



# Exploring big opportunities in small companies

We offer a range of small-cap capabilities

## Federated Hermes – A leader in active, equity investing

As a global active asset manager, our mission is to identify and serve the diverse investment needs of our clients. Federated Hermes offers a suite of active equity strategies designed to meet investors' needs for wealth creation, income generation.

Federated Hermes' equity investment teams are experienced, with long histories of working together within a culture that promotes diversity of thought and an internal chemistry that compounds the value of an individual's insights. Our equity investment teams are keenly focused on meeting clients' expectations by leveraging the firm's global scale and resources through three key elements:

### Proprietary research

Federated Hermes' equities platform is built upon proprietary research that provides our portfolio management teams with differentiated insights they use to seek better investment outcomes.

### Flexible, active management

Federated Hermes' global scale provides our investment teams with substantial resources while allowing portfolio managers to retain the independence and flexibility to pursue the most attractive investment opportunities.

### Disciplined risk management

A disciplined risk management framework is central to our investment process. A benefit of our global scale is access to multiple risk management tools that help ensure portfolios are positioned as intended and that the highest conviction ideas are aligned with given mandates. Our framework provides the checks and balances fiduciaries expect – an independent risk management division, risk managers embedded in investment teams and regular meetings with the firm's chief investment officer for equities.

## More than \$95 billion in active, equity strategies

Invested across a broad suite of capabilities designed to meet our clients' varied investment needs.

		Value/Income	Core	Growth
Large cap	US	✓	✓	✓
	International/Global	✓	✓	✓
Mid cap	US		✓	✓
	International/Global	✓	✓	✓
Small cap	US	✓	✓	✓
	International/Global		✓	✓

As of 12/31/25.

## Our small-cap advantage

We believe a small-cap allocation is essential for any portfolio targeting broad market outperformance over time. The small-cap market has historically rewarded long-term investors with attractive returns on both an absolute and risk-adjusted basis. However, in pursuing the growth opportunities available in smaller-cap stocks, it is important for investors to understand the risks inherent in the asset class. We believe our disciplined active management with a long-term focus is well-suited to capitalize on small-cap opportunities while mitigating volatility and avoiding permanent capital impairment.

The small-cap universe features lesser-known companies with high growth potential not yet recognized in their stock prices. As a global active manager, Federated Hermes seeks to identify these companies here and abroad, while also managing downside risk for our clients. Our small-cap equity investment teams leverage the firm's global infrastructure but retain their independent approaches to the deep fundamental research needed for this market segment. Because our clients have a variety of investment objectives, our small-cap equity suite reflects a range of capabilities.

Our small-cap investment offerings are powered by:

### Experienced Investment Teams

As of December 31, 2025, we managed \$9.8 billion across small- and mid-cap oriented portfolios. These portfolios span a variety of styles and geographical focuses.

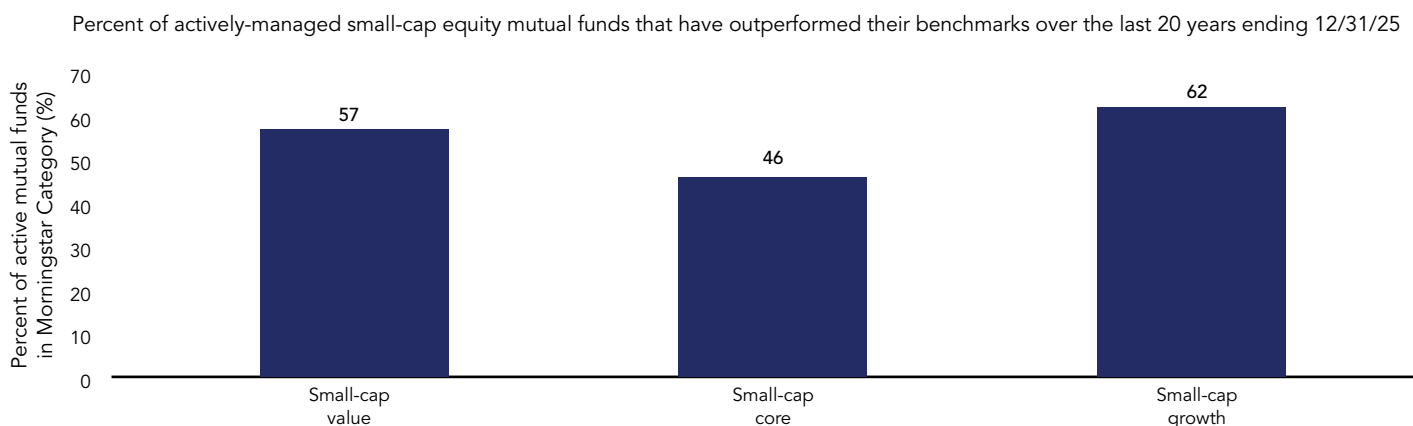
### Proprietary research

Federated Hermes is a research-oriented firm. We believe independence of thought is critical in the small-cap market segment, which typically has greater inefficiency and risk than the large-cap market. We see this as an opportunity to capture the small-cap risk premium without undue risk.

Federated Hermes takes an active approach to small-cap equities to offer diversification, growth or value depending on an investor's strategic or tactical needs.

## Active management has benefited small-cap investing

The MSCI World Small Cap Index (USD) contains approximately 4,000 companies responsible for approximately 14% of global market capitalization and is under-researched by sell-side analysts—providing fertile ground for active managers to take advantage of price dispersion, exploit mispriced stocks and seek companies poised to outperform.



As of 12/31/25. Source: Morningstar, Inc. Updated annually.

The graph shows the percent of mutual funds in each Morningstar Category that have outperformed their benchmark over the past 20 years. Index funds are considered passive managers and excluded. For each Morningstar Category, every non-index fund that has 20 years of history is included in the analysis. Each fund's 20-year annualized return is calculated versus its own primary prospectus benchmark. The number of small-cap funds in each category that beat their benchmarks over the 20-year period are shown as a percentage of the total number of active mutual funds with sufficient history in each category. For illustrative purposes only and not representative of any specific investment.

Results would have varied for other time periods.

**Past performance is no guarantee of future results.**

## A word about risk

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 share 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.

Diversification does not assure a profit nor protect against loss.

The value of equity securities will fluctuate and, as a result, the share price may decline. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging market securities can be significantly more volatile than the prices of securities in developed countries, and currency risk and political risks are accentuated in emerging markets.

Due to their relatively high valuations, growth stocks are typically more volatile than value stocks.

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.

Mid-capitalization companies often have narrower markets and limited managerial and financial resources compared to larger and more established companies.

Investments are subject to risks and fluctuate in value.

## Definitions

**MSCI World Small Cap Index** captures small-cap representation across 23 Developed markets (DM) countries. With 3,968 constituents, the index covers approximately 14% of the free float-adjusted market capitalization in each country.

Indexes are unmanaged and cannot be invested in directly.

**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. ©2026 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.