# Federated Hermes California Municipal Cash Trust

## Cash II Shares

Nasdaq symbol: CALXX | Cusip number: 60934N179 | Newspaper listing: CAMuniCII

**9/30/24**

### Product highlights

- Pursues current income exempt from federal regular income tax and California state income tax, consistent with stability of principal.
- Invests in short-term, high-quality, California tax-exempt securities.
- Offers California residents the potential for attractive taxable-equivalent yields compared to taxable money market funds and direct securities.

### Key investment team

Michael Sirianni Jr.
Kyle Stewart, CFA

### Portfolio assets

$1.5 billion

### Credit/obligor exposure

Mizuho Bank Ltd.

Kaiser Permanente

Bank of America N.A.

Barclays Bank plc

Federal Home Loan Mortgage Corp.

University of California (The Regents of)

California State Department of Water Resources

Landesbank Hessen-Thuringen

Royal Bank of Canada

Sweetwater, CA Union High School District

*Total % of Portfolio: 64.8%*

### Share class statistics

**Inception date**

12/15/00

**Federated Hermes fund number**

280

**Cut-off times**

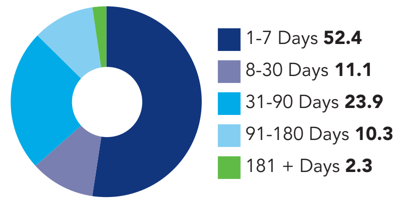
1:00 pm ET — purchases (T+0)
12:00 pm ET — redemptions (T+0)
4:00 pm ET — purchases (T+1)
4:00 pm ET — redemptions (T+1)

**Dividends**

Declared daily/paid monthly

## Portfolio composition (%)


## Effective maturity schedule (%)




## Weighted average maturity

33 Days

## Weighted average life

33 Days

## Fund performance

| Net yield (%) | |
|---|---|
| 7-day | 2.63 |

| Total return (%) | |
|---|---|
| 1-year | 2.88 |

| Annualized yields (%) | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 7-day | 3.20 | 2.88 | 3.34 | 3.36 | 2.70 | 2.97 | 2.99 | 2.87 | 3.28 | 3.02 | 2.59 | 2.63 |

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

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

Otherwise, the 7-day yield would have been 2.44% and total return would have been lower.

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

Money market municipal

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### Portfolio manager commentary

After staying in neutral for the first half of 2024, the Federal Reserve shifted into gear and hit the accelerator in the third quarter.

The reporting period opened with policymakers concerned they were holding interest rates too high but not worried enough to lower them. The caution stemmed from the pause earlier in the year in what had been inflation's orderly decline from four-decade highs in 2022. In its July meeting, the Federal Open Market Committee (FOMC) kept the fed funds target range at 5.25-5.5%, the level at which it had sat for a year. Chair Jerome Powell repeated the message that the Summary of Economic Projections (SEP) provided in June, namely that officials forecasted they would likely cut rates by a quarter percentage point by year-end. That prediction suggested they envisioned inflation would not only decrease again in a sustainable manner, but also that it would come close enough to the Fed's long-held target of 2% to declare victory. But Powell presented a twist: policymakers are now concerned more about the U.S. employment situation. "As the labor market has cooled and inflation has declined, the risks to achieving our employment and inflation goals continue to move into better balance." The Fed was finally seeing the other half of its mandate display the sort of weakness that typically would demand a cut. In other words, Powell had become concerned that further weakening in the labor market could precipitate a recession he believed avoidable.

With no FOMC meeting on the schedule in August, attention turned to Jackson Hole, Wyo., the site of the Fed's annual central bank symposium. In his keynote address, Powell indicated that he was troubled by the Labor Department's unexpectedly large downward revision of previous employment data, which could mean the economy weakened more than previously thought: "The time has come for policy to adjust." The clarity of this statement startled the markets, which entertained the notion that the first cut might not only come at the September FOMC meeting, but also be of the larger half-point variety. That proved true, as the first cut was 50 basis points, shifting the target range to 4.75-5%. But the new SEP did not suggest as much conviction to ease quickly as that big step implied. In its 'dot plot' members predicted they would only enact a quarter-point cut in each of the remaining meetings. Also, one of the voters dissented, the first by a governor since 2005.

For the quarter, the SIFMA Municipal Swap Index ranged from a low of 2.57% published on July 10th to a high of 4.21% published on September 11th and averaged 3.26%. On average, investors sensitive to taxes continue to be rewarded with a commitment to the sector. Generally, state and local government credit quality continues to benefit from strong management and ample financial reserves.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 4.83%, 4.62%, 4.42% and 4.01%, respectively.

*You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon the sale of your shares. An investment in the fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor is not required to reimburse the fund for losses, and you should not expect that the sponsor will provide financial support to the fund at any time, including during periods of market stress.*

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

Money market municipal

#### A word about risk

Income may be subject to the federal alternative minimum tax (AMT) for individuals.

Current and future portfolio holdings are subject to risk.

#### Definitions

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

**The fund is a managed portfolio** and its holdings are subject to change. Holdings percentages are based on net assets at the close of business on the date above, and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

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

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

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