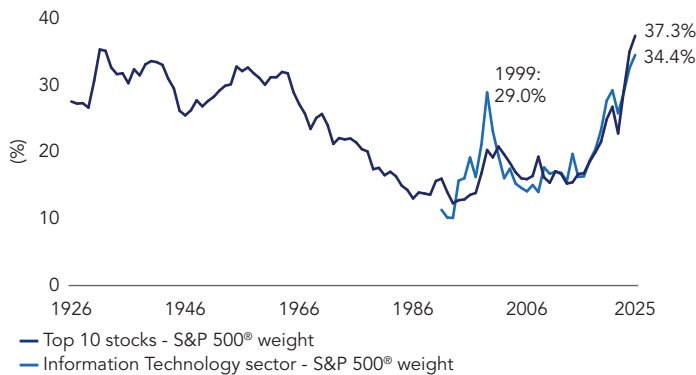


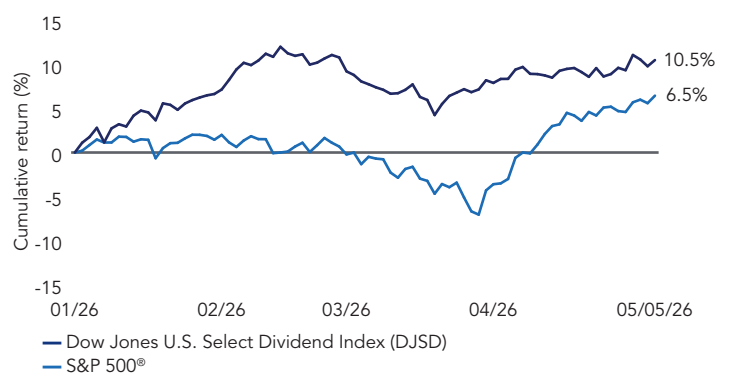
Market insights and investment view

May 2026

Information Technology sector concentration in the broad market is at a historic high. Time to diversify?



Dividend payers outperformed the broad market as volatility increased year-to-date (YTD)



Left-hand graph: Source: Morningstar, Inc. Graph shows the percentage weights of the top 10 stocks in the S&P 500® from 12/31/1926-12/31/2025 and Information Technology sector from 12/31/91-12/31/25. Periods shown begin at the earliest date for which data is available and extend through the most recent year-end. Illustration provided for discussion purposes only and is not indicative of any specific investment. Investments cannot be made in an index. **Past performance is no guarantee of future results.**

Right-hand graph: Source: Morningstar, Inc. Graph shows the cumulative total return of the Dow Jones U.S. Select Dividend Index and the S&P 500® from 1/1/26-5/5/26. Illustration provided for discussion purposes only and is not indicative of any specific investment. Investments cannot be made in an index.

Past performance is no guarantee of future results.

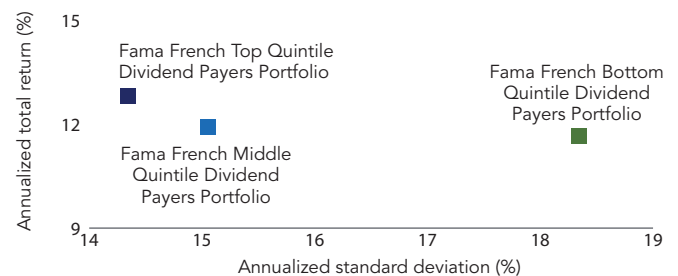
Investment view

- Time to diversify?** Concentration of the largest stocks in the broad market is at a historic high. This trend has coincided with the Information Technology sector's increasing share of the broad market, which has also reached a historic level of concentration (34.4% as of 12/31/25) not seen since the dot-com bubble around 2000.
- Amidst this heightened concentration, geopolitical conflict and AI-bubble fears have led to increased volatility since the start of 2026. High-dividend-paying stocks outperformed the broad market YTD (as seen above), highlighting a potential inflection point for 'risk off' asset classes (like dividend payers) to return to favor and showcasing how dividend strategies can offer a 'smoother ride' during turbulent periods, helping to cushion portfolios when growth-oriented stocks falter.
- Bottom line: Steady as she goes.** Regardless of the market backdrop, risk-on or risk-off, benign or hostile, the Strategic Value Dividend team remains focused on seeking a high- and rising-income stream for our clients. In a market beset by uncertainty, and with dividend payers (DJSD P/E NTM: 11.91x) trading at an attractive valuation vs. the broad market (S&P 500® P/E NTM: 20.83x) as of 4/30/26, we believe now is an opportune time to consider any of our investment strategies.

Insights from the team

- As the graph to the right indicates, high-dividend-paying stocks have historically outperformed non-payers with lower volatility. This is partly because dividends provide a cash payment, a positive source of return that can help offset share price declines. It is also because quality dividend stocks are historically profitable companies that are typically mature, have steady cash flows and can weather difficult markets.
- In today's anomalous market environment, it's important to revisit the foundational question of what dividend distributions represent – successful businesses paying their owners a share of the profits. With an investment process honed over 20 years, we believe our dividend-focused strategies can help anchor portfolios especially when uncertainty or volatility increases.

Dividend payers have outperformed with lower volatility over the past 50 years



Source: Eugene F. Fama & Kenneth R. French. Graph compares the historical annualized total return and standard deviations of the Fama French Top Quintile Dividend Payers Portfolio, Fama French Middle Quintile Dividend Payers Portfolio and Fama French Bottom Quintile Dividend Payers portfolio over the period 3/1/76-2/28/26. Illustration provided for discussion purposes only and is not indicative of any specific investment. Investments cannot be made in the portfolios. **Past performance is no guarantee of future results.**

Our philosophy

- We believe in owning businesses that are committed to providing investors regular and growing dividend payments.
- We are not a traditional equity value shop; rather, we believe in an income-first approach that seeks to deliver a high current yield and growing income stream to our clients. We believe we can meet the needs of investors seeking current income, as well as those looking for moderate capital appreciation through dividend growth.

Vehicle	Exchange-traded fund*		Mutual fund**				Separately managed account	Institutional separate account
	Federated Hermes U.S. Strategic Dividend ETF	Federated Hermes Enhanced Income ETF	Federated Hermes Strategic Value Dividend Fund	Federated Hermes Strategic Dividend Growth Fund, Inc.			Strategic Value Dividend SMA	Strategic Value Dividend Strategy
Description	Seeks to provide a core, balanced approach to equity income via high-dividend-paying US stocks with dividend growth potential	Seeks high income potential via dividends, with options used to enhance, not replace, core equity income	Seeks to provide a core, balanced approach to equity income via high-dividend-paying stocks with dividend growth potential	Seeks to provide a high dividend growth approach to equity income			Seeks to provide a core, balanced approach to equity income via high-dividend-paying stocks with dividend growth potential in an SMA	Seeks to provide a core, balanced approach to equity income via high-dividend-paying stocks with dividend growth potential for institutional investors
Ticker	FDV	PAYR	SVALX (R6) SVAAX (A)	SVAIX (IS) SVACX (C)	LEISX (IS) LEICX (C) FDERX (R)	LEIFX (A) LFEIX (F)	-	-
Investment minimum	None	None	R6: \$0 IS: \$1.0 m A & C: \$1,500***		IS: \$1.0 m A, C & F: \$1,500*** R: \$250***		\$100,000	\$25.0 m
Fees/expense ratios	Gross: 0.61% Net: 0.50%	Gross: 0.74% Net: 0.40%	R6: Gross: 0.84% Net: 0.79% IS: Gross: 0.92% Net: 0.81% A: Gross: 1.16% Net: 1.06% C: Gross: 1.92% Net: 1.88%		IS: Gross: 0.90% Net: 0.89% A: Gross: 1.13% Net: 1.12% C: Gross: 1.90% Net: 1.90% F: Gross: 1.38% Net: 1.38% R: Gross: 1.57% Net: 1.36%		Please consult the ADV	Please consult the ADV
Inception date	11/15/22	10/7/25	3/30/05		12/30/86^		10/1/01	7/1/05
AUM (as of 3/31/26)	\$608.2 m	\$24.9 m	\$9.4 b		\$743.6 m		\$26.9 b	\$159.2 m****

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain an ETF or mutual fund summary prospectus or prospectus containing this and other information, contact us or visit FederatedHermes.com/us. Please carefully read the summary prospectus or the prospectus before investing.

*The funds' expense ratios are from their most recent prospectus. Expense ratios may reflect voluntary fee waivers and/or expense reimbursements determined by the funds' Advisor and affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of each fund's next effective prospectus or 1/1/27 for Enhanced Income ETF and U.S. Strategic Dividend ETF.

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***Consult prospectus for full share buying and selling details.

Definitions

Fama-French portfolios formed on dividend/price (D/P) at the end of each June using NYSE breakpoints. The dividend yield used to form portfolios in June of year t is the total dividends paid from July of t-1 to June of t per dollar of equity in June of t. Includes all NYSE, AMEX and NASDAQ stocks for which we have market equity for June of year t, and at least 7 monthly returns (to compute the dividend yield) from July of t-1 to June of t.

Price/earnings ratio (P/E ratio) is a valuation ratio of a company's current share price compared to its per-share earnings. The P/E ratio helps investors determine the market value of a stock as compared to the company's earnings. A low P/E ratio might indicate that a stock that has the potential for significant growth is undervalued. P/E ratios are only one indicator of a company's financial well-being. P/E (NTM—next 12 months) is a ratio comparing share price to earnings-per-share using estimated data for the next 12 months.

Dow Jones U.S. Select Dividend Index is defined as all dividend-paying companies in the Dow Jones U.S. Total Market Index that have a non-negative, historical, five-year dividend-per-share growth rate, a five-year average dividend earnings-per-share ratio of less than or equal to 60% and three-month average daily trading volume of 200,000 shares. Current index components are included in the universe regardless of their dividend payout ratio. The Dow Jones U.S. Total Market Index is a rules-governed, broad-market benchmark that represents approximately 95% of the U.S. market capitalization.

S&P 500® is an unmanaged capitalization-weighted index of 500 stocks designated to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Indexes are unmanaged and cannot be invested in directly.

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Federated Securities Corp.

****Includes subadvised portfolios.

^Managed by Strategic Value Dividend Investment Team since October 2025.

ETF shares are bought and sold on an exchange at market price (not NAV) and are not individually redeemed from the fund. However, shares may be redeemed at NAV directly by certain authorized broker-dealers (Authorized Participants) in very large creation/redemption units. The returns shown do not represent the returns you would receive if you traded shares at other times. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. Market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates the current NAV per share. NAVs are calculated using prices as of the end of regular trading on the New York Stock Exchange (normally 4:00 PM Eastern Time). Recent information, including information about the fund's NAV, market price, premiums and discounts, and bid-ask spreads, is included on the fund's website at FederatedHermes.com/us.

Separately Managed Accounts are available through Federated Investment Counseling. Federated Securities Corp. is Distributor of the mutual funds and ETFs.

Indexes are unmanaged and cannot be invested in directly.

A word about risk

Investments are subject to risks and fluctuate in value. Diversification does not assure a profit nor protect against loss.

The value of equity securities will fluctuate. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

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

Large-cap companies may have fewer opportunities to expand the market for their products or services, may focus their competitive efforts on maintaining or expanding their market share, and may be less capable of responding quickly to competitive challenges. The above factors could result in the share price of large-cap companies lagging the overall stock market or growth in the general economy, and, as a result, could have a negative effect on a strategy's portfolio, performance and share price.

There are no guarantees that dividend-paying stocks will continue to pay dividends. In addition, dividend-paying stocks may not experience the same capital appreciation potential as non-dividend-paying stocks.

Federated Hermes Enhanced Income ETF's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.