

# Federated Hermes U.S. Treasury Cash Reserves

## Service Shares

Nasdaq symbol: TISXX | Cusip number: 60934N674 | Newspaper listing: USTrCashSS

12/31/23

### 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 Standard & Poor's 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** Standard & Poor's

**Aaa-mf** Moody's

**NAIC List\***

### Portfolio assets

\$50.8 billion

### Share class statistics

#### Inception date

10/30/94

#### Federated Hermes fund number

632

#### Cut-off times

2:00 p.m. ET — purchases

2:00 p.m. ET — redemptions

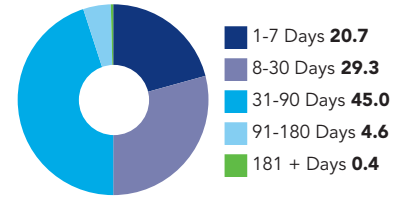
#### Dividends

Declared daily/paid monthly

### Portfolio composition (%)



### Effective maturity schedule (%)



### 2a-7 liquidity

Daily 99.91%

Weekly 99.91%

### Weighted average maturity

35 Days

### Weighted average life

69 Days

### Fund performance

Net yield (%)		Total return (%)	
7-day	5.00	1-year	4.68

Annualized yields (%)	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
7-day	3.92	4.14	4.12	4.13	4.62	4.75	4.87	4.97	4.99	5.02	5.02	5.00

**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 4.92% 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.'

\*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

The fourth quarter was one for the ages for the liquidity market. On the back of the long Federal Reserve tightening campaign, total U.S. money market fund assets exceeded \$6.2 trillion for the first time, with other liquidity classes following suit. Although policymakers last raised the federal funds target range in July, their projection that another hike could come before the end of the year prompted a “higher-for-longer” environment that pushed yields to levels not seen in years and that were attractive compared to other cash options.

The U.S. Treasury Department helped, with heavy bill issuance pulling yields on government securities upward. The health of the broad money markets also was seen in the continued reduction in use of the Fed’s Reverse Repurchase Facility. Overnight levels, which had reached a record of around \$2.5 trillion in late 2022, fell below \$1 trillion in November. This was a sign that cash managers were finding traditional counterparties in need of funding—and willing to offer a better rate.

The financial arena did not have as harmonious of a relationship with the Fed. The markets continually disregarded the Fed’s rate projections and speeches, consistently expecting easing in 2024. The amount and timing shifted, especially after the surge in bond yields in October, but traders never relinquished their forecast for cuts. For much of the quarter, Fed officials pushed back, citing high inflation, robust employment and a weakened, but not slumping economy. But in December, they seemed to capitulate, or at least acknowledged the market position, with a projection of 75 basis points worth of easing in 2024.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.40%, 5.35%, 5.27% and 4.78%, 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. 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.*

*Pursuant to rules adopted by the Securities and Exchange Commission (SEC) in July 2023, government money market funds are not required to adopt a liquidity fee framework.*

*Performance shown is for Service 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.

**The holdings percentages** are based on net assets at the close of business on 12/31/23 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.

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