

The Federated Hermes approach to managing fixed-income investments

Active fixed-income options designed to meet a range of investor needs

● \$87.5 billion

Fixed-income assets under management¹

- Multi-sector **\$56.2 b**
- High-yield **\$14.4 b**
- Municipal **\$7.2 b**
- U.S. Corporate **\$4.7 b**
- U.S. Government **\$3.5 b**
- International/global **\$1.0 b**
- Mortgage-backed **\$0.5 b**

● More than 50 years

Managing fixed income

● More than 90

Portfolio managers, analysts and traders

● 20 years

Average tenure of portfolio managers at the firm

¹ Firmwide, including mutual funds, separately managed accounts and other vehicles, as of 3/31/23.

Philosophy

Federated Hermes believes that optimum results in fixed-income products are best achieved through a traditional value-based approach, using fundamental analysis with teams focused by sector to extract value from each step. Our management process combines top-down decision making with bottom-up security selection to build diversified, risk-managed portfolios.

Leveraging skill, experience and breadth

Our portfolio managers average 29 years in the investment industry and, more importantly, 20 years at Federated Hermes.

More than 90 fixed-income investment professionals are deployed across the spectrum of sectors, including U.S. and international developed markets, government and corporate bonds, municipals, emerging market debt and trade finance.

- Mutual funds, SMAs, closed-end funds and active ETFs
- Institutional separate accounts, collective investment funds
- Multi-sector, short duration, total return and capital preservation

Multiple alpha sources

Federated Hermes fixed-income teams make key investment decisions based on input from our proprietary structure we call "Alpha Pods." The Alpha Pod process consists of duration management, sector allocation, yield curve strategy and currency management. The committees operate independently from one another to ensure that diverse viewpoints are considered and balanced for presentation to our portfolio management teams. Views and recommendations of each of the four committees are tracked and distributed in the form of "decision tools." The culmination of this process occurs at the security selection level. Effects of Alpha Pod positioning on portfolios are tracked in quarterly attribution reports.

Correlations of committee positioning and security selection

As of 12/31/22

Correlation matrix	Duration management	Sector allocation	Yield curve	Currency	Security selection
Duration management	1.00	-	-	-	-
Sector allocation	0.12	1.00	-	-	-
Yield curve	0.10	-0.05	1.00	-	-
Currency	-0.04	0.37	-0.18	1.00	-
Security selection	0.16	0.88	-0.01	0.28	1.00

Investing responsibly

We seek to fully evaluate the risks and opportunities of fixed-income securities, including environmental, social and governance (ESG) considerations that incorporate proprietary insights from EOS at Federated Hermes, our corporate engagement division.

Our subject-matter experts cover a wide range of topics including human capital management, sustainable supply chains and corporate governance.

The Federated Hermes approach to managing fixed-income investments

Balanced use of uncorrelated decision tools leads to the potential for strong risk-adjusted returns

Chief Investment Officer



Robert Ostrowski, CFA

Joined Federated Hermes: 1987
Investment experience: 36 years

Alpha pod chairs



Duration management

R.J. Gallo, CFA

Joined Federated Hermes: 2000
Investment experience: 29 years

10 voting members

Our interest rate outlook based on:

- Business cycle analysis
- Valuation indicators
- Global attractiveness



Sector allocation

Mark Durbiano, CFA

Joined Federated Hermes: 1982
Investment experience: 41 years

10 voting members

Our weighting position relative to the benchmark after an intensive review of:

- Historical spread analysis
- Volatility analysis



Yield curve strategy

Donald Ellenberger

Joined Federated Hermes: 1996
Investment experience: 37 years

10 voting members

Our position along the yield curve based on an assessment of:

- Federal Reserve policy
- Inflation expectations
- Proprietary multi-factor model



Currency management

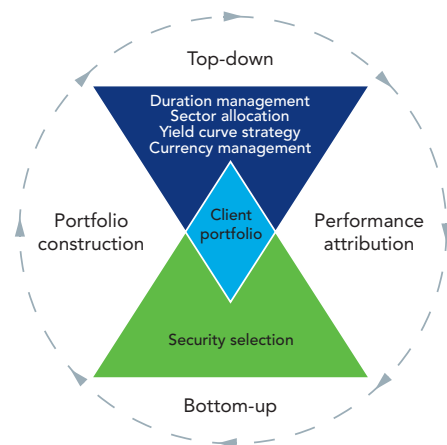
Ihab Salib

Joined Federated Hermes: 1999
Investment experience: 31 years

7 voting members

Portfolios may gain exposure to non-dollar fixed income based upon:

- U.S. current account/fiscal conditions
- Interest rate differential
- Expectation for growth



Security selection

Sector investment teams combine pertinent top-down input with bottom-up analysis of:

- Industry outlook
- Relative value
- Credit quality
- Structural characteristics

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

Mutual funds are subject to risks and fluctuate in value.

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

Alpha measures a fund's risk-adjusted performance. It represents the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. A positive value for alpha implies that the fund has performed better than would have been expected given its volatility. The higher the alpha, the better the fund's risk-adjusted performance.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

Diversification does not assure a profit nor protect against loss.

ESG factors may be considered in the investment analysis process in a manner that is complementary to and enhances the fundamental research and analysis process. Certain ESG factors may help identify business and operational risks or opportunities and add a contextual dimension to the overall evaluation of a security. Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers ESG factors will result in performance better than or equal to products that do not consider such factors.

Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

Yield Curve: Graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.