

Small cap growth, big opportunity?

Federated Hermes Kaufmann Small Cap Fund

Tickers — R6: FKALX | IS: FKAIX | A: FKASX

Investment team outlook

- We believe supply-side policies from the new administration will introduce deflationary pressures into the system, driving interest rates lower and benefiting small-cap companies.
- Small caps have underperformed in recent years and continue to be available at a discount relative to large caps.
- Lower borrowing costs and lower inflation may provide the tailwinds needed for small caps to compete with large caps.
- Lower borrowing costs typically lead to increased mergers and acquisitions activity, which tends to benefit small-cap stocks.

Current positioning — thoughts on technology

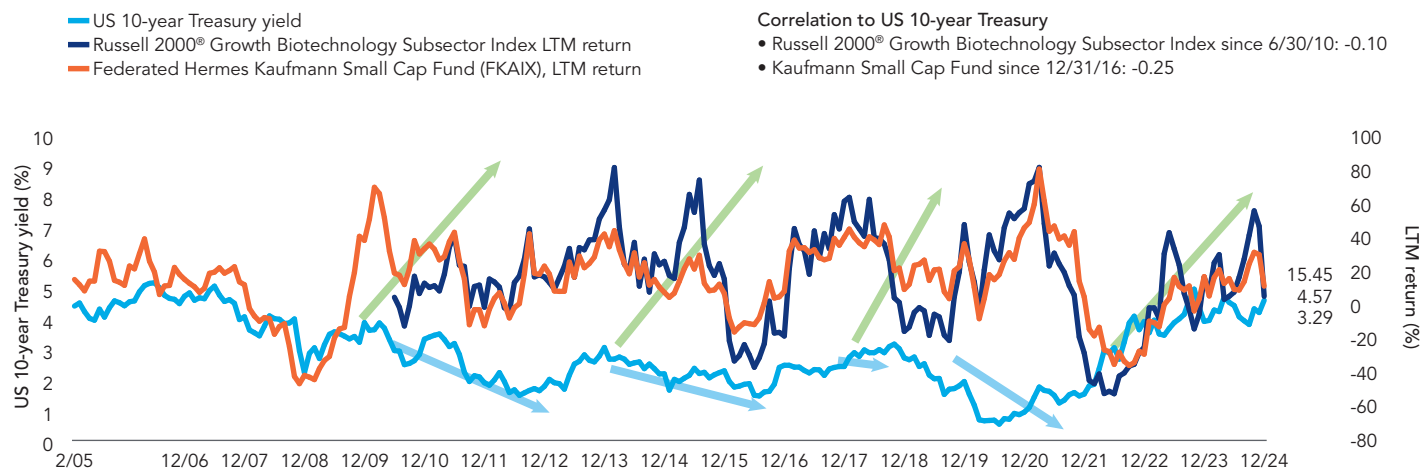
- In line with our outlook, the team is overweight biotechnology and underweight Information Technology (IT).
- Historically, biotech has been one of the best spaces during an economic slowdown and rate reversal due to its acyclical nature.
- Despite enthusiasm surrounding AI, the technology market remains mixed outside of the mega tech names like NVIDIA and Microsoft.
- IT spending overall is dependent on corporate profit pools, which have been weak in the last 12-18 months.

	Russell 2000® Growth Index	Morningstar Small Growth Category average	Federated Hermes Kaufmann Small Cap Fund
Portfolio weight, biotechnology industry (%)	13.33	8.51	22.27
Portfolio weight, information technology (%)	20.25	21.94	18.24
Portfolio weight, companies first purchased at IPO (%)	Not applicable	Not available	42.39
Portfolio weight, equity style: growth (%)	56.61	58.47	71.79
Active share (%)	Not applicable	81.95	91.20

As of 12/31/24. Sources: Morningstar, Inc., FactSet, Russell, Federated Hermes, Inc.

We believe small-cap biotech stocks have room to run

In the past, a peak in Treasuries has preceded a biotech rally. Biotech is still down 10%+ from its highs.



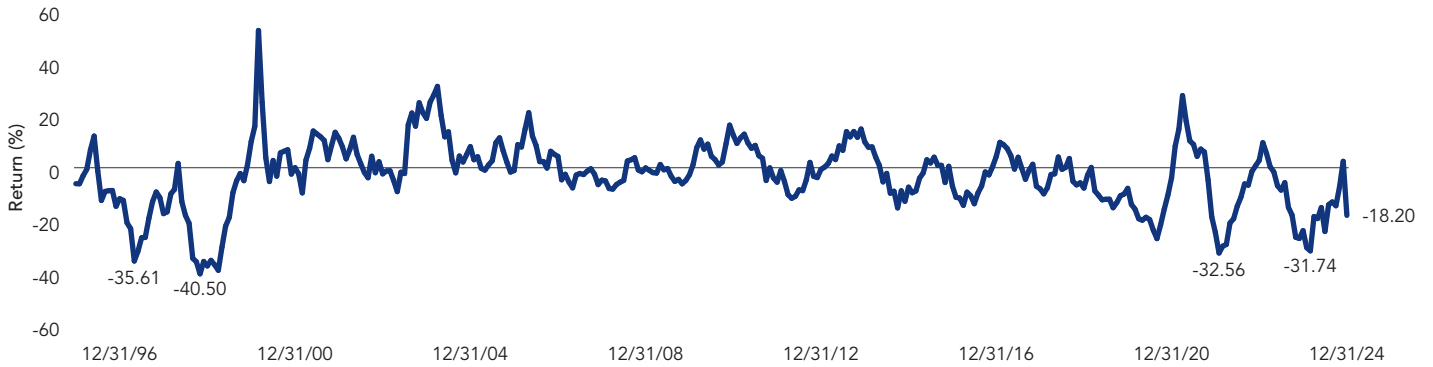
As of 12/31/24. Returns shown are for Last Twelve Months (LTM). Sources: FactSet, Russell, Federated Hermes, Inc.

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](https://www.federatedhermes.com/us). Performance is for IS Shares. Please see the last page for standard performance and for A Shares performance.

Small-cap growth offers a potentially historic opportunity vs. large-cap growth

Russell 2000® Growth Index — Russell 1000® Growth Index relative 12-month return

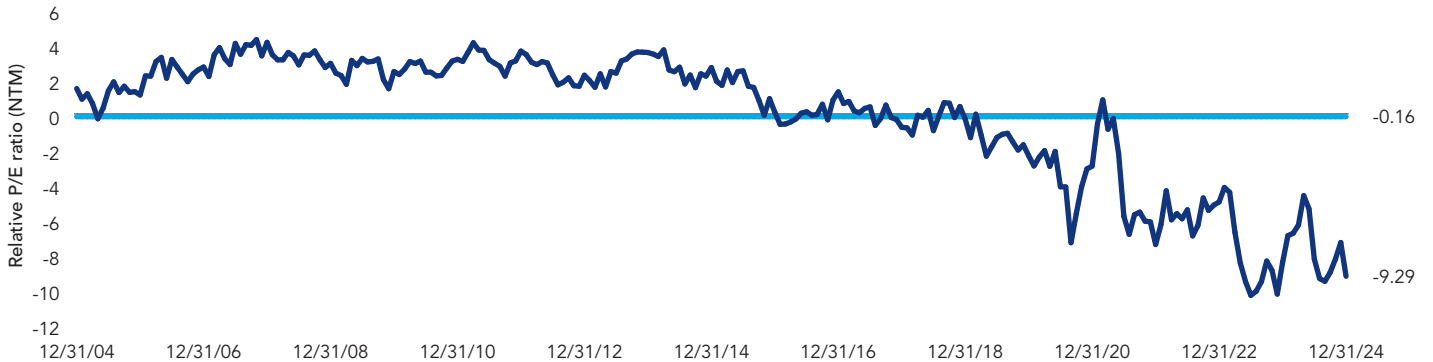
- Relative performance vs. large caps recently hit a near-record low. History suggests this trend should continue to reverse



As of 12/31/24. Sources: Morningstar, Inc., Federated Hermes, Inc. **Past performance is not indicative of future results.** For illustrative purposes only and not representative of any specific investment.

Small-cap growth relative price/earnings ratio (NTM)

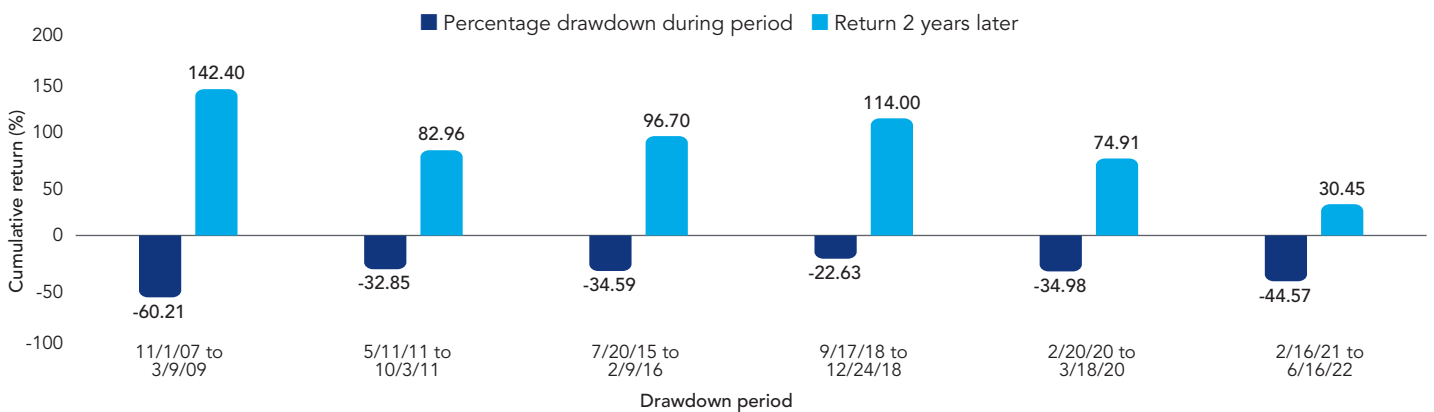
- A return to normal, average P/E levels vs. large caps could increase small-cap growth prices, with all else equal.



As of 12/31/24. Sources: Russell, Federated Hermes, Inc.

A history of strong recoveries

- FKAIX has experienced six drawdowns deeper than -20% since its 2002 inception. Compare the drawdowns versus the recoveries. FKAIX continues to be down more than 5% from 2021 highs.



As of 12/31/24. Sources: Morningstar, Inc., Federated Hermes, Inc. Two-year recovery periods are as follows, in order: 3/10/09 to 3/9/11, 10/4/11 to 10/3/13, 2/10/16 to 2/9/18, 12/25/18 to 12/24/20, 3/19/20 to 3/18/22, 6/17/22 to 6/16/24. **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. Performance is for IS Shares. Please see the following page for standard performance and for A Shares performance. The value of equity securities will fluctuate and, as a result, the fund's share price may decline suddenly or over a sustained period of time.**

Average annual total returns (%) as of 12/31/24

Performance shown is before tax.

	Ticker symbol	Cumulative 3-month	Cumulative YTD	1-yr	3-yr	5-yr	10-yr	Since inception 12/18/02	Expense ratio*	
									Before waivers	After waivers
R6	FKAIX	-1.06	9.38	9.38	-4.64	5.17	11.05	12.57	0.92	0.89
IS	FKALX	-1.08	9.35	9.35	-4.65	5.16	11.12	12.59	1.02	0.90
A (NAV)	FKASX	-1.19	8.87	8.87	-5.09	4.68	10.66	12.40	1.50	1.36
A (MOP)	FKASX	-6.63	2.87	2.87	-6.86	3.50	10.04	12.11	1.50	1.36
Russell 2000® Growth Index	–	1.70	15.15	15.15	0.21	6.86	8.09	10.13	–	–

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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. Please carefully read the summary prospectus or the prospectus before investing.

* For A and IS Shares, 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.

Views are as of February 20, 2025 and subject to change.

Total return would have been lower in the absence of temporary expense waivers or reimbursements. Returns for periods of less than one year are cumulative.

The fund's Institutional Shares commenced operations on December 30, 2015. For the period prior to the commencement of operations for the Institutional Shares, the performance information shown is for the A Shares adjusted to reflect the expenses of the Institutional Shares for each year for which the expenses of the Institutional Shares would have exceeded the actual expenses paid by the fund's A Shares. The performance information has also been adjusted to reflect any applicable differences between the sales loads and charges imposed on the purchase and redemption of Institutional and A Shares, as well as the removal of any voluntary waivers/reimbursements of fund expenses that may have occurred during the periods prior to the commencement of operations of the Institutional Shares.

In the event of any capacity constraints, the adviser may recommend (and has in the past recommended) that the fund be closed to certain new investors (a "soft-close"). In the event of a "soft-close," the fund may remain open to new investments by existing shareholders or new investments by certain new investors including employer-sponsored retirement plans and fully discretionary, home-office based advisory accounts if the fund is an established option as of the date of the "soft-close." Any determination to "soft-close" the fund or remain open to existing or new investors as described above will be subject to the recommendation of the adviser and determination of the Board that it is in the best interests of the fund and its shareholders at the time of any such potential future "soft-close."

A word about risk

Mutual funds are subject to risks and fluctuate in value.

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.

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.

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.

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.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

Definitions

Active share measures the deviation of an investment strategy's holdings compared to its benchmark.

Federated Hermes Kaufmann Small Cap Fund, biotech industry returns are calculated by FactSet using holdings classified as biotech by GICS Industries.

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. ©2025 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.

Price-to-earnings ratio (P/E ratio) is a valuation ratio of a company's current share price compared to its per-share earnings. The P/E ratio helps investors determine the market value of a stock as compared to the company's earnings. A low P/E ratio might indicate that a stock that has the potential for significant growth is undervalued. P/E ratios are only one indicator of a company's financial well-being.

Russell 1000® Growth Index measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

Russell 2000® Growth Index measures the performance of the small-cap growth segment of the US equity universe. It includes those Russell 2000® Index companies with higher price-to-value ratios and higher forecasted growth values.

Russell 2000 Growth Index Biotechnology Subsector Index consists of companies in the Russell 2000® Growth Index that are engaged in research into and development of biological substances for the purposes of drug discovery and diagnostic development, and which derive the majority of their revenue from either the sale or licensing of these drugs and diagnostic tools. Indexes are unmanaged and cannot be invested in directly.