

Federated Hermes International Small-Mid Company Fund

6/30/20

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

\$107.0 million

Ticker symbols

Institutional Shares - ISCIX

A Shares - ISCAIX

C Shares - ISCCX

Key investment team

Thomas Banks, CFA®

Dariusz Czoch, CFA®

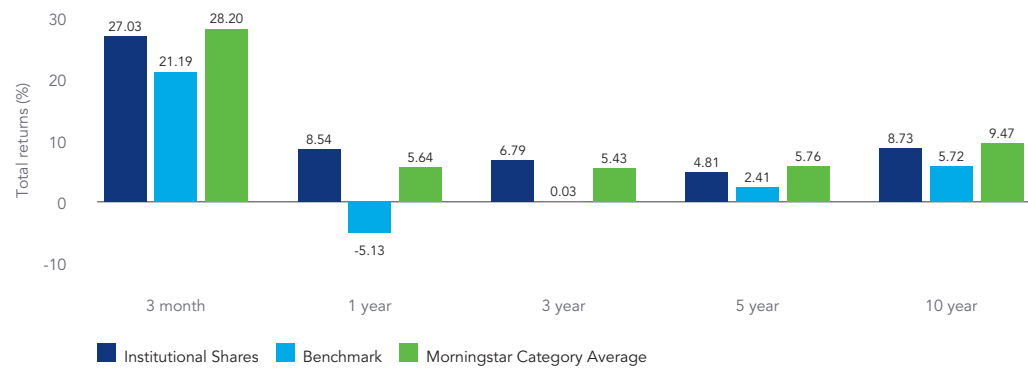
Fund description

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	After waivers
Institutional Shares	27.03	-0.94	8.54	6.79	4.81	8.73	9.13	1.48	0.99
A Shares (NAV)	26.92	-1.05	8.33	6.57	4.60	8.51	9.12	1.73	1.24
A Shares (MOP)	19.94	-6.49	2.36	4.58	3.42	7.90	8.87	1.73	1.24
Benchmark	21.19	-12.69	-5.13	0.03	2.41	5.72	-	-	-



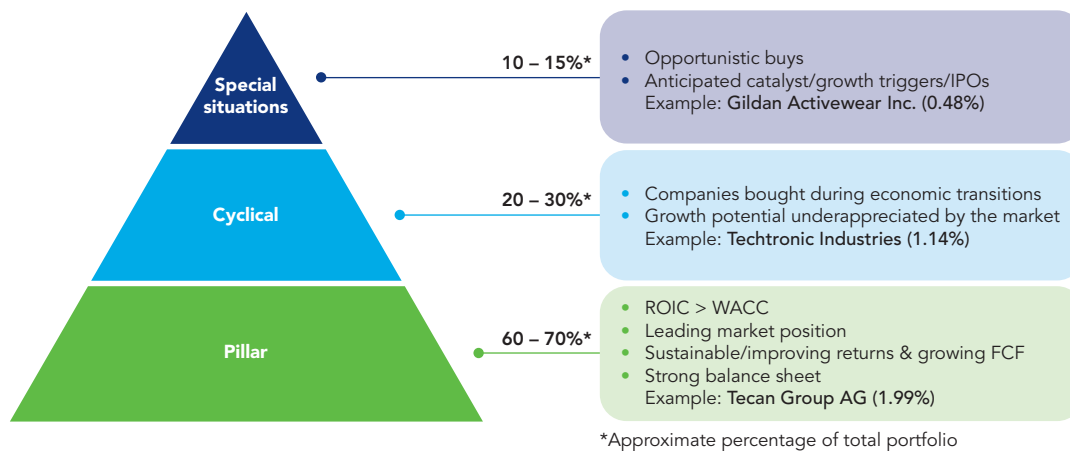
Calendar year returns (%)

	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

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* 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)	28.2x
Weighted median market cap	\$8.8 b
Weighted median price/book	5.1x
Number of securities	111

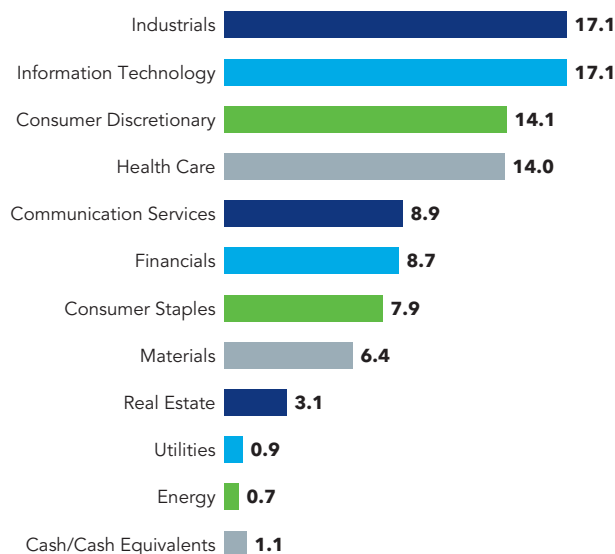
Top holdings (%)

Lonza Group AG <i>Switzerland</i>	2.1
Sea Ltd. - ADR <i>Singapore</i>	2.1
Tecan AG <i>Switzerland</i>	2.0
Argenx SE - ADR <i>Netherlands</i>	1.8
Evolution Gaming Group AB <i>Sweden</i>	1.8
Genmab A/S <i>Denmark</i>	1.8
Delivery Hero SE <i>Germany</i>	1.5
Nitori Holdings Co. Ltd. <i>Japan</i>	1.5
Pan Pacific International Holdings Corp. <i>Japan</i>	1.5
STMicroelectronics N.V. <i>France</i>	1.4
Total % of Portfolio	17.5

Top country weightings (%)

Japan	20.7	Germany	5.7
United Kingdom	11.5	Brazil	3.9
France	9.1	Denmark	3.5
Canada	7.0	Netherlands	3.1
Switzerland	6.6	Italy	2.8

Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 6/30/20 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

- Impacts from Covid-19 remained the dominant factor
- Central banks responded with massive stimulus
- The start of an economic recovery
- Social unrest became a looming issue

Looking back

While the first quarter of 2020 will be remembered for an abrupt shutdown of the global economy, the second quarter will be remembered as the start of the economic recovery. Massive stimulus programs were announced across the globe in an effort to undo the economic damage caused by the freezing of economic activities due to the Covid-19 pandemic. The total monetary and fiscal response approached 30% of global GDP or nearly \$25 trillion.

Following the easing of lockdown conditions, economic data out of China indicated that a sharp recovery was underway. Manufacturing approached pre-Covid levels with PMIs improving each month following February's steep contraction.

Activity across the eurozone gained momentum following April's trough. While manufacturing output and consumer confidence clearly improved from low levels as lockdowns eased, both the manufacturing and service PMIs remained subdued. Employment continued to weaken following cuts to corporate headcounts. After holding off on additional stimulus in April, the European Central Bank (ECB) took a "whatever it takes" position and expanded its stimulus program in hopes of eventually kick-starting the eurozone economies.

In the U.K., Prime Minister Boris Johnson vowed to solve the economic crisis no matter what the cost. As the economy began a phased reopening in June, consumption showed signs of recovering with many retailers opening for the first time since the crisis began. Brexit negotiations continued without any major breakthroughs although a resolution is expected by year end.

The onset of the coronavirus hit just as Japan entered into a recession, placing it in a more precarious position. April's 9.1% drop in industrial production was the second largest month-over-month drop on record and May's Manufacturing PMI reading of 38.4 was the lowest since 2009. Consumers provided a glimmer of hope following the easing of restrictions in mid-May.

The economic recovery in the U.S. followed the same path as Europe and Asia with economic activity improving after hitting a trough in April. With an estimated 40 million Americans unemployed, the employment-population ratio fell from 61.2% in January to 51.3% in April, an all-time low. However, employment began to improve with the gradual reopening of the economy aided by massive fiscal and monetary stimulus which approached \$10 trillion or nearly 45% of GDP. Meanwhile, social unrest spread throughout major U.S. cities to address and raise awareness of racial inequality.

Performance

Federated Hermes International Small-Mid Company Fund (A Shares at NAV) returned 26.92% for the quarter ending June 30, 2020. That compares to its benchmark, the MSCI ACWI ex U.S. SMID Cap Index, which returned 21.19% during the period.

Performance contributors

- Stock selection in Communication Services, Health Care, Financials, Consumer Discretionary and Industrials sectors
- Sea Ltd. (Singapore), a mobile gaming and e-commerce company in Southeast Asia, was the fund's top contributor
- Evolution Gaming Group AB was also a notable contributor

Performance detractors

- The lone notable detractor was the Materials sector

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How we are positioned

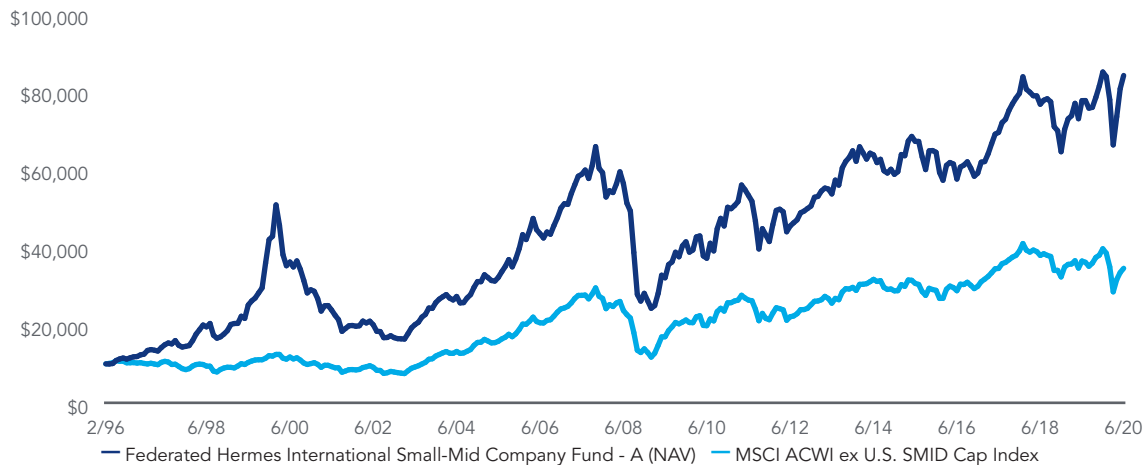
The fund's activity in the second quarter included four new positions and five exits. We also participated in our first IPO for the year.

Health Care is now the fund's largest overweight and the fund continues to have substantial overweight positions in Technology 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 also maintain underweights to two industries we believe have significant structural headwinds—Financials and Energy.

We remain committed to our long-term approach of investing in businesses that possess strong underlying fundamentals that meet our strict investment criteria. New positions include a Norwegian company that is the market leader in the production of reverse vending machines. This company works with governments across the globe and is at the forefront of the battle on reducing plastic waste. Other new positions include a leading Italian spirits company that is benefitting from the rapid growth of aperitif consumption and an Australian business that is the global leader in pallet production.

See disclosure section for important disclosures and definitions.

\$10,000 investment since inception



Risk statistics

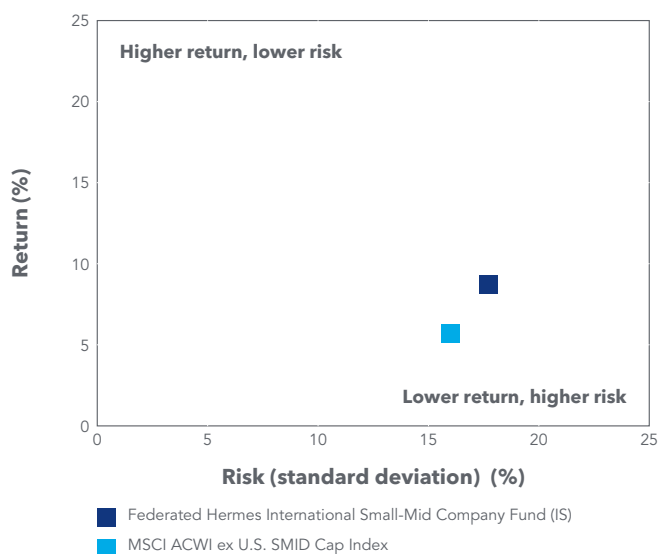
	3 year	5 year	7 year	10 year
Standard deviation	18.01	16.58	15.56	17.74
Beta	0.95	0.97	0.99	1.06
Correlation	0.96	0.95	0.94	0.95
Up capture ratio	113.30	103.65	103.92	110.01
Down capture ratio	84.54	92.27	91.03	97.12

Sources: Federated Hermes, Morningstar, Inc.

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

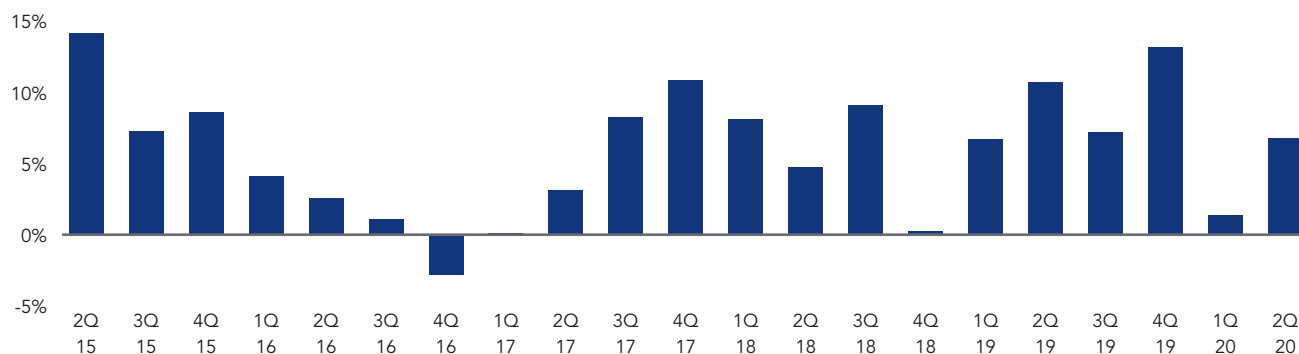
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10 year risk/return



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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	38	29	72	55
Morningstar Category Rank	37 of 138 Funds	26 of 118 Funds	56 of 92 Funds	28 of 62 Funds
A Shares				
Morningstar Category % Rank	39	32	78	58
Morningstar Category Rank	39 of 138 Funds	29 of 118 Funds	62 of 92 Funds	32 of 62 Funds

Lipper International Small/Mid-Cap Growth Funds

	1 year	3 year	5 year	10 year
IS Shares				
Lipper Classification % Rank	17	13	39	32
Lipper Classification Rank	34 of 211 Funds	24 of 187 Funds	57 of 148 Funds	31 of 97 Funds
A Shares				
Lipper Classification % Rank	17	15	43	37
Lipper Classification Rank	36 of 211 Funds	27 of 187 Funds	63 of 148 Funds	36 of 97 Funds

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

Federated Hermes International 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

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.

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

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

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

Ratings and rating agencies

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