

# Federated Hermes International Leaders Fund

12/31/24

## Fund facts

### Performance inception date

9/30/98

### Benchmark

MSCI EAFE Index

### Morningstar category

Foreign Large Blend

### Lipper classification

International Large-Cap Core

### Fund assets

\$1.1 billion

### Ticker symbols

R6 Shares - FGRSX

Institutional Shares - FGFLX

A Shares - FGFAV

C Shares - FGFCX

R Shares - FGFRX

### Key investment team

Richard Winkowski, Jr.

Dariusz Czoch, CFA

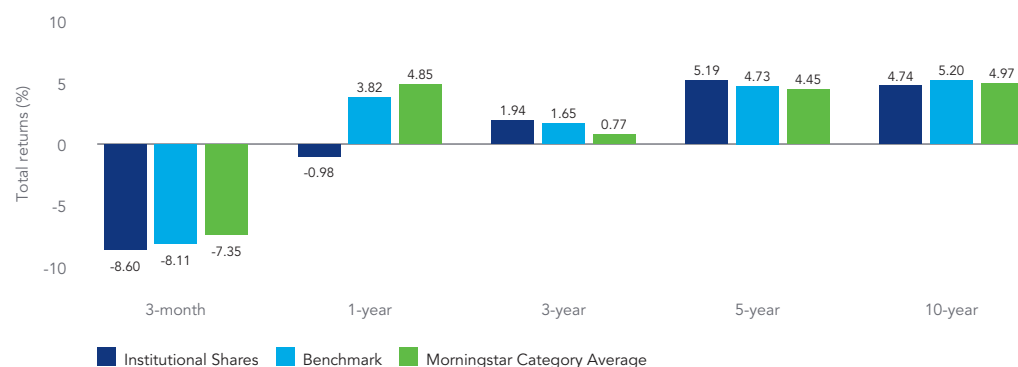
## Fund description

The fund seeks to provide long-term capital growth by investing primarily in developed-market stocks of high-quality, foreign companies that appear to be trading below their intrinsic value. Its high-conviction portfolio typically consists of 55 to 80 companies.

## Average annual total returns (%)

Performance shown is before tax.

	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Expense ratio*	
								Before waivers	After waivers
<b>R6 Shares</b>	-8.57	-0.90	-0.90	2.00	5.25	4.80	7.42	0.92	0.74
<b>Institutional Shares</b>	-8.60	-0.98	-0.98	1.94	5.19	4.74	7.38	1.00	0.79
<b>A Shares (NAV)</b>	-8.66	-1.27	-1.27	1.66	4.91	4.47	7.45	1.27	1.09
<b>A Shares (MOP)</b>	-13.68	-6.70	-6.70	-0.24	3.73	3.88	7.22	1.27	1.09
<b>Benchmark</b>	-8.11	3.82	3.82	1.65	4.73	5.20	-	-	-



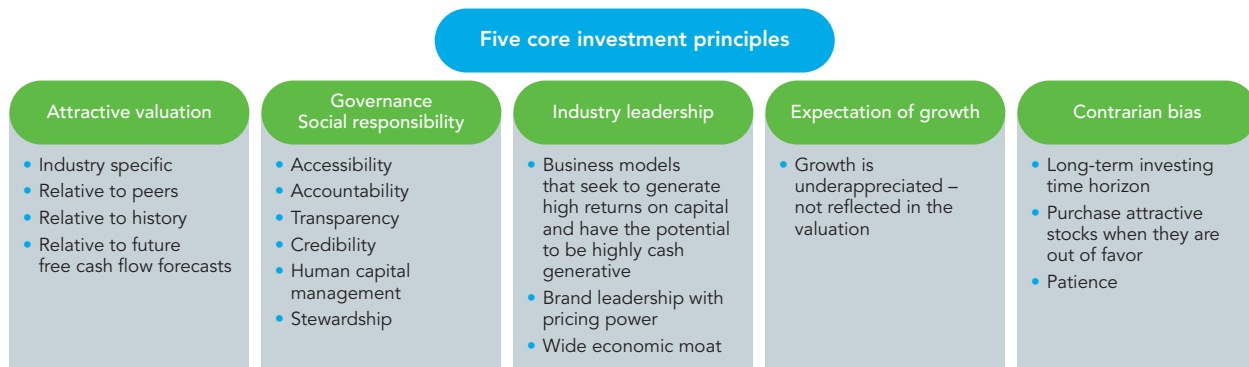
## Calendar year total returns (%)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Institutional Shares</b>	-0.98	17.35	-8.83	5.02	15.77	27.02	-20.66	28.30	-2.68	-1.94
<b>Benchmark</b>	3.82	18.24	-14.45	11.26	7.82	22.01	-13.79	25.03	1.00	-0.81
<b>Morningstar Category Average</b>	4.85	16.25	-15.84	9.72	9.30	21.59	-14.59	25.12	0.79	-1.59

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 [FederatedHermes.com/us](https://FederatedHermes.com/us). 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 2/1/25 or the date of the fund's next effective prospectus.

# Investment process



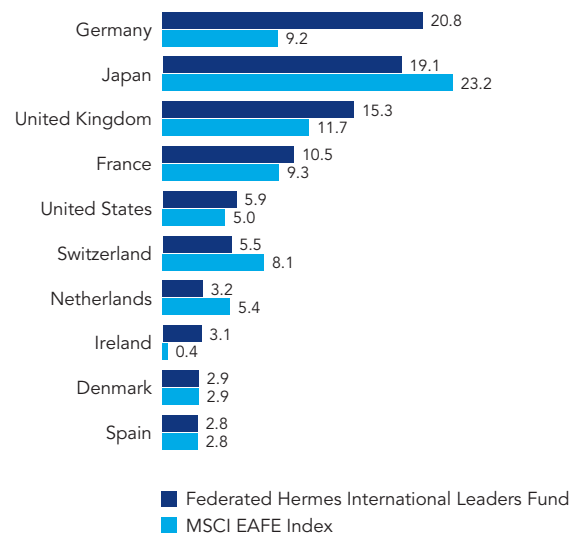
## Portfolio statistics

Weighted median P/E (LTM)	20.6x
Weighted median P/E (NTM)	14.1x
Weighted median market cap	\$65.0 b
Weighted median price/book	2.1x
Number of securities	78

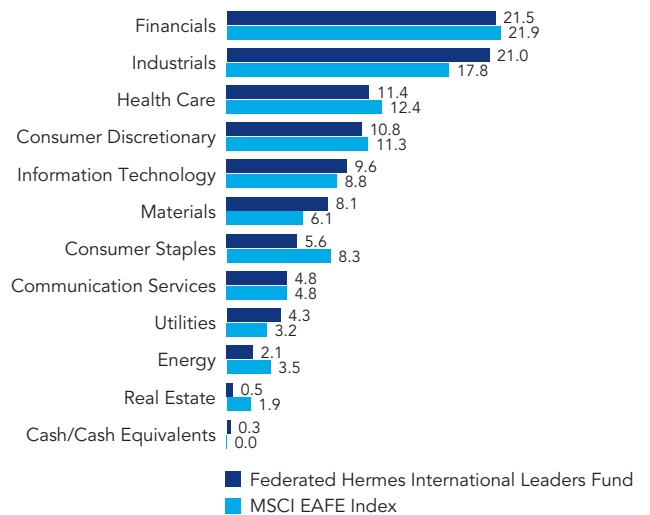
## Top holdings (%)

Siemens Aktiengesellschaft <i>Germany</i>	4.1
AstraZeneca PLC <i>United Kingdom</i>	3.0
Deutsche Telekom AG <i>Germany</i>	3.0
HSBC Holdings PLC <i>United Kingdom</i>	2.6
Sanofi <i>United States</i>	2.6
Kerry Group plc <i>Ireland</i>	2.2
Sony Group Corp. <i>Japan</i>	2.2
Keyence Corporation <i>Japan</i>	2.1
Mitsubishi Ufj Financial Group, Inc. <i>Japan</i>	2.1
Hitachi, Ltd. <i>Japan</i>	2.0
Total % of portfolio	25.9

## Top country weightings (%)



## Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 12/31/24 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

- Elections
- Domestic politics
- Inflation
- Central bank policies
- Conflicts in Ukraine and Middle East

## Looking Back

Economic uncertainty intensified as potential policy shifts loomed, fueled by geopolitical and economic concerns. In the US, President-elect Donald Trump proposed the introduction of import tariffs to address trade imbalances, notably with China, Canada, Europe and Mexico. The prospect of tariffs, which increased the risk of trade tensions and disruptions to global trade, weighed on governments already dealing with ballooning public debt and sluggish economic growth. Manufacturing remained weak, particularly in Europe where autos struggled.

Domestic politics also weighed on global markets. Concerns over economic growth prospects led to votes of no confidence in France and Germany, threatening political stability and resulting in upcoming snap elections. In Canada, Finance Minister Freeland resigned amid a high-profile dispute over economic policies with Prime Minister Trudeau. In South Korea, the economic outlook was further clouded following President Yoon's impeachment after a brief yet unsuccessful declaration of martial law in the wake of corruption accusations.

Inflation has subsided yet remained a concern. Several central banks cut rates, including the US Federal Reserve, the Bank of England and the European Central Bank. The US dollar index reached a two-year high as it strengthened against the euro, pound and yen.

Geopolitical uncertainty remained as conflicts in Ukraine and the Middle East continued unresolved.

## Performance

The Federated Hermes International Leaders Fund (IS Shares at NAV) returned -8.60% for the quarter ending December 31, 2024. That compares to its benchmark, the MSCI EAFE Index, which returned -8.11% during the period. As a result, the fund underperformed the benchmark by -0.49%.

### Performance contributors

- Stock selection within Industrials, Materials, Financials and Energy contributed positively
- Within Industrials, Melrose Industries Plc, Rheinmetall AG, and CAE Inc. were the main contributors
- Within Materials, Smurfit Westrock Plc and Heidelberg Materials AG were noteworthy contributors
- In Financials, HSBC Holding Plc and Mitsubishi UFJ Financial Group were the main contributors

### Performance detractors

- Stock selection within Information Technology, Health Care, Consumer Discretionary, Consumer Staples and Utilities detracted
- Within Information Technology, Capgemini SE and Samsung Electronics Co. were the main detractors
- In Health Care, AstraZeneca Plc, Sanofi, and Merck KGaA were the largest detractors
- Within Consumer Discretionary, LG Electronics Inc was the largest detractor
- In Consumer Staples, Anheuser-Busch InBev SA/NV and Heineken NV detracted
- Within Materials, Sika AG and DSM-Firmenich AG were negative contributors

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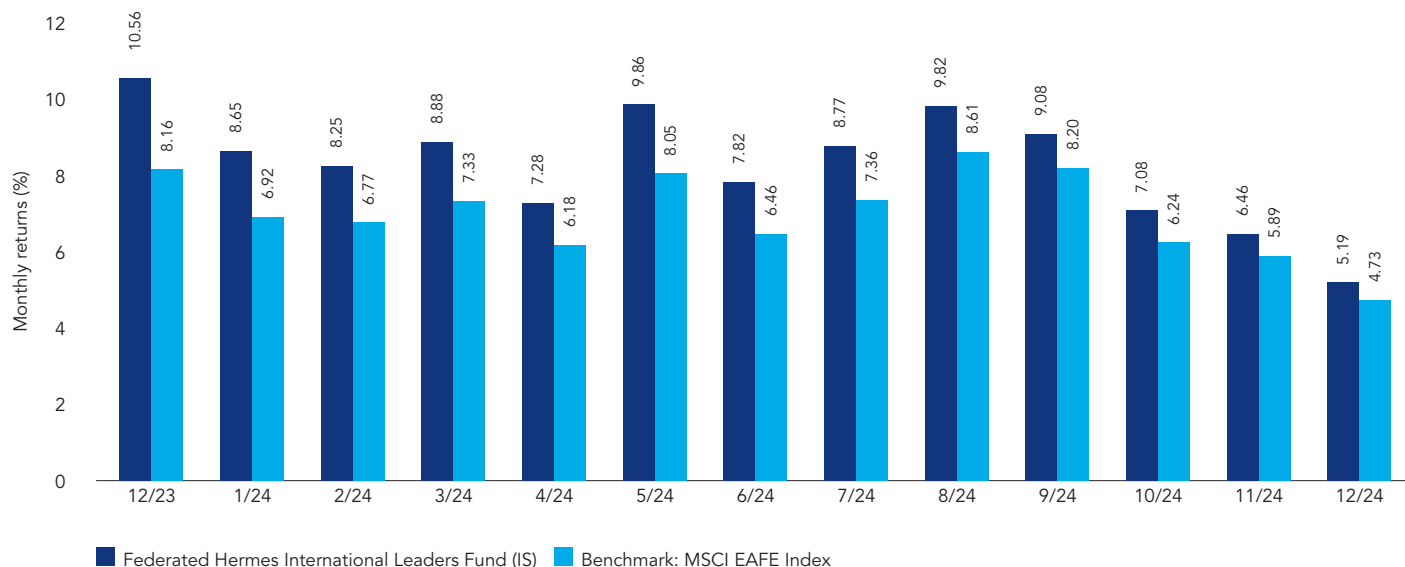
## How we are positioned

Looking forward into 2025, the outlook for international equity markets is cloudy. Investors' uncertainty is high as they await potential tariffs from President-elect Trump, the outcome of snap elections in Germany, France and Canada and the Chinese government's continued response to its faltering economy. Investor sentiment towards international equities is negative as the "American Exceptionalism" trade continues. As we learned from the past, investor sentiment can change quickly.

We expect potential tariffs to have less economic and market impacts on both Europe and China. We see the new governments in France, Germany and Canada as potentially more favorable and business friendly. Additionally, we expect China to roll out incrementally more fiscal stimulus programs which should support growth in China and among European exporters. Relative valuations of international equities are trading near historical lows which we expect to trend higher over time as the economic outlook turns more favorable.

See disclosure section for important disclosures and definitions.

## 5-year rolling returns vs. MSCI EAFE Index (%)



Source: Morningstar, Inc. Performance for 5-year periods (1-month shift).

Returns are for Institutional Shares. Other classes of shares are available whose performance will vary due to different charges and expenses.

## Risk statistics

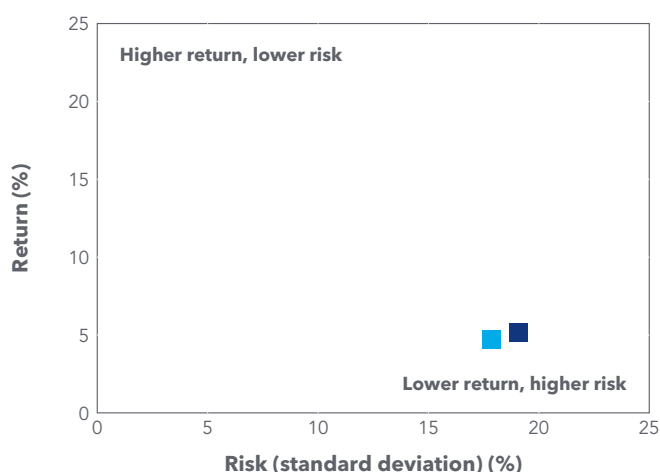
	3-year	5-year	7-year	10-year
<b>Standard deviation</b>	17.99	19.06	18.18	16.84
<b>Alpha</b>	0.50	0.51	-0.23	-0.48
<b>Beta</b>	1.03	1.04	1.07	1.07
<b>R<sup>2</sup></b>	93.04	94.30	94.34	93.31

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. MSCI EAFE Index

**See disclosure section for important definitions.**

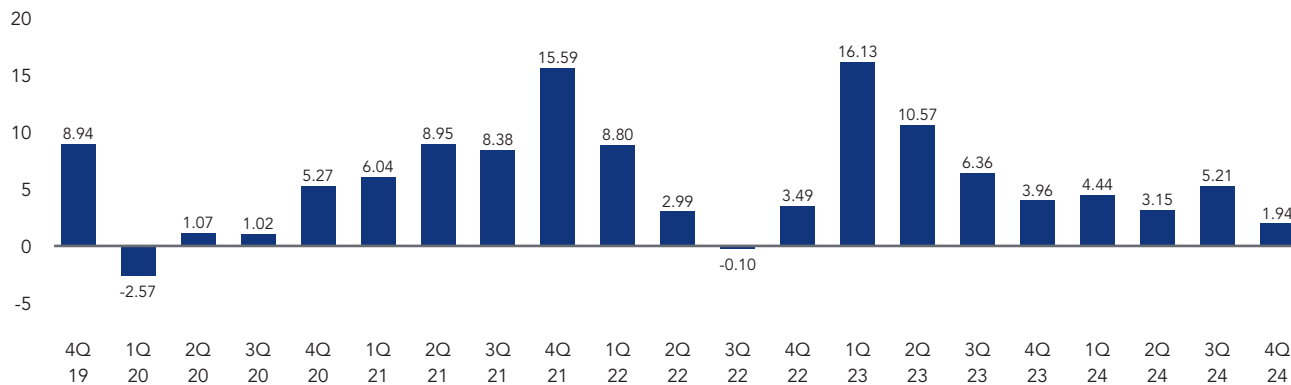
## 5-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes International Leaders Fund (IS)	19.06	5.19
■ MSCI EAFE Index	17.84	4.73

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## 3-year rolling returns - IS (%)



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## Category rankings

Morningstar Foreign Large Blend Category		1-year	3-year	5-year	10-year
<b>R6 Shares</b>	Morningstar Category % Rank	96	20	26	63
	Morningstar Category Rank	660 of 699 funds	126 of 648 funds	156 of 618 funds	239 of 421 funds
<b>IS Shares</b>	Morningstar Category % Rank	96	21	28	64
	Morningstar Category Rank	661 of 699 funds	134 of 648 funds	167 of 618 funds	249 of 421 funds
<b>A Shares</b>	Morningstar Category % Rank	96	29	35	73
	Morningstar Category Rank	662 of 699 funds	169 of 648 funds	209 of 618 funds	297 of 421 funds

Lipper International Large-Cap Core		1-year	3-year	5-year	10-year
<b>R6 Shares</b>	Lipper Classification % Rank	93	20	26	47
	Lipper Classification Rank	258 of 279 funds	48 of 251 funds	59 of 233 funds	75 of 159 funds
<b>IS Shares</b>	Lipper Classification % Rank	93	21	28	50
	Lipper Classification Rank	259 of 279 funds	51 of 251 funds	64 of 233 funds	79 of 159 funds
<b>A Shares</b>	Lipper Classification % Rank	93	29	35	65
	Lipper Classification Rank	260 of 279 funds	72 of 251 funds	80 of 233 funds	103 of 159 funds

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

## Federated Hermes International Leaders Fund

**Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us). Please carefully read the summary prospectus or prospectus before investing.**

The fund's Institutional Shares commenced operations on June 21, 2010. For the period prior to the commencement of operations for the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses of the Institutional Shares since the Institutional Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and to remove any voluntary waiver of the fund's expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the Institutional Shares.

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

### A word about risk

Mutual funds are subject to risks and fluctuate in value.

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

Diversification does not assure a profit nor protect against a loss.

The value of equity securities in the fund's portfolio will fluctuate and, as a result, the fund's share price may decline. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

Prices of emerging 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.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

### Definitions

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

**Beta** measures a portfolio's volatility relative to the market. A beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market.

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

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

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

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

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

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

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

Indexes are unmanaged and cannot be invested in directly.

### Ratings and rating agencies

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