

Supplement

Federated Hermes Global Small Cap Equity Fund

a sub-fund of Federated Hermes Investment
Funds public limited company, an umbrella fund
with segregated liability between sub-funds

Investment Manager – Hermes Investment Management Limited

The date of this Supplement No. 17 is 15 August 2023

This Supplement contains information relating to the Fund. This Supplement forms part of and should be read in conjunction with the prospectus of the Company dated 15 August 2023 as may be amended or updated from time to time (the "Prospectus").

Investors should refer to the annex to this Supplement regarding the Fund's environmental and/or social characteristics.

Funds of the Company in existence as at the date of this Supplement are set out in the Global Supplement.

Unless the context requires otherwise, capitalised terms used in this Supplement shall have the meaning attributed to them in the Prospectus.

If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, or other financial adviser.

The Directors of the Company, whose names appear under the heading "Management and Administration" in the Prospectus, accept responsibility for the information contained in the Prospectus and in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of the information.

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Profile of a Typical Investor

The Fund may be suitable for investors seeking capital growth over at least a three to five year time horizon who understand and accept the associated high level of risk with high volatility attached to a fund investing in small-capitalisation companies. For more information please refer to the section entitled "Risk Factors".

Investment Objective and Policies

Investment Objective

The investment objective of the Fund is to provide long-term capital appreciation.

Investment Policy

The Fund is an Article 8 fund for the purpose of Regulation (EU) 2019/2088 of the European Parliament and the Council on sustainability-related disclosures in the financial services sector (SFDR). As at the date of this Supplement, 0% of the Fund's investments will be aligned with the environmental objectives under the Taxonomy Regulation. The "do no significant harm" principle applies only to those investments underlying the Fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of the Fund do not take into account the EU criteria for environmentally sustainable economic activities.

The Fund will seek to achieve its investment objective over a rolling period of any five years, by investing at least 80% in equity and/or equity-related securities of, or relating to, small capitalisation companies domiciled in, or that derive a large proportion of their income from, developed markets. The Fund may (but is under no obligation to) invest in component securities of the MSCI World Small Cap Index or in securities of companies listed in the countries referenced in this index. The MSCI World Small Cap Index measures the performance of small capitalisation companies across developed markets.

In aiming to achieve superior long-term returns, the Investment Manager will also exclude investment in the following companies (based on information available to the Investment Manager on these companies)

- Companies that generate over 5% of their revenues from the extraction or exploration of fossil fuels or from the use of fossil fuels for electricity generation;
- Companies that generate over 0% of their revenues from the manufacture of Controversial Weapons or by providing either an essential and/or tailor-made product or service to the manufacturers of Controversial Weapons and companies that generate over 5% of their revenues from production of Conventional Weapons;
- Companies that generate over 5% of their revenues from nuclear power;
- Companies that generate over 0% of their revenues from the production of tobacco products and companies that receive over 5% of their revenues from tobacco distribution;
- Companies that generate over 5% of their revenues from gambling products;
- Companies that generate over 5% of their revenues from adult entertainment products;
- Companies that generate over 5% of their revenues from GMO crop production.

In addition, the Investment Manager excludes companies that are in contravention of the principles of the UN Global Compact.

Investment Strategy

In managing the assets of the Fund the Investment Manager will seek to identify companies that, in its view, provide the potential for long-term capital appreciation. The Investment Manager will therefore, through a fundamental analysis of relevant companies, seek to identify companies that are undervalued. This is done in order to ascertain whether the companies may provide the potential for long-term capital appreciation notwithstanding that equities of such companies may, at the time of purchase (in the Investment Manager's opinion), be undervalued. The Investment Manager will not, save in relation to the capitalisation of companies that may be invested in, be subject to any limitation on the types of companies in which it may invest (either in terms of industry or focus).

The Investment Manager identifies companies which it believes will generate long-term capital appreciation. In addition to the analysis of individual companies set out above, the Investment Manager will consider the Environmental, Social and Governance ("ESG") qualities of the company through research and local investigation. ESG includes environmental items (such as the use of and impact on natural resources), social issues (such as employment practices and human rights) and governance (being the way in which the company is run). The Investment Manager further assesses the ESG characteristics of a company by considering ESG research from a wide variety of sources, including the Federated Hermes' proprietary ESG tools and analysis from EOS at Federated Hermes, along with third party providers such as ISS, CDP, MSCI, Sustainalytics and S&P Global Trucost amongst others. The Investment Manager believes that assessing the ESG opportunities and risks inherent to a company's direct operations, supply chain, and products/services is integral to delivering sustained outperformance. In undertaking such an assessment, the Investment Manager believes that quantitative ESG data must be complemented by a fundamental bottom-up review of pertinent ESG issues, leveraging its knowledge of and direct contact and engagement with companies. The Fundamental analysis and judgement is critical, and to that end, the most material ESG issues to an investment case are identified for each company being considered. The percentage of ESG-analysed companies in the fund will always be between 90%-100%. The Investment Manager's assessment of the ESG characteristics of a company results in an ESG score being assigned to each company considered for investment. The ESG assessment and subsequently determined score is the combination of a company's performance on a discrete set of material ESG topics, informed by both quantified metrics and the Investment Manager's subjective but informed judgement. Only companies which clear a threshold of ESG performance are eligible for investment. All else being equal, for portfolio construction purposes, this assessment would result in promotion of companies with lower ESG risks and companies with good governance, who are actively improving their focus on ESG issues. The Investment Manager may invest in companies which fall just short of the established ESG threshold only where the company has shown a desire to improve their ESG behaviours and can demonstrate good corporate governance practices and/or a willingness to engage on those identified material ESG issues. The ESG assessment is used to identify where active engagement with companies by the Investment Manager and EOS would be useful, with the aim of redressing poor ESG practices or capitalising on opportunities. In turn a company's responsiveness to engagement and the further insights gained are factored into the investment appraisal and ESG score.

The Fund's market exposure (which is exposure to the categories of Investments outlined below, and excludes cash held by the Fund) may vary in time and will typically range between 95%-100% for long positions and 0% for short positions of the Net Asset Value of the Fund, depending on the Investment Manager's analysis of the prevailing market conditions and considered in light

of the investment objective of the Fund. These ranges are not limits and the actual exposures may from time to time fall outside these estimated ranges.

The Fund is actively managed by the Investment Manager in accordance with the criteria set out in this Supplement and will seek to achieve its objective on an active basis, without reference to a benchmark. The Company shall use the MSCI World Small Cap Index for performance comparisons with the Fund on certain marketing materials (e.g. fund fact-sheets, investor reports, shareholder presentations etc), as deemed appropriate. The MSCI World Small Cap Index is a free float-adjusted market capitalisation weighted index that is designed to measure the performance of shares in small-sized companies, denominated in various currencies, which are listed in developed markets across the world. As at the date of this Supplement, the Investment Manager has determined that this benchmark may be used for such purposes. For the avoidance of doubt the Fund's objective is not to track the performance of an index or benchmark and, save the above disclosure in relation to the percentage of assets that shall be invested in the MSCI World Small Cap Index for investment purposes, the Fund is not constrained by the constituents of any such index or benchmark. The Fund does not charge any performance fees and, accordingly, no fees are paid to the Investment Manager on the basis of outperformance of an index or benchmark.

Categories of Investments

With the exception of permitted investments in unlisted securities, Eligible CIS, FDIs, money market instruments, cash and cash equivalents, Investments of the Fund will be listed or traded on a Regulated Market. Investments of the Fund may be denominated in the base currency or in other currencies.

Equity: The Fund may invest in a diversified portfolio of equity (such as common and/or preferred stock and/or rights) and/or equity-related instruments (such as GDRs and ADRs) of, or relating to, small market capitalisation companies in, or that derive a large proportion of their income from, developed markets. Investment in or exposure to such securities will be on a long-only basis. The Fund will continuously invest at least 66.67% of its net assets in equity assets as defined in sec. 2 para. 8 of the German Investment Tax Act (2018).

The Fund may acquire units/shares of listed closed-ended REITs that can deliver exposure to companies in developed markets or that derive a large proportion of their income from activities in developed markets.

Debt: The Fund may invest in Convertible Debt Securities listed or traded on a Regulated Market worldwide. Investment in or exposure to such securities will be on a long-only basis.

Eligible CIS: The Fund may acquire units/shares appropriate Eligible CIS that can deliver exposure to small market capitalisation companies. The Eligible CIS in which the Fund invests will meet the requirements of the Central Bank and may include exchange-traded funds and other funds of the Company. Investment in or exposure to such schemes will be on a long-only basis.

Methods of Access and Efficient Portfolio Management

The Fund may gain exposure to the aforementioned equity and/or equity related securities and/or Eligible CIS through the use of FDIs and/or through investment in Convertible Debt

Securities. A decision to use FDIs may be made for reasons such as efficiency (i.e., it may be cheaper to gain exposure to an underlying Investment than to purchase the Investment directly).

FDIs may also be used for efficient portfolio management purposes (for example, to assist in cash flow management, for cost effectiveness and for gaining exposure to certain markets and securities in a quicker and/or more efficient manner).

The FDIs that may be used by the Fund for such purposes include Warrants, Futures, Options (including Options on Futures), Swaps and rights.

For efficient portfolio management purposes the Fund may invest in and/or gain exposure to financial indices, hold cash and/or invest in money market collective investment schemes (to, for example, equitise cash) subject to the conditions and limits of the Central Bank. Please see the section headed "Investment in FDIs and Efficient Portfolio Management" in the Prospectus for more information.

Any indices to which exposure is achieved will be in line with the investment strategy of the Fund. If utilised, details of the financial indices in which the Fund invests and/or gains exposure to will be found via [Federated Hermes / Financial Indices](#).

For the avoidance of doubt, the Fund does not enter into repurchase and reverse repurchase agreements and/or engage in stock lending.

Cash Management

The Fund's use of FDIs may result in it holding a portion of its Net Asset Value in cash or collateral holdings and in such circumstances the Fund may seek to implement an effective cash management policy. In pursuit of this policy the Fund may invest in collective investment schemes and money market instruments (such as short-dated government-backed securities, floating-rate notes, commercial paper, certificates of deposit, call accounts, treasury bills and treasury notes) and FDIs (of the type noted above).

Leverage and Global Exposure

The Fund may be leveraged up to 10% of its Net Asset Value. That is, the total exposure (defined as the NAV of the Fund and its global exposure) associated with the Investments of the Fund, including Investments in FDIs, may amount to 110% of the Net Asset Value of the Fund. The Fund's global exposure will be calculated using the commitment approach.

Currency Hedging Policy

The Fund may enter into transactions for the purposes of hedging the currency exposure in accordance with the sections entitled "Hedging at Portfolio Level" and "Hedging at Share Class Level against Base Currency" in the Prospectus.

Risk Factors

Potential investors and Shareholders are referred to the section of the Prospectus entitled "Risk Factors". Regard should be had to the risks outlined under the heading "General Risk Factors" as each of these risk factors will be relevant in the context of an investment in the Fund.

In addition, investors should specifically refer to the following risks that appear under the heading "Fund Specific Risk Factors", as these relate to risks arising as a result of the Fund's Investments and/or portfolio management techniques:

Risk	Prospectus page reference
Sustainability Risk	27
Equity Risk	37
Futures Risk	40
Small and Mid-Cap Companies Risk	44
Warrants Risk	46

Dealing Information

Dealing Deadline	9.30 am (Irish time) on the relevant Dealing Day.
Valuation	The Valuation Point will be 12 noon (Irish time) on each Dealing Day. The value of instruments or securities which are quoted, listed or dealt in on a Regulated Market shall (save in certain specific cases) be the last traded price on such Regulated Market as at the Valuation Point, or the latest mid-market price at the Valuation Point when no last traded price is available.
Income Equalisation	The Fund operates Income Equalisation.
Timing of Payment for Subscriptions	Payment must be received by the Administrator by close of business on the third Business Day following the applicable Dealing Day.
Timing of Payment for Redemptions	Redemption proceeds will be paid on the third Business Day following the relevant Dealing Day.
Administrator's Fee	Up to 0.04% of the Net Asset Value of the Fund accrued and calculated daily and payable monthly in arrears. The Fund will also pay other costs to the Administrator such as transfer agency charges and transaction fees. Details are set out in the Prospectus in the section entitled "Fees and Expenses".
Depository's Fee	The Fund will bear transaction and custody charges which are calculated on the basis of the assets held. The Fund will also pay a depository fee of up to 0.0110% of its Net Asset Value to the Depository. The Fund will also pay other costs to the Depository such as out-of-pocket expenses and sub-custodial fees and expenses. Details are set out in the Prospectus in the section entitled "Fees and Expenses".
Other Fees and Expenses	All fees and expenses, not exceeding GBP50,000, relating to the establishment of the Fund, including the fees of the advisers to the Company, such as legal advisers, will be borne by the Fund and will be amortised over the first five financial years of the lifetime of the Fund or such other period as the Directors may determine and advise to Shareholders, for example via the Company's financial statements. The Fund shall bear its attributable proportion of the organisational and operating expenses of the Company (including any establishment expenses). Details of these and of other fees and expenses relating to the Company are set out in the Prospectus in the section entitled "Fees and Expenses".
Compulsory Redemption Threshold	All the Shares of the Fund may be compulsorily redeemed at the discretion of the Directors if, after the first anniversary of the first issue of Shares of the Fund, the Net Asset Value of the Fund falls below GBP100,000,000 for any period of time.

Share Class Information

Fees

Class	Management Fee (Max)
A	1.50%
F	0.75%
I	0.75%
K	0.60%
L	0.60%
P	0.75%
R	1.50%
T*	0.00%
X	0.45%
Z**	0.00%

*Shareholders in the Class T Shares will be subject to a fee with regard to their investment in the Fund based on the Client Agreement between them and the Investment Manager or its affiliate. This fee will not exceed 1% per annum of the value of the Shareholder's holding in the Fund. The Investment Manager (or its affiliate, if relevant) reserves the right to repurchase the entire holding of Shares of any Shareholder (deducting any amount owed for unpaid investment management fees), if the relevant Client Agreement is terminated for any reason whatsoever.

**Shareholders in the Class Z Shares will be subject to a fee with regard to their investment in the Fund based on the Client Agreement between them and the Investment Manager or its affiliate. This fee will not exceed 3% per annum of the value of the Shareholder's holding in the Fund. The Investment Manager (or its affiliate, if relevant) reserves the right to repurchase the entire holding of Shares of any Shareholder (deducting any amount owed for unpaid investment management fees), if the relevant Client Agreement is terminated for any reason whatsoever.

Notwithstanding what is disclosed in the Prospectus, please note that for operational reasons fractions of the Class A, Class I and Class K Shares in issue will be calculated to three decimal places. The Net Asset Value of each Class A, Class I and Class K Shares will be determined by dividing the Net Asset Value attributable to the class by the number of Shares of the Share Class and rounding the result to four decimal places in the normal way as described in the Prospectus.

Minimum Transactions

Class	Minimum Initial Subscription Amount	Minimum Subsequent Subscription Amount	Minimum Holding Amount	Minimum Redemption Amount
A	USD 1,000	No minimum	USD 1,000	No minimum
F	GBP 100,000	No minimum	GBP 100,000	No minimum
I	USD 1,000,000	No minimum	USD 1,000,000	No minimum
K	USD 100,000,000	No minimum	USD 100,000,000	No minimum
L	GBP 100,000,000	No minimum	GBP 100,000,000	No minimum
P	GBP 400,000	No minimum	GBP 400,000	No minimum
R	EUR 1,000	No minimum	EUR 1,000	No minimum
T	GBP 1,000	No minimum	GBP 1,000	No minimum
X	GBP 10,000,000	No minimum	GBP 10,000,000	No minimum
Z	Per Client Agreement	Per Client Agreement	Per Client Agreement	Per Client Agreement

The above amounts can be paid in the currency stated or its foreign currency equivalent.

Capacity Management

The Directors may, at their absolute discretion, impose capacity management related constraints on the Fund. Please see the section headed "Capacity Management" in the Prospectus for more information. Details about whether the Fund is currently under capacity management constraints will be published on the Manager's website: www.hermes-investment.com/capacity-management.

Initial Offer of Shares

As more particularly described in the Prospectus, the Company offers 17 Classes of Shares with various distribution policies, distribution frequencies, hedging policies and currencies in each Class.

The table below sets out details of the Classes of Shares in the Fund approved by the Central Bank, and the Classes which are available for purchase as at the date of this Supplement. Unless otherwise indicated by (*), the currency available in each Class of Shares set out below are available in hedged and unhedged versions.

Currency	Accumulating	Distributing Annually	Distributing Semi Annually	Distributing Quarterly	Distributing Monthly	Distributing Quarterly**	Distributing Monthly**
GBP	A	A1	A2	A3	A4	A5	A6
EUR	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
USD*							
CHF							
SEK							
NOK							
DKK							
HKD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
SGD							
AUD							
CNH							
CAD							
JPY							
GBP	F	F1	F2	F3	F4	F5	F6
EUR	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
USD*							
CHF							
SEK							
NOK							
DKK							
HKD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
SGD							
AUD							
CNH							
CAD							
JPY							
GBP	I	I1	I2	I3	I4	I5	I6
EUR	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
USD*							
CHF							
SEK							

NOK							
DKK							
HKD							
SGD							
AUD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
CNH							
CAD							
JPY							
GBP	K	K1	K2	K3	K4	K5	K6
EUR							
USD*							
CHF	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
SEK							
NOK							
DKK							
HKD							
SGD							
AUD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
CNH							
CAD							
JPY							
GBP	L	L1	L2	L3	L4	L5	L6
EUR							
USD*							
CHF	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
SEK							
NOK							
DKK							
HKD							
SGD							
AUD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
CNH							
CAD							
JPY							
GBP	P	P1	P2	P3	P4	P5	P6
EUR							
USD*							
CHF	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
SEK							
NOK							
DKK							
HKD							
SGD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
AUD							

CNH							
CAD							
JPY							
GBP	R	R1	R2	R3	R4	R5	R6
EUR							
USD*							
CHF	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
SEK							
NOK							
DKK							
HKD							
SGD							
AUD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
CNH							
CAD							
JPY							
GBP	T		T2				
EUR	Unhedged		Unhedged				
USD*	Hedged		Hedged				
GBP	X	X1	X2	X3	X4	X5	X6
EUR							
USD*							
CHF	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
SEK							
NOK							
DKK							
HKD							
SGD							
AUD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
CNH							
CAD							
JPY							
GBP	Z	Z1	Z2	Z3	Z4	Z5	Z6
EUR							
USD*							
CHF	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
SEK							
NOK							
DKK							
HKD							
SGD							
AUD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
CNH							
CAD							

JPY													
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*Hedged USD Shares are not available.

** Certain Fees and Expenses are charged against Capital

Share Classes which have received subscriptions have a price available, which can be found via www.hermes-investment.com/products. Where no price is available for a Share Class in respect to Share Classes that have not received subscriptions, the Initial Offer Period will start at 9 a.m. on 16 August 2023 and close at 5 p.m. on 15 February 2024.

The Initial Offer Price per Share Class shall be determined by reference to the currency denomination of the Share Class and is as follows:

GBP	EUR	USD	CHF	SEK	NOK	DKK	HKD	SGD	AUD	CNH	CAD	JPY
1	2	2	2	20	20	10	20	3	3	10	2	200

The base currency of the Fund is US Dollars.

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: **Federated Hermes Global Small Cap Equity Fund**
 Legal entity identifier: **549300Z154S624IFBU03**

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?



Yes



No



It will make a minimum of **sustainable investments with an environmental objective**: ____%



in economic activities that qualify as environmentally sustainable under the EU Taxonomy



in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



It will make a minimum of **sustainable investments with a social objective**: ____%



It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10% of sustainable investments



with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy



with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy



with a social objective



It promotes E/S characteristics, but **will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes investment in companies exhibiting the following characteristics:

- *reduced ESG risks;*
- *a willingness to engage on any material ESG issues; and*
- *limited to no revenue generated from excluded sectors.*

No specific index has been designated as a reference benchmark for the purpose of attaining the above characteristics

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The following sustainability indicators are used for the purpose of measuring the attainment of the environmental or social characteristics promoted by the Fund:

- *Environmental Indicators: GHG Emissions, Carbon Footprint, Exposure to Fossil Fuels, Energy Production from Non-Renewables, Energy Consumption Intensity, Water Intensity and Waste Intensity;*
- *Social Indicators: Violation of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises, Board Gender Diversity and Employee Turnover; and*
- *Engagement Activity: as a % of the AUM in the portfolio and as a % of progress made against the objective milestones set by the Investment Team and EOS.*

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The objectives of the sustainable investments that the Fund partially intends to make are: (i) is either to further the attainment of at least one or more of the 17 United Nations Sustainable Development Goals; or to contribute to reducing the environmental and social impacts of the products/services that the company provides through processes which mitigate the impacts of such products or services on the environment or to stakeholders including, but not limited to employees, communities, supply chain employees or customers.

The Fund's sustainable investments will contribute to either of these objectives by:

- *the relevant investee companies providing products or services that have a goal of solving environmental or social challenges we face as a society; and/or*
- *the relevant investee companies investing in reducing their environmental and social impacts and/or re-positioning their business to a more sustainable model to provide products/services that has a positive impact on the environment and the wider society. This can be achieved by, for example. Investing in clean technology, divesting from fossil fuels to invest more in renewables.*

The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities, as defined under the Taxonomy Regulation (EU) 2020/852.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

The Investment Manager's assessment of sustainable investments includes identifying where companies may cause significant harm through the products and services that they offer, but also through their entire value chain. The assessment includes:

- (i) *taking into account all adverse impact indicators and other relevant ESG indicators through the Investment Managers proprietary ESG scoring model (the "ESG Scoring Model" – see further detail below) to identify if a company has any sustainability risks;*
- (ii) *screening for contraventions of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as detailed below;*
- (iii) *identification, through the use of third party data, of any severe controversies and that, at the time of investment, the company is taking remedial action to prevent the event occurring in the future.*

The Investment Manager may carry out a more detailed assessment of any issuer which operates in an industry or sector that could be considered more harmful with a view to ensuring that either the practices the company has in place limit the amount of harm or that the company is being engaged on that topic.

Where a company is deemed to do significant harm to any sustainable objective, the investment in the issuer will not be considered a sustainable investment.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Investment Manager takes into account all mandatory principal adverse impact indicators and uses those indicators which are deemed relevant to the Fund in the Investment Manager's proprietary ESG Scoring Model (see further detail below), in order to determine current and potential adverse impacts on sustainability factors and to avoid investment in issuers deemed to do significant harm.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Using a mix of qualitative and quantitative assessments based on available data, the Investment Manager seeks to identify any companies which are in contravention of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (including the ILO Declaration Fundamental Principles and Rights at Work, the eight Fundamental conventions of the ILO and the International Bill of Human Rights) and does not invest in these issuers.



The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

 Yes

As part of the investment strategy, the Investment Manager considers whether companies exhibit any principal adverse impacts on sustainability factors. This is done by evaluating the results from the ESG scoring model, as well as, the underlying sustainability indicators used within the ESG Scoring Model. Reviewing both the output and the inputs to the ESG Scoring Model ensures that all relevant information is accurately captured and that the portfolio is not exposed to any sustainability risks not otherwise identified by the outputs. The Investment Manager uses a range of sources to consider the principal adverse impacts on sustainability factors including proprietary analysis from EOS at Federated Hermes ("EOS"); third party providers, where available, such as ISS, CDP, MSCI, Sustainalytics and Trucost amongst others; and issuers' own disclosures.

Where sustainability risks are identified, the Investment Manager may elect not to continue with the investment, or may identify the company as a candidate for engagement, with the aim of reducing under-performance which may arise from poor ESG behaviours whilst also encouraging companies to act responsibly and improve sustainability.

Relevant information on principal adverse impacts on sustainability factors will be disclosed in due course in the Fund's annual report.

No



What investment strategy does this financial product follow?

The Investment Manager identifies companies which it believes will generate long-term capital appreciation. To achieve this the Investment Manager seeks to identify high quality small capitalisation companies, in developed markets, that (in the Investment Manager's opinion) are trading at attractive valuations. The Investment Manager further incorporates ESG factors aimed at the promotion of the environmental and social characteristics, through the following processes:

ESG Integration: The Investment Manager incorporates analysis that assesses the ESG characteristics of a company into its investment process. To achieve this the Investment Manager conducts an assessment of the ESG characteristics of a company using its ESG Scoring Model which results in an ESG score being assigned to each company considered for investment. The score is measured on a scale of 0 to 30 and is comprised of a weighted combination of three distinct pillars; E & S factors, impact and governance. E&S factors include but are not limited to such metrics as carbon intensity (tonnes of scope 1 and 2 GHG per \$m revenue) along with employee turnover rates and accident rates and employee pay. Impact is measured by the proportion of revenue derived from positively impactful products and services. While governance factors include but are not limited to board independence, diversity and executive compensation and adherence with the Investment Manager's policy on good governance practices, outlined further below. The aggregate weighted score needs to be at least 18 out of 30 to be immediately eligible for investment. The assessment results in promotion of companies with reduced sustainability risks. Where a company scores below the threshold they may only be considered for investment if they have shown a desire to improve their ESG practices and/or a willingness to engage on those identified lagging ESG practices.

Engagement: The Investment Manager leverages quantitative and qualitative engagement insights generated by its own research and from EOS through its range of active ownership services. Where sustainability risks are identified, the Investment Manager may undertake direct engagement with the company or work with EOS to engage with companies to address those risks. Engagement occurs through meetings with company boards & management and through exercising voting rights. Engagement seeks to identify measurable objectives to deliver positive change within set time periods. Where there is engagement with a company, a four-step milestone approach will be implemented to: (i) raise the issue at the appropriate level within the company; (ii) confirm that the company accepts that the issue must be addressed; (iii) develop a plan to address the issue; and (iv) implement the plan satisfactorily. The engagement activity of the Fund is measured by the percentage of engagement progress (e.g. the percentage of engagement objectives which have achieved engagement objective milestones) and the effectiveness measured by monitoring changes over a rolling 3 year basis, in the specific sustainability indicators relevant to that engagement objective (for example a company's carbon intensity). Where a company is not receptive to engagement on sustainability risks, or makes insufficient progress in addressing them over time, it may result in divestment from that company.

Exclusions: The Investment Manager will not invest in companies involved in specified activities where those activities contribute to company revenues above prescribed revenue thresholds (see below for further detailed information). Excluded activities include fossil fuels, Controversial Weapons, Conventional Weapons, nuclear power, tobacco, gambling, adult entertainment, alcohol, GMO crop production and companies in contravention of the principles of the UN Global Compact.

● What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

- The percentage of ESG-analysed companies in the Fund will always be between 90%-100%.
- The Investment Manager will also exclude investment in companies involved in the following activities (based on information available to the Investment Manager on these companies);
 - Companies that generate over 5% of their revenues from the extraction or exploration of fossil fuels or from the use of fossil Fuels for electricity generation;

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

- Companies that generate over 0% of their revenues from the manufacture of Controversial Weapons or by providing either an essential and/or tailor-made product or service to the manufacturers of Controversial Weapons and companies that generate over 5% of their revenues from production of Conventional Weapons;
- Companies that generate over 5% of their revenues from nuclear power;
- Companies that generate over 0% of their revenues from the production of tobacco products and companies that receive over 5% of their revenues from tobacco distribution;
- Companies that generate over 5% of their revenues from gambling products;
- Companies that generate over 5% of their revenues from adult entertainment products;
- Companies that generate over 5% of their revenues from GMO crop production; or
- Companies that are in contravention of the principles of the UN Global Compact

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable.

● **What is the policy to assess good governance practices of the investee companies?**

As part of the investment strategy, the Investment Manager assesses the corporate governance of a company by reference to its policy on good governance and through the use of the Investment Manager's proprietary corporate governance tool and qualitative analysis, including insights from its own research and EOS. In considering good governance, the Investment Manager will assess, among other things, a company's management structure, employee relations, staff remuneration and compliance with applicable tax rules.

A company is considered to be following good governance practices if the factors set forth above, and any other factors determined to be material by the Investment Manager, (i) meet any one of the following criteria:

- *the company's corporate governance is in line with the best practices as defined by EOS in the Responsible Ownership Principles and Regional Corporate Governance Principles documents; or*
- *the company's corporate governance is determined to be in-line with peers both in industry and/or region, taking into account the size of the issuer and how that may affect the governance of the issuer in the long-term, or*
- *the Investment Manager and/or EOS is engaging with the company to address enhancements to the company's governance practices, as further detailed in the section of this annex titled "What investment strategy does this financial product follow?"*

or, (ii) when viewed collectively, are determined by the Investment Manager to adequately meet the criteria set forth above.

A company is presumed not to be following good governance practices if there have been abuses of power or severe controversies involving the relevant company, which have not been mitigated through subsequent demonstrative actions.

Further information on the Investment Manager's good governance policy and the EOS Responsible Ownership Principles and Regional Corporate Governance Principles can be found at <http://www.hermes-investment.com/sustainability-related-disclosures>

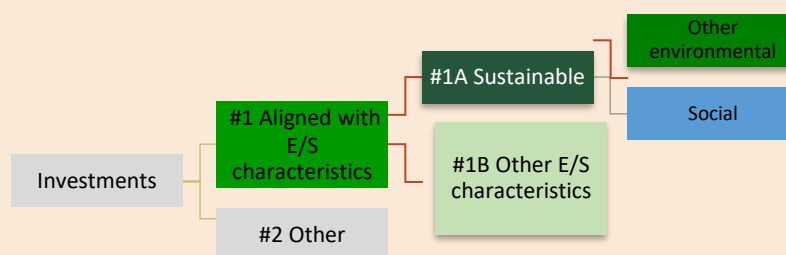
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



What is the asset allocation planned for this financial product

Asset allocation

describes the share of investments in specific assets.



#1 Aligned with E/S characteristics includes a minimum of 90% of the Fund's investments will be in companies who meet the characteristics promoted by the Fund and can evidence good governance practices in accordance with the Investment Manager's policy on good governance, as outlined above.

#2 Other includes the remaining investments of the Fund, may be held for efficient portfolio management and cash management purposes. These investments include derivatives to gain exposure to equities and/or equity related securities and/or Eligible CIS and/or gain exposure to financial indices, hold cash and/or invest in money market collective investment schemes (to, for example, equitise cash).

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives. A minimum of 10% of the Fund's investments will be in sustainable investments as outlined above
- The sub-category **#1B Other E/S characteristics** covers the remainder of this category, which will be investments aligned with the environmental or social characteristics but do not qualify as sustainable investments.

● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The use of derivatives does not contribute to the attainment of the Fund's environmental or social characteristics. The Fund may use derivatives to gain exposure to equities and/or equity-related securities and/or Eligible CIS. The decision to utilise these instruments may be made for reasons such as efficiency (i.e. it may be cheaper to gain exposure to an underlying investment than to purchase the investment directly). They may also be used for efficient portfolio management purposes (for example, to assist in cash flow management, for cost effectiveness and for gaining exposure to certain markets and securities in a quicker and/or more efficient manner).

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.




To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities, as defined under the Taxonomy Regulation (EU) 2020/852. As such the Fund will have a minimum of 0% Taxonomy-alignment.

● Does the financial product invest in fossil gas and/or nuclear energy related

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

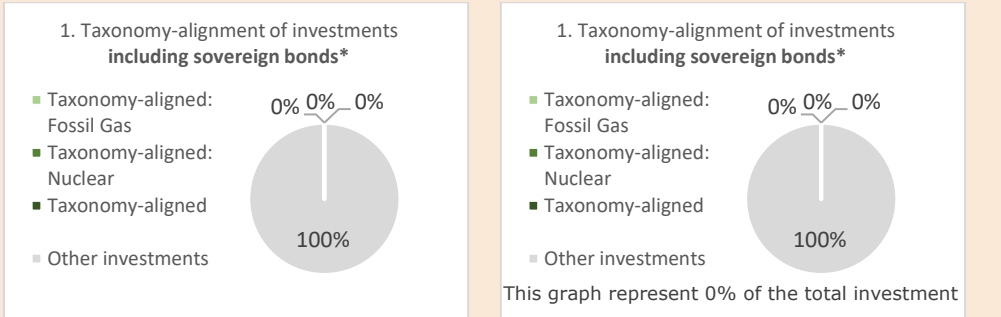
activities that comply with the EU Taxonomy¹?

☐ Yes:

☐ In fossil gas
 ☐ In nuclear energy


☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.




*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

- What is the minimum share of investments in transitional and enabling activities?**
 Not Applicable

- 

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

While the Fund commits to a minimum of 10% in sustainable investments, due to the proposed dynamic allocation between environmentally and socially sustainable investments, respectively, a minimum of 0% of the investments underlying this Fund will be invested in sustainable investments with an environmental objective that is not aligned with the Taxonomy.

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What is the minimum share of socially sustainable investments?
 While the Fund commits to a minimum of 10% in sustainable investments, due to the proposed dynamic allocation between environmentally and socially sustainable investments, respectively, a minimum of 0% of the investments underlying this Fund will be invested in sustainable investments with a social objective.

- 

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Investments included under “#2 Other” may be held for efficient portfolio management and cash management purposes. These investments include derivatives to gain exposure to equities and/or equity related securities and/or Eligible CIS and/or gain exposure to financial indices, hold cash and/or invest in money market collective investment schemes (to, for example, equitise cash).



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

Not Applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not Applicable

- ***How does the designated index differ from a relevant broad market index?***

Not Applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

Not Applicable



Where can I find more product specific information online?

More product-specific information can be found on the website:

More product specific information can be found via:

<https://www.hermes-investment.com/products>

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.