

Federated Kaufmann Small Cap Fund

2Q
2019

6/30/19

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

\$3.1 billion

Ticker Symbols

R6 Shares - FKALX
IS Shares - FKAIX
A Shares - FKASX
C Shares - FKCSX
R Shares - FFKSX

Key Investment Team

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

Fund Description

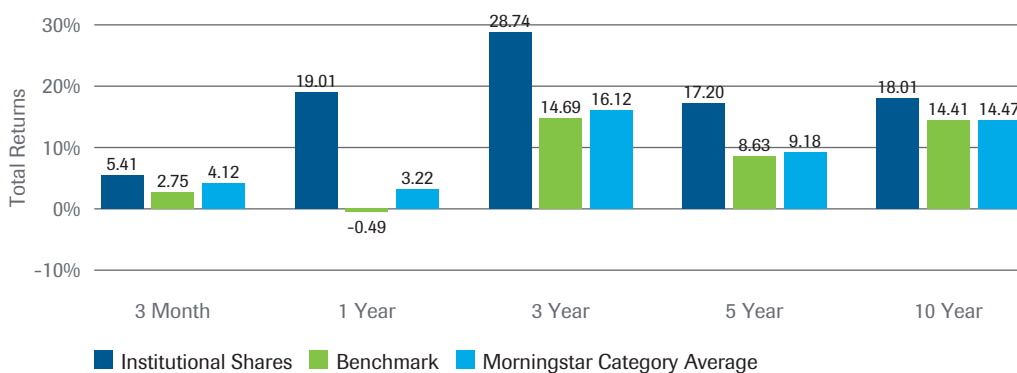
The fund seeks to provide capital appreciation by investing primarily in securities of small companies. Utilizing an intensive, bottom-up security selection process, it focuses on companies that exhibit positive growth characteristics.

Performance

Average Annual Total Returns (%)

Performance shown is before tax.

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception	Expense Ratio*	
									Before Waivers	After Waivers
R6 Shares	5.41	29.45	19.04	28.50	17.02	17.92	11.53	15.06	0.97	0.90
Institutional Shares	5.41	29.44	19.01	28.74	17.20	18.01	11.58	15.09	1.04	0.91
A Shares (NAV)	5.30	29.15	18.45	28.14	16.82	17.82	11.46	15.00	1.55	1.37
A Shares (MOP)	-0.50	22.04	11.94	25.75	15.51	17.16	11.04	14.61	1.55	1.37
Benchmark	2.75	20.36	-0.49	14.69	8.63	14.41	8.90	-	-	-



Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Institutional Shares	7.40	38.46	6.27	4.98	5.66	40.35	21.27	-14.18	31.61	36.58
Benchmark	-9.31	22.17	11.32	-1.38	5.60	43.30	14.59	-2.91	29.09	34.47
Morningstar Category Average	-5.76	21.50	11.20	-2.41	2.44	40.91	13.15	-3.55	26.98	35.46

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.

* 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, 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.

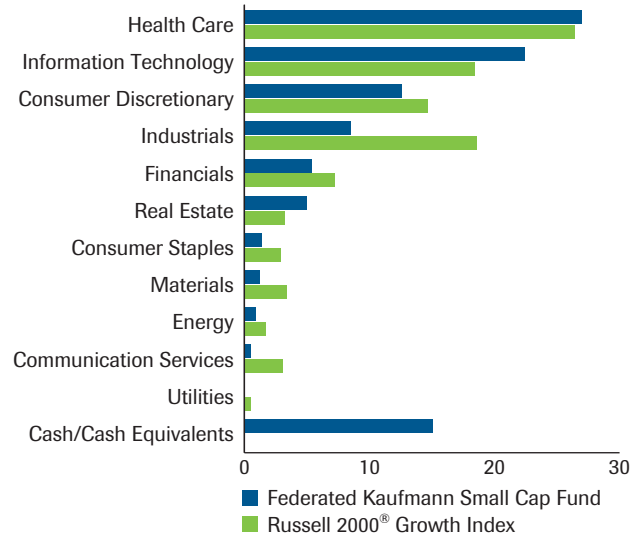
Portfolio Statistics

Weighted Median P/E (LTM)	63.2x
Weighted Median P/E (NTM)	33.8x
Weighted Median Market Cap	\$3.3 b
Number of Securities	201
Annual Portfolio Turnover	34.9%

Top Holdings (%)

Argenx SE - ADR	1.5
Argenx SE	1.4
Azul SA-ADR	1.2
Planet Fitness, Inc.	1.2
Ryman Hospitality Properties, Inc.	1.2
UniQure N.V.	1.2
Hamilton Lane, Inc.	1.1
Smartsheet, Inc.	1.1
Veeva Systems, Inc.	1.1
Alteryx, Inc.	1.0
Total % of Portfolio	12.0

Sector Weightings (%)



Portfolio composition is based on net assets at the close of business on 6/30/19 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 were mostly positive for the quarter
- Investors continued to prefer growth over value stocks
- The Consumer Staples, Technology and Industrial sector stocks positively contributed to the fund's performance
- Stock selection drove the fund's positive, relative performance

Looking Back

During the second quarter of 2019, the U.S. economy indicated continued slowing signs despite positive employment gains, still-positive ISM data and strong readings from the U.S. gross domestic product (GDP) for the first quarter of 2019. Global equity markets responded from the May sell-off with a rebound in June to produce positive returns for many indexes for the quarter. The U.S. equity markets were led by the S&P 500 Index, up by 4.30%, followed by large-cap stocks, represented by the Russell 1000 Index, up 4.25%, followed by mid-cap stocks, represented by the Russell Mid-Cap Index, up by 4.13%, finally followed by small-cap stocks that are represented by the Russell 2000 Index, was up 2.09% for the quarter. Small-cap growth stocks outperformed small-cap value stocks, a continuation of the multiyear trend.

During the second quarter, the portfolio team added to or initiated positions in the following: Network International Holdings (new), Ashmore Group (new), Galapagos, FinecoBank and Two Harbors Investment Co.

Also during the quarter, the portfolio subtracted the following positions in pursuit of better opportunities: Spark Therapeutics, Allegheny Technologies, Orion Engineered Carbons, Beyond Meat and Gates Industrial Corp.

Also of note, the small-cap fund participated in the following initial public offerings during the quarter: Chegg Inc., Fiverr International, Greenlane Holdings, Luckin Coffee Inc., The RealReal, Revolve Group, Trainline Plc., Beyond Meat, Tradeweb Markets, Adaptive Biotechnologies, Natera Inc., Personalis Inc., Stoke Therapeutics, Silk Road Medical, TransMedics Group, Turning Point Therapeutics, HeadHunter Group, Parsons Corp., Fastly, Inc., Network International holdings and Tufin Software.

Performance

Federated Kaufmann Small Cap Fund Institutional Shares returned 5.41% at NAV for the three months ended June 28 2019. That compares with its benchmark, the Russell 2000 Growth Index, which returned 2.75% during the same period.

Performance Contributors

- Stocks that made a positive contribution to performance included: Beyond Meat, Inc. uniQure, Hamilton Lane Inc., Veeva Systems and Alteryx Inc.

Performance Detractors

- Stocks that detracted from performance: Puma Biotechnology, Domo Inc., AnaptysBio, 2U Inc. and Atara

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How We Are Positioned

As the U.S. economy continues through 2019, the positive economic momentum over the last two years have shown signs of slowing. With U.S. business confidence high, jobless claims near a generational low, consumer confidence and the ISM Index still in positive territory, the markets continue to shrug off slow-down fears. As slower earnings growth and U.S. GDP growth weigh on the market, support from the central banks helped stimulate the equity markets into positive territory in the second quarter of 2019. The Federated Kaufmann franchise, however, continues to be focused on those companies that have little dependence on the economy, good or bad, to generate significant earnings growth.

This quarter the fund had approximately 70% of the portfolio invested in four sectors: Information Technology, Health Care, Consumer Discretionary and Industrials. The sector weightings of the portfolio are 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.

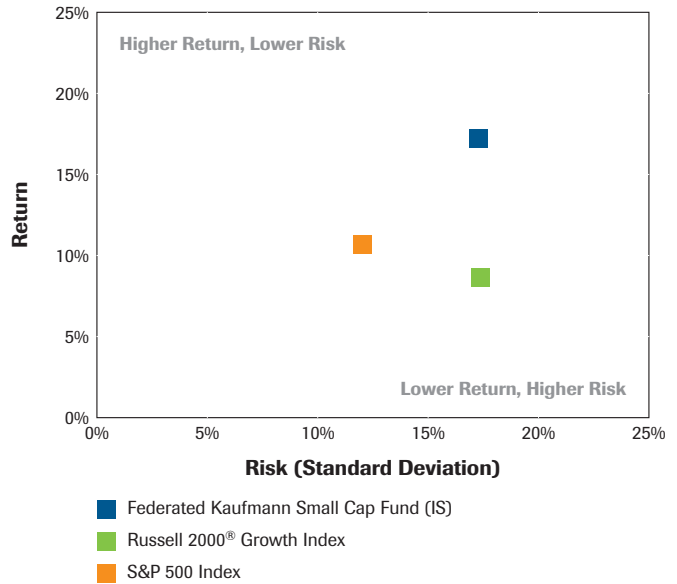
Risk Statistics

	3 Year	5 Year	7 Year	10 Year
Standard Deviation	15.78	17.26	16.52	18.88
Alpha	13.57	8.32	5.62	3.66
Beta	0.85	0.93	0.95	0.97
R ²	87.86	87.24	85.99	87.27

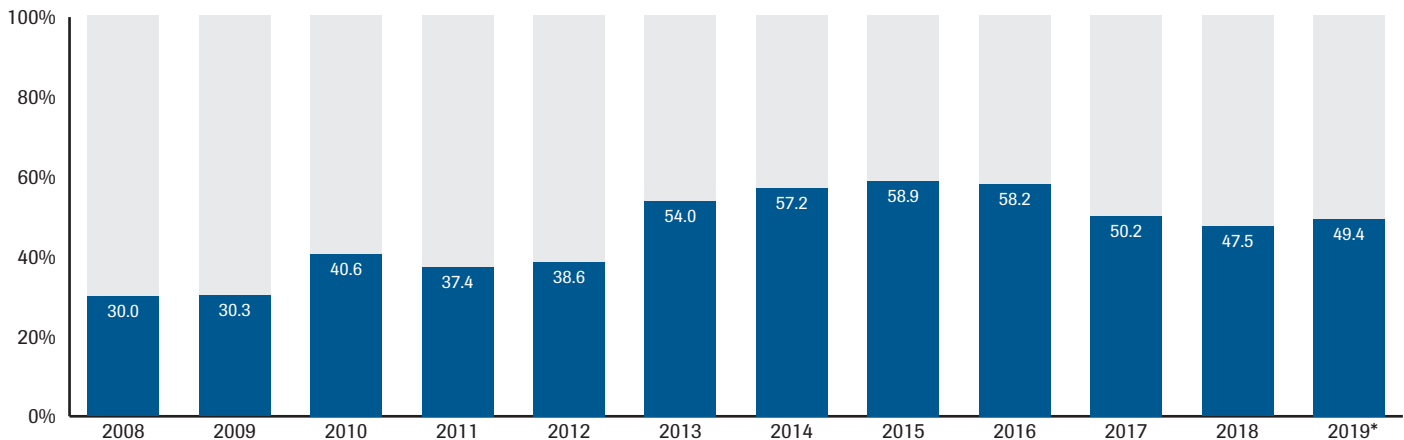
Sources: Federated Investors, Morningstar, Inc.
Fund vs. Russell 2000[®] Growth Index

See disclosure section for important definitions.

5-Year Risk/Return



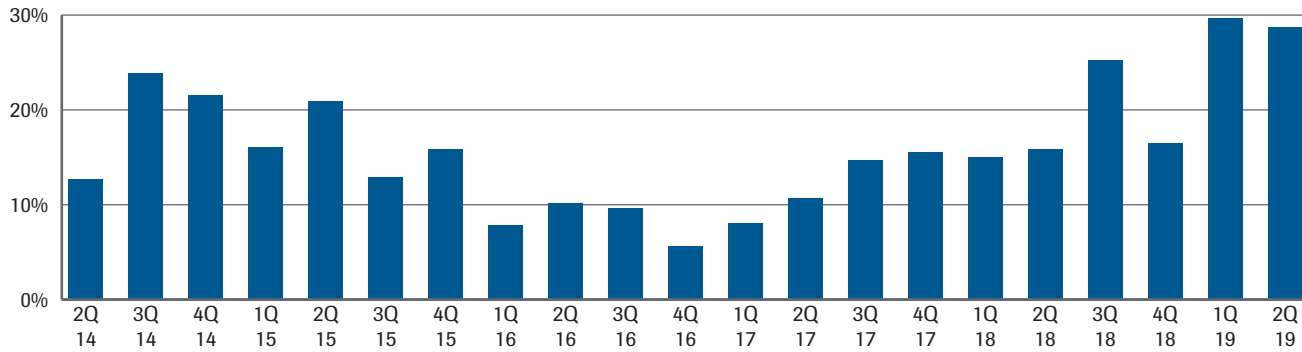
Percent of Portfolio Invested in IPOs



* As of 6/30/19

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3-Year Rolling Returns (IS)



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Category Rankings

Morningstar Small Growth Category

R6 Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	2	1	1	3
Morningstar Category Rank	15 of 672 Funds	-	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	2	1	1	3
Morningstar Category Rank	16 of 672 Funds	4 of 583 Funds	-	-
A Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	3	1	1	3
Morningstar Category Rank	26 of 672 Funds	6 of 583 Funds	5 of 515 Funds	14 of 393 Funds

Lipper Small-Cap Growth Funds

R6 Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	3	-	-	-
Lipper Classification Rank	15 of 601 Funds	-	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	3	1	-	-
Lipper Classification Rank	16 of 601 Funds	4 of 521 Funds	-	-
A Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	3	1	1	4
Lipper Classification Rank	17 of 601 Funds	5 of 521 Funds	4 of 463 Funds	13 of 353 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. 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 IS Shares, the performance information shown is for the A Shares adjusted to reflect the expenses of the IS Shares for each year for which the expenses of the IS 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 IS 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 IS 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

Russell 1000® Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® 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® 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 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.

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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