

# Federated Hermes MDT Balanced Fund



Nasdaq symbol — R6: QKBGX | IS: QIBGX | A: QABGX | C: QCBGX

12/31/23

## Product highlights

- Pursues the possibility of long-term growth of capital and income.
- Provides a broad, one-decision approach to stock and bond investing.
- Allocates assets across a broad range of equity and fixed-income asset classes — including real estate investment trusts, U.S. stocks and bonds and international stocks and bonds.
- Selects stocks through a bottom-up, fundamentally based, quantitatively driven process.
- Selects bonds through top-down analysis; sector allocation is driven by outlook, pricing, risk exposure, credit, interest rate, yield curve positioning and volatility.

## Morningstar category

Moderate Allocation

## Benchmark

60% S&P 500® Index/40% Bloomberg US Aggregate Bond Index

## Key investment team

John Sherman, CFA  
Daniel Mahr, CFA  
Frederick Konopka, CFA  
John Paul Lewicke  
Chengjun Chris Wu, CFA  
Damien Zhang, CFA

## Fund statistics

Portfolio assets \$207.4 m  
Dividends Paid annually  
Weighted average maturity 8.7 Yrs.  
Weighted average effective duration 6.0 Yrs.

## Top holdings (%)

### Equity

ISHARES MSCI EAFE ETF 5.6  
Microsoft Corp. 3.3  
Apple Inc. 2.1  
AbbVie Inc. 1.5  
Alphabet Inc. 1.5

### Fixed Income

Mortgage Core Fund 9.8  
Project and Trade Finance Core Fund 2.2  
Emerging Markets Core Fund 1.2  
High Yield Bond Core Fund 0.9  
U.S. Treasury Bond, 4.125% due 8/15/53 0.9

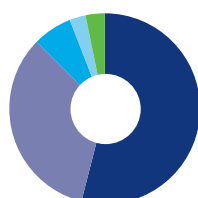
## Overall Morningstar Rating™

A Shares  
★★★★★

Institutional Shares  
★★★★★

Rating is based on risk adjusted total return for A Shares and Institutional Shares out of 700 Funds in Moderate Allocation Category as of 12/31/23. The overall rating is derived from a weighted average of the fund's three-, five-, and ten-year average annual returns, as applicable.

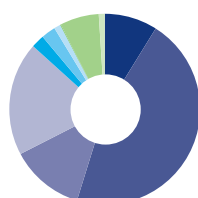
## Portfolio composition (%)



United States Equity **54.0**  
United States Fixed Income **33.5**  
International Equity **6.6**

Real Estate Investment Trust **2.7**  
Cash/Cash Equivalents **3.2**

## Quality breakdown (%) \*\*



AAA **8.8**  
AA **46.0**  
A **12.7**  
BBB **19.2**  
BB **2.2**

B **2.4**  
CCC **1.1**  
CC & Below **0.1**  
Not Rated **6.5**  
Cash/Cash Equivalents **1.0**

Quality breakdown does not apply to Equity or Cash/Cash Equivalents.

## Average annual total returns (%)

Performance shown is before tax.

NAV	Performance inception	Cumulative 3-month	1-year	3-year	5-year	10-year	Since inception	Expense ratio*	
								Before waivers	After waivers
R6	10/1/02	10.33	14.28	5.10	9.93	7.16	7.11	1.09	1.09
IS	10/1/02	10.26	14.26	5.07	9.90	7.29	7.56	1.15	1.10
A	10/1/02	10.22	13.98	4.81	9.63	7.03	7.29	1.40	1.35
C	10/1/02	10.03	13.11	4.02	8.80	6.38	6.98	2.15	2.14
Benchmark		9.74	17.67	4.71	9.98	8.09	-	-	-
Maximum offering price									
A	10/1/02	4.13	7.71	2.85	8.40	6.42	7.01	1.40	1.35
C	10/1/02	9.03	12.11	4.02	8.80	6.38	6.98	2.15	2.14

## Calendar year total returns (%)

Institutional Shares/NAV

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NAV	14.26	-13.51	17.38	16.14	19.01	-2.86	14.12	6.94	-2.39	8.94
Benchmark	17.67	-15.79	15.86	14.73	22.18	-2.35	14.21	8.30	1.28	10.61

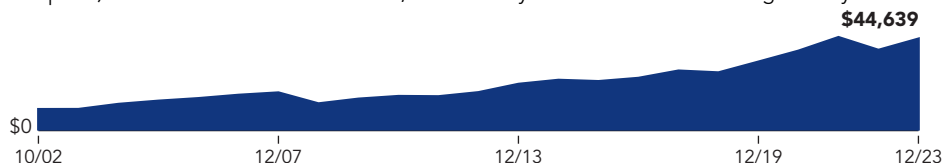
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us). Maximum offering price figures reflect the maximum sales charge of 5.5% for A Shares, and the maximum contingent deferred sales charge of 1% for C Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund. Returns shown for A and C Shares (inception date 9/15/05) for the periods prior to their inception are derived from the historical performance of Institutional Shares of the fund during such periods and have been adjusted to reflect the higher total annual operating expenses of each specific class.

\* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 10/1/24 or the date of the fund's next effective prospectus.

# Federated Hermes MDT Balanced Fund

## Growth over time

If you had invested \$10,000 in A Shares on 10/31/02 (month end of the fund's performance inception) and reinvested all distributions, here's how your account would have grown by 12/31/23.



The fund is the successor to MDT Balanced Fund pursuant to a reorganization that took place on December 8, 2006. Prior to that date, the fund had no investment operations. Accordingly, the performance information shown for periods prior to that date is that of MDT Balanced Fund.

The fund's R Shares, re-designated as R6 Shares on September 1, 2016, commenced operations on December 12, 2006. For the period prior to the commencement of operations of the R Shares (now known as R6 Shares), the performance information shown is for the fund's Institutional Shares (since inception October 1, 2002), but are adjusted to reflect the expenses of the R Shares and the performance information for the R6 Shares prior to September 1, 2016 reflects the higher R Shares expenses. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

### A word about risk

Mutual funds are subject to risks and fluctuate in value.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

The quantitative models and analysis used by the fund may perform differently than expected and negatively affect fund performance.

### Definitions

**The holdings percentages** are based on net assets at the close of business on 12/31/23 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

**Total return** represents the change in value of an investment after reinvesting all income and capital gains. Total return would have been lower in the absence of temporary expense waivers or reimbursements.

**Growth over time** performance is for the fund's A Shares. Figures do not reflect the 5.5% maximum sales charge. The fund offers additional share classes whose performance will vary due to differences in charges and expenses.

**Weighted average maturity** is the average time to maturity of debt securities held in the fund.

**Weighted average effective duration** (sometimes called "Option-Adjusted Duration") is a measure of a

security's price sensitivity to changes in interest rates calculated using a model that recognizes that the probability of a bond being called or remaining outstanding until maturity may vary if market interest rates change, and that makes adjustments based on a bond's embedded options (e.g., call rights, or in the case of a mortgage-backed security, the probability that homeowners will prepay their mortgages), if any, based on the probability that the options will be exercised. A fund's weighted average effective duration will equal the market value weighted average of each bond's effective duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average effective duration of a fund in the Federated Hermes family of funds may not be comparable to other funds outside of the Federated Hermes family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**S&P 500® Index** is an unmanaged capitalization-weighted index of 500 stocks designated to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

**Bloomberg US Aggregate Bond Index** is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, mortgage-Backed Securities Index and the asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

Indexes are unmanaged and cannot be invested in directly.

### Ratings and rating agencies

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for compar-

*Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.*

*Past performance is no guarantee of future results.*

ative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings do not take sales charges into account. Federated Hermes MDT Balanced Fund was rated against the following numbers of U.S.-domiciled Moderate Allocation funds over the following time periods. Ratings are for A and Institutional Shares; other classes may have different performance characteristics. For the 3-, 5- and 10-year periods ended 12/31/23, the fund's A Shares received 4, 4 and 4 stars and the fund's Institutional Shares received 4, 4 and 4 stars, and was rated among 700, 658 and 493 funds, respectively. Past performance is no guarantee of future results.

\*\* The ratings referred to in the quality breakdown are provided by Standard and Poor's, Moody's, and Fitch. The allocation of ratings presented aligns with the methodology of the Bloomberg index. Bloomberg employs the middle rating from Standard and Poor's, Moody's, and Fitch to determine a security's credit classification, essentially following a "two-out-of-three" rule. In cases where only two agencies rate a security, the more conservative (lower) rating is utilized. If only one agency rates a security, that single rating is used. Additionally, certain securities may not have a credit rating from any of the agencies, and they are categorized as "not rated." For clarity, credit ratings of A or better are indicative of high credit quality, while BBB represents good credit quality and the lowest tier of investment grade. Ratings of BB and below are assigned to lower-rated securities, often referred to as "junk bonds," and credit ratings of CCC or below indicate a high level of default risk. This breakdown doesn't consider the impact of credit derivatives in the fund.