

Federated Hermes MDT Small Cap Core Fund

9/30/22

Fund facts

Performance inception date

9/15/05

Benchmark

Russell 2000® Index

Morningstar category

Small Blend

Lipper classification

Small-Cap Core Funds

Fund assets

\$1.1 billion

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

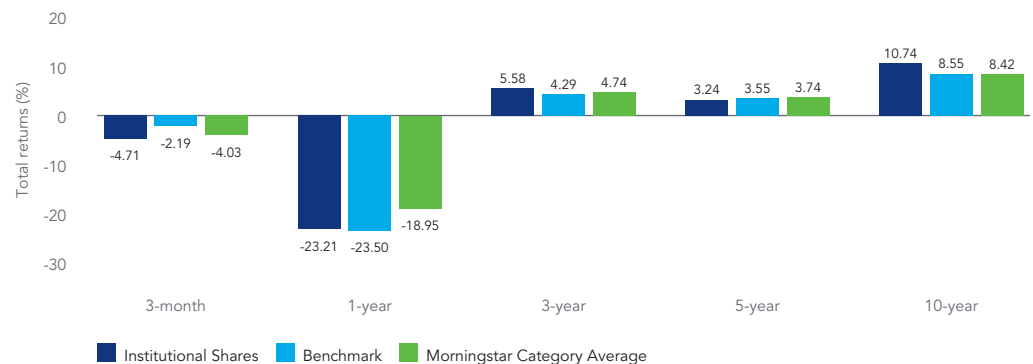
Fund description

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.

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	-4.66	-28.37	-23.19	5.59	3.26	10.63	4.52	0.94	0.88
Institutional Shares	-4.71	-28.38	-23.21	5.58	3.24	10.74	6.69	1.04	0.89
A Shares (NAV)	-4.72	-28.48	-23.39	5.32	2.99	10.47	6.44	1.37	1.14
A Shares (MOP)	-9.96	-32.41	-27.60	3.35	1.84	9.84	6.09	1.37	1.14
Benchmark	-2.19	-25.10	-23.50	4.29	3.55	8.55	-	-	-



Calendar year total returns (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Institutional Shares	30.27	16.99	18.06	-11.58	15.58	35.23	-3.20	3.15	46.16	20.35
Benchmark	14.82	19.96	25.53	-11.01	14.65	21.31	-4.41	4.89	38.82	16.35
Morningstar Category Average	24.19	10.99	23.75	-12.72	12.28	20.78	-5.38	3.79	37.39	15.46

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. 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 11/1/23 or the date of the fund's next effective prospectus.

Investment process

Fundamentally based research

Research identifies powerful combinations of fundamental and technical factors which can capture behavioral signals that work across market environments.

Stock selection

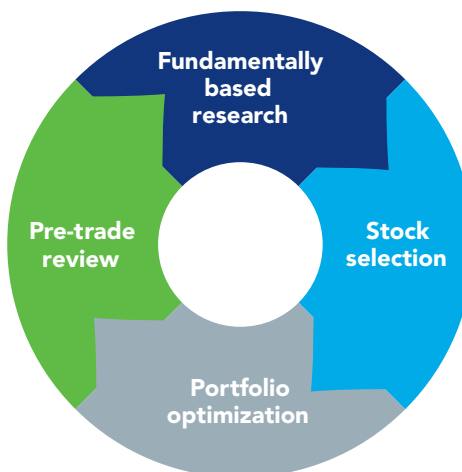
Stock alphas are forecasted based on each company's characteristics.

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.



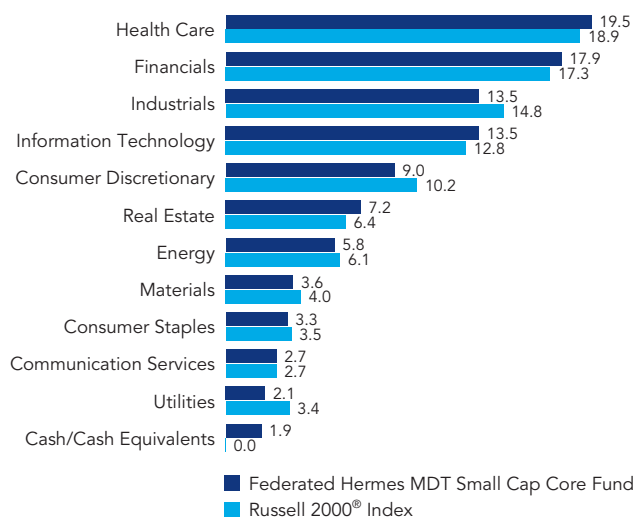
Portfolio statistics

Weighted median P/E (LTM)	12.0x
Weighted median P/E (NTM)	10.8x
Weighted median market cap	\$1.3 b
Weighted median price/book	1.6x
Number of securities	301

Top holdings (%)

Eastern Bankshares, Inc.	2.2
Semtech Corp.	2.1
Nevro Corp.	1.7
Green Dot Corp.	1.6
Chegg, Inc.	1.5
Boise Cascade Co.	1.2
CONSOL Energy Inc.	1.2
Customers Bancorp, Inc.	1.2
Hostess Brands, Inc.	1.2
GMS, Inc.	1.1
Total % of portfolio	15.0

Sector weightings (%)



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

- Small-cap growth stocks outperformed small-cap value stocks
- Underperformance came from stocks with high structural (repeatable) earnings and low to neutral analyst conviction
- The fund ended the quarter roughly sector-neutral to benchmark

Looking back

The third quarter of 2022 was better than the first and second quarters, but still a down market, with the Russell 3000 Index returning -4.46%. Just as in the second quarter, there was one month of gains (July) and two months of losses (August and September). The gain month, July, was the strongest month of the year so far, but the quarter ended on a sour note in September, with all of the Russell 3000 subindexes losing a large and very consistent percentage of their value (the best subindex return in the month of September was the Russell Top 200 Value Index at -8.28% and the worst was the Russell 2000 Value Index at -10.19%). The August and September losses came as inflation persisted and the Federal Reserve Board raised its target interest rate to a level higher than it had been in the last ten years.

Over the full quarter, small-capitalization stocks performed a little better than larger capitalization stocks: the small-cap Russell 2000 Index returned -2.19%, the Russell Midcap Index returned -3.44%, and the mega-cap Russell Top 200 Index returned -5.02%. Looking at the Russell style indexes, growth fared better this quarter than did value: the Russell 3000 Growth Index returned -3.37%, while the Russell 3000 Value Index returned -5.56%. The Russell 2000 Growth Index, with a return of 0.24% this quarter, was the only one of the Russell 3000 subindexes that had a positive return.

Performance

Federated Hermes MDT Small Cap Core Fund (Institutional Shares) returned -4.71% in the third quarter of 2022, underperforming the -2.19% return of its benchmark, the Russell 2000 Index.

Performance contributors

- Overweight of and favorable stock selection among young companies with neutral to high analyst conviction and strong technical factors
- Stock selection in Consumer Discretionary, Health Care and Energy sectors
- Strong performers overweighted by the fund: Prothena Corp. Plc, Bed Bath & Beyond Inc. and CONSOL Energy Inc.

Performance detractors

- Overweight of and poor stock selection among stocks with high structural (repeatable) earnings and low to neutral analyst conviction
- Overweight of stocks with depressed recent returns and no significant external financing needs
- Stock selection in Financials, Information Technology and Industrials sectors
- Weak performers overweighted by the fund: Harsco Corporation, WW International, Inc. and Semtech Corporation

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How we are positioned

The fund ended the third quarter roughly sector-neutral to the benchmark according to the GICS sectors. Within the sectors, there were small overweight positions of the Software and Services industry and the Retailing industry. At the end of the period, the fund was tilted toward value stocks. See disclosure section for important disclosures and definitions.

Risk statistics

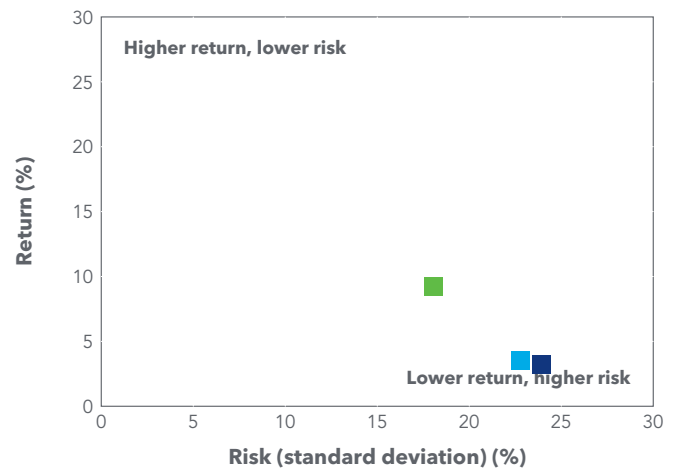
	3-year	5-year	7-year	10-year
Standard deviation	26.78	23.93	22.25	20.01
Alpha	1.38	-0.19	1.36	1.89
Beta	1.03	1.03	1.05	1.04
Correlation	0.98	0.98	0.98	0.98
R²	96.48	96.93	96.05	95.58
Up capture ratio	104.39	101.90	106.41	106.75
Down capture ratio	100.82	103.06	101.91	99.57
Sharpe ratio	0.18	0.08	0.36	0.50
Tracking error	5.11	4.28	4.55	4.27

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Russell 2000® Index

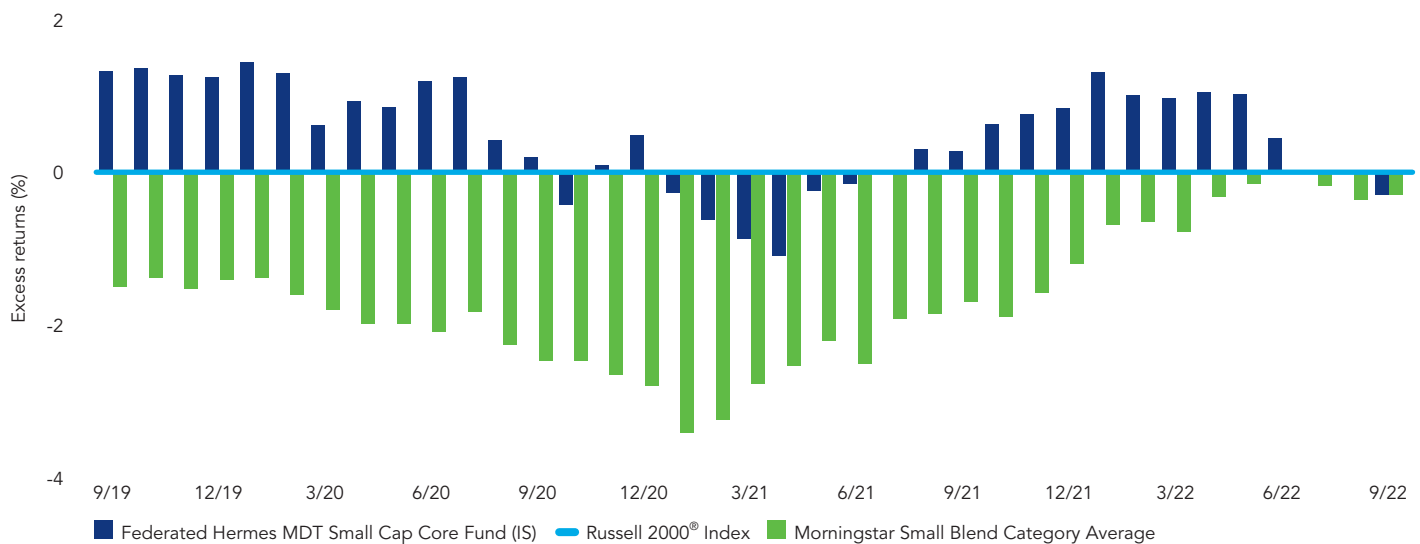
See disclosure section for important definitions.

5-year risk/return



	Risk (%)	Return (%)
Federated Hermes MDT Small Cap Core Fund (IS)	23.93	3.24
Russell 2000® Index	22.81	3.55
S&P 500 Index	18.07	9.23

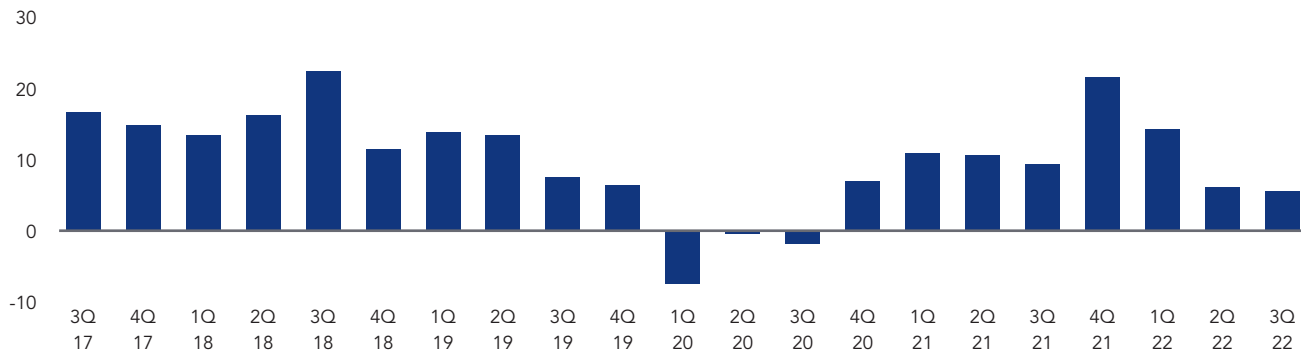
5-year rolling excess performance vs. Russell 2000® Index



Source: Morningstar, Inc. Performance for 5-year periods (1-month step) from 7/1/14 - 9/30/22. Returns are for Institutional 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

		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	83	36	68	-
	Morningstar Category Rank	500 of 607 funds	185 of 578 funds	331 of 536 funds	-
IS Shares	Morningstar Category % Rank	84	36	68	3
	Morningstar Category Rank	503 of 607 funds	186 of 578 funds	333 of 536 funds	8 of 356 funds
A Shares	Morningstar Category % Rank	85	42	72	3
	Morningstar Category Rank	514 of 607 funds	213 of 578 funds	359 of 536 funds	10 of 356 funds

Lipper Small-Cap Core Funds

		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	87	35	57	-
	Lipper Classification Rank	759 of 873 funds	285 of 830 funds	438 of 775 funds	-
IS Shares	Lipper Classification % Rank	87	35	57	3
	Lipper Classification Rank	760 of 873 funds	287 of 830 funds	440 of 775 funds	15 of 534 funds
A Shares	Lipper Classification % Rank	88	40	62	4
	Lipper Classification Rank	769 of 873 funds	330 of 830 funds	479 of 775 funds	21 of 534 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 MDT Small Cap Core 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 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.

The fund may invest in small capitalization (or "smallcap") companies. Small-cap companies may have less liquid stock, a more volatile share price, unproven track records, a limited product or service base and limited access to capital. The above factors could make small-cap companies more likely to fail than larger companies and increase the volatility of the fund's portfolio, performance and price. Suitable securities of small-cap companies also can have limited availability and cause capacity constraints on investment strategies for funds that invest in them.

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

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.

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 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.

Weighted median price/book is a ratio comparing share price to book value or assets minus liabilities.

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.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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