

# Goldilocks zone of the yield curve

## Microshort funds

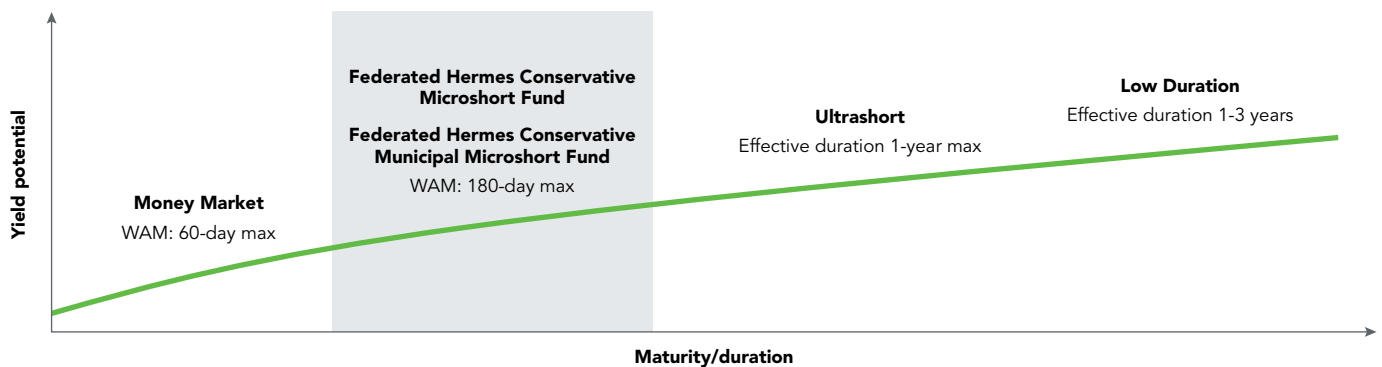
We believe microshort funds fall in just the right spot for investors looking to capitalize on opportunities for higher income while also seeking capital preservation. They can serve as an attractive way to extend duration beyond bank products or money market products for those comfortable with some NAV volatility.

## A maximum WAM of 180 days fills a niche between money market and ultrashort products

Decades of experience managing strategies on the short end

45+ portfolio managers, analysts and traders

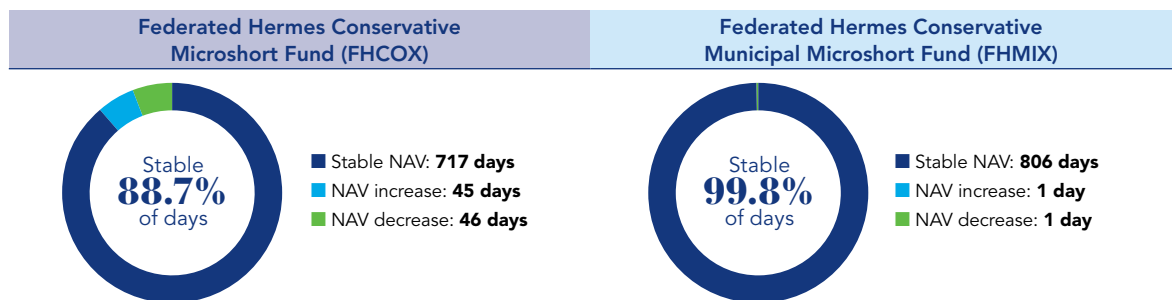
\$619 billion in assets  
3 years or less\*



\*As of 3/31/24. Ultrashorts and microshorts are not “money market” mutual funds. Some money market funds attempt to maintain a stable net asset value through compliance with relevant Securities Exchange Commission (SEC) rules. Ultrashorts and microshorts are not governed by those rules, and shares will fluctuate in value. Ultrashort bond funds pursue strategies aimed at producing higher yields by investing in securities with higher risks. Money market funds are also subject to strict diversification and maturity standards that don’t apply to ultrashort bond funds. Microshort funds are not subject to the special regulatory requirements (including maturity, liquidity and credit quality constraints) designed to enable money market funds to maintain a stable share price. For illustrative purposes only and not representative of any specific investment.

## A history of minimal NAV volatility since inception

Daily NAV changes (IS Shares) 2/3/21 - 3/31/24



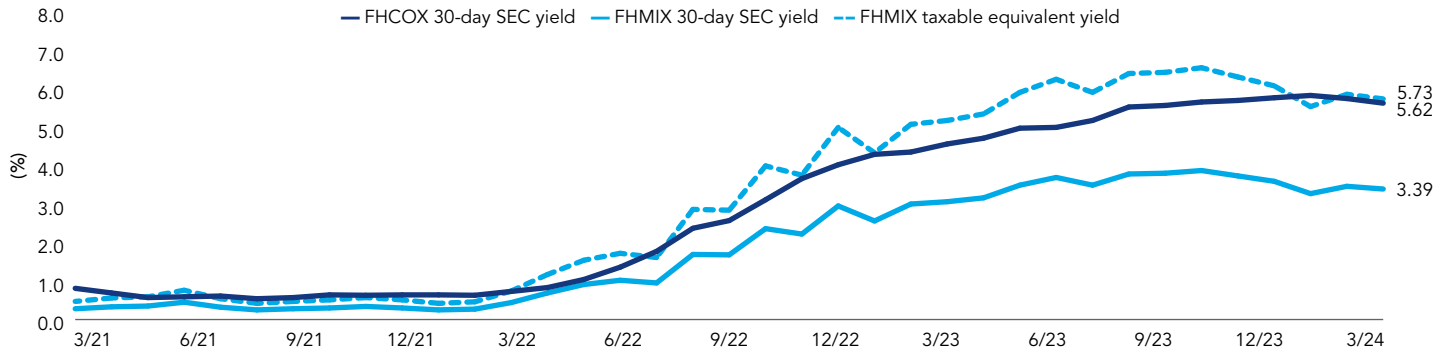
	Federated Hermes Conservative Microshort Fund (FHCOX)	Federated Hermes Conservative Municipal Microshort Fund (FHMIX)
NAV as of 3/31/24	9.99	10.00
Since inception NAV high	10.02	10.01
Since inception NAV low	9.93	10.00
52-week NAV high	9.99	10.01
52-week NAV low	9.95	10.00
Avg. WAM since inception	123 days	51 days
WAM as of 3/31/24	76 days	48 days

As of 3/31/24. Source: Morningstar, Inc. Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedHermes.com/us](https://www.federatedhermes.com/us).

## Attractive yield potential

Microshorts can offer investors a jumping off point to lengthen duration beyond shorter duration offerings to seek favorable yields.

### Historical 30-day SEC yields since inception

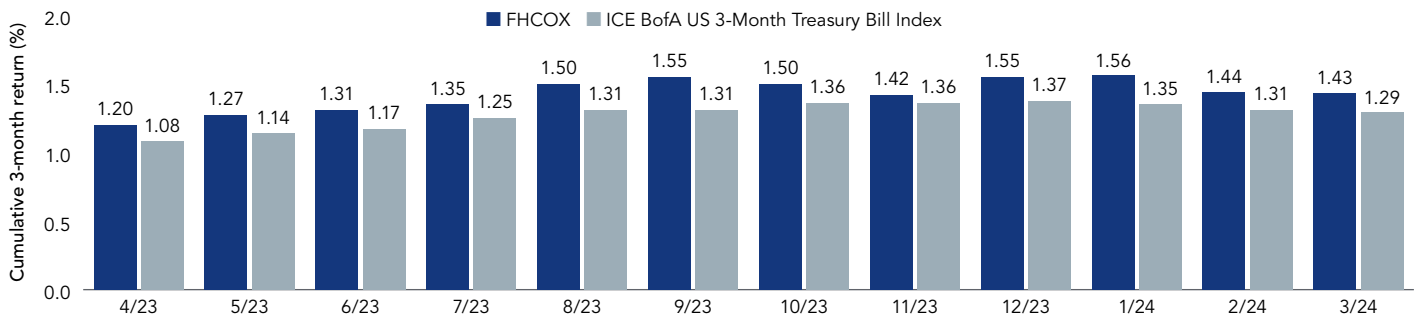


Monthly data as of 3/31/24. Source: Federated Hermes. **Past performance is no guarantee of future results.**

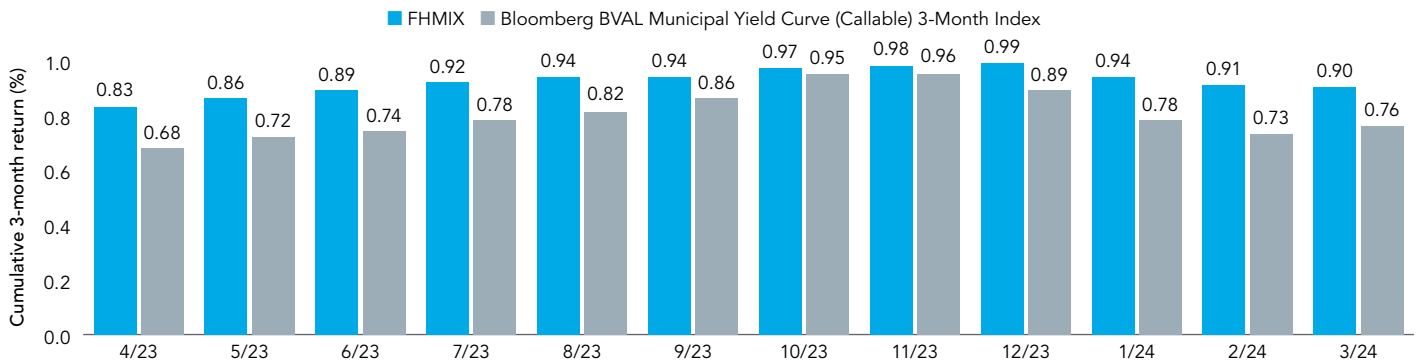
Taxable equivalent yield is based on 37% max individual federal tax rate plus 3.8% ACA tax.

## Both funds have produced favorable returns vs. their benchmarks

Federated Hermes Conservative Microshort Fund (FHCOX) outperformed its benchmark 12 of the last 12 months



Federated Hermes Conservative Municipal Microshort Fund (FHMIX) outperformed its benchmark 12 of the last 12 months



As of 3/31/24. Sources: Morningstar, Inc. Bloomberg and Federated Hermes. **Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedHermes.com/us.**

## Portfolio fit: aiming to balance higher yield potential with relative stability

By extending just beyond the traditional liquidity universe, we believe microshorts can offer the potential for higher yields without sacrificing substantial quality or incurring unwarranted risk.

Microshorts may be suited to support predictable & recurring expenses and liquidity needs that fall within the 3 to 6 month timeframe, categorized as reserve.

Liquid	Reserve	Strategic
Daily to 3 months	3 to 6 months	6 months to a year
For daily/weekly operational needs	For predictable, recurring expenses	For longer-term projects and opportunities

## Product overview

### Federated Hermes Conservative Microshort Fund (FHCOX)

- **Investment objective:** seeks to provide current income consistent with capital preservation while maintaining liquidity
- **Fund inception:** 2/3/21
- **Share class:** IS Shares
- **Portfolio managers:**
  - » Paige Wilhelm (33 yrs. investment experience)
  - » Nicholas Tripodes, CFA (31 yrs. investment experience)
  - » Mark Weiss, CFA (26 yrs. investment experience)
  - » Daniel Mastalski, CFA (18 yrs. investment experience)
- **Investment mix:** investment-grade securities, including commercial paper, CDs, asset-backed securities and corporate bonds and notes
- **Portfolio credit quality:** 100% investment-grade securities (15% max in BBB securities)
- **Benchmark:** ICE BofA US 3-Month Treasury Bill Index
- **Morningstar Category:** Ultrashort Bond
- **Overall Morningstar Rating™:** ★★☆☆<sup>1</sup>

### Federated Hermes Conservative Municipal Microshort Fund (FHMIX)

- **Investment objective:** seeks to provide current income consistent with capital preservation with an emphasis on maintaining liquidity on a tax-exempt basis
- **Fund inception:** 2/3/21
- **Share class:** IS Shares
- **Portfolio managers:**
  - » Mary Jo Ochson, CFA (42 yrs. investment experience)
  - » Kyle Stewart, CFA (28 yrs. investment experience)
- **Investment mix:** short-term, high-quality, tax-exempt securities
- **Portfolio credit quality:** 100% investment-grade securities (15% max in BBB securities)
- **Benchmark:** Bloomberg BVAL Municipal Yield Curve (Callable) 3-Month Index
- **Morningstar Category:** Municipal National Short
- **Overall Morningstar Rating™:** ★★☆☆<sup>2</sup>

<sup>1</sup> Rating is based on risk adjusted total return for Institutional Shares out of 203 Funds in Ultrashort Bond Category as of 3/31/24. The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

<sup>2</sup> Rating is based on risk adjusted total return for Institutional Shares out of 209 Funds in Municipal National Short Category as of 3/31/24. The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

## Average annual total returns (%) as of 3/31/24

	Ticker symbol	Cumulative 3-month	1-year	3-year	Since inception (2/3/21)	Expense ratio*	
						Before waivers	After waivers
<b>Federated Hermes Conservative Microshort Fund</b>							
IS Shares	FHCOX	1.43	5.97	2.78	2.66	0.61	0.25
ICE BofA US 3-Month Treasury Bill Index	–	1.29	5.24	2.58	–	–	–
<b>Federated Hermes Conservative Municipal Microshort Fund</b>							
IS Shares	FHMIX	0.90	3.77	2.04	1.95	0.45	0.25
Bloomberg BVAL Municipal Yield Curve (Callable) 3-Month Index	–	0.76	3.29	1.86	–	–	–

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedHermes.com/us](https://www.federatedhermes.com/us).

\*The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 11/1/24 (12/1/24 for FHMIX) or the date of the fund's next effective prospectus.

## A word about risk

Mutual funds are subject to risks and fluctuate in value.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

The value of some asset-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

Interest income from Federated Hermes Conservative Municipal Microshort Fund's investments may be subject to the federal alternative minimum tax (AMT) for individuals, and state and local taxes.

## Definitions

**30-day yield (also known as "SEC yield")** is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the 30-day yield as of 3/31/24 is 5.24% for FHCOX and 3.22% for FHMIX.

**Weighted average effective maturity (WAM)** is the average time to maturity of debt securities held in the fund.

**ICE BofA US 3-Month Treasury Bill Index** is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date.

**Bloomberg BVAL Municipal Yield Curve (Callable) 3-Month Index** is a municipal "AAA" 5% coupon benchmark yield curve that is the baseline curve for BVAL tax-exempt municipals. It is populated with high quality US municipal bonds with an average rating of "AAA" from Moody's and S&P. The yield curve is built using non-parametric fit of market data obtained from the Municipal Securities Rulemaking Board, new issues calendars, and other proprietary contributed prices. The benchmark is updated hourly and utilizes eligible "AAA" traded observations throughout the day and accessible on through Bloomberg services. The 3-Month curve is one data point of the overall BVAL Municipal AAA Benchmark Curve.

Indexes are unmanaged and cannot be invested in directly.

## Ratings and rating agencies

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take sales charges into account. Federated Hermes Conservative Microshort Fund was rated against the following number of U.S.- domiciled Ultrashort Bond funds and Federated Hermes Conservative Municipal Microshort Fund was rated against the following number of U.S.- domiciled Municipal National Short funds over the following time periods. For the 3-year period ended 3/31/24, Federated Hermes Conservative Microshort Fund's Institutional Shares received 4 stars, and was rated among 204 funds, and Federated Hermes Conservative Municipal Microshort Fund's Institutional Shares received 5 stars, and was rated among 211 funds. Past performance is no guarantee of future results.

**This material must be preceded or accompanied by a prospectus. Click the links for the [FHCOX prospectus](#) and [FHMIX prospectus](#).**