

6/30/20

## Strategy highlights

- **Evidence-based process:** Combines best practices of fundamental and quantitative analysis.
- **Proactive portfolio construction:** Advanced risk management ensures alpha is driven by stock selection.
- **No market cap restrictions:** Able to select the most attractive opportunities, regardless of size; able to hold a company as it grows, enhancing return potential, reducing costs and improving tax efficiency.

## Key investment team

Stephen K. Gutch, CFA®

## Philosophy

Our approach to value equity investing integrates bottom-up, fundamental analysis with rigorous quantitative analysis to exploit inefficiencies in the market. The team's process targets alpha through security selection which centers upon free cash flow analysis. Portfolios are actively managed through systematic monitoring of factor risks which allows the portfolio managers to minimize unintended macroeconomic exposures while allocating capital to the team's highest conviction ideas.

## Investment process

Our investment process is bottom-up and value-driven. We believe this approach allows us the greatest opportunity to provide outperformance over the long term. Our fundamental analysts each have responsibility for specific sectors within the corresponding benchmark. Idea generation focuses on identifying the precursors to change at both the industry and company level.

The strength in our approach lies in our unique process for identifying investment opportunities. We maintain a disciplined methodology in our fundamental analysis, which targets companies characterized by one or more of the following forms of change:

- **Internal change:** companies that have reached an inflection point in their life cycle and are undergoing change from within, such as a management change, restructuring activities, or a shift in business mix.
- **External change:** companies that are positioned to benefit from change at the industry level, such as technological change, regulatory change, or a change in consumer preferences.

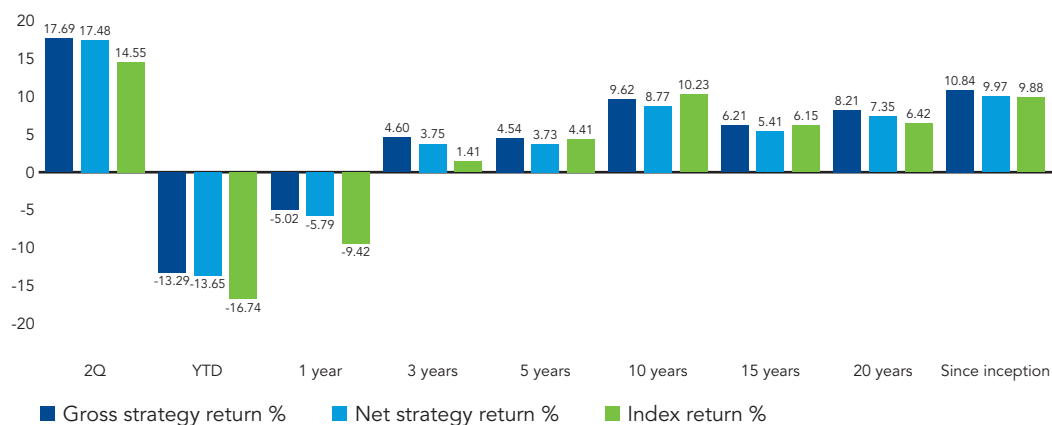
By focusing our research efforts on identifying these situations, we seek to anticipate change, rather than react to it. We believe that this inclination to identify the precursor of change, and how it will likely drive shareholder value, gives us a strong competitive advantage over our peers.

## Sell discipline

We never enter a position in a security without forming a strategy of how we will exit. Our sell discipline is intrinsically tied to our buy discipline. There are three conditions under which we will sell a security:

- We will trim the position as it reaches its average historic valuation, or exit the position completely when our target valuation is achieved.
- If, for any reason, our premise for change in a company fails to occur or no longer applies, we will sell.
- When better opportunities emerge, we will seek to optimize our holdings by allocating to higher conviction positions.

## Investment performance



Inception Date: 1/1/88

Index: Russell 3000® Value

Information is supplemental to the attached GIPS report.

Past performance is no guarantee of future results.

## Portfolio statistics

<b>Clover All Cap Value assets</b>	\$28.3 million
<b>Price/earnings (LTM)</b>	19.7x
<b>Price/earnings (NTM)</b>	18.7x
<b>Weighted average market cap</b>	\$116.9 billion
<b>Number of holdings</b>	59

## Sector weightings (%)

	Strategy	Index <sup>1</sup>
<b>Communication services</b>	4.4	8.9
<b>Consumer discretionary</b>	9.7	7.2
<b>Consumer staples</b>	7.5	7.9
<b>Energy</b>	4.0	5.2
<b>Financials</b>	19.7	19.1
<b>Health care</b>	10.8	13.6
<b>Industrials</b>	13.5	12.6
<b>Information technology</b>	13.1	10.0
<b>Materials</b>	5.3	4.5
<b>Real estate</b>	4.4	5.1
<b>Utilities</b>	5.3	5.9

## Calendar year returns (%)

	Composite gross	Composite net	Index <sup>1</sup>
<b>2010</b>	11.22	10.33	16.23
<b>2011</b>	3.97	3.16	-0.10
<b>2012</b>	14.98	14.14	17.55
<b>2013</b>	31.08	30.11	32.69
<b>2014</b>	4.64	3.84	12.70
<b>2015</b>	-10.24	-10.89	-4.13
<b>2016</b>	12.74	11.95	18.40
<b>2017</b>	21.84	20.87	13.19
<b>2018</b>	-7.37	-8.12	-8.58
<b>2019</b>	25.58	24.57	26.26

<sup>1</sup>Index: Russell 3000® Value  
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## Schedule of rates of return and statistics

Composite	Federated Hermes Clover All Cap Value Institutional Composite
Index	Russell 3000 Value Index
Periods Ending	6/30/2020

### Annualized returns (%)

	Gross composite return	Index	Net composite return
<b>Q2 20</b>	17.69	14.55	17.48
<b>YTD</b>	-13.29	-16.74	-13.65
<b>1 Year</b>	-5.02	-9.42	-5.79
<b>3 Years (Annlzd)</b>	4.60	1.41	3.75
<b>5 Years (Annlzd)</b>	4.54	4.41	3.73
<b>10 Years (Annlzd)</b>	9.62	10.23	8.77
<b>15 Years (Annlzd)</b>	6.21	6.15	5.41
<b>20 Years (Annlzd)</b>	8.21	6.42	7.35
<b>Jan 88 - Jun 20 (Annlzd)^^</b>	10.84	9.88	9.97

### Annual returns (%)

	Composite gross return	Composite net return	Benchmark return	Composite* 3 yr st dev	Benchmark* 3 yr st dev	Number of portfolios	Dispersion**	Composite assets (\$mil)	Firm assets (\$bil)
<b>2010</b>	11.22	10.33	16.23	21.62	23.49	94	0.60	123.0	354.3
<b>2011</b>	3.97	3.16	-0.10	18.32	21.04	88	0.42	99.7	363.9
<b>2012</b>	14.98	14.14	17.55	15.51	15.81	78	0.41	103.6	371.3
<b>2013</b>	31.08	30.11	32.69	12.40	12.90	78	0.34	124.6	366.8
<b>2014</b>	4.64	3.84	12.70	10.01	9.36	75	0.37	117.0	349.3
<b>2015</b>	-10.24	-10.89	-4.13	12.41	10.74	48	0.23	59.3	343.4
<b>2016</b>	12.74	11.95	18.40	13.07	10.97	40	0.58	52.1	342.3
<b>2017</b>	21.84	20.87	13.19	12.48	10.33	35	0.70	42.5	354.7
<b>2018</b>	-7.37	-8.12	-8.58	11.80	11.05	34	0.46	36.1	377.2
<b>2019</b>	25.58	24.57	26.26	11.33	12.01	31	0.62	38.5	503.1

^^Represents composite inception period. See 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)

Portfolios in this composite must be invested in equity securities with an investment objective of long-term capital appreciation. Portfolios in this composite invest substantially in equity securities of U.S. companies from a broad range of large, medium and small market capitalization companies, which typically are found in the Russell 3000 Value Index. The objective is to create a diversified portfolio of equities with lower-than-average valuations and improving fundamental business outlooks. Portfolios eligible for this composite may include portfolios managed on behalf of registered investment companies (mutual funds) or separate account portfolios. In addition, this composite may include portfolios with client-directed trading requirements. Effective March 2020 all members of this composite must be fully discretionary portfolios and may be taxable or tax-exempt entities. Prior to March 2020, only tax-exempt portfolios were permitted. This composite was created in January 1993. Federated Hermes has managed portfolios in this investment style since January 1988. Firm assets prior to December 2008 are of an acquired entity of Federated Hermes. Performance presented prior to December 2008 occurred while the Portfolio Management Team members were affiliated with a prior firm. 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 March 31, 2020. 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. The firm's separately managed account fee schedule for this product is 0.70% on the first \$5 million; 0.60% on the first \$25 million; 0.50% on \$25 - \$50 million; 0.40% on \$50 - \$100 million; 0.35% on assets greater than \$100 million. Prior to March 2020, net of fee performance was calculated monthly using the actual net return after the deduction of all expenses for all portfolios in the composite. Effective March 2020, composite net-of-fee returns are calculated using highest fee. Actual fees may vary by client.

### Notes to the schedule of rates of return and statistics

1. Federated Hermes is a global, independent, multi-strategy investment management firm with offices in Pittsburgh, New York, Boston, Cleveland, and London. For GIPS® purposes, Federated Hermes is defined to include the assets of registered investment companies, separate (or private) accounts, managed accounts (including wrap accounts) and commingled or collective trusts that are advised or sub-advised by the various Federated Hermes advisory companies. In 2018 Federated Investors announced the acquisition of a majority interest in Hermes Fund Managers Limited and is in the process of integrating those assets into one combined firm. Effective February 3, 2020, the name of the firm was officially changed to Federated Hermes. Firm assets on this report exclude 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 U.S. dollars unless currency is denoted in composite title.
4. Annual composite dispersion is measured and presented using the asset weighted standard deviation of the returns of all of the portfolios included in the composite over the entire year. Quarterly dispersion is measured using all portfolios included in the composite for that quarter. 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 on the prior page for a discussion on appropriate fees currently applied to calculate composite performance. With regard to the institutional composites not managed by the MDT Advisers 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. 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.

**For more information on the portfolio or other investment vehicles, please contact your Federated Hermes representative or email [contactinstitutional@federatedinv.com](mailto:contactinstitutional@federatedinv.com).**

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