

Nasdaq symbol: FRFX | Cusip number: 608919304 | Newspaper listing: CapResFd

3/31/26

Product highlights

- Pursues current income consistent with stability of principal and liquidity.
- Invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the US government.
- Offers the potential for higher yield than a money market fund portfolio limited to treasury or government fixed-income securities.

Key investment team

Mark Weiss, CFA
Paige Wilhelm

Portfolio assets

\$2.8 billion

Top holdings

Barclays Bank plc
Caterpillar, Inc.
HSBC Holdings PLC
BNP Paribas SA
Bank of America Corp.
Avangrid, Inc.
Thunder Bay Funding, LLC
Royal Bank of Canada
Westpac Banking Corp. Ltd.
BOK Financial Corp.
Total % of Portfolio: 39.8%

Share class statistics

Inception date

2/25/05

Federated Hermes fund number

806

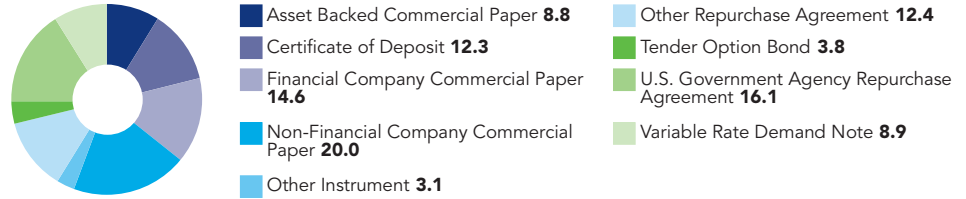
Cut-off times

4:00 pm ET — purchases
4:00 pm ET — redemptions

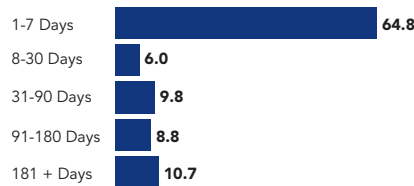
Dividends

Declared daily/paid monthly

Portfolio composition (%)



Effective maturity schedule (%)



2a-7 liquidity

Daily 36.22%
Weekly 53.34%

Weighted average maturity

46 Days

Weighted average life

57 Days

Fund performance

Net yield (%)		Total return (%)											
7-day	2.90	1-year 3.32											
Annualized yields (%)	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
7-day	3.56	3.54	3.54	3.53	3.49	3.32	3.28	3.14	2.96	2.92	2.89	2.90	

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](https://www.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 2.75% 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.

The daily and weekly liquid assets thresholds are 25% and 50%, respectively. Both requirements are "point of purchase" requirements. Thus, it is possible that money market funds may, at any given time, have liquidity percentages reflecting less than the daily and weekly liquidity asset thresholds. In such circumstances, the portfolio manager will be required to purchase securities to meet the requisite liquidity thresholds prior to purchasing longer-dated securities. Additionally, the SEC requirements for what may be defined as "daily" and "weekly" differs from the standard maturities used in calculating the "Effective Maturity Schedule." Therefore, the percentages in the 2a-7 Liquidity table will generally not equal the amounts shown in the "Effective Maturity Schedule."

Federated Hermes Capital Reserves Fund

Portfolio manager commentary

In the liquidity space, the first quarter of the year typically sees outflows due largely to a reversal of year-end window-dressing, the corporate tax date on March 15 and preparation for individual tax payments in April. Not so this year. Total industry money market fund assets under management held firm. What accounts for the difference? Lower tax payments due to the One Big Beautiful Bill likely played a role, but logic would point you to the US and Israel's attack on Iran in February. In such situations, investors often increase their holdings of liquidity or stable value products.

Yet the Iran conflict only accounted for one-third of the first quarter. Substantial assets poured into liquidity products in January and February, pushing industry money market assets to all-time highs in the week just before the attacks. Thankfully, the reason for this was positive — the attractive yields stemming from the elevated fed funds rate. In other words, cash is an asset class—gaining favor on its own merits, rather than a counter to geopolitical upheaval or anxiety over stocks.

Time will tell, but the war is likely to keep Federal Reserve (the Fed) policymakers on the sidelines longer. They maintained the target range of 3.50-

3.75% over the reporting period and projected one additional quarter-point cut this year. If the spike in oil prices causes inflation to do an about face, it is unlikely the Fed will move at all this year.

The drama surrounding the Fed took a back seat to coverage of the Iran war, but little progress has been made. In mid-March, a federal judge dismissed the Department of Justice (DOJ) probe of Chair Jerome Powell. But the US attorney for Washington, D.C., said she would appeal. That overhang is preventing the Senate banking committee from sending Trump's nominee, Kevin Warsh, to a confirmation vote. Powell addressed the situation again at the March Federal Open Market Committee meeting, announcing his intention to serve as chair pro tempore until the Senate confirms his successor, pointing to precedent and saying he will stay on the Fed's Board of Governors until the DOJ probe is "well and truly over."

At quarter-end, yields on 1-, 3-, 6- and 12-month US Treasuries were 3.70%, 3.68%, 3.70% and 3.66%, 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.

A word about risk

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

Current and future portfolio holdings are subject to risk.

Definitions

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. For government variable rate securities, if the interest rate is readjusted no less frequently than every 397 calendar days, the security shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate. For non-government variable rate securities, if the security has a scheduled maturity of 397 days or less the security is treated as maturing on the earlier of the date the security is scheduled to be repaid through demand or the period remaining until the next readjustment of the interest rate. If the variable rate security has a scheduled maturity that is more than 397 days it is the later of those two dates. The mean is weighted based on the percentage of the market value of the portfolio invested in each period.

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

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

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