

Federated MDT Small Cap Growth Fund

2Q
2019

6/30/19

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

\$886.8 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

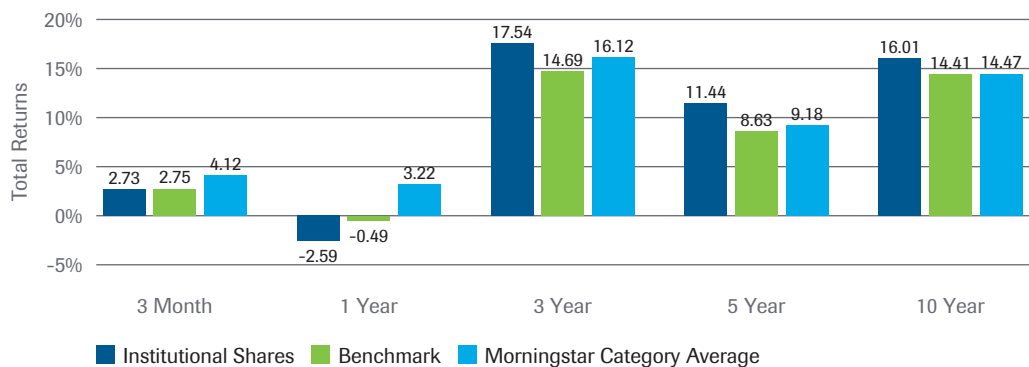
The fund pursues long-term capital appreciation by investing in a diversified portfolio of U.S. small-cap growth companies from the Russell 2000 Growth Index. Through a fundamentally based, bottom-up, systematic approach, it seeks to remove subjective and emotional influences from the stock-selection 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	2.77	16.65	-2.55	17.54	11.37	15.80	6.65	1.07	0.88
Institutional Shares	2.73	16.59	-2.59	17.54	11.44	16.01	8.95	1.19	0.89
A Shares (NAV)	2.67	16.47	-2.82	17.24	11.16	15.72	8.68	1.47	1.14
A Shares (MOP)	-2.99	10.08	-8.17	15.06	9.92	15.07	8.24	1.47	1.14
Benchmark	2.75	20.36	-0.49	14.69	8.63	14.41	-	-	-



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.



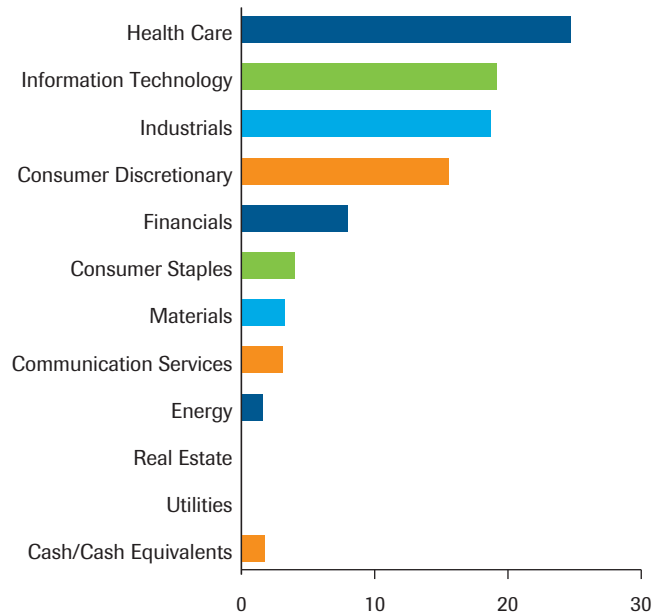
Portfolio Statistics

Weighted Median P/E (LTM)	24.3x
Weighted Median P/E (NTM)	20.0x
Weighted Median Market Cap	\$2.6 b
Weighted Median Price/Book	4.3x
Number of Securities	200

Top Holdings (%)

Planet Fitness, Inc.	1.9
HubSpot, Inc.	1.8
Paylocity Holding Corp.	1.7
Coupa Software, Inc.	1.6
Insperty, Inc.	1.3
National General Holdings Corp.	1.3
Zscaler, Inc.	1.3
j2 Global, Inc.	1.2
LendingTree.com, Inc.	1.2
Repligen Corp.	1.2
Total % of Portfolio	14.5

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

- Small-cap growth stocks outperformed small-cap value stocks
- Stocks with significant financing required and without prices near 52-week highs contributed most to underperformance

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 Growth Fund Institutional Shares returned 2.73% in the second quarter of 2019, underperforming the 2.75% return of its benchmark, the Russell 2000 Growth Index.

Performance Contributors

- Strong growth stocks, including those with high analyst conviction and prices near 52-week highs
- Security selection in Health Care, Information Technology and Communication Services sectors
- Strong performers overweighted by the fund: Array BioPharma Inc., Repligen Corporation and Sinclair Broadcast Group, Inc. (Class A)

Performance Detractors

- Stocks with significant financing required and without prices near 52-week highs
- Stocks without very low cash flow and without prices near 52-week highs
- Stock selection in Industrials and Consumer Discretionary sectors
- Weak performers overweighted by the fund: CommVault Systems, Inc., Tucows, 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 a small underweight in Real Estate (the fund does not hold REITs). Within the sectors, there was an overweight position in the software & services industry and an underweight position in the real estate industry.

See disclosure section for important disclosures and definitions.

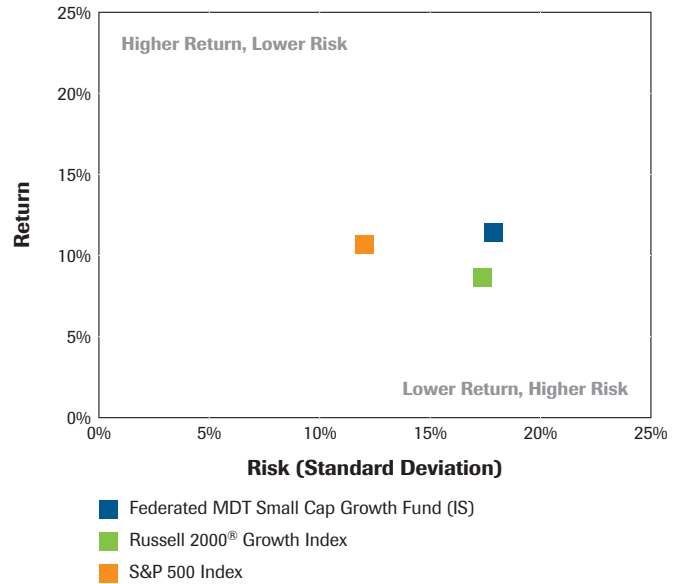
Risk Statistics

	3 Year	5 Year	7 Year	10 Year
Standard Deviation	18.36	17.86	16.24	18.81
Alpha	2.13	2.65	2.23	1.35
Beta	1.04	1.00	0.98	1.01
Correlation	0.99	0.97	0.97	0.97
R ²	97.14	94.74	93.44	94.70
Up Capture Ratio	111.74	105.46	102.01	102.55
Down Capture Ratio	105.86	94.55	92.11	96.93
Sharpe Ratio	0.86	0.58	0.88	0.82
Tracking Error	3.18	4.10	4.18	4.34

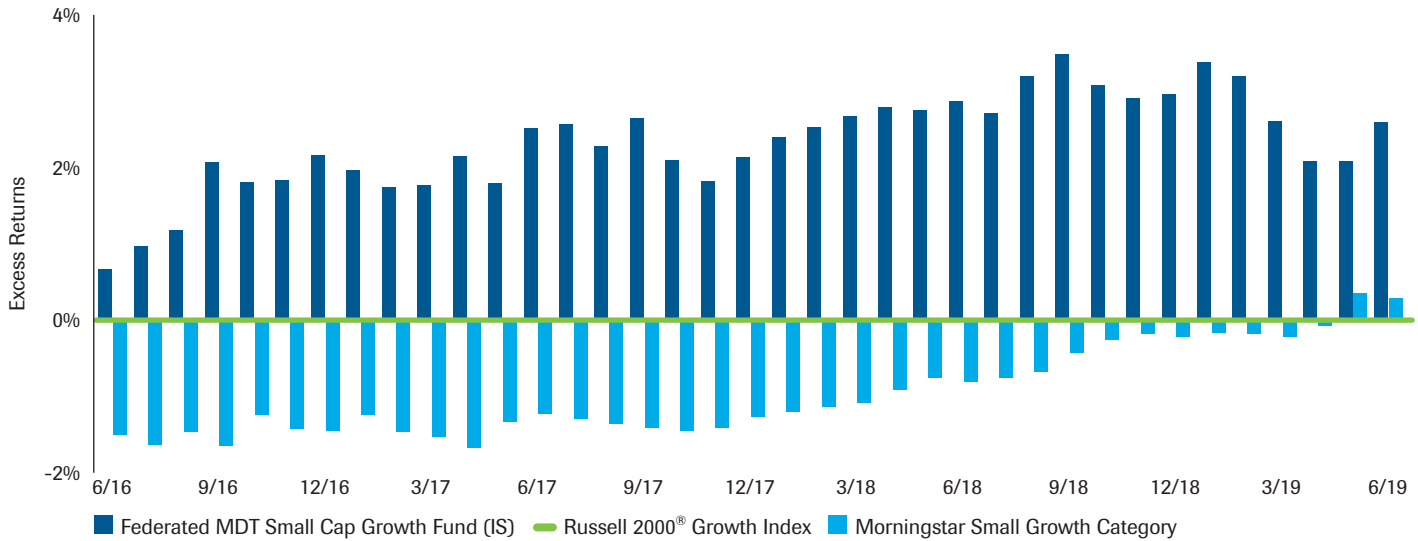
Sources: Federated Investors, Morningstar, Inc.
Fund vs. Russell 2000[®] Growth Index

See disclosure section for important definitions.

5-Year Risk/Return



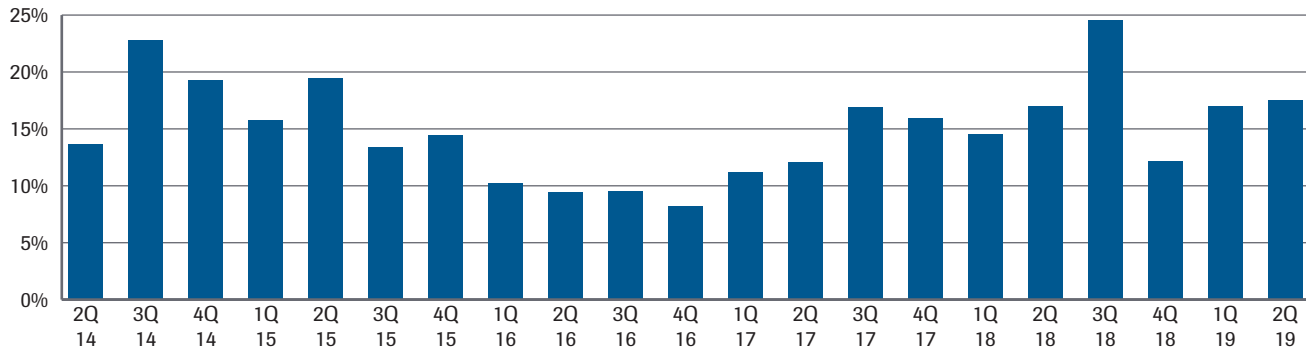
5-Year Rolling Excess Performance vs. Russell 2000[®] Growth Index



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

R6 Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	78	39	22	25
Morningstar Category Rank	556 of 672 Funds	244 of 583 Funds	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	79	39	22	25
Morningstar Category Rank	559 of 672 Funds	245 of 583 Funds	114 of 515 Funds	101 of 393 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Morningstar Category % Rank	80	41	25	29
Morningstar Category Rank	565 of 672 Funds	255 of 583 Funds	129 of 515 Funds	121 of 393 Funds

Lipper Small-Cap Growth Funds

R6 Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	87	46	-	-
Lipper Classification Rank	521 of 601 Funds	239 of 521 Funds	-	-
IS Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	88	46	26	29
Lipper Classification Rank	525 of 601 Funds	239 of 521 Funds	118 of 463 Funds	101 of 353 Funds
A Shares	1 Year	3 Year	5 Year	10 Year
Lipper Classification % Rank	88	48	29	35
Lipper Classification Rank	528 of 601 Funds	249 of 521 Funds	133 of 463 Funds	121 of 353 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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