

Federated Hermes International Strategic Value Dividend Fund

12/31/20

Fund facts

Performance inception date

6/4/08

Benchmark

MSCI World ex U.S. High Dividend Yield Index

Morningstar category

Foreign Large Value

Lipper classification

International Equity Income Funds

Fund assets

\$391.7 million

Ticker symbols

R6 Shares - IVFLX

Institutional Shares - IVFIX

A Shares - IVFAX

C Shares - IVFCX

Key investment team

Daniel Peris, Ph.D., CFA®

Deborah Bickerstaff

Jared Hoff

Michael Tucker

Yields (%)

30-day yield (R6)	3.99
30-day yield (IS)	3.98
30-day yield (A)	3.52
12-month yield (R6)	3.63
12-month yield (IS)	3.62
12-month yield (A)	3.39

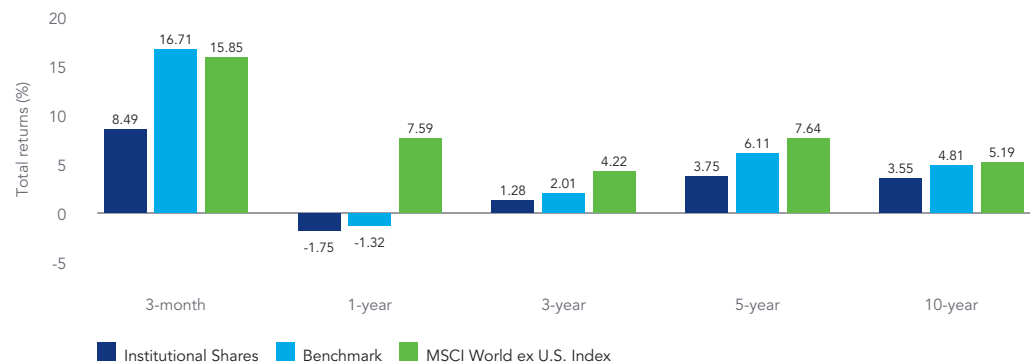
Fund description

The fund pursues income and long-term capital appreciation by investing primarily in companies based outside the U.S., with a focus on high-dividend-paying stocks with dividend growth potential. It seeks to provide a substantially higher yield than the broad international market.

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
R6 Shares	8.49	-1.73	-1.73	1.29	3.73	3.33	-2.31	0.94	0.85
Institutional Shares	8.49	-1.75	-1.75	1.28	3.75	3.55	1.13	1.01	0.86
A Shares (NAV)	8.76	-1.99	-1.99	1.03	3.56	3.31	0.92	1.29	1.11
A Shares (MOP)	2.66	-7.32	-7.32	-0.86	2.42	2.73	0.47	1.29	1.11
Benchmark	16.71	-1.32	-1.32	2.01	6.11	4.81	-	-	-



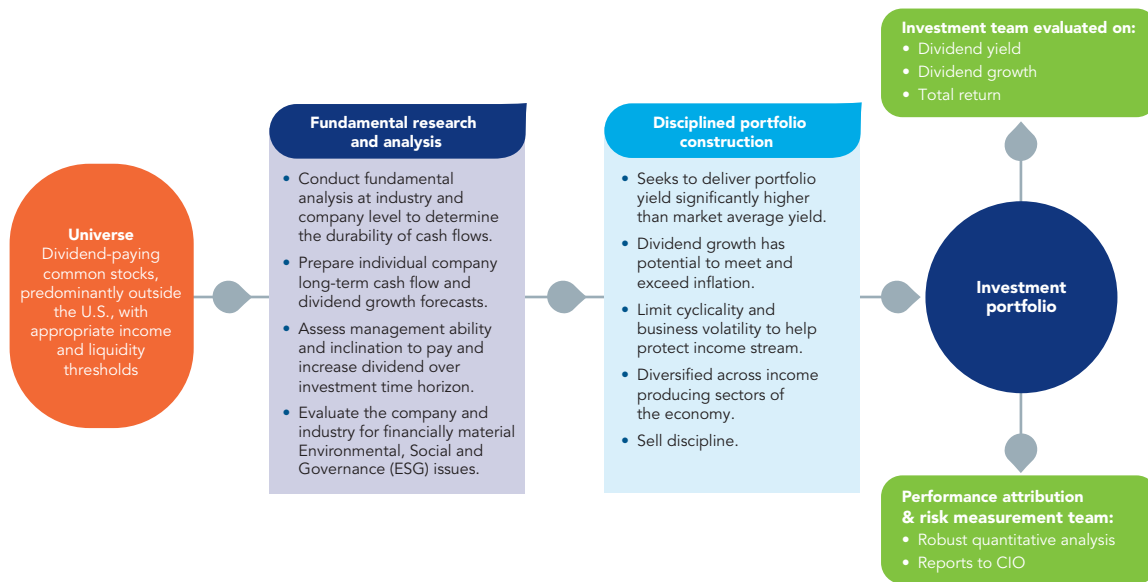
Calendar year total returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Institutional Shares	-1.75	20.14	-11.99	14.63	0.94	-7.60	-2.84	12.80	13.05	2.98
Benchmark	-1.32	23.72	-13.04	19.90	5.70	-9.80	-2.85	22.43	12.47	-1.50
MSCI World ex U.S. Index	7.59	22.49	-14.09	24.21	2.75	-0.81	-4.90	22.78	17.32	-12.14
Morningstar Category Average	0.88	17.80	-15.44	22.08	3.34	-3.10	-6.32	21.00	16.21	-12.93

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 2/1/21 or the date of the fund's next effective prospectus.

Investment process



Portfolio statistics

Weighted median P/E (NTM)	15.1x
Median 3-year average payout ratio	71.70
Weighted average EPS growth next 5 years	7.90
Weighted median market cap	\$41.6 b
Weighted median price/book	2.0x
Number of securities	42
% of emerging markets	4.39%

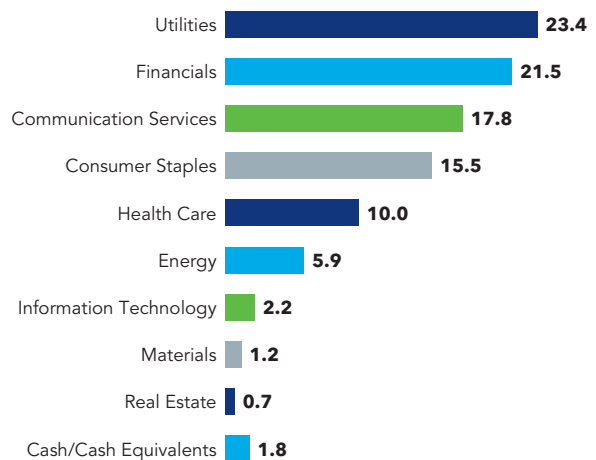
Top holdings (%)

Munich Re Group	4.5
Enbridge Inc.	4.3
National Grid PLC	4.3
BCE Inc.	4.2
Canadian Imperial Bank of Commerce	4.0
Telus Corp.	3.9
Zurich Insurance Group AG	3.9
Emera, Inc.	3.2
Terna S.p.A	3.2
Unilever PLC	3.2
Total % of portfolio	38.7

Country weightings (%)

Canada	26.4	Mexico	3.2
United Kingdom	17.3	Spain	2.5
Italy	10.0	Australia	2.1
France	8.0	Hong Kong	1.9
Switzerland	7.7	Norway	1.9
Germany	7.4	Brazil	1.2
United States	5.2	Cash/Cash Equivalents	1.8
Finland	3.4		

Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 12/31/20 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

- Federated Hermes International Strategic Value Dividend Fund provided a 30-day SEC yield of 3.52% (A shares at MOP) and a gross weighted average dividend yield of 4.88% at period end
- This was well ahead of the 2.39% weighted average yield provided by the MSCI World ex U.S. Index and slightly ahead of the 4.70% yield provided by the fund's benchmark, the MSCI World ex U.S. High Dividend Yield Index
- During the quarter, seven companies in the portfolio raised their dividends
- For the rolling one-year period, 28 companies raised their dividends, two reduced distributions and one temporarily suspended its dividend
- The fund underperformed the broad market in the quarter as investors favored cyclical sectors of the market over defensives during the quarter

Looking back

Uncertain regulatory, economic, political and social conditions raised the level of uncertainty surrounding dividend distributions in 2020, and temporary interruptions to otherwise stable dividend streams became commonplace. As a result of these conditions, roughly two-thirds of the portfolio's benchmark holdings either cut, suspended or eliminated their dividends in 2020. By comparison, the dividends distributed by the Federated Hermes International Strategic Value Dividend Fund were exceptionally durable in 2020.

During the fourth quarter of 2020, despite a renewed surge in Covid-19 cases, global equities rallied as strong corporate earnings, two approved vaccines and post-election results bolstered investor sentiment as the period closed. The risk-on market was apparent as cyclical, low-yielding investments outperformed in the quarter. U.S. equities underperformed the broader global equity market for the quarter as the S&P 500 returned 12.15% while the MSCI World ex U.S. Index returned 15.85%. Within the broad international market, returns across all GICS sectors were positive, with Energy, Financials, and Consumer Discretionary posting the highest returns of the period, while Health Care, Consumer Staples and Utilities delivered the weakest sector performance in the period. Within the broadly based MSCI World ex U.S. Index, the lowest-beta quintile underperformed the highest quintile by 29.61%, and the highest-yielding equity quintile outperformed the lowest-yielding quintile by 2.99%.

Performance

Federated Hermes International Strategic Value Dividend Fund generated a total return of 8.76% (A Shares at NAV) in the fourth quarter of 2020. This compares to a return of 16.71% for the fund's benchmark, the MSCI World ex U.S. High Dividend Yield Index, and a 15.85% return for the broad-based MSCI World ex-U.S. Index. With the fund's investments in the dividend income-producing segment of the international market, and its 3-year beta versus the MSCI World ex U.S. Index of 0.78, the strategy's short-term returns are not expected to move in line with the broad market.

Performance contributors

- Financials (21.46% ending weight) provided the portfolio with the highest sector contribution to total return in the quarter
- The fund's investments in Utilities (23.40% ending weight) also provided the portfolio with a positive contribution with a weighted average return of 6.95
- Communication Services (17.76% ending weight) contributed positive returns to the fund's performance with a weighted average return of 8.95

Performance detractors

- Low-beta, large-cap and high-quality equities underperformed during the quarter
- Other notable detractors in the quarter included AstraZeneca, Elisa, Sanofi and HKT Trust

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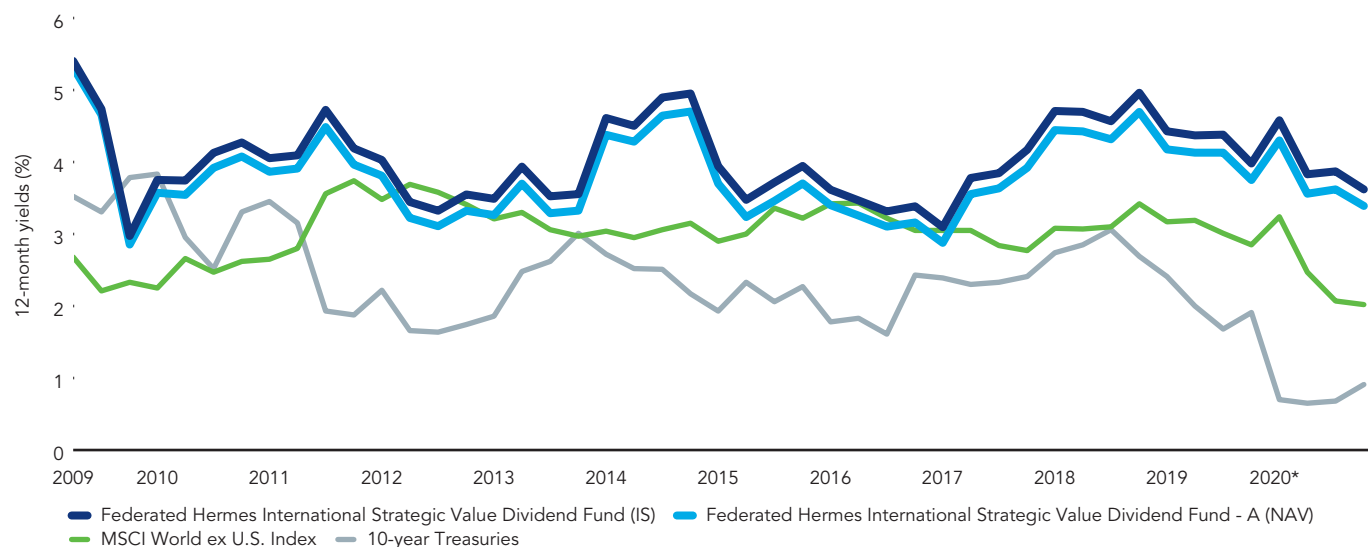
How we are positioned

Even as Covid-19 cases hit new highs and economic data softened, stocks continued their rally in December, lifted by additional fiscal stimulus, the rollout of vaccinations and hopes for a better year ahead for both the economy and earnings.

While macroeconomic factors can impact share price movements in the near term, Federated Hermes International Strategic Value Dividend Fund remains committed to its focus on long-term drivers of total return: dividend yield and dividend growth. To achieve those goals, the portfolio remains concentrated in Consumer Staples, Integrated Energy, Health Care Pharmaceuticals, Telecom Services, Utilities and high-quality Banks and Insurers. These segments of the economy contain the type of high-quality dividend-friendly stocks that the portfolio seeks out, enabling the strategy to provide investors with a high dividend yield complemented with dividend growth. That dividend growth can help the fund both sustain its high yield and outpace inflation. Such investments also tend to be less volatile than the broad market, offering natural downside protection characteristics for the portfolio.

See disclosure section for important disclosures and definitions.

The fund delivered higher yield



Source: Federated Hermes

Yields for other classes will vary.

* As of 12/31/20

Risk statistics

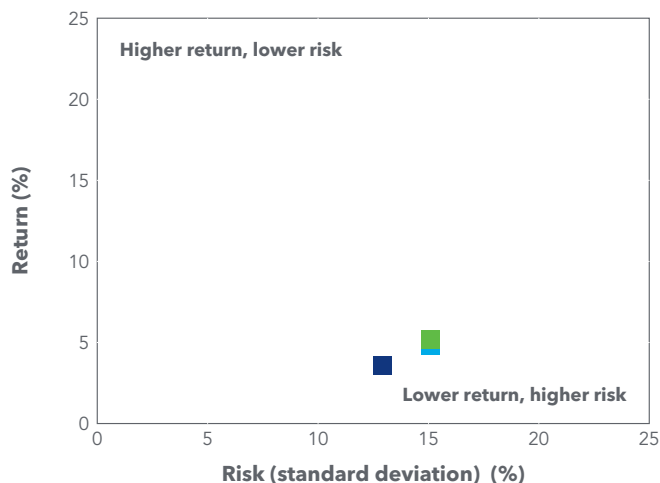
	3-year	5-year	7-year	10-year
Standard deviation	15.34	13.10	12.86	12.94
Beta	0.77	0.76	0.78	0.81
Correlation	0.94	0.91	0.92	0.94
Up capture ratio	76.13	74.58	77.88	79.80
Down capture ratio	77.93	79.58	82.39	81.84

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. MSCI World ex U.S. Index

See disclosure section for important definitions.

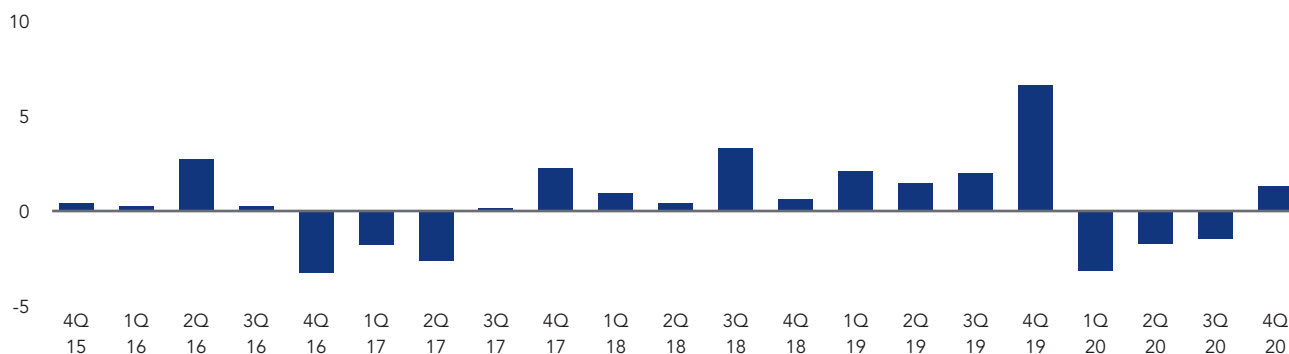
10-year risk/return



- Federated Hermes International Strategic Value Dividend Fund (IS)
- MSCI World ex U.S. High Dividend Yield Index
- MSCI World ex U.S. Index

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3-year rolling returns - IS (%)



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Category rankings

Morningstar Foreign Large Value Category

		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	69	30	85	58
	Morningstar Category Rank	276 of 352 funds	84 of 322 funds	–	–
IS Shares	Morningstar Category % Rank	69	31	85	59
	Morningstar Category Rank	277 of 352 funds	87 of 322 funds	227 of 280 funds	91 of 184 funds
A Shares	Morningstar Category % Rank	72	37	89	65
	Morningstar Category Rank	282 of 352 funds	108 of 322 funds	239 of 280 funds	101 of 184 funds

Lipper International Equity Income Funds

		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	69	58	–	–
	Lipper Classification Rank	68 of 98 funds	53 of 91 funds	–	–
IS Shares	Lipper Classification % Rank	70	59	87	56
	Lipper Classification Rank	69 of 98 funds	54 of 91 funds	68 of 78 funds	25 of 44 funds
A Shares	Lipper Classification % Rank	73	65	92	63
	Lipper Classification Rank	72 of 98 funds	59 of 91 funds	72 of 78 funds	28 of 44 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 Strategic Value Dividend Fund

As of June 29, 2020, the fund was renamed Federated Hermes International Strategic Value Dividend Fund.

30-day yield (also known as "SEC yield") is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. For an indefinite period of time, the investment advisor is waiving all or part of its fee and, in addition, may reimburse the fund for some of its expenses. Otherwise, the yield would have been 3.81% for Institutional Shares, 3.32% for A Shares, and 3.82% for R6 Shares.

The 12-month yield is the sum of a fund's total trailing 12-month interest and dividend payments divided by the last month's ending share price (NAV) plus any capital gains distributed over the same period.

The fund's R6 Shares commenced operations on January 27, 2017. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for Institutional Shares, adjusted to remove any voluntary waiver of fund expenses related to the fund's Institutional Shares that occurred during the period prior to the commencement of operations of the fund's R6 Shares.

A word about risk

Mutual funds are subject to risks and fluctuate in value.

There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks.

Because the fund may allocate relatively more assets to certain industry sectors than others, the fund's performance may be more susceptible to any developments which affect those sectors emphasized by the fund.

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

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.

Median 3-year average payout ratio is the proportion of earnings paid out as dividends to shareholders, typically expressed as a percentage.

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 World ex U.S. High Dividend Yield Index is based on the MSCI World ex U.S. Index, its parent index, and includes large- and mid-cap stocks across 22 of 23 Developed Markets countries. The index is designed to reflect the performance of equities in the parent index (excluding REITs) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent. The index also applies quality screens and reviews 12-month past performance to omit stocks with potentially deteriorating fundamentals that could force them to cut or reduce dividends.

MSCI World ex U.S. Index captures large- and mid-cap representation across 22 of 23 Developed Markets countries—excluding the United States. 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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