

Annual Financial Statements and Additional Information



August 31, 2024

Share Class | Ticker

Institutional | FHCOX

Federated Hermes Conservative Microshort Fund

A Portfolio of Federated Hermes Adviser Series

Not FDIC Insured • May Lose Value • No Bank Guarantee

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Portfolio of Investments

August 31, 2024

Principal Amount		Value
	ASSET-BACKED SECURITIES—39.1%	
	Auto Receivables—24.7%	
\$ 1,806,468	Ally Bank Auto Credit-Linked Notes 2024-A, Class B, 5.827%, 5/17/2032	\$ 1,831,115
1,764,906	AmeriCredit Automobile Receivables Trust 2023-2, Class A2A, 6.190%, 4/19/2027	1,773,325
3,000,000	ARI Fleet Lease Trust 2024-B, Class A2, 5.540%, 4/15/2033	3,028,067
525,345	¹ CarMax Auto Owner Trust 2023-2, Class A2B, 6.203% (30-DAY AVERAGE SOFR +0.850%), 6/15/2026	526,026
1,202,376	Citizens Auto Receivables Trust 2023-2, Class A2A, 6.090%, 10/15/2026	1,206,752
2,000,000	Enterprise Fleet Financing LLC 2024-2, Class A2, 5.740%, 12/20/2026	2,018,833
1,830,000	Enterprise Fleet Financing LLC 2024-3, Class A2, 5.310%, 4/20/2027	1,841,613
788,173	GECU Auto Receivables Trust 2023-1A, Class A2, 5.950%, 3/15/2027	789,771
3,000,000	¹ General Motors 2024-1A, Class A2, 6.103% (30-DAY AVERAGE SOFR +0.750%), 3/15/2029	3,009,121
232,642	Harley-Davidson Motorcycle Trust 2023-A, Class A2A, 5.320%, 6/15/2026	232,679
2,460,000	Hyundai Auto Lease Securitization Trust 2024 - A, Class B, 5.560%, 8/15/2028	2,508,412
154,634	¹ Hyundai Auto Receivables Trust 2023-A, Class A2B, 6.103% (30-DAY AVERAGE SOFR +0.750%), 12/15/2025	154,721
2,825,000	Navistar Financial Dealer Note 2024-1, Class A, 5.590%, 4/25/2029	2,865,079
3,000,000	¹ NextGear Floorplan Master Owner Trust 2024-1A, Class A1, 6.253% (30-DAY AVERAGE SOFR +0.900%), 3/15/2029	3,007,201
3,000,000	¹ Nissan Master Owner Trust Receivables 2024-A, Class A, 6.023% (30-DAY AVERAGE SOFR +0.670%), 2/15/2028	3,004,042
1,250,000	Porsche Innovative Lease Owner Trust 2024-1A, Class A3, 4.670%, 11/22/2027	1,250,028
31,279	Santander Bank Auto Credit-Linked Notes 2021-1A, Class B, 1.833%, 12/15/2031	31,095
173,835	Santander Bank Auto Credit-Linked Notes 2022-B, Class C, 5.916%, 8/16/2032	173,884
850,000	Santander Drive Auto Receivables Trust 2022-6, Class B, 4.720%, 6/15/2027	847,329
632,554	Santander Drive Auto Receivables Trust 2023-4, Class A2, 6.330%, 2/16/2027	633,728
1,925,000	Santander Drive Auto Receivables Trust 2024-4, Class A3, 4.850%, 1/16/2029	1,927,740
1,250,000	SBNA Auto Lease Trust 2024-B, Class A4, 5.550%, 12/20/2028	1,276,185
2,420,926	SBNA Auto Receivables Trust 2024-A, Class A2, 5.700%, 3/15/2027	2,422,276
198,513	¹ World Omni Auto Receivables Trust 2023-B, Class A2B, 6.063% (30-DAY AVERAGE SOFR +0.710%), 11/16/2026	198,584
	TOTAL	36,557,606
	Credit Card—0.4%	
550,000	Evergreen Credit Card Trust 2022-CRT2 C, Class C, 7.440%, 11/16/2026	550,012
	Equipment Lease—12.0%	
1,381,414	Daimler Trucks Retail Trust 2023-1, Class A2, 6.030%, 9/15/2025	1,383,221
1,750,000	Daimler Trucks Retail Trust 2024-1, Class A3, 5.490%, 12/15/2027	1,775,778
652,063	Dell Equipment Finance Trust 2023-2, Class A2, 5.840%, 1/22/2029	652,767
1,000,000	Dell Equipment Finance Trust 2024-1, Class A2, 5.580%, 3/22/2030	1,004,203
1,299,561	DLLAA LLC 2023-1A, Class A2, 5.930%, 7/20/2026	1,304,619
251,860	DLLAD LLC 2023-1A, Class A2, 5.190%, 4/20/2026	251,684
1,000,000	DLLAD LLC 2024-1A, Class A2, 5.500%, 8/20/2027	1,006,491
663,604	DLLMT LLC 2023-1A, Class A2, 5.780%, 11/20/2025	664,056
3,000,000	DLLMT LLC 2024-1A, Class A2, 5.080%, 2/22/2027	3,003,621
1,000,000	Great America Leasing Receivables 2024-2, Class A2, 5.280%, 3/15/2027	1,005,862
2,530,000	HPEFS Equipment Trust 2024-2A, Class B, 5.350%, 10/20/2031	2,565,000
271,146	Kubota Credit Owner Trust 2023-1A, Class A2, 5.400%, 2/17/2026	271,096
849,751	Kubota Credit Owner Trust 2023-2A, Class A2, 5.610%, 7/15/2026	851,097
2,096,192	MMAF Equipment Finance LLC 2023-A, Class A2, 5.790%, 11/13/2026	2,103,829
	TOTAL	17,843,324
	Other—2.0%	
3,000,000	^{1,2} PFS Financing Corp. 2024-E, Class A, 0.000% (30-DAY AVERAGE SOFR +0.850%), 7/17/2028	3,006,911
	TOTAL ASSET-BACKED SECURITIES (IDENTIFIED COST \$57,605,027)	57,957,853

Principal Amount		Value
	CORPORATE BONDS—17.0%	
	Aerospace/Auto—5.8%	
\$ 3,000,000	¹ General Motors Financial Co., Inc., Sr. Unsecd. Note, 6.380% (SOFR +1.050%), 7/15/2027	\$ 2,998,765
2,500,000	¹ Hyundai Capital America, Sr. Unsecd. Note, 144A, 6.650% (SOFR +1.320%), 11/3/2025	2,516,705
3,000,000	¹ Volkswagen Group of America Finance LLC, 144A, 6.200% (SOFR +0.830%), 3/20/2026	3,001,524
	TOTAL	8,516,994
	Banking—5.6%	
3,000,000	¹ Bank of New York Mellon, Sr. Unsecd. Note, 5.780% (SOFR +0.450%), 3/13/2026	3,001,715
2,310,000	¹ Citibank NA, Sr. Unsecd. Note, 6.075% (90-DAY AVERAGE SOFR +0.708%), 8/6/2026	2,314,004
3,000,000	¹ Goldman Sachs Bank USA, Sr. Unsecd. Note, 6.080% (SOFR +0.750%), 5/21/2027	2,997,339
	TOTAL	8,313,058
	Finance - Automotive—2.0%	
3,000,000	¹ Toyota Motor Credit Corp., Sr. Unsecd. Note, Series MTN, 5.980% (SOFR +0.650%), 3/19/2027	2,998,586
	Insurance—3.6%	
3,000,000	CoreBridge Global Funding, Sec. Fac. Bond, 144A, 5.350%, 6/24/2026	3,042,466
2,310,000	¹ Met Life Glob Funding I, Sec. Fac. Bond, 144A, 6.030% (SOFR +0.700%), 6/11/2027	2,315,626
	TOTAL	5,358,092
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$25,118,581)	25,186,730
	³ COMMERCIAL PAPER—3.4%	
	Utility - Natural Gas—3.4%	
5,000,000	Energy Transfer LP, 5.453%, 9/3/2024 (IDENTIFIED COST \$4,998,486)	4,996,986
	COLLATERALIZED MORTGAGE OBLIGATION—2.0%	
	Commercial Mortgage—2.0%	
3,000,000	¹ ORL TRUST 2023-GLKS 2023-GLKS, Class A, 7.687% (CME Term SOFR 1 Month +2.350%), 10/15/2028 (IDENTIFIED COST \$2,991,101)	3,003,747
	OTHER REPURCHASE AGREEMENTS—25.2%	
7,476,000	BNP Paribas S.A., 5.40%, dated 8/30/2024, interest in a \$1,525,000,000 joint collateralized loan agreement will repurchase securities provided as collateral for \$1,525,915,000 on 9/3/2024, in which asset-backed securities, collateralized mortgage obligations, medium-term notes, sovereign debt securities and U.S. Government Agency securities with a market value of \$1,556,458,069 have been received as collateral and held with BNY Mellon as tri-party agent.	7,476,000
7,476,000	ING Financial Markets LLC, 5.39%, dated 8/30/2024, interest in a \$50,000,000 joint collateralized loan agreement will repurchase securities provided as collateral for \$50,029,944 on 9/3/2024, in which U.S. Government Agency securities with a market value of \$51,031,054 have been received as collateral and held with BNY Mellon as tri-party agent.	7,476,000
7,476,000	MUFG Securities Americas, Inc., 5.47%, dated 8/30/2024, interest in a \$400,000,000 joint collateralized loan agreement will repurchase securities provided as collateral for \$400,243,111 on 9/3/2024, in which common stocks, corporate bonds and exchange-traded funds with a market value of \$408,248,153 have been received as collateral and held with BNY Mellon as tri-party agent.	7,476,000
7,476,000	Societe Generale, Paris, 5.45%, dated 8/30/2024, interest in a \$800,000,000 joint collateralized loan agreement will repurchase securities provided as collateral for \$800,484,444 on 9/3/2024, in which asset-backed securities, corporate bonds, collateralized mortgage obligations, commercial papers and sovereign debt securities with a market value of \$816,494,577 have been received as collateral and held with BNY Mellon as tri-party agent.	7,476,000
7,476,000	Standard Chartered Bank 5.38%, dated 8/30/2024, interest in a \$150,000,000 joint collateralized loan agreement will repurchase securities provided as collateral for \$150,089,667 on 9/3/2024, in which U.S. Government Agency securities with a market value of \$153,091,530 have been received as collateral and held with BNY Mellon as tri-party agent.	7,476,000
	TOTAL OTHER REPURCHASE AGREEMENTS (IDENTIFIED COST \$37,380,000)	37,380,000
	REPURCHASE AGREEMENT—14.3%	
21,295,000	Interest in \$4,000,000,000 joint repurchase agreement 5.33%, dated 8/30/2024 under which Bank of Nova Scotia will repurchase securities provided as collateral for \$4,002,368,889 on 9/3/2024. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 8/20/2054 and the market value of those underlying securities was \$4,082,605,296. (IDENTIFIED COST \$21,295,000)	21,295,000
	TOTAL INVESTMENT IN SECURITIES—101.0% (IDENTIFIED COST \$149,388,195) ⁴	149,820,316
	OTHER ASSETS AND LIABILITIES - NET—(1.0)% ⁵	(1,416,402)
	TOTAL NET ASSETS—100%	\$148,403,914

Transactions with affiliated investment companies, which are funds managed by the Adviser or an affiliate of the Adviser, during the period ended August 31, 2024, were as follows:

	Federated Hermes Institutional Money Market Management, Institutional Shares
Value as of 8/31/2023	\$ 22,607,706
Purchases at Cost	\$ —
Proceeds from Sales	\$(22,617,640)
Change in Unrealized Appreciation/Depreciation	\$ 760
Net Realized Gain/(Loss)	\$ 9,174
Value as of 8/31/2024	\$ —
Shares Held as of 8/31/2024	—
Dividend Income	\$ 462,947

- 1 Floating/variable note with current rate and current maturity or next reset date shown.
- 2 Zero coupon bond, reflects effective rate at time of purchase.
- 3 Discount rate at time of purchase for discount issues, or the coupon for interest-bearing issues.
- 4 The cost of investments for federal tax purposes amounts to \$149,388,195.
- 5 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at August 31, 2024.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

As of August 31, 2024, all investments of the Fund utilized Level 2 inputs in valuing the Fund's assets carried at fair value.

The following acronym(s) are used throughout this portfolio:

MTN —Medium Term Note

SOFR—Secured Overnight Financing Rate

See Notes which are an integral part of the Financial Statements

Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended August 31,			Period
	2024	2023	2022	Ended
Net Asset Value, Beginning of Period	\$9.98	\$9.94	\$10.02	8/31/2021¹
Income From Investment Operations:				
Net investment income (loss) ²	0.56	0.43	0.07	0.01
Net realized and unrealized gain (loss)	0.03	0.03	(0.08)	0.03
TOTAL FROM INVESTMENT OPERATIONS	0.59	0.46	(0.01)	0.04
Less Distributions:				
Distributions from net investment income	(0.56)	(0.42)	(0.07)	(0.02)
Net Asset Value, End of Period	\$10.01	\$9.98	\$9.94	\$10.02
Total Return³	6.11%	4.72%	(0.10)%	0.36%
Ratios to Average Net Assets:				
Net expenses ⁴	0.17%	0.07%	0.05%	0.04% ⁵
Net investment income	5.62%	4.30%	0.73%	0.23% ⁵
Expense waiver/reimbursement ⁶	0.36%	0.50%	0.55%	1.15% ⁵
Supplemental Data:				
Net assets, end of period (000 omitted)	\$148,404	\$90,541	\$61,280	\$71,621
Portfolio turnover ⁷	78%	34%	37%	26%

1 Reflects operations for the period from February 3, 2021 (commencement of operations) to August 31, 2021.

2 Per share numbers have been calculated using the average shares method.

3 Based on net asset value. Total returns for periods of less than one year are not annualized.

4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.

5 Computed on an annualized basis.

6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

7 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

August 31, 2024

Assets:

Investment in repurchase agreements and other repurchase agreements	\$ 58,675,000
Investment in securities	91,145,316
Investment in securities, at value (identified cost \$149,388,195)	149,820,316
Cash	2,328
Income receivable	403,198
Receivable for shares sold	523,600
TOTAL ASSETS	150,749,442

Liabilities:

Payable for shares redeemed	2,274,468
Income distribution payable	6,400
Payable to adviser (Note 5)	1,675
Payable for administrative fee (Note 5)	633
Accrued expenses (Note 5)	62,352
TOTAL LIABILITIES	2,345,528
Net assets for 14,825,881 shares outstanding	\$148,403,914

Net Assets Consist of:

Paid-in capital	\$147,942,765
Total distributable earnings (loss)	461,149
TOTAL NET ASSETS	\$148,403,914

Net Asset Value, Offering Price and Redemption Proceeds Per Share:

Net asset value per share ($\$148,403,914 \div 14,825,881$ shares outstanding), no par value, unlimited shares authorized	\$10.01
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See Notes which are an integral part of the Financial Statements

Statement of Operations

Year Ended August 31, 2024

Investment Income:	
Interest	\$5,558,780
Dividends received from affiliated holdings*	462,947
TOTAL INCOME	6,021,727
Expenses:	
Investment adviser fee (Note 5)	260,123
Administrative fee (Note 5)	81,318
Custodian fees	13,812
Transfer agent fees	7,803
Directors'/Trustees' fees (Note 5)	1,027
Auditing fees	31,632
Legal fees	10,545
Portfolio accounting fees	57,269
Share registration costs	43,366
Printing and postage	23,168
Miscellaneous (Note 5)	20,538
TOTAL EXPENSES	550,601
Waivers and Reimbursements:	
Waiver/reimbursement of investment adviser fee (Note 5)	(260,123)
Waiver/reimbursement of other operating expenses (Note 5)	(116,262)
TOTAL WAIVERS AND REIMBURSEMENTS	(376,385)
Net expenses	174,216
Net investment income	5,847,511
Realized and Unrealized Gain (Loss) on Investments:	
Net realized gain on investments (including net realized gain of \$9,174 on sales of investments in affiliated holdings*)	10,896
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$760 on investments in affiliated holdings*)	458,164
Net realized and unrealized gain (loss) on investments	469,060
Change in net assets resulting from operations	\$6,316,571

* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

Year Ended August 31	2024	2023
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 5,847,511	\$ 4,058,803
Net realized gain (loss)	10,896	(2,563)
Net change in unrealized appreciation/depreciation	458,164	331,568
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	6,316,571	4,387,808
Distributions to Shareholders	(5,846,129)	(4,035,448)
Share Transactions:		
Proceeds from sale of shares	169,440,775	146,136,194
Net asset value of shares issued to shareholders in payment of distributions declared	5,424,455	2,313,101
Cost of shares redeemed	(117,472,915)	(119,540,250)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	57,392,315	28,909,045
Change in net assets	57,862,757	29,261,405
Net Assets:		
Beginning of period	90,541,157	61,279,752
End of period	\$ 148,403,914	\$ 90,541,157

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

August 31, 2024

1. ORGANIZATION

Federated Hermes Adviser Series (the "Trust") was established as a Delaware statutory trust on July 12, 2017, and is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of 11 portfolios. The financial statements included herein are only those of Federated Hermes Conservative Microshort Fund (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers one class of shares: Institutional Shares. Class A Shares are effective with the Securities and Exchange Commission (SEC), but currently are not yet offered for sale. The investment objective of the Fund is to provide current income consistent with capital preservation while maintaining liquidity.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs, or NAV per share practical expedient, as applicable.
- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by Federated Investment Management Company (the "Adviser").
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Adviser, certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Adviser's valuation policies and procedures for the Fund, or if information furnished by a pricing service, in the opinion of the Adviser's valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different.

Fair Valuation and Significant Events Procedures

Pursuant to Rule 2a-5 under the Act, the Fund's Board of Trustees (the "Trustees") has designated the Adviser as the Fund's valuation designee to perform any fair value determinations for securities and other assets held by the Fund. The Adviser is subject to the Trustees' oversight and certain reporting and other requirements intended to provide the Trustees the information needed to oversee the Adviser's fair value determinations.

The Adviser, acting through its Valuation Committee, is responsible for determining the fair value of investments for which market quotations are not readily available. The Valuation Committee is comprised of officers of the Adviser and certain of the Adviser's affiliated companies and determines fair value and oversees the calculation of the NAV. The Valuation Committee is also authorized to use pricing services to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Adviser. The Trustees periodically review the fair valuations made by the Valuation Committee. The Trustees have also approved the Adviser's fair valuation and significant events procedures as part of the Fund's compliance program and will review any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and ask for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Adviser.

The Adviser has also adopted procedures requiring an investment to be priced at its fair value whenever the Valuation Committee determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Adviser has adopted procedures whereby the Valuation Committee uses a pricing service to provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Valuation Committee will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Adviser. The Trustees periodically review fair valuations made in response to significant events.

Repurchase Agreements

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

Repurchase agreements are subject to Master Netting Agreements (MNA) which are agreements between the Fund and its counterparties that provide for the net settlement of all transactions and collateral with the Fund, through a single payment, in the event of default or termination. Amounts presented on the Portfolio of Investments and Statement of Assets and Liabilities are not net settlement amounts but gross. As indicated above, the cash or securities to be repurchased, as shown on the Portfolio of Investments, exceeds the repurchase price to be paid under the agreement reducing the net settlement amount to zero.

Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared daily and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. Gains and losses realized on principal payment of mortgage-backed securities (paydown gains and losses) are classified as part of investment income. The detail of the total fund expense waivers and reimbursements of \$376,385 is disclosed in Note 5.

Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code of 1986 and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the year ended August 31, 2024, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of August 31, 2024, tax years 2021 through 2024 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the State of Delaware.

When-Issued and Delayed-Delivery Transactions

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Trustees. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Adviser.

Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

3. SHARES OF BENEFICIAL INTEREST

The following table summarizes share activity:

	Year Ended 8/31/2024	Year Ended 8/31/2023
Shares sold	16,965,716	14,696,791
Shares issued to shareholders in payment of distributions declared	542,912	232,292
Shares redeemed	(11,759,144)	(12,015,270)
NET CHANGE RESULTING FROM FUND SHARE TRANSACTIONS	5,749,484	2,913,813

4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended August 31, 2024 and 2023, was as follows:

	2024	2023
Ordinary income	\$5,846,129	\$4,035,448

As of August 31, 2024, the components of distributable earnings on a tax-basis were as follows:

Undistributed ordinary income	\$ 25,784
Net unrealized appreciation	\$432,121
Undistributed long-term capital gains	\$ 3,244
TOTAL	\$461,149

At August 31, 2024, the cost of investments for federal tax purposes was \$149,388,195. The net unrealized appreciation of investments for federal tax purposes was \$432,121. This consists of unrealized appreciation from investments for those securities having an excess of value over cost of \$441,804 and unrealized depreciation from investments for those securities having an excess of cost over value of \$9,683.

The Fund used capital loss carryforwards of \$7,652 to offset capital gains realized during the year ended August 31, 2024.

5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.25% of the Fund's average daily net assets. For the year ended August 31, 2024, the Adviser voluntarily waived and/or reimbursed all of its fee.

In addition, subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive and/or reimburse certain operating expenses of the Fund for competitive reasons such as to maintain the Fund's expense ratio, or as and when appropriate, to maintain positive or zero net yields. For the year ended August 31, 2024, the Adviser voluntarily waived and reimbursed \$116,262 of other operating expenses.

Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Hermes Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

Administrative Fee	Average Daily Net Assets of the Investment Complex
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended August 31, 2024, the annualized fee paid to FAS was 0.078% of average daily net assets of the Fund.

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

Expense Limitation

The Adviser and certain of its affiliates (which may include FAS) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses, if any) paid by the Fund's Institutional Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.25% (the "Fee Limit"), up to but not including the later of (the "Termination Date"):

(a) November 1, 2025; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Independent Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the year ended August 31, 2024, were as follows:

Purchases	\$81,170,217
Sales	\$45,886,884

7. LINE OF CREDIT

The Fund participates with certain other Federated Hermes Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement dated June 18, 2024. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to (a) the highest, on any day, of (i) the federal funds effective rate, (ii) the published secured overnight financing rate plus an assigned percentage, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and at maturity. As of August 31, 2024, the Fund had no outstanding loans. During the year ended August 31, 2024, the Fund did not utilize the LOC.

8. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the SEC, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of August 31, 2024, there were no outstanding loans. During the year ended August 31, 2024, the program was not utilized.

9. INDEMNIFICATIONS

Under the Fund's organizational documents, its Officers and Directors/Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund (other than liabilities arising out of their willful misfeasance, bad faith, gross negligence or reckless disregard of their duties to the Fund). In addition, in the normal course of business, the Fund provides certain indemnifications under arrangements with third parties. Typically, obligations to indemnify a third party arise in the context of an arrangement entered into by the Fund under which the Fund agrees to indemnify such third party for certain liabilities arising out of actions taken pursuant to

the arrangement, provided the third party's actions are not deemed to have breached an agreed-upon standard of care (such as willful misfeasance, bad faith, gross negligence or reckless disregard of their duties under the contract). The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet arisen. The Fund does not anticipate any material claims or losses pursuant to these arrangements at this time, and accordingly expects the risk of loss to be remote.

10. SUBSEQUENT EVENT

The Fund anticipates offering the Class A Shares during the fourth quarter of 2024.

Additionally, the Fee Limit and Termination Date in Note 5, Expense Limitation, are updated so that total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses, if any), paid by the Fund's Class A Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.40% up to but not including the later of November 1, 2025; or (b) the date of the Fund's next effective Prospectus.

11. FEDERAL TAX INFORMATION (UNAUDITED)

For the year ended August 31, 2024, 99.96% of total ordinary income distributions qualified as business interest income for purposes of 163(j) under the Code and the regulations thereunder.

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF TRUSTEES OF FEDERATED HERMES ADVISER SERIES AND SHAREHOLDERS OF FEDERATED HERMES CONSERVATIVE MICROSHORT FUND:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Federated Hermes Conservative Microshort Fund (the “Fund”) (one of the portfolios constituting Federated Hermes Adviser Series (the “Trust”)), including the portfolio of investments, as of August 31, 2024, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the three years in the period then ended and for the period from February 3, 2021 (commencement of operations) through August 31, 2021 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the portfolios constituting Federated Hermes Adviser Series) at August 31, 2024, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the three years in the period then ended and for the period from February 3, 2021 (commencement of operations) through August 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of the Trust’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of August 31, 2024, by correspondence with the custodian, brokers, and others; when replies were not received from brokers or others, we performed other auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the auditor of one or more Federated Hermes investment companies since 1979.

Boston, Massachusetts

October 23, 2024

Evaluation and Approval of Advisory Contract – May 2024

FEDERATED HERMES CONSERVATIVE MICROSHORT FUND (THE “FUND”)

At its meetings in May 2024 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) (the “Contract”) for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to approve the continuation of the existing arrangement. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

Information Received and Review Process

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation of the Fund’s management fee (the “CCO Fee Evaluation Report”). The Board considered the CCO Fee Evaluation Report, along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contract.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, the Board considered information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings. In this regard, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes by independent legal counsel on behalf of the Independent Trustees encompassing a wide variety of topics, including those summarized below. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the Contract, which included detailed information about the Fund and Federated Hermes furnished to the Board at its meetings throughout the year and in between regularly scheduled meetings on particular matters as the need arose.

The Board’s consideration of the Contract included review of materials and information covering the following matters, among others: (1) copies of the Contracts; (2) the nature, quality and extent of the advisory and other services provided to the Fund by Federated Hermes; (3) Federated Hermes’ business and operations; (4) the Adviser’s investment philosophy, personnel and processes; (5) the Fund’s investment objectives and strategies; (6) the Fund’s short-term and long-term performance - in absolute terms (both on a gross basis and net of expenses) and relative to an appropriate group of peer funds and its benchmark; (7) the Fund’s fees and expenses, including the advisory fee and the overall expense structure of the Fund - in absolute terms and relative to an appropriate group of peer funds, with due regard for contractual or voluntary expense limitations (if any); (8) the financial condition of Federated Hermes; (9) the Adviser’s profitability with respect to managing the Fund; (10) distribution and sales activity for the Fund; and (11) the use and allocation of brokerage commissions derived from trading the Fund’s portfolio securities (if any).

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees charged to other registered funds in evaluating the Contract. Using these judicial decisions as a guide, the Board considered several factors they deemed relevant to an adviser’s fiduciary duty with respect to its receipt of compensation from a fund, including: (1) the nature and quality of the services provided by the adviser to the fund and its shareholders, including the performance of the fund, its benchmark and comparable funds; (2) the adviser’s cost of providing the services and the profitability to the adviser of providing advisory services to the fund; (3) the extent to which the adviser may realize “economies of scale” as the fund grows larger and, if such economies of scale exist, whether they have been appropriately shared with the fund and its shareholders or the family of funds; (4) any “fall-out” benefits that accrue to the adviser because of its relationship with the fund, including research services received from brokers that execute fund trades and any fees paid to affiliates of the adviser for services rendered to the fund; (5) comparative fees and expenses, including a comparison of management fees paid to the adviser with those paid by similar funds managed by the same adviser or other advisers as well as management fees charged to institutional and other advisory clients of the same adviser for what might be viewed as like services; and (6) the extent of care, conscientiousness and independence with which the fund’s board members perform their duties and their expertise, including whether they are fully informed about all facts the board deems relevant to its consideration of the adviser’s services and fees. The Board considered that the Securities and Exchange Commission (“SEC”) disclosure requirements regarding the basis for a fund board’s approval of the fund’s investment advisory contract generally align with the factors listed above. The Board was guided by these factors in its evaluation of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below. The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the oversight of the other funds advised by Federated Hermes (each, a “Federated Hermes Fund” and, collectively, the “Federated Hermes Funds”).

In addition, the Board considered the preferences and expectations of Fund shareholders and the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew the Contract. In particular, the Board recognized that many shareholders likely have invested in the Fund based on the strength of Federated Hermes' industry standing and reputation and with the expectation that Federated Hermes will have a continuing role in providing advisory services to the Fund. Thus, the Board observed that there are a range of investment options available to the Fund's shareholders in the marketplace, and such shareholders, having had the opportunity to consider other investment options, have effectively selected Federated Hermes by virtue of investing in the Fund.

In determining to approve the continuation of the Contract, the members of the Board reviewed and evaluated information and factors they believed to be relevant and appropriate through the exercise of their reasonable business judgment. While individual members of the Board may have weighed certain factors differently, the Board's determination to approve the continuation of the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contract. The Board recognized that its evaluation process is evolutionary and that the factors considered and emphasis placed on relevant factors may change in recognition of changing circumstances in the registered fund marketplace. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contract for the Fund as part of its consideration of agreements for funds across the family of Federated Hermes Funds, but its approvals were made on a fund-by-fund basis.

Nature, Extent and Quality of Services

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of Federated Hermes dedicated to the Fund. In this regard, the Board evaluated, among other things, the terms of the Contract and the full range of services provided to the Fund by Federated Hermes. The Board considered the Adviser's personnel, investment philosophy and process, investment research capabilities and resources, trade operations capabilities, experience and performance track record. The Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and evaluated Federated Hermes' ability and experience in attracting and retaining qualified personnel to service the Fund. The Board considered the trading operations by the Advisers, including the execution of portfolio transactions and the selection of brokers for those transactions. The Board also considered the Adviser's ability to deliver competitive investment performance for the Fund when compared to the Fund's Performance Peer Group (as defined below), which was deemed by the Board to be a useful indicator of how the Adviser is executing the Fund's investment program.

In addition, the Board considered the financial resources and overall reputation of Federated Hermes and its willingness to consider and make investments in personnel, infrastructure, technology, cybersecurity, business continuity planning and operational enhancements that are designed to benefit the Federated Hermes Funds. The Board noted the benefits of the previous significant acquisition of Hermes Fund Managers Limited by Federated Hermes, which has deepened Federated Hermes' investment management expertise and capabilities and expanded its access to analytical resources related to environmental, social and governance ("ESG") factors and issuer engagement on ESG matters where appropriate. The Board considered Federated Hermes' oversight of the securities lending program for the Federated Hermes Funds that engage in securities lending and noted the income earned by the Federated Hermes Funds that participate in such program. In addition, the Board considered the quality of Federated Hermes' communications with the Board and responsiveness to Board inquiries and requests made from time to time with respect to the Federated Hermes Funds. The Board also considered that Federated Hermes is responsible for providing the Federated Hermes Funds' officers.

The Board received and evaluated information regarding Federated Hermes' regulatory and compliance environment. The Board considered Federated Hermes' compliance program and compliance history and reports from the CCO about Federated Hermes' compliance with applicable laws and regulations, including responses to regulatory developments and any compliance or other issues raised by regulatory agencies. The Board also noted Federated Hermes' support of the Federated Hermes Funds' compliance control structure and the compliance-related resources devoted by Federated Hermes in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including Federated Hermes' commitment to respond to rulemaking and other regulatory initiatives of the SEC. The Board considered Federated Hermes' approach to internal audits and risk management with respect to the Federated Hermes Funds and its day-to-day oversight of the Federated Hermes Funds' compliance with their investment objectives and policies as well as with applicable laws and regulations, noting that regulatory and other developments had over time led, and continue to lead, to an increase in the scope of Federated Hermes' oversight in this regard.

In addition, the Board noted Federated Hermes' commitment to maintaining high quality systems and expending substantial resources to prepare for and respond to ongoing changes due to the market, regulatory and control environments in which the Fund and its service providers operate.

The Board considered Federated Hermes' efforts to provide shareholders in the Federated Hermes Funds with a comprehensive array of funds with different investment objectives, policies and strategies. The Board considered the expenses that Federated Hermes had incurred, as well as the entrepreneurial and other risks assumed by Federated Hermes, in sponsoring and providing on-going services to new funds to expand these opportunities for shareholders. The Board noted the benefits to shareholders of being part of the family of Federated Hermes Funds, which include the general right to exchange investments between the same class of shares without the incurrence of additional sales charges.

Based on these considerations, the Board concluded that it was satisfied with the nature, extent and quality of the services provided by the Adviser to the Fund.

Fund Investment Performance

The Board considered the investment performance of the Fund. In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks. The Board considered detailed investment reports on, and the Adviser's analysis of, the Fund's performance over different time periods that were provided to the Board throughout the year and in connection with the May Meetings. These reports included, among other items, information on the Fund's gross and net returns, the Fund's investment performance compared to one or more relevant categories or groups of peer funds and the Fund's benchmark index, performance attribution information and commentary on the effect of market conditions. The Board considered that, in its evaluation of investment performance at meetings throughout the year, it focused particular attention on information indicating less favorable performance of certain Federated Hermes Funds for specific time periods and discussed with Federated Hermes the reasons for such performance as well as any specific actions Federated Hermes had taken, or had agreed to take, to seek to enhance Fund investment performance and the results of those actions.

The Board also reviewed comparative information regarding the performance of other registered funds in the category of peer funds selected by Morningstar, Inc. (the "Morningstar"), an independent fund ranking organization (the "Performance Peer Group"). The Board noted the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered the CCO's view that, in evaluating such comparisons, in some cases there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group.

The Board also considered comparative performance data from Lipper, Inc. that was included in reports provided to the Board throughout the year. The Board noted that differences may exist between the Performance Peer Group and Lipper peers and that the results of these performance comparisons may vary.

The Board considered that the Fund's performance fell below the median of the Performance Peer Group for the one-year period ended December 31, 2023. The Board discussed the Fund's performance with the Adviser and recognized the efforts being taken by the Adviser in the context of other factors considered relevant by the Board.

Based on these considerations, the Board concluded that it had continued confidence in the Adviser's overall capabilities to manage the Fund.

Fund Expenses

The Board considered the advisory fee and overall expense structure of the Fund and the comparative fee and expense information that had been provided in connection with the May Meetings. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, net advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the overall category of peer funds selected by Morningstar (the "Expense Peer Group"). The Board received a description of the methodology used to select the Expense Peer Group from the overall Morningstar category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category.

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged to funds by other advisers, the use of comparisons between the Fund and its Expense Peer Group assisted the Board in its evaluation of the Fund's fees and expenses. The Board focused on comparisons with other registered funds more heavily than non-registered fund products or services because such comparisons are believed to be more relevant.

The Board considered that other registered funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's shareholders. The Board noted that the range of such other registered funds' fees and expenses, therefore, appears to be a relevant indicator of what investors have found to be reasonable in the marketplace in which the Fund competes.

The Board noted that, for the year ended December 31, 2023, the Fund's investment advisory fee was waived in its entirety. The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund with the Adviser and noted the position of the Fund's fee rates relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was below the median of the Expense Peer Group and the Board was satisfied that the overall expense structure of the Fund remained competitive.

The Board also received and considered information about the nature and extent of services offered and fees charged by Federated Hermes to other types of clients with investment strategies similar to those of the Federated Hermes Funds, including non-registered fund clients (such as institutional separate accounts) and third-party unaffiliated registered funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-registered fund clients are inherently different products due to the following differences, among others: (i) different types of targeted investors; (ii) different applicable laws and regulations; (iii) different legal structures; (iv) different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; (v) the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing; (vi) different SEC mandated risk management programs with respect to fund liquidity and use of derivatives; (vii) different administrative responsibilities; (viii) different degrees of risk associated with management; and (ix) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary registered fund business versus managing a discrete pool of assets as a sub-adviser to another institution's registered fund, noting the CCO's view that Federated Hermes generally performs significant additional services and assumes substantially greater risks in managing the Fund and other Federated Hermes Funds than in its role as sub-adviser to an unaffiliated third-party registered fund. The Board noted that the CCO did not consider the fees for providing advisory services to other types of clients to be determinative in judging the appropriateness of the Federated Hermes Funds' advisory fees.

In the case of the Fund, the Board noted that Federated Hermes does not manage any other types of clients that are comparable to the Fund.

Based on these considerations, the Board concluded that the fees and total operating expenses of the Fund, in conjunction with other matters considered, are reasonable in light of the services provided.

Profitability

The Board received and considered profitability information furnished by Federated Hermes. Such profitability information included revenues reported on a fund-by-fund basis and estimates of the allocation of expenses made on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs on a fund-by-fund basis continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. In addition, the Board considered the CCO's view that the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract are consistent with the methodologies previously reviewed by an independent consultant. The Board noted that the independent consultant had previously conducted a review of the allocation methodologies and reported to the Board that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable. The Board considered the CCO's view that the estimated profitability to the Adviser from its relationship with the Fund was not unreasonable in relation to the services provided.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly-held fund management companies, including information regarding profitability trends over time. The Board recognized that profitability comparisons among fund management companies are difficult because of the variation in the type of comparative information that is publicly available, and the profitability of any fund management company is affected by numerous factors. The Board considered the CCO's conclusion that, based on such profitability information, Federated Hermes' profit margins did not appear to be excessive. The Board also considered the CCO's view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Federated Hermes Funds.

Economies of Scale

The Board received and considered information about the notion of possible realization of “economies of scale” as a fund grows larger, the difficulties of isolating and quantifying economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the Board considered that Federated Hermes has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as: portfolio management, investment research and trading operations; shareholder services; compliance; business continuity, cybersecurity and information security programs; internal audit and risk management functions; and technology, systems capabilities and use of data. The Board noted that Federated Hermes’ investments in these areas are extensive and are designed to provide enhanced or expanded services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments are likely to be shared with the family of Federated Hermes Funds as a whole. In addition, the Board considered that fee waivers and expense reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund’s assets decline. The Board considered that, in order for the Federated Hermes Funds to remain competitive in the marketplace, Federated Hermes has frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and has disclosed to shareholders and/or reported to the Board its intention to do so (or continue to do so) in the future. The Board also considered that Federated Hermes has been active in managing expenses of the Federated Hermes Funds in recent years, which has resulted in benefits being realized by shareholders.

The Board also received and considered information on adviser-paid fees (commonly referred to as “revenue sharing” payments) that was provided to the Board throughout the year and in connection with the May Meetings. The Board considered that Federated Hermes and the CCO believe that this information is relevant to considering whether Federated Hermes had an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, but should not be considered when evaluating the reasonableness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on economies of scale, which is compounded by the lack of any uniform methodology or pattern with respect to structuring fund advisory fees with breakpoints that serve to reduce the fees as a fund attains a certain size.

Other Benefits

The Board considered information regarding the compensation and other ancillary (or “fall-out”) benefits that Federated Hermes derived from its relationships with the Federated Hermes Funds. The Board noted that, in addition to receiving advisory fees under the Federated Hermes Funds’ investment advisory contracts, Federated Hermes’ affiliates also receive fees for providing other services to the Federated Hermes Funds under separate service contracts including for serving as the Federated Hermes Funds’ administrator and distributor. In this regard, the Board considered that Federated Hermes’ affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing the benefits, if any, that Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds.

Conclusions

The Board considered: (i) the CCO’s conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund is reasonable; and (ii) the CCO’s recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contract by the CCO. The CCO also recognized that the Board’s evaluation of the Federated Hermes Funds’ advisory and sub-advisory arrangements is a continuing and ongoing process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items, and management has committed to reviewing certain items, for future reporting to the Board as the Board continues its ongoing oversight of the Federated Hermes Funds.

On the basis of the information and factors summarized above, among other information and factors deemed relevant by the Board, and the evaluation thereof, the Board, including the Independent Trustees, unanimously voted to approve the continuation of the Contract. The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view of past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative.

Notes

Mutual funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in mutual funds involves investment risk, including the possible loss of principal.

This information is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.



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