

Federated Hermes Responsible Investing Office

9/30/22

3Q22

Outperformed

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

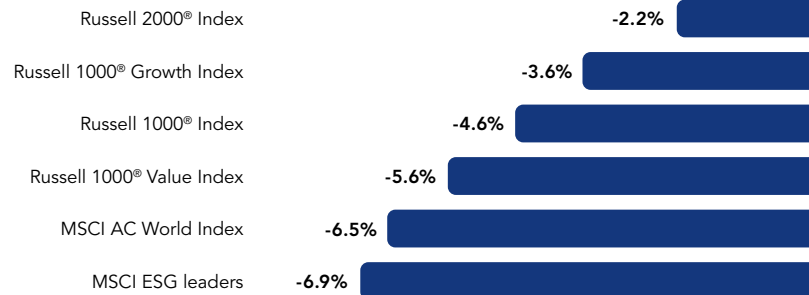
Underperformed

- ESG leaders
- International

Factor commentary

- Despite a strong start, the broad market, Russell 1000® Index, fell 4.6% during the third quarter. September produced the largest monthly decline in over two years.
- Value lagged growth after significantly outperforming in the previous two quarters.

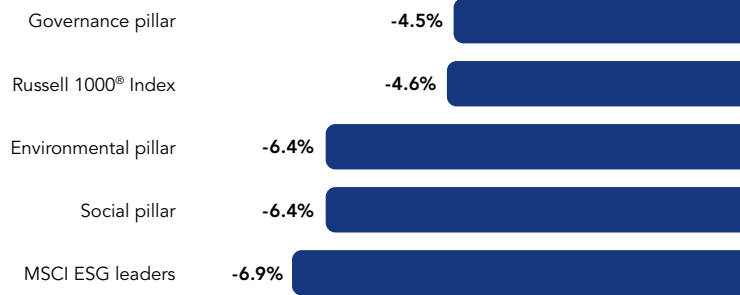
Factor attribution



ESG commentary

- ESG leaders declined 6.9%, lagging the broad market index.
- Russell 1000® Index constituents with strong governance ratings were the top performing ESG pillar.

ESG attribution



ESG spotlight - Russell 1000® Index constituents

- **Harley-Davidson, Inc.** advanced 10.6% against a backdrop of weak broad market performance. The U.S. motorcycle manufacturer holds an MSCI rating of AAA (highest) and was recently upgraded from A based on improvements in labor management and product quality.
- **IAC, Inc.** underperformed the broad market index, declining 27.1%. The provider of media and internet services is rated CCC (lowest) by MSCI with privacy & data security as well as governance cited as drivers.

Data as of 9/30/22. 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.

Not FDIC Insured • May Lose Value • No Bank Guarantee

ESG tracker

Trailing 12-months

Outperformed

- U.S. value

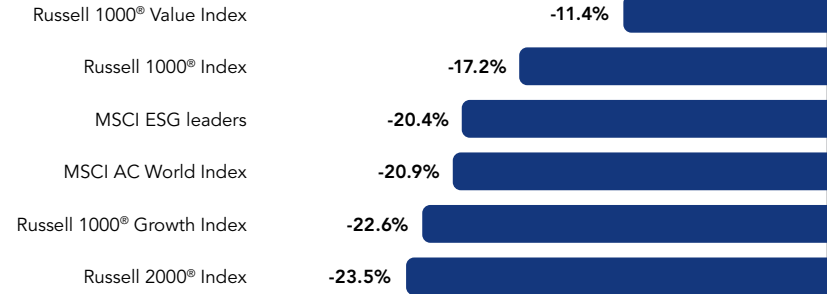
Underperformed

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

Factor commentary

- The Russell 1000® Index continued its descent from the January 2022 high, resulting in a trailing 12-month return of -17.2%.
- Value outperformed growth over the trailing 12-month period driven by strong relative performance in the first half of 2022.
- Despite outperforming in the third quarter, small cap continues to trail large cap.

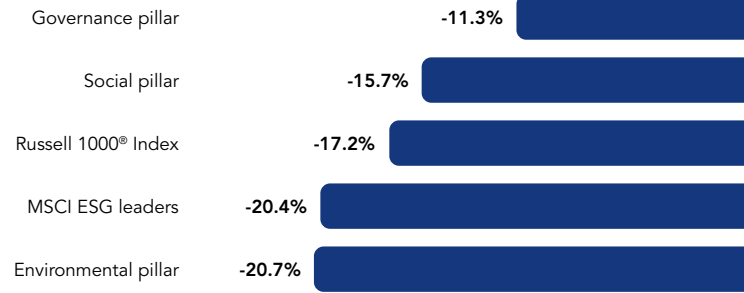
Factor attribution



ESG commentary

- ESG leaders declined 20.4%, underperforming the broad market index.
- Russell 1000® Index constituents with strong governance ratings were the top performing ESG pillar.

ESG attribution



ESG spotlight - Russell 1000® Index constituents

- **Coca-Cola Co.** gained 10.0% – outpacing the negative return of the broad market index. MSCI recently upgraded the nonalcoholic beverage company from AA to AAA based on an improved evaluation of product safety & quality risks.
- **Universal Health Services, Inc.** declined 35.8%, underperforming the broad market index. The healthcare management company is rated CCC by MSCI with product safety & quality and governance concerns cited as drivers.

The pillars referenced are based on Pillar Scores, MSCI scores which 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.

This report contains certain information sourced from MSCI ESG Research LLC reproduced by permission.

ESG is environmental, social and governance.

MSCI 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 9/30/22 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®), value (Russell 1000® Value), large-cap (Russell 1000®) and small-cap (Russell 2000®).