US Capital Markets Perspectives

September 30, 2025

Presented to

Presented by

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4Q 2025 Outlook

As of September 30, 2025

- Global markets have shown resiliency in light of the implementation of higher US tariffs. Market performance has improved since "Liberation Day".
- A weaker US Dollar and elevated inflation rates, along with fiscal debt, remain concerns.
- The Federal Reserve began lowering rates again in September 2025. The Fed will need to balance further rate cuts with an eye on persistent inflation.
- Equity markets, supported by earnings growth and AI capital expenditures, still have upside potential.
- Fixed income continues to be a ballast even though credit spreads remain tight. Yields remain attractive.
- Portfolio diversification remains key in the current period of high economic uncertainty.

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Federated Hermes: 2025 – 2026 Forecasts

As of October 9, 2025

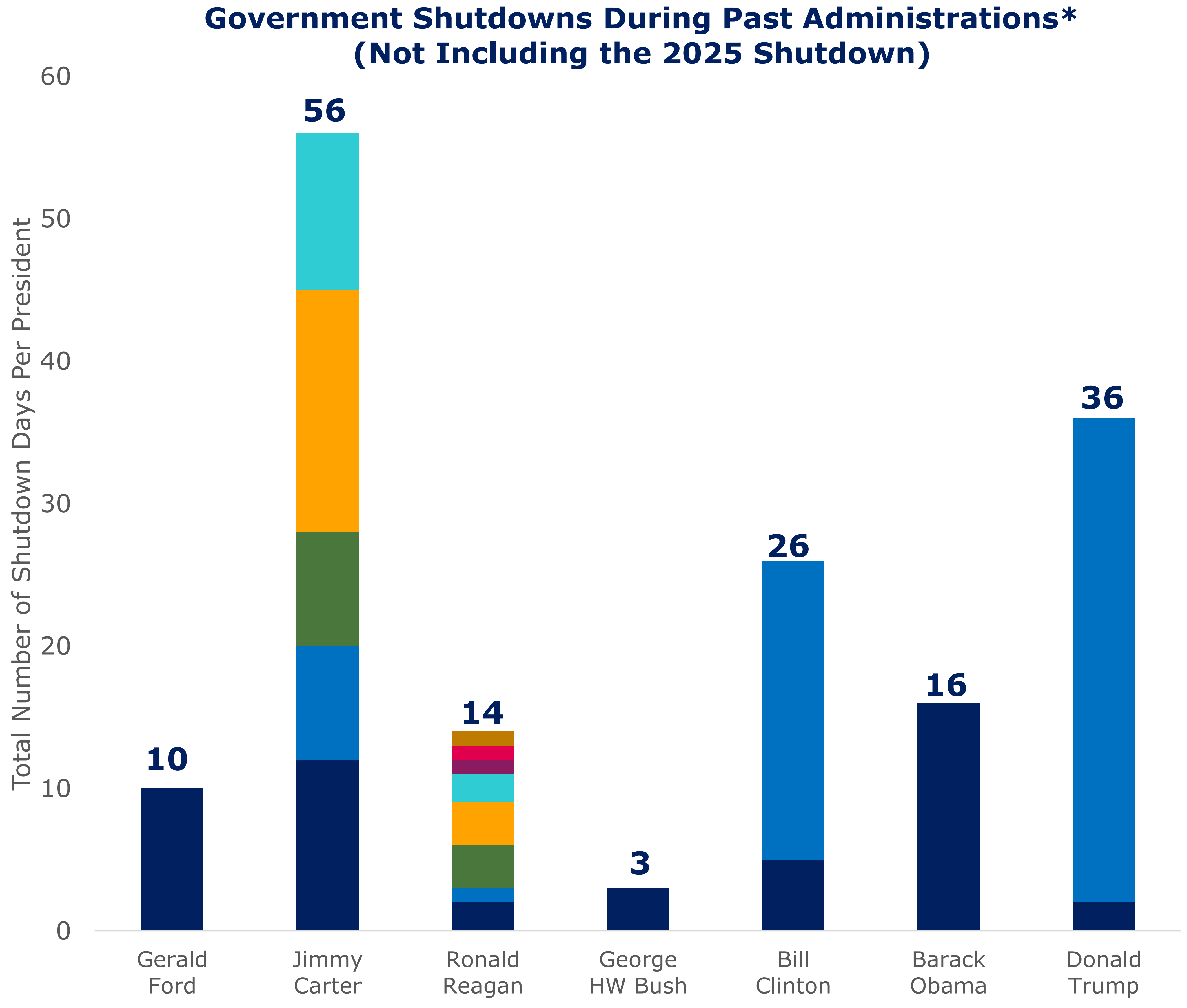
Economic Measure	2025E	2026E
Real GDP	2.3%	2.8%
Core CPI	3.0%	2.7%
Core PCE	2.9%	2.5%
10 Year Treasury Yield	4.10%	3.90%
Fed Funds Rate (Upper Limit)	4.00%	3.00%
S&P 500 EPS	$270	$320
Target Forward P/E	21.9x	22.0x
S&P 500 Target Price	7,000	7,800

Sources: Federated Hermes, October 6, 2025
Views are as of the date indicated 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.

The US Government shuts down

Markets have largely ignored prior government shutdowns

- Markets have historically largely ignored or shown minimal long-term impact from U.S. government shutdowns.
- The ongoing October 2025 shutdown is taking place amid new and heightened risks that could change the calculus.
- A prolonged shutdown could create market volatility and potentially increased credit concerns.
- A data-dependent Fed will need to rely on other sources for jobs and inflation data as this information is not available during shutdowns.



Shutdown Period	Length	Pres.	Reason	S&P 500 Return %	10Y Treasury Start	10Y Treasury End	3M T-Bill Start	3M T-Bill End
Dec 22, 2018 – Jan 25, 2019	35 days	Trump	Border wall funding	+10.3%	2.79	2.75	2.4	2.4
Jan 20 – Jan 22, 2018	3 days	Trump	Immigration /DACA	Slight decline	2.63	2.66	1.4	1.45
Oct 1 – Oct 17, 2013	16 days	Obama	ACA funding dispute	+3.1%	2.61	2.58	0.03	0.05
Dec 16, 1995 – Jan 6, 1996	21 days	Clinton	Budget cuts and Medicare	-3.7%	5.57	5.52	5.2	5.15

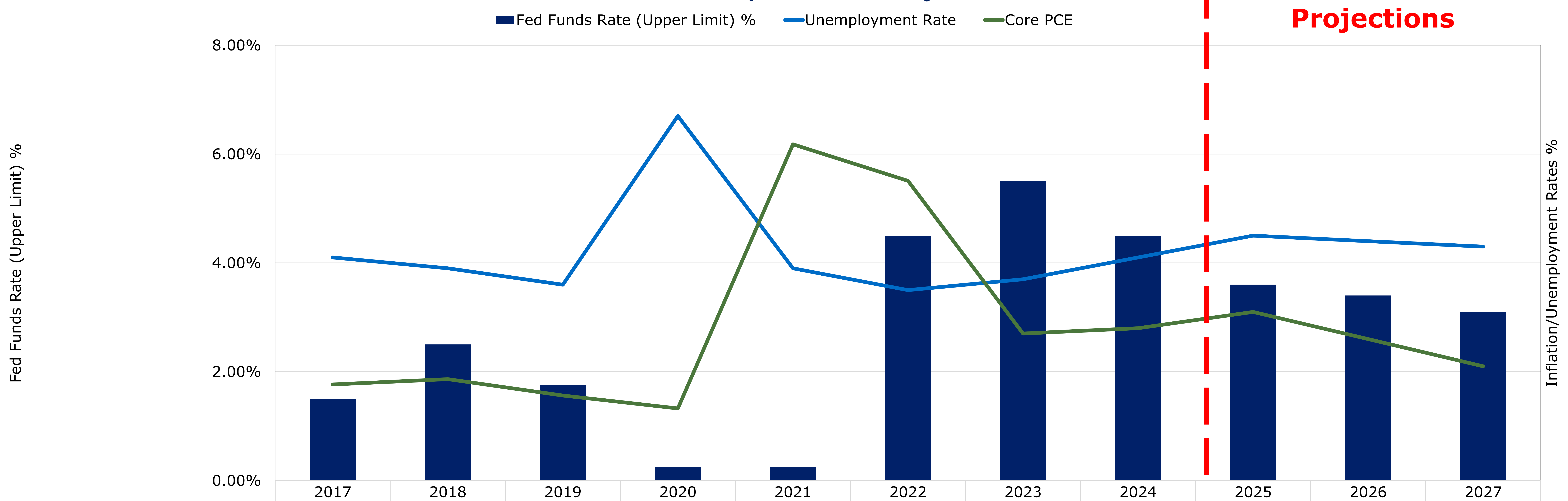
Sources: USA Today, Morningstar, Inc., September 30. 2025
*Colors represent the number of separate, distinct shutdowns. Gerald Ford had one shutdown in his Presidency, while Ronald Reagan's administration faced 8 separate shutdowns.

The Fed restarts the rate cutting cycle

The Fed is increasingly concerned with risks to the labor market, even as inflation remains elevated

- The Fed lowered the Fed Funds Rate by 25 basis points on September 17, 2025.
- This move was the first rate cut of the year and was followed by an announcement from the Fed that it was making the change to support the job market while still keeping policy tight enough to continue putting downward pressure on inflation.

The Fed's Summary of Economic Projections



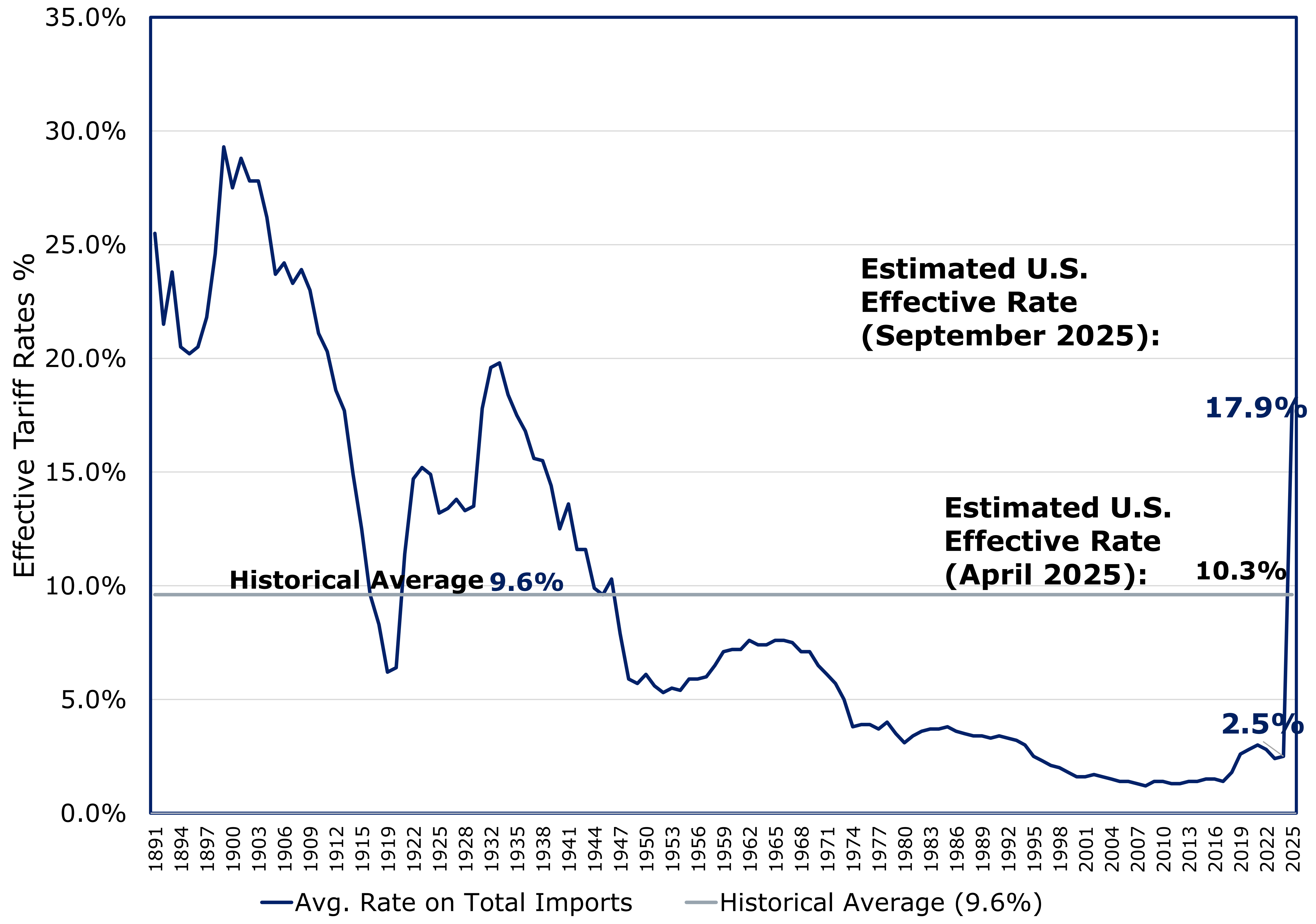
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Fed Funds Rate (Upper Limit) %	1.50%	2.50%	1.75%	0.25%	0.25%	4.50%	5.50%	4.50%	3.60%	3.40%	3.10%
Unemployment Rate	4.1%	3.9%	3.6%	6.7%	3.9%	3.5%	3.7%	4.1%	4.5%	4.4%	4.3%
Core PCE	1.8%	1.9%	1.6%	1.3%	6.2%	5.5%	2.7%	2.8%	3.1%	2.6%	2.1%

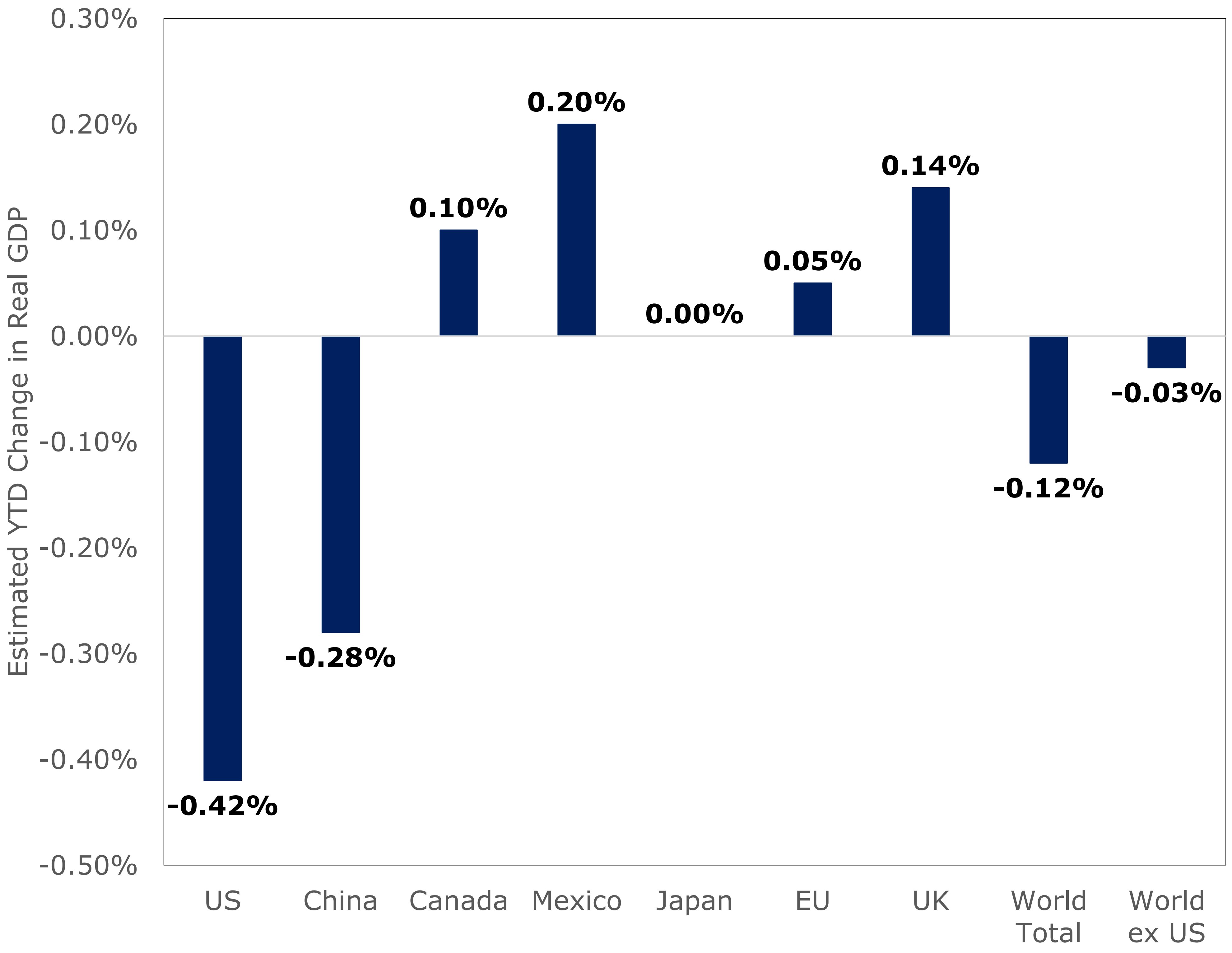
Source: Federal Reserve Bank St. Louis, FOMC Summary of Economic Projections, September 30, 2025

US implements tariffs; Market reaction muted, so far…

The US has implemented higher tariff rates on all imports to improve trade imbalances

- On April 2, 2025, ("Liberation Day") the Trump administration implemented a baseline 10% tariff rates on all imports into the United States, effective April 5, 2025.
- Implementation was initially delayed, allowing trading partners time to negotiate new rates, but most tariffs were implemented during Q2 2025.
- Market reaction has been muted but concerns over a trade war, especially with China, remain.
- Higher tariff rates have yet to materialize in prices (and inflation), but the Yale Budget Lab estimates that GDP rates will be negatively impacted.



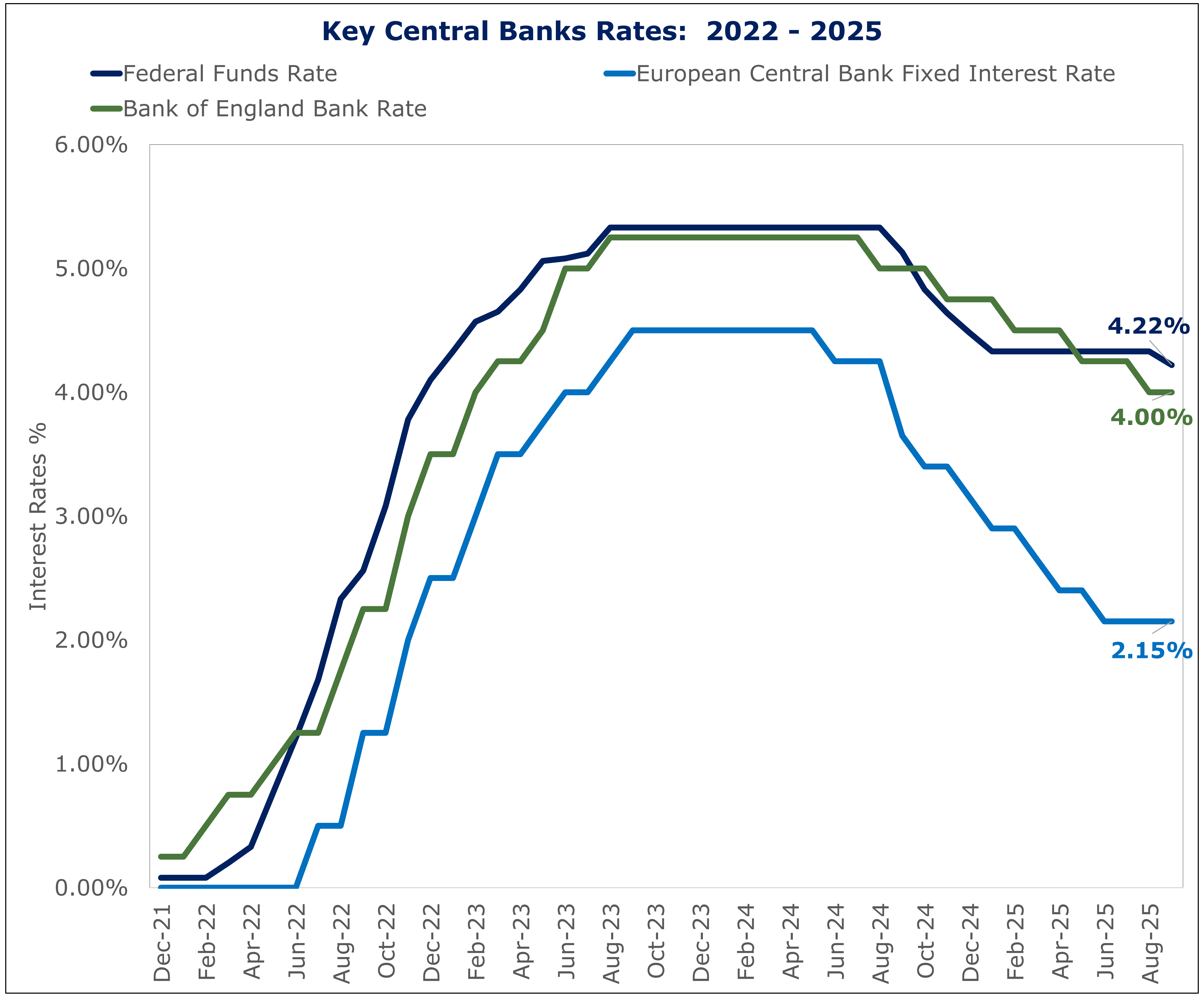


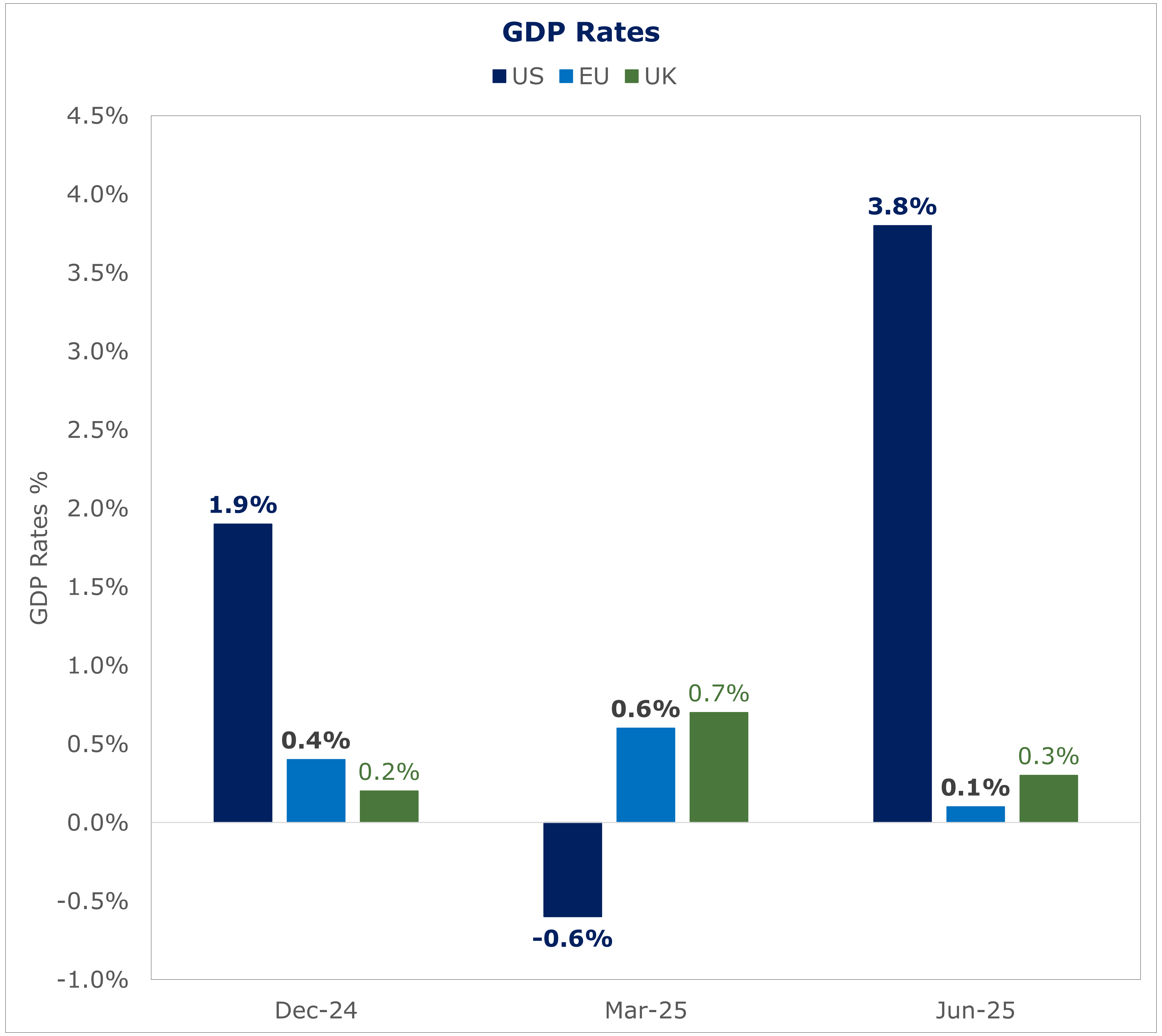
Sources: World Bank, BBC News , Peterson Institute for International Economics, September 30, 2025

The Global economy remains resilient

US import tariffs have not weighed on the global economy

- As trade uncertainty begins to subside and as Germany's fiscal stimulus gains traction, the Euro area economy is likely to remain positive into 2026.
- Sticky inflation has been impacting the UK and weak growth points to further rate cuts in 2026.
- The US remains the GDP leader.





Source: Bloomberg, September 30, 2025

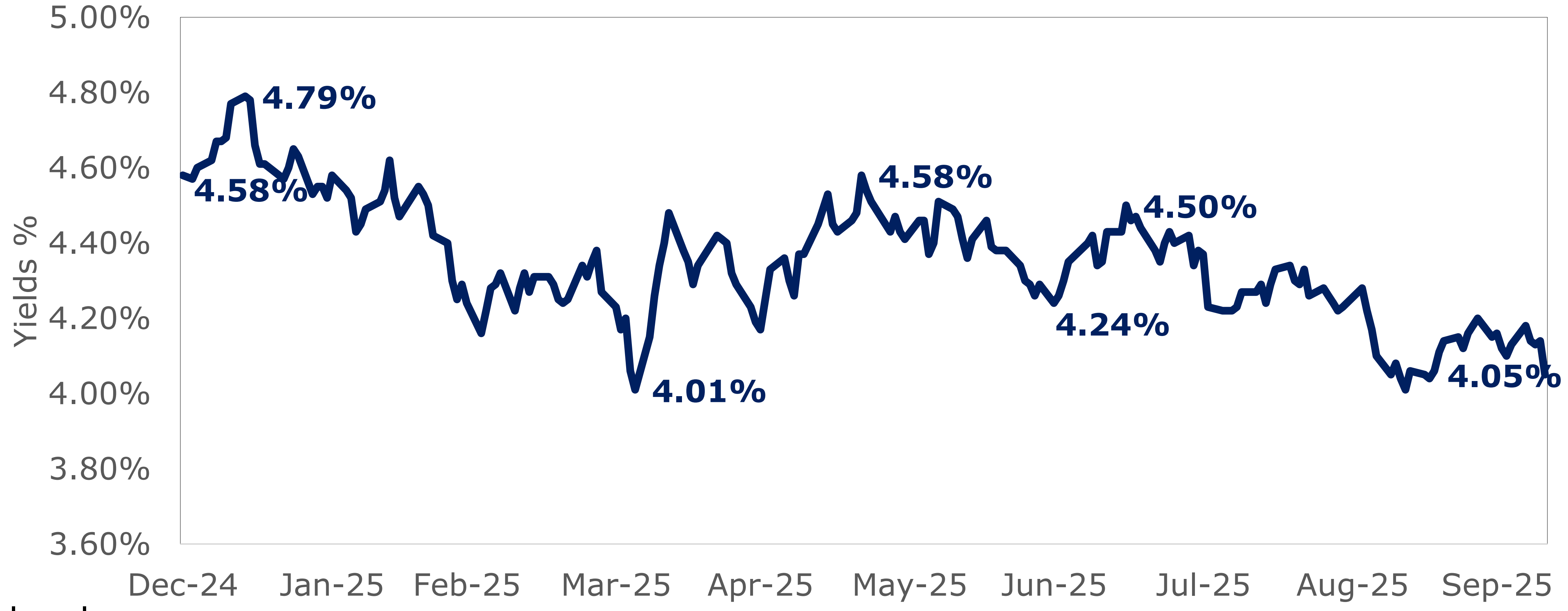
Volatility is proving to be tariff-sensitive

Both equity & fixed income markets saw increased volatility following the April 2, 2025 tariff announcements

- The CBOE VIX Index, also known as “the Fear Index,” surged in April but has since normalized through the end of the third quarter.
- Similarly, the MOVE Index, which tracks volatility in the Bond market spiked in April but has also returned to lower levels.
- A re-escalation of US-China trade tension caused a surge in the VIX and the MOVE & decreases in the S&P 500 price and 10Y Treasury yields , on October 10, 2025.

S&P 500 Daily Price: YTD 10/10/2025

10 Yr Treasury Yields%: YTD 10/10/2025



- - - - indicates where the S&P 500 price rebounded back to the pre-April downturn level

CBOE Volatility (VIX) Index: YTD 10/10/2025

ICE BofAML Move Index: YTD 10/10/2025

Source: Bloomberg, October 10, 2025

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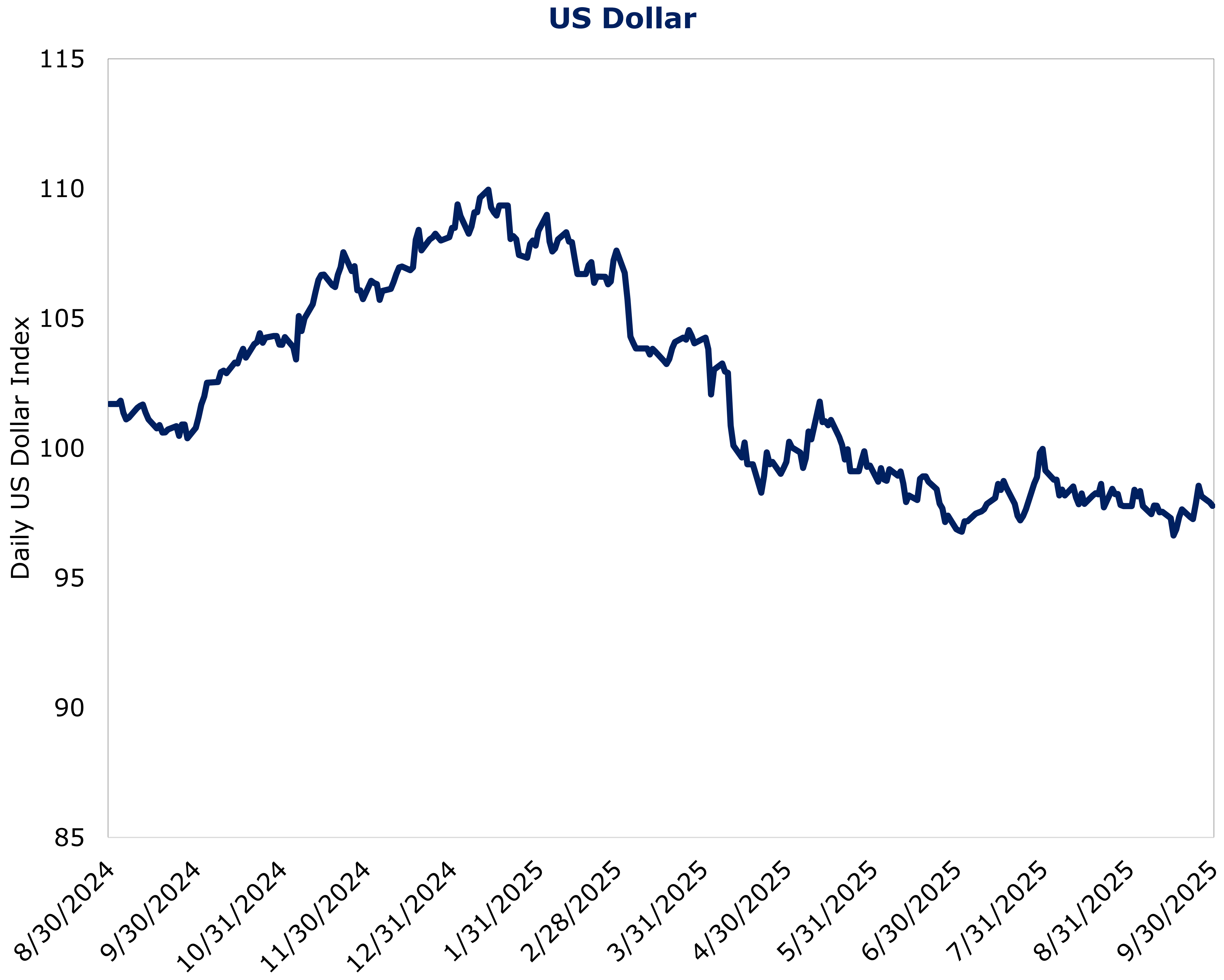
Market & political uncertainty are impacting the US Dollar & Gold

The US Dollar has declined 9.87% YTD-9/30/2025, while Gold prices have continued to rise

- The US Dollar has been weakening since the beginning of March 2025 due to inflation and fiscal policy worries.
- Increased concerns that the US is no longer a reliable trading partner is also driving the US dollar lower.
- Conversely, Gold has become the go-to safe-haven asset as the US Dollar has faltered. In early October, Gold surpassed $4,000.
- Gold’s rally has been supported by central bank buying, US Federal Reserve rate cut expectations, geopolitical instabilities and strong flows into gold-backed ETFs.
- Gold's role as a hedge against economic uncertainty and geopolitical risks remains prominent.



Source: Bloomberg, September 30, 2025

Scenario-specific investments

Investors with differing views on the direction of the economy may consider entry points for new investments or seek to re-allocate across existing portfolios based on their particular economic outlooks. The asset categories below have shown the potential to add to portfolio performance under these respective scenarios.

Moderate Growth (Economy Stabilizes)

Fixed Income:

- International Developed
- Emerging Markets
- Municipal Bonds
- Intermediate-Term Bonds
- Short-Term Bonds
- Short-Term Bonds <1 Year duration

- **Equity:**
- Large Cap Value
- Large Cap & Mid Cap Growth
- Small Cap
- International Developed
- Emerging Markets

Growth Slows (Economic Recession)

Fixed Income:

- Intermediate-Term Bonds
- Short-Term bonds
- Short-Term Bonds <1 Year duration
- Money Market investments

- **Equity:**
- Large Cap Value
- Dividend payers

Rising Inflation (Economy Overheats)

Fixed Income:

- Core Plus bonds
- Emerging markets
- TIPs

- **Equity:**
- Alternative investments
- Dividend payers

As of September 30, 2025

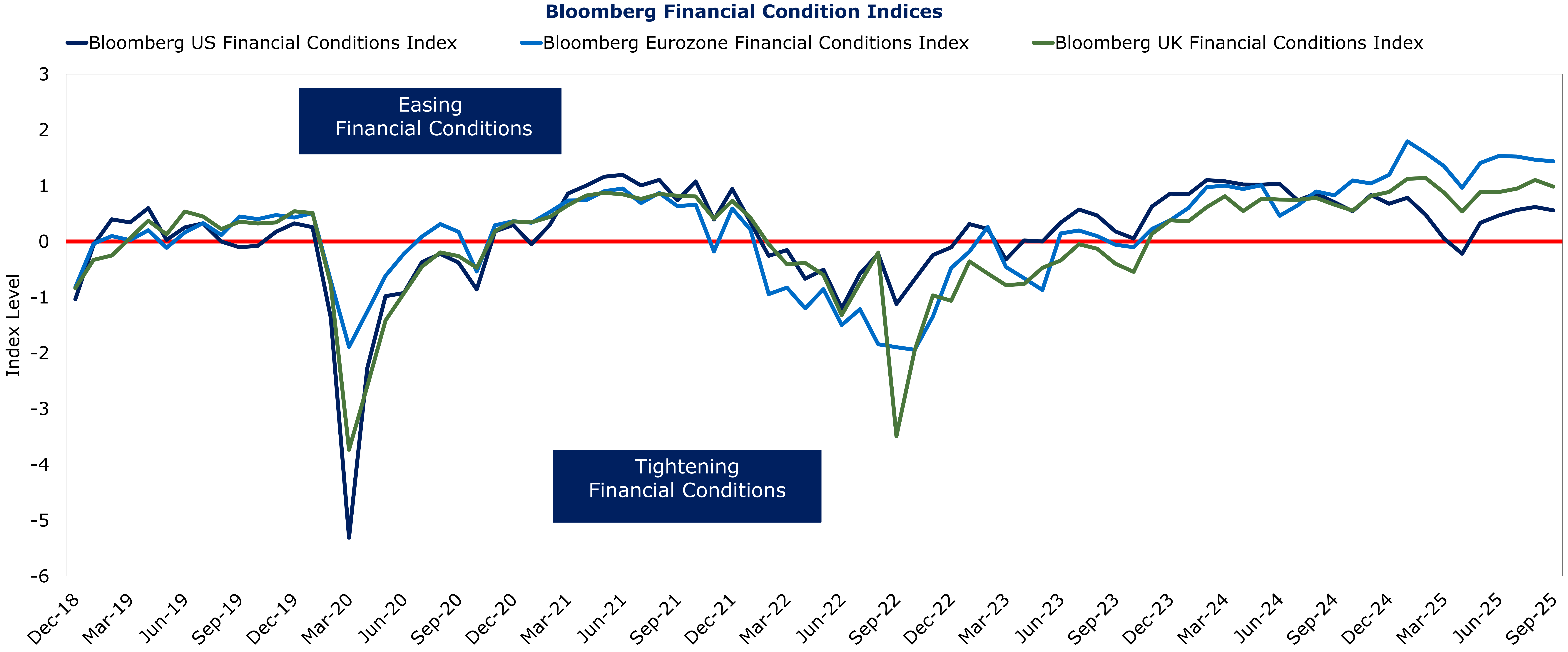
Information is solely for informational purposes, does not represent specific investment advice, and should not be construed as an investment recommendation. Past performance is no guarantee of future results.

Moderate Growth (Economy Stabilizes)

Global financial conditions rebound from tariff concerns

US/Eurozone/UK financial conditions are currently showing accommodative financial conditions

- The Bloomberg US/Eurozone/UK Financial Conditions Indices are Z-scores tracking the overall level of financial stress in the US/Eurozone/UK money, bond, and equity markets to help assess the availability and cost of credit.
- A positive value indicates accommodative financial conditions, while a negative value indicates tighter financial conditions relative to pre-crisis norms.
- US, EU, and UK conditions are supporting a favorable outlook, attesting to global resilience.



Sources: Bloomberg, September 30, 2025

Citi US Economic Surprise Index remains positive

The index has three consecutive months of positive levels

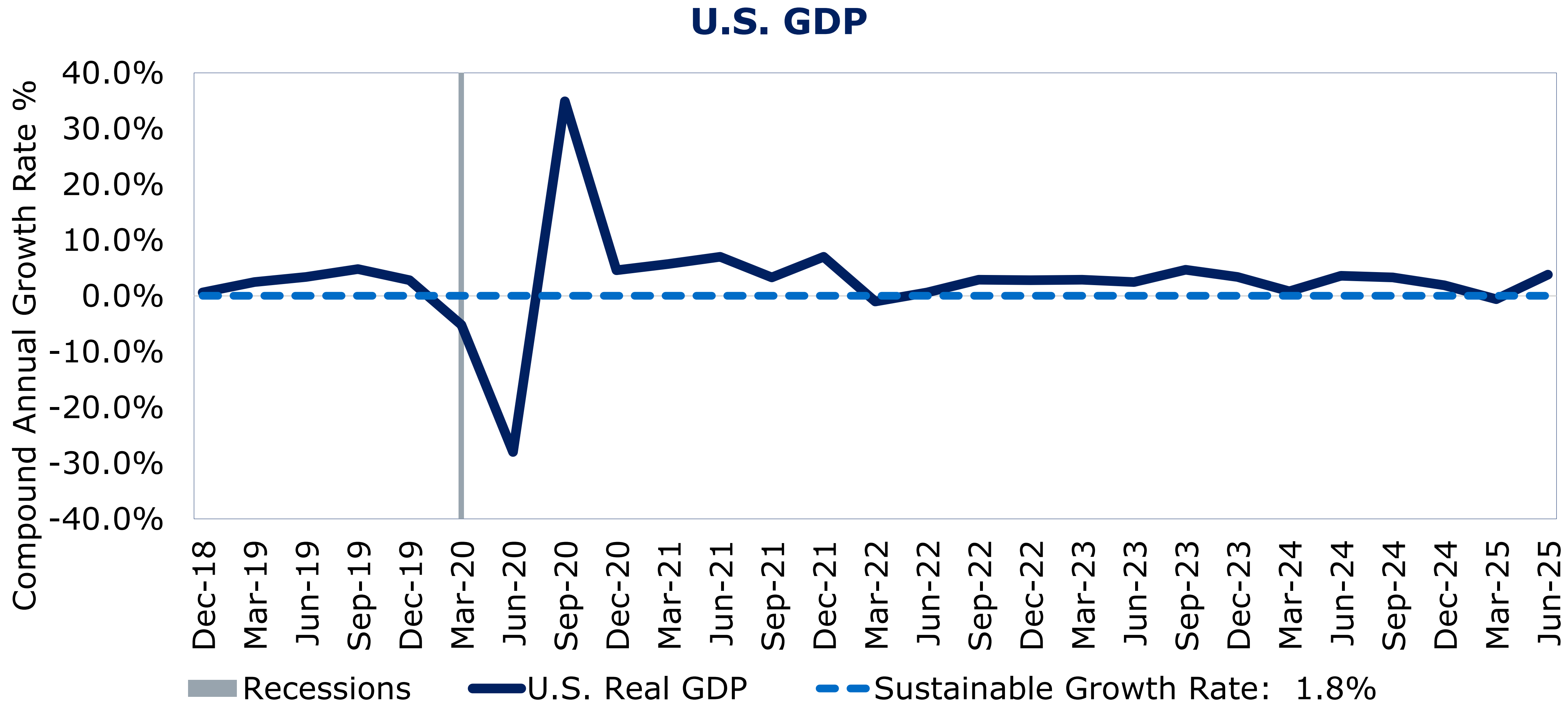
- Citigroup US Economic Surprise Index is constructed using weighted historical standard deviations of surprises (difference between actual releases and Bloomberg surveys) different macroeconomic indicators, where the weights depend on the announcement's effect on the foreign exchange markets.
- When the Index is over 0, its economic performance generally beats market expectations.
- When the Index is below 0, its economic conditions are generally worse than expected.
- Surprise index readings climb up as economy recovers but declines fast as economy declines.

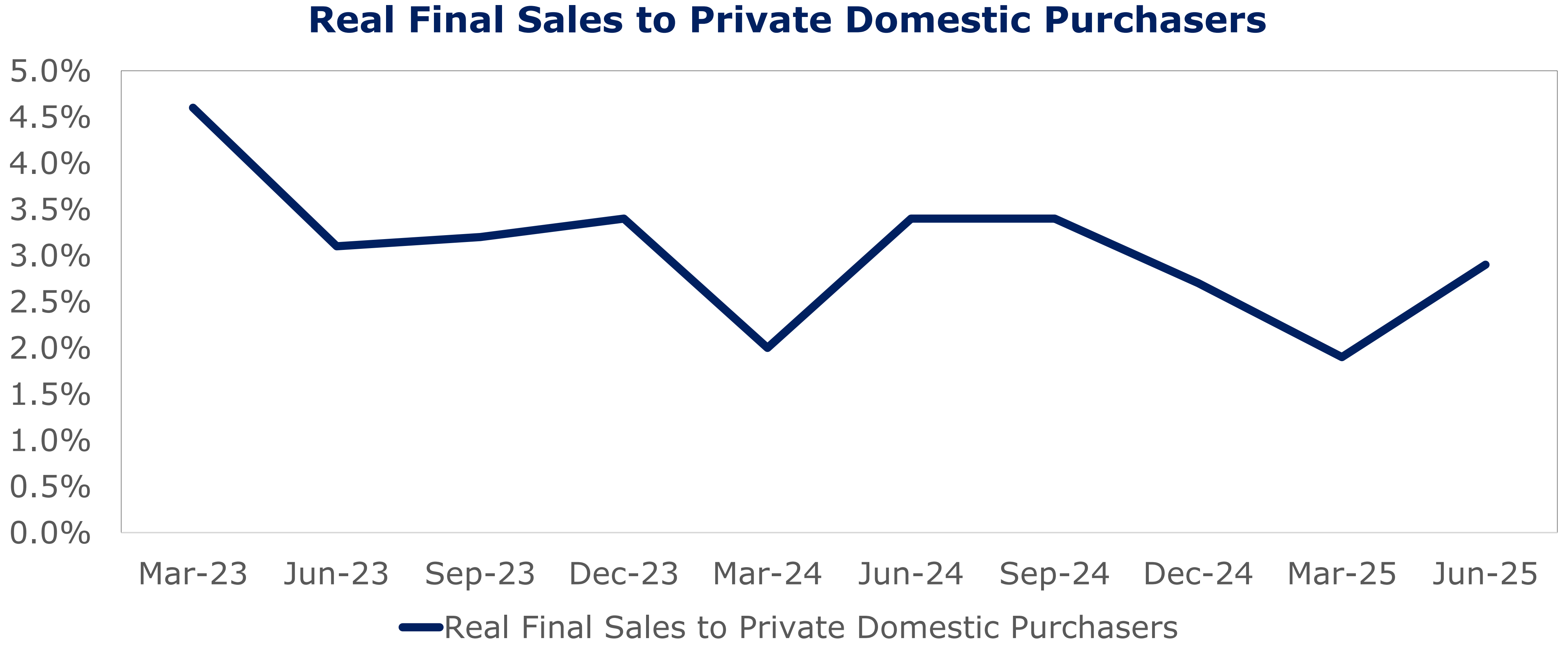
Sources: Bloomberg, September 30, 2025

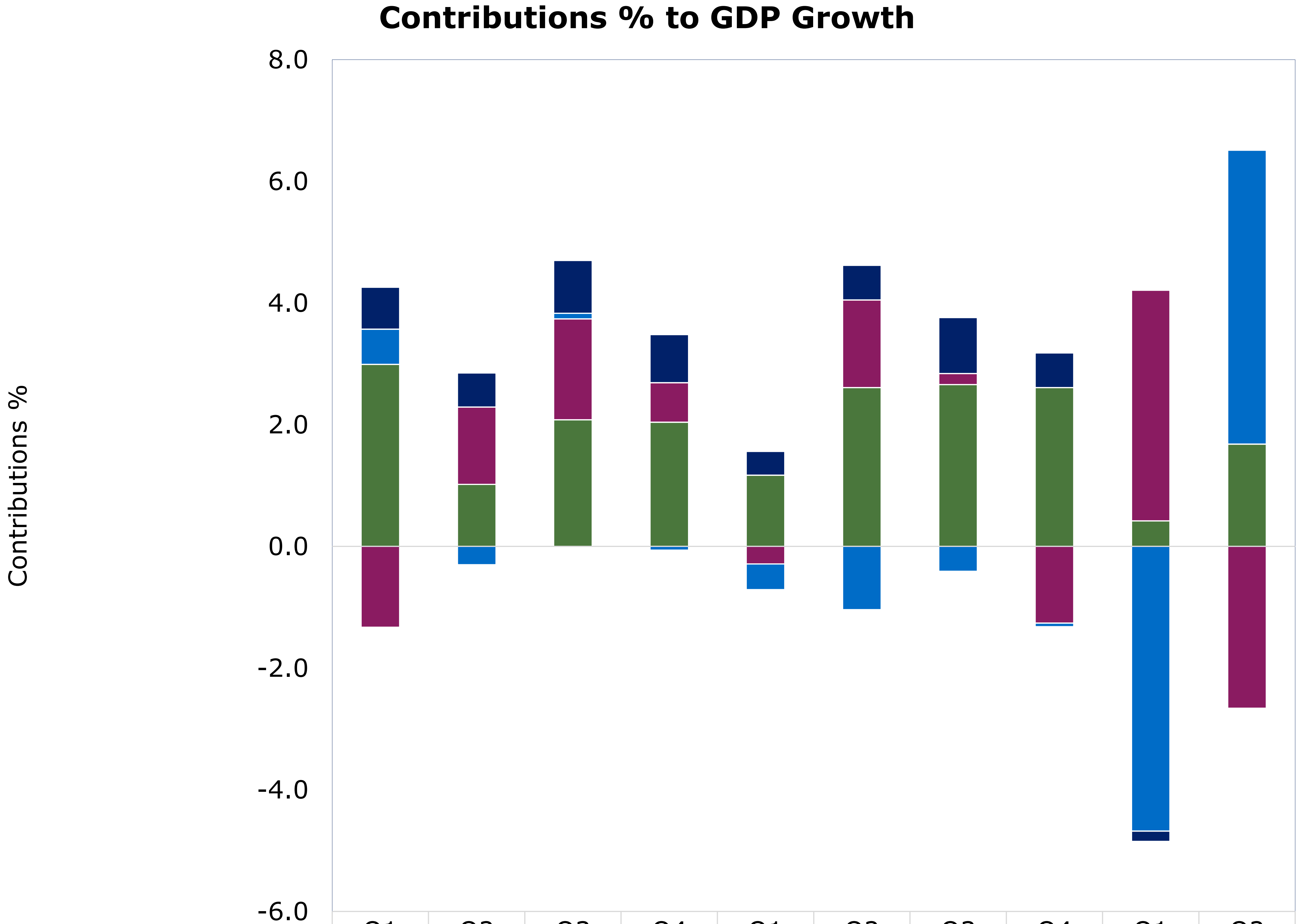
U.S. Economy: GDP growth rises to 3.8% in Q2 2025

A sharp acceleration from Q1 2025’s contraction of -0.6%, shows a resilient economy

- US GDP rebounded in Q2 2025 with consumer spending and falling imports driving GDP growth and Gross Private Investment a detractor.
- Final sales to private domestic purchasers, a better gauge of underlying demand as it includes only household consumption and fixed investment, rose 2.9% for Q2 2025.







	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Government	0.7	0.6	0.9	0.8	0.4	0.6	0.9	0.6	-0.2	0.0
Net Exports	0.6	-0.3	0.1	-0.1	-0.4	-1.0	-0.4	-0.1	-4.7	4.8
Gross Private Domestic Investment	-1.3	1.3	1.7	0.7	-0.3	1.4	0.2	-1.3	3.8	-2.7
Consumer	3.0	1.0	2.1	2.0	1.2	2.6	2.7	2.6	0.4	1.7

Sources: Bloomberg, LP, September 30, 2025

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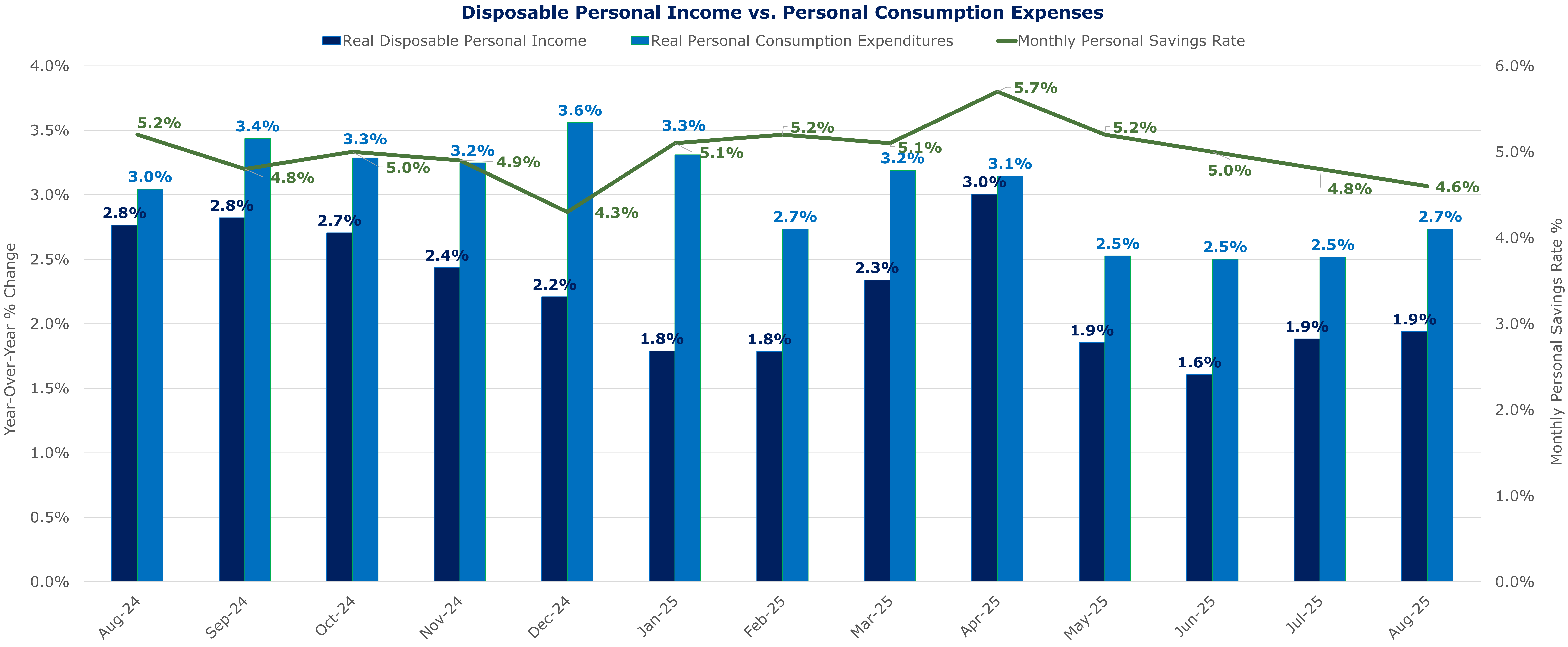
Consumer income & expenses remain steady

Despite inflationary pressures and a cooling labor market, the consumer remains resilient

- The US consumer has been the driving force in economic growth (GDP) over the last two years.
- The Personal Savings Rate, currently at 4.6% is trending lower than the long-term (1959-2025) historical average of 8.4%.
- The Consumer continues to spend, contributing to overall GDP growth.

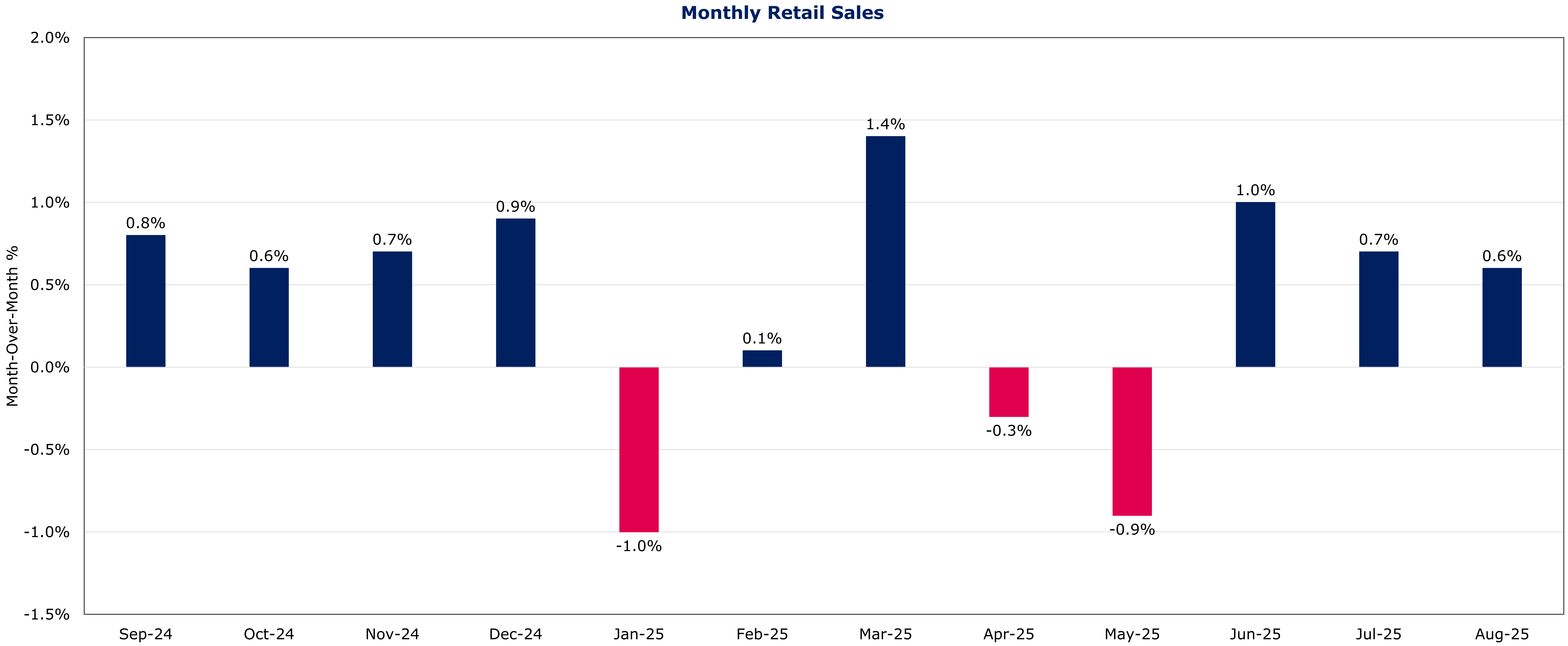


Sources: Bloomberg, L.P., September 30, 2025

Retail Sales continue to rise

Retail sales have increased for three consecutive months

- Retail sales provides an aggregated measure of sales of retail goods and services over a period of a month.
- Positive retail sales prints show that consumer spending is still healthy.



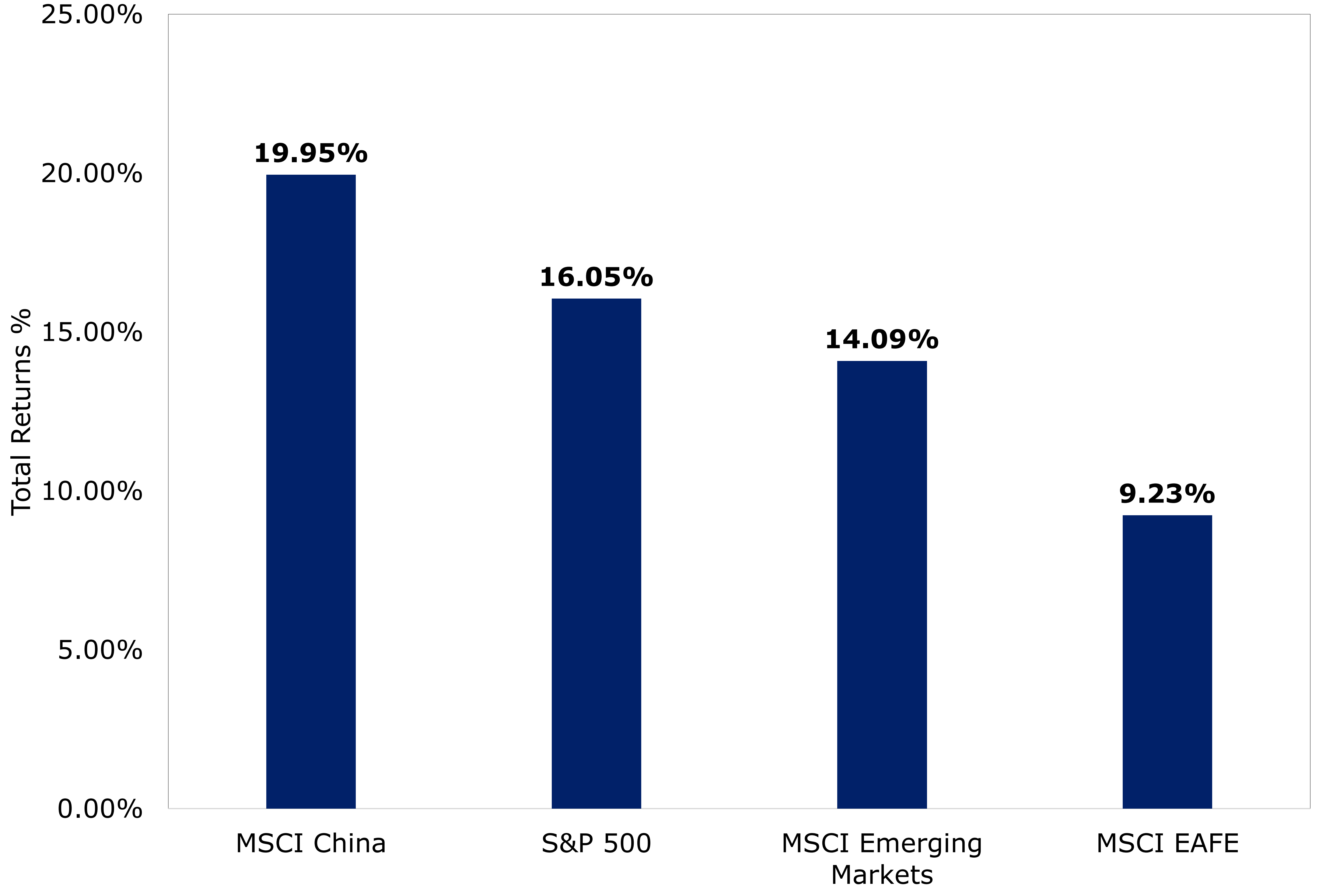
Sources: Federal Reserve Bank, St. Louis, September 30, 2025

Emerging Markets Equity Investing

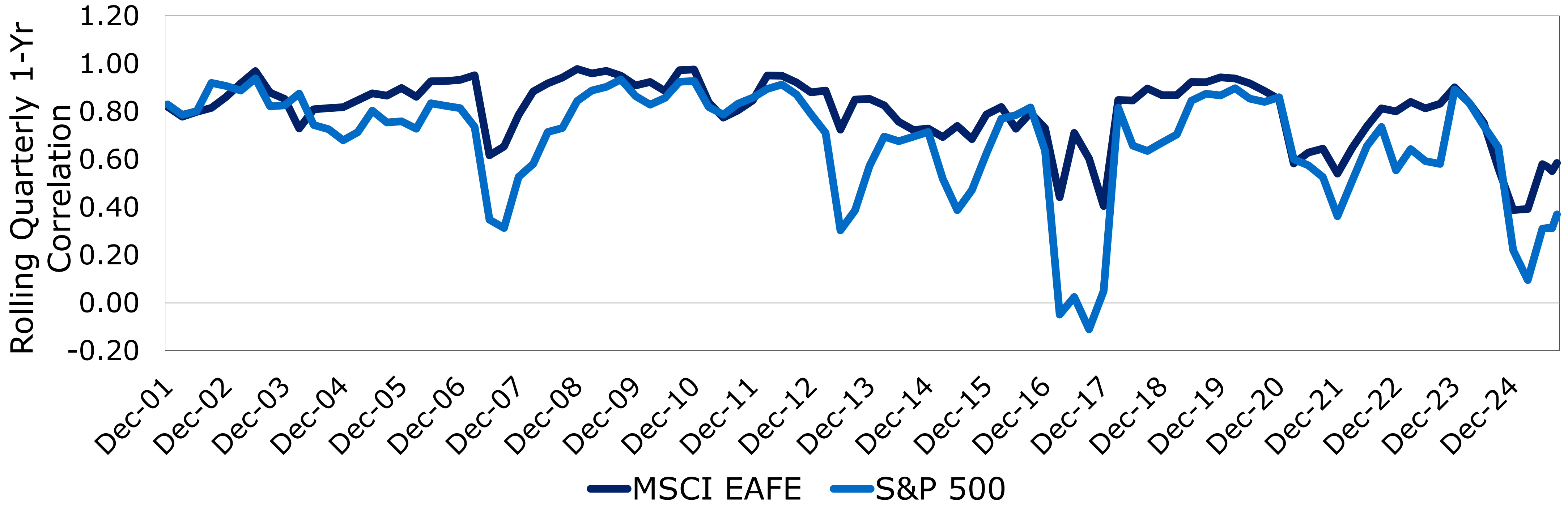
Potential diversification and alpha offer a compelling blend of opportunities

- During President Trump's first presidency, which saw an increase in tariffs, China and Emerging Markets performed relatively well.
- Over time, Emerging Markets Equities have become less correlated to both Developed International Equity Markets and US Equities, providing greater portfolio diversification benefits.
- Emerging Markets have recently offered higher Return on Earnings than International Developed Markets. Continued supply chain and energy changes should create further opportunities in emerging markets.

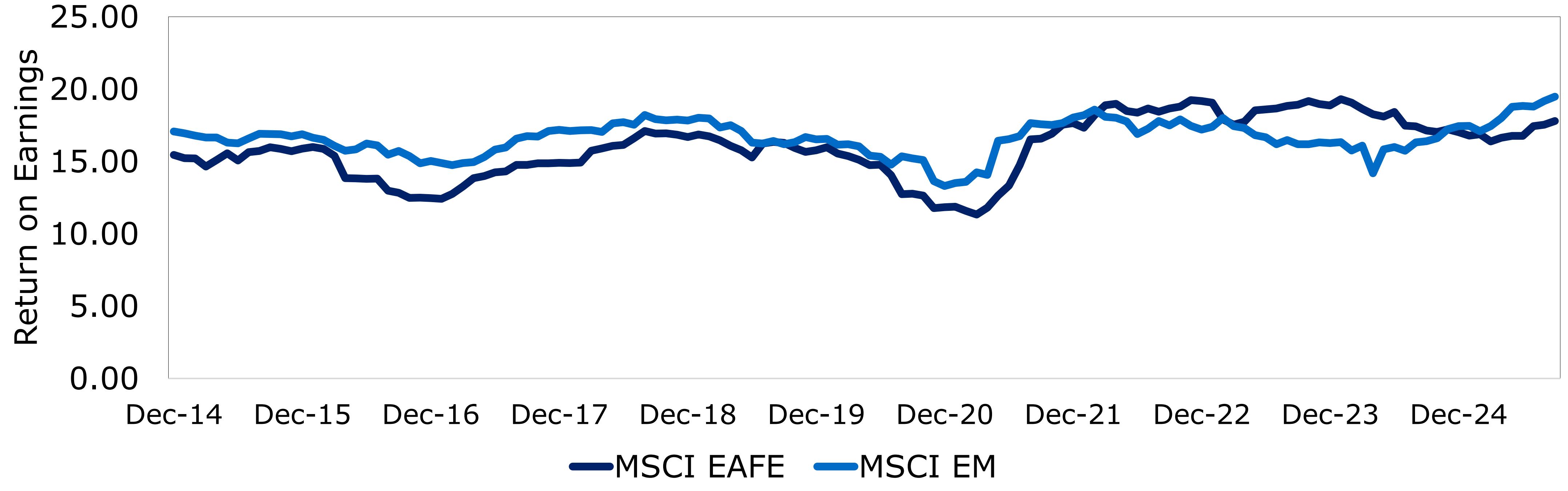
Performance During Trump 1.0 Presidency
January 20, 2017 – January 19, 2021



MSCI EM 1-Year Correlation to MSCI EAFE and S&P 500



Return on Earnings



Source: Morningstar, September 30, 2025

Past performance is no guarantee of future results. For illustrative purposes only and not representative of any specific investment.

The value of equity securities will rise and fall. These fluctuations could be a sustained trend or a drastic movement. International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging markets securities can be significantly more volatile than the prices of securities in developed countries and currency risk and political risks are accentuated in emerging markets.

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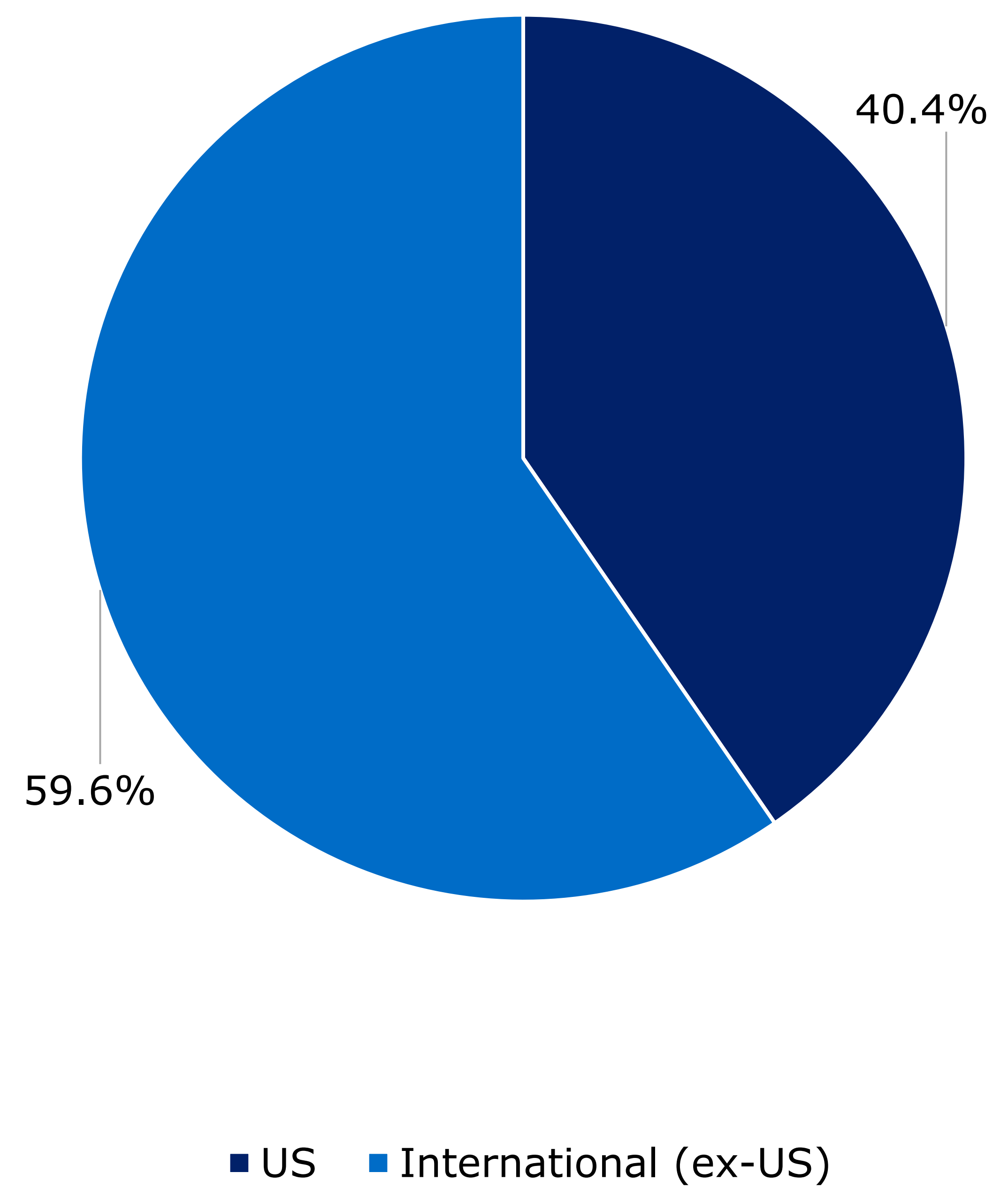
International Bond Investing

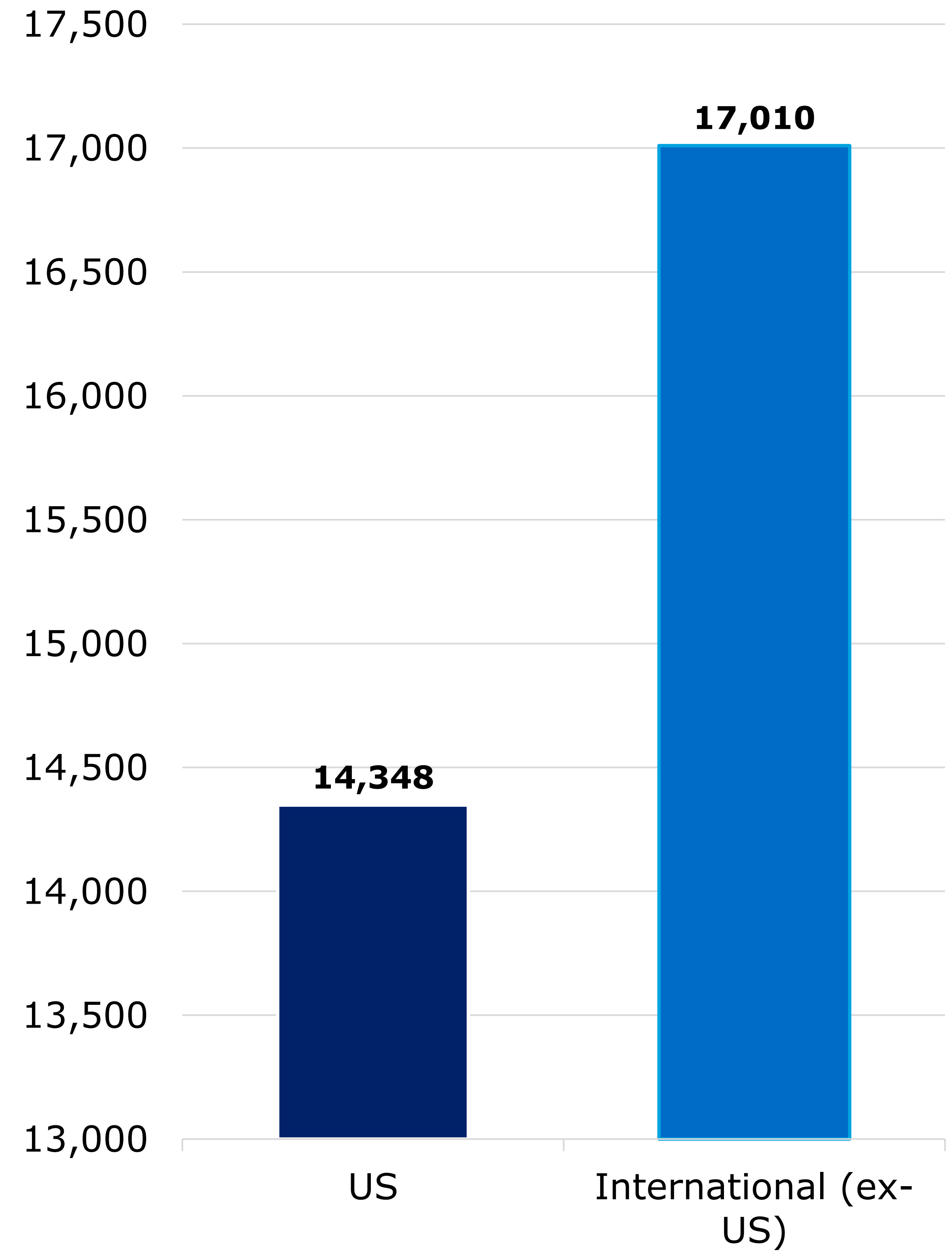
A larger opportunity set means greater potential for adding alpha

- International Bonds (ex US) comprise almost 60% of the Bloomberg Global Aggregate Bond Index.
- There are more issuers of International Bonds than US Bonds, which aids in diversification.
- International Bonds may have higher credit spreads than US Bonds, resulting in higher yields and higher total return potential when foreign currency bonds are hedged back into USD.
- Currency-hedged International bonds may be less volatile than US bonds.

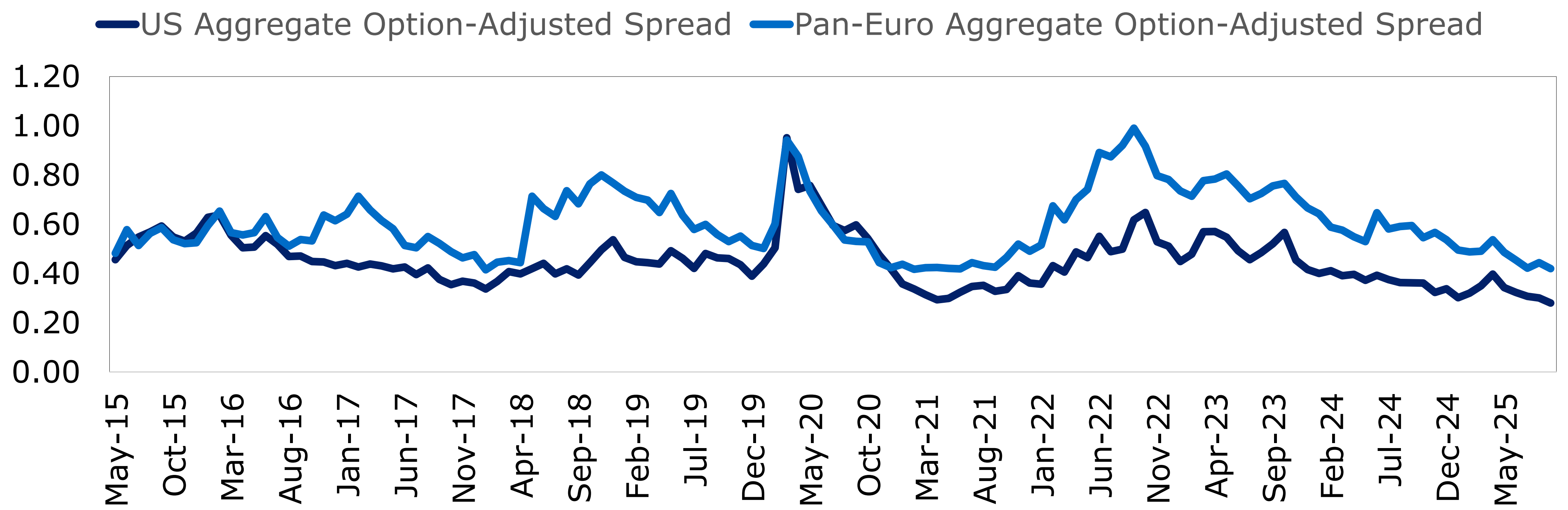
Bloomberg Global Aggregate Bond Index % of Index



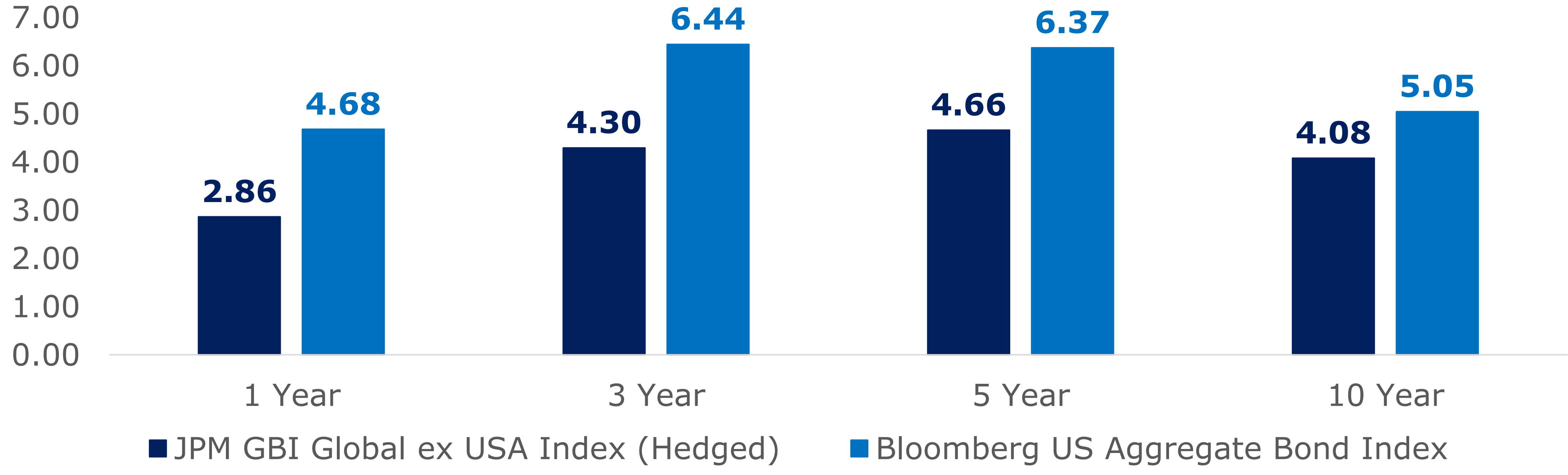
Bloomberg Global Aggregate Bond Index Number of Issuers



Credit Spreads



Standard Deviation (As of September 30, 2025)



Source: Barclays, September 30, 2025

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Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.

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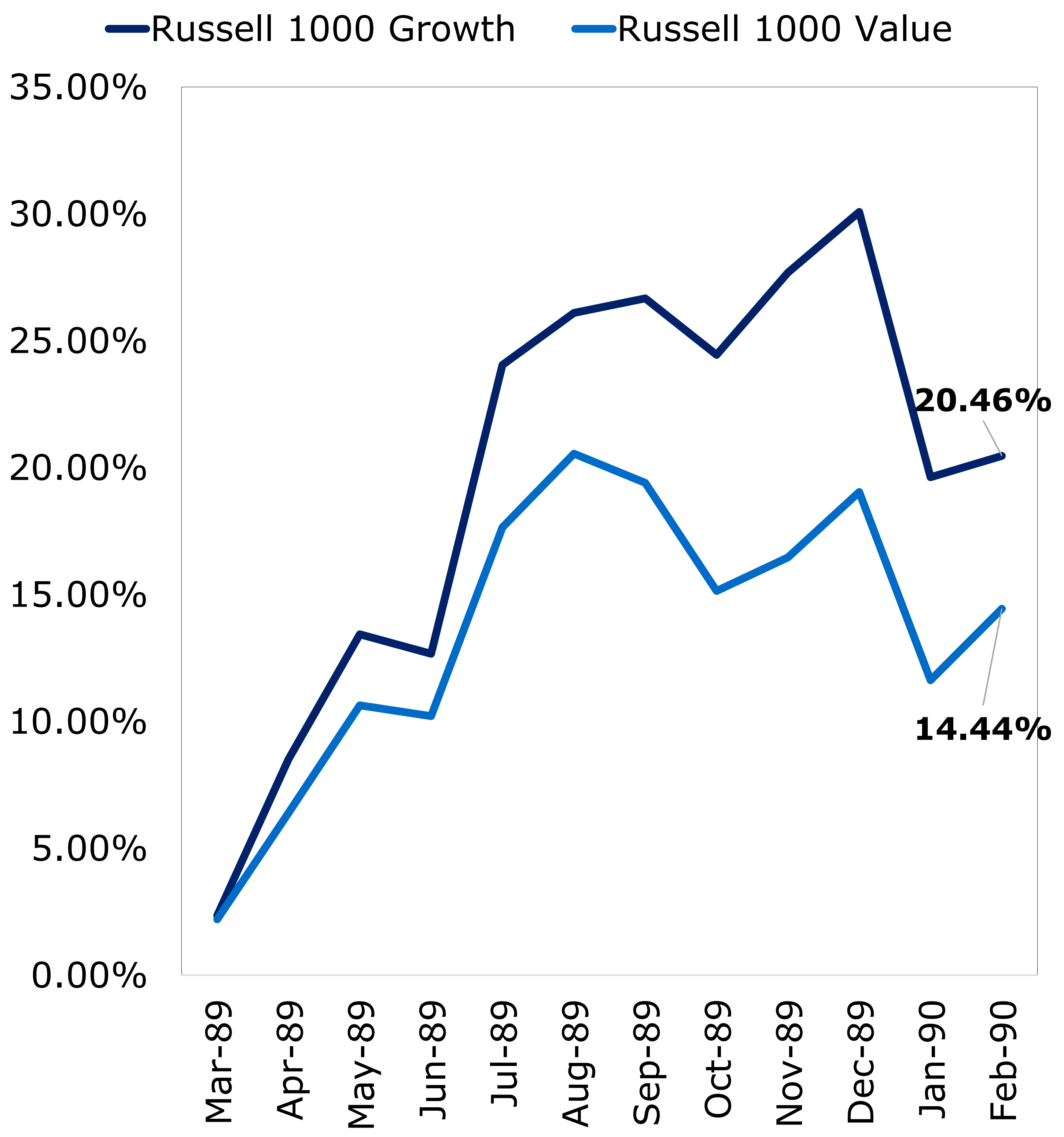
Growth & Value Investing: Following Fed tightening cycles

Growth & Value performed well in the one-year periods following the last three rate hike cycles

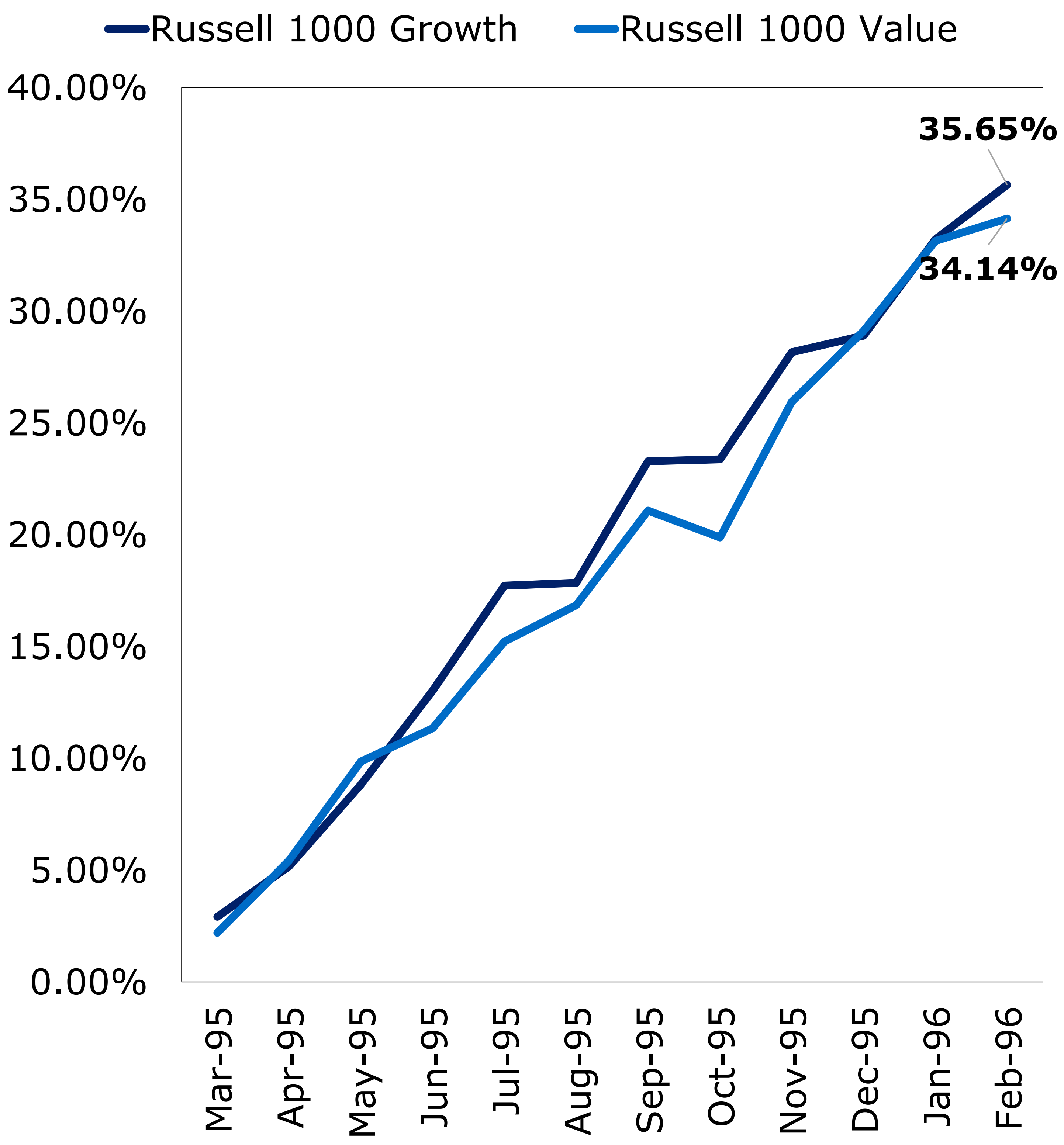
February 1989:
Fed ends rate increases from 6.50% to 9.75%

March 1989 – February 1990
Cumulative Monthly Total Returns %



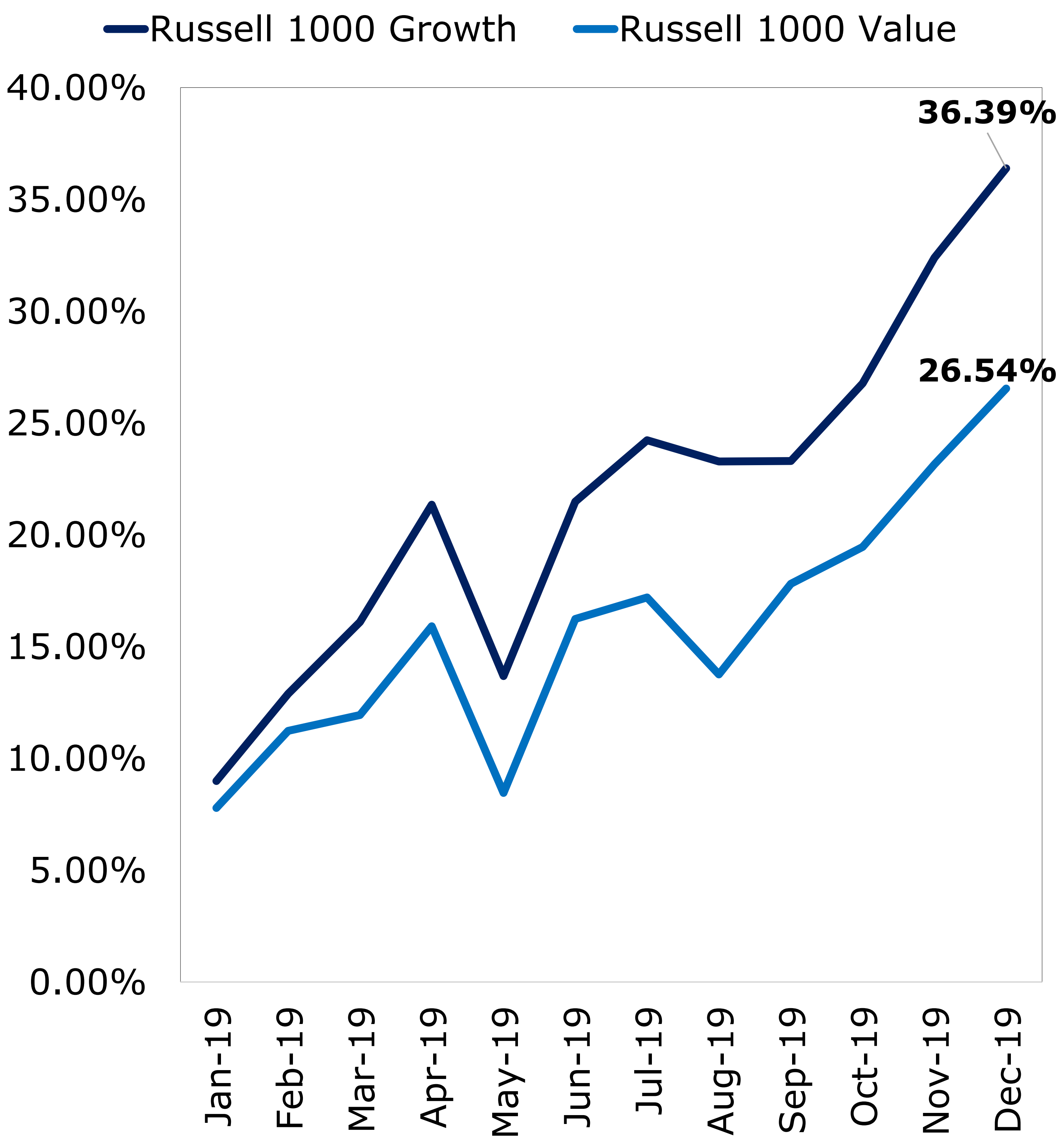
February 1995:
Fed ends rate increases from 3.25% to 6.00%

March 1995 – February 1996
Cumulative Monthly Total Returns %



December 2018:
Fed ends rate increases from 1.75% to 2.50%

January 2019 – December 2019
Cumulative Monthly Total Returns %



Source: Morningstar, Inc., September 30, 2025
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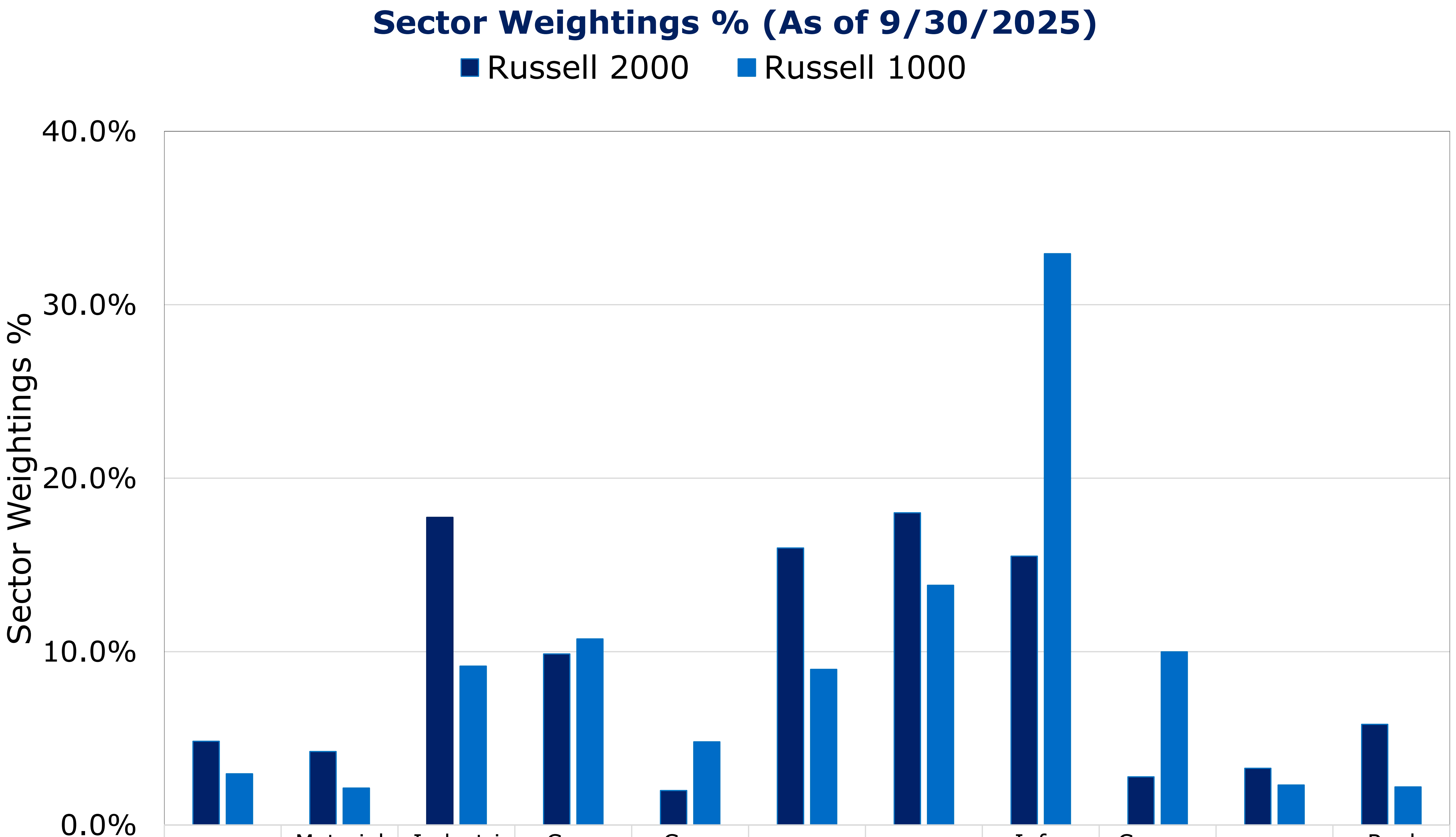
The value of equity securities will rise and fall. These fluctuations could be a sustained trend or a drastic movement. Value stocks may lag growth stocks in performance, particularly in late stages of a market advance. Due to their relatively high valuations, growth stocks are typically more volatile than value stocks.

Small Cap Investing

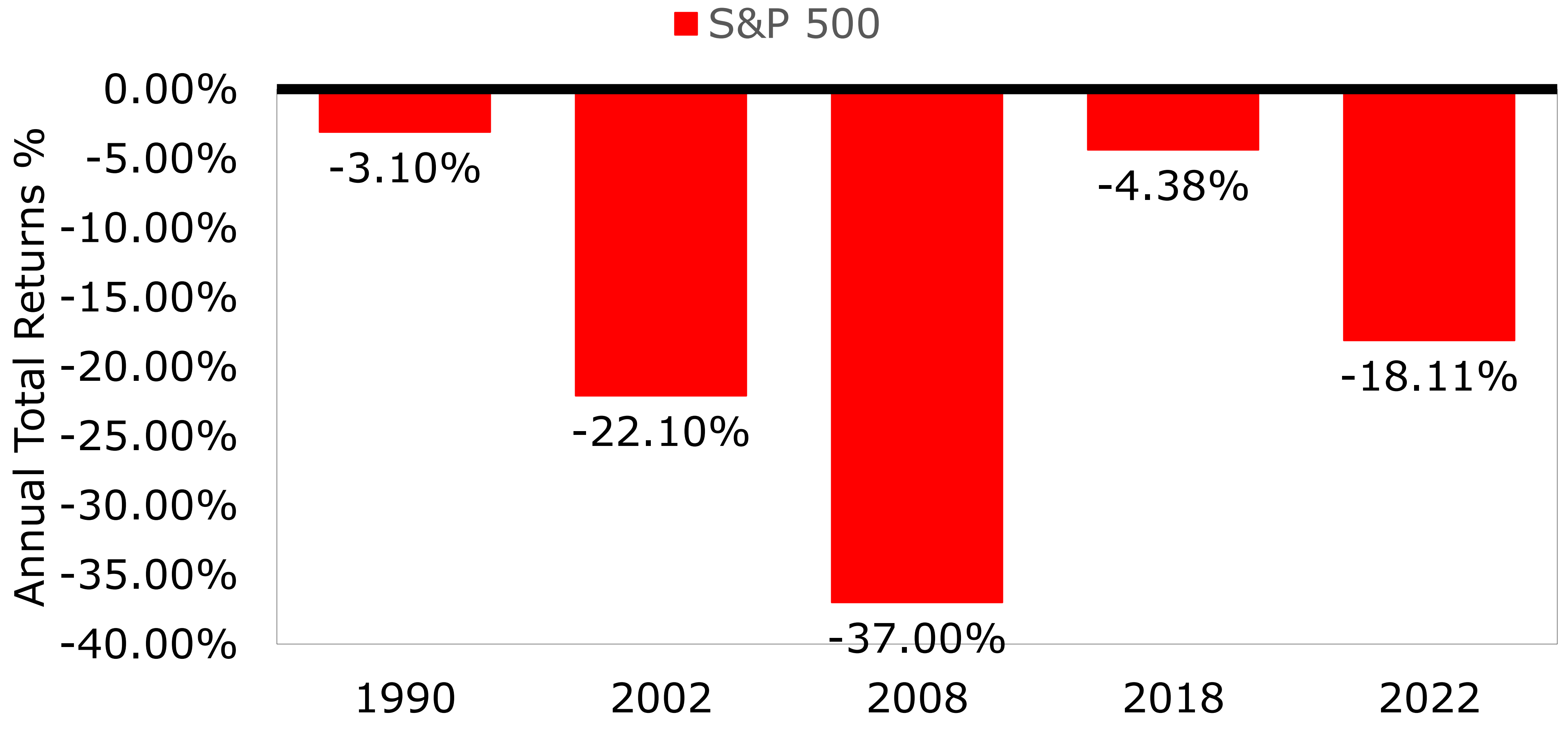
Diversification potential and total return potential

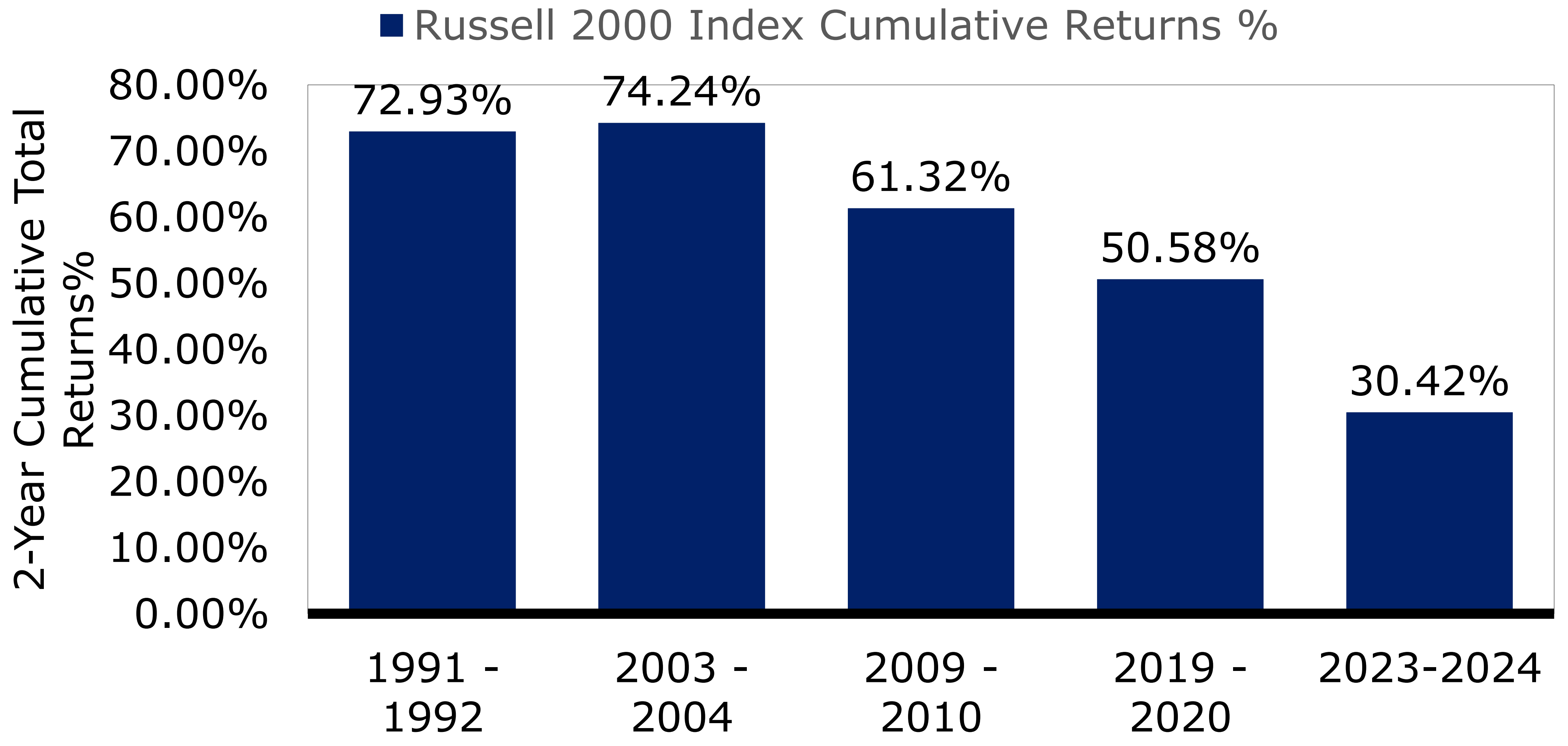
Small Cap investing provides:

- Greater diversification – Sector breadth is greater with Small Caps when compared to their Large Cap counterparts, which are more concentrated in the Technology sector.
- Revenue growth – Small Caps have the potential to grow earnings faster than Large Caps.
- Return potential – In the 2-year periods following market down years, Small Caps provided strong returns.



	Energy	Materials	Industrials	Cons Discr	Cons Staples	Health	Finance	Info. Tech.	Comm. Svcs.	Utilities	Real Estate
Russell 2000	4.8%	4.2%	17.7%	9.9%	2.0%	16.0%	18.0%	15.5%	2.8%	3.3%	5.8%
Russell 1000	3.0%	2.1%	9.2%	10.7%	4.8%	9.0%	13.8%	32.9%	10.0%	2.3%	2.2%





The value of equity securities will rise and fall. These fluctuations could be a sustained trend or a drastic movement. Small company stocks may be less liquid and subject to greater price volatility than large company stocks.

Source: Morningstar, Inc., September 30, 2025. Past performance is no guarantee of future results. For illustrative purposes only and not representative of any specific investment.

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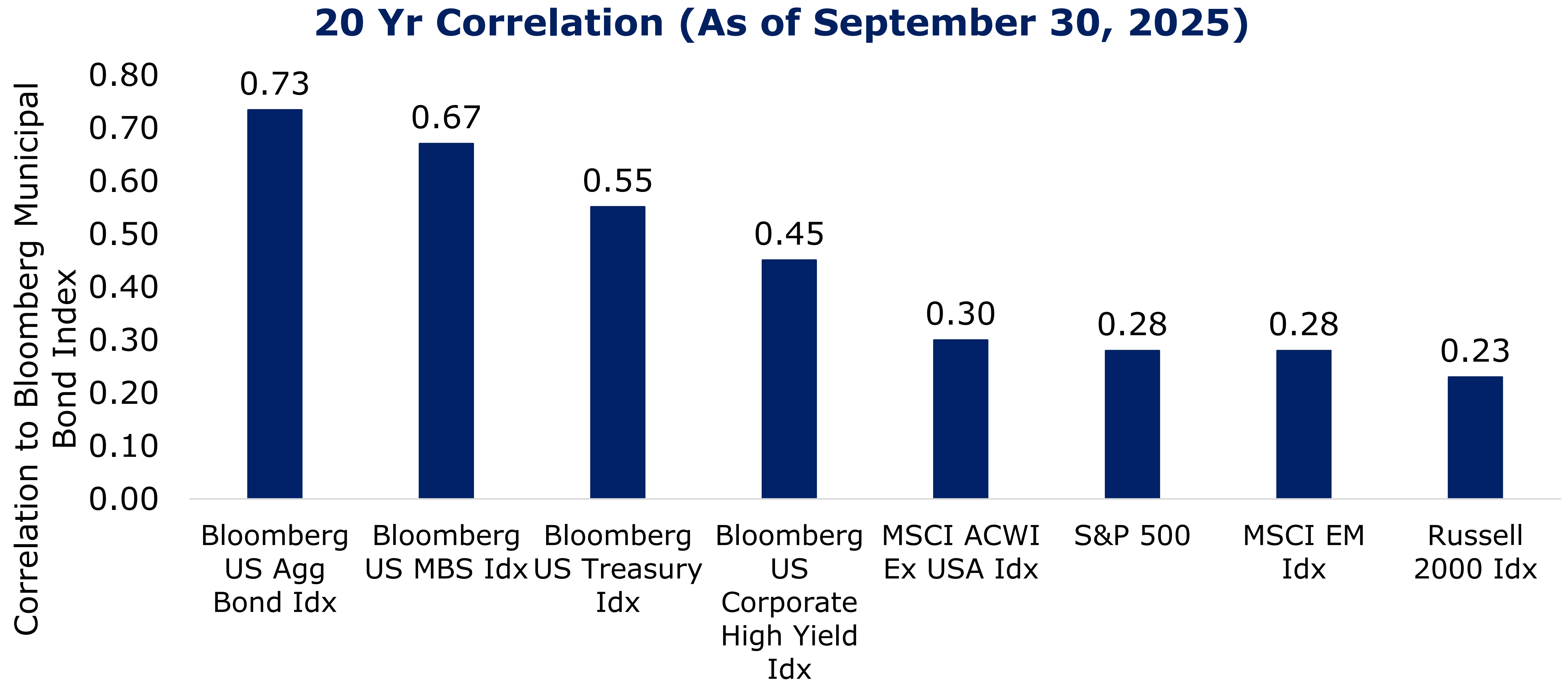
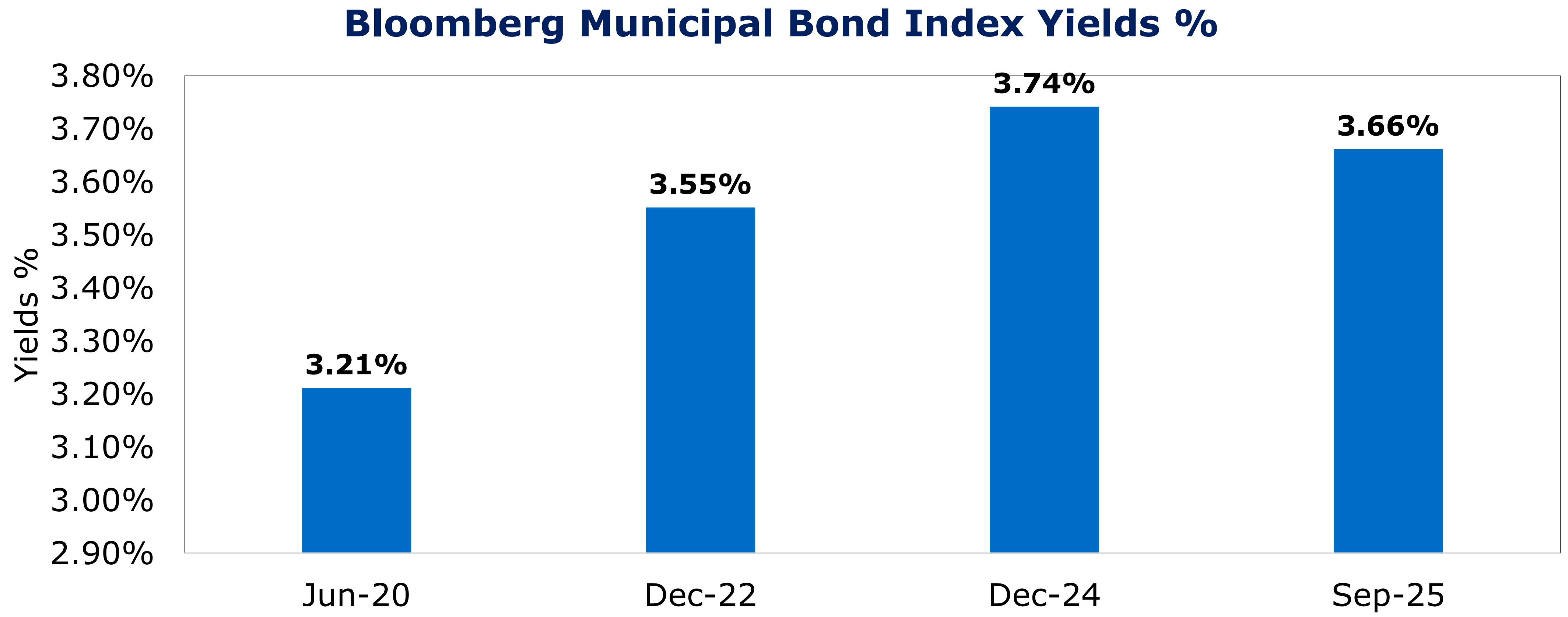
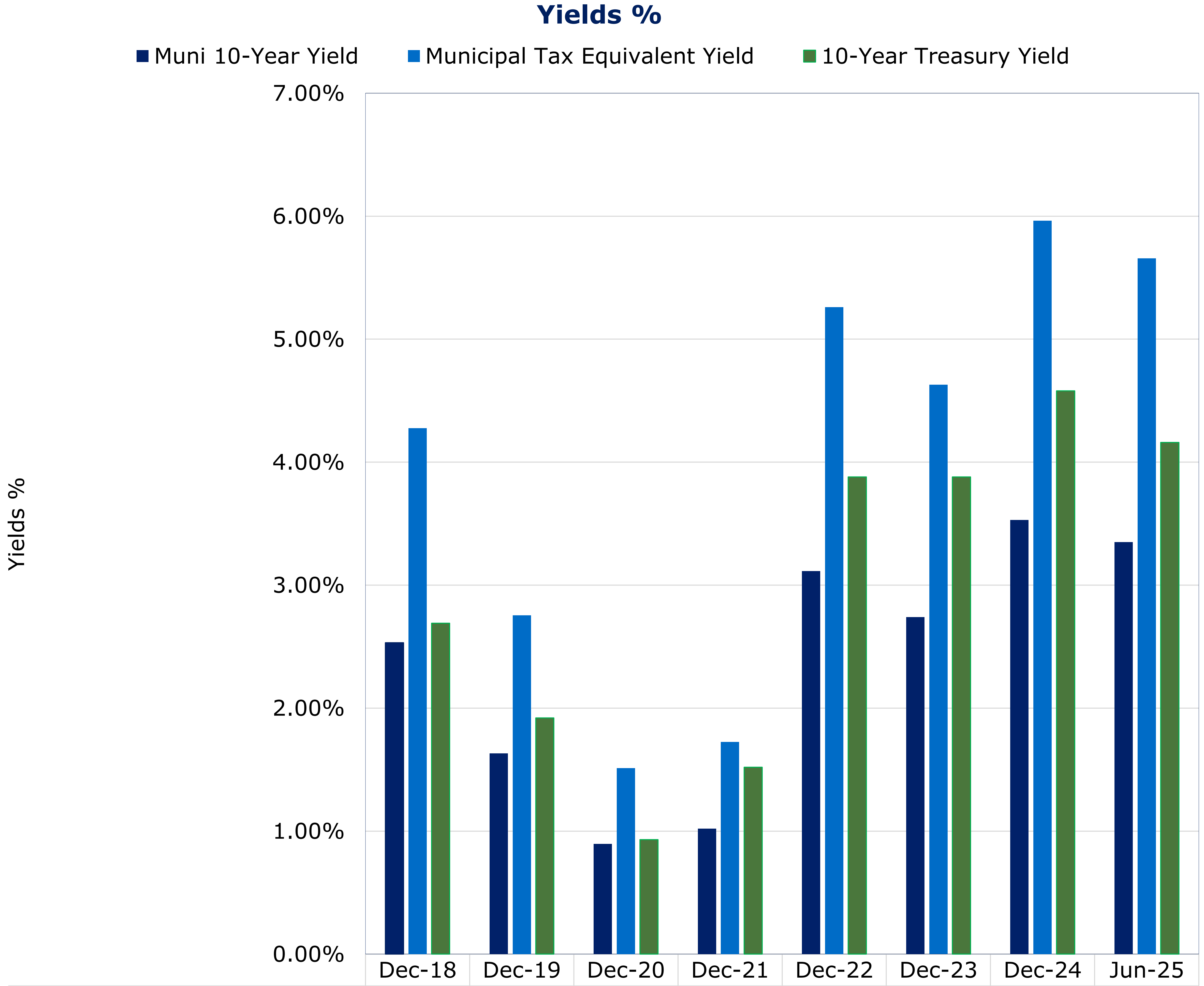
Municipal Investing

Rising Yields + Tax-Advantages = Attractive Investment Opportunity

- Municipals have low correlations to most equity asset classes.
- Yields have risen, which increases municipals' total return potential.
- For the tax-aware investor, municipal bonds offer tax advantages and potential higher tax-equivalent yields.







	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Jun-25
Muni 10-Year Yield	2.53%	1.63%	0.90%	1.02%	3.11%	2.74%	3.53%	3.35%
Municipal Tax Equivalent Yield	4.28%	2.76%	1.51%	1.72%	5.26%	4.63%	5.96%	5.66%
10-Year Treasury Yield	2.69%	1.92%	0.93%	1.52%	3.88%	3.88%	4.58%	4.16%

Sources:, Morningstar and Barclays, September 30, 2025. Tax Equivalent Yield based on based on a 40.8% tax rate (37% top federal income tax rate plus 3.8% tax on net investment income). Past performance is no guarantee of future results. For illustrative purposes only and not representative of any specific investment.

Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Income generated by municipal bonds may be subject to the Federal alternative minimum tax and state and local taxes.

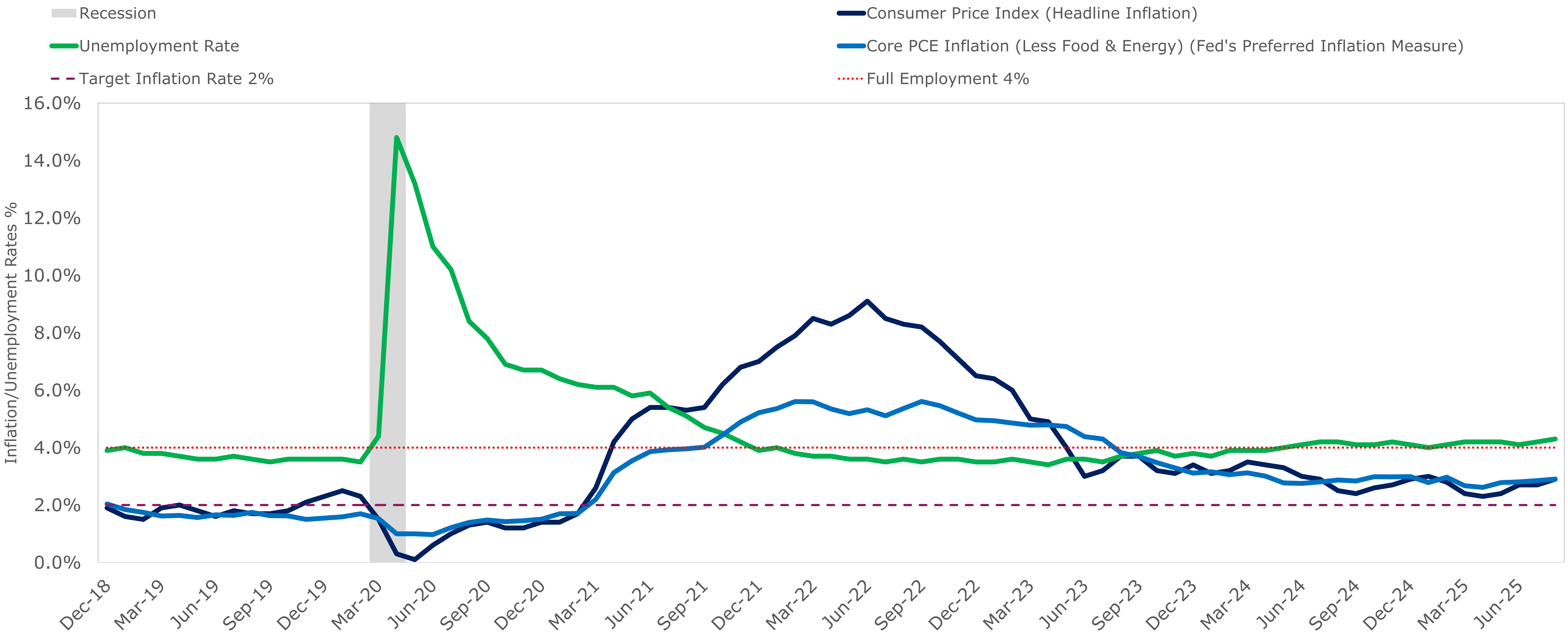
Growth Slows
(Economic Recession)

Inflation remains persistent while the Labor Market stagnates

Unemployment has risen consecutively for the past three months

- Inflation has cooled since its high of 9.1% in June 2022 but remains above the Fed's target rate of 2.0%.
- The August 2025 Unemployment Rate of 4.3% is the highest rate since 2021 and comes after a period of weakening job growth and a slowdown in hiring, with only 22,000 jobs added in August.

U.S. Employment and Inflation



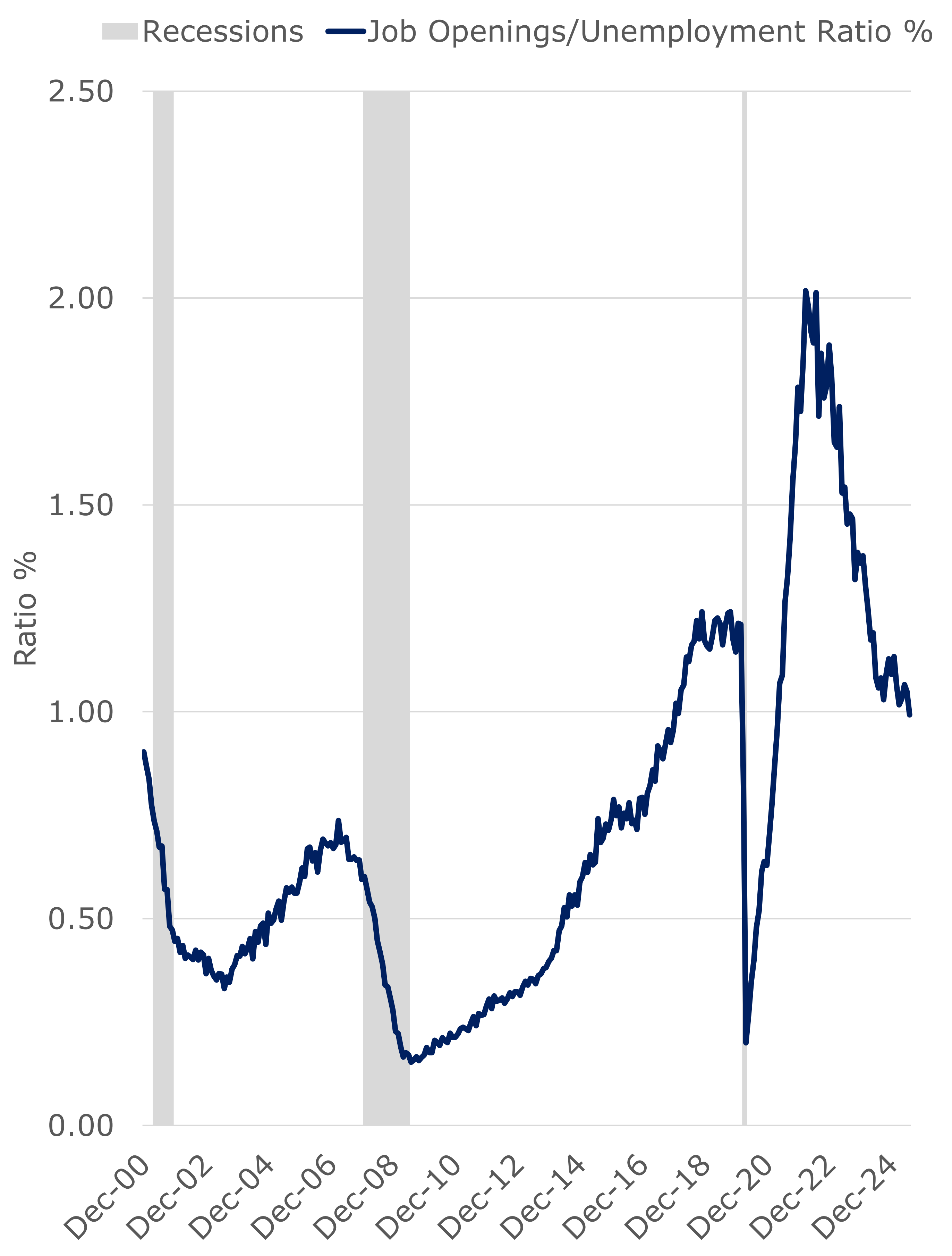
Source: Federal Reserve Bank, St. Louis, September 30, 2025

The Labor Market has softened

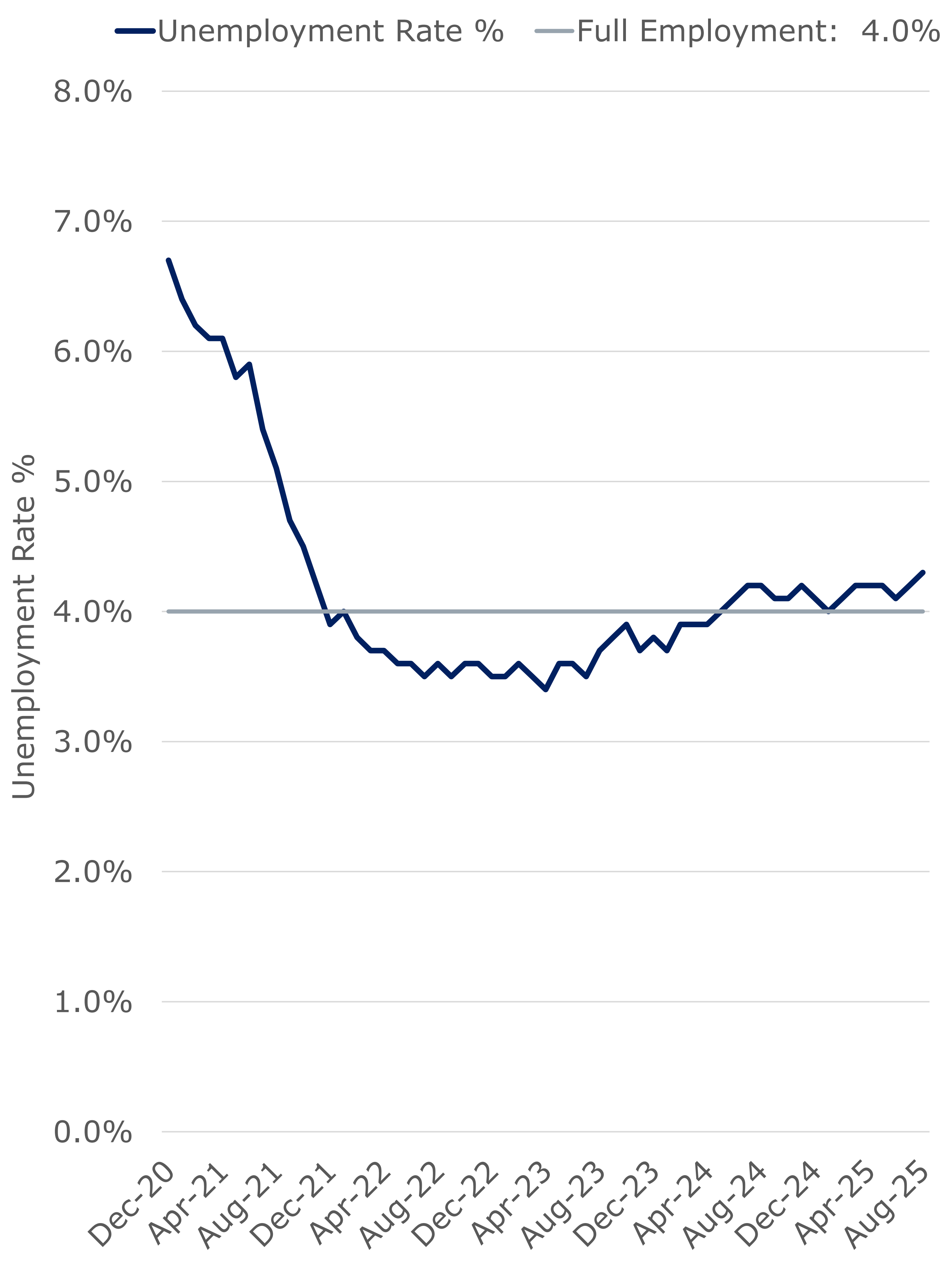
Job openings hit a 10-month low

- U.S. job openings increased marginally in August while hiring declined, consistent with softening labor market conditions that could allow the Federal Reserve to cut interest rates again next month.

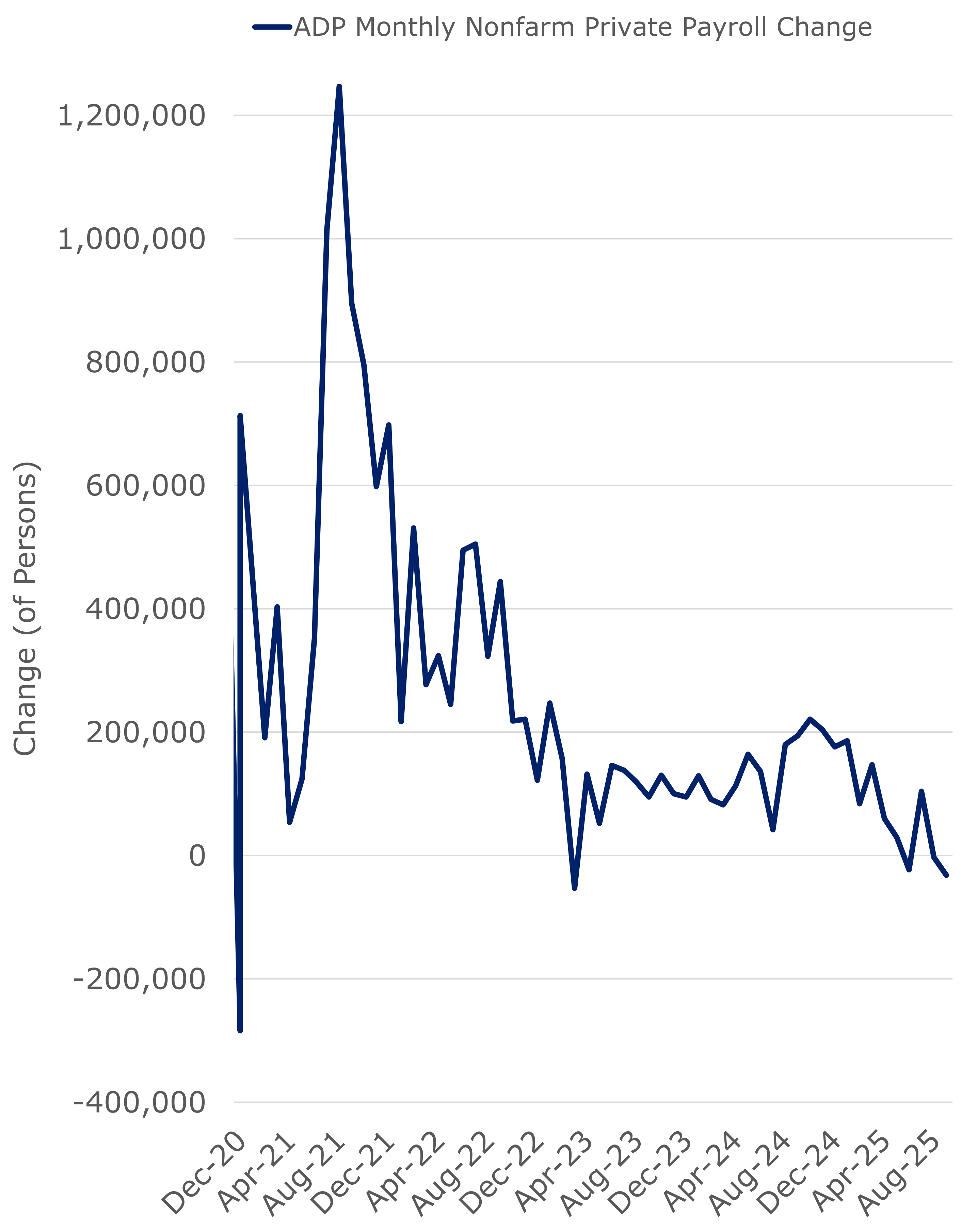
Job Vacancies To Unemployment Ratio



US Unemployment Rate



ADP Monthly Nonfarm Private Payroll

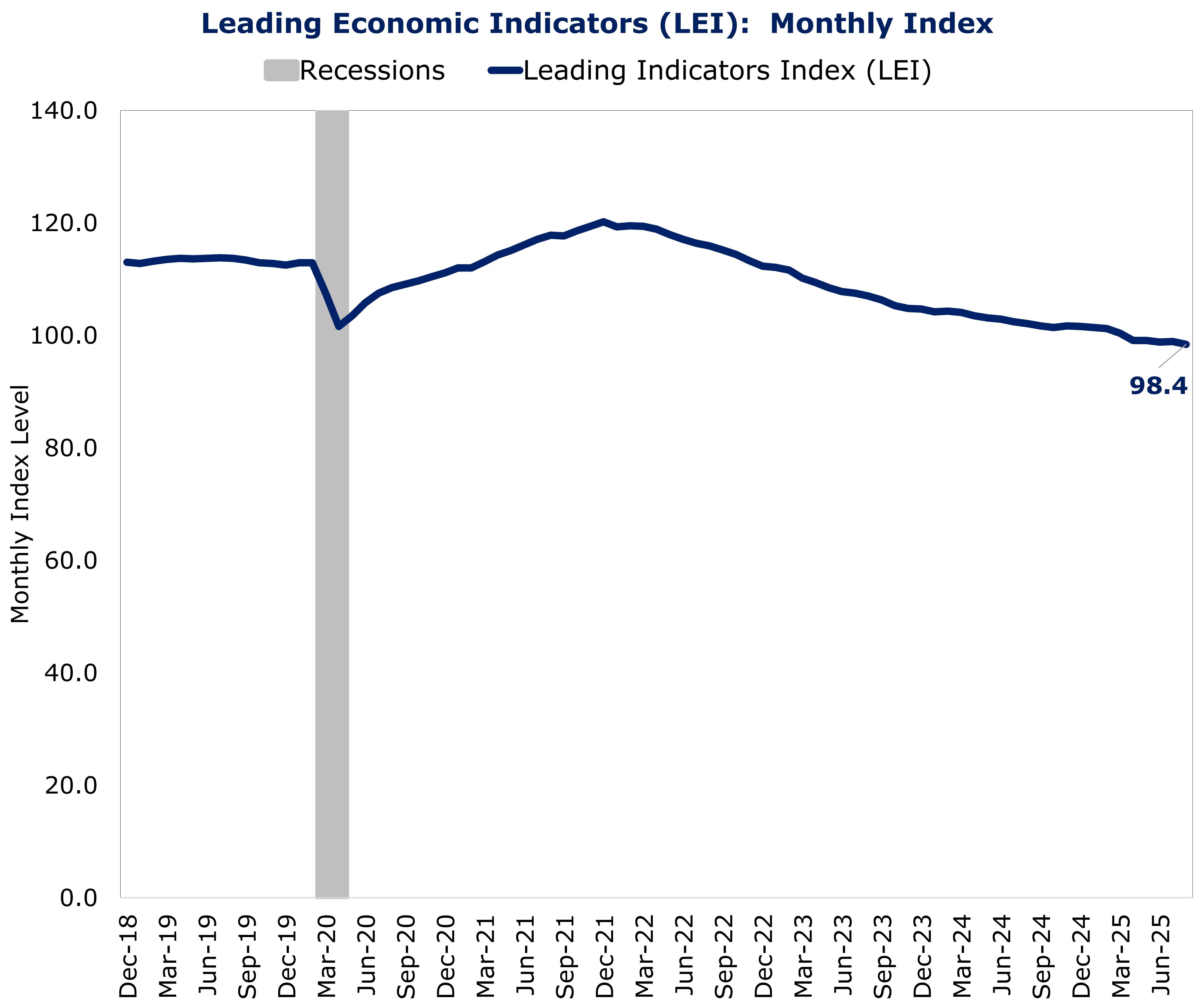


The Job Vacancies To Unemployment Ratio measures the ratio of the number of job openings to the unemployment level.
ADP Nonfarm Employment Change is a monthly report on changes in private sector jobs in the U.S., based on payroll data from Automatic Data Processing (ADP) clients, and serves as a key economic indicator.
Source: Federal Reserve Bank, St. Louis, September 30, 2025

Leading Economic Indicators (LEI) continues to decline

Softening manufacturing, weakening consumer expectations, and labor concerns weigh on the LEI

- The Leading Economic Indicators (LEI) Index, comprised of 10 indicators that cover a wide range of economic activity, including job growth, housing construction, and stock prices.
- Annual growth rates have been in negative territory since July 2022.
- In August, the US LEI registered its largest monthly decline since April 2025



Sources: Bloomberg, September 30, 2025

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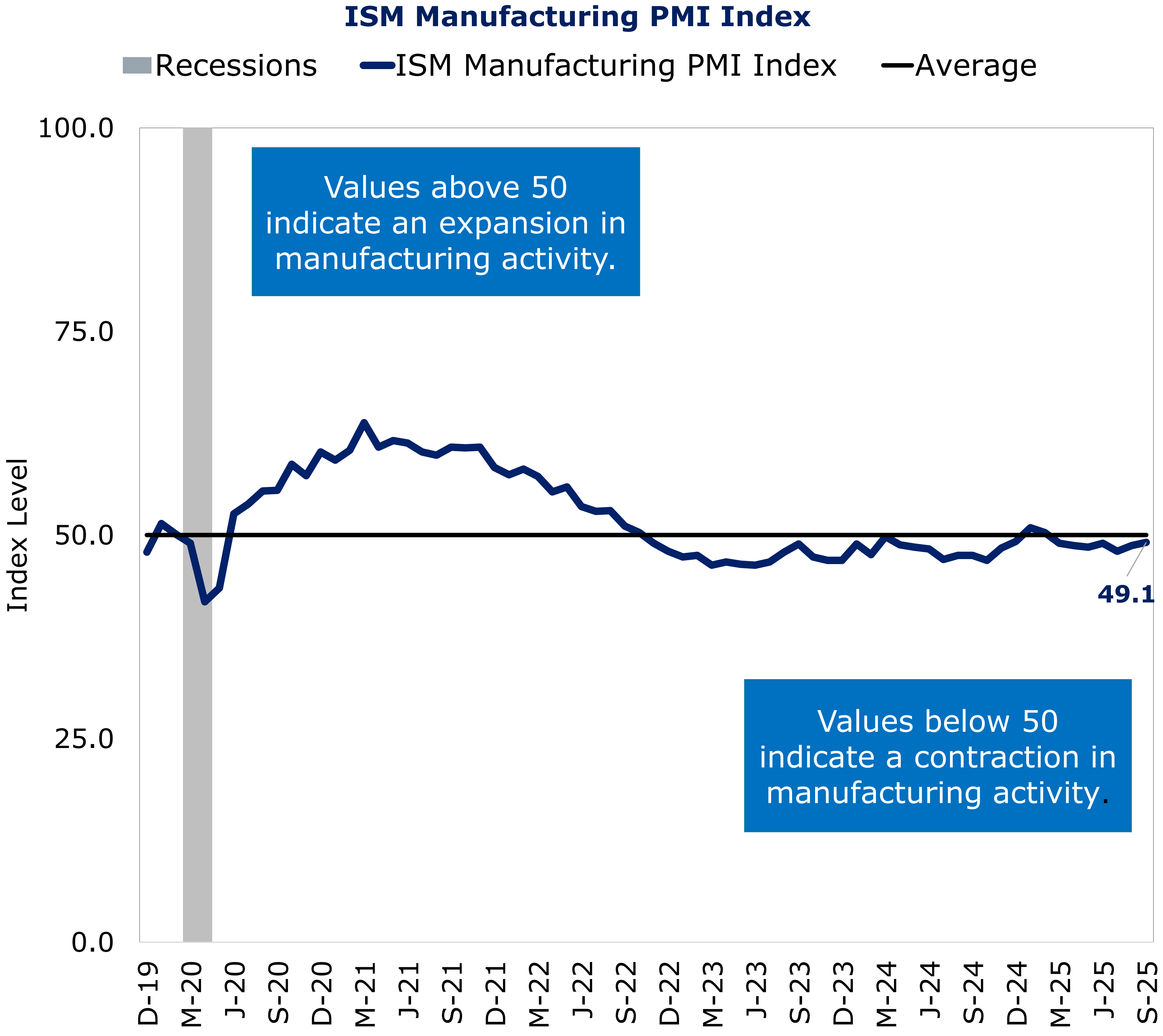
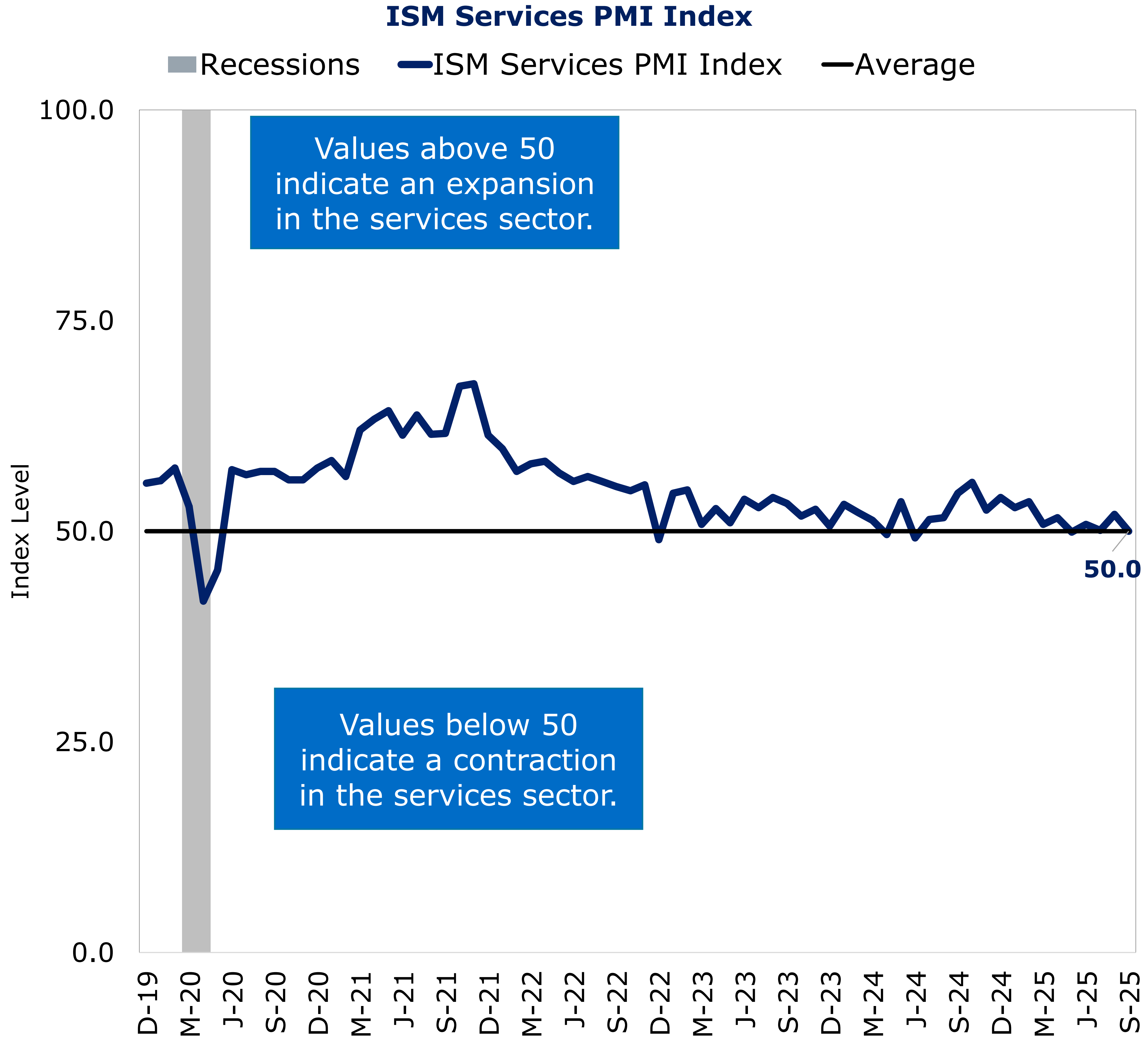
Manufacturing remains in contraction; Services slides

Tariffs, high costs, and weak demand are key challenges affecting the sectors

- The Manufacturing PMI index summarizes economic activity in the manufacturing sector in the US.
- The Manufacturing PMI index has been in contraction territory for the past seven months.
- The Services PMI index measurers the overall health of the US Services sector.
- The softening of business activity and new orders, combined with the prices index remaining flat and employment remaining in contractionary territory, all strengthen the case for another rate reduction.





Sources: Bloomberg, L.P., September 30, 2025

Federated Hermes

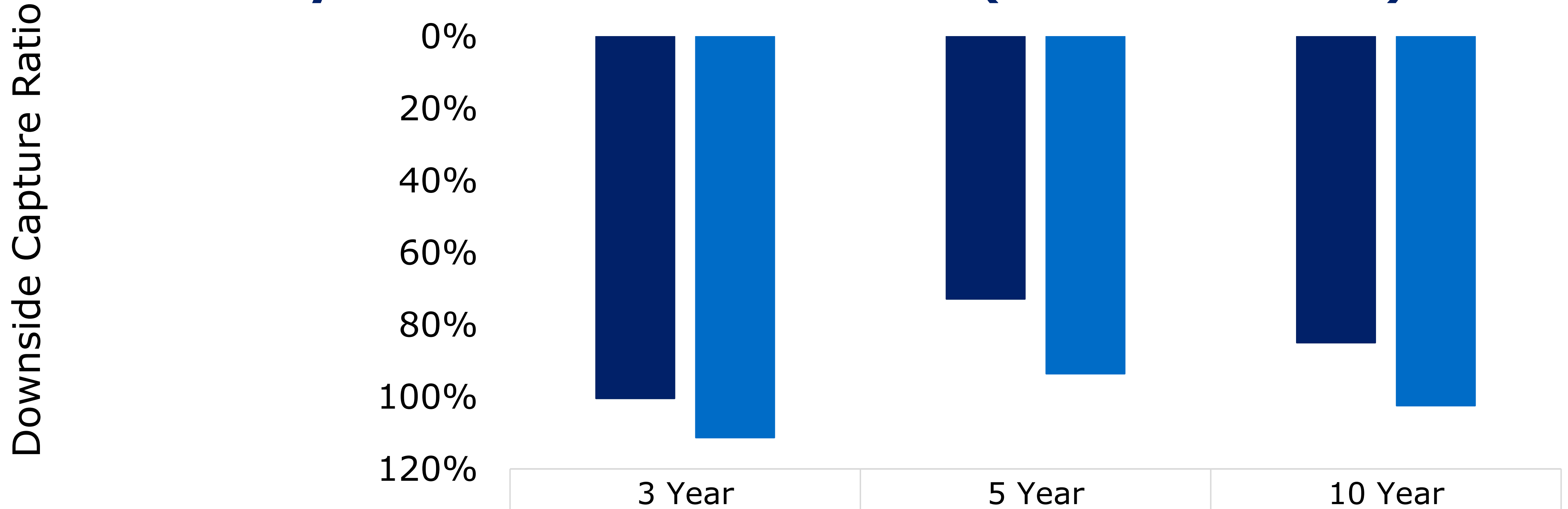
Dividend Investing

Potential for lower downside risk, lower volatility and income may offer resiliency in uncertain market environments

Dividend investing:

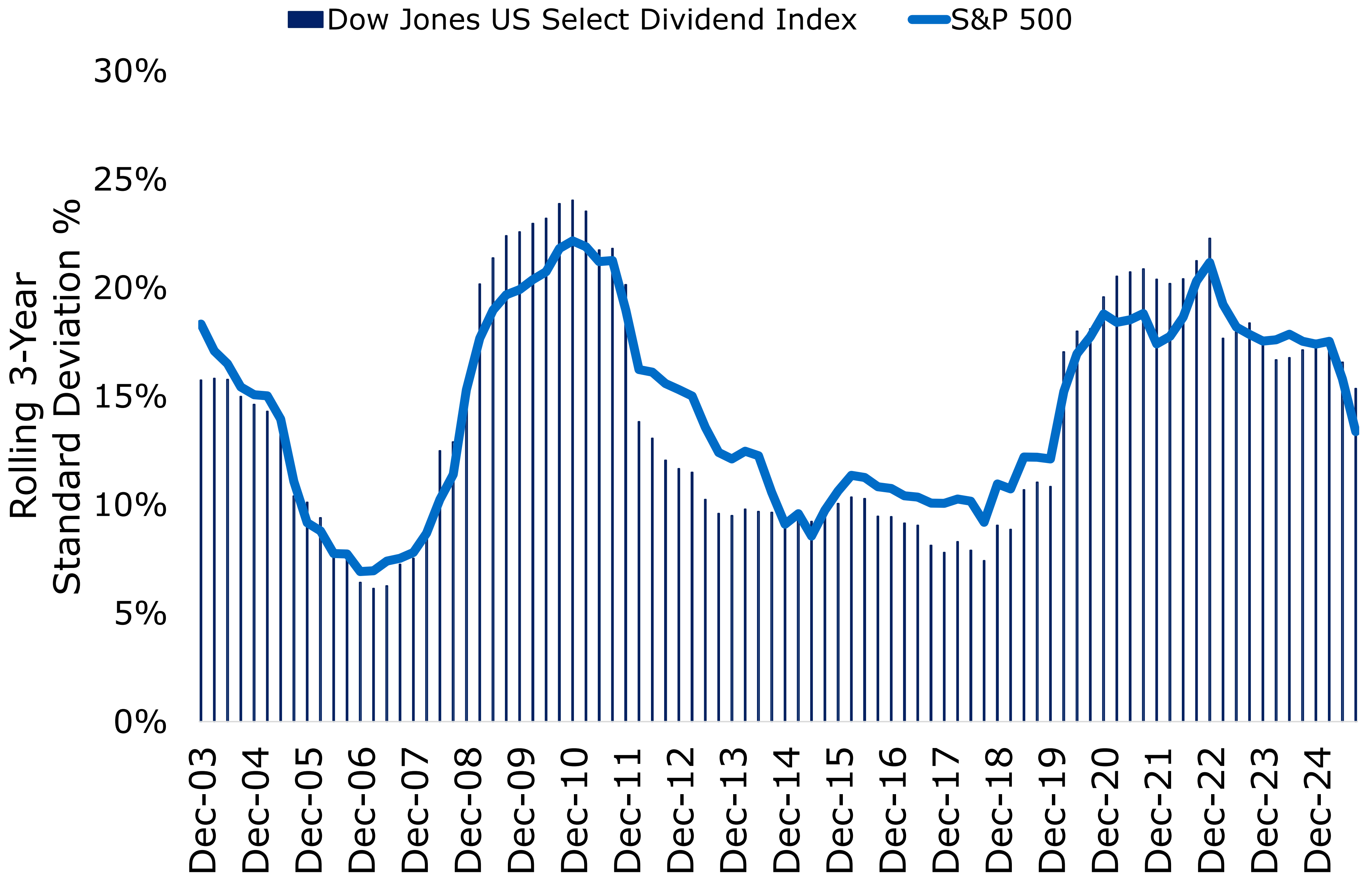
- Provides exposure to defensive stocks in Consumer Staples, Healthcare, and Industrials sectors.
- Potential for lower portfolio volatility.
- Potential for lower drawdowns in down markets.
- Seeks to provide income in both inflationary and recessionary markets.

History of Lower Downside Risk (to the S&P 500)

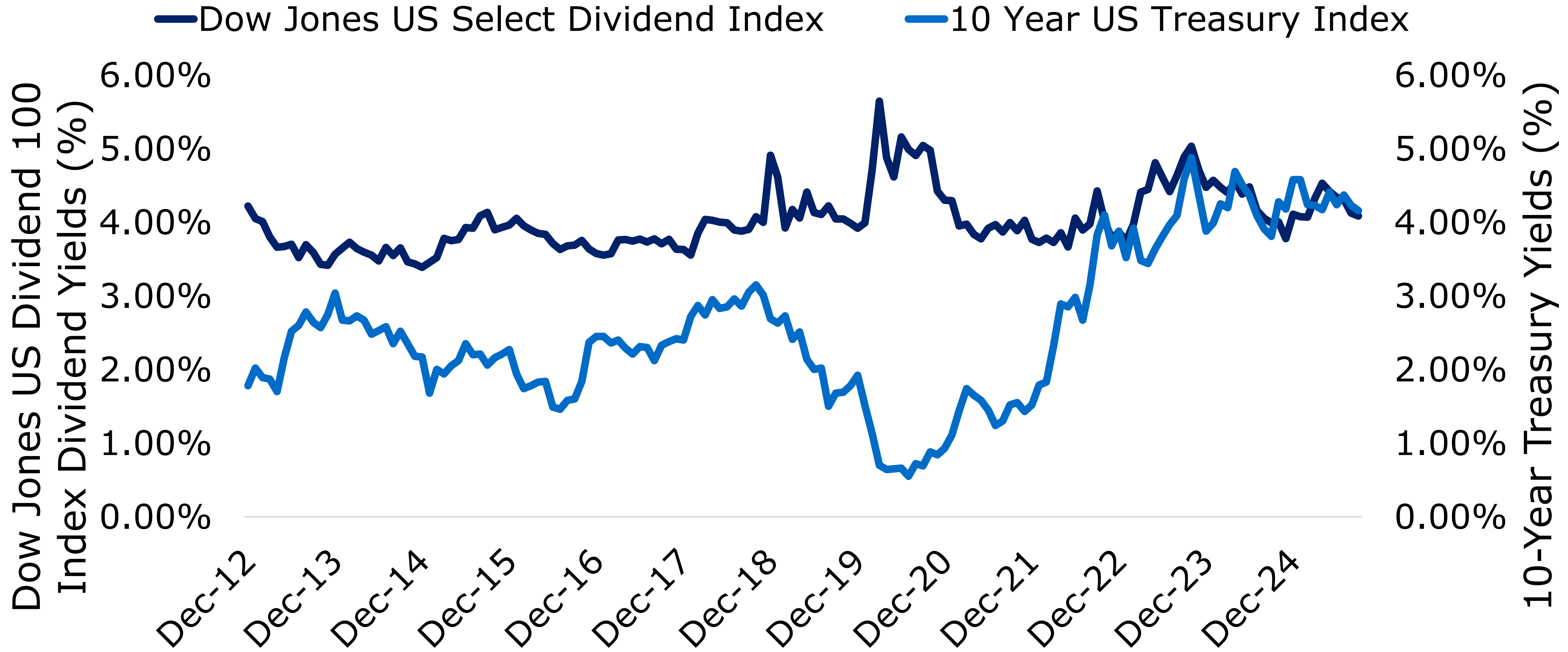


	3 Year	5 Year	10 Year
Dow Jones US Select Dividend Index	100.42%	72.88%	84.98%
Russell 1000 Value Index	111.34%	93.59%	102.45%

History of Lower Volatility



History of Providing Income



Sources: Morningstar, Inc., and Bloomberg, L.P., September 30, 2025.
Past performance is no guarantee of future results. For illustrative purposes only and not representative of any specific investment.

The value of equity securities will rise and fall. These fluctuations could be a sustained trend or a drastic movement. There are no guarantees that dividend paying stocks will continue to pay dividends. In addition, dividend paying stocks may not experience the same capital appreciation potential as non-dividend paying stocks.

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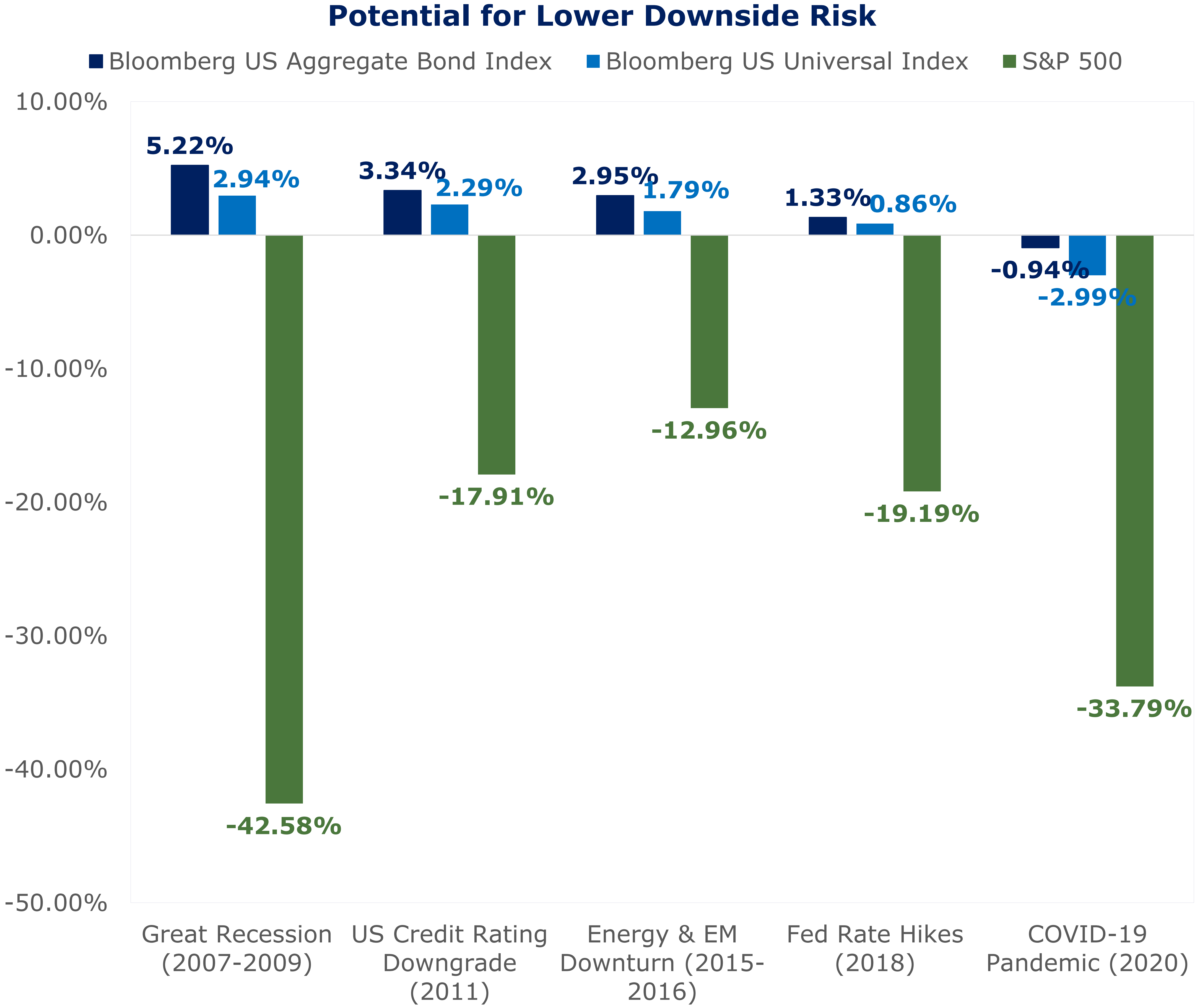
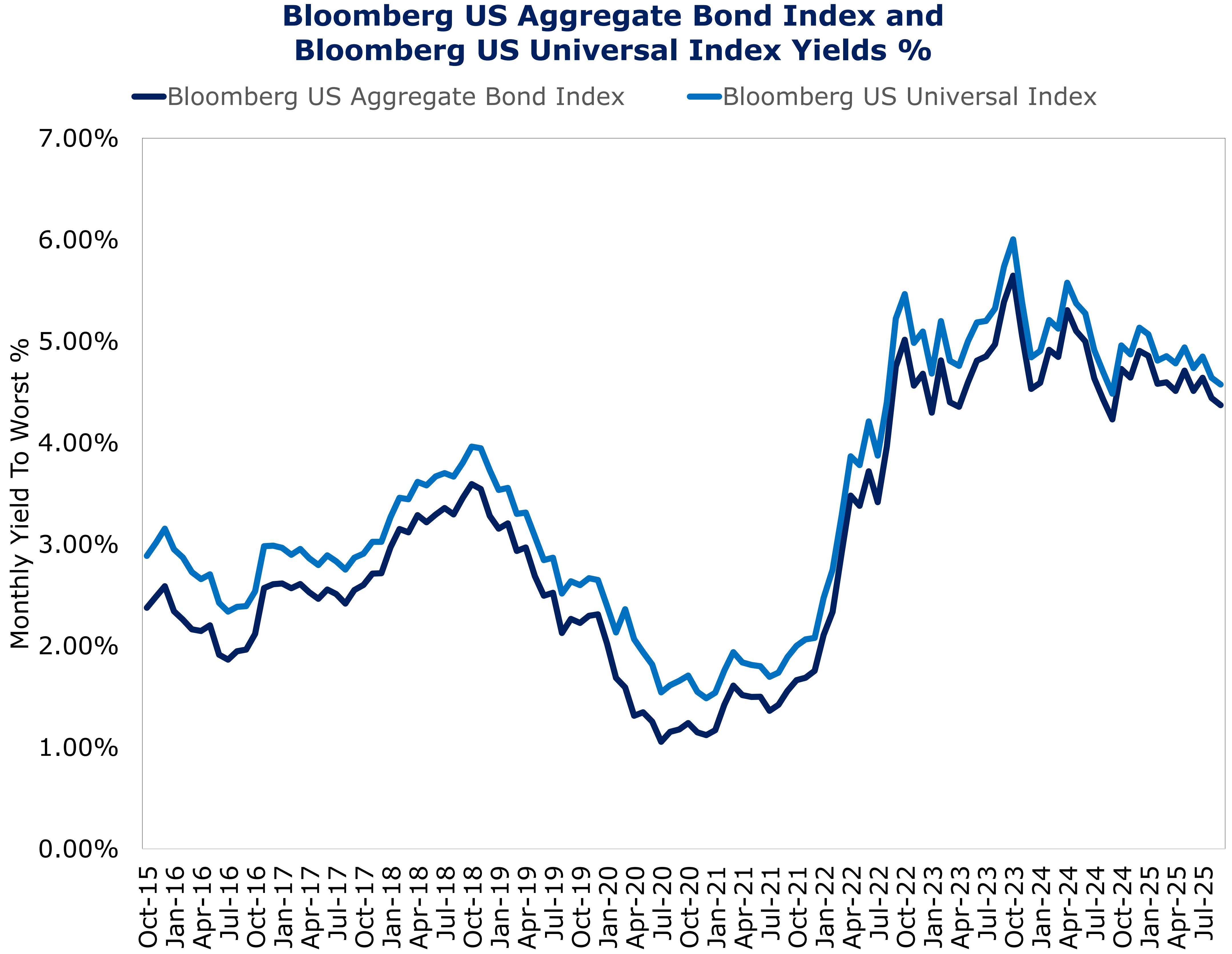
Intermediate-Term Bonds Investing

Potential for lower downside risk + consistent income

- Intermediate-Term Bonds have historically positive returns during equity downturns.
- The bonds may also provide consistent income.





Sources: Morningstar and Barclays, September 30, 2025

Past performance is no guarantee of future results. For illustrative purposes only and not representative of any specific investment.

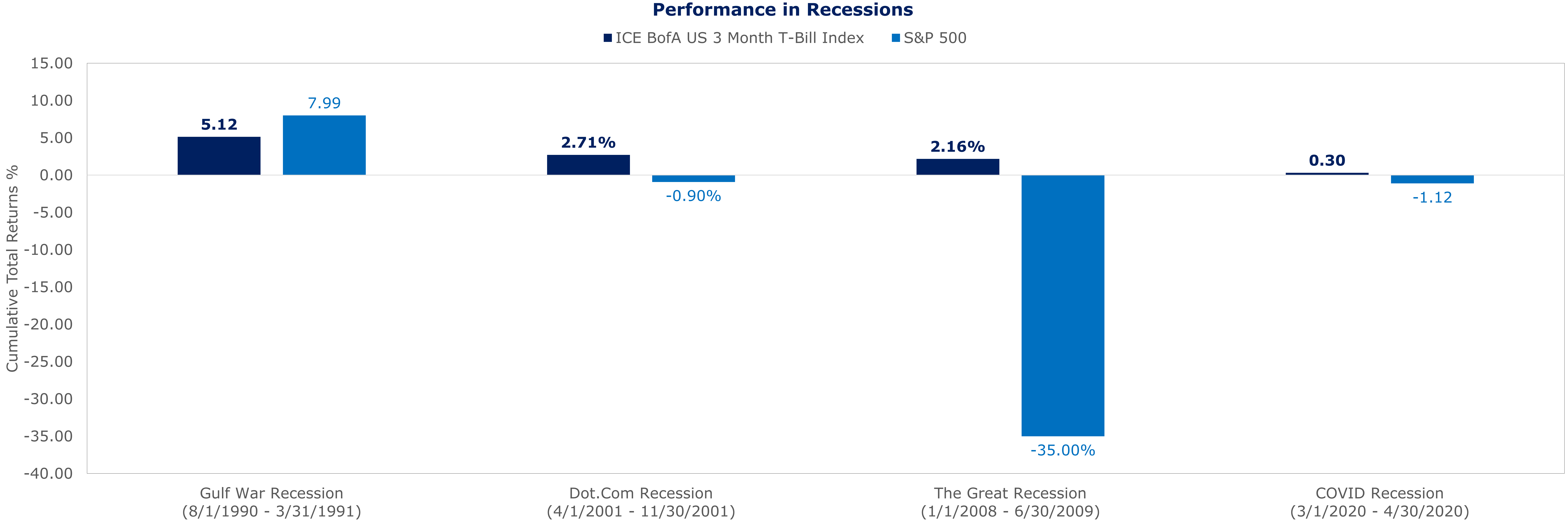
Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.

Federated Hermes

Money Markets Investing

“Flight to liquidity” during economic downturns

- During recessions, investors often turn to money market investments (MMIs) as a lower-risk option for capital preservation and liquidity. This is a strategic move to help insulate a portion of a portfolio from the high volatility and potential losses seen in the stock market during economic downturns.
- Recessions are marked by stock market volatility and uncertainty. By moving assets into MMIs, investors reduce their exposure to market fluctuations, which may provide a "downside buffer" for their portfolio.
- Placing cash in an MMI provides flexibility. Instead of panic-selling, they can wait for signs of a sustained recovery to reinvest in stocks or other assets at a lower price.



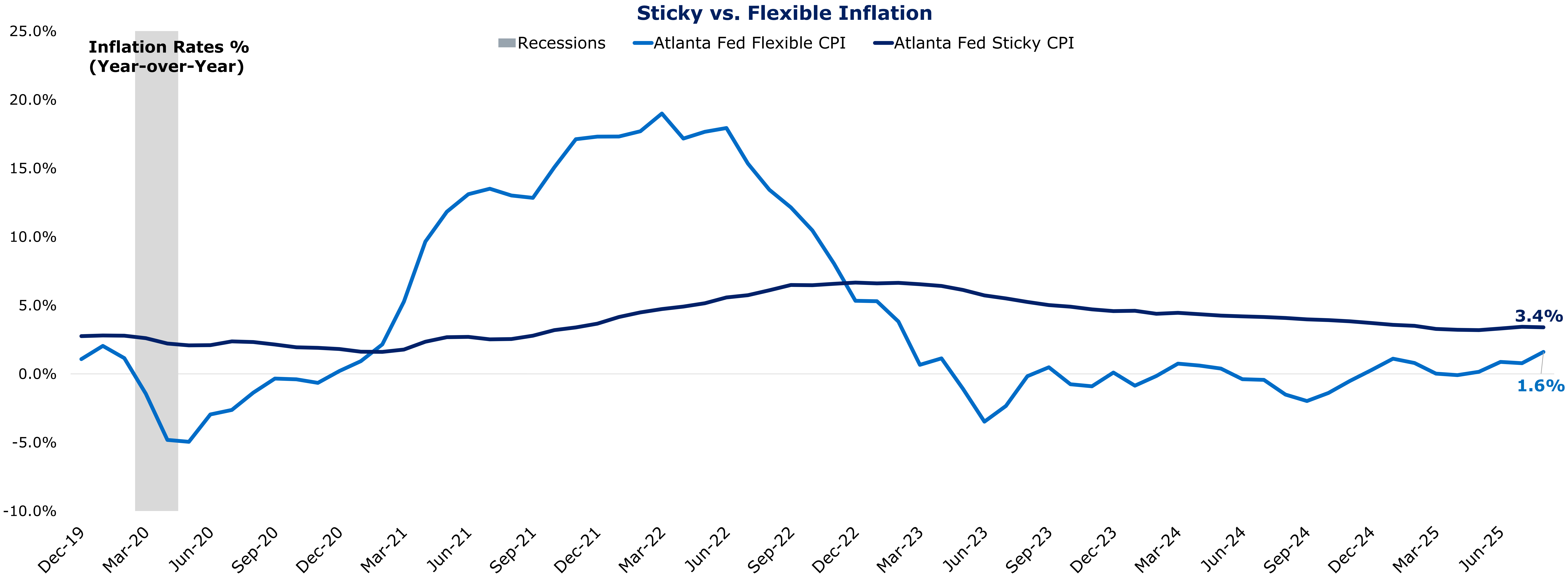
Source: Morningstar, Inc., September 30, 2025
Investments cannot be made in an index. Past performance is no guarantee of future results. For illustrative purposes only and not representative of any specific investment.

Rising Inflation (Economy Overheats)

Despite progress, inflation remains “sticky”

Goods and services inflation remain on divergent paths

- Sticky CPI measures the weighted basket of CPI components which change slowly. The current level in August 2025 is 3.4%.
- Flexible CPI is the weighted basket of CPI components which change price relatively quickly. Flexible CPI has been steadily declining since March 2022 but recently has been trending upward since June 2025.

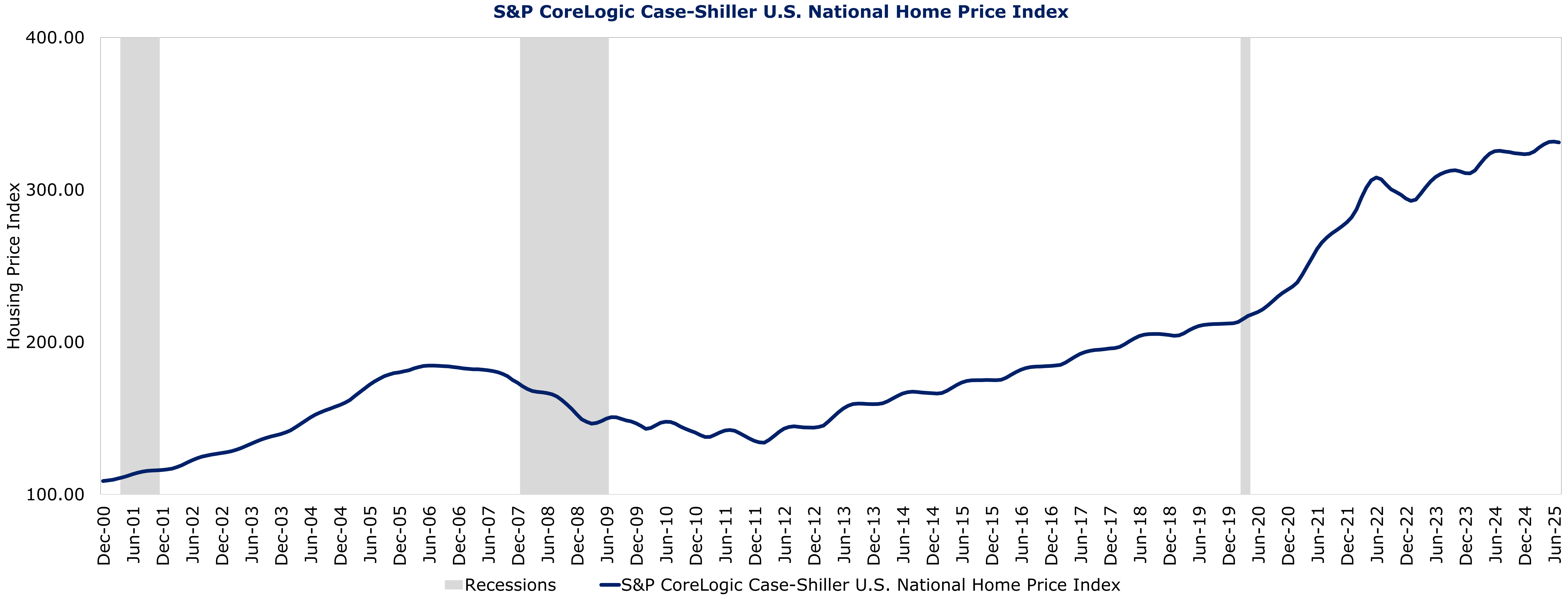


Sources: Bloomberg, L.P., September 30, 2025

Housing prices continue to rise, adding to inflation concerns

Housing is the largest component of the Consumer Price Index (CPI)

- Home prices have been steadily rising since March 2012. Home prices increased 1.7% year-over-year in July 2025 (latest data available).
- The cost of housing makes up a substantial portion of the "basket of goods and services" that economists use to measure inflation. When the cost of housing goes up, it directly impacts the overall inflation rate.
- Limited housing supply continues to underpin prices in most markets, negatively impacting home affordability.



Source: Federal Reserve Bank, St. Louis, September 30, 2025

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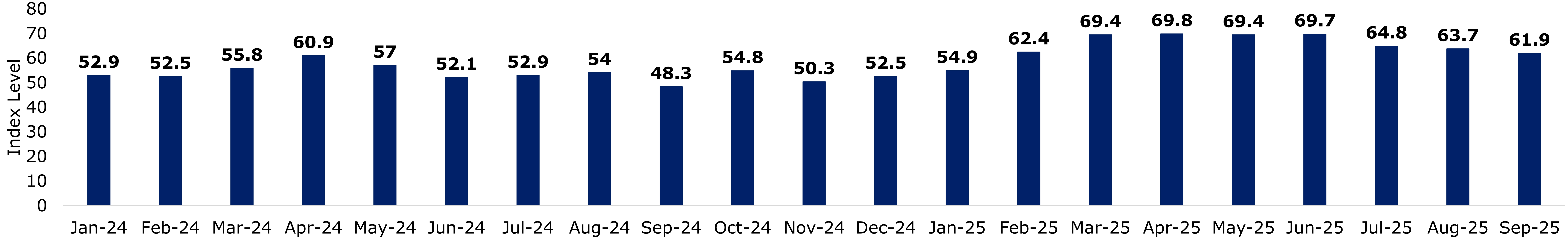
US Manufacturing and Services remain high

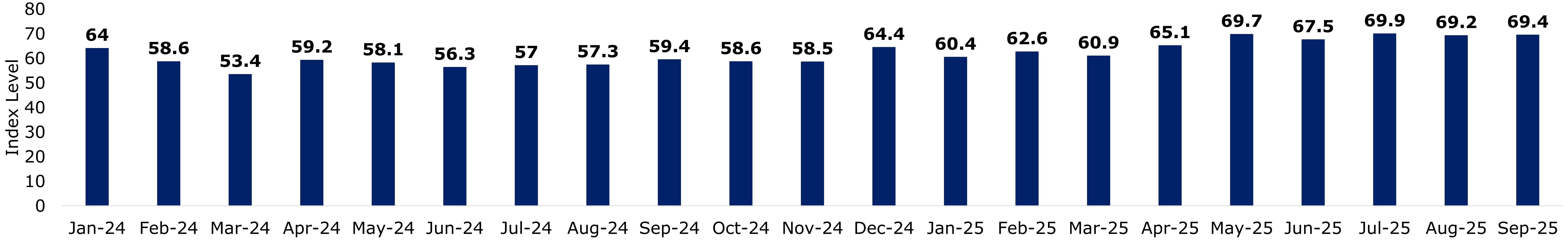
Manufacturing prices have declined over the past three months, while Services prices remain elevated

- The ISM Manufacturing Prices Index in the United States has declined for the third consecutive month, suggesting a potential easing of inflationary pressures for consumers. The index reflects the prices paid by US manufacturers for manufacturing components.
- The ISM Services Prices Index measures the prices paid by services sector companies for materials and services.
- The September reading is the index’s second-highest since October 2022 (70.7 percent) and its 10th straight month above 60 percent but the 35th in a row below 70 percent.
- Readings above 50 percent indicate rising prices.

ISM Manufacturing Prices Index



ISM Services Prices Index



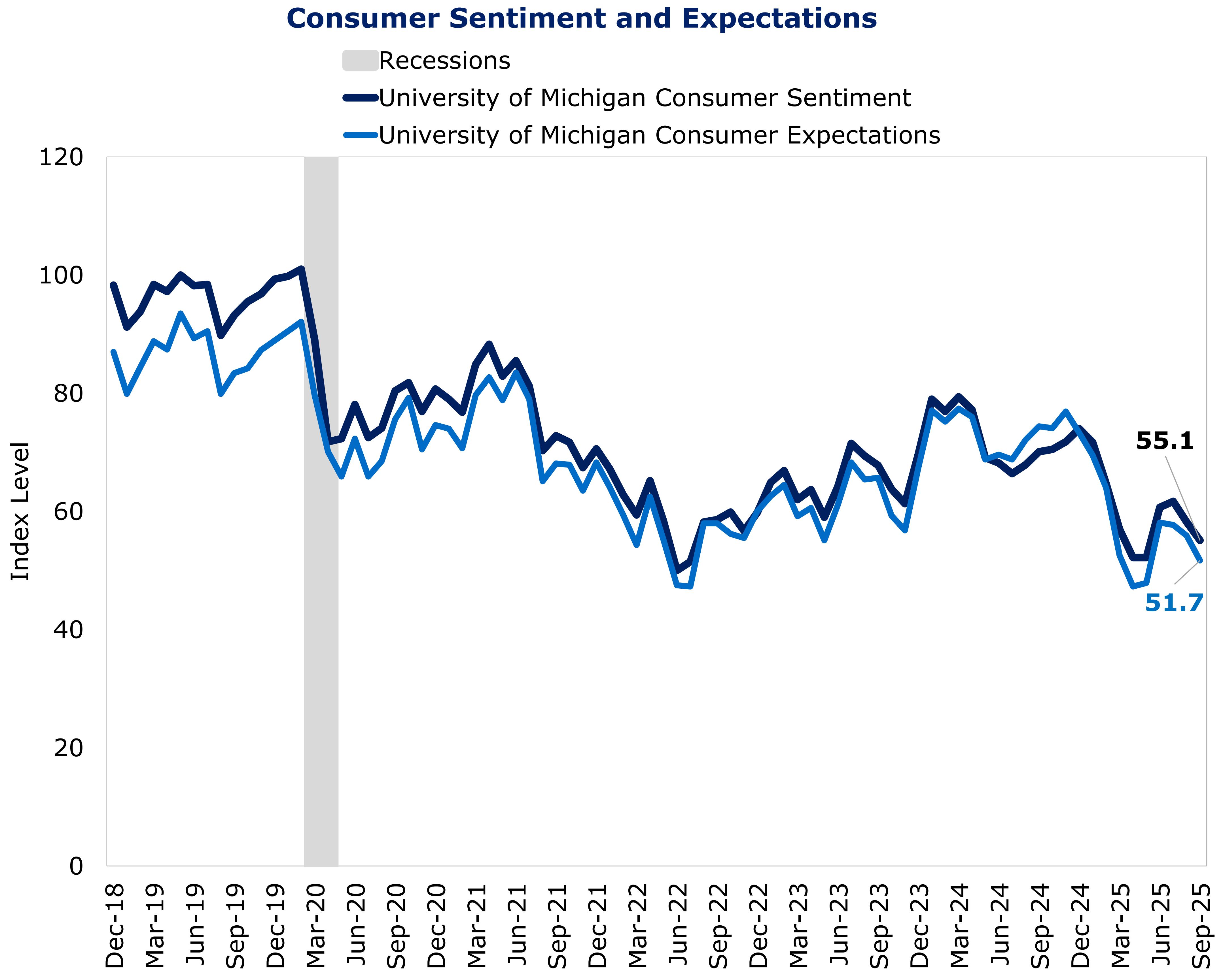
Source: Trading Economics, September 30, 2025

Federated Hermes

Inflation & unemployment concerns weigh on consumers

Will a gloomy sentiment impact consumer spending?

- The US consumer has been the driving force in economic growth (GDP) over the last two years.
- In September 2025, U.S. consumer sentiment declined, reaching its lowest point since May, primarily due to concerns about inflation, business conditions, and the job market
- The year-ahead inflation forecast eased to 4.6% in October, down slightly from 4.7% in September. Inflation expectations are still elevated, above the Fed's 2% target inflation rate.



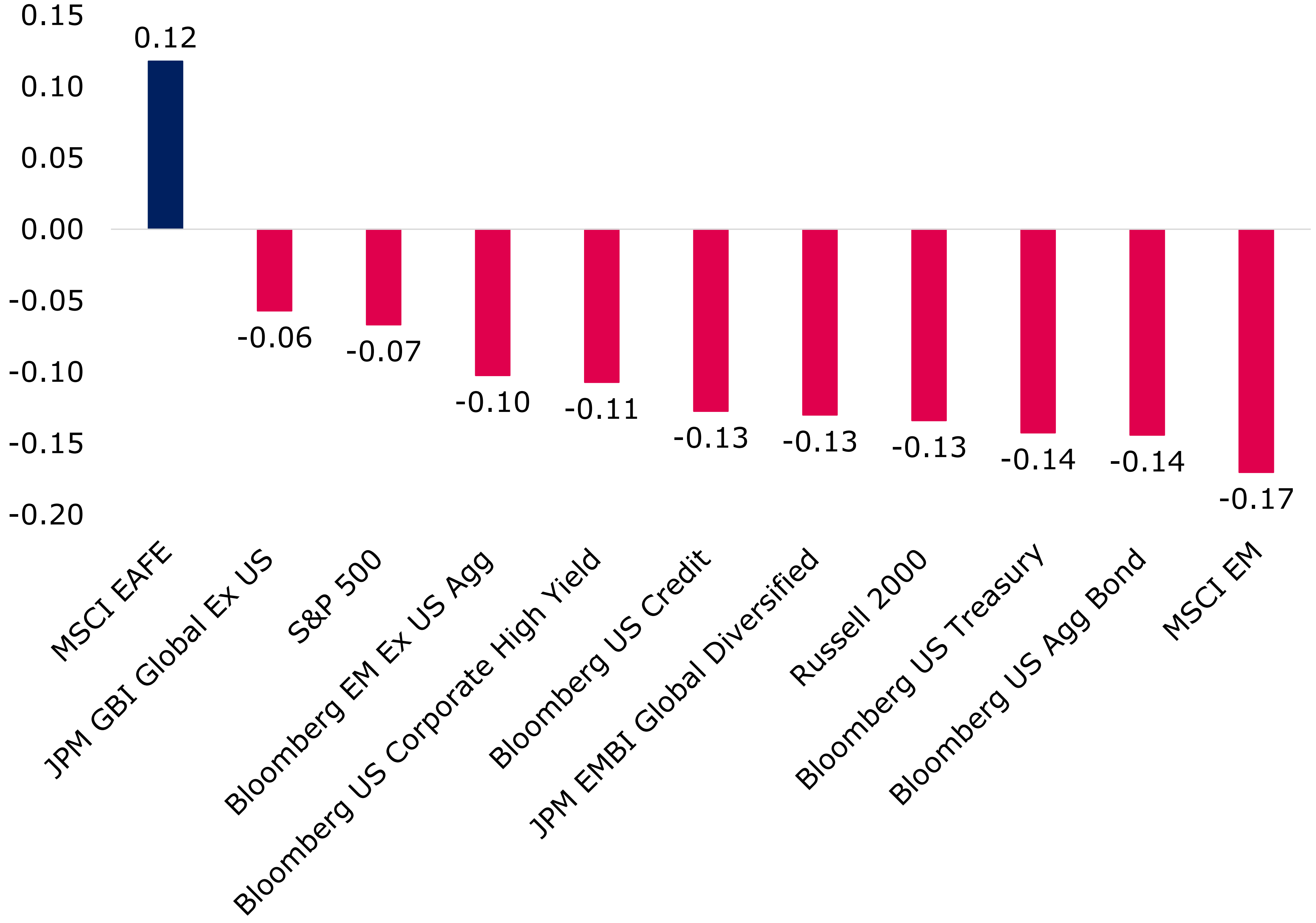
Sources: Bloomberg, L.P., September 30, 2025

Market Neutral Investing

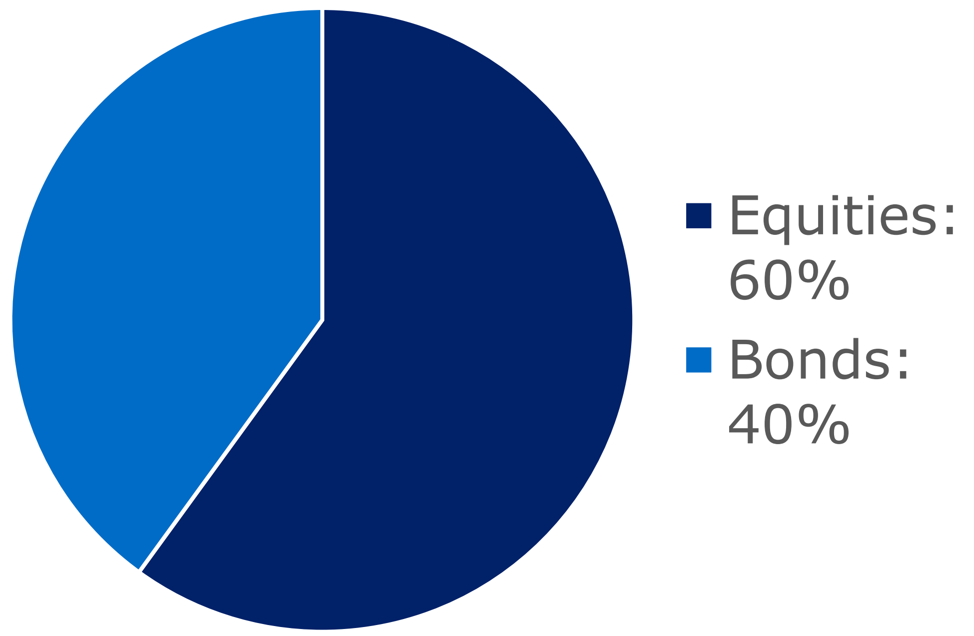
Diversification benefits and potential improved portfolio risk/returns

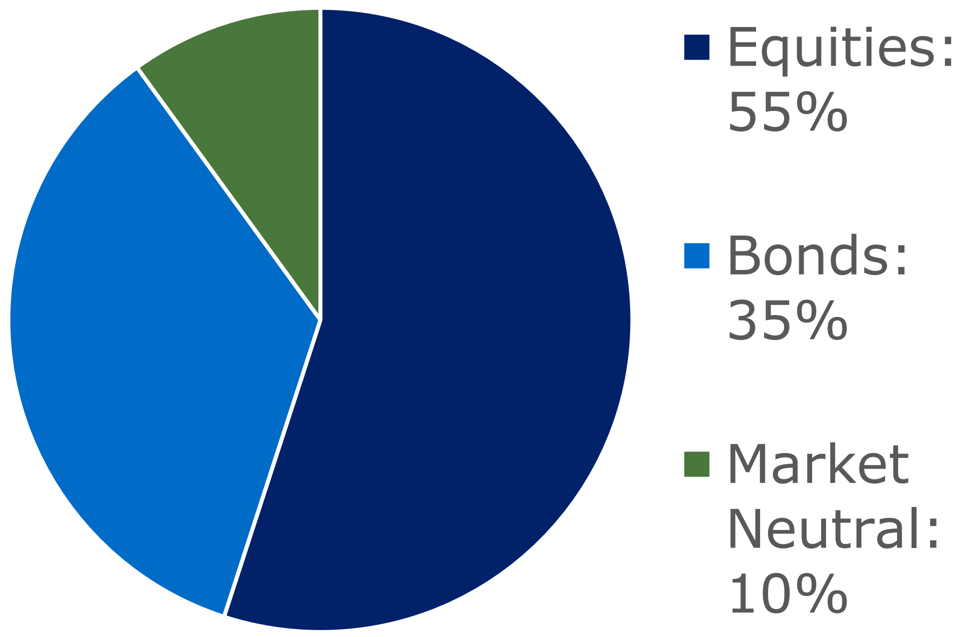
Market Neutral strategies seek to:
- Expand investment opportunities
- Take advantage of security dispersion
- Provide positive investment returns that are independent of and lowly correlated to broad equity and fixed income asset classes.
- Reduce overall portfolio volatility

Market Neutral* 3-Year Correlation to Major Asset Classes (As of 9/30/2025)



Source: Morningstar, Inc., September 30, 2025
*Represented by the Morningstar Equity Market Neutral Funds Average





3-Years Ending 9/30/2025	60%/40% Portfolio	55%/35%/10 % Portfolio
Sharpe Ratio	1.15	1.19
Std. Deviation	9.68	8.78
Total Return %	16.71	16.03

Equities = S&P 500, Bonds = Bloomberg US Aggregate Bond Index, Market Neutral = Morningstar Equity Market Neutral Funds Average

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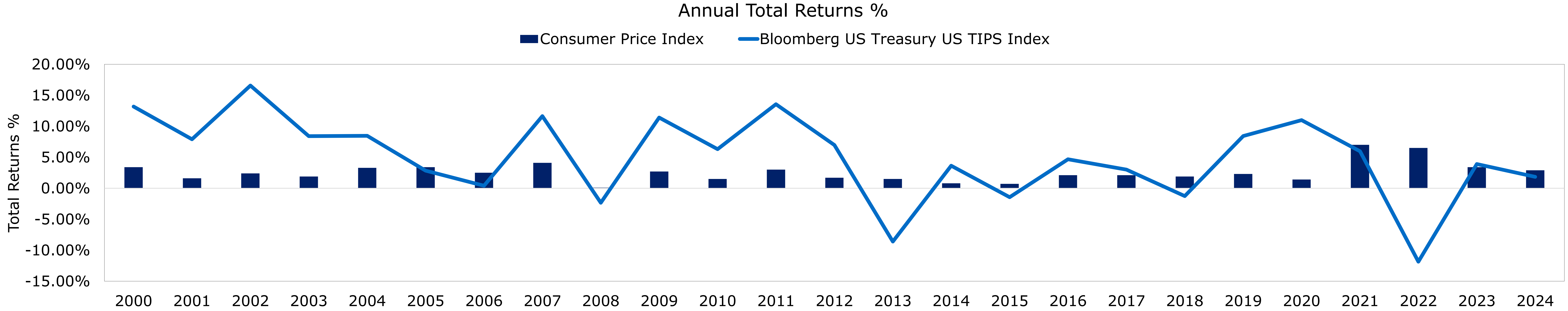
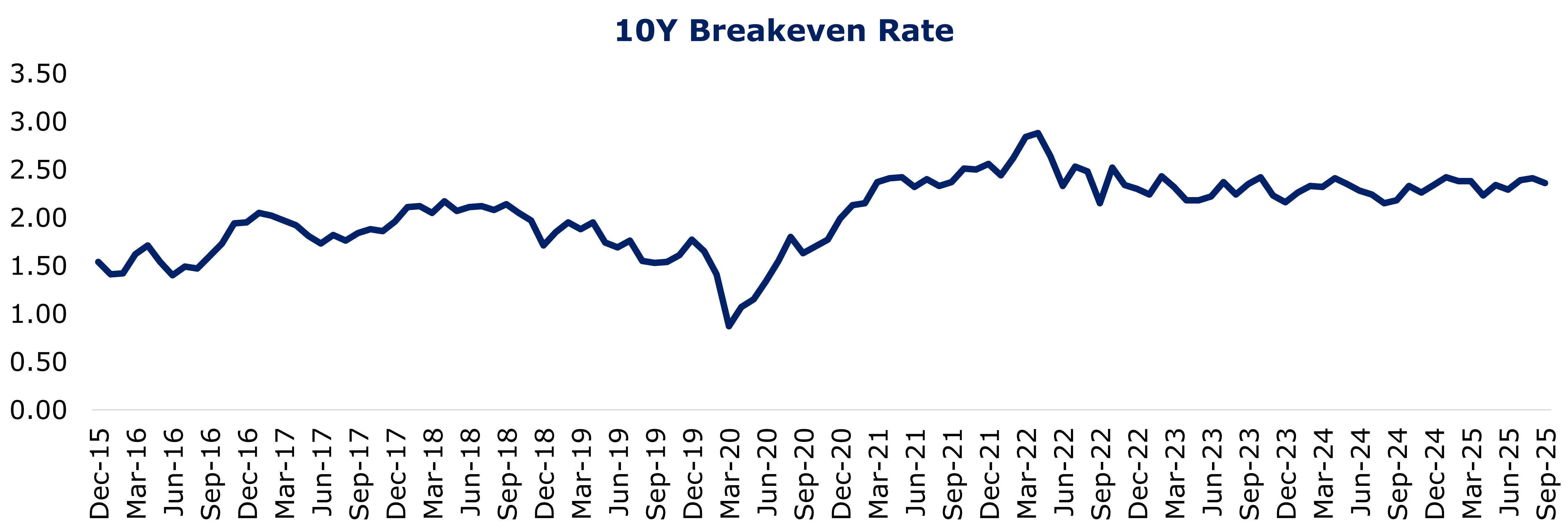
The value of equity securities will rise and fall. These fluctuations could be a sustained trend or a drastic movement. Market Neutral and Inverse strategies use long and short positions in seeking to limiting a portfolios exposure to domestic stock market movements, capitalization, sector-swings or other risk factors. There can be no guarantee that this will be a successful investment approach, and the short sale of securities can involve unlimited risk.

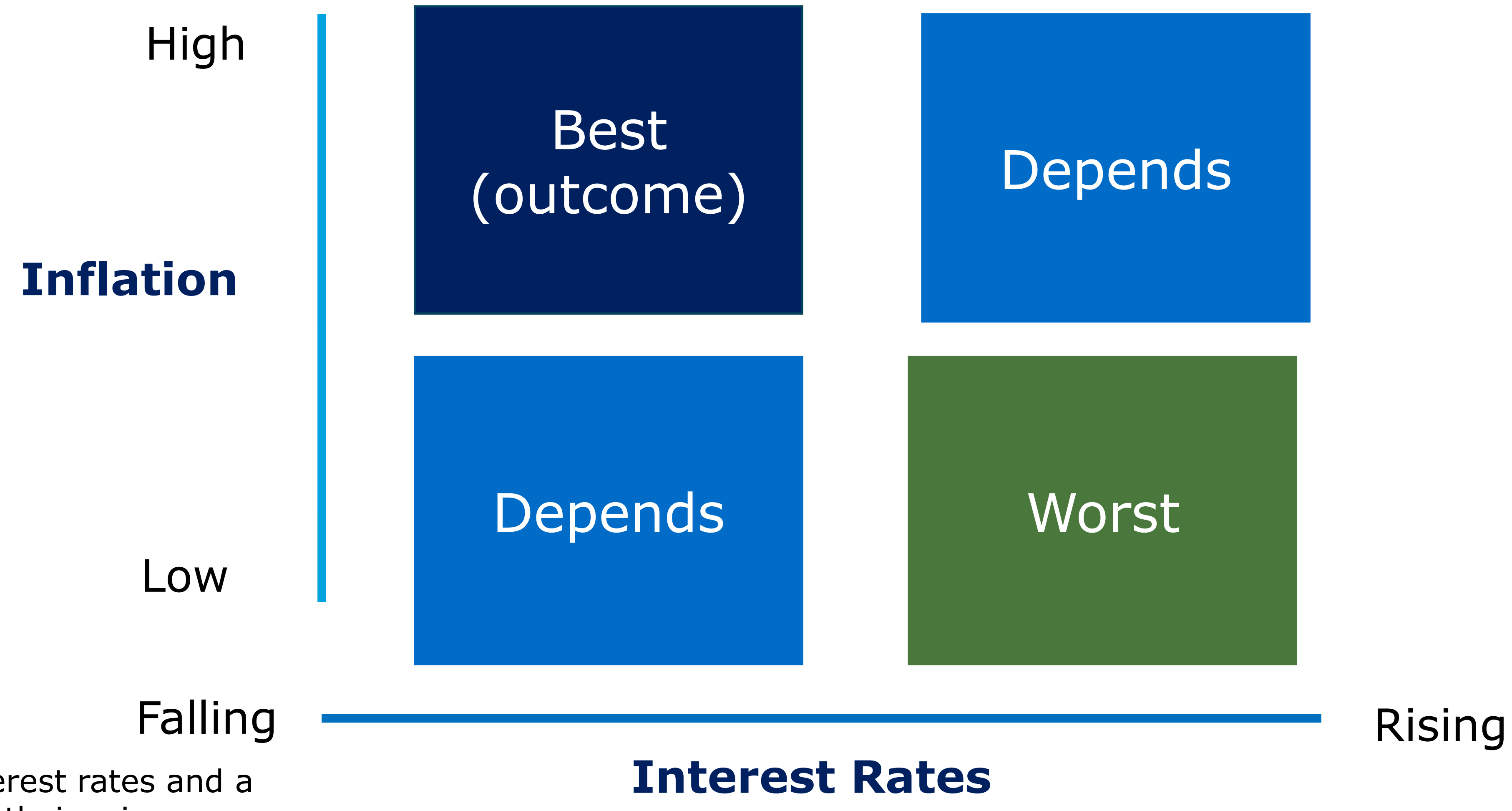
Treasury Inflation-Protected Securities (TIPS) Investing

A potential buffer against inflation

- Treasury Inflation-Protected Securities (TIPS) are treasury bonds indexed to an inflationary gauge to help protect investors from a decline in the purchasing power.
- Performance is driven by interest rate risk and inflation expectations, and TIPS will tend to outperform when inflation exceeds expectations.
- TIPS total returns do not always track inflation.
- The spread between the 10Y Treasury bond yield and the 10Y TIPS yield is known as the Treasury breakeven rate. A widening spread indicates investors are expecting inflation to increase, while a narrowing spread would suggest the opposite.







Source: Morningstar, September 30, 2025

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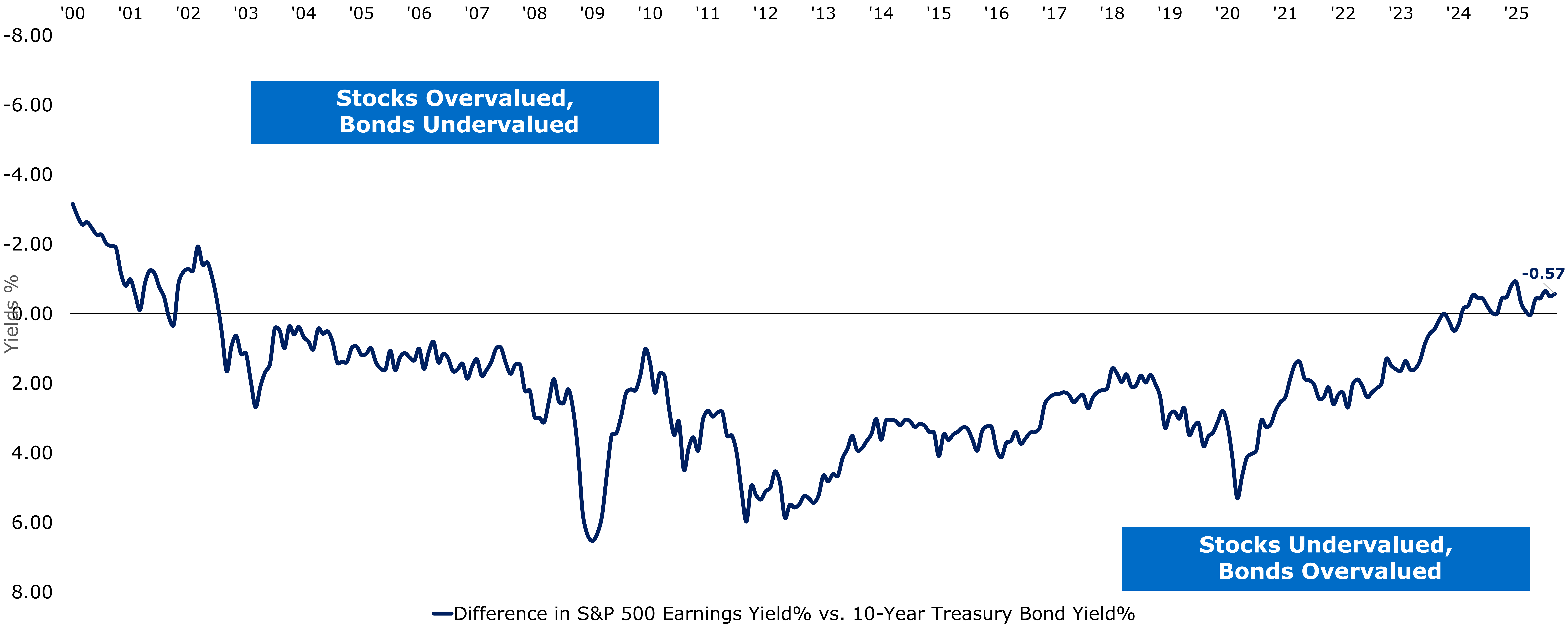
Equity Markets

The Markets: U.S. Stocks

US stocks appear to be slightly over-valued based on the difference between the S&P 500 earnings yield less the 10Y Treasury yield

- S&P 500 earnings yield less the US 10-Year Treasury bond yield shows that stocks are currently slightly over-valued.

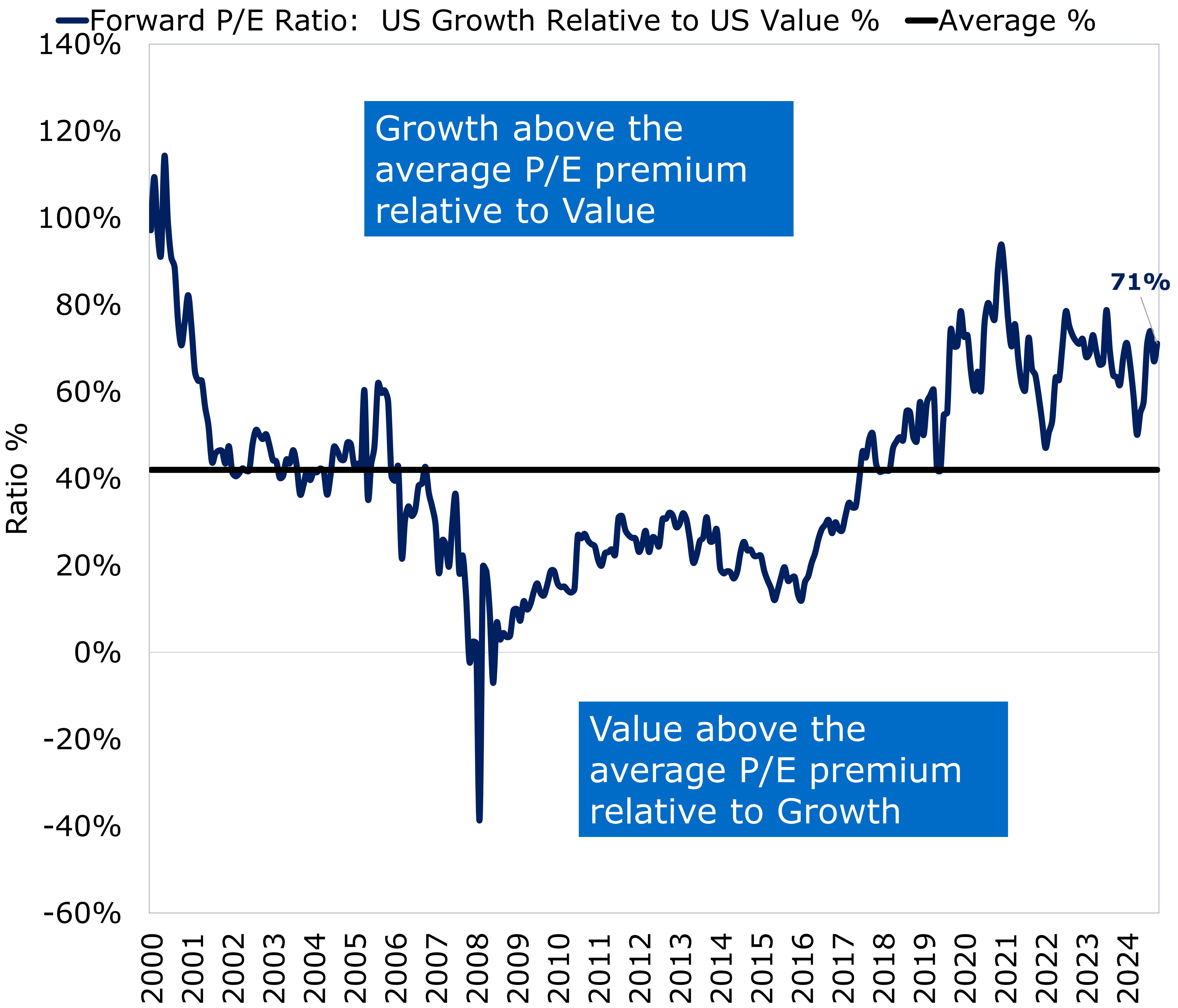


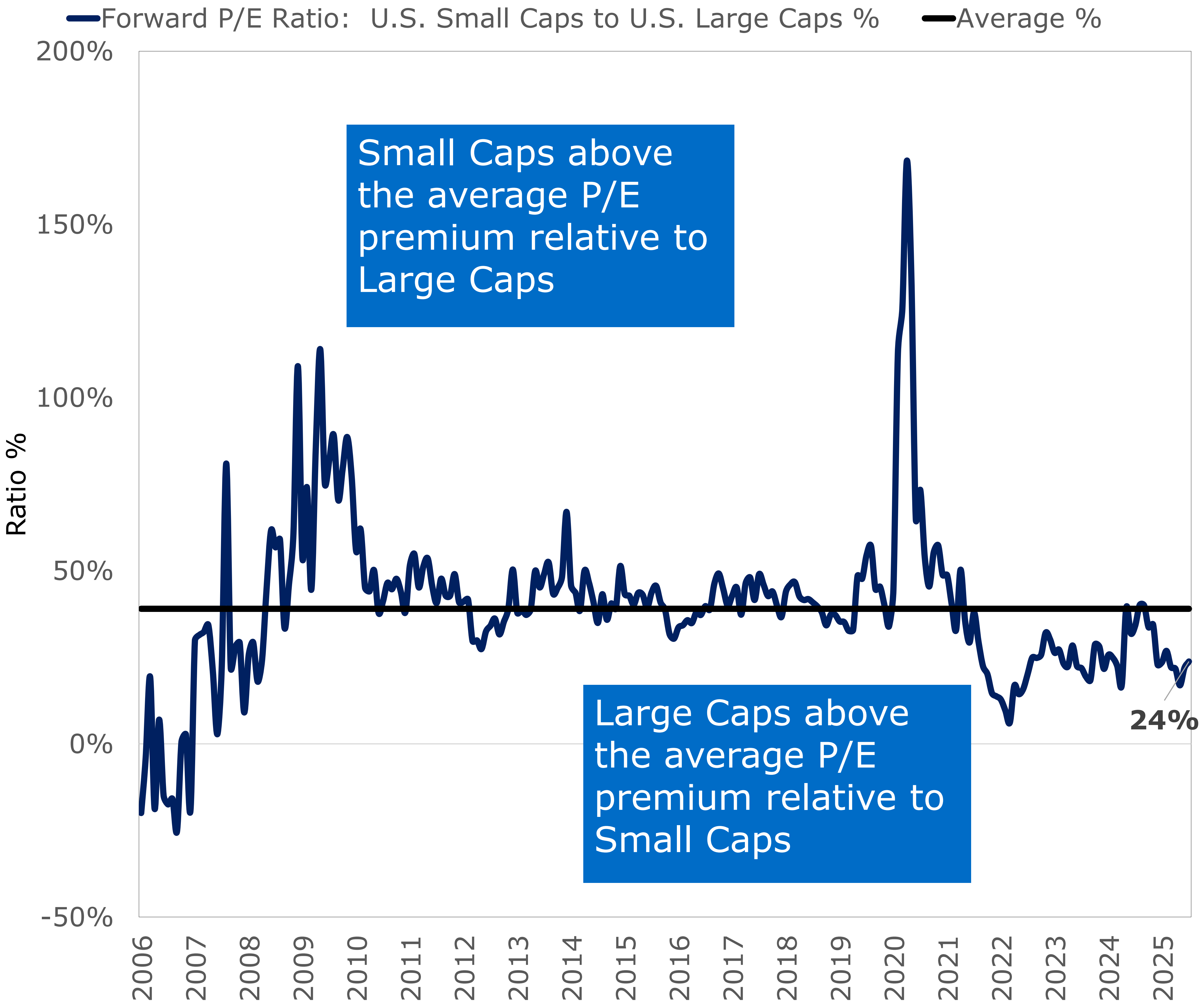
Source: Bloomberg, L.P., September 30, 2025

The Markets: US Equity Market

Value is undervalued relative to Growth. Small Caps are trading at a discount relative to Large Caps

- Forward P/E ratios of Growth stocks are high relative to Value stocks. Value is undervalued relative to Growth.
- US Small Caps Forward P/E Ratios are undervalued relative to US Large Caps.





Source: Bloomberg, L.P., September 30, 2025 US Growth = Russell 3000 Growth Index, US Value = Russell 3000 Value Index, US Small Caps = Russell 2000 Index, US Large Caps = Russell 1000 Index
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Earnings are driving the S&P 500 price gains

With long-term interest rates relatively stable, earnings should remain the primary driver of equity upside going forward

- Strong corporate earnings are a primary driver of the recent S&P 500 gains, with a significant portion of the index's year-to-date returns attributed to profit growth.

S&P 500: 12/31/2009 – 9/30/2025

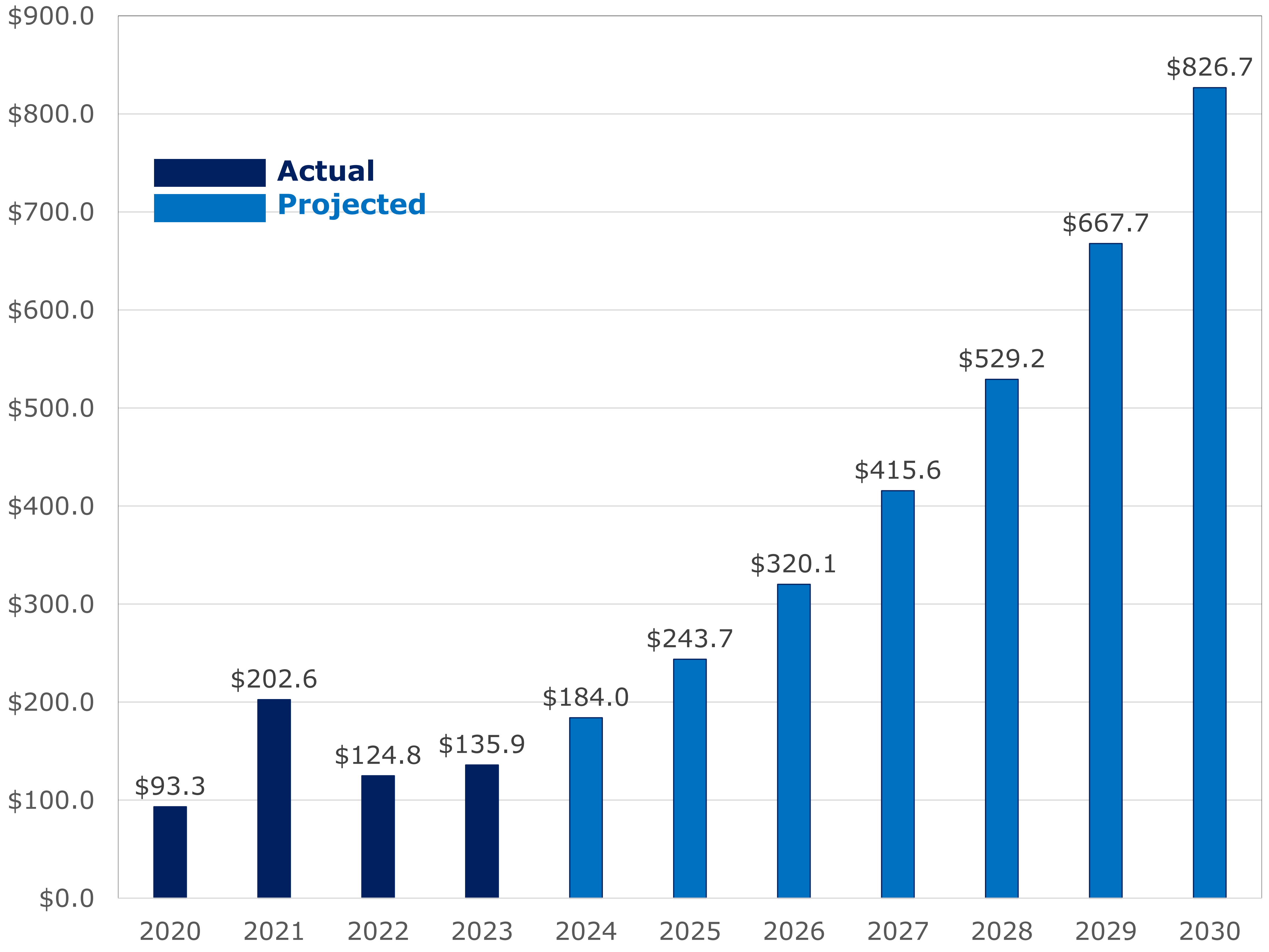
S&P 500 Earnings Per Share (EPS) index measures the S&P 500 company earnings as a whole. It is based on net income including discontinued operations, gains, charges, and one-time items.
It is updated daily to reflect new earnings reported.
Source: Bloomberg, September 30, 2025

AI-related stocks are fueling the stock market

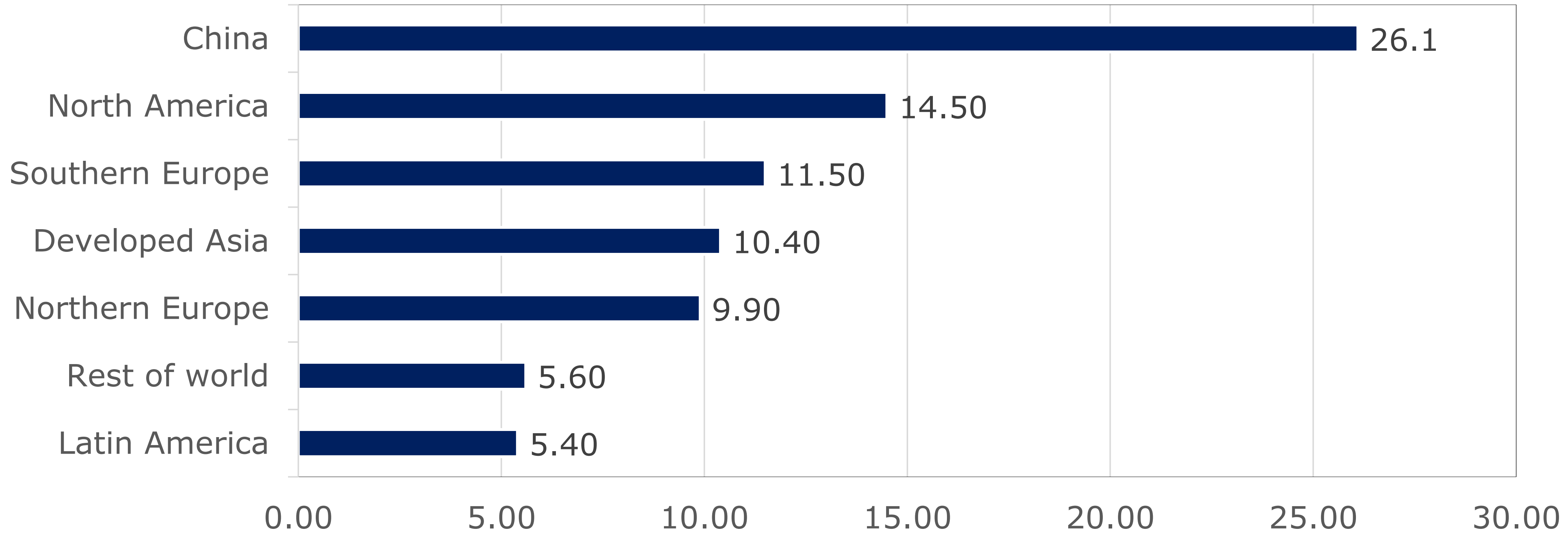
Artificial Intelligence (AI) is a major driver of the current stock market, but bubble concerns are rising

- Significant growth in AI is expected through 2030. Drivers of growth are widespread adoption, productivity gains, and growing data availability.
- AI is expected to be a positive contributor to GDP growth. This growth will be primarily driven by increased productivity, new products, and innovative business models, though estimates vary widely depending on the adoption rates and extent of its integration.
- While valuations and start-up promises may echo 1999 (the start of the dot.com bust), AI has a much stronger foundation than the dot.com era with established interfaces and large user bases, proven models, and real revenue generation.

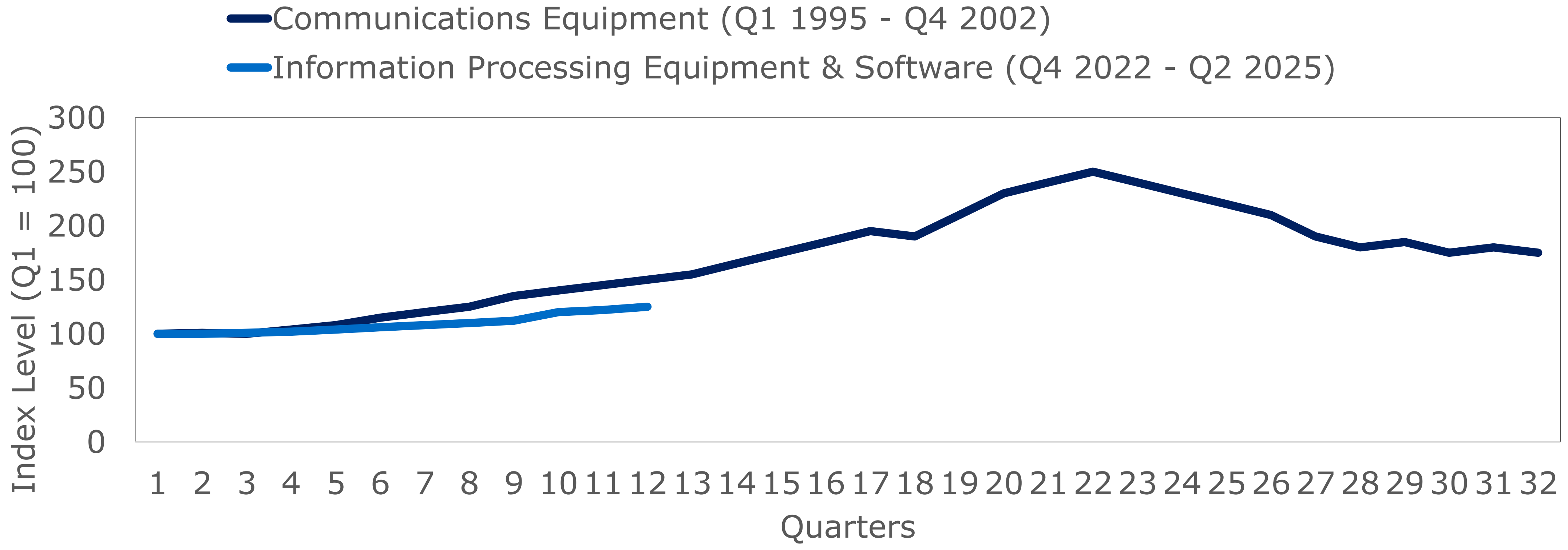
Worldwide Artificial Intelligence Market Size 2020 – 2030 (e)



GDP growth % due to AI (2030 estimate)



Tech-Related Investment: 1990s vs. Current



Sources: PwC and Federal Reserve Bank, Richmond, September 30, 2025,

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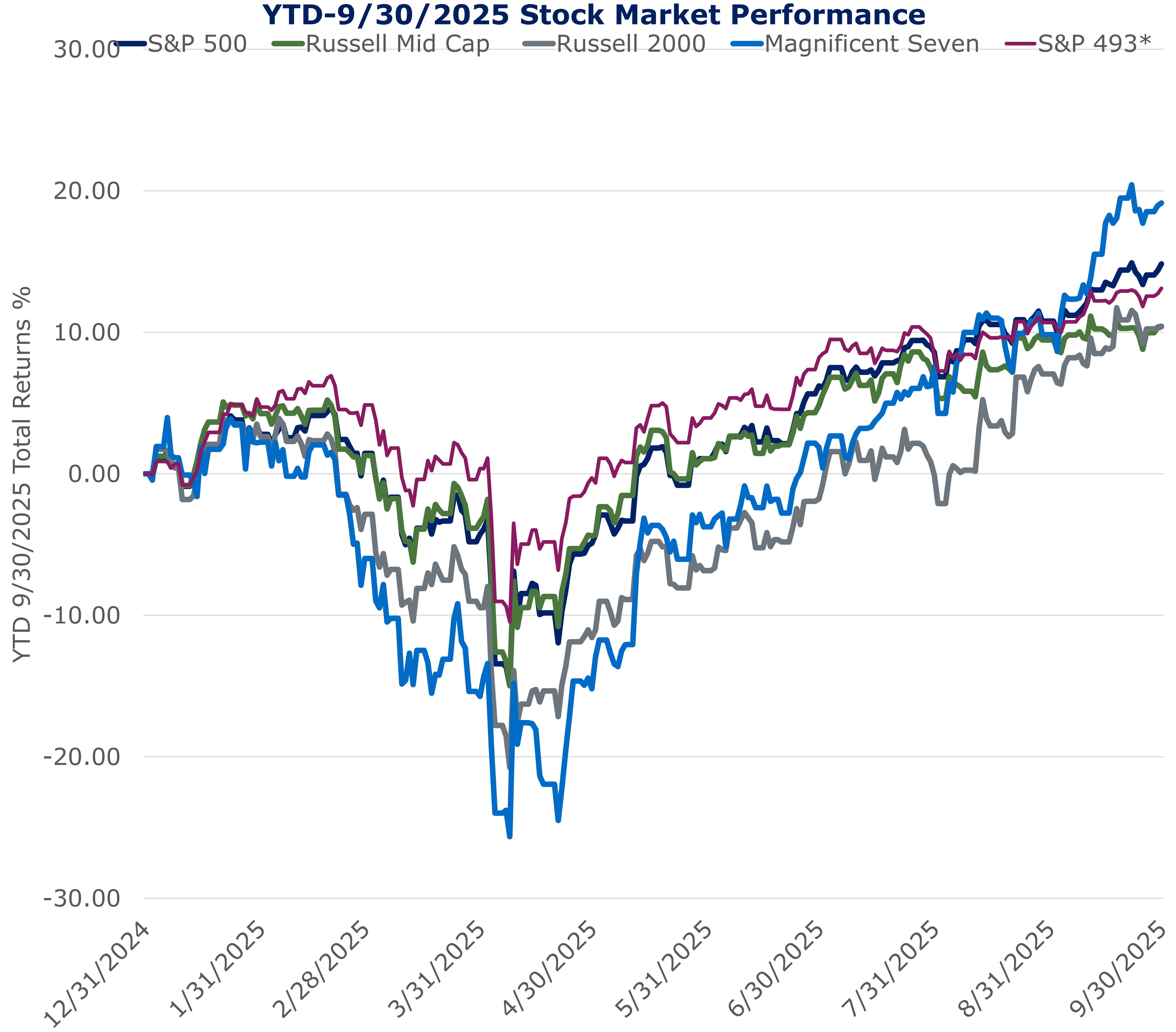
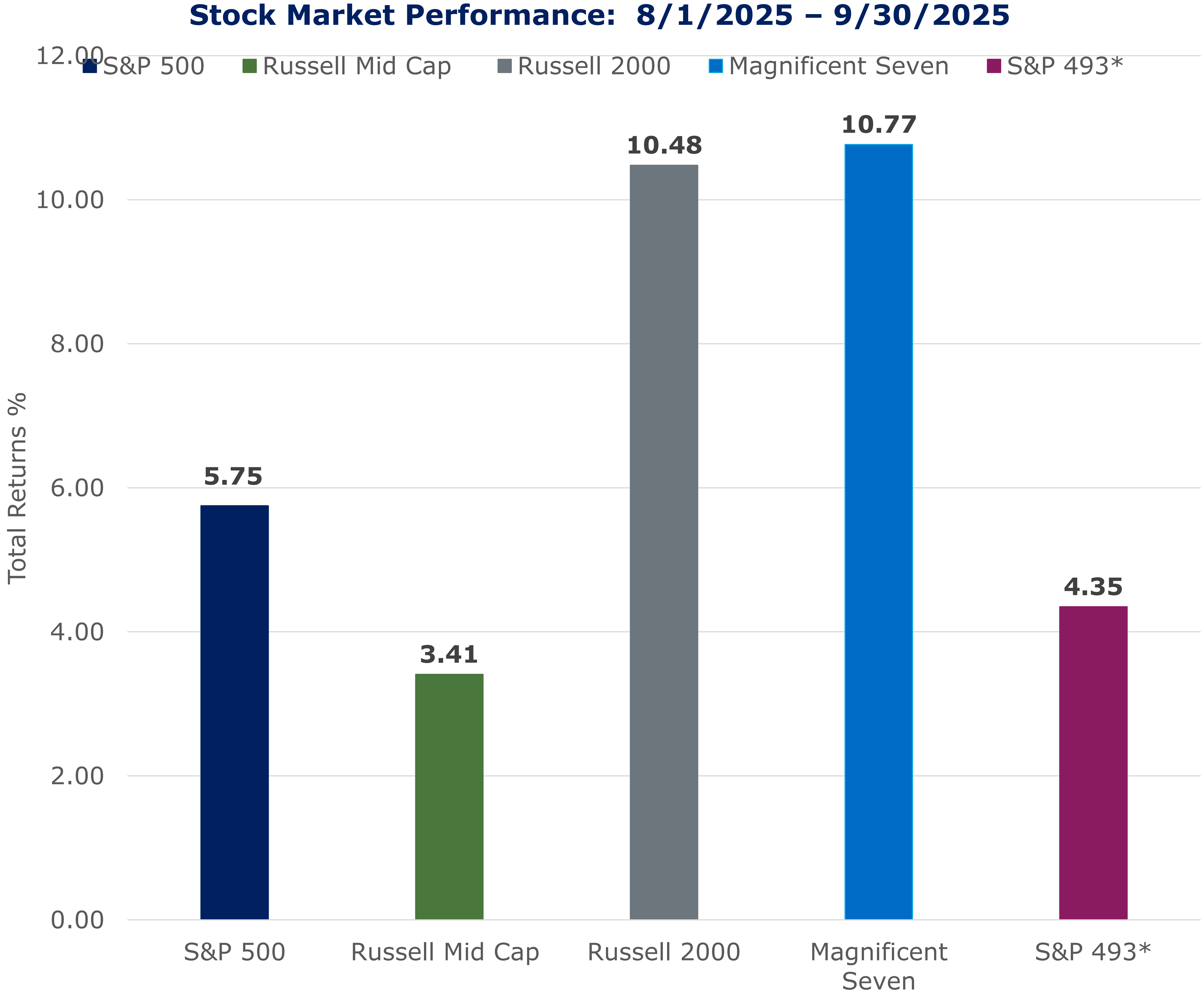
US Stock Market Broadens

Non-Mag Seven stocks are playing catch-up

- The US stock market is broadening as participation expands beyond mega-cap tech stocks to include more sectors and smaller companies.
- Since August 2025, Small caps have rallied, contributing to the overall broadening in stock market performance.
- The broadening stock market is a positive sign for the US economy due to better earnings growth.



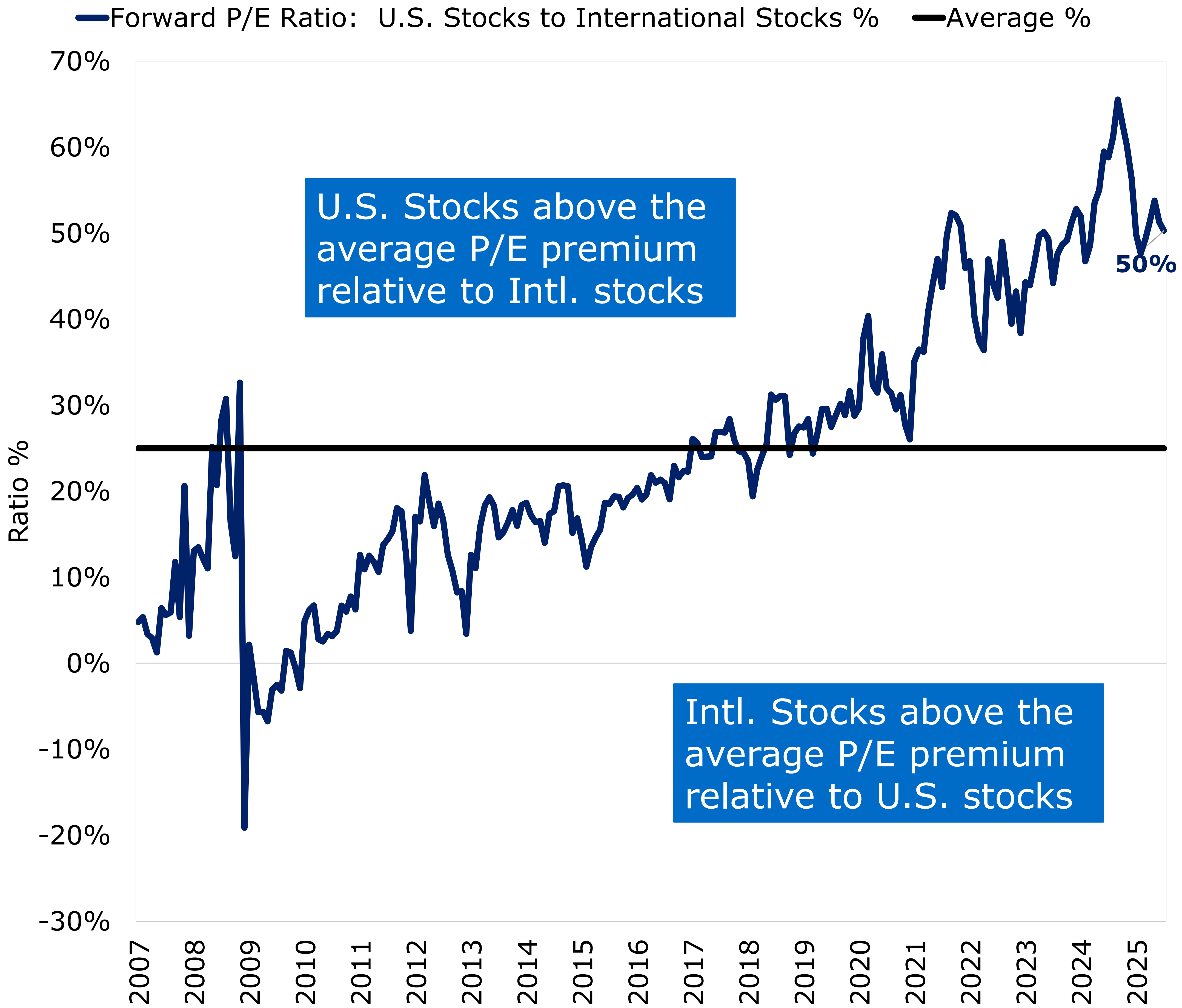


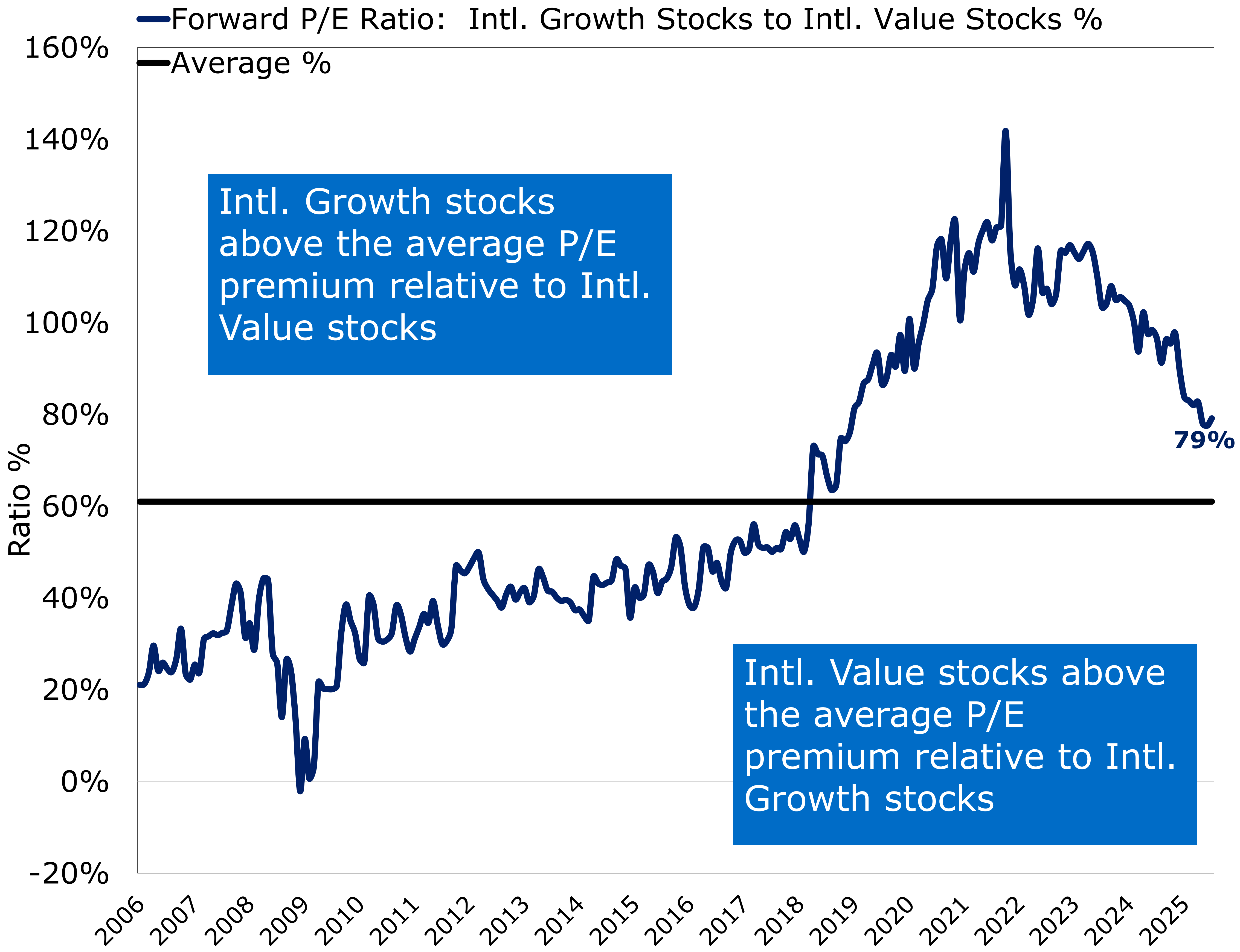
Source: Morningstar, Inc., September 30, 2025
*S&P 493 = S&P 500 Less the Magnificent 7
Magnificent 7 = Moniker for seven (7) mega-cap tech-related stocks: Amazon, Apple, Google-parent Alphabet, Meta, Microsoft, Nvidia, and Tesla.

The Markets: US Equity versus International Equity

International stocks are undervalued

- Forward P/E ratios of US stocks remain above International stocks. International stocks are undervalued relative to domestic stocks.
- Forward P/E ratios of International Growth stocks are high relative to International Value stocks. Intl. Value is undervalued relative to Intl. Growth.





Source: Bloomberg, L.P., September 30, 2025. US Stocks = S&P 500, International Stocks = MSCI ACWI ex USA Index, International Growth Stocks = MSCI ACWI ex USA Growth Index, International Value Stocks = MSCI ACWI ex USA Value Index. Past performance is no guarantee of future results. For illustrative purposes only and not representative any specific investment.

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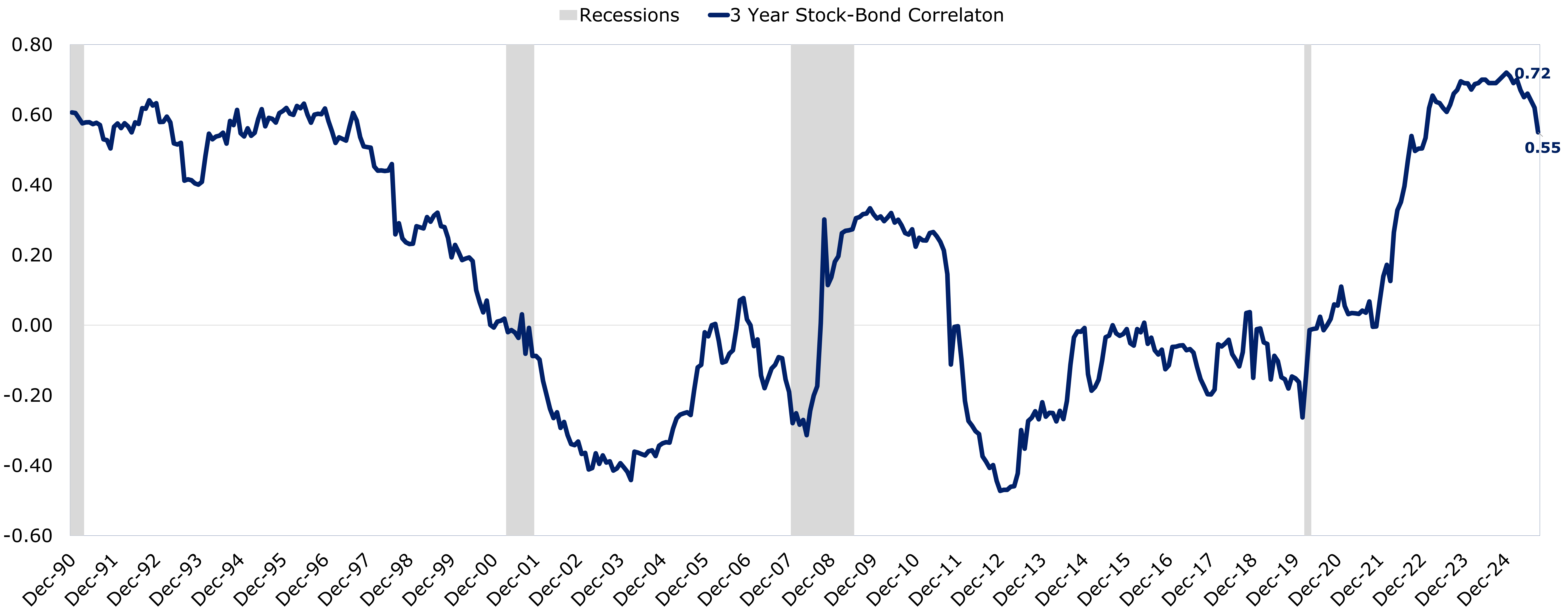
The Markets: Stock and Bond Correlation

Stocks and bonds are becoming less correlated

- The S&P 500/Bloomberg US Aggregate Bond Index correlation is currently 0.55.
- The 3-Year Stock-Bond correlation has decreased in 2025.   In December 2024, the 3-Year correlation was 0.72.
- Persistent inflation, tariff concerns, shifting trade policies, and fiscal imbalances are influencing correlation.
- Although correlation has decreased in 2025, it is still positive. Investors may want to look to active management, alternatives, & high-quality bonds to provide diversification.



Source: Morningstar, Inc., September 30, 2025

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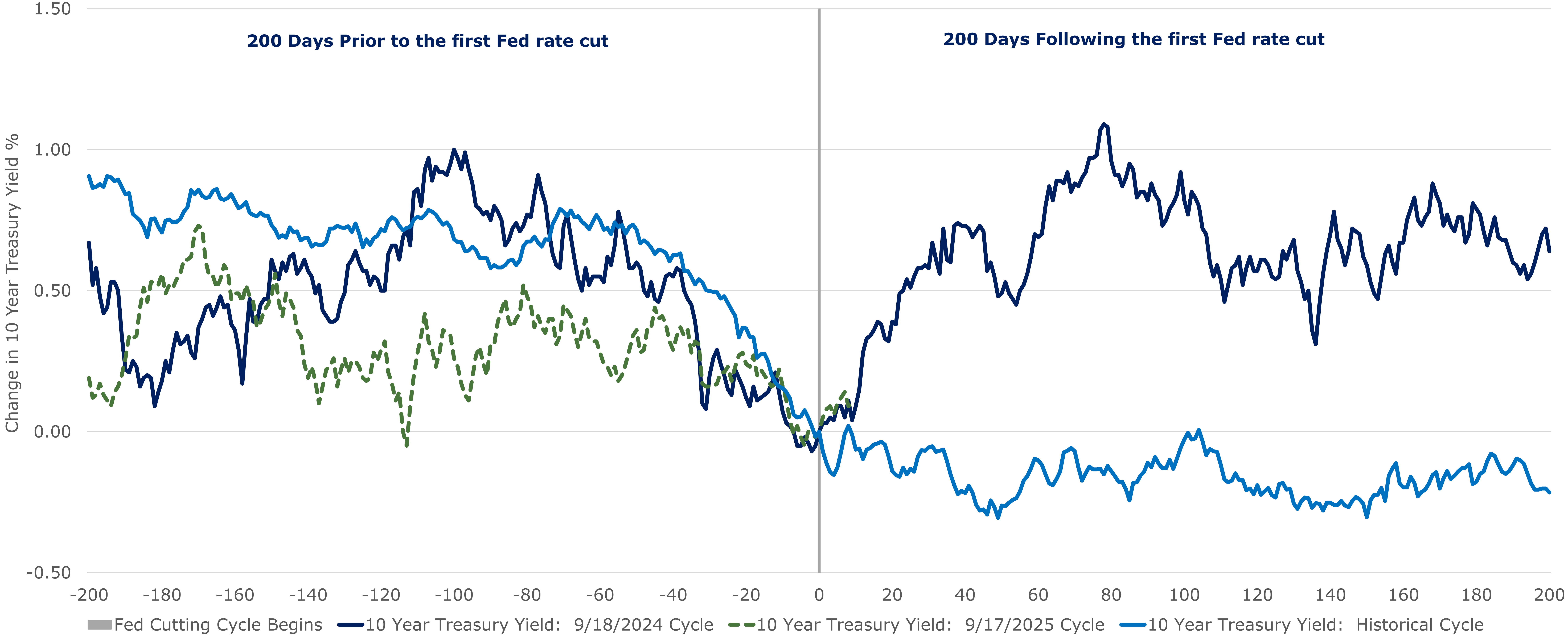
Fixed Income Markets

The 10Y Treasury yield remains elevated after recent rate cuts

Persistent inflation, market uncertainty, and fiscal policy concerns are keeping long-term yields elevated

- Typically, long-term bond yields fall in tandem with Fed rate cuts.

10-Year Treasury Yield in Fed Funds Rate Decline Periods



Source: Federal Reserve Bank, St. Louis, September 30, 2025

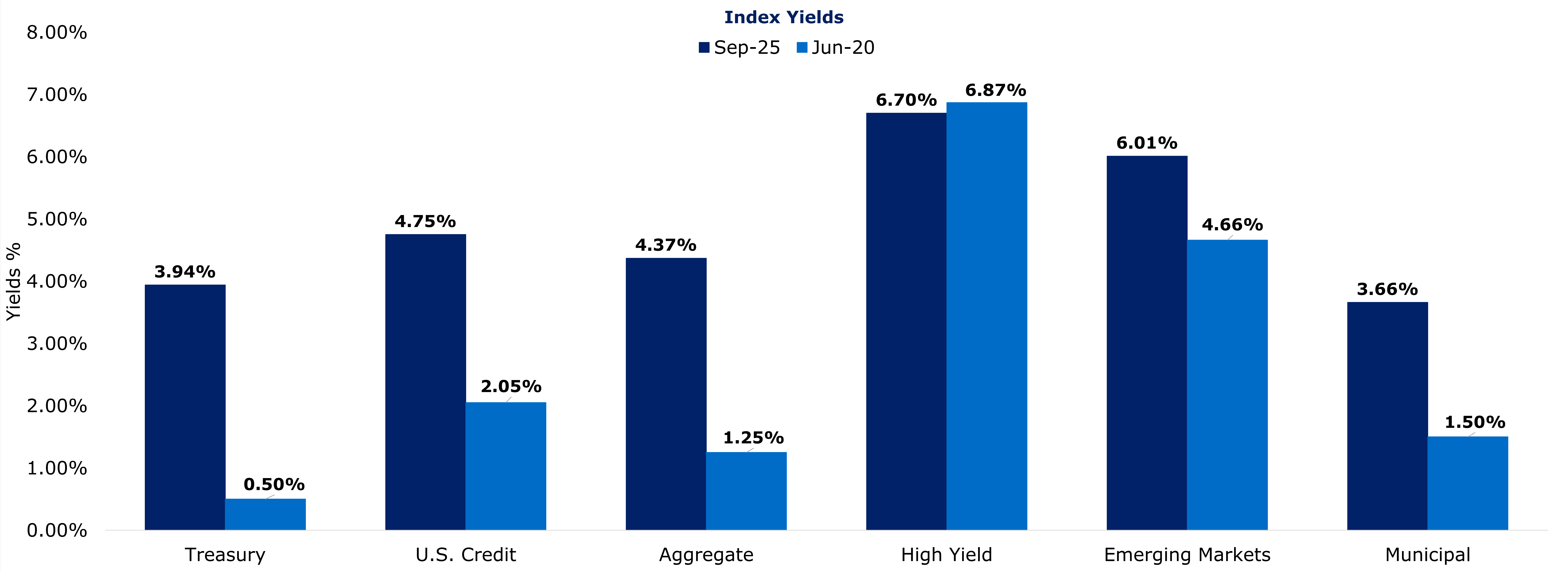
Historical Cycles: Rate cuts beginning June 1989, September 1998, January 2001, September 2007, and July 2019.

Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.

Starting yields are providing attractive fixed income opportunities

Current yields are attractive for investors seeking to lock in income

- Current yields are attractive as compared to those observed immediately following the Covid-19 pandemic.
- Attractive starting yields across the curve offer the prospect of durable income and can also provide a buffer against price volatility and capital appreciation if rates drop.



Source: Barclays. September 30, 2025
Treasury = Bloomberg US Treasury Bond Index, U.S. Credit Bloomberg U.S. Credit Index, Aggregate = Bloomberg U.S. Aggregate Bond Index, High Yield = Bloomberg US Corporate High Yield Index, Emerging Markets = Bloomberg Emerging Markets US Aggregate Index, Municipal = Bloomberg US Municipal Bond Index
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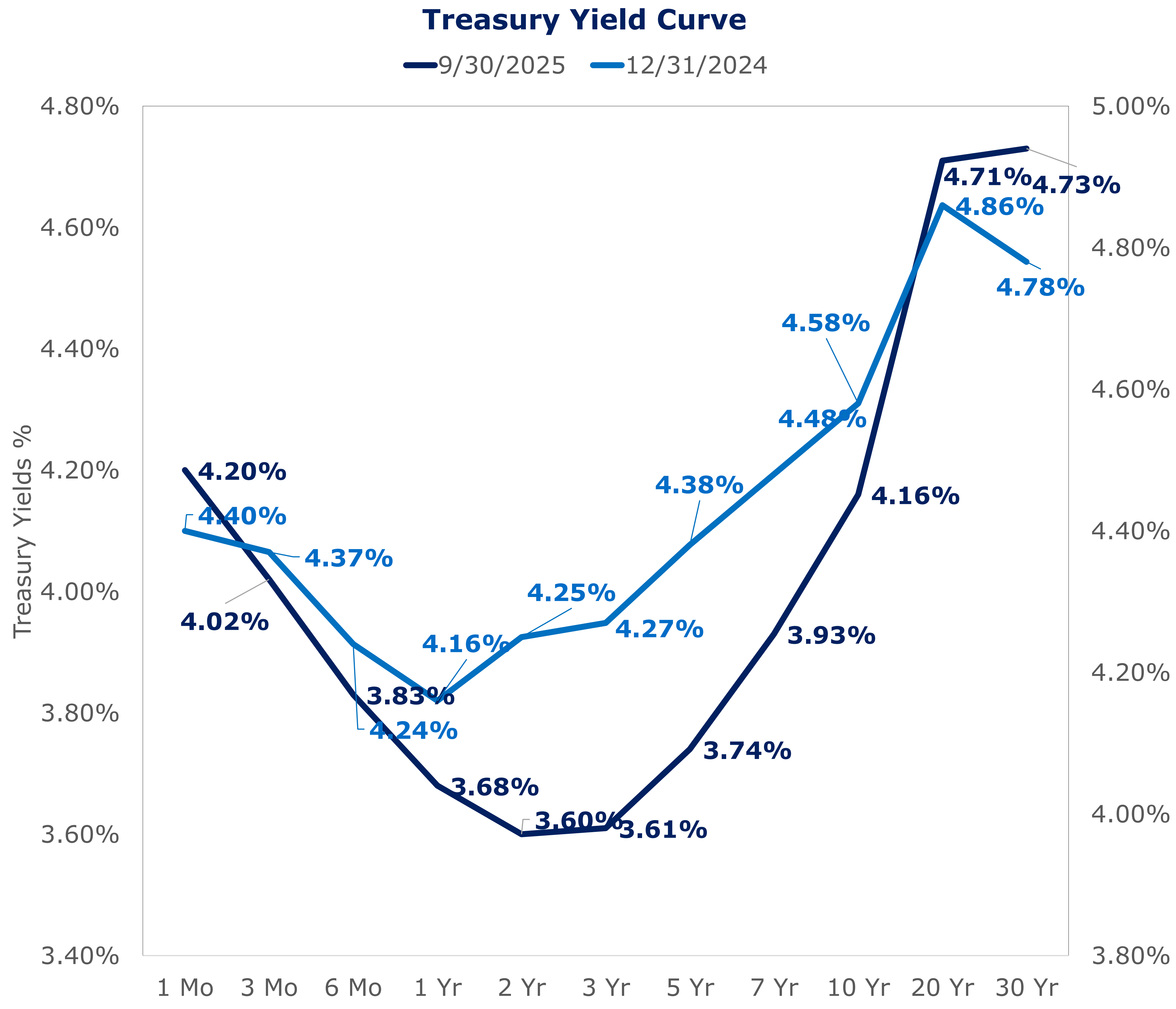
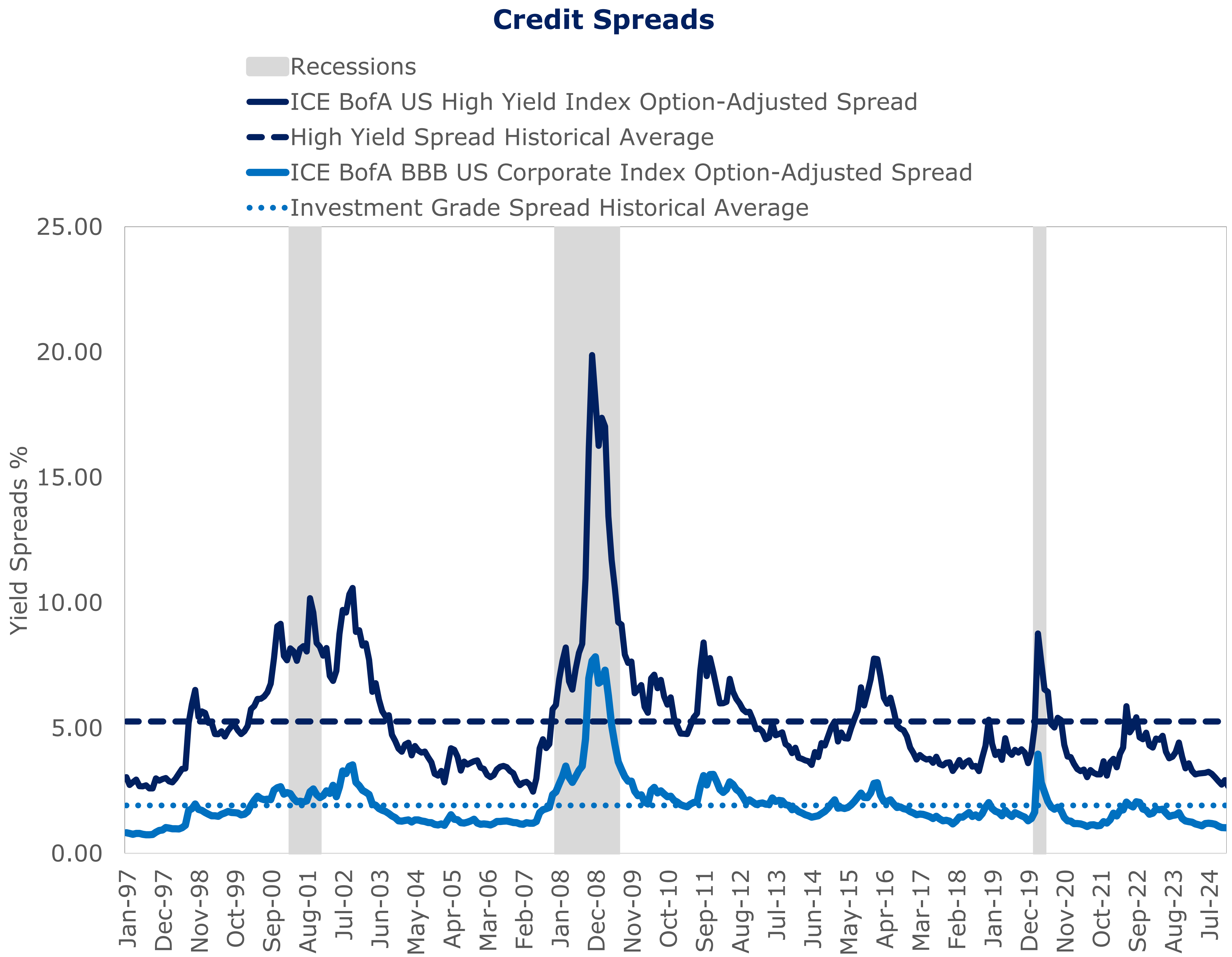
Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.
High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment grade securities. Income generated by municipal bonds may be subject to the Federal alternative minimum tax and state and local taxes.

The yield curve steepens; credit spreads have recently narrowed

Credit spreads that widened in April following the tariff announcements have since tightened

- Economic uncertainty over Federal Reserve policy and inflation concerns are causing the yield curve to steepen with long-term (20- and 30-year rates) now exceeding 4.70%.
- As of April 30, 2025, high yield spreads were 394 basis points and now are 280 basis points (as of September 30, 2025).
- Likewise, investment grade spreads rose to 137 in April 2025 but now stand at 97 basis points (as of September 30, 2025).





Source: Federal Reserve Bank, St. Louis. September 30, 2025

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High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment grade securities.

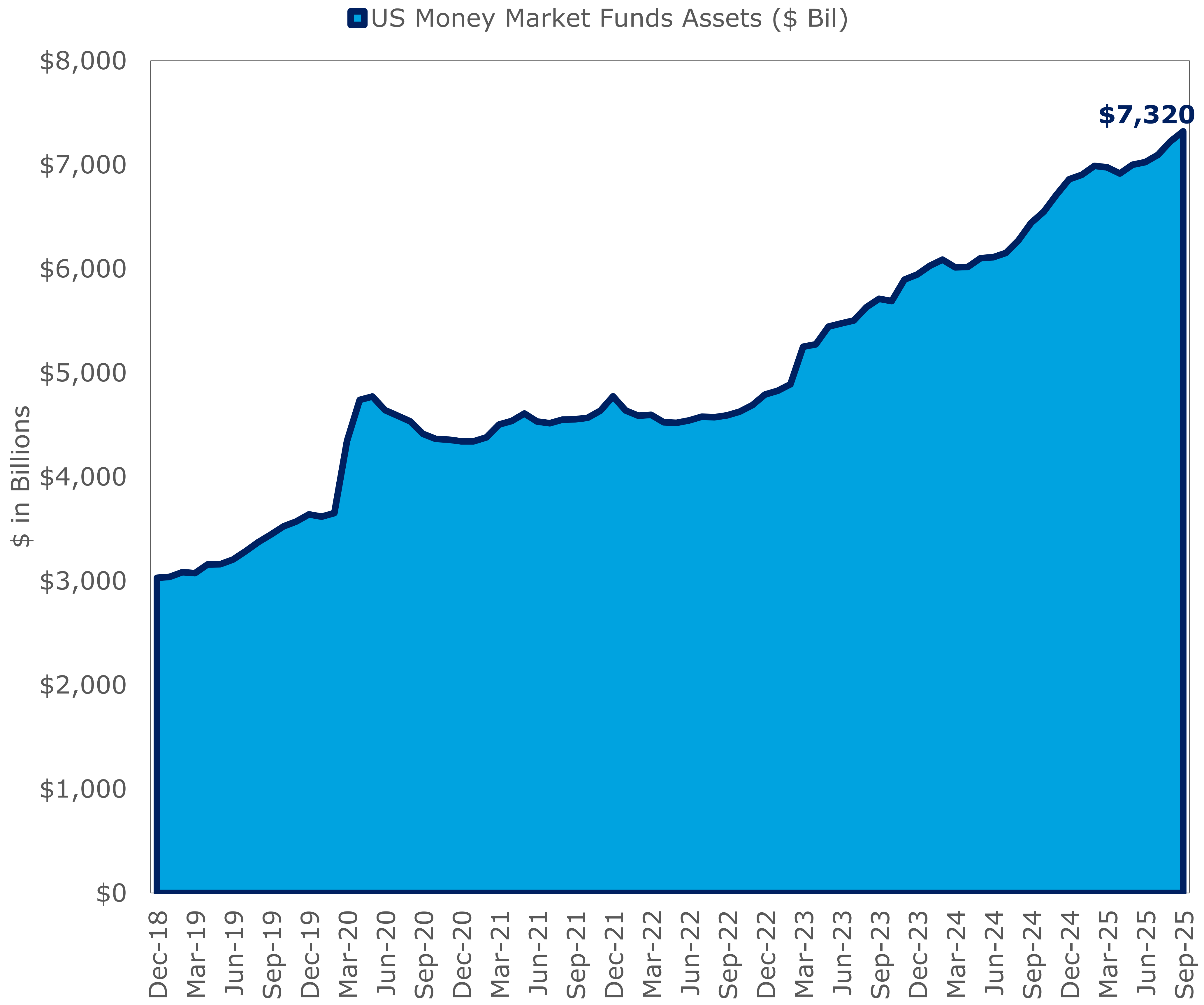
Liquidity Markets

US Money Market Funds assets continue to grow

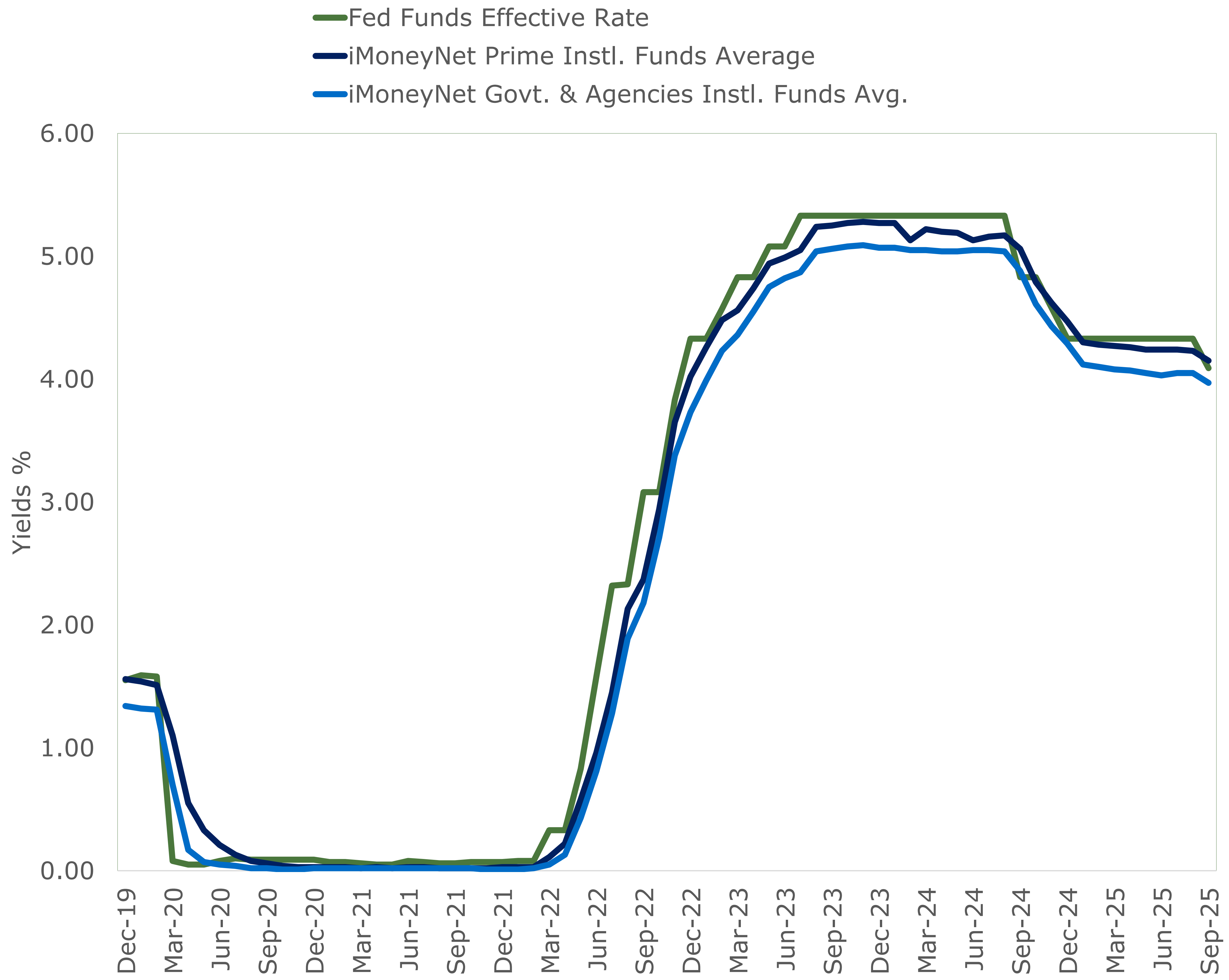
US Money Market Fund assets have surpassed $7 Trillion; yields remain competitive

- Relative Safety, liquidity, and competitive yields continue to draw investors to money market funds.
- MMFs can benefit from active duration management, allowing the potential for higher yields even as policy rates fall.
- Government MMFs have gained traction due to regulatory preferences and perceived lower risk, especially among institutional investors.

US Money Market Funds Assets ($ Billions)



Money Markets Have Offered Competitive Yields



Sources: Morningstar, Inc. iMoneyNet, Inc. and Federal Reserve Bank, St. Louis, September 30, 2025

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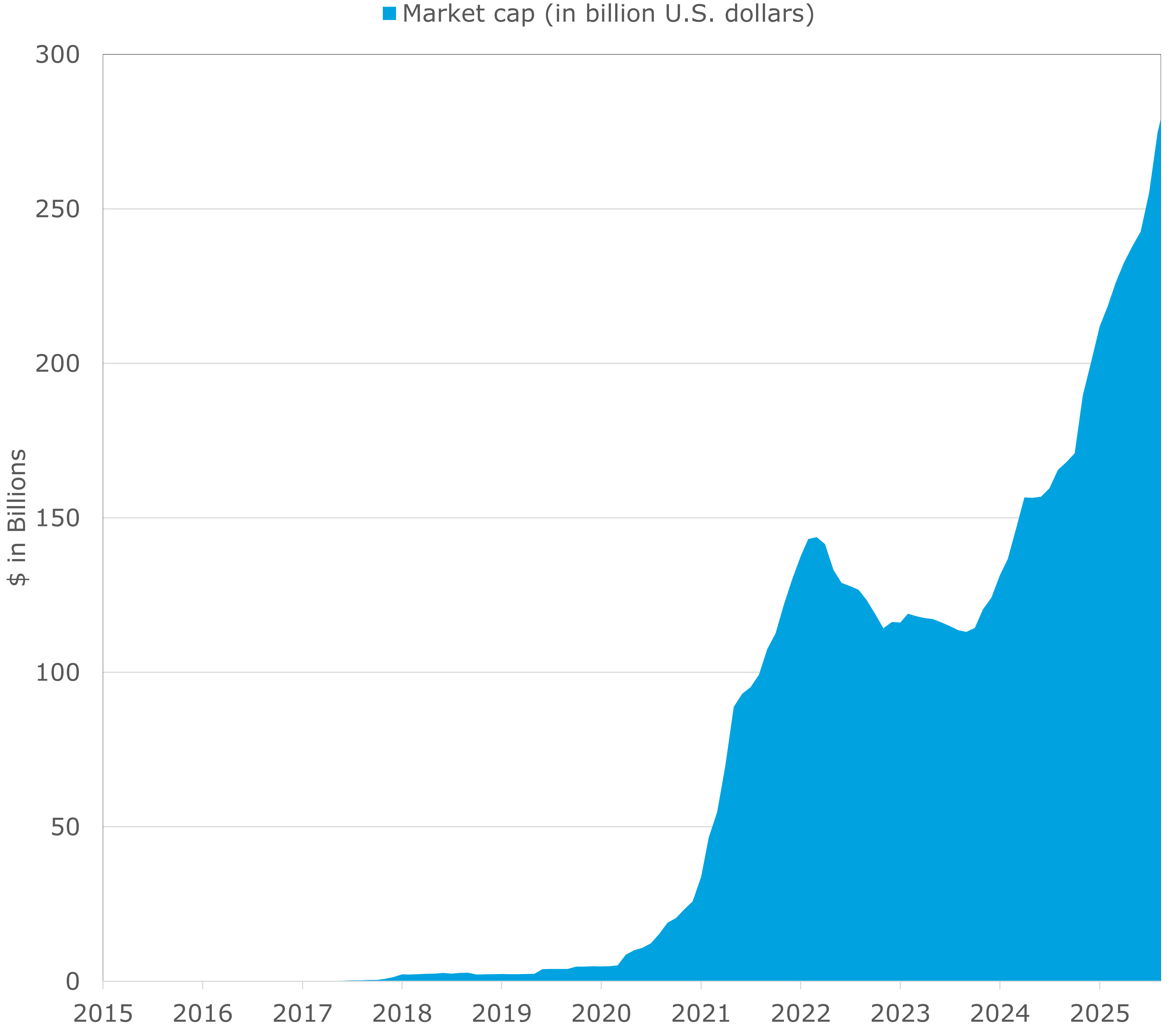
US creates Treasury demand with Stablecoin legislation

US GENIUS Act brings Stablecoins closer to the mainstream

- The US GENIUS Act channels Stablecoin growth into dollar-denominated assets and supports further demand for US Treasuries.
- Market capitalization of Stablecoins now exceeds $200B and accounts for approximately 15 percent of the World's Cryptocurrency market.
- During the historic crypto crash on October 10, 2025, most major stablecoins proved resilient, with fiat-backed tokens like Tether (USDT) and USD Coin (USDC) holding their peg to the dollar.

Regulation	US Genius Act
Payment Stablecoin Defined	A digital asset intended for use as a payment means. The issuer must maintain price stability and redeem at a fixed value.
Issuer Qualifications	Subsidiaries of insured depository institutions; Federal qualified nonbank issuers; and State qualified issuers
Yield	Stablecoins are not allowed to pay holders interest or yield.
Reserve Asset Requirements	• 1 to 1 backing • US currency & demand deposits • US Treasuries with a maturity of 93 days or less • Overnight Repurchase Agreements backed by Treasuries & • Money Market Funds (that meet the T-Bill maturity requirement) • Central Bank reserve deposits

Stablecoins Market cap (in billion U.S. dollars)



Sources: World Economic Forum, CoinGecko, September 30, 2025

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Word about risk

- Investing in equities is speculative and involves substantial risks. The value of equity securities will rise and fall. These fluctuations could be a sustained trend or a drastic movement.

- Value stocks tend to have higher dividends and thus have a higher income-related component in their total return than growth stocks. Value stocks also may lag growth stocks in performance at times, particularly in late stages of a market advance.

- Growth stocks tend to have higher valuations and thus are typically more volatile than value stocks. Growth stocks also may not pay dividends or may pay lower dividends than value stocks.

- Small-cap companies may have less liquid stock, a more volatile share price, unproven track records, a limited product or service base and limited access to capital. The above factors could make small-cap companies more likely to fail than larger companies and increase the volatility of a fund's portfolio, performance and share price. Suitable securities of small-cap companies also can have limited availability and cause capacity constraints on investment strategies for funds that invest in them.

- International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

- Prices of emerging markets securities can be significantly more volatile than the prices of securities in developed countries and currency risk and political risks are accentuated in emerging markets.

- There are no guarantees that dividend paying stocks will continue to pay dividends. In addition, dividend paying stocks may not experience the same capital appreciation potential as non-dividend paying stocks.

- Market Neutral and Inverse strategies use long and short positions in seeking to limiting a portfolios exposure to domestic stock market movements, capitalization, sector-swings or other risk factors. There can be no guarantee that this will be a successful investment approach and the short sale of securities can involve unlimited risk.

Word about risk

- Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices.
- High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment grade securities.
- The value of some asset-backed securities may be particularly sensitive to changes in prevailing interest rates, and although certain securities may be supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.
- The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates, and although the securities are generally supported by some form of government or private insurance, there is no assurance that private guarantors or insurers will meet their obligations.
- Income generated by municipal bonds may be subject to the Federal alternative minimum tax and state and local taxes.
- Repurchase agreements consist of a financial institution selling securities to a fund agreeing to repurchase them at a mutually agreed upon price and time.
- Investments in gold and precious metals may be subject to additional risks.
- Diversification does not guarantee a profit or protect against loss.

Definitions

- Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

- Yield Curve: Graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.

- Standard deviation is a statistical measurement of dispersion about an average which depicts how widely the returns varied over a certain period of time. The higher the standard deviation, the greater the volatility.

- Correlation expresses the strength of relationship between distribution of returns of one data series and its benchmark. The coefficient correlation is always between +1 (perfect positive correlation) and -1 (perfect negative correlation).

- Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk.

- Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund.

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Definitions

S&P 500: Is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries

Russell 3000® Value Index: Measures the performance of those Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth values. The stocks in this index are also members of either the Russell 1000® Value or the Russell 2000® Value Indexes.

Russell 3000® Growth Index: Measures the performance of the broad those Russell 3000® Index companies with relatively higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000® Growth or the Russell 2000® Growth Indexes.

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. The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Russell 1000® Value Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

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. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

Russell 1000® Index: The Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® Index represents approximately 92% of the U.S. market. The Russell 1000® Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

Russell 2000® Index: Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Dow Jones U.S. Select Dividend Index: Is defined as all dividend-paying companies in the Dow Jones U.S. Total Market Index that have a non-negative, historical, five-year dividend-per-share growth rate, a five-year average dividend earnings-per-share ratio of less than or equal to 60% and three-month average daily trading volume of 200,000 shares. Current index components are included in the universe regardless of their dividend payout ratio. The Dow Jones U.S. Total Market Index is a rules-governed, broad-market benchmark that represents approximately 95% of the U.S. market capitalization.

Definitions

MSCI ACWI ex USA Index: Captures large- and mid-cap representation across 22 of 23 developed markets countries (excluding the U.S.) and 27 emerging markets countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.

MSCI ACWI ex USA Growth Index: Captures large- and mid-cap securities exhibiting overall growth style characteristics across developed (excluding the U.S. and Canada) and emerging market countries.

MSCI ACWI ex USA Value Index: Captures large- and mid-cap securities exhibiting overall value style characteristics across developed (excluding the U.S. and Canada) and emerging market countries.

MSCI ACWI ex USA Large Cap Index: captures large cap representation across 22 of 23 Developed Markets (DM) countries* (excluding the US) and 24 Emerging Markets (EM) countries. The index covers approximately 70% of the free float-adjusted market capitalization in each country.

MSCI ACWI ex USA SMID Cap Index: Captures mid- and small-cap representation across developed market countries (excluding the U.S.) and emerging markets countries. The index covers approximately 28% of the free float-adjusted market capitalization in each country.

MSCI Emerging Markets Index: Captures large- and mid-cap representation across 24 Emerging Markets (EM) countries. With 832 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI China Index: The MSCI China Index captures large and mid cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g. ADRs). With 568 constituents, the index covers about 85% of this China equity universe.

MSCI Japan Index: is designed to measure the performance of the large and mid cap segments of the Japanese market. With 183 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

MSCI Europe Index: captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe*. With 399 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

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Definitions

Bloomberg US Aggregate Bond Index: Is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

Bloomberg US Corporate High Yield Index: Is an unmanaged index that is comprised of issues that meet the following criteria: at least $150 million par value outstanding, maximum credit rating of Ba1 (including defaulted issues) and at least one year to maturity.

Bloomberg US Credit Index: Is composed of all publicly issued, fixed-rate, nonconvertible, investment-grade corporate debt. Issues are rated at least Baa by Moody's Investors Service or BBB by S&P Global Ratings, if unrated by Moody's. Collateralized Mortgage Obligations (CMOs) are not included. Total return comprises price appreciation/depreciation and income as a percentage of the original investment.

Bloomberg Municipal Bond Index: Is a market-value-weighted index for the long-term tax-exempt bond market. To be included in the index, bonds must have a minimum credit rating of Baa. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date.

Bloomberg 10 Year Municipal Bond Index: a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market consisting of bonds with a maturity range of 8-12 years.

Bloomberg US Mortgage-Backed Securities Index: Tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLM).

Bloomberg US Treasury Bond Index: Is part of Bloomberg global family of government bonds indices. The index measures the performance of the U.S. Treasury bond market, using market capitalization weighting and a standard rule-based inclusion methodology.

Bloomberg 10-Year US Treasury Bellwethers Index: A universe of Treasury bonds with a 10-year maturity; used as a benchmark against the market for log-term maturity foxed-income securities.

Bloomberg US Treasury US TIPs Index: a rules-based, market value weighted index that tracks inflation protected securities issued by the U.S. Treasury.

Definitions

Bloomberg Emerging Markets USD Aggregate Index: Tracks total returns for external-currency-denominated debt instruments of the emerging markets: Brady bonds, loans, Eurobonds, and U.S. dollar-denominated local market instruments. Countries covered are Argentina, Brazil, Bulgaria, Ecuador, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia and Venezuela.

Bloomberg Emerging Markets (EM) ex-US Aggregate Index: is an unmanaged index that tracks total returns for external-currency-denominated debt instruments of the emerging markets.

Bloomberg Global Aggregate Index: a flagship measure of global investment grade debt from twenty-seven local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

J.P. Morgan GBI Global ex-US Index: an unmanaged index market representative of the total return performance in US dollars on an unhedged basis of major non-US bond markets.

J.P. Morgan EMBI Global Diversified Index: tracks liquid, US Dollar emerging market fixed and floating-rate debt instruments issued by sovereign and quasi-sovereign entities.

Definitions

Consumer Price Index (CPI): measure of the average change over time in the prices paid by urban consumers for a representative basket of consumer goods and services The CPI measures inflation as experienced by consumers in their day-to-day living expenses.

Price Consumption Index (PCE): is the primary measure of consumer spending on goods and services in the U.S. economy. It accounts for about two-thirds of domestic final spending, and thus it is the primary engine that drives future economic growth. PCE shows how much of the income earned by households is being spent on current consumption as opposed to how much is being saved for future consumption.

U.S. Dollar Index: Indicates the general international value of the U.S. Dollar by averaging the exchange rates between the U.S. Dollar and six major world currencies.

University of Michigan Consumer Sentiment Index: A measure of consumer confidence based on a monthly telephone survey by the University of Michigan that gathers information on consumer expectations regarding the overall economy.

VIX: The ticker symbol for the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility.

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Disclosure

- Views are as of 9/30/2025 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.

- Although the information provided in this document has been obtained from sources which Federated Hermes believes to be reliable, it does not guarantee accuracy of such information, and such information may be incomplete or condensed.

- Investments are subject to risk and fluctuate in value.

- **The data contained in this presentation is for informational purposes only and should not be relied upon to make investment decisions.**

- Index and other financial benchmark data is for illustrative purposes only. Indexes are unmanaged and cannot be invested in directly.

- Certain information contained herein may constitute “forward-looking statements”. Due to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in these statements. Nothing contained herein may be relied upon as a guarantee or representation as to the future.

- Alpha is a measure of risk-adjusted returns.

- Sharpe ratio is calculated by using standard deviation and excess return to determine reward per unit of risk.

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