

Federated Hermes MDT Small Cap Core Fund

6/30/24

Fund facts

Performance inception date

9/15/05

Benchmark

Russell 2000® Index

Morningstar category

Small Blend

Lipper classification

Small-Cap Core Funds

Fund assets

\$1.2 billion

Ticker symbols

R6 Shares - QLSCX

Institutional Shares - QISCX

A Shares - QASCX

C Shares - QCSCX

Key investment team

Daniel Mahr, CFA

Damien Zhang, CFA

Frederick Konopka, CFA

John Paul Lewicke

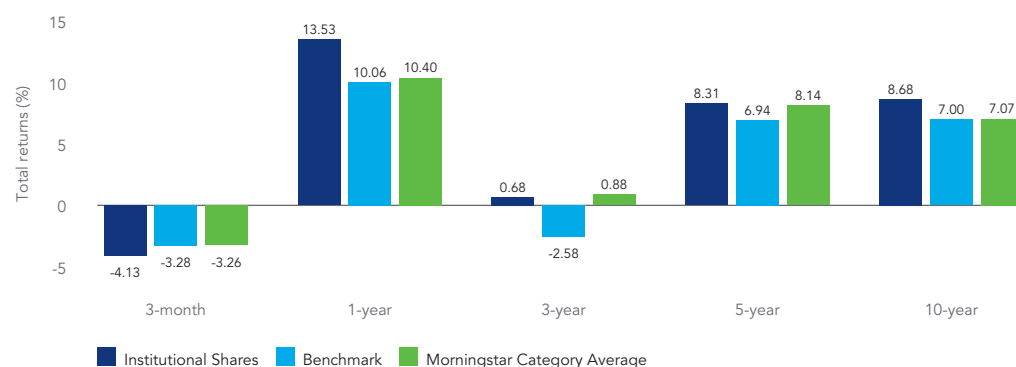
Fund description

The fund pursues long-term capital appreciation by investing in a diversified portfolio of U.S. small-cap companies from the Russell 2000® 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 |
|-----------------------------|---------|-------|--------|--------|--------|---------|-----------------|----------------------------------|---------------|
| R6 Shares | -4.12 | 1.15 | 13.53 | 0.69 | 8.31 | 8.62 | 5.60 | 0.94 | 0.88 |
| Institutional Shares | -4.13 | 1.15 | 13.53 | 0.68 | 8.31 | 8.68 | 7.58 | 1.04 | 0.89 |
| A Shares (NAV) | -4.20 | 1.03 | 13.22 | 0.43 | 8.03 | 8.41 | 7.32 | 1.39 | 1.14 |
| A Shares (MOP) | -9.46 | -4.52 | 7.00 | -1.44 | 6.82 | 7.80 | 7.00 | 1.39 | 1.14 |
| Benchmark | -3.28 | 1.73 | 10.06 | -2.58 | 6.94 | 7.00 | - | - | - |



Calendar year total returns (%)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------------------|-------|--------|-------|-------|-------|--------|-------|-------|-------|------|
| Institutional Shares | 20.58 | -23.11 | 30.27 | 16.99 | 18.06 | -11.58 | 15.58 | 35.23 | -3.20 | 3.15 |
| Benchmark | 16.93 | -20.44 | 14.82 | 19.96 | 25.53 | -11.01 | 14.65 | 21.31 | -4.41 | 4.89 |
| Morningstar Category Average | 16.18 | -16.24 | 24.19 | 10.99 | 23.75 | -12.72 | 12.28 | 20.78 | -5.38 | 3.79 |

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 10/1/24 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.



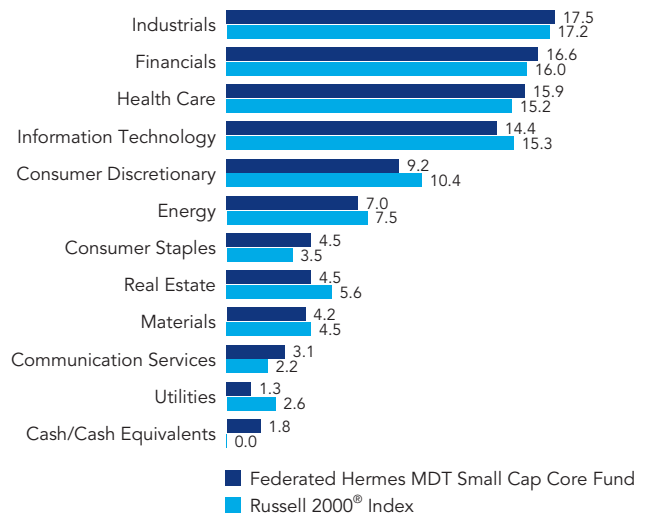
Portfolio statistics

| | |
|----------------------------|---------|
| Weighted median P/E (LTM) | 19.7x |
| Weighted median P/E (NTM) | 13.5x |
| Weighted median market cap | \$2.1 b |
| Weighted median price/book | 2.2x |
| Number of securities | 300 |

Top holdings (%)

| | |
|-----------------------------------|------|
| Jackson Financial Inc. | 2.3 |
| Parsons Corp. | 2.0 |
| GMS, Inc. | 1.9 |
| Knife River Corp. | 1.5 |
| Murphy USA, Inc. | 1.4 |
| SkyWest, Inc. | 1.4 |
| Halozyme Therapeutics, Inc. | 1.3 |
| Method Electronics, Inc., Class A | 1.3 |
| Omniceil, Inc. | 1.3 |
| Madison Square Garden Spinco | 1.1 |
| Total % of portfolio | 15.5 |

Sector weightings (%)



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

- Small cap growth stocks outperformed small cap value stocks
- Poor stock selection among companies with significant financing needs contributed the most to underperformance
- Fund ended the quarter roughly sector-neutral to benchmark

Looking back

After two consecutive quarters of a relatively broad U.S. equity market rally, narrow market leadership returned in the second quarter of 2024. Similar to what was observed for much of 2023, large-cap growth companies, particularly shares of tech businesses related to AI, materially outpaced the rest of the market. Growth and quality were the best performing styles, while value, smaller cap, and lower volatility segments were the clear laggards. The whole market Russell 3000 Index advanced 3.22% during the period, led by the mega-cap Russell Top 200 Index (+5.73%). The small-cap Russell 2000 Index (-3.28%) marginally beat the Russell Midcap Index (-3.35%). The Russell 3000 Growth Index (+7.80%) trounced the Russell 3000 Value Index (-2.25%) for the quarter; this style return differential was largely concentrated among the mega-cap segment of the market.

Performance

Federated Hermes MDT Small Cap Core Fund (Institutional Shares) returned -4.13% in the second quarter of 2024, underperforming the -3.28% return of its benchmark, the Russell 2000 Index.

Performance contributors

- Overweighting and positive stock selection among companies with very high analyst conviction, very high relative price trend, and a strong 1-year return
- Stock selection in Consumer Discretionary and Energy sectors
- Strong performers overweighted by the fund: ADMA Biologics, Inc., and Jackson Financial Incorporation (Class A)

Performance detractors

- Poor stock selection among companies with significant financing needs
- Stock selection in the Information Technology, Real Estate, and Materials sectors
- Weak performers overweighted by the fund: EyePoint Pharmaceuticals, Inc. and GMS, Inc.

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.

How we are positioned

The fund ended the second quarter roughly sector-neutral to the benchmark, as intended by our multi-layered risk management. Within the sectors there were overweight positions of the insurance industry and the software & services industry. There were underweight positions of the banks industry and the semiconductors & semiconductor equipment industry. At the end of the period, the fund was slightly overweight value stocks.

See disclosure section for important disclosures and definitions.

Risk statistics

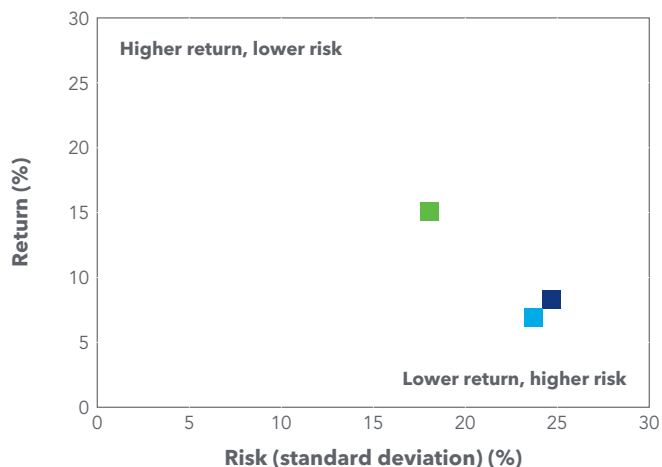
| | 3-year | 5-year | 7-year | 10-year |
|---------------------------|--------|--------|--------|---------|
| Standard deviation | 22.13 | 24.68 | 23.23 | 21.40 |
| Alpha | 3.28 | 1.36 | 0.50 | 1.58 |
| Beta | 0.99 | 1.02 | 1.02 | 1.03 |
| Correlation | 0.98 | 0.98 | 0.98 | 0.98 |
| R² | 95.36 | 96.26 | 96.69 | 95.86 |
| Up capture ratio | 103.10 | 102.97 | 102.41 | 104.37 |
| Down capture ratio | 92.93 | 99.19 | 101.20 | 98.98 |
| Sharpe ratio | -0.12 | 0.24 | 0.22 | 0.33 |
| Tracking error | 4.76 | 4.81 | 4.27 | 4.39 |

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. Russell 2000® Index

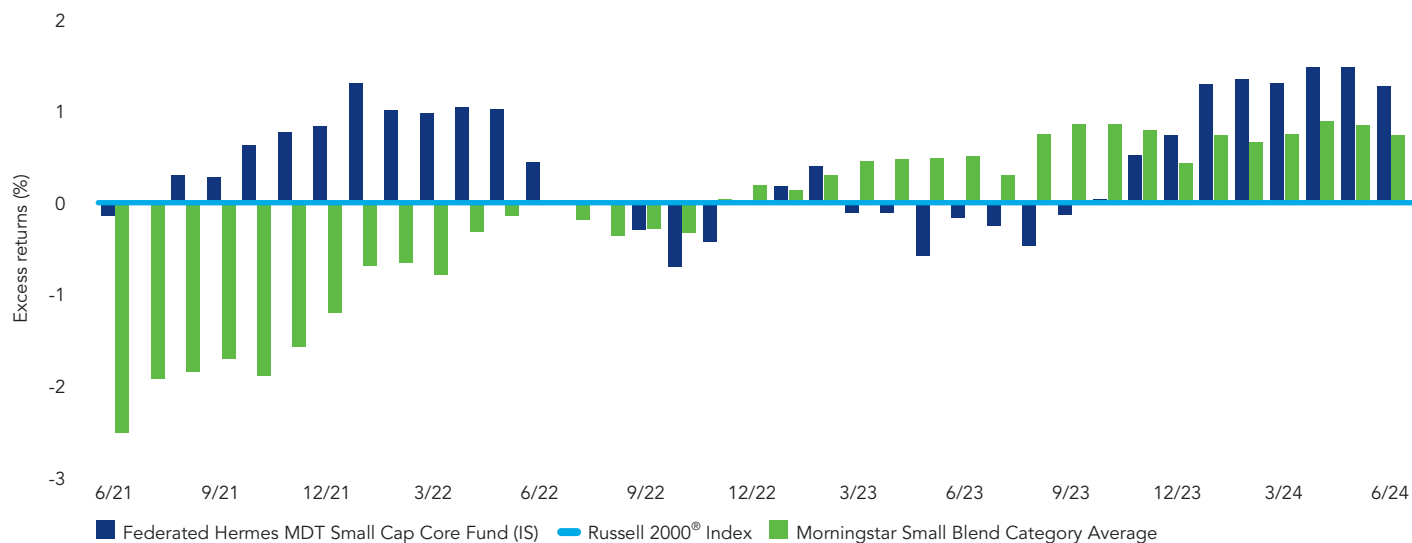
See disclosure section for important definitions.

5-year risk/return



| | Risk (%) | Return (%) |
|---|----------|------------|
| ■ Federated Hermes MDT Small Cap Core Fund (IS) | 24.68 | 8.31 |
| ■ Russell 2000® Index | 23.72 | 6.94 |
| ■ S&P 500® Index | 18.08 | 15.05 |

5-year rolling excess performance vs. Russell 2000® Index

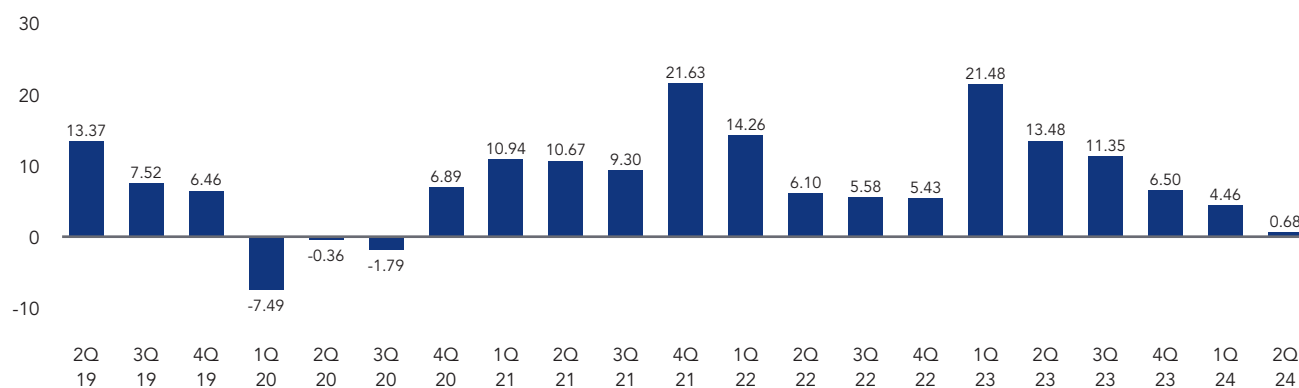


Source: Morningstar, Inc. Performance represents 5-year periods (1-month step).

Returns are for Institutional 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](https://www.FederatedHermes.com/us).

3-year rolling returns - IS (%)



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.

Category rankings

| Morningstar Small Blend Category | | 1-year | 3-year | 5-year | 10-year |
|----------------------------------|-----------------------------|------------------|------------------|------------------|-----------------|
| R6 Shares | Morningstar Category % Rank | 22 | 51 | 47 | - |
| | Morningstar Category Rank | 126 of 600 funds | 268 of 573 funds | 231 of 544 funds | - |
| IS Shares | Morningstar Category % Rank | 22 | 51 | 47 | 8 |
| | Morningstar Category Rank | 127 of 600 funds | 269 of 573 funds | 232 of 544 funds | 31 of 388 funds |
| A Shares | Morningstar Category % Rank | 23 | 54 | 54 | 12 |
| | Morningstar Category Rank | 133 of 600 funds | 287 of 573 funds | 262 of 544 funds | 46 of 388 funds |

| Lipper Small-Cap Core Funds | | 1-year | 3-year | 5-year | 10-year |
|-----------------------------|------------------------------|--------------------|------------------|------------------|-----------------|
| R6 Shares | Lipper Classification % Rank | 21 | 58 | 46 | - |
| | Lipper Classification Rank | 209 of 1,006 funds | 559 of 967 funds | 413 of 911 funds | - |
| IS Shares | Lipper Classification % Rank | 21 | 58 | 46 | 9 |
| | Lipper Classification Rank | 210 of 1,006 funds | 560 of 967 funds | 415 of 911 funds | 56 of 674 funds |
| A Shares | Lipper Classification % Rank | 23 | 61 | 52 | 13 |
| | Lipper Classification Rank | 224 of 1,006 funds | 586 of 967 funds | 471 of 911 funds | 85 of 674 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 Small Cap Core 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](https://www.federatedhermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.

The fund is the successor to MDT Small Cap Core Fund pursuant to a reorganization that took place on December 8, 2006. Prior to that date, the fund had no investment operations. Accordingly, the performance information shown for periods prior to that date is that of MDT Small Cap Core Fund.

The fund's R6 Shares commenced operations on June 30, 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. The performance of the Institutional Shares has not been adjusted to reflect the expenses applicable to the R6 Shares since the R6 Shares have a lower expense ratio than the expense ratio of the Institutional Shares. The performance of the Institutional Shares have been adjusted to remove any voluntary waiver of the fund expenses related to the Institutional Shares that may have occurred during the period prior to the commencement of operations of the R6 Shares.

A word about risk

Mutual funds are subject to risks and fluctuate in value.

The fund may invest in small capitalization (or "smallcap") companies. Small-cap companies may have less liquid stock, a more volatile share price, unproven track records, a limited product or service base and limited access to capital. The above factors could make small-cap companies more likely to fail than larger companies and increase the volatility of the fund's portfolio, performance and price. Suitable securities of small-cap companies also can have limited availability and cause capacity constraints on investment strategies for funds that invest in them.

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

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 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.

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

Lipper Categories: Data Source: Lipper, A Reuters Company. Copyright 2024© Reuters. All rights reserved. Any copying, republication or redistribution of Lipper content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.