

Federated Hermes Kaufmann Small Cap Fund

6/30/22

Fund facts

Performance inception date

12/18/02

Benchmark

Russell 2000® Growth Index

Morningstar category

Small Growth

Lipper classification

Small-Cap Growth Funds

Fund assets

\$4.8 billion

Ticker symbols

R6 Shares - FKALX

Institutional Shares - FKAIX

A Shares - FKASX

C Shares - FKCSX

R Shares - FKKSX

Key investment team

Hans Utsch

John Ettinger, CFA

Stephen DeNichilo, CFA

Barbara Miller

Tom Brakel, M.D.

Mark Bauknight

Steven Abrahamson

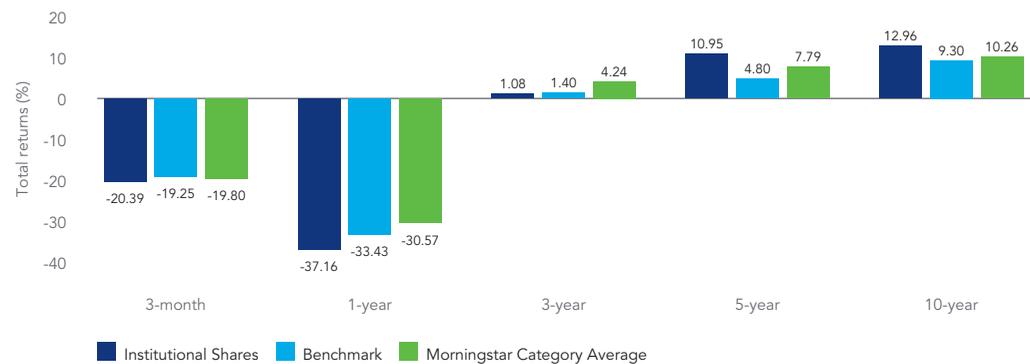
Fund description

The fund seeks to provide capital appreciation by investing primarily in securities of small 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	-20.40	-33.05	-37.17	1.09	10.94	12.87	12.79	0.91	0.89
Institutional Shares	-20.39	-33.05	-37.16	1.08	10.95	12.96	12.82	1.00	0.90
A Shares (NAV)	-20.49	-33.21	-37.46	0.61	10.44	12.62	12.66	1.48	1.36
A Shares (MOP)	-24.87	-36.88	-40.90	-1.27	9.20	11.99	12.34	1.48	1.36
Benchmark	-19.25	-29.45	-33.43	1.40	4.80	9.30	-	-	-



Calendar year total returns (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Institutional Shares	2.97	44.06	34.58	7.40	38.46	6.27	4.98	5.66	40.35	21.27
Benchmark	2.83	34.63	28.48	-9.31	22.17	11.32	-1.38	5.60	43.30	14.59
Morningstar Category Average	11.89	38.62	27.68	-5.76	21.50	11.20	-2.41	2.44	40.91	13.15

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. 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, small-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.

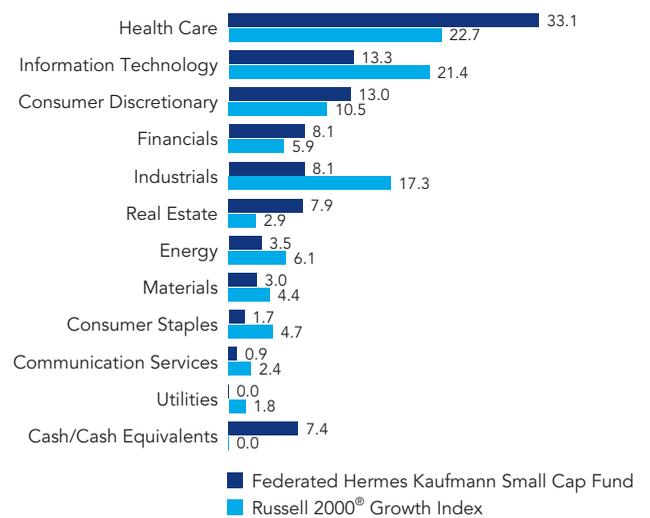
Portfolio statistics

Weighted median P/E (LTM)	24.3x
Weighted median P/E (NTM)	19.3x
Weighted median market cap	\$3.9 b
Number of securities	175
Annual portfolio turnover	21.66%

Top holdings (%)

Argenx SE	3.5
Dynavax Technologies Corp.	2.1
Ultragenyx Pharmaceutical, Inc.	1.9
Argenx SE - ADR	1.6
New Fortress Energy, Inc.	1.6
Planet Fitness, Inc.	1.6
Amphastar Pharmaceuticals, Inc.	1.4
Hamilton Lane, Inc.	1.4
Rapid7, Inc.	1.4
VICI Properties Inc. - REIT	1.4
Total % of portfolio	17.9

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 6/30/22 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
- Value stocks outperformed growth stocks during the quarter
- Stock selection was the primary factor for the fund's relative underperformance
- Information Technology and Consumer Discretionary sectors negatively contributed to the fund's relative performance

Looking back

During the second quarter of 2022, the U.S. economy and most significant westernized economies saw inflation become the primary headwind to economic growth. Inflationary pressures accelerated due to historic monetary easing enabling record fiscal spending as well as Eastern European conflicts causing supply disruptions. Persistent inflation has caused most global central banks to pursue aggressive monetary tightening policies in 2022. Both inflationary pressure and tightening monetary policies are causing slower economic growth, which led to equity markets selling off during the quarter. The U.S. markets fell into bear market territory for the year in the second quarter. The major U.S. equity indexes that sold off the most during the quarter were the growth- and technology-oriented Nasdaq index, which returned -22.27%, followed by small-cap stocks, represented by the Russell 2000 Index with a return of -17.21%, followed by mid-cap stocks, represented by the Russell Midcap Index, which returned -16.85%, followed by large-cap stocks, represented by the Russell 1000 Index, returning -16.68%, and the S&P 500 Index, which returned -16.11% in the quarter. Small-cap value stocks continued to outperform small-cap growth stocks.

During the second quarter, the team added or increased positions of the following: Intellia Therapeutics, Herc Holdings Inc., Galapagos, Physicians Realty Trust (new), Evoqua Water Technologies (new) and Allegheny Technologies (new).

Also during the quarter, the portfolio exited or reduced the following equity positions in pursuit of better opportunities: Anaplan Inc. (exited), Eagle Materials, Inc., argenx SE, Westlake Corp., and Turning Point Therapeutics.

The fund participated in zero initial public offerings ("IPOs"), as the IPO market remained very quiet during the quarter after a record year in 2021.

The fund was active in the secondary equity market, participating in six secondary offers: Xponential Fitness, Scynexis Inc., Rezolute Inc., Zentalis Pharmaceuticals, European Wax Center Inc., and Gaming and Leisure Properties.

Performance

Federated Hermes Kaufmann Small Cap Fund Institutional Shares returned -20.39% at NAV for the three months ended June 30, 2022. That compares with its benchmark, the Russell 2000 Growth Index, which returned -19.25% during the same period.

Performance contributors

- On a holdings basis, contributors included: Turning Point Therapeutics Inc., Regulus Therapeutics, argenx SE, Dynavax Technologies and Legend Biotech Corp.

Performance detractors

- On a holdings basis, detractors included: Rapid7 Inc., Domo Inc., Nuvei Corp., Smartsheet Inc. and Wingstop

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How we are positioned

As the U.S. economy enters the second half of 2022, many headwinds continue to grow stronger: global monetary tightening, persistent inflation, geopolitical uncertainty, supply chain shortages. These, amongst others, are likely to persist throughout the year which could continue to cause market uncertainty. One notable indicator of investor caution is that there was very little IPO activity in the second quarter, for the second quarter in a row. After a record-breaking year in 2021, the 2022 U.S. IPO issuance remains quiet with 21 IPOs priced in 1H2022 only raising \$2 billion, according to Renaissance Capital. Despite the macro uncertainties, the Kaufmann team continues to be focused on finding and investing in companies that we believe require little dependence on the economy, good or bad, to generate significant sales and earnings growth.

This quarter, approximately 70% of the portfolio was invested in four sectors: Information Technology, Health Care, Consumer Discretionary and Industrials. The sector weightings of the portfolio is a byproduct of bottom-up stock selection strategy with a team of sector-specialist portfolio managers. These sectors 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. Through the strategy's consistent growth bias, the portfolio produced the following statistics over the last twelve months ending June 30: average sales growth of 40%, operating margins of 21% and median earnings growth of 12%. The Russell 2000 Growth Index's results over the same period were average sales growth of 33%, median operating margins of 17% and median earnings growth of 10%.

See disclosure section for important disclosures and definitions.

Risk statistics

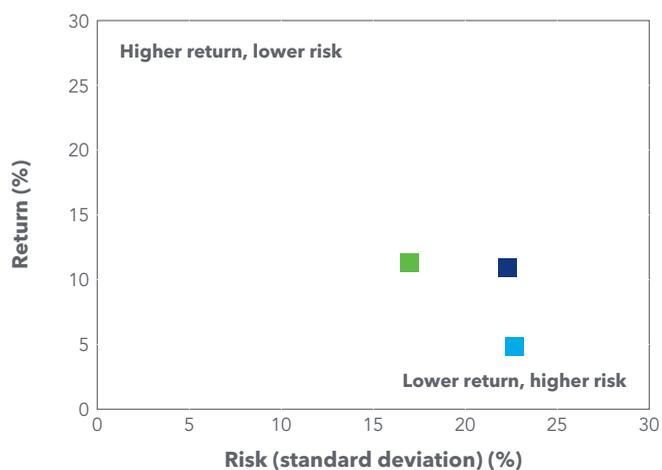
	3-year	5-year	7-year	10-year
Standard deviation	24.74	22.32	21.18	19.34
Alpha	-0.21	6.00	4.72	3.79
Beta	0.97	0.94	0.96	0.96
R²	93.21	91.58	90.43	89.45

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Russell 2000® Growth Index

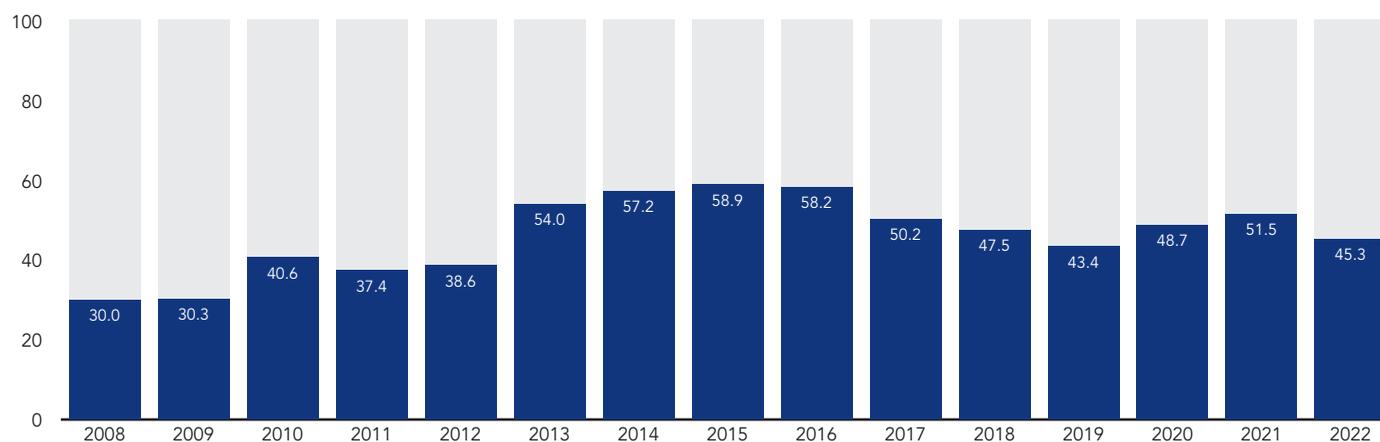
See disclosure section for important definitions.

5-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes Kaufmann Small Cap Fund (IS)	22.32	10.95
■ Russell 2000® Growth Index	22.65	4.80
■ S&P 500 Index	16.95	11.30

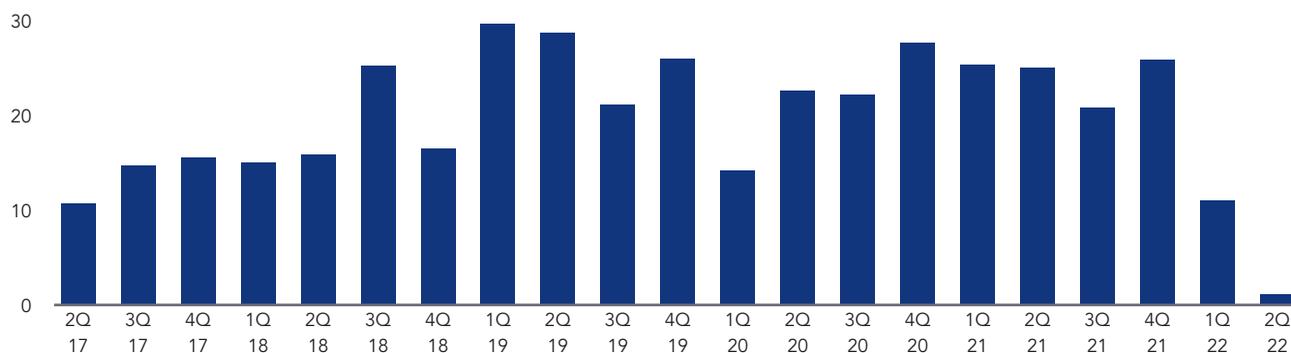
Percent of portfolio invested in IPOs (%)



* As of 6/30/22

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3-year rolling returns - IS (%)



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Category rankings

Morningstar Small Growth Category

		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	78	84	–	–
	Morningstar Category Rank	474 of 620 funds	471 of 582 funds	–	–
IS Shares	Morningstar Category % Rank	78	84	14	–
	Morningstar Category Rank	473 of 620 funds	472 of 582 funds	66 of 531 funds	–
A Shares	Morningstar Category % Rank	79	86	18	10
	Morningstar Category Rank	482 of 620 funds	496 of 582 funds	88 of 531 funds	26 of 395 funds

Lipper Small-Cap Growth Funds

		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	81	84	–	–
	Lipper Classification Rank	576 of 711 funds	569 of 680 funds	–	–
IS Shares	Lipper Classification % Rank	81	84	11	–
	Lipper Classification Rank	575 of 711 funds	570 of 680 funds	64 of 628 funds	–
A Shares	Lipper Classification % Rank	83	88	14	7
	Lipper Classification Rank	584 of 711 funds	597 of 680 funds	88 of 628 funds	28 of 456 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 Small 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 September 1, 2017. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for the fund's A 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 A Shares. The performance information has also been adjusted to reflect any applicable differences between the sales loads and charges imposed on the purchase and redemption of R6 Shares and A Shares, as well as the removal of any voluntary waivers/reimbursements of fund expenses that may have occurred during the periods prior to the commencement of operations of the R6 Shares.

The fund's Institutional Shares commenced operations on December 30, 2015. For the period prior to the commencement of operations for the Institutional Shares, the performance information shown is for the A Shares adjusted to reflect the expenses of the Institutional Shares for each year for which the expenses of the Institutional Shares would have exceeded the actual expenses paid by the fund's A Shares. The performance information has also been adjusted to reflect any applicable differences between the sales loads and charges imposed on the purchase and redemption of Institutional and A Shares, as well as the removal of any voluntary waivers/reimbursements of fund expenses that may have occurred during the periods prior to the commencement of operations of the 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.

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

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 2000® Growth Index measures the performance of the small-cap growth segment of the U.S. equity universe. It includes those Russell 2000® Index companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set 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 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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