

ESG performance monitor

Federated Hermes Responsible Investing Office

- A quarterly and trailing 12-month overview of ESG index performance vs. the broad U.S. and international market indexes.
- Highlights specific ESG leaders and laggards so investors can monitor key drivers of ESG performance.

2Q23

Outperformed

- U.S. growth
- ESG leaders

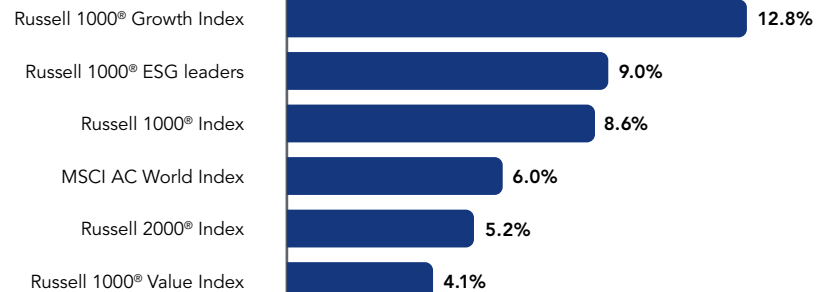
Underperformed

- U.S. value
- U.S. small cap

Factor commentary

- The broad market Russell 1000® Index advanced 8.6% during the second quarter – the third consecutive quarter with a return of at least 7%.
- After a strong first quarter, growth continued to dominate value, large cap led small cap and U.S. outpaced international.

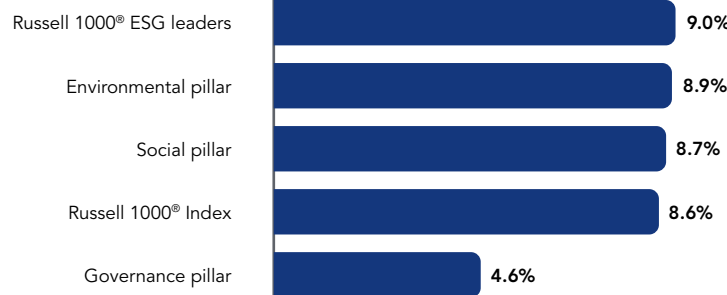
Factor attribution



ESG commentary

- Russell 1000® ESG leaders gained 9.0%, outperforming the broad market index.
- Russell 1000® Index constituents with strong environmental ratings were the top performing ESG pillar.

ESG attribution



ESG spotlight - Russell 1000® Index constituents

- **Alaska Air Group, Inc.*** outperformed the broad market index, advancing 26.7%. MSCI recently upgraded the fifth-largest airline in the U.S. to AAA, based primarily on improvements in governance practices.
- **Liberty Broadband Corp.*** declined 2.9%, underperforming the broad market. MSCI recently downgraded the U.S. communications company to B, citing weaknesses in corporate governance relative to peers.

Data as of 6/30/23. Sources: FactSet, Russell, MSCI, Federated Hermes Responsible Investing Office. ESG attribution is for the Russell 1000® Index and uses MSCI ESG Ratings.

*This ESG spotlight is for illustrative purposes only and is not meant to be a recommendation. **Past performance is no guarantee of future results.**

Russell 1000® ESG leaders refers to companies in the top quartile of the Russell 1000® Index by MSCI Industry-Adjusted Score.

ESG performance monitor

Trailing 12-months

Outperformed

- U.S. growth
- ESG leaders

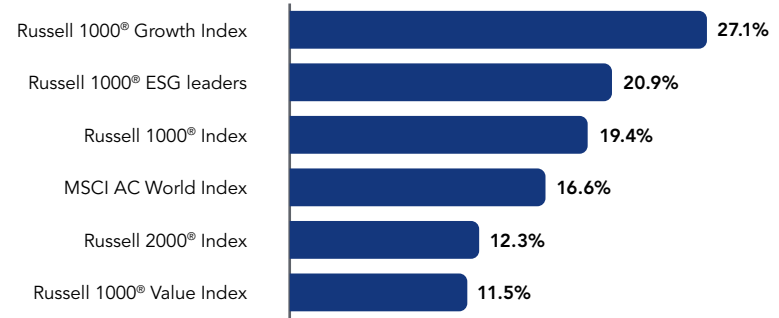
Underperformed

- U.S. value
- U.S. small cap

Factor commentary

- Despite a poor start, the Russell 1000® Index rallied to gain 19.4% over the trailing 12-months.
- Entrenched long term trends persisted as growth outperformed value, large cap bested small cap and international lagged U.S.

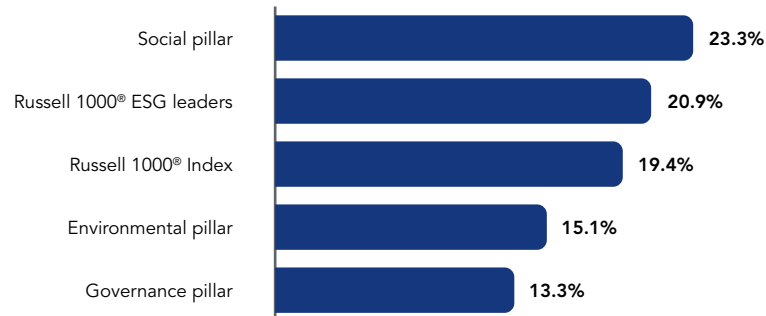
Factor attribution



ESG commentary

- Russell 1000® ESG leaders advanced 20.9%, exceeding strong broad market performance.
- Russell 1000® Index constituents with strong social ratings were the top performing ESG pillar.

ESG attribution



ESG spotlight - Russell 1000® Index constituents

- **Gilead Sciences, Inc.*** advanced 29.6%, eclipsing the broad market return. MSCI upgraded the biopharmaceutical company to AAA in May 2023, citing improvements in the company's corporate governance.
- **Match Group, Inc.*** declined 39.9% despite strong broad market performance. MSCI rated the global provider of online dating services BB, based on privacy and data security concerns.

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Environmental, Social and Governance pillars referenced above represent the total return of the companies in the top quartile of the Russell 1000® Index by the MSCI Environmental Pillar Score, Social Pillar Score and Governance Pillar Score respectively.

The Pillar Scores are absolute assessments of a company's environmental, social or governance performance on a universally applied 0-10 scale. Each company starts with a "perfect 10" score and scoring deductions are applied based on the assessment of Key Metrics.

For more information on how ESG attribution by pillar is categorized and calculated, please visit www.msci.com.

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ESG is an abbreviation for Environmental, Social and Governance (factors).

Russell 1000® ESG leaders refers to companies in the top quartile of the Russell 1000® Index by MSCI Industry-Adjusted Score.

Terminology such as "ESG integrated", "sustainable" or "impact", among other terms, is not uniformly defined across the industry. Investment managers may understand and apply ESG factors in different ways, and that the role those factors play in investment decisions also varies. Therefore, we recommend investors understand the role of ESG factors in a strategy to ensure that approach is consistent with their investment objectives. 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. Investing and making buy and sell decisions that emphasize ESG factors carries the risk that, under certain market conditions, the fund or strategy may underperform those that do not incorporate such factors explicitly into the decision-making process. The application of ESG criteria may affect exposure to certain sectors or securities and may impact relative investment performance depending on whether such sectors or securities are generally in or out of favor in the market.

Views are as of 6/30/23 and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

MSCI All Country World Index (ACWI) captures large- and mid-cap representation across 23 developed markets countries and 23 emerging markets countries. The index covers approximately 85% of the global investable equity opportunity set.

Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. It is used as a proxy for broad U.S. equity market performance.

Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values.

Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

Index performance is for illustrative purposes only and is not representative of any particular investment. Indexes are unmanaged and investments cannot be made in an index.

MSCI ESG Ratings use a rules-based methodology to identify industry leaders and laggards, and rates companies on an "AAA" to "CCC" scale according to the company's exposure to ESG risks and how well they manage those risks relative to peers. For example, an MSCI ESG Rating of "AAA" reflects a company leading its industry in managing the most significant ESG risks and opportunities, while a rating of "CCC" reflects a company lagging its industry based on its high exposure, and failure to manage, significant ESG risks.

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

Value stocks may lag growth stocks in performance, particularly in late stages of a market advance.

Small company stocks may be less liquid and subject to greater price volatility than large company stocks.

There is no guarantee that any specific investment strategy will be successful.

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

The equity market segments referenced are represented by the following indexes: U.S. growth (Russell 1000® Growth), international (MSCI ACWI), broad market (Russell 1000®), U.S. value (Russell 1000® Value), large cap (Russell 1000®) and small cap (Russell 2000®).