

# Federated Hermes International Equity Fund

12/31/25

## Fund facts

### Performance inception date

8/1/97

### Benchmark

MSCI ACWI ex USA Index

### Morningstar category

Foreign Large Blend

### Lipper classification

International Multi-Cap Growth

### Fund assets

\$208.7 million

### Ticker symbols

R6 Shares - PEIRX

Institutional Shares - PIUIX

A Shares - PMIEX

C Shares - PIUCX

### Key investment team

Martin Schulz

Calvin Zhang

Michael Czekaj, CFA

Richard Winkowski, Jr.

Dariusz Czoch, CFA

Robert Ricardo, CFA

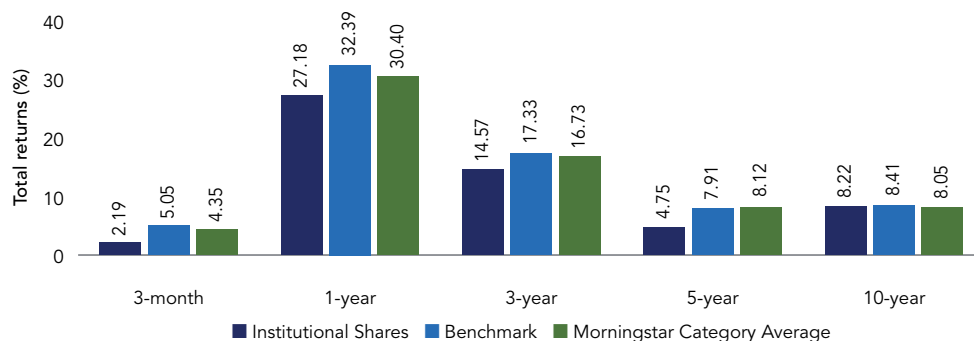
## Fund description

The fund seeks long-term capital appreciation by investing primarily in equity securities that are tied to numerous countries throughout the world in both developed and emerging markets. Employing a top-down approach to country selection and a bottom-up security selection process, the fund may invest in companies of any capitalization, and its allocation is typically split between growth and value stocks.

## 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>	2.16	27.25	27.25	14.63	4.79	8.26	6.08	1.42	0.90
<b>Institutional Shares</b>	2.19	27.18	27.18	14.57	4.75	8.22	6.07	1.51	0.94
<b>A Shares (NAV)</b>	2.13	26.93	26.93	14.31	4.50	7.94	5.78	1.76	1.19
<b>A Shares (MOP)</b>	-3.50	19.93	19.93	12.18	3.33	7.33	5.57	1.76	1.19
<b>Benchmark</b>	5.05	32.39	32.39	17.33	7.91	8.41	-	-	-



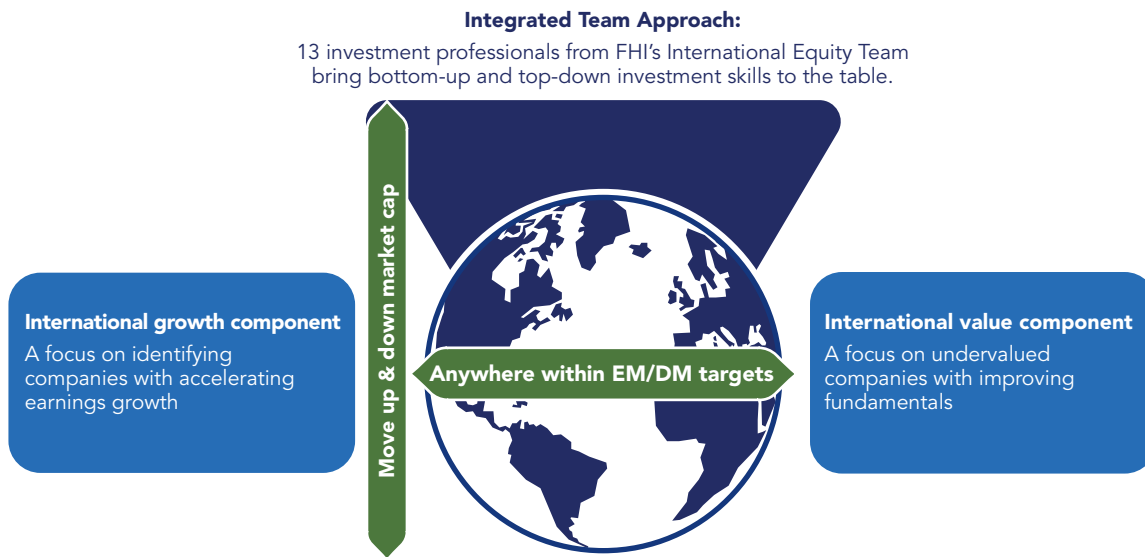
## Calendar year total returns (%)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Institutional Shares</b>	27.18	3.22	14.57	-22.38	8.03	21.78	22.53	-12.54	33.27	0.49
<b>Benchmark</b>	32.39	5.53	15.62	-16.00	7.82	10.65	21.51	-14.20	27.19	4.50
<b>Morningstar Category Average</b>	30.40	4.85	16.25	-15.84	9.72	9.30	21.59	-14.59	25.12	0.79

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](http://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 8/1/26 or the date of the fund's next effective prospectus.

## Investment process



### Portfolio statistics

Weighted median P/E (NTM)	15.9x
Weighted median market cap	\$70.7 b
Weighted median price/book	3.0x
Number of securities	65

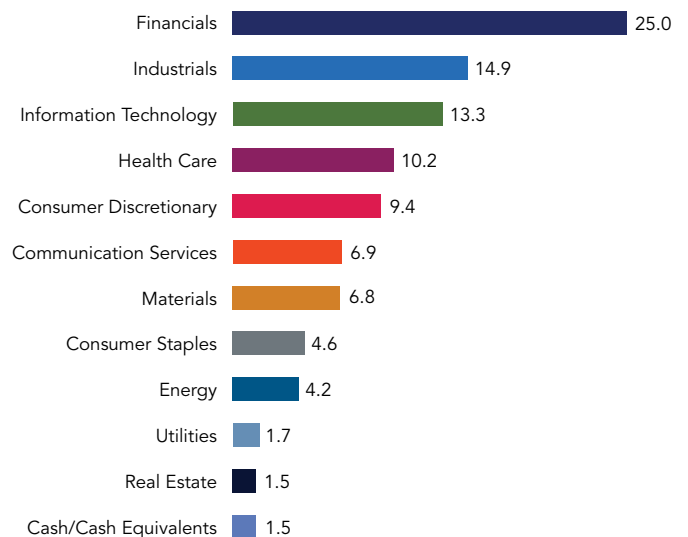
### Top holdings (%)

Federated Hermes International Growth Fund <i>United States</i>	49.7
HSBC Holdings PLC <i>United Kingdom</i>	1.6
Shell PLC <i>United Kingdom</i>	1.6
Banco Santander SA <i>Spain</i>	1.4
Samsung Electronics, Co., Ltd. <i>South Korea</i>	1.4
Mitsubishi Ufj Financial Group, Inc. <i>Japan</i>	1.2
Allianz SE <i>Germany</i> SSE PLC <i>United Kingdom</i>	1.0
Banco Bilbao Vizcaya Argentaria SA <i>Spain</i>	1.0
Sanofi <i>France</i>	1.0
SSE PLC <i>United Kingdom</i>	1.0
Total % of portfolio	60.9

### Top country weightings (%)

United Kingdom	17.0	Belgium	2.7
Japan	13.3	Sweden	2.6
France	11.8	Netherlands	2.5
Germany	9.0	India	2.0
Taiwan	5.5	Ireland	1.9
China	4.8	Brazil	1.8
Spain	4.6	Canada	1.7
South Korea	3.2	South Africa	1.6
Switzerland	3.1	Cash/Cash Equivalents	1.5

### Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 12/31/25 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

- International markets outperformed the US for the fourth quarter and in 2025
- Value outperformed growth in 4Q which was a recurring theme throughout 2025
- The US dollar was up marginally in the quarter but was weak for the year due to significant underperformance in the first half
- Commodity prices were mixed as energy prices were generally weak and metals were up across the board
- The Federated Hermes International Equity Fund underperformed its benchmark as the growth sleeve underperformed and the value sleeve outperformed

## Looking back

Global markets ticked higher in the fourth quarter with foreign markets again outperforming. Both developed ex-US and emerging markets contributed to the outperformance despite marginal strength in the US dollar.

Asian markets were mixed in the quarter after the standout performance in the previous quarter. The AI investment theme continued to benefit Korea and Taiwan while several of the Association of Southeast Asian Nations (ASEAN) markets like Malaysia, the Philippines, and Thailand also outperformed. Japan continued to benefit from improving corporate governance and better earnings even as monetary policy normalization and a weaker and volatile yen created some policy uncertainty. While India was up despite foreign exchange pressures and the lack of a trade deal with the US, Singapore, China, and Hong Kong took a breather after a strong performance earlier in the year. China stepped up targeted fiscal and monetary support to help housing and consumption after a temporary trade truce with the US.

Middle East and North African markets underperformed across the board as depressed oil prices and regional volatility were headwinds. Egypt was a notable exception with strong performance beating most global markets. Israel and Saudi Arabia traded lower after spikes towards the end of the previous quarter.

Fiscal discipline helped support regional sentiment somewhat.

European markets were mixed this quarter but experienced exceptionally strong performance in 2025 especially from the more value-oriented sectors of the market. The Nordics and Eastern Europe outperformed along with Spain and Switzerland, while Italy, Germany, and Turkey were the main underperformers. Modest economic growth on the continent supported sentiment along with easing inflation even as rising political tension resurfaced in France. With inflationary pressures subsiding, the European Central Bank (ECB) looks to be on hold in the near term with focus shifting to more expansionary fiscal policy across the bloc, especially in Germany.

In the Americas, both Canada and Latin America performed strongly supported by resilient commodity prices with Brazil being a star performer throughout the year and Argentina rebounding after positive election results. The region continued its rightward shift with market-friendly leaders elected in Chile and President Milei's ruling party garnering support in national legislative midterm elections in Argentina. Chile and Peru were helped by higher metals prices, particularly gold and copper.

## Performance

The Federated Hermes International Equity Fund returned +2.2% (Institutional Shares at NAV) for the quarter ending December 31, 2025. That compares to its benchmark, the MSCI ACWI ex USA index, which returned +5.1% during the period.

### Performance contributors

- Positive country allocation effects came from an overweight to Ireland and underweights to China and Australia
- Positive stock selection from a country perspective came from Taiwan, France, and Spain
- Positive sector allocation effects came from an overweight to Health Care and underweights to Consumer Discretionary and Real Estate

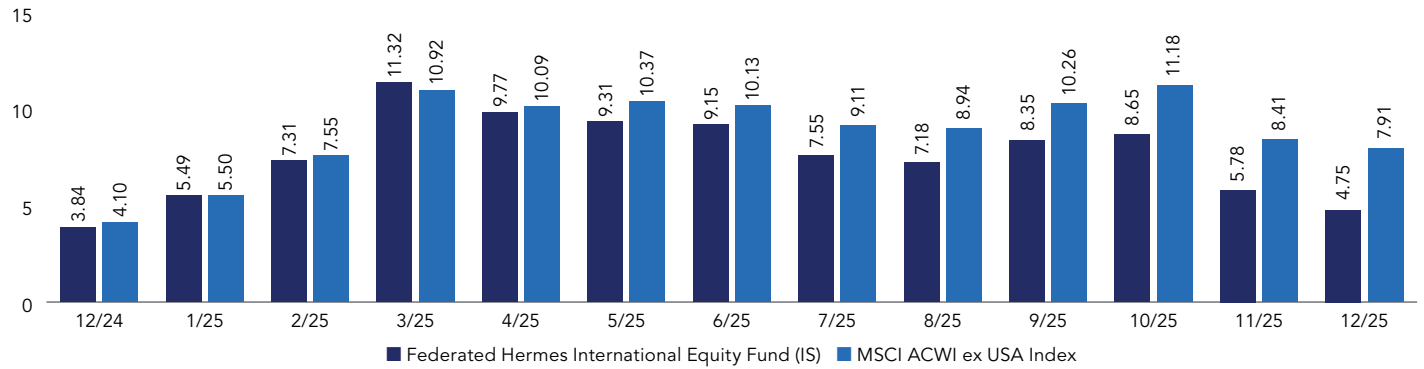
### Performance detractors

- Negative country allocation effects came from an overweight to Argentina and underweights to Canada and Switzerland
- Negative stock selection from a country perspective came from Japan, Sweden, and China
- Negative sector allocation effects came from an overweight to Communication Services and underweights to Technology and Utilities

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See disclosure section for important disclosures and definitions.

### 5-year rolling returns vs. MSCI ACWI ex USA Index (%)



Source: Morningstar, Inc. Performance represents 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.

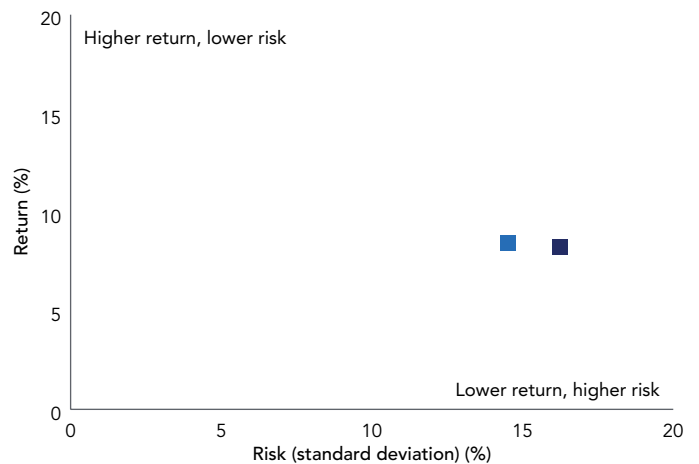
### Risk statistics

	3-year	5-year	7-year	10-year
<b>Standard deviation</b>	12.20	15.21	17.74	16.24
<b>Beta</b>	1.00	1.07	1.10	1.08
<b>Correlation</b>	0.96	0.97	0.97	0.97
<b>Up capture ratio</b>	92.99	98.54	106.77	104.95
<b>Down capture ratio</b>	105.52	116.90	113.93	108.29

Sources: Federated Hermes, Inc., Morningstar, Inc.  
Fund vs. MSCI ACWI ex USA Index

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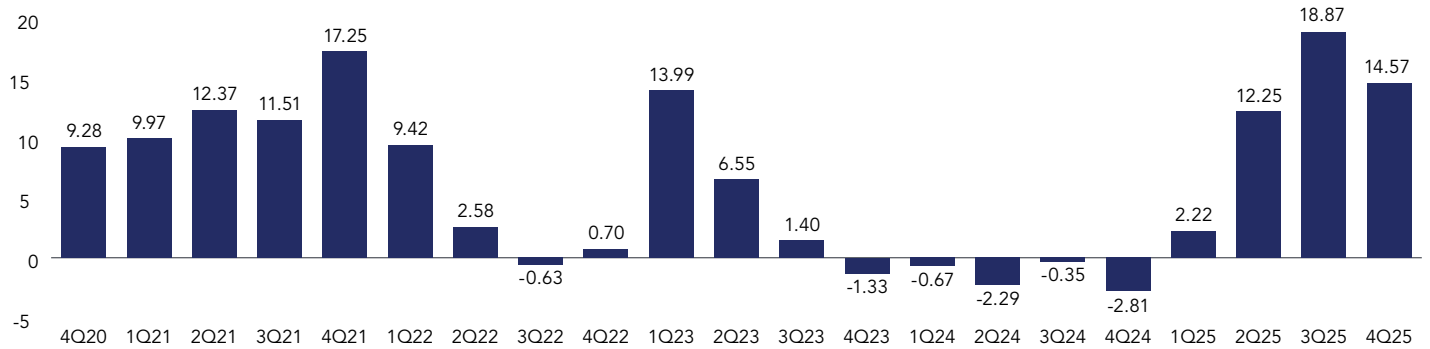
### 10-year risk/return



	Risk (%)	Return (%)
Federated Hermes International Equity Fund (IS)	16.24	8.22
MSCI ACWI ex USA Index	14.52	8.41

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



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### Category rankings

<b>Morningstar Foreign Large Blend Category</b>		1-year	3-year	5-year	10-year
<b>R6 Shares</b>	Morningstar Category % Rank	75	83	96	–
	Morningstar Category Rank	507 of 680 funds	516 of 644 funds	581 of 610 funds	–
<b>IS Shares</b>	Morningstar Category % Rank	75	83	96	48
	Morningstar Category Rank	509 of 680 funds	519 of 644 funds	585 of 610 funds	207 of 479 funds
<b>A Shares</b>	Morningstar Category % Rank	77	86	97	59
	Morningstar Category Rank	517 of 680 funds	534 of 644 funds	592 of 610 funds	264 of 479 funds
<b>Lipper International Multi-Cap Growth Funds</b>		1-year	3-year	5-year	10-year
<b>R6 Shares</b>	Lipper Classification % Rank	20	31	40	–
	Lipper Classification Rank	25 of 129 funds	39 of 127 funds	47 of 119 funds	–
<b>IS Shares</b>	Lipper Classification % Rank	21	32	40	24
	Lipper Classification Rank	27 of 129 funds	40 of 127 funds	48 of 119 funds	22 of 92 funds
<b>A Shares</b>	Lipper Classification % Rank	23	35	45	28
	Lipper Classification Rank	29 of 129 funds	44 of 127 funds	53 of 119 funds	26 of 92 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 Equity 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 is the successor to the PNC International Equity Fund ("predecessor fund"), a portfolio of PNC Funds, pursuant to a reorganization involving the Fund and the predecessor fund on November 15, 2019. Prior to the date of the reorganization, the fund had no investment operations. Accordingly, the performance information, for periods prior to the reorganization is historical information for the predecessor fund. The predecessor fund was managed by the same portfolio management team as the fund, had an identical investment objective and substantially identical strategies, policies and restrictions.

### 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.

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.

Growth stocks tend to have higher valuations and thus are typically more volatile than value stocks. Growth stocks also may not pay dividends or may pay lower dividends than value stocks.

Value stocks tend to have higher dividends and thus have a higher income-related component in their total return than growth stocks. Value stocks also may lag growth stocks in performance, particularly in late stages of a market advance.

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.

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

The quantitative models and analysis used by the fund's adviser may perform differently than expected and negatively affect fund performance.

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.

Mid-cap companies often have narrower markets and limited managerial and financial resources compared to larger and more established companies.

Small-cap companies may have less liquid stock, a more volatile share price, unproven track records, a limited product or service base and limited access to capital. The above factors could make small-cap companies more likely to fail than larger companies and increase the volatility of the fund's portfolio, performance and price. Suitable securities of small-cap companies also can have limited availability and cause capacity constraints on investment strategies for funds that invest in them.

### Definitions

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

**Correlation** is the degree to which one variable (here, the fund's returns) fluctuates relative to another (the returns of the fund's benchmark). Correlation ranges from 1.00, when two variables move identically in the same direction, to -1.00, when two variables move identically in the opposite direction.

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

**Up capture ratio/down capture ratio** is a measure of how well a manager was able to replicate or improve on periods of positive benchmark returns and how badly the manager was affected by periods of negative benchmark returns. The up-market capture ratio is a measure of a manager's performance in up markets relative to the index during the same period. For example, a ratio value of 115 indicates that the manager has outperformed the market index by 15% in periods when the index has risen. The down-market capture ratio is the direct opposite of the up-market capture ratio, gauging performance of the manager relative to the index in down markets. A ratio value of 80 would indicate the manager had declined on 80% as much as the declining overall market, indicating relative outperformance.

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

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

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

**MSCI ACWI ex USA Index** captures large- and mid-cap representation across 22 of 23 developed markets (DM) countries (excluding the US) and 27 emerging markets (EM) countries. The index covers approximately 85% of the global equity opportunity set outside the US.

Indexes are unmanaged and cannot be invested in directly.

### Ratings and rating agencies

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