

Federated Hermes Impact Opportunities Equity Fund

Fund Investment Report



Page

2	Fund information
	Overview of Fund
3	Executive summary
	Overview of period
4	Fund breakdown
	Top 10 positions
5	Performance attribution
	Key contributors and detractors
9	Fund characteristics
	Style factors
10	Risk analysis
	Key contributors to risk
	Tracking error and volatility history
11	Contact details

Fund information

Investment objective

The Investment objective of the Fund is to achieve long-term capital appreciation.

Investment policy

The companies held in the fund will have the potential to provide innovative solutions to societal needs delivering positive social and environmental impact. This will be achieved by investing globally in a diversified portfolio of companies of any size.

Approach to ESG integration and stewardship

ESG integration and stewardship are integral to delivering sustainable returns. Through quantitative data and fundamental bottom-up research, we assess the absolute and change in ESG performance of companies. Engagement allows us to understand the effectiveness of their approach, the management of strategic issues and to exert positive influence.

Fund information

Fund inception date	21 December 2017
Fund value	USD309.07m
Benchmark	MSCI All Country World IMI Index
Head of Impact Investing	Ingrid Kukuljan
Co-Fund Managers	Martin Todd Mark Sherlock
Base currency	US Dollar

Market and Performance Review

Global equities continued to rise in August with some rotation towards Value stocks at the end of the month. Whilst COVID case numbers rose in some countries, death rates remained low which allowed continued optimism for restarting economies.

The Fund slightly underperformed the benchmark index in the period. Stock selection was supportive to relative returns in the month, particularly in Industrials and Financials. However, this was outweighed by negative sector allocation mainly due to our overweight in the Health Care sector which rose less than the market in the month.

Hannon Armstrong's shares rose after announcing strong second quarter earnings and successfully completing further successful fund raising with the issuance of green bonds. Tomra's shares rose in August with limited news flow, following a good second quarter earnings release in July. Siemens Gamesa's shares rose following further wind turbine contract wins.

Cogna Educacao was the largest detractor from relative performance as their campus business was hit hard by the pandemic lockdowns. Not holding Apple also detracted from relative performance during the month as the company saw further share price strength following strong earnings in July and ahead of their stock split. Our holding in Illumina also detracted in the month. The company's share price fell after their second quarter earnings missed expectations due to pandemic-related disruption, with many research customers remaining closed or working at limited capacity.

Activity

We made no new purchases or complete sales in the month but did trim our holding in Duerr to enable us to top up Umicore following share price weakness.

Outlook

Whilst we have been encouraged by the strong second quarter reporting season and resilience of the majority of our companies which have reported so far, the outlook remains uncertain. We have seen guidance upgraded by a number of our companies, but the overall tone remains cautious. For many companies, visibility on a new normalised level of demand won't be evident until the fourth quarter at the very earliest, perhaps not until Summer 2021.

Nevertheless, we remain confident of the long-term outlook for our strategy; impactful companies are essential to help service the unmet needs of the environment and society and are therefore exposed to enduring sources of demand. COVID has resulted in a paradigm shift for responsible strategies in general as it has put focus on the critical need to build resilience in healthcare, food and water security, and across supply chains. It has also put climate change and worker rights under the spotlight. As governments worldwide look to fiscal stimulus to support re-opening economies, we believe that companies addressing the SDG's remain best placed to benefit.

Fund breakdown

Top 10 relative Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Siemens Gamesa	Spain	5.07	0.01	5.06
Hannon Armstrong	United States	4.58	0.00	4.57
Xylem	United States	4.40	0.02	4.38
Orsted	Denmark	4.40	0.04	4.36
Qiagen	Germany	4.32	0.02	4.30
Sartorius	Germany	4.30	0.03	4.28
Agilent Technologies	United States	4.29	0.05	4.24
Lonza Group	Switzerland	4.30	0.08	4.22
Ansys	United States	4.24	0.05	4.19
Tomra Systems	Norway	4.11	0.01	4.10

Top 10 absolute Fund positions

	Country	Fund weight (%)	Benchmark weight (%)	Relative weight (%)
Siemens Gamesa	Spain	5.07	0.01	5.06
Hannon Armstrong	United States	4.58	0.00	4.57
Xylem	United States	4.40	0.02	4.38
Orsted	Denmark	4.40	0.04	4.36
Qiagen	Germany	4.32	0.02	4.30
Sartorius	Germany	4.30	0.03	4.28
Lonza Group	Switzerland	4.30	0.08	4.22
Agilent Technologies	United States	4.29	0.05	4.24
Ansys	United States	4.24	0.05	4.19
Tomra Systems	Norway	4.11	0.01	4.10

Performance attribution - 1 month

Top 10 contributors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Hannon Armstrong	United States	4.58	0.00	21.14	0.57
Tomra Systems	Norway	4.11	0.01	18.70	0.44
Siemens Gamesa	Spain	5.07	0.01	14.18	0.36
Kingspan	Ireland	2.84	0.02	19.75	0.32
Planet Fitness	United States	2.23	0.01	16.48	0.20
Sartorius	Germany	4.30	0.03	10.33	0.17
Xylem	United States	4.40	0.02	10.10	0.16
Hella	Germany	2.90	-	12.15	0.16
Duerr	Germany	1.09	0.00	20.39	0.13
Ansys	United States	4.24	0.05	9.14	0.12

Top 10 detractors to relative return

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Cogna Educacao	Brazil	0.86	0.00	-34.67	-0.54
Apple	United States	-	3.78	-	-0.48
Illumina	United States	3.59	0.09	-6.52	-0.47
DexCom	United States	3.92	0.07	-2.33	-0.33
Orsted	Denmark	4.40	0.04	-0.88	-0.30
Lonza Group	Switzerland	4.30	0.08	-0.44	-0.27
Abcam	United Kingdom	3.49	0.01	-0.92	-0.24
Tesla	United States	-	0.61	-	-0.24
Umicore	Belgium	2.83	0.02	-1.98	-0.21
Novo Nordisk	Denmark	3.63	0.20	0.85	-0.18

Top 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Hannon Armstrong	United States	4.58	0.00	21.14	0.57
Duerr	Germany	1.09	0.00	20.39	0.13
Kingspan	Ireland	2.84	0.02	19.75	0.32
Tomra Systems	Norway	4.11	0.01	18.70	0.44
Planet Fitness	United States	2.23	0.01	16.48	0.20
Siemens Gamesa	Spain	5.07	0.01	14.18	0.36
Hella	Germany	2.90	-	12.15	0.16
Bank Rakyat Indonesia	Indonesia	1.95	0.02	11.35	0.09
Sartorius	Germany	4.30	0.03	10.33	0.17
Xylem	United States	4.40	0.02	10.10	0.16

Bottom 10 absolute returns

Holding	Country	Fund weight (%)	Benchmark weight (%)	Fund perf (%)	Total effect (%)
Cogna Educacao	Brazil	0.86	0.00	-34.67	-0.54
Illumina	United States	3.59	0.09	-6.52	-0.47
DexCom	United States	3.92	0.07	-2.33	-0.33
Umicore	Belgium	2.83	0.02	-1.98	-0.21
Abcam	United Kingdom	3.49	0.01	-0.92	-0.24
Orsted	Denmark	4.40	0.04	-0.88	-0.30
Lonza Group	Switzerland	4.30	0.08	-0.44	-0.27
Straumann	Switzerland	1.98	0.02	0.22	-0.11
LivaNova	United States	2.48	0.00	0.78	-0.13
Novo Nordisk	Denmark	3.63	0.20	0.85	-0.18

Performance attribution - 1 month

Sector level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Industrials	19.87	10.32	9.55	5.57	0.28	0.15	0.79	1.22
Financials	6.52	12.70	-6.17	13.05	-0.05	0.12	0.79	0.86
Consumer Staples	-	7.50	-7.50	-	-0.01	0.24	-	0.23
Energy	-	3.05	-3.05	-	-0.01	0.15	-	0.14
Real Estate	-	3.52	-3.52	-	0.00	0.13	-	0.13
Communication Services	-	8.81	-8.81	-	0.02	-0.07	-	-0.05
Utilities	4.40	2.97	1.43	0.65	0.03	-0.10	-0.01	-0.08
Materials	5.73	5.01	0.72	-2.85	-0.01	-0.02	-0.14	-0.17
Information Technology	7.12	20.93	-13.81	-1.08	0.02	-0.37	-0.07	-0.42
Consumer Discretionary	5.99	12.86	-6.87	-8.00	-0.03	-0.35	-0.46	-0.84
Health Care	46.47	12.32	34.15	-0.15	0.26	-1.25	-0.33	-1.33
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	2.78	-	2.78	-	0.00	-0.15	-	-0.15

Regional level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative Return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
AC Asia Pacific	9.88	19.92	-10.03	2.99	0.15	0.06	0.13	0.35
Europe and Middle East	49.64	17.12	32.51	1.72	0.37	-0.80	0.78	0.35
EM EMEA	-	1.44	-1.44	-	0.00	0.06	-	0.07
EM Latin America	0.86	0.94	-0.08	-30.70	-0.03	-0.01	-0.38	-0.42
North America	36.84	60.58	-23.74	-1.34	0.00	-0.28	-0.45	-0.72
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	2.78	-	2.78	-	0.00	-0.15	-	-0.15

Federated Hermes Impact Opportunities Equity Fund

August 2020

Country level

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
Norway	4.11	0.23	3.89	9.39	0.16	-0.07	0.35	0.43
Spain	5.07	0.62	4.46	11.86	0.03	-0.21	0.55	0.38
Germany	15.86	2.49	13.38	2.01	0.10	-0.05	0.30	0.35
Ireland	2.84	0.18	2.66	13.03	0.02	-0.03	0.33	0.32
Taiwan	-	1.61	-1.61	-	0.01	0.11	-	0.12
Australia	6.15	1.97	4.18	1.48	0.11	-0.10	0.08	0.10
Indonesia	1.95	0.17	1.77	8.17	0.00	-0.05	0.15	0.09
Korea	-	1.46	-1.46	-	0.00	0.04	-	0.04
France	-	2.68	-2.68	-	-0.02	0.05	-	0.03
South Africa	-	0.42	-0.42	-	0.00	0.03	-	0.03
Netherlands	-	1.10	-1.10	-	-0.01	0.04	-	0.03
China	-	4.71	-4.71	-	0.01	0.01	-	0.02
Thailand	-	0.25	-0.25	-	0.00	0.02	-	0.02
Russia	-	0.33	-0.33	-	0.00	0.02	-	0.02
Canada	-	2.82	-2.82	-	-0.07	0.09	-	0.02
Malaysia	-	0.22	-0.22	-	0.00	0.02	-	0.02
India	-	1.04	-1.04	-	-0.01	0.03	-	0.02
Italy	-	0.66	-0.66	-	-0.01	0.02	-	0.01
Singapore	-	0.32	-0.32	-	0.00	0.01	-	0.01
Chile	-	0.07	-0.07	-	0.00	0.01	-	0.01
Mexico	-	0.20	-0.20	-	0.00	0.01	-	0.01
Turkey	-	0.05	-0.05	-	0.00	0.01	-	0.01
Sweden	-	1.06	-1.06	-	-0.01	0.02	-	0.01
Israel	-	0.23	-0.23	-	0.00	0.01	-	0.01
Philippines	-	0.09	-0.09	-	0.00	0.01	-	0.00
New Zealand	-	0.11	-0.11	-	0.00	0.00	-	0.00
Portugal	-	0.05	-0.05	-	0.00	0.00	-	0.00
Saudi Arabia	-	0.31	-0.31	-	0.00	0.00	-	0.00
Argentina	-	0.02	-0.02	-	0.00	0.00	-	0.00
Hungary	-	0.02	-0.02	-	0.00	0.00	-	0.00
Qatar	-	0.10	-0.10	-	0.00	0.00	-	0.00
Poland	-	0.09	-0.09	-	0.00	0.00	-	0.00
Austria	-	0.07	-0.07	-	0.00	0.00	-	0.00
Greece	-	0.03	-0.03	-	0.00	0.00	-	0.00
Pakistan	-	0.01	-0.01	-	0.00	0.00	-	0.00
Colombia	-	0.02	-0.02	-	0.00	0.00	-	0.00
Czech Republic	-	0.01	-0.01	-	0.00	0.00	-	0.00
Egypt	-	0.02	-0.02	-	0.00	0.00	-	0.00
Peru	-	0.03	-0.03	-	0.00	0.00	-	0.00
United Arab Emirates	-	0.06	-0.06	-	0.00	0.00	-	0.00
Finland	-	0.32	-0.32	-	0.00	0.00	-	-0.01
Hong Kong	-	0.89	-0.89	-	0.00	-0.02	-	-0.01
Japan	1.78	7.06	-5.27	-0.41	0.04	-0.11	-0.01	-0.08
Belgium	2.83	0.29	2.54	-4.34	0.02	-0.11	-0.11	-0.20
United Kingdom	4.60	3.88	0.72	-4.35	0.01	-0.02	-0.21	-0.22
Switzerland	6.28	2.63	3.65	-3.11	0.02	-0.13	-0.20	-0.31
Brazil	0.86	0.61	0.26	-28.76	-0.03	-0.04	-0.37	-0.44
Denmark	8.04	0.65	7.38	-4.55	0.06	-0.16	-0.38	-0.48
United States	36.84	57.76	-20.92	-1.41	0.07	-0.28	-0.53	-0.74
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash	2.78	-	2.78	-	0.00	-0.15	-	-0.15

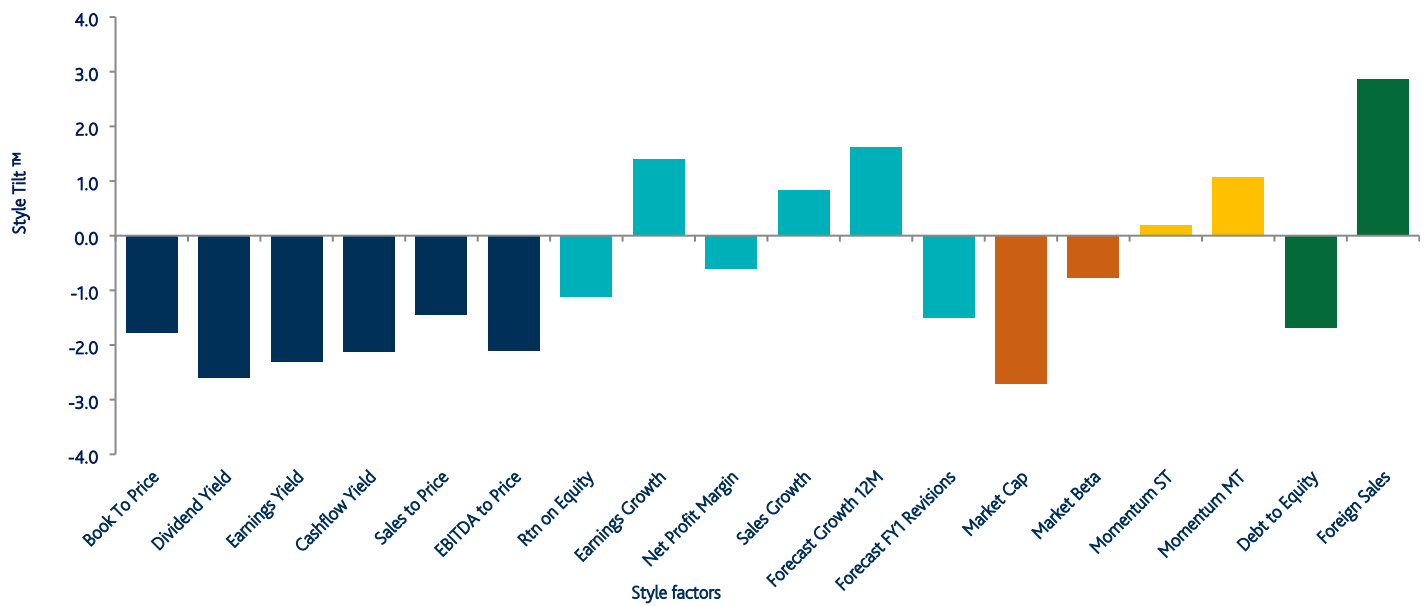
Market capitalisation

	Fund weight (%)	B'mark weight (%)	Relative weight (%)	Relative return (%)	Currency effect (%)	Allocation effect (%)	Selection effect (%)	Total effect (%)
0 - 1B	-	1.73	-1.73	-	0.00	0.03	-	0.02
1 - 5B	20.51	9.25	11.26	1.61	-0.04	-0.13	0.40	0.22
5 - 10B	10.48	7.65	2.83	5.83	0.16	-0.05	0.43	0.54
10 - 20B	28.11	10.21	17.90	4.36	0.18	-0.47	1.06	0.76
20B+	37.02	71.16	-34.14	-4.25	0.11	-0.23	-1.74	-1.86
Common Stock Funds	1.11	-	1.11	-	0.02	-0.06	-	-0.05
Unclassified	-	0.00	0.00	-	0.00	0.00	-	0.00
Foreign Exchange	0.00	-	0.00	-	-	-	-	-
Cash & Synthetic Cash	2.78	-	2.78	-	0.00	-0.15	-	-0.15

Fund characteristics

Top 10 concentration (%)*	Active share (%)**	Dividend yield (%)***	Market cap (millions)***	Earnings yield (%)***
44.02	98.94	0.86	28,760.28	3.19

Fund Style Skyline™



Source: *Northern Trust. ** Barra. ***Style Research, Market Cap is the Portfolio Weighted Average.

Risk analysis

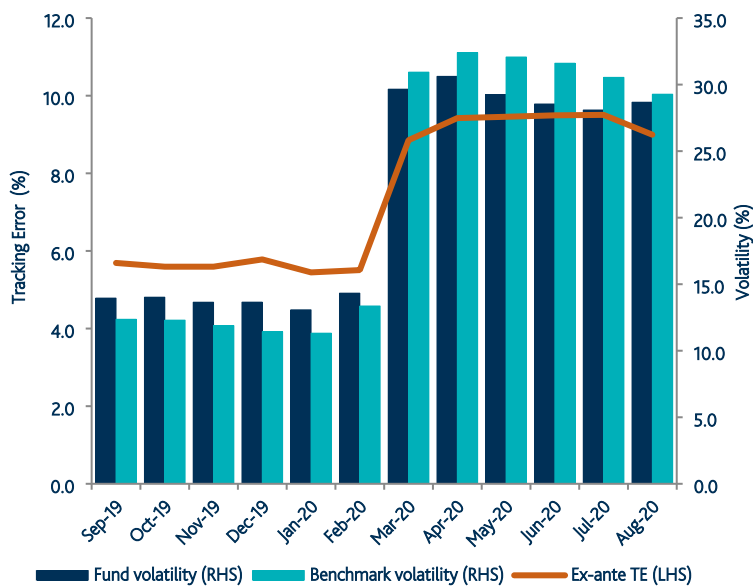
Top 10 contributors to risk (ex-ante)

	Country of incorporation	Tracking error (%)
Qiagen	United States	9.71
Sartorius	Germany	8.66
Emergent BioSolutions	United States	8.05
Siemens Gamesa	Spain	7.94
Abcam	United Kingdom	7.41
Lonza Group	Switzerland	6.50
Orsted	Denmark	6.36
CSL	Australia	6.14
DexCom	United States	5.73
Novo-Nordisk	Denmark	5.08

Risk attribution

	Tracking error (%)	Fund beta	Fund volatility (%)	Benchmark volatility (%)	Information ratio	Sharpe ratio
Ex-ante	9.00	0.93	28.67	29.28	-	-

Tracking error (TE) and volatility history (ex-ante)



Fund statistics

Number of stocks (Fund)	31
Number of stocks (Benchmark)	8767

Contact us

If you have any general questions concerning your investment, or specifically related to the content of this Fund investment report, please let us know using the contact details below.

Hermes Client Services ClientServices@hermes-investment.com

Hermes Marketing Marketing@hermes-investment.com

The value of investments and income from them may go down as well as up, and you may not get back the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable indicator of future results and targets are not guaranteed.

Important information

This is a marketing communication. This document does not constitute a solicitation or offer to any person to buy or sell any related securities, financial instruments or products; nor does it constitute an offer to purchase securities to any person in the United States or to any US Person as such term is defined under the US Securities Exchange Act of 1933. It pays no regard to an individual's investment objectives or financial needs of any recipient. No action should be taken or omitted to be taken based on this document. Tax treatment depends on personal circumstances and may change. This document is not advice on legal, taxation or investment matters so investors must rely on their own examination of such matters or seek advice. Before making any investment (new or continuous), please consult a professional and/or investment adviser as to its suitability. All figures, unless otherwise indicated, are sourced from Federated Hermes. All performance includes reinvestment of dividends and other earnings.

Federated Hermes Investment Funds plc ("FHIF") is an open-ended investment company with variable capital and with segregated liability between its sub-funds (each, a "Fund"). FHIF is incorporated in Ireland and authorised by the Central Bank of Ireland ("CBI"). FHIF appoints Hermes Fund Managers Ireland Limited ("HFMI") as its management company. HFMI is authorised and regulated by the CBI.

Further information on investment products and any associated risks can be found in the relevant Fund's Key Investor Information Document ("KIID"), the prospectus and any supplements, the articles of association and the annual and semi-annual reports. In the case of any inconsistency between the descriptions or terms in this document and the prospectus, the prospectus shall prevail. These documents are available free of charge (i) at the office of the Administrator, Northern Trust International Fund Administration Services (Ireland) Limited, Georges Court, 54- 62 Townsend Street, Dublin 2, Ireland. Tel (+ 353) 1 434 5002 / Fax (+ 353) 1 531 8595; (ii) at <https://www.hermes-investment.com/ie/>; (iii) at the office of its representative in Switzerland (ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich www.acolin.ch). The paying agent in Switzerland is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich.

Issued and approved by Hermes Fund Managers Ireland Limited ("HFMI") which is authorised and regulated by the Central Bank of Ireland. Registered address: The Wilde, 53 Merrion Square, Dublin 2, Ireland. Telephone calls will be recorded for training and monitoring purposes. HFMI appoints Hermes Investment Management Limited ("HIML") to undertake distribution activities in respect of the Fund in certain jurisdictions. HIML is authorised and regulated by the Financial Conduct Authority. Registered address: Sixth Floor, 150 Cheapside, London EC2V 6ET. Telephone calls will be recorded for training and monitoring purposes. Potential investors in the United Kingdom are advised that compensation may not be available under the United Kingdom Financial Services Compensation Scheme.

In Australia: This document is directed at 'Wholesale Clients' only. Any investment products referred to in this document are only available to such clients. Hermes Investment Management Limited operates under the relevant class order relief and does not hold an Australian Financial Services Licence.

In Hong Kong: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The fund is not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly the distribution of this document, and the placement of interests in the fund in Hong Kong, is restricted. This document may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

In Singapore: This document and the information contained herein shall not constitute an offer to sell or the solicitation of any offer to buy which may only be made at the time a qualified offeree receives a Hermes Investment Funds Public Limited Company prospectus, as supplemented with the global supplement, the relevant fund supplement, and the relevant Singapore supplement (the "prospectus"), describing the offering and the related subscription agreement. In the case of any inconsistency between the descriptions or terms in this document and the prospectus, the prospectus shall control. Securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied. For the avoidance of doubt, this document has not been prepared for delivery to and review by persons to whom any offer of units in a scheme is to be made so as to assist them in making an investment decision. This document and the information contained herein shall not constitute part of any information memorandum. Without prejudice to anything contained herein, neither this document nor any copy of it may be taken or transmitted into any country where the distribution or dissemination is prohibited. This document is being furnished on a confidential basis and solely for information and may not be reproduced, disclosed, or distributed to any other person. This document has not been reviewed by the Monetary Authority of Singapore.

In Spain: The information contained herein refers to a sub-fund (the "Sub-Fund") of Hermes Investment Funds plc (the "Company"), a collective investment scheme duly registered with the Spanish Securities Market Commission ("CNMV") under number 1394, the website www.cnmv.es may be consulted for an updated list of authorised distributors of the Company in Spain (the "Spanish Distributors"). This document only contains brief information on the Sub-Fund and does not disclose all of the risks and other significant aspects relevant to a potential investment in the Sub-Fund. Any investment decision must be based solely on the basis of careful consideration and understanding of all information contained in the Company's latest prospectus, key investor information document ("KIID") and the latest half-yearly and audited yearly reports. The Spanish Distributors must provide to each investor, prior to that investor subscribing for shares of a Sub-Fund, a copy the KIID translated into Spanish, and the latest published financial report. All mandatory official documentation shall be available through the Spanish Distributors, in hard copy or by electronic means, and also available upon request. These documents are also available free of charge at the office of the Administrator, Northern Trust International Fund Administration Services (Ireland) Limited, Georges Court, 54- 62 Townsend Street, Dublin 2, Ireland, tel (+ 353) 1 434 5002 / Fax (+ 353) 1 531 8595, or at <https://www.hermes-investment.com/ie/>. It is advisable to obtain further information and request professional advice before making an investment decision.