

Frequently asked questions

General

What are the main features of Federated Hermes' Prime Private Liquidity Fund?

Similar to 2a-7 registered money market funds prior to the reforms, the Federated Hermes Prime Private Liquidity Fund (Private Fund) uses amortized cost pricing, seeks a stable \$1.00 NAV, offers daily liquidity with same-day settlement (NSCC T+1 settlement), provides a 5:00 pm cutoff time, has AAA ratings and will not be subject to liquidity fees. Although the Private Fund is not classified as a money market mutual fund under, and is not required to comply with, Rule 2a-7 under the 1940 Act, it is expected that the Private Fund will, subject to the exceptions discussed herein, invest its assets in securities that are eligible investments under Rule 2a-7 and will operate similarly to a money market fund.

Are you maintaining liquidity buckets similar to the SEC's 2023 Amendments to Rule 2a-7?

No, the Private Fund will adhere to the previously required thresholds of 10% daily liquid assets and 30% weekly liquid assets.

What are the maturity limits on the securities held by the fund?

Even though the Private Fund is not a registered fund, it invests its assets in a manner that is consistent with the maturity requirements that are mandated by Rule 2a-7. The maximum final maturity on an individual security is 397 days. Additionally, the Private Fund invests in these securities so that the maximum weighted average maturity is 60 days or less, and the weighted average life is 120 days or less.

What are the credit quality standards for the securities that the fund buys?

Since the Private Fund has AAA ratings from S&P Global Ratings and Fitch, it only invests in securities rated in the highest rating category.

Does the Private Fund incorporate ESG considerations?

Yes, securities used in the Private Fund are subject to our intensive credit review process which integrates ESG factors in a non-exclusionary way.

What about issuer concentration in the portfolio?

Similar to 2a-7 money market funds today, the Private Fund invests its assets such that each individual issuer is limited to 5% or less per issuer and to 10% or less per guarantor other than with respect to government securities.

Do you stress test the portfolio for interest rates, credit risk, large withdrawals, etc.?

Yes. We stress test the Private Fund through a structure similar to what we use for our registered money market funds.

Will the Private Fund engage in securities lending or have leverage in the portfolio?

No, no money market funds at Federated Hermes engage in securities lending or use leverage. Also, our money funds are limited to no more than 5% in illiquid securities. This is a requirement of 2a-7 under the 1940 Act for the domestic money funds which we replicate for the Private Fund.

Is the pertinent Private Fund data on your website?

Yes, much of the same data that is available for our registered money market funds is available for the Private Fund on the public website. This information includes daily WAM, WAL, shadow NAVs, flows and performance information such as daily/weekly yields. Other information may be available upon request. The Private Placement Memorandum is not available on the website but may be requested by calling 1-888-295-4810.

Are you concerned that the SEC will have issues with this product?

No. While Form PF (which contains detailed information on the fund) is not specifically approved by the SEC, the form is filed each quarter with the SEC for their review.

Operations

I'm interested and want to open an account. What do I do?

Intermediary – You will need to execute a Services Agreement first. Please contact your Federated Hermes Relationship Manager.

Account set-up – All investors must submit a fully completed Subscription Agreement (SA). The SA is included with the Private Placement Memorandum. You may also contact your Relationship Manager for an electronic copy. Follow the instructions on the SA, and be certain to attach the information outlined in Section 6 of the SA.

- Email or mail the completed SA and required documentation to the address on the front page of the SA.
- You will be notified when the SA has been accepted by Federated Hermes.
- Your initial purchase amount must correspond with the amount you indicated in the Subscription Amount field on the SA and must meet or exceed the minimum subscription/purchase amount for the share class.

I have received confirmation from Federated Hermes that my SA has been accepted, now what?

Direct Investors:

- Your account number will be provided with the SA signature pages.
- Initial subscriptions/purchases must be placed by phone by calling the Private Fund's transfer agent at 1-800-245-4270.

NSSC Investors:

- The account can be set-up via the NSSC.
- The first account purchase must be submitted through the NSSC as a [Subsequent Purchase](#).

Does it help that I already have an existing account (in the Private Fund or in another fund) with Federated Hermes?

If you already have an account with Federated Hermes and would like to maintain your account number, please include this information in your email or cover letter when you submit your SA.

Do I have to get a signature or medallion guarantee again?

No, this is only required if you are changing the information you provided on your SA. Direct corporate accounts will need to submit a corporate seal on the documentation submitted pursuant to Section 6 of the SA. This is certified official documentation used to verify the entity's corporate form of organization, and listing of names and titles of officers.

I have offshore entities. Will you be opening an offshore version of the Private Fund?

The Private Fund is not actively marketed to offshore investors. However, if an offshore investor inquires about the Private Fund, investment may be permitted with Federated Hermes review and approval.

I want to continue to do business with my portal or bank portal provider. Is that possible?

The Private Fund may be traded with portal providers who have executed a services agreement with Federated Hermes. Several portals have executed services agreements, and we anticipate more in the future. If your preferred portal does not yet have a services agreement in place, please have them call 1-800-245-4270, Option 1 to determine if a service agreement is needed.

You mentioned that the Private Fund's income will primarily be interest, not dividends. Does this mean anything from a tax perspective and how/when does this information get reported?

As the Private Fund is treated as a partnership for tax purposes, the source and character of its income flows through to its investors. In contrast, for a traditional registered money fund, the fund's distributions are generally characterized as dividend income. For most investors, the distinction between interest and dividend income will not have any impact from a tax perspective. You should consult your tax adviser to determine its impact, if any, based upon your specific tax position. The Private Fund allocates its income daily and pays monthly similar to Federated Hermes' traditional registered money funds. A nine-digit factor is calculated daily and posted to the Private Fund's website. The tax source of your income from the Private Fund will be reported annually on Schedule K-1.

How is interest calculated, reported and when does it get paid?

The Private Fund declares income daily and pays monthly in the same way Federated Hermes' registered money funds do. As with the registered funds, a nine-digit factor will be declared each day based on the Private Fund's income. The factor is posted on our website and can be made available by email, if requested.

Trade execution specifics and other questions

I like the Private Fund and have opened the account. How do I execute a trade?

After you have been notified by Federated Hermes that the SA has been accepted and you have the account number:

- The first purchase amount must correspond with the amount entered in the Subscription Amount field on the SA and must meet or exceed the minimum subscription/purchase amount for the share class.

Direct Investors:

- Initial subscriptions/purchases must be placed by phone by calling the Private Fund's transfer agent at 1-800-245-4270.

NSCC Investors:

- The first account purchase must be submitted through the NSCC as a [Subsequent Purchase](#).

What share classes are available?

Two share classes are available: Premier and Institutional. Premier Shares have total expenses of 15bps. Institutional Shares are available through intermediaries who may provide additional services and have total expenses of 20bps. Additionally, both classes have a \$5 million minimum.

While the Private Fund is building scale will you limit my redemptions or lock me out entirely?

No. The Private Fund is a liquidity management vehicle. As such we expect shareholder balances to fluctuate up and down. However, shareholders are expected to maintain an average balance at or above the minimum for the share class in which they are invested.

If I invest the minimum required to qualify for the special price point but need to make a redemption, am I still eligible for the preferred pricing?

The Private Fund is a liquidity management vehicle. As such, we expect shareholder balances to fluctuate up and down. However, shareholders are expected to maintain an average balance at or above the minimum for the share class in which they are invested. We will monitor average balances on a periodic basis. Accounts not meeting the requirement for the share class will be notified and given time to increase the average balance above the required minimum.

Right now, I get an email with the rates on all of my funds. How will you communicate the daily rates on the Private Fund?

If requested, we can provide the daily rates for the Private Fund via email as we do today for our '40 Act registered funds.

Before investing in a fund, investors should carefully consider the fund's investment objectives, risks, charges and expenses. To obtain a Confidential Private Placement Memorandum containing this and other information, contact us at 1-800-245-4270. Please carefully read the Confidential Private Placement Memorandum before investing.

This fund is rated AAAM by S&P Global Ratings and AAAMmf by Fitch. 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.

This document shall not constitute an offer to sell or the solicitation of any offer to buy the Shares in the Private Fund referenced herein, which may only be made at the time a qualified offeree receives a Confidential Private Placement Memorandum describing the offering and related subscription agreement. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied. Nothing contained herein constitutes investment, legal, tax or other advice nor is it to be relied on in making an investment or other decision.

Federated Hermes Private Liquidity Funds, and its series, including the Private Fund, (each, a "fund" and collectively, the "funds") have not been and will not be registered as investment companies under the Investment Company Act of 1940, as amended (the "1940 Act"). As a result, investors in these funds will not receive the protections of the 1940 Act afforded to investors in registered investment companies (i.e. "mutual funds"). Additionally, interests in the funds ("shares") have not been and will not be registered for public offer or sale under the Securities Act of 1933, as amended (the "Securities Act"). Shares are being offered and sold exclusively to U.S. persons that are "accredited investors," as defined in Rule 501(a) of Regulation D under the Securities Act ("Regulation D"), and either (i) "qualified purchasers," as defined in Section 2(a)(51) of the 1940 Act, and the rules thereunder; or (ii) "knowledgeable employees" as defined in Rule 3c-5(a)(4) under the 1940 Act. Certain funds may have no more than 1,999 investors. In issuing shares, the funds rely on Rule 506(c) of Regulation D, which broadens the nature of information that may be made publicly available about a private placement by lifting any prohibition on "general solicitation" for certain qualifying Regulation D offerings.

The Private Fund will invest in debt securities, which are sensitive to changes in interest rates. A rise in interest rates can cause a decline in debt security prices. Although Federated Investment Counseling ("Advisor"), the fund's investment advisor, will attempt to limit fund transactions to counterparties which are established, well-capitalized and creditworthy, the Private Fund will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, will be subject to the Private Fund to substantial losses. Because of the nature of the trading activities, the results of the Private Fund's operations may be volatile from month to month and from period to period. An investor could lose all or a substantial portion of his/her/its investment. The Private Fund's investment advisor has total trading authority over the Private Fund and may be subject to various conflicts of interest. The shares are subject to restrictions on transferability, withdrawal, and resale as is described in the Private Fund's Confidential Private Placement Memorandum together with related documents (the "fund documents"). The above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in the Private Fund and is subject to the more complete disclosures in the fund documents, which must be reviewed carefully prior to making an investment.

The information contained herein may contain projections or other forward-looking statements regarding future events, targets or expectations regarding the Private Fund or the strategies described herein, and is only current as of the date indicated. There is no assurance that such events or targets will be achieved, and may be significantly different from that shown here. The information in this presentation, including any statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.

Although the Private Fund will seek to preserve the value of an investment at \$1.00 per share, it cannot guarantee it will do so.

The Private Fund is not registered as an investment company under the 1940 Act. As a result, investors in the Private Fund will not receive the protections of the 1940 Act afforded to investors in registered investment companies (i.e. "mutual funds"). Additionally, Shares are not registered for public offer or sale under the 1933 Act. Shares are being offered and sold exclusively to U.S. persons that are "accredited investors," as defined in Rule 501(a) of Regulation D under the Securities Act ("Regulation D"), and either (i) "qualified purchasers," as defined in Section 2(a)(51) of the 1940 Act, and the rules thereunder; or (ii) "knowledgeable employees" as defined in Rule 3c-5(a)(4) under the 1940 Act. The Fund may have no more than 1,999 investors.

ESG factors may be considered in the investment analysis process in a manner that is complementary to and enhances the fundamental research and analysis process. Certain ESG factors may help identify business and operational risks or opportunities and add a contextual dimension to the overall evaluation of a security. Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers ESG factors will result in performance better than or equal to products that do not consider such factors.

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