

# Annual Report and Financial Statements

For the year ended **31 March 2023**



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## Federated Hermes Cash Management Funds

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Federated Hermes Short-Term Sterling Prime Fund

Federated Hermes Sterling Cash Plus Fund

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# AUTHORISED CORPORATE DIRECTOR'S REPORT

We are pleased to present the Annual Report and Financial Statements for Federated Hermes Cash Management Funds (the "Company") covering the 12 months to 31 March 2023.

## AUTHORISED STATUS OF THE COMPANY AND ACD

The Company is an investment company with variable capital incorporated in England and Wales. The Company was authorised under Regulation 14 of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations") on 6 February 2008, and is regulated by the Financial Conduct Authority (the "FCA") (PRN: 475469).

We, Federated Hermes (UK) LLP, act as the authorised corporate director of the Company (the "ACD"). The ACD is the sole director of the Company with responsibility for the management and administration of the Company. The ACD provides investment management services to the Company, and as such provides the 'Investment Manager' commentary in this report. We are authorised and regulated by the FCA (FRN: 469674).

## INFORMATION ABOUT THE COMPANY

### Structure and UK UCITS classification

The Company is an umbrella scheme comprising the following sub-funds (each a "Fund", collectively the "Funds"):

- Federated Hermes Short-Term Sterling Prime Fund
- Federated Hermes Sterling Cash Plus Fund
- Federated Hermes US Dollar Cash Plus Fund\*
- Federated Hermes Euro Cash Plus Fund\*
- Federated Hermes Sterling Short Duration Bond Fund\*
- Federated Hermes US Dollar Short Duration Bond Fund\*
- Federated Hermes Euro Short Duration Bond Fund\*

\* These Funds did not operate during the reporting period and are not available for investment. They have not been notified or registered for distribution in any jurisdiction, and shares in these Funds may not be distributed in any jurisdiction.

The Company and each Fund are classified as UK UCITS for the purposes of the UK regulatory regime, and as third country alternative investment funds under the European Union ("EU") regulatory regime.

### Funds that operated during the reporting period

The following Funds operated during the reporting period and are currently available for investment:

- Federated Hermes Short-Term Sterling Prime Fund
- Federated Hermes Sterling Cash Plus Fund

## Fund and shareholder liabilities

Each Fund is operated as a distinct fund, with its own segregated portfolio of investments. The assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against any other person or body, including the Company or any other Fund, and shall not be available for any such purpose.

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after the purchase price of the shares has been paid.

## Money market fund classification

Certain of the Funds are money market funds ("MMFs"). There are different types of MMFs, and the applicable requirements will depend on the classification of the particular MMF. Under the UK regulatory regime the requirements depend on:

- whether the MMF is a public debt constant net asset value MMF, a low volatility net asset value ("UK LVNAV") MMF or a variable net asset value ("UK VNAV") MMF under the EU Money Market Funds Regulation as onshored in the UK ("UK MMF Regulation");
- whether the MMF is a short-term MMF or a standard MMF under the UK MMF Regulation; and
- whether the MMF is a qualifying MMF under the EU Markets in Financial Instruments Directive 2014/65 as incorporated into UK law ("UK MiFID II").

For the Company, the Funds that are MMFs are listed below together with their classification:

Fund	Type of MMF	Short-term or standard	Qualifying MMF for UK MiFID II
Federated Hermes Short-Term Sterling Prime Fund	UK LVNAV	Short-Term	Yes
Federated Hermes Euro Cash Plus Fund*	UK VNAV	Standard	No
Federated Hermes Sterling Cash Plus Fund	UK VNAV	Standard	No
Federated Hermes US Dollar Cash Plus Fund*	UK VNAV	Standard	No

\* Federated Hermes Euro Cash Plus Fund and Federated Hermes US Dollar Cash Plus Fund did not operate during the 12-month period ended 31 March 2023.

# AUTHORISED CORPORATE DIRECTOR'S REPORT (CONTINUED)

## INFORMATION ABOUT THE COMPANY (CONTINUED)

### Investment objective and policies

Information regarding the investment objective and investment policy of each Fund that operated during the reporting period is set out in the report for the relevant Fund.

### Investment activities during period

Information regarding particular economic, market and regulatory developments during the reporting period that impacted or are otherwise relevant to the Company's investment activities is set out in the 'Investment Manager's Report for all Funds'.

For each of the Funds that operated during the reporting period, information regarding the investment activities of the Fund is included in the report and financial statements for the relevant Fund. The report for each Fund also includes information regarding past performance, the Fund's risk and reward indicator, and a portfolio statement for the Fund as at the end of the reporting period.

### Purchase and redemption of shares

Shares can be purchased and redeemed in the manner described in the prospectus of the Company (the "Prospectus").

### Valuation and Share Prices

The Funds described herein are valued on each UK business day at 1.30pm. Share prices are published on the ACD's website ([FederatedHermes.com/us/uk-ucits](https://www.federatedhermes.com/us/uk-ucits)) and are available by telephoning +44 (0) 20 7292 8620. Each Fund deals on a forward pricing basis (and not on the basis of published prices). A forward price is a price calculated at the next valuation point after the sale or redemption is agreed. Certain share classes of the Federated Hermes Short-Term Sterling Prime Fund may deal on a historic pricing basis, but these are not currently available and were not invested during the year ended 31 March 2023.

### UK Securities Financing Transactions Regulation

The Regulation on Reporting and Transparency of Securities Financing Transactions (as incorporated into UK law) requires exposure to securities financing transactions ("SFTs") and total return swaps to be disclosed in reports and accounts. SFTs include repurchase agreements and reverse repurchase agreements, as well as securities lending transactions.

Information regarding the expected usage of SFTs and total return swaps by the Funds is set out in the Prospectus. As at 31 March 2023, the Funds did not hold any SFTs. For information regarding the Funds' holdings of repurchase and reverse repurchase agreements during the financial year to 31 March 2023, see 'Repurchase and Reverse Repurchase Agreements' under 'Accounting Policies'.

### Holdings in other Funds of the Company

A Fund may invest in another Fund subject to certain requirements (as described in the Prospectus).

The table below details the number and value of shares in each Fund that were held by another Fund within the

Company as at 31 March 2023. This information is also set out in the Portfolio Statement for the Fund that held shares in another Fund.

Federated Hermes Short-Term Sterling Prime Fund Held by	Number of shares held	Value of shares held
Federated Hermes Sterling Cash Plus Fund	12,667,162	12,667,162

No shares of Federated Hermes Sterling Cash Plus Fund were held by another Fund within the Company as at 31 March 2023.

### Further information

Further details about the Company and the Funds are set out in the Prospectus which is available on the ACD's website ([FederatedHermes.com/us/uk-ucits](https://www.federatedhermes.com/us/uk-ucits)) or upon request.

### Contact information and service providers

Details of the key contacts and service providers for the Company are given under 'Directory' at the end of this report.

## ASSESSMENT OF VALUE

We are pleased to include in this Annual Report details of our fourth value assessment for the Funds that operated during the reporting period, which can be found on pages 48 to 51. Our aim has consistently been to ensure the Funds continue to achieve their investment objective and meet the expectations of investors. We undertook a detailed assessment of whether the Funds are providing value to investors for the 12 month period to 31 December 2022. The purpose of the assessment is to determine whether the costs and charges paid by investors in each Fund are justified by the performance of the Fund and service provided to investors. Our assessment took into consideration the investment objective of each Fund, the performance and costs of each Fund and peer funds and products, and the overall experience of investors. We are pleased to confirm our view that the Funds provided good value to investors. For further information, please see 'Assessment of Value for the Funds' on pages 48 to 51.

## CHANGES TO THE COMPANY

We have set out below information regarding certain changes to the Company during the year ended 31 March 2023. These involved certain changes to the documentation of the Company, including the Prospectus and key investor information documents ("KIIDs") for the Funds, as well as a change to the share price calculation methodology used for the Federated Hermes Short-Term Sterling Prime Fund. None of the changes were fundamental or significant for the purposes of the OEIC Regulations, and therefore did not require Shareholder approval or the provision of a long period of advanced notice to Shareholders.

- For the Federated Hermes Short-Term Sterling Prime Fund, the minimum initial investment amount for the following share classes was reduced from £30,000,000 to £5,000,000 with effect from 30 June 2022:
  - Class 3 Shares – income;
  - Class 3 Shares – accumulation (N); and
  - Class 8 Shares – accumulation.

# AUTHORISED CORPORATE DIRECTOR'S REPORT (CONTINUED)

## CHANGES TO THE COMPANY (CONTINUED)

- The Prospectus was updated on 30 June 2022 to make a number of updates and amendments including reflecting the reduction in the minimum initial investment amount for the Federated Hermes Short-Term Sterling Prime Fund noted above, and also:
  - amending the description of eligibility criteria for all of the Funds to clarify that for shareholders investing through an intermediary, the minimum investment criteria must be satisfied by the intermediary and not each underlying investor; and
  - amending the description of the arrangements for publishing the share price of the Funds to state that for the accumulation share classes of any UK LVNAV MMF (currently only Class 8 Shares – accumulation of the Federated Hermes Short-Term Sterling Prime Fund), the share price will be published to four decimal places.
- For the Federated Hermes Short-Term Sterling Prime Fund, a change was made to the methodology for calculating the share price with effect from 27 June 2022. The purpose of the change was to ensure the accumulation share classes and income share classes have consistent performance. Under the updated methodology, the share price for the accumulation share classes of the Fund uses the constant net asset value ("NAV") per share on the previous dealing day. Daily income earned by the Fund and allocated to the share class is added to the previous dealing day's constant NAV per share. The ACD continues to undertake mark-to-market or mark-to-model valuations in accordance with applicable regulatory requirements in order to determine that use of the constant NAV per share is permissible and appropriate.
- For Federated Hermes Sterling Cash Plus Fund, two share classes – Class 3 EUR Shares – accumulation and Class 3 USD Shares – accumulation – were closed to investors with effect from 13 January 2023, and were officially terminated with the FCA on 31 March 2023.
- The composition of the Governing Body of the ACD changed as follows:
  - Mr Gordon Ceresino resigned as a member of the governing body with effect from 31 December 2022.
  - Mr Ian Kennedy was appointed as a member of the governing body with effect from 30 January 2023.
- The Prospectus was further updated on 31 March 2023 to make a number of updates and amendments, including:
  - removing references to Class 3 EUR Shares-accumulation and Class 3 USD Shares-accumulation of the Federated Hermes Sterling Cash Plus Fund following the closures of these share classes, as noted above;
  - clarifying the description of the circumstances when a dilution levy may be imposed in relation to large

deals by shareholders in order to provide a fuller description of the ACD's process and approach to managing dilution risk;

- updating the biographies of the members of the Governing Body of the ACD to reflect the changes to the composition of the Governing Body described above and to update the biographies for Mr Gregory Dulski and Ms Deborah Cunningham;
- updating the registered office address of The Bank of New York Mellon (International) Limited, which acts as the Depositary and Administrator of the Company;
- updating the courier postal address for investors dealing in shares in the Company;
- updating the past performance information for the Funds to 31 December 2022; and
- updating the list of sub-custodians appointed by The Bank of New York Mellon (International) Limited as Depositary.

## STATEMENT OF THE ACD'S RESPONSIBILITIES

The ACD is responsible for managing and administering the Company's affairs in compliance with the OEIC Regulations and the Collective Investment Scheme Sourcebook ("COLL Sourcebook") published by the FCA, and in accordance with the Company's instrument of incorporation ("Instrument") and the Prospectus.

The ACD is required to prepare financial statements for each accounting period which give a true and fair view of the financial affairs of the Company, and of its net revenue or expenditures and net gains or losses on the scheme property of the Company for the period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice applicable to the Financial Statements of Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practices (UK accounting standards and applicable law) ("UK GAAP") including FRS 102 ("the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland");
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for maintaining proper books of accounts which disclose, with reasonable accuracy at any time, the financial position of the Company. The ACD is responsible for maintaining an appropriate system of internal controls and for taking all reasonable steps for the prevention and detection of fraud and other irregularities.

## AUTHORISED CORPORATE DIRECTOR'S REPORT (CONTINUED)

### DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each designated member of the ACD at the time this report was approved:

- so far as that designated member was aware there was no relevant available information of which the Company's auditors were unaware; and
- that designated member had taken all steps that the designated member ought to have taken as a designated member to make itself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

### AUTHORISED CORPORATE DIRECTOR STATEMENT

The Annual Report and Financial Statements of the Company are approved in accordance with the requirements of the COLL Sourcebook by Federated Hermes (UK) LLP as the ACD of the Company.



**Gregory P. Dulski**

For and on behalf of Federated Hermes (UK) LLP as  
the authorised corporate director of Federated Hermes Cash  
Management Funds

28 June 2023

# DEPOSITARY'S REPORT TO THE SHAREHOLDERS OF FEDERATED HERMES CASH MANAGEMENT FUNDS

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF FEDERATED HERMES CASH MANAGEMENT FUNDS (THE "COMPANY") AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE COMPANY FOR THE PERIOD ENDED 31 MARCH 2023.

The Bank of New York Mellon (International) Limited (the "Depositary") must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, and the Money Market Funds Regulation, as amended (together "the Regulations"), and the Company's instrument of incorporation and Prospectus (together "the Scheme Documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored<sup>1</sup> and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of shares of the Company are carried out in accordance with the Regulations;
- the value of shares of the Company is calculated in accordance with the Regulations;

<sup>1</sup> This requirement on the Depositary applied from 18 March 2016.

- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of Federated Hermes (UK) LLP, acting in its capacity as the authorised fund manager (the "AFM") of the Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and Scheme Documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme Documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

For and on behalf of  
The Bank of New York Mellon (International) Limited  
160 Queen Victoria Street  
London EC4V 4LA

### Manager



Date 28 June 2023



# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FEDERATED HERMES CASH MANAGEMENT FUNDS

## OPINION

We have audited the financial statements of Federated Hermes Cash Management Funds ("the Company") comprising each of its sub-funds for the year ended 31 March 2023, which comprise the Statement of Total Return, the Statement of Changes in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 March 2023 and of the net revenue and the net capital gains on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ("the ACD") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

## OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE RULES OF THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK OF THE FINANCIAL CONDUCT AUTHORITY (THE "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the FCA and the Instrument of Incorporation; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the FCA requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit

## RESPONSIBILITIES OF THE ACD

As explained more fully in the ACDs responsibilities statement set out on page 4, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going



# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FEDERATED HERMES CASH MANAGEMENT FUNDS (CONTINUED)

## RESPONSIBILITIES OF THE ACD (CONTINUED)

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to wind up or terminate the Company or to cease operations, or has no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice (UK GAAP), Investment Management Association's Statement of Recommended Practice (IMA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.

- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## USE OF OUR REPORT

This report is made solely to the Company's Shareholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the FCA. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP  
Statutory Auditor  
Edinburgh

28 June 2023

# INVESTMENT MANAGERS' REPORT FOR ALL FUNDS

We continue to closely monitor economic, market and regulatory developments that may impact Federated Hermes Cash Management Funds (the "Company").

## COVID-19

The outbreak of the pandemic caused by the novel coronavirus ("Covid 19") first detected in December 2019 continues. During the first quarter of 2022, the UK Government took steps to encourage a return to normality. Although restrictions in the UK and most major economies have been relaxed, Covid-19 remains a constant presence. The virus is expected to continue to mutate, and despite the roll-out of vaccination programmes, there is an expectation that there will be a continuous cycle of peaks and troughs in the number of infections for a period of time. Even with the removal or relaxation of restrictions related to Covid-19, countries continue to experience issues with recruitment, sickness, and supply chains, as well as pressure on medical services, particularly the National Health Service in the UK.

The circumstances described above, and the consequences for the economy described below under 'Economic & Market Overview', could adversely affect the investment performance of the Funds. Regarding the operation of the Company, for the financial year ended 31 March 2023, Covid-19 did not impact the ability of the ACD to manage its day-to-day affairs. Business continuity was maintained, with the ACD and the Company's service providers continuing to operate from remote locations and offices without significant disruption to normal service.

## UNITED KINGDOM WITHDRAWAL FROM THE EUROPEAN UNION (BREXIT)

The UK left the European Union ("EU") on 31 January 2020. Although the EU and UK reached an agreement on 24 December 2020 regarding the overall structure of the ongoing relationship, negotiations continue on a range of detailed aspects of the relationship, including the UK's status as a third country and the concept of equivalence.

Brexit-related 'bumps in the road' persist, such as the continued rhetoric in the UK around re-writing the statute book to eliminate Brussels-originated red tape. The Northern Ireland Protocol has been one of the more sizeable 'bumps'. On 27 February 2023 the UK Government published The Windsor Framework, which sets out a new basis for trade between Northern Ireland and the rest of the UK. The 'solutions' in the Windsor Framework are not necessarily revolutionary, though may be indicative of the EU's greater willingness to deal with the current Prime Minister, Mr Sunak, over his predecessors.

The so-called Brexit Freedoms Bill and the Financial Services and Markets Bill set out the legislative framework for addressing the body of EU law retained in the UK, but the extent to which this will result in deviations between the EU and UK regimes is still unfolding. The so-called "bonfire of red tape" was to be achieved in part by the EU law (Revocation and Reform) Bill. However, the UK Government has discarded the previously proposed approach of automatically revoking a significant portion of retained EU law at the end of 2023, and will instead prepare a list of the retained EU laws that it intends to revoke. We await further developments.

The UK's standing has been affected by post-Brexit uncertainties and political wrangling between the EU and UK. This has, however, been exacerbated—and arguably overshadowed—by Covid-19, the war in Ukraine, recent disastrous missteps by the UK Government, and the resulting economic stress it caused, as discussed further under 'Economic & Market Overview'.

## WAR IN UKRAINE

The Russian invasion of Ukraine on 24 February 2022 and resulting war will impact the geopolitical arena for years to come.

Russia's actions have been met with international condemnation. Sanctions against Russia and certain institutions and individuals connected with the ruling regime in Russia have been imposed by the US, UK and many of the major economies. The war has caused the largest refugee and humanitarian crisis within Europe since the Yugoslav Wars in the 1990s. In the first week of the invasion, the United Nations reported over a million refugees had fled Ukraine; this subsequently rose to over 8.1 million by 18 April 2023. Most male Ukrainian nationals aged 18 to 60 were denied exit from Ukraine as part of mandatory conscription.

On 21 September 2022, Russia announced a partial conscription and mobilisation of reservists as Ukrainian forces made advances in reclaiming land that Russia had previously held. This, the widespread use of missile and drone attacks on Ukrainian cities and infrastructure during October 2023 in retaliation for an attack on the Crimean Bridge, and the intensified combat in Bakhmut in March 2023, represented a further escalation in the conflict. At the time of writing, any cessation of hostilities looks unlikely in the foreseeable future.

The invasion and ongoing conflict have had substantial economic and social consequences for the region and internationally. The economies of Russia and Ukraine have been impacted by the imposition of economic sanctions, and there have been consequences for commodities, with Russia being a significant exporter of oil and natural gas, certain food crops and precious metals. The resulting increase in commodity prices forced central banks to raise interest rates to counter inflationary pressures.

## ECONOMIC & MARKET OVERVIEW

The dominant economic themes for the 12 months from March 2022 have been high levels of inflation, the resulting 'cost of living crisis', and central banks' efforts to combat inflation, principally by raising interest rates. The second half of 2022 was characterised by the impact of rapidly rising interest rates on financial institutions, and also the first occurrence in the UK of significant market disruption related to liability-driven investments ("LDIs") following Kwasi Kwarteng's infamous mini budget. Attention focused on deposit-takers in March 2023, with the collapse of the US headquartered Silicon Valley Bank ("SVB") and Signature Bank. The collapse of SVB was swiftly followed by trouble in Switzerland, as Credit Suisse shares tumbled and concerns arose as to whether its largest shareholder would invest further in the bank if support was required. This precipitated the acquisition of Credit Suisse by its fellow Swiss banking giant UBS. There has also been industrial unrest in the UK public sector with strikes by doctors, nurses, and teachers, and in France civil unrest at plans to raise the retirement age.

## INVESTMENT MANAGERS' REPORT FOR ALL FUNDS (CONTINUED)

The UK was not immune to the inflationary pressures being experienced globally. The UK Consumer Price Index ("CPI"), a key measure of inflation in the UK, reached 7% in March 2022 and then peaked at 11.1% in October 2022. The subsequent fall in CPI over the following four months was reversed by an increase in February 2023, with annual CPI of 10.4% versus an expected rate of 9.9%. The increasing cost of energy was both a direct and indirect contributor to the high rate of inflation throughout 2022 and early 2023. Electricity prices rose by 66.7% and gas prices increased by 129.4% in the 12 months to March 2023, contributing significantly to the high annual inflation rate. The increase in energy costs contributed to the annual energy bill for the average UK household costing the equivalent of two months' full pay on an average salary.

Unemployment fluctuated between 3.8% and 3.6% during the summer of 2022, decreasing to 3.5% in October 2022. In February 2023 the unemployment rate stayed at 3.7% for the fourth consecutive month, below the predicted level of 3.8%. Growth in regular pay (excluding bonuses) was 6.5% among employees in November 2022 to January 2023, down from a previous 6.7% among employees in October to December 2022. While unemployment levels remained stable, average weekly earnings did not increase in line with inflation and this ultimately contributed to the ongoing cost of living issues.

In the UK, primarily in response to inflation but also related to some of the political turmoil discussed below, the Bank of England increased the Bank Rate to 1.00% on 5 May 2022; 1.25% on 16 June 2022; 1.75% on 4 August 2022; 2.25% on 22 September 2022; 3.00% on 3 November 2022; 3.50% on 5 December 2022; 4.00% on 2 February 2023; 4.25% on 23 March 2023 and 4.50% on 11 May 2023. Over the same period, the US Federal Reserve increased the federal funds rate from a target range of 0.25%-0.50% in March 2022 to a range of 4.75%-5.00% in March 2023 and to a range of 5.00%-5.25% on 4 May 2023.

The UK political scene suffered a period of prolonged uncertainty and stagnation during the third quarter of 2022. In July 2022, then-UK Prime Minister, Boris Johnson, suffered two key cabinet resignations; this precipitated his resignation as Prime Minister on 7 July 2022. The parliamentary Conservative Party selected Rishi Sunak and Liz Truss as the two candidates to be put forward to Conservative party members as party leadership contenders. The Conservative party selected Liz Truss as leader, and consequently, Liz Truss was appointed Prime Minister of the UK on 6 September 2022. Those events were soon eclipsed by the death of Queen Elizabeth II on the 8 September 2022. Parliamentary business was paused during the ten days of national mourning in advance of the state funeral on 19 September 2022.

The resumption of Parliament following the Queen's funeral was eventful. Prime Minister Truss announced her proposed measures to help UK households meet their energy bills. Shortly following that, the new Chancellor, Kwasi Kwarteng, introduced a package of fiscal measures intended to form the backbone of Prime Minister Truss' tax cutting economic agenda. In a wide-ranging speech, Mr Kwarteng proposed significant and wide-ranging tax cuts in addition to the energy package announced by Prime Minister Truss.

Crucially, the Office for Budget Responsibility, the UK's independent watchdog for public finances, did not publish its forecast or any other commentary on the proposed fiscal measures, raising significant uncertainties about how the vast programme of public spending announced by the Chancellor was to be funded.

The markets' reaction to the "mini budget" was extremely negative, with volatility in the Sterling interest rate market reaching unprecedented levels. UK 30 year gilt yield rose from 3.77% to 4.98% over the following four days; two year gilt yields rose by 1.12% to 4.60%; and ten year gilt yields rose by 1.03% to 4.50%. The relentless rise in the gilt curve—and consequential increase in the costs of borrowing for the UK Government—caused the Bank of England to announce 'unlimited' purchases of longer-term gilts to help stabilise the markets as LDIs, principally held by pension funds, were forced to sell assets to meet collateral requirements. The Bank of England also postponed the scheduled tightening of the quantitative easing programme from early October until 31 October 2022. These actions helped Sterling to recover from a new low of GBP1 : USD 1.0350 to GBP1 : USD 1.1250.

With continuing volatility in the fixed income and currency markets, Prime Minister Truss replaced Mr Kwarteng as Chancellor on 14 October 2022 and appointed Jeremy Hunt who immediately reversed almost all of the proposed policies. However, this was not enough to save Prime Minister Truss, who resigned on 20 October becoming the shortest serving Prime Minister in British political history. A fast-tracked leadership contest saw Rishi Sunak elected as leader of the Conservative Party by the members of the Conservative Party. This enabled Mr Sunak to be formally appointed as the Prime Minister of the UK on 24 October 2022 without the need for a general election. Financial markets reacted calmly to the news, and did not balk at the announcement that the Chancellor's autumn budget would be delayed from 31 October 2022 to 17 November 2022. Mr Sunak retained Mr Hunt as Chancellor, who delivered his delayed fiscal statement on 17 November 2022. That provided for public spending cuts and higher taxation to tackle both high inflation—a global problem given the effects of the Russian invasion of Ukraine on natural gas exports and prices—as well as fears of a deepening recession. These measures enable the Bank of England to begin the delayed tightening of its quantitative easing programme, with an oversubscribed sale of £750m short-term government debt, which was sold to commercial banks and insurers on 1 November 2022. Considering the reduced demand from investors for UK loans—as a result of the Truss mini budget—the oversubscription was a welcome surprise. So far, it has reduced the stock of government bonds held for monetary policy purposes from a peak of £875bn to £818bn.

Although business conditions remained challenging, markets continued to stabilise over the subsequent months through to Spring 2023. That said, this period was not without incident as markets reacted to the aforementioned downfalls of SVB, Signature Bank and Credit Suisse. The cost of living crisis and continued industrial disruption remain pressing issues in the UK, with strikes continuing despite some progression in negotiations for some sectors.

# NOTES APPLICABLE TO THE FINANCIAL STATEMENTS OF THE COMPANY

For the year ended 31 March 2023

## 1. ACCOUNTING POLICIES

### (A) Basis of Accounting

The financial statements of Federated Hermes Cash Management Funds (the "Company") comprise the financial statements of each of the sub-funds of the Company (the "Funds") and have been prepared on a going concern basis in accordance with UK GAAP, and the Statement of Recommended Practice "Financial Statements of UK Authorised Funds" issued by the Investment Management Association (now named the Investment Association) in May 2014 and amended in June 2017 (the "SORP"). In applying UK GAAP, the financial statements have been prepared in compliance with Financial Reporting Standard 102 (FRS 102).

### (B) Valuation of Investments

The Funds (except for the Federated Hermes Short-Term Sterling Prime Fund) will be valued on each dealing day using the mark-to-market method where possible. As a low volatility net asset value money market fund, the Federated Hermes Short-Term Sterling Prime Fund may value assets that have a residual maturity of up to 75 days using the amortised cost method provided the mark-to-market price of the asset does not deviate from the amortised cost valuation of the asset by more than 10 basis points.

### (C) Recognition of revenue

Interest on bank deposits, fixed interest and floating rate securities is recognised on an accruals basis. Revenue on debt securities is recognised on an effective yield basis which takes account of the amortisation of any discounts or premiums arising on the purchase price, compared to the final maturity value, over the remaining life of the security.

### (D) Expenses

Expenses, including management expenses, are recognised on an accruals basis and are charged to the revenue property of the Funds. The fees and expenses which are attributable to each Fund are allocated directly to that Fund. Fees and expenses that are attributable to the Company are allocated to each of the Funds based on the proportion of the assets of the Company attributable to each Fund.

### (E) Allocation of revenue and expenses to multiple share classes

The allocation of revenue and expenses to each share class is based on the proportion of the net assets of the Company attributable to each share class of a Fund on the day the revenue is earned or the expense is incurred. For Federated Hermes (UK) LLP, acting as the authorised corporate director (the "ACD") of the Company, its annual management charge is allocated on a share-class specific basis. For the currency hedged share classes, expenses related to currency hedging transactions are allocated to the relevant currency hedged share class.

### (F) Taxation

Throughout the reporting period ended 31 March 2023, the Federated Hermes Short-Term Sterling Prime Fund and

Federated Hermes Sterling Cash Plus Fund satisfied the 'qualifying investment' test for interest distributions in Part 3 of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964). The definition of 'qualifying investment' for Part 3 of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964) and interest distributions is described in the prospectus of the Company. All distributions by the Funds were therefore made as interest distributions. Although the Funds are liable to UK corporation tax, no corporation tax liability arose during the reporting period because interest distributions are deductible from the taxable income of the Fund.

### (G) Exchange rates

Transactions in foreign currencies are translated into the functional currency of the relevant Fund at the rate of exchange ruling on the dates of the transactions. Where applicable, investments and other assets and liabilities denominated in foreign currencies are translated into each Fund's functional currency at the exchange rates applicable at the end of the accounting year. Exchange rate differences arising on investments are recognised in the 'Statement Of Total Return' for the year.

### (H) Functional and Presentation Currency

Account totals included in the Company's audited annual financial statements are measured and presented using the currency of the primary economic environment in which it operates. This is pound sterling.

### (I) Repurchase and Reverse Repurchase Agreements

The Funds may enter into repurchase ("repo") agreements and reverse repo agreements.

Where a Fund enters into a repo agreement, the Fund agrees to sell securities and to repurchase them or equivalent securities at an agreed date and, usually, at a stated price. The Fund will receive collateral for the securities it has sold, which is generally in the form of cash. For the purpose of the financial statements, the securities that are sold are recognised and valued, and are included in the financial statements. Cash received as collateral is recognised as a liability.

Where the Fund enters into a reverse repo, the Fund purchases securities and agrees to resell them or equivalent securities at an agreed date and, usually, at a stated price. The Fund will provide collateral for the securities it purchases, which is generally in the form of cash. For the purposes of the financial statements, the securities acquired are not recognised and are not included as assets in the financial statements. The cash delivered to the counterparty is recognised as a receivable in the financial statements.

As at 31 March 2023, the amounts payable under repo agreements amounted to £nil (31 March 2022: £nil). Federated Hermes Short-Term Sterling Prime Fund entered into 7 reverse repo transactions during the reporting period, (31 March 2022: 7 reverse repo transactions), and generated earnings from the difference between the purchase cost of the securities and the re-sale price, and any income received on the securities purchased pursuant to a reverse repo agreement. Federated Hermes Sterling Cash Plus Fund did not enter into any reverse repo transactions during the reporting period (31 March 2022: £nil reverse repo transactions).



# NOTES APPLICABLE TO THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

## ACCOUNTING POLICIES (CONTINUED)

Details of the earnings received by each Fund are set out in the following table:

	31.3.23 £ return to Fund	31.3.23 return to Fund	31.3.22 £ return to Fund	31.3.22 return to Fund
Federated Hermes Short-Term Sterling Prime Fund	41,274	100%	45,455	100%
Federated Hermes Sterling Cash Plus Fund	—	—	2,896	100%

The table shows earnings information for each Fund net of fees payable to the counterparty. Where a Fund enters into a repo or reverse repo, the earnings (net of fees payable to the counterparty) are received by the Fund with no allocation to the ACD or other third party (as indicated in the '% return to Fund' column in the table above).

### (J) Collateral

The Company may receive collateral where it enters into certain transactions including repurchase agreements (as described at Note I. above). Collateral received by or payable to the Company will be recognised in the financial statements. The Company may reuse the collateral it receives, for example by reinvesting cash collateral to purchase securities as described in the prospectus of the Company. Where the Company reuses collateral, the assets acquired will be recognised in the financial statements. As at 31 March 2023, no collateral was received by or payable to any of the Funds (31 March 2022: £nil). During the reporting period, collateral was received by or payable to the Federated Hermes Short-Term Sterling Prime Fund; no collateral was received by or payable to the Federated Hermes Sterling Cash Plus Fund. The Federated Hermes Short-Term Sterling Prime Fund did not reuse any collateral during the reporting period.

## 2. DISTRIBUTION POLICIES

Each Fund's net revenue available for distribution at the end of each distribution period will be allocated as an interest distribution. Distributions are allocated gross. For income share classes, net revenue is paid to shareholders or reinvested to purchase additional shares in the Fund. Income attributable to the accumulation share classes is not paid out but is automatically added to (and retained as part of) the capital assets of the Fund on each income allocation date and is reflected in the share price of the accumulation shares. Should expenses exceed revenue there will be no distribution and the shortfall will be transferred from capital.

## 3. FINANCIAL INSTRUMENTS

In pursuing their respective investment objectives and investment policies, each of the Funds may hold a number of financial instruments as detailed in the Company's prospectus (the "Prospectus"), where permitted by the investment objective and investment policy of each Fund. This may include:

- fixed interest and floating rate securities;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;

- derivative transactions which certain of the Funds may enter into for the purpose of efficient portfolio management; and
- borrowings used to finance investment activity.

The risks arising from investment in the financial instruments include market price, foreign currency, interest rate, liquidity and credit risks.

The ACD reviews the policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Further information on risk warnings is set out in the Prospectus.

### Market price risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Funds might suffer through holding market positions in the face of price movements.

The ACD considers the asset allocation of the Funds' portfolios in order to minimise the risk associated with particular industry sectors whilst continuing to follow each Fund's investment objective. The ACD has responsibility for monitoring the Funds' portfolios selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual securities also meet the risk reward profile that is acceptable.

### Foreign currency risk

Currency risk is a form of risk that arises from the change in price of one currency against another. Whenever a Fund's portfolio includes assets that are denominated in different currencies, it is subject to currency risk if the portfolio's positions are not hedged.

The revenue and capital value of a Fund's investments can be affected by currency translation movements as a proportion of some of the Funds' assets and revenue may be denominated in currencies other than the Fund's functional currency.

The ACD has identified three principal areas where foreign currency risk could impact the Funds, which are:

- movements in exchange rates affecting the value of investments;
- movements in exchange rates affecting short-term timing differences; and
- movements in exchange rates affecting the revenue received.

The ACD may choose to retain holdings in currencies other than the Fund's functional currency which will expose the Fund to longer term exchange rate movements. A Fund may receive revenue in currencies other than the Fund's functional currency and the functional currency value of this revenue can be affected by the movements in exchange rates. The Funds convert all receipts of revenue into their functional currency on or near the date of receipt. Specifically, certain share classes of the Federated Hermes Sterling Cash Plus Fund use currency hedging to minimise

# NOTES APPLICABLE TO THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

## FINANCIAL INSTRUMENTS (CONTINUED)

the effect of exchange rate fluctuations between the currency in which the assets of the Fund are generally denominated and the currency of the respective share class (i.e., Euro and US Dollars). Currency hedging techniques include entering into currency forward contracts.

### Interest rate risk

Interest rate risk is the risk, variability in value, borne by an interest-bearing asset, such as a bond, due to variability of interest rates.

The Federated Hermes Short-Term Sterling Prime Fund is managed to comply with the requirements for a qualifying money market fund. As such, it invests in low risk, short-term investments. The maximum weighted average maturity of the Federated Hermes Short-Term Sterling Prime Fund is 60 days. Accordingly, it is expected that the Fund will carry a low degree of interest rate risk.

The Federated Hermes Sterling Cash Plus Fund is managed to comply with the requirements for a money market fund under the Guidelines on a Common Definition of a European money market fund adopted by the European Securities and Markets Authority ("ESMA"). This means that it has a maximum weighted average maturity of six months. This Fund therefore also has a relatively low level of interest rate risk.

### Liquidity risk

Liquidity risk refers to the possibility that a Fund may not be able to discharge its debts as they become due including to satisfy redemption requests. In order to mitigate this liquidity risk, the Fund can raise additional cash through the sale of underlying investments and the Company's Instrument authorises payment for the issue or cancellation of shares to be made by transfer of assets other than cash but only if the Depositary has taken reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of shareholders. Where a shareholder requests a redemption of shares representing in value not less than 5% of the value of the scheme property of a Fund, the ACD may by notice of election served on the shareholder, choose to transfer scheme property to him. For the Federated Hermes Sterling Cash Plus Fund, if the redemption requests for a particular dealing day exceed 20% of the Fund's value, the redemption may be deferred to the next dealing day. Additionally, the ACD may, if the Depositary agrees, and must without delay if the Depositary so requires, temporarily suspend dealings in shares in a Fund where due to

exceptional circumstances it is in the interests of all the shareholders. On a suspension, the Financial Conduct Authority will be immediately informed. Any such suspension will be notified to shareholders as soon as practicable after the suspension commences, and the ACD will ensure it publishes sufficient details to keep shareholders appropriately informed about the suspension including, if known, its likely duration.

All financial liabilities of the Funds are payable in one year or less, or on demand.

### Credit/Counterparty risk

Credit risk is the possibility that an issuer of a fixed income security will default on a security by failing to pay interest or principal when due.

Certain transactions in securities that the Funds enter into expose them to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Funds have fulfilled their responsibilities.

The Funds only buy and sell investments through brokers which have been approved by the ACD as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time, and these limits are reviewed regularly. The ACD aims to ensure that all transactions are on a delivery versus payment basis.

The ACD has appointed Federated Investment Counseling ("FIC") to provide credit research and analysis services, which are used by the ACD to manage the credit risks of the Funds. FIC has several committees including the Counterparty Risk Committee, the Bank Credit Committee, the Asset-Backed Committee, and the Corporate Credit Committee. Each committee is chaired by FIC's Director of Investment Management, and voting members include a team of portfolio managers and senior analysts. These committees are tasked with reviewing each issuer and counterparty and assigning an internal rating of "1" to "5" with 1 being the strongest (equivalent of an issuer with the highest possible short-term rating from Standard & Poor's or Moody's). The committees' decisions incorporate the recommendations of the analysts and the market view of the portfolio managers. After the initial assessment, FIC continually monitors the internal ratings assigned through ongoing analysis and coverage of major credit events, such as mergers or reorganisations, management changes, periodic financial reports from issuers and counterparties, and credit rating changes.

## 4. POST BALANCE SHEET EVENTS

There are no known significant post balance sheet events impacting the Company and its Funds subsequent to the financial year ended 31 March 2023 and up to 28 June 2023.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND

## FUND OBJECTIVE AND POLICY

The investment objective of the Federated Hermes Short-Term Sterling Prime Fund (the "Fund") is to maximise current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high-quality pound sterling denominated short-term debt and debt related instruments. The primary objective is to maintain the net asset value either constant at par (net of earnings) or at the value of the investors' initial capital plus earnings.

The Fund shall invest in assets that are eligible for investment by a money market fund, which will include fixed or floating rate instruments denominated in pound sterling.

The Fund is managed with the intention of maintaining its regulatory status in the UK as a Low Volatility Net Asset Value Money Market Fund that is a Short-Term Money Market Fund, and also as a Qualifying Money Market Fund.

## INVESTMENT MANAGER'S REPORT

Over the year to 31 March 2023, the annualised net return on the principal share class (Class 3 Shares – income) of the Fund was 2.20% (0.07% for the 12 months to 31 March 2022). Over the same period, the monthly net annualised return on the principal share class (Class 3 Shares – income) of the Fund rose from 0.58% in April 2022 to 3.95% in March 2023. During this period, the ACD waived in part its management fees. This reduced the ongoing charges of the Fund and contributed to the Fund's returns.

As the impact of the Covid-19 pandemic began to recede and inflationary pressures became prevalent, both in the UK and internationally the Bank of England increased the Bank Rate to 1.00% on 5 May 2022; 1.25% on 16 June 2022; 1.75% on 4 August 2022; 2.25% on 22 September 2022; 3.00% on 3 November 2022; 3.50% on 5 December 2022; 4.00% on 2 February 2023; 4.25% on 23 March 2023 and 4.50% on 11 May 2023. Over the same period, the US Federal Reserve increased the federal funds rate from a target range of 0.25%-0.50% in March 2022 to a range of 4.75%-5.00% in March 2023 and to a range of 5.00%-5.25% on 4 May 2023.

In anticipation of continued Bank Rate increases, the Fund continued to look for opportunities to maintain relatively short both the weighted average maturity and weighted average life of the portfolio, and maintain ample short-term liquidity in order to be able to benefit from higher interest rates. Additionally, the liquidity of the portfolio was increased following Russian manoeuvres early in 2022 that appeared to signal the later invasion of Ukraine, to ensure the Fund had surplus liquidity should it be required. The increased liquidity was maintained as the conflict in Ukraine continued. The increases in liquidity during the period were generally achieved by allowing maturing investments to be held in cash rather than reinvested in longer dated securities. As stability has improved in the markets and we have reached close to the expected peak of interest rates we have begun to be more comfortable with slightly reducing the liquidity levels.

The Fund ended March 2023 with a weighted average maturity of 39 days (31 March 2022: 40 days) and a weighted average life of 63 days (31 March 2022: 60 days). The Fund had overnight liquidity of 19.87% (31 March 2022: 26.37%) and weekly liquidity of 36.37% (31 March 2022: 40.76%).

The Fund continues to maintain conservative investment parameters. Using the Federated Hermes, Inc. specialist Money Market Fund Credit team, all issuers are reviewed regularly for credit-worthiness, financial size and strength, and environmental, social and corporate governance factors in order to justify their continued inclusion in our universe of acceptable credits.

On 31 March 2023 the Fund had net assets of £3.9bn compared with £4.2bn at 31 March 2022 and £5.86bn at the end of September 2022.

## PAST PERFORMANCE

12 MONTH PERIOD	FUND NET RETURN (%)
31/03/22 – 31/03/23	2.20
31/03/21 – 31/03/22	0.07
31/03/20 – 31/03/21	0.11
31/03/19 – 31/03/20	0.73
31/03/18 – 31/03/19	0.65
31/03/17 – 31/03/18	0.29
31/03/16 – 31/03/17	0.39
31/03/15 – 31/03/16	0.49
31/03/14 – 31/03/15	0.43
31/03/13 – 31/03/14	0.42
31/03/12 – 31/03/13	0.61
31/03/11 – 31/03/12	0.85
31/03/10 – 31/03/11	0.84
31/03/09 – 31/03/10	1.11

### NOTES TO PAST PERFORMANCE INFORMATION:

*Federated Hermes Short-Term Sterling Prime Fund was formerly known as Federated Short-Term Sterling Prime Fund prior to 26 June 2020. The Fund was known as Federated Prime Rate Sterling Liquidity Fund prior to 20 September 2013. The Fund was launched in March 2008.*

*The above table shows past performance information for the Fund for complete twelve month periods ending on 31 March.*

*Performance information is based on Class 3 Shares – income of the Fund and is shown net of all Fund charges. Performance may vary on a net basis among different share classes due to differences in fund/share class expenses.*

*Sources: Federated Hermes (UK) LLP, and I-money net.*



FEDERATED HERMES SHORT-TERM  
STERLING PRIME FUND (CONTINUED)

RISK AND REWARD PROFILE



The risk and reward category of the Fund is calculated using historical data, which is not a reliable indication of the Fund’s future risk profile. The risk and reward category may shift over time and is not a target or a guarantee.

The Fund is in category 1 (2022: category 1) on a scale of 1 (lower) to 7 (higher) because of the low range and low frequency of price movements (volatility) of the underlying investments that it targets to meet the Fund’s objective of maintaining a constant net asset value. The lowest category (i.e. category 1) does not mean the Fund is a risk-free investment.

Please note, the category stated above, category 1, is the same for each class of shares within the Fund.

The risk and reward category for the Fund did not change during the reporting period.

The following risks are materially relevant to the Fund and may not be adequately covered by the risk and reward category:

- Capital at risk: The Fund has no capital guarantees and your investment is entirely at risk. The value of your investment may go down as well as up. A subscription for shares in the Fund is not the same as making a deposit with a bank or other deposit taking body and the value of the Fund’s shares is not guaranteed.
- Credit risk: The value of the Fund may be affected by the creditworthiness of the issuers of the debt instruments the Fund invests in and, notwithstanding the policy of the Fund to invest in short dated instruments, may also be affected by substantial adverse movements in interest rates.
- Counterparty risk: The counterparty to a transaction involving a Fund may fail to meet its obligations, causing losses to the Fund.
- Net asset value: Although it is intended that the Fund will maintain a constant net asset value (net of earnings) or at the value of the investors’ initial capital plus earnings, there can be no assurance that a stable net asset value will be maintained.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND

## COMPARATIVE TABLE

For the year ending: Class 1 Shares – income	31.03.23 £ per share	31.03.22 £ per share	31.03.21 £ per share
<b>Change in net assets per share</b>			
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0228	0.0017	0.0021
Operating charges	(0.0002)	(0.0002)	(0.0002)
Return after operating charges	0.0226	0.0015	0.0019
Distributions	(0.0226)	(0.0015)	(0.0019)
<b>Closing net asset value per share</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
<b>Performance</b>			
Return after charges	2.26%	0.15%	0.19%
<b>Other information</b>			
Closing net asset value (£)	23,111,585	28,953,390	6,917,270
Closing number of shares	23,118,014	28,972,549	6,917,478
Operating charges**	0.02%	0.02%	0.02%
<b>Prices</b>			
Highest share price	1.0000	1.0000	1.0000
Lowest share price	1.0000	1.0000	1.0000
<b>For the year ending: Class 2 Shares – income</b>	<b>31.03.23 £ per share</b>	<b>31.03.22 £ per share</b>	<b>31.03.21 £ per share</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0228	0.0014	0.0020
Operating charges	(0.0006)	(0.0006)	(0.0006)
Return after operating charges	0.0222	0.0008	0.0014
Distributions	(0.0222)	(0.0008)	(0.0014)
<b>Closing net asset value per share</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
<b>Performance</b>			
Return after charges	2.22%	0.08%	0.14%
<b>Other information</b>			
Closing net asset value (£)	101,766,007	64,164,708	63,191,652
Closing number of shares	101,796,792	64,207,428	63,193,224
Operating charges**	0.06%	0.06%	0.06%
<b>Prices</b>			
Highest share price	1.0000	1.0000	1.0000
Lowest share price	1.0000	1.0000	1.0000

\* There were no direct transaction costs associated with the purchase and sale of investments.

\*\* Both the Operating Charges figure shown above and the Ongoing Charges figure disclosed in the Key Investor Information Document ("KIID") for each Share Class are based on the annual management charge and the running costs of the Fund, and excludes initial charges (if any). The Operating Charges figure represents the annualised charges actually incurred calculated as a percentage of the average net assets for the period. Whilst the Ongoing Charges figure in the KIID will generally also be based on actual costs, the calculation period may be different and in certain circumstances an estimated figure may be used. As such the Operating Figure may vary from the Ongoing Charges figure in the KIID.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## COMPARATIVE TABLE (CONTINUED)

For the year ending: Class 3 Shares – income	31.03.23 £ per share	31.03.22 £ per share	31.03.21 £ per share
<b>Change in net assets per share</b>			
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0228	0.0017	0.0021
Operating charges	(0.0010)	(0.0011)	(0.0011)
Return after operating charges	0.0218	0.0006	0.0010
Distributions	(0.0218)	(0.0006)	(0.0010)
<b>Closing net asset value per share</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
<b>Performance</b>			
Return after charges	2.18%	0.06%	0.10%
<b>Other information</b>			
Closing net asset value (£)	3,455,025,557	3,890,536,039	5,771,322,798
Closing number of shares	3,456,089,277	3,893,117,890	5,771,492,914
Operating charges**	0.10%	0.11%	0.11%
<b>Prices</b>			
Highest share price	1.0000	1.0000	1.0000
Lowest share price	1.0000	1.0000	1.0000
<b>For the year ending: Class 4 Shares – income</b>	<b>31.03.23 £ per share</b>	<b>31.03.22 £ per share</b>	<b>31.03.21 £ per share</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0228	0.0021	0.0023
Operating charges	(0.0016)	(0.0016)	(0.0016)
Return after operating charges	0.0212	0.0005	0.0007
Distributions	(0.0212)	(0.0005)	(0.0007)
<b>Closing net asset value per share</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
<b>Performance</b>			
Return after charges	2.12%	0.05%	0.07%
<b>Other information</b>			
Closing net asset value (£)	17,759,014	20,741,425	18,953,516
Closing number of shares	17,764,661	20,755,156	18,954,134
Operating charges**	0.16%	0.16%	0.16%
<b>Prices</b>			
Highest share price	1.0000	1.0000	1.0000
Lowest share price	1.0000	1.0000	1.0000

\* There were no direct transaction costs associated with the purchase and sale of investments.

\*\* Both the Operating Charges figure shown above and the Ongoing Charges figure disclosed in the Key Investor Information Document ("KIID") for each Share Class are based on the annual management charge and the running costs of the Fund, and excludes initial charges (if any). The Operating Charges figure represents the annualised charges actually incurred calculated as a percentage of the average net assets for the period. Whilst the Ongoing Charges figure in the KIID will generally also be based on actual costs, the calculation period may be different and in certain circumstances an estimated figure may be used. As such the Operating Figure may vary from the Ongoing Charges figure in the KIID.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## COMPARATIVE TABLE (CONTINUED)

For the year ending: Class 5 Shares – income	31.03.23 £ per share	31.03.22 £ per share	31.03.21 £ per share
<b>Change in net assets per share</b>			
Opening net asset value per share	1.0000	1.0000	1.0000
Return before operating charges*	0.0246	0.0025	0.0027
Operating charges	(0.0021)	(0.0021)	(0.0021)
Return after operating charges	0.0225	0.0004	0.0006
Distributions	(0.0225)	(0.0004)	(0.0006)
<b>Closing net asset value per share</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
<b>Performance</b>			
Return after charges	2.25%	0.04%	0.06%
<b>Other information</b>			
Closing net asset value (£)	20,094	499,678	999,972
Closing number of shares	20,100	500,000	1,000,000
Operating charges**	0.21%	0.21%	0.21%
<b>Prices</b>			
Highest share price	1.0000	1.0000	1.0000
Lowest share price	1.0000	1.0000	1.0000
<b>For the year ending: Class 8 Shares – accumulation</b>	<b>31.03.23 £ per share</b>	<b>31.03.22 £ per share</b>	<b>31.03.21 £ per share</b>
<b>Change in net assets per share</b>			
Opening net asset value per share	1.0772	1.0769	1.0758
Return before operating charges*	0.0232	0.0014	0.0022
Operating charges	(0.0010)	(0.0011)	(0.0011)
Return after operating charges	0.0222	0.0003	0.0011
Distributions	(0.0237)	(0.0007)	(0.0011)
Retained distributions on accumulation shares	0.0237	0.0007	0.0011
<b>Closing net asset value per share</b>	<b>1.0994</b>	<b>1.0772</b>	<b>1.0769</b>
<b>Performance</b>			
Return after charges	2.06%	0.03%	0.10%
<b>Other information</b>			
Closing net asset value (£)	281,625,256	193,447,766	174,670,695
Closing number of shares	256,158,695	179,590,283	162,196,168
Operating charges**	0.10%	0.11%	0.11%
<b>Prices</b>			
Highest share price	1.0994	1.0823	1.0770
Lowest share price	1.0772	1.0767	1.0758

\* There were no direct transaction costs associated with the purchase and sale of investments.

\*\* Both the Operating Charges figure shown above and the Ongoing Charges figure disclosed in the Key Investor Information Document ("KIID") for each Share Class are based on the annual management charge and the running costs of the Fund, and excludes initial charges (if any). The Operating Charges figure represents the annualised charges actually incurred calculated as a percentage of the average net assets for the period. Whilst the Ongoing Charges figure in the KIID will generally also be based on actual costs, the calculation period may be different and in certain circumstances an estimated figure may be used. As such the Operating Figure may vary from the Ongoing Charges figure in the KIID.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## PORTFOLIO STATEMENT

As at 31 March 2023

Holding	Investment	Value £	Percentage of total net assets %
	<b>Certificates of Deposit 44.45% (31 March 2022 – 29.94%)</b>		
£20,000,000	ABN Amro Bank Certificate of Deposit 05/05/2023	19,923,451	0.51
£25,000,000	ABN Amro Bank Certificate of Deposit 11/04/2023	24,973,206	0.64
£40,000,000	ABN Amro Bank Certificate of Deposit 03/05/2023	39,856,267	1.03
£20,000,000	Australia & New Zealand Banking Group Certificate of Deposit 15/05/2023	20,000,000	0.52
£20,000,000	Australia & New Zealand Banking Group Certificate of Deposit 02/08/2023	19,690,189	0.51
£25,000,000	Australia & New Zealand Banking Group Certificate of Deposit 23/06/2023	24,744,877	0.64
£20,000,000	Bank of America Certificate of Deposit 09/08/2022	19,675,787	0.51
£15,000,000	Bank of America Certificate of Deposit 09/08/2023	14,756,840	0.38
£10,000,000	Bank of America Certificate of Deposit 15/08/2023	9,829,840	0.25
£20,000,000	Bank of Montreal Certificate of Deposit 09/05/2023	19,957,126	0.51
£25,000,000	Bank of Montreal Certificate of Deposit 21/06/2023	24,922,310	0.64
£20,000,000	Bank of Montreal Certificate of Deposit 07/08/2023	19,886,171	0.51
£15,000,000	Bank of Montreal Certificate of Deposit 08/05/2023	15,000,000	0.39
£25,000,000	Bank of Montreal Certificate of Deposit 10/07/2023	24,698,891	0.64
£25,000,000	Bank of Nova Scotia Certificate of Deposit 09/05/2023	25,000,000	0.64
£20,000,000	Bank of Nova Scotia Certificate of Deposit 17/08/2023	19,980,379	0.52
£25,000,000	Citibank Certificate of Deposit 02/08/2023	24,634,939	0.64
£35,000,000	Citibank Certificate of Deposit 09/05/2023	35,000,000	0.90
£15,000,000	Citibank Certificate of Deposit 22/06/2023	14,998,013	0.39
£15,000,000	Commonwealth Bank of Australia Certificate of Deposit 31/05/2023	15,000,000	0.39
£13,000,000	Commonwealth Bank of Australia Certificate of Deposit 09/01/2024	13,016,190	0.34
£22,000,000	Commonwealth Bank of Australia Certificate of Deposit 20/07/2023	21,994,147	0.57
£15,000,000	Commonwealth Bank of Australia Certificate of Deposit 11/03/2024	15,041,879	0.39
£25,000,000	Cooperatieve Rabobank Certificate of Deposit 16/06/2023	24,762,000	0.64
£30,000,000	Cooperatieve Rabobank Certificate of Deposit 30/06/2023	29,658,260	0.76
£15,000,000	Cooperatieve Rabobank Certificate of Deposit 12/07/2023	14,806,046	0.38
£15,000,000	Cooperatieve Rabobank Certificate of Deposit 19/07/2023	14,792,524	0.38
£25,000,000	DNB Bank Certificate of Deposit 06/07/2023	24,988,790	0.64
£25,000,000	DZ Bank Certificate of Deposit 31/07/2023	24,977,631	0.64
£25,000,000	HSBC Certificate of Deposit 09/05/2023	24,893,323	0.64
£14,000,000	Lloyds Bank PLC Certificate of Deposit 05/06/2023	14,000,000	0.36
£25,000,000	Mizuho International Certificate of Deposit 06/04/2023	25,000,000	0.64
£20,000,000	Mizuho International Certificate of Deposit 06/04/2023	20,000,000	0.52
£25,000,000	Mizuho International Certificate of Deposit 13/04/2023	25,000,000	0.64
£50,000,000	Mizuho International Certificate of Deposit 09/05/2023	49,785,627	1.28
£25,000,000	MUFG Bank Limited Certificate of Deposit 13/04/2023	25,000,000	0.64
£30,000,000	MUFG Bank Limited Certificate of Deposit 09/05/2023	30,000,000	0.77
£25,000,000	MUFG Bank Limited Certificate of Deposit 24/04/2023	24,936,219	0.64
£15,000,000	National Australia Bank Certificate of Deposit 08/06/2023	14,942,285	0.39
£25,000,000	National Australia Bank Certificate of Deposit 23/06/2023	25,001,863	0.65
£20,000,000	National Australia Bank Certificate of Deposit 11/04/2023	20,000,000	0.52
£15,000,000	National Australia Bank Certificate of Deposit 19/19/2023	15,009,672	0.39
£15,000,000	National Australia Bank Certificate of Deposit 27/04/2023	15,000,000	0.39
£20,000,000	National Australia Bank Certificate of Deposit 05/07/2023	19,990,147	0.52
£20,000,000	National Bank of Canada Certificate of Deposit 06/07/2023	19,989,053	0.52
£30,000,000	National Bank of Canada Certificate of Deposit 09/05/2023	29,873,533	0.77
£25,000,000	Nordea Bank Certificate of Deposit 03/07/2023	24,989,815	0.64
£15,000,000	Nordea Bank Certificate of Deposit 12/07/2023	14,812,209	0.38
£15,000,000	Nordea Bank Certificate of Deposit 17/07/2023	14,802,752	0.38
£20,000,000	Nordea Bank Certificate of Deposit 04/08/2023	19,988,003	0.52
£15,000,000	Nordea Bank Certificate of Deposit 04/08/2023	14,768,442	0.38
£35,000,000	Nordea Bank Certificate of Deposit 01/09/2023	34,333,285	0.89
£20,000,000	Nordea Bank Certificate of Deposit 29/08/2023	19,626,813	0.51
£20,000,000	Nordea Bank Certificate of Deposit 29/08/2023	19,626,813	0.51
£16,000,000	Nordea Bank Certificate of Deposit 29/08/2023	15,701,450	0.40
£10,000,000	Royal Bank of Canada Certificate of Deposit 18/07/2023	9,860,599	0.25
£30,000,000	Royal Bank of Canada Certificate of Deposit 09/08/2023	30,010,484	0.77
£10,000,000	Royal Bank of Canada Certificate of Deposit 18/08/2023	9,817,247	0.25
£25,000,000	Royal Bank of Canada Certificate of Deposit 05/01/2025	24,998,164	0.64
£5,000,000	Royal Bank of Canada Certificate of Deposit 08/01/2024	4,984,333	0.13
£30,000,000	Sumitomo Mitsui Banking Corp Certificate of Deposit 06/04/2023	29,983,964	0.77
£30,000,000	Sumitomo Mitsui Banking Corp Certificate of Deposit 11/04/2023	29,968,257	0.77
£30,000,000	Sumitomo Mitsui Banking Corp Certificate of Deposit 09/05/2023	29,876,730	0.77

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## PORTFOLIO STATEMENT (CONTINUED)

As at 31 March 2023

Holding	Investment	Value £	Percentage of total net assets %
<b>Certificates of Deposit (continued)</b>			
£20,000,000	Sumitomo Mitsui Banking Corp Certificate of Deposit 11/04/2023	20,000,000	0.52
£15,000,000	Sumitomo Mitsui Banking Corp Certificate of Deposit 20/04/2023	15,000,000	0.39
£15,000,000	Sumitomo Mitsui Banking Corp Certificate of Deposit 27/04/2023	15,000,000	0.39
£35,000,000	Sumitomo Mitsui Banking Corp Certificate of Deposit 09/05/2023	35,000,000	0.90
£15,000,000	Toronto Dominion Bank Certificate of Deposit 03/07/2023	14,827,829	0.38
£10,000,000	Toronto Dominion Bank Certificate of Deposit 21/07/2023	9,952,780	0.26
£10,000,000	Toronto Dominion Bank Certificate of Deposit 31/07/2023	10,006,462	0.26
£6,500,000	Toronto Dominion Bank Certificate of Deposit 02/05/2023	6,477,059	0.17
£20,000,000	Toronto Dominion Bank Certificate of Deposit 15/08/2023	19,884,946	0.51
£25,000,000	Toronto Dominion Bank Certificate of Deposit 02/05/2023	25,000,000	0.64
£15,000,000	Toronto Dominion Bank Certificate of Deposit 08/05/2023	15,000,000	0.39
£25,000,000	Toronto Dominion Bank Certificate of Deposit 09/05/2023	25,000,000	0.64
£25,000,000	Toronto Dominion Bank Certificate of Deposit 09/05/2023	25,000,000	0.64
£20,000,000	Toronto Dominion Bank Certificate of Deposit 15/05/2023	20,000,000	0.52
£20,000,000	UBS Certificate of Deposit 20/07/2023	19,976,709	0.51
£30,000,000	UBS Certificate of Deposit 17/08/2023	29,957,660	0.77
£15,000,000	UBS Certificate of Deposit 21/08/2023	14,977,018	0.39
£25,000,000	UBS Certificate of Deposit 07/09/2023	24,969,123	0.64
£15,000,000	Wells Fargo Bank International Certificate of Deposit 12/05/2023	15,000,000	0.39
		<b>1,724,166,421</b>	<b>44.45</b>
<b>Commercial Papers 24.95% (31 March 2022 – 38.24%)</b>			
£30,000,000	Agence Centrale des Organismes de Securite Sociale Commercial Paper 11/04/2023	29,966,678	0.77
£25,724,000	Albion Capital Commercial Paper 28/04/2023	25,642,446	0.66
£25,000,000	Antalis Commercial Paper 06/04/2023	24,985,560	0.64
£21,000,000	Antalis Commercial Paper 11/04/2023	20,975,751	0.54
£50,000,000	Antalis Commercial Paper 11/04/2023	49,942,265	1.29
£15,000,000	Bank of Montreal Commercial Paper 24/04/2023	15,000,000	0.39
£50,000,000	BPCE Commercial Paper 05/04/2023	49,978,780	1.29
£45,000,000	BPCE Commercial Paper 06/04/2023	44,976,127	1.16
£20,000,000	Collateralized Commercial Paper III Commercial Paper 12/04/2023	19,976,911	0.51
£45,000,000	Collateralized Commercial Paper III Commercial Paper 05/05/2023	44,832,464	1.16
£30,000,000	Collateralized Commercial Paper III Commercial Paper 09/05/2023	29,874,257	0.77
£15,000,000	Collateralized Commercial Paper III Commercial Paper 22/05/2023	14,913,803	0.39
£25,000,000	Collateralized Commercial Paper III Commercial Paper 07/06/2023	24,807,653	0.64
£25,000,000	Erste Abwicklungsanstalt Commercial Paper 24/04/2023	24,937,911	0.64
£25,000,000	Erste Abwicklungsanstalt Commercial Paper 26/04/2023	24,932,176	0.64
£10,000,000	LMA Commercial Paper 24/04/2023	9,974,549	0.26
£50,000,000	LMA Commercial Paper 11/04/2023	49,944,230	1.29
£15,000,000	LMA Commercial Paper 12/05/2023	14,929,966	0.39
£35,000,000	Matchpoint Finance Commercial Paper 12/05/2023	34,841,335	0.90
£20,000,000	Matchpoint Finance Commercial Paper 05/06/2023	19,846,785	0.51
£25,000,000	Matchpoint Finance Commercial Paper 07/06/2023	24,802,542	0.64
£25,000,000	Matchpoint Finance Commercial Paper 03/04/2023	24,994,251	0.64
£25,000,000	Matchpoint Finance Commercial Paper 11/04/2023	24,977,007	0.64
£20,000,000	OP Corporate Bank Euro Commercial Paper 09/06/2023	19,842,287	0.51
£20,000,000	Satellite Commercial Paper 11/04/2023	19,978,516	0.52
£8,000,000	Satellite Commercial Paper 24/04/2023	7,979,738	0.21
£50,000,000	Sheffield Receivables Company Commercial Paper 11/04/2023	49,946,424	1.29
£15,000,000	Sheffield Receivables Company Commercial Paper 09/05/2023	14,935,848	0.39
£27,500,000	Sheffield Receivables Company Commercial Paper 22/05/2023	27,341,400	0.70
£15,000,000	Toronto Dominion Bank Euro Commercial Paper 18/07/2023	14,797,667	0.38
£30,000,000	Toyota Finance Australia Commercial Paper 10/05/2023	29,870,848	0.77
£20,000,000	Toyota Finance Australia Commercial Paper 10/05/2023	19,913,889	0.51
£29,000,000	Toyota Finance Australia Commercial Paper 10/05/2023	28,872,924	0.74
£25,000,000	Toyota Finance Australia Commercial Paper 09/05/2023	24,893,602	0.64
£30,000,000	Toyota Finance Australia Commercial Paper 08/08/2023	29,504,698	0.76
£30,000,000	Toyota Motor Finance Commercial Paper 06/04/2023	29,984,206	0.77
		<b>967,915,494</b>	<b>24.95</b>

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## PORTFOLIO STATEMENT (CONTINUED)

As at 31 March 2023

Holding	Investment	Value £	Percentage of total net assets %
<b>Sterling Denominated Fixed Rate Bonds 0.00% (31 March 2022 – 0.93%)</b>			
<b>Sterling Denominated Variable Rate Bonds 12.66% (31 March 2022 – 6.67%)</b>			
£15,000,000	Australia & New Zealand Banking Group Floating Rate Notes 26/05/2023	15,015,746	0.39
£37,500,000	Australia & New Zealand Banking Group Floating Rate Notes 06/07/2023	37,467,863	0.96
£25,000,000	Bank of Montreal Floating Rate Notes 07/07/2023	25,006,108	0.64
£10,000,000	Bank of Montreal Floating Rate Notes 07/07/2023	10,002,443	0.26
£25,000,000	Bank of Nova Scotia Floating Rate Notes 12/07/2023	25,050,435	0.65
£49,000,000	Bank of Nova Scotia Floating Rate Notes 18/07/2023	49,104,615	1.26
£20,000,000	Bank of Nova Scotia Floating Rate Notes 07/09/2023	20,060,012	0.52
£25,000,000	Bank of Nova Scotia Floating Rate Notes 11/01/2024	25,143,346	0.65
£33,000,000	Bank of Nova Scotia Floating Rate Notes 11/01/2024	33,189,729	0.86
£10,000,000	Commonwealth Bank of Australia Floating Rate Notes 14/04/2023	10,002,408	0.26
£25,000,000	Commonwealth Bank of Australia Floating Rate Notes 06/04/2023	25,000,000	0.64
£35,000,000	Metropolitan Life Global Funding I Floating Rate Notes 28/09/2023	35,006,760	0.90
£25,000,000	National Australia Bank Floating Rate Notes 29/06/2023	24,980,165	0.64
£23,100,000	National Australia Bank Floating Rate Notes 24/06/2023	23,081,198	0.59
£10,000,000	Royal Bank of Canada Floating Rate Notes 18/05/2023	10,008,967	0.26
£30,000,000	Royal Bank of Canada Floating Rate Notes 22/09/2023	30,102,301	0.78
£18,000,000	Royal Bank of Canada Floating Rate Notes 25/01/2024	18,097,713	0.47
£20,000,000	Toronto Dominion Bank Floating Rate Note 22/09/2023	19,995,434	0.52
£25,000,000	UK T-Bill Floating Rate Note 11/04/2023	24,972,349	0.64
£30,000,000	Westpac Banking Floating Rate Note 26/07/2023	29,969,336	0.77
		<b>491,256,928</b>	<b>12.66</b>
<b>Overnight Deposits 19.21% (31 March 2022 – 24.34%)</b>			
£149,933,166	MUFG Bank Limited	149,933,166	3.87
£312,074,507	Nationwide Building Society	312,074,507	8.04
£283,382,812	Sumitomo Mitsui Trust Bank	283,382,812	7.30
		<b>745,390,485</b>	<b>19.21</b>
<b>Portfolio of investments</b>		<b>3,928,729,328</b>	<b>101.27</b>
<b>Net current liabilities</b>		<b>(49,421,815)</b>	<b>(1.27)</b>
<b>Total net assets</b>		<b>3,879,307,513</b>	<b>100.00</b>

As at 31 March 2023

Analysis of Total Assets	% of Total Assets
(a) Transferable securities (including money market instruments) admitted to or traded on a regulated market or other eligible securities market	80.73%
(b) Transferable securities other than those admitted to or traded on a regulated market or other eligible securities market	—
(c) Cash and cash equivalents	18.91%
(d) Other assets	0.36%
<b>TOTAL ASSETS</b>	<b>100.00%</b>

As at 31 March 2022

Analysis of Total Assets	% of Total Assets
(a) Transferable securities (including money market instruments) admitted to or traded on a regulated market or other eligible securities market	75.66%
(b) Transferable securities other than those admitted to or traded on a regulated market or other eligible securities market	—
(c) Cash and cash equivalents	24.30%
(d) Other assets	0.04%
<b>TOTAL ASSETS</b>	<b>100.00%</b>

All investments have been awarded one of the two highest available short-term credit ratings by each recognised credit rating agency that has rated that investment.



# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## STATEMENT OF TOTAL RETURN

For the years ended 31 March 2023 and 31 March 2022

	Notes	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
Income					
Net capital gains/(losses)	2		1,240,510		(2,576,495)
Revenue	3	115,876,865		8,069,661	
Expenses	4	(4,837,211)		(4,441,645)	
Interest	6	—		—	
Net revenue before taxation		111,039,654		3,628,016	
Taxation	5	—		—	
Net revenue after taxation			111,039,654		3,628,016
<b>Total return before distributions</b>			<b>112,280,164</b>		<b>1,051,521</b>
Distributions	7		(111,039,654)		(3,628,016)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,240,510</b>		<b>(2,576,495)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the years ended 31 March 2023 and 31 March 2022

	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
<b>Opening net assets attributable to shareholders</b>		<b>4,198,343,006</b>		<b>6,036,055,903</b>
<b>Movement due to creation and cancellation of shares:</b>				
Amounts received on creation of shares	34,280,513,144		32,266,518,978	
Less: Amounts paid on cancellation of shares	(34,605,656,521)		(34,101,790,107)	
		(325,143,377)		(1,835,271,129)
Change in net assets attributable to shareholders from investment activities		1,240,510		(2,576,495)
Retained distribution on accumulation shares		4,867,374		134,727
<b>Closing net assets attributable to shareholders</b>		<b>3,879,307,513</b>		<b>4,198,343,006</b>

The notes on pages 24 to 29 form an integral part of these financial statements.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## BALANCE SHEET

As at 31 March 2023 and 31 March 2022

	Notes	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
<b>ASSETS</b>					
Fixed assets					
Investment assets			3,928,729,328		4,203,358,734
Current assets					
Debtors	8	14,338,479		1,649,561	
Cash and bank balances	9	269,097		340,718	
<b>Total other assets</b>			<b>14,607,576</b>		<b>1,990,279</b>
<b>Total assets</b>			<b>3,943,336,904</b>		<b>4,205,349,013</b>
<b>LIABILITIES</b>					
Creditors					
Distribution payable on income shares		(13,271,917)		(1,521,679)	
Other Creditors	10	(50,757,474)		(5,484,328)	
<b>Total other liabilities</b>			<b>(64,029,391)</b>		<b>(7,006,007)</b>
<b>Total liabilities</b>			<b>(64,029,391)</b>		<b>(7,006,007)</b>
<b>Net assets attributable to shareholders</b>			<b>3,879,307,513</b>		<b>4,198,343,006</b>

The notes on pages 24 to 29 form an integral part of these financial statements.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 1 ACCOUNTING POLICIES

The applicable accounting policies adopted by the Federated Hermes Short-Term Sterling Prime Fund are included on pages 11 to 13 within the Notes applicable to the Financial Statements of the Company.

### 2 NET CAPITAL GAINS/(LOSSES)

	31.03.23 £	31.03.22 £
Non-derivative securities	1,240,510	(2,576,495)
<b>Net capital Gains/(losses)</b>	<b>1,240,510</b>	<b>(2,576,495)</b>

### 3 REVENUE

	31.03.23 £	31.03.22 £
Accretion/(amortisation) of debt securities	40,445,453	(2,901,657)
Interest from money market deposits	61,019,350	5,697,155
Interest from overseas fixed interest securities	14,260,538	5,180,788
Interest from repurchase agreements	41,274	45,455
Interest from UK bank deposits	30,680	516
Interest from UK fixed interest securities	79,570	47,404
<b>Total revenue</b>	<b>115,876,865</b>	<b>8,069,661</b>

### 4 EXPENSES

	31.03.23 £	31.03.22 £
<b>Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	4,956,316	5,331,554
	4,956,316	5,331,554
<b>Other expenses</b>		
Auditors' remuneration	9,060	8,580
Prepaid ACD expense waiver fee	(465,398)	(1,221,120)
FCA fee	1,495	1,498
Legal fee	183,475	177,817
Miscellaneous fee	64,250	8,334
Printing fee	10,581	9,792
Rating agency fee	70,007	108,629
Registration fees	(2,118)	7,023
Transfer agency fees	9,543	9,538
	(119,105)	(889,909)
<b>Total expenses</b>	<b>4,837,211</b>	<b>4,441,645</b>

### 5 TAXATION

#### (a) Analysis of tax charge for the year

There is no provision for corporation tax in either year as taxable revenue is fully covered by allowable deductible interest distributions.

#### (b) Factors affecting current tax charge for the year:

	31.03.23 £	31.03.22 £
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company of 20% (2022: 20%). The differences are explained below:		
Net revenue before taxation	111,039,654	3,628,016
Corporation tax at 20%	22,207,931	725,603
Effects of:		
Tax deductible interest distributions	(22,207,931)	(725,603)
<b>Total current tax charge for the year</b>	<b>—</b>	<b>—</b>

The Federated Hermes Short-Term Sterling Prime Fund is an authorised investment fund for United Kingdom corporation tax purposes and is exempt from corporation tax on chargeable capital gains in the UK on the disposal of investments. Therefore, any capital return is not included in the above reconciliation.

#### (c) Deferred tax

At the balance sheet date the Fund had no excess management expenses. Were there to be excess management expenses a potential deferred tax asset would arise.

### 6 INTEREST

	31.03.23 £	31.03.22 £
Interest	—	—
<b>Total interest</b>	<b>—</b>	<b>—</b>

### 7 DISTRIBUTIONS

	31.03.23 £	31.03.22 £
April distributions	2,221,619	49,494
May distributions	2,423,345	49,290
June distributions	2,911,943	48,151
July distributions	5,636,155	47,699
August distributions	8,518,532	46,560
September distributions	9,569,965	45,087
October distributions	10,584,274	48,766
November distributions	11,665,822	46,873
December distributions	11,864,615	109,829
January distributions	14,823,556	339,239
February distributions	15,842,466	1,055,809
March distributions	14,977,362	1,741,219
<b>Total distributions for the year</b>	<b>111,039,654</b>	<b>3,628,016</b>

Details of the distributions per share are set out in the distribution tables on page 30.

### 8 DEBTORS

	31.03.23 £	31.03.22 £
Accrued revenue	14,260,070	1,649,561
Prepaid legal fees	7,770	—
Prepaid miscellaneous fees	68,226	—
Prepaid printing fees	2,413	—
<b>Total debtors</b>	<b>14,338,479</b>	<b>1,649,561</b>

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9 CASH AND BANK BALANCES

	31.03.23	31.03.22
	£	£
Cash and bank balances	269,097	340,718
<b>Total cash and bank balances</b>	<b>269,097</b>	<b>340,718</b>

### 10 OTHER CREDITORS

	31.03.23	31.03.22
	£	£
Accrued ACD's periodic charge	375,451	430,772
Accrued audit fee	9,060	9,060
Accrued legal fees	—	38,781
Accrued miscellaneous fees	—	11,904
Accrued printing fees	—	4,399
Accrued registration fees	—	2,119
Accrued transfer agency fees	768	1,835
Share class LVNAV alignment	395,186	—
Purchases awaiting settlement	49,977,009	4,985,458
<b>Total other creditors</b>	<b>50,757,474</b>	<b>5,484,328</b>

### 11 RELATED PARTY TRANSACTIONS

Federated Hermes (UK) LLP, as ACD, is a related party (per the Financial Reporting Standards (FRS 102)—“Related Party Transactions”) and acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received on the issue of shares and paid on the cancellation of shares are disclosed in the ‘Statement of Change in Net Assets Attributable to Shareholders’. Any expenses paid to the ACD during the accounting period are disclosed in note 4. Any amounts due to, or payable by, the ACD at the end of the accounting period are disclosed in notes 8 and 10 respectively.

### 12 SHARE CLASSES

Federated Hermes Short-Term Sterling Prime Fund currently has six share classes in issue. The current annual ACD charge as a percentage of daily net asset value is as follows:

Class 1 Shares – income*	0.00%
Class 2 Shares – income**	0.05%
Class 3 Shares – income	0.10%
Class 4 Shares – income	0.15%
Class 5 Shares – income	0.20%
Class 8 Shares – accumulation	0.10%

Details of the net asset value of each share class, the net asset value per share, and the number of shares in each class are shown in the Comparative Tables. Distribution per share class is shown in the Distribution Tables.

All share classes have the same rights on winding up.

\* Investment may only be made into Class 1 Shares – income by investors who have a segregated mandate with Federated Hermes (UK) LLP.

\*\* Investment may only be made into Class 2 Shares – income where specifically offered by Federated Hermes (UK) LLP.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

#### (A) Efficient portfolio management

The Fund may employ techniques and instruments which are used for the purpose of efficient portfolio management.

No techniques or derivatives were used for efficient portfolio management purposes during the reporting period.

#### (B) Currency risk

Refer to Note 3 (Financial Instruments) on page 12 under the sub-heading 'Foreign currency risk' for a description of the risk.

For the year ended 31 March 2023 and 31 March 2022, the Fund was not exposed to currency risk.

#### (C) Interest rate risk profile of financial assets and liabilities

Refer to Note 3 (Financial Instruments) on page 13 under the sub-heading 'Interest rate risk' for a description of the risk and the Fund's process for mitigating this risk.

The interest rate risk profile of investment assets as at 31 March 2023 was as follows:

	Floating rate financial assets £	Fixed rate financial assets £	Non-interest bearing investments £	Total £
Investment assets	491,256,928	3,437,472,400	—	3,928,729,328

The interest rate risk profile of investment assets as at 31 March 2022 was as follows:

	Floating rate financial assets £	Fixed rate financial assets £	Non-interest bearing investments £	Total £
Investment assets	280,079,009	3,923,279,725	—	4,203,358,734

Duration is a measure of a bond's (or bond portfolio's) volatility or sensitivity to changes in interest rates. It is a weighted-average term-to maturity of the bond's cash flows, the weights being the present value of each cash flow as a percentage of the bond's full price. In short, duration is a measure of how long, in terms of years, it takes for the price of a bond to be repaid by its internal cash flows. The Fund is a short-term money market fund that invests in low risk short-term investments. Accordingly, duration is not relevant to the Fund.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (CONTINUED)

#### (D) Credit risk

Refer to Note 3 (Financial Instruments) on page 13 under the sub-heading 'Credit/Counterparty risk' for a description of the risk and the Fund's process for mitigating this risk.

At 31 March 2023, the Fund's credit quality ratings composition\* was as follows:

<b>S&amp;P Short-Term Ratings as Percentage of Total Investments</b>	<b>%</b>
A-1+	32.5
A-1	67.5
Not Rated by S&P	—
<b>Total</b>	<b>100.0</b>

<b>Moody's Short-Term Ratings as Percentage of Total Investments</b>	<b>%</b>
P-1	99.6
Not Rated by Moody's	0.4
<b>Total</b>	<b>100.0</b>

<b>Fitch Short-Term Ratings as Percentage of Total Investments</b>	<b>%</b>
F-1+	37.7
F-1	60.9
Not Rated by Fitch	1.4
<b>Total</b>	<b>100.0</b>

At 31 March 2022, the Fund's credit quality ratings composition\* was as follows:

<b>S&amp;P Short-Term Ratings as Percentage of Total Investments</b>	<b>%</b>
A-1+	36.8
A-1	63.2
Not Rated by S&P	—
<b>Total</b>	<b>100.0</b>

<b>Moody's Short-Term Ratings as Percentage of Total Investments</b>	<b>%</b>
P-1	99.5
Not Rated by Moody's	0.5
<b>Total</b>	<b>100.0</b>

<b>Fitch Short-Term Ratings as Percentage of Total Investments</b>	<b>%</b>
F-1+	41.9
F-1	55.0
Not Rated by Fitch	3.1
<b>Total</b>	<b>100.0</b>

\* These tables depict the short-term credit-quality ratings assigned to the Fund's portfolio holdings by S&P, Moody's and Fitch. Rated securities include a security with an obligor and/or credit enhancer that has received a rating from a recognised credit rating agency with respect to a class of debt obligations that is comparable in priority and security with the security held by the Fund. Credit-quality ratings are an assessment of the risk that a security will default in payment and do not address other risks presented by the security.

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (CONTINUED)

#### (E) Fair value of financial assets and financial liabilities

There are no material differences between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

The amortised cost of the investments is not significantly different from their fair value on a mark to market basis.

There were no derivatives of a material nature held by the Fund during the accounting period.

#### (F) Valuation of financial investments

Under FRS 102, the Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in determining the measurements. The fair value hierarchy consists of the following levels:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

	Assets £	Liabilities £
<b>31 March 2023</b>		
Level 2: Valuation techniques using observable market data	3,928,729,328	—
	<b>3,928,729,328</b>	<b>—</b>

	Assets £	Liabilities £
<b>31 March 2022</b>		
Level 2: Valuation techniques using observable market data	4,203,358,734	—
	<b>4,203,358,734</b>	<b>—</b>

#### (G) Leverage

The Fund did not employ any leverage during the year ended 31 March 2023 (2022: £nil).

#### (H) Liquidity Risk

Refer to Note 3 (Financial Instruments) on page 13 under the sub-heading 'Liquidity Risk' for a description of the risk and the Fund's process for mitigating this risk.

### 14 PORTFOLIO TRANSACTION COSTS

There were no direct transaction costs associated with the purchase or sale of investments during the twelve month period ended 31 March 2023 (2022: £nil).



# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 15 SHARE MOVEMENT TABLE

	Class 1 Shares – income	Class 2 Shares – income	Class 3 Shares – income	Class 4 Shares – income	Class 5 Shares – income
Opening shares	28,972,549	64,207,428	3,893,117,890	20,755,156	500,000
Shares issued	73,545,465	190,263,936	33,642,688,754	166,079,364	20,171
Shares redeemed	(79,400,000)	(152,674,572)	(34,079,717,367)	(169,069,859)	(500,071)
Closing shares	23,118,014	101,796,792	3,456,089,277	17,764,661	20,100
					<b>Class 8 Shares – accumulation</b>
Opening shares					179,590,283
Shares issued					198,937,202
Shares redeemed					(122,368,790)
Closing shares					256,158,695

### 16 CONTINGENT LIABILITIES

The Fund had no contingent liabilities at the balance sheet date (2022: £nil).

# FEDERATED HERMES SHORT-TERM STERLING PRIME FUND (CONTINUED)

## DISTRIBUTION TABLES

### DISTRIBUTIONS PAID

For the year ended 31 March 2023

	<b>Class 1 Shares – income* £ per share</b>	<b>Class 2 Shares – income* £ per share</b>	<b>Class 3 Shares – income* £ per share</b>	<b>Class 4 Shares – income* £ per share</b>	<b>Class 5 Shares – income* £ per share</b>	<b>Class 8 Shares – accumulation** £ per share</b>
April 2022 distribution	0.0006	0.0005	0.0005	0.0004	0.0004	0.0005
May 2022 distribution	0.0007	0.0007	0.0006	0.0006	0.0006	0.0007
June 2022 distribution	0.0009	0.0008	0.0008	0.0008	0.0007	0.0009
July 2022 distribution	0.0011	0.0011	0.0011	0.0010	0.0026	0.0011
August 2022 distribution	0.0015	0.0014	0.0014	0.0013	0.0015	0.0015
September 2022 distribution	0.0016	0.0016	0.0015	0.0015	0.0014	0.0016
October 2022 distribution	0.0019	0.0019	0.0018	0.0018	0.0017	0.0020
November 2022 distribution	0.0023	0.0023	0.0023	0.0022	0.0022	0.0025
December 2022 distribution	0.0027	0.0027	0.0026	0.0026	0.0025	0.0029
January 2023 distribution	0.0029	0.0029	0.0029	0.0028	0.0028	0.0031
February 2023 distribution	0.0030	0.0029	0.0029	0.0029	0.0028	0.0032
March 2023 distribution	0.0034	0.0034	0.0034	0.0033	0.0033	0.0037

For the year ended 31 March 2022

	<b>Class 1 Shares – income* £ per share</b>	<b>Class 2 Shares – income* £ per share</b>	<b>Class 3 Shares – income* £ per share</b>	<b>Class 4 Shares – income* £ per share</b>	<b>Class 5 Shares – income* £ per share</b>	<b>Class 8 Shares – accumulation** £ per share</b>
April 2021 distribution	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
May 2021 distribution	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
June 2021 distribution	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
July 2021 distribution	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
August 2021 distribution	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
September 2021 distribution	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
October 2021 distribution	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
November 2021 distribution	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
December 2021 distribution	0.0001	0.0001	0.0000	0.0000	0.0000	0.0000
January 2022 distribution	0.0001	0.0001	0.0001	0.0000	0.0000	0.0001
February 2022 distribution	0.0003	0.0002	0.0002	0.0002	0.0001	0.0002
March 2022 distribution	0.0004	0.0004	0.0003	0.0003	0.0003	0.0004

\* The Fund accrues distributions on a daily basis and funds are paid out on a monthly basis.

\*\* Income attributable to the Accumulation share classes is not paid out but is automatically added to (and retained as part of) the capital assets of the Fund on each income allocation date and is reflected in the share price of the Accumulation Shares.

# FEDERATED HERMES STERLING CASH PLUS FUND

## FUND OBJECTIVE AND POLICY

The investment objective of the Federated Hermes Sterling Cash Plus Fund (the "Fund") is to provide investors with stability of capital and income through investment in short-term fixed income and variable rate securities.

The Fund shall invest in assets that are eligible for investment by a money market fund, which will include a broad range of liquid securities, instruments and obligations denominated in pound sterling from both within and outside the UK.

The Fund is managed with the intention of maintaining its regulatory status in the UK as a Variable Net Asset Value Money Market Fund that is a Standard Money Market Fund.

## INVESTMENT MANAGER'S REPORT

Over the 12 months to 31 March 2023, the annualised net return on the principal share class (Class 3 Shares – accumulation) of the Fund was 2.22% (-0.01% for the 12 months to 31 March 2022). The highest monthly annualised return was 4.00% in March 2023 and the lowest monthly annualised return was 0.80% in April 2022 and June 2022. The returns reflect the rising rate environment.

In anticipation of Bank Rate increases, the Fund had both shortened the weighted average maturity ("WAM") and weighted average life of the portfolio, and increased the short-term liquidity of the portfolio in order to be able to benefit from higher interest rates. Additionally, the liquidity of the portfolio was increased following Russian manoeuvres early in 2022 that appeared to signal a potential invasion of Ukraine, to ensure the Fund had surplus liquidity should it be required. The increases in liquidity during the period were achieved by allowing maturing investments to be held in cash rather than reinvested in longer dated securities. As rates have come closer to their peak we have cautiously extended the WAM, and slightly reduced daily and weekly liquidity.

The Fund ended March 2023 with a WAM of 74 days (31 March 2022: 54 days) and a weighted average life of 82 days (31 March 2022: 119 days).

The Fund had overnight liquidity of 12.65% (31 March 2022: 18.14%) and weekly liquidity of 21.33% (31 March 2022 31.14%).

The Fund continues to maintain conservative investment parameters. Using the Federated Hermes, Inc. specialist Money Market Fund Credit team, all issuers are reviewed regularly for credit worthiness, financial size and strength, and environmental, social and corporate governance factors in order to justify their continued inclusion in our universe of acceptable credits.

On 31 March 2023 the Fund had net assets of £254m compared with £454m at 31 March 2022 and £411m at the end of September 2022.

## PAST PERFORMANCE

12 MONTH PERIOD	FUND NET RETURN (%)
31/03/22 – 31/03/23	2.22
31/03/21 – 31/03/22	-0.01
31/03/20 – 31/03/21	0.28
31/03/19 – 31/03/20	0.78
31/03/18 – 31/03/19	0.82
31/03/17 – 31/03/18	0.41
31/03/16 – 31/03/17	0.80
31/03/15 – 31/03/16	0.72
31/03/14 – 31/03/15	0.67
31/03/13 – 31/03/14	0.60
31/03/12 – 31/03/13	1.24

### NOTES TO PAST PERFORMANCE INFORMATION:

*Federated Hermes Sterling Cash Plus Fund was formerly known as Federated Sterling Cash Plus Fund prior to 26 June 2020. The Fund was known as Federated Prime Rate Sterling Cash Plus Fund prior to 20 September 2013. The Fund was launched in November 2011.*

*The above table shows past performance information for the Fund for complete twelve month periods ending on 31 March.*

*Performance information is based on Class 3 Shares – accumulation of the Fund and is shown net of all Fund charges. Performance may vary on a net basis among different share classes due to differences in fund/share class expenses.*

*Source: Federated Hermes (UK) LLP.*

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## RISK AND REWARD PROFILE



The risk and reward category of the Fund is calculated using historical data, which is not a reliable indication of the Fund’s future risk profile. The risk and reward category may shift over time and is not a target or a guarantee.

The Fund is in category 1 (2022: category 1) on a scale of 1 (lower) to 7 (higher) because of the low range and low frequency of price movements (volatility) of the underlying investments that it targets to meet the Fund’s objective of maintaining a constant net asset value. The lowest category (i.e. category 1) does not mean the Fund is a risk-free investment.

Please note, the category stated above, category 1, is the same for each class of shares within the Fund.

The risk and reward category for the Fund did not change during the reporting period.

The following risks are materially relevant to the Fund and may not be adequately covered by the risk and reward category:

- Capital at risk: The Fund has no capital guarantees and your investment is entirely at risk. The value of your investment may go down as well as up. A subscription for shares in the Fund is not the same as making a deposit with a bank or other deposit taking body and the value of the Fund’s shares is not guaranteed.
- Credit risk: The value of the Fund may be affected by the creditworthiness of the issuers of the debt instruments the Fund invests in and, notwithstanding the policy of the Fund to invest in short dated instruments, may also be affected by substantial adverse movements in interest rates.
- Counterparty risk: The counterparty to a transaction involving a Fund may fail to meet its obligations, causing losses to the Fund.
- Currency risk: Whilst the Fund will hedge underlying securities not denominated in pound sterling, the effect of fluctuations in currency exchange rates may still adversely affect the value of that security.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## COMPARATIVE TABLES

For the year ending: Class 2 Shares – accumulation	31.03.23 £ per share	31.03.22 £ per share	31.03.21 £ per share
<b>Change in net assets per share</b>			
Opening net asset value per share	107.51	107.47	107.12
Return before operating charges*	2.54	0.16	0.46
Operating charges	(0.12)	(0.12)	(0.11)
Return after operating charges	2.42	0.04	0.35
Distributions	(2.32)	(0.16)	(0.24)
Retained distributions on accumulation shares	2.32	0.16	0.24
<b>Closing net asset value per share</b>	<b>109.93</b>	<b>107.51</b>	<b>107.47</b>
<b>Performance</b>			
Return after charges	2.25%	0.04%	0.33%
<b>Other information</b>			
Closing net asset value (£)	52,064,904	63,081,979	133,251,775
Closing number of shares	473,638	586,780	1,239,937
Operating charges**	0.12%	0.12%	0.11%
<b>Prices</b>			
Highest share price	109.93	107.52	107.48
Lowest share price	107.51	107.45	107.12

  

For the year ending: Class 3 Shares – accumulation	31.03.23 £ per share	31.03.22 £ per share	31.03.21 £ per share
<b>Change in net assets per share</b>			
Opening net asset value per share	106.95	106.96	106.67
Return before operating charges*	2.52	0.16	0.45
Operating charges	(0.17)	(0.17)	(0.16)
Return after operating charges	2.35	(0.01)	0.29
Distributions	(2.26)	(0.11)	(0.18)
Retained distributions on accumulation shares	2.26	0.11	0.18
<b>Closing net asset value per share</b>	<b>109.30</b>	<b>106.95</b>	<b>106.96</b>
<b>Performance</b>			
Return after charges	2.20%	(0.01)%	0.28%
<b>Other information</b>			
Closing net asset value (£)	175,383,098	334,538,075	711,582,900
Closing number of shares	1,604,577	3,128,016	6,652,582
Operating charges**	0.17%	0.17%	0.16%
<b>Prices</b>			
Highest share price	109.30	106.99	106.98
Lowest share price	106.95	106.90	106.67

\* There were no direct transaction costs associated with the purchase and sale of investments.

\*\* Both the Operating Charges figure shown above and the Ongoing Charges figure disclosed in the Key Investor Information Document ("KIID") for each Share Class are based on the annual management charge and the running costs of the Fund, and excludes initial charges (if any). The Operating Charges figure represents the annualised charges actually incurred calculated as a percentage of the average net assets for the period. Whilst the Ongoing Charges figure in the KIID will generally also be based on actual costs, the calculation period may be different and in certain circumstances an estimated figure may be used. As such the Operating Figure may vary from the Ongoing Charges figure in the KIID.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## COMPARATIVE TABLES (CONTINUED)

For the year ending: Class 3 EUR Shares – accumulation*	31.03.23 € per share	31.03.22 € per share	31.03.21 € per share
<b>Change in net assets per share</b>			
Opening net asset value per share	97.11	97.81	98.22
Return before operating charges**	(0.59)	(0.53)	(0.25)
Operating charges	(0.17)	(0.17)	(0.16)
Return after operating charges	(0.76)	(0.70)	(0.41)
Distributions	0.00	0.00	(0.14)
Retained distributions on accumulation shares	0.00	0.00	0.14
<b>Closing net asset value per share</b>	<b>96.35</b>	<b>97.11</b>	<b>97.81</b>
<b>Performance</b>			
Return after charges	(0.76)%	(0.72)%	(0.42)%
<b>Other information</b>			
Closing net asset value (€)	—	97	98
Closing number of shares	—	1	1
Operating charges***	—	0.17%	0.16%
<b>Prices</b>			
Highest share price	97.11	97.84	98.03
Lowest share price	96.35	97.08	97.79

  

For the year ending: Class 3 USD Shares – accumulation*	31.03.23 \$ per share	31.03.22 \$ per share	31.03.21 \$ per share
<b>Change in net assets per share</b>			
Opening net asset value per share	109.13	109.17	109.00
Return before operating charges**	0.65	0.13	0.33
Operating charges	(0.17)	(0.17)	(0.16)
Return after operating charges	0.48	(0.04)	0.17
Distributions	(0.36)	(0.08)	(0.15)
Retained distributions on accumulation shares	0.36	0.08	0.15
<b>Closing net asset value per share</b>	<b>109.61</b>	<b>109.13</b>	<b>109.17</b>
<b>Performance</b>			
Return after charges	0.48%	(0.04)%	0.16%
<b>Other information</b>			
Closing net asset value (\$)	—	1,532,496	1,532,938
Closing number of shares	—	14,042	14,042
Operating charges***	—	0.17%	0.16%
<b>Prices</b>			
Highest share price	109.64	109.23	109.18
Lowest share price	109.13	109.08	108.62

\* Share class liquidated on 8 September 2022.

\*\* There were no direct transaction costs associated with the purchase and sale of investments.

\*\*\* Both the Operating Charges figure shown above and the Ongoing Charges figure disclosed in the Key Investor Information Document ("KIID") for each Share Class are based on the annual management charge and the running costs of the Fund, and excludes initial charges (if any). The Operating Charges figure represents the annualised charges actually incurred calculated as a percentage of the average net assets for the period. Whilst the Ongoing Charges figure in the KIID will generally also be based on actual costs, the calculation period may be different and in certain circumstances an estimated figure may be used. As such the Operating Figure may vary from the Ongoing Charges figure in the KIID.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## COMPARATIVE TABLES (CONTINUED)

For the year ending: Class 4 Shares – accumulation	31.03.23 £ per share	31.03.22 £ per share	31.03.21 £ per share
<b>Change in net assets per share</b>			
Opening net asset value per share	105.46	105.51	105.28
Return before operating charges*	2.48	0.17	0.44
Operating charges	(0.22)	(0.22)	(0.21)
Return after operating charges	2.26	(0.05)	0.23
Distributions	(2.17)	(0.06)	(0.13)
Retained distributions on accumulation shares	2.17	0.06	0.13
<b>Closing net asset value per share</b>	<b>107.72</b>	<b>105.46</b>	<b>105.51</b>
<b>Performance</b>			
Return after charges	2.14%	(0.05)%	0.22%
<b>Other information</b>			
Closing net asset value (£)	8,060,354	10,741,280	7,754,796
Closing number of shares	74,826	101,856	73,498
Operating charges**	0.22%	0.22%	0.21%
<b>Prices</b>			
Highest share price	107.72	105.53	105.54
Lowest share price	105.46	105.42	105.28

\* There were no direct transaction costs associated with the purchase and sale of investments.

\*\* Both the Operating Charges figure shown above and the Ongoing Charges figure disclosed in the Key Investor Information Document ("KIID") for each Share Class are based on the annual management charge and the running costs of the Fund, and excludes initial charges (if any). The Operating Charges figure represents the annualised charges actually incurred calculated as a percentage of the average net assets for the period. Whilst the Ongoing Charges figure in the KIID will generally also be based on actual costs, the calculation period may be different and in certain circumstances an estimated figure may be used. As such the Operating Figure may vary from the Ongoing Charges figure in the KIID.



# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## COMPARATIVE TABLES (CONTINUED)

For the year ending: Class 6 Shares – income	31.03.23 £ per share	31.03.22 £ per share	31.03.21 £ per share
<b>Change in net assets per share</b>			
Opening net asset value per share	99.95	100.08	99.97
Return before operating charges*	2.35	0.16	0.42
Operating charges	(0.17)	(0.17)	(0.16)
Return after operating charges	2.18	(0.01)	0.26
Distributions	(2.12)	(0.12)	(0.15)
<b>Closing net asset value per share</b>	<b>100.01</b>	<b>99.95</b>	<b>100.08</b>
<b>Performance</b>			
Return after charges	2.18%	(0.01)%	0.26%
<b>Other information</b>			
Closing net asset value (£)	18,813,423	44,594,258	67,392,148
Closing number of shares	188,116	446,184	673,361
Operating charges**	0.17%	0.17%	0.16%
<b>Prices</b>			
Highest share price	100.34	100.09	100.12
Lowest share price	99.87	99.94	99.96

\* There were no direct transaction costs associated with the purchase and sale of investments.

\*\* Both the Operating Charges figure shown above and the Ongoing Charges figure disclosed in the Key Investor Information Document ("KIID") for each Share Class are based on the annual management charge and the running costs of the Fund, and excludes initial charges (if any). The Operating Charges figure represents the annualised charges actually incurred calculated as a percentage of the average net assets for the period. Whilst the Ongoing Charges figure in the KIID will generally also be based on actual costs, the calculation period may be different and in certain circumstances an estimated figure may be used. As such the Operating Figure may vary from the Ongoing Charges figure in the KIID.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## PORTFOLIO STATEMENT

As at 31 March 2023

Holding	Investment	Value £	Percentage of total net assets %
<b>Certificates of Deposit 52.83% (31 March 2022 – 37.17%)</b>			
£3,000,000	ABN Amro Bank Certificate of Deposit 11/04/2023	2,996,117	1.18
£5,000,000	Bank of America Certificate of Deposit 09/08/2023	4,918,947	1.93
£5,000,000.0	Bank of Montreal Certificate of Deposit 07/08/2023	4,971,543	1.95
£4,000,000	Bank of Montreal Certificate of Deposit 10/07/2023	3,951,823	1.55
£2,000,000	Commonwealth Bank of Australia Certificate of Deposit 09/01/2024	2,002,491	0.79
£8,000,000	Commonwealth Bank of Australia Certificate of Deposit 20/07/2023	7,997,872	3.14
£5,000,000	Cooperatieve Rabobank Certificate of Deposit 16/06/2023	4,953,308	1.95
£5,000,000	Cooperatieve Rabobank Certificate of Deposit 24/07/2023	4,927,613	1.94
£10,000,000	Lloyds Bank PLC Certificate of Deposit 17/07/2023	9,995,307	3.93
£5,000,000	Lloyds Bank PLC Certificate of Deposit 25/07/2023	4,998,258	1.97
£10,000,000	Mizuho Bank Limited Certificate of Deposit 12/04/2023	9,985,883	3.93
£5,000,000	MUFG Bank Limited Certificate of Deposit 24/04/2023	4,988,165	1.96
£5,000,000	Nordea Bank Certificate of Deposit 22/01/2024	5,005,404	1.97
£5,000,000	Nordea Bank Certificate of Deposit 04/08/2023	4,997,001	1.96
£3,000,000	Nordea Bank Certificate of Deposit 29/08/2023	2,944,022	1.16
£5,000,000	National Bank of Canada Certificate of Deposit 06/07/2023	4,997,263	1.97
£5,000,000	Royal Bank of Canada Certificate of Deposit 18/08/2023	4,908,623	1.93
£10,000,000	Societe Generale Certificate of Deposit 31/07/2023	9,993,504	3.93
£10,000,000	Sumitomo Mitsui Certificate of Deposit 09/06/2023	9,916,112	3.90
£10,000,000	Toronto Dominion Bank Certificate of Deposit 21/07/2023	9,952,780	3.91
£5,000,000	Toronto Dominion Bank Certificate of Deposit 15/08/2023	4,971,237	1.95
£10,000,000	UBS Certificate of Deposit 21/08/2023	9,984,679	3.93
		<b>134,357,952</b>	<b>52.83</b>
<b>Commercial Papers 13.38% (31 March 2022 – 29.68%)</b>			
£5,000,000	Collateralized Commercial Paper III Commercial Paper 05/05/2023	4,979,626	1.96
£7,000,000	LMA Commercial Paper 24/04/2023	6,980,493	2.74
£10,000,000	Matchpoint Finance Commercial Paper 23/5/2023	9,937,567	3.91
£5,000,000	OP Corporate Bank Commercial Paper 09/06/2023	4,960,111	1.95
£7,500,000	OP Corporate Bank Commercial Paper 06/03/2024	7,170,720	2.82
		<b>34,028,517</b>	<b>13.38</b>
<b>Sterling Denominated Fixed Rate Bonds 0.00% (31 March 2022 – 0.04%)</b>			
<b>Sterling Denominated Variable Rate Bonds 15.73% (31 March 2022 – 14.35%)</b>			
£5,000,000	Australia and New Zealand Bank Floating Rate Notes 26/05/2023	5,002,154	1.97
£5,000,000	Metlife Global Floating Rate Notes 28/09/2023	5,000,966	1.96
£5,000,000	Royal Bank of Canada Floating Rate Notes 18/05/2023	5,004,435	1.97
£25,000,000	Toyota Motor Finance 0.323% Floating Rate Notes 28/04/2023	25,000,911	9.83
		<b>40,008,466</b>	<b>15.73</b>
<b>Overnight Deposits 12.55% (31 March 2022 – 13.67%)</b>			
£10,486,155	Nationwide Building Society	10,486,155	4.12
£4,300,000	Nationwide Building Society	4,300,000	1.69
£17,134,775	Sumitomo Mitsui Trust Bank	17,134,775	6.74
		<b>31,920,930</b>	<b>12.55</b>
<b>Qualifying Money Market Fund 4.98% (31 March 2022 – 4.96%)</b>			
£12,667,162	Federated Hermes Short-Term Sterling Prime Fund*	12,667,162	4.98
		<b>12,667,162</b>	<b>4.98</b>
<b>Forward Currency Contracts 0.00% (31 March 2022 – 0.01%)</b>			
<b>Portfolio of investments</b>		<b>252,983,027</b>	<b>99.47</b>
<b>Net current assets</b>		<b>1,338,752</b>	<b>0.53</b>
<b>Total net assets</b>		<b>254,321,779</b>	<b>100.00</b>

\* Affiliated holding

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## PORTFOLIO STATEMENT (CONTINUED)

As at 31 March 2023

<b>Analysis of Total Assets</b>	<b>% of Total Assets</b>
(a) Transferable securities (including money market instruments) admitted to or traded on a regulated market or other eligible securities market	86.90%
(b) Transferable securities other than those admitted to or traded on a regulated market or other eligible securities market	—
(c) Cash and cash equivalents	12.64%
(d) Other assets	0.46%
<b>TOTAL ASSETS</b>	<b>100.00%</b>

As at 31 March 2022

<b>Analysis of Total Assets</b>	<b>% of Total Assets</b>
(a) Transferable securities (including money market instruments) admitted to or traded on a regulated market or other eligible securities market	86.19%
(b) Transferable securities other than those admitted to or traded on a regulated market or other eligible securities market	—
(c) Cash and cash equivalents	13.73%
(d) Other assets	0.08%
<b>TOTAL ASSETS</b>	<b>100.00%</b>

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## STATEMENT OF TOTAL RETURN

For the years ended 31 March 2023 and 31 March 2022

	Notes	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
Income					
Net capital gains/(losses)	2		450,272		(574,804)
Revenue	3	7,886,807		1,741,397	
Expenses	4	(651,856)		(1,124,923)	
Interest	6	—		—	
Net revenue before taxation		7,234,951		616,474	
Taxation	5	—		—	
Net revenue after taxation			7,234,951		616,474
<b>Total return before distributions</b>			<b>7,685,223</b>		<b>41,670</b>
Distributions	7		(7,234,951)		(616,474)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>450,272</b>		<b>(574,804)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the years ended 31 March 2023 and 31 March 2022

	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
<b>Opening net assets attributable to shareholders</b>		<b>454,123,155</b>		<b>921,095,027</b>
<b>Movement due to creation and cancellation of shares:</b>				
Amounts received on creation of shares	349,501,502		371,597,140	
Less: Amounts paid on cancellation of shares	(556,366,545)		(838,563,507)	
		(206,865,043)		(466,966,367)
Change in net assets attributable to shareholders from investment activities		450,272		(574,804)
Retained distribution on accumulation shares		6,613,395		569,299
<b>Closing net assets attributable to shareholders</b>		<b>254,321,779</b>		<b>454,123,155</b>

The notes on pages 41 to 46 form an integral part of these financial statements.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## BALANCE SHEET

As at 31 March 2023 and 31 March 2022

	Notes	31.03.23 £	31.03.23 £	31.03.22 £	31.03.22 £
<b>ASSETS</b>					
Fixed assets					
Investments			252,983,027		453,574,633
Current assets					
Debtors	8	1,158,677		375,778	
Cash and bank balances	9	241,898		298,026	
<b>Total other assets</b>			<b>1,400,575</b>		<b>673,804</b>
<b>Total assets</b>			<b>254,383,602</b>		<b>454,248,437</b>
<b>LIABILITIES</b>					
Creditors					
Other creditors	10	(61,823)		(125,282)	
<b>Total other liabilities</b>			<b>(61,823)</b>		<b>(125,282)</b>
<b>Total liabilities</b>			<b>(61,823)</b>		<b>(125,282)</b>
<b>Net assets attributable to shareholders</b>			<b>254,321,779</b>		<b>454,123,155</b>

The notes on pages 41 to 46 form an integral part of these financial statements.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

### 1 ACCOUNTING POLICIES

The applicable accounting policies adopted by the Federated Hermes Sterling Cash Plus Fund are included on pages 11 to 13 within the Notes applicable to the Financial Statements of all Funds.

### 2 NET CAPITAL GAINS/(LOSSES)

	31.03.23 £	31.03.22 £
The net capital gains/losses comprise:		
Gains/(losses) on non-derivative investments	298,509	(547,065)
Gains on forward exchange contracts	114,420	45,199
Currency gains/(losses)	37,343	(72,938)
<b>Net capital gains/(losses)</b>	<b>450,272</b>	<b>(574,804)</b>

### 3 REVENUE

	31.03.23 £	31.03.22 £
Accretion/(Amortisation) of debt securities	1,583,333	(1,394,984)
Bank interest	1,740	129
Interest from money market deposits	2,968,556	932,316
Interest from overseas fixed interest securities	1,032,208	1,611,993
Interest from repurchase agreements	—	2,896
Interest from term deposits	1,161,218	144,035
Interest from UK fixed interest securities	1,139,752	445,012
<b>Total revenue</b>	<b>7,886,807</b>	<b>1,741,397</b>

### 4 EXPENSES

	31.03.23 £	31.03.22 £
<b>Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	556,327	959,362
	556,327	959,362
<b>Other expenses</b>		
Auditors' remuneration	9,060	8,579
Prepaid ACD expense waiver	(140,106)	(57,644)
FCA fee	179	264
Legal fee	183,412	177,834
Miscellaneous fee	7,068	249
Printing fee	10,582	9,793
Rating agency fee	14,794	16,391
Transfer agency fee	10,540	10,095
	95,529	165,561
<b>Total expenses</b>	<b>651,856</b>	<b>1,124,923</b>

### 5 TAXATION

#### (a) Analysis of tax charge for the year

There is no provision for corporation tax in either year as taxable revenue is fully covered by allowable expenses and deductible interest distributions.

#### (b) Factors affecting current tax charge for the year:

	31.03.23 £	31.03.22 £
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company of 20% (2022: 20%). The differences are explained below:		
Net revenue before taxation	7,234,951	616,474
Corporation tax at 20%	1,446,990	123,295
Effects of:		
Tax deductible interest distributions	(1,446,990)	(123,295)
<b>Total tax charge for the year</b>	<b>—</b>	<b>—</b>

The Federated Hermes Sterling Cash Plus Fund is an authorised investment fund for United Kingdom corporation tax purposes and so exempt from corporation tax on chargeable capital gains in the UK on the disposal of investments. Therefore, any capital return is not included in the above reconciliation.

#### (c) Deferred tax

At the balance sheet date the Fund had no excess management expenses. Were there to be excess management expenses a potential deferred tax asset would arise.

### 6 INTEREST

	31.03.23 £	31.03.22 £
Finance costs: Interest	—	—
<b>Total finance costs</b>	<b>—</b>	<b>—</b>

### 7 DISTRIBUTIONS

	31.03.23 £	31.03.22 £
April distributions	209,816	55,431
May distributions	291,609	33,382
June distributions	340,726	12,641
July distributions	431,449	17,823
August distributions	563,008	23,643
September distributions	579,163	24,369
October distributions	673,600	24,537
November distributions	697,298	27,060
December distributions	780,197	48,539
January distributions	865,843	76,274
February distributions	893,736	105,976
March distributions	908,506	166,799
<b>Distributions for the year</b>	<b>7,234,951</b>	<b>616,474</b>

Details of the distribution per share are set out in the distribution table on page 47.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 8 DEBTORS

	31.03.23 £	31.03.22 £
Accrued revenue	1,131,844	368,682
Prepaid ACD expense waiver	21,346	7,096
Prepaid legal fee	5,487	—
<b>Total debtors</b>	<b>1,158,677</b>	<b>375,778</b>

### 9 CASH AND BANK BALANCES

	31.03.23 £	31.03.22 £
Cash and bank balances	241,898	298,026
<b>Total cash and bank balances</b>	<b>241,898</b>	<b>298,026</b>

### 10 OTHER CREDITORS

	31.03.23 £	31.03.22 £
Accrued ACD's periodic charge	31,008	59,585
Accrued audit fee	9,060	9,059
Accrued legal fees	—	28,686
Accrued miscellaneous fee	5,980	6,491
Accrued printing fees	—	4,400
Accrued rating agency fee	13,892	15,108
Accrued transfer agency fee	1,883	1,953
<b>Total creditors</b>	<b>61,823</b>	<b>125,282</b>

### 11 RELATED PARTY TRANSACTIONS

Federated Hermes (UK) LLP, as the ACD, is a related party and acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received on the creation of shares and paid on the cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any expenses paid to the ACD during the accounting period are disclosed in note 4. Any amounts due from or due to the ACD at the end of the accounting period are disclosed in notes 8 and 10 respectively.

### 12 SHARE CLASSES

The Company currently has four share classes in issue. The current annual ACD charge as a percentage of daily net asset value is as follows:

Class 2 Shares – accumulation*	0.10%
Class 3 Shares – accumulation	0.15%
Class 4 Shares – accumulation	0.20%
Class 6 Shares – income	0.15%

Details of the net asset value of each share class, the net asset value per share, and the number of shares in each class are given in the comparative tables. The distribution per share class is given in the distribution tables.

All share classes have the same rights on winding up.

\* *Investment may only be made into Class 2 Shares – accumulation by investors who have a segregated mandate with Federated Hermes (UK) LLP.*

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 FINANCIAL INSTRUMENTS

#### (A) Efficient portfolio management

The Fund may employ techniques and instruments which are used for the purpose of efficient portfolio management. Certain share classes of the Fund use currency hedging to minimise the effect of exchange rate fluctuations between the currency in which the assets of the Fund are generally denominated and the currency of the respective Share Class (i.e. Euro and US Dollars). Currency hedging techniques include entering into currency forward contracts.

#### (B) Currency risk

Refer to Note 3 (Financial Instruments) on page 12 under the sub-heading 'Foreign currency risk' for a description of the risk.

Class hedging transactions entered into for a currency hedged share class will be attributable only to that currency hedged share class, and the effect of class hedging transactions shall be attributable only to the Shareholders of the relevant currency hedged share class. Assets, liabilities, expenses, costs and charges in respect of class hedging transactions entered into for a Fund will be attributed to the relevant currency hedged share class issued by the Fund. For Funds that issue currency hedged share class, the currency hedging techniques used by the Fund for the purposes of those share classes may include the use of derivatives including foreign exchange forward transactions.

The currency profile for the Fund's net assets at 31 March 2023 was:

Currency risk	Net foreign currency assets		
	Monetary exposures £	Non-monetary exposures £	Total £
Euro	560	—	560

The currency profile for the Fund's net assets at 31 March 2022 was:

Currency risk	Net foreign currency assets		
	Monetary exposures £	Non-monetary exposures £	Total £
Euro	539	82	621
US Dollar	—	1,167,997	1,167,997

If GBP to foreign currency exchange rates had weakened/decreased by 10% as at the balance sheet date, the net asset value of the Fund would have increased £62 (31 March 2022: £129,846).

If GBP to foreign currency exchange rates had strengthened/increased by 10% as at the balance sheet date, the net asset value of the Fund would have decreased £51 (31 March 2022: £101,238).

#### (C) Interest rate risk profile of financial assets and liabilities

Refer to Note 3 (Financial Instruments) on page 13 under the sub-heading 'Interest rate risk' for a description of the risk and the Fund's process for mitigating this risk.

The interest rate risk profile of investment assets as at 31 March 2023 was as follows:

	Floating rate financial assets £	Fixed rate financial assets £	Non-interest bearing investments £	Total £
Investment assets	40,008,466	212,974,561	—	252,983,027



# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 FINANCIAL INSTRUMENTS (CONTINUED)

The interest rate risk profile of investment assets as at 31 March 2022 was as follows:

	<b>Floating rate financial assets £</b>	<b>Fixed rate financial assets £</b>	<b>Non-interest bearing investments £</b>	<b>Total £</b>
Investment assets	65,175,774	388,365,190	33,669	453,574,633

Duration is a measure of a bond's (or bond portfolio's) volatility or sensitivity to changes in interest rates. It is a weighted-average term-to-maturity of the bond's cash flows, the weights being the present value of each cash flow as a percentage of the bond's full price. In short, duration is a measure of how long, in terms of years, it takes for the price of a bond to be repaid by its internal cash flows. The Fund is a short-term money market fund that invests in low risk short-term investments. Accordingly, duration is not relevant to the Fund.

#### (D) Credit risk

Certain transactions in securities that the Fund enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibility. Refer to Note 3 (Financial Instruments) on page 13 under the sub-heading 'Credit/Counterparty risk' for a description of the risk and the Fund's process for mitigating this risk.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 FINANCIAL INSTRUMENTS (CONTINUED)

At 31 March 2023, the Fund's credit quality ratings composition\* was as follows:

<b>S&amp;P Short-Term Ratings as Percentage of Total Investments</b>		<b>%</b>
A-1+		37.5
A-1		57.5
Not Rated by S&P		5.0
<b>Total</b>		<b>100.0</b>
<b>Moody's Short-Term Ratings as Percentage of Total Investments</b>		<b>%</b>
P-1		95.0
Not Rated by Moody's		5.0
<b>Total</b>		<b>100.0</b>
<b>Fitch Short-Term Ratings as Percentage of Total Investments</b>		<b>%</b>
F1		55.2
F1+		33.0
Not Rated by Fitch		11.8
<b>Total</b>		<b>100.0</b>

At 31 March 2022, the Fund's credit quality ratings composition\* was as follows:

<b>S&amp;P Short-Term Ratings as Percentage of Total Investments</b>		<b>%</b>
A-1+		31.7
A-1		63.3
Not Rated by S&P		5.0
<b>Total</b>		<b>100.0</b>
<b>Moody's Short-Term Ratings as Percentage of Total Investments</b>		<b>%</b>
P-1		93.9
Not Rated by Moody's		6.1
<b>Total</b>		<b>100.0</b>
<b>Fitch Short-Term Ratings as Percentage of Total Investments</b>		<b>%</b>
F1		51.2
F1+		37.7
Not Rated by Fitch		11.1
<b>Total</b>		<b>100.0</b>

\* These tables depict the short-term credit-quality ratings assigned to the Fund's portfolio holdings by Standard and Poor's, Moody's and Fitch. Rated securities include a security with an obligor and/or credit enhancer that has received a rating from a recognised credit rating agency with respect to a class of debt obligations that is comparable in priority and security with the security held by the Fund. Credit-quality ratings are an assessment of the risk that a security will default in payment and do not address other risks presented by the security.

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 13 FINANCIAL INSTRUMENTS (CONTINUED)

#### (E) Fair value of financial assets and financial liabilities

There are no material differences between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

The amortised cost of the investments is not significantly different from their fair value on a mark to market basis.

#### (F) Valuation of financial investments

The categorisation of financial investments in the tables below reflects the methodology used to measure their fair value.

	Assets £	Liabilities £
<b>31 March 2023</b>		
Level 2: Valuation techniques using observable market data	252,983,027	—
	<b>252,983,027</b>	<b>—</b>
	Assets £	Liabilities £
<b>31 March 2022</b>		
Level 2: Valuation techniques using observable market data	453,574,633	—
	<b>453,574,633</b>	<b>—</b>

#### (G) Leverage

The Fund did not employ any leverage during the year ended 31 March 2023 (2022: £nil).

#### (H) Liquidity Risk

Refer to Note 3 (Derivatives and other Financial Instruments) on page 13 under the sub-heading 'Liquidity Risk' for a description of the risk and the Fund's process for mitigating this risk.

### 14 PORTFOLIO TRANSACTION COSTS

There were no direct transaction costs associated with the purchase or sale of investments during the twelve month period ending 31 March 2023 (2022: £nil).

### 15 SHARE MOVEMENT TABLE

	Class 2 Shares – accumulation	Class 3 Shares – accumulation	Class 3 EUR Shares – accumulation*	Class 3 USD Shares – accumulation*	Class 4 Shares – accumulation
Opening shares	586,780	3,128,016	1	14,042	101,856
Shares issued	131,986	3,096,761	—	—	29,241
Shares redeemed	(245,128)	(4,620,200)	(1)	(14,042)	(56,271)
Closing shares	473,638	1,604,577	—	—	74,826
					Class 6 Shares – income
Opening shares					446,184
Shares issued					246,257
Shares redeemed					(504,325)
Closing shares					188,116

\* Currency hedged share class which liquidated on 8 September 2022.

### 16 CONTINGENT LIABILITIES

The Fund had no contingent liabilities at the balance sheet date (2022: £nil).

# FEDERATED HERMES STERLING CASH PLUS FUND (CONTINUED)

## DISTRIBUTION TABLE

### FINAL DISTRIBUTIONS PAID

For the year ended 31 March 2023

	Class 2 Shares – accumulation* £ per share	Class 3 Shares – accumulation* £ per share	Class 3 EUR Shares – accumulation* £ per share**,+	Class 3 USD Shares – accumulation* \$ per share**,+	Class 4 Shares – accumulation* £ per share	Class 6 Shares – income*** £ per share
April 2022 distribution	0.0535	0.0488	—	0.0384	0.0438	0.0454
May 2022 distribution	0.0708	0.0659	—	0.0540	0.0605	0.0613
June 2022 distribution	0.0836	0.0788	—	0.0651	0.0733	0.0721
July 2022 distribution	0.1087	0.1036	—	0.0882	0.0976	0.0960
August 2022 distribution	0.1463	0.1410	—	0.1157	0.1345	0.1325
September 2022 distribution	0.1575	0.1522	—	—	0.1457	0.1367
October 2022 distribution	0.1888	0.1832	—	—	0.1761	0.1708
November 2022 distribution	0.2237	0.2181	—	—	0.2106	0.2188
December 2022 distribution	0.2799	0.2738	—	—	0.2654	0.2550
January 2023 distribution	0.3199	0.3135	—	—	0.3045	0.2901
February 2023 distribution	0.3167	0.3107	—	—	0.3022	0.2967
March 2023 distribution	0.3722	0.3654	—	—	0.3556	0.3421

For the year ended 31 March 2022

	Class 2 Shares – accumulation* £ per share	Class 3 Shares – accumulation* £ per share	Class 3 EUR Shares – accumulation* £ per share**,+	Class 3 USD Shares – accumulation* \$ per share**,+	Class 4 Shares – accumulation* £ per share	Class 6 Shares – income*** £ per share
April 2021 distribution	0.0108	0.0063	—	0.0047	0.0019	0.0110
May 2021 distribution	0.0081	0.0036	—	0.0026	0.0006	0.0203
June 2021 distribution	0.0053	0.0009	—	0.0007	—	0.0008
July 2021 distribution	0.0063	0.0017	—	0.0012	—	0.0018
August 2021 distribution	0.0074	0.0029	—	0.0021	—	0.0038
September 2021 distribution	0.0077	0.0033	—	0.0024	—	0.0033
October 2021 distribution	0.0079	0.0034	—	0.0025	—	0.0031
November 2021 distribution	0.0085	0.0041	—	0.0031	—	0.0037
December 2021 distribution	0.0133	0.0087	—	0.0066	0.0041	0.0095
January 2022 distribution	0.0193	0.0146	—	0.0110	0.0099	0.0129
February 2022 distribution	0.0257	0.0215	—	0.0162	0.0171	0.0200
March 2022 distribution	0.0405	0.0358	—	0.0277	0.0308	0.0334

\* Income attributable to the Accumulation Share classes is not paid out but is automatically added to (and retained as part of) the capital assets of the Fund on each income allocation date and is reflected in the share price of the Accumulation Shares.

\*\* Currency hedged share class.

\*\*\* The Fund accrues distributions on a daily basis and funds are paid out on a monthly basis.

+ Class 3 EUR Shares – accumulation and Class 3 USD Shares – accumulation are no longer available for investment.

## ASSESSMENT OF VALUE FOR THE FUNDS (UNAUDITED)

Federated Hermes (UK) LLP (the “ACD”), as the authorised corporate director of Federated Hermes Cash Management Funds (the “Company”), is required to assess at least annually whether the costs and charges paid out of the scheme property of the Company are justified in the context of the overall value delivered to investors. The ACD has undertaken an assessment of value for the period from 1 January 2022 to 31 December 2022 (the “Period”). This section summarises the process for the ACD’s assessment of value for the period, and sets out the conclusions of the Governing Body of the ACD.

### FUNDS COVERED BY THE ASSESSMENT OF VALUE

The ACD’s assessment of value was carried out separately for each sub-fund of the Company that was invested during the Period (a “Fund”), and for each class of share (“Share Class”) of the Funds that is currently available. The Funds and Share Classes included in the assessment of value for the Period are:

Fund	Share Classes
Federated Hermes Short-Term Sterling Prime Fund	<ul style="list-style-type: none"> <li>● Class 1 – Income</li> <li>● Class 2 – Income</li> <li>● Class 3 – Income</li> <li>● Class 4 – Income</li> <li>● Class 5 – Income</li> <li>● Class 8 – Accumulation</li> </ul>
Federated Hermes Sterling Cash Plus Fund	<ul style="list-style-type: none"> <li>● Class 2 – Accumulation</li> <li>● Class 3 – Accumulation</li> <li>● Class 4 – Accumulation</li> <li>● Class 6 – Income</li> </ul>

### RESPONSIBILITY FOR ASSESSMENT OF VALUE

The assessment of value is the responsibility of the ACD and its Governing Body. The overall conduct of the assessment of value was overseen by the Chair of the ACD’s Governing Body. The assessment process, and the data and analysis produced, were subject to review by the ACD’s Governing Body, whose members include independent, non-executive members. The members of the ACD’s Governing Body are listed in the Directory, and information regarding their background and experience is set out in the Prospectus of the Company.

### CRITERIA FOR ASSESSMENT OF VALUE

The assessment of value undertaken by the ACD focussed on three components: (A) the **performance** of the Funds and each Share Class; (B) the **costs** paid by the Funds and ultimately borne by the investors in each Share Class; and (C) the **service** provided to investors in the Funds.

In evaluating each component, the ACD considered a number of specific criteria in relation to each Share Class of the Funds, including the following:

- **Performance** – The performance of each Fund over an appropriate timescale having regard to the Fund’s investment objective, investment policy and strategy. The performance of each Fund was considered on a net basis for each Share Class, meaning after the ACD’s management fee and any other charges have been paid out of the assets of the Fund attributable to the relevant Share Class.
- **Costs** – The charges paid out of the assets of each Fund in relation to each Share Class, and in particular:
  - **The level of costs** – The amount of each charge and the cost of providing the service to which the charge relates. For the Funds, this principally focussed on the management fee payable to the ACD.
  - **Comparable Market Rates** – The market rate for products or services that are comparable to each Fund.
  - **Comparable Services** – Where the ACD or its affiliates provide products or services that are comparable to a Fund, the charges imposed.
  - **Classes of Units** – To the extent there are differences between the charges applicable to the different Share Classes of a Fund, whether it is appropriate for Share Classes to be subject to different charges.
  - **Economies of Scale** – Whether the ACD is able to achieve savings and benefits relating to the direct and indirect costs of managing the scheme property.
- **Quality of Service** – The range and quality of services provided to investors in each Share Class of the Fund, including in particular:
  - **Product characteristics** – The characteristics of the product provided to investors, including the liquidity and credit quality of the portfolio of the Fund, and the settlement speed for investors dealing in the Funds.
  - **Client experience** – Considering the experience of investors in the Funds, including the performance of key service providers.

Certain of the assessment criteria required consideration of the charges of comparable products and services. In order to ensure a broad sample of comparative data was available to the ACD, the assessment period for the assessment of value covered the calendar year (1 January 2022 to 31 December 2022) rather than the Company’s financial year.

## ASSESSMENT OF VALUE FOR THE FUNDS (UNAUDITED) (CONTINUED)

### ASSESSMENT OF VALUE FOR FEDERATED HERMES SHORT-TERM STERLING PRIME FUND

#### Conclusion

The ACD's Governing Body considers that the Federated Hermes Short-Term Sterling Prime Fund and each of its Share Classes delivered value to investors during the Period. The Governing Body is satisfied that for the Period, the performance of each of its Share Classes of the Fund and quality of service provided to investors justified the charges paid by the investors in that Share Class.

Regarding the main components of the assessment:

#### (A) Performance

The Federated Hermes Short-Term Sterling Prime Fund (and each Share Class) achieved its primary investment objective of maintaining the net asset value. In addition, the ACD analysed the income generated by the Federated Hermes Short-Term Sterling Prime Fund for various periods considered appropriate for the Fund. Each Share Class of the Fund achieved a positive return for the Period for each of the timescales considered.

The Federated Hermes Short-Term Sterling Prime Fund does not use any benchmarks to compare the performance of the Fund, constrain the management of the Fund, or set targets for the Fund. However, for the purposes of the assessment of value, and in particular to provide additional context for the comparison of the Fund's costs against comparable products and services, the Governing Body considered the performance of each Share Class of the Fund relative to a group of peer products and services. The peer group comprised funds categorised as short-term low volatility net asset value money market funds (LVNAV MMFs) that invest in sterling-denominated instruments. The ACD's Governing Body is satisfied that each Share Class of the Fund performed favourably relative to the peer group.

For the performance assessments, the timescales considered included: 1 month, 3 month and 12 month periods ending on 31 December 2022, and annual performance over the previous five years.

A statement of the investment objective of the Federated Hermes Short-Term Sterling Prime Fund can be found within the Investment Manager's report for the Fund at page 14. Information regarding the performance of each Share Class of the Fund is located in the Comparative tables beginning at page 16.

#### (B) Costs

- The ACD considered the charges paid by each Share Class of the Federated Hermes Short-Term Sterling Prime Fund, including the management fee paid to the ACD and the partial waivers of the ACD's management fee during the Period. The ACD estimated the profit it generates from its management of the Fund, and the savings and benefits available to investors. The estimated profitability was based on the management fee received by the ACD for the Fund and the costs incurred by the ACD that can be attributed to the management of the Fund. The ACD's Governing Body is satisfied with the level of charges paid by each Share Class of the Federated Hermes Short-Term Sterling Prime Fund.
- The ACD compared the charges of the Federated Hermes Short-Term Sterling Prime Fund against those of the group of peer products identified by the ACD (described under 'Performance' above). The Governing Body is satisfied that both the overall charges and the management fee payable to the ACD for each Share Class of the Federated Hermes Short-Term Sterling Prime Fund were broadly in line with the peer group.
- The ACD considered whether the ACD or its affiliates provide investment products or services that are comparable to the Federated Hermes Short-Term Sterling Prime Fund for the purposes of comparing the level of charges. The Governing Body is satisfied that both the overall charges and the management fee payable to the ACD for each Share Class of the Federated Hermes Short-Term Sterling Prime Fund were broadly in line with the charges for comparable services provided by the ACD and its affiliates.
- For the Share Classes that are currently available for investment in the Federated Hermes Short-Term Sterling Prime Fund, the ACD considered the range of different management fees and ongoing charges figures. The Governing Body is satisfied that those differences are warranted based on the eligibility criteria for each Share Class, with lower management fees being charged for Share Classes with higher minimum initial investment requirements.
- The ACD considered the change in assets under management ("AUM") of each Share Class of the Fund during the Period. In addition, as part of its assessment of economies of scale, the ACD also considered the analysis of estimated profitability and the ACD's approach to waiving its management fee or assuming expenses that would otherwise be chargeable to the Fund and its Share Classes. In light of the changes in AUM during the Period and that assessment, the ACD's Governing Body is satisfied with the level of charges paid by each Share Class of the Federated Hermes Short-Term Sterling Prime Fund.

#### (C) Service

The ACD considered the quality of service provided to investors in the Federated Hermes Short-Term Sterling Prime Fund. As a product, the Fund provides investors with a clear, economical alternative to cash deposits. Investors have the benefit of exposure to a diverse number and range of issuers. In contrast to most UK authorised funds, the Fund provides daily liquidity for investors by seeking to offer either same day or next day settlement (depending on the Share Class). Furthermore, the Fund is available to investors through a range of platforms to facilitate investor access.

## ASSESSMENT OF VALUE FOR THE FUNDS (UNAUDITED) (CONTINUED)

### (C) Service (Continued)

The ACD considered the control framework in place to safeguard the interests of investors in the Federated Hermes Short-Term Sterling Prime Fund. This includes the stringent investment restrictions applicable to the Fund, the procedures for assessing the credit quality of the issuers of instruments acquired for the Fund, the robust stress testing and ongoing monitoring of the liquidity of the Fund's portfolio of assets, and other systems and controls.

The ACD also considered aspects of the services provided to investors that are not specific to any particular Fund. These included the standard of service provided by the key service providers appointed for the Company, including the depositary and administrator, and the role of the ACD's client relationship team.

The ACD's Governing Body is satisfied with the overall level of service provided to investors in the Federated Hermes Short-Term Sterling Prime Fund.

### ASSESSMENT OF VALUE FOR FEDERATED HERMES STERLING CASH PLUS FUND

#### Conclusion

The ACD's Governing Body considers that the Federated Hermes Sterling Cash Plus Fund and each of its Share Classes delivered value to investors during the Period. The Governing Body is satisfied that for the Period, the performance of each Share Class of Fund and quality of service provided to investors justified the charges paid by the investors in that Share Class.

Regarding the main components of the assessment:

#### (A) Performance

The Federated Hermes Sterling Cash Plus Fund (and each Share Class) achieved its primary investment objective of maintaining stability of capital. Although multiple Share Classes of the Fund had negative monthly returns during the Period, these were minimal amounts and were consistent with the performance of peer products. The net asset value per Share remained stable throughout the Period.

The Federated Hermes Sterling Cash Plus Fund does not use any benchmarks to compare the performance of the Fund, constrain the management of the Fund, or set targets for the Fund. However, for the purposes of the assessment of value, and in particular, to provide additional context for the comparison of the Fund's costs against comparable products and services, the Governing Body considered the performance of each Share Class of the Fund relative to a group of peer products and services. The peer group primarily comprised funds categorised as either standard or short-term variable net asset value money market funds (VNAV MMFs) that invest in sterling-denominated instruments. Due to the limited number of VNAV MMFs pursuing such a strategy, the ACD expanded the peer group to include, for example, short-duration bond funds investing in sterling-denominated instruments. The ACD's Governing Body is satisfied that each Share Class of the Fund performed favourably relative to the peer group.

For the performance assessments, the timescales considered included: 1 month, 3 month and 12 month periods ending on 31 December 2022, and annual performance over the previous five years.

A statement of the investment objective of the Federated Hermes Sterling Cash Plus Fund can be found within the Investment Manager's report for the Fund at page 31. Information regarding the performance of each Share Class of the Fund is located in the Comparative tables beginning at page 33.

#### (B) Costs

- The ACD considered the charges paid by each Share Class of the Federated Hermes Sterling Cash Plus Fund, including the management fee paid to the ACD. The ACD estimated the profit it generates from its management of the Fund, and the savings and benefits available to investors. The estimated profitability was based on the management fee received by the ACD for the Fund and the costs incurred by the ACD that can be attributed to the management of the Fund. The ACD's Governing Body is satisfied with the level of charges paid by each Share Class of the Federated Hermes Sterling Cash Plus Fund.
- The ACD compared the charges of the Federated Hermes Sterling Cash Plus Fund against those of the group of peer products identified by the ACD (described under 'Performance' above). The Governing Body is satisfied that both the overall charges and the management fee payable to the ACD for each Share Class of the Federated Hermes Sterling Cash Plus Fund were broadly in line with the peer group.
- The ACD considered whether the ACD or its affiliates provide investment products or services that are comparable to the Federated Hermes Sterling Cash Plus Fund for the purposes of comparing the level of charges. The ACD determined that there were no such comparable services provided by the ACD or its affiliates during the Period.
- For the Share Classes that are currently available for investment in the Federated Hermes Sterling Cash Plus Fund, the ACD considered the range of different management fees and ongoing charges figures. The Governing Body is satisfied that those differences are warranted based on the eligibility criteria for each Share Class, with lower management fees being charged for Share Classes with higher minimum initial investment requirements.



## ASSESSMENT OF VALUE FOR THE FUNDS (UNAUDITED) (CONTINUED)

### **(B) Costs (Continued)**

- The ACD considered the change in AUM of each Share Class of the Fund during the Period. In addition, as part of its assessment of economies of scale, the ACD also considered the analysis of estimated profitability and the ACD's approach to waiving its management fee or assuming expenses that would otherwise be chargeable to the Fund and its Share Classes. In light of the changes in AUM during the Period and that assessment, the ACD's Governing Body is satisfied with the level of charges paid by each Share Class of the Federated Hermes Sterling Cash Plus Fund.

### **(C) Service**

The ACD considered the quality of service provided to investors in the Federated Hermes Sterling Cash Plus Fund. As a product, the Fund provides investors with a clear, economical alternative to cash deposits. Investors have the benefit of exposure to a diverse number and range of issuers. In contrast to most UK authorised funds, the Fund provides liquidity for investors by seeking to offer next day settlement. Furthermore, the Fund is available to investors through a range of platforms to facilitate investor access.

The ACD considered the control framework in place to safeguard the interests of investors in the Federated Hermes Sterling Cash Plus Fund. This includes the stringent investment restrictions applicable to the Fund, the procedures for assessing the credit quality of the issuers of instruments acquired for the Fund, the robust stress testing and ongoing monitoring of the liquidity of the Fund's portfolio of assets, and other systems and controls.

The ACD also considered aspects of the services provided to investors that are not specific to any particular Fund. These included the standard of service provided by the key service providers appointed for the Company, including the depositary and administrator, and the role of the ACD's client relationship team.

The ACD's Governing Body is satisfied with the overall level of service provided to investors in the Federated Hermes Sterling Cash Plus Fund.

# REMUNERATION REPORT

Federated Hermes (UK) LLP (the "ACD"), the authorised corporate director of Federated Hermes Cash Management Funds (the "Company"), is authorised and regulated by the Financial Conduct Authority ("FCA"). The ACD is authorised to act as the authorised fund manager for UK UCITS. Being an authorised fund manager of a UK UCITS, the ACD is required to comply with the FCA's UCITS Remuneration Code<sup>1</sup>.

## REMUNERATION POLICY

The ACD has established a remuneration policy for staff whose professional activities have a material impact on the risk profiles of the ACD and the Company. Information regarding the current remuneration policy of the ACD is contained within the ACD's Investment Firms Prudential Regime Disclosure, which is available at [FederatedHermes.com/us/uk-ucits](https://FederatedHermes.com/us/uk-ucits). A paper copy of this information will be made available free of charge upon request. There were no material changes to the remuneration policy during the period.

## GOVERNANCE AND OVERSIGHT

The Governing Body of the ACD is responsible for the remuneration policy of the ACD and for determining the remuneration of the staff who undertake professional activities for the ACD. The Governing Body has delegated responsibility for the remuneration arrangements of the ACD to a Remuneration Assurance Committee. The Remuneration Assurance Committee is responsible for implementation of the ACD's remuneration policy subject to oversight by the Governing Body of the ACD. The implementation of the remuneration policy is subject to a central and independent internal review by the Head of Human Resources of the Federated Hermes group.

## REMUNERATION DECISION-MAKING

The ACD's remuneration policy and practices are designed to ensure the remuneration of staff is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or Instrument of the ACD and the funds it manages. The Governing Body of the ACD undertakes an annual review of the general principles of the ACD's remuneration policy, and no material changes were proposed following the most recent review.

Remuneration may consist of a combination of fixed remuneration (i.e. salary and benefits) and variable remuneration in the form of bonus payments. Individual awards are determined by the Remuneration Assurance Committee taking into consideration quantitative and qualitative performance measures. Remuneration plans are designed to incentivise and reward appropriate behaviours and results. The Head of Human Resources of the Federated Hermes group undertook a review of the implementation of the remuneration policy for the last financial year of the ACD (1 January 2022 to 31 December 2022) including the awards of and changes to remuneration, and is satisfied that it complies with the ACD's remuneration policies and procedures.

## REMUNERATION INFORMATION FOR UCITS CODE STAFF

In accordance with the UCITS Remuneration Code and the FCA's Collective Investment Schemes Sourcebook, the ACD is required to disclose certain details regarding the remuneration paid to relevant staff.

The table below provides an overview of the aggregate total remuneration paid to staff during the financial year of the ACD (1 January 2022 to 31 December 2022) whose professional activities had a material impact on the risk profiles of the ACD and/or the Company and who undertook professional activities relating to the Company ("UCITS Code Staff"). It does not include remuneration information for other staff of the ACD, nor members of staff (including members of the Governing Body of the ACD) who are remunerated as officers or employees of the ultimate parent company of the ACD, Federated Hermes, Inc. or its affiliates.

Furthermore, the remuneration information disclosed below represents the proportion of remuneration attributable to activities undertaken by UCITS Code Staff for the Company, and not the remuneration attributable to other activities undertaken by UCITS Code Staff. The Annual Report and Financial Statements provide information related to the ACD's and the UCITS Code Staff's activities for the Company. An individual's remuneration that is attributable to other activities (e.g., for other Federated Hermes products or for separate accounts) is excluded from the information below.

The remuneration information in the table below is provided in aggregate for the Company and is not apportioned to specific sub-funds of the Company.

	Headcount	Fixed remuneration (GBP)	Variable remuneration (GBP)	Total remuneration (GBP)
UCITS Code Staff	10	£ 527,188	£ 273,584	£ 800,772

<sup>1</sup> Chapter 19E of the Senior Management Arrangements, Systems and Controls Sourcebook within the FCA's Handbook of Rules and Guidance.

# IMPORTANT INFORMATION

## GENERAL

This document does not constitute an offer or invitation to purchase shares in a Fund. Before investing in a Fund, you should read the Prospectus, the relevant key investor information document, and the latest annual and interim reports. Potential investors are recommended to consult their own advisers before investing in a Fund.

Calls and communications with the ACD may be recorded and monitored. A copy of conversations and communications relating to your investment or possible investment in the Scheme will be retained and made available to you upon request for a period of five years.

Past performance is not a guide to future performance and yields may vary. The value of investments and income from them is not guaranteed and may fall as well as rise. Investors may not get back the amount originally invested.

Any opinions expressed in the investment reports are those of the ACD and are subject to change without notice. This report should not be relied upon as indicating any guarantee of or representation regarding the future performance of the Funds. The information provided is not intended to be, and should not be, construed as investment advice.

## PRICE OF SHARES

The price of shares in each Share Class of each Fund are available daily on the ACD's website ([FederatedHermes.com/us/uk-ucits](https://FederatedHermes.com/us/uk-ucits)) and can be obtained by telephone on +44 (0) 20 7292 8620.

# DIRECTORY

## AUTHORISED CORPORATE DIRECTOR

Federated Hermes (UK) LLP

Head office:  
150 Cheapside  
London EC2V 6ET

Registered office:  
5th Floor, One New Change  
London EC4M 9AF

*(Authorised and regulated by the Financial Conduct Authority)*

## MEMBERS OF THE ACD

Federated Holdings (UK) Limited  
Federated Global Holdings LLC

## MEMBERS OF THE GOVERNING BODY OF THE ACD

Gregory P. Dulski (Chair)  
Michael Boyce (Independent, non-executive)  
Gordon J. Ceresino (resigned, 31 December 2022)  
Deborah A. Cunningham  
Ian Kennedy (from 30 January 2023)  
Ronan Walsh (Independent, non-executive)

## ADMINISTRATOR AND REGISTRAR

The Bank of New York Mellon (International) Limited

Head and registered office:  
160 Queen Victoria Street  
London, EC4V 4LA

*(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)*

## DEPOSITARY OF THE COMPANY

The Bank of New York Mellon (International) Limited

Head and registered office:  
160 Queen Victoria Street  
London, EC4V 4LA

*(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)*

## AUDITOR OF THE COMPANY

Ernst & Young LLP  
25 Churchill Place  
London E14 5EY

## INFORMATION AGENT

In Isle of Man  
IQ EQ (Isle of Man) Limited  
First Names House, Victoria Road, Douglas, Isle of Man,  
IM2 4DF

## ACD SERVICE CENTRE FOR DEALING IN SHARES

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Fax: +44 (0) 20 7964 2621	
Telephone: 0344 892 0977 (or +44 203 528 4092 if calling from overseas)	

## Federated Hermes (UK) LLP

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London EC2V 6ET

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