

3/31/24

Firm overview

Federated Hermes, Inc. is a leading \$778.7 billion global investment manager (assets under management as of 3/31/24). Guided by our conviction that responsible investing is the best way to create wealth over the long term, Federated Hermes offers world-class investment management and engagement services. Our products span equity, fixed-income, alternative/private markets, multi-asset and liquidity management strategies and a range of separately managed account strategies, all distributed through a network of institutions and intermediaries worldwide.

Composite

Federated Hermes Clover All Cap Value SMA

Index

Russell 3000® Value Index

Style

Value, bottom-up fundamental stock selection

Key investment team

Stephen Gutch, CFA
Adam Koser, CFA

Philosophy

Our approach to value equity investing integrates bottom-up, fundamental analysis with rigorous quantitative analysis to exploit inefficiencies in the market. The team’s process targets alpha through security selection that centers upon free cash flow analysis. Portfolios are actively managed through systematic monitoring of factor risks, which allows the portfolio managers to minimize unintended macroeconomic exposures while allocating capital to the team’s highest conviction ideas.

Process

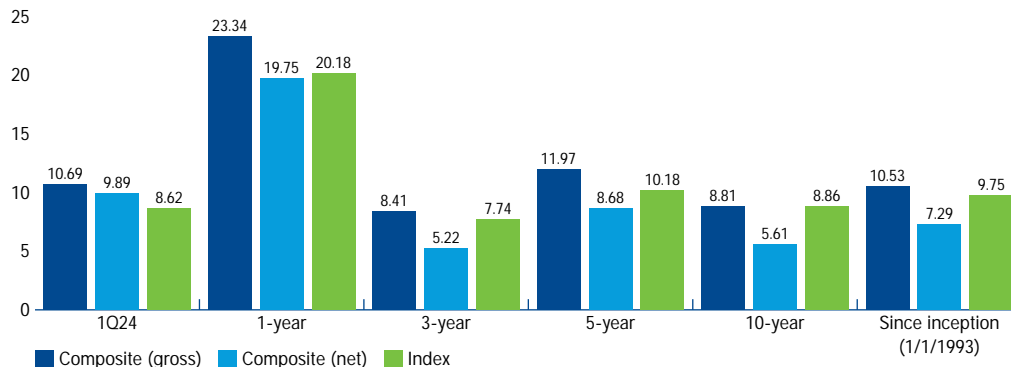
Our investment process is bottom-up and value-driven. We believe this approach allows us the greatest opportunity to provide outperformance over the long term. Our fundamental analysts each have responsibility for specific sectors within the corresponding benchmark. Idea generation focuses on identifying the precursors to change at both the industry and company level.

The strength in our approach lies in our unique process for identifying investment opportunities. We maintain a disciplined methodology in our fundamental analysis, which targets companies characterized by one or more of the following forms of change:

- **Internal change:** Companies that have reached an inflection point in their life cycle and are undergoing change from within, such as a management change, restructuring activities or a shift in business mix.
- **External change:** Companies that are positioned to benefit from change at the industry level, such as technological change, regulatory change or a change in consumer preferences.

By focusing our research efforts on identifying these situations, we seek to anticipate change, rather than react to it. We believe that this inclination to identify the precursor of change, and how it will likely drive shareholder value, gives us a strong competitive advantage over our peers.

Annualized returns (%)



Data as of 3/31/24. Refer to the attached GIPS® report for additional information. Total returns for periods of less than one year are cumulative.

Past performance is no guarantee of future results.

Not FDIC Insured • May Lose Value • No Bank Guarantee

Portfolio characteristics

	Portfolio
Number of holdings	68
Weighted average market cap (mil.)	\$210,180
Price to earnings (NTM)	21.0

Sector weightings (%)

	Portfolio	Index
Communication Services	5.27	4.48
Consumer Discretionary	4.94	5.36
Consumer Staples	7.37	7.37
Energy	7.62	8.17
Financials	23.08	22.83
Health Care	13.26	13.97
Industrials	13.09	14.32
Information Technology	8.84	9.20
Materials	4.44	4.80
Real Estate	3.33	4.90
Utilities	4.60	4.61
Cash/Cash Equivalents	4.16	0.00

Top holdings (%)

	Portfolio
Wells Fargo & Company	3.33
Goldman Sachs Group, Inc.	3.11
Berkshire Hathaway Inc. Class B	2.96
GE Aerospace	2.84
First Horizon Corporation	2.37
Global Payments Inc.	2.36
Micron Technology, Inc.	2.35
Walmart Inc.	2.20
Exxon Mobil Corporation	2.07
Avantor, Inc.	2.00

10-year risk statistics

	Portfolio	Index
Annualized standard deviation (%)	15.52	15.54
Annualized Sharpe ratio	0.48	0.48
Beta	0.97	1.00
Tracking error (%)	3.43	0.00
R-squared	0.95	1.00
Up capture ratio (%)	97.99	100.00
Down capture ratio (%)	97.08	100.00

Market cap weightings (%)

	Portfolio	Index
\$0-5 billion	0.43	6.13
\$5-10 billion	11.12	6.18
\$10-20 billion	10.43	9.74
\$20-30 billion	5.76	6.71
>\$30 billion	72.26	71.25

Calendar year returns (%)

	Composite (gross)	Composite (net)	Index
2015	-9.68	-12.37	-4.13
2016	13.10	9.78	18.40
2017	22.01	18.46	13.19
2018	-7.04	-9.81	-8.58
2019	26.04	22.38	26.26
2020	9.83	6.59	2.87
2021	22.95	19.37	25.37
2022	-6.52	-9.30	-7.98
2023	10.63	7.38	11.66
2024 (YTD)	10.69	9.89	8.62

Data as of 3/31/24. Refer to the attached GIPS® report for additional information.

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Clover All Cap Value SMA

Schedule of rates of return and statistics

Composite	Federated Hermes Clover All Cap Value SMA
Index	Russell 3000 Value Index
Periods ending	3/31/2024

	Returns (%)		
	Composite pure gross return [^]	Index	Net composite return (assuming maximum fee)
Q1 24	10.69	8.62	9.89
YTD	10.69	8.62	9.89
1 Year	23.34	20.18	19.75
3 Years (Annlzd)	8.41	7.74	5.22
5 Years (Annlzd)	11.97	10.18	8.68
7 Years (Annlzd)	11.45	8.98	8.18
10 Years (Annlzd)	8.81	8.86	5.61
15 Years (Annlzd)	12.31	13.04	9.01
20 Years (Annlzd)	8.85	8.24	5.65
Jan 93 - Mar 24 (Annlzd)^{^^}	10.53	9.75	7.29

	Composite pure gross return (%) [^]	Composite net return (%)	Benchmark return (%)	*Composite 3-yr std dev	*Benchmark 3-yr std dev	Number of portfolios	Dispersion ^{**}	Composite assets (\$mil)	Firm assets (\$bil)
2014	5.03	1.94	12.70	9.99	9.36	429	0.23	140.6	349.3
2015	-9.68	-12.37	-4.13	12.32	10.74	297	0.17	83.1	343.4
2016	13.10	9.78	18.40	12.91	10.97	10	0.12	7.4	342.3
2017	22.01	18.46	13.19	12.31	10.33	12	0.12	8.1	354.7
2018	-7.04	-9.81	-8.58	11.66	11.05	14	0.09	7.7	377.2
2019	26.04	22.38	26.26	11.24	12.01	16	0.05	10.3	503.1
2020	9.83	6.59	2.87	19.45	19.95	22	0.16	24.0	585.7
2021	22.95	19.37	25.37	18.75	19.34	20	0.07	27.5	634.2
2022	-6.52	-9.30	-7.98	20.82	21.53	22	0.17	20.1	627.4
2023	10.63	7.38	11.66	15.62	16.69	24	0.07	29.8	720.0

[^]Pure gross returns are shown as supplemental and do not reflect the deduction of transaction costs.

^{^^}Represents composite inception period. See additional notes to the schedule of rates of return and statistics.

*Represents the 3-year annualized standard deviation for both the gross composite and the index returns. Statistic is used to measure the volatility of composite returns.

**Standard deviation is calculated using gross returns. Standard deviation is not applicable ("N/A") for any period if fewer than five accounts are in the composite for that period. (See footnote 5)

This composite is comprised of portfolios that must be invested in equity securities with an investment objective of long-term capital appreciation. Portfolios in this composite invest substantially in equity securities of U.S. companies from a broad range of large, medium and small market capitalization companies typically found in the Russell 3000 Value Index. The Russell 3000 Value Index measures the performance of the broad value segment of the U.S. equity value universe. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values. Indexes are unmanaged and cannot be invested in directly. The objective is to create a diversified portfolio of equities with lower-than-average valuations and improving fundamental business outlooks. Accounts managed in this composite have a high degree of uniformity but will vary based on account opening dates, client contributions and withdrawals and may contain client directed security restrictions. Accounts deemed by the portfolio manager to have a category restriction shall be excluded from this composite. A category is defined as a collection of investments with similar attributes such as industry classification, business sensitivity, social theme, or security features. Separate accounts eligible for this composite generally have a minimum of \$100,000 at the time of opening and are a part of an asset-based pricing program. Prior to October 2009, this composite consisted of the Federated Hermes Clover Value Institutional Composite. Beginning October 2009, wrap fee accounts make up 100% of this composite. This composite was created in August 2009. Federated Hermes has managed portfolios in this investment style since January 1988. Firm assets prior December 2008 are of an acquired entity of Federated Hermes. Performance presented prior to December 2008 occurred while the Portfolio Management Team members were affiliated with a prior firm. Federated Hermes claims compliance with the Global Investment Performance Standards ("GIPS[®]") and has prepared and presented this report in compliance with the GIPS[®] standards. Federated Hermes has been independently verified for the period of January 1, 1992, through December 31, 2023. The verification report is available upon request. A firm that claims compliance with the GIPS[®] standards must establish policies and procedures for complying with all the applicable requirements of the GIPS[®] standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS[®] standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Performance results are presented both net and gross of total wrap fees and reflect the reinvestment of income. "Pure" gross returns are shown as supplemental and do not reflect the deduction of transaction costs. Net returns reflect the deduction of a maximum fee. A fee equal to the highest anticipated wrap fee that a client could pay (3.00% annually as charged by the program sponsor, inclusive of up to a maximum investment advisory fee of 0.70%) is used. This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

Notes to the schedule of rates of return and statistics

1. Federated Hermes is a global, independent, multi-strategy investment management firm. For GIPS® purposes, Federated Hermes is defined to include the assets of registered investment companies that are advised or sub-advised by the various Federated Hermes advisory companies. Effective September 30, 2020, for GIPS® purposes the name of the firm was officially changed to Federated Hermes. Firm assets on this report exclude assets affiliated with Hermes GPE and the advisory-only, model-based assets that may be included in other reports providing total firm assets.
2. Interest income and dividends are recognized on an accrual basis. Returns include the reinvestment of all income.
3. All market values and performance information are valued in USD unless currency is denoted in composite description.
4. Annual composite dispersion is measured and presented using the asset weighted standard deviation of the gross returns of all of the portfolios included in the composite over the entire year. Prior to January 2023, annual dispersion for the CW Henderson composites was measured using the equal weighted standard deviation of the returns of all the portfolios included in the composite over the entire year. Effective January 2023 this was changed to asset weighted. Prior to March 2020 with regard to Federated Clover Investment Advisors composites, annual dispersion was measured using the equal weighted standard deviation of the returns of all the portfolios included in the composite over the entire year.
5. Composite dispersion does not measure the risk of the product presented; it simply measures the return variance among portfolios managed in a similar fashion. This variance can be affected by variations in cash flow or specific client parameters among the portfolios comprising the composites, as well as by execution of strategy across accounts.
6. See the composite description language for a discussion on appropriate fees currently applied to calculate composite performance. With regard to the institutional composites not managed by the MDT Advisers and Federated Hermes London office teams, for the period July 1, 1992 through September 30, 2009, net of fee performance was calculated monthly by reducing the gross composite return by the highest actual fee of any account in the composite for that month, regardless of investment vehicle. Prior to July 1992, the maximum management fee for third quarter 1992 was used to calculate net of fee performance historically to inception of the composite. For those composites managed by the Federated Hermes London office investment team, net composite results are based off model fees using the stated fee schedule. In addition, further fee information can be obtained from the firm's respective Forms ADV Part 2 Brochure Item 5.
7. Additional information regarding the policies for valuing investments, calculating performance, and preparing GIPS® reports, as well as a complete list and description of the firm's composites and pooled funds is available upon request.
8. Past performance is not indicative of future results.
9. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.
10. See disclosures on the Schedule of Rates of Return and Statistics Reports for additional information.

The characteristics are based on a portfolio which is used as a guide for cloning (or managing) underlying accounts to a particular strategy. Taking into consideration individual investor circumstances could cause deviation from this guide (e.g. restrictions, tax requests, etc.). Portfolio characteristics are as of 3/31/24 and are based on individual securities in the portfolio on that date. Securities in the portfolio are subject to change.

Risk statistics are based on gross performance. Statistics shown are not indicative of future statistics and are not representative of future portfolio performance.

Since this is a managed portfolio and market conditions can fluctuate suddenly and frequently, the portfolio holdings and investment mix will change.

Beta: A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

Downside capture ratio: A statistical measure of an investment manager's overall performance in down markets.

Price-to-earnings ratio (P/E): A ratio comparing the company's current share price, as compared to its earnings-per-share, for the last twelve months (LTM), or estimated for the next twelve months (NTM), current fiscal year (FY1), or next (forward) fiscal year.

R-squared: A statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index.

Sharpe ratio: Calculated by dividing a fund's annualized excess return over a risk-free rate by the fund's annualized standard deviation. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

Standard deviation: The square root of the variance. A measure of dispersion of a set of data from its mean.

Tracking error: The standard deviation of the difference between a portfolio's returns and the benchmark or index it was meant to mimic or beat.

Upside capture ratio: A statistical measure of an investment manager's overall performance in up markets.

Index descriptions (An index is unmanaged and has no expenses, and it is not possible to invest directly in an index.)

Russell 3000® Value Index: Is representative of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values. The stocks in this index are also members of either the Russell 1000® Value Index or Russell 2000® Value Index.

Risk considerations

Investing in equities is speculative and involves substantial risk.