

# Federated Hermes International Leaders Fund

3/31/23

## Fund facts

### Performance inception date

9/30/98

### Benchmark

MSCI EAFE Index

### Morningstar category

Foreign Large Blend

### Lipper classification

International Large-Cp Core Fds

### Fund assets

\$1.1 billion

### Ticker symbols

R6 Shares - FGRSX

Institutional Shares - FGFLX

A Shares - FGFAF

C Shares - FGFCX

R Shares - FGFRX

### Key investment team

Richard Winkowski, Jr.

Dariusz Czoch, CFA

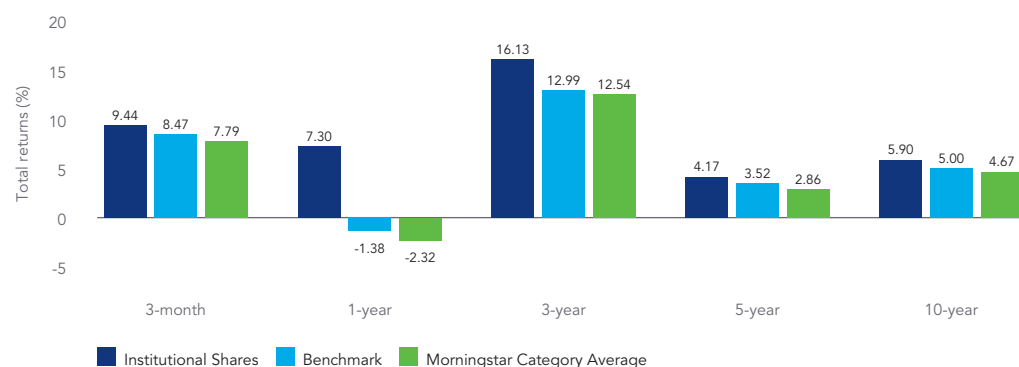
## Fund description

The fund seeks to provide long-term capital growth by investing primarily in developed-market stocks of high-quality, foreign companies that appear to be trading below their intrinsic value. Its high-conviction portfolio typically consists of 50 to 100 companies.

## 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>	9.45	9.45	7.37	16.20	4.22	5.94	7.71	1.04	0.92
<b>Institutional Shares</b>	9.44	9.44	7.30	16.13	4.17	5.90	7.67	1.12	0.97
<b>A Shares (NAV)</b>	9.35	9.35	7.02	15.83	3.90	5.62	7.77	1.39	1.23
<b>A Shares (MOP)</b>	3.34	3.34	1.15	13.68	2.73	5.03	7.52	1.39	1.23
<b>Benchmark</b>	8.47	8.47	-1.38	12.99	3.52	5.00	-	-	-



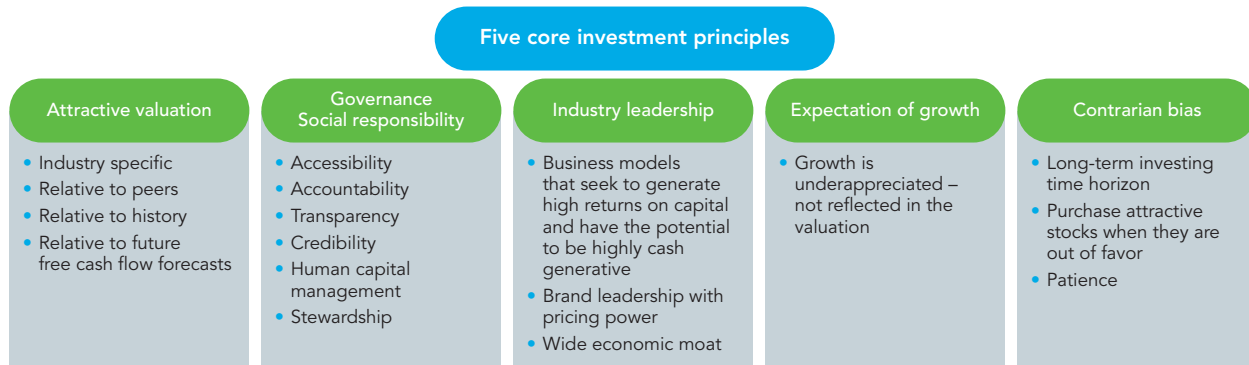
## Calendar year total returns (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Institutional Shares</b>	-8.83	5.02	15.77	27.02	-20.66	28.30	-2.68	-1.94	-4.20	27.44
<b>Benchmark</b>	-14.45	11.26	7.82	22.01	-13.79	25.03	1.00	-0.81	-4.90	22.78
<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.

\* 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 2/1/24 or the date of the fund's next effective prospectus.

# Investment process



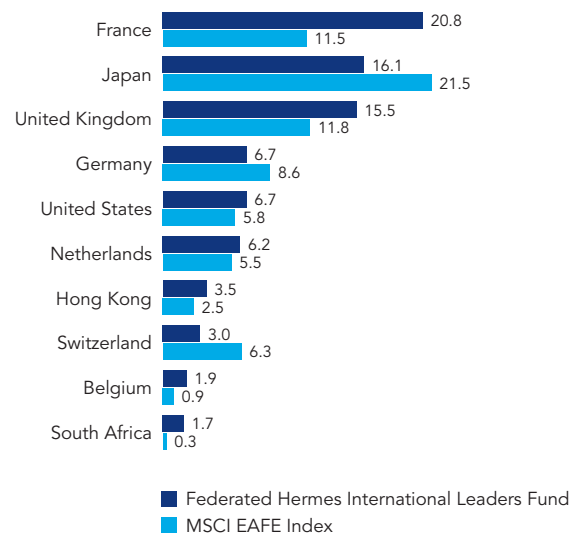
## Portfolio statistics

Weighted median P/E (LTM)	24.7x
Weighted median P/E (NTM)	15.5x
Weighted median market cap	\$55.7 b
Weighted median price/book	2.2x
Number of securities	74

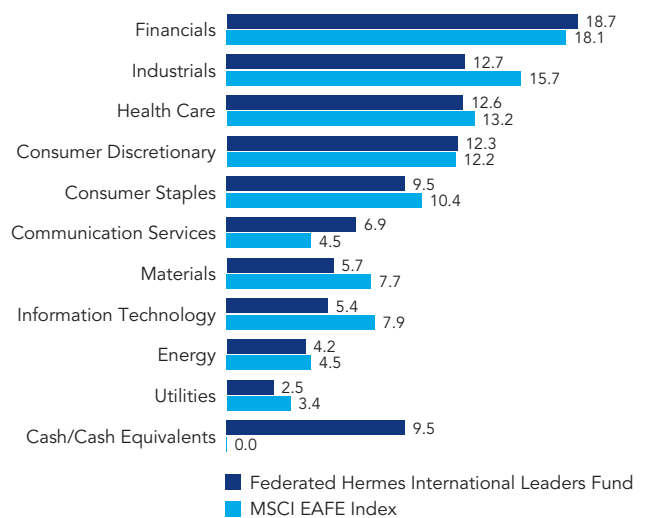
## Top holdings (%)

AstraZeneca PLC <i>United Kingdom</i>	4.0
Siemens AG <i>Germany</i>	2.8
Accor SA <i>France</i>	2.5
Prudential plc <i>Hong Kong</i>	2.5
Imperial Brands PLC <i>United Kingdom</i>	2.4
Nestle S.A. <i>United States</i>	2.4
Deutsche Telekom AG <i>Germany</i>	2.3
Keyence Corporation <i>Japan</i>	2.3
Sanofi <i>France</i>	2.0
VINCI SA <i>France</i>	1.9
Total % of portfolio	25.1

## Top country weightings (%)



## 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

- Banking sector stress
- Inflation
- Central bank policy rate hikes
- Ukraine invasion

## Looking Back

Core inflation remained stubbornly high, presenting a dilemma for central banks already fighting a cost-of-living crisis and wage inflation. Over the last year, central banks raised their benchmark rates at a record pace with rates reaching multi-year highs. In response, inflation, worsened by pandemic-related stimulus, supply chain bottlenecks and the war in Ukraine, has slowly ebbed. A drop in energy prices provided further relief while warmer weather across Europe helped the region avoid an energy crisis. Despite this, both inflation and interest rates remained at elevated levels, fueling fears of a recession.

While normally a tailwind for the banking sector, the step-change in rates triggered solvency concerns as the rapid pace of increases led to steep bond valuation declines. The failure of Silicon Valley Bank in the U.S. precipitated a global bank scare in March that broadly destabilized much of the equity markets. Within a two-week period, Swiss officials were effectively forced to engineer a rescue of Credit Suisse Group by forcing a takeover by UBS Group, while government officials in the U.S. and Europe announced backstops to assure depositors that their deposits were secure.

Labor markets remained tight globally with persistent wage inflation complicating central bank policy decisions. Some layoffs have occurred, particularly within the technology and banking sectors, although labor data has remained broadly strong.

With China's zero-tolerance Covid-19 restrictions removed, the nation now looks to rebuild its economy. At the opening session of the National People's Congress in March, government officials set a growth target of 5%, down from last year's 5.5%. Strong manufacturing and service reports in February suggested that economic growth is gaining momentum.

In mid-March, French President Emmanuel Macron used special constitutional powers to override parliament and push through pension reforms that will effectively raise the retirement age from 62 to 64. This controversial move led to strikes and mass protests, which shut down parts of the country and limited fuel supplies to an economy that had already been struggling to stabilize.

## Performance

The International Leaders Fund (A Shares at NAV) returned 9.35% for the quarter ending March 31, 2023. That compares to its benchmark, the MSCI EAFE Index, which returned 8.47% during the period. As a result, the fund outperformed the benchmark by 0.88%.

### Performance contributors

- Stock selection in the Industrials, Health Care, Information Technology and Utilities sectors.
- Within Industrials, Rolls-Royce Holdings plc, Rheinmetall AG and Siemens AG were the main contributors.
- ASM International N.V. in Information Technology and Accor SA in Consumer Discretionary were also noteworthy contributors.

### Performance detractors

- Stock selection in the Consumer Staples, Materials, Consumer Discretionary and Energy sectors.
- In Consumer Staples, Imperial Brands plc and British American Tobacco plc were the notable detractors.
- Anglo American plc in Materials and Delivery Hero SE in Consumer Discretionary were also key detractors.

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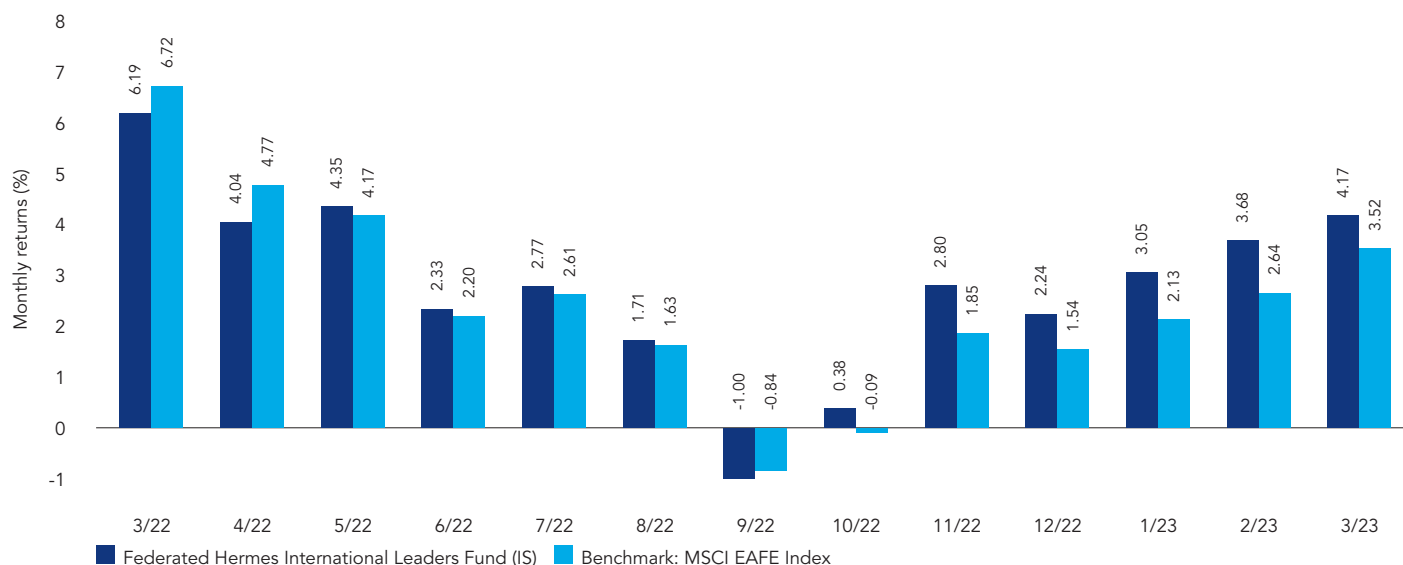
## How we are positioned

We remain constructive on the international equity markets compared to domestic equities. The fight against inflation will extend into the second quarter of 2023, with the market expecting the European Central Bank, Bank of England and Federal Reserve to all raise rates at their next meetings. Inflation in Europe and the U.K. remains higher than in the U.S., which will extend the rate hiking schedule for the ECB and BoE into the late second quarter/early third quarter of 2023. The extended tightening schedule for international central banks may put downward pressure on the U.S. dollar, which, in turn, should benefit U.S. investments in foreign markets.

Economic growth in developed international markets will remain below trend with some European markets possibly experiencing negative growth. Low unemployment, a healthy consumer and the return of the Chinese tourist to Europe should be enough to allow Europe to remain resilient and avoid a hard landing. China's re-opening will continue to support growth at a faster pace than the rest of the world, which, in turn, should be supportive of other Asian and Latin American markets. Lower valuations, higher dividends and a weaker dollar are all tailwinds for international equities. International equities remain broadly under-owned while outperformance over the past six months should prompt investors to increase their allocations.

See disclosure section for important disclosures and definitions.

## 5-year rolling returns vs. MSCI EAFE 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.

Timeframe based on current management style of Federated Hermes International Leaders Fund.

## Risk statistics

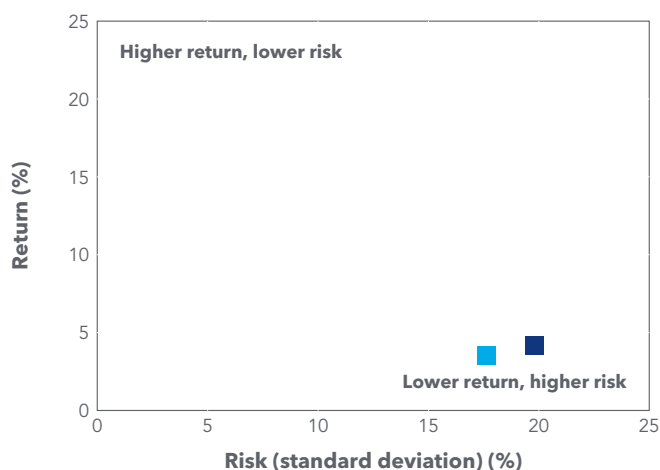
	3-year	5-year	7-year	10-year
<b>Standard deviation</b>	20.09	19.80	17.60	16.88
<b>Alpha</b>	2.26	0.70	0.68	0.75
<b>Beta</b>	1.07	1.09	1.09	1.08
<b>R<sup>2</sup></b>	93.18	94.14	93.14	91.60

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. MSCI EAFE Index

**See disclosure section for important definitions.**

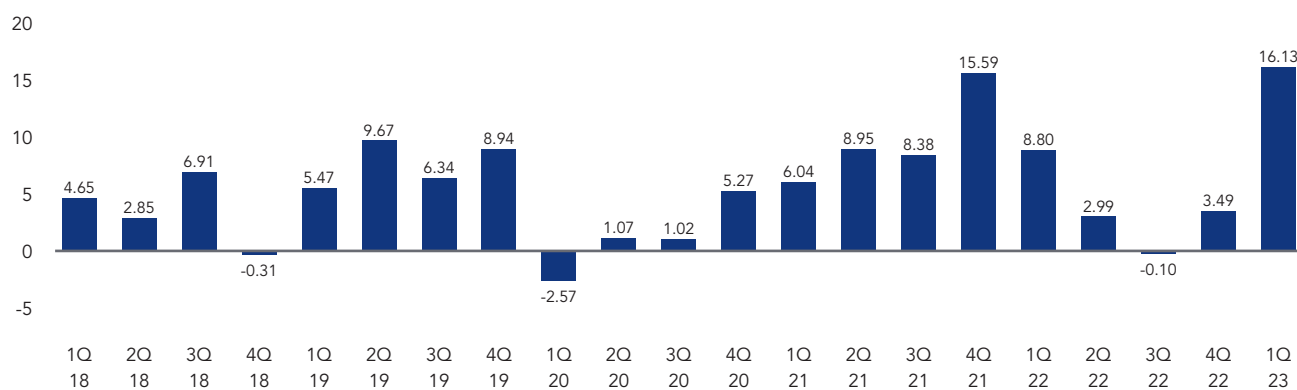
## 5-year risk/return



	Risk (%)	Return (%)
Federated Hermes International Leaders Fund (IS)	19.80	4.17
MSCI EAFE Index	17.64	3.52

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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	1	7	15	-
	Morningstar Category Rank	4 of 744 funds	57 of 692 funds	89 of 623 funds	-
<b>IS Shares</b>	Morningstar Category % Rank	1	8	18	10
	Morningstar Category Rank	5 of 744 funds	60 of 692 funds	102 of 623 funds	31 of 418 funds
<b>A Shares</b>	Morningstar Category % Rank	1	9	21	14
	Morningstar Category Rank	6 of 744 funds	68 of 692 funds	124 of 623 funds	48 of 418 funds

Lipper International Large-Cp Core Fds		1-year	3-year	5-year	10-year
<b>R6 Shares</b>	Lipper Classification % Rank	1	16	19	-
	Lipper Classification Rank	1 of 171 funds	25 of 160 funds	27 of 144 funds	-
<b>IS Shares</b>	Lipper Classification % Rank	2	17	20	3
	Lipper Classification Rank	2 of 171 funds	26 of 160 funds	28 of 144 funds	2 of 97 funds
<b>A Shares</b>	Lipper Classification % Rank	2	18	23	8
	Lipper Classification Rank	3 of 171 funds	28 of 160 funds	32 of 144 funds	7 of 97 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 Leaders 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's Institutional Shares commenced operations on June 21, 2010. For the period prior to the commencement of operations for the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses of the Institutional Shares since the Institutional Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and to remove any voluntary waiver of the fund's expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the Institutional Shares.

The fund's R6 Shares commenced operations on August 8, 2013. For the period prior to the commencement of operations of the R6 Shares, the R6 Shares performance information shown is for the A Shares. The performance of the A Shares has not been adjusted to reflect the expenses of the R6 Shares, since the R6 Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and to remove any voluntary waiver of fund expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares.

### 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.

### Definitions

**Alpha** shows how much or how little return is generated, given the risk a portfolio takes. A portfolio with an alpha greater than 0 has earned more than expected given its beta—meaning the portfolio has generated excess return without increasing risk. A portfolio with a negative alpha is producing a lower return than would be expected given its risk.

**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.

**R-squared** indicates what percentage of a portfolio's movement in performance is explained by movement in performance of the market. R-squared ranges from 0 to 100, and a score of 100 suggests that all movements of a portfolio's performance are completely explained by movements in the market as measured by the fund's benchmark.

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

**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 P/E (LTM—latest 12 months)** is a ratio comparing share price to earnings per share using data from the previous 12 months.

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

**MSCI EAFE Index** is an equity index which captures large- and mid-cap representation across developed markets countries around the world, excluding the U.S. and Canada. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Indexes are unmanaged and cannot be invested in directly.

### Ratings and rating agencies

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