

Objectives update - Federated Hermes Strategic Value Dividend Fund

- **Dividend yield:*** The portfolio's holdings had a weighted average dividend yield at 4/30/24 of more than three times that of the S&P 500®.
- **Dividend growth:** 37 companies in the portfolio have raised dividends over the last 12 months, providing strong organic dividend growth. None have cut. In April, Johnson & Johnson and The Southern Company raised.
- **Long-term total return:** Our income-first approach seeks to generate competitive long-term total return driven by dividends and dividend growth. Since inception, the portfolio has delivered this return objective. Over the last 12 months, our style of investing in stocks with the potential for high and rising dividends has significantly underperformed the broad market, with high-yielding S&P 500® stocks underperforming no/low-yielding stocks by 31.37%. Over the last three months, this performance differential has narrowed to 0.32%. In April, the backdrop for a higher-for-longer monetary policy and declining consumer sentiment brought volatility back into the market, highlighting the benefit of defensive low-volatility investments.

*For standard yield of the fund and for total returns, see the chart on page three.

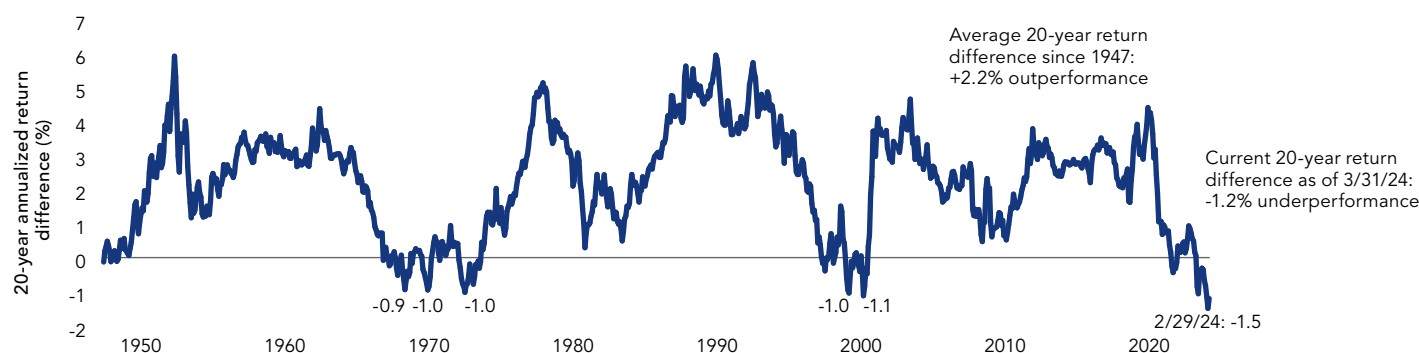
Insights from the team

- **Big Tech companies initiating dividends:** The recent initiation of dividends by Big Tech companies is good news to be welcomed by people seeking to make business-like investments through the stock market. Decades of declining cash rates of return appear to have bottomed, if not reversed. But it is worth pointing out that the news does not change the calculus for dividend investors seeking income now, as these yields have gone from zero to still very low levels.

Including the new initiators, the S&P 500® features about 76 companies with dividend yields below 1%. In dollars, the dividend payments of this cohort may represent a significant sum (about \$84 billion). However, remember why dividend yield matters: it represents a potential cash return on investment over the next 12 months. From the present value perspective and from the perspective of a client needing income now, 1% is not enough. Still, the dividend initiations from Big Tech are a positive sign, even if it is too early to include these securities in income-focused portfolios.

High dividend stocks have never been more out of favor... time for a reversal?

20-year annualized return difference: highest quintile dividend yield stocks minus lowest quintile dividend yield stocks



As of 3/31/24. Graph shows the 20-year annualized return of the highest 20% of stocks by dividend yield minus that of the lowest 20% of stocks by dividend yield. This is for illustrative purposes only and is not indicative of any investment. Sources: Federated Hermes analysis of monthly return data from July 1927 to March 2024, Ken French Data Library, https://mba.tuck.dartmouth.edu/pages/faculty/ken.french/Data_Library/det_port_form_dp.html, accessed May 2024. **Past performance is not indicative of future results.** Investments cannot be made in the Fama French portfolios.

Investment view

- For most of its history, the U.S. stock market was largely driven by a cash relationship between companies and their owners, better known as paying dividends to its shareholders. Declining rates, the rise of share buyback and the emergence of Silicon Valley drove a transition to dividend-light/free. We believe that investors should prepare for a move back to a fundamental approach. Typically, the best time to embrace a particular investment style is when it is out of favor. As seen above, low-dividend stocks have beaten high-dividend stocks by the widest margin on record over the last 20 years. It is now a matter of when, not if, the paradigm will shift back to dividend-focused stock investing, in our view.

Unless otherwise noted, all information is as of 4/30/24. **Past performance is no guarantee of future results.**

Not FDIC Insured • May Lose Value • No Bank Guarantee

Federated Hermes Strategic Value Dividend Fund

Our philosophy

We believe in owning businesses that are committed to providing investors regular dividend payments.

We are not a traditional equity value shop; rather, we believe in an income-first approach that seeks to deliver a high current yield and growing income stream to our clients. We believe we can meet the needs of investors seeking current income, as well as those looking for moderate capital appreciation through dividend growth.

Objective

The fund pursues income and long-term capital appreciation by investing primarily in high-dividend-paying stocks with dividend growth potential.

- Seeks a higher dividend yield than that of the broad equity market
- Invests in high-quality companies positioned to increase their dividends over time
- Offers the potential for competitive upside performance in strong market environments and the potential for lower downside risk in weak environments

Key data

- Gross weighted average dividend yield of 4.90% is more than 3x the S&P 500® at 1.46% and more than the 10-year Treasury at 4.69%¹
- R6 Shares have a 30-day SEC yield of 4.12%, IS Shares have a 30-day SEC yield of 4.10% and A Shares at maximum offering price (MOP) have a 30-day SEC yield of 3.63%²
- Trailing 12 months there were 38 dividend increases and zero cuts
- Top sector weights: Utilities 22.9% / Financials 16.2% / Health Care 15.3% / Consumer Staples 13.1% / Energy 11.5% (2.0% in Consumer Discretionary and 0.9% in Information Technology)
- Exited positions in April: Corning Inc., Exxon Mobil Corp., Paychex, Inc., Public Service Enterprise Group, Inc., Unilever PLC; Trimmed positions: Stanley Black & Decker, Inc., TotalEnergies SE.
- Increased positions: Allianz SE, Amgen Inc., Bristol-Myers Squibb Company, Chevron Corp., Johnson & Johnson.
- 100% of the 42 holdings were investment-grade rated (highest S&P-rated holdings: Johnson & Johnson at AAA; lowest: Conagra Brands, Inc. at BBB-)

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. See page three for standard fund total returns.

Fund statistics	Federated Hermes Strategic Value Dividend Fund	S&P 500® Index	Top 10 holdings (%)	Weight	Prospective dividend yield
Wtd. average dividend yield (%)	4.90	1.46	Philip Morris International Inc.	4.7	5.5
Wtd. median P/E ratio (NTM)	13.29x	22.39x	Duke Energy Corporation	4.1	4.2
Median 3-year average dividend payout ratio	65.88	31.85	Verizon Communications Inc.	3.9	6.7
Wtd. median price/book	1.66x	7.30x	LyondellBasell Industries N.V.	3.8	5.0
Wtd. median price/cash flow	7.77x	19.84x	TotalEnergies SE	3.7	4.6
Portfolio beta vs. S&P 500® (3-year)³	0.60	1.00	Sanofi	3.5	4.0
Foreign securities (%)	21.73	0.00	Dominion Energy, Inc.	3.2	5.2
Number of holdings	42	500	Truist Financial Corp	3.2	5.5
			National Grid-SP PLC	3.2	5.4
			The Southern Company	3.2	3.9

Unless otherwise noted, all information is as of 4/30/24.

Investment-grade securities are securities that are rated at least "BBB" or unrated securities of a comparable quality. Non-investment-grade securities are securities that are not rated at least "BBB" or unrated securities of a comparable quality.

¹ Yield for the fund and index is the weighted average dividend yield. The current U.S. 10-year Treasury yield is not a dividend yield and is shown for comparison purposes. See the disclosures at the end of this document for yield definitions.

² In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 4.05% for R6 Shares, 3.56% for A Shares at maximum offering price and 4.03% for Institutional Shares as of 4/30/24.

³ Morningstar 3 Year Beta versus S&P 500® Index calculated using monthly returns.

Past performance is no guarantee of future results.

Average annual total returns (%) as of 3/31/24

	Ticker symbol	1-year	3-year	5-year	10-year	Since inception (3/30/05)	30-day yield [^]	Expense ratio*	
								Before waivers	After waivers
R6 Shares	SVALX	4.34	7.25	5.88	6.75	6.85	4.01	0.86	0.79
IS Shares	SVAIX	4.33	7.23	5.86	6.76	7.02	3.99	0.94	0.81
A Shares (NAV)	SVAAX	4.09	6.95	5.60	6.50	6.75	3.75	1.18	1.06
A Shares (MOP)	SVAAX	-1.71	4.98	4.42	5.90	6.43	3.54	1.18	1.06
S&P 500[®] Index	–	29.88	11.49	15.05	12.96	10.40	–	–	–

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. Maximum offering price figures reflect the maximum sales charge of 5.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 1/1/25 or the date of the fund's next effective prospectus.

The fund's R6 Shares commenced operations on June 29, 2016. For the period prior to the commencement of operations of the R6 Shares, the performance information shown is for the fund's Institutional Shares adjusted to remove any voluntary waiver of fund expenses related to the fund's Institutional Shares that may have occurred during the periods prior to the commencement of operations of the fund's R6 Shares.

[^]In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.94% for R6 Shares, 3.63% for A Shares at net asset value (NAV), 3.43% for A Shares at maximum offering price (MOP) and 3.86% for Institutional Shares as of 3/31/24.

The fund is a managed portfolio and portfolio holdings are subject to change. The holdings percentages are based on net assets at the close of business on 4/30/24 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Definitions

10-year Treasury yield is the yield received for investing in a U.S. government issued treasury security that has a maturity of 10 years.

30-day yield (also known as "SEC" yield[™]) is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds.

Beta analyzes the market risk of a fund by showing how responsive the fund is to the market. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse in down markets. Usually the higher betas represent riskier investments.

Fama-French portfolios formed on D/P at the end of each June using NYSE breakpoints. The dividend yield used to form portfolios in June of year t is the total dividends paid from July of t-1 to June of t per dollar of equity in June of t. Includes all NYSE, AMEX and NASDAQ stocks for which we have market equity for June of year t, and at least 7 monthly returns (to compute the dividend yield) from July of t-1 to June of t.

High-dividend-paying stocks are defined by the Advisor as those with a higher dividend yield than the S&P 500[®] Index's average dividend yield.

Payout ratio is the proportion of earnings paid out as dividends to shareholders, typically expressed as a percentage.

Price/book ratio is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Price/cash flow ratio is a stock valuation measure calculated by dividing a firm's cash flow per share into the current stock price.

Price-to-earnings ratio (P/E ratio) is a valuation ratio of a company's current share price compared to its per-share earnings. The P/E ratio helps investors determine the market value of a stock as compared to the company's earnings. A low P/E ratio might indicate that a stock that has the potential for significant growth is undervalued. P/E ratios are only one indicator of a company's financial well-being. Forward price-to-earnings (Forward P/E) is a version of the P/E that uses forecasted earnings for the P/E calculation. The earnings used in this formula are just an estimate and not as reliable as current or historical earnings data.

Weighted average dividend yield is the prospective dividend yield for each security averaged based on the percentages of the securities in the portfolio. Prospective dividend yield is calculated by taking the most recent declared dividend payment multiplied by the number of dividend payments typically made during the year for each holding divided by the current share price for each security. This is calculated based on a snapshot in time and may change due to fluctuations in share prices, dividends actually paid and changes in holdings in the portfolio.

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

Indexes are unmanaged and cannot be invested in directly.

This material must be preceded or accompanied by a prospectus. Click [here](#) for the latest prospectus.

A word about risk

Mutual funds are subject to risks and fluctuate in value.

There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks.

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

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.