

Semi-Annual Shareholder Report

May 31, 2019

Share Class | Ticker

Institutional | FHSIX

Federated Hermes Global Small Cap Fund

Fund Established 2019

A Portfolio of Federated Adviser Series

IMPORTANT NOTICE REGARDING REPORT DELIVERY

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4. Your election to receive reports in paper will apply to all funds held with the Fund complex or your financial intermediary.

Not FDIC Insured • May Lose Value • No Bank Guarantee



**J. Christopher
Donahue**

President

Federated Hermes Global
Small Cap Fund

Letter from the President

Dear Valued Shareholder,

I am pleased to present the Semi-Annual Shareholder Report for your fund covering the period from April 24, 2019 through May 31, 2019. This report includes a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

In addition, our website, FederatedInvestors.com, offers easy access to Federated resources that include timely fund updates, economic and market insights from our investment strategists, and financial planning tools.

Thank you for investing with Federated. I hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in dark ink that reads "J. Christopher Donahue". The signature is written in a cursive, flowing style.

J. Christopher Donahue, President

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Portfolio of Investments Summary Tables (unaudited)

At May 31, 2019, the Fund's portfolio composition¹ was as follows:

| Country | Percentage of Total Net Assets |
|---|---------------------------------------|
| United States | 54.2% |
| Japan | 14.0% |
| United Kingdom | 6.5% |
| Germany | 4.4% |
| Netherlands | 3.8% |
| Canada | 2.8% |
| Italy | 2.5% |
| Australia | 2.3% |
| Finland | 1.8% |
| Ireland | 1.7% |
| Austria | 1.3% |
| Sweden | 1.3% |
| Ghana | 1.0% |
| South Africa | 0.5% |
| Other Assets and Liabilities—Net ² | 1.9% |
| TOTAL | 100.0% |

At May 31, 2019, the Fund's sector composition³ was as follows:

| Sector Composition | Percentage of Total Net Assets |
|---|---------------------------------------|
| Information Technology | 17.4% |
| Industrials | 17.2% |
| Financials | 15.7% |
| Health Care | 10.3% |
| Materials | 9.3% |
| Consumer Discretionary | 6.6% |
| Consumer Staples | 6.6% |
| Real Estate | 5.9% |
| Energy | 4.8% |
| Communication Services | 3.2% |
| Utilities | 1.1% |
| Other Assets and Liabilities—Net ² | 1.9% |
| TOTAL | 100.0% |

- 1 *Country allocations are based primarily on the country in which a company is incorporated. However, the Fund's Adviser may allocate a company to a country based on other factors such as location of the company's principal office, the location of the principal trading market for the company's securities or the country where a majority of the company's revenues are derived.*
- 2 *Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*
- 3 *Except for Other Assets and Liabilities, sector classifications are based upon, and individual portfolio securities are assigned to, the classifications of the Global Industry Classification Standard (GICS) except that the Adviser assigns a classification to securities not classified by the GICS and to securities for which the Adviser does not have access to the classification made by the GICS.*

Portfolio of Investments

May 31, 2019 (unaudited)

| Shares | | Value in U.S. Dollars |
|--------|---|--------------------------|
| | COMMON STOCKS—96.1% | |
| | Australia—2.3% | |
| 12,911 | Evolution Mining Ltd. | \$ 35,005 |
| 4,217 | Pendal Group Ltd. | 21,117 |
| | TOTAL | 56,122 |
| | Austria—1.3% | |
| 421 | Schoeller-Bleckmann Oilfield Equipment AG | 32,995 |
| | Canada—2.8% | |
| 2,137 | CAE, Inc. | 54,488 |
| 249 | Cargojet Inc. | 14,998 |
| | TOTAL | 69,486 |
| | Finland—1.8% | |
| 1,156 | Huhtamaki Oyj | 43,789 |
| | Germany—2.4% | |
| 171 | MTU Aero Engines GmbH | 36,882 |
| 328 | Washtec AG | 22,692 |
| | TOTAL | 59,574 |
| | Ghana—1.0% | |
| 9,835 | Tullow Oil PLC | 24,593 |
| | Ireland—1.7% | |
| 2,479 | Glanbia PLC | 41,155 |
| | Italy—2.5% | |
| 3,951 | Cerved Information Solutions SPA | 34,627 |
| 1,137 | Marr SpA | 25,600 |
| | TOTAL | 60,227 |
| | Japan—14.0% | |
| 1,313 | Hitachi Credit Cp | 27,714 |
| 860 | Horiba Ltd. | 39,756 |
| 2,064 | NIFCO, Inc. | 51,629 |
| 736 | Open House Co. Ltd. | 30,097 |
| 1,684 | Relo Holdings, Inc. | 44,752 |
| 1,144 | Sumisho Computer Systems Corp. | 55,165 |
| 1,961 | Tadano Ltd. | 18,755 |
| 1,003 | TS Tech Co. Ltd. | 24,411 |
| 1,112 | Yaoko Co. Ltd. | 53,000 |
| | TOTAL | 345,279 |

| Shares | | Value in U.S. Dollars |
|--------|--|--------------------------|
| | COMMON STOCKS—continued | |
| | Netherlands—3.8% | |
| 1,062 | Aalberts Industries NV | \$ 34,853 |
| 714 | IMCD Group NV | 57,904 |
| | TOTAL | 92,757 |
| | South Africa—0.5% | |
| 45,350 | Petra Diamonds Ltd. | 12,541 |
| | Sweden—1.3% | |
| 2,471 | Trelleborg AB, Class B | 32,792 |
| | United Kingdom—6.5% | |
| 76,749 | ¹ Amerisur Resources PLC | 11,943 |
| 4,478 | Beazley Group PLC | 31,494 |
| 10,860 | Cineworld Group PLC | 40,624 |
| 5,953 | Paragon Group Companies PLC | 32,649 |
| 5,226 | SSP Group PLC | 44,164 |
| | TOTAL | 160,874 |
| | United States—54.2% | |
| 1,096 | ¹ AMN Healthcare Services, Inc. | 53,090 |
| 435 | Aptargroup, Inc. | 49,273 |
| 156 | ¹ Bio-Rad Laboratories, Inc., Class A | 44,761 |
| 1,273 | Brooks Automation, Inc. | 45,179 |
| 1,552 | Brown & Brown | 48,997 |
| 1,032 | Brunswick Corp. | 42,807 |
| 252 | ¹ CACI International, Inc., Class A | 51,287 |
| 517 | ¹ Clean Harbors, Inc. | 33,150 |
| 815 | Community Bank System, Inc. | 50,375 |
| 28,935 | Diversified Gas & Oil PLC | 47,448 |
| 435 | Eagle Materials, Inc. | 37,436 |
| 524 | East West Bancorp, Inc. | 22,385 |
| 299 | Henry Jack & Associates, Inc. | 39,235 |
| 643 | ¹ Kirby Corp. | 49,755 |
| 358 | ¹ Livanova PLC | 25,740 |
| 1,123 | MDU Resources Group, Inc. | 27,716 |
| 254 | MSC Industrial Direct Co. | 17,948 |
| 1,087 | National Instruments Corp. | 41,947 |
| 435 | Reinsurance Group of America | 64,406 |
| 2,577 | Retail Opportunity Investments Corp. | 43,139 |
| 965 | RPM International, Inc. | 51,647 |
| 540 | ¹ Silicon Laboratories, Inc. | 50,528 |

| Shares | | Value in U.S. Dollars |
|--------|--|--------------------------|
| | COMMON STOCKS—continued | |
| | United States—continued | |
| 505 | STERIS PLC | \$ 67,508 |
| 1,004 | Teradyne, Inc. | 42,309 |
| 275 | WD 40 Co. | 42,991 |
| 923 | Weingarten Realty Investors | 26,029 |
| 534 | West Pharmaceutical Services, Inc. | 61,196 |
| 345 | ¹ WEX, Inc. | 65,184 |
| 908 | Wiley (John) & Sons, Inc., Class A | 37,936 |
| 781 | Wintrust Financial Corp. | 52,905 |
| | TOTAL | 1,334,307 |
| | TOTAL COMMON STOCKS (IDENTIFIED COST \$2,512,656) | 2,366,491 |
| | PREFERRED STOCK—2.0% | |
| | Germany—2.0% | |
| 1,747 | Junghenrich AG, Pfd., Annual Dividend 1.89% (IDENTIFIED COST \$61,850) | 49,154 |
| | TOTAL INVESTMENT IN SECURITIES—98.1% (IDENTIFIED COST \$2,574,506) ² | 2,415,645 |
| | OTHER ASSETS AND LIABILITIES - NET—1.9% ³ | 45,687 |
| | TOTAL NET ASSETS—100% | \$2,461,332 |

1 *Non-income-producing security.*

2 *Also represents cost for federal tax purposes.*

3 *Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

Note: The categories of investments are shown as a percentage of total net assets at May 31, 2019.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of May 31, 2019, in valuing the Fund's assets carried at fair value:

Valuation Inputs

| | Level 1— Quoted Prices | Level 2— Other Significant Observable Inputs | Level 3— Significant Unobservable Inputs | Total |
|---------------------------|------------------------------|--|---|--------------------|
| Equity Securities: | | | | |
| Common Stocks | | | | |
| Domestic | \$1,286,859 | \$ 47,448 | \$— | \$1,334,307 |
| International | 14,998 | 1,017,186 | — | 1,032,184 |
| Preferred Stock | | | | |
| International | — | 49,154 | — | 49,154 |
| TOTAL SECURITIES | \$1,301,857 | \$1,113,788 | \$— | \$2,415,645 |

See Notes which are an integral part of the Financial Statements

Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout the Period)

| | Period Ended (unaudited) 5/31/2019¹ |
|---|---|
| Net Asset Value, Beginning of Period | \$10.00 |
| Income From Investment Operations: | |
| Net investment income | 0.02 |
| Net realized and unrealized gain (loss) | (0.61) |
| TOTAL FROM INVESTMENT OPERATIONS | (0.59) |
| Net Asset Value, End of Period | \$9.41 |
| Total Return² | (5.90)% |
| Ratios to Average Net Assets: | |
| Net expenses | 0.94% ³ |
| Net investment income | 1.90% ³ |
| Expense waiver/reimbursement ⁴ | 10.39% ³ |
| Supplemental Data: | |
| Net assets, end of period (000 omitted) | \$2,461 |
| Portfolio turnover | 1% |

1 Reflects operations for the period from April 24, 2019 (date of initial investment) to May 31, 2019.

2 Based on net asset value. Total returns for periods of less than one year are not annualized.

3 Computed on an annualized basis.

4 This expense decrease is reflected in both the net expense and the net investment income ratios shown above.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

May 31, 2019 (unaudited)

Assets:

| | |
|--|------------------|
| Investment in securities, at value (identified cost \$2,574,506) | \$2,415,645 |
| Cash | 46,171 |
| Prepaid expenses | 20,127 |
| Income receivable | 1,636 |
| TOTAL ASSETS | 2,483,579 |

Liabilities:

| | |
|---|---------------|
| Payable for auditing fees | \$5,829 |
| Payable for custodian fees | 5,537 |
| Payable for portfolio accounting fees | 4,313 |
| Payable for printing and postage | 2,175 |
| Payable to adviser (Note 5) | 1,619 |
| Payable for transfer agent fee | 963 |
| Payable for legal fees | 913 |
| Payable for insurance premiums | 688 |
| Payable for administrative fee (Note 5) | 210 |
| TOTAL LIABILITIES | 22,247 |

Net assets for 261,582 shares outstanding \$2,461,332

Net Assets Consists of:

| | |
|-------------------------------------|--------------------|
| Paid-in capital | \$2,615,689 |
| Total distributable earnings (loss) | (154,357) |
| TOTAL NET ASSETS | \$2,461,332 |

Net Asset Value, Offering Price and Redemption Proceeds Per Share:

Institutional Shares:

\$2,461,332 ÷ 261,582 shares outstanding, no par value, unlimited shares authorized \$9.41

See Notes which are an integral part of the Financial Statements

Statement of Operations

Period Ended May 31, 2019 (unaudited)¹

Investment Income:

| | |
|--|----------|
| Dividends (net of foreign tax withheld of \$944) | \$ 7,547 |
|--|----------|

Expenses:

| | |
|---------------------------------|---------------|
| Investment adviser fee (Note 5) | \$ 2,251 |
| Administrative fee (Note 5) | 210 |
| Custodian fees | 5,537 |
| Transfer agent fees (Note 2) | 963 |
| Auditing fees | 5,829 |
| Legal fees | 1,354 |
| Portfolio accounting fees | 4,313 |
| Share registration costs | 6,521 |
| Printing and postage | 2,175 |
| Miscellaneous (Note 5) | 894 |
| TOTAL EXPENSES | 30,047 |

Waiver and Reimbursements:

| | |
|--|-----------------|
| Waiver of investment adviser fee (Note 5) | \$ (2,251) |
| Reimbursements of other operating expenses (Notes 2 and 5) | (25,294) |
| TOTAL WAIVER AND REIMBURSEMENTS | (27,545) |

| | |
|-----------------------|-------|
| Net expenses | 2,502 |
| Net investment income | 5,045 |

Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Transactions:

| | |
|--|-------------|
| Net realized loss on investments and foreign currency transactions | (542) |
| Net change in unrealized appreciation of investments and translation of assets and liabilities in foreign currency | (158,860) |
| Net realized and unrealized gain (loss) on investments and foreign currency transactions | (159,402) |
| Change in net assets resulting from operations | \$(154,357) |

¹ Reflects operations for the period from April 24, 2019 (date of initial investment) to May 31, 2019.

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

| | Period Ended (unaudited) 5/31/2019¹ |
|---|---|
| Increase (Decrease) in Net Assets | |
| Operations: | |
| Net investment income | \$ 5,045 |
| Net realized loss | (542) |
| Net change in unrealized appreciation/depreciation | (158,860) |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS | (154,357) |
| Share Transactions: | |
| Proceeds from sale of shares | 2,615,689 |
| Change in net assets | 2,461,332 |
| Net Assets: | |
| Beginning of period | — |
| End of period | \$2,461,332 |

1 Reflects operations for the period from April 24, 2019 (date of initial investment) to May 31, 2019.

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

May 31, 2019 (unaudited)

1. ORGANIZATION

Federated Adviser Series (the "Trust") was established as a Delaware statutory trust on July 12, 2017, and is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of six portfolios. The financial statements included herein are only those of the Federated Hermes Global Small Cap Fund (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers one class of shares, Institutional Shares, which commenced operations on April 24, 2019. Class A Shares, Class C Shares and Class R6 Shares are effective with the Securities and Exchange Commission (SEC), but currently not yet offered for sale. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The Fund's investment objective is to provide long term capital appreciation.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Equity securities listed on an exchange or traded through a regulated market system are valued at their last reported sale price or official closing price in their principal exchange or market.
- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Trustees (the "Trustees").
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, certain factors may be considered such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the valuation committee ("Valuation Committee") is deemed not

representative of fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share.

Fair Valuation and Significant Events Procedures

The Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees have appointed a Valuation Committee comprised of officers of the Fund, Federated Global Investment Management Corporation (the “Adviser”) and certain of the Adviser’s affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services’ policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Trustees. The Trustees periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a “bid” evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a “mid” evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Trustees.

The Trustees also have adopted procedures requiring an investment to be priced at its fair value whenever the Adviser determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment’s value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;

- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Trustees have adopted procedures whereby the Valuation Committee uses a pricing service to provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Fund will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Trustees. The Trustees have ultimate responsibility for any fair valuations made in response to a significant event.

Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared and paid annually. Non-cash dividends included in dividend income, if any, are recorded at fair value. The detail of the total fund expense waiver and reimbursements of \$27,545 is disclosed in various locations in this Note 2 and Note 5.

For the period ended May 31, 2019, transfer agent fees for the Fund were as follows:

| | Transfer Agent Fees Incurred | Transfer Agent Fees Reimbursed |
|----------------------|---|---|
| Institutional Shares | \$963 | \$(238) |

Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the period ended May 31, 2019, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of May 31, 2019, the current tax year will be subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the State of Delaware.

The Fund may be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The Fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or gains are earned.

When-Issued and Delayed-Delivery Transactions

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

Foreign Currency Translation

The accounting records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rates of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities, income and expenses are translated at the rate of exchange quoted on the respective date that such transactions are recorded. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at period end, resulting from changes in the exchange rate.

Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ from those estimated. The Fund applies investment company accounting and reporting guidance.

3. SHARES OF BENEFICIAL INTEREST

The following table summarizes share activity:

| | Period Ended 5/31/2019 ¹ |
|--|---|
| Shares sold | 261,582 |
| Shares issued to shareholders in payment of distributions declared | — |
| Shares redeemed | — |
| NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS | 261,582 |

¹ Reflects operations for the period April 24, 2019 (date of initial investment) to May 31, 2019.

4. FEDERAL TAX INFORMATION

At May 31, 2019, the cost of investments for federal tax purposes was \$2,574,506. The net unrealized depreciation of investments for federal tax purposes was \$158,860. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$37,478 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$196,338.

5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.85% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee and/or reimburse certain operating expenses of the Fund. For the period ended May 31, 2019, the Adviser voluntarily waived \$2,251 of its fee, and voluntarily reimbursed \$238 of transfer agent fees and \$25,056 of other operating expenses.

Some or all of the Fund's assets are managed by Hermes Investment Management Limited (the "Sub-Adviser"). Under the terms of a sub-advisory agreement between the Adviser and the Sub-Adviser, the Sub-Adviser receives an annual fee equal to 0.55% of the daily net assets of the Fund which it advises. The fee is paid by the Adviser out of its resources and is not an incremental Fund expense. The Sub-Adviser may from time to time and for such periods as it deems appropriate reduce its compensation. The Sub-Adviser agrees to share pro rata in any fee waivers, or expense assumptions and reimbursements, imposed or made by the Adviser or its affiliates.

For the period ended May 31, 2019, the Sub-Adviser waived all of its fee.

Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

| Administrative Fee | Average Daily Net Assets of the Investment Complex |
|--------------------|--|
| 0.100% | on assets up to \$50 billion |
| 0.075% | on assets over \$50 billion |

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the period ended May 31, 2019, the annualized fee paid to FAS was 0.079% of average daily net assets of the Fund.

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

Expense Limitation

The Adviser and certain of its affiliates (which may include FAS) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, tax reclaim recovery expenses, extraordinary expenses and proxy related expenses paid by the Fund, if any) paid by the Fund's Institutional Shares (after the voluntary waivers and reimbursements) will not exceed 0.94% (the "Fee Limit"), up to but not including the later of (the "Termination Date"): (a) May 1, 2020; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

Directors’/Trustees’ and Miscellaneous Fees

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Directors’/Trustees’ fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

Affiliated Shares of Beneficial Interest

As of May 31, 2019, a majority of the shares of beneficial interest outstanding are owned by an affiliate of the Adviser.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the period ended May 31, 2019, were as follows:

| | |
|-----------|-------------|
| Purchases | \$2,586,808 |
| Sales | \$ 11,562 |

7. CONCENTRATION OF RISK

The Fund invests in securities of non-U.S. issuers. Political or economic developments may have an effect on the liquidity and volatility of portfolio securities and currency holdings.

8. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the SEC, the Fund, along with other funds advised by subsidiaries of Federated Investors, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of May 31, 2019, there were no outstanding loans. During the period ended May 31, 2019, the program was not utilized.

Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees; and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from December 1, 2018 to April 30, 2019.

ACTUAL EXPENSES

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds.

| | Beginning Account Value 12/1/2018 | Ending Account Value 5/31/2019 | Expenses Paid During Period¹ |
|--|--|---|--|
| Actual | \$1,000 | \$ 941.00 | \$0.95 |
| Hypothetical (assuming a 5% return before expenses) | \$1,000 | \$1,020.24 | \$4.73 |

- 1 *“Actual” expense information is for the period from April 24, 2019 (date of initial investment) to May 31, 2019. Actual expenses are equal to the Fund’s annualized net expense ratio of 0.94%, multiplied by 38/365 (to reflect the period from initial investment to May 31, 2019). “Hypothetical” expense information is presented on the basis of the full one-half year period to enable comparison to other funds. It is based on assuming the same net expense ratio and average account value over the period, but it is multiplied by 182/365 (to reflect the full half-year period).*

Evaluation and Approval of Advisory Contract – November 2018

FEDERATED HERMES GLOBAL SMALL CAP FUND (THE “FUND”)

At its meetings in November 2018, the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940, as amended (the “1940 Act”) (the “Independent Trustees”), reviewed and unanimously approved for an initial two-year term a proposed investment advisory contract for the Fund with Federated Global Investment Management Corp. (“FGIM”) and a separate proposed subadvisory contract with Hermes Investment Management Limited (the “Sub-Adviser” and together with FGIM, the “Advisers”) on behalf of the Fund. The Board’s decision to approve these contracts reflects the exercise of its business judgment on whether to authorize the creation and offering of this new investment vehicle, as proposed by Federated Investors, Inc. (together with its wholly owned subsidiaries, “Federated”), and based on information requested by the Board and provided by Federated, as well as Federated’s recommendation to go forward with development of the Fund.

The Board had previously appointed a Senior Officer, whose duties included specified responsibilities relating to the process by which advisory fees are to be charged to a fund advised by Federated (each, a “Federated fund”). The Senior Officer’s responsibilities included preparing and furnishing to the Board an annual independent written evaluation that covered topics discussed below. In December 2017, the Senior Officer position was eliminated. Notwithstanding the elimination of the Senior Officer position, at the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the CCO) furnished to the Board in advance of its November 2018 meetings an independent written evaluation covering substantially the same topics that had been covered in the Senior Officer’s written evaluation in prior years. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, including additional materials relating to the proposed Fund presented to the Board by Federated, at its November 2018 meetings, in evaluating the reasonableness of the Fund’s proposed management fee and in deciding to approve the proposed investment advisory and subadvisory contracts. The Board also considered the materials and presentations received by the Board at its May and August 2018 meetings, including materials provided by Federated and the CCO’s independent written evaluation, in connection with its annual approval of the continuation of the advisory and subadvisory contracts for the other Federated funds and its initial approval of the advisory and subadvisory contracts for a different Federated fund sub-advised by the Sub-Adviser, respectively. Consistent with the former Senior

Officer position, the CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in making its decision. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser's fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser's cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize "economies of scale" as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any "fall-out" financial benefits that accrue to an adviser because of its relationship with a fund (including research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the Advisers and their affiliates for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser's services and fees). The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements regarding the basis for the Board's approval of the Fund's investment advisory and subadvisory contracts generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Fund's proposed investment advisory and subadvisory contracts to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing, and working with Federated on matters relating to, the Federated funds. The Independent Trustees were assisted in their deliberations by independent legal counsel. At the November meetings, in addition to separate sessions of the Independent Trustees without management present, senior management of FGIM also met with the Independent Trustees and their counsel to discuss the materials presented and such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the proposed advisory and subadvisory contracts.

The Board's consideration of the proposed investment advisory and subadvisory contracts included review of the CCO's Fee Evaluation Report, accompanying data and additional information covering the following matters, among others: each Adviser's investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund's proposed investment objectives; the Fund's anticipated fees and expenses (including the proposed advisory and subadvisory fees and the overall estimated expense structure of the Fund, both in absolute terms and relative to similar and/or competing funds, with due regard for contractual or voluntary fee waivers and expense limitations); the use and allocation of brokerage commissions to be derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services to be provided to the Fund by each Adviser and its affiliates. The Board also considered the likely preferences and expectations of anticipated Fund shareholders; the entrepreneurial and other risks assumed by FGIM in sponsoring the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund's relationship to the Federated funds, which include a comprehensive array of funds with different investment objectives, policies and strategies that are generally available for exchange without the incurrence of additional sales charges; compliance and audit reports concerning the Federated funds and the Federated companies that service them (including communications from regulatory agencies), as well as Federated's responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated funds and/or Federated are responding to them. The Board's evaluation process is evolutionary. The criteria considered and the emphasis placed on relevant criteria change in recognition of changing circumstances in the mutual fund marketplace.

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board has found the use of such comparisons to be relevant to its deliberations. In this regard, the Board was presented with, and considered, information regarding the proposed contractual advisory and subadvisory fee rates, proposed net advisory fee rates, anticipated total expense ratios and each element of the Fund's anticipated total expense ratio (i.e., gross and net advisory fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated using data supplied by independent fund ranking organizations (the "Peer Group"). The Board received a description of the composition and methodology used to select the Peer Group. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because it is believed that they are more relevant. For example, other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment

vehicles. Also, they are the type of investment vehicle, in fact, chosen and maintained by the Fund's anticipated investors. The range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund will compete.

The Board reviewed the proposed contractual advisory and subadvisory fee rates, proposed net advisory fee rate and proposed other expenses of the Fund and noted the position of the Fund's proposed fee rates relative to its Peer Group. In this regard, the Board noted that the proposed contractual advisory fee rate of the Fund was below the median of the Peer Group. The Board also considered absolute and relative information regarding the proposed contractual subadvisory fee rate (expressed as a percentage of the contractual advisory fee rate).

For comparison, the CCO reviewed the fees charged by Federated for providing advisory services to products other than the Federated funds (e.g., institutional and separate accounts and third-party unaffiliated mutual funds for which Federated serves as sub-adviser) (referenced to as "Other Funds/Accounts"). The CCO provided information to the Board regarding the Other Funds/Accounts other than third-party mutual funds, and the CCO concluded that they are inherently different products in light of, among other differences, different types of targeted investors, different applicable laws and regulations, different legal structures, and different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs. The CCO noted that Federated did not currently manage any Other Funds/Accounts with comparable investment strategies to the Fund's proposed investment strategy.

The CCO also reviewed the fees charged by the Sub-Adviser for serving as the sole investment adviser to a foreign fund that employs an investment strategy substantially similar to that proposed for the Fund (the "Comparable Fund"). The Board considered that, unlike the Fund's proposed management fee structure, the Comparable Fund pays an advisory fee to the Sub-Adviser under an all-in "unitary" fee structure. The Board considered the inherent limitations of comparing the Fund's proposed management fee to the Comparable Fund's advisory fee because such advisory fee is subsumed within its unitary fee. The Board considered that the unitary fee was above the anticipated total expense ratio for the share class offered by the Fund that is similar to the Comparable Fund. In connection with these considerations, the Board considered FGIM's representation to the Board that any differences between the total expense ratios of the Fund and the Comparable Fund will be primarily attributable to certain differences between U.S. registered mutual funds and funds domiciled in a foreign (non-U.S.) country, including differences in the types of restrictions and investment limitations that are in place under the regulatory regimes for each investment product. The Board also noted that the anticipated total expense ratio for the share class offered by the Fund that is similar to the Comparable Fund was below the average of the Peer Group.

The CCO Fee Evaluation Report indicated that the proposed management fee, after projected waivers, was reasonable. The Board reviewed the proposed fees and other expenses of the Fund and was satisfied that the proposed overall expense structure of the Fund appeared to be appropriate.

The Board considered the nature, extent and quality of the services to be provided to the Fund by each Adviser and the resources of each Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, each Adviser's organizational structure, personnel, experience, track record, financial resources, overall reputation and willingness to invest in personnel and infrastructure that will benefit the Fund. The Board considered the personnel and other resources dedicated to the Sub-Adviser's operational, compliance and legal functions. The Board also considered that Federated recently acquired a majority ownership stake in the Sub-Adviser's parent company. In addition, the Board reviewed the qualifications, backgrounds and responsibilities of the portfolio manager who will be primarily responsible for the day-to-day management of the Fund and each Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund.

The Board considered the range of investment advisory services to be provided by the Sub-Adviser under the oversight of FGIM, including the daily investment of the assets of the Fund. In evaluating these investment advisory services, the Board considered, among other things, the Sub-Adviser's investment philosophy and process, investment research capabilities and resources, performance record, trade execution capabilities and experience, including with respect to the Sub-Adviser's use of a disciplined environmental, social and governance ("ESG") characteristics analysis as part of the Fund's investment process.

The Board received and considered information regarding the application of fiduciary principles to the different ways in which ESG investing may be integrated into a fund's investment process. The Board considered that the Sub-Adviser analyzes ESG-related risk and return factors to seek to enhance the Fund's long-term risk-adjusted returns and does not consider the advancement of noninvestment goals for the benefit of parties other than the Fund's shareholders. The Board considered the Adviser's belief that such ESG investing is consistent with the Adviser's and the Sub-Adviser's fiduciary duties to the Fund.

The Board considered that FGIM would retain overall responsibility for the management and investment of the assets of the Fund and that, in this capacity, FGIM would play an active role in overseeing, monitoring and reviewing the Sub-Adviser in the performance of its duties. The Board evaluated information about the nature and extent of responsibilities retained and risks assumed by FGIM and not delegated to or assumed by the Sub-Adviser. In this regard, the Board considered that FGIM would monitor and evaluate the performance of the Sub-Adviser, monitor the Sub-Adviser for adherence to the stated investment objectives, strategies, policies and restrictions of the Fund, and

supervise the Sub-Adviser with respect to the services that the Sub-Adviser would provide under the subadvisory contract. The Board also considered the process used by FGIM to recommend to the Board that the Sub-Adviser be appointed as the sub-adviser to the Fund.

The Board noted the compliance program of each Adviser and the compliance-related resources to be provided to the Fund by each Adviser, including each Adviser's commitment to respond to rulemaking initiatives of the SEC. The Fund's anticipated ability to deliver competitive performance when compared to its Peer Group was also deemed to be relevant by the Board as a useful indicator of how the Advisers are anticipated to execute the Fund's investment program. The Advisers' ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Advisers' investment management services to be provided to the Fund warrant the approval of the proposed advisory and subadvisory contracts.

The CCO reviewed the investment performance of the Sub-Adviser, including, for purposes of considering the investment skill and experience of the Fund's portfolio manager, performance data showing the portfolio manager's capabilities in managing a composite of other accounts, including the Comparable Fund, that has a substantially similar investment strategy to that proposed for the Fund (the "Composite"), noting that the Sub-Adviser did not currently manage an investment company registered under the Investment Company Act of 1940 that uses an investment strategy substantially similar to that proposed for the Fund. The Board also considered information comparing the Composite to its benchmark. The Board considered the CCO's view that comparisons to the Composite may be helpful, though not conclusive, in evaluating the anticipated performance of the Sub-Adviser in managing the Fund. The CCO also provided additional information about the broad range of the portfolio manager's investment experience and the Sub-Adviser's investment philosophy and process. The Board also considered how the integration of the ESG analysis into the Fund's investment process may influence the Fund's performance relative to its benchmark or peers. Based on these considerations, the Board concluded that it was satisfied that FGIM and the Sub-Adviser have the capability of providing satisfactory investment performance for the Fund.

In connection with the Board's governance of other Federated funds, the Board noted that it regularly receives financial information about Federated, including information regarding the compensation and ancillary (or "fall-out") benefits Federated derives from its relationships with the other Federated funds. This information covers not only the fees under the investment advisory contracts, but also fees received by Federated's subsidiaries for providing other services to the Federated funds under separate contracts (e.g., for serving as the Federated funds' administrator and distributor). In this regard, the Board considered that certain Federated subsidiaries provide distribution and shareholder services to the Federated funds, for which they may be compensated

through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The information also details any indirect benefit Federated may derive from its receipt of research services from brokers who execute Federated fund trades. In addition, the Board considered the fact that, in order for a Federated fund to be competitive in the marketplace, Federated frequently waives fees and/or reimburses expenses and has disclosed to fund investors and/or indicated to the Board its intention to do so in the future. Moreover, the Board receives regular reporting as to the institution, adjustment or elimination of these voluntary waivers.

Because the Board was considering the advisory and subadvisory contracts in the context of Federated's proposal to create a new Federated fund, the factors mentioned above relating to such matters as performance and any indirect benefits that may accrue to the Advisers and their affiliates as a result of the Advisers' relationships with the Fund are essentially impossible to apply before the Fund has experienced any meaningful operating history.

Federated furnished information, requested by the CCO, that reported projected revenues for the Fund, as detailed cost allocation reports had not yet been projected for this Fund. The CCO noted that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable, since a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated fund and may produce unintended consequences. The CCO noted that the Fund was new to Federated and any projected cost allocation and/or profit margin does not represent the full or actual cost of operating a Federated fund and makes only rough estimates of the cost to launch a Federated fund. The CCO also noted that, while the Fund is expected to grow in size, the creation and maintenance of the Fund requires a substantial initial investment. The allocation information, including the CCO's view that the estimations regarding the Fund may be unreliable, was considered in the evaluation by the Board.

The Board and the CCO also reviewed information compiled by Federated comparing its profitability information to other publicly held fund management companies. The CCO noted that Federated regularly undertakes to establish new Federated funds and maintains a number of other smaller Federated funds that, while expected to grow to a greater size, nevertheless require substantial investment and waiver or assumption of fees and other expenses in order to deliver them to the marketplace. Based on this and other relevant information, the CCO concluded that Federated's projected profit margins did not appear to be excessive. The CCO also noted that Federated appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Fund.

The CCO Fee Evaluation Report also discussed the notion of possible realization of “economies of scale” as a fund grows larger. In this regard, the Board considered that Federated has made significant and long-term investments in areas that support all of the Federated funds, such as personnel and processes for the portfolio management, shareholder services, compliance, internal audit, and risk management functions, as well as systems technology (including technology relating to cybersecurity), and that the benefits of these efforts (as well as any economies of scale, should they exist) were likely to be shared with the Federated fund family as a whole. The Board noted that Federated’s investments in these areas are extensive. In addition, the Board considered that Federated has frequently waived fees and/or reimbursed expenses and that this has allowed fund shareholders to share potential economies of scale with shareholders. The Board also considered that such waivers and reimbursements can provide protection from an increase in expenses if a Federated fund’s assets decline. Federated, as it does throughout the year, and specifically in connection with the Board’s review of the advisory and subadvisory contracts, furnished information relative to revenue sharing or adviser-paid fees. Federated and the CCO noted that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees, because it would represent marketing and distribution expenses. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with “breakpoints” that serve to reduce the fee as a fund attains a certain size. The CCO did not recommend institution of breakpoints in pricing Federated’s proposed advisory services to the Fund at this time, noting that it would review future asset growth and the appropriateness of any potential future breakpoints as part of its future annual review of the advisory and subadvisory contracts.

The CCO stated that his observations and the information accompanying the CCO Fee Evaluation Report supported a finding by the Board that the management fee for the Fund was reasonable.

The Board based its decision to approve the proposed investment advisory and subadvisory contracts on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were relevant, the Board’s decision to approve the proposed investment advisory and subadvisory contracts reflects its view that, based upon the information requested and supplied, Federated’s proposal to establish and manage the Fund, and its past performance and actions in providing services to other Federated funds (which the Board has found to be satisfactory with respect to such other Federated funds), provide a satisfactory basis to support the decision to approve the proposed arrangements.

Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at www.FederatedInvestors.com/FundInformation. Form N-PX filings are also available at the SEC's website at www.sec.gov.

Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at www.sec.gov within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund and share class name at www.FederatedInvestors.com.

Mutual funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in mutual funds involves investment risk, including the possible loss of principal.

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400.



Federated Hermes Global Small Cap Fund
Federated Investors Funds
4000 Ericsson Drive
Warrendale, PA 15086-7561

Contact us at **FederatedInvestors.com**
or call 1-800-341-7400.

Federated Securities Corp., Distributor

CUSIP 31423A861

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