

# Federated Hermes International Leaders Fund

12/31/25

## 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

\$1.5 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

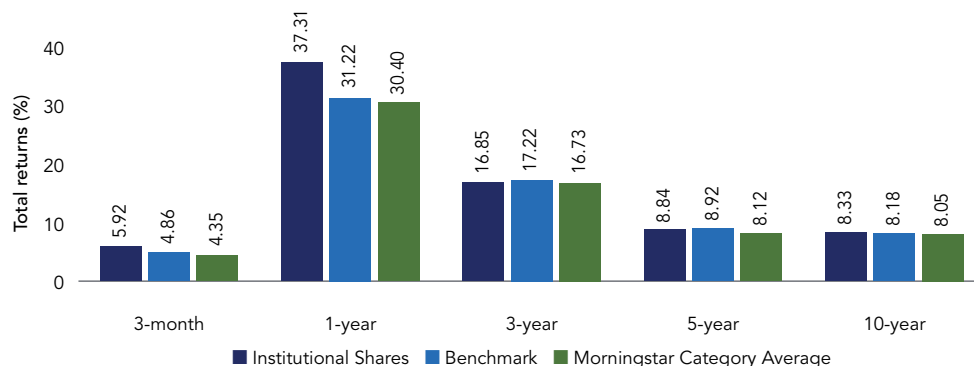
## Fund description

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*<br>Before waivers | After waivers |
|-----------------------------|---------|-------|--------|--------|--------|---------|-----------------|----------------------------------|---------------|
| <b>R6 Shares</b>            | 5.90    | 37.33 | 37.33  | 16.90  | 8.90   | 8.38    | 8.39            | 0.88                             | 0.74          |
| <b>Institutional Shares</b> | 5.92    | 37.31 | 37.31  | 16.85  | 8.84   | 8.33    | 8.36            | 0.96                             | 0.79          |
| <b>A Shares (NAV)</b>       | 5.84    | 36.91 | 36.91  | 16.51  | 8.55   | 8.04    | 8.41            | 1.23                             | 1.09          |
| <b>A Shares (MOP)</b>       | 0.01    | 29.36 | 29.36  | 14.33  | 7.32   | 7.43    | 8.19            | 1.23                             | 1.09          |
| <b>Benchmark</b>            | 4.86    | 31.22 | 31.22  | 17.22  | 8.92   | 8.18    | -               | -                                | -             |



## Calendar year total returns (%)

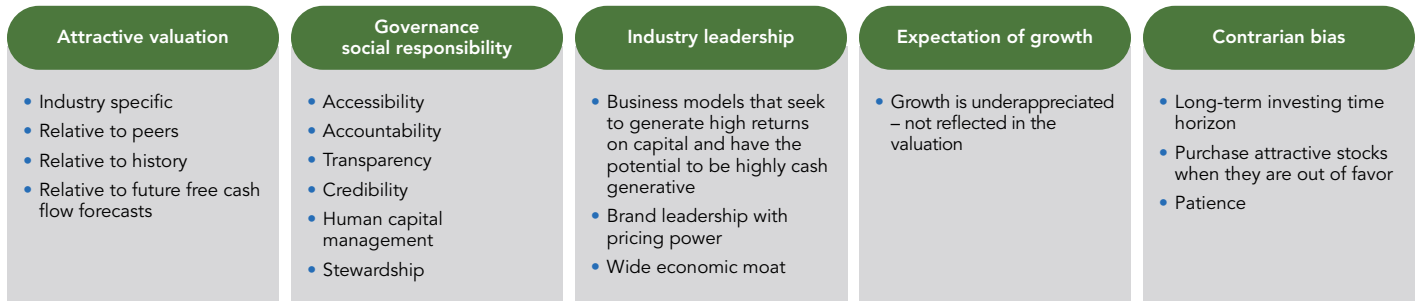
|                                     | 2025  | 2024  | 2023  | 2022   | 2021  | 2020  | 2019  | 2018   | 2017  | 2016  |
|-------------------------------------|-------|-------|-------|--------|-------|-------|-------|--------|-------|-------|
| <b>Institutional Shares</b>         | 37.31 | -0.98 | 17.35 | -8.83  | 5.02  | 15.77 | 27.02 | -20.66 | 28.30 | -2.68 |
| <b>Benchmark</b>                    | 31.22 | 3.82  | 18.24 | -14.45 | 11.26 | 7.82  | 22.01 | -13.79 | 25.03 | 1.00  |
| <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](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 2/1/26 or the date of the fund's next effective prospectus.

## Investment process

### Five core investment principles



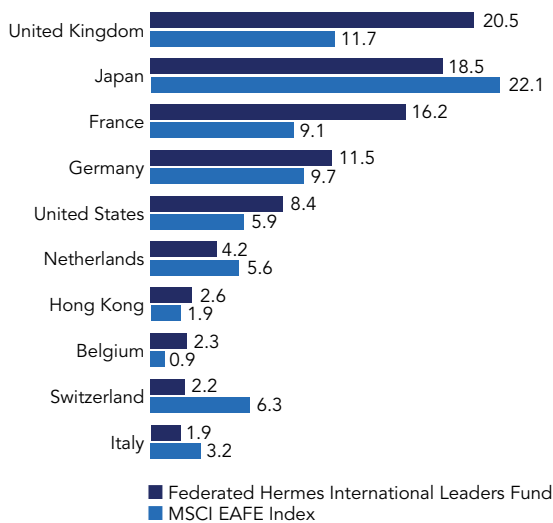
## Portfolio statistics

|                            |          |
|----------------------------|----------|
| Weighted median P/E (LTM)  | 23.9x    |
| Weighted median P/E (NTM)  | 15.0x    |
| Weighted median market cap | \$70.7 b |
| Weighted median price/book | 2.4x     |
| Number of securities       | 85       |

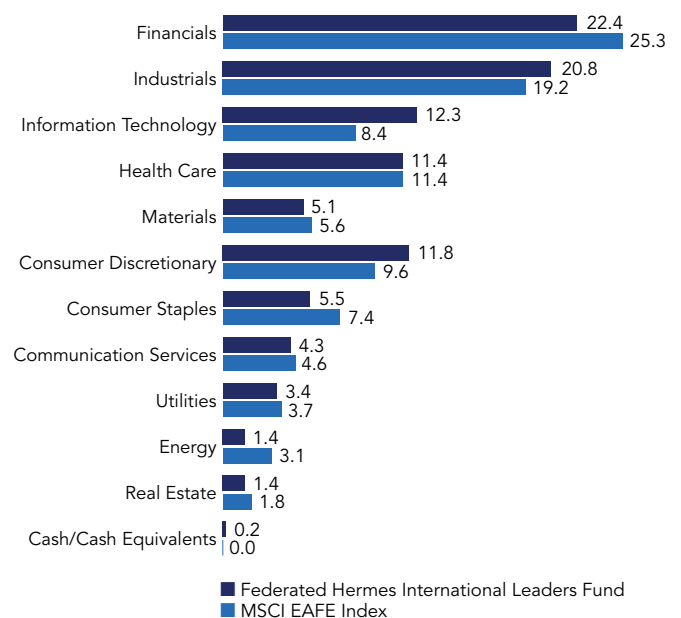
## Top holdings (%)

|   |      |
|---|------|
| AstraZeneca PLC <i>United Kingdom</i>   | 3.1  |
| SAP SE <i>Germany</i>                   | 2.2  |
| SSE PLC <i>United Kingdom</i>           | 2.1  |
| AXA <i>France</i>                       | 2.0  |
| HSBC Holdings PLC <i>United Kingdom</i> | 2.0  |
| Hitachi, Ltd. <i>Japan</i>              | 1.9  |
| Kawasaki Heavy Industries <i>Japan</i>  | 1.9  |
| Keyence Corporation <i>Japan</i>        | 1.9  |
| UniCredit S.p.A. <i>Italy</i>           | 1.9  |
| Compagnie de Saint-Gobain <i>France</i> | 1.8  |
| Total % of portfolio                    | 20.8 |

## Top country weightings (%)



## 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

- US government shutdown
- Interest rate cuts
- Inflation
- Conflicts in Middle East and Ukraine

## Looking back

Global economic conditions continued to soften, with key indicators pointing to a moderation in growth. Crude oil prices moved lower on concerns of oversupply, reinforced by OPEC's decision to pause previously planned production hikes. Geopolitics continued to add to regional uncertainty, including the ongoing conflict in Ukraine and the presence of US naval vessels outside of Venezuela.

Across major economies, industrial activity was mixed. Germany's manufacturing sector declined to a ten-month low in December, underscoring persistent weakness in European output. Conversely, France recorded its strongest manufacturing reading in over three years on stronger exports, signaling a divergence within the euro area.

In Asia, despite ongoing weakness in exports to the US, China achieved a record trade surplus exceeding \$1 trillion, highlighting structural resilience in its exports. In Japan, Sanae Takaichi was elected prime minister after campaigning on consumer relief measures to address inflation and wage stagnation.

In the US, consumer sentiment weakened amid widespread affordability challenges. The recent government shutdown, driven by disputes over health-care subsidies, added to short-term uncertainty and disrupted federal operations. Against this backdrop, the Federal Reserve cut interest rates twice, moving toward a more accommodative policy to support growth and financial stability.

Monetary easing extended to the Bank of England which cut its interest rate in December following a decline in consumer price index (CPI) to 3.4%, slightly below expectations. However, this improvement in inflation was offset by rising unemployment, which reached 5.1%, its highest level in nearly five years.

## Performance

The Federated Hermes International Leaders Fund (IS Shares at NAV) returned 5.92% for the quarter ending December 31, 2025. That compares to its benchmark, the MSCI EAFE Index, which returned 4.86% during the period. As a result, the fund outperformed the benchmark by 1.06%.

### Performance contributors

- Outperformed in 7 of the 11 MSCI GIC Sectors. Stock selection within Financials, Communication Services, Utilities, Consumer Discretionary, Information Technology, Real Estate, and Health Care contributed positively
- Within Financials, Barclays Plc and Standard Chartered Plc were the largest contributors
- In Utilities, SSE Plc was the largest contributor
- In Consumer Discretionary, Accor SA was the key outperformer
- Within Information Technology, Samsung Electronics Co, Ltd and Capgemini SE were notable contributors
- Finally, within Health Care, AstraZeneca Plc was the largest contributor
- Hitachi, Alstom, and Rentokil Initial plc were positive contributors within Industrials

### Performance detractors

- Stock selection within the Energy and Materials sectors detracted
- Within Energy, Galp Energia was the main detractor
- In Materials, Smurfit Westrock Plc was the largest detractor
- Within Health Care, Roche Holding Ltd was the main detractor
- In Industrials, Melrose Industries PLC, RELX PLC, and Rheinmetall AG were the main detractors

*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. Other share classes may have experienced different returns than the share class presented. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedHermes.com/us](https://www.federatedhermes.com/us).*

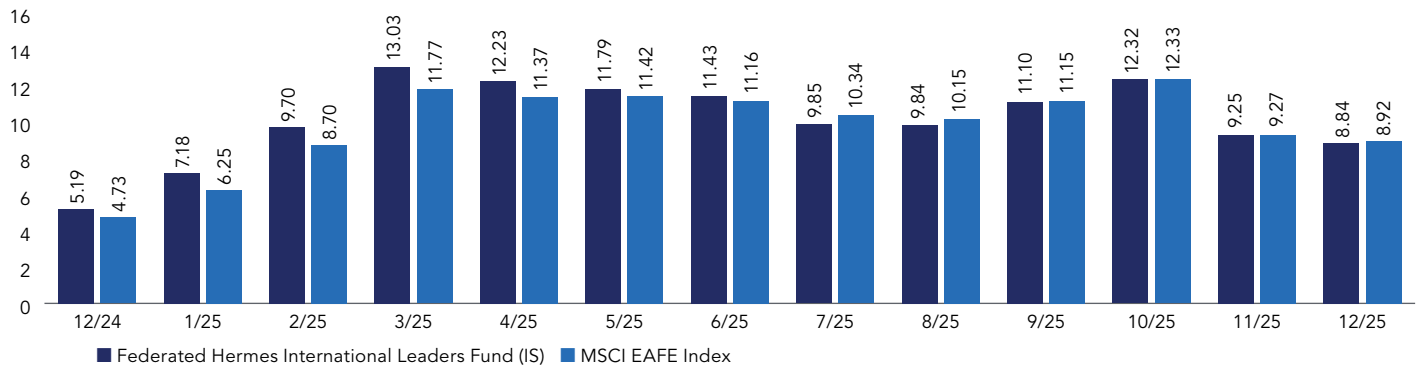
## How we are positioned

As we look ahead to 2026, international equities continue to offer a compelling opportunity for global investors. Performance has been resilient, and with valuations still meaningfully more attractive than in the US, the asset class enters the year with a favorable risk-reward profile. Earnings growth expectations for 2026 are broadly in line with the US, yet starting from a lower base, creating room for positive surprises as global demand firms.

We expect the US dollar to continue to weaken. At the same time, fading tariff uncertainty, along with the possibility of outright tariff reductions, should help stabilize supply chains and reduce corporate cost inflation. The macro backdrop is improving as well, with GDP growth expectations rising across key regions, led by strengthening recoveries in Germany and Spain.

Overall, we remain constructive on international equities, supported by attractive valuations, improving fundamentals, and a more favorable policy and currency environment. We believe that the fund is well diversified and seeks to capture opportunities globally, specifically in defense, automation, digitalization, electrification, housing, the rebuilding of infrastructures, and AI.

### 5-year rolling returns vs. MSCI EAFE 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.

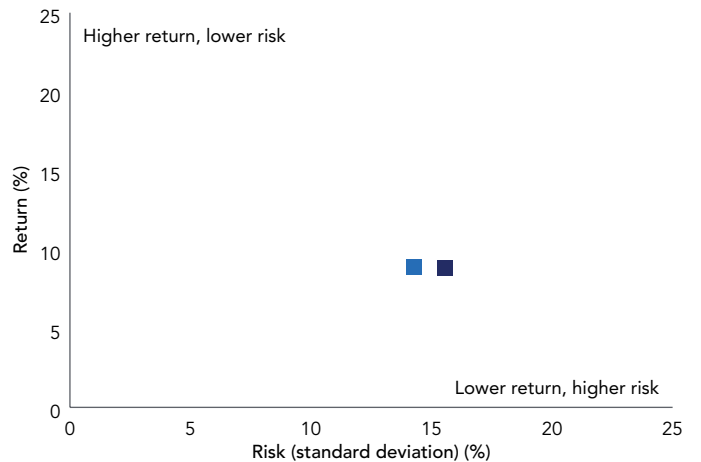
### Risk statistics

|                           | 3-year | 5-year | 7-year | 10-year |
|---------------------------|--------|--------|--------|---------|
| <b>Standard deviation</b> | 12.82  | 15.57  | 17.34  | 16.52   |
| <b>Alpha</b>              | -0.55  | -0.20  | 1.33   | -0.13   |
| <b>Beta</b>               | 1.03   | 1.05   | 1.05   | 1.08    |
| <b>R<sup>2</sup></b>      | 93.68  | 92.62  | 94.03  | 93.12   |

Sources: Federated Hermes, Inc., Morningstar, Inc.  
Fund vs. MSCI EAFE Index

See disclosure section for important definitions.

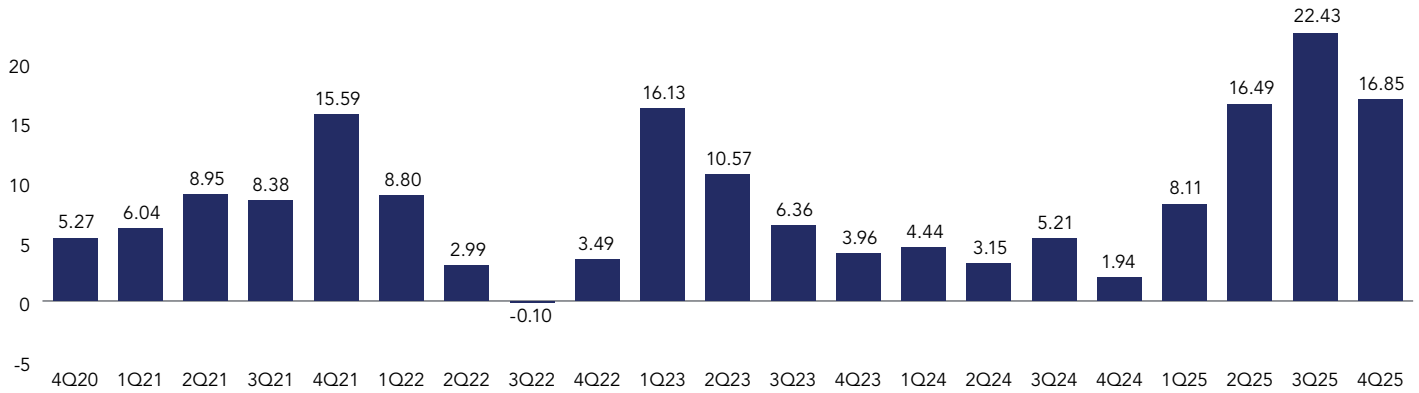
### 5-year risk/return



|  | Risk (%) | Return (%) |
|--|----------|------------|
| Federated Hermes International Leaders Fund (IS) | 15.57    | 8.84       |
| MSCI EAFE Index                                  | 14.28    | 8.92       |

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).

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



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).

### Category rankings

| <b>Morningstar Foreign Large Blend Category</b> |                              | 1-year          | 3-year           | 5-year           | 10-year          |
|---|------------------------------|-----------------|------------------|------------------|------------------|
| <b>R6 Shares</b>                                | Morningstar Category % Rank  | 12              | 54               | 31               | 40               |
|   | Morningstar Category Rank    | 81 of 680 funds | 333 of 644 funds | 173 of 610 funds | 177 of 479 funds |
| <b>IS Shares</b>                                | Morningstar Category % Rank  | 12              | 54               | 33               | 43               |
|   | Morningstar Category Rank    | 83 of 680 funds | 335 of 644 funds | 181 of 610 funds | 189 of 479 funds |
| <b>A Shares</b>                                 | Morningstar Category % Rank  | 14              | 59               | 42               | 57               |
|   | Morningstar Category Rank    | 96 of 680 funds | 371 of 644 funds | 229 of 610 funds | 244 of 479 funds |
| <b>Lipper International Large-Cap Core</b>      |                              | 1-year          | 3-year           | 5-year           | 10-year          |
| <b>R6 Shares</b>                                | Lipper Classification % Rank | 11              | 57               | 31               | 37               |
|   | Lipper Classification Rank   | 33 of 325 funds | 171 of 303 funds | 91 of 294 funds  | 85 of 230 funds  |
| <b>IS Shares</b>                                | Lipper Classification % Rank | 11              | 57               | 34               | 41               |
|   | Lipper Classification Rank   | 34 of 325 funds | 172 of 303 funds | 99 of 294 funds  | 93 of 230 funds  |
| <b>A Shares</b>                                 | Lipper Classification % Rank | 12              | 62               | 45               | 53               |
|   | Lipper Classification Rank   | 39 of 325 funds | 186 of 303 funds | 132 of 294 funds | 122 of 230 funds |

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

**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

Lipper Categories: Data Source: Lipper, A Reuters Company. Copyright 2026© Reuters. All rights reserved. Any copying, republication or redistribution of Lipper content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2026 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.