

Federated Hermes Kaufmann IPO update



Investing in the Kaufmann funds can provide early access to promising growth companies.

U.S. IPO market update

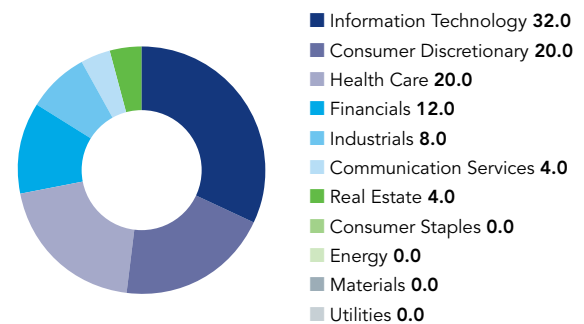
Initial public offerings (IPOs) are part of a healthy movement of capital into new, more productive growth channels. 2021 was the biggest year of U.S. IPO issuance by proceeds in history and the busiest year by deal count since 2000. In sharp contrast, only 64 IPOs have priced year to date as of 9/30/22, only raising \$6.6 billion.

U.S. IPO activity — last five quarters

	3Q22	2Q22	1Q22	4Q21	3Q21
Number of deals	25	21	18	84	94
Proceeds raised (billions)	\$2.4	\$2.1	\$2.1	\$35.0	\$27.6
Median deal size (millions)	\$15	\$22	\$27	\$125	\$200

As of 9/30/22. Source: Renaissance Capital.

3Q22 sector breakdown (%)



As of 9/30/22. Source: Renaissance Capital. Breakdown by percent of IPOs. Total may not sum to 100 due to rounding.

Kaufmann IPO participation in 3Q22

Actively selective

- The Federated Hermes Kaufmann team looks for innovative companies that are long-term growth opportunities.
- One way they uncover new ideas is by participating in hundreds of IPO discussions each year.
- Strong ties to the IPO market gives the team an advantageous perspective when it comes to evaluating price and investing in potentially significant opportunities.
- The team's active IPO participation has provided Kaufmann investors early access to promising growth prospects that would be otherwise unavailable to most investors.

The Kaufmann team has participated in very few IPOs this year, as issuance remains quiet. Last year, by contrast, the team participated in 144 IPOs.

As of 9/30/22, none of the Kaufmann funds hold any companies that the team purchased at IPO in 2022. Still, the IPO market continues to be a source of new ideas for the funds.

As of 9/30/22, companies that were first purchased at IPO comprised the following percentage of each Kaufmann fund:

- 43.61% of the Federated Hermes Kaufmann Small Cap Fund
- 20.74% of the Federated Hermes Kaufmann Fund
- 4.87% of the Federated Hermes Kaufmann Large Cap Fund

The Kaufmann funds can provide early access to potentially significant growth opportunities — now at attractive valuations. Learn more by calling [1-888-400-7838](tel:1-888-400-7838).

As of 9/30/22.

IPO market data includes IPOs and direct listings with a market cap of at least \$50 million and excludes closed-end funds and SPACs.

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 visit [FederatedInvestors.com](https://www.federatedinvestors.com). Please carefully read the summary prospectus or prospectus before investing.

Please visit [FederatedInvestors.com](https://www.federatedinvestors.com) and click on the Characteristics tab for more information on the portfolio. Past performance is no guarantee of future results. For current performance, visit [FederatedInvestors.com](https://www.federatedinvestors.com).

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

Portfolio holdings are subject to change. Portfolio composition percentages are based on net assets at the close of business on the date indicated and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this a managed portfolio, the investment mix will change.

Mutual funds are subject to risks and fluctuate in value.

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

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