

Federated Hermes Short-Term Sterling Prime Fund

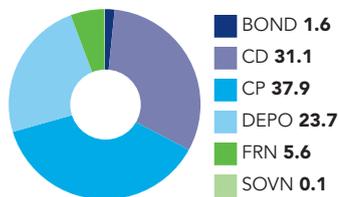
Class 8 Shares - accumulation

Standard and Poor's AAAm rated | Fitch AAAmmf

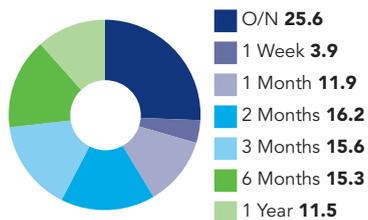
Federated
Hermes

31 March 2021

Portfolio composition (%)



Effective maturity schedule (%)



Weighted average maturity

51.03 days

Weighted average life

70.62 days

Liquidity

Daily 25.64%

Weekly 34.99%

Fund information

| | |
|-----------------|--------------------|
| Domicile | UK |
| Structure | OEIC UCITS |
| Launch date | 09 January 2009 |
| Dealing cut off | 1.30pm London Time |
| Liquidity | T+1 |
| Currency | GBP |
| Fund type | LVNAV |
| Fund volume | £6.0 billion |

Portfolio managers



Dennis Gepp
Senior Vice President
Managing Director & CIO



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

The vaccine rollout in the U.K. continued at a good pace, with more than 31,700,000 people receiving first doses and 5,680,000 fully vaccinated. However, the government warned of a shortfall in the coming weeks due to vaccine supply issues. The news should bode well for the services sector of the economy. The latest reading of 56.3 suggests further expansion in the coming months. The IMF upgraded its U.K. growth outlook to 5% for 2021, but concerns remain about inflation in 2022. The bond markets continue to show higher yields despite central banks sticking to their game plan of keeping interest rates low until inflation and employment show signs of returning to pre-pandemic levels. U.K. annual inflation for February fell to 0.4% from 0.7% in January due to discounting in clothing. The drop is expected to reverse in the near future, but it remains to be seen if that will persist. The ten-year gilt yield touched 0.87% mid-month before easing 10 basis points, but it is still considerably higher than the low of 0.08% seen in August 2020. The short end of the yield curve edged slightly higher during the month, with 3-month sterling Libor up 2 basis points at 0.09% and 6-month Libor up 3 basis points to 0.11%. With the furlough job retention scheme still clouding the true employment data, the unemployment rate fell to 5% from 5.1%. Some expectations are for a high of 6%, with the scheme scheduled to end in September. PAYE data are more encouraging, showing that employment grew for a third consecutive month. Borrowing figures for February came in below expectations at £19.1 billion but are still in line with the Office for Budget Responsibility forecast of £355 billion for the 2020-21 fiscal year. Quarter-end saw pressure on sterling rates as repo traded in negative territory coinciding with banks limiting their short-term liabilities.

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 |
|--------------------|--------------|--------|--------|--------|---------|-----------------|
| 0.00 | 0.00 | 0.10 | 0.50 | 0.44 | 0.50 | 0.61 |

Share class details

| Class | ISIN | SEDOL | Dividend | Ongoing charges* | Min initial investment |
|-------|--------------|---------|--------------|------------------|------------------------|
| 8 ACC | GB00B2R5TL51 | B2R5TL5 | Accumulating | 10 bps | £30,000,000 |

*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

| | |
|------------------------------|-----------------------|
| Nordea Bank Abp | BNP Paribas SA |
| Cooperatieve Rabobank UA | JPMorgan Chase & Co. |
| Mizuho Financial Group, Inc. | Royal Bank of Canada |
| France, Government of | Credit Agricole Group |
| Wells Fargo & Co. | |

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 8 Shares - accumulation

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 Asset Management GmbH in Frankfurt to service German-speaking countries, 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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