12/31/24

Firm overview

Federated Hermes, Inc. is a leading $829.6 billion global investment manager (assets under management as of 12/31/24). 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.

Approach

- Investment process crafted over 30+ years
- Quantitative approach to stock selection utilizes cutting edge research, technology and data
- Built upon exhaustive daily data spanning multiple market cycles
- Includes more than 25,000 domestic companies (no survivorship bias)
- Core and style-specific strategies, constructed from the bottom up, to build or complement traditional portfolio structures
- Diversified portfolios—by company type, sector exposure and number of holdings

Investment team overview

- 15 investment professionals
- 12 years average industry experience
- $14.0 billion assets under management as of 12/31/24*

Daniel Mahr, CFA
Head of MDT Group
Investment experience:
22 years

Frederick Konopka, CFA
Portfolio and Trading Manager
Investment experience:
27 years

Damien Zhang, CFA
Head of Research
Investment experience:
15 years

John Paul Lewicke
Research Manager
Investment experience:
17 years

Kelly Patel, CFA
Portfolio Analytics Manager
Investment experience:
13 years

Members of the Federated Hermes MDT Team have broad, cross-functional responsibilities that include investment research, software development, portfolio management and trading for the investment process on which all Federated Hermes MDT strategies are based.

Our philosophy

The Federated Hermes MDT Team believes there are multiple and dynamic combinations of fundamental variables that can identify stocks that are expected to outperform. Their investment process is driven by a multi-factor, fundamentally-based quantitative approach called Classification and Regression Tree (CART) based stock selection.

*Includes $2.8 billion in models-based accounts.

Investment process demonstrated since 1991

The Federated Hermes MDT Team's investment process is driven by a rigorous, multi-factor, fundamentally based quantitative model. Our bottom-up process evaluates companies according to fundamental and technical factors that measure a company's growth/sentiment, value and quality characteristics. Our strength is choosing companies with specific combinations of characteristics that we believe can predict outperformance.

- Identifies powerful combinations of value, growth and quality characteristics across market environments
- Stock alphas are forecasted based on each company's characteristics
- Proprietary software is used to maximize portfolio alpha, net of trading costs, while managing risk
- All trades are reviewed to ensure they are based on the most recent and accurate information
- Trading costs are built into the model—trades are only made if they improve the portfolio, net of expected trading costs
- Diversification constraints are designed to:
  » limit position size
  » limit benchmark-relative exposure to businesses, industries and sectors
  » limit benchmark-relative exposure to correlated companies in different sectors

Stock alphas are the predicted over-/under-performance of a stock versus its respective portfolio benchmark.

Portfolio alpha shows how much or how little return is generated, given the risk a portfolio takes. A portfolio with an alpha greater than 0 has earned more than expected given its beta—meaning the portfolio has generated excess return without increasing risk. A portfolio with a negative alpha is producing a lower return than would be expected given its risk.

The quantitative models and analysis used by the portfolios may perform differently than expected and negatively affect portfolio performance.

Diversification does not assure a profit nor does it protect against loss.

Separately managed accounts are available through MDT Advisers, a registered investment advisor.

Investing involves risk including possible loss of principal. **Past performance is no guarantee of future results.**