

# Federated Hermes Prime Cash Obligations Fund

## Wealth Shares

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

3/31/24

### 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 AAAMmf ratings from S&P Global Ratings, 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** S&P Global Ratings  
**Aaa-mf** Moody's  
**AAAMmf** Fitch

### Portfolio assets

\$72.7 billion

### Top ten holdings

ABN Amro Bank NV  
Citigroup, Inc.  
Mizuho Financial Group, Inc.  
Credit Agricole Group  
Toronto Dominion Bank  
Bank of America Corp.  
Canadian Imperial Bank of Commerce  
Netherlands, Government of  
Wells Fargo & Co.  
Bank of Montreal  
Total % of Portfolio: 43.4%

### Share class statistics

#### Inception date

2/8/93

#### Federated Hermes fund number

851

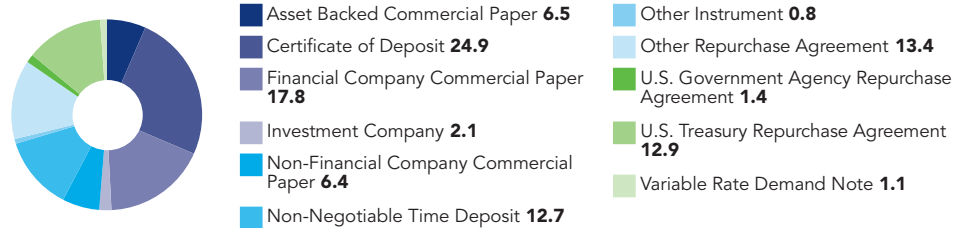
#### Cut-off times

5:00 p.m. ET — purchases  
5:00 p.m. ET — redemptions

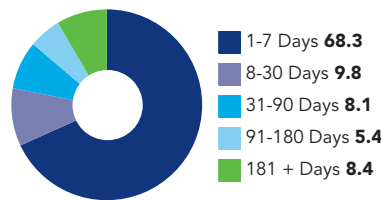
#### Dividends

Declared daily/paid monthly

### Portfolio composition (%)



### Effective maturity schedule (%)



### 2a-7 liquidity

Daily 33.34%  
Weekly 51.22%

### Weighted average maturity

40 Days

### Weighted average life

73 Days

### Fund performance

| Net yield (%)         | Total return (%) |        |      |      |      |      |      |      |      |      |      |      |  |
|-----------------------|------------------|--------|------|------|------|------|------|------|------|------|------|------|--|
|                       | 7-day            | 1-year |      |      |      |      |      |      |      |      |      |      |  |
| 5.36                  | 5.43             |        |      |      |      |      |      |      |      |      |      |      |  |
| Annualized yields (%) | Apr              | May    | June | July | Aug  | Sept | Oct  | Nov  | Dec  | Jan  | Feb  | Mar  |  |
| 7-day                 | 4.88             | 5.14   | 5.16 | 5.29 | 5.40 | 5.39 | 5.42 | 5.42 | 5.44 | 5.42 | 5.38 | 5.36 |  |

**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 5.32% 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.

Prior to April 2, 2024, Rule 2a-7 required that money market funds maintain at least 10% daily liquidity assets and at least 30% weekly liquidity assets. Effective April 2, 2024, the daily and weekly liquid assets thresholds increased to 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 Prime Cash Obligations Fund

## Wealth Shares

### Portfolio manager commentary

Greatly exaggerated in late 2023, the report of the death of “higher for longer” interest rates turned out to be mistaken in the first quarter of 2024.

Going into the quarter, the markets resisted Federal Reserve expectations for the pace and timing of easing monetary policy. The rate forecast “dot plot” in the December Summary of Economic Projections (SEP) indicated three quarter-point cuts could come later this year; the futures markets called for as many as seven, starting in March. No amount of communications from Fed officials dented this investor enthusiasm, including speeches and appearances by Chair Jerome Powell. But measures of consumer and producer inflation, which had been declining, began to level off and even reverse course slightly, the exuberance faded and markets fell in line. By the time of the Federal Open Market Committee’s mid-March meeting, out of which the updated SEP again indicated a likely 75 basis-points worth of cuts in 2024, the markets had conceded. Policymakers kept the target federal funds range at 5.25-5.5% throughout the quarter.

Other factors contributed to the shift in sentiment. One was sentiment itself, as consumers displayed confidence and continued to spend despite the inflation, especially food prices. Economists’ opinions on the reasons varied, but most

agreed that the robust employment situation played a key role, due to the time-tested adage that Americans spend if they have a dependable source of income. In this case, the labor shortage not only provided that, but also helped to increase wages—particularly for those changing jobs—and reduce the size of inflation’s bite into paychecks.

The strength of the economy, once viewed skeptically by many in the financial sphere, began to convert skeptics into believers that the U.S. might not only avoid a recession, but also even a marked slowdown. This is the scenario that Powell had frequently mentioned as potentially achievable, though the longer the Fed leaves the target range as is, the greater the risk it will end up damaging the economy. For investors, the high rate environment contributed to the continued attractiveness of the preponderance of liquidity products across the industry, including money market funds remaining at historically elevated assets under management.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.36%, 5.36%, 5.33% and 5.03%, 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 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 3/31/24 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 S&P Global Ratings 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 [spglobal.com](http://spglobal.com), [moody.com](http://moody.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.