

Federated Hermes Strategic Value Dividend Fund

9/30/24

Fund facts

Performance inception date

3/30/05

Benchmark

S&P 500® Index

Morningstar category

Large Value

Lipper classification

Equity Income Funds

Fund assets

\$8.4 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)	3.54
30-day yield (IS)	3.52
30-day yield (A)	3.09
12-month yield (R6)	3.78
12-month yield (IS)	3.76
12-month yield (A)	3.56

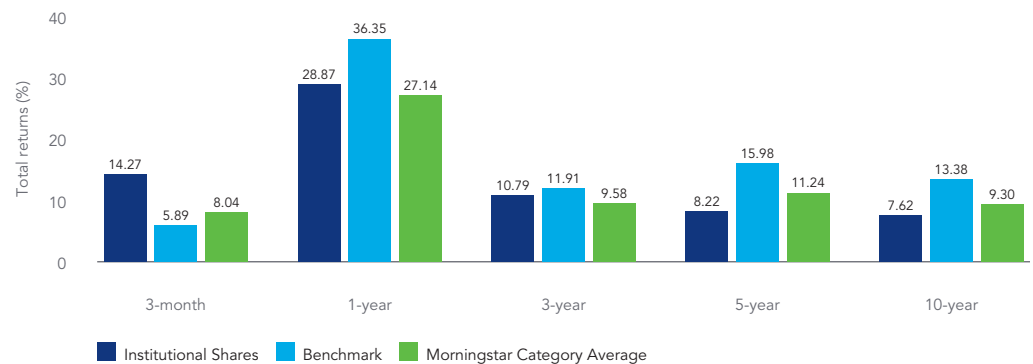
Fund description

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	14.48	18.67	28.90	10.88	8.24	7.61	7.40	0.84	0.79
Institutional Shares	14.27	18.65	28.87	10.79	8.22	7.62	7.57	0.92	0.81
A Shares (NAV)	14.51	18.57	28.79	10.59	7.96	7.36	7.30	1.16	1.06
A Shares (MOP)	8.22	11.97	21.81	8.53	6.73	6.74	7.00	1.16	1.06
Benchmark	5.89	22.08	36.35	11.91	15.98	13.38	–	–	–



Calendar year total returns (%)

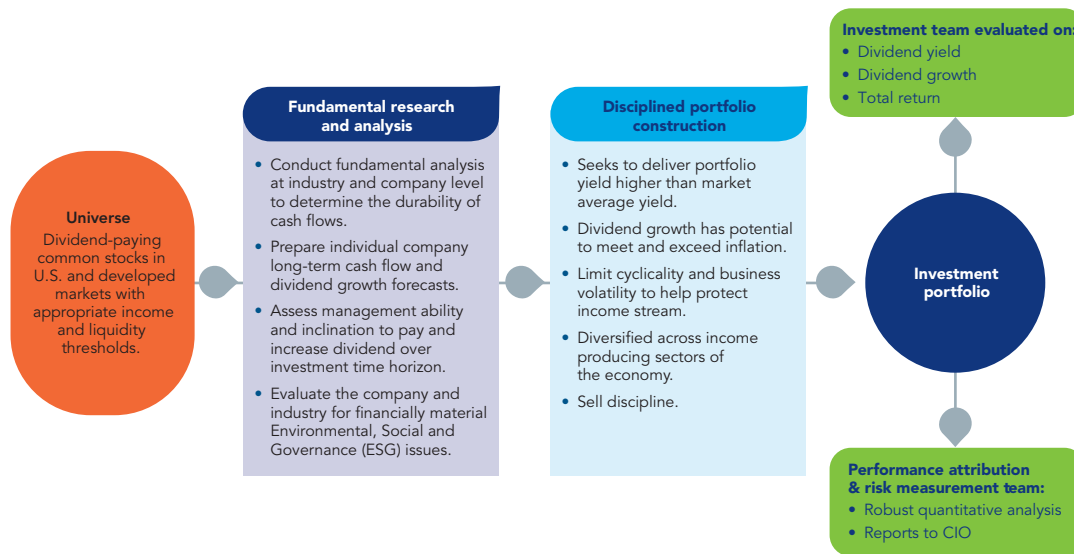
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Institutional Shares	-1.81	8.48	21.52	-7.87	19.60	-8.21	15.14	10.39	3.87	11.54
Benchmark	26.29	-18.11	28.71	18.40	31.49	-4.39	21.82	11.95	1.37	13.68
Morningstar Category Average	11.63	-5.90	26.22	2.91	25.04	-8.53	15.94	14.81	-4.05	10.21

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* 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.



Investment process



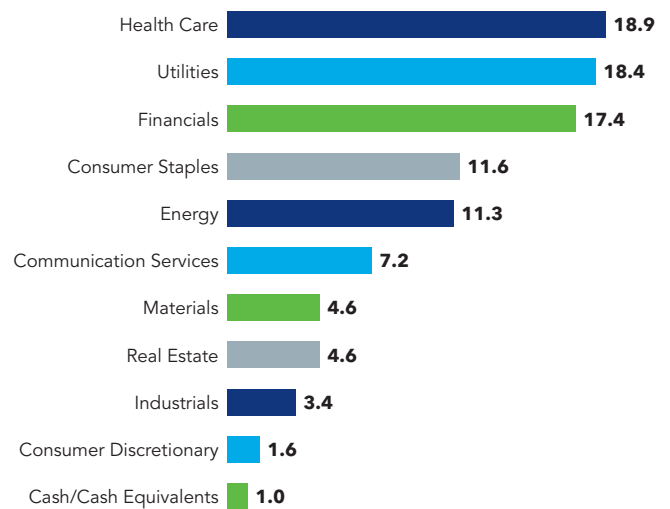
Portfolio statistics

Weighted median P/E (NTM)	15.0x
Median 3-year average payout ratio	66.03
Weighted average EPS growth next 5 years	6.65
Weighted median market cap	\$88.5 b
Weighted median price/book	2.0x
Number of securities	46
Foreign securities	23.85%
Annual portfolio turnover	30.98%

Top holdings (%)

Gilead Sciences, Inc.	4.0
Verizon Communications Inc.	3.9
Sanofi	3.4
Bristol-Myers Squibb Company	3.3
LyondellBasell Industries N.V.	3.3
Philip Morris International Inc.	3.3
Enbridge Inc.	3.2
Truist Financial Corp.	3.2
U.S. Bancorp	3.2
TotalEnergies SE	3.0
Total % of portfolio	33.8

Sector weightings (%)



Portfolio composition is based on net assets at the close of business on 9/30/24 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.

Key fund characteristics

- The Federated Hermes Strategic Value Dividend Fund had a 30-day SEC yield of 3.09% (A Shares at MOP) and a gross weighted average dividend yield of 4.29% at quarter end
- The fund had eight companies announce dividend increases in Q3, most notably Diageo PLC, Phillip Morris Intl., and PNC Financial Services, which increased their dividend payments by 4.7%, 3.8%, and 3.2%, respectively. There were no dividend cuts in the quarter
- The broad market's concentrated rally in the first half of the year ended at the onset of the third quarter, as investor worries concerning the resiliency of AI and uncertainty surrounding the strength of the economy triggered a rotation away from mega cap AI names

Looking back

The fund remained focused on its core goals of delivering high dividend income as it ended the quarter with a 30-day SEC yield of 3.09% (A shares at MOP) and a gross weighted average dividend yield of 4.29%. This is more than three times the yield of the S&P 500 Index at 1.29%, and also surpassed the 10-year Treasury Note at 3.81%. For the 12-month period, 36 companies in the fund raised their dividends, accounting for 37 increases overall and National Grid announced a dilutive stock issuance. There were no dividend cuts in the quarter.

The third quarter was dominated by the pronounced rotation away from the mega cap cyclical investments into defensives. The top-performing sectors were Utilities and REITs while the most notable laggards were Energy, Communication Services and Information Technology. As expected in a "risk-off" market, high yield, and low beta outperformed. These characteristics are conducive to a high yield, defensive strategy and the fund performed accordingly, outpacing the broad market.

Performance

The fund outperformed the S&P 500 Index, due to the investor bias in favor of defensive, high-yielding investments.

Performance contributors

- The Utilities sector was the top performer in the index and the fund benefited accordingly with its 18.4% weight. Top contributors include Duke Energy, National Grid and Entergy Corporation, as Utilities benefited from the rotation into defensive investments
- The fund's international exposure was another area of strength as the fund's international securities posted a respectable gain. Top contributors include Sanofi, TC Energy, Canadian Imperial Bank of Commerce, Enbridge and National Grid
- Financials was another bright spot in the fund, as rate-sensitive sectors benefited from the interest rate cut in September. Top performers include Canadian Imperial Bank of Commerce, PNC Financial Services, and U.S. Bancorp

Performance detractors

- While there were no sectors that detracted from performance, the following securities detracted minimally from performance, Chevron Corp., PepsiCo and Total Energies

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How we are positioned

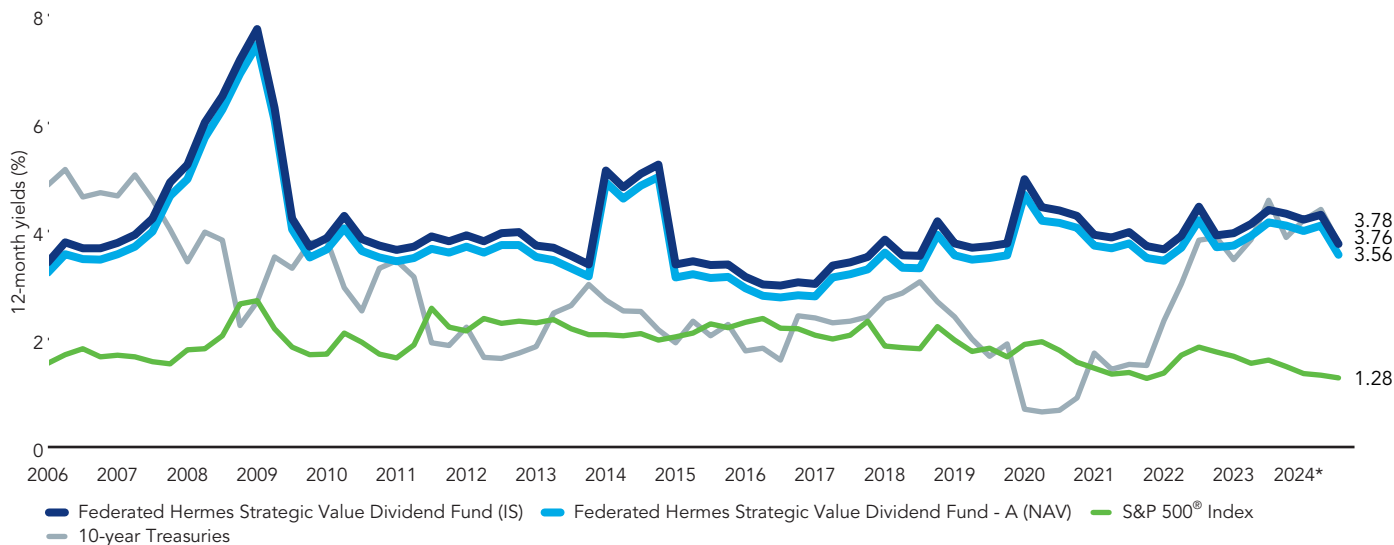
Stocks shrugged off a weak start to the month as optimism for a soft landing grew in the wake of the Federal Reserve's 50-basis-point rate cut. Major US indexes rose to fresh highs later in September. Within the S&P 500 Index, Consumer Discretionary outperformed the most, followed by Utilities and Communication Services. Energy, Health Care and Financials underperformed the most. London's FTSE fell on the month, as did the Nikkei, while the Euro Stoxx 50 closed little changed and the MSCI All Country World ex-USA Index grew.

Yields on 10-year Treasuries fell in the first part of September but then retraced much of their decline over the balance of the month. Oil prices fell slightly in September despite the tensions in the Middle East. Gold rose steadily higher over the course of the month. Mortgage rates fell on the month, prompting an increase in refinancing activity. Investors will look carefully at the September labor report for insight on what the Fed might do at its November meeting.

Other dividend increases for the quarter include NNN REIT, Inc (+2.7%), Kenvue (+2.5%), US Bancorp (+2.0%), Duke Energy Corp (+2.0%), and Verizon Communications (+1.9%). This was the second increase in the TTM for US Bancorp, as they also raised 2.1% in December, for a cumulative increase of 4.2%. There were no dividend cuts during the quarter.

See disclosure section for important disclosures and definitions.

The fund delivered higher yield



Source: Federated Hermes

Yields for other classes will vary.

* As of 9/30/24

Risk statistics

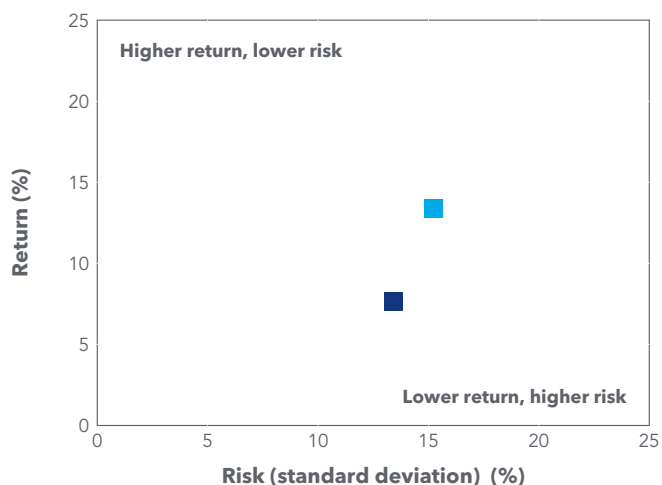
	3-year	5-year	7-year	10-year
Standard deviation	15.37	16.18	14.90	13.43
Beta	0.60	0.70	0.68	0.66
Correlation	0.67	0.78	0.78	0.75
Up capture ratio	69.94	65.30	63.27	64.54
Down capture ratio	59.67	75.88	74.58	70.71
Sharpe ratio	0.43	0.35	0.30	0.43

Sources: Federated Hermes, Morningstar, Inc.

Fund vs. S&P 500® Index

See disclosure section for important definitions.

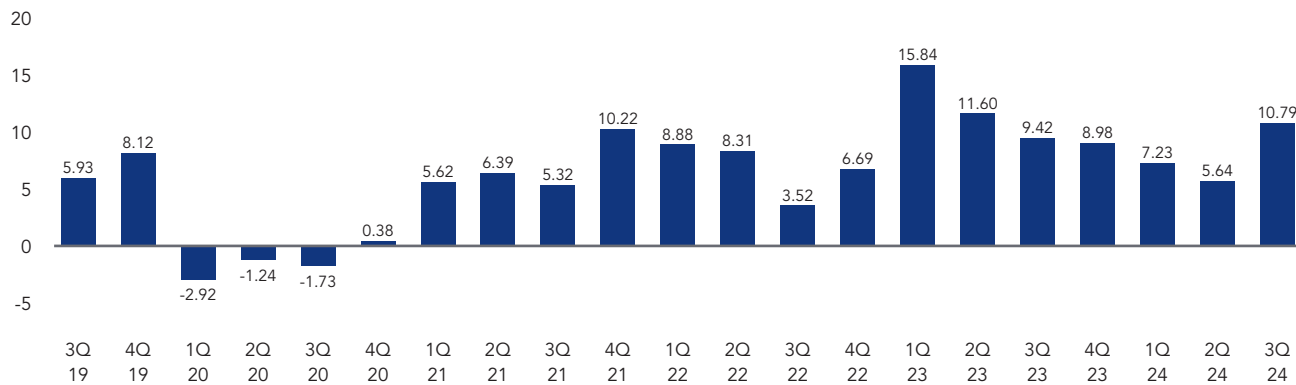
10-year risk/return



	Risk (%)	Return (%)
Federated Hermes Strategic Value Dividend Fund (IS)	13.43	7.62
S&P 500® Index	15.25	13.38

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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	34	26	91	-
	Morningstar Category Rank	360 of 1,173 funds	252 of 1,085 funds	939 of 1,031 funds	-
IS Shares	Morningstar Category % Rank	34	29	92	90
	Morningstar Category Rank	365 of 1,173 funds	280 of 1,085 funds	943 of 1,031 funds	717 of 804 funds
A Shares	Morningstar Category % Rank	35	32	93	93
	Morningstar Category Rank	375 of 1,173 funds	317 of 1,085 funds	962 of 1,031 funds	747 of 804 funds

Lipper Equity Income Funds		1-year	3-year	5-year	10-year
R6 Shares	Lipper Classification % Rank	36	22	85	-
	Lipper Classification Rank	168 of 467 funds	95 of 433 funds	349 of 411 funds	-
IS Shares	Lipper Classification % Rank	37	24	86	83
	Lipper Classification Rank	170 of 467 funds	103 of 433 funds	352 of 411 funds	258 of 312 funds
A Shares	Lipper Classification % Rank	37	28	89	87
	Lipper Classification Rank	173 of 467 funds	118 of 433 funds	363 of 411 funds	271 of 312 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 3.01% at maximum offering price for A Shares, 3.50% for R6 Shares, and 3.44% 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.

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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