

# Federated Hermes MDT Small Cap Core Collective Investment Fund



Trusted by Great Gray Trust Company, LLC

## A multi-factor, systematic approach

The Federated Hermes MDT Small Cap Core Collective Investment Fund pursues capital appreciation by investing in a diversified portfolio of US small-cap companies from the Russell 2000® Index. Through a bottom-up, systematic approach, it seeks to remove subjective and emotional influences from the stock-selection process.

### Investment objective

Capital appreciation

### Fund profile

Invests primarily in small-cap US companies from the Russell 2000® Index through a quantitatively driven process.

### Benchmark

Russell 2000® Index

### Trustee

Great Gray Trust Company, LLC

### Sub-advisor

Federated MDTA LLC

### Key investment team

Daniel Mahr, CFA  
Damien Zhang, CFA  
Frederick Konopka, CFA  
John Paul Lewicke

### Fund expenses

- P Class: 53 basis points, no investment minimum required
- P2 Class: 48 basis points, \$50 million investment minimum required\*

## A small-cap core fund for qualified retirement plan investors

Federated Hermes MDT's ability to seek alpha from multiple sources differentiates the fund from many other small-cap core strategies. It provides the potential for diversification benefits and can be used in many ways within a multi-strategy portfolio, such as:

- An actively managed alternative to an index fund
- To diversify the small-cap component of a portfolio
- A small-cap core fund in a core/satellite structure

## A transparent and repeatable investment process tested in multiple market conditions, now available as a CIT

Federated Hermes MDT's disciplined, bottom-up, quantitative investment approach is designed to be objective and absent from human bias.

Quantitative tools		Investment team oversight	
<b>Alpha forecasting</b>	<ul style="list-style-type: none"><li>• Developed using 40+ years of daily data</li><li>• Universe of over 25,000 domestic companies (no survivorship bias)</li><li>• Utilizes systematic process to identify powerful combinations of fundamental- and sentiment-driven characteristics</li><li>• Stock alphas are forecasted based on each company's characteristics</li></ul>	<b>Model construction</b>	<ul style="list-style-type: none"><li>• Research efforts devoted to improving investment process</li><li>• Potential enhancements include:<ul style="list-style-type: none"><li>» Developing and improving stock selection factors</li><li>» Analyzing trading costs</li><li>» Improving backtest capabilities</li><li>» Enhancing risk management processes</li></ul></li></ul>
<b>Portfolio optimization</b>	<ul style="list-style-type: none"><li>• Uses proprietary software seeking to maximize portfolio alpha potential</li><li>• Incorporates diversification constraints by stock, industry and sector</li></ul>	<b>Pre-trade review</b>	<ul style="list-style-type: none"><li>• Pre-trade reviews conducted to verify the accuracy of model output and ensure trades reflect the most recent information</li></ul>

The result is a highly diversified fund with moderate tracking error that seeks to limit unintended risks and outperform in various market environments due to multiple alpha sources.

## Experienced, collaborative investment team

- Federated Hermes MDT, an early practitioner of quantitative investing, employs a collaborative approach to manage all its strategies using the same quantitative investment process.
- The team consists of 11 investment professionals with 16 years of average industry experience.
- All investment team members have broad, cross-functional responsibilities that include investment research, software development, portfolio management and trading for the investment process on which all Federated Hermes MDT strategies are based.
- Federated Hermes MDT has been managing small-cap core strategies since 2004, with \$2.0 billion in small-cap core assets under management as of 3/31/26.

\*P2 Class is available to plans that (a) invest more than \$50 million in the fund, or (b) are clients managed on a discretionary basis by investment managers of clients that, in aggregate, invest \$50 million or more in the fund.

**Federated Hermes MDT Small Cap Core Collective Investment Fund (Fund) may only accept assets of eligible employee benefit trusts, which include (i) certain employee benefit trusts exempt from federal income taxation under §501(a) of the Internal Revenue Code (the "Code"); (ii) certain governmental plans or units described in Code §414(d), Code §457(b), and Code §818(a)(6); (iii) certain church plans described in Code §414(e) that are either exempt from federal income taxation under Code §501 or described in Code §403(b)(9); (iv) certain commingled trust funds exempt from federal income taxation under Code §501(a) which consist solely of the assets of eligible employee benefit trusts; and (v) certain assets of insurance companies that are segregated in a separate account, provided that the assets in the separate account consist solely of assets of eligible employee benefit trusts. The Fund and its units of participation are not registered with the SEC or any state securities regulatory authority and are offered in reliance upon an exemption from registration.**

Individuals may invest in this fund only as a participant or beneficiary of an eligible retirement plan.

Great Gray Trust Company, LLC serves as the Trustee of the Fund and maintains ultimate fiduciary authority over the management of, and investments made in, the Fund. Federated MDTA LLC has been hired by the Trustee to assist it in managing the Fund. Great Gray Funds and their units are exempt from registration under the Investment Company Act of 1940 and the Securities Act of 1933, respectively. The Fund is not a mutual fund as the Fund and its units are exempt from registration under the Investment Company Act of 1940 and the Securities Act of 1933, respectively.

**Investments in the Great Gray Funds are not bank deposits or obligations of and are not insured or guaranteed by Great Gray Trust Company, LLC, any bank, the FDIC, the Federal Reserve, or any other governmental agency. The Great Gray Funds are commingled investment vehicles, and as such, the values of the underlying investments will rise and fall according to market activity; it is possible to lose money by investing in the Great Gray Funds.**

Participation in Collective Investment Trusts (CITs) is limited primarily to qualified retirement plans and certain state or local government plans and is not available to IRAs, non-governmental health and welfare plans and, in certain cases, Keogh (H.R. 10) plans. CITs may be suitable investments for plan fiduciaries seeking to construct a well-diversified retirement savings program. Investors should consider the investment objectives, risks, charges, and expenses of any pooled investment fund carefully before investing. The Additional Fund Information and Principal Risk Definitions (PRD) contains this and other information about a CIT and is available at [www.greatgray.com/principalriskdefinitions](http://www.greatgray.com/principalriskdefinitions) or ask for a free copy by contacting Great Gray Trust Company, LLC at (866) 427-6885.

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## Definitions

**Alpha** is a measure of risk-adjusted returns. A portfolio with an alpha greater than 0 has earned more than expected given its beta (a measure of risk) — meaning the portfolio has generated excess return without increasing risk. A portfolio with a negative alpha is producing a lower return than would be expected given its risk level.

**Tracking error** is the standard deviation of the difference between a portfolio's returns and the benchmark or index it was meant to mimic or beat.

**Russell 2000® Index** measures the performance of the small-cap segment of the US equity universe. The Russell 2000® is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Indexes are unmanaged and cannot be invested in directly.

## A word about risk

Collective investment funds are subject to risks and fluctuate in value.

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

Diversification does not assure a profit nor protect against loss.

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.

The value of equity securities in the fund's portfolio will fluctuate. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.