

# Federated Hermes Conservative Microshort Fund

Nasdaq symbol — IS: FHCOX | A: FHCXB

**Federated  
Hermes**

3/31/25

## Product highlights

- Seeks to provide current income consistent with capital preservation while maintaining liquidity.
- Invests in investment-grade securities, including commercial paper, CDs, asset-backed securities and corporate bonds and notes.
- Seeks to provide a yield advantage over money market portfolios while simultaneously seeking to maintain a low degree of share price fluctuation.\*\*\*
- Generally maintains a portfolio dollar-weighted average effective maturity of 180 days or less.
- Integrates ESG factors in a non-exclusionary way.

## Morningstar category

Ultrashort Bond

## Benchmark

ICE BofA US 3-Month Treasury Bill Index

## Key investment team

Paige Wilhelm  
Mark Weiss, CFA  
Nicholas Tripodes, CFA  
Daniel Mastalski, CFA

## Yields (%)

30-day yield - IS 4.60  
30-day yield - A 4.44

## Fund statistics

Portfolio assets \$194.5 m  
Number of securities 75  
Dividends Declared daily/paid monthly  
Weighted average effective maturity 152 days  
Weighted average effective duration 0.35 years  
Weighted average bond price \$100.29

## Top holdings (%)

BNP Paribas SA 5.0  
ING Groep N.V. 5.0  
Mitsubishi UFJ Financial Group, Inc. 5.0  
Societe Generale SA 5.0  
Standard Chartered PLC 5.0  
Energy Transfer LP 4.1  
CoreBridge Global Funding 1.6  
PFS Financing Corp. 2024-E 1.6  
General Motors 2024-1A 1.5  
NextGear Floorplan Master Owner Trust 2024-1A 1.5

## Overall Morningstar Rating™

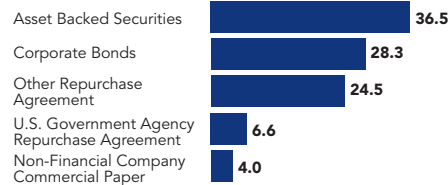
Institutional Shares

★★★★

A Shares

★★★★

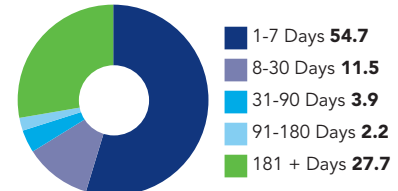
## Sector weightings (%)



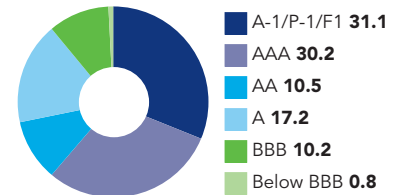
Totals may not add up to 100% due to rounding.

Rating is based on risk adjusted total return for Institutional Shares and A Shares out of 202 Funds in Ultrashort Bond Category as of 3/31/25. The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

## Effective maturity schedule (%)



## Quality breakdown (%) \*\*



## Average annual total returns (%)

Performance shown is before tax.

NAV	Performance inception	Cumulative 3-month	1-year	3-year	Since inception	Expense ratio*	
						Before waivers	After waivers
IS	2/3/21	1.28	5.64	4.73	3.37	0.54	0.25
A	2/3/21	1.24	5.58	4.70	3.35	0.69	0.40
Benchmark		1.02	4.97	4.23	-	-	-

30-day yield (%)	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
IS	5.64	5.57	5.55	5.36	5.43	5.40	5.17	5.02	4.90	4.72	4.70	4.60
A	-	-	-	-	-	-	-	4.86	4.74	4.57	4.56	4.44

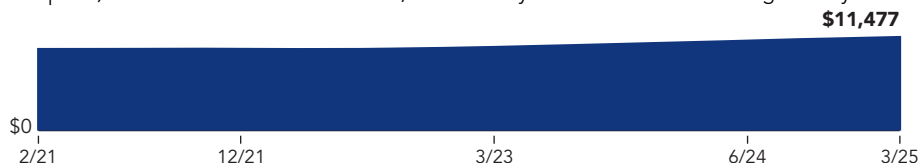
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us).

\* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 11/1/25 or the date of the fund's next effective prospectus.

# Federated Hermes Conservative Microshort Fund

## Growth over time

If you had invested \$10,000 in Institutional Shares on 2/28/21 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 3/31/25.



\*\*\* The fund is not subject to the special regulatory requirements (including maturity, liquidity and credit quality constraints) designed to enable money market funds to maintain a stable share price.

The fund's A Shares commenced operations on October 29th, 2024. For the period prior to the commencement of operations of the A Shares, the performance information shown is for the Institutional Shares. The performance of the Institutional Shares has not been adjusted to reflect the expenses applicable to the A Shares. The A Shares and Institutional Shares are invested in the same portfolio of securities and the annual returns would only differ to the extent that the classes do not have the same expenses. Because the A Shares have a higher expense ratio than the expense ratio of the Institutional Shares, the performance of the A Shares would have been lower than the performance of the Institutional Shares.

### A word about risk

Mutual funds are subject to risks and fluctuate in value.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

The fund is not a "money market" mutual fund. Some money market mutual funds attempt to maintain a stable net asset value through compliance with relevant Securities and Exchange Commission (SEC) rules. The fund is not governed by those rules, and its shares will fluctuate in value.

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.

ESG factors may be considered in the investment analysis process in a manner that is complementary to and enhances the fundamental research and analysis process. Certain ESG factors may help identify business and operational risks or opportunities and add a contextual dimension to the overall evaluation of a security. Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers ESG factors will result in performance better than or equal to products that do not consider such factors.

### Definitions

**The holdings percentages** are based on net assets at the close of business on 3/31/25 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

**Total return** represents the change in value of an investment after reinvesting all income and capital gains. Total return would have been lower in the absence of temporary expense waivers or reimbursements.

**30-day yield** (also known as "SEC yield") is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. For an indefinite period of time, the investment advisor is waiving all or part of its fee and, in addition, may reimburse the fund for some of its expenses. Otherwise, the yield would have been 4.36% for Institutional Shares and 4.21% for A Shares.

**Growth over time** performance is for the fund's Institutional Shares. The fund offers an additional share class whose performance will vary due to differences in charges and expenses.

**Weighted average effective maturity** is the average time to maturity of debt securities held in the fund.

*Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.*

*Past performance is no guarantee of future results.*

**Weighted average effective duration** (sometimes called "Option-Adjusted Duration") is a measure of a security's price sensitivity to changes in interest rates calculated using a model that recognizes that the probability of a bond being called or remaining outstanding until maturity may vary if market interest rates change, and that makes adjustments based on a bond's embedded options (e.g., call rights, or in the case of a mortgage-backed security, the probability that homeowners will prepay their mortgages), if any, based on the probability that the options will be exercised. A fund's weighted average effective duration will equal the market value weighted average of each bond's effective duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average effective duration of a fund in the Federated Hermes family of funds may not be comparable to other funds outside of the Federated Hermes family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**Weighted average bond price** - calculated by weighting the price of each bond by its relative size in the portfolio. This number reveals if the manager favors bonds selling at prices above or below face value (discount or premium securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

**ICE BofA 3-Month US Treasury Bill Index** is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date.

Indexes are unmanaged and cannot be invested in directly.

## Federated Hermes Conservative Microshort Fund

### Ratings and rating agencies

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2025 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product’s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take sales charges into account. Federated Hermes Conservative Microshort Fund was rated against the following numbers of US-domiciled Ultrashort Bond funds over the following time periods. Ratings are for A and Institutional Shares; other classes may have different performance characteristics. For the 3-year period ended 3/31/25, the fund’s A Shares received 3 stars and the fund’s Institutional Shares received 4 stars, and was rated among 202 funds. Past performance is no guarantee of future results.

\*\* The ratings agencies that provided the ratings are S&P Global Ratings, Moody’s and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities (“junk bonds”); and credit ratings of CCC or below have high default risk. Short-term debt obligations with ratings of A-1, P-1 or F-1 are considered to have the strongest repayment ability, those rated A-2, P-2 or F-2 have a satisfactory repayment ability, and those rated A-3, P-3 or F-3 have an adequate repayment ability. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.

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