Federated Hermes Municipal Obligations Fund

Cash Series Shares

Federated Hermes

Nasdaq symbol: MFSXX | Cusip number: 608919650 | Newspaper listing: MuniOblCS

6/30/24

Product highlights

- Pursues current income exempt from federal regular income tax, consistent with stability of principal.
- Invests primarily in short-term, high-quality, tax-exempt securities.
- Offers tax-sensitive investors the potential for attractive taxable-equivalent yields compared to taxable money market funds.
- May also invest in higher-yielding securities subject to the federal Alternative Minimum Tax (AMT); investors not sensitive to AMT may potentially enjoy higher, non-taxable income.

Key investment team

Mary Jo Ochson, CFA
Kyle Stewart, CFA

Portfolio assets

$4.5 billion

Credit/obligor exposure

Mizuho Bank Ltd.
Barclays Bank plc
Federal Home Loan Mortgage Corp.
Flint Hills Resources LLC
Motiva Enterprises LLC
Nucor Corp.
United States Treasury (Escrowed to Maturity)
DWS Municipal Income Trust
Florida Power & Light Co.
Assured Guaranty Municipal Corp.
Total % of Portfolio: 56%

Share class statistics

Inception date

6/2/15

Federated Hermes fund number

821

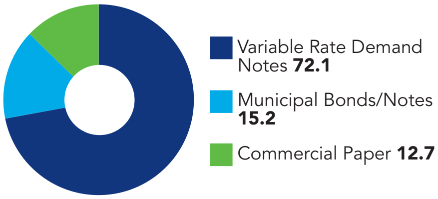
Cut-off times

3:00 p.m. ET — purchases (T+0)
12:00 p.m. ET — redemptions (T+0)
4:00 p.m. ET — purchases (T+1)
4:00 p.m. ET — redemptions (T+1)

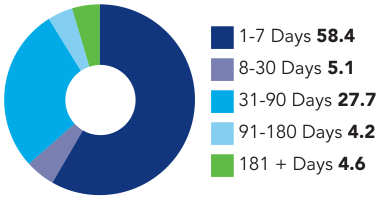
Dividends

Declared daily/paid monthly

Portfolio composition (%)



Effective maturity schedule (%)



Weighted average maturity

42 Days

Weighted average life

42 Days

Fund performance

Net yield (%)	
7-day	3.23

Total return (%)	
1-year	2.88

Annualized yields (%)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
7-day	3.15	3.55	3.47	3.33	2.85	3.42	3.53	2.67	2.91	2.99	2.78	3.23

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 3.01% 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.

Money market municipal retail

50 YEARS Managing Money Markets

Not FDIC Insured • May Lose Value • No Bank Guarantee

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Portfolio manager commentary

Reality seemed to catch up with the Federal Reserve in the second quarter. Consecutive updates to its Summary of Economic Projections in December and March indicated policymakers still thought three 25 basis-point cuts in the fed funds rate would be appropriate by year-end, despite inflation proving sticky. But Federal Open Market Committee (FOMC) members capitulated in the May meeting. Not only did they keep rates in the target range of 5.25-5.50%, but they also sounded almost despondent in their post-meeting statement: "In recent months, there has been a lack of further progress toward the Committee's 2% inflation objective." Indeed, the annualized growth rate of both the Consumer Price Index and the Personal Consumption Expenditures Index remained in the tight range observed for many months. The dour mood was confirmed in the revised projections released at the June meeting. The new "dot plot" showed that policymakers now think only a single quarter-point cut this year would fit the bill.

These lowered expectations were overall positive news for liquidity products across the industry. An extension of elevated rates likely translates into an extension of elevated yields, offering the potential for prolonging their attractiveness as an investment. Money market funds, in particular, appeared to benefit as assets under management remained around historically lofty levels.

Two other shifts in assets took place in the second quarter. The first was the Fed's decision to reduce the monthly reduction, known as tapering, of its balance sheet, which had grown from huge to colossal during the pandemic. Since June of 2022, the Fed had allowed $60 billion of Treasurys and $35 billion of mortgage-backed securities (MBS) to mature without replacing them. Determined to avert any liquidity issues in the vast Treasury market, the FOMC slowed that pace in June of 2024, lowering the monthly cap on Treasurys from $60 billion to $25 billion, while keeping the MBS cap at $35 billion.

The second change emanated from a building a few blocks from Fed headquarters in Washington, D.C. In May, the U.S. Treasury Department announced a program to purchase U.S. Treasurys in the coming months. By purchasing certain maturities of securities, the Dept. intends to facilitate market making, provide liquidity support and mitigate volatility in bill issuance. The latter can occur when it reduces the magnitude of bill auctions because it is flush with cash (primarily on tax collection dates).

For the quarter, the SIFMA Municipal Swap Index ranged from a low of 2.89% in early-June to a high of 4.35% in mid-April and averaged 3.64%—a 32 basis-point increase from the first quarter. On average, investors sensitive to taxes continue to be rewarded with a commitment to the sector. Generally, state and local government credit quality continues to benefit from ample financial reserves and strong management. At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasurys were 5.35%, 5.37%, 5.33% and 5.12%, 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 Cash Series 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.

Money market municipal retail

A word about risk

Income may be subject to the federal alternative minimum tax and 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 7days ended on the date of calculation. The 7-day net annualized yield is based on the average net income per share for the 7days 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. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates if their scheduled maturity is 397days 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.

This must be preceded or accompanied by a current prospectus