

12/31/18

## Fund Facts

### Performance Inception Date

12/5/07

### Benchmark

Russell 1000® Growth Index

### Morningstar Category

Large Growth

### Lipper Category

Multi-Cap Growth Funds

### Fund Assets

\$2.9 billion

### Ticker Symbols

R6 Shares - KLCSX  
Institutional Shares - KLCIX  
A Shares - KLCAX  
C Shares - KLCCX  
R Shares - KLCKX

### Key Investment Team

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

## Fund Description

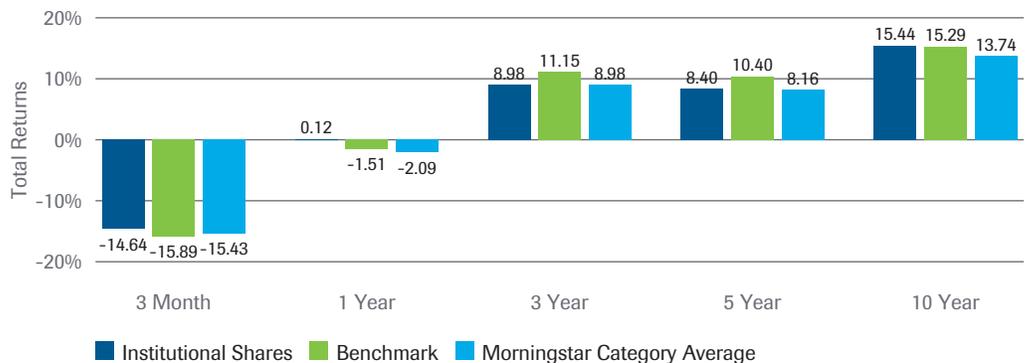
The fund seeks to provide capital appreciation by investing primarily in securities of large-cap companies. Utilizing an intensive, bottom-up security selection process, it focuses on companies that exhibit positive growth characteristics.

## Performance

### 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 |
| R6 Shares            | -14.63  | 0.16  | 0.16   | 9.03   | 8.46   | 15.38   | 9.53            | 0.87           | 0.78          |
| Institutional Shares | -14.64  | 0.12  | 0.12   | 8.98   | 8.40   | 15.44   | 9.73            | 0.93           | 0.84          |
| A Shares (NAV)       | -14.71  | -0.14 | -0.14  | 8.69   | 8.12   | 15.15   | 9.45            | 1.20           | 1.09          |
| A Shares (MOP)       | -19.40  | -5.65 | -5.65  | 6.66   | 6.91   | 14.51   | 8.89            | 1.20           | 1.09          |
| Benchmark            | -15.89  | -1.51 | -1.51  | 11.15  | 10.40  | 15.29   | -               | -              | -             |



### Calendar Year Returns (%)

|                              | 2018  | 2017  | 2016 | 2015 | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  |
|------------------------------|-------|-------|------|------|-------|-------|-------|-------|-------|-------|
| Institutional Shares         | 0.12  | 23.57 | 4.62 | 3.13 | 12.12 | 37.03 | 26.37 | -5.90 | 22.78 | 40.40 |
| Benchmark                    | -1.51 | 30.21 | 7.08 | 5.67 | 13.05 | 33.48 | 15.26 | 2.64  | 16.71 | 37.21 |
| Morningstar Category Average | -2.09 | 27.67 | 3.23 | 3.60 | 10.00 | 33.92 | 15.34 | -2.56 | 15.53 | 44.37 |

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](http://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. Prior to January 2, 2008, the fund's initial seed capital was held as a cash position. In addition, the fund's advisor waived fees and reimbursed expenses. In the absence of these circumstances, performance would have been lower.

\* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 1/1/20 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.

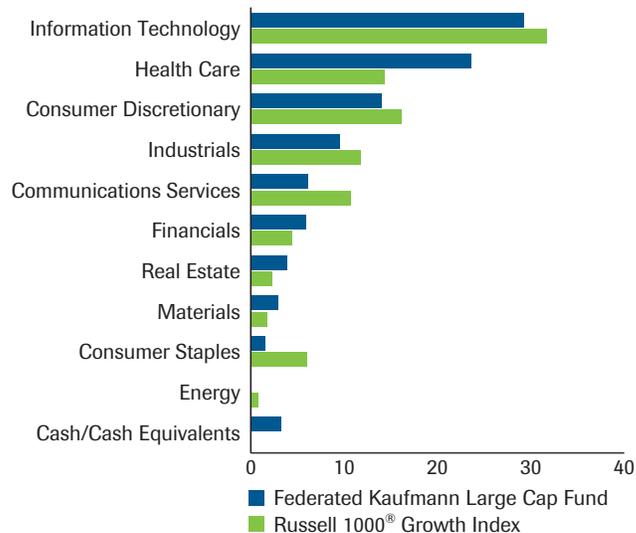
## Portfolio Statistics

|                            |          |
|----------------------------|----------|
| Weighted Median P/E (LTM)  | 38.2x    |
| Weighted Median P/E (NTM)  | 21.8x    |
| Weighted Median Market Cap | \$41.1 b |
| Number of Securities       | 61       |
| Annual Portfolio Turnover  | 34.3%    |

## Top Holdings (%)

|                             |             |
|-----------------------------|-------------|
| Microsoft Corp.             | 3.9         |
| Salesforce.com, Inc.        | 3.0         |
| Amazon.com, Inc.            | 2.9         |
| Visa, Inc.-Class A Shares   | 2.9         |
| Veeva Systems, Inc.         | 2.6         |
| Broadcom, Inc.              | 2.5         |
| Roper Technologies, Inc.    | 2.5         |
| ServiceNow, Inc.            | 2.5         |
| T-Mobile USA, Inc.          | 2.5         |
| Mastercard, Inc. Class A    | 2.4         |
| <b>Total % of Portfolio</b> | <b>27.7</b> |

## Sector Weightings (%)



Portfolio composition is based on net assets at the close of business on 12/31/18 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

- The U.S. equity markets turned negative for the quarter
- Investors changed course to prefer value stocks over growth
- Technology positions positively contributed to the fund's performance
- Stock selection and sector weightings drove the fund's relative performance

## Looking Back

During the fourth quarter of 2018, the U.S. economy continued its positive momentum with continued employment gains and strong U.S. gross domestic product readings in the third quarter; however, signs of slowing began to emerge. Most global equity markets turned negative as investors became cautious on 2019 growth and interest rates began to fall. The U.S. equity markets were led by the S&P 500 Index, which was down 13.52%. This was followed by large-cap stocks represented by the Russell 1000 Index, down 13.83%, followed by mid-cap stocks represented by the Russell Mid-Cap Index, down 15.38%, followed by the Nasdaq Composite Index, down 17.28%, and followed by small-cap stocks represented by the Russell 2000 Index, down 20.21%. Large-cap value stocks also outperformed large-cap growth stocks, reversing a multi-year trend.

During the fourth quarter, the portfolio team added to or opened the following equity positions: Intuitive Surgical, Inc. (new), XPO Logistics, Merck & Co, GoDaddy, Inc. and Roper Technologies, Inc.

Also during the quarter, the portfolio subtracted or reduced the following positions in pursuit of better opportunities: Halliburton Inc. (sold), Edwards Lifesciences, Red Hat, Inc, Raytheon Company and Albermarle Inc.

## Performance

Federated Kaufmann Large Cap Fund Institutional Shares returned -14.64% at NAV for the three months ended December 31, 2018. That compares with its benchmark Russell 1000 Growth Index, which returned -15.89% during the same period.

### Performance Contributors

- Stocks that made a positive contribution to performance included Red Hat, Inc., Workday, Inc., Broadcom, Genmab and Merck & Co.

### Performance Detractors

- Stocks that detracted from performance included Align Technology, Amazon.com, Inc., Worldpay, Inc., AerCap Holdings and XPO Logistics, Inc.

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## How We Are Positioned

As the U.S. economy enters 2019, the positive economic momentum over the last two years began to show signs of slowing. With U.S. business confidence high, jobless claims near a generational low, consumer confidence and the ISM Index at record levels, the equity market sell-off during the quarter seems to indicate these trends may not be able to continue into 2019. Earnings growth was expected to be the driving force behind the equity market appreciation but as 2019 year laps the tax reform passage and the U.S. GDP growth bump from tax reform, doubt looms over the market. Global markets face some new headwinds with trade disputes along with expectations that the Federal Reserve may continue to raise rates despite weaker economic data. Federated Kaufmann, however, continues to be focused in those companies that have little dependence on the economy, good or bad, to generate significant earnings growth.

This quarter the fund had approximately 80% of the portfolio invested in four sectors: Information Technology, Health Care, Consumer Discretionary and Industrials. The sector weighting 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.*

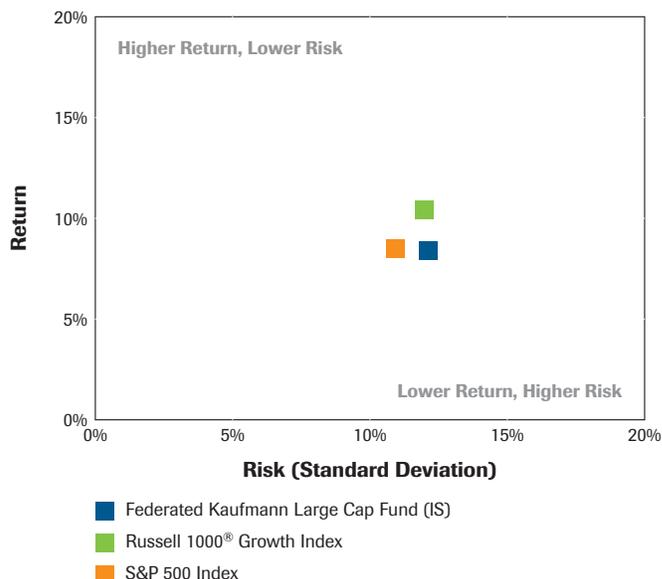
### Risk Statistics

|                    | 3 Year | 5 Year | 7 Year | 10 Year |
|--------------------|--------|--------|--------|---------|
| Standard Deviation | 12.65  | 12.13  | 12.58  | 16.08   |
| Alpha              | -1.78  | -1.43  | 0.48   | -0.97   |
| Beta               | 0.98   | 0.96   | 1.00   | 1.10    |
| R <sup>2</sup>     | 91.68  | 89.71  | 83.76  | 87.48   |

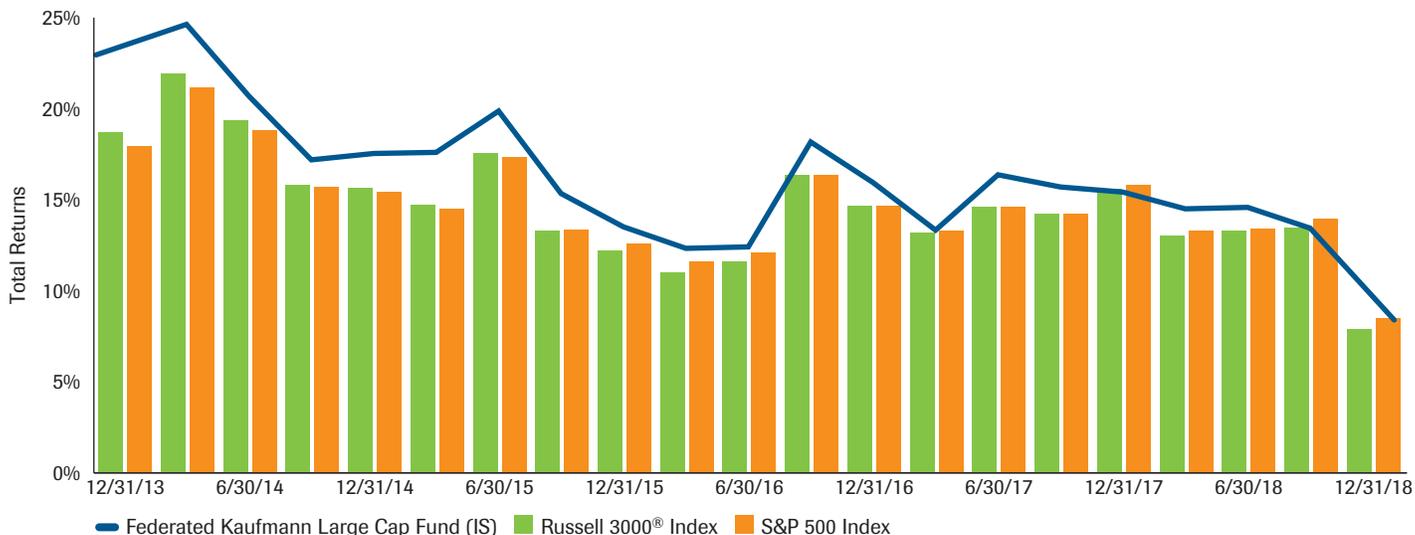
Sources: Federated Investors, Morningstar, Inc.  
Fund vs. Russell 1000<sup>®</sup> Growth Index

See disclosure section for important definitions.

### 5-Year Risk/Return



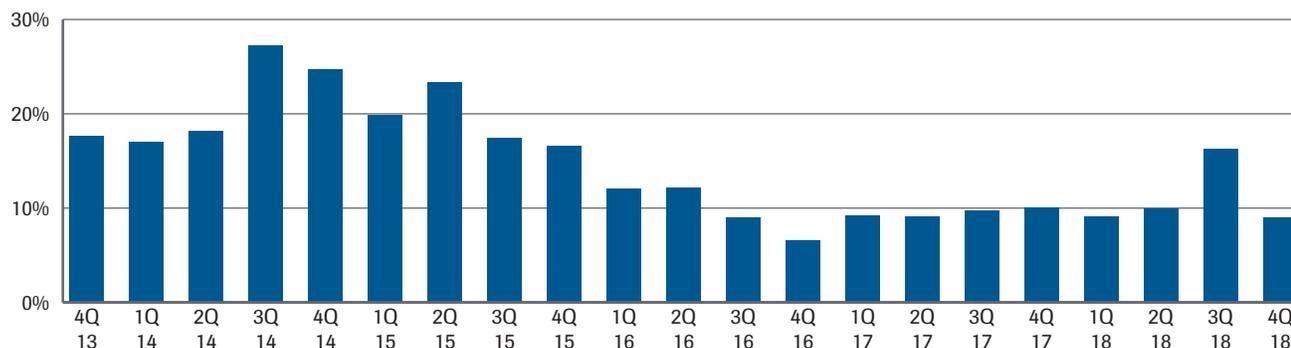
### History of Outperformance vs. Other Equity Styles



Source: Morningstar, Inc.  
Quarterly rolling 5-year returns.

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### 3-Year Rolling Returns (IS)



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### Category Rankings

#### Morningstar Large Growth Category

| R6 Shares                   | 1 Year             | 3 Year             | 5 Year             | 10 Year          |
|-----------------------------|--------------------|--------------------|--------------------|------------------|
| Morningstar Category % Rank | 25                 | 52                 | 50                 | 18               |
| Morningstar Category Rank   | 377 of 1,405 Funds | 663 of 1,247 Funds | 561 of 1,107 Funds | -                |
| IS Shares                   | 1 Year             | 3 Year             | 5 Year             | 10 Year          |
| Morningstar Category % Rank | 25                 | 53                 | 51                 | 19               |
| Morningstar Category Rank   | 384 of 1,405 Funds | 678 of 1,247 Funds | 577 of 1,107 Funds | 125 of 799 Funds |
| A Shares                    | 1 Year             | 3 Year             | 5 Year             | 10 Year          |
| Morningstar Category % Rank | 28                 | 58                 | 54                 | 23               |
| Morningstar Category Rank   | 428 of 1,405 Funds | 741 of 1,247 Funds | 617 of 1,107 Funds | 160 of 799 Funds |

#### Lipper Multi-Cap Growth Funds

| R6 Shares              | 1 Year           | 3 Year           | 5 Year           | 10 Year         |
|------------------------|------------------|------------------|------------------|-----------------|
| Lipper Category % Rank | 20               | 43               | 32               | -               |
| Lipper Category Rank   | 104 of 543 Funds | 206 of 487 Funds | 132 of 422 Funds | -               |
| IS Shares              | 1 Year           | 3 Year           | 5 Year           | 10 Year         |
| Lipper Category % Rank | 21               | 44               | 33               | 14              |
| Lipper Category Rank   | 109 of 543 Funds | 211 of 487 Funds | 137 of 422 Funds | 43 of 311 Funds |
| A Shares               | 1 Year           | 3 Year           | 5 Year           | 10 Year         |
| Lipper Category % Rank | 22               | 49               | 36               | 17              |
| Lipper Category Rank   | 118 of 543 Funds | 235 of 487 Funds | 150 of 422 Funds | 50 of 311 Funds |

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

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](http://FederatedInvestors.com). Please carefully read the summary prospectus or the prospectus before investing.

The fund's R6 Shares commenced operations on December 30, 2013. For the period prior to the commencement of operations of the R6 Shares, the R6 Shares performance information shown is for the Institutional Share adjusted to reflect the expenses of the fund's R6 Shares for each year for which the fund's R6 Shares expenses would have exceeded the actual expenses paid by the fund's Institutional Shares.

### A Word About Risk

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.

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

### Definitions

**Russell 1000<sup>®</sup> Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000<sup>®</sup> Index companies with lower price-to-book ratios and lower expected growth values. The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Russell 1000<sup>®</sup> Value Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

**Russell 1000<sup>®</sup> Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000<sup>®</sup> Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000<sup>®</sup> Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

**Russell 2000<sup>®</sup> 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<sup>®</sup> 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<sup>®</sup> 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 3000<sup>®</sup> Index** measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000<sup>®</sup> Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

**Russell Midcap<sup>®</sup> Growth Index** measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap<sup>®</sup> Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Midcap<sup>®</sup> 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.

**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.

**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.

**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 Market Cap** is the calculation representing the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock.

**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.

### Ratings and Rating Agencies

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