

Federated Hermes International Small-Mid Company Fund

9/30/20

Fund facts

Performance inception date

2/28/96

Benchmark

MSCI ACWI ex U.S. SMID Cap Index

Morningstar category

Foreign Small/Mid Growth

Lipper classification

International Small/Mid-Cap Growth Funds

Fund assets

\$132.9 million

Ticker symbols

Institutional Shares - ISCIX

A Shares - ISCAC

C Shares - ISCCX

Key investment team

Thomas Banks, CFA®

Dariusz Czoch, CFA®

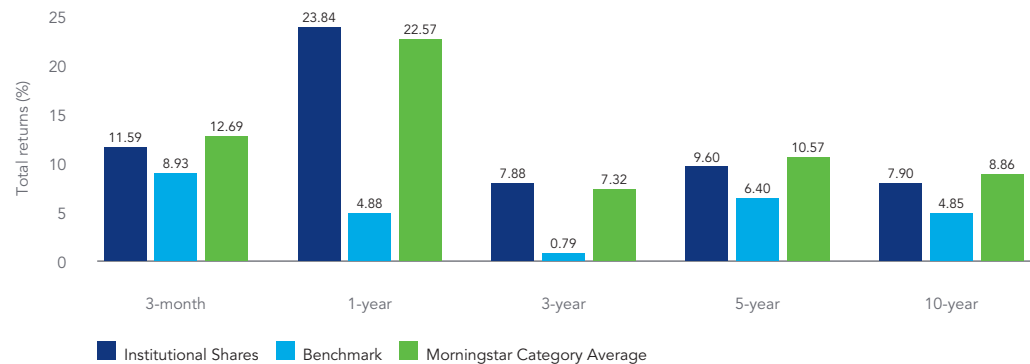
Fund description

The fund pursues long-term capital growth by investing in foreign small- or mid-cap companies, focusing on those with specialized products, technologies or services with solid growth potential. Offers strong international diversification with approximately 50-150 holdings across more than 20 developed and emerging-market countries.

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	Expense ratio* After waivers
Institutional Shares	11.59	10.54	23.84	7.88	9.60	7.90	9.52	1.48	0.99
A Shares (NAV)	11.52	10.35	23.56	7.66	9.37	7.68	9.51	1.73	1.24
A Shares (MOP)	5.39	4.29	16.77	5.64	8.14	7.08	9.26	1.73	1.24
Benchmark	8.93	-4.89	4.88	0.79	6.40	4.85	-	-	-



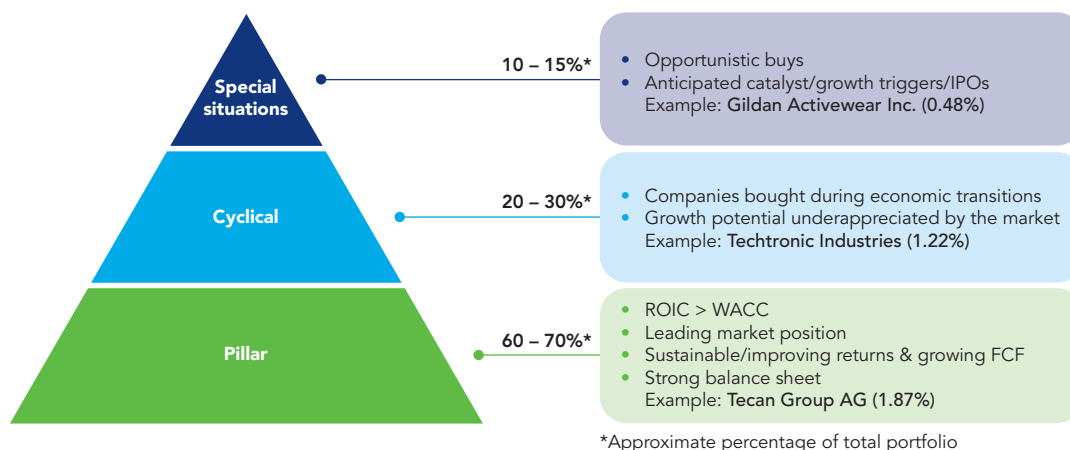
Calendar year returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Institutional Shares	32.03	-18.70	34.95	-8.10	9.88	-9.16	28.34	22.24	-17.39	21.66
Benchmark	22.36	-17.06	30.35	3.57	0.44	-3.35	24.04	17.83	-14.18	22.04
Morningstar Category Average	27.78	-18.34	36.19	-2.98	7.05	-5.40	26.61	22.20	-14.72	23.04

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. 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 3/1/21 or the date of the fund's next effective prospectus.

Portfolio construction process



Portfolio statistics

Weighted median P/E (NTM)	29.0x
Weighted median market cap	\$9.8 b
Weighted median price/book	5.7x
Number of securities	118

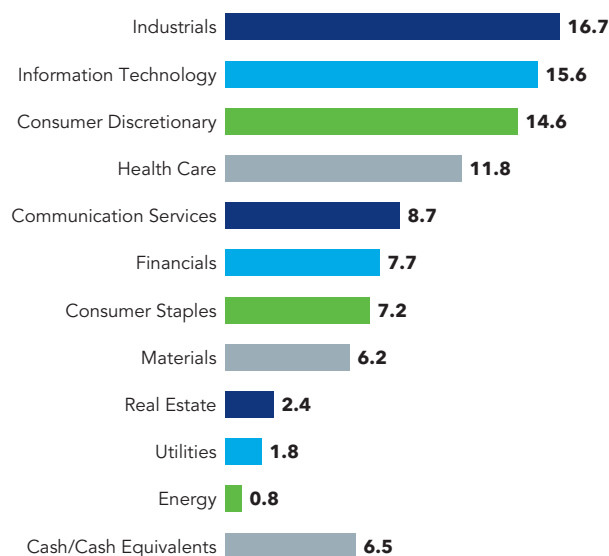
Top holdings (%)

<i>Lonza Group AG Switzerland</i>	1.9
<i>Tecan AG Switzerland</i>	1.9
<i>Sea Ltd. - ADR Taiwan</i>	1.8
<i>Argenx SE - ADR Netherlands</i>	1.7
<i>Evolution Gaming Group AB Sweden</i>	1.6
<i>Genmab A/S Denmark</i>	1.5
<i>Nidec Corporation Japan</i>	1.4
<i>Daifuku Co Ltd Japan</i>	1.3
<i>Pan Pacific International Holdings Corp. Japan</i>	1.3
<i>STMicroelectronics N.V. France</i>	1.3
Total % of portfolio	15.7

Top country weightings (%)

Japan	18.1	Germany	4.3
United Kingdom	11.0	Brazil	4.2
France	7.4	Netherlands	4.1
Canada	6.2	Denmark	3.1
Switzerland	5.9	Spain	3.1

Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 9/30/20 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

- Covid-19 impacts dominated the quarter
- Global re-openings and recoveries threatened by prospects for a virus second wave
- Disagreements abound on additional stimulus measures

Looking back

Cautious optimism prevailed in the third quarter as data indicated that global economies continued to recover from the Covid-19-related lockdowns earlier this year. Improvements in employment and manufacturing provided some relief. The path of the recovery, aided by massive stimulus globally, remained murky however, as the number of Covid-19 cases began to rise. Policymakers struggled with the correct level of intervention as new hot spots of infections in the U.K., France, Spain and several U.S. states threatened to derail the recovery.

Asian economies fared comparatively well as cases of Covid-19 declined, allowing for earlier re-openings and more modest economic contractions. Following a sharp recovery in the second quarter, China maintained its growth trajectory despite lingering concerns over the virus spread. In Japan, Prime Minister Shinzo Abe was replaced by Yoshihide Suga. Prime Minister Suga committed to following Abe's economic policies and took the reins as Japan's economy started showing signs of improvement.

Disagreements among member states threatened to delay the passing of the European Union's €1.8 trillion budget and stimulus package. The disagreements came at a time when the risk of a second virus wave threatened the economic recovery and increased the likelihood of tighter restrictions. Already weak consumer demand across the E.U. raised concerns among policymakers to push for greater stimulus. Germany reported a worse-than-expected drop in inflation of -0.4%, the largest decline in over five years. An increase in Covid-19 infections threatened France's reopening. In September, rising unemployment pushed President Macron of France to launch a €100 billion stimulus package, one of the largest in French history.

Early data out of the U.K. indicated that its economy was rebounding quickly across most sectors. The trajectory of the rebound was put at risk as Covid-19 cases increased, forcing Prime Minister Boris Johnson to implement tighter social distancing restrictions. Furthermore, tensions between the U.K. and the European Union intensified following reports that the U.K. would break terms of the Brexit agreement reached last January.

The economy in the U.S. continued to rebound. Unemployment fell from 10.2% in July to 7.9% in September; however, increases in Covid-19 infections in several states raised fears of a second wave. On the political front, the upcoming election came more into focus with Democratic candidate Joe Biden naming Kamala Harris as his running mate.

Performance

Federated Hermes International Small-Mid Company Fund (A Shares at NAV) returned 11.52% for the quarter ending September 30, 2020. That compares to its benchmark, the MSCI ACWI ex U.S. SMID Cap Index, which returned 8.93% during the period.

Performance contributors

- Stock selection across multiple sectors, most notably Communication Services, Consumer Staples, Health Care and Industrials
- Tecan Group AG was the fund's overall top contributor
- Sea Ltd. (Singapore) was also a notable contributor

Performance detractors

- The Materials sector was the only sector that detracted from performance, impacted by the fund's underweight position and stock selection
- Network International Holdings PLC was the fund's largest detractor

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How we are positioned

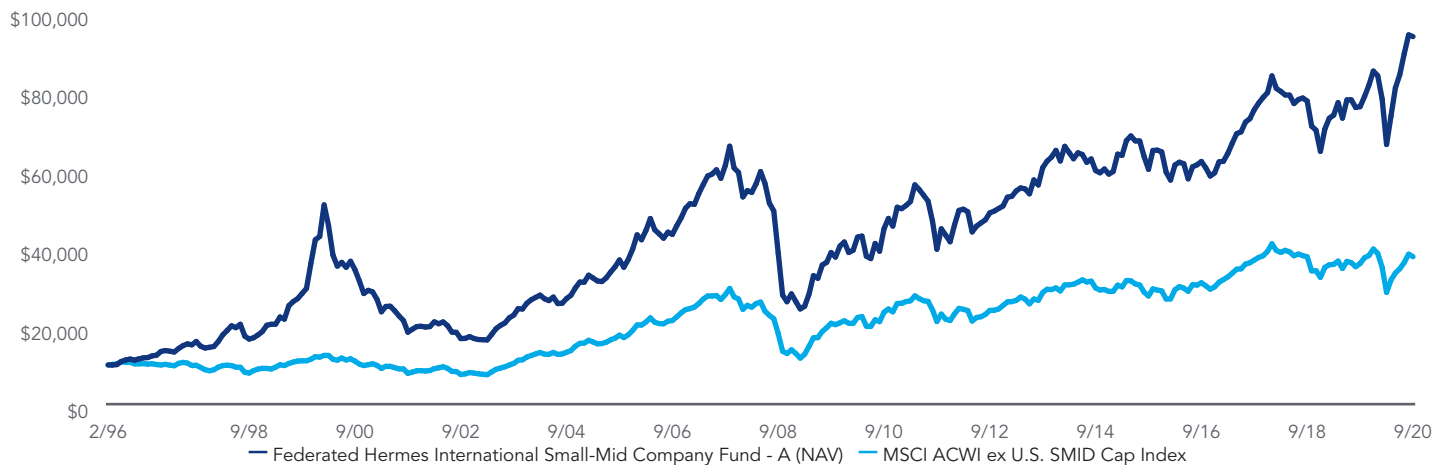
The fund's activity in the third quarter included five new positions and two exits. We also participated in three initial public offerings and are encouraged by what we see in the deal pipeline.

Information Technology is the fund's largest overweight, and the fund continues to have substantial overweight positions in Health Care and Communication Services, positions that we view to be long-term structural winners. We also remain overweight the Consumer sectors—both Staples and Discretionary. We continue to underweight the cyclical sectors including Real Estate, Industrials and Materials. We maintain underweights to two industries we believe are facing structural headwinds—Financials and Energy.

New positions include an Argentinian-based e-commerce and payments business which has benefitted from its market leading position and the industry's rapid growth in Latin America. We also invested in a Portuguese company which is the world's fourth-largest wind energy producer. We continue to increase our exposure to renewable energy. Finally, we invested in a Europe-based stock exchange. We now own three stock exchanges around the world and view these businesses as high-quality, long-term holdings due to the industry's high barriers to entry.

See disclosure section for important disclosures and definitions.

\$10,000 investment since inception



Risk statistics

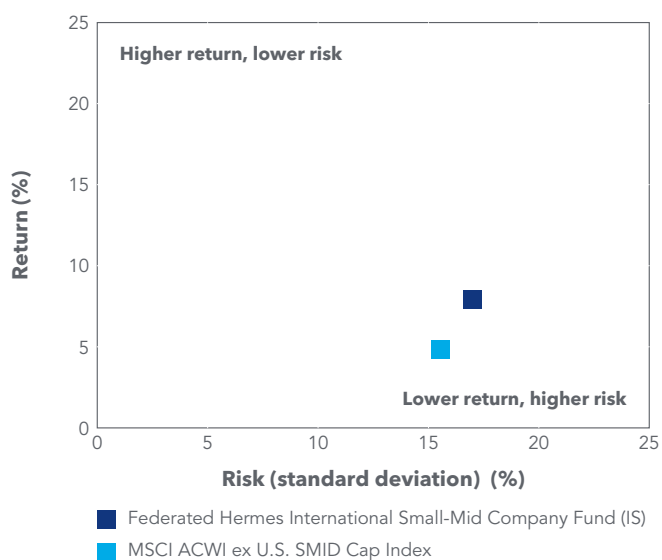
	3-year	5-year	7-year	10-year
Standard deviation	18.38	16.44	15.36	16.98
Beta	0.95	0.96	0.98	1.04
Correlation	0.96	0.95	0.94	0.95
Up capture ratio	111.97	104.34	103.31	108.90
Down capture ratio	83.16	89.25	89.20	94.97

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. MSCI ACWI ex U.S. SMID Cap Index

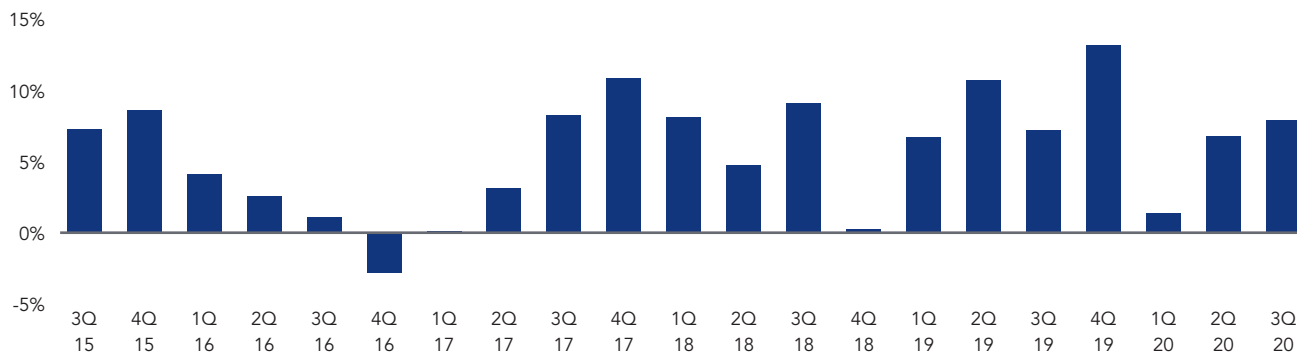
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10-year risk/return



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3-year rolling returns (IS)



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Category rankings

Morningstar Foreign Small/Mid Growth Category

		1-year	3-year	5-year	10-year
IS Shares	Morningstar Category % Rank	45	41	57	64
	Morningstar Category Rank	43 of 134 funds	35 of 115 funds	43 of 92 funds	32 of 62 funds
A Shares	Morningstar Category % Rank	47	43	69	68
	Morningstar Category Rank	45 of 134 funds	37 of 115 funds	51 of 92 funds	36 of 62 funds

Lipper International Small/Mid-Cap Growth Funds

		1-year	3-year	5-year	10-year
IS Shares	Lipper Classification % Rank	19	17	28	37
	Lipper Classification Rank	41 of 218 funds	32 of 193 funds	42 of 151 funds	35 of 95 funds
A Shares	Lipper Classification % Rank	20	19	34	42
	Lipper Classification Rank	43 of 218 funds	35 of 193 funds	51 of 151 funds	40 of 95 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 Small-Mid Company 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. Please carefully read the summary prospectus or prospectus before investing.

As of June 29, 2020, the fund was renamed Federated Hermes International Small-Mid Company Fund.

The fund's Institutional Shares commenced operations on March 31, 2008. For the period prior to the commencement of operations of 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 fund expenses related to the A Shares that may have occurred prior to commencement of operations of the Institutional Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

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.

Small company stocks may be less liquid and subject to greater price volatility than large capitalization stocks.

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.

Diversification does not assure a profit nor protect against loss.

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 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 U.S. SMID Cap Index captures mid and small cap representation across Developed Market countries (excluding the U.S.) and Emerging Markets countries. The index covers approximately 28% 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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