

# Federated MDT All Cap Core Fund

2Q  
2019

6/30/19

## Fund Facts

### Performance Inception Date

10/1/02

### Benchmark

Russell 3000<sup>®</sup> Index

### Morningstar Category

Large Value

### Lipper Classification

Multi-Cap Core Funds

### Fund Assets

\$314.2 million

### Ticker Symbols

R6 Shares - QKACX  
Institutional Shares - QIACX  
A Shares - QAACX  
C Shares - QCACX

### Key Investment Team

Daniel Mahr, CFA  
Frederick Konopka, CFA  
John Paul Lewicke  
Damien Zhang, CFA

## Fund Description

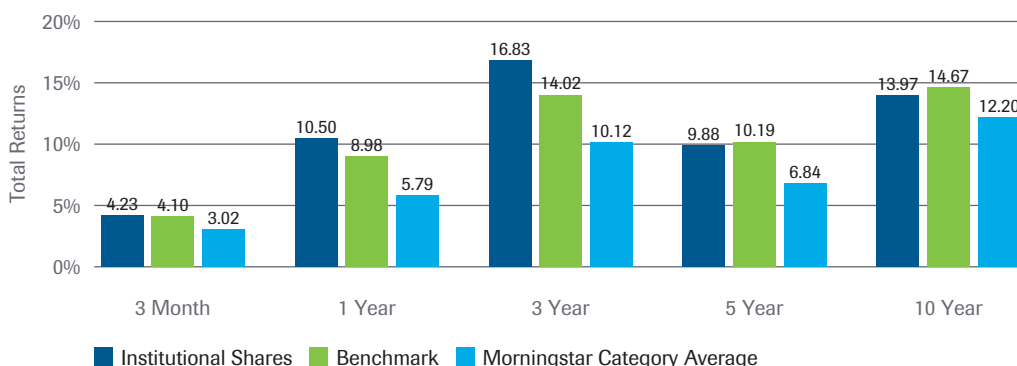
The fund pursues long-term capital appreciation by taking a “whole-market” approach to U.S. stocks and investing in a diversified portfolio of companies from the Russell 3000 Index. Through a fundamentally based, bottom-up, systematic approach, it seeks to remove subjective and emotional influences from the stock-selection process.

## 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	4.23	20.52	10.50	16.76	9.52	13.37	7.41	8.84	1.03	0.74
Institutional Shares	4.23	20.51	10.50	16.83	9.88	13.97	8.04	9.49	1.07	0.75
A Shares (NAV)	4.14	20.30	10.16	16.48	9.56	13.66	7.74	9.19	1.36	1.05
A Shares (MOP)	-1.59	13.67	4.09	14.30	8.32	13.02	7.33	8.82	1.36	1.05
Benchmark	4.10	18.71	8.98	14.02	10.19	14.67	8.88	-	-	-



### Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Institutional Shares	-2.49	21.07	12.41	-4.21	13.32	40.49	16.54	-0.33	10.09	19.44
Benchmark	-5.24	21.13	12.74	0.48	12.56	33.55	16.42	1.03	16.93	28.34
Morningstar Category Average	-8.53	15.94	14.81	-4.05	10.21	31.21	14.57	-0.75	13.66	24.13

**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.**

**\* 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 10/1/19 or the date of the fund's next effective prospectus.**

## Investment Process

### Fundamentally Based Research

Fundamentally based research identifies powerful combinations of value, growth and quality characteristics across market environments.

### Stock Selection

Stock alphas are forecasted based on each company's characteristics.

### Portfolio Optimization

Proprietary software is used to maximize portfolio alpha, net of trading costs, while managing risk.

### Pre-Trade Review

All trades are reviewed to ensure they are based on the most recent and accurate information. Insights from pre-trade review provide important feedback to the team and inspire further research.



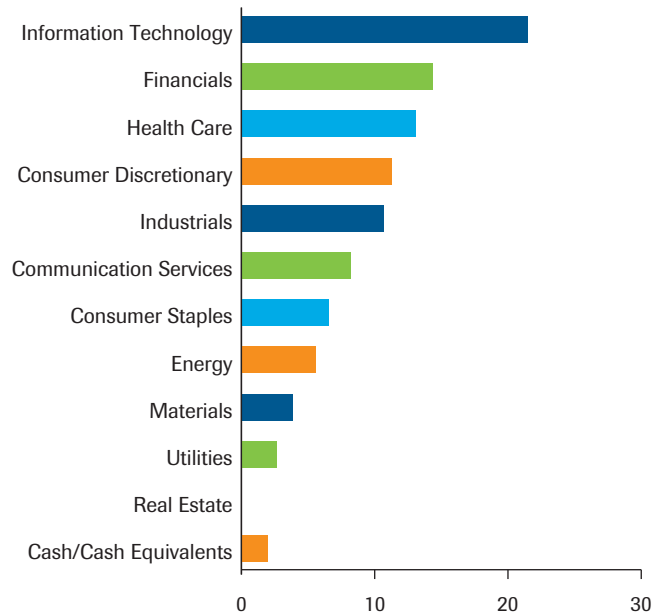
## Portfolio Statistics

Weighted Median P/E (LTM)	20.8x
Weighted Median P/E (NTM)	19.2x
Weighted Median Market Cap	\$45.3 b
Weighted Median Price/Book	6.4x
Number of Securities	172

## Top Holdings (%)

Lockheed Martin Corp.	2.9
Chevron Corp.	2.8
Stryker Corp.	2.8
Automatic Data Processing, Inc.	2.7
Charter Communications, Inc.	2.7
Allstate Corp.	2.5
Live Nation Entertainment, Inc.	2.5
Global Payments, Inc.	2.3
Mastercard, Inc. Class A	2.3
DuPont de Nemours Inc	2.2
<b>Total % of Portfolio</b>	<b>25.7</b>

## 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

- The market favored large-cap stocks over small-cap stocks and growth over value
- The fund ended the quarter roughly sector neutral to benchmark except for its Real Estate underweight

## Looking Back

The second quarter of 2019 was more volatile, return-wise, than the first quarter. During each of the respective three months, the Russell 3000 Index returned 3.99%, -6.47% and 7.02%, for a full-quarter return of 4.10%. Large caps and mid-caps did better than small caps (the mega-cap Russell Top 200 Index (RT200) returned 4.29% and was followed closely by the Russell Midcap Index (RMIDCAP) at 4.13%, but the Russell 2000 (R2000) and Russell Microcap Indexes trailed at a respective 2.10% and 0.92%.

While the growth style did lead the value style in most of the market-cap size ranges, the pattern of style returns was inconsistent. Growth and value were almost tied in the mega-cap range (the RT200G led the RT200V by only 0.25%), but growth led by a larger margin in the mid-cap range (the RMIDCAPG led the RMIDCAPV by 2.21%). The small-cap range also favored growth, although by less than the mid-caps (the R2000G led the R2000V by 1.37%). In the idiosyncratic microcap range, however, value led growth by 0.98%. These differences across the cap ranges can likely be attributed to the varying composition of the indexes and their respective perceived exposures to the trade war.

## Performance

Federated MDT All Cap Core Fund Institutional Shares returned 4.23% in the second quarter of 2019, outperforming the 4.10% return of its benchmark, the Russell 3000 Index.

### Performance Contributors

- Growth-oriented stocks with prices near 52-week highs, neutral to high analyst conviction and weak structural earnings
- Security selection in Financials sector
- Strong performers overweighted by the fund: Veeva Systems Inc. (Class A), Lockheed Martin Corporation and Global Payments Inc.

### Performance Detractors

- Strong growth stocks with very high analyst conviction, strong technical factors but worsening earnings-to-price
- Security selection in Information Technology sector
- Strong performer underweighted by the fund: Microsoft Corporation
- Weak performers overweighted by the fund: Xilinx, Inc. and Regeneron Pharmaceuticals, Inc.

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## How We Are Positioned

The fund ended the second quarter roughly sector-neutral to the benchmark according to the GICS sectors, except for an underweight in Real Estate (the fund does not hold REITs). Within the sectors, there were overweight positions in the software & services and insurance industries. There were underweight positions in the real estate, technology hardware & equipment and diversified financials industries. At the end of the period, the fund was tilted toward growth stocks.

*See disclosure section for important disclosures and definitions.*

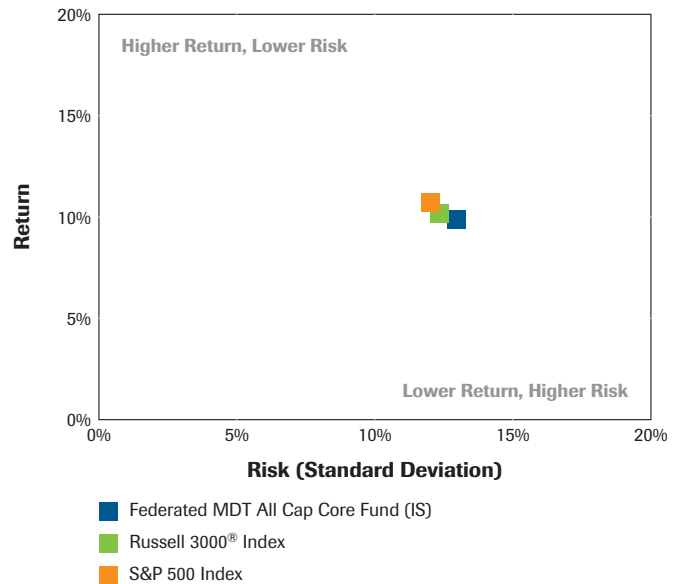
**Risk Statistics**

	3 Year	5 Year	7 Year	10 Year
Standard Deviation	13.28	12.97	12.12	13.96
Alpha	2.05	-0.47	0.59	-1.01
Beta	1.04	1.03	1.04	1.04
Correlation	0.98	0.98	0.97	0.98
R <sup>2</sup>	96.26	95.52	94.57	95.33
Up Capture Ratio	106.94	97.78	102.68	99.54
Down Capture Ratio	92.69	98.44	96.01	104.05
Sharpe Ratio	1.14	0.68	1.17	0.68
Tracking Error	2.62	2.76	2.86	3.05

Sources: Federated Investors, Morningstar, Inc.  
Fund vs. Russell 3000<sup>®</sup> Index

See disclosure section for important definitions.

**5-Year Risk/Return**



**A Diversified Equity Holding Can Help Weather Market Cycles**

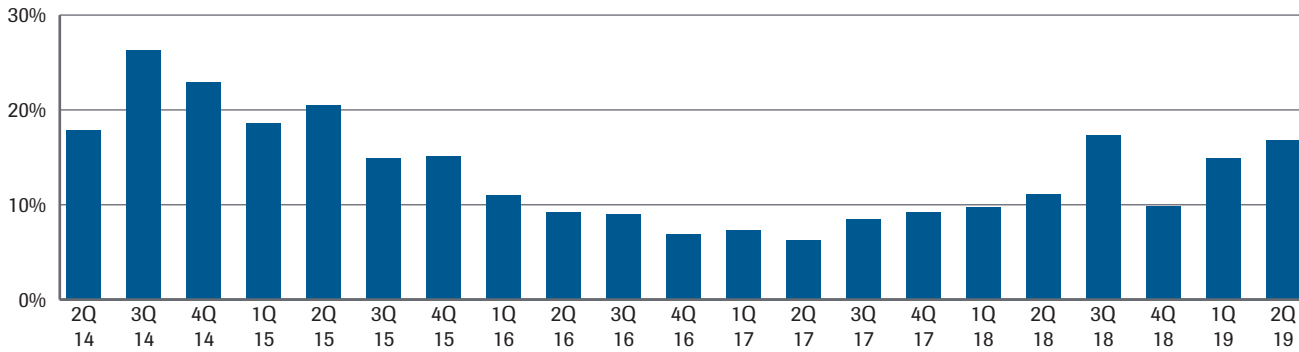
2013	2014	2015	2016	2017	2018	2019 YTD
Small Growth 43.30%	Mid Value 14.75%	Large Growth 5.09%	Small Value 31.74%	Large Growth 29.59%	Large Growth -2.12%	Mid Growth 26.08%
MDT All Cap Core Fund (IS) 40.49%	MDT All Cap Core Fund (IS) 13.32%	Mid Growth -0.20%	Mid Value 20.00%	Mid Growth 25.27%	MDT All Cap Core Fund (IS) -2.49%	Large Growth 21.41%
Mid Growth 35.74%	Large Value 12.70%	Small Growth -1.38%	Large Value 18.40%	Small Growth 22.17%	Mid Growth -4.75%	MDT All Cap Core Fund (IS) 20.51%
Small Value 34.52%	Large Growth 12.44%	Large Value -4.13%	MDT All Cap Core Fund (IS) 12.41%	MDT All Cap Core Fund (IS) 21.07%	Large Value -8.58%	Small Growth 20.36%
Large Growth 34.23%	Mid Growth 11.90%	MDT All Cap Core Fund (IS) -4.21%	Small Growth 11.32%	Mid Value 13.34%	Small Growth -9.31%	Mid Value 18.02%
Mid Value 33.46%	Small Growth 5.60%	Mid Value -4.78%	Large Growth 7.39%	Large Value 13.19%	Mid Value -12.29%	Large Value 16.05%
Large Value 32.69%	Small Value 4.22%	Small Value -7.47%	Mid Growth 7.33%	Small Value 7.84%	Small Value -12.86%	Small Value 13.47%

Source: Morningstar, Inc. Small Cap Value is represented by the Russell 2000<sup>®</sup> Value Index; Small Cap Growth is represented by the Russell 2000<sup>®</sup> Growth Index; Mid Cap Value is represented by the Russell Mid Cap<sup>®</sup> Value Index; Mid Cap Growth is represented by the Russell Mid Cap<sup>®</sup> Growth Index; Large Cap Value is represented by the Russell 3000<sup>®</sup> Value Index and Large Cap Growth is represented by the Russell 3000<sup>®</sup> Growth Index.

See back for index definitions. Index performance is for illustrative purposes only and is not representative of performance for any particular investment. This chart is for a selected time period. Results over different periods would have varied. Investments cannot be made in an index.

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### 3-Year Rolling Returns (IS)



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### Category Rankings

#### Morningstar Large Value Category

R6 Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	16	1	6	21
Morningstar Category Rank	170 of 1,236 Funds	3 of 1,103 Funds	30 of 956 Funds	94 of 696 Funds
IS Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	16	1	5	12
Morningstar Category Rank	171 of 1,236 Funds	2 of 1,103 Funds	22 of 956 Funds	45 of 696 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	18	1	6	16
Morningstar Category Rank	193 of 1,236 Funds	6 of 1,103 Funds	29 of 956 Funds	69 of 696 Funds

#### Lipper Multi-Cap Core Funds

R6 Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	19	2	22	41
Lipper Classification Rank	135 of 744 Funds	10 of 646 Funds	122 of 554 Funds	158 of 387 Funds
IS Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	19	2	17	23
Lipper Classification Rank	135 of 744 Funds	8 of 646 Funds	91 of 554 Funds	88 of 387 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	20	2	22	32
Lipper Classification Rank	144 of 744 Funds	12 of 646 Funds	117 of 554 Funds	122 of 387 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 is the successor to MDT All Cap Core Fund pursuant to a reorganization that took place on December 8, 2006. Prior to that date, the fund had no investment operations. Accordingly, the performance information shown for periods prior to that date is that of MDT All Cap Core Fund.

The fund's R Shares, re-designated as R6 Shares on September 1, 2016, commenced operations on December 12, 2006. For the period prior to the commencement of operations of the R Shares (now known as R6 Shares), the performance information shown is for the fund's Institutional Shares, adjusted to reflect the expenses of the R Shares and the performance information for the R6 Shares prior to September 1, 2016 reflects the higher R Shares expenses. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

### A Word About Risk

Mutual funds are subject to risks and fluctuate in value.

The quantitative models and analysis used by the fund may perform differently than expected and negatively affect fund performance.

### Definitions

**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.

**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.

**Correlation** is the degree to which one variable (here, the fund's returns) fluctuates relative to another (the returns of the fund's benchmark). Correlation ranges from 1.00, when two variables move identically in the same direction, to -1.00, when two variables move identically in the opposite direction.

**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.

**Sharpe Ratio** is calculated by dividing a fund's annualized excess return by the fund's annualized standard deviation. The higher the Sharpe Ratio, the better the fund's historical risk adjusted performance.

**Standard Deviation** is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

**Tracking Error** is the difference between a portfolio's returns and the benchmark or index it was meant to mimic or beat.

**Up Capture Ratio/Down Capture Ratio** is a measure of how well a manager was able to replicate or improve on periods of positive benchmark returns, and how badly the manager was affected by periods of negative benchmark returns. The up-market capture ratio is a measure of a manager's performance in up markets relative to the index during the same period. For example, a ratio value of 115 indicates that the manager has outperformed the market index by 15% in periods when the index has risen. The down-market capture ratio is the direct opposite of the up-market capture ratio, gauging performance of the manager relative to the index in down markets. A ratio value of 80 would indicate the manager had declined on 80% as much as the declining overall market, indicating relative outperformance.

**Weighted Median Price/Book** is a ratio comparing share price to book value or assets minus liabilities.

**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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