

# **Federated Hermes Global Small Cap Equity Fund**

Investment Manager – Hermes Investment Management Limited

The date of this Supplement No. 17 is 11 August 2020

**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 11 August 2020 as may be amended or updated from time to time (the "Prospectus").**

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 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.

### 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 impact on natural resources), social issues (such as 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 and scores from a wide variety of sources, including the Hermes' proprietary ESG scores. The investment manager recognises that, for smaller companies, ESG ratings should only be considered an input to analysis rather than a final view. 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; namely those factors that may impact upon the company's value. Subsequently an assessment is made as to whether the issues identified, including the insights obtained from the Investment Manager's engagement with the company, can be qualitatively or quantitatively factored into an investment appraisal. Alongside the assessment of the implication for the investment case, consideration is given to whether the issue identified can be better managed (or capitalised upon) by the company and if so whether change can be brought about as a result of investor engagement. In turn a company's responsiveness to engagement and the further insights gained are factored into the investment appraisal.

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 doing so, they gain an understanding of how companies attract and retain workers, create products that cater to unmet needs in new markets, and build brand value that goes beyond regulatory standards.

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 [www.hermes-investment.com/financial-indices](http://www.hermes-investment.com/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 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
Equity Risk	31
Futures Risk	34
Small and Mid Cap Companies Risk	38
Warrants Risk	39

## Dealing Information

<b>Dealing Deadline</b>	9.30 am (Irish time) on the relevant Dealing Day.
<b>Valuation</b>	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.
<b>Income Equalisation</b>	The Fund operates Income Equalisation.
<b>Timing of Payment for Subscriptions</b>	Payment must be received by the Administrator by close of business on the third Business Day following the applicable Dealing Day.
<b>Timing of Payment for Redemptions</b>	Redemption proceeds will be paid on the third Business Day following the relevant Dealing Day.
<b>Administrator's Fee</b>	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".
<b>Depository's Fee</b>	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".
<b>Other Fees and Expenses</b>	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".
<b>Compulsory Redemption Threshold</b>	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	0.75%
B	1.50%
F	0.75%
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.

### Minimum Transactions

Class	Minimum Initial Subscription Amount	Minimum Subsequent Subscription Amount	Minimum Holding Amount	Minimum Redemption Amount
A	USD 100,000	No minimum	USD 100,000	No minimum
B	USD 1,000	No minimum	USD 1,000	No minimum
F	GBP 100,000	No minimum	GBP 100,000	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/capacitymanagement](http://www.hermes-investment.com/capacitymanagement).

## Initial Offer of Shares

The Initial Offer Period in respect of all Share Classes that have not received subscriptions (as indicated by a tick below) will start at 9am on 12 August 2020 and close at 5pm on 11 February 2021. Share classes which have been seeded and therefore have a price available have been left blank.

<b>Class Types</b>	<b>Initial Offer Price Per Share</b>								
<b>Class A Shares</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CHF</b>	<b>SEK</b>	<b>NOK</b>	<b>DKK</b>	<b>HKD</b>	<b>SGD</b>
<b>Launch Price</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>3</b>
A Accumulating	✓	✓	✓	✓	✓	✓	✓	✓	✓
A Accumulating Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
A2 Distributing	✓	✓		✓	✓	✓	✓	✓	✓
A2 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
A1 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
A1 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
A3 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
A3 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
A4 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
A4 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
<b>Class B Shares</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CHF</b>	<b>SEK</b>	<b>NOK</b>	<b>DKK</b>	<b>HKD</b>	<b>SGD</b>
<b>Launch Price</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>3</b>
B Accumulating	✓	✓	✓	✓	✓	✓	✓	✓	✓
B Accumulating Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
B2 Distributing	✓	✓		✓	✓	✓	✓	✓	✓
B2 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
B1 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
B1 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
B3 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
B3 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
B4 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
B4 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
<b>Class F Shares</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CHF</b>	<b>SEK</b>	<b>NOK</b>	<b>DKK</b>	<b>HKD</b>	<b>SGD</b>
<b>Launch Price</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>3</b>
F Accumulating		✓		✓	✓	✓	✓	✓	✓
F Accumulating Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
F2 Distributing		✓	✓	✓	✓	✓	✓	✓	✓
F2 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
F1 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
F1 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
F3 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
F3 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
F4 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
F4 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓

<b>Class P Shares</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CHF</b>	<b>SEK</b>	<b>NOK</b>	<b>DKK</b>	<b>HKD</b>	<b>SGD</b>
<b>Launch Price</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>3</b>
P Accumulating	✓	✓	✓	✓	✓	✓	✓	✓	✓
P Accumulating Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
P2 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
P2 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
P1 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
P1 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
P3 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
P3 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
P4 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
P4 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
<b>Class R Shares</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CHF</b>	<b>SEK</b>	<b>NOK</b>	<b>DKK</b>	<b>HKD</b>	<b>SGD</b>
<b>Launch Price</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>3</b>
R Accumulating	N/A	✓	✓	✓	✓	✓	✓	✓	✓
R Accumulating Hedged	N/A	✓	N/A	✓	✓	✓	✓	✓	✓
R2 Distributing	N/A	✓	✓	✓	✓	✓	✓	✓	✓
R2 Distributing Hedged	N/A	✓	N/A	✓	✓	✓	✓	✓	✓
R1 Distributing	N/A	✓	✓	✓	✓	✓	✓	✓	✓
R1 Distributing Hedged	N/A	✓	N/A	✓	✓	✓	✓	✓	✓
R3 Distributing	N/A	✓	✓	✓	✓	✓	✓	✓	✓
R3 Distributing Hedged	N/A	✓	N/A	✓	✓	✓	✓	✓	✓
R4 Distributing	N/A	✓	✓	✓	✓	✓	✓	✓	✓
R4 Distributing Hedged	N/A	✓	N/A	✓	✓	✓	✓	✓	✓
<b>Class T Shares</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>						
<b>Launch Price</b>	<b>1</b>	<b>2</b>	<b>2</b>						
T Accumulating		✓	✓						
T Accumulating Hedged	✓	✓	N/A						
T2 Distributing	✓	✓	✓						
T2 Distributing Hedged	✓	✓	N/A						
<b>Class X Shares</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CHF</b>	<b>SEK</b>	<b>NOK</b>	<b>DKK</b>	<b>HKD</b>	<b>SGD</b>
<b>Launch Price</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>3</b>
X Accumulating	✓		✓	✓	✓	✓	✓	✓	✓
X Accumulating Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
X2 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
X2 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
X1 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
X1 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
X3 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
X3 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
X4 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
X4 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓

<b>Class Z Shares</b>	<b>GBP</b>	<b>EUR</b>	<b>USD</b>	<b>CHF</b>	<b>SEK</b>	<b>NOK</b>	<b>DKK</b>	<b>HKD</b>	<b>SGD</b>
<b>Launch Price</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>3</b>
Z Accumulating	✓	✓	✓	✓	✓	✓	✓	✓	✓
Z Accumulating Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
Z2 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
Z2 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
Z1 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
Z1 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
Z3 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
Z3 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓
Z4 Distributing	✓	✓	✓	✓	✓	✓	✓	✓	✓
Z4 Distributing Hedged	✓	✓	N/A	✓	✓	✓	✓	✓	✓

The base currency of the Fund is US Dollars.