

Federated Hermes Kaufmann Fund

6/30/24

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 Singhanian, Ph.D.

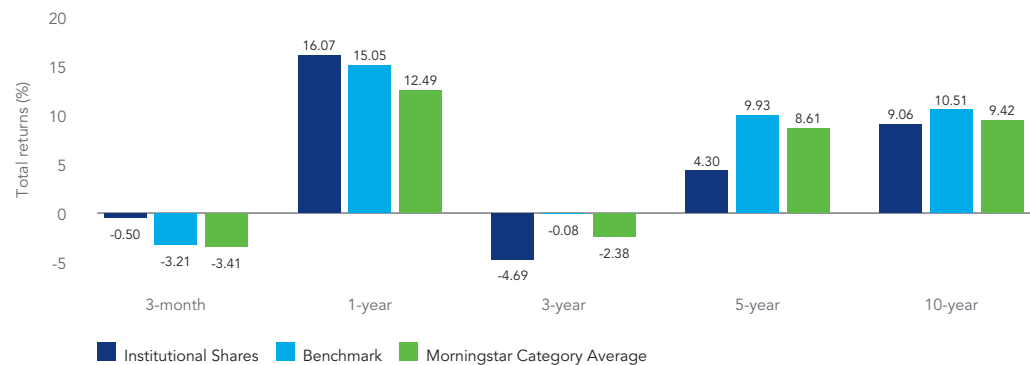
Fund description

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	-0.50	8.53	16.07	-4.69	4.30	9.06	–	1.53	1.52
A Shares (NAV)	-0.70	8.19	15.63	-5.18	3.77	8.65	11.23	1.99	1.97
A Shares (MOP)	-6.16	2.24	9.27	-6.95	2.60	8.03	11.07	1.99	1.97
Benchmark	-3.21	5.98	15.05	-0.08	9.93	10.51	–	–	–



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.

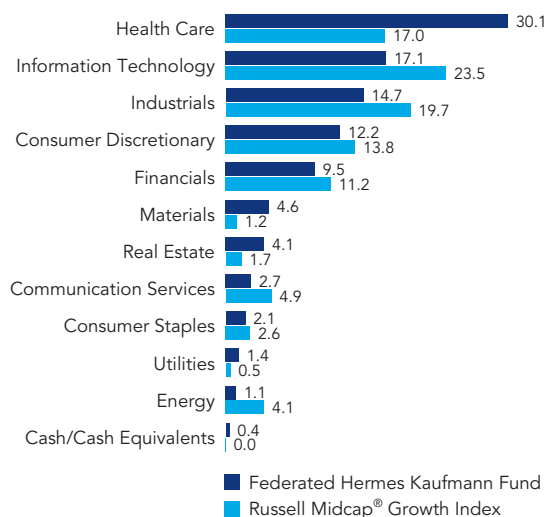
Portfolio statistics

Weighted median P/E (LTM)	50.0x
Weighted median P/E (NTM)	34.9x
Weighted median market cap	\$31.0 b
Number of securities	163
Annual portfolio turnover	40.1%

Top holdings (%)

Argenx SE	4.2
Wingstop, Inc.	3.5
Blue Owl Capital - PIPE	2.4
Quanta Services, Inc.	2.3
ServiceNow, Inc.	2.2
CrowdStrike Holdings, Inc.	1.8
Eaton Corp. PLC	1.8
Hamilton Lane, Inc.	1.8
Trane Technologies Public Limited Company	1.8
Apollo Global Management Inc	1.7
Total % of portfolio	23.5

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 6/30/24 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 during the quarter as markets began to price in expectations for easier monetary policies along with lower inflation
- Growth stocks outperformed value stocks during the quarter
- Stock selection contributed to outperformance
- The Industrial and Healthcare sectors positively contributed to the fund's relative performance

Looking back

During the second quarter of 2024, the U.S. economy and most significant Western economies saw economic growth moderate slightly. Global inflationary pressures eased, enabling central banks to halt and begin to reverse their monetary tightening policies. Bond markets began to price in lower relative rates and a potentially more dovish Federal Reserve, boosting equities. U.S. index performance was led by the technology-heavy NASDAQ composite, which was up 8.47%, followed by the S&P 500 and its 4.28% return, followed by large-cap stocks in the Russell 1000 Index, up 3.57%, followed by small-cap stocks in the Russell 2000 Index (-3.28%), followed by the Russell Midcap Index (-3.35%). Mid-cap growth stocks outperformed mid-cap value stocks during the quarter.

During the second quarter, the portfolio team added new equity positions of the following select holdings: Webtoon Entertainment (IPO), Duolingo, Inc. (new), Dutch Bros, Inc. (new), Viking Holdings Ltd (IPO), QXO (PIPE), Tempus AI Inc. (IPO), Vericel (new), GE Vernova Inc. (new), Loar Holdings Inc. (IPO), NEXTracker Inc (new), Elastic NV (new), Vertex Inc (new), and Eagle Materials Inc (new).

Also during the quarter, the portfolio subtracted or reduced the following equity positions in pursuit of better opportunities: HashiCorp Inc, UnitedHealth Group Inc, Workday Inc, Cheniere Energy, Old Dominion Freight Line, and Xylem Inc.

Capital markets activities during the second quarter:

The fund invested in four IPOs during the quarter: Loar Holdings Inc., Viking Holdings Ltd, Tempus AI Inc., and Webtoon Entertainment, Inc.

The fund participated in eight secondary offerings during the quarter: Dyne Therapeutics Inc, Merus NV, Structure Therapeutics Inc., Dutch Bros Inc., Ultragenyx Pharmaceutical Inc., Rezolute Inc., Zealand Pharma AS, and Birkenstock Holding Ltd.

Performance

Federated Hermes Kaufmann Fund (Institutional Shares) returned -0.50% at NAV in the second quarter. That compares with its benchmark the Russell Midcap Growth Index which returned -3.21% during the same period.

Performance contributors

- Stocks that made a positive contribution to performance: Wingstop, Inc, arGEN-X SE, QXO, Inc, CrowdStrike Holdings, Inc and Nvidia Corporation

Performance detractors

- Stocks that detracted from performance: CoStar Group, Inc., IDEAYA Biosciences, Inc., Arcturus Therapeutics Holdings, Inc., New Fortress Energy Inc., and DexCom Inc.

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How we are positioned

As the U.S. economy enters the second half of 2024, many headwinds have turned to tailwinds, such as Central Banks' rotating from tightening monetary policy to potentially loosening it. While there is some encouraging macro momentum, there are persistent worries, such as global elections, geopolitical uncertainty and rising oil prices. These questions, amongst others, are likely to endure into 2024, which could cause market uncertainty.

The IPO market is another indicator of investor sentiment. After a record-breaking year in 2021, U.S. IPO issuance went quiet with just 71 IPOs priced in 2022. In 2023, the market showed some signs of recovering as 108 IPOs raised \$20 billion, according to Renaissance Capital. That IPO momentum has continued into the second quarter of 2024, with 69 IPOs pricing in the U.S., raising \$16.7 billion.

Despite the 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.

At the end of the quarter, the fund had approximately 73% 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. 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): 24%, median operating margins: 21%, and median earnings growth (last 12 months) 14%. This compares favorably to the Russell MidCap Growth Index's statistics of: average sales growth: 18%, median operating margins: 20%, and median earnings growth: 13%.

See disclosure section for important disclosures and definitions.

Risk statistics

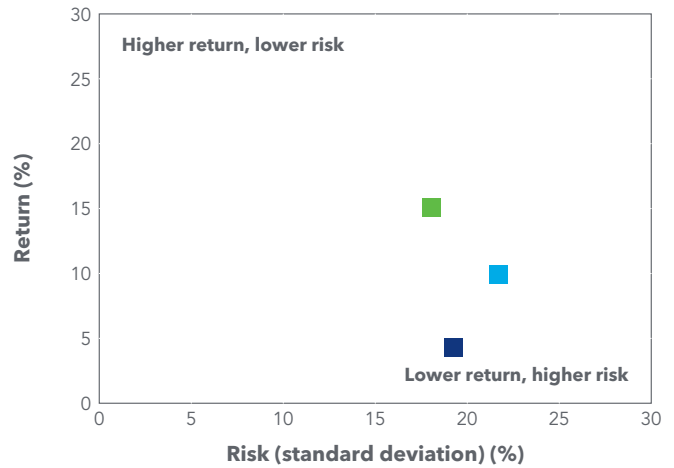
	3-year	5-year	7-year	10-year
Standard deviation	18.97	19.24	18.56	17.44
Alpha	-5.36	-4.35	-1.45	-0.48
Beta	0.84	0.85	0.87	0.90
Correlation	0.96	0.96	0.95	0.94
R²	91.80	92.39	91.07	88.39

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Russell Midcap[®] Growth Index

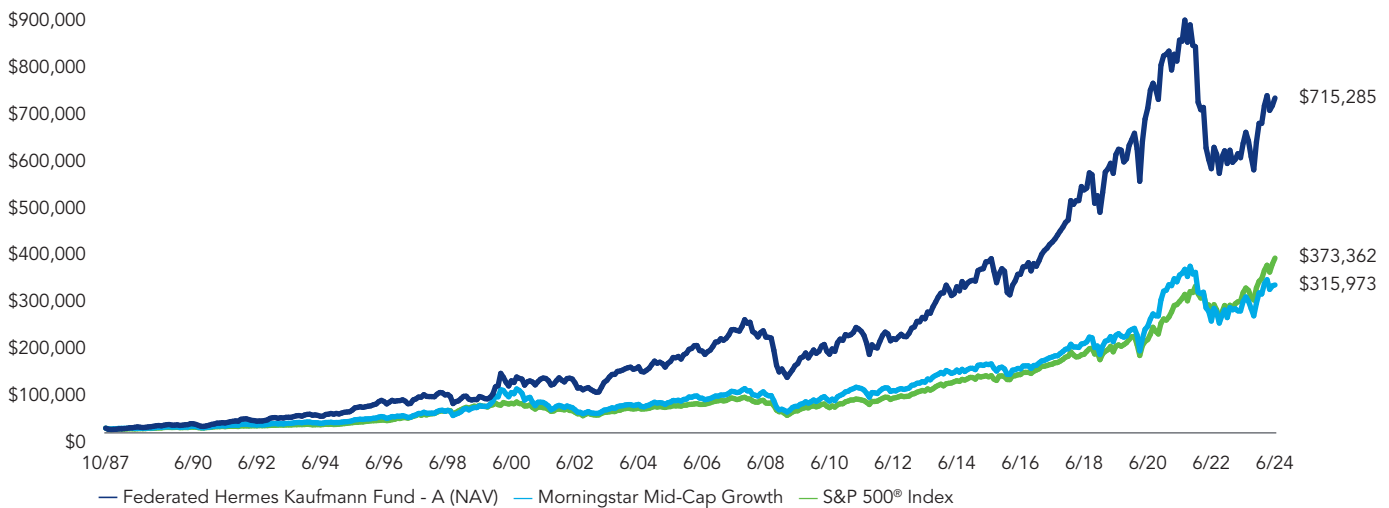
See disclosure section for important definitions.

5-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes Kaufmann Fund (IS)	19.24	4.30
■ Russell Midcap [®] Growth Index	21.70	9.93
■ S&P 500 [®] Index	18.08	15.05

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

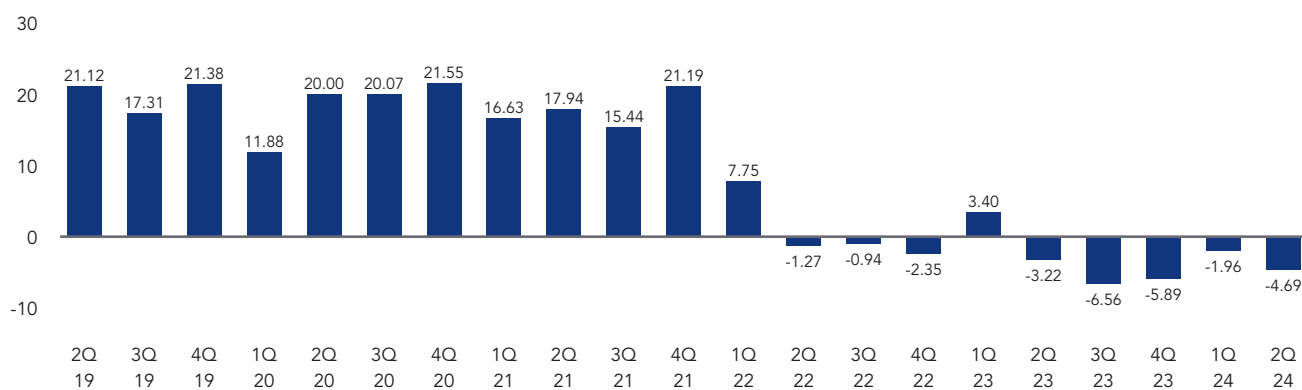


Source: Morningstar, Inc.

10/31/87 - 6/30/24

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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	24	73	94	-
	Morningstar Category Rank	110 of 531 funds	363 of 510 funds	439 of 473 funds	-
A Shares	Morningstar Category % Rank	25	76	95	69
	Morningstar Category Rank	118 of 531 funds	382 of 510 funds	450 of 473 funds	267 of 380 funds

Lipper Multi-Cap Growth Funds		1-year	3-year	5-year	10-year
IS Shares	Lipper Classification % Rank	74	81	93	-
	Lipper Classification Rank	279 of 379 funds	285 of 355 funds	303 of 327 funds	-
A Shares	Lipper Classification % Rank	77	83	94	86
	Lipper Classification Rank	289 of 379 funds	293 of 355 funds	307 of 327 funds	207 of 242 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](https://www.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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