

Federated Hermes Strategic Value Dividend Fund

12/31/20

Fund facts

Performance inception date

3/30/05

Benchmark

Dow Jones U.S. Select Dividend Index

Morningstar category

Large Value

Lipper classification

Equity Income Funds

Fund assets

\$7.1 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)	4.21
30-day yield (IS)	4.19
30-day yield (A)	3.73
12-month yield (R6)	4.30
12-month yield (IS)	4.28
12-month yield (A)	4.06

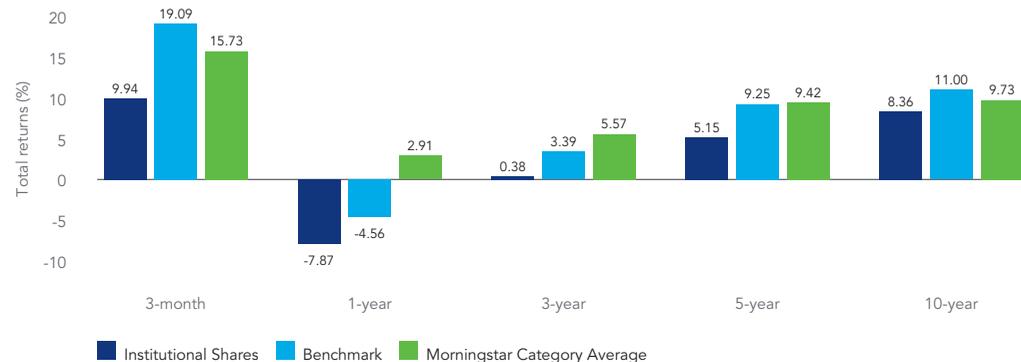
Fund description

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	9.95	-8.01	-8.01	0.40	5.16	8.30	6.30	0.86	0.79
Institutional Shares	9.94	-7.87	-7.87	0.38	5.15	8.36	6.52	0.94	0.81
A Shares (NAV)	9.94	-8.15	-8.15	0.13	4.91	8.08	6.24	1.19	1.06
A Shares (MOP)	3.87	-13.18	-13.18	-1.76	3.72	7.46	5.86	1.19	1.06
Benchmark	19.09	-4.56	-4.56	3.39	9.25	11.00	-	-	-



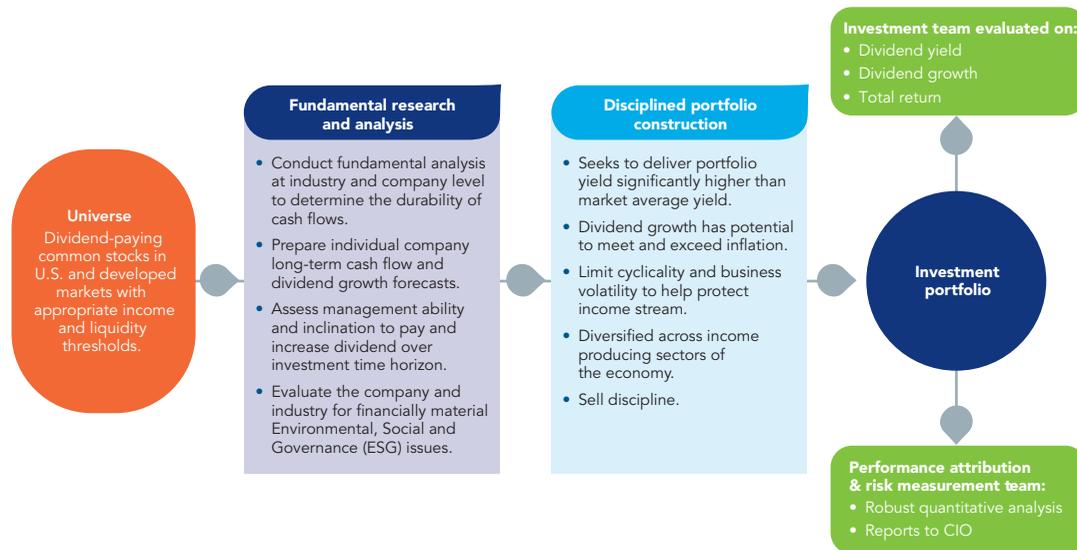
Calendar year total returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Institutional Shares	-7.87	19.60	-8.21	15.14	10.39	3.87	11.54	21.93	6.92	14.96
Benchmark	-4.56	23.11	-5.94	15.44	21.98	-1.64	15.36	29.06	10.84	12.42
S&P 500 Index	18.40	31.49	-4.39	21.82	11.95	1.37	13.68	32.38	16.00	2.11
Morningstar Category Average	2.91	25.04	-8.53	15.94	14.81	-4.05	10.21	31.21	14.57	-0.75

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 1/1/22 or the date of the fund's next effective prospectus.

Investment process



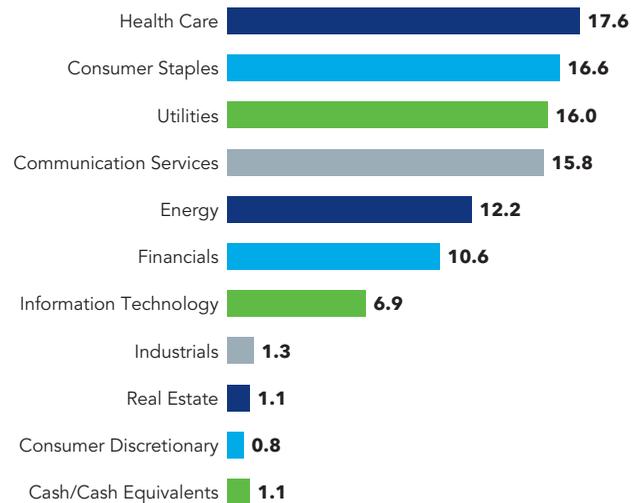
Portfolio statistics

Weighted median P/E (NTM)	14.4x
Median 3-year average payout ratio	63.12
Weighted average EPS growth next 5 years	6.16
Weighted median market cap	\$100.8 b
Weighted median price/book	2.3x
Number of securities	41
Foreign securities	22.77%
Annual portfolio turnover	36.49%

Top holdings (%)

AbbVie Inc.	5.1
Philip Morris International Inc.	5.1
AT&T, Inc.	4.7
Chevron Corp.	4.2
Pfizer, Inc.	4.0
Verizon Communications	4.0
Southern Co.	3.8
Vodafone Group PLC	3.7
Exxon Mobil Corp.	3.6
British American Tobacco PLC	3.4
Total % of portfolio	41.6

Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 12/31/20 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

- Federated Hermes Strategic Value Dividend Fund provided a 30-day SEC yield of 3.73% and a gross weighted average dividend yield of 4.90% at quarter end
- This surpassed not only the broad market represented by the S&P 500 Index with its 1.51% yield, and the 10-year U.S. Treasury Note at 0.93%, but it also exceeded the 4.22% yield of the Dow Jones Select Dividend Index, which aims to reflect the domestic high-dividend-paying universe
- The fund experienced nine dividend increases in the fourth quarter, the most notable courtesy of Broadcom, AbbVie, Amgen and Bristol Myers as they increased their dividends by 10.8%, 10.2%, 10.0% and 8.9%, respectively
- In the trailing 12-month-period, 27 companies within the fund raised their dividends and four companies reduced their dividends
- The market was mixed in the quarter, as it experienced a pullback in October but was propelled higher in November and December due to optimism surrounding Covid-19 vaccine news. Information Technology remained the top contributor in the broad market, accounting for 26% of the total performance. High-beta, small-cap names led performance for the quarter

Looking back

Rebounding dramatically from their March bear-market lows, the Dow and S&P 500 closed 2020 at record highs, up a respective 7% and 16% (before dividends) on the year. The Nasdaq fell just shy of another closing high on December 31 but soared almost 44% in 2020, its best year since 2009. The small cap-oriented Russell 2000 rose more than 18% over the 12 months.

Overseas stocks also closed the year strong, with the MSCI World-Ex U.S. and the MSCI All Country World Ex-U.S. climbing a respective 4% and 5% the final month of the year and 16% and 17% in the fourth quarter. For the year, the two indexes rose 5% and 8%, respectively. European stocks were bolstered in December by the European Union's landmark \$2.21 trillion long-term budget and Covid recovery package and, finally, by a resolution to the prolonged Brexit saga that saw the U.K. and European Union strike a last-minute deal.

The high-beta, cyclical chase continued to dominate the market in the fourth quarter, even with a slight reprieve in October. Factor performance was mixed in the quarter, as high beta continued to outperform but high-yielding stocks rebounded. As noted in factor performance when quintiling the S&P 500, high yield outperformed low yield by 8.36% yet low beta underperformed high beta by 28.69%. Also noting the S&P quality ratings, the highest-quality stocks (A+) underperformed the lowest-quality stocks (C&D) by -24.07%. Also, it is important to note the sizable outperformance of the small cap names, as the smallest market cap quintile outperformed the highest market cap quintile by 20.18%. Although Information Technology was not the top-performing sector, it remained the top contributor in the S&P 500, accounting for 26% of the market's total performance with its notable 28% weight.

Performance

The fund ended the quarter with a return of 9.94% (A Shares at NAV), while the Dow Jones Select Dividend Index and the S&P 500 posted returns of 19.09% and 12.15%, respectively.

Performance contributors

- Rebounding off lows, Financials was the strongest contributor, posting a 30.2% return, after advancing on positive Covid-19 vaccine news
- Energy was another strong contributor benefitting from the positive vaccine news
- Individual names that were top contributors included AbbVie and Vodafone, which posted returns of 24.01% and 28.56%, respectively

Performance detractors

- Low beta, large cap and high quality underperformed during the quarter
- While no sectors posted negative returns, individual names that posted negative returns include Gilead and Amgen

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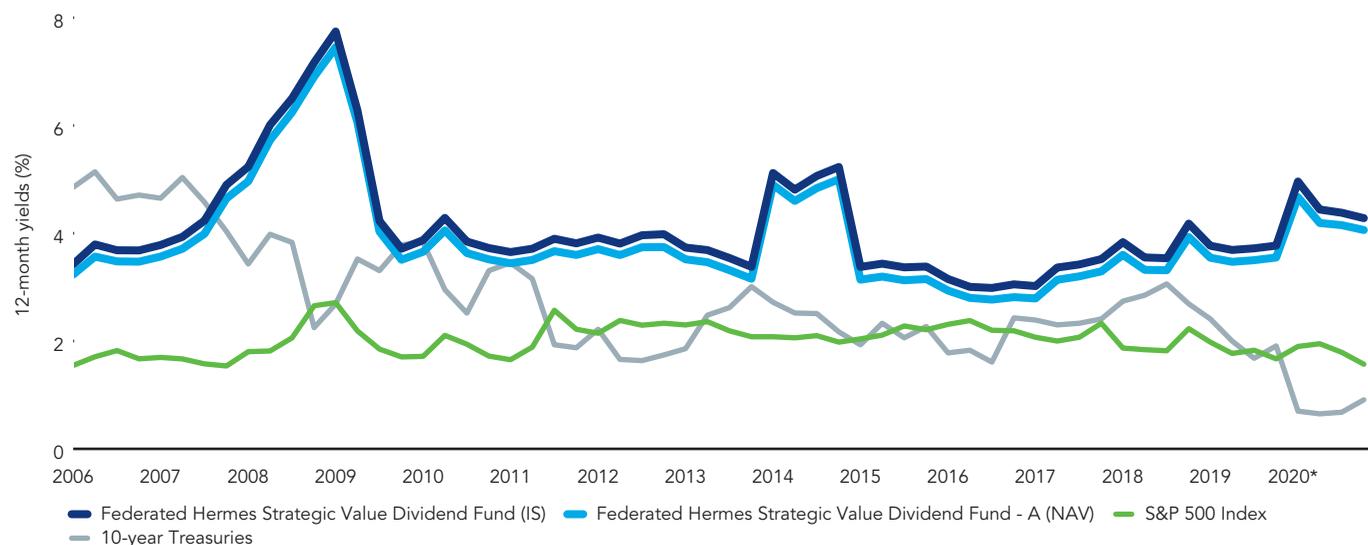
How we are positioned

Even as Covid-19 cases hit new highs and economic data softened, stocks continued their rally in December, lifted by additional fiscal stimulus and with the rollout of vaccinations delivering hope for a better year ahead for both the economy and earnings.

The fund remains concentrated in Consumer Staples, Pharmaceuticals, Telecom Services and Utilities. These segments contain the dividend-friendly stocks that the fund seeks, enabling the strategy to provide investors with the opportunity for a high dividend yield complemented with dividend growth. That dividend growth may help the fund both sustain its high yield and outpace inflation. Furthermore, stocks that consistently pay and increase their dividend tend to have lower volatility, as reflected in the fund's beta 0.75 (FactSet 3-year beta versus the S&P calculated using the monthly return).

See disclosure section for important disclosures and definitions.

The fund delivered higher yield



Source: Federated Hermes

Yields for other classes will vary.

* As of 12/31/20

Risk statistics

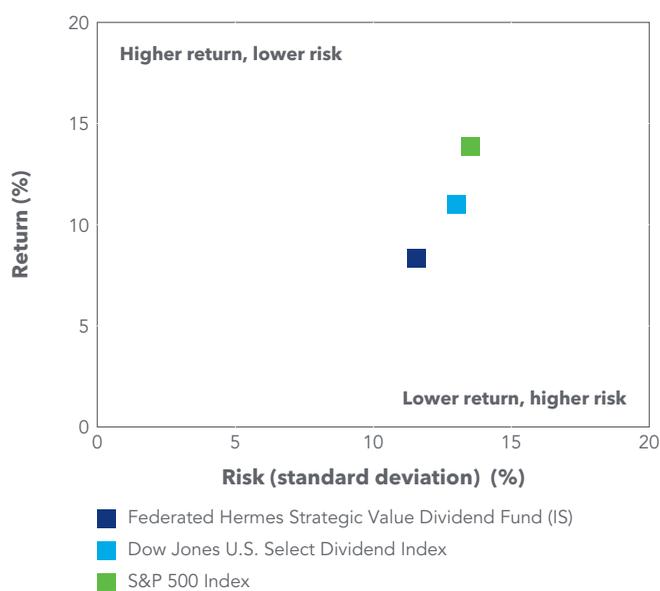
	3-year	5-year	7-year	10-year
Standard deviation	16.12	13.47	12.62	11.58
Beta	0.75	0.71	0.71	0.66
Correlation	0.88	0.80	0.80	0.77
Up capture ratio	55.13	57.88	64.74	64.56
Down capture ratio	91.19	82.88	82.58	68.65
Sharpe ratio	-0.07	0.29	0.39	0.66

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. S&P 500 Index

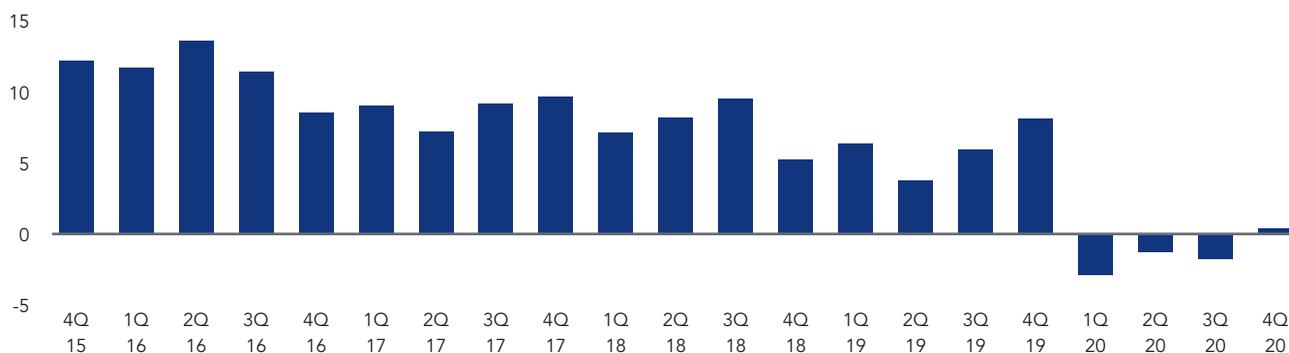
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10-year risk/return



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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	97	96	98	85
	Morningstar Category Rank	1,168 of 1,200 funds	1,081 of 1,128 funds	–	–
IS Shares	Morningstar Category % Rank	97	96	98	85
	Morningstar Category Rank	1,166 of 1,200 funds	1,083 of 1,128 funds	972 of 998 funds	605 of 716 funds
A Shares	Morningstar Category % Rank	97	96	98	88
	Morningstar Category Rank	1,169 of 1,200 funds	1,088 of 1,128 funds	976 of 998 funds	634 of 716 funds

Lipper Equity Income Funds

		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	97	94	–	–
	Lipper Classification Rank	470 of 488 funds	430 of 460 funds	–	–
IS Shares	Lipper Classification % Rank	96	94	94	85
	Lipper Classification Rank	468 of 488 funds	431 of 460 funds	377 of 401 funds	203 of 238 funds
A Shares	Lipper Classification % Rank	97	95	95	88
	Lipper Classification Rank	471 of 488 funds	434 of 460 funds	380 of 401 funds	210 of 238 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

As of June 29, 2020, the fund was renamed 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. For an indefinite period of time, the investment advisor is waiving all or part of its fee and, in addition, may reimburse the fund for some of its expenses. Otherwise, the yield would have been 4.14% for R6 Shares, 4.05% for Institutional Shares, and 3.59% for A 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 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 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.

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.

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.

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.

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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