

# Semi-Annual Shareholder Report

June 30, 2021



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Share Class                      Primary                      Service

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## Federated Hermes Kaufmann Fund II

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A Portfolio of Federated Hermes Insurance Series

Dear Valued Shareholder,

We are pleased to present the Semi-Annual Shareholder Report for your fund covering the period from January 1, 2021 through June 30, 2021. This report includes a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "John B. Fisher".

John B. Fisher, President

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## Portfolio of Investments Summary Table (unaudited)

At June 30, 2021, the Fund's sector composition<sup>1</sup> was as follows:

<b>Sector Composition</b>	<b>Percentage of Total Net Assets</b>
Health Care	35.1%
Information Technology	22.6%
Industrials	11.3%
Consumer Discretionary	9.4%
Financials	8.1%
Materials	6.4%
Consumer Staples	1.8%
Real Estate	1.7%
Communication Services	1.6%
Energy	1.3%
Utilities	0.2%
Securities Lending Collateral <sup>2</sup>	1.4%
Cash Equivalents <sup>3</sup>	0.8%
Other Assets and Liabilities—Net <sup>4</sup>	(1.7)%
<b>TOTAL</b>	<b>100%</b>

1 Except for Securities Lending Collateral, Cash Equivalents and Other Assets and Liabilities, sector classifications are based upon, and individual portfolio securities are assigned to, the classifications of the Global Industry Classification Standard (GICS), except that the Adviser assigns a classification to securities not classified by the GICS and to securities for which the Adviser does not have access to the classification made by the GICS.

2 Represents cash collateral received for portfolio securities on loan that may be invested in affiliated money market funds, other money market instruments and/or repurchase agreements.

3 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements other than those representing securities lending collateral.

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

# Portfolio of Investments

June 30, 2021 (unaudited)

Shares or Principal Amount		Value
	<b>COMMON STOCKS—99.2%</b>	
	<b>Communication Services—1.6%</b>	
8,700	Activision Blizzard, Inc.	\$ 830,328
20,180	<sup>1</sup> Playtika Holding Corp.	481,091
3,380	<sup>1</sup> Take-Two Interactive Software, Inc.	598,328
37,000	<sup>1</sup> ZoomInfo Technologies, Inc.	1,930,290
	TOTAL	3,840,037
	<b>Consumer Discretionary—9.4%</b>	
5,540	<sup>1</sup> Airbnb, Inc.	848,396
3,605	<sup>1</sup> Alibaba Group Holding Ltd., ADR	817,542
651	<sup>1</sup> Amazon.com, Inc.	2,239,544
8,316	<sup>1</sup> Chegg, Inc.	691,143
400	<sup>1</sup> Chewy, Inc.	31,884
300	<sup>1</sup> Chipotle Mexican Grill, Inc.	465,102
2,769	Choice Hotels International, Inc.	329,123
3,800	<sup>1,2</sup> Coupang LLC	158,916
8,357	<sup>1,2</sup> DraftKings, Inc.	435,985
8,309	<sup>1</sup> Etsy, Inc.	1,710,324
26,000	<sup>1,3</sup> Fisker, Inc.	501,280
20,674	<sup>1</sup> Floor & Decor Holdings, Inc.	2,185,242
2,100	Home Depot, Inc.	669,669
3,950	<sup>1</sup> Just Eat Takeaway.com NV	364,828
17,000	<sup>1</sup> Las Vegas Sands Corp.	895,730
3,500	<sup>1</sup> Lululemon Athletica, Inc.	1,277,395
983	<sup>1</sup> Mercadolibre, Inc.	1,531,308
17,161	Moncler S.p.A	1,161,685
714,400	NagaCorp Ltd.	689,161
8,392	<sup>1</sup> Planet Fitness, Inc.	631,498
825	Vail Resorts, Inc.	261,129
17,560	Wingstop, Inc.	2,767,983
13,510	<sup>1</sup> YETI Holdings, Inc.	1,240,488
	TOTAL	21,905,355
	<b>Consumer Staples—1.8%</b>	
500	Costco Wholesale Corp.	197,835
2,320	Estee Lauder Cos., Inc., Class A	737,946
4,211	<sup>1</sup> Freshpet, Inc.	686,224
8,600	<sup>1</sup> Grocery Outlet Holding Corp.	298,076
83,300	<sup>1</sup> Oatly Group AB, ADR	2,037,518
15,850	<sup>1</sup> The Duckhorn Portfolio, Inc.	349,651
	TOTAL	4,307,250
	<b>Energy—1.3%</b>	
63,200	<sup>2</sup> New Fortress Energy, Inc.	2,394,016
4,100	Pioneer Natural Resources, Inc.	666,332
	TOTAL	3,060,348
	<b>Financials—8.1%</b>	
23,100	Apollo Global Management LLC	1,436,820
16,095	Artisan Partners Asset Management, Inc.	817,948
2,400	BlackRock, Inc.	2,099,928
7,500	<sup>1,2</sup> Blue Owl Capital, Inc.	96,600

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Financials—continued</b>	
275,000	<sup>1,4</sup> Blue Owl Capital, Inc.	\$ 3,024,658
2,748	<sup>1,2</sup> Coinbase Global, Inc.	696,068
128,900	FincoBank Banca Finco SPA	2,252,461
1,400	Goldman Sachs Group, Inc.	531,342
28,339	<sup>1</sup> Hamilton Lane Alliance Holdings I, Inc.	276,305
21,500	Hamilton Lane, Inc.	1,959,080
20,200	Housing Development Finance Corp. Ltd.	674,620
33,400	KKR & Co., Inc, Class Common	1,978,616
1,300	London Stock Exchange Group PLC	143,387
500	<sup>1</sup> Markel Corp.	593,355
2,075	MSCI, Inc., Class A	1,106,141
39,004	<sup>2</sup> StepStone Group, Inc.	1,341,738
	<b>TOTAL</b>	<b>19,029,067</b>
	<b>Health Care—34.8%</b>	
5,500	Abbott Laboratories	637,615
3,500	<sup>1,3,4</sup> Adagio Therapeutics, Inc.	273,300
3,642	<sup>1</sup> Agilon health, Inc.	147,756
32,196	<sup>1</sup> Akouos, Inc.	404,060
37,034	<sup>1</sup> Albireo Pharma, Inc.	1,302,856
65,629	<sup>1</sup> Alector, Inc.	1,367,052
11,609	<sup>1</sup> Alnylam Pharmaceuticals, Inc.	1,967,958
36,400	<sup>1</sup> Amphastar Pharmaceuticals, Inc.	733,824
27,700	<sup>1</sup> Annexon, Inc.	623,527
45,996	<sup>1</sup> Arcturus Therapeutics Holdings, Inc.	1,556,505
26,021	<sup>1</sup> Argenx SE	7,839,057
24,873	<sup>1</sup> Avidity Biosciences LLC	614,612
27,303	<sup>1</sup> Avrobio, Inc.	242,724
76,233	<sup>1</sup> Calithera Biosciences, Inc.	159,327
24,100	<sup>1</sup> Catalent, Inc.	2,605,692
7,000	<sup>1,2</sup> Century Therapeutics, Inc.	205,380
7,369	<sup>1,4</sup> Century Therapeutics, Inc.	174,556
1,076,793	<sup>1,4</sup> CeQur SA	297,216
23,800	<sup>1</sup> ContraFect Corp.	104,720
137,500	<sup>1</sup> Corcept Therapeutics, Inc.	3,025,000
6,418	<sup>1</sup> CRISPR Therapeutics AG	1,039,010
13,600	Danaher Corp.	3,649,696
8,100	<sup>1</sup> Dexcom, Inc.	3,458,700
1,893	<sup>1</sup> Doximity, Inc.	110,173
193,800	<sup>1</sup> Dynavax Technologies Corp.	1,908,930
6,236	<sup>1</sup> Editas Medicine, Inc.	353,207
7,700	<sup>1</sup> Edwards Lifesciences Corp.	797,489
3,200	<sup>1</sup> Fate Therapeutics, Inc.	277,728
27,400	<sup>1,2</sup> Frequency Therapeutics, Inc.	272,904
5,088	<sup>1</sup> Frequency Therapeutics, Inc.	50,676
127,397	<sup>1</sup> Gamida Cell Ltd.	816,615
4,200	<sup>1</sup> Genmab A/S	1,713,104
16,300	<sup>1</sup> Genmab A/S, ADR	665,529
12,200	<sup>1</sup> Gossamer Bio, Inc.	99,064
15,525	<sup>1</sup> Gracell Biotechnologies, Inc., ADR	201,825
8,060	<sup>1,2</sup> Graphite Bio, Inc.	247,684

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Health Care—continued</b>	
14,237	<sup>1</sup> IDEAYA Biosciences, Inc.	\$ 298,835
1,700	<sup>1</sup> IDEXX Laboratories, Inc.	1,073,635
10,000	<sup>1,3</sup> Immatics N.V.	116,100
9,400	<sup>1,2</sup> Immatics N.V.	109,134
7,100	<sup>1</sup> Insulet Corp.	1,949,021
5,048	<sup>1</sup> Intellia Therapeutics, Inc.	817,322
715	<sup>1</sup> Intuitive Surgical, Inc.	657,543
21,500	<sup>1</sup> Kaleido Biosciences, Inc.	159,960
11,800	<sup>1</sup> Karuna Therapeutics, Inc.	1,345,082
25,503	<sup>1</sup> Legend Biotech Corp., ADR	1,046,898
8,235	<sup>1</sup> Lyell Immunopharma, Inc.	133,736
34,800	<sup>1</sup> Merus NV	733,236
137,800	<sup>1</sup> Minerva Neurosciences, Inc.	319,696
13,900	<sup>1</sup> Moderna, Inc.	3,266,222
20,852	<sup>1,2</sup> Molecular Partners AG	424,388
2,987	<sup>1,2</sup> Molecular Partners AG, ADR	60,935
1,300	<sup>1</sup> Morphic Holding, Inc.	74,607
16,762	<sup>1,4</sup> NeoGenomics, Inc.	612,598
14,887	<sup>1</sup> Orchard Therapeutics PLC	65,354
29,312	<sup>1</sup> Orchard Therapeutics PLC, ADR	128,680
81,200	<sup>1</sup> Otonomy, Inc.	181,076
7,049	<sup>1</sup> Privia Health Group, Inc.	312,764
5,500	<sup>1</sup> Repligen Corp.	1,097,910
17,262	<sup>1</sup> Rezolute, Inc.	246,329
34,612	<sup>1</sup> Rhythm Pharmaceuticals, Inc.	677,703
13,066	<sup>1</sup> Rubius Therapeutics, Inc.	318,941
6,083	<sup>1</sup> Sarepta Therapeutics, Inc.	472,892
13,770	<sup>1,2</sup> Scynexis, Inc.	101,347
55,391	<sup>1</sup> Seres Therapeutics, Inc.	1,321,075
8,815	<sup>1</sup> Stoke Therapeutics, Inc.	296,713
3,300	Stryker Corp.	857,109
10,114	<sup>1</sup> Surgery Partners, Inc.	673,795
55,000	<sup>1,4</sup> Talkspace, Inc.	374,163
23,800	<sup>1</sup> Tandem Diabetes Care, Inc.	2,318,120
36,010	<sup>1</sup> Translate Bio, Inc.	991,715
12,620	<sup>1</sup> Turning Point Therapeutics, Inc.	984,612
47,616	<sup>1</sup> Ultragenyx Pharmaceutical, Inc.	4,540,185
47,100	<sup>1</sup> UniQure N.V.	1,450,680
16,500	<sup>1</sup> Veeva Systems, Inc.	5,130,675
4,630	<sup>1</sup> Verve Therapeutics, Inc.	278,957
25,459	<sup>1</sup> Zai Lab Ltd., ADR	4,505,988
15,734	<sup>1</sup> Zentalis Pharmaceuticals, LLC	837,049
5,374	<sup>1</sup> Zogenix, Inc.	92,863
	TOTAL	81,400,714
	<b>Industrials—11.3%</b>	
41,740	<sup>1</sup> Azek Co., Inc.	1,772,280
28,500	<sup>1</sup> Azul S.A., ADR	752,400
17,413	<sup>1</sup> Colfax Corp.	797,690
35,300	<sup>1</sup> CoStar Group, Inc.	2,923,546
19,300	<sup>1</sup> Dun & Bradstreet Holdings, Inc.	412,441

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Industrials—continued</b>	
7,220	<sup>1</sup> Generac Holdings, Inc.	\$ 2,997,383
17,100	HEICO Corp.	2,384,082
10,441	IHS Markit Ltd.	1,176,283
20,162	<sup>1</sup> Ingersoll-Rand, Inc.	984,107
37,400	<sup>1</sup> Mercury Systems, Inc.	2,478,872
8,000	<sup>1</sup> Plug Power, Inc.	273,520
1,500	Roper Technologies, Inc.	705,300
6,500	Timken Co.	523,835
13,000	Trane Technologies PLC	2,393,820
21,096	<sup>1</sup> Trex Co., Inc.	2,156,222
10,850	<sup>1</sup> Upwork, Inc.	632,447
2,800	Verisk Analytics, Inc.	489,216
19,500	<sup>1</sup> XPO Logistics, Inc.	2,727,855
	TOTAL	26,581,299
	<b>Information Technology—22.6%</b>	
1,300	<sup>1</sup> Adobe, Inc.	761,332
34,832	<sup>1</sup> Advanced Micro Devices, Inc.	3,271,770
5,900	<sup>1</sup> Ansys, Inc.	2,047,654
7,616	<sup>1</sup> Coupa Software, Inc.	1,996,230
2,805	<sup>1</sup> DocuSign, Inc.	784,194
18,163	<sup>1</sup> Envestnet, Inc.	1,377,845
5,600	<sup>1</sup> Everbridge, Inc.	762,048
8,000	Fidelity National Information Services, Inc.	1,133,360
49,600	<sup>1</sup> GDS Holdings Ltd., ADR	3,893,104
7,580	<sup>1</sup> GoDaddy, Inc.	659,157
55,000	<sup>1,4</sup> Ironsource, Ltd.	463,291
37,300	Marvell Technology, Inc.	2,175,709
53,741	McAfee Corp.	1,505,823
15,359	<sup>1</sup> Medallia, Inc.	518,366
49,200	<sup>1</sup> Nexi SpA	1,080,568
50,000	<sup>1</sup> PagSeguro Digital Ltd.	2,796,000
80,000	<sup>1</sup> Paysafe Ltd.	968,800
13,900	<sup>1</sup> Q2 Holdings, Inc.	1,425,862
27,450	<sup>1</sup> Qualtrics International, Inc.	1,049,962
33,000	<sup>1</sup> Radware Ltd.	1,015,740
15,900	<sup>1</sup> Rapid7, Inc.	1,504,617
2,900	<sup>1</sup> Salesforce.com, Inc.	708,383
7,000	<sup>1</sup> ServiceNow, Inc.	3,846,850
5,850	<sup>1</sup> Shopify, Inc.	8,546,733
10,400	<sup>1</sup> Splunk, Inc.	1,503,632
21,705	<sup>1</sup> TaskUs, Inc.	743,179
4,900	<sup>1</sup> Tyler Technologies, Inc.	2,216,613
6,700	<sup>1</sup> Unity Software, Inc.	735,861
52,500	<sup>1,4</sup> WM Technology, Inc.	784,532
11,462	<sup>1</sup> Workday, Inc.	2,736,438
	TOTAL	53,013,653
	<b>Materials—6.4%</b>	
46,000	Agnico Eagle Mines Ltd.	2,780,700
14,200	Ball Corp.	1,150,484
86,000	Barrick Gold Corp.	1,778,480

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Materials—continued</b>	
6,875	Eagle Materials, Inc.	\$ 977,006
4,700	Franco-Nevada Corp.	682,061
43,700	Newmont Corp.	2,769,706
12,868	<sup>1</sup> PureCycle Technologies, Inc.	304,328
8,100	Scotts Miracle-Gro Co.	1,554,552
10,770	Sherwin-Williams Co.	2,934,287
	TOTAL	14,931,604
	<b>Real Estate—1.7%</b>	
19,400	Americold Realty Trust	734,290
5,300	Crown Castle International Corp.	1,034,030
22,265	MGM Growth Properties LLC	815,344
7,704	<sup>1</sup> Ryman Hospitality Properties	608,308
15,265	STAG Industrial, Inc.	571,369
650	Sun Communities, Inc.	111,410
	TOTAL	3,874,751
	<b>Utilities—0.2%</b>	
5,643	NextEra Energy, Inc.	413,519
	TOTAL COMMON STOCKS (IDENTIFIED COST \$121,530,055)	232,357,597
	WARRANTS—0.3%	
	<b>Financials—0.0%</b>	
9,446	<sup>1</sup> Hamilton Lane Alliance Holdings I, Inc., Warrants, Expiration Date 1/8/2026	9,210
	<b>Health Care—0.3%</b>	
11,450	<sup>1</sup> Catabasis Pharmaceuticals, Inc., Warrants, Expiration Date 2/8/2024	13,097
21,500	<sup>1</sup> Catabasis Pharmaceuticals, Inc., Warrants, Expiration Date 6/22/2022	14,508
87,500	<sup>1</sup> ContraFect Corp., Warrants, Expiration Date 7/20/2022	1,409
42,500	<sup>1</sup> ContraFect Corp., Warrants, Expiration Date 7/27/2021	0
10,000	<sup>1</sup> Dynavax Technologies Corp., Warrants, Expiration Date 2/12/2022	57,154
4,700	<sup>1</sup> Immatics N.V., Warrants, Expiration Date 12/31/2025	16,168
5,696	<sup>1</sup> Rezolute, Inc., Warrants, Expiration Date 10/8/2027	78,930
53,000	<sup>1</sup> Scynexis, Inc., Warrants, Expiration Date 1/1/2099	390,080
26,500	<sup>1</sup> Scynexis, Inc., Warrants, Expiration Date 12/21/2021	40,754
2,520	<sup>1</sup> Scynexis, Inc., Warrants, Expiration Date 3/8/2023	2,600
26,500	<sup>1</sup> Scynexis, Inc., Warrants, Expiration Date 5/21/2024	93,121
	TOTAL	707,821
	TOTAL WARRANTS (IDENTIFIED COST \$353,334)	717,031
	REPURCHASE AGREEMENTS—2.2%	
\$1,803,000	Interest in \$2,496,000,000 joint repurchase agreement 0.06%, dated 6/30/2021 under which Bank of America, N.A. will repurchase securities provided as collateral for \$2,496,003,813 on 7/1/2021. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 8/20/2050 and the market value of those underlying securities was \$2,545,923,890.	1,803,000
3,336,872	Interest in \$2,496,000,000 joint repurchase agreement 0.06%, dated 6/30/2021 under which Bank of America, N.A. will repurchase securities provided as collateral for \$2,496,003,813 on 7/1/2021. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 8/20/2050 and the market value of those underlying securities was \$2,545,923,890 (purchased with proceeds from securities lending collateral).	3,336,872
	TOTAL REPURCHASE AGREEMENTS (IDENTIFIED COST \$5,139,872)	5,139,872
	TOTAL INVESTMENT IN SECURITIES—101.7% (IDENTIFIED COST \$127,023,261) <sup>5</sup>	238,214,500
	OTHER ASSETS AND LIABILITIES - NET—(1.7)% <sup>6</sup>	(4,042,641)
	TOTAL NET ASSETS—100%	\$234,171,859



An affiliated company is a company in which the Fund, alone or in combination with other funds, has ownership of at least 5% of the voting shares. Transactions with affiliated companies during the period ended June 30, 2021, were as follows:

	Value as of 12/31/2020	Purchases at Cost	Proceeds from Sales	Change in Unrealized Appreciation/ Depreciation	Net Realized Gain/ (Loss)	Value as of 6/30/2021	Shares Held as of 6/30/2021	Dividend Income
<b>Financials:</b>								
Hamilton Lane Alliance Holdings I, Inc	\$ —	\$ 293,715	\$ (6,869)	\$ (10,541)	\$ —	\$ 276,305	28,339	\$ —
Hamilton Lane Alliance Holdings I, Inc., Warrants, Expiration Date 1/8/2026	\$ —	\$ —	\$ 6,869	\$ 2,341	\$ —	\$ 9,210	9,446	\$ —
StepStone Group, Inc.	\$ —	\$ 1,150,618	\$ —	\$ 191,120	\$ —	\$ 1,341,738	39,004	\$ 39,004
<b>Health Care:</b>								
Akouos, Inc.	\$ 594,305	\$ 30,598	\$ —	\$ (220,843)	\$ —	\$ 404,060	32,196	\$ —
Albireo Pharma, Inc.	\$ 1,511,653	\$ —	\$ (122,757)	\$ (78,156)	\$ (7,884)	\$ 1,302,856	37,034	\$ —
Alector, Inc.	\$ 841,319	\$ 151,140	\$ —	\$ 374,593	\$ —	\$ 1,367,052	65,629	\$ —
Amphastar Pharmaceuticals, Inc.	\$ 732,004	\$ —	\$ —	\$ 1,820	\$ —	\$ 733,824	36,400	\$ —
Annexon, Inc.	\$ 300,360	\$ 445,623	\$ —	\$ (122,456)	\$ —	\$ 623,527	27,700	\$ —
Arcturus Therapeutics Holdings, Inc.	\$ 2,290,464	\$ —	\$ (459,818)	\$ 13,534	\$ (287,675)	\$ 1,556,505	45,996	\$ —
Avidity Biosciences LLC	\$ 461,912	\$ 170,890	\$ —	\$ (18,190)	\$ —	\$ 614,612	24,873	\$ —
Avrobio, Inc.	\$ 199,342	\$ 227,657	\$ (109,863)	\$ (2,189)	\$ (72,223)	\$ 242,724	27,303	\$ —
Calithera Biosciences, Inc.	\$ 479,216	\$ —	\$ (67,732)	\$ (149,704)	\$ (102,453)	\$ 159,327	76,233	\$ —
Catabasis Pharmaceuticals, Inc., Warrants, Expiration Date 2/8/2024	\$ 13,298	\$ —	\$ —	\$ (201)	\$ —	\$ 13,097	11,450	\$ —
Catabasis Pharmaceuticals, Inc., Warrants, Expiration Date 6/22/2022	\$ 15,628	\$ —	\$ —	\$ (1,120)	\$ —	\$ 14,508	21,500	\$ —
ContraFect Corp.	\$ —	\$ 119,000	\$ —	\$ (14,280)	\$ —	\$ 104,720	23,800	\$ —
Dynavax Technologies Corp.	\$ 764,510	\$ 173,937	\$ —	\$ 970,483	\$ —	\$ 1,908,930	193,800	\$ —
Dynavax Technologies Corp., Warrants, Expiration Date 2/12/2022	\$ 18,923	\$ —	\$ —	\$ 38,231	\$ —	\$ 57,154	10,000	\$ —
Frequency Therapeutics, Inc.	\$ 736,934	\$ 236,819	\$ (399,367)	\$ (412,853)	\$ 111,371	\$ 272,904	27,400	\$ —
Frequency Therapeutics, Inc.	\$ 179,403	\$ —	\$ —	\$ (128,727)	\$ —	\$ 50,676	5,088	\$ —
Gamida Cell Ltd.	\$ 1,153,818	\$ —	\$ (115,650)	\$ (239,901)	\$ 18,348	\$ 816,615	127,397	\$ —
Merus NV	\$ 673,152	\$ —	\$ (87,252)	\$ 123,634	\$ 23,702	\$ 733,236	34,800	\$ —
Minerva Neurosciences, Inc.	\$ 322,452	\$ —	\$ —	\$ (2,756)	\$ —	\$ 319,696	137,800	\$ —
Molecular Partners AG	\$ 486,302	\$ —	\$ —	\$ (61,914)	\$ —	\$ 424,388	20,852	\$ —
Otonomy, Inc.	\$ 358,600	\$ 143,338	\$ —	\$ (320,862)	\$ —	\$ 181,076	81,200	\$ —
Rezolute, Inc.	\$ 206,971	\$ —	\$ —	\$ 39,358	\$ —	\$ 246,329	17,262	\$ —
Rezolute, Inc., Warrants, Expiration Date 10/8/2027	\$ 56,253	\$ —	\$ —	\$ 22,677	\$ —	\$ 78,930	5,696	\$ —
Rhythm Pharmaceuticals, Inc.	\$ 862,170	\$ 180,000	\$ (11,627)	\$ (352,042)	\$ (798)	\$ 677,703	34,612	\$ —
Scynexis, Inc.	\$ 105,341	\$ —	\$ —	\$ (3,994)	\$ —	\$ 101,347	13,770	\$ —
Talkspace, Inc	\$ —	\$ 550,000	\$ —	\$ (175,837)	\$ —	\$ 374,163	55,000	\$ —
Translate Bio, Inc.	\$ 534,470	\$ 114,782	\$ —	\$ 342,463	\$ —	\$ 991,715	36,010	\$ —
Ultragenyx Pharmaceutical, Inc.	\$ 7,525,055	\$ —	\$ (990,652)	\$ (2,488,784)	\$ 494,566	\$ 4,540,185	47,616	\$ —
UniQure N.V.	\$ 2,113,605	\$ —	\$ (413,930)	\$ (125,546)	\$ (123,449)	\$ 1,450,680	47,100	\$ —
<b>Information Technology:</b>								
TaskUs, Inc	\$ —	\$ 540,419	\$ —	\$ 202,760	\$ —	\$ 743,179	21,705	\$ —
TOTAL OF AFFILIATED COMPANIES TRANSACTIONS	\$ 23,537,460	\$ 4,528,536	\$ (2,778,648)	\$ (2,607,882)	\$ 53,505	\$ 22,732,971	1,424,011	\$ 39,004

1 Non-income-producing security.

2 All or a portion of these securities are temporarily on loan to unaffiliated broker/dealers.

3 Denotes a restricted security that either: (a) cannot be offered for public sale without first being registered, or availing of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. At June 30, 2021, these restricted securities amounted to \$890,680, which represented 0.4% of total net assets.

- 4 Market quotations and price evaluations are not available. Fair value determined using significant unobservable inputs in accordance with procedures established by and under the general supervision of the Fund's Board of Trustees (the "Trustees").
- 5 Also represents cost for federal tax purposes.
- 6 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at June 30, 2021.

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

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

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

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

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

The following is a summary of the inputs used, as of June 30, 2021, in valuing the Fund's assets carried at fair value:

**Valuation Inputs**

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
<b>Equity Securities:</b>				
Common Stocks				
Domestic	\$170,581,113	\$ —	\$5,707,098	\$176,288,211
International	39,428,911	16,343,259	297,216	56,069,386
<b>Debt Securities:</b>				
Warrants	25,378	691,653	—	717,031
<b>Repurchase Agreements</b>	—	5,139,872	—	5,139,872
<b>TOTAL SECURITIES</b>	<b>\$210,035,402</b>	<b>\$22,174,784</b>	<b>\$6,004,314</b>	<b>\$238,214,500</b>

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

ADR—American Depositary Receipt

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Primary Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 6/30/2021	Year Ended December 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$25.46</b>	<b>\$22.63</b>	<b>\$18.55</b>	<b>\$19.16</b>	<b>\$16.70</b>	<b>\$17.42</b>
<b>Income From Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	(0.14)	(0.22)	(0.10)	(0.11)	(0.14)	(0.11)
Net realized and unrealized gain (loss)	1.15	5.27	6.15	0.95	4.54	0.56
TOTAL FROM INVESTMENT OPERATIONS	1.01	5.05	6.05	0.84	4.40	0.45
<b>Less Distributions:</b>						
Distributions from net realized gain	(1.74)	(2.22)	(1.97)	(1.45)	(1.94)	(1.17)
<b>Net Asset Value, End of Period</b>	<b>\$24.73</b>	<b>\$25.46</b>	<b>\$22.63</b>	<b>\$18.55</b>	<b>\$19.16</b>	<b>\$16.70</b>
<b>Total Return<sup>2</sup></b>	<b>4.28%</b>	<b>28.79%</b>	<b>33.82%</b>	<b>3.84%</b>	<b>28.33%</b>	<b>3.66%</b>

### Ratios to Average Net Assets:

Net expenses <sup>3</sup>	1.49% <sup>4</sup>	1.50%	1.51%	1.52%	1.54%	1.54% <sup>5</sup>
Net investment loss	(1.13)% <sup>4</sup>	(1.01)%	(0.49)%	(0.53)%	(0.77)%	(0.67)%
Expense waiver/reimbursement <sup>6</sup>	—%	—%	—%	—%	—%	0.03%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$62,338	\$63,502	\$57,988	\$46,160	\$47,985	\$42,122
Portfolio turnover	16%	45%	43%	41%	44%	59%

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

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

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

4 Computed on an annualized basis.

5 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio was 1.54% for the year ended December 31, 2016, after taking into account these expense reductions.

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

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Service Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 6/30/2021	Year Ended December 31,				
		2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$23.65</b>	<b>\$21.27</b>	<b>\$17.57</b>	<b>\$18.26</b>	<b>\$16.04</b>	<b>\$16.82</b>
<b>Income From Investment Operations:</b>						
Net investment income (loss) <sup>1</sup>	(0.16)	(0.26)	(0.15)	(0.15)	(0.17)	(0.14)
Net realized and unrealized gain (loss)	1.06	4.86	5.82	0.91	4.33	0.53
TOTAL FROM INVESTMENT OPERATIONS	0.90	4.60	5.67	0.76	4.16	0.39
<b>Less Distributions:</b>						
Distributions from net realized gain	(1.74)	(2.22)	(1.97)	(1.45)	(1.94)	(1.17)
<b>Net Asset Value, End of Period</b>	<b>\$22.81</b>	<b>\$23.65</b>	<b>\$21.27</b>	<b>\$17.57</b>	<b>\$18.26</b>	<b>\$16.04</b>
<b>Total Return<sup>2</sup></b>	<b>4.14%</b>	<b>28.48%</b>	<b>33.52%</b>	<b>3.58%</b>	<b>27.97%</b>	<b>3.42%</b>

### Ratios to Average Net Assets:

Net expenses <sup>3</sup>	1.74% <sup>4</sup>	1.75%	1.76%	1.77%	1.79%	1.79% <sup>5</sup>
Net investment loss	(1.38)% <sup>4</sup>	(1.26)%	(0.74)%	(0.77)%	(1.02)%	(0.92)%
Expense waiver/reimbursement <sup>6</sup>	—%	—%	—%	—%	—%	0.03%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$171,834	\$169,061	\$129,327	\$105,132	\$96,037	\$78,870
Portfolio turnover	16%	45%	43%	41%	44%	59%

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

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

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

4 Computed on an annualized basis.

5 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio was 1.79% for the year ended December 31, 2016, after taking into account these expense reductions.

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

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

June 30, 2021 (unaudited)

**Assets:**

Investment in securities, at value including \$3,248,400 of securities loaned and \$22,732,971 of investment in affiliated companies* (identified cost \$127,023,261)	\$238,214,500
Income receivable	65,744
Receivable for investments sold	252,928
Receivable for shares sold	55,218
<b>TOTAL ASSETS</b>	<b>238,588,390</b>

**Liabilities:**

Payable for investments purchased	870,624
Payable for shares redeemed	125,407
Payable to bank	4,880
Payable for collateral due to broker for securities lending	3,336,872
Payable for investment adviser fee (Note 5)	8,394
Payable for administrative fee (Note 5)	505
Payable for distribution services fee (Note 5)	34,636
Accrued expenses (Note 5)	35,213
<b>TOTAL LIABILITIES</b>	<b>4,416,531</b>
Net assets for 10,052,483 shares outstanding	\$234,171,859

**Net Assets Consist of:**

Paid-in capital	\$115,749,135
Total distributable earnings (loss)	118,422,724
<b>TOTAL NET ASSETS</b>	<b>\$234,171,859</b>

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

**Primary Shares:**

\$62,337,889 ÷ 2,520,413 shares outstanding, no par value, unlimited shares authorized	\$ 24.73
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**Service Shares:**

\$171,833,970 ÷ 7,532,070 shares outstanding, no par value, unlimited shares authorized	\$ 22.81
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\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended June 30, 2021 (unaudited)

## Investment Income:

Dividends (including \$39,004 received from affiliated holdings and net of foreign taxes withheld of \$10,239)	\$ 385,614
Net income on securities loaned (Note 2)	21,778
Interest	2,908
<b>TOTAL INCOME</b>	<b>410,300</b>

## Expenses:

Investment adviser fee (Note 5)	1,481,973
Administrative fee (Note 5)	90,352
Custodian fees	16,983
Transfer agent fees	9,024
Directors'/Trustees' fees (Note 5)	1,162
Auditing fees	16,285
Legal fees	5,538
Portfolio accounting fees	40,518
Distribution services fee (Note 5)	208,404
Printing and postage	19,025
Miscellaneous (Note 5)	16,372
<b>TOTAL EXPENSES</b>	<b>1,905,636</b>

Net investment loss (1,495,336)

## Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Transactions:

Net realized gain on investments (including net realized gain of \$53,505 on sales of investments in affiliated companies*)	9,192,428
Net realized gain on foreign currency transactions	111
Net change in unrealized appreciation of investments (including net change in unrealized appreciation of \$(2,607,882) on investments in affiliated companies*)	2,111,458
Net change in unrealized appreciation/depreciation of translation of assets and liabilities in foreign currency	(178)
Net realized and unrealized gain (loss) on investments and foreign currency transactions	11,303,819
Change in net assets resulting from operations	\$ 9,808,483

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

See Notes which are an integral part of the Financial Statements

## Statement of Changes in Net Assets

	Six Months Ended (unaudited) 6/30/2021	Year Ended 12/31/2020
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment loss	\$ (1,495,336)	\$ (2,374,350)
Net realized gain (loss)	9,192,539	17,123,946
Net change in unrealized appreciation/depreciation	2,111,280	36,971,961
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	9,808,483	51,721,557
<b>Distributions to Shareholders:</b>		
Primary Shares	(4,188,149)	(5,382,824)
Service Shares	(12,290,249)	(12,836,300)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(16,478,398)	(18,219,124)
<b>Share Transactions:</b>		
Proceeds from sale of shares	20,182,139	51,579,563
Net asset value of shares issued to shareholders in payment of distributions declared	16,478,386	18,219,109
Cost of shares redeemed	(28,381,992)	(58,053,310)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	8,278,533	11,745,362
Change in net assets	1,608,618	45,247,795
<b>Net Assets:</b>		
Beginning of period	232,563,241	187,315,446
End of period	\$234,171,859	\$232,563,241

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

June 30, 2021 (unaudited)

## 1. ORGANIZATION

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

## 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:

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

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

### Fair Valuation and Significant Events Procedures

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

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



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

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

The Trustees have adopted procedures whereby the Valuation Committee uses a pricing service to provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Fund will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Trustees. The Trustees have ultimate responsibility for any fair valuations made in response to a significant event.

### **Repurchase Agreements**

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

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

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

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

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

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Amortization/accretion of premium and discount is included in investment income. Distributions of net investment income, if any, are declared and paid annually. Non-cash dividends included in dividend income, if any, are recorded at fair value. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes.

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

### **Federal Taxes**

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the six months ended June 30, 2021, 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 June 30, 2021, tax years 2017 through 2020 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

The Fund may be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The Fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or gains are earned.

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

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

## **Futures Contracts**

The Fund purchases and sells financial futures contracts to manage currency risk and market risks. Upon entering into a financial futures contract with a broker, the Fund is required to deposit with a broker, either U.S. government securities or a specified amount of cash, which is shown as due from broker in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. The Fund receives from or pays to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange traded and the exchange's clearing house, as counterparty to all exchange traded futures contracts, guarantees the futures contracts against default.

During the six months ended June 30, 2021, the Fund held no futures contracts.

## **Foreign Exchange Contracts**

The Fund enters into foreign exchange contracts for the delayed-delivery of securities or foreign currency exchange transactions. The Fund also enters into foreign exchange contracts to protect assets against adverse changes in foreign currency exchange rates or exchange control regulations. Purchased contracts are used to acquire exposure to foreign currencies, whereas, contracts to sell are used to hedge the Fund's securities against currency fluctuations. Risks may arise upon entering into these transactions from the potential inability of counterparties to meet the terms of their commitments and from unanticipated movements in security prices or foreign exchange rates. The foreign exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the settlement date.

At June 30, 2021, the Fund had no outstanding foreign exchange contracts.

## **Foreign Currency Translation**

The accounting records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rates of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities, income and expenses are translated at the rate of exchange quoted on the respective date that such transactions are recorded. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at period end, resulting from changes in the exchange rate.

## **Securities Lending**

The Fund participates in a securities lending program providing for the lending of equity securities to qualified brokers. The term of the loans within the program is one year or less. The Fund normally receives cash collateral for securities loaned that may be invested in affiliated money market funds, other money market instruments and/or repurchase agreements. Investments in money market funds may include funds with a "floating" NAV that can impose redemption fees and liquidity gates, impose certain operational impediments to investing cash collateral, and, if the investee fund's NAV decreases, result in the Fund recognizing losses and being required to cover the decrease in the value of the cash collateral. Collateral is maintained at a minimum level of 100% of the market value of investments loaned, plus interest, if applicable. In accordance with the Fund's securities lending agreement, the market value of securities on loan is determined each day at the close of business and any additional collateral required to cover the value of securities on loan is delivered to the Fund on the next business day. Earnings on collateral are allocated between the borrower of the security, the securities lending agent, as a fee for its services under the program and the Fund, according to agreed-upon rates. The Fund will not have the right to vote on securities while they are on loan. However, the Fund will attempt to terminate a loan in an effort to reacquire the securities in time to vote on matters that are deemed to be material by the Adviser. There can be no assurance that the Fund will have sufficient notice of such matters to be able to terminate the loan in time to vote thereon.

Securities lending transactions are subject to Master Netting Agreements which are agreements between the Fund and its counterparties that provide for the net settlement of all transactions and collateral with the Fund, through a single payment, in the event of default or termination. Amounts presented on the Portfolio of Investments and Statement of Assets and Liabilities are not net settlement amounts but gross. As indicated below, the cash collateral received by the Fund exceeds the market value of the securities loaned reducing the net settlement amount to zero. The chart below identifies the amount of collateral received as well as the market value of securities on loan. Additionally, the securities lending agreement executed by the Fund includes an indemnification clause. This clause stipulates that the borrower will reimburse the Fund for any losses as a result of any failure of the borrower to return equivalent securities to the Fund.

As of June 30, 2021, securities subject to this type of arrangement and related collateral were as follows:

Market Value of Securities Loaned	Collateral Received
\$3,248,400	\$3,336,872

### Restricted Securities

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

Additional information on restricted securities, held at June 30, 2021, is as follows:

Security	Acquisition Date	Cost	Value
Adagio Therapeutics, Inc.	4/16/2021	\$273,300	\$273,300
Fisker, Inc.	10/29/2020	\$260,000	\$501,280
Immatic N.V.	6/30/2020	\$100,000	\$116,100

### Other

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

### 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

	Six Months Ended 6/30/2021		Year Ended 12/31/2020	
	Shares	Amount	Shares	Amount
<b>Primary Shares:</b>				
Shares sold	53,605	\$ 1,311,140	146,298	\$ 3,203,683
Shares issued to shareholders in payment of distributions declared	177,615	4,188,147	350,901	5,382,822
Shares redeemed	(204,658)	(5,056,030)	(566,093)	(12,397,252)
NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS	26,562	\$ 443,257	(68,894)	\$ (3,810,747)

	Six Months Ended 6/30/2021		Year Ended 12/31/2020	
	Shares	Amount	Shares	Amount
<b>Service Shares:</b>				
Shares sold	835,580	\$ 18,870,999	2,374,103	\$ 48,375,880
Shares issued to shareholders in payment of distributions declared	564,549	12,290,239	898,900	12,836,287
Shares redeemed	(1,016,403)	(23,325,962)	(2,205,894)	(45,656,058)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	383,726	\$ 7,835,276	1,067,109	\$ 15,556,109
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	410,288	\$ 8,278,533	998,215	\$ 11,745,362

### 4. FEDERAL TAX INFORMATION

At June 30, 2021, the cost of investments for federal tax purposes was \$127,023,261. The net unrealized appreciation of investments for federal tax purposes was \$111,191,239. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$116,052,514 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$4,861,275.

### 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 1.30% of the Fund's average daily net assets. The Adviser may voluntarily choose to waive any portion of its fee.

Certain of the Fund's assets are managed by Federated Global Investment Management Corp. (the "Sub-Adviser"). Under the terms of a sub-advisory agreement between the Adviser and the Sub-Adviser, the Sub-Adviser receives an allocable portion of the Fund's adviser fee. The fee is paid by the Adviser out of its resources and is not an incremental Fund expense. For the six months ended June 30, 2021, the Sub-Adviser earned a fee of \$1,215,218.

### 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

FAS may voluntarily choose to waive any portion of its fee. For the six months ended June 30, 2021, the annualized fee paid to FAS was 0.079% of average daily net assets of the Fund.

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

### Distribution Services Fee

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund's Primary Shares and Service Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at the following percentages of average daily net assets annually, to compensate FSC:

	Percentage of Average Daily Net Assets of Class
Primary Shares	0.25%
Service Shares	0.25%

FSC may voluntarily choose to waive any portion of its fee. For the six months ended June 30, 2021, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Service Shares	\$208,404

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended June 30, 2021, FSC did not retain any fees paid by the Fund. For the six months ended June 30, 2021, the Fund's Primary Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

### Interfund Transactions

During the six months ended June 30, 2021, the Fund engaged in purchase transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees and/or common Officers. These purchase transactions complied with Rule 17a-7 under the Act and amounted to \$134,768.

### 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 six months ended June 30, 2021, were as follows:

Purchases	\$49,461,861
Sales	\$34,777,591

## 7. CONCENTRATION OF RISK

The Fund may invest a portion of its assets in securities of companies that are deemed by the Fund's management to be classified in similar business sectors. Economic developments may have an effect on the liquidity and volatility of the portfolio securities.

## **8. 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 23, 2021. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to the highest, on any day, of (a) (i) the federal funds effective rate, (ii) the one month London Interbank Offered Rate (LIBOR), or a replacement rate as appropriate, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and at maturity. As of June 30, 2021, the Fund had no outstanding loans. During the six months ended June 30, 2021, the Fund did not utilize the LOC.

## **9. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of June 30, 2021, there were no outstanding loans. During the six months ended June 30, 2021, the program was not utilized.

## **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 be short-term or may last for an extended period of time and has resulted in a substantial economic downturn. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries, individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the Fund's performance.

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds used as variable investment options. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2021 to June 30, 2021.

### ACTUAL EXPENSES

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

### HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

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

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

	Beginning Account Value 1/1/2021	Ending Account Value 6/30/2021	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Primary Shares	\$1,000	\$1,042.80	\$7.55
Service Shares	\$1,000	\$1,041.40	\$8.81
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Primary Shares	\$1,000	\$1,017.41	\$7.45
Service Shares	\$1,000	\$1,016.17	\$8.70

<sup>1</sup> Expenses are equal to the Fund’s annualized net expense ratios, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half-year period). The expenses shown in the table do not include the charges and expenses imposed by the insurance company under the variable insurance product contract. Please refer to the variable insurance product prospectus for a complete listing of these expenses. The annualized net expense ratios are as follows:

Primary Shares	1.49%
Service Shares	1.74%

## Evaluation and Approval of Advisory Contract – May 2021

### **FEDERATED HERMES KAUFMANN FUND II (THE “FUND”)**

At its meetings in May 2021 (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 Equity Management Company of Pennsylvania (the “Adviser”) and the investment subadvisory contract between the Adviser and Federated Global Investment Management Corp. (the “Sub-Adviser” and together with the Adviser, the “Advisers”) with respect to the Fund (together, the “Contracts”) for an additional one-year term. The Board’s determination to approve the continuation of the Contracts 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 Contracts. 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 Contracts 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 Advisers and their affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes 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 Contracts, which included detailed information about the Fund and Federated Hermes furnished to the Board at its meetings throughout the year and in between regularly scheduled meetings on particular matters as the need arose.

The Board’s consideration of the Contracts included review of materials and information covering the following matters, among others: the Advisers’ investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund’s short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund’s particular investment program and a group of its peer funds and/or its benchmark, as appropriate) and comments on the reasons for the Fund’s performance; the Fund’s investment objectives; the Fund’s expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the use and allocation of brokerage commissions derived from trading the Fund’s portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Advisers and their affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring and managing the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund’s relationship to the other funds advised by Federated Hermes (each, a “Federated Hermes Fund” and, collectively, the “Federated Hermes Funds”), which include a comprehensive array of funds with different investment objectives, policies and strategies, and 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; compliance and audit reports concerning the Federated Hermes Funds and Federated Hermes’ affiliates that service them (including communications from regulatory agencies), as well as Federated Hermes’ responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated Hermes Funds and/or Federated Hermes may be responding to them. The Board noted that its evaluation process is evolutionary and that the criteria considered and the emphasis placed on relevant criteria may change in recognition of changing circumstances in the mutual fund marketplace.

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

In addition to considering the above-referenced factors, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew the Contracts. In particular, the Board recognized that many shareholders 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 Contracts, 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 Contracts was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contracts. 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 Contracts for the Fund as part of its consideration of agreements for funds across the Federated Hermes Funds family, but its approvals were made on a fund-by-fund basis.

### **Nature, Extent and Quality of Services**

The Board considered the nature, extent and quality of the services provided to the Fund by the Advisers and the resources of the Advisers and their affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the terms of the Contracts and the range of services provided to the Fund by the Advisers and their affiliates. The Board considered the Advisers' personnel, investment philosophy and process, investment research capabilities and resources, trade execution 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 the Advisers' ability and experience in attracting and retaining qualified personnel to service the Fund. The Fund's ability to deliver competitive performance when compared to its Performance Peer Group (as defined below) was also deemed to be relevant by the Board as a useful indicator of how the Advisers are executing the Fund's investment program.



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 in 2018, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to have access to analytical resources related to environmental, social and governance ("ESG") factors and issuer engagement on ESG matters.

The Board considered the quality of the Advisers' 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 the Advisers' communications with the Board in light of the market volatility amidst 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 the Advisers' regulatory and compliance environment. The Board considered the Advisers' compliance program, compliance history, and reports from the CCO about the Advisers' 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, in particular, the compliance-related resources devoted by the Advisers and their affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including the Advisers' commitment to respond to rulemaking and other regulatory initiatives of the SEC. The Board considered Federated Hermes' 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 discussions with Federated Hermes regarding the implementation of its 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.

Based on these considerations, the Board concluded that the nature, extent and quality of the Advisers' investment management and related services warrant the continuation of the Contracts.

#### **Fund Investment Performance**

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board considered detailed investment reports on, and the Advisers' analysis of, the Fund's performance over different time periods that were provided to the Board throughout the year and in connection with the May Meetings. These reports include, among other items, information on the Fund's gross and net returns, the Fund's investment performance compared to one or more relevant investment categories and the Fund's benchmark index, portfolio attribution information and commentary on the effect of current and recent market conditions.

The Board also reviewed comparative information regarding the performance of other mutual funds in the category of peer funds selected by Morningstar, Inc. (the "Morningstar"), an independent fund ranking organization (the "Performance Peer Group"), noting the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Advisers in managing the Fund. The Board considered, in evaluating such comparisons, that in some cases there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group. In this connection, the Board considered that the longevity and experience of the Fund's portfolio management team and their extensive bottom-up approach to investing may limit the utility of comparisons to other equity mutual funds.

For the periods ended December 31, 2020, the Fund's performance for the three-year and five-year periods was above the median of the Performance Peer Group, and the Fund's performance fell below the median of the Performance Peer Group for the one-year period. The Board discussed the Fund's performance with the Advisers and recognized the efforts being taken by the Advisers in the context of other factors considered relevant by the Board.

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

### **Fund Expenses**

The Board considered the advisory fee, sub-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, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by Morningstar (the "Expense Peer Group"). The Board received a description of the methodology used to select the Expense Peer Group from the overall Morningstar category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category.

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 deliberations. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because such comparisons are believed to be more relevant. The Board considered that other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's shareholders. The Board noted that the range of such other mutual funds' fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate, and other expenses of the Fund and noted the position of the Fund's contractual advisory fee rate and other expenses relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was above the median of the relevant Expense Peer Group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board.

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

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

### **Profitability and Other Benefits**

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

so) in the future. Moreover, the Board received and considered regular reports from Federated Hermes throughout the year as to the institution, adjustment or elimination of these voluntary waivers and/or reimbursements. The Board considered Federated Hermes' previous reductions in contractual management fees to certain Federated Hermes Funds during the prior year, including in response to the CCO's recommendations in the prior year's CCO Fee Evaluation Report.

The Board received and considered information furnished by Federated Hermes, as requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. The allocation information, including the CCO's view that cost allocations on a fund-by-fund basis may be unreliable, was considered in the evaluation by the Board. 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 Contracts are 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 and processes for the portfolio management (including market data on which portfolio managers make investment decisions), trading operations, issuer engagement (including with respect to ESG matters), shareholder services, compliance, business continuity, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and use of data. The Board noted that Federated Hermes' investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments (as well as the benefits of any economies of scale, should they exist) are likely to be shared with the family of Federated Hermes Funds as a whole. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and that such waivers and reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund's assets decline. 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 the beliefs of Federated Hermes and the CCO that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with "breakpoints" that serve to reduce the fees as a fund attains a certain size.

### **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 was 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 Contracts 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 Contracts. The Board based its determination to approve the Contracts 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 Contracts reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to approve the continuation of the existing arrangements.

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

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Insurance Series (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Kaufmann Fund II (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 the Fund’s investment adviser as the administrator for the Program with respect to the Fund (the “Administrator”). Each affiliated Federated Hermes advisory subsidiary (including the Fund’s investment adviser) that serves as investment adviser to a Federated Hermes Fund (including the Fund) has been approved as the administrator of the Program with respect to each Federated Hermes Fund that is managed by such advisory subsidiary (collectively, the “Administrator”). 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 2021, 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, 2020 through March 31, 2021 (the “Period”). The Report addressed the operation of the Program and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund and each Federated Hermes Fund’s access to other available funding sources such as the Federated Hermes Funds’ interfund lending facility, redemptions in-kind and committed lines of credit. There were no material changes to the Program during the Period. The Report summarized the operation of the Program and the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that the Fund did not utilize alternative funding sources during the Period;
- the periodic classifications of the Fund’s investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund’s reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund’s investments and the results of an evaluation of the services performed by the vendor in support of this process;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period and the procedures for monitoring this limit; and
- liquidity events during the Period, including the impact on liquidity caused by extended non-U.S. market closures and the March-April 2020 market conditions, and the fact that there were no specific liquidity events during the Period that materially affected the Fund’s liquidity risk.

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

## Quarterly Portfolio Schedule

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

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

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

**IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

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



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