

Federated Hermes Kaufmann Fund

9/30/20

Fund facts

Performance inception date

Institutional Shares 1/1/06
A Shares 2/21/86

Benchmark

Russell Midcap[®] Growth Index

Morningstar category

Mid-Cap Growth

Lipper classification

Mid-Cap Growth Funds

Fund assets

\$7.7 billion

Ticker symbols

Institutional Shares - KAUIX
A Shares - KAUAX
C Shares - KAUCX
R Shares - KAUFX

Key investment team

Hans Utsch
John Ettinger, CFA[®]
Jonathan Art
Mark Bauknight
Tom Brakel, M.D.
Barbara Miller
Steven Abrahamson
Stephen DeNichilo, CFA[®]
Vivian Wohl

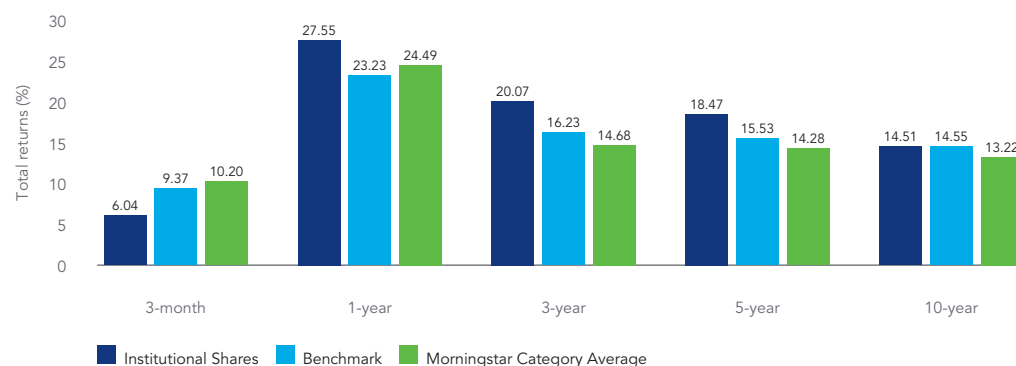
Fund description

The fund seeks to provide capital appreciation by investing primarily in securities of small and mid-sized companies. Utilizing an intensive, bottom-up security selection process, it focuses on companies that exhibit positive growth characteristics.

Average annual total returns (%)

Performance shown is before tax.

	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Expense ratio* Before waivers After waivers	
Institutional Shares	6.04	17.65	27.55	20.07	18.47	14.51	–	1.56	1.53
A Shares (NAV)	5.89	17.22	26.89	19.41	18.01	14.32	12.61	2.01	1.98
A Shares (MOP)	0.07	10.78	19.91	17.17	16.69	13.67	12.42	2.01	1.98
Benchmark	9.37	13.92	23.23	16.23	15.53	14.55	–	–	–



Calendar year returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Institutional Shares	33.88	3.94	28.52	3.07	5.96	9.14	40.50	17.22	-13.85	18.65
Benchmark	35.47	-4.75	25.27	7.33	-0.20	11.90	35.74	15.81	-1.65	26.38
Morningstar Category Average	32.52	-6.65	23.91	6.03	-0.95	7.00	34.93	14.07	-3.96	24.61

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedInvestors.com. Maximum offering price figures reflect the maximum sales charge of 5.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund. Total returns for periods of less than one year are cumulative.

* The fund's expense ratio is from the most recent prospectus. Pursuant to a settlement agreement, the expense ratio reflects a voluntary reduction of the management fee, from its stated, gross management fee, continuing until June 30, 2022. Additionally, the expense ratio reflects voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and/or its affiliates. The voluntary waivers and/or expense reimbursements are in effect up to but not including the later of 1/1/21 or the date of the fund's next effective prospectus.

Distinguishing characteristics

Transparent and accountable process

- Capital efficiency and transparency are built into the compensation structure
- Bonus pool is allocated according to individual's contribution to results
- Incentivized to optimize capital

Tenured team, differentiated portfolio

Team follows same 30-year philosophy and process used since inception of the Kaufmann strategy

- Distinguished professionals with specialized industry ties; organized for full accountability
- Continuity of team allows for constructive problem solving
- Seeking a differentiated, large-cap portfolio

Extensive research, long-term results

Independent, proprietary research focuses on:

- Exceptional business models
- Positive inflections of business momentum
- Clear pathway to free cash flow growth

Past performance is no guarantee of future results.

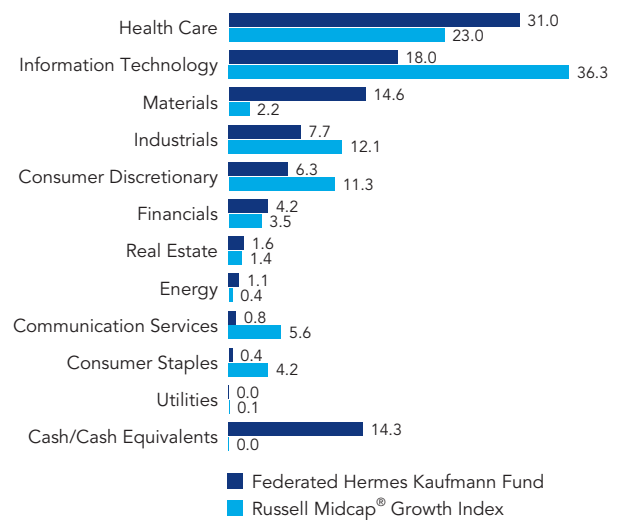
Portfolio statistics

Weighted median P/E (LTM)	54.2x
Weighted median P/E (NTM)	35.5x
Weighted median market cap	\$13.4 b
Number of securities	170
Annual portfolio turnover	39.39%

Top holdings (%)

Argenx SE	3.5
Shopify, Inc.	2.8
Veeva Systems Inc.	2.6
Agnico Eagle Mines, Ltd.	2.1
Ultragenyx Pharmaceutical, Inc.	2.0
Newmont Corporation	1.7
Dexcom, Inc.	1.6
ServiceNow, Inc.	1.6
Barrick Gold Corp.	1.5
GDS Holdings Ltd.- ADR	1.4
Total % of portfolio	20.8

Sector weightings (%)



Totals may not add up to 100% due to rounding.

The index position were small hedges we invested in given macro uncertainty.

Portfolio composition is based on net assets at the close of business on 9/30/20 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

Highlights

- Global equity markets rebounded sharply during the quarter
- Investors continued their preference for growth stocks over value stocks
- Elevated cash levels and Health Care stocks hurt relative performance

Looking back

During the third quarter of 2020, the U.S. economy and most significant westernized economies continued their economic rebound after suffering from Covid-19 related government shutdowns that caused economic devastation. The stimulus response by central banks as well as fiscal responses helped to soften the blow and allowed financial markets to rebound from a record sell-off in the first quarter. Global equities rallied back and in the U.S. to all-time high levels with the help of stimulus and relative improvement of economic data throughout the summer with most states and countries reopening. The U.S. equity markets rose sharply during the quarter led by mid-cap stocks, represented by the Russell 1000 Index, up 9.47%, followed by the S&P 500, up 8.9%, followed by the Russell Midcap Index, up 7.46%, followed by small-cap stocks, represented by the Russell 2000 Index, up 4.93% during the quarter. Mid-cap growth stocks outperformed mid-cap value stocks, a continuation of a multiyear trend.

During the third quarter, the portfolio team added or added to existing equity positions of the following: Arcturus Therapeutics Holdings (secondary), Seres Therapeutics, Azek Co. (secondary), Snowflake Inc. (IPO) and Dun & Bradstreet Holdings (IPO).

Also during the quarter, the portfolio subtracted or reduced the following equity positions in pursuit of better opportunities: Moderna, Inc., Teledoc, Inc. (exited), CRISPR Therapeutics AG (exited), Vulcan Materials and Johnson & Johnson (exited).

Also of note, the fund participated in six IPOs and nine secondary offers. The following are a select few IPOs and secondary offerings during the quarter: IPOs: American Well Corp, Annexon Inc., Dun & Bradstreet Holdings, GoodRx Holdings, Snowflake Inc., Unity Software Inc. Secondary Offerings: Albireo Pharma, Inc., Arcturus Therapeutics Holdings Inc., Azek Co. Inc., Floor & Décor, Molecular Partners AG, Otonomy Inc., Seres Therapeutics, Zentalis Pharmaceuticals and ZoomInfo Technologies Inc.

Performance

Federated Hermes Kaufmann Fund Institutional Shares returned 6.04% at NAV for the three months ended September 30, 2020. That compares with its benchmark, the Russell Midcap Growth Index, which returned 9.37% during the same period.

Performance contributors

- Stocks that made a positive contribution to performance included New Fortress Energy Inc., argenx SE, Advanced Micro Devices, Inc., Veeva Systems and Agnico Eagle Mines Ltd.

Performance detractors

- Stocks that detracted from performance included Galapagos NV, Alector, Inc., Dynavax Technologies Corporation, uniQure NV and GW Pharmaceutical PLC

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How we are positioned

As the U.S. economy continues into the final quarter of 2020, the economic data has likely bottomed and the recovery has begun. Uncertainty continues to plague economies, governments and citizens as the virus persists and threatens the reopening process. For many societies this type of economic chaos has not been seen at this level since the end of the First World War and the 1918 flu epidemic. Despite those uncertainties, the Kaufmann team continues to be focused on finding and investing in companies that have little dependence on the economy, good or bad, to generate significant sales and earnings growth.

This quarter the fund had approximately 69% of the portfolio invested in four sectors: Information Technology, Health Care, Materials and Industrials. The sector weightings of the portfolio is a byproduct of our bottom-up stock selection strategy with a team of sector-specialist portfolio managers. We seek to find companies that have company-specific catalysts for growth rather than develop macro themes to construct sector weightings. These sectors also have historically provided good opportunities for bottom-up growth investors.

See disclosure section for important disclosures and definitions.

Risk statistics

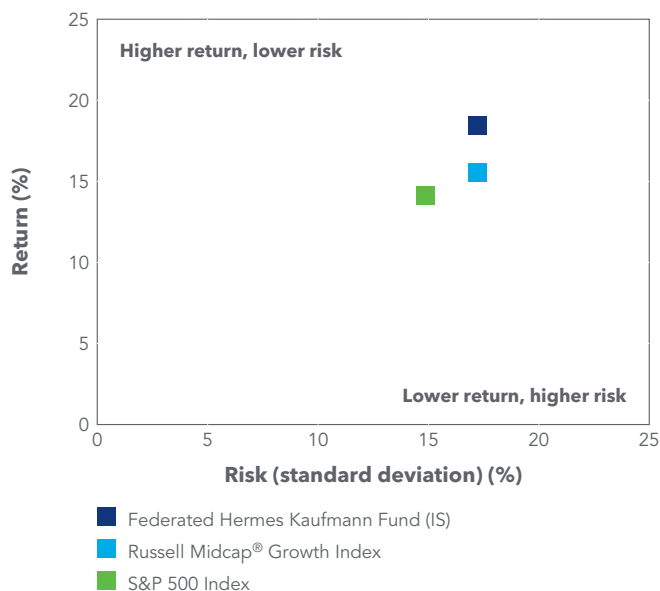
	3-year	5-year	7-year	10-year
Standard deviation	19.21	17.21	16.22	16.29
Alpha	4.62	3.49	2.80	0.38
Beta	0.90	0.94	0.96	0.98
Correlation	0.96	0.94	0.93	0.93
R²	92.12	87.85	86.91	87.39

Sources: Federated Hermes, Morningstar, Inc.

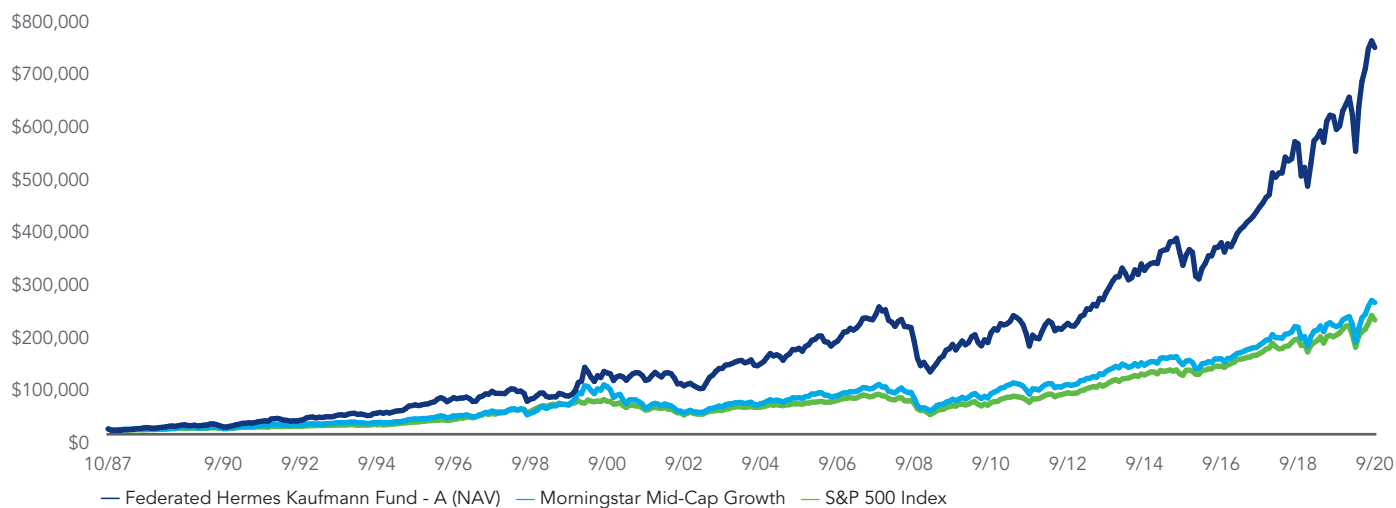
Fund vs. Russell Midcap[®] Growth Index

See disclosure section for important definitions.

5-year risk/return



\$10,000 Investment since stock market crash of 1987

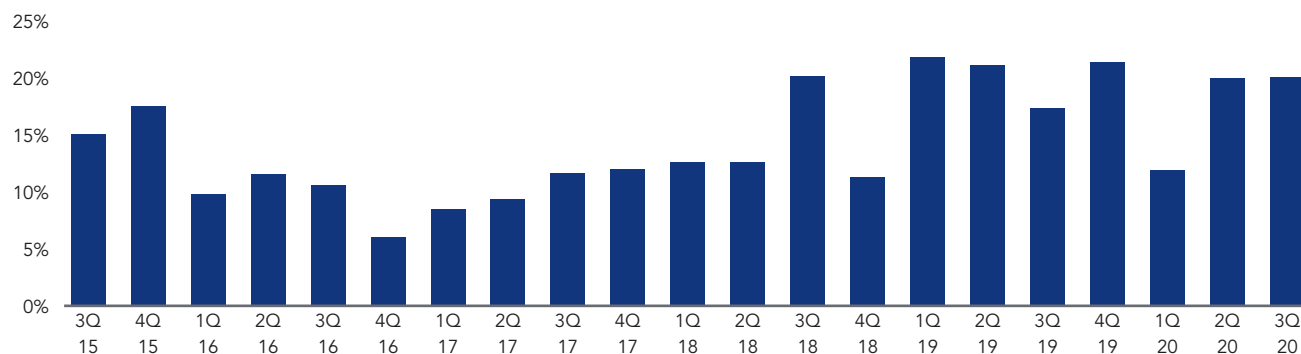


Source: Morningstar, Inc.

10/31/87 - 9/30/20

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3-year rolling returns (IS)



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Category rankings

Morningstar Mid-Cap Growth Category

	1-year	3-year	5-year	10-year
IS Shares				
Morningstar Category % Rank	30	18	14	25
Morningstar Category Rank	209 of 607 funds	104 of 557 funds	–	–
A Shares				
Morningstar Category % Rank	32	22	15	32
Morningstar Category Rank	224 of 607 funds	134 of 557 funds	77 of 500 funds	130 of 380 funds

Lipper Mid-Cap Growth Funds

	1-year	3-year	5-year	10-year
IS Shares				
Lipper Classification % Rank	35	23	–	–
Lipper Classification Rank	140 of 401 funds	82 of 368 funds	–	–
A Shares				
Lipper Classification % Rank	39	28	20	38
Lipper Classification Rank	154 of 401 funds	102 of 368 funds	65 of 334 funds	97 of 261 funds

Past performance is no guarantee of future results. Rankings are based on total return and do not take sales charges into account.

Federated Hermes Kaufmann Fund

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

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

The fund is the successor to the Kaufmann Fund, Inc. (Kaufmann Fund) pursuant to a reorganization that took place on April 23, 2001. Prior to that date, the fund had no investment operations. Accordingly, for periods prior to that date, the performance information is that of the Kaufmann Fund, adjusted to reflect the maximum sales charge applicable to the fund's A Shares.

The fund's Institutional Shares commenced operations on December 29, 2016. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for R Shares adjusted to remove any voluntary waiver of fund expenses related to the fund's R Shares that occurred during the period prior to the commencement of the fund's Institutional Shares.

A word about risk

Mutual funds are subject to risks and fluctuate in value.

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

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.

Definitions

Alpha shows how much or how little return is generated, given the risk a portfolio takes. A portfolio with an alpha greater than 0 has earned more than expected given its beta—meaning the portfolio has generated excess return without increasing risk. A portfolio with a negative alpha is producing a lower return than would be expected given its risk.

Beta measures a portfolio's volatility relative to the market. A beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market.

Correlation is the degree to which one variable (here, the fund's returns) fluctuates relative to another (the returns of the fund's benchmark). Correlation ranges from 1.00, when two variables move identically in the same direction, to -1.00, when two variables move identically in the opposite direction.

R-squared indicates what percentage of a portfolio's movement in performance is explained by movement in performance of the market. R-squared ranges from 0 to 100, and a score of 100 suggests that all movements of a portfolio's performance are completely explained by movements in the market as measured by the fund's benchmark.

Standard deviation is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

Weighted median P/E (LTM—latest 12 months) is a ratio comparing share price to earnings per share using data from the previous 12 months.

Weighted median P/E (NTM—next 12 months) is a ratio comparing share price to earnings-per-share using estimated data for the next 12 months.

Weighted median market cap is the calculation representing the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock.

Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® represents approximately 92% of the U.S. market. The Russell 1000® Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Russell Midcap® Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap® Growth Index is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market.

Russell Midcap® Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap® Index is a subset of the Russell 1000® Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap® Index represents approximately 27% of the total market capitalization of the Russell 1000 companies.

S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designated to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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