



6/30/22

Key facts

Strategy

- Inception date: 1/1/97
- Assets: \$99.7 million
- Benchmark: ICE BofA 3-Month Treasury Bill Index
- Universe: Russell 3000® Index
- Available vehicles
 - ♦ Institutional separate account
 - ♦ Commingled

Firm

- Date founded: 1955
- Assets under management
 - ♦ Alternative/Private markets AUM: \$21.8 billion
 - ♦ Equity AUM: \$81.0 billion
 - ♦ Fixed Income AUM: \$86.3 billion
 - ♦ Liquidity AUM: \$439.7 billion
- Institutionally driven
 - ♦ Bespoke institutional separate accounts
 - ♦ One-on-one relationship approach

MDT Advisers

- 14 investment professionals
- Portfolio managers average 17 years in the industry and 14 at Federated Hermes

Key investment team

- Daniel Mahr, CFA
- Sarah Stahl, CIPM
- Frederick Konopka, CFA
- John Paul Lewicke
- Damien Zhang, CFA
- Tony Ng, CFA

Philosophy

The MDT team believes that a quantitatively based approach is best to identify stocks that appear poised to outperform or underperform the U.S. stock market. Systematically combining a diversified portfolio of long and short stocks—optimized in an effort to neutralize market volatility—can produce competitive returns that are independent of the direction of the market.

Strategy focus

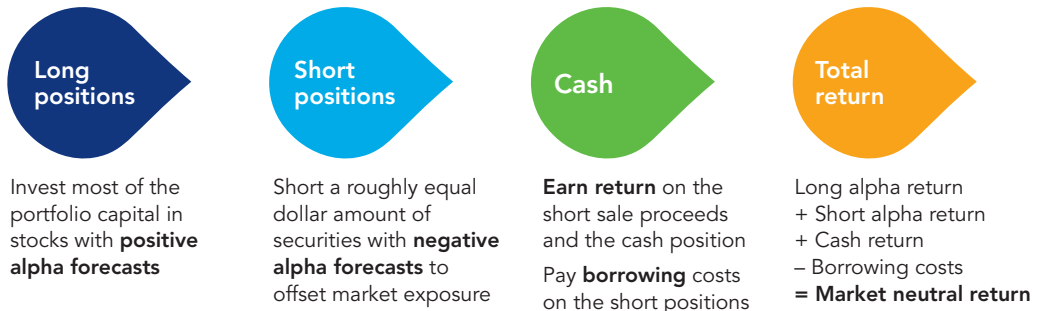
The MDT Market Neutral Strategy seeks to provide long-term capital appreciation while limiting exposure to general stock market risk.

The strategy invests in long positions in stocks which the strategy's quantitative model predicts will achieve above-market returns, and short positions in stocks which the strategy's quantitative model predicts will achieve below-market returns. The precise balance of long and short positions is adjusted for a target beta of zero versus the Russell 3000® Index.

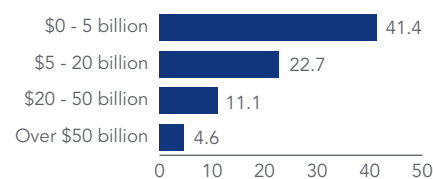
Investment process

On both the long and short portfolio, the strategy utilizes a multi-factor quantitative model to evaluate every stock in the Russell 3000® Index identifying non-linear combinations of multiple growth/sentiment, quality and value factors the team believes will outperform and underperform. Highlights of the process include:

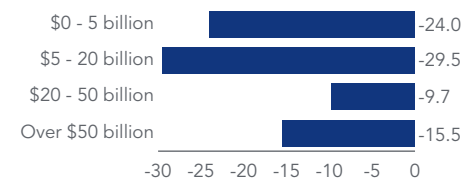
- **Alpha forecasting:** The performance of each company in the buyable universe is estimated daily using MDT's proprietary quantitative alpha model.
- **Portfolio optimization:** Stock selection is integrated with trading cost management and risk management, as MDT's model re-optimizes portfolios daily with the goal of maximizing the portfolio's risk-adjusted return.
- **Ongoing research and continuous model improvement:** The investment team performs research continuously, studying the market and the performance of the current portfolios. Proposed enhancements that pass tests with advanced algorithms are then added to the model to allow it to evolve gradually with the market environment.



Market cap – Long (%)



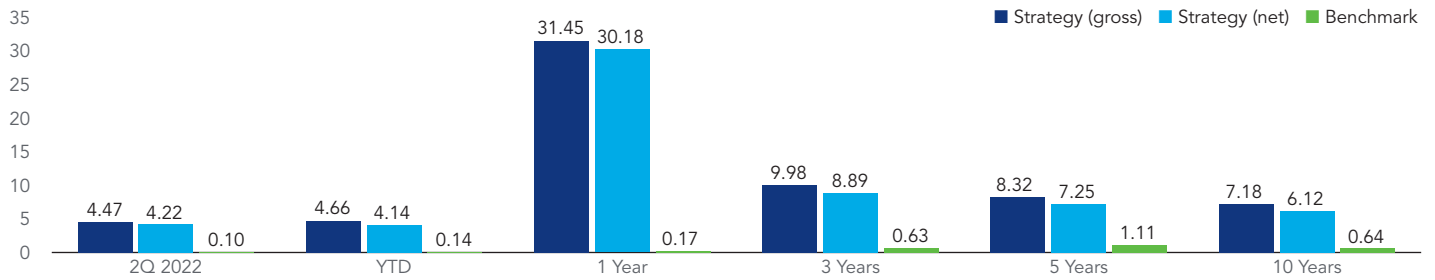
Market cap – Short (%)



Portfolio composition (%)

Portfolio	Long	Short	Net
Value	38.8	-39.2	-0.03
Growth	41.0	-39.2	1.6

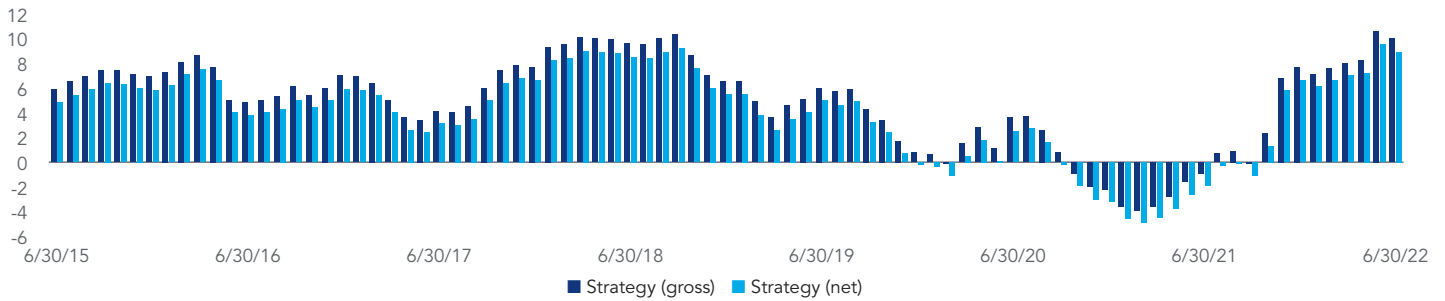
Annualized returns (%)



Total returns for periods of one year or less are cumulative.

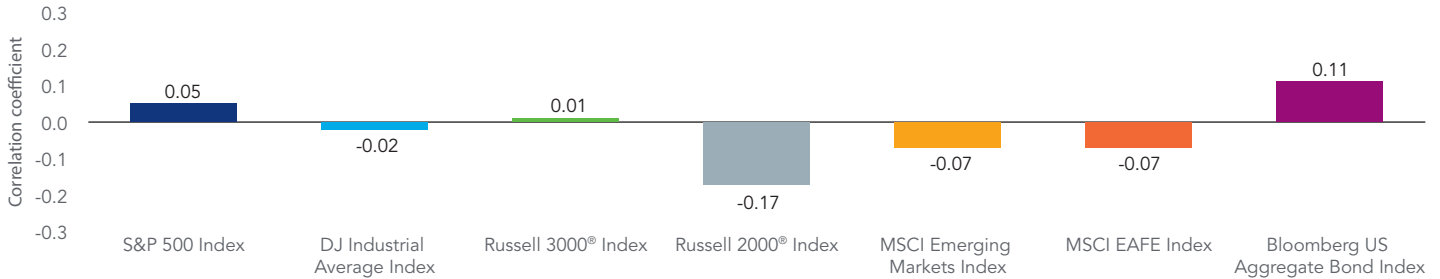
The net performance results reflect the deduction of a hypothetical 1% investment advisory fee per year, deducted monthly.

3-year rolling returns (%)



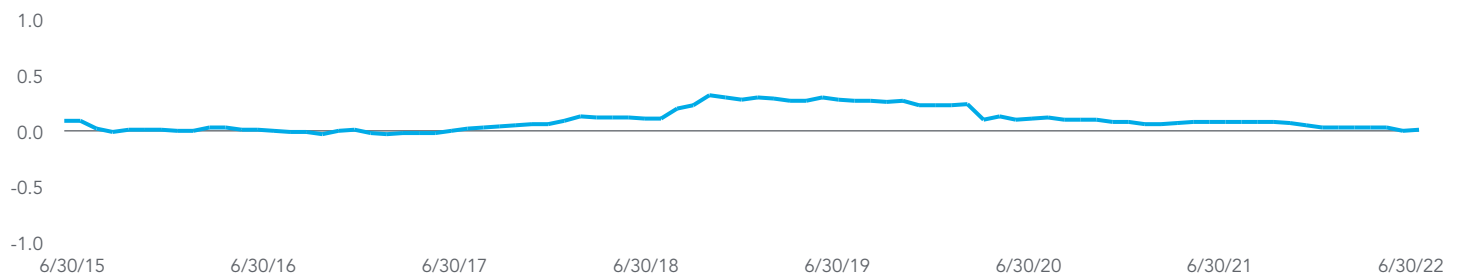
Sources: Morningstar, Inc.; Federated Hermes MDT.

3-year correlations



Sources: Morningstar, Inc.; Federated Hermes MDT. Based on monthly returns.

3-year rolling beta vs. Russell 3000® Index



Sources: Morningstar, Inc.; Federated Hermes MDT. Based on monthly returns.

Refer to the attached GIPS® report for additional information. See notes to the schedule of rates of return and statistics.

Past performance is no guarantee of future results.

Portfolio characteristics

	Long	Short
Weighted median market cap	\$4.9 b	\$11.5 b
Weighted harmonic median P/E (NTM)	20.8x	46.5x
Number of holdings	209	193

5-year risk statistics

	Strategy
Excess return*	7.21%
Standard deviation	9.10%
Sharpe ratio	0.79
Beta**	0.07
R-squared**	0.02

Sector weightings (%)

	Long	Short	Net
Communication Services	4.9	-4.3	0.6
Consumer Discretionary	11.5	-11.9	-0.4
Consumer Staples	2.1	-3.0	-0.9
Energy	3.5	-2.4	1.1
Financials	7.4	-7.3	0.1
Health Care	14.2	-13.1	1.1
Industrials	8.8	-9.8	-1.0
Information Technology	23.4	-23.8	-0.4
Materials	1.6	-0.8	0.8
Real Estate	2.5	-1.9	0.6
Utilities	0.0	-0.4	-0.4
Cash/Cash Equivalents	-	-	98.8
Total			100.0

Top holdings (%)

	Long	Short
Expedia Group, Inc.	2.5	-
PayPal Holdings, Inc.	2.5	-
Align Technology, Inc.	2.3	-
Nevro Corp.	2.1	-
The Boston Beer Co., Inc., Class A	1.9	-
S&P Global Inc.	-	-2.5
Amazon.com, Inc.	-	-2.3
The Boeing Company	-	-2.0
Las Vegas Sand Corp.	-	-2.0
Okta, Inc.	-	-1.9

Calendar year returns (%)

	Strategy (gross)	Strategy (net)	Benchmark
2013	10.86	9.76	0.07
2014	5.82	4.77	0.04
2015	4.13	3.10	0.05
2016	11.02	9.92	0.33
2017	7.97	6.90	0.86
2018	0.83	-0.18	1.87
2019	-5.90	-6.84	2.28
2020	-1.53	-2.51	0.67
2021	34.69	33.38	0.05
2022 (YTD)	4.66	4.14	0.14

*Outperformance is based on gross strategy returns. In certain instances, the strategy underperformed the applicable index based on net strategy returns.

**Measured against the Russell 3000® Index. While not the strategy's official ICE BofA 3-Month Treasury Bill Index benchmark, the strategy uses the Russell 3000® Index as its representation for the broad equity market.

Refer to the attached GIPS® report for additional information. See notes to the schedule of rates of return and statistics.

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Schedule of rates of return and statistics

Composite Federated Hermes MDT Market Neutral Institutional
 Index ICE BofA 3 Month T-Bill Index
 Periods ending 6/30/2022

Returns (%)

	Composite gross return	Index	Composite net return (assuming maximum fee)
Q2 22	4.47	0.10	4.22
YTD	4.66	0.14	4.14
1 Year	31.45	0.17	30.18
3 Years (Annlzd)	9.98	0.63	8.89
5 Years (Annlzd)	8.32	1.11	7.25
10 Years (Annlzd)	7.18	0.64	6.12
15 Years (Annlzd)	2.87	0.75	1.85
20 Years (Annlzd)	3.78	1.25	2.75
Jan 97 - Jun 22 (Annlzd)^^	3.38	2.02	2.36

	Composite gross return (%)	Composite net return (%)	Benchmark return (%)	*Composite 3-yr std dev	*Benchmark 3-yr std dev	Number of portfolios	**Dispersion	Composite assets (mil)	Firm assets (bil)
2012	4.29	3.26	0.11	5.70	0.03	<5	N/A	1.0	371.3
2013	10.86	9.76	0.07	5.58	0.03	<5	N/A	1.2	366.8
2014	5.82	4.77	0.04	4.99	0.02	<5	N/A	2.1	349.3
2015	4.13	3.10	0.05	5.11	0.02	<5	N/A	2.8	343.4
2016	11.02	9.92	0.33	6.39	0.05	<5	N/A	4.4	342.3
2017	7.97	6.90	0.86	6.26	0.11	<5	N/A	5.1	354.7
2018	0.83	-0.18	1.87	7.92	0.20	<5	N/A	5.9	377.2
2019	-5.90	-6.84	2.28	7.18	0.20	<5	N/A	5.5	503.1
2020	-1.53	-2.51	0.67	8.91	0.27	<5	N/A	5.5	585.7
2021	34.69	33.38	0.05	9.91	0.32	<5	N/A	88.0	634.2

^^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)

This strategy utilizes a disciplined, quantitative investment process which analyzes daily a diverse buyable universe roughly equivalent to the Russell 3000 Index. The strategy aims for a correlation to this domestic equity universe of approximately zero: it invests approximately equal value in long positions which the quantitative model predicts will achieve above-market returns and short positions which the quantitative model predicts will achieve below-market returns. The process selects stocks based on fundamental and technical variables, controls risk through diversification constraints, and controls turnover by taking into account the impact of trading costs. Effective November 2019, in the event the manager receives a significant deposit of securities that are not consistent with the composite strategy, these securities will be placed in a temporary account until they can be transitioned to be in alignment with the intended composite strategy. Accounts eligible for this composite must follow this style, be fully-discretionary, and pay commissions. This composite was created September 1994. MDT Advisers, a Federated advisory company, has managed portfolios in this investment style since September 1994. Firm assets prior January 2007 are of an acquired entity of Federated Hermes. Performance presented prior to January 2007 occurred while the Portfolio Management Team members were affiliated with a prior firm. The inception date for this composite was changed from 1994 to 1997. 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 Investors has been independently verified for the period of January 1, 1992, through March 31, 2022. 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 separate account fee schedule for this product is 1.00% on all assets, with a minimum account size of at least \$25 million at inception. 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. For GIPS® purposes, Federated Hermes is defined to include the assets of registered investment companies that are advised or sub-advised by the various Federated Hermes advisory companies. Effective September 30, 2020, for GIPS® purposes the name of the firm was officially changed to Federated Hermes. Firm assets on this report exclude assets affiliated with Hermes GPE and 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 USD unless currency is denoted in composite description.
4. Annual composite dispersion is measured and presented using the asset weighted standard deviation of the gross returns of all of the portfolios included in the composite over the entire year. 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 for a discussion on appropriate fees currently applied to calculate composite performance. With regard to the institutional composites not managed by the MDT Advisers and Federated Hermes London office 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. For those composites managed by the Federated Hermes London office investment team, net composite results are based off model fees using the stated fee schedule. 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.

The quantitative models and analysis used by the strategy may perform differently than expected and negatively affect strategy performance.

There is no guarantee that the use of long and short positions will succeed in limiting the strategy's exposure to domestic stock market movements, capitalization, sector-swings or other risk factors.

The strategy may make short sales of securities, which involves unlimited risk including the possibility that losses may exceed the original amount invested.

Russell 3000® Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000® Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

Portfolio information is from a representative portfolio and for illustrative purposes only. Actual account characteristics of individual accounts may be different. Portfolio characteristics are as of 6/30/22 and are based on individual securities in the portfolio on that date. Securities in the portfolio are subject to change. Statistics shown are not indicative of future statistics and are not representative of future portfolio performance.

Since this is a managed portfolio and market conditions can fluctuate suddenly and frequently, the portfolio holdings and investment mix will change.

For more information on the portfolio or other investment vehicles, please contact your Federated Hermes representative.

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