Federated Hermes Sustainable Global Equity

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2023

Federated Hermes
Limited

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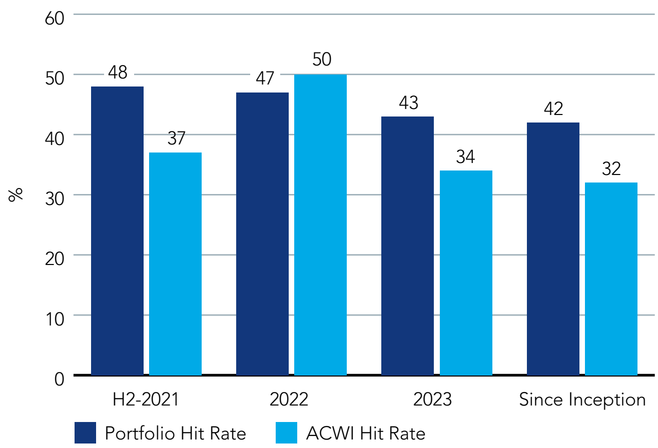
Contents

SECTION 1

Investment review[1]

The Strategy had a stellar 2023, returning 27.2%[2] while the benchmark returned 22.2%. The outperformance was driven by strong stock selection as evidenced by the high hit rate across the strategy, a characteristic which has been consistent since inception. The strategy has returned 2.14% since inception*.

Figure 1: Sustainable Global Equity hit rate versus MSCI All Country World Index (ACWI)



Source: Federated Hermes as at 31 December 2023. Performance shown is the Federated Hermes Int'l Sustainable Global Equity Strategy Hedged to US$ Strategy. In US$, gross of fees. Inception date: 30 June 2021. Benchmark: MSCI All Country World IMI Index hedged to US$. Past performance is not a reliable indicator of future returns.

Caution earlier in 2023 driven by fears of recession gave way to a more bullish market as economic conditions held up, inflationary pressures dissipated and geopolitical conditions were contained. Globally, corporate earnings proved more resilient than expected and, importantly, employment data held up. This benign combination of inflation melting away yet broad economic data remaining robust drove markets higher and a risk-on environment took hold, particularly in the final quarter of the year.

> **Globally, corporate earnings proved more resilient than expected and, importantly, employment data held up.**

In addition to better-than-expected economic data, there were two other, specific, positive drivers for the market over the past year - both of which we have significant exposure to through this Strategy and remain excited about for the years ahead.

Firstly, the progress made in the development of the hormone glucagon-like peptide 1, or GLP-1 for short, drove broad excitement around two of the most acute healthcare issues affecting the aging demographic; diabetes and obesity. We hold a significant position in Novo Nordisk, a company with a long history of innovation which has established itself as a market leader in both areas. Last year it saw fundamentals remain strong within its obesity franchise but it also saw its longer term opportunity set expand, with a study demonstrating that its weight-loss drug Wegovy[3] reduced the risks of heart attacks and strokes. This backdrop and their market position should set up double digit annual growth for the company through to 2030.

There are approximately 1.5 million deaths a year which are directly caused by diabetes and many more which are linked to associated conditions such as cardiovascular disease, strokes and kidney disease[4]. Novo Nordisk's products help to extend lives, through the management of diabetes and weight loss. The potential for the latter in reducing the enormous financial cost of obesity treatment should also be considered. We view Novo Nordisk as a company enabling longer and healthier lives, and potentially saving the healthcare system significant sums over the long-term through obesity treatment.

The second key positive driver was artificial intelligence (AI) which transitioned from theory to reality in 2023. The vast range of capabilities it possesses and the productivity it enables look set to transform vast swathes of the economy and how we operate. We have exposure to AI directly through two companies very much at the forefront of this new technology.

*** Past performance is not a reliable indicator of future returns.**

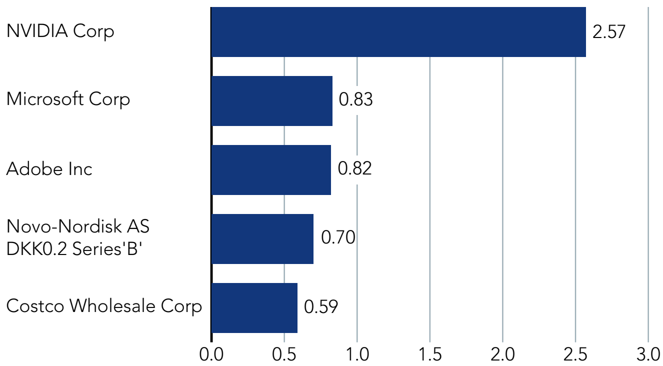
[1] Management fees are not included and will have the effect of reducing performance.
[2] Source: Federated Hermes as at 31 December 2023. Performance shown is the Federated Hermes Int'l Sustainable Global Equity Strategy Hedged to US$ Strategy. In US$, gross of fees. Inception date: 30 June 2021. Benchmark: MSCI All Country World IMI Index hedged to US$.
[3] Semaglutide (Wegovy, Ozempic, Rybelsus) is a medicine used for weight loss in specific patients, and to lower blood sugar levels and reduce the risk of major cardiovascular events such as heart attack or stroke in type two diabetes patients. Semaglutide is a GLP-1 agonist and works by increasing insulin release, lowering the amount of glucagon released, delaying gastric emptying and reducing appetite.
[4] World Health Organization

Nvidia, the world leading manufacturer of graphics processing units (GPUs), was our best performing stock in 2023. It has the leading-edge chips which are required to enable AI and cloud computing. The demand for its chips, as well as its software stack, looks well supported as the infrastructure is built out to support this new technological era. The capex spend anticipated over the next decade is staggering and Nvidia's technological lead and market share has positioned the company to be the prime beneficiary. From a sustainability perspective, Nvidia's chips are 20-25x more efficient than traditional central processing units (CPUs) and enable their hyper-scaler customers such as Amazon, Meta and Microsoft to minimise carbon intensity and costs as data demands grow exponentially.

Microsoft was also a stand-out performer in 2023. For the last decade Microsoft has focused on the cloud computing space, and its market-leading offering, Azure, has continued to gain significant market share. More recently it has positioned itself to be a leader in AI. The prospects for the company to be the leading player in this market and to be able to monetise that position grew considerably over the course of last year. Management has positioned the business across the entire tech stack to benefit from the trends which will likely shape Information Technology (IT) spend over the next decade. From a sustainability viewpoint, their products enable centralised computer and storage benefitting efficiency as processing requirements grow (energy consumption by Information and Communications Technology currently contribute approximately 2% of the worlds global emissions a year which is the same level as the aviation industry).

While we follow a bottom-up investment approach, the strategy has the ability to tilt to value or growth styles depending on the macro environment.

Figure 2: Top five contributors, 2023



Source: Federated Hermes Limited, as at 31 December 2023.

The Sustainable Global Equity Strategy is a high-conviction, core global equity strategy which aims to deliver an attractive return by investing in companies that are helping to create a more sustainable future. While we follow a bottom-up investment approach, the Strategy has the ability to tilt to value or growth styles depending on the macro environment. Our dynamic approach, alongside a quality tilt and sustainable lens has enabled us to outperform the benchmark since the inception in June 2021, while also delivering positive impact.

Outlook

The economic clouds appear to be receding and most industries have now seen a bottom. The effects of monetary tightening, thus far, appear to have been relatively successful with inflation coming down and global GDP holding up better than expected. There is room for cautious optimism from an economic perspective.

The Strategy has a clear bias to quality businesses which offer long-term resilience. Sector-wise an overweight position in both technology and industrials should benefit from both a cyclical recovery as well as the structural trends, that are currently proliferating.

SECTION 2

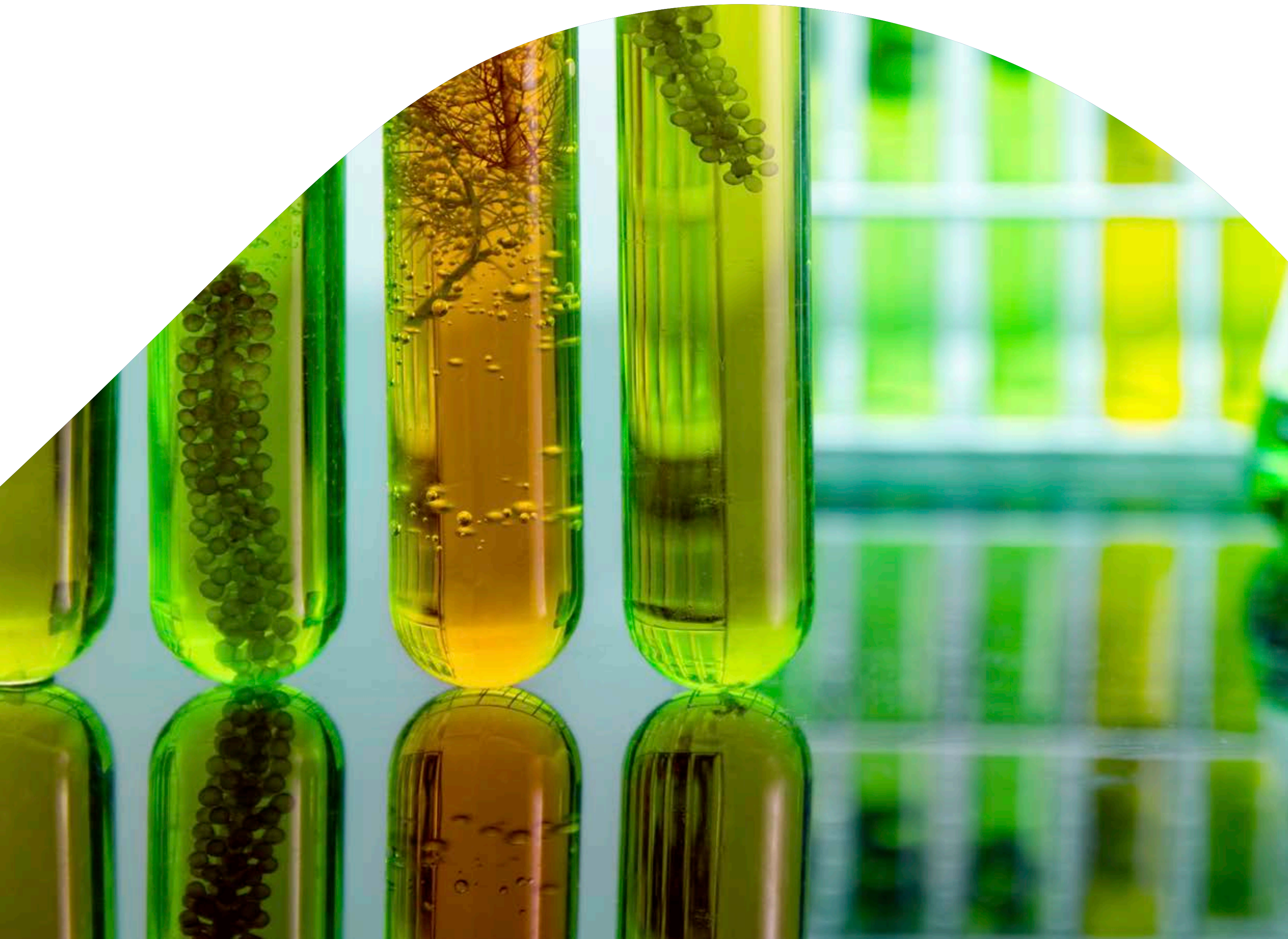
Engagement overview

Alongside Federated Hermes' stewardship arm (EOS), we seek to drive positive change through board and executive-level interactions. Our engagements with portfolio companies take the form of face-to-face meetings with board members, chairs, lead independent directors and chairs of board committees. We also gather information relating to specific engagement objectives and issues through our interactions with divisional heads and investor relations teams. Our proprietary milestone system allows us to track our engagement progress through four key stages from initial raising of concerns through acknowledgement of the issue and commitment to change, to implementation.

We benefit from the wider research universe covered by EOS. The diverse team have backgrounds in law, banking, sciences, academia, accountancy, climate change and corporate strategy, and collectively they are fluent in 10 different languages. This expertise, combined with their cultural understanding and connections, enables local language dialogues which are of great importance. As ever, voting and engagement is a good way to hold companies to account and is an important factor in our assessment of governance. We view it as a key part of demonstrating active ownership and ensuring companies are meeting the needs of shareholders.

Figure 1: Measuring progress – Milestones

Source: Federated Hermes Limited, as at 31 December 2023.

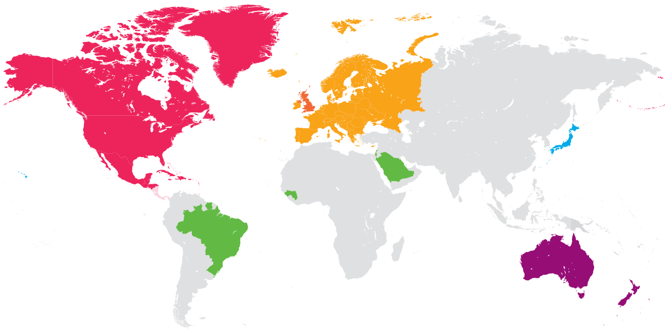


Engagement progress, 2023

Total number of engagement objectives: **59**

Number of companies engaged: **42**

Objectives by region:



North America	18
United Kingdom	4
Europe	11
Emerging and developing markets	5
Developed Asia	4
Australia & New Zealand	0

The diverse team have backgrounds in law, banking, sciences, academia, accountancy, climate change and corporate strategy, and collectively they are fluent in 10 different languages.

Voting, 2023

Voting is a key part of demonstrating active ownership and ensuring companies are meeting the needs of shareholders.

Voting breakdown

Meetings where we voted in favour:	Meetings where we voted against, against and abstained, or with management by exception:
42.9%	54.2%

Source: Federated Hermes Limited, as at 31 December 2023.

Engagement objectives by theme

Source: Federated Hermes, as at 31 December 2023.

Environmental: issues and objectives engaged

Source: Federated Hermes, as at 31 December 2023.

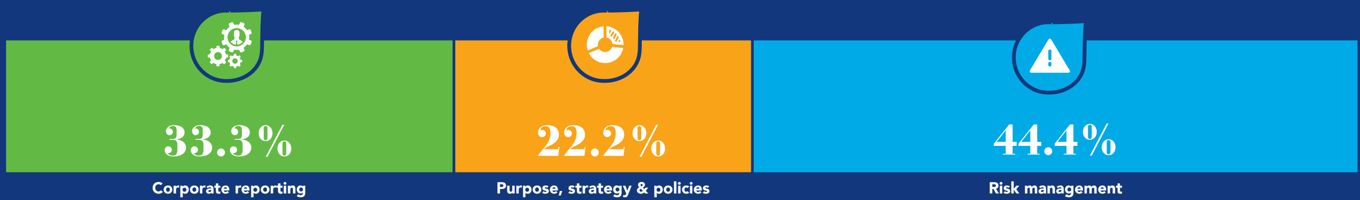
Social and ethical: issues and objectives engaged

Source: Federated Hermes, as at 31 December 2023.

Governance: issues and objectives engaged

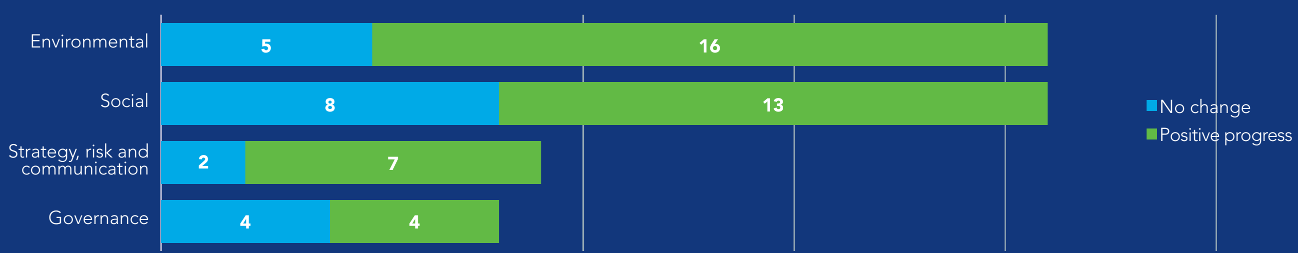
Source: Federated Hermes, as at 31 December 2023.

Strategy, risk and communication: issues and objectives engaged



Source: Federated Hermes, as at 31 December 2023.

Milestone status of engagement



Source: Federated Hermes, as at 31 December 2023.

SECTION 3

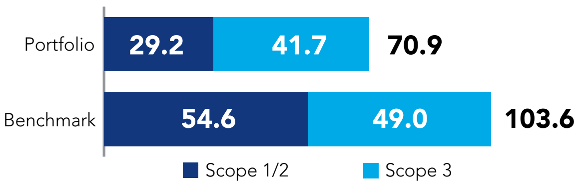
ESG outcomes

Environmental footprint:

The Strategy aims to have a smaller environmental footprint than the benchmark, the MSCI All-Country World Index. As at 31 December 2023, the portfolio's carbon, waste and water footprints measured as follows:

Carbon footprint

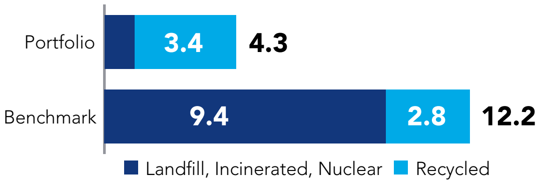
tonnes/mn invested in portfolio currency



Source: TruCost, Federated Hermes Limited, as at 31 December 2023.

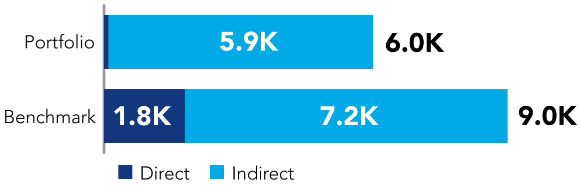
Waste footprint

tonnes/mn invested in portfolio currency



Water footprint

m2/mn invested in portfolio currency



This document does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments. The value of investments and income from them may go down as well as up, and you may not get back the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable indicator of future results and targets are not guaranteed.

SECTION 4

THEMATIC FOCUS

Life Sciences: Enabling today's healthcare treatment – and tomorrow's healthcare innovation

While treatments for obesity have dominated the healthcare investment narrative over the past 18 months, they are by no means the only secular growth story. We see the life sciences industry as well positioned to benefit from structural trends.

Fast reading

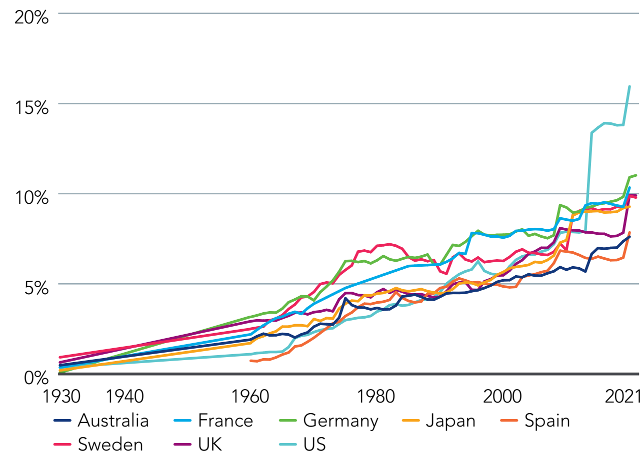
- The healthcare sector is set for continued expansion on the back of ongoing population growth, higher life expectancy, improved availability, continuing innovation and increased personal and institutional spending power.
- As well as benefiting from this structural growth, life sciences businesses such as contract development and manufacturing organisations (CDMOs) and healthcare equipment providers are well positioned to exploit secular trends including the shift to biologics and the need for more intense research and development (R&D).

Positive diagnosis: Why the healthcare sector can expect continued growth

A range of factors have driven significant ongoing growth in healthcare spending as a percentage of GDP since the 1960s, particularly in developed countries. Most of these drivers will continue to be present in the market in the coming decades:

- **Population growth:** The world's population has more than tripled since the mid-twentieth century, reaching 8.0 billion in November 2022. United Nations estimates see it hitting 9.7 billion in 2050 and peaking at nearly 10.4 billion in the mid-2080s[5].
- **Life expectancy:** Global life expectancy at birth rose from 46.5 years in 1950 to 71.7 years in 2022; by 2050 it is expected to reach 77.3 years, partly as a result of improved healthcare[6]. A larger aging population in itself creates greater healthcare demand.
- **Availability:** The World Health Organization's Universal Health Coverage (UHC) service coverage index increased from 45 to 68 between 2000 and 2021 (although improvements in coverage have slowed in recent years)[7].
- **Innovation:** Significant drug discoveries and new methods of treatment for diseases such as cancer and diabetes have boosted demand. Looking ahead, the application of technology including artificial intelligence, 3D printing, gene editing, virtual reality and smart bandages is set to accelerate at an unprecedented rate[8].
- **Spending power:** Both individuals and governments have more money to spend on treatment; the World Economic Forum estimates global healthcare spend increased by more than 40% between 2018 and 2022, reaching US$12tn[9].

Figure 1: Government health expenditure as a percentage of GDP, 1930-2021



Source: Our World in Data.

With improving access to healthcare in emerging market countries offering signifcant opportunities, the sector can expect an ongoing overall annual growth rate of around 4%.

Over the past 12-18 months, investor attention has largely been captured by the excitement around GLP-1s – the wonder drugs originally developed to treat diabetes but that offer a potential solution to the spiralling global obesity epidemic. While this enthusiasm is justified, it has tended to dominate the narrative to the extent that other dynamic long-term investments within the healthcare arena have been overlooked.

We believe the life science sector and related businesses represent a strong but somewhat overlooked long-term opportunity.

> **We believe life science tools and services businesses represent a strong but somewhat overlooked long-term opportunity.**

[5] 'Population: Our growing population'. United Nations website accessed 19 February 2024.
[6] 'Population Prospects 2022: Summary of Results'. Published by the United Nations Department of Economic and Social Affairs. Accessed 19 February 2024.
[7] 'Universal health coverage (UHC)'. Published on the World Health Organization website, 5 October 2023.
[8] '5 innovations that are revolutionizing global healthcare'. Published by the World Economic Forum, 22 February 2023.
[9] 'World Heath Day: 8 trends shaping global healthcare'. Published by the World Economic Forum, 5 April 2023.

The business case for life science tools and services

As well as the structural growth of the healthcare market globally, firms focused on life sciences services and equipment benefit from two strong secular growth themes.

Theme 1: The shift to biologic drug production

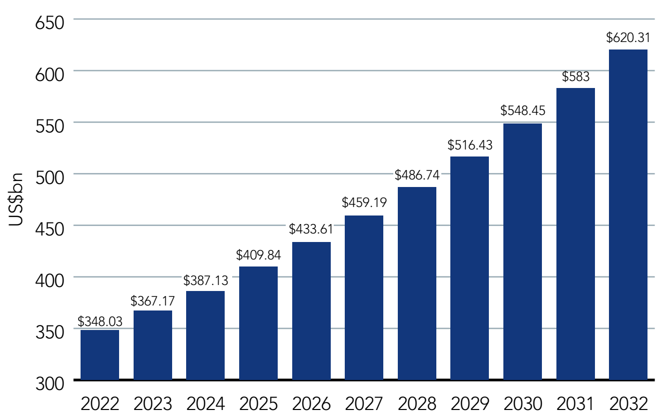
Historically, the pharmaceutical industry focused on small-molecule pills or chemotherapy type ‘poisons’ to treat illnesses. However, over time, these approaches have offered diminishing returns. Increasingly, the sector is moving towards the commercialisation of monoclonal antibodies – as well as next generation treatments such as gene and cell therapy.

Monoclonal antibodies are a group of proteins known as immunoglobulins; they are essentially identical copies of specific antibodies that can be used in the diagnosis and treatment of diseases.

The shift towards biologic drug production has already been in play for a decade, but we have good visibility on it continuing; around 70% of pipeline starts and 40-50% of production are currently biologics, leaving a lot of remaining potential.

As more complex molecules, monoclonal antibodies require different discovery and production technologies from traditional medicines; the transition to biologics is therefore driving high single-digit growth for companies exposed to this megatrend.

Figure 2: Biologics market forecast growth, 2022 to 2032



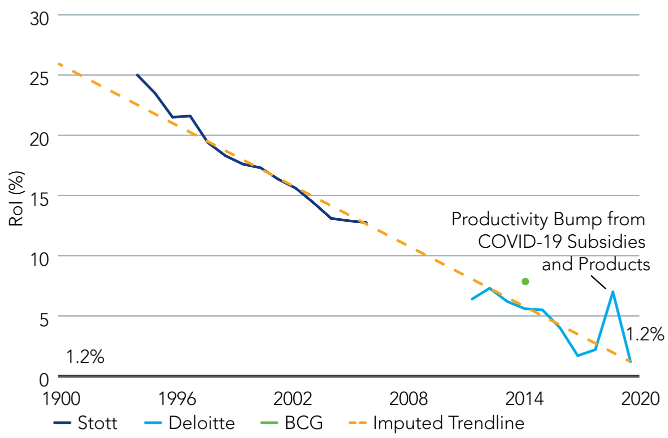
Source: Precedence Research https://www.precedenceresearch.com/biologics-market, as at 2022.

Theme 2: Declining productivity in drug R&D

The returns on R&D investment in the pharmaceutical industry have been steadily declining over the past 30-40 years. A constant flow of drug discoveries through the 1980s and 1990s slowed in the new century as the incremental market opportunity became smaller. This raised the bar to take forward new drugs. At the same time, the intensity of research required to isolate potential candidates for commercialisation has become much higher.

Overall, the necessary spend to generate the same level of output in terms of drug sales has risen significantly. This increasing spend creates a growing market for both CDMOs and laboratory equipment manufacturers.

Figure 3: Decline in returns on investment (RoI) from biopharma R&D over time, measured by % return



Source: Bioprocess International, as at November 2023.

> **The increasing spend required by the need for higher intensity research creates a growth market for both CDMOs and laboratory equipment manufacturers.**

Life sciences and sustainability

The life sciences sector is generally well-aligned with positive societal outcomes. CDMOs and equipment manufacturers help to minimise the cost of drug discovery and the delivery of new medicines, while ultimately helping with the challenges of unmet medical need.

The efforts of these life science businesses contribute directly to UN Sustainable Development Goal (SDG) 3: Good Health and Well-being, which aims to promote healthy lives and well-being for all.

According to the UN, the Covid-19 pandemic and other crises have impeded progress towards Goal 3 in recent years, with increases in treatable illnesses including tuberculosis and malaria[10]. Companies with a diagnostic portfolio are using their tools to directly help address these key public health challenges.

[10] ‘Goal 3: Ensure healthy lives and promote well-being for all ages’, Health - United Nations Sustainable Development.

Tuberculosis: A preventable killer

- Tuberculosis (TB) is an airborne communicable disease caused by a bacterium that usually affects the lungs; despite being both preventable and curable it is identified by the United Nations as a global killer.
- Until the Covid-19 pandemic, tuberculosis was the deadliest communicable disease on the planet, killing a total of 1.3 million people globally in 2022 – more than malaria or HIV/AIDS[11].
- The disease can be present but inactive in the body for months or even years without detection; latent testing can therefore be extremely effective in prevention.
- In September 2023 the UN approved a declaration to advance efforts to end TB by 2030 – an ambitious goal given current infection rates[12].
- The World Health Organisation (WHO) estimates around US$13bn is needed annually for TB prevention, diagnosis, treatment and care to achieve UN targets[13].

Investment implications

We see significant long-term investment potential in the best companies among two main types of life science business:

- **Contract, development and manufacturing organisations (CDMOs):** Businesses providing third-party services to pharmaceutical firms to develop and produce drugs, taking them from concept to active use in bettering the lives of patients. Lonza is an example of a pure-play CDMO currently held in the fund, while holding Thermo Fisher also offers CDMO services through its Patheon brand.
- **Specialist tool and equipment manufacturers:** Makers of instruments and related consumables used for a) diagnostic testing in a hospital or other healthcare environment (as well as for DNA verification at crime scenes); b) life science research in discovery settings such as academia or at large biopharma companies.

While the life sciences sector underperformed the wider market in the first three quarters of 2023, this was caused by transitory headwinds from three key factors:

1) The end of the Covid-driven boost in healthcare spending.

2) A funding crisis within biotech which led to spending cuts by emerging biopharma companies.

3) The debt crisis in China, which dampened growth in the country in H2 2023.

Broadly negative sentiment towards the healthcare sector impacted a number of firms with strong fundamentals, including those held by the Strategy. However, given the structural trends in play, we have strong conviction in the long-term opportunities for these companies.

Despite short-term issues in China, healthcare and the levelling up of provision to a first-world standard continues to be a major commitment within the country's five-year plan. China is also aiming to rival the west in terms of drug discovery.

More broadly, the rise in spending, the transition to biologics and the increased focus on drug R&D should act as strong drivers for long-term secular growth in healthcare. High-quality life science stocks will be well-positioned to reap the rewards while contributing strongly to a more sustainable future.

> **High-quality life science stocks will be well-positioned to reap the rewards of rising spend, the ongoing transition to biologics and the increased intensity of drugs R&D.**

[11] Tuberculosis page of the World Health Organization website. Published 7 November 2023.
[12] 'New global action pledge to end TB by 2030'. Published by UN News, 22 September 2023.
[13] Tuberculosis page of the World Health Organization website. Published 7 November 2023.

SECTION 5: CASE STUDY

Lonza

Lonza is a Swiss multinational healthcare manufacturing organisation headquartered in Basel but with a presence across all five continents. It employs around 18,000 people globally, supporting pharmaceutical, biotechnology and nutrition companies in bringing their treatments to market.

Originally founded in 1897, Lonza moved into the biotechnology sector in the mid-1970s. As a contract development and manufacturing organisation (CDMO), it provides drug development and manufacturing services to other companies to take medicines, treatments and supplements from idea to reality. Its business is structured across four key divisions: Biologics, Small Molecules, Cell & Gene and Capsules & Health Ingredients.

Why we're invested

Lonza enjoys a solid industry backdrop, particularly in terms of the demand-supply balance for CDMOs. Recent analysis by Bernstein and other analysts forecasts demand growth for biologics production at a 9% CAGR[14], versus projected supply growth of around 7%. As a result, the CDMO outsourcing rate will rise from around 40% today to above 50% by the end of the decade.

Within the CDMO space, Lonza stands out for the following reasons:

- **Quality:** The firm's reputation, geographical positioning, customer relationships, technical capabilities and broad offering make it the highest quality player in the space.
- **Proprietary IP:** The company has a premium proprietary technology suite, including:
  - A portfolio of efficient and compliant expression technologies for scaling and commercialising drugs dependent on mammalian or microbial processes
  - Support for next-generation modalities, including ADC linker technology and bispecific pairing
  - A specialist cell line for biologics that enables the creation of antibody solutions at up to four times typical industry concentrations
- **Strong growth metrics:** Lonza's asset driven business model creates a clear relationship between historical capex and future peak sales. The current vintage of projects coming online gives us high conviction in a five-year CAGR for sales of around 14%.
- **Healthy future margins:** We have high confidence in recovery and expansion of the firm's margins because of:
  - Improving utilisation and optimisation of capex.
  - Improving operating leverage on fledgling cell and gene technology business, which should more than double commercial contracts in the next few years.
  - The boost from a push into higher-margin technical work, such as high-potency APIs (HPAPIs) and antibody drug conjugates (ADCs).

Margin improvement from these factors should result in a CAGR for earnings per share of above 20% for the next five years.

Margin improvement should result in a CAGR for Lonza's earnings per share of above 20% for the next five years.

The above does not represent all of the securities held in the portfolio and it should not be assumed that the above securities were or will be profitable. This document does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

[14] Compound Annual Growth Rate.

SECTION 6: CASE STUDY

Thermo Fisher

Thermo Fisher Scientific is the world's leading life sciences company. Ranked 97th in the Fortune 500 in 2023 and with annual revenues of over US$40bn[15], its products and services cover the laboratory equipment, biotechnology, pharmaceutical and healthcare sectors.

Formed in 2006 by the merger of Thermo Electron and Fisher Scientific, Thermo Fisher has since positioned itself effectively through further M&A, including the acquisition of medical reagent, consumable, instrumentation and service providers.

The firm's multiple divisions offer a comprehensive portfolio of products and services that include:

- Scientific instruments, equipment, software services and consumables
- Genomic solutions for fields including cancer diagnostics, human identification testing, animal health, and inherited and infectious disease
- Protein biology, molecular biology and cell image analysis
- A marketplace for proprietary and third-party products
- Laboratory service and support solutions
- Pharmaceutical CDMO and clinical trial solutions
- Contract research for drug development

Why we're invested

We view Thermo Fisher as a high-quality business with a position analogous to being the Microsoft of the life sciences world. Its key differentiators include:

- **Market dominance:** A large moat and unparalleled channel positioning and scale give the company an indomitable competitive position.
- **Partnership approach:** The firm positions itself as an evergreen partner and one-stop-shop for its biopharma customers, helping it gain an ever-increasing share of wallet.
- **Sales capability:** Its unparalleled sales organisation allows Thermo Fisher to bundle work and go after business more effectively, enabling it to take market share from competitors.
- **Scale:** The company's size allows a highly strategic approach to M&A; it is the industry's primary consolidator, creating revenues synergies to position it effectively in the fastest growing segments of the market.
- **Capital allocation:** Management's stewardship of capital is highly pragmatic and effective.

As a result of these factors, Thermo Fisher consistently outgrows the overall market. Thanks to its enviable position, we are confident it can continue to outperform in a market that, as explained in the thematic section of this report, is set to continue to benefit from strong structural growth.

Thermo Fisher's high profile and solid fundamentals preclude an eye-catching valuation opportunity. However, we believe the company can deliver attractive returns to shareholders by compounding its growth over time; it seeks annual growth of 7-9% per year over the long run, and we see this as entirely achievable.

> **Thermo Fisher seeks annual growth of 7-9% per year over the long run, and we see this as entirely achievable.**

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15 Thermo Fisher Scientific Reports First Quarter 2022 Results

Rolling year performance (%)

Composite rolling year performance

	31/12/2022 to 31/12/2023	31/12/2021 to 31/12/2022	31/12/2020 to 31/12/2021	31/12/2019 to 31/12/2020	31/12/2018 to 31/12/2019
Federated Hermes Sustainable Global Equity (%)	26.21	0.42	-	-	-

Source: Federated Hermes as at 31 December 2023. Composite inception date: 30 June 2021. Returns are in USD gross of fees. The information shown is supplemental to the GIPS® compliant composite report provided in the Appendix. Management fees are not included and will have the effect of reducing performance.

Past performance is not a reliable indicator of future returns.

Schedule of Rates of Return and Statistics

Composite: **Federated Hermes Sustainable Global Equity**

Index: **MSCI All Country World (net)**

Periods ending: **31-Dec-23**

	Returns (%)		
	Composite Gross Return	Index	Composite Net Return
Q4 23	14.18	11.03	13.97
1 Year	27.16	22.20	26.21
Jul-21 - Dec-23 (Annlzd)^^	2.91	2.09	2.14

Annual Returns (%)									
Year	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)
2021	4.94	4.55	5.55	N/A	N/A	<5	N/A	29.0	634.2
2022	(19.49)	(20.09)	(18.36)	N/A	N/A	<5	N/A	28.7	627.4
2023	27.16	26.21	22.20	N/A	N/A	<5	N/A	55.5	720.0

*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)

The composite includes all discretionary portfolios following the Sustainable Global Equity strategy run by the Federated Hermes Sustainable Global Equity team (London Office) and has an inception date of 1 July 2021. The objective of the strategy is to achieve capital growth over a rolling five-year period and have a reduced environmental footprint compared to the benchmark. The composite benchmark is the MSCI AC World (net) Index, which is designed to measure the equity market performance of all countries and covers all large and mid-market capitalisation securities. The benchmark is market-cap weighted and rebalanced on a quarterly basis. The return is calculated on a total return basis net of withholding tax. This composite was created in August 2021. Performance shown for 2021 is for a partial period starting 1 July 2021. 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 Hermes has been independently verified for the period of January 1, 1992, through September 30, 2023. 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 management fee schedule for this strategy is 0.75% per annum. Gross of fees returns have been calculated gross of management/custodial fees and net of reclaimable withholding taxes, but after all trading commissions.

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