

Federated Hermes Strategic Value Dividend Fund

6/30/23

Fund facts

Performance inception date

3/30/05

Benchmark

S&P 500® Index

Morningstar category

Large Value

Lipper classification

Equity Income Funds

Fund assets

\$9.5 billion

Ticker symbols

R6 Shares - SVALX

Institutional Shares - SVAIX

A Shares - SVAAX

C Shares - SVACX

Key investment team

Daniel Peris, Ph.D., CFA

Deborah Bickerstaff

Jared Hoff

Michael Tucker

Yields (%)

30-day yield (R6)	4.27
30-day yield (IS)	4.25
30-day yield (A)	3.77
12-month yield (R6)	4.15
12-month yield (IS)	4.13
12-month yield (A)	3.91

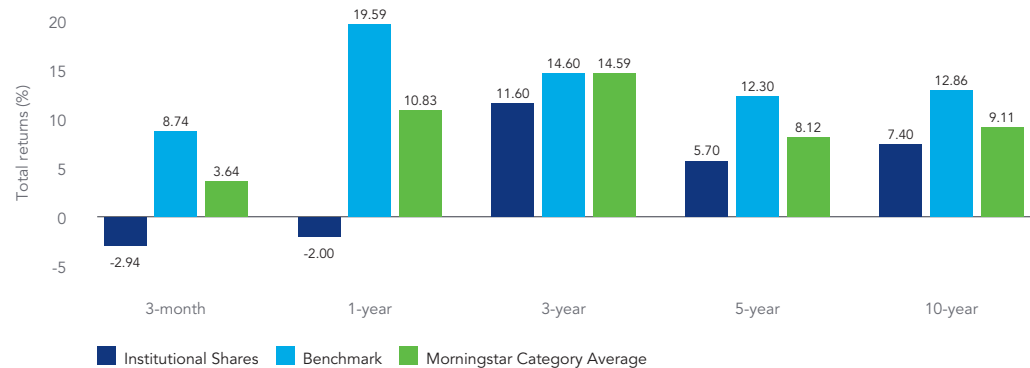
Fund description

The fund pursues income and long-term capital appreciation by investing primarily in high-dividend-paying stocks with dividend growth potential. It seeks to provide a substantially higher yield than the broad market.

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	-2.94	-5.26	-1.98	11.62	5.72	7.38	6.71	0.86	0.79
Institutional Shares	-2.94	-5.27	-2.00	11.60	5.70	7.40	6.90	0.94	0.81
A Shares (NAV)	-3.02	-5.42	-2.26	11.33	5.43	7.13	6.62	1.18	1.06
A Shares (MOP)	-8.43	-10.68	-7.63	9.23	4.26	6.52	6.29	1.18	1.06
Benchmark	8.74	16.89	19.59	14.60	12.30	12.86	-	-	-



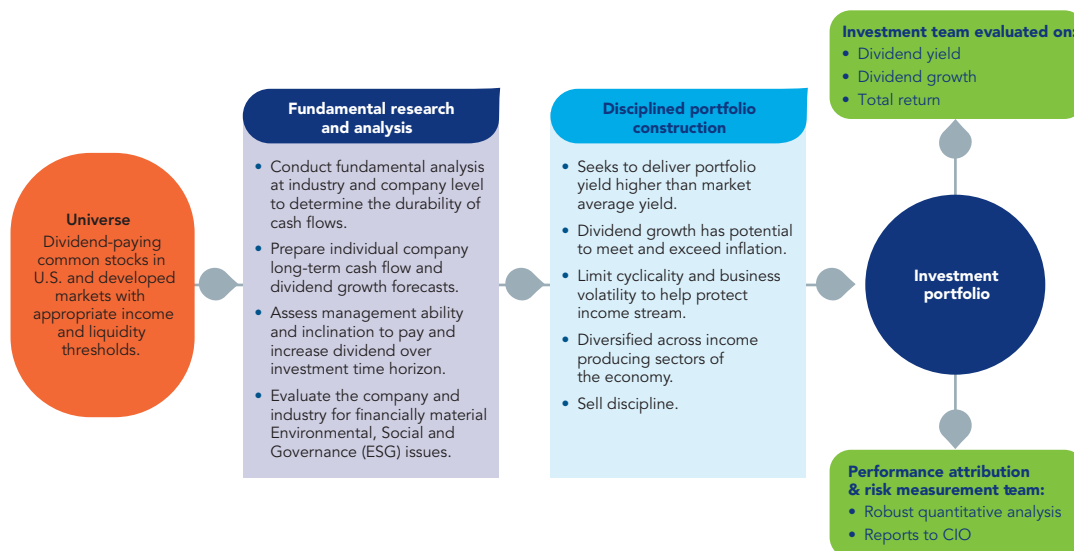
Calendar year total returns (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Institutional Shares	8.48	21.52	-7.87	19.60	-8.21	15.14	10.39	3.87	11.54	21.93
Benchmark	-18.11	28.71	18.40	31.49	-4.39	21.82	11.95	1.37	13.68	32.38
Morningstar Category Average	-5.90	26.22	2.91	25.04	-8.53	15.94	14.81	-4.05	10.21	31.21

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 1/1/24 or the date of the fund's next effective prospectus.

Investment process



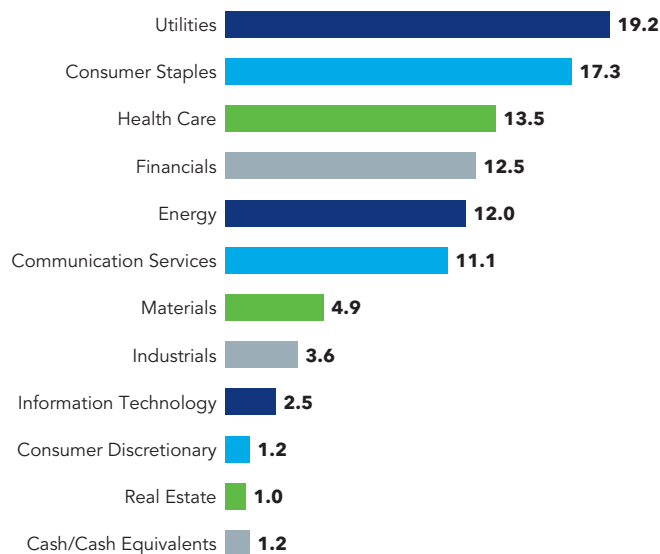
Portfolio statistics

Weighted median P/E (NTM)	12.8x
Median 3-year average payout ratio	62.06
Weighted average EPS growth next 5 years	5.77
Weighted median market cap	\$70.1 b
Weighted median price/book	1.7x
Number of securities	44
Foreign securities	26.46%
Annual portfolio turnover	42.63%

Top holdings (%)

Philip Morris International Inc.	4.7
TotalEnergies SE	4.6
Verizon Communications Inc.	4.4
AT&T Inc.	3.7
Amgen Inc.	3.4
Duke Energy Corporation	3.4
Enbridge Inc.	3.1
LyondellBasell Industries N.V.	3.1
Southern Company	3.1
Pfizer Inc.	3.0
Total % of portfolio	36.5

Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 6/30/23 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.

Key fund characteristics

- The Federated Hermes Strategic Value Dividend Fund provided a 30-day SEC yield of 3.77% (A shares at MOP) and a gross weighted average dividend yield of 4.97% at quarter end.
- The fund had four companies announce dividend increases in the second quarter, most notably LyondellBasell and Southern, with increases of 5.0% and 2.9%, respectively.
- The mega-cap growth stock rally driven by the artificial intelligence theme continued from March and dominated performance in the second quarter.

Looking back

The fund remained focused on its core goals of delivering high dividend income from high quality assets as it ended the quarter with a 30-day SEC yield of 3.77% (A shares at MOP) and a gross weighted average dividend yield of 4.97%. This notably eclipsed not only the S&P 500 Index's 1.54% yield but also the increasing 10-year U.S. Treasury Note at 3.81%. For the 12-month period, 40 companies in the fund raised their dividends, accounting for 41 increases overall, and one special dividend was declared by Total Energies valued at 1 euro/share.

The narrow market rally continued through the second quarter as seven mega-cap growth companies drove the performance of the S&P 500 Index. The characteristics conducive to a high quality, defensive dividend strategy were not in favor as high yield and low beta underperformed. When quintiling the S&P 500 Index, the lowest beta investments lagged highest beta investments by -15.78% and the highest yield quintile underperformed the lowest yield quintile by -17.18%. Also, when noting the S&P quality ratings, highest quality (A+) underperformed lowest quality (C&D) by -2.68%. The mega-cap growth rally dominated performance, as the top performing sectors were Information Technology, Consumer Discretionary and Communication Services, with returns of 17.23%, 14.58% and 13.06%, respectively. With a total weight of 27.66%, seven companies (Microsoft, Apple, NVIDIA, Amazon, Meta, Alphabet and Tesla) accounted for 67% of the total performance of the S&P 500 Index. Excluding these seven names, the index returned only 4.14% (versus 8.74% including the aforementioned companies). The fund did not have exposure to the outperforming mega-cap names, as they either do not pay a dividend, or pay a dividend that is notably below our minimum target dividend yield.

Performance

The fund underperformed the S&P 500 Index, as investors preferred cyclical, low yield, high beta mega-cap growth investments.

Performance contributors

- Canada was the fund's top contributor as the country posted a 2.72% return, led by TC Energy Corporation and BCE Inc., which posted returns of 5.72% and 3.43%, respectively.
- Energy was also additive to performance as it posted the highest sector contribution with a total return of 2.18%, driven by Williams Companies and TC Energy, which posted total returns of 10.89% and 5.72%, respectively.
- Information Technology was another bright spot, posting a total return of 4.71%, led by Broadcom, which posted an impressive total return of 25.22%. Broadcom shares were propelled higher after the company announced a multi-billion-dollar deal with Apple related to wireless connectivity components.

Performance detractors

- High yield, low beta and high quality were out of favor in the period, which is a headwind for a high yield, defensive, high quality dividend strategy.
- Utilities was the largest detractor, posting a total return of -3.52% as defensive dividend stocks were out of favor.
- Health Care was also a weak performer, posting a -5.72% return as AbbVie, Pfizer and Amgen returned -14.69%, -9.12% and -7.29%, respectively. AbbVie shares fell after the company announced first-quarter sales of Humira declined from a year ago.

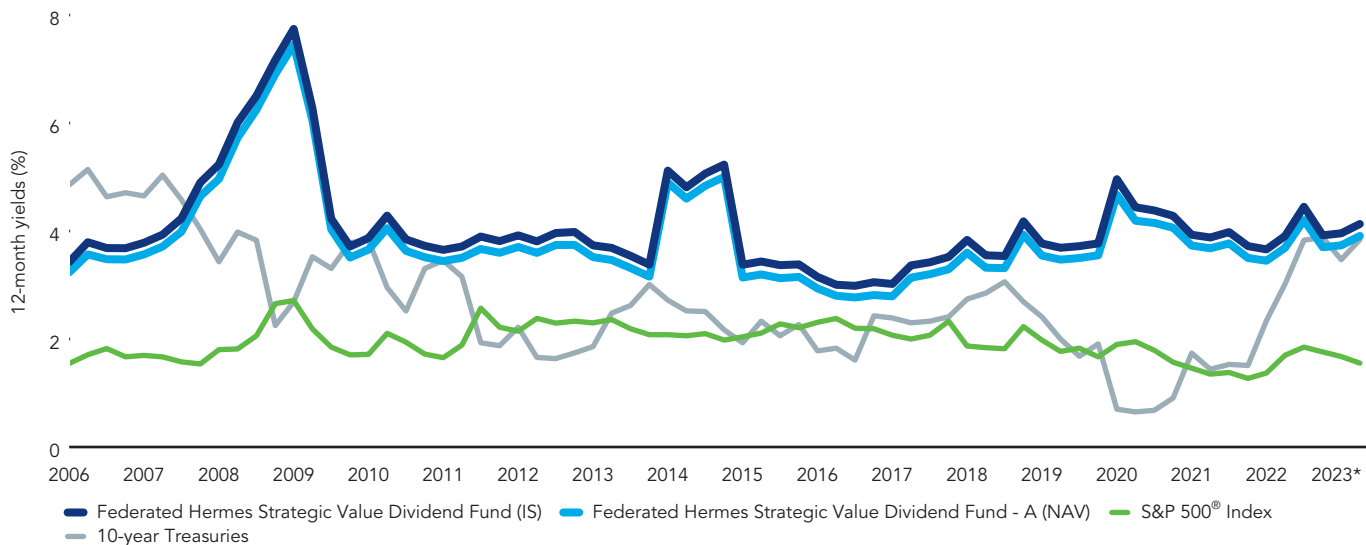
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How we are positioned

The fund remains concentrated in Consumer Staples, Integrated Energy, Pharmaceuticals, Telecom Services and Utilities. These segments contain the dividend-friendly stocks that the fund seeks, enabling the strategy to provide investors with the opportunity for high dividend yield, complemented by dividend growth. That dividend growth could help the fund both sustain its high yield and outpace inflation. Furthermore, stocks that consistently pay and increase their dividend tend to have lower volatility, as reflected in the fund's beta of 0.61 (three-year beta versus the S&P 500 Index calculated using the monthly return). Notwithstanding current market conditions, the Federated Hermes Strategic Value Dividend Fund will remain committed to its goals of providing a high- and rising-income stream from high quality business assets and will not alter its investment style based on near-term market preferences.

See disclosure section for important disclosures and definitions.

The fund delivered higher yield



Source: Federated Hermes

Yields for other classes will vary.

* As of 6/30/23

Risk statistics

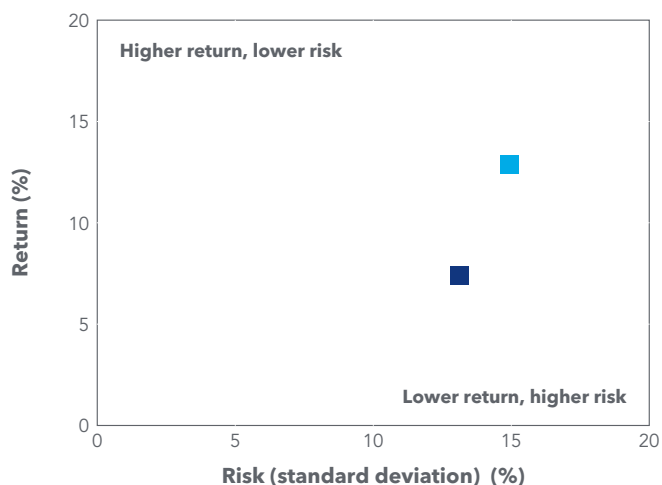
	3-year	5-year	7-year	10-year
Standard deviation	15.33	16.04	14.24	13.12
Beta	0.62	0.69	0.68	0.67
Correlation	0.72	0.80	0.78	0.76
Up capture ratio	64.83	61.73	57.77	65.52
Down capture ratio	55.81	70.56	74.21	71.94
Sharpe ratio	0.64	0.25	0.23	0.48

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. S&P 500® Index

See disclosure section for important definitions.

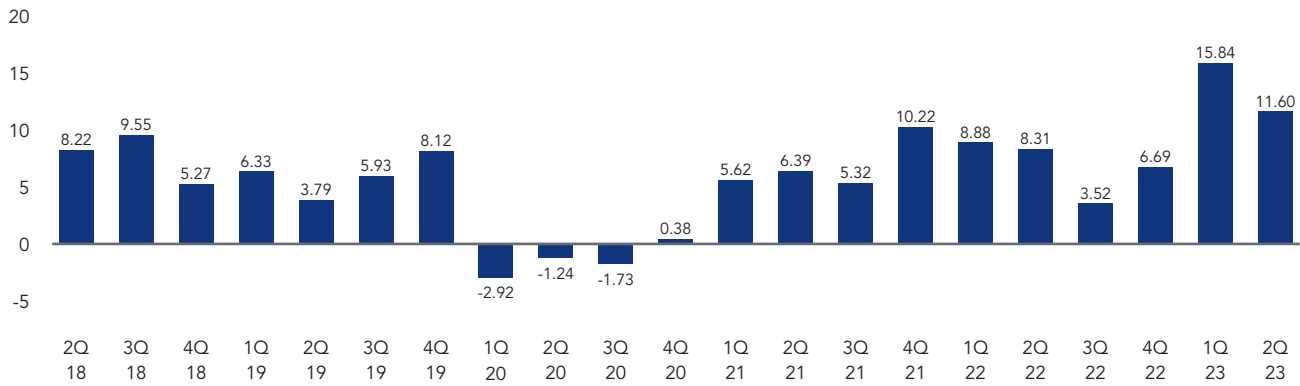
10-year risk/return



	Risk (%)	Return (%)
■ Federated Hermes Strategic Value Dividend Fund (IS)	13.12	7.40
■ S&P 500® Index	14.93	12.86

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3-year rolling returns - IS (%)



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Category rankings

Morningstar Large Value Category		1-year	3-year	5-year	10-year
R6 Shares	Morningstar Category % Rank	99	86	90	-
	Morningstar Category Rank	1,212 of 1,223 funds	980 of 1,138 funds	992 of 1,085 funds	-
IS Shares	Morningstar Category % Rank	99	87	90	91
	Morningstar Category Rank	1,213 of 1,223 funds	984 of 1,138 funds	993 of 1,085 funds	741 of 809 funds
A Shares	Morningstar Category % Rank	99	88	92	95
	Morningstar Category Rank	1,214 of 1,223 funds	1,013 of 1,138 funds	1,006 of 1,085 funds	764 of 809 funds

Lipper Equity Income Funds		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	96	75	84	-
	Lipper Classification Rank	449 of 469 funds	331 of 446 funds	357 of 424 funds	-
IS Shares	Lipper Classification % Rank	96	75	85	85
	Lipper Classification Rank	450 of 469 funds	332 of 446 funds	358 of 424 funds	253 of 300 funds
A Shares	Lipper Classification % Rank	96	79	87	88
	Lipper Classification Rank	451 of 469 funds	353 of 446 funds	368 of 424 funds	264 of 300 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 Strategic Value Dividend Fund

30-day yield (also known as "SEC yield") for A Shares 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. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.64% at maximum offering price for A Shares, 4.20% for R6 Shares, and 4.10% for Institutional Shares.

The 12-month yield is the sum of a fund's total trailing 12-month interest and dividend payments divided by the last month's ending share price (NAV) plus any capital gains distributed over the same period.

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.

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.

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.

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

ESG factors may be considered in the investment analysis process in a manner that is complementary to and enhances the fundamental research and analysis process. Certain ESG factors may help identify business and operational risks or opportunities and add a contextual dimension to the overall evaluation of a security. Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers ESG factors will result in performance better than or equal to products that do not consider such factors.

Definitions

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.

Median 3-year average payout ratio is the proportion of earnings paid out as dividends to shareholders, typically expressed as a percentage.

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.

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 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.

Weighted average EPS growth next 5 years is the weighted average annual growth rate of fiscal year earnings-per-share for the next five years for a given corporation.

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.

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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