

# Federated Hermes MDT Mid Cap Growth Fund

12/31/24

## Fund facts

### Performance inception date

R6 Shares	8/23/84
Institutional Shares	8/23/84
A Shares	8/23/84
C Shares	8/16/95

### Benchmark

Russell Midcap<sup>®</sup> Growth Index

### Morningstar category

Mid-Cap Growth

### Lipper classification

Mid-Cap Growth Funds

### Fund assets

\$2.4 billion

### Ticker symbols

R6 Shares - FGSKX  
 Institutional Shares - FGSIX  
 A Shares - FGSAKX  
 C Shares - FGSCX

### Key investment team

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

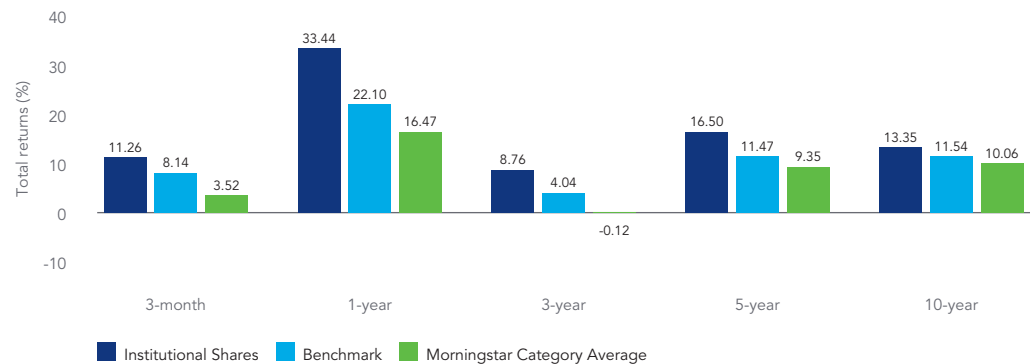
## Fund description

The fund pursues capital appreciation by investing in a diversified portfolio of US mid-cap companies from the Russell Midcap<sup>®</sup> Growth Index. Through a bottom-up, systematic approach, it seeks to remove subjective and emotional influences from the stock-selection process.

## 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
<b>R6 Shares</b>	11.27	33.44	33.44	8.76	16.52	13.21	11.09	0.90	0.84
<b>Institutional Shares</b>	11.26	33.44	33.44	8.76	16.50	13.35	11.69	0.98	0.85
<b>A Shares (NAV)</b>	11.19	33.04	33.04	8.43	16.16	13.03	11.60	1.27	1.15
<b>A Shares (MOP)</b>	5.07	25.72	25.72	6.40	14.85	12.39	11.45	1.27	1.15
<b>Benchmark</b>	8.14	22.10	22.10	4.04	11.47	11.54	-	-	-



## Calendar year total returns (%)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Institutional Shares</b>	33.44	27.44	-24.36	22.90	35.77	28.34	-3.03	24.74	10.21	-4.70
<b>Benchmark</b>	22.10	25.87	-26.72	12.73	35.59	35.47	-4.75	25.27	7.33	-0.20
<b>Morningstar Category Average</b>	16.47	21.37	-27.79	13.05	39.26	32.52	-6.65	23.91	6.03	-0.95

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](https://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 1/1/26 or the date of the fund's next effective prospectus.

## Investment process

### Alpha forecasting

Utilizes a combination of fundamental and technical factors to predict each stock's potential performance relative to the benchmark based on each company's characteristics.

### Portfolio construction

Incorporates multiple benchmark-relative risk controls in an attempt to maximize excess return, net of trading costs.

### Trading review

Proposed trades are reviewed daily to help ensure they reflect accurate, up-to-date information.

### Ongoing research

Continuous research is conducted to look for opportunities that can strengthen the investment process and ensure strategies remain robust.



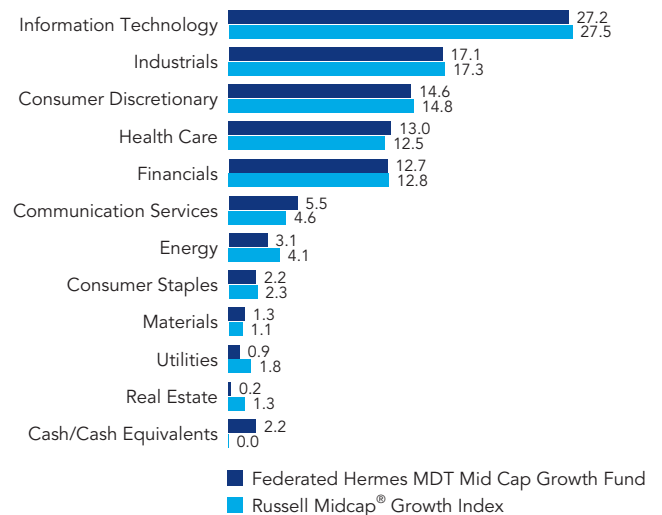
## Portfolio statistics

Weighted median P/E (LTM)	35.7x
Weighted median P/E (NTM)	29.0x
Weighted median market cap	\$27.7 b
Weighted median price/book	13.7x
Number of securities	125

## Top holdings (%)

Palantir Technologies Inc.	4.7
Ameriprise Financial, Inc.	3.7
GoDaddy Inc.	3.0
Datadog, Inc.	2.9
Veralto Corp	2.9
AppLovin Corporation	2.5
Vertiv Holdings Co.	2.5
Cencora, Inc.	2.0
HubSpot, Inc.	2.0
Live Nation Entertainment, Inc.	1.7
Total % of portfolio	27.9

## Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 12/31/24 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

- Mid-cap growth stocks outperformed mid-cap value stocks
- Favorable stock selection among and an underweight to stocks with improving earnings to price and low to neutral analyst conviction contributed the most to outperformance
- The fund ended the quarter roughly sector-neutral to benchmark

## Looking back

US equities closed out 2024 in fine fashion as the S&P 500 delivered its fifth consecutive quarter of positive total returns, leaving the index with its best two-year return since the late 1990s. Equities moved higher in November after the US Presidential election; the broad-based rally was led by smaller cap stocks. However, US stocks cooled in December after the US Federal Reserve signaled a smaller number of interest rate cuts in 2025 than previously expected by the market. Consumer discretionary, communication services, financials, and information technology stocks led returns for the quarter, while materials, health care and real estate stocks were the notable laggards. Higher beta, larger cap, growth-oriented equity segments outperformed. The broad market Russell 3000 Index returned 2.63% for the fourth quarter. The mega-cap Russell Top 200 Index (+3.35%) outpaced the Russell Midcap Index (0.62%) and the small-cap Russell 2000 Index (+0.33%). The Russell 3000 Growth Index (+6.82%) handily beat the Russell 3000 Value Index (-1.94%).

## Performance

Federated Hermes MDT Mid Cap Growth Fund (Institutional Shares) returned 11.26% in the fourth quarter of 2024, outperforming the 8.14% return of its benchmark, the Russell Midcap Growth Index.

*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. Other share classes may have experienced different returns than the share class presented. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us).*

### Performance contributors

- Favorable stock selection among and an underweight to stocks with improving earnings to price and low to neutral analyst conviction
- Favorable stock selection in the Information Technology and Health Care sectors
- Strong performers overweighted by the fund: AppLovin Corp. (Class A) and BILL Holdings, Inc.
- Weak performer underweighted by the fund: Monolithic Power Systems, Inc.

### Performance detractors

- Weak stock selection among companies with positive analyst conviction and high structural earnings
- Unfavorable stock selection in the Consumer Discretionary and Financials sectors
- Weak performers overweighted by the fund: Wingstop, Inc. and Veralto Corporation
- Strong performer underweighted by the fund: Coinbase Global, Inc. (Class A)

## How we are positioned

The fund ended the fourth quarter roughly sector-neutral to the benchmark, as intended by our multi-layered risk management. Within the sectors, there was an overweight of the commercial & professional services industry, and an underweight position of the transportation industry.

See *disclosure section for important disclosures and definitions*.

## Risk statistics

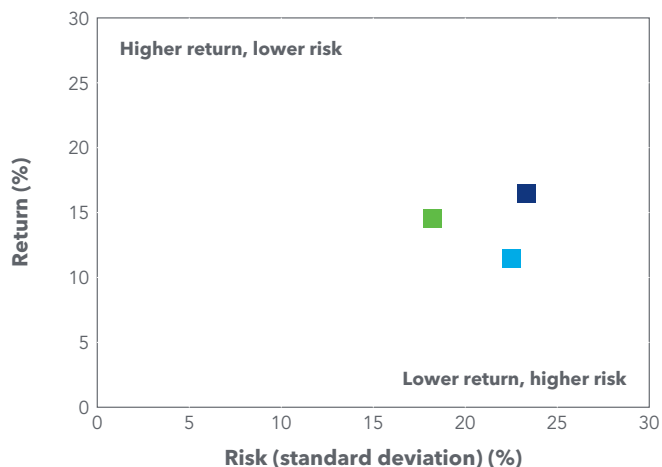
	3-year	5-year	7-year	10-year
<b>Standard deviation</b>	23.40	23.35	21.91	19.52
<b>Alpha</b>	4.59	4.41	2.55	1.51
<b>Beta</b>	1.03	1.02	1.03	1.03
<b>Correlation</b>	0.99	0.99	0.99	0.98
<b>R<sup>2</sup></b>	97.34	97.30	97.06	95.42
<b>Up capture ratio</b>	108.39	109.51	106.08	105.39
<b>Down capture ratio</b>	94.01	95.61	97.28	99.74
<b>Sharpe ratio</b>	0.18	0.58	0.56	0.58
<b>Tracking error</b>	3.84	3.87	3.79	4.20

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Russell Midcap<sup>®</sup> Growth Index

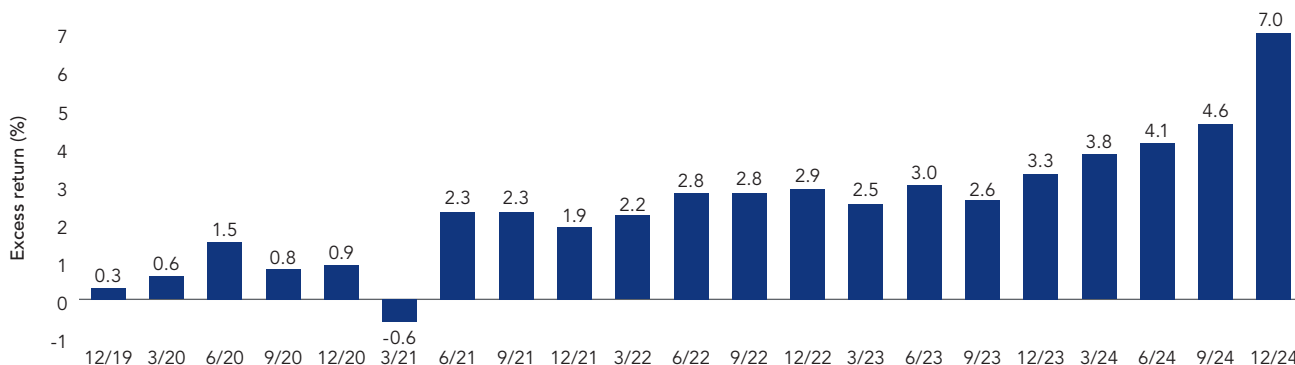
See disclosure section for important definitions.

## 5-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes MDT Mid Cap Growth Fund (IS)	23.35	16.50
■ Russell Midcap <sup>®</sup> Growth Index	22.53	11.47
■ S&P 500 <sup>®</sup>	18.21	14.53

## 5-year rolling excess performance vs. Morningstar Mid-Cap Growth Category Average

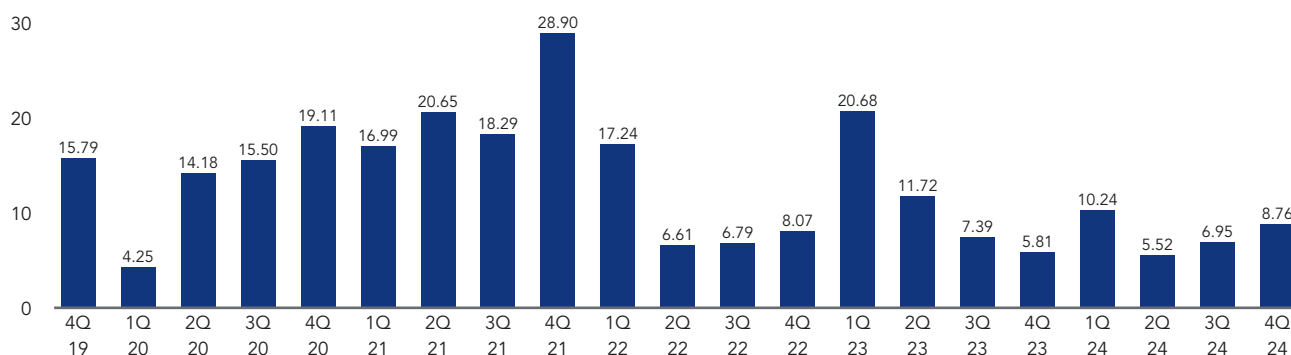


Source: Morningstar, Inc. Performance for 5-year periods (3-month shift).

Returns are for Institutional Shares. Other classes of shares are available whose performance will vary due to different charges and expenses.

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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
<b>R6 Shares</b>	Morningstar Category % Rank	5	3	3	4
	Morningstar Category Rank	20 of 495 funds	11 of 479 funds	12 of 440 funds	17 of 358 funds
<b>IS Shares</b>	Morningstar Category % Rank	6	3	3	4
	Morningstar Category Rank	21 of 495 funds	12 of 479 funds	13 of 440 funds	16 of 358 funds
<b>A Shares</b>	Morningstar Category % Rank	6	3	3	4
	Morningstar Category Rank	22 of 495 funds	13 of 479 funds	14 of 440 funds	18 of 358 funds

Lipper Mid-Cap Growth Funds		1-year	3-year	5-year	10-year
<b>R6 Shares</b>	Lipper Classification % Rank	4	2	2	3
	Lipper Classification Rank	14 of 362 funds	6 of 350 funds	5 of 314 funds	6 of 255 funds
<b>IS Shares</b>	Lipper Classification % Rank	5	2	2	2
	Lipper Classification Rank	15 of 362 funds	7 of 350 funds	6 of 314 funds	5 of 255 funds
<b>A Shares</b>	Lipper Classification % Rank	5	3	3	3
	Lipper Classification Rank	16 of 362 funds	8 of 350 funds	7 of 314 funds	7 of 255 funds

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

## Federated Hermes MDT Mid Cap Growth Fund

**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](http://FederatedHermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.**

The fund's Institutional Shares commenced operations on January 29, 2010. For the period prior to the commencement of operations for the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses of the Institutional Shares since the Institutional Shares have a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to remove any voluntary waiver of the fund's expenses related to the A Shares that may have occurred during the period prior to the commencement of operations of the Institutional Shares. The performance information shown also has been adjusted to reflect the absence of sales charges applicable to the A Shares.

The fund's R Shares, re-designated as R6 Shares on September 1, 2016, commenced operations on December 12, 2006. For the period prior to the commencement of operations of the R Shares (now known as R6 Shares), the performance information shown is for the fund's A Shares, adjusted to reflect the expenses of the R Shares, and the performance information shown for the R6 Shares prior to September 1, 2016 reflects the higher R Shares expenses. The performance information shown also has been adjusted to reflect the absence of sales charges applicable to the A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

### A word about risk

Mutual funds are subject to risks and fluctuate in value.

Mid-capitalization companies often have narrower markets and limited managerial and financial resources compared to larger and more established companies.

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

Diversification does not assure a profit nor protect against a loss.

The value of equity securities in the fund's portfolio will fluctuate and, as a result, the fund's share price may decline. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

Because the fund may allocate relatively more assets to certain industry sectors than others, the fund's performance may be more susceptible to any developments which affect those sectors emphasized by the fund.

Growth stocks tend to have higher valuations and thus are typically more volatile than value stocks. Growth stocks also may not pay dividends or may pay lower dividends than value stocks.

### 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.

**Sharpe ratio** is calculated by dividing a fund's annualized excess return by the fund's annualized standard deviation. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

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

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

**Up capture ratio/down capture ratio** is a measure of how well a manager was able to replicate or improve on periods of positive

benchmark returns and how badly the manager was affected by periods of negative benchmark returns. The up-market capture ratio is a measure of a manager's performance in up markets relative to the index during the same period. For example, a ratio value of 115 indicates that the manager has outperformed the market index by 15% in periods when the index has risen. The down-market capture ratio is the direct opposite of the up-market capture ratio, gauging performance of the manager relative to the index in down markets. A ratio value of 80 would indicate the manager had declined on 80% as much as the declining overall market, indicating relative outperformance.

**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.

**Weighted median price/book** is a ratio comparing share price to book value or assets minus liabilities.

**Russell Midcap® Growth Index** measures the performance of the mid-cap growth segment of the US 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.

**S&P 500®** 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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