

# Federated Hermes U.S. Treasury Cash Reserves

## Premier Shares

Nasdaq symbol: UTPXX | Cusip number: 31423R880 | Newspaper listing: FHUSTrCshPRM

6/30/24

### Product highlights

- Pursues current income consistent with stability of principal and liquidity.
- Invests in short-term U.S. Treasury securities.
- Does not invest in repurchase agreements.
- Holds AAAM and Aaa-mf ratings from S&P Global Ratings and Moody's, respectively.
- On National Association of Insurance Commissioners (NAIC) List.\*
- Income may be exempt from state income taxes, depending on individual state tax laws.

### Key investment team

Susan Hill, CFA  
Deborah A. Cunningham, CFA

### Credit ratings

**AAAM** S&P Global Ratings

**Aaa-mf** Moody's

**NAIC List\***

### Portfolio assets

\$54.5 billion

### Share class statistics

#### Inception date

7/3/23

#### Federated Hermes fund number

572

#### Cut-off times

- 2:00 p.m. ET — purchases (T+0)
- 2:00 p.m. ET — redemptions (T+0)
- 4:00 p.m. ET — purchases (T+1)
- 4:00 p.m. ET — redemptions (T+1)

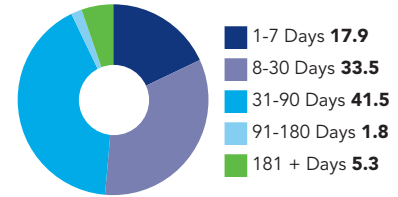
#### Dividends

Declared daily/paid monthly

### Portfolio composition (%)



### Effective maturity schedule (%)



### 2a-7 liquidity

Daily 99.90%

Weekly 99.90%

### Weighted average maturity

43 Days

### Weighted average life

76 Days

### Fund performance

Net yield (%)		Total return (%)	
7-day	5.21	1-year	5.33
Annualized yields (%)	July Aug Sept Oct Nov Dec Jan Feb Mar Apr May June		
7-day	5.13 5.23 5.26 5.29 5.29 5.27 5.24 5.22 5.21 5.21 5.22 5.21		

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://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 5.13% 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."

\*This fund is on the National Association of Insurance Commissioner's list as a NAIC U.S. Government Money Market Fund listing. This designation denotes that the fund meets certain quality and pricing guidelines such as: a rating of AAAM or Aaa-mf by a Nationally Recognized Statistical Rating Organization (NRSRO), maintain a constant NAV \$1.00 at all times, allow a maximum 7 day redemption of proceeds, invest 100% in U.S. government securities. This is subject to an annual review.



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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 Treasuries 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 Treasuries 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. Treasuries 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).

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries 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. 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.*

*Government money market funds are not required to adopt a liquidity fee framework.*

*Performance shown is for Premier 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

Fund shares are not guaranteed by the U.S. government.

Income is subject to federal income tax.

Consult your tax advisor regarding the status of your account under state and local tax laws.

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. 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 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.

### 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. For more information on credit ratings, visit [spglobal.com](http://spglobal.com) and [moody's.com](http://moody's.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.