

# Annual Shareholder Report

October 31, 2020



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Share Class | Ticker

**A** | KAUAX

**R** | KAUFX

**B** | KAUBX

**Institutional** | KAUIX

**C** | KAUCX

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## Federated Hermes Kaufmann Fund

*(formerly, Federated Kaufmann Fund)*

*Successor to the Kaufmann Fund, Inc., with performance history since February 21, 1986*

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A Portfolio of Federated Hermes Equity Funds

*(formerly, Federated Equity Funds)*

### IMPORTANT NOTICE REGARDING REPORT DELIVERY

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4. Your election to receive reports in paper will apply to all funds held with the Fund complex or your financial intermediary.

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**



**J. Christopher  
Donahue**

*President*  
Federated Hermes  
Kaufmann Fund

## Letter from the President

Dear Valued Shareholder,

I am pleased to present the Annual Shareholder Report for your fund covering the period from November 1, 2019 through October 31, 2020.

As we all confront the unprecedented effects of the coronavirus and the challenges it presents to our families, communities, businesses and the financial markets, I want you to know that everyone at Federated Hermes is dedicated to helping you successfully navigate the markets ahead. You can count on us for the insights, investment management knowledge and client service that you have come to expect. Please refer to our website, [FederatedInvestors.com](https://www.federatedinvestors.com), for timely updates on this and other economic and market matters.

Thank you for investing with us. I hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Christopher Donahue". The signature is fluid and cursive, written in a professional style.

J. Christopher Donahue, President

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# Management's Discussion of Fund Performance (unaudited)

The total return of Federated Hermes Kaufmann Fund (the "Fund"), based on net asset value for the 12-month reporting period ended October 31, 2020, was 21.52% for the Class A Shares, 21.10% for the Class B Shares, 20.96% for the Class C Shares, 21.64% for the Class R Shares and 22.11% for the Institutional Shares. The total return of the Russell Midcap<sup>®</sup> Growth Index (RMCGI),<sup>1</sup> the Fund's broad-based securities market index, was 21.14% for the same period. The total return of the Morningstar Mid-Cap Growth Funds Average (MMCGFA),<sup>2</sup> a peer group average for the Fund, was 22.59% for the same period. The Fund's and MMCGFA's total returns for the most recently completed fiscal year reflected actual cash flows, transaction costs and other expenses, which were not reflected in the total return of the RMCGI.

During the reporting period, the Fund's investment strategy focused on stock selection, sector exposure, international exposure<sup>3</sup> and the effect of cash holdings. These were the most significant factors affecting the Fund's performance relative to the RMCGI.

The following discussion will focus on the performance of the Fund's Class IS Shares relative to the RMCGI.

## MARKET OVERVIEW

During the reporting period, returns in most global equity markets were positive as economic growth rebounded from devastating levels during the global Coronavirus pandemic. This was helped by a global, synchronized stimulus from both fiscal and monetary policies around the world. This led to a rebound in economic data in the 3rd quarter of 2020 from rehiring to industrial orders. Global central banks and governments alike are likely to continue their supportive policies which could help financial markets. Uncertainty around the pandemic remained important for investors as lockdowns and additional economic risks loomed, with the expectation that uncertainty will remain until a vaccine or therapies can mitigate the effects on global populations. While the economy has momentum from its initial drop from the pandemic lockdowns, there remained much uncertainty surrounding expansion into the future, which may cause additional volatility for the market.

## STOCK SELECTION

The key factors affecting performance from a macroeconomic standpoint were the pandemic's damage to the economies around the world followed by unprecedented stimulus from governments around the world, both fiscal and monetary. These monetary accommodations, combined with a more aggressive fiscal stance, helped to boost the S&P 500<sup>®</sup> Index<sup>4</sup> from the significant drop in the second quarter. The profitability of many of the companies in which the Fund invested remained strong throughout the reporting period. Fund management continued to seek what it viewed as attractive growth investment

opportunities – companies it viewed as dominant competitors, possessing strengthening fundamentals, with the potential to deliver both near-term and long-term growth in sales and earnings.

The majority of the Fund outperformance versus the RMCGL was due to stock selection, particularly in the Health Care, Information Technology and materials sectors. Individual companies that most contributed to Fund performance during the reporting period were: Shopify Inc., arGEN-X, Ultragenyx Pharmaceutical, Moderna and Veeva Systems. Holdings that negatively impacted Fund performance were: Air Lease Corporation, Azul SA, Galapagos and NagaCorp.

## **SECTOR EXPOSURE**

At the end of the reporting period, approximately 68% of the portfolio was invested in four large sectors: Health Care, Information Technology, Materials and Industrials. These sectors have historically provided what Fund management views as good opportunities for bottom-up growth investors.

## **INTERNATIONAL EXPOSURE**

Stock selection of companies domiciled outside the U.S. was a positive contributor to Fund performance. Approximately 24.38% of the Fund's assets were invested in such companies during the reporting period.

## **EFFECT OF CASH HOLDINGS**

The Fund had significant outflows during the reporting period which resulted in an average cash position of 17%. In a rising market, the cash holdings resulted in a modest drag on relative Fund performance versus the RMCGL.

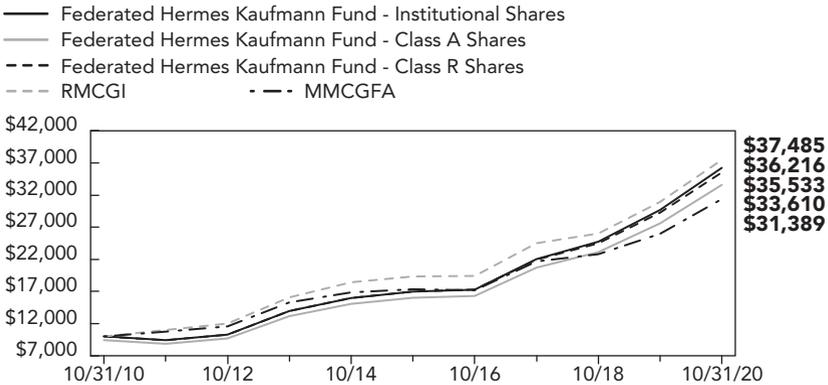
- 1 Please see the footnotes to the line graphs below for definitions of, and further information about, the RMCGL.*
- 2 Please see the footnotes to the line graphs below for definitions of, and further information about, the MMCGFA.*
- 3 International investing involves special risks including currency risk, increased volatility, political risks and differences in auditing and other financial standards.*
- 4 The S&P 500® Index is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index is unmanaged, and it is not possible to invest directly in an index.*

## FUND PERFORMANCE AND GROWTH OF A \$10,000 INVESTMENT

The graph below illustrates the hypothetical investment of \$10,000<sup>1</sup> in the Federated Hermes Kaufmann Fund (the “Fund”) from October 31, 2010 to October 31, 2020, compared to the Russell Midcap<sup>®</sup> Growth Index (RMCGI)<sup>2</sup> and the Morningstar Mid-Cap Growth Funds Average (MMCGFA).<sup>3</sup> The Average Annual Total Return table below shows returns for each class averaged over the stated periods.

### GROWTH OF A \$10,000 INVESTMENT

#### Growth of \$10,000 as of October 31, 2020



- Total returns shown for Class A Shares include the maximum sales charge of 5.50% (\$10,000 investment minus \$550 sales charge = \$9,450).
- Total returns shown for Class R Shares include the redemption fee of 0.20%.

The Fund offers multiple share classes whose performance may be greater than or less than its other share class(es) due to differences in sales charges and expenses. See the Average Annual Return table below for the returns of additional classes not shown in the line graph above.

### Average Annual Total Returns for the Period Ended 10/31/2020

(returns reflect all applicable sales charges and contingent deferred sales charges as specified below in footnote #1)

	1 Year	5 Years	10 Years
<b>Class A Shares</b>	14.83%	14.64%	12.89%
<b>Class B Shares</b>	15.60%	15.16%	13.06%
<b>Class C Shares</b>	19.96%	15.34%	12.93%
<b>Class R Shares</b>	21.39%	15.90%	13.52%
<b>Institutional Shares<sup>4</sup></b>	22.11%	16.38%	13.73%
RMCGI	21.14%	14.15%	14.13%
MMCGFA	22.59%	13.10%	12.76%

**Performance data 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. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit [FederatedInvestors.com](http://FederatedInvestors.com) or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.**

- 1 Represents a hypothetical investment of \$10,000 in the Fund after deducting applicable sales charges: For Class A Shares, the maximum sales charge of 5.50% (\$10,000 investment minus \$550 sales charge = \$9,450); for Class B Shares, the maximum contingent deferred sales charge is 5.50% on any redemption less than one year from the purchase date; for Class C Shares, the maximum contingent deferred sales charge is 1.00% on any redemption less than one year from the purchase date; for Class R Shares, the ending value reflects a 0.20% redemption fee. The Fund's performance assumes the reinvestment of all dividends and distributions. The RMCGI and MMCGFA have been adjusted to reflect reinvestment of all dividends on securities in the index and the average.*
- 2 The RMCGI measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap<sup>®</sup> Index companies with higher price-to-book ratios and higher forecasted growth values. The RMCGI is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market. The RMCGI is not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission requires to be reflected in the Fund's performance. The index is unmanaged and unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*
- 3 Morningstar figures represent the average of the total returns reported by all the funds designated by Morningstar as falling into the respective category indicated. They do not reflect sales charges. The Morningstar figures in the Growth of \$10,000 line graph are based on historical return information published by Morningstar and reflect the return of the funds comprising the category in the year of publication. Because the funds designated by Morningstar as falling into the category can change over time, the Morningstar figures in the line graph may not match the Morningstar figures in the Average Annual Total Returns table, which reflect the return of the funds that currently comprise the category.*
- 4 The Fund's Institutional Shares commenced operations on December 29, 2016. The Fund offers four other classes of shares: Class A Shares, Class B Shares, Class C Shares and Class R Shares. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for the Fund's Class R Shares. In relation to the Institutional Shares, the performance of Class R Shares has not been adjusted to reflect the expenses of the Institutional Shares since the Institutional Shares have a lower expense ratio than the expense ratio of the Class R Shares. The performance of Class R Shares has been adjusted to remove any voluntary waiver of Fund expenses related to the Class R Shares that may have occurred during the period prior to the commencement of operations of the Institutional Shares.*

# Portfolio of Investments Summary Table (unaudited)

At October 31, 2020, the Fund's sector composition<sup>1</sup> was as follows:

Sector Composition	Percentage of Total Net Assets
Health Care	31.6%
Information Technology	18.1%
Materials	10.6%
Industrials	7.8%
Consumer Discretionary	6.5%
Financials	4.3%
Real Estate	1.3%
Energy	1.0%
Communication Services	0.7%
Consumer Staples	0.4%
Securities Lending Collateral <sup>2</sup>	7.0%
Cash Equivalents <sup>3</sup>	18.1%
Other Assets and Liabilities—Net <sup>4</sup>	(7.4)%
<b>TOTAL</b>	<b>100%</b>

- 1 Except for Securities Lending Collateral, Cash Equivalents and Other Assets and Liabilities, sector classifications are based upon, and individual portfolio securities are assigned to, the classifications of the Global Industry Classification System (GICS), except that the Adviser assigns a classification to securities not classified by the GICS and to securities for which the Adviser does not have access to the classification made by the GICS.
- 2 Represents cash collateral received for portfolio securities on loan that may be invested in affiliated money market funds, other money market instruments and/or repurchase agreements.
- 3 Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements other than those representing cash collateral for securities lending.
- 4 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

# Portfolio of Investments

October 31, 2020

Shares		Value
	COMMON STOCKS—82.2%	
	<b>Communication Services—0.7%</b>	
1,348,000	<sup>1,2</sup> ZoomInfo Technologies, Inc.	\$ 51,210,520
	<b>Consumer Discretionary—6.5%</b>	
161,100	<sup>1</sup> Alibaba Group Holding Ltd., ADR	49,085,559
23,450	<sup>1</sup> Amazon.com, Inc.	71,197,717
45,700	<sup>1</sup> Bright Horizons Family Solutions, Inc.	7,222,885
100,000	<sup>1,2</sup> DraftKings, Inc.	3,540,000
127,000	<sup>1</sup> Etsy, Inc.	15,441,930
974,000	<sup>1,3</sup> Fisker, Inc.	7,917,618
698,900	<sup>1</sup> Floor & Decor Holdings, Inc.	51,019,700
72,800	<sup>1</sup> GrubHub, Inc.	5,384,288
71,400	Home Depot, Inc.	19,043,094
150,000	<sup>1</sup> Just Eat Takeaway	16,691,812
637,300	Las Vegas Sands Corp.	30,628,638
128,503	<sup>1</sup> Lululemon Athletica, Inc.	41,029,723
5,000	<sup>1</sup> Mercadolibre, Inc.	6,070,250
575,000	Moncler S.p.A	23,023,567
24,740,000	NagaCorp Ltd.	25,596,130
195,500	<sup>1</sup> Planet Fitness, Inc.	11,587,285
30,000	<sup>2</sup> Vail Resorts, Inc.	6,961,200
600,100	<sup>2</sup> Wingstop, Inc.	69,809,633
520,000	<sup>1</sup> YETI Holdings, Inc.	25,729,600
	TOTAL	486,980,629
	<b>Consumer Staples—0.4%</b>	
19,600	Costco Wholesale Corp.	7,009,352
100,000	<sup>1</sup> Freshpet, Inc.	11,450,000
300,000	<sup>1,2</sup> Grocery Outlet Holding Corp.	13,206,000
	TOTAL	31,665,352
	<b>Energy—1.0%</b>	
2,036,100	<sup>2</sup> New Fortress Energy, Inc.	73,564,293
	<b>Financials—4.3%</b>	
840,000	Apollo Global Management LLC	30,962,400
3,445,000	Ashmore Group PLC	15,907,747
85,350	BlackRock, Inc.	51,142,574
1	<sup>1,3,4</sup> FA Private Equity Fund IV LP	228,522
4,650,000	<sup>2</sup> FincoBank Banca Finco SPA	63,680,592
49,500	Goldman Sachs Group, Inc.	9,357,480
775,000	<sup>2</sup> Hamilton Lane, Inc.	54,017,500
410,000	Housing Development Finance Corp. Ltd.	10,620,595
1	<sup>1,3,4</sup> Infrastructure Fund	0
1,200,000	<sup>2</sup> KKR & Co., Inc.	40,980,000

## Shares

## Value

COMMON STOCKS—continued		
<b>Financials—continued</b>		
35,000	<sup>1</sup> Markel Corp.	\$ 32,648,000
400,000	<sup>1</sup> Root, Inc.	9,588,000
	TOTAL	319,133,410
<b>Health Care—31.5%</b>		
400,000	Abbott Laboratories	42,044,000
1,131,733	<sup>1</sup> Akouos, Inc.	21,966,938
1,406,700	<sup>1</sup> Albireo Pharma, Inc.	44,395,452
1,500,000	<sup>1,2</sup> Alector, Inc.	14,115,000
520,000	<sup>1,2</sup> American Well Corp.	13,421,200
1,266,686	<sup>1</sup> Amphastar Pharmaceuticals, Inc.	24,814,379
452,000	<sup>1</sup> Annexon, Inc.	9,406,120
1	<sup>3,4</sup> Apollo Investment Fund V	86,062
550,000	<sup>1,2</sup> Arcturus Therapeutics Holdings, Inc.	29,744,000
1,038,400	<sup>1</sup> Argen SE	258,517,329
679,500	<sup>1</sup> Avidity Biosciences LLC	16,804,035
384,300	<sup>1,2</sup> Avrobio, Inc.	5,487,804
800,000	<sup>1</sup> Boston Scientific Corp.	27,416,000
3,385,000	<sup>1</sup> Calithera Biosciences, Inc.	11,982,900
715,000	<sup>1</sup> Catalent, Inc.	62,755,550
4,939,007	<sup>1</sup> Corcept Therapeutics, Inc.	82,876,537
282,236	<sup>1,2</sup> CRISPR Therapeutics AG	25,914,910
285,000	Danaher Corp.	65,418,900
296,000	<sup>1</sup> Dexcom, Inc.	94,595,680
5,950,000	<sup>1,2</sup> Dynavax Technologies Corp.	22,193,500
910,000	<sup>1,2</sup> Editas Medicine, Inc.	28,155,400
267,000	<sup>1</sup> Edwards Lifesciences Corp.	19,141,230
121,800	<sup>1</sup> Fate Therapeutics, Inc.	5,407,920
770,000	<sup>1,2</sup> Frequency Therapeutics, Inc.	16,847,600
205,800	<sup>1,4</sup> Frequency Therapeutics, Inc.	4,502,904
440,000	<sup>1</sup> Galapagos NV	51,981,721
670,000	<sup>1,2</sup> Galapagos NV, ADR	78,041,600
2,976,453	<sup>1,2</sup> Gamida Cell Ltd.	15,120,381
251,393	<sup>1</sup> Genmab A/S	83,840,216
576,734	<sup>1</sup> Genmab A/S, ADR	19,412,866
450,000	<sup>1,2</sup> Gossamer Bio, Inc.	3,735,000
492,502	<sup>1,2</sup> GW Pharmaceuticals PLC, ADR	44,330,105
400,400	<sup>1</sup> IDEAYA Biosciences, Inc.	4,872,868
59,300	<sup>1</sup> IDEXX Laboratories, Inc.	25,191,826
400,000	<sup>1</sup> Immatics N.V.	4,152,000
340,600	<sup>1,2</sup> Immatics N.V.	3,535,428
255,000	<sup>1</sup> Insulet Corp.	56,673,750
24,900	<sup>1</sup> Intuitive Surgical, Inc.	16,610,292
487,000	<sup>1,2</sup> Kaleido Biosciences, Inc.	2,975,570
1	<sup>1,3,4</sup> Latin Healthcare Fund	307,683

## Shares

## Value

## COMMON STOCKS—continued

**Health Care—continued**

500,000	<sup>1,2</sup> Legend Biotech Corp., ADR	\$ 12,935,000
1,358,398	<sup>1</sup> Merus NV	16,545,288
5,200,000	<sup>1</sup> Minerva Neurosciences, Inc.	16,692,000
700,000	<sup>1,2</sup> Moderna, Inc.	47,229,000
781,736	<sup>1,2</sup> Molecular Partners AG	17,105,796
2,100,000	<sup>1,2</sup> Otonomy, Inc.	7,518,000
375,000	<sup>1</sup> PDS Biotechnology Corp.	746,250
250,000	<sup>1,2</sup> Repligen Corp.	41,642,500
609,000	<sup>1,3</sup> Rezolute, Inc.	12,003,840
1,013,600	<sup>1</sup> Rhythm Pharmaceuticals, Inc.	21,457,912
120,000	<sup>1,2</sup> Sarepta Therapeutics, Inc.	16,309,200
519,749	<sup>1</sup> Scynexis, Inc.	2,271,303
2,110,000	<sup>1,2</sup> Seres Therapeutics, Inc.	58,847,900
959,018	<sup>1,3</sup> Soteira, Inc.	0
385,000	<sup>1,2</sup> Stoke Therapeutics, Inc.	14,780,150
115,000	Stryker Corp.	23,231,150
850,000	<sup>1,2</sup> Tandem Diabetes Care, Inc.	92,650,000
1,000,000	<sup>1,2</sup> Translate Bio, Inc.	12,830,000
240,841	<sup>1</sup> TransMedics Group, Inc.	2,885,275
225,000	<sup>1</sup> Turning Point Therapeutics, Inc.	20,742,750
1,955,500	<sup>1,2</sup> Ultragenyx Pharmaceutical, Inc.	196,527,750
1,870,000	<sup>1</sup> UniQure N.V.	75,604,100
715,000	<sup>1</sup> Veeva Systems, Inc.	193,085,750
879,000	<sup>1</sup> Zai Lab Ltd., ADR	72,121,950
110,900	<sup>1,2</sup> Zentalis Pharmaceuticals, LLC	4,390,531
916,000	<sup>1,2</sup> Zogenix, Inc.	19,529,120

TOTAL		2,358,475,171
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**Industrials—7.8%**

1,059,780	<sup>1</sup> Azek Co., Inc.	35,439,043
1,025,000	<sup>1,2</sup> Azul S.A., ADR	12,146,250
128,000	<sup>1</sup> CoStar Group, Inc.	105,422,080
660,000	<sup>1,2</sup> Dun & Bradstreet Holdings, Inc.	17,054,400
100,000	<sup>1</sup> FTI Consulting, Inc.	9,846,000
181,800	<sup>1</sup> Generac Holdings, Inc.	38,205,270
361,900	<sup>2</sup> HEICO Corp.	38,017,595
471,000	IHS Markit Ltd.	38,089,770
1,410,000	<sup>1</sup> Mercury Systems, Inc.	97,120,800
186,700	Roper Technologies, Inc.	69,329,178
337,200	Trane Technologies PLC	44,763,300
567,200	<sup>1</sup> Trex Co., Inc.	39,443,088
210,000	Verisk Analytics, Inc.	37,373,700

TOTAL		582,250,474
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**Information Technology—18.1%**

44,408	<sup>1</sup> Adobe, Inc.	19,854,817
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## Shares

## Value

COMMON STOCKS—continued		
<b>Information Technology—continued</b>		
1,255,000	<sup>1,2</sup> Advanced Micro Devices, Inc.	\$ 94,488,950
189,500	<sup>1</sup> Ansys, Inc.	57,678,115
3,337	Broadcom, Inc.	1,166,715
195,143	<sup>1</sup> Coupa Software, Inc.	52,239,781
97,500	<sup>1</sup> DocuSign, Inc.	19,719,375
324,725	<sup>1,2</sup> Envestnet, Inc.	24,919,396
190,300	<sup>1</sup> Everbridge, Inc.	19,922,507
1,059,322	<sup>1,3,4</sup> Expand Networks Ltd.	0
291,400	Fidelity National Information Services, Inc.	36,305,526
49,511	FLIR Systems, Inc.	1,717,536
1,345,000	<sup>1,2</sup> GDS Holdings Ltd., ADR	113,033,800
268,000	<sup>1</sup> GoDaddy, Inc.	18,958,320
1,350,000	Marvell Technology Group Ltd.	50,638,500
1,547,564	<sup>1,2</sup> McAfee Corp.	25,937,173
565,973	<sup>1,2</sup> Medallia, Inc.	16,101,932
1,725,000	<sup>1</sup> Nexi SpA	26,510,968
1,794,674	<sup>1,2</sup> PagSeguro Digital Ltd.	65,703,015
500,000	<sup>1,2</sup> Q2 Holdings, Inc.	45,620,000
1,185,000	<sup>1</sup> Radware Ltd.	26,662,500
560,000	<sup>1</sup> Rapid7, Inc.	34,680,800
171,500	<sup>1</sup> RealPage, Inc.	9,550,835
100,000	<sup>1</sup> Salesforce.com, Inc.	23,227,000
3,751	<sup>1,3,4</sup> Sensible Technologies, Inc.	0
251,887	<sup>1</sup> ServiceNow, Inc.	125,331,415
209,000	<sup>1</sup> Shopify, Inc.	193,414,870
150,000	<sup>1,2</sup> Snowflake, Inc.	37,503,000
375,000	<sup>1</sup> Splunk, Inc.	74,265,000
175,500	<sup>1,2</sup> Tyler Technologies, Inc.	67,458,690
58,339	<sup>1,2</sup> Unity Software, Inc.	5,535,204
292,315	<sup>1</sup> Workday, Inc.	61,421,228
	<b>TOTAL</b>	<b>1,349,566,968</b>
<b>Materials—10.6%</b>		
1,500,000	<sup>4</sup> Agnico Eagle Mines Ltd.	118,935,000
8,400,000	B2Gold Corp.	54,032,876
412,400	Ball Corp.	36,703,600
2,800,000	Barrick Gold Corp.	74,844,000
1,700,000	<sup>1,2</sup> Endeavour Financial Corp.	41,699,317
165,000	<sup>2</sup> Franco-Nevada Corp.	22,489,192
5,130,000	Kinross Gold Corp.	40,886,100
1,230,000	Kirkland Lake Gold Ltd.	56,112,600
1,640,000	Newcrest Mining Ltd.	33,861,006
1,425,000	Newmont Corp.	89,547,000
1,349,246	<sup>2</sup> Osisko Gold Royalties Ltd.	15,084,570
2,120,000	<sup>1,2</sup> Pretium Resources, Inc.	25,821,600

Shares		Value
	COMMON STOCKS—continued	
	<b>Materials—continued</b>	
309,800	Scotts Miracle-Gro Co.	\$ 46,485,490
129,287	Sherwin-Williams Co.	88,946,870
475,000	Wheaton Precious Metals Corp.	21,902,250
4,400,000	Yamana Gold, Inc.	24,464,000
	TOTAL	791,815,471
	<b>Real Estate—1.3%</b>	
671,600	<sup>2</sup> Americold Realty Trust	24,332,068
185,900	Crown Castle International Corp.	29,037,580
300,000	<sup>2</sup> Easterly Government Properties, Inc.	6,270,000
157,393	JBG Smith Properties	3,675,127
624,300	MGM Growth Properties LLC	16,512,735
270,000	Ryman Hospitality Properties	10,759,500
300,000	STAG Industrial, Inc.	9,336,000
	TOTAL	99,923,010
	TOTAL COMMON STOCKS (IDENTIFIED COST \$2,980,170,011)	6,144,585,298
	PREFERRED STOCK—0.0%	
	<b>Information Technology—0.0%</b>	
679,348	<sup>1,3,4</sup> Multiplex, Inc., Pfd., Series C (IDENTIFIED COST \$5,000,001)	0
	WARRANTS—0.1%	
	<b>Health Care—0.1%</b>	
421,550	<sup>1</sup> Catabasis Pharmaceuticals, Inc., Warrants 2/8/2024	264,691
801,900	<sup>1</sup> Catabasis Pharmaceuticals, Inc., Warrants 6/22/2022	292,132
3,445,000	<sup>1</sup> ContraFect Corp., Warrants 7/20/2022	274,567
1,735,000	<sup>1</sup> ContraFect Corp., Warrants 7/27/2021	32,618
377,500	<sup>1</sup> Dynavax Technologies Corp., Warrants 2/12/2022	699,017
170,300	<sup>1</sup> Immatics N.V., Warrants 12/31/2025	483,652
200,970	<sup>1,3</sup> Rezolute, Inc., Warrants 10/8/2027	3,621,289
1,017,000	<sup>1</sup> Scynexis, Inc., Warrants 3/8/2023	35,290
848,250	<sup>1</sup> Scynexis, Inc., Warrants 4/6/2021	254
	TOTAL WARRANTS (IDENTIFIED COST \$557,932)	5,703,510
	INVESTMENT COMPANIES—25.1%	
90,016,791	Federated Hermes Government Obligations Fund, Premier Shares, 0.03% <sup>5</sup>	90,016,791
1,784,269,240	Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares, 0.10% <sup>5</sup>	1,784,982,948
	TOTAL INVESTMENT COMPANIES (IDENTIFIED COST \$1,874,359,406)	1,874,999,739
	TOTAL INVESTMENT IN SECURITIES—107.4% (IDENTIFIED COST \$4,860,087,350) <sup>6</sup>	8,025,288,547
	OTHER ASSETS AND LIABILITIES - NET—(7.4)% <sup>7</sup>	(551,202,404)
	TOTAL NET ASSETS—100%	\$7,474,086,143

An affiliated company is a company in which the Fund, alone or in combination with other funds, has ownership of at least 5% of the voting shares. Transactions with affiliated companies during the year ended October 31, 2020, were as follows:

	Value as of 10/31/2019	Purchases at Cost*	Proceeds from Sales*
<b>Consumer Discretionary:</b>			
Wingstop, Inc.**	\$ 45,669,582	\$ 7,403,452	\$ (2,418,179)
<b>Energy:</b>			
New Fortress Energy, Inc.**	\$ 20,688,000	\$ 18,162,588	\$ (5,566,171)
<b>Health Care:</b>			
Akouos, Inc.	\$ —	\$ 23,848,938	\$ —
Albireo Pharma, Inc.	\$ 17,635,200	\$ 14,923,000	\$ —
Alector, Inc.	\$ 35,364,000	\$ 17,465,412	\$ (18,644,151)
Amphastar Pharmaceuticals, Inc.	\$ 15,741,725	\$ 8,873,279	\$ —
Arcturus Therapeutics Holdings, Inc.	\$ —	\$ 29,150,000	\$ —
Argenx SE**	\$144,567,252	\$ 25,939,452	\$ (41,202,990)
Calithera Biosciences, Inc.	\$ 8,928,000	\$ 1,781,250	\$ —
Catabasis Pharmaceuticals, Inc., Warrants 6/22/2022	\$ 1,157,382	\$ —	\$ —
Catabasis Pharmaceuticals, Inc., Warrants 2/8/2024	\$ 1,036,044	\$ —	\$ —
ContraFect Corp., Warrants 7/20/2022	\$ 194,987	\$ —	\$ —
ContraFect Corp., Warrants 7/27/2021	\$ 59,684	\$ —	\$ —
Corcept Therapeutics, Inc.**	\$126,057,600	\$ —	\$ (46,249,898)
Dynavax Technologies Corp.	\$ 23,414,000	\$ 8,406,676	\$ (2,267,108)
Dynavax Technologies Corp., Warrants 2/12/2022	\$ 1,072,440	\$ —	\$ —
Frequency Therapeutics, Inc.	\$ 11,088,000	\$ —	\$ —
Gamida Cell Ltd.	\$ —	\$ 14,647,516	\$ —
Merus NV	\$ —	\$ 18,998,043	\$ —
Minerva Neurosciences, Inc.	\$ 35,502,600	\$ —	\$ (17,793,300)
Molecular Partners AG	\$ —	\$ 13,158,479	\$ (161,815)
Otonomy, Inc.	\$ —	\$ 7,028,799	\$ —
Rezolute, Inc.	\$ —	\$ 10,048,500	\$ —
Rhythm Pharmaceuticals, Inc.	\$ 21,609,952	\$ —	\$ —
Scynexis, Inc.	\$ 6,271,200	\$ —	\$ (83,453)
Scynexis, Inc., Warrants 3/8/2023	\$ 453,785	\$ —	\$ —
Scynexis, Inc., Warrants 4/6/2021	\$ 124,269	\$ —	\$ —
Soteira, Inc.	\$ —	\$ —	\$ —
TransMedics Group, Inc.	\$ —	\$ 12,996,738	\$ (8,921,046)
Ultragenyx Pharmaceutical, Inc.	\$ 77,068,800	\$ 9,159,480	\$ (7,239,600)
UniQure N.V.	\$105,084,000	\$ 4,003,389	\$ (16,507,809)
Affiliated Issuers no longer in the portfolio at period end	\$ 41,851,740	\$ 8,665,060	\$ (38,052,014)
TOTAL OF AFFILIATED COMPANIES TRANSACTIONS	\$740,640,242	\$254,660,051	\$(205,107,534)

Change in Unrealized Appreciation/Depreciation	Net Realized Gain/(Loss)*	Value as of 10/31/2020	Shares Held as of 10/31/2020	Dividend Income*
\$ 18,482,044	\$ 672,734	\$ 69,809,633	600,100	\$272,909
\$ 36,599,296	\$ 3,680,580	\$ 73,564,293	2,036,100	\$200,000
\$ (1,882,000)	\$ —	\$ 21,966,938	1,131,733	\$ —
\$ 11,837,252	\$ —	\$ 44,395,452	1,406,700	\$ —
\$ (8,848,008)	\$(11,222,253)	\$ 14,115,000	1,500,000	\$ —
\$ 199,375	\$ —	\$ 24,814,379	1,266,686	\$ —
\$ 594,000	\$ —	\$ 29,744,000	550,000	\$ —
\$ 95,964,260	\$ 33,249,355	\$ 258,517,329	1,038,400	\$ —
\$ 1,273,650	\$ —	\$ 11,982,900	3,385,000	\$ —
\$ (865,250)	\$ —	\$ 292,132	801,900	\$ —
\$ (771,353)	\$ —	\$ 264,691	421,550	\$ —
\$ 79,580	\$ —	\$ 274,567	3,445,000	\$ —
\$ (27,066)	\$ —	\$ 32,618	1,735,000	\$ —
\$(33,096,199)	\$ 36,165,034	\$ 82,876,537	4,939,007	\$ —
\$ (6,845,720)	\$ (514,348)	\$ 22,193,500	5,950,000	\$ —
\$ (373,423)	\$ —	\$ 699,017	377,500	\$ —
\$ 5,759,600	\$ —	\$ 16,847,600	770,000	\$ —
\$ 472,865	\$ —	\$ 15,120,381	2,976,453	\$ —
\$ (2,452,755)	\$ —	\$ 16,545,288	1,358,398	\$ —
\$ 120,715	\$ (1,138,015)	\$ 16,692,000	5,200,000	\$ —
\$ 4,074,226	\$ 34,906	\$ 17,105,796	781,736	\$ —
\$ 489,201	\$ —	\$ 7,518,000	2,100,000	\$ —
\$ 1,955,340	\$ —	\$ 12,003,840	609,000	\$ —
\$ (152,040)	\$ —	\$ 21,457,912	1,013,600	\$ —
\$ (2,516,392)	\$ (1,400,052)	\$ 2,271,303	519,749	\$ —
\$ (418,495)	\$ —	\$ 35,290	1,017,000	\$ —
\$ (124,015)	\$ —	\$ 254	848,250	\$ —
\$ —	\$ —	\$ —	959,018	\$ —
\$ (461,153)	\$ (729,264)	\$ 2,885,275	240,841	\$ —
\$117,499,470	\$ 39,600	\$ 196,527,750	1,955,500	\$ —
\$ (15,384,495)	\$ (1,590,985)	\$ 75,604,100	1,870,000	\$ —
\$ 25,019,848	\$(37,484,634)	\$ —	—	\$ —
\$246,202,358	\$ 19,762,658	\$1,056,157,775	52,804,221	\$472,909

\* A portion of the amount shown was recorded when the Fund no longer had ownership of at least 5% of the voting shares.

\*\* At October 31, 2020, the Fund no longer has ownership of at least 5% voting shares.

Affiliated fund holdings are investment companies which are managed by the Adviser or an affiliate of the Adviser. Transactions with the affiliated fund holdings during the period ended October 31, 2020, were as follows:

	Federated Hermes Government Obligations Fund, Institutional Shares*	Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares*	Total of Affiliated Transactions
Value as of 10/31/2019	\$ 110,475,332	\$ 2,006,173,853	\$ 2,116,649,185
Purchases at Cost	\$ 1,091,954,146	\$ 3,649,471,476	\$ 4,741,425,622
Proceeds from Sales	\$(1,112,412,687)	\$(3,870,660,380)	\$(4,983,073,067)
Change in Unrealized Appreciation/ Depreciation	N/A	\$ 270,834	\$ 270,834
Net Realized Gain/(Loss)	N/A	\$ (272,835)	\$ (272,835)
Value as of 10/31/2020	\$ 90,016,791	\$ 1,784,982,948	\$ 1,874,999,739
Shares Held as of 10/31/2020	90,016,791	1,784,269,240	1,874,286,031
Dividend Income	\$ 756,723	\$ 14,068,060	\$ 14,824,783
Gain Distributions Received	N/A	\$ 3,458	\$ 3,458

\* All or a portion of the balance/activity for the fund relates to cash collateral received on securities lending transactions.

1 Non-income-producing security.

2 All or a portion of these securities are temporarily on loan to unaffiliated broker/dealers.

3 Market quotations and price evaluations are not available. Fair value determined using significant unobservable inputs in accordance with procedures established by and under the general supervision of the Fund's Board of Trustees (the "Trustees").

4 Denotes a restricted security that either: (a) cannot be offered for public sale without first being registered, or availing of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. At October 31, 2020, these restricted securities amounted to \$124,060,171, which represented 1.7% of total net assets.

5 7-day net yield.

6 The cost of investments for federal tax purposes amounts to \$4,881,167,282.

7 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities. A significant portion of this balance represents loans to unaffiliated qualified brokers for securities lending. The Fund receives cash from the broker as collateral for the loaned securities and reinvests the collateral in certain short-term securities such as affiliated money market funds, other money market instruments and/or repurchase agreements.

Note: The categories of investments are shown as a percentage of total net assets at October 31, 2020.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of October 31, 2020, in valuing the Fund's assets carried at fair value:

**Valuation Inputs**

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
<b>Equity Securities:</b>				
Common Stocks				
Domestic	\$4,043,333,397	\$ —	\$20,543,725	\$4,063,877,122
International	1,453,370,697	627,337,479	—	2,080,708,176
Preferred Stock				
Domestic	—	—	0	0
<b>Debt Securities:</b>				
Warrants	—	2,082,221	3,621,289	5,703,510
<b>Investment Companies</b>	1,874,999,739	—	—	1,874,999,739
<b>TOTAL SECURITIES</b>	\$7,371,703,833	\$629,419,700	\$24,165,014	\$8,025,288,547

The following acronym(s) are used throughout this portfolio:

ADR—American Depositary Receipt

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class A Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended October 31,				
	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.27</b>	<b>\$6.03</b>	<b>\$6.06</b>	<b>\$5.27</b>	<b>\$6.02</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss)	(0.09) <sup>1</sup>	(0.05) <sup>1</sup>	(0.06) <sup>1</sup>	(0.06) <sup>1</sup>	(0.05) <sup>1</sup>
Net realized and unrealized gain	1.32	1.09	0.69	1.37	0.16
TOTAL FROM INVESTMENT OPERATIONS	1.23	1.04	0.63	1.31	0.11
<b>Less Distributions:</b>					
Distributions from net realized gain	(0.70)	(0.80)	(0.66)	(0.52)	(0.86)
<b>Net Asset Value, End of Period</b>	<b>\$6.80</b>	<b>\$6.27</b>	<b>\$6.03</b>	<b>\$6.06</b>	<b>\$5.27</b>
<b>Total Return<sup>2</sup></b>	21.52%	19.52%	11.64%	26.97%	1.77%
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>3</sup>	1.94%	1.95%	1.95%	1.95% <sup>4</sup>	1.95% <sup>4</sup>
Net investment income (loss)	(1.38)%	(0.81)%	(1.02)%	(1.13)%	(1.00)%
Expense waiver/reimbursement <sup>5</sup>	0.03%	0.03%	0.03%	0.04%	0.06%
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$1,808,715	\$1,629,524	\$1,491,496	\$1,324,155	\$1,364,222
Portfolio turnover	38%	42%	33%	47%	55%

- 1 *Per share numbers have been calculated using the average shares method.*
- 2 *Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable.*
- 3 *Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.*
- 4 *The net expense ratio is calculated without reduction for fees paid indirectly for expense offset arrangements. The net expense ratios are 1.95% and 1.95% for the years ended October 31, 2017 and 2016, respectively, after taking into account these expense reductions.*
- 5 *This expense decrease is reflected in both the net expense and the net investment income (loss) ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.*

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class B Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended October 31,				
	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$5.00</b>	<b>\$4.99</b>	<b>\$5.15</b>	<b>\$4.58</b>	<b>\$5.36</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss)	(0.09) <sup>1</sup>	(0.06) <sup>1</sup>	(0.08) <sup>1</sup>	(0.08) <sup>1</sup>	(0.07) <sup>1</sup>
Net realized and unrealized gain	1.03	0.87	0.58	1.17	0.15
TOTAL FROM INVESTMENT OPERATIONS	0.94	0.81	0.50	1.09	0.08
<b>Less Distributions:</b>					
Distributions from net realized gain	(0.70)	(0.80)	(0.66)	(0.52)	(0.86)
<b>Net Asset Value, End of Period</b>	<b>\$5.24</b>	<b>\$5.00</b>	<b>\$4.99</b>	<b>\$5.15</b>	<b>\$4.58</b>
<b>Total Return<sup>2</sup></b>	<b>21.10%</b>	<b>18.88%</b>	<b>11.11%</b>	<b>26.16%</b>	<b>1.34%</b>

## Ratios to Average Net Assets:

Net expenses <sup>3</sup>	2.44%	2.45%	2.46%	2.47% <sup>4</sup>	2.48% <sup>4</sup>
Net investment income (loss)	(1.87)%	(1.32)%	(1.54)%	(1.65)%	(1.52)%
Expense waiver/reimbursement <sup>5</sup>	0.03%	0.03%	0.03%	0.03%	0.03%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$35,306	\$41,483	\$50,468	\$65,410	\$72,634
Portfolio turnover	38%	42%	33%	47%	55%

- Per share numbers have been calculated using the average shares method.*
- Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable.*
- Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.*
- The net expense ratio is calculated without reduction for fees paid indirectly for expense offset arrangements. The net expense ratios are 2.47% and 2.48% for the years ended October 31, 2017 and 2016, respectively, after taking into account these expense reductions.*
- This expense decrease is reflected in both the net expense and the net investment income (loss) ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.*

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class C Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended October 31,				
	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$4.99</b>	<b>\$4.99</b>	<b>\$5.14</b>	<b>\$4.57</b>	<b>\$5.36</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss)	(0.09) <sup>1</sup>	(0.06) <sup>1</sup>	(0.08) <sup>1</sup>	(0.08) <sup>1</sup>	(0.07) <sup>1</sup>
Net realized and unrealized gain	1.02	0.86	0.59	1.17	0.14
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.93</b>	<b>0.80</b>	<b>0.51</b>	<b>1.09</b>	<b>0.07</b>
<b>Less Distributions:</b>					
Distributions from net realized gain	(0.70)	(0.80)	(0.66)	(0.52)	(0.86)
<b>Net Asset Value, End of Period</b>	<b>\$5.22</b>	<b>\$4.99</b>	<b>\$4.99</b>	<b>\$5.14</b>	<b>\$4.57</b>
<b>Total Return<sup>2</sup></b>	<b>20.96%</b>	<b>18.69%</b>	<b>11.36%</b>	<b>26.22%</b>	<b>1.15%</b>

## Ratios to Average Net Assets:

Net expenses <sup>3</sup>	2.44%	2.45%	2.46%	2.47% <sup>4</sup>	2.48% <sup>4</sup>
Net investment income (loss)	(1.87)%	(1.31)%	(1.56)%	(1.65)%	(1.52)%
Expense waiver/reimbursement <sup>5</sup>	0.03%	0.03%	0.03%	0.03%	0.03%

## Supplemental Data:

Net assets, end of period (000 omitted)	\$141,074	\$135,883	\$144,284	\$306,011	\$343,129
Portfolio turnover	38%	42%	33%	47%	55%

- <sup>1</sup> Per share numbers have been calculated using the average shares method.
- <sup>2</sup> Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable.
- <sup>3</sup> Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- <sup>4</sup> The net expense ratio is calculated without reduction for fees paid indirectly for expense offset arrangements. The net expense ratios are 2.47% and 2.48% for the years ended October 31, 2017 and 2016, respectively, after taking into account these expense reductions.
- <sup>5</sup> This expense decrease is reflected in both the net expense and the net investment income (loss) ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class R Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended October 31,				
	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.28</b>	<b>\$6.04</b>	<b>\$6.07</b>	<b>\$5.28</b>	<b>\$6.03</b>
<b>Income From Investment Operations:</b>					
Net investment income (loss)	(0.09) <sup>1</sup>	(0.05) <sup>1</sup>	(0.06) <sup>1</sup>	(0.06) <sup>1</sup>	(0.05) <sup>1</sup>
Net realized and unrealized gain	1.33	1.09	0.69	1.37	0.16
TOTAL FROM INVESTMENT OPERATIONS	1.24	1.04	0.63	1.31	0.11
<b>Less Distributions:</b>					
Distributions from net realized gain	(0.70)	(0.80)	(0.66)	(0.52)	(0.86)
<b>Net Asset Value, End of Period</b>	<b>\$6.82</b>	<b>\$6.28</b>	<b>\$6.04</b>	<b>\$6.07</b>	<b>\$5.28</b>
<b>Total Return<sup>2</sup></b>	21.64%	19.48%	11.62%	26.92%	1.76%
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>3</sup>	1.95%	1.95%	1.95%	1.95% <sup>4</sup>	1.95% <sup>4</sup>
Net investment income (loss)	(1.40)%	(0.81)%	(1.03)%	(1.14)%	(1.00)%
Expense waiver/reimbursement <sup>5</sup>	0.25%	0.26%	0.27%	0.28%	0.29%
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$4,848,579	\$4,313,852	\$3,877,851	\$3,704,278	\$3,206,317
Portfolio turnover	38%	42%	33%	47%	55%

- 1 Per share numbers have been calculated using the average shares method.
- 2 Based on net asset value.
- 3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 4 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratios are 1.95% and 1.95% for the years ended October 31, 2017 and 2016, respectively, after taking into account these expense reductions.
- 5 This expense decrease is reflected in both the net expense and the net investment income (loss) ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

	Year Ended October 31,			Period Ended
	2020	2019	2018	10/31/2017 <sup>1</sup>
<b>Net Asset Value, Beginning of Period</b>	<b>\$6.39</b>	<b>\$6.11</b>	<b>\$6.10</b>	<b>\$4.94</b>
<b>Income From Investment Operations:</b>				
Net investment income (loss)	(0.06) <sup>2</sup>	(0.02) <sup>2</sup>	(0.03) <sup>2</sup>	(0.03) <sup>2</sup>
Net realized and unrealized gain	1.35	1.10	0.70	1.19
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>1.29</b>	<b>1.08</b>	<b>0.67</b>	<b>1.16</b>
<b>Less Distributions:</b>				
Distributions from net realized gain	(0.70)	(0.80)	(0.66)	—
<b>Net Asset Value, End of Period</b>	<b>\$6.98</b>	<b>\$6.39</b>	<b>\$6.11</b>	<b>\$6.10</b>
<b>Total Return<sup>3</sup></b>	<b>22.11%</b>	<b>19.98%</b>	<b>12.29%</b>	<b>23.48%</b>

## Ratios to Average Net Assets:

Net expenses <sup>4</sup>	1.44%	1.45%	1.46%	1.47% <sup>5,6</sup>
Net investment loss	(0.89)%	(0.31)%	(0.52)%	(0.67)% <sup>5</sup>
Expense waiver/reimbursement <sup>7</sup>	0.03%	0.03%	0.03%	0.03% <sup>5</sup>

## Supplemental Data:

Net assets, end of period (000 omitted)	\$640,411	\$452,014	\$325,596	\$198,762
Portfolio turnover	38%	42%	33%	47% <sup>8</sup>

- 1 Reflects operations for the period from December 29, 2016 (date of initial investment) to October 31, 2017.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 Computed on an annualized basis.
- 6 The net expense ratio is calculated without reduction for fees paid indirectly for expense offset arrangements. The net expense ratio is 1.47% for the period from December 29, 2016 (date of initial investment) to October 31, 2017, after taking into account these expense reductions.
- 7 This expense decrease is reflected in both the net expense and the net investment income (loss) ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 8 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended October 31, 2017.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

October 31, 2020

## Assets:

Investment in securities, at value including \$499,958,937 of securities loaned and \$1,874,999,739 of investment in affiliated holdings and \$1,056,157,775 of investment in affiliated companies* (identified cost \$4,860,087,350)	\$8,025,288,547
Cash denominated in foreign currencies (identified cost \$55,178)	56,663
Income receivable	404,126
Income receivable from affiliated holdings	128,581
Receivable for investments sold	7,818,840
Receivable for shares sold	2,107,568
<b>TOTAL ASSETS</b>	<b>8,035,804,325</b>

## Liabilities:

Payable for investments purchased	22,958,627
Payable for shares redeemed	6,127,596
Payable for collateral due to broker for securities lending	525,559,489
Payable for investment adviser fee (Note 5)	528,684
Payable for administrative fee (Note 5)	32,302
Payable for distribution services fee (Note 5)	1,729,552
Payable for other service fees (Notes 2 and 5)	3,673,962
Accrued expenses (Note 5)	1,107,970
<b>TOTAL LIABILITIES</b>	<b>561,718,182</b>
Net assets for 1,102,594,338 shares outstanding	\$7,474,086,143

## Net Assets Consist of:

Paid-in capital	\$3,865,509,634
Total distributable earnings (loss)	3,608,576,509
<b>TOTAL NET ASSETS</b>	<b>\$7,474,086,143</b>

# Statement of Assets and Liabilities – continued

## Net Asset Value, Offering Price and Redemption Proceeds Per Share:

### Class A Shares:

Net asset value per share ( $\$1,808,715,083 \div 265,984,925$ shares outstanding), no par value, unlimited shares authorized	\$	6.80
Offering price per share (100/94.50 of \$6.80)	\$	7.20
Redemption proceeds per share	\$	6.80

### Class B Shares:

Net asset value per share ( $\$35,306,222 \div 6,742,067$ shares outstanding), no par value, unlimited shares authorized	\$	5.24
Offering price per share	\$	5.24
Redemption proceeds per share (94.50/100 of \$5.24)	\$	4.95

### Class C Shares:

Net asset value per share ( $\$141,074,213 \div 27,015,526$ shares outstanding), no par value, unlimited shares authorized	\$	5.22
Offering price per share	\$	5.22
Redemption proceeds per share (99.00/100 of \$5.22)	\$	5.17

### Class R Shares:

Net asset value per share ( $\$4,848,579,359 \div 711,165,060$ shares outstanding), no par value, unlimited shares authorized	\$	6.82
Offering price per share	\$	6.82
Redemption proceeds per share	\$	6.82

### Institutional Shares:

Net asset value per share ( $\$640,411,266 \div 91,686,760$ shares outstanding), no par value, unlimited shares authorized	\$	6.98
Offering price per share	\$	6.98
Redemption proceeds per share	\$	6.98

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Year Ended October 31, 2020

## Investment Income:

Dividends (including \$9,994,654 received from affiliated companies and holdings* and net of foreign taxes withheld of \$823,668)	\$ 36,723,191
Net income on securities loaned (includes \$5,303,038 received from affiliated holdings related to cash collateral balances (Note 2)*)	3,196,275
Interest	58,604
<b>TOTAL INCOME</b>	<b>39,978,070</b>

## Expenses:

Investment adviser fee (Note 5)	91,989,837
Administrative fee (Note 5)	5,534,921
Custodian fees	437,326
Transfer agent fees	4,579,532
Directors'/Trustees' fees (Note 5)	33,761
Auditing fees	45,400
Legal fees	10,864
Portfolio accounting fees	213,787
Distribution services fee (Note 5)	28,816,979
Other service fees (Notes 2 and 5)	16,332,122
Share registration costs	175,884
Printing and postage	232,058
Miscellaneous (Note 5)	58,799
<b>TOTAL EXPENSES</b>	<b>148,461,270</b>

## Waivers and Reimbursement:

Waiver/reimbursement of investment adviser fee (Note 5)	(1,803,816)
Waivers/reimbursement of other operating expenses (Notes 2 and 5)	(10,409,837)
<b>TOTAL WAIVERS AND REIMBURSEMENT</b>	<b>(12,213,653)</b>
Net expenses	136,247,617
Net investment income (loss)	(96,269,547)

## Statement of Operations – continued

### **Realized and Unrealized Gain (Loss) on Investments, Foreign Currency Transactions and Futures Contracts:**

Net realized gain on investments (including net realized gain of \$19,489,823 on sales of investments in affiliated companies and holdings*)	\$ 620,305,372
Net realized gain on foreign currency transactions	526,869
Net realized loss on futures contracts	(65,554,976)
Realized gain distribution from affiliated investment company shares*	3,458
Net change in unrealized appreciation of investments (including net change in unrealized appreciation of \$246,473,192 on investments in affiliated companies and holdings*)	894,440,983
Net change in unrealized appreciation/depreciation of translation of assets and liabilities in foreign currency	45,051
Net realized and unrealized gain (loss) on investments, foreign currency transactions and futures contracts	1,449,766,757
Change in net assets resulting from operations	\$1,353,497,210

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

Year Ended October 31	2020	2019
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income (loss)	\$ (96,269,547)	\$ (50,888,908)
Net realized gain (loss)	555,280,723	740,800,164
Net change in unrealized appreciation/depreciation	894,486,034	419,054,059
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	1,353,497,210	1,108,965,315
<b>Distributions to Shareholders:</b>		
Class A Shares	(181,579,785)	(196,156,111)
Class B Shares	(5,592,184)	(7,786,018)
Class C Shares	(18,875,257)	(22,431,238)
Class R Shares	(480,511,980)	(509,207,022)
Institutional Shares	(49,190,997)	(42,821,708)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(735,750,203)	(778,402,097)
<b>Share Transactions:</b>		
Proceeds from sale of shares	562,648,735	468,113,980
Net asset value of shares issued to shareholders in payment of distributions declared	649,963,701	687,001,939
Cost of shares redeemed	(929,029,673)	(802,617,139)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	283,582,763	352,498,780
Change in net assets	901,329,770	683,061,998
<b>Net Assets:</b>		
Beginning of period	6,572,756,373	5,889,694,375
End of period	\$7,474,086,143	\$6,572,756,373

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

October 31, 2020

## 1. ORGANIZATION

Federated Hermes Equity Funds (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of nine portfolios. The financial statements included herein are only those of Federated Hermes Kaufmann Fund (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers five classes of shares: Class A Shares, Class B Shares, Class C Shares, Class R Shares and Institutional Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The investment objective of the Fund is to provide capital appreciation.

Class B Shares are closed to new accounts, new investors and new purchases made by existing shareholders (excluding reinvestment of dividends and capital gains). Class B Shares of the Fund may be exchanged for Class B Shares of any other Federated Hermes fund.

Prior to June 29, 2020, the name of the Trust and Fund was Federated Equity Funds and Federated Kaufmann Fund, respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

### Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Equity securities listed on an exchange or traded through a regulated market system are valued at their last reported sale price or official closing price in their principal exchange or market.
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Trustees.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is

normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different.

### **Fair Valuation and Significant Events Procedures**

The Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees have appointed a Valuation Committee comprised of officers of the Fund, Federated Equity Management Company of Pennsylvania (the "Adviser") and certain of the Adviser's affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Trustees. The Trustees periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Trustees.

The Trustees also have adopted procedures requiring an investment to be priced at its fair value whenever the Adviser determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Trustees have adopted procedures whereby the Valuation Committee uses a pricing service to provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Fund will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Trustees. The Trustees have ultimate responsibility for any fair valuations made in response to a significant event.

### **Repurchase Agreements**

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund's custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a "securities entitlement" and exercises "control" as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

### **Investment Income, Gains and Losses, Expenses and Distributions**

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared and paid annually. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/ accretion of premium and discount is included in investment income. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. The detail of the total fund expense waivers and reimbursement of \$12,213,653 is disclosed in Note 5.

For the year ended October 31, 2020, transfer agent fees for the Fund were as follows:

	<b>Transfer Agent Fees Incurred</b>
Class A Shares	\$1,261,773
Class B Shares	28,481
Class C Shares	101,954
Class R Shares	2,801,006
Institutional Shares	386,318
<b>TOTAL</b>	<b>\$4,579,532</b>

Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses.

## Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Class A Shares, Class B Shares, Class C Shares and Class R Shares to unaffiliated financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees. For the year ended October 31, 2020, other service fees for the Fund were as follows:

	<b>Other Service Fees Incurred</b>
Class A Shares	\$ 4,337,025
Class B Shares	97,418
Class C Shares	349,962
Class R Shares	11,547,717
TOTAL	\$16,332,122

## Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the year ended October 31, 2020, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of October 31, 2020, tax years 2017 through 2020 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

The Fund may be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The Fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or gains are earned.

## When-Issued and Delayed-Delivery Transactions

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

## Futures Contracts

The Fund purchases and sells financial futures contracts to manage cash flows and duration, enhance yield and to potentially reduce transaction costs. Upon entering into a financial futures contract with a broker, the Fund is required to deposit in a segregated account, either U.S. government securities or a specified amount of cash, which is shown as due from broker in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. The Fund receives from or pays to the broker a specified amount of cash based upon

changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures contracts, guarantees the futures contracts against default.

At October 31, 2020, the Fund had no outstanding futures contracts.

The average notional value of short futures contracts held by the Fund throughout the period was \$47,904,283. This is based on amounts held as of each month-end throughout the fiscal period.

### **Foreign Exchange Contracts**

The Fund enters into foreign exchange contracts for the delayed-delivery of securities or foreign currency exchange transactions. The Fund enters into foreign exchange contracts to protect assets against adverse changes in foreign currency exchange rates or exchange control regulations. Purchased contracts are used to acquire exposure to foreign currencies, whereas, contracts to sell are used to hedge the Fund's securities against currency fluctuations. Risks may arise upon entering into these transactions from the potential inability of counterparties to meet the terms of their commitments and from unanticipated movements in security prices or foreign exchange rates. The foreign exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded for financial statement purposes as unrealized until the settlement date.

At October 31, 2020, the Fund had no outstanding foreign exchange contracts.

### **Foreign Currency Translation**

The accounting records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rates of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities, income and expenses are translated at the rate of exchange quoted on the respective date that such transactions are recorded. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at period end, resulting from changes in the exchange rate.

## The Effect of Derivative Instruments on the Statement of Operations for the Year Ended October 31, 2020

### Amount of Realized Gain or (Loss) on Derivatives Recognized in Income

	Futures Contracts
Equity contracts	\$(65,554,976)

### Securities Lending

The Fund participates in a securities lending program providing for the lending of equity securities to qualified brokers. The term of the loans within the program is one year or less. The Fund normally receives cash collateral for securities loaned that may be invested in affiliated money market funds, other money market instruments and/or repurchase agreements. Investments in money market funds may include funds with a “floating” NAV that can impose redemption fees and liquidity gates, impose certain operational impediments to investing cash collateral, and, if the investee fund’s NAV decreases, result in the Fund recognizing losses and being required to cover the decrease in the value of the cash collateral. Collateral is maintained at a minimum level of 100% of the market value of investments loaned, plus interest, if applicable. Earnings on collateral are allocated between the borrower of the security, the securities lending agent, as a fee for its services under the program and the Fund, according to agreed-upon rates. The Fund will not have the right to vote on securities while they are on loan. However, the Fund will attempt to terminate a loan in an effort to reacquire the securities in time to vote on matters that are deemed to be material by the Adviser. There can be no assurance that the Fund will have sufficient notice of such matters to be able to terminate the loan in time to vote thereon.

Securities lending transactions are subject to Master Netting Agreements which are agreements between the Fund and its counterparties that provide for the net settlement of all transactions and collateral with the Fund, through a single payment, in the event of default or termination. Amounts presented on the Portfolio of Investments and Statement of Assets and Liabilities are not net settlement amount but gross. As indicated below, the cash collateral received by the Fund exceeds the market value of the securities loaned reducing the net settlement amount to zero. The chart below identifies the amount of collateral received as well as the market value of securities on loan. Additionally, the securities lending agreement executed by the Fund includes an indemnification clause. This clause stipulates that the borrower will reimburse the Fund for any losses as a result of any failure of the borrower to return equivalent securities to the Fund.

As of October 31, 2020, securities subject to this type of arrangement and related collateral were as follows:

Market Value of Securities Loaned	Collateral Received
\$499,958,937	\$525,559,489

## Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Trustees. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Trustees.

Additional information on restricted securities held at October 31, 2020, is as follows:

Security	Acquisition Date	Cost	Market Value
Agnico Eagle Mines Ltd.	12/26/2018	\$6,446,178	\$118,935,000
Apollo Investment Fund V	5/18/2001	\$ 0	\$ 86,062
Expand Networks Ltd.	9/22/2000	\$2,500,000	\$ 0
FA Private Equity Fund IV LP	3/4/2002	\$ 0	\$ 228,522
Frequency Therapeutics, Inc.		\$3,704,400	\$ 4,502,904
Infrastructure Fund	8/11/2000	\$ 404,496	\$ 0
Latin Healthcare Fund	11/28/2000	\$ 0	\$ 307,683
Multiplex, Inc., Pfd., Series C	2/22/2001	\$5,000,001	\$ 0
Sensible Technologies, Inc.	10/15/2004	\$ 0	\$ 0

## Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

## 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

Class A Shares:	Year Ended 10/31/2020		Year Ended 10/31/2019	
	Shares	Amount	Shares	Amount
Shares sold	21,508,041	\$ 134,518,515	24,008,103	\$ 141,942,363
Shares issued to shareholders in payment of distributions declared	29,190,075	170,761,938	34,373,135	183,552,543
Shares redeemed	(44,773,440)	(277,052,292)	(45,583,805)	(269,882,178)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	5,924,676	\$ 28,228,161	12,797,433	\$ 55,612,728

Class B Shares:	Year Ended 10/31/2020		Year Ended 10/31/2019	
	Shares	Amount	Shares	Amount
Shares sold	214,763	\$ 992,781	446,899	\$ 2,131,511
Shares issued to shareholders in payment of distributions declared	1,194,132	5,409,421	1,766,424	7,560,294
Shares redeemed	(2,960,752)	(14,527,481)	(4,023,188)	(19,231,184)
NET CHANGE RESULTING FROM CLASS B SHARE TRANSACTIONS	(1,551,857)	\$ (8,125,279)	(1,809,865)	\$ (9,539,379)

Class C Shares:	Year Ended 10/31/2020		Year Ended 10/31/2019	
	Shares	Amount	Shares	Amount
Shares sold	6,283,847	\$ 30,283,907	6,210,372	\$ 29,007,395
Shares issued to shareholders in payment of distributions declared	3,892,750	17,556,301	4,897,396	20,911,881
Shares redeemed	(10,390,614)	(49,763,404)	(12,819,934)	(60,479,448)
NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS	(214,017)	\$ (1,923,196)	(1,712,166)	\$ (10,560,172)

Class R Shares:	Year Ended 10/31/2020		Year Ended 10/31/2019	
	Shares	Amount	Shares	Amount
Shares sold	21,264,578	\$ 130,904,639	20,227,932	\$ 115,640,561
Shares issued to shareholders in payment of distributions declared	70,031,266	411,083,530	81,735,229	437,283,475
Shares redeemed	(66,961,751)	(413,516,201)	(56,639,892)	(338,000,827)
NET CHANGE RESULTING FROM CLASS R SHARE TRANSACTIONS	24,334,093	\$ 128,471,968	45,323,269	\$ 214,923,209

Institutional Shares:	Year Ended 10/31/2020		Year Ended 10/31/2019	
	Shares	Amount	Shares	Amount
Shares sold	40,798,357	\$ 265,948,893	29,739,311	\$ 179,392,150
Shares issued to shareholders in payment of distributions declared	7,550,587	45,152,511	6,954,566	37,693,746
Shares redeemed	(27,409,009)	(174,170,295)	(19,250,371)	(115,023,502)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	20,939,935	\$ 136,931,109	17,443,506	\$ 102,062,394
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	49,432,830	\$ 283,582,763	72,042,177	\$ 352,498,780

## Redemption Fees

The Fund's Class R Shares impose a redemption fee of 0.20% on the redemption price of the Fund's Class R Shares redeemed, if such shares were purchased after February 1, 1985. The redemption fee is applied to the Fund's Class R Shares expenses for providing redemption services, including, but not limited to: transfer agent fees, postage, printing, telephone and related employment costs. Excess fee proceeds, if any,

are added to the Fund's assets. Shares acquired through employer-sponsored retirement plans will not be subject to the redemption fee. However, if shares are purchased for a retirement plan account through a broker, financial institution or other intermediary maintaining an omnibus account for the shares, the waiver may not apply. In addition, this waiver does not apply to individual retirement accounts, such as Traditional, Roth and SEP-IRAs. For the years ended October 31, 2020 and October 31, 2019, redemption fees of \$645,278 and \$528,847, respectively, were allocated to cover the cost of redemptions.

#### 4. FEDERAL TAX INFORMATION

The accounting treatment of certain items in accordance with income tax regulations may differ from the accounting treatment in accordance with GAAP which may result in permanent differences. In the case of the Fund, such differences primarily result from net operating losses.

For the year ended October 31, 2020, permanent differences identified and reclassified among the components of net assets were as follows:

Increase (Decrease)	Total Distributable Earnings (Loss)
<b>Paid-In Capital</b>	
\$(54,319,776)	\$54,319,776

Net investment income (loss), net realized gains (losses), and net assets were not affected by this reclassification.

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended October 31, 2020 and 2019, was as follows:

	2020	2019
Long-term capital gains	\$735,750,203	\$778,402,097

As of October 31, 2020, the components of distributable earnings on a tax-basis were as follows:

Net unrealized appreciation	\$3,144,119,302
Undistributed long-term capital gains	\$ 549,380,757
Ordinary loss deferrals	\$ (84,923,550)

The difference between book-basis and tax-basis net unrealized appreciation/depreciation is attributable to differing treatments for deferral of losses on wash sales, partnership adjustments and passive foreign investment company adjustments.

At October 31, 2020, the cost of investments for federal tax purposes was \$4,881,167,282. The net unrealized appreciation of investments for federal tax purposes was \$3,144,121,265. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$3,270,771,274 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$126,650,009.

Under current tax rules, a late-year ordinary loss may be deferred, in whole or in part, and treated as occurring on the first day of the following fiscal year. As of October 31, 2020, for federal income tax purposes, a late year ordinary loss of \$84,923,550 was deferred to November 1, 2020.

## 5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

### Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 1.30% of the Fund's average daily net assets. Pursuant to the settlement of certain litigation, the Adviser has agreed, for a period continuing through June 30, 2022, to waive its investment advisory fee so that such fee will not exceed 1.275%. Also, as part of the settlement agreement, effective July 1, 2012 and continuing through June 30, 2022, the Adviser has agreed to further waive the advisory fee by an additional 0.02%, 0.04%, 0.06% or 0.07% if the Fund's net assets exceed eight, nine, ten or twelve billion dollars, respectively. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee and/or reimburse certain operating expenses of the Fund. For the year ended October 31, 2020, the Adviser voluntarily waived \$664,112 of its fee.

The Adviser has agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the year ended October 31, 2020, the Adviser reimbursed \$1,139,704.

Certain of the Fund's assets are managed by Federated Global Investment Management Corp. (the "Sub-Adviser"). Under the terms of a sub-advisory agreement between the Adviser and the Sub-Adviser, the Sub-Adviser receives an allocable portion of the Fund's adviser fee. The fee is paid by the Adviser out of its resources and is not an incremental Fund expense. For the year ended October 31, 2020, the Sub-Adviser earned a fee of \$75,431,666.

### Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Hermes Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

Administrative Fee	Average Daily Net Assets of the Investment Complex
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the year ended October 31, 2020, the annualized fee paid to FAS was 0.078% of average daily net assets of the Fund.

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

## Distribution Services Fee

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund's Class A Shares, Class B Shares, Class C Shares and Class R Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at the following percentages of average daily net assets annually, to compensate FSC:

	Percentage of Average Daily Net Assets of Class
Class A Shares	0.25%
Class B Shares	0.75%
Class C Shares	0.75%
Class R Shares	0.50%

Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee.

For the year ended October 31, 2020, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred	Distribution Services Fees Waived
Class A Shares	\$ 4,337,553	\$ —
Class B Shares	292,254	—
Class C Shares	1,049,886	—
Class R Shares	23,137,286	(10,409,837)
TOTAL	\$28,816,979	\$(10,409,837)

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the year ended October 31, 2020, FSC retained \$16,626,754 of fees paid by the Fund.

## Sales Charges

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. They are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. For the year ended October 31, 2020, FSC retained \$125,392 in sales charges from the sale of Class A Shares. FSC also retained \$7,066, \$24,505 and \$19,248 of CDSC relating to redemptions of Class A Shares, Class B Shares and Class C Shares, respectively.

## Other Service Fees

For the year ended October 31, 2020, FSSC received \$8,308,836 of the other service fees disclosed in Note 2.

## Commitments and Contingencies

In the course of pursuing its investment objective, the Fund may invest in limited partnerships and limited liability companies. These entities often require the Fund to commit to a total dollar amount to be invested. The actual investments are usually made in installments over a period of time. At October 31, 2020 the Fund had total commitments to limited partnerships and limited liability companies of \$21,000,000; of this amount, \$20,304,656 was actually invested by the Fund leaving the Fund contingently liable for additional investments of \$695,344.

## Expense Limitation

The Adviser and certain of its affiliates (which may include FSC, FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Effective January 1, 2021, total annual fund operating expenses (as shown in the financial highlights, excluding dividends and other expenses related to short sales, interest expense, extraordinary expenses, tax reclaim recovery expenses and proxy-related expenses paid by the Fund, if any) paid by the Fund's Class A Shares, Class B Shares, Class C Shares, Class R Shares and Institutional Shares (after the voluntary waivers and/or reimbursements) will not exceed 1.95%, 2.50%, 2.50%, 1.95% and 1.50% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) January 1, 2022; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

## Interfund Transactions

During the year ended October 31, 2020, the Fund engaged in purchase and sale transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees and/or common Officers. These purchase and sale transactions complied with Rule 17a-7 under the Act and amounted to \$4,664,691 and \$153,060,462, respectively. Net realized gain recognized on these transactions was \$36,292,869.

## Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Independent Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

## 6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the year ended October 31, 2020, were as follows:

Purchases	\$2,220,165,229
Sales	\$2,754,909,059

## 7. CONCENTRATION OF RISK

The Fund invests in securities of non-U.S. issuers. Political or economic developments may have an effect on the liquidity and volatility of portfolio securities and currency holdings.

At October 31, 2020, the diversification of countries was as follows:

<b>Country</b>	<b>Percentage of Total Net Assets</b>
United States	79.5%
Canada	8.7%
Cayman Islands	5.1%
Netherlands	5.0%
Belgium	1.7%
Italy	1.5%
Denmark	1.4%
Bermuda	1.2%
United Kingdom	0.8%
Ireland	0.6%
Switzerland	0.6%
Israel	0.6%
Australia	0.4%
Brazil	0.2%
India	0.1%

## 8. LINE OF CREDIT

The Fund participates with certain other Federated Hermes Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement dated June 24, 2020. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to the highest, on any day, of (a) (i) the federal funds effective rate, (ii) the one month London Interbank Offered Rate (LIBOR), or a replacement rate as appropriate, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of an upfront fee, and its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and at maturity. As of October 31, 2020, the Fund had no outstanding loans. During the year ended October 31, 2020, the Fund did not utilize the LOC.

## **9. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of October 31, 2020, there were no outstanding loans. During the year ended October 31, 2020, the program was not utilized.

## **10. OTHER MATTERS**

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in late 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains, workflow operations and consumer activity, as well as general concern and uncertainty. The impact of this coronavirus may be short-term or may last for an extended period of time and has resulted in a substantial economic downturn. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries, individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the Fund's performance.

## **11. SUBSEQUENT EVENT**

On November 11, 2020, the Board of Trustees of the Fund approved the elimination of the 0.20% redemption fee for the Fund's Class R Shares, effective January 1, 2021.

## **12. FEDERAL TAX INFORMATION (UNAUDITED)**

For the year ended October 31, 2020, the amount of long-term capital gains designated by the Fund was \$735,750,203.

# Report of Independent Registered Public Accounting Firm

## **TO THE BOARD OF TRUSTEES OF FEDERATED HERMES EQUITY FUNDS AND SHAREHOLDERS OF FEDERATED HERMES KAUFMANN FUND:**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities of Federated Hermes Kaufmann Fund (formerly, Federated Kaufmann Fund) (the “Fund”) (one of the portfolios constituting Federated Hermes Equity Funds (formerly, Federated Equity Funds) (the “Trust”)), including the portfolio of investments, as of October 31, 2020, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the portfolios constituting the Trust) at October 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of the Trust’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2020, by correspondence with the custodian and others or by other appropriate auditing procedures where replies from others were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Ernst & Young LLP*

We have served as the auditor of one or more Federated Hermes investment companies since 1979.

Boston, Massachusetts  
December 23, 2020

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from May 1, 2020 to October 31, 2020.

### **ACTUAL EXPENSES**

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

### **HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES**

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as sales charges (loads) on purchase or redemption payments. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transaction costs were included, your costs would have been higher.

	Beginning Account Value 5/1/2020	Ending Account Value 10/31/2020	Expenses Paid During Period
<b>Actual:</b>			
Class A Shares	\$1,000	\$1,144.80	\$10.46
Class B Shares	\$1,000	\$1,141.60	\$13.14
Class C Shares	\$1,000	\$1,139.70	\$13.12
Class R Shares	\$1,000	\$1,144.30	\$10.51
Institutional Shares	\$1,000	\$1,146.10	\$ 7.77
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Class A Shares	\$1,000	\$1,015.38	\$ 9.83
Class B Shares	\$1,000	\$1,012.87	\$12.35
Class C Shares	\$1,000	\$1,012.87	\$12.35
Class R Shares	\$1,000	\$1,015.33	\$ 9.88
Institutional Shares	\$1,000	\$1,017.90	\$ 7.30

1 Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	1.94%
Class B Shares	2.44%
Class C Shares	2.44%
Class R Shares	1.95%
Institutional Shares	1.44%

# Board of Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust business affairs and for exercising all the Trust powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are “interested persons” of the Fund (i.e., “Interested” Trustees) and those who are not (i.e., “Independent” Trustees). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2019, the Trust comprised 10 portfolio(s), and the Federated Hermes Fund Family consisted of 41 investment companies (comprising 135 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund’s Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

## INTERESTED TRUSTEES BACKGROUND

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<b>Name</b>	
<b>Birth Date</b>	
<b>Positions Held with Trust</b>	<b>Principal Occupation(s) for Past Five Years,</b>
<b>Date Service Began</b>	<b>Other Directorships Held and Previous Position(s)</b>
<b>J. Christopher Donahue*</b>	<b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of the Funds in the Federated Hermes Fund Family; President, Chief Executive Officer and Director, Federated Hermes, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.
Birth Date: April 11, 1949	
PRESIDENT AND TRUSTEE	
Indefinite Term	
Began serving:	
January 2000	
	<b>Previous Positions:</b> President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd.

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<b>Name</b>	<b>Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)</b>
<b>John B. Fisher*</b> Birth Date: May 16, 1956 TRUSTEE Indefinite Term Began serving: May 2016	<p><b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of certain of the Funds in the Federated Hermes Fund Family; Vice President, Federated Hermes, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President of some of the Funds in the Federated Hermes Fund Family and Director, Federated Investors Trust Company.</p> <p><b>Previous Positions:</b> President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; President and CEO of Passport Research, Ltd.; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Hermes, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.</p>

\* *Reasons for "interested" status: J. Christopher Donahue and John B. Fisher are interested due to their beneficial ownership of shares of Federated Hermes, Inc. and due to positions they hold with Federated Hermes, Inc. and its subsidiaries.*

## INDEPENDENT TRUSTEES BACKGROUND

<b>Name</b>	<b>Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications</b>
<b>John T. Collins</b> Birth Date: January 24, 1947 TRUSTEE Indefinite Term Began serving: October 2013	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).</p> <p><b>Other Directorships Held:</b> Chairman of the Board of Directors, Director, and Chairman of the Compensation Committee, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).</p> <p><b>Qualifications:</b> Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).</p>

Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>G. Thomas Hough</b>	Birth Date: February 28, 1955 TRUSTEE	Indefinite Term Began serving: August 2015	<p><b>Principal Occupations:</b> Director or Trustee, Chair of the Audit Committee of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst &amp; Young LLP (public accounting firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, Chair of the Audit Committee, Equifax, Inc.; Director, Member of the Audit Committee, Haverty Furniture Companies, Inc.; formerly, Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.</p> <p><b>Qualifications:</b> Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst &amp; Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p>
<b>Maureen Lally-Green</b>	Birth Date: July 5, 1949 TRUSTEE	Indefinite Term Began serving: August 2009	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor of Law, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p><b>Other Directorships Held:</b> Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p><b>Qualifications:</b> Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania to serve on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; and Director and Chair, North Catholic High School, Inc.</p>

Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>Charles F. Mansfield, Jr.</b>	Birth Date: April 10, 1945	TRUSTEE Indefinite Term Began serving: January 1999	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Management Consultant and Author.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Mansfield has served as a Marine Corps officer and in several banking, business management, educational roles and directorship positions throughout his long career. He remains active as a Management Consultant and Author.</p>
<b>Thomas M. O'Neill</b>	Birth Date: June 14, 1951	TRUSTEE Indefinite Term Began serving: October 2006	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p>
<b>Madelyn A. Reilly</b>	Birth Date: February 2, 1956	TRUSTEE Indefinite Term Began serving: November 2020	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Senior Vice President for Legal Affairs, General Counsel and Secretary of the Board of Trustees, Duquesne University.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Ms. Reilly has served in various business and legal management roles throughout her career. Ms. Reilly previously served as Director of Risk Management and Associate General Counsel, Duquesne University. Prior to her work at Duquesne University, Ms. Reilly served as Assistant General Counsel of Compliance and Enterprise Risk as well as Senior Counsel of Environment, Health and Safety, PPG Industries. Ms. Reilly also previously served as Chair of the Risk Management Committee for Holy Ghost Preparatory School, Philadelphia and Secretary and Chair of the Governance Committee, Oakland Catholic High School Board of Trustees, Pittsburgh.</p>

Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>P. Jerome Richey</b>	Birth Date: February 23, 1949	TRUSTEE	<b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).
Indefinite Term	Began serving:	October 2013	<b>Other Directorships Held:</b> None.
			<b>Qualifications:</b> Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CNX Resources Corporation (formerly known as CONSOL Energy Inc.); and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll & Rooney PC (a law firm).
<b>John S. Walsh</b>	Birth Date:	November 28, 1957	<b>Principal Occupations:</b> Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Hermes Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.
TRUSTEE	Indefinite Term	Began serving: January 1999	<b>Other Directorships Held:</b> None.
			<b>Qualifications:</b> Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh & Kelly, Inc. (paving contractors).

## OFFICERS

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**Name**

**Birth Date**

**Address**

**Positions Held with Trust**

**Date Service Began**

**Principal Occupation(s) for Past Five Years  
and Previous Position(s)**

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**Lori A. Hensler**

Birth Date: January 6, 1967

TREASURER

Officer since: April 2013

**Principal Occupations:** Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.

**Previous Positions:** Controller of Federated Hermes, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.

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**Peter J. Germain**

Birth Date:

September 3, 1959

CHIEF LEGAL OFFICER,  
SECRETARY AND EXECUTIVE  
VICE PRESIDENT

Officer since: January 2005

**Principal Occupations:** Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Hermes Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Hermes, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated Hermes, Inc. in 1984 and is a member of the Pennsylvania Bar Association.

**Previous Positions:** Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Hermes, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Hermes, Inc.

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**Stephen Van Meter**

Birth Date: June 5, 1975

CHIEF COMPLIANCE  
OFFICER AND SENIOR VICE  
PRESIDENT

Officer since: July 2015

**Principal Occupations:** Senior Vice President and Chief Compliance Officer of the Federated Hermes Fund Family; Vice President and Chief Compliance Officer of Federated Hermes, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated Hermes, Inc. in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.

**Previous Positions:** Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Hermes, Inc. Prior to joining Federated Hermes, Inc., Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.

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Name	Birth Date	Address	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
<b>Stephen F. Auth</b>	Birth Date:	September 13, 1956 101 Park Avenue 41 <sup>st</sup> Floor New York, NY 10178	CHIEF INVESTMENT OFFICER Officer since: November 2002	<p><b>Principal Occupations:</b> Stephen F. Auth is Chief Investment Officer of various Funds in the Federated Hermes Fund Family; Executive Vice President, Federated Investment Counseling, Federated Global Investment Management Corp. and Federated Equity Management Company of Pennsylvania.</p> <p><b>Previous Positions:</b> Executive Vice President, Federated Investment Management Company and Passport Research, Ltd. (investment advisory subsidiary of Federated); Senior Vice President, Global Portfolio Management Services Division; Senior Vice President, Federated Investment Management Company and Passport Research, Ltd.; Senior Managing Director and Portfolio Manager, Prudential Investments.</p>

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# Evaluation and Approval of Advisory Contract – May 2020

## **FEDERATED KAUFMANN FUND (THE “FUND”)**

### **(EFFECTIVE CLOSE OF BUSINESS ON JUNE 26, 2020, THE FUND’S NAME CHANGED TO FEDERATED HERMES KAUFMANN FUND)**

At its meetings in May 2020 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Equity Management Company of Pennsylvania (the “Adviser”) and the investment subadvisory contract between the Adviser and Federated Global Investment Management Corp. with respect to the Fund (together, the “Contracts”) for an additional one-year term. The Board’s determination to approve the continuation of the Contracts reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to continue the existing arrangements. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

### **Information Received and Review Process**

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation presenting on the topics discussed below. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contracts. The CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes on behalf of the Independent Trustees encompassing a wide variety of topics. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the Contracts, which included detailed information about the Fund

and Federated Hermes furnished to the Board at its meetings throughout the year and in between regularly scheduled meetings on particular matters as the need arose, as well as information specifically prepared in connection with the approval of the continuation of the Contracts that was presented at the May Meetings.

The Board's consideration of the Contracts included review of materials and information covering the following matters, among others: the Adviser's and sub-adviser's investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund's short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund's particular investment program and a group of its peer funds and/or its benchmark, as appropriate) and comments on the reasons for the Fund's performance; the Fund's investment objectives; the Fund's expenses, including the advisory fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring and managing the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund's relationship to the other funds advised by Federated Hermes (each, a "Federated Hermes Fund"), which include a comprehensive array of funds with different investment objectives, policies and strategies which are generally available for exchange without the incurrence of additional sales charges; compliance and audit reports concerning the Federated Hermes Funds and the Federated Hermes' affiliates that service them (including communications from regulatory agencies), as well as Federated Hermes' responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated Hermes Funds and/or Federated Hermes may be responding to them. In addition, the Board received and considered information furnished by Federated Hermes on the impacts of the coronavirus (COVID-19) outbreak on Federated Hermes generally and the Fund in particular, including, among other information, the current and anticipated impacts on the management, operations and performance of the Fund. The Board noted that its evaluation process is evolutionary and that the criteria considered and the emphasis placed on relevant criteria may change in recognition of changing circumstances in the mutual fund marketplace.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in determining to approve the Contracts. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser’s fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser’s cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize “economies of scale” as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any “fall-out” financial benefits that accrue to an adviser because of its relationship with a fund (including research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the adviser for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund’s board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser’s services and fees). The Board noted that the Securities and Exchange Commission (“SEC”) disclosure requirements regarding the basis for a fund board’s approval of the fund’s investment advisory contracts generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Contracts to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the Federated Hermes Funds. While individual members of the Board may have weighed certain factors differently, the Board’s determination to continue the Contracts was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contracts. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss

the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contracts for the Fund as part of its consideration of agreements for funds across the Federated Hermes Funds family, but its approvals were made on a fund-by-fund basis.

### **Nature, Extent and Quality of Services**

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of the Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the Adviser's personnel, experience and track record, as well as the financial resources and overall reputation of Federated Hermes and its willingness to invest in personnel and infrastructure that benefit the Federated Hermes Funds. The Board noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes in 2018, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to incorporate environmental, social and governance ("ESG") factors and issuer engagement on ESG matters.

In addition, the Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and the Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Adviser and the compliance-related resources devoted by the Adviser and its affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including the Adviser's commitment to respond to rulemaking and other regulatory initiatives of the SEC such as the liquidity risk management program rules. In addition, the Board considered the response by the Adviser to recent market conditions and considered the overall performance of the Adviser in this context. The Fund's ability to deliver competitive performance when compared to its Performance Peer Group (as defined below) was also deemed to be relevant by the Board as a useful indicator of how the Adviser is executing the Fund's investment program. The Adviser's ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Adviser's investment management and related services warrant the continuation of the Contracts.

### **Fund Investment Performance**

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board also considered the Fund's performance in light of the overall recent market conditions. The Board considered detailed investment reports on the Fund's performance over different time periods that were provided to the Board throughout the year and in connection with the May Meetings and evaluated the Adviser's analysis of

the Fund’s performance for these time periods. The Board also reviewed comparative information regarding the performance of other mutual funds in the category of peer funds selected by Morningstar, Inc. (the “Morningstar”), an independent fund ranking organization (the “Performance Peer Group”), noting the CCO’s view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered, in evaluating such comparisons, that in some cases there may be differences in the funds’ objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group. In this connection, the Board considered that the longevity and experience of the Fund’s portfolio management team and their extensive bottom-up approach to investing may limit the utility of comparisons to other equity mutual funds.

For the one-year, three-year and five-year periods ended December 31, 2019, the Fund’s performance was above the median of the relevant Performance Peer Group.

Following such evaluation, and full deliberations, the Board concluded that the performance of the Fund supported renewal of the Contracts.

### **Fund Expenses**

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged by other advisers for managing funds with comparable investment programs, the Board has found the use of such comparisons to be relevant to its deliberations. In this regard, the Board was presented with, and considered, information regarding the contractual advisory fee rates, net advisory fee rates, total expense ratios and each element of the Fund’s total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by Morningstar (the “Expense Peer Group”). The Board received a description of the methodology used to select the Expense Peer Group from the overall Morningstar category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because such comparisons are believed to be more relevant. The Board considered that other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund’s investors. The Board noted that the range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund and noted the position of the Fund’s fee rates relative to its Peer Group. In this regard, the Board noted that the contractual advisory fee rate was above the median of the relevant Peer Group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board.

For comparison, the Board received and considered information about the fees charged by Federated Hermes for providing advisory services to other types of clients with investment strategies similar to those of the Federated Hermes Funds, including non-mutual fund clients such as institutional separate accounts and third-party unaffiliated mutual funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO’s conclusion that non-mutual fund clients are inherently different products due to the following differences, among others: (i) different types of targeted investors; (ii) different applicable laws and regulations; (iii) different legal structures; (iv) different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; (v) and the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing, addressing different administrative responsibilities, and addressing different degrees of risk associated with management; and (vi) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary mutual fund business versus managing a discrete pool of assets as a sub-adviser to another institution’s mutual fund, noting that Federated Hermes generally performs significant additional services and assumes substantially greater risks in managing the Fund and other Federated Hermes Funds than in its role as sub-adviser to an unaffiliated third-party mutual fund. The Board noted that the CCO did not consider the fees for providing advisory services to other types of clients to be determinative in judging the appropriateness of the Federated Hermes Funds’ advisory fees.

In the case of the Fund, the Board noted that Federated Hermes does not manage any Comparable Funds/Accounts in the style of the Fund.

Following such evaluation, and full deliberations, the Board concluded that the fees and expenses of the Fund are reasonable and supported renewal of the Contracts.

### **Profitability and Other Benefits**

The Board also received financial information about Federated Hermes, including information regarding the compensation and ancillary (or “fall-out”) benefits Federated Hermes derived from its relationships with the Federated Hermes Funds. This information covered not only the fees under the Federated Hermes Funds’ investment advisory contracts, but also fees received by

Federated Hermes' affiliates for providing other services to the Federated Hermes Funds under separate contracts (e.g., for serving as the Federated Hermes Funds' administrator and distributor). In this regard, the Board considered that certain of Federated Hermes' affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing any indirect benefit Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds. In addition, the Board considered the fact that, in order for the Federated Hermes Funds to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated Hermes Fund shareholders and/or reported to the Board their intention to do so in the future. Moreover, the Board received and considered regular reports from Federated Hermes throughout the year as to the institution, adjustment or elimination of these voluntary waivers and/or reimbursements. The Board considered Federated Hermes' previous reductions in contractual management fees to certain Federated Hermes Funds during the prior year, including in response to the CCO's recommendations in the prior year's CCO Fee Evaluation Report.

The Board received and considered information furnished by Federated Hermes, as requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable, because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. The allocation information, including the CCO's view that fund-by-fund estimations may be unreliable, was considered in the evaluation by the Board. In addition, the Board considered that, during the prior year, an independent consultant conducted a review of the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contracts. The Board noted the consultant's view that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. The Board considered the CCO's conclusion that, based on such profitability

information, Federated Hermes' profit margins did not appear to be excessive. The Board also considered the CCO's view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Federated Hermes Funds.

### **Economies of Scale**

The Board received and considered information about the notion of possible realization of "economies of scale" as a fund grows larger, the difficulties of calculating economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. In this regard, the Board considered that the Adviser has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as personnel and processes for the portfolio management, trading operations, issuer engagement (including with respect to ESG matters), shareholder services, compliance, business continuity, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and use of data. The Board noted that Federated Hermes' investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments (as well as the benefits of any economies of scale, should they exist) are likely to be shared with the Federated Hermes Fund family as a whole. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and that such waivers and reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund's assets decline. Federated Hermes, as it does throughout the year, and specifically in connection with the Board's review of the Contracts, furnished information relative to adviser-paid fees (commonly referred to as revenue sharing). The Board considered the beliefs of Federated Hermes and the CCO that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with "breakpoints" that serve to reduce the fee as a fund attains a certain size.

The CCO Fee Evaluation Report also noted that the Board is aware of the provisions agreed upon in the settlement of the Kaufmann Fund fee litigation under which, starting July 1, 2012 and for a period of ten years thereafter, a cap on the net investment advisory fee is imposed and under which additional breakpoints are required upon the Fund reaching \$8 billion, \$9 billion, \$10 billion and \$12 billion in size.

## **Conclusions**

The Board considered the CCO's conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund was reasonable and the CCO's recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contracts by the CCO. The CCO also recognized that the Board's evaluation of the Federated Hermes Funds' advisory and subadvisory arrangements is a continuing and on-going process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its on-going oversight of the Federated Hermes Funds.

In its determination to continue an existing investment advisory contract, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew an investment advisory contract. In particular, the Board recognized that many shareholders have invested in the Fund on the strength of the Adviser's industry standing and reputation and with the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board's approval of the Contracts reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund. The Board concluded that, in light of the factors summarized above, including the nature, quality and scope of the services provided to the Fund by the Adviser and its affiliates, continuation of the Contracts was appropriate.

The Board based its determination to approve the Contracts on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were deemed to be relevant, the Board's determination to approve the continuation of the Contracts reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to continue the existing arrangements.

## Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Equity Funds (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Kaufmann Fund (the “Fund” and, collectively with the Federated Hermes funds, the “Federated Hermes Funds”). The Program seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Trustees of the Trust (the “Board”) has approved the designation of the Fund’s investment adviser as the administrator for the Program for the Fund. Each affiliated Federated Hermes advisory subsidiary (including the Fund’s investment adviser) that serves as investment adviser to a Federated Hermes Fund (including the Fund) has been approved as the administrator of the Program for each Federated Hermes Fund they manage (each an “Administrator”). The Administrator in turn has delegated daily responsibility for the administration of the Program to multiple Liquidity Risk Management Committees (the “Committees”). The Committees, which are comprised of representatives of Enterprise Risk Management, Compliance, Investment Management and Trading, must review and assess certain information related to the liquidity of the Federated Hermes Funds, including the Fund.

The Program is comprised of various components designed to support the assessment and/or management of liquidity risk, including: (1) the periodic assessment (no less frequently than annually) of certain factors that influence the Fund’s liquidity risk; (2) the periodic classification (no less frequently than monthly) of the Fund’s investments into one of four liquidity categories that reflect an estimate of their liquidity under current market conditions; (3) a 15% limit on the acquisition of “illiquid investments” (as defined under the Liquidity Rule); (4) to the extent a Fund does not invest primarily in “highly liquid investments” (as defined under the Liquidity Rule), the determination of a minimum percentage of the Fund’s assets that generally will be invested in highly liquid investments (an “HLIM”); (5) if a Fund has established an HLIM, the periodic review (no less frequently than annually) of the HLIM and the adoption of policies and procedures for responding to a shortfall of the Fund’s highly liquid investments below its HLIM; and (6) periodic reporting to the Board.

At its meetings in May 2020, the Board received and reviewed a written report (the “Report”) from the Federated Hermes Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the Program for the period from the Program’s inception on December 1, 2018 through March 31, 2020 (the “Period”). The Report

addressed the operation of the Program and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund and each Federated Hermes Fund's access to other available funding sources such as the Federated Hermes Funds' interfund lending facility, redemptions in-kind and committed lines of credit. There were no material changes to the Program during the Period. The Report summarized the operation of the Program and the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that the Fund did not utilize alternative funding sources during the Period;
- the periodic classifications of the Fund's investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund's reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund's investments and the results of an evaluation of the services performed by the vendor in support of this process;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period and the procedures for monitoring this limit; and
- liquidity events during the Period, including the impact on liquidity caused by extended non-U.S. market closures and the market disruptions resulting from the novel coronavirus outbreak, and the fact that there were no specific liquidity events during the Period that materially affected the Fund's liquidity risk.

Based on this review, the Fund's investment adviser, in its role as Administrator, collectively with the other investment advisers to the Federated Hermes Funds, concluded that the Program is operating effectively to assess and manage the Fund's liquidity risk, and that the Program has been and continues to be adequately and effectively implemented to monitor and, as applicable, respond to the Fund's liquidity developments.

## Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund and share class name at [FederatedInvestors.com/FundInformation](https://www.federatedinvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://www.sec.gov).

## Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [sec.gov](https://www.sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund and share class name at [FederatedInvestors.com](https://www.federatedinvestors.com).

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*Mutual funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in mutual funds involves investment risk, including the possible loss of principal.*

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

### Sign up for Electronic Delivery!

A faster way to receive documents.

If you purchased shares through a financial intermediary (bank or broker-dealer), please contact your representative to set up e-delivery. Otherwise, contact the Fund at 1-800-341-7400, option 4.



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