

6/30/20

Firm overview

Federated Hermes, Inc. is a leading \$628.8 billion global investment manager (assets under management as of June 30, 2020). 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.

Composite

Hermes U.S. SMID
SMA

Index

Russell 2500® Index

Key investment team

Mark Sherlock, CFA®, FCA
Alex Knox, ACA
Michael Russell, CFA®
Henry Biddle, CFA®, ACA

Strategy inception

November 1, 1987

Objective

The strategy's objective is capital appreciation.

Positioning

We invest in 40-70 high-quality companies that we believe possess a durable competitive advantage. We value consistency and stable, growing revenues and cash flow. Over time, we believe that companies that exhibit these characteristics outperform with less risk. Our investment criteria are based on company fundamentals, not macro driven. We typically target small- to mid-cap businesses between \$1 billion at the low end to \$10 billion.

Investment philosophy

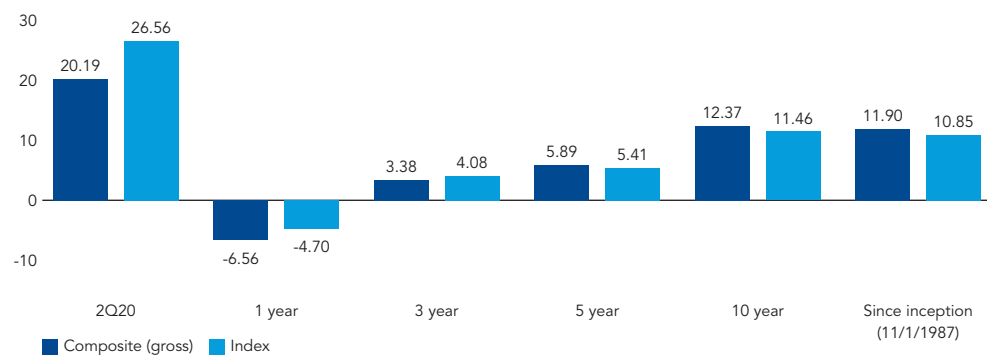
We believe that long-term investment in companies across the market with a durable competitive advantage, bought at a discount to intrinsic value, can produce the best risk-adjusted returns for clients.

The emphasis on long-term investment is apparent in the 10-year forecasting period and the average holding length of three to five years. The team believes in holding a stock for long enough to reap its maximum potential. It believes that capital appreciation often occurs not only from the elimination of a discount to intrinsic value, but also, over time, from growth in the intrinsic value itself.

Investment approach

- Our focus on quality and cash flow generation gives a degree of downside defense that we believe provides a lower-risk way to access this high-risk asset class.
- The team is the largest dedicated to this asset class in Europe. We engage in more than 250 company meetings each year.
- The average holding period is three to five years. This longer-term focus allows the team to take advantage of short-term swings in investor sentiment to identify attractive entry points for investment.
- The Strategy is designed to be sector-neutral, with the majority of risk and alpha expected to come from bottom-up stock selection.
- The team includes corporate social responsibility factors in the research process with the objective of creating sustainable risk-adjusted alpha.

Annualized returns (%)*



Data as of 6/30/20. Information is supplemental to the GIPS report.

*For a comparison of gross to net returns, see chart on page 3. "Pure" gross-of-fees returns do not reflect the deduction of any expenses, including trading costs. "Pure" gross-of-fees returns are supplemental to net returns. This information is supplemental to the attached GIPS report which should be referred to for the current performance, including the net figures and index changes.

While there is no assurance that the strategy will achieve its objective, the advisor endeavors to do so by selecting securities in the manner described in this document. Performance data quoted represents past performance which is no guarantee of future results.

Portfolio characteristics

	Portfolio	Index
Wtd. avg. mkt. capitalization (bil.)	\$7.2	\$4.7
Wtd. median market capitalization (bil.)	\$5.6	\$4.1
EPS growth-3 year*(%)	14.91	17.57
P/E ratio (FY1)*	25.53x	23.60x
Price/cash flow ratio*	15.25x	12.05x
Dividend yield* (%)	0.71	0.24
# of securities	52	2500

Sector weightings (%)

	Portfolio	Index
Communication Services	0.00	2.98
Consumer Discretionary	9.50	11.83
Consumer Staples	2.18	3.32
Energy	0.00	2.42
Financials	17.13	14.45
Health Care	16.49	15.93
Industrials	18.33	14.83
Information Technology	22.05	17.05
Materials	8.37	5.21
Real Estate	0.00	8.79
Utilities	3.87	3.19
Cash	2.08	0.00

Top holdings (%)

	Portfolio
ABIOMED, Inc.	3.02
Wintrust Financial Corporation	2.67
Silicon Laboratories Inc.	2.55
Cubic Corporation	2.53
Teradyne, Inc.	2.51
Fortune Brands Home & Security, Inc.	2.45
Brooks Automation, Inc.	2.33
Brunswick Corporation	2.29
ServiceMaster Global Holdings, Inc.	2.23
Brown & Brown, Inc.	2.20
Total	24.78

Market cap weightings (%)

	Portfolio	Index
>10 billion	29.94	8.48
5-10 billion	26.89	32.14
2-5 billion	38.57	36.19
1-2 billion	2.53	13.39
<1 billion	2.08	9.79

Calendar year returns (%)**

	Composite (gross)	Index
2010	23.65	26.71
2011	2.28	-2.51
2012	22.69	17.88
2013	36.79	36.80
2014	6.12	7.07
2015	2.16	-2.90
2016	21.31	17.59
2017	12.24	16.81
2018	-8.75	-10.00
2019	31.25	27.77

Portfolio information is derived from a model portfolio managed in the strategy as of 6/30/20. Since this is a managed portfolio and market conditions can fluctuate suddenly and frequently, the portfolio holdings and investment mix will change. Information is supplemental to the attached GIPS report.

*Weighted Median

**For a comparison of gross to net returns, see chart on page 3. "Pure" gross-of-fees returns do not reflect the deduction of any expenses, including trading costs. "Pure" gross-of-fees returns are supplemental to net returns. This information is supplemental to the attached GIPS report which should be referred to for the current performance, including the net figures and index changes.

Past performance is no guarantee of future results.

Schedule of rates of return and statistics

Composite	Hermes U.S. SMID SMA Composite
Index	Russell 2500 Index
Periods ending	12/31/2019

Annualized returns (%)

	Gross composite return	Index	Net composite return (assuming maximum fee)
Q4 19	-28.63	-29.72	-29.23
1 Year	-16.89	-22.47	-19.42
3 Years (Annlzd)	-2.05	-3.10	-5.00
5 Years (Annlzd)	2.39	0.49	-0.69
Nov 87 - Dec 19 (Annlzd)	11.36	10.13	8.02

Annual returns (%)

	Composite pure 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)
2010	23.65	19.94	26.70	26.66	26.79	<5	N/A	643.8	1.7
2011	2.28	-0.78	-2.51	23.25	23.40	<5	N/A	652.0	1.9
2012	22.69	19.01	17.88	18.05	18.97	<5	N/A	923.1	2.7
2013	36.79	32.69	36.80	14.68	15.63	<5	N/A	1,819.4	4.6
2014	6.12	2.94	7.07	10.60	11.67	<5	N/A	1,174.9	3.0
2015	2.16	-0.90	-2.90	12.25	12.42	<5	N/A	1,405.7	5.0
2016	21.31	17.67	17.59	12.67	13.67	<5	N/A	1,492.2	5.2
2017	12.24	8.87	16.81	11.43	12.13	<5	N/A	1,550.6	4.5
2018	-8.75	-11.49	-10.00	13.36	14.10	<5	N/A	1,372.7	4.3
2019	31.26	27.32	27.77	14.14	14.58	<5	N/A	0.3	0.0

The strategy is managed by Hermes Investment Management Limited and offered through Federated Investment Counseling.

*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)

Hermes Fund Managers Limited claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Hermes Fund Managers Limited has been independently verified for the periods 1 January 1998 through 31 December 2018. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation. For the purposes of compliance with GIPS®, the firm is defined as Hermes Fund Managers Limited ("Hermes"), an asset management group consisting of a number of subsidiary or affiliate companies. As of 31 December 2009 the Hermes Fund Managers Limited firm definition was broadened to better represent the full range of investment strategies offered. Hermes Investment Management is the brand name for the Hermes group including Hermes Fund Managers Limited. Information about changes is available upon request. The composite includes all discretionary portfolios following the Active US Small & Mid Cap strategy run by the Hermes US Small & Mid Cap team to 30 September 2019 and has an inception date of 01 November 1987. From 01 October 2019 the composite consists of all separately managed (wrap) portfolios following the Active US Small & Mid Cap strategy. The objective of the strategy is to exceed the return on the benchmark on a three year moving average basis. The composite's benchmark is the Russell 2500 Index, which is designed to measure the equity market performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "SMID" cap. The Russell 2500 Index is a subset of the Russell 3000 Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The benchmark is market-cap weighted. Performance returns shown in USD. The composite base currency is USD. Performance results are presented both net and gross of total wrap fees and reflect the reinvestment of income. "Pure" gross returns are shown as supplemental and do not reflect the deduction of transaction costs. Net returns reflect the deduction of a maximum fee. A fee equal to the highest anticipated wrap fee that a client could pay (3.00% annually as charged by the program sponsor, inclusive of up to a maximum investment advisory fee of 0.70%) is used. This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The standard fees are shown in Part 2A of its Form ADV. For historical fees, please contact Hermes. Net results reflect the above-mentioned fee schedules, actual results may vary for each individual portfolio. Composite descriptions, along with additional information regarding policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Where appropriate, composite dispersion is calculated as the asset weighted standard deviation of the annual returns of the constituent portfolios. If a composite consists of less than five portfolios for the full year then no measure of dispersion is shown. The three year annualized standard deviation measures the variability of the composite and benchmark returns over the preceding 36 month period. Standard deviation measures are not shown where there are less than 36 monthly observations available. Standard deviation measures are not required for periods prior to 2011.

See Notes to the Schedule of Rates of Return and Statistics.

