

Federated Hermes Kaufmann IPO update

Investing in the Federated Hermes Kaufmann funds can provide early access to promising growth companies.

US IPO market update

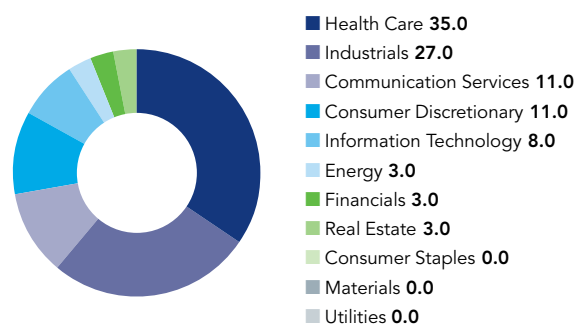
Initial public offerings (IPOs) are part of a healthy movement of capital into new, more productive growth channels. After record-breaking issuance in 2020 and 2021, the IPO market slowed but has been recovering over the past year. The third quarter saw 37 IPOs raise \$8.0 billion. With a strong pipeline and rate cuts serving as a potential tailwind, we are optimistic the IPO market will return to pre-COVID levels by 2025.

US IPO activity - last five quarters

	3Q24	2Q24	1Q24	4Q23	3Q23
Number of deals	37	39	30	26	30
Proceeds raised (billions)	\$8.0	\$8.9	\$7.8	\$2.8	\$7.8
Median deal size (millions)	\$11.0	\$110.0	\$100.0	\$10.0	\$10.0

As of 9/30/24. Source: Renaissance Capital.

3Q24 sector breakdown (%)



As of 9/30/24. Source: Renaissance Capital. Breakdown by percent of IPOs. Total may not sum to 100 due to rounding.

Kaufmann IPO participation in 3Q24

Actively selective

- The Federated Hermes Kaufmann team pursues long-term growth opportunities at the best possible price, whether by uncovering up-and-coming companies through intensive research, increasing positions in attractive companies when the overall market stumbles or identifying strong potential at the IPO stage
- Earlier participation in a significant capital raising event, before mainstream investors, offers a potentially better entry point and a longer runway for potential outperformance
- The team typically participates in 30-50% of the IPOs in the US through their small-, mid- and large-cap growth equity portfolios
- As of 9/30/24, companies that were first purchased at IPO comprised the following percentage of each Kaufmann fund:
 - » 43.41% of the Federated Hermes Kaufmann Small Cap Fund
 - » 17.06% of the Federated Hermes Kaufmann Fund
 - » 6.94% of the Federated Hermes Kaufmann Large Cap Fund
- The Federated Hermes Kaufmann Large Cap Fund did not participate in IPOs during the quarter. However, the team continues to actively vet potential opportunities as the market is often full of opportunities in the early stages of an IPO rebound

	Ticker symbol	Date of IPO	Price of IPO	Price as of 9/30/24
Federated Hermes Kaufmann Small Cap Fund IPOs				
Zenas Biopharma Inc	ZBIO	9/13/24	\$17.00	\$16.92
Onestream Inc	OS	7/24/24	\$20.00	\$33.90
Federated Hermes Kaufmann Fund IPOs				
Zenas Biopharma Inc	ZBIO	9/13/24	\$17.00	\$16.92

Source: FactSet. Information as of 9/30/24. The funds are managed portfolios and holdings are subject to change. **Past performance is no guarantee of future results.** For current fund performance, visit [FederatedHermes.com/us](https://www.federatedhermes.com/us).

The Federated Hermes Kaufmann funds can provide early access to potentially significant growth opportunities. Learn more by calling 1-888-400-7838.

As of 9/30/24.

IPO market data includes IPOs and direct listings with a market cap of at least \$50 million and excludes closed-end funds and SPACs.

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. Please carefully read the summary prospectus or prospectus before investing. Please visit FederatedHermes.com/us and click on the Characteristics tab for more information on the portfolio. Past performance is no guarantee of future results. For current performance, visit FederatedHermes.com/us.

Investing in IPOs involves special risks such as limited liquidity and increased volatility.

Portfolio holdings are subject to change. Portfolio composition percentages are based on net assets at the close of business on the date indicated and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this a managed portfolio, the investment mix will change.

Mutual funds are subject to risks and fluctuate in value.

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

Diversification does not assure a profit nor protect against a loss.

The value of equity securities in the fund's portfolio will fluctuate and, as a result, the fund's share price may decline. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

Large-cap companies may have fewer opportunities to expand the market for their products or services, may focus their competitive efforts on maintaining or expanding their market share, and may be less capable of responding quickly to competitive challenges. The above factors could result in the share price of large-cap companies lagging the overall stock market or growth in the general economy, and, as a result, could have a negative effect on the fund's portfolio, performance and share price.

Mid-cap companies often have narrower markets and limited managerial and financial resources compared to larger and more established companies.

Small-cap companies may have less liquid stock, a more volatile share price, unproven track records, a limited product or service base and limited access to capital. The above factors could make small-cap companies more likely to fail than larger companies and increase the volatility of the fund's portfolio, performance and price. Suitable securities of small-cap companies also can have limited availability and cause capacity constraints on investment strategies for funds that invest in them.

Growth stocks tend to have higher valuations and thus are typically more volatile than value stocks. Growth stocks also may not pay dividends or may pay lower dividends than value stocks.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.