

Federated Hermes Kaufmann Fund

12/31/23

Fund facts

Performance inception date

Institutional Shares 1/1/06
A Shares 2/21/86

Benchmark

Russell Midcap[®] Growth Index

Morningstar category

Mid-Cap Growth

Lipper classification

Multi-Cap Growth Funds

Fund assets

\$4.9 billion

Ticker symbols

Institutional Shares - KAUIX
A Shares - KAUAX
C Shares - KAUCX
R Shares - KAUFX

Key investment team

John Ettinger, CFA
Hans Utsch
Tom Brakel, M.D.
Mark Bauknight
Barbara Miller
Stephen DeNichilo, CFA
Steven Abrahamson
Aditi Singhania

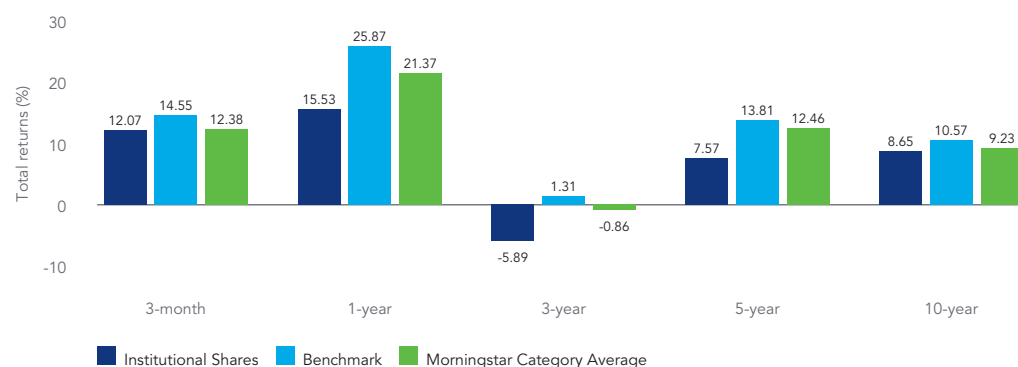
Fund description

The fund seeks to provide capital appreciation by investing primarily in securities of small and mid-sized companies. Utilizing an intensive, bottom-up security selection process, the fund focuses on companies that exhibit positive growth characteristics.

Average annual total returns (%)

Performance shown is before tax.

	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Expense ratio*	
								Before waivers	After waivers
Institutional Shares	12.07	15.53	15.53	-5.89	7.57	8.65	–	1.53	1.52
A Shares (NAV)	12.02	14.91	14.91	-6.37	7.01	8.28	11.15	1.99	1.97
A Shares (MOP)	5.86	8.59	8.59	-8.12	5.81	7.66	10.99	1.99	1.97
Benchmark	14.55	25.87	25.87	1.31	13.81	10.57	–	–	–



Calendar year total returns (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Institutional Shares	15.53	-29.97	3.02	29.07	33.88	3.94	28.52	3.07	5.96	9.14
Benchmark	25.87	-26.72	12.73	35.59	35.47	-4.75	25.27	7.33	-0.20	11.90
Morningstar Category Average	21.37	-27.79	13.05	39.26	32.52	-6.65	23.91	6.03	-0.95	7.00

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. Total returns for periods of less than one year are cumulative.

* 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.

Distinguishing characteristics

Transparent and accountable process

- Capital efficiency and transparency are built into the compensation structure
- Bonus pool is allocated according to individual's contribution to results
- Incentivized to optimize capital

Tenured team, differentiated portfolio

Team follows same 35-year philosophy and process used since inception of the Kaufmann strategy

- Distinguished professionals with specialized industry ties; organized for full accountability
- Continuity of team allows for constructive problem solving
- Seeking a differentiated, large-cap portfolio

Extensive research, long-term results

Independent, proprietary research focuses on:

- Exceptional business models
- Positive inflections of business momentum
- Clear pathway to free cash flow growth

Past performance is no guarantee of future results.

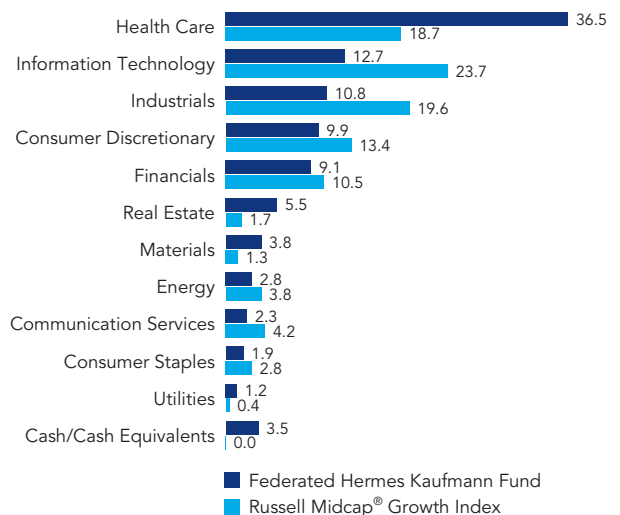
Portfolio statistics

Weighted median P/E (LTM)	40.2x
Weighted median P/E (NTM)	31.1x
Weighted median market cap	\$31.0 b
Number of securities	173
Annual portfolio turnover	47.3%

Top holdings (%)

Argenx SE	4.9
Dexcom, Inc.	2.9
Wingstop, Inc.	2.4
Blue Owl Capital - PIPE	2.1
CoStar Group Inc	2.0
Quanta Services, Inc.	1.9
Danaher Corporation	1.8
New Fortress Energy, Inc.	1.8
ServiceNow, Inc.	1.8
Hamilton Lane, Inc.	1.6
Total % of portfolio	23.2

Sector weightings (%)



Totals may not add up to 100% due to rounding.

The index position were small hedges we invested in given macro uncertainty.

Portfolio composition is 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.

Highlights

- Global equity markets rallied into year-end as markets began to price in the prospects of a dovish central bank posture along with a low likelihood of a U.S. recession
- Growth stocks outperformed value stocks during the quarter continuing the year-long trend
- Stock selection led to relative underperformance
- The health care sector negatively contributed to the fund's performance on a relative basis

Looking back

During the fourth quarter of 2023, the U.S. economy and most significant westernized economies saw economic growth continuing to slow as rising rates and inflation took its toll on economic activity. Inflation moderated as fiscal stimuli slowed and geopolitical issues seemed contained. The global inflationary pressures directionally are enabling central banks to halt their monetary tightening policies that have persisted during 2022-2023. The bond markets reacted to slower inflation and lower economic activity, bringing rates down from their highs boosting equities into December 2023. The U.S. indexes that were up the most during the last quarter were small cap stocks represented by the Russell 2000 Index, which returned 14.02%; followed by the Nasdaq Composite, which returned 13.84%; followed by mid cap stocks represented by the Russell Midcap Index, which returned 12.80%; followed by large cap stocks represented by the Russell 1000 Index, which returned 11.95%; followed by the S&P 500 Index, which returned 11.68%. Large cap growth stocks outperformed large cap value stocks during the quarter, continuing the year long trend.

During the fourth quarter, the portfolio team added new equity positions of the following select new holdings: Birkenstock Holdings Inc (IPO), Doordash Inc. (new), DraftKings Inc. (new), Zealand Pharmaceuticals (new), Xenon Pharmaceuticals (new), Alnylam Pharmaceuticals (new), Uber Technologies (new), The TJX Companies (new), General Electric Inc. (new), Double Verify Holdings (new), Klaviyo Inc. (new) and Motorola Solutions Inc (new).

Also during the quarter, the portfolio subtracted or reduced the following equity positions in pursuit of better opportunities: Splunk Inc. (exited), Eli Lilly & Company, Agnico Eagle Mines, Okta Inc. and Newmont Inc.

Capital markets activities during the quarter: The fund participated in one IPO in the quarter as the IPO market remained very quiet during the quarter after still recovering from the record year in 2021: Birkenstock Holdings Inc.

The fund participated in six Secondary Offerings during the quarter: Ultragenyx Inc., Ideaya Biosciences, Las Vegas Sands Inc., Verve Therapeutics, Xenon Pharmaceuticals, and 89Bio Inc.

Performance

The Federated Hermes Kaufmann Fund (Institutional Shares) returned 12.07% at NAV for the three months ended December 29, 2023. That compares with its benchmark, the Russell Midcap Growth Index, which returned 14.55% during the same period.

Performance contributors

- Stocks that made a positive contribution to performance: Wingstop Inc., DexCom Inc., Rhythm Pharmaceuticals Inc., Fusion Pharmaceuticals Inc. and ServiceNow Inc.

Performance detractors

- Stocks that detracted from performance included arGEN-X Se, Sarepta Therapeutics, Structure Therapeutics Inc., Seres Therapeutics Inc. and Legend Biotech Corp.

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How we are positioned

As the U.S. economy finishes 2023, many headwinds persist, from global monetary tightening to inflation to geopolitical uncertainty. These questions among others are likely to endure into 2024, which could cause market uncertainty. One indicator of investor caution would be the continued quiet IPO activity since the peak in 2021. After a record-breaking year in 2021, US IPO issuance slowed, with 71 IPOs priced in 2022. However, in 2023, the market showed some signs of recovering with 108 IPOs raising \$20 billion according to Renaissance Capital. Despite the macro uncertainties, the Kaufmann team continues to be focused on its goal of finding and investing in companies that have little dependence on the economy, good or bad, to generate significant sales and earnings growth.

This quarter, the fund had approximately 67% of the portfolio invested in four sectors: Industrials, Health Care, Consumer and Financials. The sector weightings of the portfolio are a byproduct of our bottom-up stock selection strategy with a team of sector-specialist portfolio managers. These sectors also have historically provided good opportunities for bottom-up growth investors. We seek to find companies that have company-specific catalysts for growth rather than develop macro themes to construct sector weightings. The strategy's consistent growth bias has allowed the portfolio to produce the following statistics: average sales growth last 12 months of 29%, operating margins of 23% and median earnings growth for the last year of 13%. This compares to the Russell Midcap Growth Index as follows: average sales growth of 22%, median operating margins of 20% and median earnings growth of 11%.

See disclosure section for important disclosures and definitions.

Risk statistics

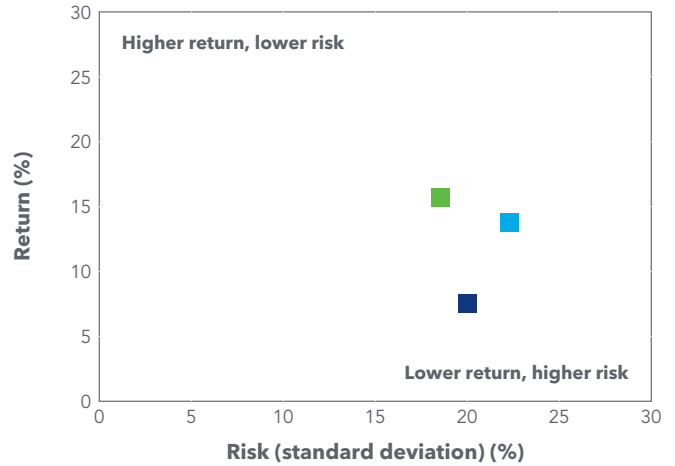
	3-year	5-year	7-year	10-year
Standard deviation	19.05	19.99	18.41	17.50
Alpha	-7.63	-4.28	-1.26	-0.91
Beta	0.85	0.86	0.88	0.91
Correlation	0.96	0.96	0.95	0.94
R²	91.73	92.14	90.82	87.97

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Russell Midcap[®] Growth Index

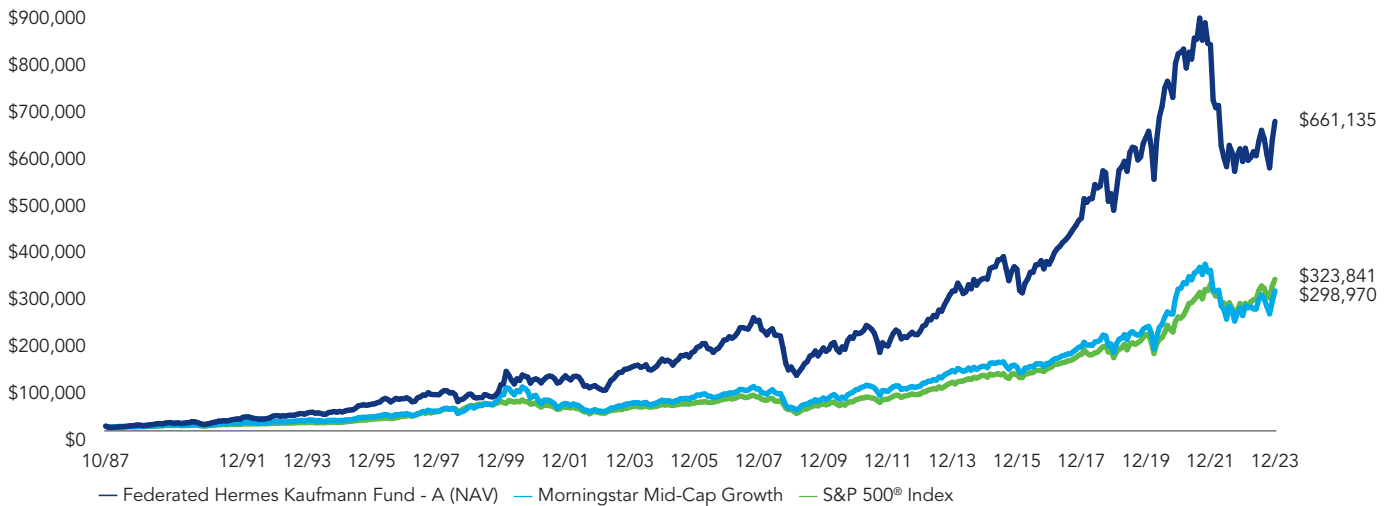
See disclosure section for important definitions.

5-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes Kaufmann Fund (IS)	19.99	7.57
■ Russell Midcap [®] Growth Index	22.30	13.81
■ S&P 500 [®] Index	18.52	15.69

\$10,000 Investment since stock market crash of 1987

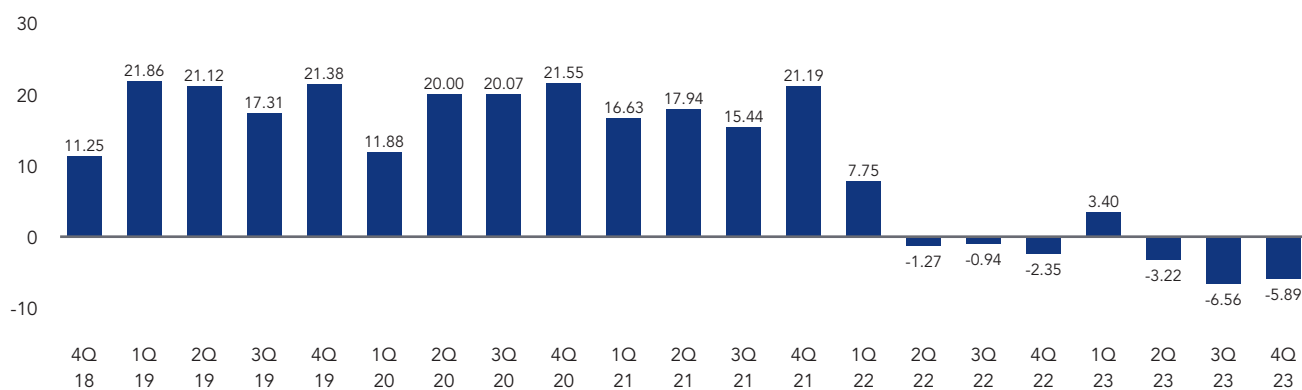


Source: Morningstar, Inc.

10/31/87 - 12/31/23

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3-year rolling returns - IS (%)



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Category rankings

Morningstar Mid-Cap Growth Category		1-year	3-year	5-year	10-year
IS Shares	Morningstar Category % Rank	82	84	96	-
	Morningstar Category Rank	446 of 553 funds	428 of 523 funds	469 of 492 funds	-
A Shares	Morningstar Category % Rank	84	86	97	74
	Morningstar Category Rank	455 of 553 funds	440 of 523 funds	475 of 492 funds	291 of 395 funds

Lipper Multi-Cap Growth Funds		1-year	3-year	5-year	10-year
IS Shares	Lipper Classification % Rank	91	82	93	-
	Lipper Classification Rank	444 of 490 funds	375 of 461 funds	395 of 428 funds	-
A Shares	Lipper Classification % Rank	92	83	95	86
	Lipper Classification Rank	446 of 490 funds	378 of 461 funds	402 of 428 funds	291 of 342 funds

Past performance is no guarantee of future results. Rankings are based on total return and do not take sales charges into account.

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

The fund is the successor to the Kaufmann Fund, Inc. (Kaufmann Fund) pursuant to a reorganization that took place on April 23, 2001. Prior to that date, the fund had no investment operations. Accordingly, for periods prior to that date, the performance information is that of the Kaufmann Fund, adjusted to reflect the maximum sales charge applicable to the fund's A Shares.

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

A word about risk

Mutual funds are subject to risks and fluctuate in value.

Small company stocks may be less liquid and subject to greater price volatility than large capitalization stocks.

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

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

Definitions

Alpha shows how much or how little return is generated, given the risk a portfolio takes. A portfolio with an alpha greater than 0 has earned more than expected given its beta—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.

Beta measures a portfolio's volatility relative to the market. A beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market.

Correlation is the degree to which one variable (here, the fund's returns) fluctuates relative to another (the returns of the fund's benchmark). Correlation ranges from 1.00, when two variables move identically in the same direction, to -1.00, when two variables move identically in the opposite direction.

R-squared indicates what percentage of a portfolio's movement in performance is explained by movement in performance of the market. R-squared ranges from 0 to 100, and a score of 100 suggests that all movements of a portfolio's performance are completely explained by movements in the market as measured by the fund's benchmark.

Standard deviation is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

Weighted median P/E (LTM—latest 12 months) is a ratio comparing share price to earnings per share using data from the previous 12 months.

Weighted median P/E (NTM—next 12 months) is a ratio comparing share price to earnings-per-share using estimated data for the next 12 months.

Weighted median market cap is the calculation representing the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock.

Russell 1000[®] Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000[®] Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000[®] represents approximately 92% of the U.S. market. The

Russell 1000[®] Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

Russell 2000[®] Index measures the performance of the small-cap segment of the U.S. 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.

Russell Midcap[®] Growth Index measures the performance of the mid-cap growth segment of the U.S. equity universe. It includes those Russell Midcap[®] Index companies with higher price-to-book ratios and higher forecasted growth values. It is constructed to provide a comprehensive and unbiased barometer of the mid-cap growth market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap growth market.

Russell Midcap[®] Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap[®] Index is a subset of the Russell 1000[®] Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap[®] Index represents approximately 27% of the total market capitalization of the Russell 1000 companies.

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.

Ratings and rating agencies

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