

Federated Hermes Institutional Tax-Free Cash Trust

Institutional Shares

Nasdaq symbol: FFTXX | Cusip number: 608919486 | Newspaper listing: FedTxFi

3/31/24

Product highlights

- Invests in high quality, tax-exempt securities maturing in 5 business days or less (i.e. weekly liquid assets). By investing in high quality securities with maturities of 5 business days or less, typically maintaining a weighted average portfolio maturity of approximately 5 business days or less and using amortized cost to value such securities when available, the Fund seeks to minimize the volatility of its NAV.
- Pursues dividend income exempt from federal regular income tax, consistent with stability of principal.
- Fund income is not normally subject to the federal alternative minimum tax (AMT) for individuals.
- Holds AAAM and AAAMmf ratings from S&P Global Ratings and Fitch, respectively.
- Offers tax-sensitive investors the potential for attractive taxable-equivalent yields compared to taxable money market funds.
- Offers a single strike time with T+0 and T+1 settlement.

Key investment team

Michael Sirianni Jr.
Kyle Stewart, CFA

Credit ratings

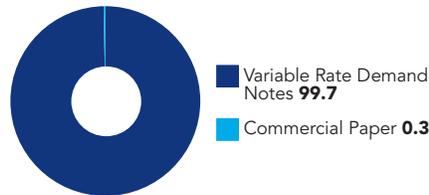
AAAM S&P Global Ratings

AAAMmf Fitch

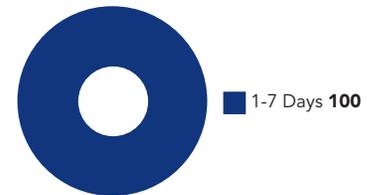
Portfolio assets

\$2.3 billion

Portfolio composition (%)



Effective maturity schedule (%)



Weighted average maturity

6 Days

Weighted average life

7 Days

Fund performance

Net yield (%)		Total return (%)	
7-day	3.51	1-year	3.28

Annualized yields (%)	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
7-day	3.43	3.39	3.99	3.83	4.23	4.11	3.90	3.28	3.98	4.25	3.06	3.51

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.

The investment advisor is waiving all or a portion of its management fee, or reimbursing certain operating expenses to the fund, pursuant to its investment advisory agreement with the fund. Shareholders must approve any change to this waiver. Although not contractually obligated to do so, the advisor and/or certain fund service providers waived all or a portion of their fees. 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 3.36% 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.

Credit/obligor exposure

Assured Guaranty Municipal Corp.
TD Bank, N.A.
Barclays Bank plc
Truist Bank
Texas State
Nucor Corp.
Florida Power & Light Co.
Children's Healthcare of Atlanta, Inc.
JEA, FL Electric System
Advocate Aurora Health
Total % of Portfolio: 50.82%

Share class statistics

Inception date
2/26/16
Federated Hermes fund number
42
Cut-off times
1:00 p.m. ET — purchases
1:00 p.m. ET — redemptions
Strike times
1:00 p.m. ET
Dividends
Declared daily/paid monthly



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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.

Interest-rate volatility in the short-term municipal market declined in the first quarter as supply and demand came into balance. The SIFMA Municipal Swap Index averaged 3.32% for the quarter and ended at 3.64%. On average, investors sensitive to taxes were rewarded with a commitment to the sector. Generally, state and local government credit quality continues to be robust due to ample financial reserves and strong 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. Because the share price of the Fund will fluctuate, when you sell your shares, they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon 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 Company 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 Institutional Shares. The fund offers an additional share class whose performance will vary due to differences in charges and expenses. Please consult your financial institution regarding your eligibility to purchase this class.

A word about risk

The fund’s investment advisor normally will invest assets entirely in securities whose interest is not subject to (or not a specific preference item for purposes of) the AMT, such that, normally, distributions of annual interest income also are exempt from the AMT. However, in certain circumstances to pursue the fund’s investment objective, the Advisor may invest the fund’s assets in securities that may be subject to the AMT. In such circumstances, interest from the fund’s investments may be subject to the AMT. Consult your tax professional for more information.

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.

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. 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 and 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.