

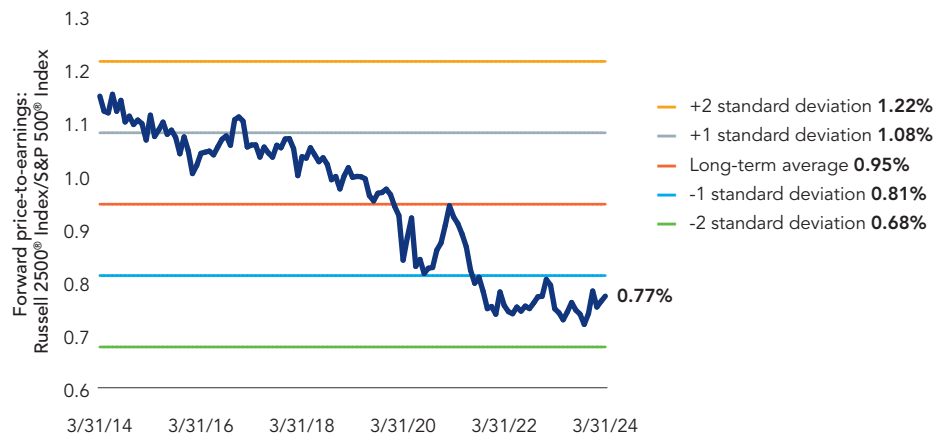
Historic opportunity for U.S. small- and mid-cap stocks

U.S. SMID SMA

Access SMID at a historically low entry point

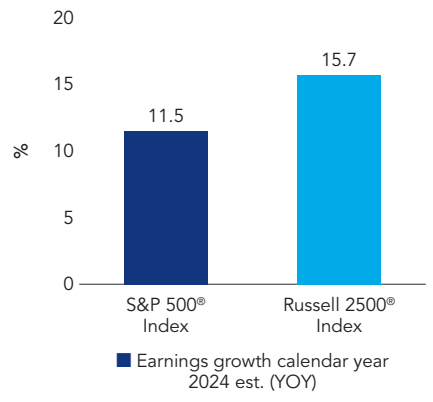
Small and mid-cap (SMID) companies are trading at a 30% discount to their large-cap peers compared to the 10% long-term average premium investors have paid (see Exhibit 1), providing the lowest relative entry point in decades. With higher short-term earnings growth expectations (see Exhibit 2), U.S. SMID stocks are arguably mispriced.

Exhibit 1: Valuations indicate a historic buying opportunity



Source: Bloomberg as of 3/31/24. Past performance is no guarantee of future results.

Exhibit 2: U.S. SMID stocks have superior earnings growth expectations

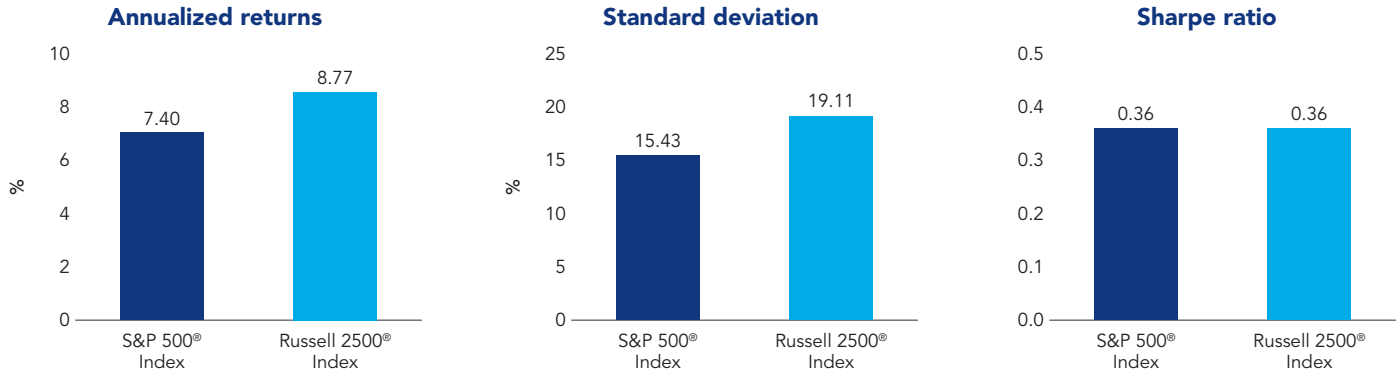


Source: Bloomberg as of 12/31/23. Estimates cannot be guaranteed.

U.S. SMID has delivered attractive returns over the long term

U.S. SMID stocks have shown comparable performance and return efficiency (as measured by Sharpe ratio) to U.S. large caps since 2000.

Exhibit 3



Source: Bloomberg as of 3/31/24. Past performance is no guarantee of future results.

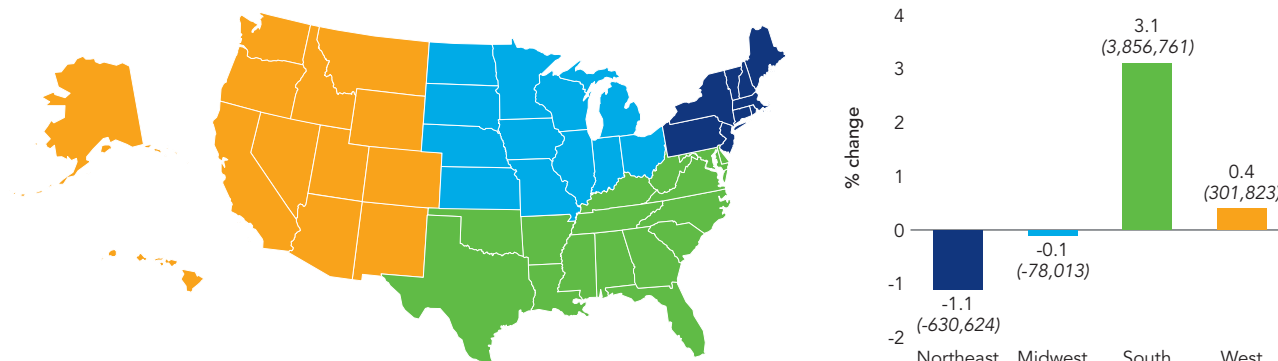
For illustrative purposes only and not representative of any specific investment.

Strong tailwinds propelling domestic companies

Macro factors are combining to produce strong tailwinds that should benefit the U.S. small- and mid-cap market for the foreseeable future.

- Onshoring and nearly \$1.5 trillion in infrastructure stimulus via the Inflation Reduction Act and CHIPS and Science Act¹ should benefit companies that form the economic backbone of the U.S.
- As Southern states experience a population boom (see Exhibit 4), construction, materials and ancillary industries are poised to thrive.
- SMID has a higher domestic exposure than the S&P 500[®] (70-80% versus 50-60% of revenue, see Exhibit 5) and is well suited for active management to take advantage of idiosyncratic business models.

Exhibit 4: Population change by region



Source: U.S Census Bureau, Vintage 2023 report, as of 7/1/23.

Exhibit 5: Revenue exposure by region

Russell 2500 [®] Index	%	S&P 500 [®] Index	%
U.S.	76.5	U.S.	59.9
Asia - emerging markets	4.9	Asia - emerging markets	11.2
Eurozone	4.5	Eurozone	8.1
Latin America	2.7	Asia - developed markets	5.4
Asia - developed markets	2.1	Latin America	2.9
U.K.	1.9	Japan	2.6
Canada	1.7	U.K.	2.6
Unclassified	1.4	Europe - emerging markets	2.1
Europe - emerging markets	1.1	Canada	1.8
Japan	1.0	Europe ex-EUR	1.2

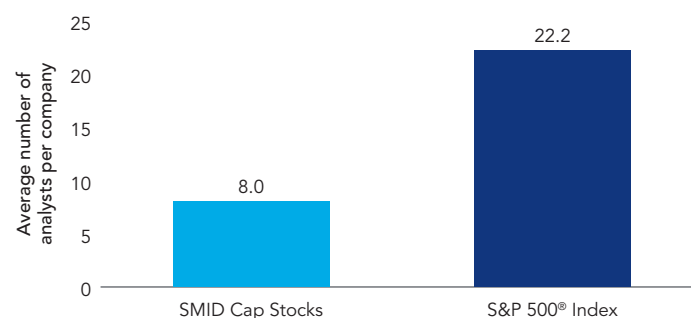
Source: Federated Hermes and Morningstar, Inc. as of 3/31/24.

Exploit information inefficiency and diversify equity exposure

SMID stocks are structurally well suited to active management. With less analyst coverage than large-cap stocks, there is more opportunity to uncover undervalued companies and generate alpha. Similarly, with a much larger universe of companies to choose from, no one group of companies or sectors dominates the index.

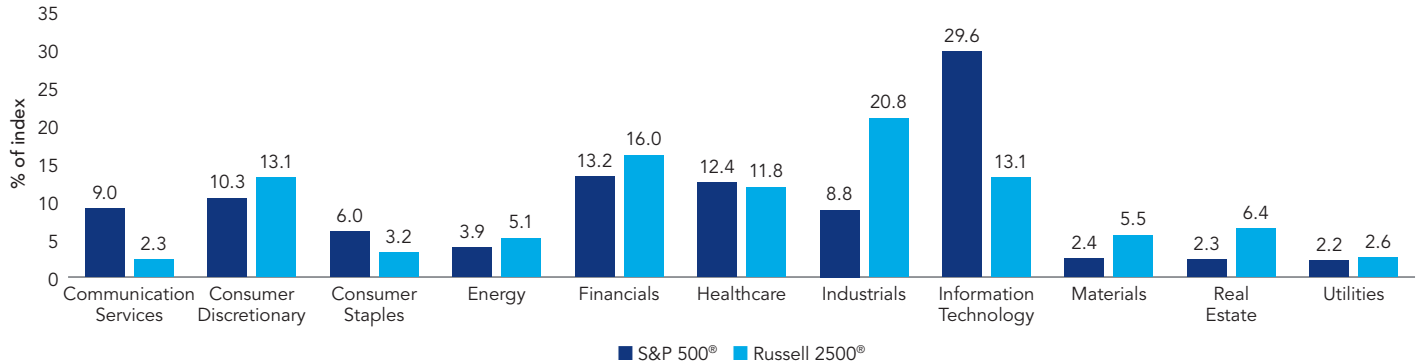
- The U.S. SMID investable universe of stocks has over 2,500 companies, offering broad exposure to idiosyncratic business models and economic conditions across the U.S. economy.
- With approximately 1/3 of the average analyst coverage as large cap stocks (see Exhibit 6), information about SMID stocks is less efficient, meaning more potential opportunities to identify meaningful spreads between prices and underlying value.
- SMID stocks can help diversify an equity allocation, as the top 10 holdings in the Russell 2500[®] comprise less than 5% of the index versus approximately 30% of the S&P 500[®]. Likewise, mega cap technology stocks comprise around 30% of the S&P 500[®], while SMID stocks are more evenly spread across sectors, with technology making up 13.1% of the index and no sector exceeding 20.8% (see Exhibit 7).

Exhibit 6: Average analyst coverage per security — as of December 2022



Source: Morningstar, Inc.; FactSet via VanEck. Small, Mid, and Large Cap Stocks represents securities within the Morningstar US Market Index categorized by size according to Morningstar. SMID Cap Stocks Represents the S&P 1000 Index. Past performance is no guarantee of future results.

Exhibit 7: Equity sector exposure



Source: Morningstar, Inc. as of 3/31/24.

Past performance is no guarantee of future results. For illustrative purposes only and not representative of any specific investment.

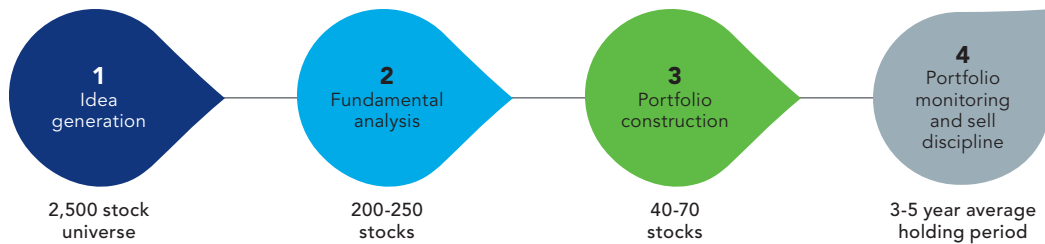
Our process in action

U.S. SMID SMA invests in 40-70 high-quality small- and mid-cap U.S. 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 process begins with a universe of around 2,500 companies, which is narrowed to a watch list of approximately 250 companies that meet our selection criteria. We conduct fundamental research on our watch list companies through annual meetings. This is the strategy’s intellectual property, built up over years of management meetings. Short-term market movements can provide entry points into these businesses.

The criteria used to define quality are:

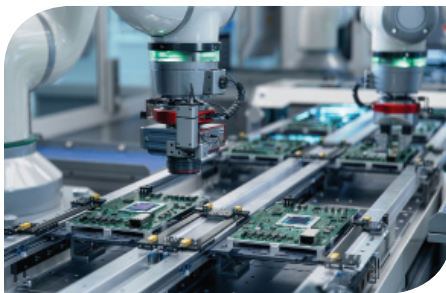
- Durable competitive advantage
- Potential sustainable growth
- Management integrity, talent and vision
- Strong balance sheet
- Cash generation
- Capital discipline



Below are three examples of SMID companies that our U.S. equities team has identified through rigorous analysis and our bottom-up selection process as high-quality, stable businesses with strong growth potential that stand to benefit from the various tailwinds we have identified: onshoring, infrastructure stimulus, sustainability, shifting demographics, etc.



- Aggregates business with #1 or #2 position in 90% of markets
- Beneficiary of onshoring and demographic shift to the South/Southeast
- Largest cement producer in the largest cement market in the U.S.



- Innovator in semiconductor technologies for high-voltage power conversion
- EVs, smart homes, appliance automation, IoT, charging stations, renewable energy
- Highest margins in all things power conversions



- Global leader in boat engines
- Realizing efficiencies through sustainability in recognition of energy constraints and consumer preferences

These examples are presented solely to illustrate the investment process and are not an investment recommendation.

Schedule of rates of return and statistics

Composite	Federated Hermes US SMID SMA
Index	Russell 2500 Index
Periods ending	3/31/24

Returns (%)

	Composite pure gross return [^]	Index	Composite net return (assuming maximum fee)
Q1 24	9.75	6.92	8.95
YTD	9.75	6.92	8.95
1 Year	25.94	21.43	22.28
3 Years (Annlzd)	9.40	2.97	6.18
5 Years (Annlzd)	13.16	9.90	9.83
7 Years (Annlzd)	11.17	9.45	7.88
10 Years (Annlzd)	10.82	8.84	7.53
15 Years (Annlzd)	16.06	14.08	12.60
20 Years (Annlzd)	11.41	9.13	8.08
Nov 87 - Mar 24 (Annlzd)^{^^}	12.51	11.17	9.14

	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

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

^{^^}Represents composite inception period. See page 2 for 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)

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 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 0.75%) 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.

Historic opportunity for U.S. small- and mid-cap stocks

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.

¹ Sources: Government Finance Officers Association, 'Infrastructure Investment and Jobs Act (IIJA) Implementation Resources,' Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act of 2022, H.R. 4346, 117th Cong. (2022)

See disclosures on the Schedule of Rates of Return and Statistics Reports for additional information.

The strategy is managed by Federated Hermes Limited.

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

Morningstar US Market Index: Measures the performance of large-, mid- and small-cap stocks in the U.S., representing the top 97% of the investable universe by market capitalization.

Russell 2500® Index: The Russell 2500® Index measures the 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. It includes approximately 2,500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500® Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set.

S&P 500® Index: Is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

S&P 1000® Index: Combines the S&P MidCap 400® and the S&P SmallCap 600® to form an investable benchmark for the mid- to small-cap segment of the U.S. equity market.

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.

Sharpe ratio is calculated by using standard deviation and excess return to determine reward per unit of risk.

Standard deviation is measure of volatility. More formally defined, a statistical measurement of dispersion about an average, which depicts how widely an investment's returns varied over a certain period.

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.

Diversification does not assure a profit nor protect against loss.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging-market and frontier-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.