

Federated MDT Small Cap Core Fund

2Q
2019

6/30/19

Fund Facts

Performance Inception Date

9/15/05

Benchmark

Russell 2000[®] Index

Morningstar Category

Small Blend

Lipper Classification

Small-Cap Core Funds

Fund Assets

\$981.4 million

Ticker Symbols

R6 Shares - QLSCX

Institutional Shares - QISCX

A Shares - QASCX

C Shares - QCSCX

Key Investment Team

Daniel Mahr, CFA

Frederick Konopka, CFA

John Paul Lewicke

Damien Zhang, CFA

Fund Description

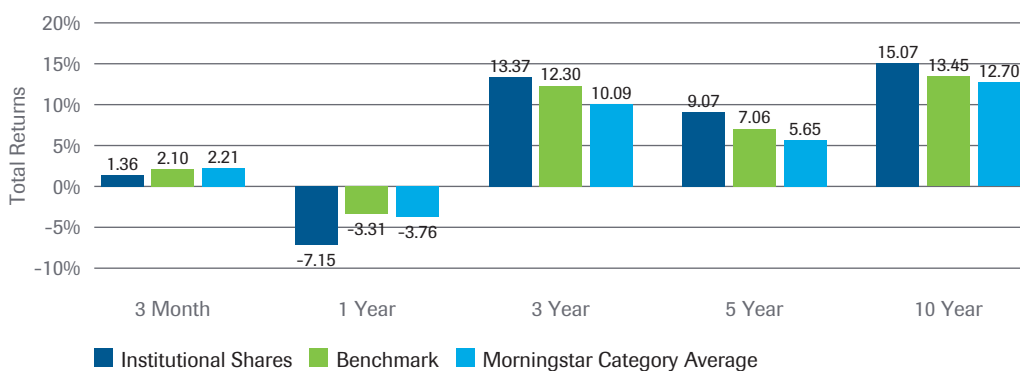
The fund pursues long-term capital appreciation by investing in a diversified portfolio of U.S. small-cap companies from the Russell 2000 Index. Through a fundamentally based, bottom-up, systematic approach, it seeks to remove subjective and emotional influences from the stock-selection process.

Performance

Average Annual Total Returns (%)

Performance shown is before tax.

	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Expense Ratio*	
								Before Waivers	After Waivers
R6 Shares	1.36	13.23	-7.10	13.39	8.93	13.62	4.63	1.02	0.88
Institutional Shares	1.36	13.24	-7.15	13.37	9.07	15.07	7.32	1.11	0.89
A Shares (NAV)	1.31	13.11	-7.34	13.09	8.79	14.79	7.07	1.39	1.14
A Shares (MOP)	-4.27	6.88	-12.42	10.98	7.57	14.15	6.63	1.39	1.14
Benchmark	2.10	16.98	-3.31	12.30	7.06	13.45	-	-	-



Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Institutional Shares	-11.58	15.58	35.23	-3.20	3.15	46.16	20.35	-1.84	24.97	13.48
Benchmark	-11.01	14.65	21.31	-4.41	4.89	38.82	16.35	-4.18	26.85	27.17
Morningstar Category Average	-12.72	12.28	20.78	-5.38	3.79	37.39	15.46	-4.07	25.61	31.80

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 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.



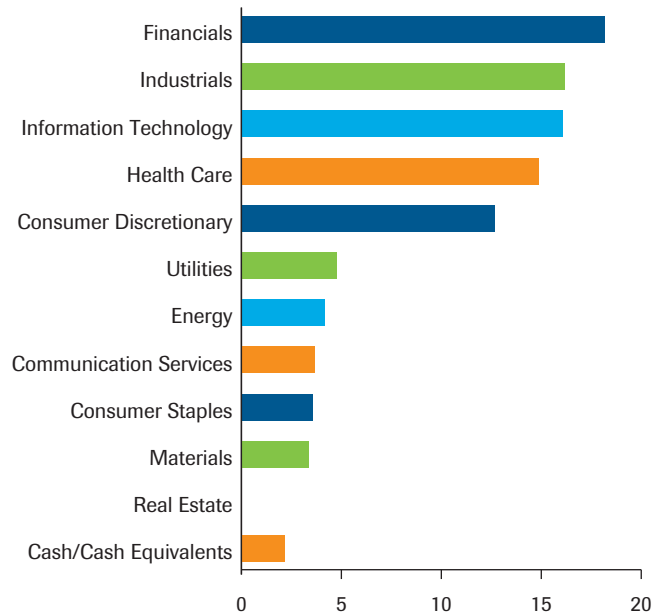
Portfolio Statistics

Weighted Median P/E (LTM)	18.0x
Weighted Median P/E (NTM)	14.6x
Weighted Median Market Cap	\$2.2 b
Weighted Median Price/Book	2.3x
Number of Securities	251

Top Holdings (%)

Planet Fitness, Inc.	1.5
HubSpot, Inc.	1.3
Paylocity Holding Corp.	1.3
Southwest Gas Holdings, Inc.	1.3
Coupa Software, Inc.	1.2
Insperty, Inc.	1.2
KB HOME	1.2
Arch Coal, Inc. - A	1.1
Clearway Energy Inc - Class A	1.1
PNM Resources, Inc.	1.1
Total % of Portfolio	12.3

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
- Deep value stocks with depressed prices and without significant external financing needs contributed most to underperformance
- Fund ended 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 Small Cap Core Fund Institutional Shares returned 1.36% in the second quarter of 2019, underperforming the 2.10% return of its benchmark, the Russell 2000 Index.

Performance Contributors

- Growth-oriented stocks with prices near 52-week highs, neutral to high analyst conviction and flat or improving earnings-to-price
- Security selection in Communication Services and Consumer Staples sectors
- Strong performers overweighted by the fund: Array BioPharma Inc., Repligen Corporation and Sinclair Broadcast Group, Inc. (Class A)

Performance Detractors

- Stocks with depressed prices but no significant external financing needs
- Security selection in Consumer Discretionary, Financials and Energy sectors
- Weak performers overweighted by the fund: Mallinckrodt Plc, Genomic Health, Inc. and BioCryst 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 was a small overweight position in the software & services industry and a significant underweight position in the real estate industry. At the end of the period, the fund was tilted slightly toward growth stocks.

See disclosure section for important disclosures and definitions.

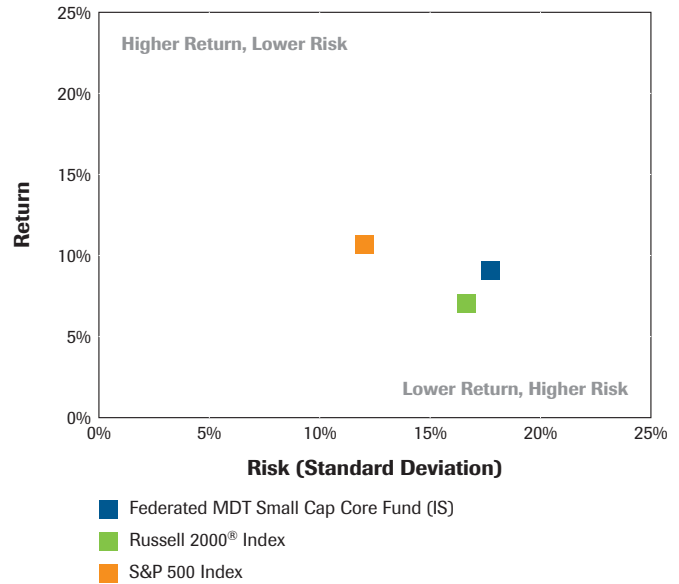
Risk Statistics

	3 Year	5 Year	7 Year	10 Year
Standard Deviation	18.51	17.73	16.31	19.04
Alpha	0.35	1.75	2.35	0.84
Beta	1.07	1.04	1.04	1.06
Correlation	0.99	0.98	0.97	0.98
R ²	98.13	95.12	94.46	95.18
Up Capture Ratio	108.62	106.28	107.86	106.51
Down Capture Ratio	108.50	98.66	96.71	102.94
Sharpe Ratio	0.63	0.46	0.85	0.76
Tracking Error	2.83	3.98	3.89	4.33

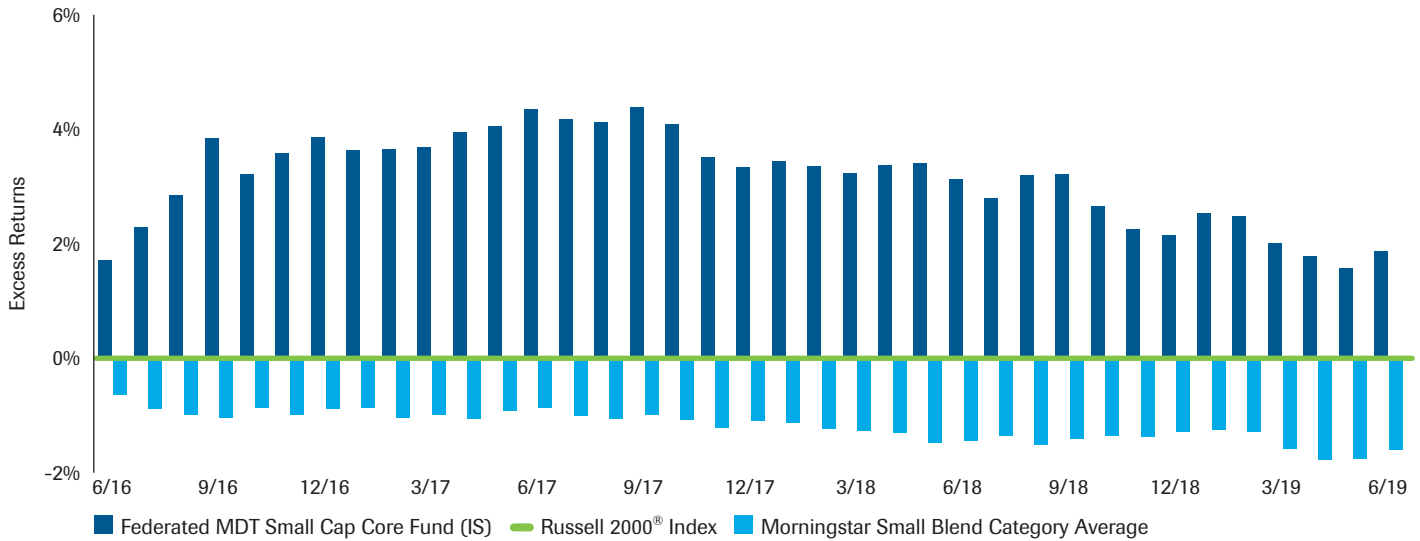
Sources: Federated Investors, Morningstar, Inc.
Fund vs. Russell 2000® Index

See disclosure section for important definitions.

5-Year Risk/Return



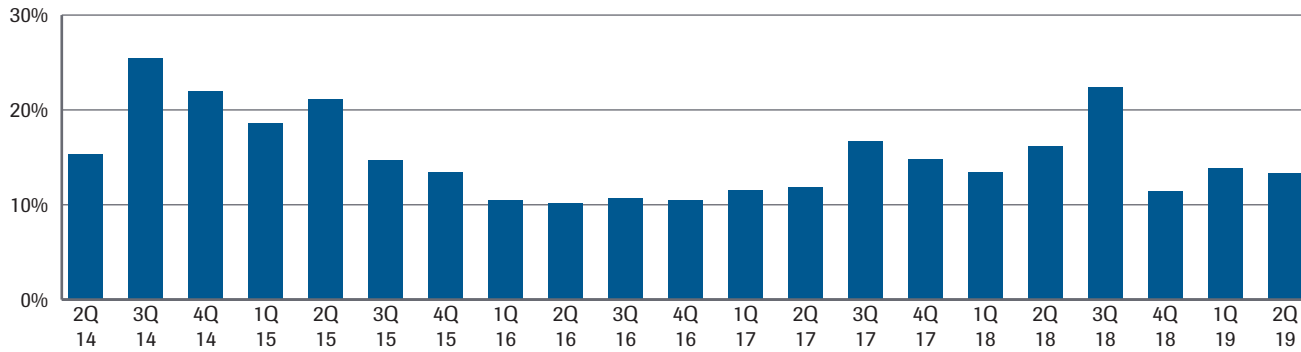
5-Year Rolling Excess Performance vs. Russell 2000® Index



Source: Morningstar, Inc. Performance for 5-year periods (1-month step) from 6/30/11 - 6/30/19. Returns are for IS Shares. Other classes of shares are available whose performance will vary due to different charges and expenses.

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3-Year Rolling Returns (IS)



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Category Rankings

Morningstar Small Blend Category

R6 Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	80	7	3	3
Morningstar Category Rank	593 of 733 Funds	36 of 633 Funds	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	80	7	3	3
Morningstar Category Rank	596 of 733 Funds	39 of 633 Funds	15 of 516 Funds	11 of 375 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	80	9	4	5
Morningstar Category Rank	597 of 733 Funds	56 of 633 Funds	20 of 516 Funds	21 of 375 Funds

Lipper Small-Cap Core Funds

R6 Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	82	8	-	-
Lipper Classification Rank	774 of 951 Funds	60 of 831 Funds	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	82	8	4	3
Lipper Classification Rank	777 of 951 Funds	62 of 831 Funds	25 of 686 Funds	14 of 497 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	83	11	5	5
Lipper Classification Rank	781 of 951 Funds	91 of 831 Funds	34 of 686 Funds	24 of 497 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 is the successor to MDT Small 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 Small Cap Core Fund.

The fund's R6 Shares commenced operations on June 30, 2016. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for the fund's Institutional Shares. The performance of the Institutional Shares has not been adjusted to reflect the expenses applicable to the R6 Shares since the R6 Shares have a lower expense ratio than the expense ratio of the Institutional Shares. The performance of the Institutional Shares have been adjusted to remove any voluntary waiver of the fund expenses related to the Institutional Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares.

A Word About Risk

Mutual funds are subject to risks and fluctuate in value.

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

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

Definitions

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.

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.

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.

Indexes are unmanaged and cannot be invested in directly.

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

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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