

July 21, 2020

Ms. Vanessa Countryman
Acting Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File Number S7-04-20 – Request for Comments on Fund Names

Dear Ms. Countryman:

This letter presents the additional comments of Federated Hermes, Inc. (“Federated Hermes”)¹ with respect to the Securities and Exchange Commission’s (the “Commission” or the “SEC”) Request for Comments on Fund Names (the “Request”).² Federated Hermes previously provided the Commission with comments to the Request on May 6, 2020. Federated Hermes is now providing new comments to the Request, relating to the application of Rule 35d-1 (the “Names Rule”) under the Investment Company Act of 1940 (the “Act”) to cash, and cash equivalent investments³.

As noted in our previous response, we believe that the Names Rule has largely been effective in preventing funds from using deceptive or misleading names, that the 80 percent test threshold remains appropriate, and support its continued application as a flexible, principle-based rule.

The Names Rule generally requires that if a fund’s name suggests a particular type of investment, industry, or geographic focus, the fund must have a strategy to invest at least 80 percent of its assets in the type of investment, industry, country, or geographic region suggested by its name. The 80 percent investment requirement applies to a Fund’s net assets, plus any borrowings made for investment purposes. As a result, cash, and cash equivalents count towards the 20 percent that does not meet the investment requirement of the Names Rule.

The Names Rule requires funds to comply with the 80 percent investment requirement “under normal circumstances.” Funds are permitted to depart from the 80 percent requirement when there is a need to take a “temporary defensive position” to avoid losses in response to adverse market, economic, political, or other conditions, and in other limited, appropriate circumstances, particularly in the case of unusually large cash inflows or redemptions.

¹ Federated Hermes, Inc. is a leading global investment manager with \$605.8 billion in assets under management as of March 31, 2020. Our investment solutions span 163 equity, fixed-income, alternative/private markets, multi-asset and liquidity management, and a range of separately managed account strategies. Providing comprehensive investment management to more than 11,000 institutions and intermediaries, our clients include corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers. Headquartered in Pittsburgh, Federated Hermes’ more than 1,900 employees include those in New York, Boston, London and several other offices worldwide.

² *Request for Comments on Fund Names*, Investment Company Act Release No. 33809 (March 2, 2020), 85 FR 13221 (March 6, 2020).

³ Treasury bills, certificates of deposit, bankers’ acceptances, corporate commercial paper, and other money market instruments.

We understand that the "under normal circumstances" standard was intended to provide funds with flexibility to manage their portfolios, while requiring that they would normally have to comply with the 80 percent investment requirement; however, we believe that in instances where cash and cash equivalents are being held by a Fund as a temporary or defensive position, such that the cash position plus other investments not consistent with the 80 percent investment requirement held by the Fund are greater than 20 percent, the Names Rule should permit such amount of cash, and cash equivalents to be excluded from the 80 percent investment requirement, which would allow a Fund to continue to invest up to 20 percent of the remaining portfolio in other types of securities, and not be in violation of the 80 percent test. We believe this will permit Fund portfolio managers to better take advantage of securities offerings that would benefit overall performance of the fund, particularly where securities consistent with the Names Rule are, in the judgment of the manager, not as advantageous to the Fund, and to help reduce the cash position.

Excluding cash and cash equivalents from the 80 percent investment requirement would only apply when cash and cash equivalents are held by a Fund as a temporary or defensive position, and the ability to do so would be disclosed in the Fund's prospectus.

We believe that amending the Names Rule to allow this exclusion, accompanied by appropriate disclosure, is consistent with the interests protected by the Rule in that it does not mislead shareholders as to the normal-course types of investments that the Fund is permitted to invest in, and it helps Funds manage their portfolios more-efficiently, and in the best interest of shareholders, during unusual circumstances.

Federated Hermes hopes the Commission finds these comments helpful and constructive and is happy to provide additional information relating to our comments or to discuss any questions you may have.

Sincerely,



Peter J. Germain
Chief Legal Officer