



VIEWPOINT

Disciplined management by a money market leader

As a cash management pioneer and leader in the money market industry for nearly five decades, Federated Hermes has maintained a steadfast dedication to products and services that meet investor requirements for diligent credit analysis, broad diversification, competitive yields and daily liquidity. Our decades of experience, history of innovation and unwavering client focus has provided sound money market management through all market environments.

A franchise built through commitment

It begins with a deep bench of experienced liquidity investment professionals who average 25 years of industry experience. Team dynamics play an important role in how we manage money. Our portfolio managers, analysts and traders have developed relationships that often prompt spirited intellectual discussion while enhancing productivity. The liquidity group is a testament to the culture of commitment at Federated Hermes.

Our dedication to serving clients is at the centre of all our investment decisions. The team partners with clients to understand their unique liquidity needs and innovates to support changing market conditions. We innovate by developing liquidity strategies, pioneering regulatory changes, enhancing access to securities and more. We are committed to liquidity management and aim to provide sound liquidity investment opportunities through all market environments.

Portfolio structure: daily attention to detail

Managers consider a number of factors in developing and managing their portfolios day to day. Each of these elements is critical to our goals and requires significant experience and intellectual acuity. The primary factors evaluated are: interest-rate outlook, portfolio constraints, market dynamics and relative value.

Interest-rate outlook

The level and direction of interest rates is fundamental to both structuring and managing a portfolio. We base our interest-rate outlook on a range of analytical factors, including current and expected U.S. economic growth; current and expected rates of inflation; monetary policy; and changes in the supply of or demand for money market-eligible instruments.

Portfolio constraints

Our conservative style in structuring portfolios is rooted in stringent credit analysis, with our portfolio managers and traders choosing specific investments exclusively from a database of approved issuers. This database of issuers is developed and maintained by our credit research team and approved by our credit committees. It is important to note that Federated Hermes manages its portfolios in accordance with our own internal policies and local regulations as well as the applicable regulatory and rating agency rules.

European/UK Money Market Fund Regulation/ Rating Agency Limits (S&P and Fitch)	
Minimum Short-Term Rating (securities)	A1, F1
Maximum maturity of credit exposure	397 days
Maximum maturity of floating rate note exposure	397 days
Maximum credit exposure of 1 working day	10%
Maximum credit exposure over 1 day	5% (exceptions for sovereigns and some government related entities)
Maximum % illiquid assets	0%
Maximum % asset backed securities	15% (up to 20% for Simple Transparent Securitisations)
Minimum % liquidity*	10% overnight, 30% within a week (including sovereigns and some government related entities with maturity up to 190 days or for Fitch 95 days.)
Maximum WAM (weighted average maturity)	60 days
Maximum WAL (weighted average life)	90 days (S&P criteria) (regulation is 120 days)
Transparency of portfolio	Typically monthly, Regulation defines additional reporting

Market dynamics

Portfolio construction also is shaped by three factors representative of the current and expected market environment:

Weighted average maturity (WAM): Depending on the rate environment, our portfolios generally maintain a weighted average maturity that can range from 20 to 60 days for our short-term money market portfolios.

Cash flow: Federated Hermes portfolio managers seek to structure their portfolios in anticipation of flows that can fluctuate based on seasonality and client needs.

Yield curve analysis: By examining the current shape of the yield curve from an historical perspective, portfolio managers strive to take advantage of changes without modifying the portfolio's average maturity or interest-rate risk. This is accomplished through break-even analysis, in which the most attractive securities for investment are identified.

Relative value analysis

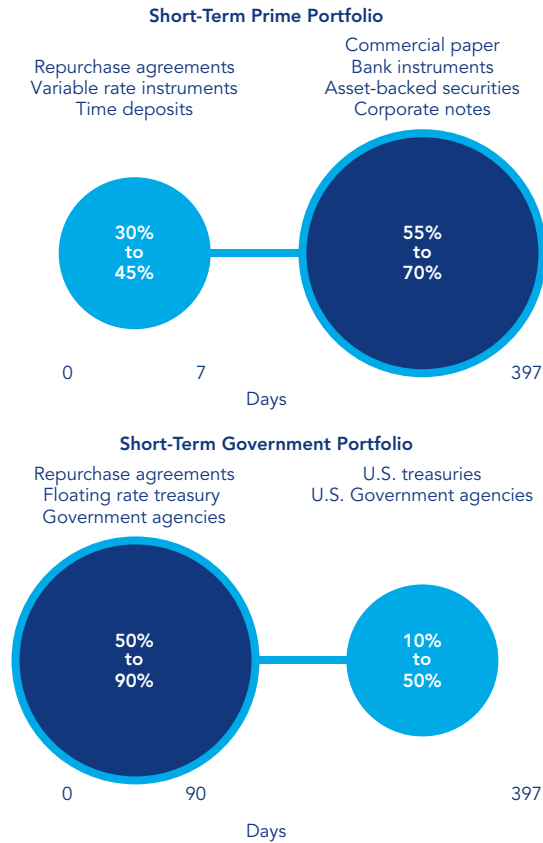
Finally, we seek to invest in instruments we expect to provide better returns than other securities of comparable duration and quality; analyse value between different types of securities; and structure portfolios typically in one of three ways:

- A "laddered" portfolio structure that consists of securities with maturities above, below and at the portfolio average;
- A "bulleted" portfolio structure that consists primarily of securities with maturities close to the portfolio's average maturity; or
- A "barbelled" portfolio structure that consists primarily of securities with maturities above and below the average portfolio maturity. Federated Hermes advocates a barbelled portfolio strategy in most interest-rate environments.

This barbelled portfolio approach allows a portion of the core holdings to be invested in variable-rate securities pegged to an appropriate index, capturing the yield premium generally demanded of longer-dated paper. This, in turn, produces a higher yield on the portfolio over the interest-rate cycle than could be achieved without a barbelled strategy during:

- Volatile markets – this strategy reduces unusual cash flow in and out of the portfolio.
- Rising-rate environments – variable-rate securities will cause the portfolio to reflect these rising interest rates more quickly and reduce cash flow out of the portfolio.
- Falling-rate environments – variable-rate securities discourage money from entering the portfolio as they reset more quickly to the market.
- All environments – variable-rate securities permit a longer average maturity on the remainder of the portfolio.

Federated Hermes' sizeable presence in the money market industry affords access to variable instruments, allowing us to purchase large blocks of securities to be used across all of our money market funds and portfolios.



Credit research: the backbone of our process

The objective of our credit research is simple: to determine whether a security presents minimal credit risk. However, evaluating credit risk requires experience, diligence and attention to detail – hallmarks of Federated Hermes’ decades-long involvement in the money market industry and cash management business.

Analysts: experience in action

The money market credit research team consists of experienced individuals led by the director of research. Analysts specialise by sector, covering issuers within a sector and refining their research process as appropriate. Over time, this specialisation has created important efficiencies. Analysts have developed an in-depth, intrinsic understanding of the companies in a sector, the impact of monetary and fiscal policy on an industry and the behavior of each sector within a credit cycle.

Importantly, they also have developed relationships that facilitate an understanding of management. Each analyst covers a specific type of credit or industry; the number of issuers for which they are responsible depends on the complexity of the structure and industry. The industries we follow include but not are limited to: Asset-Backed Commercial Paper Programs, Banks, Industrials and Government Agencies.

Credit committees: culmination of experience

While the analyst makes a recommendation for rating an issuer, Federated Hermes’ credit committee ultimately makes the decision to approve and assign a rating and to put the issuer on the approved list of securities for purchase and trade.

We have five distinct credit committees:

- Bank credit committee
- Corporate credit committee
- Asset-backed committee
- Repo counterparty credit committee
- Municipal credit committee

Each committee is chaired by the director of investment research. Other voting committee members include two to three portfolio managers and senior analysts. The teams bring to bear a diversity of experience and perspective that results in a rigorous decision-making process, consistent with our investment philosophy. The decisions of the committees incorporate the recommendations of the analysts and the market view of the portfolio managers, with necessary “checks and balances” provided by the chairman.

The committees are charged with reviewing each issuer and assigning an internal Federated Hermes rating. They also ensure the continuity and thoroughness of the research process and confirm that the securities in question are acceptable for use in portfolios governed by local regulations. In addition to initial ratings and ongoing review of the approved list, the credit committees also review any recommendations that a security be upgraded within the Federated Hermes rating system.

The combination of the analysts’ focus on sector with the overarching work of the committee creates an environment in which analysts have the freedom to do their own research but are compelled to present only their best ideas to their peers and senior management. This ensures the integrity and quality of the research process.

Federated Hermes’ credit procedures methodology

- I. Preliminary rating process**
 - a. Analyst presentation and recommendation
 - b. Credit committee member authorisation
 - c. Preliminary rating assignment
- II. Credit committees**
- III. Internal Federated Hermes ranking**
- IV. Surveillance**
 - a. Initial purchases and existing holdings
 - b. Analyst sector assignments
 - c. Upgrades vs. downgrades

While analysts must follow our formalised methodology, they are not forced to apply a cookie-cutter approach or model to their fundamental analytical process. This affords each analyst the flexibility to establish an independent thesis on an issuer and, ultimately, a rating.

Initially, an analyst assesses whether an issuer warrants an approved recommendation within our system. The analysis is then refined and an internal rating recommended. Following that initial approval of the analyst's recommendation, issuers placed in the approved database are rated "1" through "5," with "1" being the strongest. These ratings also provide guidance as to how long a security can be held in a portfolio.

Federated Hermes' process is marked by a conservative bias. A notable element of this conservatism is an analyst's ability to downgrade an issuer without committee approval. This is so that negative credit events are immediately reflected in the database of approved issuers. Adding another layer to our conservative approach, in order to be considered by Federated Hermes, an issuer in most cases must be rated by two nationally recognised statistical rating organisations (NRSROs) that have received the stamp of approval from the SEC.

Qualitative factors: integrated into our research

In our process for evaluating credit risk for securities, we have always considered qualitative factors. Relevant Environmental, Social and Governance (ESG) topics fall within this area of research. In this way, ESG factors are part of our extensive credit process and are incorporated in a non-exclusionary way.

One of the tools we use in our research is a proprietary ESG Dashboard that distills a variety of relevant and financially material information into a user-friendly interface. By using the dashboard, portfolio managers and analysts gain a more expansive view of the potential risks or opportunities of specific securities. While quantitative or financial metrics form the core of our analysis, ESG factors provide additional qualitative insight into potential risks and opportunities faced by an issuer. Inclusion of these ESG factors allows the team to adjust the security's 1 to 5 internal credit rating positively, negatively or not at all and aims to improve portfolio risk-reward characteristics and prospects for long-term outperformance. Our approach does not automatically exclude issuers or sectors, but rather attempts to mitigate risks by identifying companies exhibiting positive (or negative) policies and behaviors.

Fundamental credit research

Analysts begin their assessment of an issuer with pure fundamental credit research, encompassing both quantitative and qualitative measures. Quantitative measures, such as financial ratios and profitability guidelines, are evaluated through the development of models and compared to industry peers and groups. Qualitative measures, such as management effectiveness, are more difficult to assess. Key decision-making criteria at this phase include: direct management contact, discussions with sell-side analysts, attendance at industry conferences, due diligence visits and the review of trade journals and industry publications. Experience plays a key role in an analyst's ability to consistently understand the qualitative factors that play into a company's overall strategy and creditworthiness.

Analysts are trained to focus on our commitment to high quality with a conservative bias. They strive to source the best ideas through stringent analysis while seeking investments that perform across market cycles. While they also evaluate the structure and terms of each security, the underlying credit work is of primary importance in their recommendation. Their work is at the core of our portfolios and ensures that the investments meet our high standards.

Credit analysis: factors for consideration

Each security type and group of industries requires a different analytical approach. At Federated Hermes, the relative importance of the different factors has been assigned a weighting within the overall construct of the analyst's rating. These approaches outline criteria for consideration by the analyst, but also afford the opportunity for the analyst to establish personal theses and research methodologies.

Proprietary technology: boosts efficiency and compliance

FedPorts, Federated Hermes' proprietary trading, portfolio management and compliance system, puts vast amounts of market data in the hands of managers, analysts and traders instantaneously.

A key part of our cash management infrastructure, it allows everyone involved to communicate in real time. FedPorts is programmed on a customised basis for each and every portfolio under management at Federated Hermes. All portfolio constraints, including prohibited securities, final maturities, percentage and quality limitations, agency restrictions, etc., are addressed. The system flags all questionable trades relative to investment policy and prevents trades that would render the portfolio out of compliance. It is both a vital tool to the portfolio manager and a powerful compliance screen and audit trail. We continue to enhance the system with investment guideline compliance rules.

Monitoring

Critical as initial coverage of a security is, analysts spend the majority of their time reviewing an issuer. This surveillance takes place through the coverage of major credit events, such as mergers/acquisitions, management changes and credit rating changes. In addition, quarterly earnings reports and annual reports are analysed. On a monthly basis, all asset-backed deals are reviewed in terms of current and historical losses, loss protection and receivables turnover. In terms of work product and communication, analysts release notes on credit events and quarterly earnings updates via email to the money market team (other analysts, portfolio managers, traders and senior management). These products and communications also are warehoused electronically. In addition, analysts write industry updates, discussing all companies in a given sector, outlining major issues facing a group and highlighting trends.

The major sectors and types of non-municipal securities that we cover include:

Banks

To be considered, a domestic bank must have at least \$100 million in equity and be among the largest 100 banks, or be a subsidiary of one of the top 100 largest bank holding companies. An international bank must be among the top 150 banks in the world.

Once an issuer has met these minimum standards, the analyst uses fundamental research methods to assess the creditworthiness of the issuer. This is basic “blocking and tackling work,” including analysis of financial statements, assessment of financial structure and liquidity and impact of market and competitor activity. Federated Hermes analysts apply an approach, identified by the acronym “CAMEL,” in evaluating bank credits.

The analyst then assigns an allocation, or weighting, to each of the elements, so that the element we consider most important receives priority in the rating process.

Key elements

C	Capital	Assess the quality of capital and perceived level of risk in the institution’s business.
A	Asset quality	Single most important category with respect to bank analysis. Conservative underwriting criteria are the keys to success. We are mindful of off-balance-sheet exposures.
M	Management	Management is concerned with ownership and market presence, as well as quality and depth of management. Credibility of management is important.
E	Earnings	Diversity across product lines is vital. Evaluate the quality of earnings. Focus on expense management.
L	Liquidity	An expanded definition of “liquidity” would encompass financial flexibility. In a sense, the liquidity review focuses on the ability to turn assets into cash.

Repo counterparties

We have stringent contractual, operational and credit-quality requirements for repurchase agreements used in our portfolios. Our approved repo counterparties are held to the same standards we set for unsecured exposure in our short-term money market liquidity portfolios, using the in-depth credit process described in other areas of this viewpoint. Because we rely on the same credit foundation, we consider ESG factors to be integrated into the evaluation of counterparties in the same thoughtful manner applied to all of our issuers. In addition to meeting credit quality requirements, we must be comfortable with the issuer’s ability to meet the operational requirements of repurchase agreement transactions, and we monitor the amount and duration of each at both the fund level and across all of our portfolios. Our objective in arranging repurchase agreements is to obtain a perfected security interest in the collateral posted in the transaction, while being certain that the collateral is appropriate both for the portfolio and in terms of market value.

Insurance companies

An analyst evaluating insurance companies would consider elements similar to those considered by an analyst looking at banks.

Key elements

Capital	Assess the quality of capital and perceived level of risk in the institution’s business.
Asset/Liability	Evaluate underwriting criteria and process.
Management profitability	Analyse financial ratios. Evaluate quality of earnings with a focus on margin and expense management.
Liquidity	Understand financial flexibility and ability to turn assets into cash.
Product mix	Consider diversity of product line and correlation of sources of revenue.

Asset-backed commercial paper

The asset-backed market makes up a significant amount of the dealer-placed commercial paper market. An asset-backed commercial paper conduit is a limited-purpose finance company that issues commercial paper to finance the purchase of assets. Repayment of the commercial paper is intended to be obtained from an identified pool of assets. Some asset types include receivables generated from trade and credit card loans.

As with other security types and sectors, the analysis of the underlying credit is important, but a rigorous legal review of the structure is also incorporated. Federated Hermes’ legal team obtains and reviews all legal documents involved with asset-backed commercial programs before the analyst makes a recommendation to the asset-backed committee. The credit factors considered are similar to the areas previously mentioned.

Asset quality Key elements

Credit enhancement	Assess the nature of the receivables.
Liquidity risk	Analyse the financial risk and characteristics.
Structural risk	Obtain and review a legal opinion of structure.
Pool diversification	Evaluate by obligor and geography.
Receivables type	Assess risk of receivables.
Sellers	Single- or multi-seller conduit.
Servicer quality	What is the reputation of the seller? How long has the servicer been in business?

Industrial companies

With industrial credits, as with banks and insurance companies, the goal of credit analysis is elegant in its simplicity: evaluate the ability of a company to pay its obligations. In practice, this goal requires skill, judgment and experience to evaluate the financial and business risk of each company.

Profitability	Evaluate financial characteristics and the ability of the company to service its debt.
Capitalisation	Evaluate the capital structure. Is the company adequately and efficiently capitalised?
Liquidity	Determine the degree of financial flexibility.
Qualitative	Review industry characteristics and the company's management. Consider competitive position in terms of marketing, technology and efficiency.

Again, this process focuses on the combination of quantitative and qualitative measures. Financial ratios are evaluated and assessments of the quality of management are made and incorporated into the analyst's opinion.

What sets us apart: tenure and experience

In summary, Federated Hermes is recognised as an industry leader in money market management. We have nearly 50 years of demonstrated effective credit analysis and experience guiding our investment decisions. Key advantages we bring to the management of money market portfolios include:

- Never broken \$1.00 NAV for Federated Hermes stable NAV money market portfolios*
- Never owned a defaulted security in our taxable money market portfolios
- Never had to infuse capital to protect NAV*
- Helped to pioneer the amortised cost method for valuing shares of money market funds
- Our portfolios generally invest only in those issuers that have received the highest rating by two NRSROs or issuers of equivalent quality to securities in the two highest rating categories. Plus, our analysts have the ability to downgrade a security without credit committee approval so that negative credit events are immediately reflected in our portfolios.

* Although Federated Hermes stable NAV money market portfolios have never broken the \$1.00 stated price, there is no guarantee that such price stability will be achieved in the future.

Federated Hermes: a money market leader and your investment partner

Managing cash is key to both short-term stability and long-term profitability. Effective cash management can provide a secure revenue stream and enhanced flexibility by pursuing three core objectives: preserving capital, maintaining liquidity and maximising yield. Although these objectives are straightforward, consistently achieving them over decades requires exceptional resources, experience, innovation and commitment.

We believe that Federated Hermes' combination of continuing innovation, breadth of experience and commitment to clients makes us uniquely qualified to deliver a diverse array of cash management solutions customised to our clients' exacting and evolving needs. At Federated Hermes, managing cash and advising our clients' cash is more than a business line; it's a fundamental strength of our business – our experience in liquidity management spans 45 years. We invite you to leverage our many capabilities to optimise your cash management opportunities.

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.

For professional investors only. The value of investments and income from them may go down as well as up, and you may not get back the original amount invested.

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Diversification does not assure a profit nor protect against loss.

Weighted average maturity (WAM) is the mean average of the periods of time remaining until the securities held in the fund's portfolio (a) are scheduled to be repaid, (b) would be repaid upon a demand by the fund or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates, if their scheduled maturity is 397 days or less, and the later of the two dates if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

Yield curve: Graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.

Duration: A measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

Repurchase agreement: Agreement between a seller and a buyer, usually of U.S. government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and, usually, at a stated time. Repos are widely used both as a money market investment vehicle and as an instrument of Federal Reserve monetary policy.

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.

Variable and floating-rate loans and securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating-rate loans and securities generally will not increase in value as much as fixed-rate debt instruments if interest rates decline.

Fluctuating NAV/Institutional Money Markets

You could lose money by investing in the Fund. Because the share price of the Fund will fluctuate, when you sell your shares, they may be worth more or less than what you originally paid for them. The Fund may impose a fee upon sale of your shares. An investment in the Fund is not a bank account and is not insured or guaranteed by

the Federal Deposit Insurance Company or any other government agency. The Fund's sponsor is not required to reimburse the Fund for losses, and you should not expect that the sponsor will provide financial support to the Fund at any time, including during periods of market stress.

Government/Treasury Money Markets

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so.

An investment in the Fund is not a bank account and is not insured or guaranteed by the Federal Deposit Insurance Company or any other government agency. The Fund's sponsor is not required to reimburse the Fund for losses, and you should not expect that the sponsor will provide financial support to the Fund at any time, including during periods of market stress.