

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.

1Q23

Outperformed

- U.S. growth
- ESG leaders

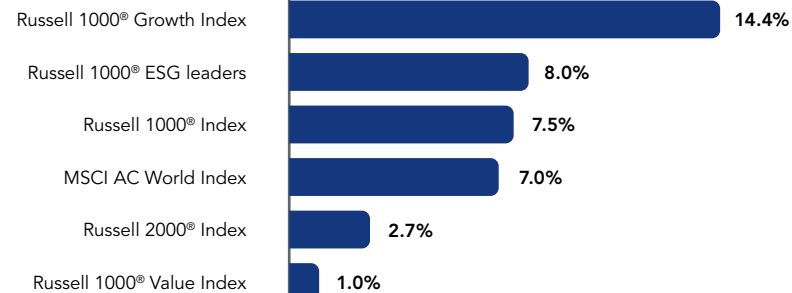
Underperformed

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

Factor commentary

- The broad market, Russell 1000[®] Index, continued to climb off its 2022 low – advancing 7.5% during the first quarter.
- After weak relative performance in 2022, growth significantly outperformed value during the first quarter.

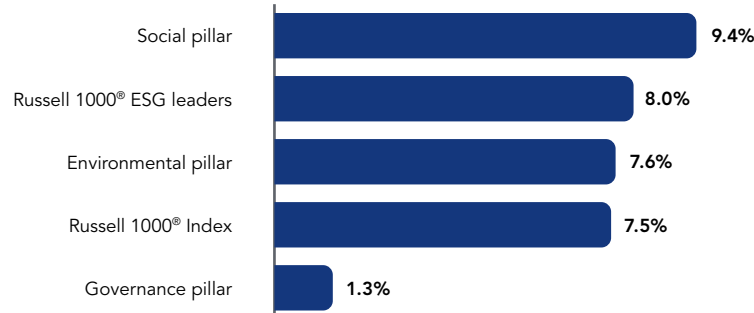
Factor attribution



ESG commentary

- Russell 1000[®] ESG leaders gained 8.0%, outperforming the broad market index.
- Russell 1000[®] Index constituents with strong social ratings were the top performing ESG pillar.

ESG attribution



ESG spotlight - Russell 1000[®] Index constituents

- **Intuit Inc.** outpaced the broad market index, advancing 14.8%. MSCI recently upgraded the developer of business and financial management software solutions to AAA based on improvements in human capital management.
- **Universal Health Services, Inc.** declined 9.7%, underperforming the broad market. MSCI continues to rate the healthcare management company CCC, citing poor performance in product safety & quality and governance.

Data as of 3/31/23. Sources: FactSet, Russell, MSCI, Federated Hermes Responsible Investing Office. ESG attribution is for the Russell 1000[®] Index and uses MSCI ESG Ratings.

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.

Not FDIC Insured • May Lose Value • No Bank Guarantee

ESG performance monitor

Trailing 12-months

Outperformed

- U.S. value
- International

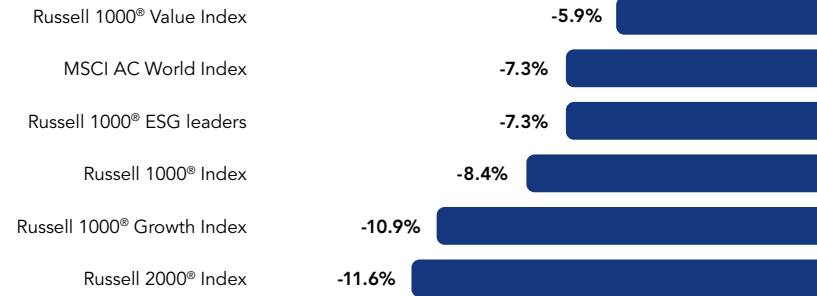
Underperformed

- U.S. growth
- U.S. small cap

Factor commentary

- The Russell 1000® Index declined 8.4% over the trailing 12-months. It was a tale of two periods as the index declined 20.5% over the first half before advancing 15.2% over the next six months.
- Value outperformed growth despite a poor start in 2023.
- Large cap extended its recent dominance over small cap - outperforming in seven of the last eight quarters.

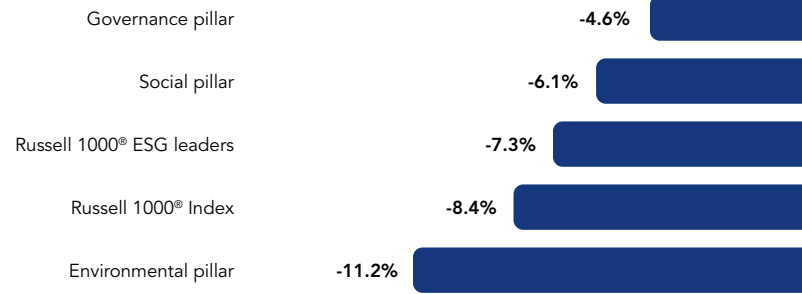
Factor attribution



ESG commentary

- Russell 1000® ESG leaders declined 7.3%, outperforming a weak broad market.
- Russell 1000® Index constituents with strong governance ratings were the top performing ESG pillar.

ESG attribution



ESG spotlight - Russell 1000® Index constituents

- **Cummins Inc.** advanced 19.6%, significantly outperforming the negative return of the broad market. MSCI rates the global manufacturer of diesel and natural gas engines AAA, citing strong peer-relative performance in health & safety.
- **Southwest Airlines Co.** declined 28.2% amid weak broad market performance. MSCI rates the U.S. passenger airline BB, citing poor scores in product safety & quality and carbon emissions.

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 3/31/23 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[®]).