

Federated MDT Small Cap Growth Fund

4Q
2018

12/31/18

Fund Facts

Performance Inception Date

9/15/05

Benchmark

Russell 2000® Growth Index

Morningstar Category

Small Growth

Lipper Category

Small-Cap Growth Funds

Fund Assets

\$580.4 million

Ticker Symbols

R6 Shares - QLSGX
Institutional Shares - QISGX
A Shares - QASGX
C Shares - QCSGX

Key Investment Team

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

Fund Description

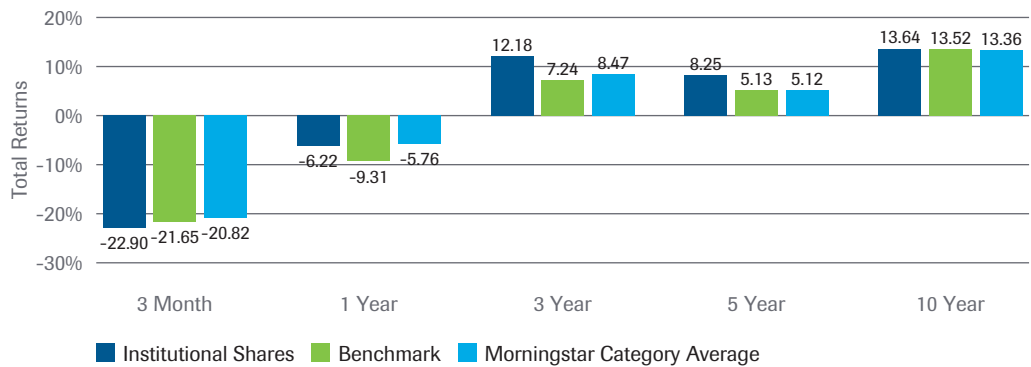
The fund pursues long-term capital appreciation by investing in a diversified portfolio of U.S. small-cap growth companies from the Russell 2000 Growth Index. Through a fundamentally based, bottom up, systematic approach, it seeks to remove subjective and emotional influences from the stock-selection 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	-22.91	-6.23	-6.23	12.14	8.17	13.40	5.68	1.07	0.88
Institutional Shares	-22.90	-6.22	-6.22	12.18	8.25	13.64	8.05	1.19	0.89
A Shares (NAV)	-22.94	-6.47	-6.47	11.89	7.98	13.36	7.77	1.47	1.14
A Shares (MOP)	-27.17	-11.62	-11.62	9.81	6.76	12.72	7.32	1.47	1.14
Benchmark	-21.65	-9.31	-9.31	7.24	5.13	13.52	-	-	-



Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Institutional Shares	-6.22	25.04	20.41	3.50	1.71	42.33	17.40	1.63	29.46	9.94
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 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

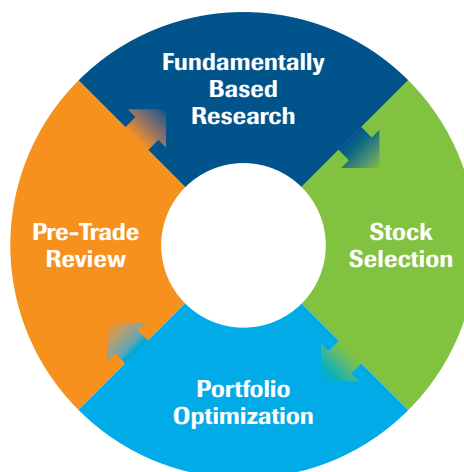
Stock alphas are forecasted based on each company's characteristics.

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.



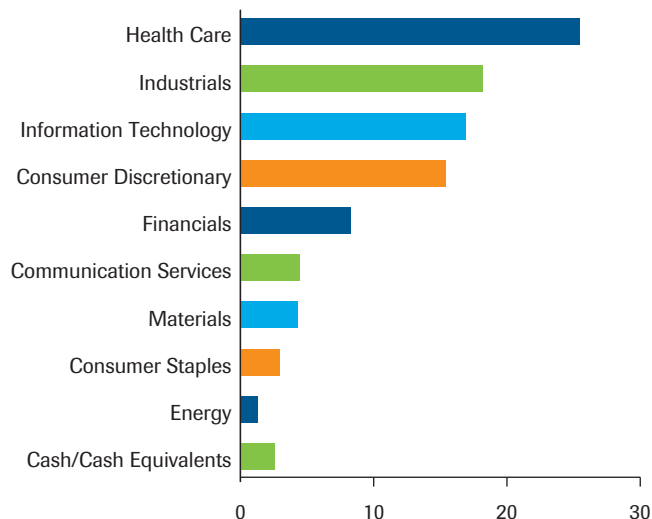
Portfolio Statistics

Weighted Median P/E (LTM)	27.1x
Weighted Median P/E (NTM)	18.4x
Weighted Median Market Cap	\$2.0 b
Weighted Median Price/Book	3.6x
Number of Securities	200

Top Holdings (%)

Green Dot Corp.	1.9
Cornerstone OnDemand, Inc.	1.7
Amedisys, Inc.	1.5
Genomic Health, Inc.	1.5
National General Holdings Corp.	1.4
SPS Commerce, Inc.	1.4
Shenandoah Telecommunications Co.	1.3
HMS Holdings Corp.	1.2
HubSpot, Inc.	1.2
Planet Fitness, Inc.	1.2
Total % of Portfolio	14.3

Sector Weightings (%)



Portfolio composition is based on net assets at the close of business on 12/31/18 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 underperformed small-cap value stocks
- The stocks with the strongest growth characteristics contributed the most to underperformance

Looking Back

There was a significant market correction in the fourth quarter of 2018 as earlier optimism was shaken by a series of unusual political events, both domestic and international, starting with the killing of journalist Jamal Khashoggi inside the Saudi consulate in Istanbul as the quarter began. Uncertainty about interest rates grew as President Trump tweeted his opposition to the rate increases planned by the Federal Reserve. The tariff war with China broadened, and Brexit clouded the economic future of Britain and the European Union. Toward the end of the quarter, Special Counsel Robert Mueller's investigation began issuing indictments against key individuals affiliated with the Trump administration.

In the face of these events, the market became extremely volatile, sometimes swinging several percent in different directions on successive days. The Russell 3000 Index was down 7.36% in October, up 2.00% in November, and down 9.31% in December, for a fourth-quarter return of -14.30%. The mood was risk-off, with large caps doing better than the perceived-higher-risk small caps (the mega-cap Russell Top 200 Index returned -13.23%, while the small-cap Russell 2000 Index returned -20.20%), and value stocks doing better than growth stocks (the Russell 3000 Value Index returned -12.24%, while the Russell 3000 Growth Index returned -16.33%).

Performance

Federated MDT Small Cap Growth Fund Institutional Shares returned -22.90% in the fourth quarter of 2018, underperforming the -21.65% return of its benchmark, the Russell 2000 Growth Index.

Performance Contributors

- Growth stocks close to the growth-value split (flat or improving earnings to price and without significant asset growth)
- Security selection in Health Care sector
- Weak performers not held by the fund: Roku Inc. (Class A) and Blackbaud, Inc.

Performance Detractors

- Strong growth stocks, including those with very high analyst conviction and strong technical factors
- Stock selection in Industrials and Materials sectors
- Weak performers overweighted by the fund: Kraton Corp., Trinseo SA and Denbury Resources Inc.

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.

How We Are Positioned

The fund ended the fourth quarter roughly sector-neutral to the benchmark according to the GICS sectors, except for a small underweight in Real Estate (the Fund does not hold REITs). Within the sectors, there was a small underweight position in the real estate industry.

See disclosure section for important disclosures and definitions.

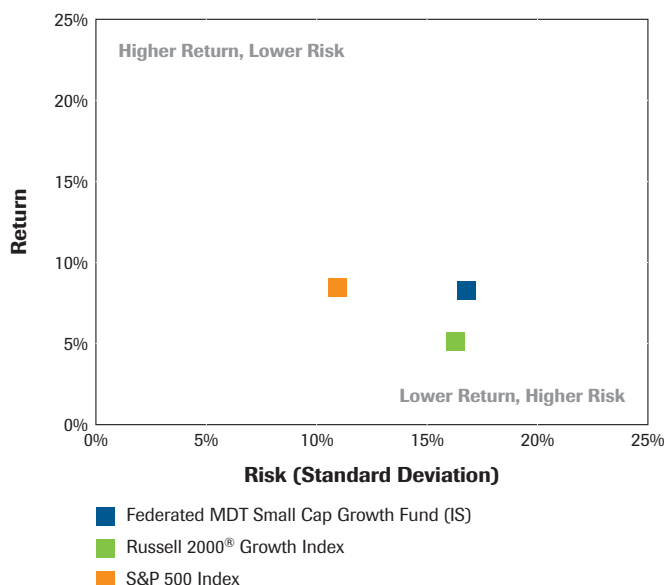
Risk Statistics

	3 Year	5 Year	7 Year	10 Year
Standard Deviation	18.09	16.80	15.89	19.05
Alpha	4.33	3.04	2.58	0.43
Beta	1.06	0.99	0.99	0.98
Correlation	0.98	0.96	0.96	0.96
R ²	95.89	93.11	92.58	92.61
Up Capture Ratio	116.67	105.86	103.82	99.13
Down Capture Ratio	96.84	92.41	92.09	98.11
Sharpe Ratio	0.61	0.45	0.84	0.69
Tracking Error	3.82	4.42	4.34	5.19

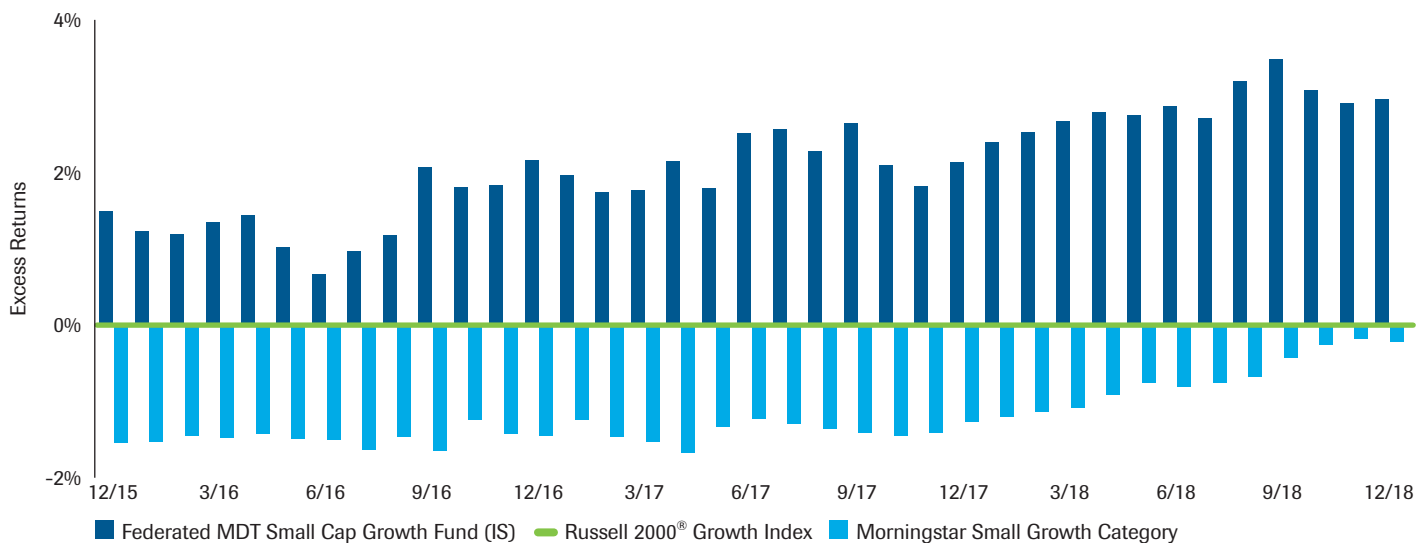
Sources: Federated Investors, Morningstar, Inc.
Fund vs. Russell 2000[®] Growth Index

See disclosure section for important definitions.

5-Year Risk/Return



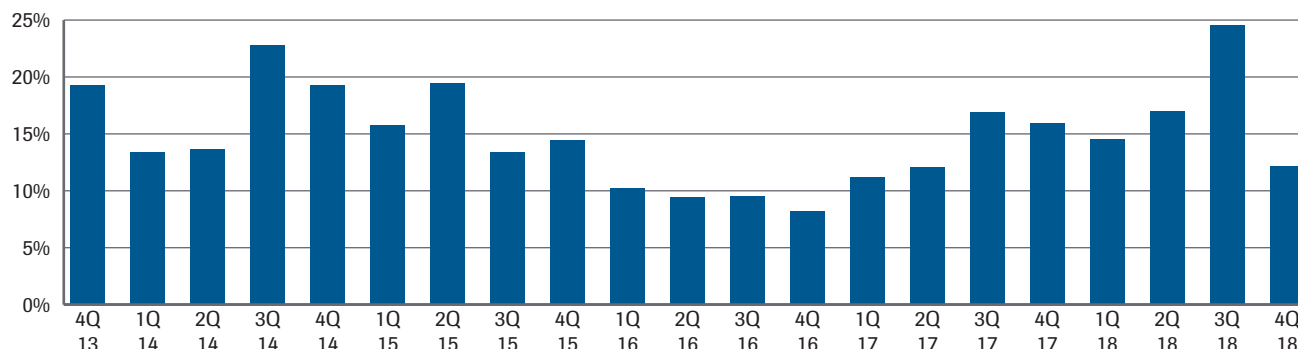
5-Year Rolling Excess Performance vs. Russell 2000[®] Growth Index



Source: Morningstar, Inc. Performance for 5-year periods (1-month step) from 12/31/10 - 12/31/18. Returns are for IS Shares. Other classes of shares are available whose performance will vary due to different charges and expenses.

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.

3-Year Rolling Returns (IS)



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.

Category Rankings

Morningstar Small Growth Category

R6 Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	56	12	8	45
Morningstar Category Rank	379 of 676 Funds	-	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	56	12	8	44
Morningstar Category Rank	378 of 676 Funds	67 of 583 Funds	34 of 516 Funds	185 of 391 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	58	13	10	51
Morningstar Category Rank	389 of 676 Funds	73 of 583 Funds	41 of 516 Funds	209 of 391 Funds

Lipper Small-Cap Growth Funds

R6 Shares	1 Year	3 Year	5 Year	10 Year
Lipper Category % Rank	64	-	-	-
Lipper Category Rank	357 of 559 Funds	-	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Lipper Category % Rank	64	14	8	53
Lipper Category Rank	356 of 559 Funds	65 of 477 Funds	33 of 436 Funds	172 of 328 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Lipper Category % Rank	66	16	10	59
Lipper Category Rank	366 of 559 Funds	72 of 477 Funds	40 of 436 Funds	194 of 328 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 Growth 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 Growth 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 has been adjusted to remove any voluntary waiver of fund expenses related to the Institutional Shares that may have occurred during the periods 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® 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.

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

Lipper Categories: Data Source: Lipper, A Reuters Company. Copyright 2019© Reuters. All rights reserved. Any copying, republication or redistribution of Lipper content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2019 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.