

# Semi-Annual Shareholder Report

June 30, 2020



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Share Class

Primary

Service

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## Federated Hermes Government Money Fund II

*(formerly, Federated Government Money Fund II)*

A Portfolio of Federated Hermes Insurance Series

*(formerly, Federated Insurance Series)*

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### IMPORTANT NOTICE TO SHAREHOLDERS

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Fund's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from the insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a website, and the insurance company will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the insurance company electronically by following the instructions provided by the insurance company.

You may elect to receive all future reports in paper free of charge from the insurance company. You can inform the insurance company that you wish to continue receiving paper copies of your shareholder reports by contacting the insurance company that offers your contract or your financial intermediary. Your election to receive reports in paper will apply to all portfolio companies available under your contract.

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Dear Valued Shareholder,

I am pleased to present the Semi-Annual Shareholder Report for your fund covering the period from January 1, 2020 through June 30, 2020.

As we all confront the unprecedented effects of the coronavirus and the challenges it presents to our families, communities, businesses and the financial markets, I want you to know that everyone at Federated Hermes is dedicated to helping you successfully navigate the uncertainty ahead. You can count on us for the insights, investment management knowledge and client service that you have come to expect. Please refer to our website, [FederatedInvestors.com](https://www.federatedinvestors.com), for timely updates on this and other economic and market matters.

Thank you for investing with us. I hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in black ink, appearing to read "John B. Fisher".

John B. Fisher, President

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**

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## Portfolio of Investments Summary Tables (unaudited)

At June 30, 2020, the Fund's portfolio composition<sup>1</sup> was as follows:

<b>Security Type</b>	<b>Percentage of Total Net Assets</b>
U.S. Government Agency Securities	31.6%
U.S. Treasury Securities	33.7%
Repurchase Agreements	34.5%
Other Assets and Liabilities—Net <sup>2</sup>	0.2%
<b>TOTAL</b>	<b>100.0%</b>

At June 30, 2020, the Fund's effective maturity schedule<sup>3</sup> was as follows:

<b>Securities With an Effective Maturity of:</b>	<b>Percentage of Total Net Assets</b>
1-7 Days	72.5%
8-30 Days	5.7%
31-90 Days	10.5%
91-180 Days	8.9%
181 Days or more	2.2%
Other Assets and Liabilities—Net <sup>2</sup>	0.2%
<b>TOTAL</b>	<b>100.0%</b>

1 See the Fund's Prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests.

2 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

3 Effective maturity is determined in accordance with the requirements of Rule 2a-7 under the Investment Company Act of 1940, which regulates money market mutual funds.

# Portfolio of Investments

June 30, 2020 (unaudited)

Principal Amount		Value
	GOVERNMENT AGENCIES—31.6%	
\$2,850,000	<sup>1</sup> Federal Home Loan Bank System Discount Notes, 0.400%—1.380%, 7/16/2020 - 3/19/2021	\$ 2,845,938
1,300,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.100% (Secured Overnight Financing Rate +0.020%), 7/1/2020	1,300,000
250,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.107% (3-month USLIBOR -0.200%), 9/18/2020	250,000
1,050,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.110% (Secured Overnight Financing Rate +0.030%), 7/1/2020	1,050,000
500,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.115% (Secured Overnight Financing Rate +0.035%), 7/1/2020	500,000
400,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.130% (Secured Overnight Financing Rate +0.050%), 7/1/2020	400,000
750,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.134%—0.140% (1-month USLIBOR -0.050%), 7/20/2020 - 7/27/2020	750,000
1,150,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.139%—0.154% (1-month USLIBOR -0.040%), 7/4/2020 - 7/20/2020	1,150,000
300,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.145% (Secured Overnight Financing Rate +0.065%), 7/1/2020	300,000
350,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.155% (Secured Overnight Financing Rate +0.075%), 7/1/2020	350,000
4,500,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.160% (Secured Overnight Financing Rate +0.080%), 7/1/2020	4,500,000
300,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.165% (1-month USLIBOR -0.030%), 7/16/2020	300,000
250,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.165% (Secured Overnight Financing Rate +0.085%), 7/1/2020	250,000
1,800,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.180% (Secured Overnight Financing Rate +0.100%), 7/1/2020	1,800,000
750,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.185% (Secured Overnight Financing Rate +0.105%), 7/1/2020	750,000
300,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.195% (1-month USLIBOR +0.000%), 7/16/2020	300,000
300,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.195% (Secured Overnight Financing Rate +0.115%), 7/1/2020	299,999
700,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.200% (Secured Overnight Financing Rate +0.120%), 7/1/2020	700,000
300,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.210% (Secured Overnight Financing Rate +0.130%), 7/1/2020	300,000
400,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.212% (3-month USLIBOR -0.235%), 8/10/2020	400,000
500,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.213% (1-month USLIBOR +0.020%), 7/19/2020	500,000
200,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.215% (Secured Overnight Financing Rate +0.135%), 7/1/2020	200,000
350,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.230% (Secured Overnight Financing Rate +0.150%), 7/1/2020	350,000
200,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.233% (1-month USLIBOR +0.040%), 7/17/2020	200,000
300,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.250% (Secured Overnight Financing Rate +0.170%), 7/1/2020	300,000
600,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.310% (Secured Overnight Financing Rate +0.230%), 7/1/2020	600,000
400,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.425% (3-month USLIBOR -0.115%), 8/5/2020	400,000
500,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 0.936% (3-month USLIBOR -0.240%), 7/16/2020	500,000
500,000	<sup>2</sup> Federal Home Loan Bank System Floating Rate Notes, 1.137% (3-month USLIBOR -0.250%), 7/7/2020	500,000
500,000	<sup>2</sup> Federal Home Loan Mortgage Corp. Floating Rate Notes, 0.110% (Secured Overnight Financing Rate +0.030%), 7/1/2020	500,000
400,000	<sup>2</sup> Federal Home Loan Mortgage Corp. Floating Rate Notes, 0.120% (Secured Overnight Financing Rate +0.040%), 7/1/2020	400,000
250,000	<sup>2</sup> Federal National Mortgage Association Floating Rate Notes, 0.250% (Secured Overnight Financing Rate +0.170%), 7/1/2020	250,000
300,000	<sup>2</sup> Federal National Mortgage Association Floating Rate Notes, 0.270% (Secured Overnight Financing Rate +0.190%), 7/1/2020	299,942
200,000	<sup>2</sup> Federal National Mortgage Association Floating Rate Notes, 0.280% (Secured Overnight Financing Rate +0.200%), 7/1/2020	200,000
200,000	<sup>2</sup> Federal National Mortgage Association Floating Rate Notes, 0.300% (Secured Overnight Financing Rate +0.220%), 7/1/2020	200,000
250,000	<sup>2</sup> Federal National Mortgage Association Floating Rate Notes, 0.310% (Secured Overnight Financing Rate +0.230%), 7/1/2020	250,000
400,000	<sup>2</sup> Federal National Mortgage Association Floating Rate Notes, 0.350% (Secured Overnight Financing Rate +0.270%), 7/1/2020	400,000
200,000	<sup>2</sup> Federal National Mortgage Association Floating Rate Notes, 0.390% (Secured Overnight Financing Rate +0.310%), 7/1/2020	200,000
450,000	<sup>2</sup> Federal National Mortgage Association Floating Rate Notes, 0.400% (Secured Overnight Financing Rate +0.320%), 7/1/2020	450,000
400,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.155% (Secured Overnight Financing Rate +0.075%), 7/1/2020	400,000
400,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.179% (1-month USLIBOR +0.000%), 7/4/2020	399,998

Principal Amount		Value
	GOVERNMENT AGENCIES—continued	
\$ 500,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.180% (1-month USLIBOR -0.010%), 7/20/2020	\$ 500,000
250,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.188% (1-month USLIBOR +0.005%), 7/27/2020	249,998
500,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.190% (1-month USLIBOR +0.000%), 7/13/2020	500,000
250,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.200% (Secured Overnight Financing Rate +0.120%), 7/1/2020	250,000
200,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.205% (Effective Fed Funds +0.125%), 7/1/2020	199,993
300,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.205% (Secured Overnight Financing Rate +0.125%), 7/1/2020	300,000
300,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.260% (Secured Overnight Financing Rate +0.180%), 7/1/2020	300,000
300,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.290% (Secured Overnight Financing Rate +0.210%), 7/1/2020	300,000
500,000	<sup>2</sup> Federal Farm Credit System Floating Rate Notes, 0.380% (Secured Overnight Financing Rate +0.300%), 7/1/2020	500,000
	<b>TOTAL GOVERNMENT AGENCIES</b>	<b>29,095,868</b>
	U.S. TREASURIES—33.7%	
	<b>U.S. Treasury Bills—24.1%</b>	
1,650,000	<sup>1</sup> United States Treasury Bills, 0.125%—1.800%, 8/13/2020	1,648,953
10,000,000	<sup>1</sup> United States Treasury Bills, 0.125%, 7/7/2020	9,999,792
300,000	<sup>1</sup> United States Treasury Bills, 0.130%, 8/20/2020	299,946
3,000,000	<sup>1</sup> United States Treasury Bills, 0.135%, 8/18/2020	2,999,460
500,000	<sup>1</sup> United States Treasury Bills, 0.140%, 9/17/2020	499,848
300,000	<sup>1</sup> United States Treasury Bills, 0.147%, 10/13/2020	299,872
2,000,000	<sup>1</sup> United States Treasury Bills, 0.150%, 10/27/2020	1,999,017
1,000,000	<sup>1</sup> United States Treasury Bills, 0.155%, 11/12/2020	999,423
600,000	<sup>1</sup> United States Treasury Bills, 0.180%, 9/29/2020	599,730
1,000,000	<sup>1</sup> United States Treasury Bills, 0.185%, 11/24/2020	999,250
800,000	<sup>1</sup> United States Treasury Bills, 0.185%, 12/10/2020	799,334
500,000	<sup>1</sup> United States Treasury Bills, 1.440%, 8/27/2020	498,860
100,000	<sup>1</sup> United States Treasury Bills, 1.620%, 7/16/2020	99,933
400,000	<sup>1</sup> United States Treasury Bills, 1.740%, 9/10/2020	398,627
	<b>TOTAL</b>	<b>22,142,045</b>
	<b>U.S. Treasury Notes—9.6%</b>	
1,200,000	<sup>2</sup> United States Treasury Floating Rate Notes, 0.195% (91-day T-Bill +0.045%), 7/7/2020	1,199,747
2,700,000	<sup>2</sup> United States Treasury Floating Rate Notes, 0.265% (91-day T-Bill +0.115%), 7/7/2020	2,699,390
200,000	<sup>2</sup> United States Treasury Floating Rate Notes, 0.304% (91-day T-Bill +0.154%), 7/7/2020	200,000
150,000	<sup>2</sup> United States Treasury Floating Rate Notes, 0.450% (91-day T-Bill +0.300%), 7/7/2020	150,119
850,000	United States Treasury Notes, 1.375%—2.625%, 8/31/2020	851,233
250,000	United States Treasury Notes, 1.375%, 1/31/2021	251,334
500,000	United States Treasury Notes, 2.000%—2.625%, 7/31/2020	500,303
150,000	United States Treasury Notes, 2.000%, 1/15/2021	151,318
200,000	United States Treasury Notes, 2.250%, 2/15/2021	201,086
300,000	United States Treasury Notes, 2.375%, 4/15/2021	304,768
200,000	United States Treasury Notes, 2.500%, 12/31/2020	200,884
200,000	United States Treasury Notes, 2.500%, 2/28/2021	201,495
500,000	United States Treasury Notes, 2.625%, 11/15/2020	501,728
350,000	United States Treasury Notes, 2.750%, 9/30/2020	350,948
650,000	United States Treasury Notes, 2.750%, 11/30/2020	653,181
450,000	United States Treasury Notes, 2.875%, 10/31/2020	453,243
	<b>TOTAL</b>	<b>8,870,777</b>
	<b>TOTAL U.S. TREASURIES</b>	<b>31,012,822</b>
	REPURCHASE AGREEMENTS—34.5%	
18,000,000	Interest in \$300,000,000 joint repurchase agreement 0.09%, dated 6/30/2020 under which Pershing LLC will repurchase securities provided as collateral for \$300,000,750 on 7/1/2020. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency and U.S. Treasury securities with various maturities to 6/1/2050 and the market value of those underlying securities was \$306,290,528.	18,000,000

Principal Amount		Value
	REPURCHASE AGREEMENTS—continued	
\$13,773,000	Interest in \$3,000,000,000 joint repurchase agreement 0.09%, dated 6/30/2020 under which Sumitomo Mitsui Banking Corp. will repurchase securities provided as collateral for \$3,000,007,500 on 7/1/2020. The securities provided as collateral at the end of the period held with BNY Mellon as tri-party agent, were U.S. Government Agency securities with various maturities to 6/1/2050 and the market value of those underlying securities was \$3,060,007,650.	\$ 13,773,000
	TOTAL REPURCHASE AGREEMENTS	31,773,000
	TOTAL INVESTMENT IN SECURITIES—99.8% (AT AMORTIZED COST) <sup>3</sup>	91,881,690
	OTHER ASSETS AND LIABILITIES - NET—0.2% <sup>4</sup>	141,150
	TOTAL NET ASSETS—100%	\$ 92,022,840

1 Discount rate(s) at time of purchase.

2 Floating/variable note with current rate and current maturity or next reset date shown.

3 Also represents cost for federal tax purposes.

4 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at June 30, 2020.

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

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

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

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

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

In valuing the Fund's assets as of June 30, 2020, all investments of the Fund are valued at amortized cost, which is a methodology utilizing Level 2 inputs.

The following acronym is used throughout this portfolio:

LIBOR—London Interbank Offered Rate

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Primary Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited)	Year Ended December 31,			Period Ended
	6/30/2020 <sup>1</sup>	2019 <sup>1</sup>	2018	2017	12/31/2016 <sup>2</sup>
<b>Net Asset Value, Beginning of Period</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Income From Investment Operations:</b>					
Net investment income	0.003	0.019	0.015	0.002	0.000 <sup>3</sup>
Net realized gain	0.000 <sup>3</sup>	0.000 <sup>3</sup>	0.000 <sup>3</sup>	0.004	—
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.003</b>	<b>0.019</b>	<b>0.015</b>	<b>0.006</b>	<b>0.000<sup>3</sup></b>
<b>Less Distributions:</b>					
Distributions from net investment income	(0.003)	(0.019)	(0.015)	(0.006)	(0.000) <sup>3</sup>
<b>Net Asset Value, End of Period</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Total Return<sup>4</sup></b>	<b>0.31%</b>	<b>1.89%</b>	<b>1.50%</b>	<b>0.56%</b>	<b>0.06%</b>
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>5</sup>	0.32% <sup>6</sup>	0.29%	0.38%	0.38%	—%
Net investment income	0.51% <sup>6</sup>	2.06%	0.84%	0.17%	0.02% <sup>6</sup>
Expense waiver/reimbursement <sup>7</sup>	0.14% <sup>6</sup>	0.09%	—	—	—
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$0 <sup>8</sup>	\$0 <sup>8</sup>	\$0 <sup>8</sup>	\$0 <sup>8</sup>	\$0 <sup>8</sup>

1 Certain ratios included in Ratios to Average Net Assets and per share amounts may be inflated or deflated as compared to the fee structure for each respective share class as a result of daily systematic allocations being rounded to the nearest penny for fund level income, expense and realized gain/loss amounts. Such differences are immaterial.

2 Reflects operations for the period from April 29, 2016 (date of initial investment) to December 31, 2016.

3 Represents less than \$0.001.

4 Based on net asset value. Total returns do not reflect any additional fees or expenses that may be imposed by separate accounts of insurance companies or in connection with any variable annuity or variable life insurance contract. Total returns for periods of less than one year are not annualized.

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

6 Computed on an annualized basis.

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

8 Represents less than \$1,000.

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Service Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited)	Year Ended December 31,				
	6/30/2020	2019	2018	2017	2016	2015
<b>Net Asset Value, Beginning of Period</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.002	0.016	0.012	0.003	0.000 <sup>1</sup>	—
Net realized gain (loss)	0.000 <sup>1</sup>	0.000 <sup>1</sup>	(0.000) <sup>1</sup>	0.000 <sup>1</sup>	(0.000) <sup>1</sup>	0.000 <sup>1</sup>
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.002</b>	<b>0.016</b>	<b>0.012</b>	<b>0.003</b>	<b>(0.000)<sup>1</sup></b>	<b>0.000<sup>1</sup></b>
<b>Less Distributions:</b>						
Distributions from net investment income	(0.002)	(0.016)	(0.012)	(0.003)	(0.000) <sup>1</sup>	—
Distributions from net realized gain	—	—	—	—	—	(0.000) <sup>1</sup>
<b>TOTAL DISTRIBUTIONS</b>	<b>(0.002)</b>	<b>(0.016)</b>	<b>(0.012)</b>	<b>(0.003)</b>	<b>(0.000)<sup>1</sup></b>	<b>(0.000)<sup>1</sup></b>
<b>Net Asset Value, End of Period</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>	<b>\$1.00</b>
<b>Total Return<sup>2</sup></b>	<b>0.20%</b>	<b>1.64%</b>	<b>1.25%</b>	<b>0.31%</b>	<b>0.00%</b>	<b>0.00%</b>

### Ratios to Average Net Assets:

Net expenses <sup>3</sup>	0.45% <sup>4</sup>	0.63%	0.63%	0.63%	0.49%	0.34%
Net investment income	0.38% <sup>4</sup>	1.66%	1.26%	0.30%	0.00% <sup>5</sup>	0.00%
Expense waiver/reimbursement <sup>6</sup>	0.28% <sup>4</sup>	0.09%	0.11%	0.07%	0.19%	0.40%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$92,023	\$80,054	\$130,261	\$93,719	\$112,214	\$139,170
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1 Represents less than \$0.001.

2 Based on net asset value. Total returns do not reflect any additional fees or expenses that may be imposed by separate accounts of insurance companies or in connection with any variable annuity or variable life insurance contract. Total returns for periods of less than one year are not annualized.

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

4 Computed on an annualized basis.

5 Represents less than 0.01%.

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

See Notes which are an integral part of the Financial Statements



# Statement of Assets and Liabilities

June 30, 2020 (unaudited)

## Assets:

Investment in repurchase agreements	\$31,773,000
Investment in securities	60,108,690
Investment in securities, at amortized cost and fair value	\$91,881,690
Cash	3,053
Income receivable	35,953
Receivable for shares sold	192,769
<b>TOTAL ASSETS</b>	<b>92,113,465</b>

## Liabilities:

Payable for shares redeemed	66,890
Payable for investment adviser fee (Note 5)	1,124
Payable for administrative fee (Note 5)	196
Payable for portfolio accounting fees	19,942
Payable for other service fees (Note 2)	2,473
<b>TOTAL LIABILITIES</b>	<b>90,625</b>

Net assets for 92,024,251 shares outstanding \$92,022,840

## Net Assets Consist of:

Paid-in capital	\$92,023,800
Total distributable earnings (loss)	(960)
<b>TOTAL NET ASSETS</b>	<b>\$92,022,840</b>

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

### Primary Shares:

\$100 ÷ 100 shares outstanding, no par value, unlimited shares authorized \$1.00

### Service Shares:

\$92,022,740 ÷ 92,024,151 shares outstanding, no par value, unlimited shares authorized \$1.00

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended June 30, 2020 (unaudited)

**Investment Income:**

Interest	\$356,066
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**Expenses:**

Investment adviser fee (Note 5)	\$ 85,405
Administrative fee (Note 5)	33,983
Custodian fees	4,216
Transfer agent fees	2,620
Directors'/Trustees' fees (Note 5)	821
Auditing fees	12,487
Legal fees	3,778
Portfolio accounting fees	38,763
Other service fees (Note 2)	105,799
Printing and postage	19,771
Miscellaneous (Note 5)	2,727
<b>TOTAL EXPENSES</b>	<b>310,370</b>

**Waivers and Reimbursement:**

Waiver of investment adviser fee (Note 5)	\$(58,211)
Waiver/reimbursement of other operating expenses (Note 2)	(59,899)
<b>TOTAL WAIVERS AND REIMBURSEMENT</b>	<b>(118,110)</b>

Net expenses	192,260
Net investment income	163,806
Net realized gain on investments	181
Change in net assets resulting from operations	\$163,987

See Notes which are an integral part of the Financial Statements

## Statement of Changes in Net Assets

	Six Months Ended (unaudited) 6/30/2020	Year Ended 12/31/2019
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 163,806	\$ 1,572,238
Net realized gain	181	133
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	163,987	1,572,371
<b>Distributions to Shareholders:</b>		
Primary Shares	(0) <sup>1</sup>	(2)
Service Shares	(163,816)	(1,572,255)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(163,816)	(1,572,257)
<b>Share Transactions:</b>		
Proceeds from sale of shares	31,949,208	38,630,012
Net asset value of shares issued to shareholders in payment of distributions declared	163,816	1,572,252
Cost of shares redeemed	(20,144,235)	(90,410,033)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	11,968,789	(50,207,769)
Change in net assets	11,968,960	(50,207,655)
<b>Net Assets:</b>		
Beginning of period	80,053,880	130,261,535
End of period	\$ 92,022,840	\$ 80,053,880

1 Represents less than \$1.

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

June 30, 2020 (unaudited)

## 1. ORGANIZATION

Federated Hermes Insurance Series (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of six portfolios. The financial statements included herein are only those of Federated Hermes Government Money Fund II (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers two classes of shares: Primary Shares and Service Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. Fund shares are available exclusively as a funding vehicle for life insurance companies writing variable life insurance policies and variable annuity contracts. The investment objective of the Fund is to provide current income consistent with stability of principal and liquidity.

The Fund operates as a government money market fund. As a government money market fund, the Fund: (1) invests at least 99.5% of its total assets in: (i) cash; (ii) securities issued or guaranteed by the United States or certain U.S. government agencies or instrumentalities; and/or (iii) repurchase agreements that are collateralized fully; (2) generally continues to use amortized cost to value its portfolio securities and transact at a stable \$1.00 net asset value (NAV); and (3) has elected not to be subject to the liquidity fees and gates requirement at this time as permitted by Rule 2a-7 under the Act.

Prior to April 28, 2020, the name of the Trust and Fund were Federated Insurance Series and Federated Government Money Fund II, respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### Investment Valuation

Securities are valued at amortized cost. Under the amortized cost valuation method, an investment is valued initially at its cost as determined in accordance with GAAP. The Fund then adjusts the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost of the investment and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different.

The Fund's Board of Trustees (the "Trustees") have ultimate responsibility for determining the fair value of investments. The Trustees have appointed a valuation committee ("Valuation Committee") comprised of officers of the Fund, Federated Investment Management Company (the "Adviser") and certain of the Adviser's affiliated companies to assist in determining fair value of securities and in overseeing the comparison of amortized cost to market-based value. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of monitoring the relationship of market-based value and amortized cost. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs and assumptions), and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Trustees. The Trustees periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

### Repurchase Agreements

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

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

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

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

### Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Distributions to shareholders are recorded on the ex-dividend date. Distributions of net investment income, if any, are declared daily and paid monthly. Amortization/accretion of premium and discount is included in investment income. Investment income, realized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense waivers and reimbursement of \$118,110 is disclosed in various locations in Note 2 and Note 5.

Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses.

### Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Primary Shares and Service Shares to unaffiliated financial intermediaries for providing services to shareholders and maintaining shareholder accounts. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily reimburse the Fund for other service fees. In addition, unaffiliated third-party financial intermediaries may waive other service fees. This waiver can be modified or terminated at any time.

For the six months ended June 30, 2020, other service fees for the Fund were as follows:

	Other Service Fees Incurred	Other Service Fees Reimbursed	Other Service Fees Waived by Unaffiliated Third Parties
Service Shares	\$105,799	\$(2,350)	\$(57,549)

For the six months ended June 30, 2020, the Fund's Primary Shares did not incur other service fees.

### Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code (the "Code") and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the six months ended June 30, 2020, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of June 30, 2020, tax years 2016 through 2019 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

### When-Issued and Delayed-Delivery Transactions

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

### Other

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

## 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

	Six Months Ended 6/30/2020		Year Ended 12/31/2019	
	Shares	Amount	Shares	Amount
<b>Primary Shares:</b>				
Shares sold	—	\$—	—	\$—
Shares issued to shareholders in payment of distributions declared	—	—	—	—
Shares redeemed	—	—	—	—
<b>NET CHANGE RESULTING FROM PRIMARY SHARE TRANSACTIONS</b>	<b>—</b>	<b>\$—</b>	<b>—</b>	<b>\$—</b>

Service Shares:	Six Months Ended 6/30/2020		Year Ended 12/31/2019	
	Shares	Amount	Shares	Amount
Shares sold	31,949,208	\$ 31,949,208	38,630,012	\$ 38,630,012
Shares issued to shareholders in payment of distributions declared	163,816	163,816	1,572,252	1,572,252
Shares redeemed	(20,144,235)	(20,144,235)	(90,410,033)	(90,410,033)
NET CHANGE RESULTING FROM SERVICE SHARE TRANSACTIONS	11,968,789	\$ 11,968,789	(50,207,769)	\$(50,207,769)
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	11,968,789	\$ 11,968,789	(50,207,769)	\$(50,207,769)

#### 4. FEDERAL TAX INFORMATION

As of December 31, 2019, the Fund had a capital loss carryforward of \$1,141 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, these net capital losses retain their character as either short-term or long-term and do not expire.

The following schedule summarizes the Fund's capital loss carryforwards:

Short-Term	Long-Term	Total
\$643	\$498	\$1,141

#### 5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

##### Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.20% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee.

For the six months ended June 30, 2020, the Adviser voluntarily waived \$58,211 of its fee.

##### Administrative Fee

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

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

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the six months ended June 30, 2020, the annualized fee paid to FAS was 0.080% of average daily net assets of the Fund.

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

##### Distribution Services Fee

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund's Primary Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at the following percentages of average daily net assets annually, to compensate FSC:

	Percentage of Average Daily Net Assets of Class
Primary Shares	0.25%

Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee.

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended June 30, 2020, the Fund's Primary Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

##### Expense Limitation

Due to the possibility of changes in market conditions and other factors, there can be no assurance that the level of waivers/reimbursement/reduction of Fund expenses reflected in the financial highlights will be maintained in the future. However, the Adviser and certain of its affiliates (which may include FAS and FSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses paid by the Fund, if any) paid by the Fund's Primary Shares and Service

Shares (after the voluntary waivers and/or reimbursements) will not exceed 0.38% and 0.63% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) May 1, 2021; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

#### **Directors'/Trustees' and Miscellaneous Fees**

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

#### **6. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of June 30, 2020, there were no outstanding loans. During the six months ended June 30, 2020, the program was not utilized.

#### **7. OTHER MATTERS**

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains, workflow operations and consumer activity, as well as general concern and uncertainty. The impact of this coronavirus may be short-term or may last for an extended period of time and has resulted in a substantial economic downturn. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existed political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries, individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the Fund's performance.

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other variable investment options. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from January 1, 2020 to June 30, 2020.

### ACTUAL EXPENSES

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

### HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second section of each table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds.

	Beginning Account Value 1/1/2020	Ending Account Value 6/30/2020	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Primary Shares	\$1,000	\$1,003.10	\$1.59 <sup>2</sup>
Service Shares	\$1,000	\$1,002.00	\$2.24 <sup>3</sup>
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Primary Shares	\$1,000	\$1,023.30	\$1.61 <sup>2</sup>
Service Shares	\$1,000	\$1,022.60	\$2.26 <sup>3</sup>

1 Expenses are equal to the Fund’s annualized net expense ratios, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half-year period). The expenses shown in the table do not include the charges and expenses imposed by the insurance company under the variable insurance product contract. Please refer to the variable insurance product prospectus for a complete listing of these expenses. The annualized net expense ratios are as follows:

Primary Shares	0.32%
Service Shares	0.45%

2 Actual and Hypothetical expenses paid during the period utilizing the Fund’s Primary Shares current Fee Limit of 0.38% (as reflected in the Notes to Financial Statements, Note 5 under Expense Limitation), multiplied by the average account value over the period, multiplied by 182/366 (to reflect expenses paid as if they had been in effect throughout the most recent one-half-year period) would be \$1.89 and \$1.91, respectively.

3 Actual and Hypothetical expenses paid during the period utilizing the Fund’s Service Shares current Fee Limit of 0.63% (as reflected in the Notes to Financial Statements, Note 5 under Expense Limitation), multiplied by the average account value over the period, multiplied by 182/366 (to reflect expenses paid as if they had been in effect throughout the most recent one-half-year period) would be \$3.14 and \$3.17, respectively.



# Evaluation and Approval of Advisory Contract – May 2020

## **FEDERATED HERMES GOVERNMENT MONEY FUND II (THE “FUND”)**

### **(FORMERLY, FEDERATED GOVERNMENT MONEY FUND II)**

At its meetings in May 2020 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) (the “Contract”) for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to continue the existing arrangements. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

#### **Information Received and Review Process**

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation presenting on the topics discussed below. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contract. The CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

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

The Board’s consideration of the Contract included review of materials and information covering the following matters, among others: the Adviser’s investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund’s short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund’s particular investment program and a group of its peer funds and/or its benchmark, as appropriate) and comments on the reasons for the Fund’s performance; the Fund’s investment objectives; the Fund’s expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the use and allocation of brokerage commissions derived from trading the Fund’s portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring and managing the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund’s relationship to the other funds advised by Federated Hermes (each, a “Federated Hermes Fund”), which include a comprehensive array of funds with different investment objectives, policies and strategies which are generally available for exchange without the incurrence of additional sales charges; compliance and audit reports concerning the Federated Hermes Funds and the Federated Hermes’ affiliates that service them (including communications from regulatory agencies), as well as Federated Hermes’ responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated Hermes Funds and/or Federated Hermes may be responding to them. In addition, the Board received and considered information furnished by Federated Hermes on the impacts of the coronavirus (COVID-19) outbreak on Federated Hermes generally and the Fund in particular, including, among other information, the current and anticipated impacts on the management, operations and performance of the Fund. The Board noted that its evaluation process is evolutionary and that the criteria considered and the emphasis placed on relevant criteria may change in recognition of changing circumstances in the mutual fund marketplace.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in determining to approve the Contract. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser's fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser's cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize "economies of scale" as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any "fall-out" financial benefits that accrue to an adviser because of its relationship with a fund (including research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the adviser for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser's services and fees). The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements regarding the basis for a fund board's approval of the fund's investment advisory contracts generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the Federated Hermes Funds. While individual members of the Board may have weighed certain factors differently, the Board's determination to continue the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contract. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contract for the Fund as part of its consideration of agreements for funds across the Federated Hermes Funds family, but its approvals were made on a fund-by-fund basis.

#### **Nature, Extent and Quality of Services**

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of the Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the Adviser's personnel, experience and track record, as well as the financial resources and overall reputation of Federated Hermes and its willingness to invest in personnel and infrastructure that benefit the Federated Hermes Funds. The Board noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes in 2018, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to incorporate environmental, social and governance ("ESG") factors and issuer engagement on ESG matters.

In addition, the Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and the Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Adviser and the compliance-related resources devoted by the Adviser and its affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including the Adviser's commitment to respond to rulemaking and other regulatory initiatives of the SEC such as the liquidity risk management program rules. In addition, the Board considered the response by the Adviser to recent market conditions and considered the overall performance of the Adviser in this context. The Fund's ability to deliver competitive performance when compared to its Performance Peer Group (as defined below) was also deemed to be relevant by the Board as a useful indicator of how the Adviser is executing the Fund's investment program. The Adviser's ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Adviser's investment management and related services warrant the continuation of the Contract.

#### **Fund Investment Performance**

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board also considered the Fund's performance in light of the overall recent market conditions. The Board considered detailed investment reports on the Fund's performance over different time periods that were provided to the Board throughout the year and in connection

with the May Meetings and evaluated the Adviser's analysis of the Fund's performance for these time periods. The Board also reviewed comparative information regarding the performance of other mutual funds in the category of peer funds selected by iMoneyNet, an independent fund ranking organization (the "Performance Peer Group"), noting the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered, in evaluating such comparisons, that in some cases there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group.

For the one-year period ended December 31, 2019, the Fund's performance was above the median of the relevant Performance Peer Group. The Board also considered the relatively tight dispersion of performance data with respect to the Fund and its Performance Peer Group.

Following such evaluation, and full deliberations, the Board concluded that the performance of the Fund supported renewal of the Contract.

### **Fund Expenses**

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board has found the use of such comparisons to be relevant to its deliberations. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by iMoneyNet (the "Expense Peer Group"). The Board received a description of the methodology used to select the Expense Peer Group from the overall iMoneyNet category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall iMoneyNet category. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because such comparisons are believed to be more relevant. The Board considered that other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's investors. The Board noted that the range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund competes.

It was noted in the materials for the May Meetings that, for the year ended December 31, 2019, the Fund's investment advisory fee was waived in its entirety. The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund with the Adviser and noted the position of the Fund's contractual advisory fee rate and other expenses relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was below the median of the relevant Expense Peer Group and the Board was satisfied that the overall expense structure of the Fund remained competitive.

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

The Board considered the CCO's view that the services, administrative responsibilities and risks associated with such relationships are quite different than serving as a primary adviser to a fund.

Following such evaluation, and full deliberations, the Board concluded that the fees and expenses of the Fund are reasonable and supported renewal of the Contract.

### **Profitability and Other Benefits**

The Board also received financial information about Federated Hermes, including information regarding the compensation and ancillary (or “fall-out”) benefits Federated Hermes derived from its relationships with the Federated Hermes Funds. This information covered not only the fees under the Federated Hermes Funds’ investment advisory contracts, but also fees received by Federated Hermes’ affiliates for providing other services to the Federated Hermes Funds under separate contracts (e.g., for serving as the Federated Hermes Funds’ administrator and distributor). In this regard, the Board considered that certain of Federated Hermes’ affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing any indirect benefit Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds. In addition, the Board considered the fact that, in order for the Federated Hermes Funds to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated Hermes Fund shareholders and/or reported to the Board their intention to do so in the future. Moreover, the Board received and considered regular reports from Federated Hermes throughout the year as to the institution, adjustment or elimination of these voluntary waivers and/or reimbursements.

The Board received and considered information furnished by Federated Hermes, as requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO’s view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable, because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. The allocation information, including the CCO’s view that fund-by-fund estimations may be unreliable, was considered in the evaluation by the Board. In addition, the Board considered that, during the prior year, an independent consultant conducted a review of the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract. The Board noted the consultant’s view that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. The Board considered the CCO’s conclusion that, based on such profitability information, Federated Hermes’ profit margins did not appear to be excessive. The Board also considered the CCO’s view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Federated Hermes Funds.

### **Economies of Scale**

The Board received and considered information about the notion of possible realization of “economies of scale” as a fund grows larger, the difficulties of calculating economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the Board considered that the Adviser has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as personnel and processes for the portfolio management, trading operations, issuer engagement (including with respect to ESG matters), shareholder services, compliance, business continuity, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and use of data. The Board noted that Federated Hermes’ investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments (as well as the benefits of any economies of scale, should they exist) are likely to be shared with the Federated Hermes Fund family as a whole. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and that such waivers and reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund’s assets decline. Federated Hermes, as it does throughout the year, and specifically in connection with the Board’s review of the Contract, furnished information relative to adviser-paid fees (commonly referred to as revenue sharing). The Board considered the beliefs of Federated Hermes and the CCO that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with “breakpoints” that serve to reduce the fee as a fund attains a certain size.

## **Conclusions**

The Board considered the CCO's conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund was reasonable and the CCO's recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contract by the CCO. The CCO also recognized that the Board's evaluation of the Federated Hermes Funds' advisory and subadvisory arrangements is a continuing and on-going process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its on-going oversight of the Federated Hermes Funds.

In its determination to continue an existing investment advisory contract, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew an investment advisory contract. In particular, the Board recognized that many shareholders have invested in the Fund on the strength of the Adviser's industry standing and reputation and with the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board's approval of the Contract reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund. The Board concluded that, in light of the factors summarized above, including the nature, quality and scope of the services provided to the Fund by the Adviser and its affiliates, continuation of the Contract was appropriate.

The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were deemed to be relevant, the Board's determination to approve the continuation of the Contract reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to continue the existing arrangement.

## Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [FederatedInvestors.com/FundInformation](https://FederatedInvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://sec.gov).

## Portfolio Schedule

The Fund files with the SEC a complete schedule of its portfolio holdings as of the close of each month on "Form N-MFP." Form N-MFP is available on the SEC's website at [sec.gov](https://sec.gov). You may access Form N-MFP via the link to the Fund and share class name at [FederatedInvestors.com](https://FederatedInvestors.com).

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

*You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.*

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

#### **IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY**

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400.



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Contact us at [FederatedInvestors.com](https://www.federatedinvestors.com)  
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