

Federated Hermes Tax-Free Obligations Fund

Service Shares

Nasdaq symbol: TBSXX | Cusip number: 60934N880 | Newspaper listing: TaxFrObSS

Federated
Hermes

12/31/23

Product highlights

- Pursues dividend income exempt from federal regular income tax, consistent with stability of principal.
- Invests in short-term, high-quality, tax-exempt securities.
- Holds Aaa-mf and AAmmf ratings from Moody's and Fitch, respectively.
- Fund income is exempt from federal alternative minimum tax (AMT).
- Offers tax-sensitive investors the potential for attractive taxable-equivalent yields compared to taxable money market funds.

Key investment team

Mary Jo Ochson, CFA
Kyle Stewart, CFA

Credit ratings

AAmmf Fitch

Aaa-mf Moody's

Portfolio assets

\$4.4 billion

Credit/obligor exposure

Bank of America N.A.

Barclays Bank plc

Mizuho Bank Ltd.

Alabama Power Co.

Nucor Corp.

TD Bank, N.A.

TotalEnergies SE

Build America Mutual Assurance

Metropolitan Government Nashville & Davidson County, TN

Methodist Hospital, Harris County, TX

Total % of Portfolio: 47.04%

Share class statistics

Inception date

7/5/94

Federated Hermes fund number

397

Cut-off times

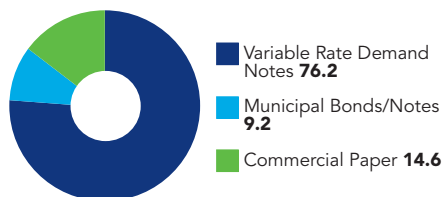
3:00 p.m. ET — purchases

12:00 p.m. ET — redemptions

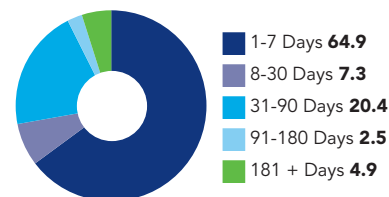
Dividends

Declared daily/paid monthly

Portfolio composition (%)



Effective maturity schedule (%)



Weighted average maturity

35 Days

Weighted average life

35 Days

Fund performance

Net yield (%)						Total return (%)											
7-day						1-year											
Annualized yields (%)	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec					
7-day	1.41	2.93	3.66	3.07	3.09	3.68	3.51	3.89	3.81	3.68	3.19	3.75					

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 3.66% 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.

In response to unusual circumstances, such as adverse market, economic or other conditions (for example, to help avoid potential losses or during periods when there is a shortage of appropriate tax-exempt securities), the fund may temporarily depart from its principal investment strategies by holding cash or investing its assets in taxable securities (including, for example, securities subject to the AMT) which may cause the Fund to distribute taxable income to investors.

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Portfolio manager commentary

The fourth quarter was one for the ages for the liquidity market. On the back of the long Federal Reserve tightening campaign, total U.S. money market fund assets exceeded \$6.2 trillion for the first time, with other liquidity classes following suit. Although policymakers last raised the federal funds target range in July, their projection that another hike could come before the end of the year prompted a “higher-for-longer” environment that pushed yields to levels not seen in years and that were attractive compared to other cash options.

The U.S. Treasury Department helped, with heavy bill issuance pulling yields on government securities upward. The health of the broad money markets also was seen in the continued reduction in use of the Fed’s Reverse Repurchase Facility. Overnight levels, which had reached a record of around \$2.5 trillion in late 2022, fell below \$1 trillion in November. This was a sign that cash managers were finding traditional counterparties in need of funding—and willing to offer a better rate.

The financial arena did not have as harmonious of a relationship with the Fed. The markets continually disregarded the Fed’s rate projections and speeches, consistently expecting easing in 2024. The amount and timing

shifted, especially after the surge in bond yields in October, but traders never relinquished their forecast for cuts. For much of the quarter, Fed officials pushed back, citing high inflation, robust employment and a weakened, but not slumping economy. But in December, they seemed to capitulate, or at least acknowledged the market position, with a projection of 75 basis points worth of easing in 2024.

The short-term municipal market made reasonable progress against the interest-rate volatility of 2023 over much of the fourth quarter as supply and demand leveled off, following the annual pattern. The SIFMA Municipal Swap Index averaged 3.64% for the quarter and ended the year at 3.87%. On average, investors sensitive to taxes were rewarded with a commitment to the sector. Generally, state and local government credit quality continues to benefit from historically large financial reserves and strong management.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.40%, 5.35%, 5.27% and 4.78%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.47%, 5.45%, 5.36% and 5.17%, 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 Service 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.

A word about risk

The fund’s investment advisor (the “Advisor”) will invest the Fund’s assets entirely in securities whose interest is not subject to (or not a specific preference item for purposes of) the federal alternative minimum tax for individuals (AMT), such that, distributions of annual interest income also are exempt from the AMT.

Income may be subject to state and local taxes.

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.

The holdings percentages are based on net assets at the close of business on 12/31/23 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.

Ratings and rating agencies

Ratings are based on an evaluation of several factors, including credit quality, diversification and maturity of assets in the portfolio, as well as management strength and operational capabilities. Fitch’s money market fund ratings are an assessment of a money market fund’s capacity to preserve principal and provide liquidity through limiting credit, market and liquidity risk. Money market funds rated Aaa-mf by Moody’s are judged to be of an investment quality similar to Aaa-rated fixed income obligations, that is, they are judged to be of the best quality. For more information on credit ratings, visit [moodys.com](https://www.moodys.com) and [fitchratings.com](https://www.fitchratings.com).

Ratings are subject to change and do not remove market risk.

Credit ratings do not provide assurance against default or other loss of money and can change.