

6/30/24

Firm overview

Federated Hermes, Inc. is a leading \$782.7 billion global investment manager (assets under management as of 6/30/24). 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 US SMID SMA

Index

Russell 2500® Index

Key investment team

Mark Sherlock, CFA, FCA
Michael Russell, CFA
Henry Biddle, CFA, ACA

Objective

The U.S. SMID SMA's objective is capital appreciation.

Positioning

We invest in 40–70 high-quality companies that we believe possess a durable competitive advantage. We value consistency and stable, growing revenues and cash flow. Over time, we believe that companies that exhibit these characteristics outperform with less risk. Our investment criteria are based on company fundamentals, not macro driven. We typically target small- to mid-cap businesses from \$1 billion at the low end to \$10 billion.

Philosophy

We believe that long-term investment in companies across the market with a durable competitive advantage, bought at a discount to intrinsic value, can produce the best risk-adjusted returns for clients.

The emphasis on long-term investment is apparent in the 10-year forecasting period and the average holding length of three to five years. The team believes in holding a stock for long enough to reap its maximum potential. It believes that capital appreciation often occurs not only from the elimination of a discount to intrinsic value, but also, over time, from growth in the intrinsic value itself.

Investment approach

- Our focus on quality and cash flow generation gives a degree of downside defense that we believe provides a lower-risk way to access this high-risk asset class.
- We engage in more than 250 company meetings each year.
- The average holding period is three to five years. This longer-term focus allows the team to take advantage of short-term swings in investor sentiment to identify attractive entry points for investment.
- The strategy is designed to be broadly diversified, with the majority of risk and alpha expected to come from bottom-up stock selection.
- The team includes corporate social responsibility factors in the research process with the objective of creating sustainable risk-adjusted alpha.

Annualized returns (%)



Data as of 6/30/24. Refer to the attached GIPS® report for additional information.

Total returns for periods of less than one year are cumulative.

While there is no assurance that the strategy will achieve its objective, the advisor endeavors to do so by selecting securities in the manner described in this document. Performance data quoted represents past performance, which is no guarantee of future results.

Not FDIC Insured • May Lose Value • No Bank Guarantee

Portfolio characteristics

	Portfolio	Index
Wtd. avg. market capitalization (mil.)	\$12,027.7	\$8,038.3
Wtd. median market capitalization (mil.)	\$8,155.6	\$6,569.3
EPS growth (3-year)(%)*	22.67	24.58
P/E ratio (NTM)*	23.44	17.35
Price/cash flow ratio*	19.49x	13.33x
ROE*	13.05	15.39
Total debt/equity*	49.36	66.48
Dividend yield (%)**	0.32	0.68
Turnover (trailing 1-year) (%)	22.65	—
Number of holdings	50	2,416

Sector weightings (%)

	Portfolio	Index
Communication Services	0.00	2.38
Consumer Discretionary	8.18	12.72
Consumer Staples	0.00	3.33
Energy	2.47	5.28
Financials	12.76	16.16
Health Care	13.30	11.53
Industrials	25.89	20.29
Information Technology	27.53	13.50
Materials	8.32	5.38
Real Estate	0.00	6.53
Utilities	0.00	2.89
Cash/Cash Equivalents	1.55	0.00

Top holdings (%)

	Portfolio
Wintrust Financial Corporation	3.66
Axon Enterprise Inc.	3.41
Tyler Technologies, Inc.	3.27
PTC Inc.	2.98
Littelfuse, Inc.	2.77
Reinsurance Group of America, Incorporated	2.62
Eagle Materials Inc.	2.62
Chart Industries, Inc.	2.61
Woodward, Inc.	2.56
Altair Engineering Inc. Class A	2.55

5-year risk statistics

	Portfolio	Index
Standard deviation	20.87	22.52
Beta	0.90	1.00
Sharpe ratio	0.41	0.27
Tracking error	5.59	0.00
Upside capture ratio (%)	95.68	100.00
Downside capture ratio (%)	86.45	100.00

Market cap weightings (%)

	Portfolio	Index
\$0-5 Billion	17.96	37.67
\$5-10 Billion	38.13	33.37
\$10-20 Billion	19.25	24.17
\$20-30 Billion	18.77	3.60
>\$30 Billion	5.89	1.19

Calendar year returns (%)

	Composite (gross)	Composite (net)	Index
2015	2.16	-0.90	-2.90
2016	21.31	17.67	17.59
2017	12.24	8.87	16.81
2018	-8.75	-11.49	-10.00
2019	31.25	27.35	27.77
2020	12.12	8.82	19.99
2021	23.52	19.93	18.18
2022	-15.04	-17.59	-18.37
2023	23.39	19.79	17.42
2024 (YTD)	5.49	3.93	2.35

*Weighted median

^Portfolio yield is only one component of available portfolio characteristics and it is not and should not be viewed as a statement of current or future performance of the strategy.

Weighted average dividend yield is averaged based on the percentages of the securities in the portfolio. Trailing 12-month dividend yield is calculated for each security by taking the total of all dividend payments made during the prior 12 months, then dividing by the current share price for each security. This is calculated based on a snapshot in time and may change due to fluctuations in share prices, dividends actually paid and changes in holdings in the portfolio.

Refer to the attached GIPS® report for additional information.

Past performance is no guarantee of future results.

Schedule of rates of return and statistics

Composite	Federated Hermes US SMID SMA
Index	Russell 2500 Index
Periods ending	6/30/2024

	Returns (%)		
	Composite pure gross return [^]	Index	Net composite return (assuming maximum fee)
Q2 24	-3.88	-4.27	-4.61
YTD	5.49	2.35	3.93
1 Year	12.04	10.47	8.75
3 Years (Annlzd)	5.72	-0.29	2.60
5 Years (Annlzd)	10.78	8.31	7.52
7 Years (Annlzd)	10.19	8.44	6.93
10 Years (Annlzd)	9.97	7.99	6.70
15 Years (Annlzd)	14.16	12.36	10.75
20 Years (Annlzd)	10.91	8.88	7.60
Nov 87 - Jun 24 (Annlzd)^{^^}	12.30	10.95	8.94

	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	6.12	2.94	7.07	10.60	11.67	<5	N/A	1,174.9	349.3
2015	2.16	-0.90	-2.90	12.25	12.42	<5	N/A	1,405.7	343.4
2016	21.31	17.67	17.59	12.67	13.67	<5	N/A	1,492.2	342.3
2017	12.24	8.87	16.81	11.43	12.13	<5	N/A	1,550.6	354.7
2018	-8.75	-11.49	-10.00	13.36	14.10	<5	N/A	1,372.7	377.2
2019	31.25	27.35	27.77	14.14	14.58	<5	N/A	0.3	503.1
2020	12.12	8.82	19.99	21.89	24.21	<5	N/A	0.3	585.7
2021	23.52	19.93	18.18	20.14	22.48	<5	N/A	0.4	634.2
2022	-15.04	-17.59	-18.37	23.04	25.16	<5	N/A	0.3	627.4
2023	23.39	19.79	17.42	19.78	20.15	<5	N/A	0.4	720.0

The strategy is managed by Federated Hermes Limited and offered through Federated Investment Counseling.

[^]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.

The composite includes all discretionary portfolios following the US Small & Mid Cap strategy run by the Federated Hermes US Small & Mid Cap Equity team (London Office) and has an inception date of 01 November 1987. The objective of the strategy is to achieve long-term capital appreciation. The composite's benchmark is the Russell 2500 Index, which is designed to measure the equity market performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "SMID" cap. The Russell 2500 Index is a subset of the Russell 3000 Index. The benchmark is market-cap weighted and rebalanced on a quarterly basis. The return is calculated on a total return basis gross of withholding tax. This composite was created in October 2019. Performance shown for 1987 is for a partial period starting 1 November 1987. Prior to October 2019, this composite consisted of Federated Hermes US Equity Small & Mid Cap Composite. Effective October 2019, wrap fee accounts make up 100% of this composite. 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 March 31, 2024. 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 0.75%) 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

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. Interest income and dividends are recognized on an accrual basis. Returns include the reinvestment of all income. All market values and performance information are valued in USD unless currency is denoted in composite description. 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. See the composite description language for a discussion on appropriate fees currently applied to calculate composite performance. 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. 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. Past performance is not indicative of future results. 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. See disclosures on the Schedule of Rates of Return and Statistics Reports for additional information.

The strategy is managed by Federated Hermes Limited.

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 6/30/24 and are based on individual securities in the portfolio on that date. Securities in the portfolio are subject to change.

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.

EPS growth: The estimated average annual growth rate of fiscal year earnings per share for a given corporation.

Price/cash flow ratio: A stock valuation measure calculated by dividing a firm's cash flow per share into the current stock price.

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.

Return on equity (ROE): Calculated by taking the annual net income, divided by the shareholders' total equity.

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.

Risk considerations

Investing in equities is speculative and involves substantial risk.

The stocks of small- and medium-sized companies are often associated with higher risk than stocks of larger companies, including higher volatility.