

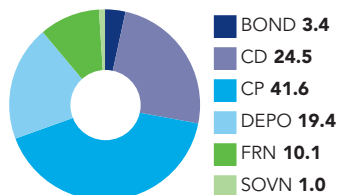
Federated Hermes Short-Term Sterling Prime Fund

Class 2 Shares - income

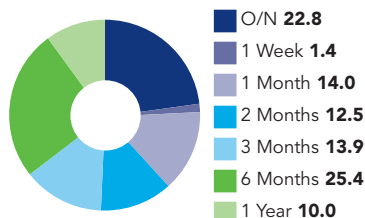
Standard and Poor's AAAm rated | Fitch AAAMmf

31 August 2021

Portfolio composition (%)



Effective maturity schedule (%)



Weighted average maturity

56.86 days

Weighted average life

72.49 days

Liquidity

Daily 24.18%

Weekly 33.10%

Fund information

| | |
|-----------------|--------------------|
| Domicile | UK |
| Structure | OEIC UCITS |
| Launch date | 31 March 2008 |
| Dealing cut off | 1.30pm London Time |
| Liquidity | Same Day |
| Currency | GBP |
| Fund type | LVNAV |
| Fund volume | £4.9 billion |

Key investment team



Gary Skedge
Vice President
Head of U.K. Cash Management Team
Senior Portfolio Manager



Joanne Bartell
Assistant Vice President
Portfolio Manager

Investment objective and strategy

The fund aims to provide income whilst preserving principal through investment in Sterling denominated short-term debt and fixed income securities. The fund will invest in high quality, liquid securities, aiming to achieve short-term money market returns with capital preservation or at the value of the investors' initial capital plus earnings. The fund is a short-term money market fund.

Investment manager's report

U.K. inflation for July fell from 2.5% to 2%, lower than forecast. Food prices fell by 0.5% and fuel prices by 2.6%, with core consumer price index (CPI) at 1.8%. Clothing and the hospitality sector fell from last July's unusually high prices. August should see a reverse in this likely temporary decline. An annual rate of 4.5% is still being forecast for year-end, before dropping in 2022 toward the Bank of England's 2% target. The unemployment rate edged lower for the three months to June to 4.7% with 95,000 new jobs being created. PAYE employment for July rose by 182,000, suggesting that the peak in unemployment of 5.2% may have been reached. The estimated shortage of 100,000 lorry drivers, as well as other vacancies, will be a cause of concern for the Bank of England as regards earnings. Weekly earnings increased to 8.8% and further increases cannot be discounted despite the job retention plan ending in September. There are estimates of 1.7 million jobs to be filled, a 193,000-weekly increase. Increased tax receipts and lower government spending saw a drop in borrowing with a £10.4 billion deficit for July, a decrease of £12.4 billion from the prior month with total tax receipts improving 12.7% over the month to £70.1 billion. Retail sales fell as food sales decreased 1.5%, mainly down to the Euro football championship boost in June. A further 10% drop in second-hand goods and computer games contributed to an overall decline of 2.5% in the month. Sterling issuance levels tightened for periods up to year-end, with the 3-month London interbank offered rate (Libor) dropping to 0.064% and overnight repo levels barely moving from 2 basis points, before trading at negative 11 basis points at month-end. Longer yields cheapened, with 1-year Libor increasing by 3 basis points to 0.217% and with improved bank issuance levels, mainly from the Canadian sector. Floating-rate levels remained benign in August with very limited issuance.

Net average annual total returns (%)

(See important legal information)

| Cumulative 3-month | Year to date | 1-year | 3-year | 5-year | 10-year | Since inception |
|--------------------|--------------|--------|--------|--------|---------|-----------------|
| 0.01 | 0.01 | 0.04 | 0.47 | 0.44 | 0.51 | 0.91 |

Share class details

| Class | ISIN | SEDOL | Dividend | Ongoing charges* | Min initial investment |
|-------|--------------|---------|----------|------------------|------------------------|
| 2 INC | GB00B2R5TD77 | B2R5TD7 | Income | 6 bps | N/A |

*The ongoing charges figure is based on the annual management charge and the running costs of the fund for the 12 month period ending 31 December 2020. It excludes portfolio transaction costs. The ongoing charges figure may vary from year to year.

Top portfolio issuers

Nationwide Building Society
Mizuho Financial Group, Inc.
Societe Generale
JPMorgan Chase & Co.
Nordea Bank Abp

Sumitomo Mitsui Financial Group, Inc.
Royal Bank of Canada
France, Government of
BNP Paribas SA
Toronto Dominion Bank

These holdings may not be indicative of future portfolio composition. Because this is a managed portfolio, the investment mix will change.

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Class 2 Shares - income

Federated Hermes (UK) LLP

Federated Hermes (UK) LLP offers liquidity fund products on a wholesale, competitive basis for a variety of corporate and institutional investors to distribute to their client base or use in the management of their own liquidity. Originally established in 2007 under the name Prime Rate Capital Management LLP, as an independent, UK-domiciled specialist provider of AAA-rated liquidity funds (known as Qualifying Money Market Funds), it was acquired on 13 April 2012 by Federated Investors, Inc., one of the largest investment managers in the US. On 23 September 2013 it was renamed Federated Investors (UK) LLP. On 18 June 2020, Federated Investors (UK) LLP was renamed Federated Hermes (UK) LLP.

About Federated Hermes

A financial industry pioneer since 1955, Federated Hermes, Inc ("Federated Hermes," formerly, "Federated Investors, Inc.") is one of the largest US investment managers. Known for our stability, diligence and diverse product line, Federated Hermes takes the long view, believing that doing business the right way over time will present opportunity for future growth. We apply the same approach to managing our international undertakings, which began in 1984 with the launch of one of the first international equity funds. Since then Federated Hermes has established a host of international funds and offices, including Federated International Management Limited ("FIML") in Dublin to manage Irish domiciled UCITS, Federated Hermes (UK) LLP (formerly Federated Investors (UK) LLP), to manage UK-domiciled UCITS, as well as Federated Investors Canada ULC, to manage a Canadian fund, and the Federated Hermes Short-Term Daily U.S. Dollar Fund, Ltd., based in the Cayman Islands. Highly experienced investment professionals direct our operations, and we continually look to increase our robust global footprint through organic growth and strategic acquisitions.

Important legal information

This document is issued by Federated Hermes (UK) LLP of 150 Cheapside, London, EC2V 6ET, a limited liability partnership registered in England OC327292 which is authorised and regulated by the Financial Conduct Authority with FCA reference number 469674. Past performance is no guarantee of future performance and the value of investments and income (yield) from them may fall as well as rise and investors may not get back the amount originally invested. Although the fund will attempt to maintain a stable net asset value per share, there is no assurance it will be able to do so. Shares of money market funds are not bank deposits and are not guaranteed by any government agency or other entity. For detailed information on the specific risks of investment, please refer to the fund's prospectus. Tax assumptions are subject to statutory change and the value of tax reliefs will depend on individual circumstances. Portfolio holdings are as of the date indicated, are subject to change, are not indicative of future holdings, and should not be viewed as a recommendation, investment advice or suitability of any investment. Fund credit ratings are based on an evaluation of several factors, including credit quality, diversification, and maturity of assets in the portfolio, as well as management strength and operational capabilities. Ratings of funds and their portfolio holdings are subject to change and do not remove market risks. Applications to invest must only be made on the basis of the offer document relating to the investment, which is only available to Eligible Counterparties and Professional Clients.

The Federated Hermes Short-Term Sterling Prime Fund is a sub-fund of the umbrella fund, Federated Hermes Cash Management Funds which is an OEIC governed by UK law and authorised by the FCA. Any investment in the funds is made subject to the terms of the Funds' Prospectus and relevant Key Investor Information Document, which are available in English free of charge from the Investment Manager, Federated Hermes (UK) LLP, 150 Cheapside, London, EC2V 6ET.

For a copy of the Prospectus, Key Investor Information Document, information on portfolio holdings or other matters, please contact us on +44 (0) 20 7618 2600, or email us on info@FederatedInvestors.co.uk. Alternatively please see the information on our website at FederatedInvestors.co.uk.

Further information

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