

### Objectives update - Federated Hermes Strategic Value Dividend Fund

- **Dividend yield:**\* The portfolio's holdings had a weighted average dividend yield at 7/31/24 of more than 3x that of the S&P 500®.
- **Dividend growth:** Year-to-date (YTD), the portfolio has had 22 of its companies raise dividends. None cut, but National Grid announced a dilutive stock issuance.
- **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.

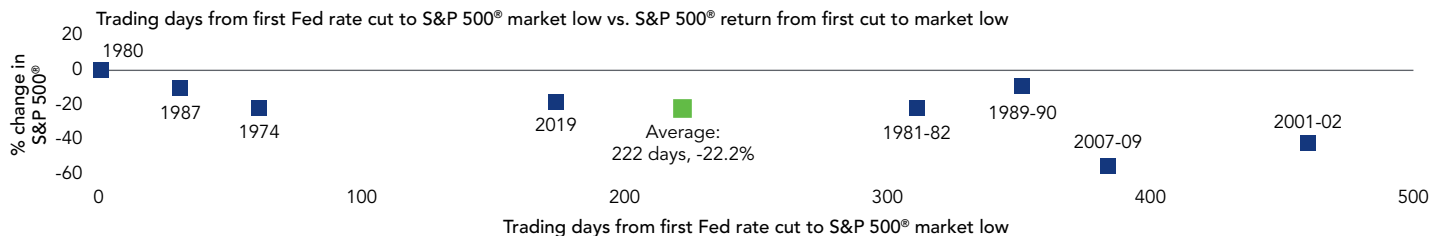
\*For standard yield of the fund and for total returns, see the chart on page three.

### Insights from the team

- **How might rate cuts impact the portfolio?** 1) Lower yields on cash and fixed income should make high dividend yields relatively more attractive to income-seeking investors. 2) The defensive dividend-paying sectors in which we invest have outperformed in the six months after the first cut; in the last four cycles, Utilities, Consumer Staples, Health Care and Industrials performed best on average, according to Strategas. And 3), in an environment where interest rates are falling in a weakening economy, the high-quality dividend payers we seek offer an attractive value proposition: both downside defense and rate sensitivity, as they have a history of outperforming in down markets and tend to benefit from lower costs of capital.

### History suggests to fear the cut, but not necessarily for dividend-paying companies

Typically, a market bottom occurs within a year after a rate cut. In the last eight cut cycles, the market fell on average -22.2%.

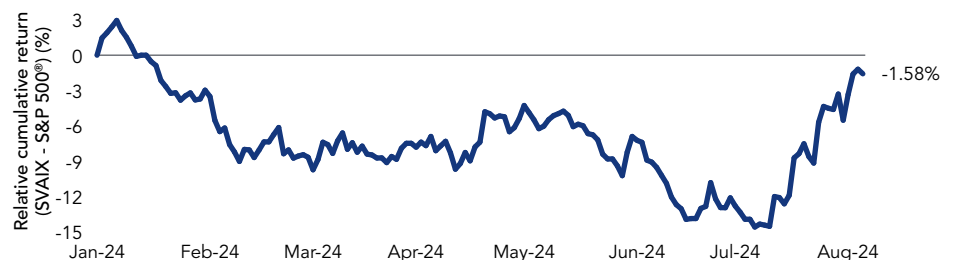


As of 8/6/24. Sources: Bloomberg, Morningstar, Inc., Federated Hermes analysis. **Past performance is not indicative of future results.**

### Investment view

- In July, weakening macro data (i.e. jobs, manufacturing) brought volatility back into the market, highlighting the benefit of defensive, high-yield, low-volatility investments. The fund outperformed during this period and narrowed its YTD performance differential vs. the S&P 500® (see graph). Meanwhile, the fund is still "on sale," with its high- and rising-income potential still trading at an attractive valuation relative to both its history and the broad market (see pg. 2). We believe now is a buying opportunity.

### The performance differential between the S&P 500® and SVAIX narrowed to -1.58% YTD as of 8/6/24



As of 8/6/24. Sources: Bloomberg, Federated Hermes analysis. Performance is for IS Shares. Other classes of shares are available whose performance will vary due to different charges and expenses. **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.**

Unless otherwise noted, all information is as of 7/31/24. **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 4.54% is more than 3x the S&P 500® at 1.34% and more than the 10-year Treasury at 4.09%<sup>1</sup>
- R6 Shares have a 30-day SEC yield of 3.83%, IS Shares have a 30-day SEC yield of 3.81% and A Shares at maximum offering price (MOP) have a 30-day SEC yield of 3.36%<sup>2</sup>
- Trailing 12 months there were 36 dividend increases and zero cuts
- Top sector weights: Utilities 21.7% / Health Care 17.6% / Financials 17.3% / Consumer Staples 11.8% / Energy 11.6% (1.8% in Consumer Discretionary and 0.0% in Information Technology)
- New positions in July: Diageo PLC, Paychex, Inc., WEC Energy Group, Inc.
- Trimmed positions: Dominion Energy, Inc., Kimberly-Clark Corporation, Philip Morris International Inc.
- 100% of the 45 holdings were investment-grade rated (highest S&P-rated holdings: Johnson & Johnson at AAA; lowest: Conagra Brands, Inc. at BBB-)

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Fund statistics	Federated Hermes Strategic Value Dividend Fund	S&P 500® Index	Top 10 holdings (%)	Weight	Prospective dividend yield
<b>Wtd. average dividend yield (%)</b>	4.54	1.34	<b>Philip Morris International Inc.</b>	4.5	4.5
<b>Wtd. median P/E ratio (NTM)</b>	13.60x	23.80x	<b>Duke Energy Corporation</b>	4.2	3.8
<b>Median 3-year average dividend payout ratio</b>	65.88	31.06	<b>Verizon Communications Inc.</b>	3.7	6.6
<b>Wtd. median price/book</b>	1.85x	8.06x	<b>LyondellBasell Industries N.V.</b>	3.6	5.4
<b>Wtd. median price/cash flow</b>	8.39x	20.86x	<b>Truist Financial Corp</b>	3.5	4.7
<b>Portfolio beta vs. S&amp;P 500® (3-year)<sup>3</sup></b>	0.59	1.00	<b>Gilead Sciences, Inc.</b>	3.5	4.1
<b>Foreign securities (%)</b>	21.36	0.00	<b>TotalEnergies SE</b>	3.3	5.1
<b>Number of holdings</b>	45	500	<b>U.S. Bancorp</b>	3.2	4.4
			<b>American Electric Power Company, Inc.</b>	3.2	3.6
			<b>Sanofi</b>	3.2	3.9

Unless otherwise noted, all information is as of 7/31/24.

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.

<sup>1</sup> Yield for the fund and index is the weighted average dividend yield. The current US 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.

<sup>2</sup> In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.78% for R6 Shares, 3.31% for A Shares at MOP and 3.76% for Institutional Shares as of 7/31/24.

<sup>3</sup> 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 6/30/24

	Ticker symbol	1-year	3-year	5-year	10-year	Since inception (3/30/05)	30-day yield <sup>^</sup>	Expense ratio <sup>*</sup>	
								Before waivers	After waivers
<b>R6 Shares</b>	SVALX	7.45	5.60	6.01	5.88	6.75	3.93	0.86	0.79
<b>IS Shares</b>	SVAIX	7.62	5.64	6.03	5.90	6.93	3.90	0.94	0.81
<b>A Shares (NAV)</b>	SVAAX	7.22	5.36	5.73	5.61	6.65	3.66	1.18	1.06
<b>A Shares (MOP)</b>	SVAAX	1.35	3.37	4.53	5.02	6.34	3.45	1.18	1.06
<b>S&amp;P 500<sup>®</sup> Index</b>	–	24.56	10.01	15.05	12.86	10.50	-	-	-

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**\* 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.

<sup>^</sup> In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.86% for R6 Shares, 3.59% for A Shares at net asset value (NAV), 3.38% for A Shares at maximum offering price (MOP) and 3.83% for Institutional Shares as of 6/30/24.

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 7/31/24 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 US government issued treasury security that has a maturity of 10 years.

**30-day yield** (also known as "SEC" yield<sup>™</sup>) 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.

**High-dividend-paying stocks** are defined by the Advisor as those with a higher dividend yield than the S&P 500<sup>®</sup> 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<sup>®</sup> 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.