

Federated Hermes Strategic Value Dividend Fund

9/30/22

Fund facts

Performance inception date

3/30/05

Benchmark 1

S&P 500 Index

Benchmark 2

Dow Jones U.S. Select Dividend Index

Morningstar category

Large Value

Lipper classification

Equity Income Funds

Fund assets

\$9.1 billion

Ticker symbols

R6 Shares - SVALX

Institutional Shares - SVAIX

A Shares - SVAAX

C Shares - SVACX

Key investment team

Daniel Peris, Ph.D., CFA

Deborah Bickerstaff

Jared Hoff

Michael Tucker

Yields (%)

30-day yield (R6)	4.18
30-day yield (IS)	4.15
30-day yield (A)	3.67
12-month yield (R6)	4.48
12-month yield (IS)	4.45
12-month yield (A)	4.20

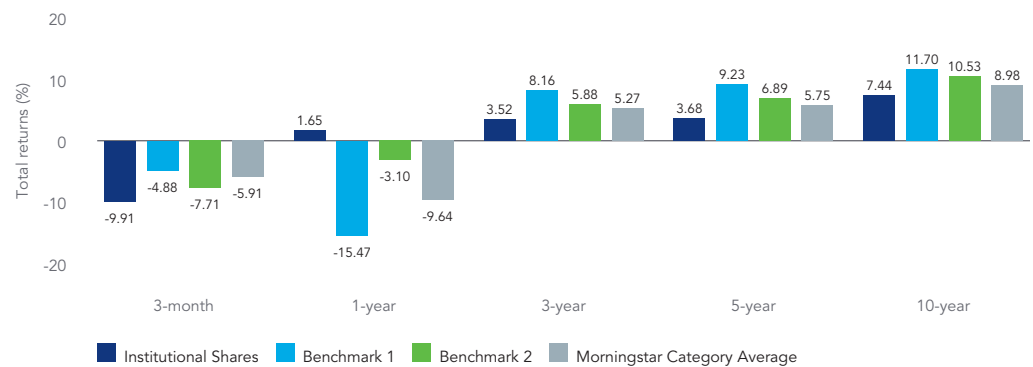
Fund description

The fund pursues income and long-term capital appreciation by investing primarily in high-dividend-paying stocks with dividend growth potential. It seeks to provide a substantially higher yield than the broad market.

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	-10.07	-5.68	1.67	3.48	3.66	7.39	6.49	0.86	0.79
Institutional Shares	-9.91	-5.52	1.65	3.52	3.68	7.44	6.69	0.94	0.81
A Shares (NAV)	-10.03	-5.90	1.41	3.22	3.40	7.15	6.41	1.18	1.06
A Shares (MOP)	-14.97	-11.06	-4.17	1.27	2.25	6.54	6.07	1.18	1.06
Benchmark 1	-4.88	-23.87	-15.47	8.16	9.23	11.70	-	-	-
Benchmark 2	-7.71	-10.07	-3.10	5.88	6.89	10.53	-	-	-



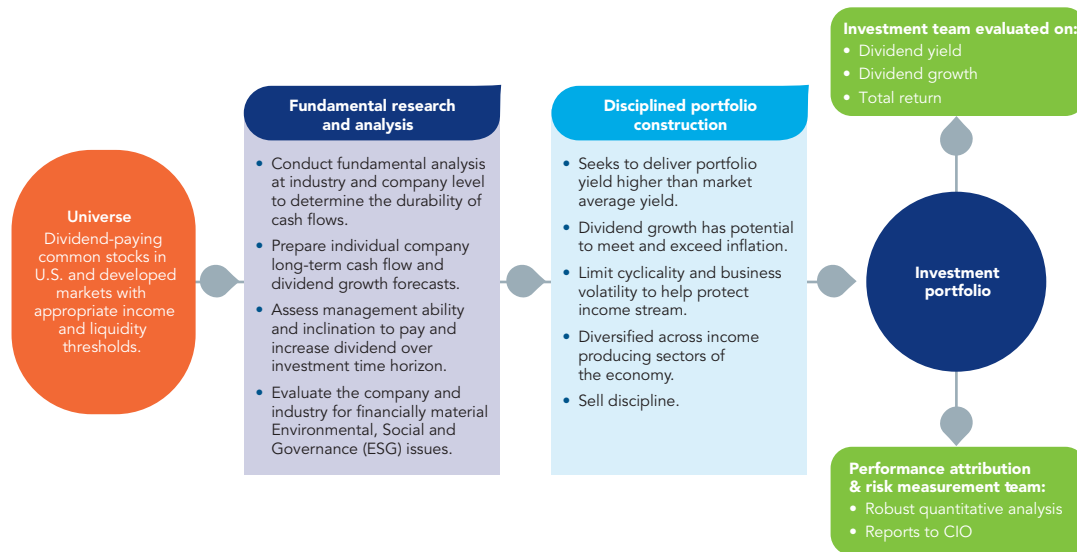
Calendar year total returns (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Institutional Shares	21.52	-7.87	19.60	-8.21	15.14	10.39	3.87	11.54	21.93	6.92
Benchmark 1	28.71	18.40	31.49	-4.39	21.82	11.95	1.37	13.68	32.38	16.00
Benchmark 2	32.24	-4.56	23.11	-5.94	15.44	21.98	-1.64	15.36	29.06	10.84
Morningstar Category Average	26.22	2.91	25.04	-8.53	15.94	14.81	-4.05	10.21	31.21	14.57

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

Investment process



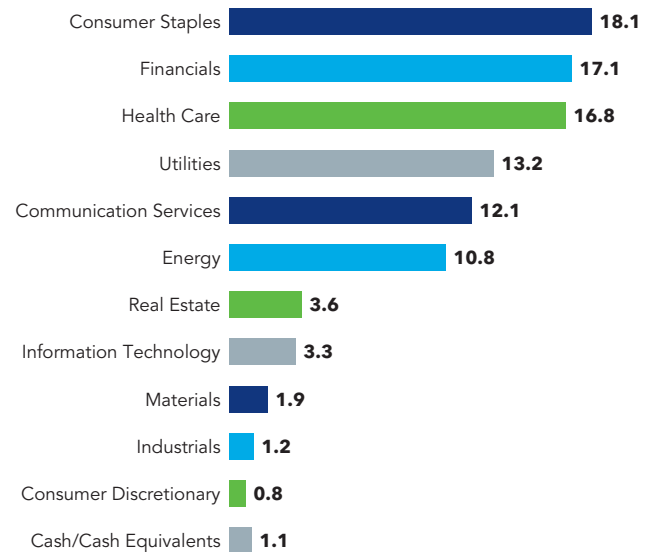
Portfolio statistics

Weighted median P/E (NTM)	11.2x
Median 3-year average payout ratio	58.43
Weighted average EPS growth next 5 years	7.26%
Weighted median market cap	\$72.3 b
Weighted median price/book	1.8x
Number of securities	50
Foreign securities	26.50%
Annual portfolio turnover	42.71%

Top holdings (%)

Gilead Sciences, Inc.	4.1
Philip Morris International Inc.	4.0
Verizon Communications	4.0
British American Tobacco PLC	3.8
TotalEnergies SE	3.8
Southern Co.	3.2
BCE, Inc.	3.1
Enbridge Inc.	3.1
Amgen Inc.	2.9
Duke Energy Corp.	2.9
Total % of portfolio	34.9

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

- The Federated Hermes Strategic Value Dividend Fund (A shares) had a 30-day SEC yield of 3.67% and a gross weighted average dividend yield of 4.80% at quarter end.
- Robust dividend growth as 10 companies announced dividend increases in Q3, most notably Truist Financial Corp., STORE Capital Corp., Conagra Brands Inc., and U.S. Bancorp with increases of 8.3%, 6.5%, 5.6% and 4.3%, respectively. Additionally, Total Energies declared a special dividend valued at one euro/share.
- The third quarter was volatile as the Federal Reserve continued to tighten monetary policy to mitigate the worst inflation in decades, causing U.S. Treasury yields to climb to the highest levels in 12 years. In the broad market, every sector was in the red except for Consumer Discretionary and Energy.

Looking back

The fund remained focused on its core goals of pursuing high-dividend income from high-quality assets, ending the quarter with a 30-day SEC yield of 3.67% (A shares) and a gross weighted average dividend yield of 4.80%, eclipsing the S&P 500 Index's 1.85% weighted average yield, the 10-year U.S. Treasury's 3.83% and the 4.43% weighted average yield of the Dow Jones Select Dividend Index. In the last 12 months, 37 holdings raised their dividends, accounting for 38 increases overall. One special dividend was declared, and two companies reset their distributions lower to reflect new business models after asset sales.

The broad market posted its worst Q3 return since 2015 as the ongoing Ukraine/Russia crisis, investor concerns about inflation and a hawkish Fed weighed on the markets. When quintiling the S&P 500, the highest yield quintile underperformed the lowest yield quintile by -6.25%, and lowest beta investments lagged highest beta investments by -6.49%. Also, when noting the S&P quality ratings, lowest quality (C&D) outperformed highest quality (A+) by 3.45%. While the broad market posted negative performance, the Consumer Discretionary sector outperformed, returning 4.36%. The fund has little exposure to the sector due to the lack of opportunities for reliable and rising dividend income. For example, the top contributors in the sector, Tesla and Amazon, do not pay a dividend.

Regardless of short-term volatility and trends in the market, the fund will not veer from its main goals, delivering a high- and rising-income stream from high-quality assets while providing a potential hedge against inflation.

Performance

The fund underperformed the S&P 500 Index, as investors preferred low yield, high beta investments.

Performance contributors

- The securities in the portfolio had a notable average weighted dividend yield.
- REITs (3.66% ending weight) were the strongest contributor to performance, posting a 9.52% return led by STORE Capital Corporation, which appreciated 21.70% after a deal was announced that it would be acquired by GIC, a global institutional investor, and Oak Street, a division of Blue Owl, in an all-cash transaction valued at approximately \$14 billion.
- Consumer Discretionary (0.73% ending weight) also posted positive performance of 12.82%, from sole holding Darden Restaurants. Additional names contributors were Cardinal Health and Huntington Bancshares, which returned 27.91% and 10.80%.

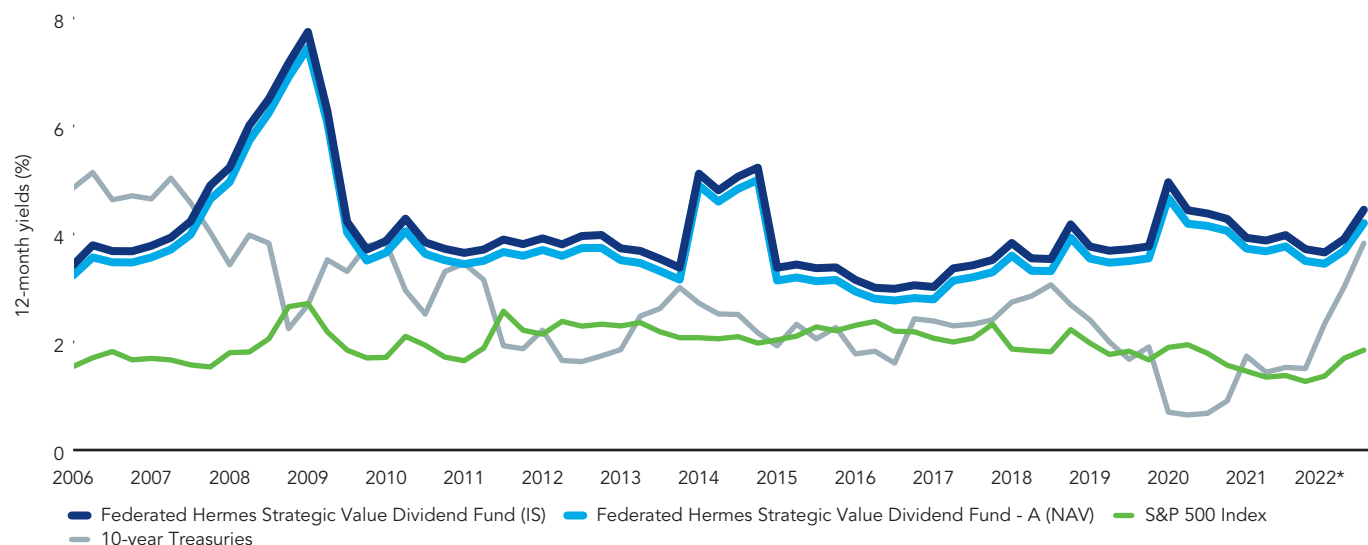
Performance detractors

- High yield, low beta, and high quality were out of favor in the period
- Communication Services (12.13% ending weight) detracted, returning -22.69%, led by Verizon and AT&T, which returned -24.24% and -25.84%, respectively. Both companies experienced short-term pressure as share prices fell after the companies each lowered their full-year guidance. Verizon cited weak wireless volumes while AT&T cited macro and company-specific concerns.
- Consumer Staples (18.26% ending weight) also detracted from performance as the sector returned -11.31%.

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See disclosure section for important disclosures and definitions.

The fund delivered higher yield



Source: Federated Hermes

Yields for other classes will vary.

* As of 9/30/22

Risk statistics

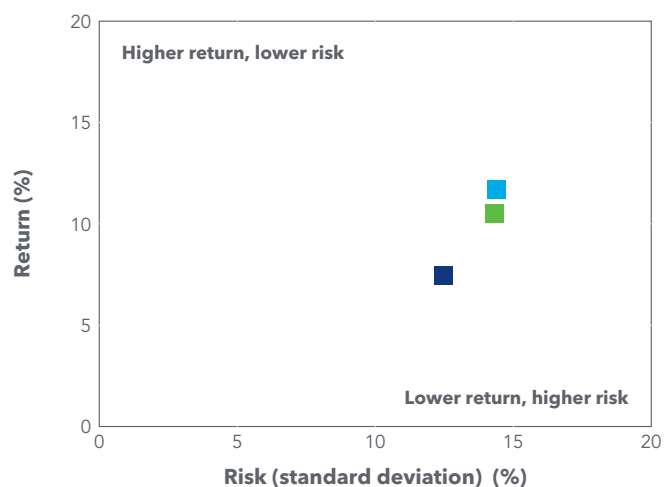
	3-year	5-year	7-year	10-year
Standard deviation	17.10	14.95	13.59	12.47
Beta	0.69	0.67	0.65	0.66
Correlation	0.81	0.80	0.77	0.77
Up capture ratio	65.98	62.75	63.69	67.82
Down capture ratio	74.04	73.02	67.97	71.13
Sharpe ratio	0.17	0.16	0.41	0.54

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. S&P 500 Index

See disclosure section for important definitions.

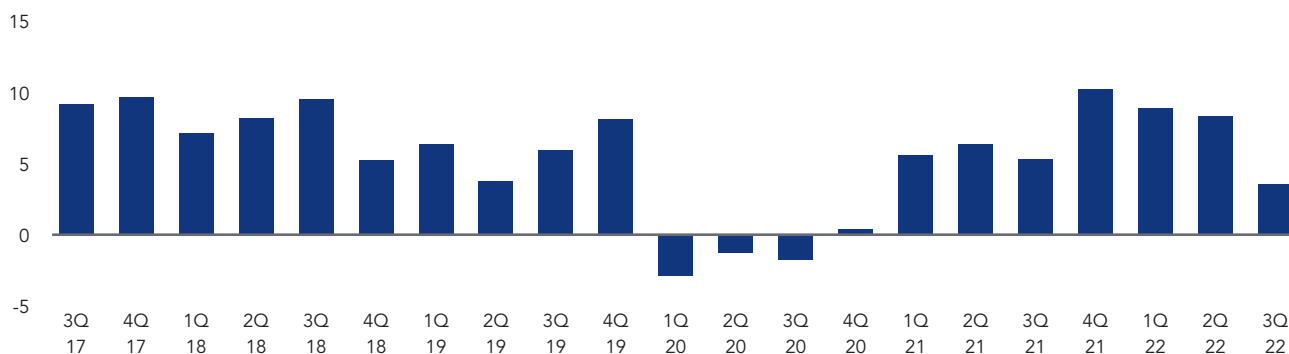
10-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes Strategic Value Dividend Fund (IS)	12.47	7.44
■ S&P 500 Index	14.40	11.70
■ Dow Jones U.S. Select Dividend Index	14.32	10.53

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3-year rolling returns - IS (%)



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Category rankings

Morningstar Large Value Category

		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	2	81	89	-
	Morningstar Category Rank	10 of 1,215 funds	936 of 1,153 funds	974 of 1,094 funds	-
IS Shares	Morningstar Category % Rank	2	81	89	89
	Morningstar Category Rank	11 of 1,215 funds	927 of 1,153 funds	972 of 1,094 funds	717 of 800 funds
A Shares	Morningstar Category % Rank	2	84	91	92
	Morningstar Category Rank	12 of 1,215 funds	967 of 1,153 funds	995 of 1,094 funds	741 of 800 funds

Lipper Equity Income Funds

		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	2	75	87	-
	Lipper Classification Rank	6 of 465 funds	329 of 442 funds	361 of 417 funds	-
IS Shares	Lipper Classification % Rank	2	74	86	85
	Lipper Classification Rank	7 of 465 funds	325 of 442 funds	359 of 417 funds	227 of 268 funds
A Shares	Lipper Classification % Rank	2	78	89	88
	Lipper Classification Rank	8 of 465 funds	343 of 442 funds	369 of 417 funds	235 of 268 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 Strategic Value Dividend Fund

30-day yield (also known as “SEC yield”) is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary 3.53% at maximum offering price and 3.74% at net asset value for A Shares, 4.10% for R6 Shares and 4.00% for Institutional Shares.

The 12-month yield is the sum of a fund’s total trailing 12-month interest and dividend payments divided by the last month’s ending share price (NAV) plus any capital gains distributed over the same period.

The fund’s R6 Shares commenced operations on June 29, 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 adjusted to remove any voluntary waiver of fund expenses related to the fund’s Institutional Shares that may have occurred during the periods prior to the commencement of operations of the fund’s R6 Shares.

Prior to December 31, 2021, the fund’s broad-based security market index was the Dow Jones U.S. Select Dividend Index. Effective December 31, 2021, the fund’s broad-based security market index is the S&P 500 Index. The adviser believes that the S&P 500 Index better reflects the broad U.S. equity market.

A word about risk

Mutual funds are subject to risks and fluctuate in value.

There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks.

Because the fund may allocate relatively more assets to certain industry sectors than others, the fund’s performance may be more susceptible to any developments which affect those sectors emphasized by the fund.

International investing involves special risks, including currency risk, increased volatility, political risks and differences in auditing and other financial standards.

ESG factors may be considered in the investment analysis process in a manner that is complementary to and enhances the fundamental research and analysis process. Certain ESG factors may help identify business and operational risks or opportunities and add a contextual dimension to the overall evaluation of a security. Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers ESG factors will result in performance better than or equal to products that do not consider such factors.

Definitions

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.

Median 3-year average payout ratio is the proportion of earnings paid out as dividends to shareholders, typically expressed as a percentage.

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.

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 average dividend yield is a weighted average of the dividends of all the stocks in a portfolio.

Weighted average EPS growth next 5 years is the weighted average annual growth rate of fiscal year earnings-per-share for the next five years for a given corporation.

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.

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.

Dow Jones U.S. Select Dividend Index universe is defined as all dividend-paying companies in the Dow Jones U.S. Total Market Index that have a non-negative historical five-year dividend-per-share growth rate, a five-year average dividend earnings-per-share ratio of less than or equal to 60%, and a three-month average daily trading volume of 200,000 shares. Current index components are included in the universe regardless of their dividend payout ratio. The Dow Jones U.S. Total Market Index is a rule-governed, broad-market benchmark that represents approximately 95% of the U.S. market capitalization.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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