------------|---|
| <b>Net Asset Value, Beginning of Period</b> | <b>\$10.00</b>             | <b>\$10.00</b>                            |
| <b>Income From Investment Operations:</b>   |                            |   |
| Net investment income (loss)                | 0.09 <sup>2</sup>          | 0.02                                      |
| Net realized and unrealized gain (loss)     | (0.03)                     | (0.00) <sup>3</sup>                       |
| TOTAL FROM INVESTMENT OPERATIONS            | 0.06                       | 0.02                                      |
| <b>Less Distributions:</b>                  |                            |   |
| Distributions from net investment income    | (0.06)                     | (0.02)                                    |
| <b>Net Asset Value, End of Period</b>       | <b>\$10.00</b>             | <b>\$10.00</b>                            |
| <b>Total Return<sup>4</sup></b>             | <b>0.60%</b>               | <b>0.16%</b>                              |
| <b>Ratios to Average Net Assets:</b>        |                            |   |
| Net expenses <sup>5</sup>                   | 0.05%                      | 0.05% <sup>6</sup>                        |
| Net investment income                       | 0.91%                      | 0.28% <sup>6</sup>                        |
| Expense waiver/reimbursement <sup>7</sup>   | 0.56%                      | 2.06% <sup>6</sup>                        |
| <b>Supplemental Data:</b>                   |                            |   |
| Net assets, end of period (000 omitted)     | \$130,017                  | \$10,247                                  |
| Portfolio turnover <sup>8</sup>             | 32%                        | 0%  |

- 1 Reflects operations for the period from February 3, 2021 (commencement of operations) to August 31, 2021.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Represents less than \$0.01.
- 4 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 5 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 6 Computed on an annualized basis.
- 7 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.
- 8 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

August 31, 2022

## Assets:

|  |                    |
|--|--------------------|
| Investment in securities, at value (identified cost \$127,637,146) | \$127,606,334      |
| Cash   | 6,829              |
| Income receivable  | 281,414            |
| Receivable for shares sold   | 3,715,000          |
| <b>TOTAL ASSETS</b>  | <b>131,609,577</b> |

## Liabilities:

|   |                  |
|---|------------------|
| Payable for investments purchased       | 1,509,915        |
| Payable for shares redeemed             | 16,455           |
| Income distribution payable             | 6,502            |
| Payable to adviser (Note 5)             | 2,142            |
| Payable for administrative fee (Note 5) | 271              |
| Accrued expenses (Note 5)               | 56,960           |
| <b>TOTAL LIABILITIES</b>                | <b>1,592,245</b> |

Net assets for 13,004,245 shares outstanding \$130,017,332

## Net Assets Consist of:

|                                     |                      |
|-------------------------------------|----------------------|
| Paid-in capital                     | \$130,042,455        |
| Total distributable earnings (loss) | (25,123)             |
| <b>TOTAL NET ASSETS</b>             | <b>\$130,017,332</b> |

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

\$130,017,332 ÷ 13,004,245 shares outstanding, no par value, unlimited shares authorized \$ 10.00

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Year Ended August 31, 2022

|  |            |
|--|------------|
| <b>Investment Income:</b>                                  |            |
| Interest   | \$ 556,499 |
| <b>Expenses:</b>   |            |
| Investment adviser fee (Note 5)                            | 144,129    |
| Administrative fee (Note 5)                                | 46,117     |
| Custodian fees   | 1,899      |
| Transfer agent fees  | 3,628      |
| Directors'/Trustees' fees (Note 5)                         | 558        |
| Auditing fees  | 19,001     |
| Legal fees   | 7,924      |
| Portfolio accounting fees                                  | 61,038     |
| Share registration costs                                   | 43,464     |
| Printing and postage                                       | 19,139     |
| Miscellaneous (Note 5)                                     | 10,477     |
| TOTAL EXPENSES   | 357,374    |
| <b>Waiver and Reimbursement:</b>                           |            |
| Waiver of investment adviser fee (Note 5)                  | (144,129)  |
| Reimbursement of other operating expenses (Note 5)         | (181,594)  |
| TOTAL WAIVER AND REIMBURSEMENT                             | (325,723)  |
| Net expenses   | 31,651     |
| Net investment income                                      | 524,848    |
| <b>Realized and Unrealized Gain (Loss) on Investments:</b> |            |
| Net realized loss on investments                           | (1,992)    |
| Net change in unrealized appreciation of investments       | (31,427)   |
| Net realized and unrealized gain (loss) on investments     | (33,419)   |
| Change in net assets resulting from operations             | \$ 491,429 |

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

|   | Year<br>Ended<br>8/31/2022 | Period<br>Ended<br>8/31/2021 <sup>1</sup> |
|---|----------------------------|---|
| <b>Increase (Decrease) in Net Assets</b>  |                            |   |
| <b>Operations:</b>  |                            |   |
| Net investment income   | \$ 524,848                 | \$ 16,133                                 |
| Net realized gain (loss)  | (1,992)                    | (665)                                     |
| Net change in unrealized appreciation/depreciation                                    | (31,427)                   | 615                                       |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS  | 491,429                    | 16,083                                    |
| <b>Distributions to Shareholders</b>  | (516,555)                  | (16,080)                                  |
| <b>Share Transactions:</b>  |                            |   |
| Proceeds from sale of shares  | 137,704,240                | 10,231,152                                |
| Net asset value of shares issued to shareholders in payment of distributions declared | 491,308                    | 16,054                                    |
| Cost of shares redeemed   | (18,400,299)               | —   |
| CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS                                | 119,795,249                | 10,247,206                                |
| Change in net assets  | 119,770,123                | 10,247,209                                |
| <b>Net Assets:</b>  |                            |   |
| Beginning of period   | 10,247,209                 | —   |
| End of period   | \$130,017,332              | \$10,247,209                              |

1 Reflects operations for the period from February 3, 2021 (commencement of operations) to August 31, 2021.

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

August 31, 2022

## 1. ORGANIZATION

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

## 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, or NAV per share practical expedient, as applicable.
- 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 over-the-counter 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.

### **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. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. The detail of the total fund expense waiver and reimbursement of \$325,723 is disclosed in Note 5.

## **Federal Taxes**

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

## **When-Issued and Delayed-Delivery Transactions**

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

## **Restricted Securities**

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

|  | Year Ended<br>8/31/2022 | Period Ended<br>8/31/2021 <sup>1</sup> |
|--|-------------------------|--|
| Shares sold  | 13,770,424              | 1,023,116                              |
| Shares issued to shareholders in payment of distributions declared | 49,131                  | 1,605                                  |
| Shares redeemed  | (1,840,031)             | —                                      |
| NET CHANGE RESULTING FROM FUND SHARE TRANSACTIONS                  | 11,979,524              | 1,024,721                              |

<sup>1</sup> Reflects operations for the period from February 3, 2021 (commencement of operations) to August 31, 2021.

### 4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the year ended August 31, 2022 and the period ended August 31, 2021, was as follows:

|                   | 2022      | 2021     |
|-------------------|-----------|----------|
| Tax-exempt income | \$516,555 | \$16,080 |

As of August 31, 2022, the components of distributable earnings on a tax-basis were as follows:

|                                 |            |
|---------------------------------|------------|
| Undistributed tax-exempt income | \$ 8,346   |
| Net unrealized depreciation     | \$(30,812) |
| Capital loss carryforwards      | \$ (2,657) |

At August 31, 2022, the cost of investments for federal tax purposes was \$127,637,146. The net unrealized depreciation of investments for federal tax purposes was \$30,812. This consists entirely of net unrealized depreciation from investments for those securities having an excess of cost over value of \$30,812.

As of August 31, 2022, the Fund had a capital loss carryforward of \$2,657 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   |
|------------|-----------|---------|
| \$2,657    | \$—       | \$2,657 |

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

### Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.25% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee and/or reimburse certain operating expenses of the Fund for competitive reasons such as to maintain the Fund's expense ratio, or as and when appropriate, to maintain positive or zero net yields. For the year ended August 31, 2022, the Adviser voluntarily waived its entire fee of \$144,129 and voluntarily reimbursed \$181,594 of other operating expenses.

### Administrative Fee

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

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

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended August 31, 2022, the annualized fee paid to FAS was 0.080% of average daily net assets of the Fund.

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

### Expense Limitation

The Adviser and certain of its affiliates (which may include FAS) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses, and proxy-related expenses, paid by the Fund, if any) paid by the Fund's Institutional Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.25% (the "Fee Limit"), up to but not including the later of (the "Termination Date"): (a) November 1, 2023; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

## Interfund Transactions

During the year ended August 31, 2022, the Fund engaged in purchase and sale transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees and/or common Officers. These purchase and sale transactions complied with Rule 17a-7 under the Act and amounted to \$28,820,000 and \$41,280,000, respectively. Net realized gain/loss recognized on these transactions was \$0.

## 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, 2022, were as follows:

|           |             |
|-----------|-------------|
| Purchases | \$5,062,940 |
| Sales     | \$ 775,000  |

## 7. LINE OF CREDIT

The Fund participates with certain other Federated Hermes Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement dated June 22, 2022. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to (a) the highest, on any day, of (i) the federal funds effective rate, (ii) the published secured overnight financing rate plus an assigned percentage, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and at maturity. As of August 31, 2022, the Fund had no outstanding loans. During the year ended August 31, 2022, the Fund did not utilize the LOC.

## **8. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the SEC, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of August 31, 2022, there were no outstanding loans. During the year ended August 31, 2022, the program was not utilized.

## **9. INDEMNIFICATIONS**

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

## **10. OTHER MATTERS**

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

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

For the year ended August 31, 2022, 100% of the distributions from net investment income is exempt from federal income tax, other than the federal AMT.

# Report of Independent Registered Public Accounting Firm

## **TO THE BOARD OF TRUSTEES OF FEDERATED HERMES ADVISER SERIES AND SHAREHOLDERS OF FEDERATED HERMES CONSERVATIVE MUNICIPAL MICROSHORT FUND:**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of Federated Hermes Conservative Municipal Microshort Fund (the “Fund”) (one of the portfolios constituting Federated Hermes Adviser Series (the “Trust”)), including the portfolio of investments, as of August 31, 2022, and the related statement of operations for the year then ended, the statement of changes in net assets and the financial highlights for the year then ended and for the period from February 3, 2021 (commencement of operations) through August 31, 2021 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the portfolios constituting Federated Hermes Adviser Series ) at August 31, 2022, the results of its operations for the year then ended, and the changes in its net assets and financial highlights for the year then ended and for the period from February 3, 2021 (commencement of operations) through August 31, 2021, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on the Fund’s financial statements 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 Trust 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 standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of the Trust’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, 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. Our procedures included confirmation of securities owned as of August 31, 2022, by correspondence with the custodian, brokers, and others; when replies were not received from brokers and others, we performed other 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. We believe that our audits provide a reasonable basis for our opinion.

*Ernst & Young LLP*

We have served as the auditor of one or more Federated Hermes investment companies since 1979.

Boston, Massachusetts  
October 24, 2022

## 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, 2022 to August 31, 2022.

### **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<br>Account Value<br>3/1/2022 | Ending<br>Account Value<br>8/31/2022 | Expenses Paid<br>During Period <sup>1</sup> |
|--|--|--------------------------------------|---|
| <b>Actual</b>  | \$1,000                                | \$1,004.90                           | \$0.25 <sup>2</sup>                         |
| <b>Hypothetical (assuming a 5% return<br/>before expenses)</b> | \$1,000                                | \$1,024.95                           | \$0.26 <sup>2</sup>                         |

- 1 Expenses are equal to the Fund's annualized net expense ratio of 0.05%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half-year period).
- 2 Actual and Hypothetical expenses paid during the period utilizing the Fund's current Fee Limit of 0.25% (as reflected in the Notes to Financial Statements, Note 5 under Expense Limitation), multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half-year period) would be \$1.26 and 1.28, respectively.

## Board of Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are "interested persons" of the Fund (i.e., "Interested" Trustees) and those who are not (i.e., "Independent" Trustees). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222-3779. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2021, the Trust comprised 14 portfolio(s), and the Federated Hermes Fund Family consisted of 33 investment companies (comprising 102 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund's Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400, Option #4.

### INTERESTED TRUSTEES BACKGROUND

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| <b>Name</b>   |  |
|---|--|
| <b>Birth Date</b>   |  |
| <b>Positions Held with Trust</b>  | <b>Principal Occupation(s) for Past Five Years,</b>  |
| <b>Date Service Began</b>   | <b>Other Directorships Held and Previous Position(s)</b>   |
| <b>J. Christopher Donahue*</b><br>Birth Date: April 11, 1949<br>PRESIDENT AND TRUSTEE<br>Indefinite Term<br>Began serving: May 2017 | <b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of the Funds in the Federated Hermes Fund Family; President, Chief Executive Officer and Director, Federated Hermes, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.<br><br><b>Previous Positions:</b> President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd. |

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| Name                   | Birth Date               | Positions Held with Trust<br>Date Service Began       | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held and Previous Position(s)  |
|------------------------|--------------------------|---|--|
| <b>John B. Fisher*</b> | Birth Date: May 16, 1956 | TRUSTEE<br>Indefinite Term<br>Began serving: May 2017 | <p><b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of certain of the Funds in the Federated Hermes Fund Family; Director and 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><b>Previous Positions:</b> 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; 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 Trust<br>Date Service Began       | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held, Previous Position(s) and Qualifications  |
|------------------------|------------------------------|---|--|
| <b>John T. Collins</b> | Birth Date: January 24, 1947 | TRUSTEE<br>Indefinite Term<br>Began serving: May 2017 | <p><b>Principal Occupations:</b> Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Hermes Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).</p> <p><b>Qualifications:</b> Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).</p> |

| Name                       | Birth Date                    | Positions Held with Trust<br>Date Service Began       | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held, Previous Position(s) and Qualifications  |
|----------------------------|-------------------------------|---|--|
| <b>G. Thomas Hough</b>     | Birth Date: February 28, 1955 | TRUSTEE<br>Indefinite Term<br>Began serving: May 2017 | <p><b>Principal Occupations:</b> Director or Trustee, Chair of the Audit Committee of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst &amp; Young LLP (public accounting firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, Chair of the Audit Committee, Equifax, Inc.; Lead Director, Member of the Audit and Nominating and Corporate Governance Committees, Haverty Furniture Companies, Inc.; formerly, Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.</p> <p><b>Qualifications:</b> Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst &amp; Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p>  |
| <b>Maureen Lally-Green</b> | Birth Date: July 5, 1949      | TRUSTEE<br>Indefinite Term<br>Began serving: May 2017 | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor Emerita of Law, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p><b>Other Directorships Held:</b> Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p><b>Qualifications:</b> Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania to serve on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; Director and Chair, North Catholic High School, Inc.; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; and Director, Saint Francis University.</p> |

| Name                     | Birth Date                   | Positions Held with Trust<br>Date Service Began               | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held, Previous Position(s) and Qualifications   |
|--------------------------|------------------------------|---|---|
| <b>Thomas M. O'Neill</b> | Birth Date: June 14, 1951    | TRUSTEE<br>Indefinite Term<br>Began serving: May 2017         | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity. 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); Director, The Golisano Children's Museum of Naples, Florida; and Director, Midway Pacific (lumber).</p> |
| <b>Madelyn A. Reilly</b> | Birth Date: February 2, 1956 | TRUSTEE<br>Indefinite Term<br>Began serving:<br>November 2020 | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; formerly, Executive Vice President for Legal Affairs, General Counsel and Secretary to the Board of Directors, Duquesne University (Retired).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Ms. Reilly has served in various business and legal management roles throughout her career. Ms. Reilly previously served as Senior Vice President for Legal Affairs, General Counsel and Secretary to the Board of Directors and Assistant General Counsel and Director of Risk Management, Duquesne University. Prior to her work at Duquesne University, Ms. Reilly served as Assistant General Counsel of Compliance and Enterprise Risk as well as Senior Counsel of Environment, Health and Safety, PPG Industries. Ms. Reilly currently serves as a member of the Board of Directors of UPMC Mercy Hospital.</p>  |

| Name                    | Birth Date                       | Positions Held with Trust<br>Date Service Began       | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held, Previous Position(s) and Qualifications  |
|-------------------------|----------------------------------|---|--|
| <b>P. Jerome Richey</b> | Birth Date: February 23, 1949    | TRUSTEE<br>Indefinite Term<br>Began serving: May 2017 | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CONSOL Energy Inc. (now split into two separate publicly traded companies known as CONSOL Energy Inc. and CNX Resources Corp.).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CONSOL Energy Inc. and CNX Gas Company; and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll &amp; Rooney PC (a law firm).</p> |
| <b>John S. Walsh</b>    | Birth Date:<br>November 28, 1957 | TRUSTEE<br>Indefinite Term<br>Began serving: May 2017 | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh &amp; Kelly, Inc. (paving contractors).</p>  |

## OFFICERS

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**Name**

**Birth Date**

**Positions Held with Trust**

**Date Service Began**

**Principal Occupation(s) for Past Five Years  
and Previous Position(s)**

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**Lori A. Hensler**

Birth Date: January 6, 1967

TREASURER

Officer since: May 2017

**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.

**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.

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**Peter J. Germain**

Birth Date:

September 3, 1959

CHIEF LEGAL OFFICER,  
SECRETARY AND EXECUTIVE  
VICE PRESIDENT

Officer since: November 2017

**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.

**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.

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**Stephen Van Meter**

Birth Date: June 5, 1975

CHIEF COMPLIANCE  
OFFICER AND SENIOR VICE  
PRESIDENT

Officer since: May 2017

**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.

**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.

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| <b>Name</b><br><b>Birth Date</b><br><b>Positions Held with Trust</b><br><b>Date Service Began</b>   | <b>Principal Occupation(s) for Past Five Years and Previous Position(s)</b>   |
|---|---|
| <b>Stephen F. Auth</b><br>Birth Date:<br>September 13, 1956<br>101 Park Avenue<br>41 <sup>st</sup> Floor<br>New York, NY 10178<br>CHIEF INVESTMENT OFFICER<br>Officer since: May 2017 | <b>Principal Occupations:</b> Stephen F. Auth is Chief Investment Officer of various Funds in the Federated Hermes Fund Family; Executive Vice President, Federated Investment Counseling, Federated Global Investment Management Corp. and Federated Equity Management Company of Pennsylvania.<br><br><b>Previous Positions:</b> Executive Vice President, Federated Investment Management Company and Passport Research, Ltd. (investment advisory subsidiary of Federated); Senior Vice President, Global Portfolio Management Services Division; Senior Vice President, Federated Investment Management Company and Passport Research, Ltd.; Senior Managing Director and Portfolio Manager, Prudential Investments. |
| <b>Deborah A. Cunningham</b><br>Birth Date:<br>September 15, 1959<br>CHIEF INVESTMENT OFFICER<br>Officer since: January 2021  | <b>Principal Occupations:</b> Deborah A. Cunningham was named Chief Investment Officer of Federated Hermes' money market products in 2004. She joined Federated Hermes in 1981 and has been a Senior Portfolio Manager since 1997 and an Executive Vice President of the Fund's Adviser since 2009. Ms. Cunningham has received the Chartered Financial Analyst designation and holds an M.S.B.A. in Finance from Robert Morris College.  |
| <b>Mary Jo Ochson</b><br>Birth Date:<br>September 12, 1953<br>CHIEF INVESTMENT OFFICER<br>Officer since: January 2021   | <b>Principal Occupations:</b> Mary Jo Ochson was named Chief Investment Officer of Federated Hermes' tax-exempt, fixed-income products in 2004 and Chief Investment Officer of Federated Hermes' Tax-Free Money Markets in 2010. She joined Federated Hermes in 1982 and has been a Senior Portfolio Manager and a Senior Vice President of the Fund's Adviser since 1996. Ms. Ochson has received the Chartered Financial Analyst designation and holds an M.B.A. in Finance from the University of Pittsburgh.  |

# Evaluation and Approval of Advisory Contract – May 2022

## **FEDERATED HERMES CONSERVATIVE MUNICIPAL MICROSHORT FUND (THE “FUND”)**

At its meetings in May 2022 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) with respect to the Fund for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to approve the continuation of the existing arrangements. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

### **Information Received and Review Process**

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

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, the Board considered information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings. In this regard, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes by independent legal counsel on behalf of the Independent Trustees encompassing a wide variety of topics, including those summarized below. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the Contract, which included detailed

information about the Fund and Federated Hermes furnished to the Board at its meetings throughout the year since the Fund's inception and in between regularly scheduled meetings on particular matters as the need arose. The Board also considered information previously requested by the Board and provided by Federated Hermes prior to the May Meeting in connection with the Board's approval of the initial offering of this new investment vehicle, including Federated Hermes' recommendation to go forward with the Fund.

The Board's consideration of the Contract included review of materials and information covering the following matters, among others: the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates; Federated Hermes' business and operations; the Adviser's investment philosophy, personnel and processes; the Fund's investment objectives and strategies; the Fund's fees and expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the financial condition of Federated Hermes; the Adviser's profitability with respect to the Fund; and the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any).

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

advisory contract generally align with the factors listed above. The Board was guided by these factors in its review of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below. The Board recognized that certain of the factors listed above (relating to such matters as Fund performance and any indirect benefits that may accrue to the Federated Hermes as a result of the Adviser’s relationship with the Fund) are essentially impossible to apply before the Fund has experienced any meaningful operating history. The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the oversight of the other funds advised by Federated Hermes (each, a “Federated Hermes Fund” and, collectively, the “Federated Hermes Funds”).

In addition to considering the above-referenced factors, the Board was mindful of the preferences and expectations of Fund shareholders and the potential disruptions of the Fund’s operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew the Contract. In particular, the Board recognized that many shareholders likely have invested in the Fund on the strength of Federated Hermes’ industry standing and reputation and with the expectation that Federated Hermes will have a continuing role in providing advisory services to the Fund. Thus, the Board observed that in the marketplace there are a range of investment options available to the Fund’s shareholders and such shareholders, having had the opportunity to consider other investment options, have effectively selected Federated Hermes by virtue of investing in the Fund.

In determining to approve the continuation of the Contract, the members of the Board reviewed and evaluated information and factors they believed to be relevant and appropriate through the exercise of their reasonable business judgment. While individual members of the Board may have weighed certain factors differently, the Board’s determination to approve the continuation of the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year since the Fund’s inception and specifically with respect to the continuation of the Contract. The Board recognized that its evaluation process is evolutionary and that the factors considered and emphasis placed on relevant factors may change in recognition of changing circumstances in the registered fund marketplace. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss

the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contract for the Fund as part of its consideration of agreements for funds across the family of Federated Hermes Funds, but its approvals were made on a fund-by-fund basis.

**Nature, Extent and Quality of Services**

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

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

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

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

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

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

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

### **Fund Investment Performance**

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

the Fund's limited performance track record, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board considered detailed investment reports on, and the Adviser's analysis of, the Fund's performance that were provided to the Board throughout the year since the Fund's inception and in connection with the May Meetings.

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

### **Fund Expenses**

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

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board noted that it found the use of such comparisons to be relevant to its evaluation. The Board focused on comparisons with other similar registered funds more heavily than non-registered fund products or services because such comparisons are believed to be more relevant. The Board considered that other registered funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's shareholders. The Board noted that the range of such other registered funds' fees and expenses, therefore, appears to be a relevant indicator of what investors have found to be reasonable in the marketplace in which the Fund competes.

The Board 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.

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

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

### **Profitability**

The Board had previously received and considered profitability information furnished by Federated Hermes, as requested by the CCO. Such profitability information included estimates of the allocation of expenses made on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs on a fund-by-fund basis continues to cause the

CCO to question the precision of the process and to conclude that such reports may be unreliable because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. The Board considered that the Fund was new to Federated Hermes and noted the CCO's view that any projected cost allocation and/or profit margin does not represent the full or actual cost of operating a fund and makes only rough estimates of the cost to launch a fund. The Board also considered the CCO's view that, while the Fund is expected to grow in size, the creation and maintenance of the Fund requires a substantial initial investment. In addition, the Board considered the CCO's view that the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract is consistent with the methodologies previously reviewed by an independent consultant. The Board noted that the independent consultant had previously conducted a review of the allocation methodologies and reported that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable.

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

**Economies of Scale** The Board received and considered information about the notion of possible realization of "economies of scale" as a fund grows larger, the difficulties of calculating economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the Board considered that Federated Hermes has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as: personnel, processes and tools for portfolio management, including the use of market data on which portfolio managers make investment decisions; trading operations; ESG integration and issuer engagement on ESG matters; shareholder services; compliance; business continuity; cybersecurity; internal audit and risk management functions; and technology that supports the provision of investment management services. The Board noted that Federated Hermes' investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments are likely to be shared with the family of Federated Hermes Funds as a whole. In addition, the Board considered that fee waivers and expense reimbursements are another means for potential economies of

scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund's assets decline. The Board considered that, in order for the Federated Hermes Funds to remain competitive in the marketplace, Federated Hermes has frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and has disclosed to shareholders and/or reported to the Board its intention to do so (or continue to do so) in the future. The Board also considered Federated Hermes' reductions in contractual management fees for certain Federated Hermes Funds during the prior year, including in response to the CCO's recommendations in the prior year's CCO Fee Evaluation Report, which have resulted in benefits being realized by shareholders.

The Board also considered reports on adviser-paid fees (commonly referred to as "revenue sharing") that were provided to the Board throughout the year and in connection with the May Meetings. The Board considered that Federated Hermes and the CCO believe that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to evaluate the reasonableness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any uniform methodology or pattern with respect to structuring fund advisory fees with breakpoints that serve to reduce the fees as a fund attains a certain size.

### **Other Benefits**

The Board considered information regarding the compensation and other ancillary (or "fall-out") benefits that Federated Hermes derived from its relationships with the Federated Hermes Funds. In connection with the Board's governance of other Federated Hermes Funds, the Board noted that, in addition to receiving advisory fees under the Federated Hermes Funds' investment advisory contracts, Federated Hermes' affiliates also receive fees for providing other services to the Federated Hermes Funds under separate contracts (e.g., for serving as the Federated Hermes Funds' administrator and distributor). In this regard, the Board considered that certain of Federated Hermes' affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing any indirect benefit that Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds.

### **Conclusions**

The Board considered: (i) the CCO's conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund is reasonable; and (ii) the CCO's recommendation that the Board approve the management fee. The Board noted

that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contract by the CCO. The CCO also recognized that the Board's evaluation of the Federated Hermes Funds' advisory and sub-advisory arrangements is a continuing and ongoing process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its ongoing oversight of the Federated Hermes Funds.

On the basis of the information and factors summarized above, among other information and factors deemed relevant by the Board, and the evaluation thereof, the Board, including the Independent Trustees, unanimously voted to approve the continuation of the Contract. The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view of past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were deemed to be relevant, the Board's determination to approve the continuation of the Contract reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to approve the continuation of the existing arrangement.

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

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Adviser Series (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Conservative Municipal Microshort Fund (the “Fund” and, collectively with the other non-money market open-end funds advised by Federated Hermes, the “Federated Hermes Funds”). The Program seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Trustees of the Trust (the “Board”) has approved the designation of each Federated Hermes Fund’s investment adviser as the administrator for the Program (the “Administrator”) with respect to that Fund. The Administrator, in turn, has delegated day-to-day responsibility for the administration of the Program to multiple Liquidity Risk Management Committees, which are comprised of representatives from certain divisions within Federated Hermes.

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

At its meetings in May 2022, the Board received and reviewed a written report (the “Report”) from the Federated Hermes Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the Program for the period from April 1, 2021 through March 31, 2022 (the “Period”). The Report addressed the operation of the Program and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund and each Federated Hermes Fund’s access to other available funding sources such as the Federated Hermes Funds’ interfund lending facility, redemptions in-kind, reverse repurchase agreement transactions, redemptions

delayed beyond the normal T+1 settlement, but within seven days of the redemption request, and committed lines of credit. There were no material changes to the Program during the Period. The Report summarized the operation of the Program and the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that it was not necessary for the Fund to utilize, and the Fund did not utilize, alternative funding sources during the Period;
- the periodic classifications of the Fund's investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund's reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund's investments and the results of an evaluation of the services performed by the vendor in support of this process;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period and the procedures for monitoring this limit;
- the fact that there were no liquidity events during the Period, that materially affected the Fund's liquidity risk;
- the impact on liquidity and management of liquidity risk caused by extended non-U.S. market closures and confirmation that there were no issues for any of the affected Federated Hermes Funds in meeting shareholder redemptions at any time during these temporary non-U.S. market closures;
- circumstances during the Period under which the Administrator convened meetings of the Liquidity Risk Management Committees more frequently than normal to conduct enhanced liquidity risk monitoring, including prior to the Russian invasion of Ukraine.

Based on this review, the Administrator concluded that the Program is operating effectively to assess and manage the Fund's liquidity risk, and that the Program has been and continues to be adequately and effectively implemented to monitor and, as applicable, respond to the Fund's liquidity developments.

## Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400, Option #4. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [FederatedInvestors.com/FundInformation](https://www.federatedinvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://www.sec.gov).

## Quarterly Portfolio Schedule

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

# Notes

# 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.

### Sign up for Electronic Delivery!

A faster way to receive documents.

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



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

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