

Federated MDT Small Cap Growth Fund

1Q
2019

3/31/19

Fund Facts

Performance Inception Date

9/15/05

Benchmark

Russell 2000[®] Growth Index

Morningstar Category

Small Growth

Lipper Classification

Small-Cap Growth Funds

Fund Assets

\$790.8 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

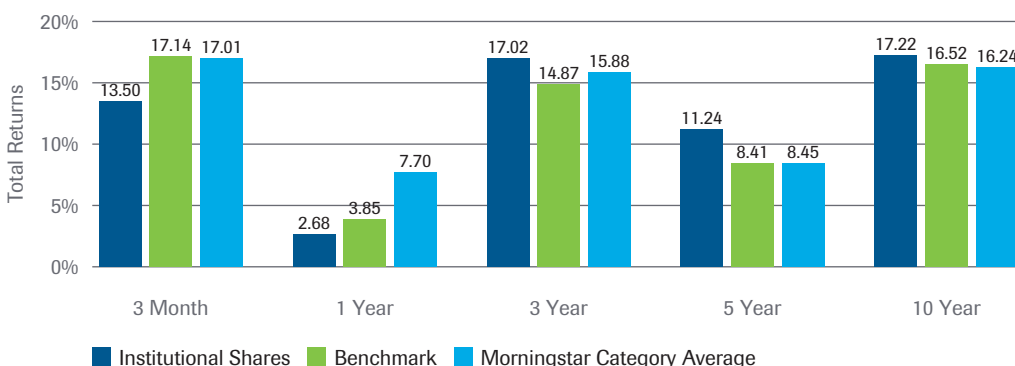
The fund pursues long-term capital appreciation by investing in a diversified portfolio of U.S. small-cap growth companies from the Russell 2000 Growth Index. Through a fundamentally based, bottom up, systematic approach, it seeks to remove subjective and emotional influences from the stock-selection 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	13.50	13.50	2.68	16.99	11.16	16.99	6.56	1.07	0.88
Institutional Shares	13.50	13.50	2.68	17.02	11.24	17.22	8.91	1.19	0.89
A Shares (NAV)	13.44	13.44	2.44	16.74	10.97	16.91	8.63	1.47	1.14
A Shares (MOP)	7.21	7.21	-3.21	14.56	9.71	16.26	8.18	1.47	1.14
Benchmark	17.14	17.14	3.85	14.87	8.41	16.52	-	-	-



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.



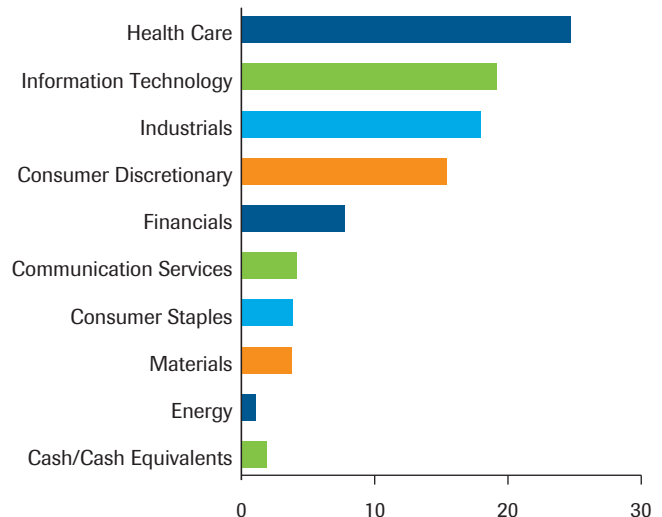
Portfolio Statistics

Weighted Median P/E (LTM)	24.6x
Weighted Median P/E (NTM)	18.9x
Weighted Median Market Cap	\$2.4 b
Weighted Median Price/Book	4.0x
Number of Securities	201

Top Holdings (%)

Planet Fitness, Inc.	1.9
HubSpot, Inc.	1.8
National General Holdings Corp.	1.5
SPS Commerce, Inc.	1.4
Five9, Inc.	1.3
Commvault Systems, Inc.	1.2
Kraton Corp.	1.2
Merit Medical Systems, Inc.	1.2
Paylocity Holding Corp.	1.1
Performance Food Group Co.	1.1
Total % of Portfolio	13.7

Sector Weightings (%)



Portfolio composition is based on net assets at the close of business on 3/31/19 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

- Small-cap growth stocks outperformed small-cap value stocks
- Weak stock selection among companies with strong growth characteristics contributed the most to underperformance

Looking Back

The first quarter of 2019 started strong as the market shook off the pall of 2018's volatile fourth quarter. In January 2019, the Russell 3000 Index (R3000) returned 8.58% and the market showed a risk-on appetite with small caps outperforming the large caps (the Russell 2000 Index returned 11.25% in January while the Russell Top 200 Index [RT200] returned 7.48%). In February, the R3000 returned a more modest 3.52% but the small-cap preference did continue as before. By March, however, the R3000 was positive but only at 1.46% and large caps outperformed the small caps. In total, the R3000 returned 14.04% during the quarter, a good performance but not quite enough to make up for the fourth quarter of 2018.

Throughout the quarter, growth beat value consistently in the mid-cap and small-cap ranges. In the large-cap range, growth beat value by 1.64% in January and 2.61% in March, but value did lead the RT200 by a bit in February. As the quarter ended, the Russell 3000 Growth Index returned 16.18% and the Russell 3000 Value Index returned 11.93%, with similar margins in all of the capitalization ranges.

Performance

Federated MDT Small Cap Growth Fund Institutional Shares returned 13.50% in the first quarter of 2019, underperforming the 17.14% return of its benchmark, the Russell 2000 Growth Index.

Performance Contributors

- Stocks with significant financing required and without prices near 52-week highs
- Security selection in Materials sector
- Strong performers overweighted by the fund: Loxo Oncology Inc., Kraton Corporation and SPS Commerce, Inc.

Performance Detractors

- Strong growth stocks, including those with high analyst conviction and prices near 52-week highs
- Stocks without very low cash flow and without prices near 52-week highs
- Stock selection in Health Care, Financials and Consumer Discretionary sectors
- Weak performers overweighted by the fund: Weight Watchers International, Inc., Green Dot Corporation (Class A) and Vanda Pharmaceuticals Inc.

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How We Are Positioned

The fund ended the first 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 an overweight position in the software and services industry and an underweight position in the real estate industry.

See disclosure section for important disclosures and definitions.

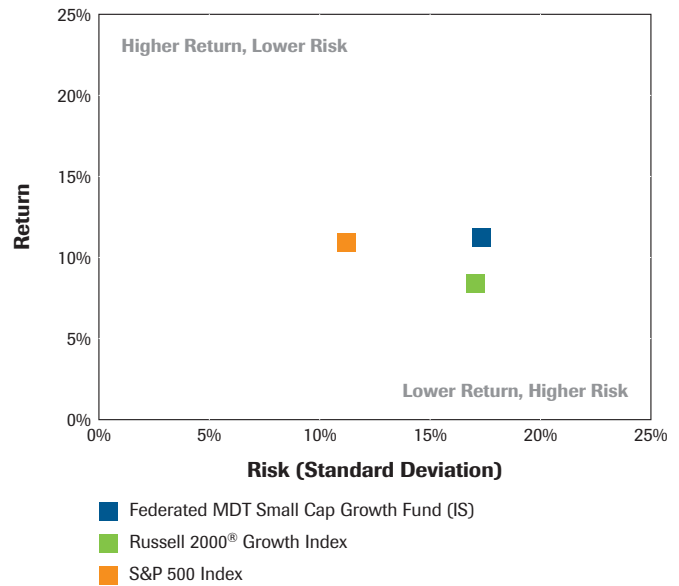
Risk Statistics

	3 Year	5 Year	7 Year	10 Year
Standard Deviation	17.25	17.32	16.09	18.61
Alpha	1.54	2.77	1.70	0.97
Beta	1.04	0.98	0.97	0.98
Correlation	0.98	0.97	0.96	0.96
R ²	95.38	93.81	92.79	93.09
Up Capture Ratio	109.71	104.18	100.69	100.09
Down Capture Ratio	105.49	92.39	93.24	96.88
Sharpe Ratio	0.90	0.60	0.78	0.90
Tracking Error	3.76	4.32	4.35	4.90

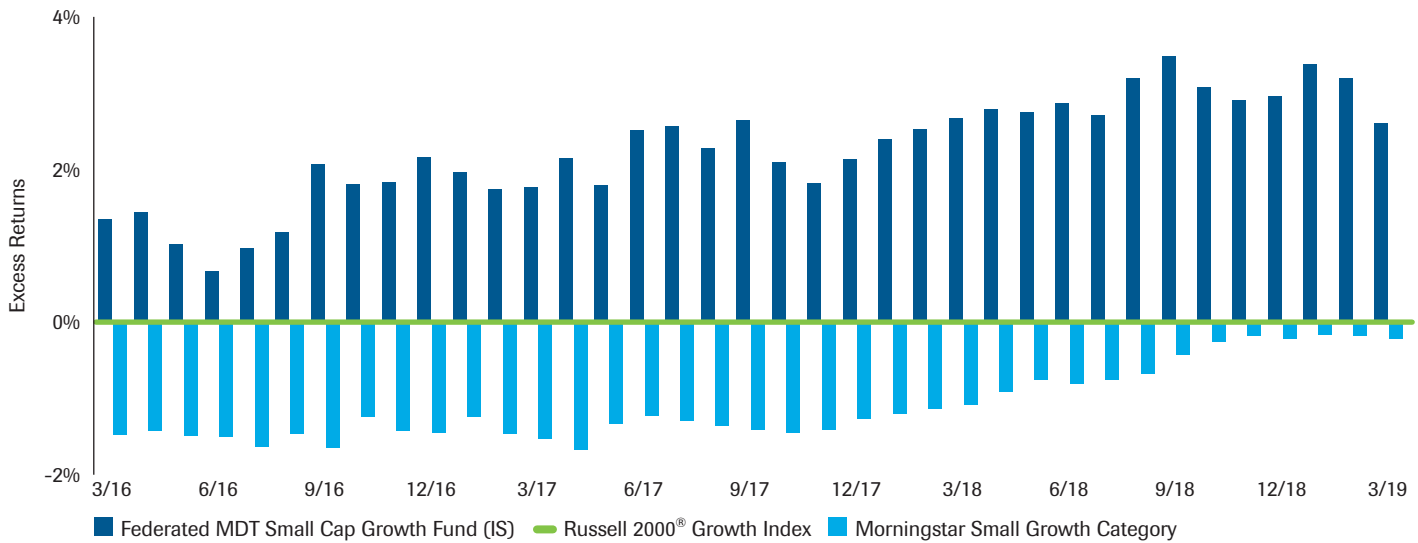
Sources: Federated Investors, Morningstar, Inc.
Fund vs. Russell 2000® Growth Index

See disclosure section for important definitions.

5-Year Risk/Return



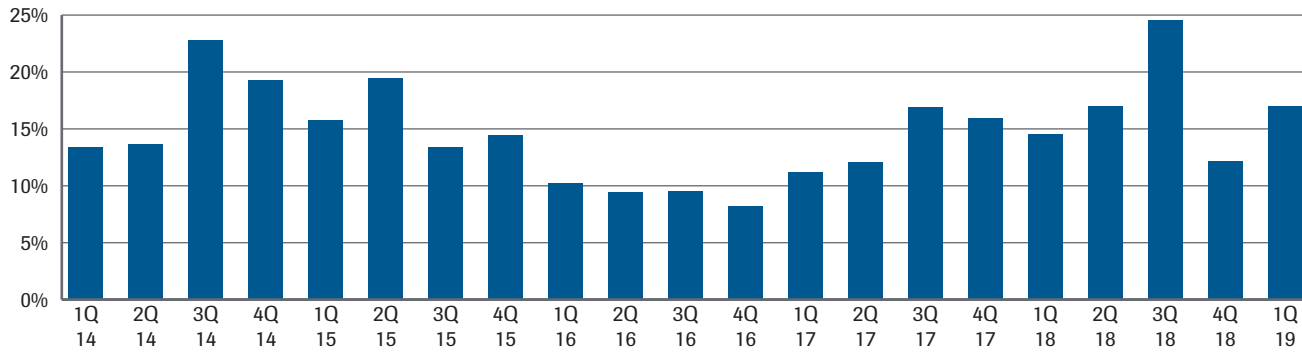
5-Year Rolling Excess Performance vs. Russell 2000® Growth Index



Source: Morningstar, Inc. Performance for 5-year periods (1-month step) from 3/31/11 - 3/31/19. 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 Growth Category

R6 Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	79	39	14	32
Morningstar Category Rank	559 of 679 Funds	-	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	79	38	14	32
Morningstar Category Rank	558 of 679 Funds	247 of 588 Funds	73 of 522 Funds	129 of 392 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	80	41	16	38
Morningstar Category Rank	565 of 679 Funds	261 of 588 Funds	86 of 522 Funds	156 of 392 Funds

Lipper Small-Cap Growth Funds

R6 Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	87	-	-	-
Lipper Classification Rank	502 of 582 Funds	-	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	87	47	17	37
Lipper Classification Rank	502 of 582 Funds	236 of 502 Funds	75 of 454 Funds	127 of 343 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	87	50	20	44
Lipper Classification Rank	507 of 582 Funds	249 of 502 Funds	88 of 454 Funds	151 of 343 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

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