

Federated Hermes, Inc. announces March 1, 2021 soft close of small-cap fund

(PITTSBURGH, Pa., Dec. 29, 2020) — Federated Hermes, Inc. (NYSE: FHI), a global leader in active, responsible investing, **today provided 60 days’** public notice that Federated Hermes Kaufmann Small Cap Fund will be closed to new investors at the start of business on March 1, 2021. Investments from current investors and employer-sponsored retirement plans that currently offer the fund will continue to be accepted. The Federated Hermes Kaufmann Fund and the Federated Hermes Kaufmann Large Cap Fund, which are managed by the same team as the small-cap fund, will continue to be open to new investors.

Launched in December 2002, the Federated Hermes Kaufmann Small Cap Fund had assets of \$10.1 billion as of Dec. 24, 2020—growing from \$888 million at the end of 2017, \$1.5 billion at the end of 2018 and \$4.4 billion at the end of 2019. Since the end of Q3 2020, the fund had grown by \$2.9 billion, from \$7.2 billion.

The Federated Hermes Kaufmann Small Cap Fund’s A and IS shares are rated 5 stars overall by Morningstar in the Small Growth category as of Sept. 30, 2020. Rating is based on risk-adjusted total returns for A Shares and Institutional Shares out of 579 Funds in the Small Growth Category. For the 1-, 3-, 5- and 10-year periods through Sept. 30, 2020, the fund’s **A shares** were ranked 28, 12, 9 and 9 out of 624, 579, 513 and 384 funds, respectively, in the Small Growth Category by Morningstar, based on total return. Rankings do not consider any sales charges.

“Closing the fund to new investors as part of our capacity analysis **reflects Federated Hermes’** commitment to be a responsible investor and good steward of the money entrusted to us by investors, financial intermediaries and institutions around the world,” **said** John B. Fisher, president of Federated Advisory Companies. “We will continue to monitor capacity in the context of a wide array of factors to inform our judgment on the status of this and other strategies going forward.”

Federated Hermes’ capacity-analysis process comprises a broad array of factors, including, but not limited to, **the liquidity of the fund’s individual holdings, the fund’s concentration in holdings**, the target universe of names, the availability of close substitutes, average daily volume, bid-ask spreads, market depth, trading methodology, momentum and overall market conditions.

In the small-cap space, the firm also manages the Federated Hermes Clover Small Value Fund, Federated Hermes International Small-Mid Company Fund, Federated Hermes MDT Small Cap Core Fund, Federated Hermes MDT Small Cap Growth Fund, Federated Hermes SDG Engagement Equity Fund and Federated Hermes U.S. SMID Fund, which all continue to be open to new investors.

The Federated Hermes Kaufmann Small Cap Fund seeks capital appreciation by investing in reasonably priced small-cap companies selected through a bottom-up process by an experienced

growth team that includes portfolio managers, analysts and traders. There will be no changes to **the fund's current investment** strategy.

Federated Hermes, Inc. is a leading global investment manager with \$614.8 billion in assets under management as of Sept. 30, 2020. Guided by our conviction that responsible investing is the best way to create wealth over the long term, our investment solutions span equity, fixed-income, alternative/private markets, multi-asset and liquidity management strategies. Providing world-class active investment management and engagement services to more than 11,000 institutions and intermediaries, our clients include corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers. Headquartered in Pittsburgh, Federated **Hermes' more than 1,900 employees include those in London, New York, Boston and several other** offices worldwide. For more information, visit FederatedHermes.com.

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As of June 29, 2020, the fund was renamed Federated Hermes Kaufmann Small Cap Fund.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

Investing in IPOs involves special risks such as limited liquidity and increased volatility.

Small company stocks may be less liquid and subject to greater price volatility than large capitalization stocks.

Mutual funds are subject to risks and fluctuate in value.

Morningstar rating is based on risk-adjusted total return for A Shares and Institutional Shares out of 579 Funds in Small Growth Category. The overall rating is derived from a weighted average of **the fund's** 3-, 5-, and 10-year average annual returns, as applicable.

Ratings and rating agencies Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2020 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. **The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take sales charges into account. Federated Hermes Kaufmann Small Cap Fund was rated against the following numbers of U.S.-domiciled Small Growth funds over the following time periods. Ratings are for A and Institutional Shares; other classes may have different performance characteristics. For the 3-, 5- and 10-year periods**

ended 9/30/20, the fund's A Shares received 5, 5 and 5 stars and the fund's Institutional Shares received 5, 5 and 5 stars, and were rated among 579, 513 and 384 funds, respectively. Past performance is no guarantee of future results.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or view the prospectus provided on this website. Please carefully read the summary prospectus or prospectus before investing.

Current and future portfolio holdings are subject to risk.

Not FDIC Insured

May Lose Value

No Bank Guarantee

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