

# Federated Hermes International Equity Fund

3/31/23

## Fund facts

### Performance inception date

8/1/97

### Benchmark

MSCI ACWI ex USA Index

### Morningstar category

Foreign Large Blend

### Lipper classification

International Multi-Cp Gro Fds

### Fund assets

\$1.4 billion

### Ticker symbols

R6 Shares - PEIRX

Institutional Shares - PIUIX

A Shares - PMIEX

C Shares - PIUCX

### Key investment team

Martin Schulz

Calvin Zhang

Bernard R. Horn, Jr.

Sumanta Biswas, CFA

Bin Xiao, CFA

Jason Crawshaw

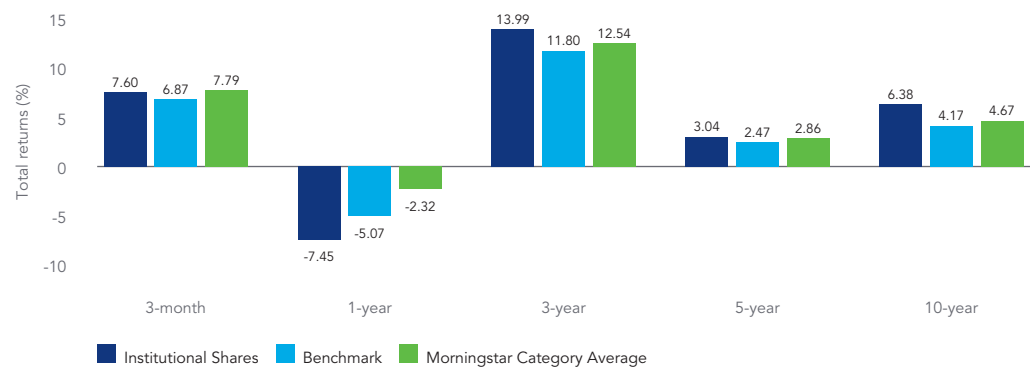
## Fund description

The fund seeks long-term capital appreciation by investing primarily in equity securities that are tied to numerous countries throughout the world in both developed and emerging markets. Employing a top-down approach to country selection and a bottom-up security selection process, the fund may invest in companies of any capitalization, and its allocation is typically split between growth and value stocks.

## Average annual total returns (%)

Performance shown is before tax.

	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Expense ratio*	
								Before waivers	After waivers
<b>R6 Shares</b>	7.65	7.65	-7.40	14.05	3.09	6.41	5.37	1.41	0.90
<b>Institutional Shares</b>	7.60	7.60	-7.45	13.99	3.04	6.38	5.36	1.49	0.94
<b>A Shares (NAV)</b>	7.54	7.54	-7.70	13.70	2.77	6.08	5.07	1.74	1.19
<b>A Shares (MOP)</b>	1.63	1.63	-12.76	11.59	1.62	5.48	4.84	1.74	1.19
<b>Benchmark</b>	6.87	6.87	-5.07	11.80	2.47	4.17	-	-	-



## Calendar year total returns (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Institutional Shares</b>	-22.38	8.03	21.78	22.53	-12.54	33.27	0.49	1.00	-5.12	29.90
<b>Benchmark</b>	-16.00	7.82	10.65	21.51	-14.20	27.19	4.50	-5.66	-3.87	15.30
<b>Morningstar Category Average</b>	-15.84	9.72	9.30	21.59	-14.59	25.12	0.79	-1.59	-4.98	19.44

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedInvestors.com](http://FederatedInvestors.com). Maximum offering price figures reflect the maximum sales charge of 5.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund. Total returns for periods of less than one year are cumulative.

\* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 8/1/23 or the date of the fund's next effective prospectus.

## Investment process – two distinct managers



### Portfolio statistics

Weighted median P/E (NTM)	13.3x
Weighted median market cap	\$21.8 b
Weighted median price/book	2.5x
Number of securities	59

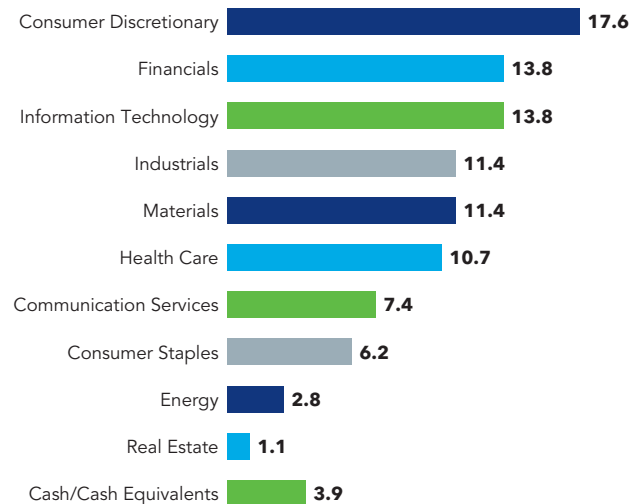
### Top holdings (%)

Federated Hermes International Growth Fund <i>United States</i>	51.1
Marubeni Corp. <i>Japan</i>	1.3
Methanex Corporation <i>Canada</i>	1.3
Deutsche Telekom AG <i>Germany</i>	1.2
Linde PLC <i>United Kingdom</i>	1.2
NEXT plc <i>United Kingdom</i>	1.2
Publicis Groupe Sa <i>France</i>	1.2
Sony Group Corp. <i>Japan</i>	1.2
VINCI SA <i>France</i>	1.2
Weichai Power Co., Ltd. <i>China</i>	1.2
Total % of portfolio	62.1

### Top country weightings (%)

Japan	14.2	Ireland	3.3
United Kingdom	11.5	Norway	3.3
South Korea	8.7	Sweden	2.8
Canada	6.6	Singapore	2.5
France	6.3	Italy	2.2
China	5.6	India	1.7
Germany	4.5	Denmark	1.5
Switzerland	4.2	Belgium	1.5
Netherlands	3.4	Cash/Cash Equivalents	3.9

### Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 3/31/23 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

## Highlights

- International stock markets broadly outperformed relative to the U.S., driven by developed markets.
- Volatility spiked in March as the collapse of Silicon Valley Bank and Credit Suisse sparked fears of financial contagion pressuring global bank stocks. Regulators intervened to limit the damage, but continued concerns fueled bets the Federal Reserve would soon pause or reverse rate hikes as U.S. Treasury yields declined.
- The U.S. dollar weakened.
- Internationally, growth outperformed value in a reversal of the trend of the last two years.
- Energy prices broadly declined, particularly natural gas, which reached new historical lows. Gold and copper prices continued to climb while dysfunction at the LME detracted from the nickel price. Agricultural commodities were mixed as wheat prices retraced pre-Ukraine war levels and as tight supply drove a rise in sugar prices.
- Inflation remained elevated but decelerated and may have peaked, leading the Fed and many other central banks to slow the tightening cycle.
- The International Equity Fund outperformed its benchmark due to outperformance of the value component offsetting underperformance of the growth component.

## Looking back

Global stock markets posted gains in the quarter despite the U.S. regional banking crisis, which stoked recessionary fears and pressured bank stocks globally. Concerns around weak demand led to energy prices falling as some disinflationary forces re-asserted themselves in many parts of the world. Still, official inflation measures remained high relative to both historical averages and central banks' targets, with most central banks remaining vigilant and in a tightening mode. Due to heightened economic uncertainty, cyclical stocks underperformed, especially those in the Real Estate, Energy and Financials sectors. Meanwhile, expectations for peak interest rates drove outperformance in growth, quality and defensive stocks, particularly in Information Technology and Communication Services. Inflation, tight monetary policy and a global recession remain possible headwinds for all regions this year.

## Performance

The International Equity Fund returned 7.6% (Institutional Shares at NAV) for the quarter ending March 31, 2023. That compares to its benchmark, the MSCI ACWI ex USA Index, which returned 6.9% during the period.

### Performance contributors

- Positive country allocation effects came from overweights to Ireland and Argentina along with an underweight to India.
- Positive sector allocation effects came from an overweight to Consumer Discretionary along with underweights to Financials and Energy.

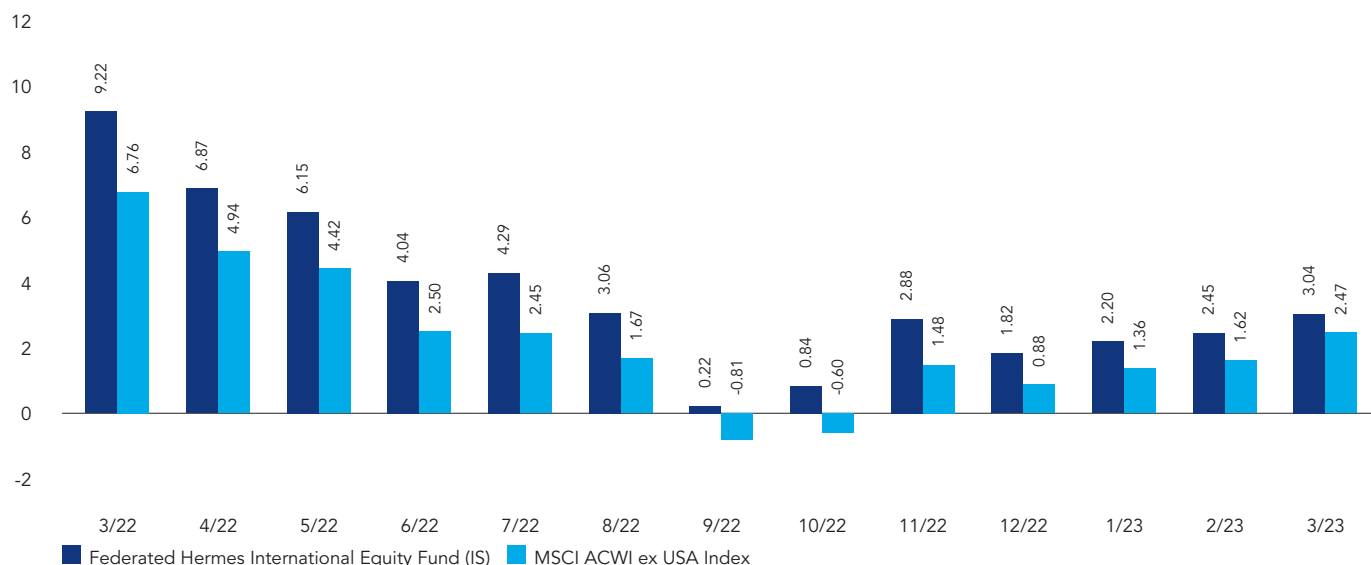
### Performance detractors

- Negative country allocation effects came from overweights to Norway and Puerto Rico along with an underweight to Taiwan.
- Negative sector allocation effects came from overweights to Health Care and Materials along with an underweight to Industrials.

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*See disclosure section for important disclosures and definitions.*

## 5-year rolling returns vs. MSCI ACWI ex USA Index (%)



Source: Morningstar, Inc. Performance for 5-year periods (1-month shift) from 4/1/18 - 3/31/23.

Returns are for Institutional Shares. Other classes of shares are available whose performance will vary due to different charges and expenses.

## Risk statistics

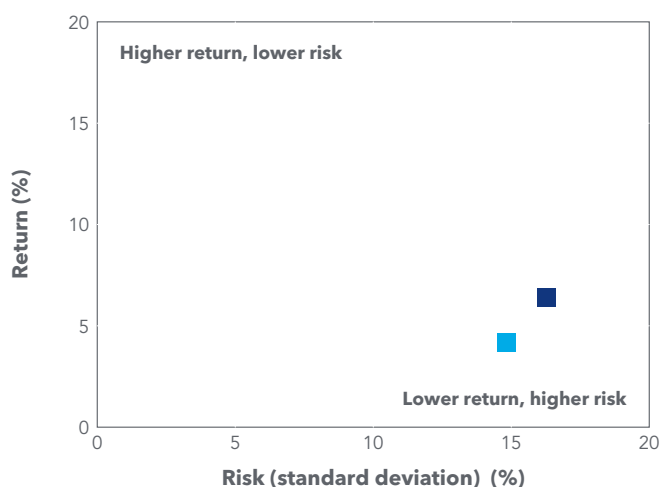
	3-year	5-year	7-year	10-year
<b>Standard deviation</b>	20.39	19.98	17.65	16.29
<b>Beta</b>	1.15	1.12	1.12	1.06
<b>Correlation</b>	0.97	0.98	0.97	0.96
<b>Up capture ratio</b>	118.35	111.80	111.79	108.45
<b>Down capture ratio</b>	117.82	110.13	108.77	98.45

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. MSCI ACWI ex USA Index

**See disclosure section for important definitions.**

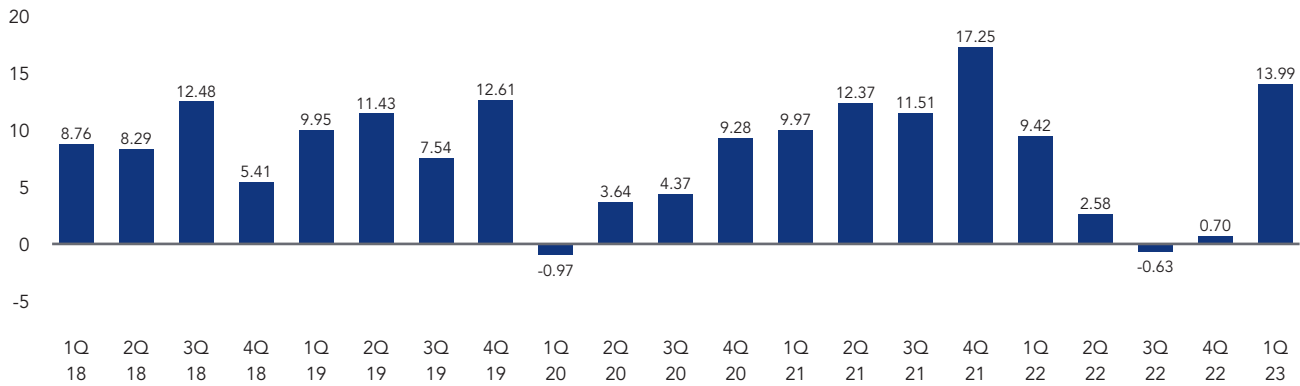
## 10-year risk/return



	Risk (%)	Return (%)
Federated Hermes International Equity Fund (IS)	16.29	6.38
MSCI ACWI ex USA Index	14.82	4.17

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## 3-year rolling returns - IS (%)



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## Category rankings

Morningstar Foreign Large Blend Category		1-year	3-year	5-year	10-year
<b>R6 Shares</b>	Morningstar Category % Rank	94	23	–	–
	Morningstar Category Rank	700 of 744 funds	156 of 692 funds	–	–
<b>IS Shares</b>	Morningstar Category % Rank	94	24	46	8
	Morningstar Category Rank	701 of 744 funds	162 of 692 funds	265 of 623 funds	22 of 418 funds
<b>A Shares</b>	Morningstar Category % Rank	94	26	53	8
	Morningstar Category Rank	705 of 744 funds	190 of 692 funds	325 of 623 funds	28 of 418 funds

Lipper International Multi-Cap Growth Funds		1-year	3-year	5-year	10-year
<b>R6 Shares</b>	Lipper Classification % Rank	63	5	–	–
	Lipper Classification Rank	158 of 250 funds	12 of 241 funds	–	–
<b>IS Shares</b>	Lipper Classification % Rank	64	6	43	15
	Lipper Classification Rank	159 of 250 funds	14 of 241 funds	92 of 215 funds	22 of 149 funds
<b>A Shares</b>	Lipper Classification % Rank	66	8	50	17
	Lipper Classification Rank	165 of 250 funds	19 of 241 funds	106 of 215 funds	25 of 149 funds

Past performance is no guarantee of future results. Rankings are based on total return and do not take sales charges into account.

## Federated Hermes International Equity Fund

**Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit [FederatedInvestors.com](https://www.federatedinvestors.com). Please carefully read the summary prospectus or prospectus before investing.**

The fund is the successor to the PNC International Equity Fund ("predecessor fund"), a portfolio of PNC Funds, pursuant to a reorganization involving the Fund and the predecessor fund on November 15, 2019. Prior to the date of the reorganization, the fund had no investment operations. Accordingly, the performance information, for periods prior to the reorganization is historical information for the predecessor fund. The predecessor fund was managed by the same portfolio management team as the fund, had an identical investment objective and substantially identical strategies, policies and restrictions.

### A word about risk

Mutual funds are subject to risks and fluctuate in value.

International investing involves special risks, including currency risk, increased volatility, political risks and differences in auditing and other financial standards.

Prices of emerging market and frontier market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

Due to their relatively high valuations, growth stocks are typically more volatile than value stocks.

Value stocks tend to have higher dividends and thus have a higher income-related component in their total return than growth stocks. Value stocks also may lag growth stocks in performance at times, particularly in late stages of a market advance.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

### Definitions

**Beta** measures a portfolio's volatility relative to the market. A beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market.

**Correlation** is the degree to which one variable (here, the fund's returns) fluctuates relative to another (the returns of the fund's benchmark). Correlation ranges from 1.00, when two variables move identically in the same direction, to -1.00, when two variables move identically in the opposite direction.

**Standard deviation** is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

**Up capture ratio/down capture ratio** is a measure of how well a manager was able to replicate or improve on periods of positive benchmark returns and how badly the manager was affected by periods of negative benchmark returns. The up-market capture ratio is a measure of a manager's performance in up markets relative to the index during the same period. For example, a ratio value of 115 indicates that the manager has outperformed the market index by 15% in periods when the index has risen. The down-market capture ratio is the direct opposite of

the up-market capture ratio, gauging performance of the manager relative to the index in down markets. A ratio value of 80 would indicate the manager had declined on 80% as much as the declining overall market, indicating relative outperformance.

**Weighted average dividend yield** is a weighted average of the dividends of all the stocks in a portfolio.

**Weighted average EPS growth next 5 years** is the weighted average annual growth rate of fiscal year earnings-per-share for the next five years for a given corporation.

**Weighted median P/E (NTM—next 12 months)** is a ratio comparing share price to earnings-per-share using estimated data for the next 12 months.

**Weighted median market cap** is the calculation representing the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock.

**Weighted median price/book** is a ratio comparing share price to book value or assets minus liabilities.

**MSCI ACWI ex USA Index** captures large- and mid-cap representation across 22 of 23 developed markets (DM) countries (excluding the U.S.) and 27 emerging markets (EM) countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.

Indexes are unmanaged and cannot be invested in directly.

### Ratings and rating agencies

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