

# Federated Hermes Prime Cash Obligations Fund

## Wealth Shares

Nasdaq symbol: PCOXX | Cusip number: 60934N625 | Newspaper listing: FedPrmCshObl WS

9/30/23

### 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 U.S. government.
- Offers the potential for higher yield than a money market fund portfolio limited to Treasury or government fixed-income securities.
- Holds AAAm, Aaa-mf and AAmmf ratings from Standard & Poor's, Moody's and Fitch, respectively.
- Gives investors more time to complete daily cash processing and initiate late-day deposit transactions through 5 p.m. ET cut-off time for purchases and redemptions.

### Key investment team

Deborah A. Cunningham, CFA  
Paige Wilhelm

### Credit ratings

**AAAm** Standard & Poor's

**Aaa-mf** Moody's

**AAAmmf** Fitch

### Portfolio assets

\$58.5 billion

### Top ten holdings

ABN Amro Bank NV

Mizuho Financial Group, Inc.

Toronto Dominion Bank

Australia & New Zealand Banking Group

Sumitomo Mitsui Trust Holdings, Inc.

Bank of America Corp.

Wells Fargo & Co.

Bank of Montreal

JPMorgan Chase & Co.

Bank of Nova Scotia

Total % of Portfolio: 43.4%

### Share class statistics

#### Inception date

2/8/93

#### Federated Hermes fund number

851

#### Cut-off times

5:00 p.m. ET — purchases

5:00 p.m. ET — redemptions

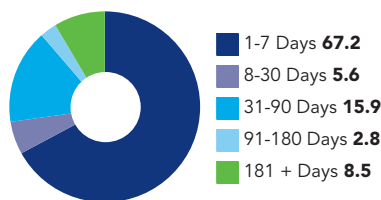
#### Dividends

Declared daily/paid monthly

## Portfolio composition (%)



## Effective maturity schedule (%)



## 2a-7 liquidity

Daily 35.72%

Weekly 51.69%

## Weighted average maturity

38 Days

## Weighted average life

68 Days

## Fund performance

Net yield (%)	Total return (%)
7-day 5.39	1-year 4.73
Annualized yields (%)	
7-day	Oct 3.07, Nov 3.85, Dec 4.36, Jan 4.40, Feb 4.62, Mar 4.83, Apr 4.88, May 5.14, June 5.16, July 5.29, Aug 5.40, Sept 5.39

**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 5.31% 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.

Rule 2a-7 requires that money market funds maintain at least 10% daily liquidity assets and at least 30% weekly liquidity assets. 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 10% and 30% 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.'

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### Portfolio manager commentary

The Federal Reserve pumped the brakes in the third quarter, but indicated it will continue to chase inflation.

In July, the Treasury Dept. continued to issue an immense amount of securities to replenish its coffers following the suspension of the federal debt limit in June. Having met its financial obligations through “extraordinary measures,” it had to raise cash quickly to make whole any accounts in which it had redeemed or suspended investments, and to fund government spending. A sizable portion of the issuance has come in the form of Treasury bills, which have exceeded \$1 trillion. This supply helped to normalize the front end of the Treasury yield curve, which had also experienced dislocations due to mistaken market expectations that the Fed might not only end the tightening campaign but cut rates in 2023.

If the 25 basis-point hike at the July Federal Open Market Committee meeting didn't put this speculation to rest, the markets got further clarity from Fed Chair Jerome Powell's speech at the central bank symposium in Jackson Hole, Wyo. He doubled down on the FOMC's commitment to achieving price

stability and inflation at 2% in the long run, pushing back on speculation the Fed might accept a higher target because of various structural shifts in the global economy. While policymakers have consistently indicated they would risk impairing the U.S. economy and its labor market, Powell maintained this might not be necessary. In the September policy-setting meeting the Fed once again held rates steady in the 5.25-5.50% range. Powell took the occasion to once more tout the plausibility of a soft landing—in which inflation would inch downward without tanking the economy.

Unfortunately, several headwinds emerged as the reporting period closed, including a potential government shutdown, the United Auto Workers strike and rising energy costs that could upset the delicate balance needed to avert a recession.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.37%, 5.46%, 5.55% and 5.47%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.39%, 5.56%, 5.75% and 5.94%, 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 Wealth 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 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.

**The holdings percentages** are based on net assets at the close of business on 9/30/23 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.

**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.

### 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. A money market fund rated AAAM by Standard & Poor's is granted after evaluating a number of factors, including credit quality, market price, exposure and management. 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. 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. For more information on credit ratings, visit [standardandpoors.com](http://standardandpoors.com), [moodys.com](http://moodys.com) and [fitchratings.com](http://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.