

Supplement

# **Federated Hermes China 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. 25 is 7 April 2022.

**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 1 December 2021 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 is suitable for investors seeking capital growth over at least a three to five-year horizon, who understand and accept the associated level of risk attached to the Fund. For more information please refer to the section entitled "Risk Factors".

**An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors due to investment in emerging markets.**

## Investment Objective and Policy

### Investment Objective

The investment objective of the Fund is to achieve capital growth over a rolling period of any five years.

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

The Fund will seek to achieve its objective by investing at least 80% in a diversified portfolio of Equity and Equity related securities (as referenced in the Categories of Investments section below) of, or relating to, companies in, or companies that derive a substantial proportion of their revenues from China or Hong Kong. These companies will be listed or traded on a Regulated Market worldwide. The Investment Manager will seek exposure to securities which it expects to rise in value (known as a long-only strategy). The Investment Manager will not invest in companies that generate revenue from the production of controversial weapons.

### Investment Strategy

The strategy follows a contrarian investment style, with the Investment Manager seeking exposure to companies that they believe to be undervalued by the market. These securities may be undervalued because of many factors, including market decline, actual, or anticipated unfavourable developments affecting the issuer of the security. The strategy does not follow general market trends and so these securities may be in areas of the market which are out of favour. The Investment Manager believes this provides the Fund with the opportunity to outperform the market.

The Investment Manager intends to use an active approach to seek risk-adjusted returns through a thorough analysis of individual Equity and Equity related securities which it believes will generate returns. The Investment Manager is not subject to any limitation on the types of companies to which it will seek exposure (either in terms of industry, size or focus).

The Investment Manager incorporates analysis that assesses the environmental, social and governance ("ESG") characteristics of a company into its investment process. 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 assesses the ESG characteristics of a company by considering ESG research and scores from a wide variety of sources such as proprietary analysis from EOS at Federated Hermes and third party providers such as ISS, CDP, MSCI, Sustainalytics and Trucost amongst others. The Investment Manager believes that quantitative ESG data must be complemented by a fundamental bottom-up review of ESG issues, leveraging their knowledge of and direct contact and engagement with companies. The percentage of ESG-analysed companies in the fund will

always be between 90%-100%. The Investment Manager may invest in companies with poor ESG characteristics where the company has shown a desire to improve their ESG behaviours including and can demonstrate good corporate governance practices and/or a willingness to engage in issues if they arise. The ESG characteristics are also used to identify where active engagement with companies by the Investment Manager and EOS would be useful, with the aim of reducing underperformance from poor ESG behaviours while also encouraging companies to act responsibly and improve sustainability. 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 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 China All Shares 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 China All Shares Index is a free float adjusted market capitalisation weighted index that is designed to measure the performance of shares in large and mid-sized companies, which are listed on the Hong Kong, Shanghai, Shenzhen markets and through foreign listings outside of China. As at the date of this Supplement, the Investment Manager has determined 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. 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 Collective Investment Schemes ("Eligible CIS"), Financial Derivative Instruments ("FDIs"), money market instruments, cash and cash equivalents, Investments of the Fund will be listed or traded on a Regulated Market.

**Equity:** The Fund will invest in Equity (such as common and/or preferred stock and/or rights) and Equity related securities (such as GDRs and ADRs) of, or relating to, companies in, or that derive a substantial proportion of their revenues from China or Hong Kong. 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 Section 2 Paragraph 8 of the German Investment Tax Act (2018).

Equity may include China A-Shares, directly through the Stock Connect or indirectly through FDIs (as referenced in the Methods of Access section below and Appendix VI of the Prospectus).

**Debt:** The Fund will not actively seek exposure to Debt, however, the Fund may invest in or hold Investment Grade government and Investment Grade or Below Investment Grade corporate fixed income debt securities of fixed and/or floating rate and that may be rated or unrated (including bonds, notes, and/or Convertible Debt Securities) of, or relating to companies and/or governments in, or that derive a substantial proportion of their revenues, from China or Hong Kong. Investment in or exposure to such securities will be on a long-only basis.

**Eligible CIS:** The Fund may acquire units/shares of Eligible CIS, including exchange-traded funds, money market funds and other funds of the Company, where such Eligible CIS satisfy the requirements of the Central Bank. Investment in or exposure to such schemes will be on a long-only basis. Investments made by the Fund in units/shares of a UCITS or other CIS may not exceed, in aggregate, 10% of the assets of the Fund.

## Methods of Access and Efficient Portfolio Management

**FDIs:** Defined as investments which are based on and priced according to the value of the underlying assets. The Fund may gain exposure to the aforementioned Equity, Equity related securities, Debt or Eligible CIS through the use of FDIs.

FDIs may 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 Forward Currency Exchange Contracts, Futures, Options, Swaps, participation notes, Non-Voting Depositary Receipts, rights and Warrants.

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

**Financial Indices:** 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).

The Fund may, subject to the conditions and within the limits laid down by the Central Bank, employ techniques and instruments relating to transferable securities, invest in and/or gain exposure to financial indices for efficient portfolio management purposes.

For the avoidance of doubt, the Fund does not enter into any total return swaps, 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 which 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:

<b>Risk</b>	<b>Prospectus page reference</b>
Sustainability Risk	25
Depository Receipts Risk	31
Emerging Markets Risk	32
Equity Risk	34
Futures Risk	37
Stock Connect Risk	40
Small and Mid-Capitalisation Companies Risk	42
Warrants Risk	42

## 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 as at the Valuation Point when no last traded price is available.
<b>Income Equalisation</b>	The Fund operates income equalisation as disclosed in the "Income Equalisation" section in the Prospectus.
<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>Depositary'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 depositary fee of up to 0.0110% of its Net Asset Value to the Depositary. The Fund will also pay other costs to the Depositary 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 the establishment expenses of the Fund). 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	1.50%
F	0.75%
I	0.75%
K	0.60%
L	0.60%
M	0.45%
R	1.50%
T*	0.00%
W	0.50%
X	0.25%
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 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
M	GBP 200,000,000	No minimum	GBP 200,000,000	No minimum
R	EUR 1,000	No minimum	EUR 1,000	No minimum
T	GBP 1,000	No minimum	GBP 1,000	No minimum
W	GBP 10,000,000	No minimum	GBP 10,000,000	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

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**
	<b>A</b>	<b>A1</b>	<b>A2</b>	<b>A3</b>	<b>A4</b>	<b>A5</b>	<b>A6</b>
GBP	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
EUR							
USD*							
CHF							
SEK							
NOK							
DKK	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
HKD							
SGD							
AUD							
CNH							
JPY							
	<b>F</b>	<b>F1</b>	<b>F2</b>	<b>F3</b>	<b>F4</b>	<b>F5</b>	<b>F6</b>
GBP	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
EUR							
USD*							
CHF							
SEK							
NOK							
DKK	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
HKD							
SGD							
AUD							
CNH							
JPY							
	<b>I</b>	<b>I1</b>	<b>I2</b>	<b>I3</b>	<b>I4</b>	<b>I5</b>	<b>I6</b>
GBP	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
EUR							
USD*							
CHF							
SEK							

NOK							
DKK							
HKD							
SGD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
AUD							
CNH							
JPY							
	<b>K</b>	<b>K1</b>	<b>K2</b>	<b>K3</b>	<b>K4</b>	<b>K5</b>	<b>K6</b>
GBP							
EUR							
USD*	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
CHF							
SEK							
NOK							
DKK							
HKD							
SGD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
AUD							
CNH							
JPY							
	<b>L</b>	<b>L1</b>	<b>L2</b>	<b>L3</b>	<b>L4</b>	<b>L5</b>	<b>L6</b>
GBP							
EUR							
USD*	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
CHF							
SEK							
NOK							
DKK							
HKD							
SGD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
AUD							
CNH							
JPY							
	<b>M</b>	<b>M1</b>	<b>M2</b>	<b>M3</b>	<b>M4</b>	<b>M5</b>	<b>M6</b>
GBP							
EUR							
USD*	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
CHF							
SEK							
NOK							
DKK	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
HKD							

SGD														
AUD														
CNH														
JPY														
	<b>R</b>	<b>R1</b>	<b>R2</b>	<b>R3</b>	<b>R4</b>	<b>R5</b>	<b>R6</b>							
GBP	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged							
EUR														
USD*														
CHF														
SEK														
NOK														
DKK														
HKD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged							
SGD														
AUD														
CNH														
JPY														
GBP								<b>T</b>		<b>T2</b>				
EUR								Unhedged		Unhedged				
USD*	Hedged	Hedged												
	<b>W</b>	<b>W1</b>	<b>W2</b>	<b>W3</b>	<b>W4</b>	<b>W5</b>	<b>W6</b>							
GBP	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged							
EUR														
USD*														
CHF														
SEK														
NOK														
DKK														
HKD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged							
SGD														
AUD														
CNH														
JPY														
								<b>X</b>	<b>X1</b>	<b>X2</b>	<b>X3</b>	<b>X4</b>	<b>X5</b>	<b>X6</b>
GBP								Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
EUR														
USD*														
CHF														
SEK														
NOK														
DKK														
HKD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged							

SGD							
AUD							
CNH							
JPY							
	<b>Z</b>	<b>Z1</b>	<b>Z2</b>	<b>Z3</b>	<b>Z4</b>	<b>Z5</b>	<b>Z6</b>
GBP							
EUR							
USD*	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged	Unhedged
CHF							
SEK							
NOK							
DKK							
HKD							
SGD	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged	Hedged
AUD							
CNH							
JPY							

\*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](http://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 8 April 2022 and close at 5 p.m. on 7 October 2022.

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.