

Federated Hermes Strategic Value Dividend Fund

12/31/22

Fund facts

Performance inception date

3/30/05

Benchmark

S&P 500® Index

Morningstar category

Large Value

Lipper classification

Equity Income Funds

Fund assets

\$10.6 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)	3.80
30-day yield (IS)	3.78
30-day yield (A)	3.32
12-month yield (R6)	3.94
12-month yield (IS)	3.92
12-month yield (A)	3.70

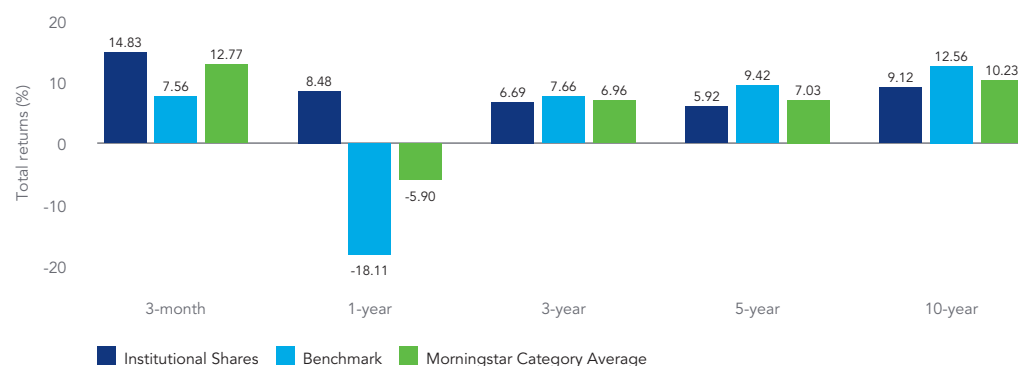
Fund description

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	15.04	8.50	8.50	6.65	5.94	9.09	7.23	0.86	0.79
Institutional Shares	14.83	8.48	8.48	6.69	5.92	9.12	7.42	0.94	0.81
A Shares (NAV)	14.87	8.09	8.09	6.41	5.66	8.83	7.15	1.18	1.06
A Shares (MOP)	8.60	2.16	2.16	4.43	4.46	8.22	6.81	1.18	1.06
Benchmark	7.56	-18.11	-18.11	7.66	9.42	12.56	-	-	-



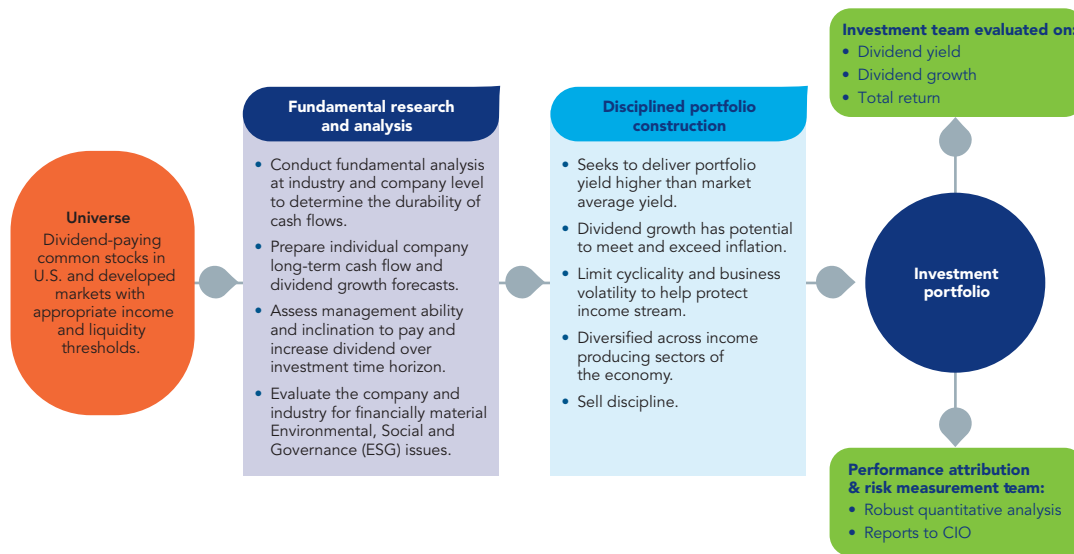
Calendar year total returns (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Institutional Shares	8.48	21.52	-7.87	19.60	-8.21	15.14	10.39	3.87	11.54	21.93
Benchmark	-18.11	28.71	18.40	31.49	-4.39	21.82	11.95	1.37	13.68	32.38
Morningstar Category Average	-5.90	26.22	2.91	25.04	-8.53	15.94	14.81	-4.05	10.21	31.21

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 1/1/24 or the date of the fund's next effective prospectus.

Investment process



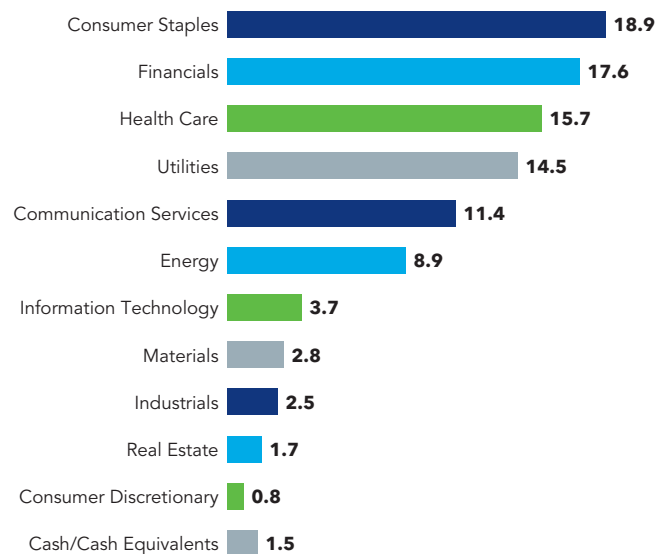
Portfolio statistics

Weighted median P/E (NTM)	13.0x
Median 3-year average payout ratio	54.30
Weighted average EPS growth next 5 years	5.67
Weighted median market cap	\$79.1 b
Weighted median price/book	1.9x
Number of securities	48
Foreign securities	26.90%
Annual portfolio turnover	40.87%

Top holdings (%)

TotalEnergies SE	4.5
Gilead Sciences, Inc.	4.4
Philip Morris International Inc.	4.4
Verizon Communications	4.0
British American Tobacco PLC	3.6
Duke Energy Corp.	3.5
Southern Co.	3.0
AT&T, Inc.	2.8
BCE, Inc.	2.8
Enbridge Inc.	2.8
Total % of portfolio	35.8

Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 12/31/22 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.

Key fund characteristics

- The Strategic Value Dividend Fund provided a 30-day SEC yield of 3.32% (A shares at MOP) and a gross weighted average dividend yield of 4.43% at quarter end
- The fund had robust dividend growth as 12 companies announced dividend increases in the fourth quarter, most notably Broadcom, Amgen and American Electric Power, with increases of 12.2%, 9.8% and 6.4%, respectively
- Market expectations for rate cuts had boosted stocks in the first two months of the quarter but concerns surrounding an earnings recession and a global slowdown in 2023 triggered a reversal in the last month of the year. High yield was a notable outperformer and our high yield strategy benefited accordingly

Looking back

The fund remained focused on its core objectives of delivering high dividend income from high quality assets as it ended the quarter with a 30-day SEC yield of 3.32% (A shares at MOP) and a gross weighted average dividend yield of 4.43%. This notably eclipsed the S&P 500's 1.76% yield and the 10-year U.S. Treasury Note at 3.88%. For the 12-month period, 36 companies in the fund raised their dividends (accounting for 37 increases overall), one special dividend was declared and two companies reset their distributions lower to reflect new business models after asset sales.

The markets rallied through November on hopes that global central banks would slow aggressive interest rate hikes; however, concerns surrounding recession risk and expectations for a global slowdown in 2023 prompted a reversal in December. When quintiling the S&P 500, the highest yield quintile outperformed the lowest yield quintile by 22.75%, and lowest beta investments outpaced highest beta investments by 8.20%. Also, when noting the S&P quality ratings, highest quality (A+) outperformed lowest quality (C&D) by 5.81%. The benefits of a high quality, defensive, dividend strategy was showcased in this volatile market.

Performance

The fund outperformed the S&P 500, as investors preferred defensive, high yield investments.

Performance contributors

- High yield, low beta and high quality outperformed in the month, causing a relative performance tailwind for defensive, dividend-oriented funds
- Health Care (15.8% ending weight) was the strongest contributor, posting a 25.27% return, led by Gilead. Gilead returned 40.31%, benefiting from better-than-expected earnings results, and raised guidance due to underlying growth in its core franchises. Merck, AbbVie and Amgen further contributed to performance, as they posted returns of 29.67%, 21.60% and 17.32%, respectively
- Consumer Staples (19.0% ending weight) was another bright spot, posting a 17.45% return, as every holding posted impressive double-digit total returns. The fund's notable weights in tobacco names, Phillip Morris and British American Tobacco, led performance, as they posted returns of 23.47% and 11.39%, respectively
- Financials (17.8% ending weight) was also a notable contributor, posting a 12.04% total return, advancing on higher interest rates

Performance detractors

- While there were no sectors that posted negative performance, the following securities posted weak performance in the period: Dominion Energy, Canadian Imperial Bank of Commerce, Vodafone, Omega Healthcare Investors and Medtronic Plc, which posted declines of -10.29%, -6.92%, -6.49%, -3.22% and -2.90%, respectively

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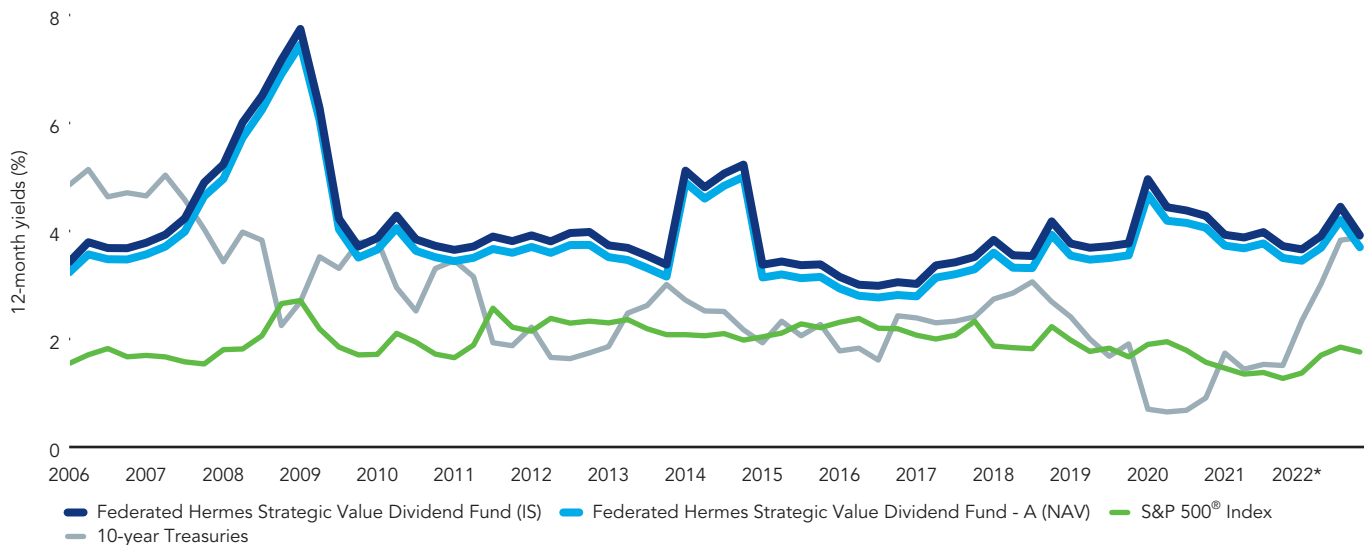
How we are positioned

December put the kibosh on the equity market's two-month string of gains and an exclamation point on a volatile year. There was no great mystery behind the past year's decline in risk assets. Concerned the highest inflation in more than 40 years could become entrenched, the Fed launched its most aggressive tightening cycle since the Volcker era. Contrary to market hopes, it also signaled at its last meeting of 2022, in December, that further (albeit more modest) rate increases were likely through the second quarter of 2023 and that rate cuts in 2023 were unlikely. Combined with mounting evidence that the U.S. and global economies may be headed for recession, further threatening earnings and profit margins, markets punished stocks, particularly rate-sensitive tech and growth names.

While macroeconomic data points can impact share price movements in the near term, the Federated Hermes Strategic Value Dividend Fund remains committed to its focus on long term drivers of total return: dividend yield and dividend growth. To achieve those goals, the portfolio remains concentrated in Consumer Staples, Integrated Energy, Health Care Pharmaceuticals, Telecom Services, Utilities and high quality Banks and Insurers.

See disclosure section for important disclosures and definitions.

The fund delivered higher yield



Source: Federated Hermes

Yields for other classes will vary.

* As of 12/31/22

Risk statistics

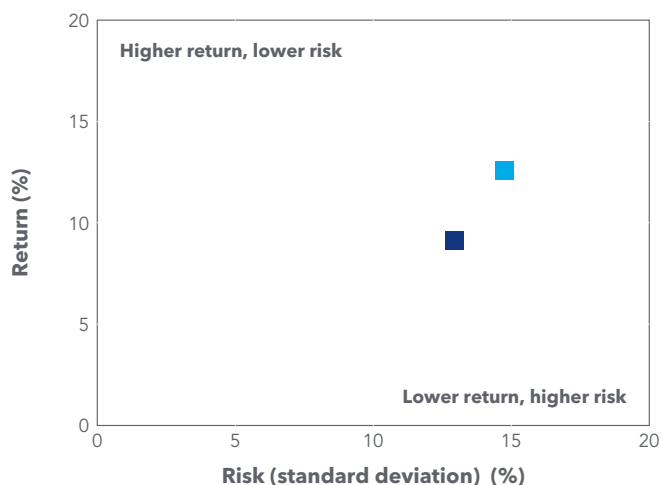
	3-year	5-year	7-year	10-year
Standard deviation	18.30	15.77	13.96	12.94
Beta	0.71	0.68	0.66	0.68
Correlation	0.82	0.81	0.77	0.77
Up capture ratio	73.81	68.10	67.50	71.18
Down capture ratio	71.13	70.97	67.47	70.11
Sharpe ratio	0.32	0.29	0.47	0.64

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. S&P 500® Index

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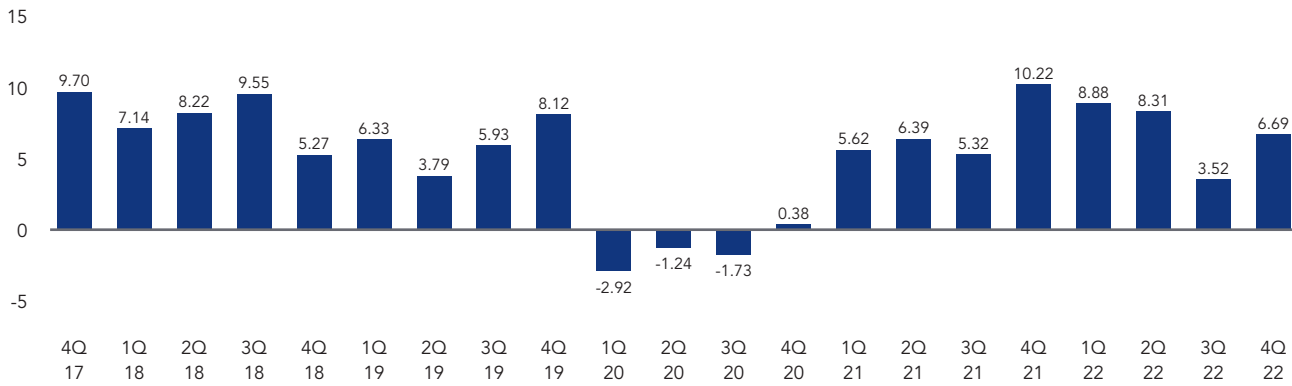
10-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes Strategic Value Dividend Fund (IS)	12.94	9.12
■ S&P 500® Index	14.77	12.56

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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	1	57	78	-
	Morningstar Category Rank	1 of 1,229 funds	653 of 1,155 funds	844 of 1,099 funds	-
IS Shares	Morningstar Category % Rank	1	57	79	84
	Morningstar Category Rank	2 of 1,229 funds	643 of 1,155 funds	851 of 1,099 funds	678 of 819 funds
A Shares	Morningstar Category % Rank	1	60	83	88
	Morningstar Category Rank	3 of 1,229 funds	707 of 1,155 funds	901 of 1,099 funds	722 of 819 funds

Lipper Equity Income Funds		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	1	57	74	-
	Lipper Classification Rank	1 of 466 funds	249 of 442 funds	311 of 420 funds	-
IS Shares	Lipper Classification % Rank	1	56	75	76
	Lipper Classification Rank	2 of 466 funds	246 of 442 funds	313 of 420 funds	212 of 279 funds
A Shares	Lipper Classification % Rank	1	61	79	82
	Lipper Classification Rank	3 of 466 funds	266 of 442 funds	331 of 420 funds	229 of 279 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 3.21% at maximum offering price and 3.41% at net asset value for A Shares, 3.73% for R6 Shares and 3.66% 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.

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 the prospective dividend yield for each security averaged based on the percentages of the securities in the portfolio. Prospective dividend yield is calculated by taking the most recent declared dividend payment multiplied by the number of dividend payments typically made during the year for each holding divided by the current share price for each security.

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.

Indexes are unmanaged and cannot be invested in directly.

Ratings and rating agencies

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