

Federated Hermes Kaufmann Large Cap Fund

9/30/22

Fund facts

Performance inception date

12/5/07

Benchmark

Russell 1000® Growth Index

Morningstar category

Large Growth

Lipper classification

Multi-Cap Growth Funds

Fund assets

\$2.2 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

Mark Bauknight

Barbara Miller

Steven Abrahamson

Stephen DeNichilo, CFA

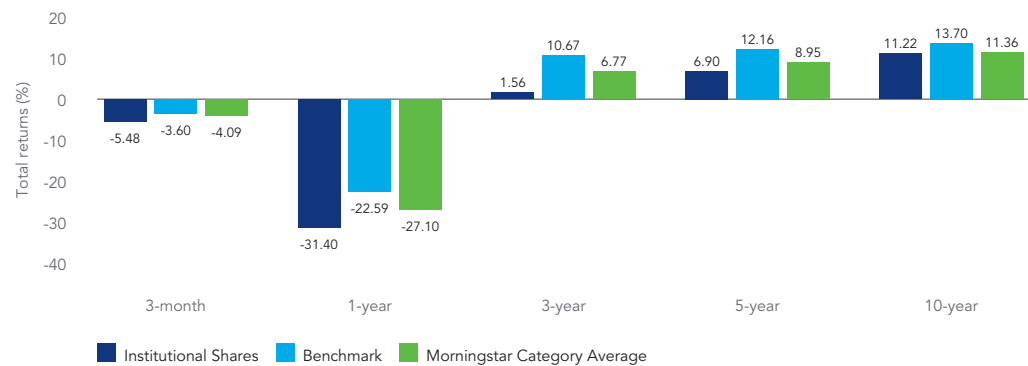
Fund description

The fund seeks to provide capital appreciation by investing primarily in securities of large-cap companies. Utilizing an intensive, bottom-up security selection process, the fund 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 |
| R6 Shares | -5.48 | -33.96 | -31.35 | 1.63 | 6.97 | 11.28 | 9.16 | 0.86 | 0.78 |
| Institutional Shares | -5.48 | -34.00 | -31.40 | 1.56 | 6.90 | 11.22 | 9.29 | 0.92 | 0.84 |
| A Shares (NAV) | -5.56 | -34.14 | -31.56 | 1.31 | 6.64 | 10.94 | 9.01 | 1.17 | 1.09 |
| A Shares (MOP) | -10.75 | -37.77 | -35.33 | -0.58 | 5.44 | 10.32 | 8.59 | 1.17 | 1.09 |
| Benchmark | -3.60 | -30.66 | -22.59 | 10.67 | 12.16 | 13.70 | - | - | - |



Calendar year total returns (%)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------------------------|-------|-------|-------|-------|-------|------|------|-------|-------|-------|
| Institutional Shares | 13.81 | 28.55 | 38.14 | 0.12 | 23.57 | 4.62 | 3.13 | 12.12 | 37.03 | 26.37 |
| Benchmark | 27.60 | 38.49 | 36.39 | -1.51 | 30.21 | 7.08 | 5.67 | 13.05 | 33.48 | 15.26 |
| Morningstar Category Average | 20.45 | 35.86 | 31.90 | -2.09 | 27.67 | 3.23 | 3.60 | 10.00 | 33.92 | 15.34 |

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. 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 1/1/23 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 35-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.

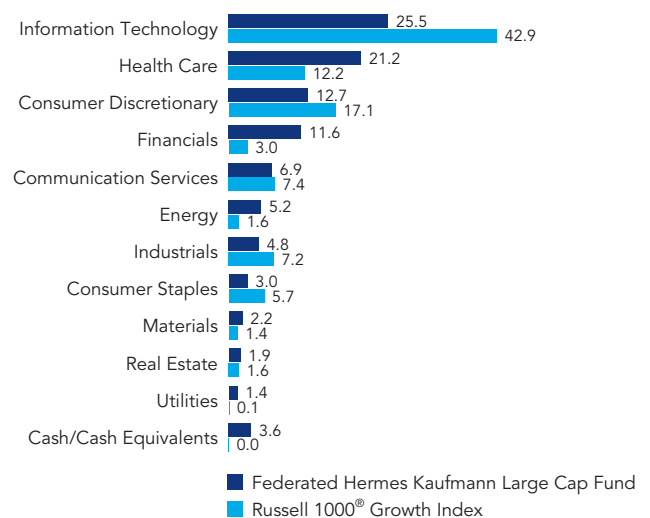
Portfolio statistics

| | |
|----------------------------|----------|
| Weighted median P/E (LTM) | 30.4x |
| Weighted median P/E (NTM) | 24.9x |
| Weighted median market cap | \$76.1 b |
| Number of securities | 62 |
| Annual portfolio turnover | 15.33% |

Top holdings (%)

| | |
|--------------------------|------|
| Amazon.com, Inc. | 4.7 |
| MICROSOFT CORP | 4.7 |
| Alphabet Inc. | 4.3 |
| Argenx SE - ADR | 3.3 |
| CoStar Group Inc | 3.3 |
| S&P Global Inc. | 3.2 |
| Apple Inc. | 3.1 |
| Palo Alto Networks, Inc. | 2.7 |
| Visa Inc. | 2.7 |
| T-Mobile US, Inc. | 2.6 |
| Total % of portfolio | 34.6 |

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 9/30/22 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 sold off significantly as the global economic slowdown persisted
- Growth stocks outperformed value stocks during the quarter
- The Health Care and Technology sectors negatively contributed to the fund's performance on a relative basis
- Stock selection was the primary factor for the relative underperformance

Looking back

During the third quarter of 2022, the U.S. economy and most significant westernized economies saw inflation continue to be the primary headwind to economic growth. Inflationary pressures persisted again due to the impact from record monetary and fiscal stimulus as well as the Eastern European conflict along with regulatory restrictions causing supply disruptions. This inflationary pressure has caused most global central banks to pursue aggressive monetary tightening policies in 2022. Both inflation pressure and tightening monetary policies are causing slower economic growth, which led equity markets to sell off during the quarter. The U.S. markets' sell-off continued from the second quarter into the third quarter of 2022. The U.S. indexes that sold off the most during the quarter were led by the S&P 500 Index, which returned -5.89%, followed by large-cap stocks, represented by the Russell 1000 Index, returning -5.69%, followed by mid-cap stocks, represented by the Russell Midcap Index, returning -4.80%, followed by the growth- and technology-oriented Nasdaq Index, which returned -4.77%, followed lastly by small-cap stocks, represented by the Russell 2000 Index, which returned -3.30%. Large-cap growth stocks outperformed large-cap value stocks, reversing a multi-quarter trend.

During the third quarter, the portfolio team increased or added new equity positions of the following: Charles Schwab Corp (new), Williams Companies Inc., Eli Lilly & Co (new), Lonza Group AG (new), Palo Alto Networks, Inc., Union Pacific Corp (new), Novo Nordisk AS (new) and Keysight Technologies (new).

Also during the quarter, the portfolio subtracted or reduced the following select equity positions in pursuit of better opportunities: ServiceNow, Inc., Microsoft Corp, JP Morgan Chase & Co, Alphabet Inc. and Salesforce, Inc.

The fund participated in zero IPOs in the quarter as the IPO market remained very quiet during the quarter after a record year in 2021.

Performance

Federated Hermes Kaufmann Large Cap Fund Institutional Shares returned -5.48% at NAV for the three months ended September 30, 2022. That compares with its benchmark the Russell 1000 Growth Index, which returned -3.60% during the same period.

Performance contributors

- Stocks that made a positive contribution to performance included CoStar Group Inc., Amazon.com Inc., Chipotle Mexican Grill Inc., Airbnb Inc. and DexCom Inc.

Performance detractors

- Stocks that detracted from performance included ServiceNow, Inc., Ultragenyx Pharmaceutical Inc., Alphabet Inc., Microsoft Corporation, and S&P Global, Inc.

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How we are positioned

As the U.S. economy continues through 2022, many headwinds persist, from global monetary tightening to inflation to geopolitical uncertainty. These questions, among others, are likely to endure throughout the year which could cause market uncertainty. One indicator of investor caution would be very little IPO activity for the third quarter in a row. After a record-breaking year in 2021, 2022 U.S. IPO issuance remains quiet with only 64 IPOs priced in 2022 through September 30 only raising \$6.6 billion, according to Renaissance Capital. Despite the macro 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 71% of the portfolio invested in four sectors: Information Technology, Health Care, Consumer Discretionary and Financials. The sector weightings of the portfolio are a byproduct of our bottom-up stock selection strategy with a team of sector-specialist portfolio managers. These sectors also have historically provided good opportunities for bottom-up growth investors. We seek to find companies that have company-specific catalysts for growth rather than develop macro themes to construct sector weightings. The strategy's consistent growth bias has allowed the portfolio to produce the following statistics: average sales growth last twelve months of 29%, operating margins of 28% and median earnings growth for the last year of 15%. The Russell 1000 Growth Index's statistics for comparison, were as follows: average sales growth of 29%, median operating margins of 18% and median earnings growth of 12%.

See disclosure section for important disclosures and definitions.

Risk statistics

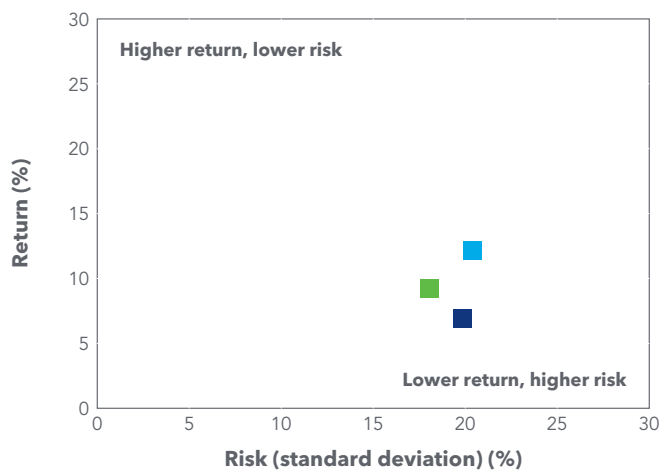
| | 3-year | 5-year | 7-year | 10-year |
|---------------------------|--------|--------|--------|---------|
| Standard deviation | 22.26 | 19.84 | 17.59 | 15.88 |
| Alpha | -8.00 | -4.22 | -3.87 | -1.46 |
| Beta | 0.93 | 0.94 | 0.94 | 0.94 |
| R² | 94.33 | 94.06 | 93.08 | 90.29 |

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Russell 1000[®] Growth Index

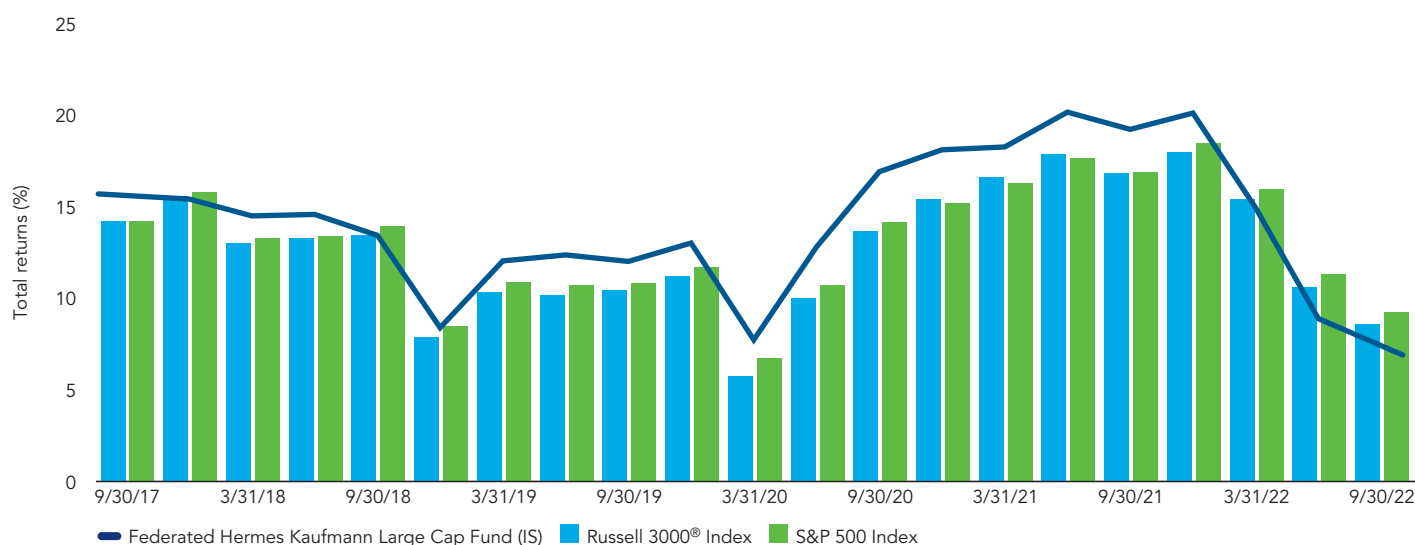
See disclosure section for important definitions.

5-year risk/return



| | Risk (%) | Return (%) |
|---|----------|------------|
| ■ Federated Hermes Kaufmann Large Cap Fund (IS) | 19.84 | 6.90 |
| ■ Russell 1000 [®] Growth Index | 20.39 | 12.16 |
| ■ S&P 500 Index | 18.07 | 9.23 |

History of outperformance vs. other equity styles

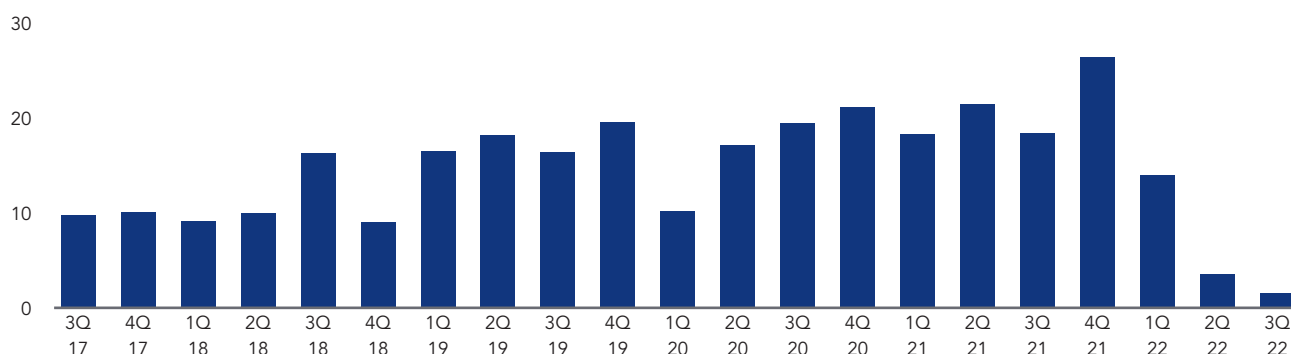


Source: Morningstar, Inc.

Quarterly rolling 5-year returns.

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3-year rolling returns - IS (%)



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Category rankings

Morningstar Large Growth Category

| | | 1-year | 3-year | 5-year | 10-year |
|------------------|-----------------------------|--------------------|----------------------|--------------------|------------------|
| R6 Shares | Morningstar Category % Rank | 74 | 92 | 80 | – |
| | Morningstar Category Rank | 879 of 1,252 funds | 1,052 of 1,142 funds | 856 of 1,060 funds | – |
| IS Shares | Morningstar Category % Rank | 74 | 92 | 81 | 59 |
| | Morningstar Category Rank | 883 of 1,252 funds | 1,055 of 1,142 funds | 867 of 1,060 funds | 464 of 790 funds |
| A Shares | Morningstar Category % Rank | 75 | 93 | 84 | 65 |
| | Morningstar Category Rank | 890 of 1,252 funds | 1,063 of 1,142 funds | 902 of 1,060 funds | 510 of 790 funds |

Lipper Multi-Cap Growth Funds

| | | 1-year | 3-year | 5-year | 10-year |
|------------------|------------------------------|------------------|------------------|------------------|------------------|
| R6 Shares | Lipper Classification % Rank | 55 | 84 | 69 | – |
| | Lipper Classification Rank | 239 of 440 funds | 344 of 409 funds | 254 of 369 funds | – |
| IS Shares | Lipper Classification % Rank | 55 | 85 | 70 | 47 |
| | Lipper Classification Rank | 240 of 440 funds | 346 of 409 funds | 257 of 369 funds | 120 of 255 funds |
| A Shares | Lipper Classification % Rank | 55 | 86 | 74 | 49 |
| | Lipper Classification Rank | 241 of 440 funds | 351 of 409 funds | 273 of 369 funds | 125 of 255 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 Large Cap 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.

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 Shares 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

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 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 1000[®] Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000[®] Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000[®] 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[®] 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 3000[®] Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000[®] 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[®] 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. It 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.

Ratings and rating agencies

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