Climate Change High Yield Credit

Mitch Reznick, CFA
Group Head of Fixed Income, London

Nachu Chockalingam, CFA
Head of London Credit

Bertie Nicholson
Sustainability and Engagement Manager

Sophie Demaré
Sustainability and Engagement Assistant Manager

Audrey Beadle
Fixed Income Investment Specialist

Annual report
February 2025

Federated Hermes
Limited

www.hermes-investment.com
For professional investors only

Contents

Authors

Mitch Reznick, CFA[1]
Group Head of Fixed Income, London

Nachu Chockalingam, CFA
Head of London Credit

Bertie Nicholson[2, 3]
Sustainability and Engagement Manager

Sophie Demaré[2]
Sustainability and Engagement Assistant Manager

Audrey Beadle
Fixed Income Investment Specialist

[1] CFA® is a trademark owned by the CFA Institute.
[2] CFA Certificate in ESG Investing.
[3] CFA Certificate in Climate and Investing.

SECTION 1

The strategy at a glance

Seeking to deliver a positive environmental impact

The world faces a series of significant structural challenges in the realms of climate, technology, demographics and geopolitics, each of which is likely to dramatically change the way we live in the coming decades. This means there is an imperative for society to successfully manage these transitions and to deliver more resilient and sustainable outcomes. In this, we believe investors have crucial role to play.

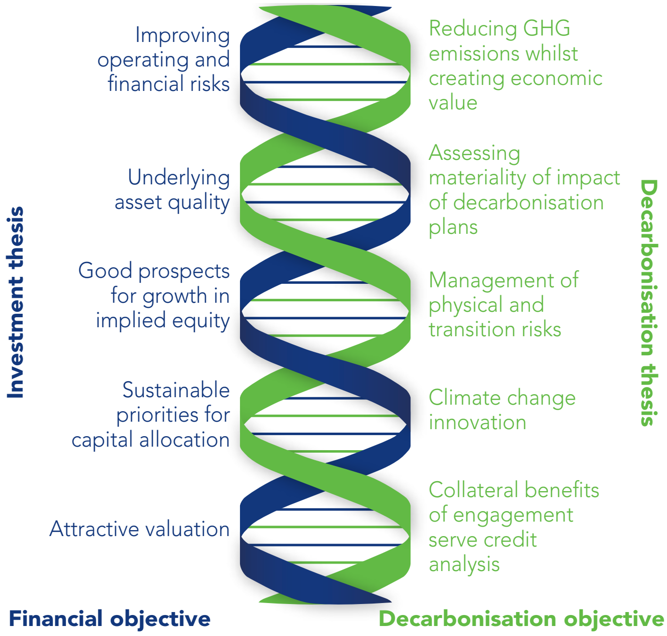
Launched in September 2021, the Federated Hermes Climate Change High Yield strategy aims to outperform the global high yield market through the fundamental investment philosophy that investing in sustainability and investment returns are self-reinforcing principles, as outlined in Figure 1. In practice, the strategy involves investing in companies that have strong fundamentals that also demonstrate the potential to decarbonise and transition to a low-carbon world.

The global high yield market offers good opportunities to do this. It includes a broad universe of companies that have the willingness to evolve their operations, products or services to positively impact the planet's climate.

To harness this opportunity set, we use our proprietary framework – the Climate Change Impact (CCI) score – which measures the ambition and execution of companies' decarbonisation strategies. Companies are assigned a score of 1 to 5, with 1s being decarbonisation 'Leaders' and 5s deemed 'Harmful' on climate grounds.

We will not hold companies that have been scored a CCI 5. Also, we will restrict the inclusion of companies in high carbon sectors to those which score a minimum of CCI 3.

Figure 1. Interwoven and self-reinforcing decarbonisation and investment theses



Benefitting people and the planet: We seek to deliver into two self-reinforcing objectives – strong financial performance for investors and positive climate impacts, through decarbonisation, that contribute to the low-carbon transition.

Investment expertise: Over many years the team has delivered attractive high yield returns through relative value investing utilising the capital structure of companies globally.

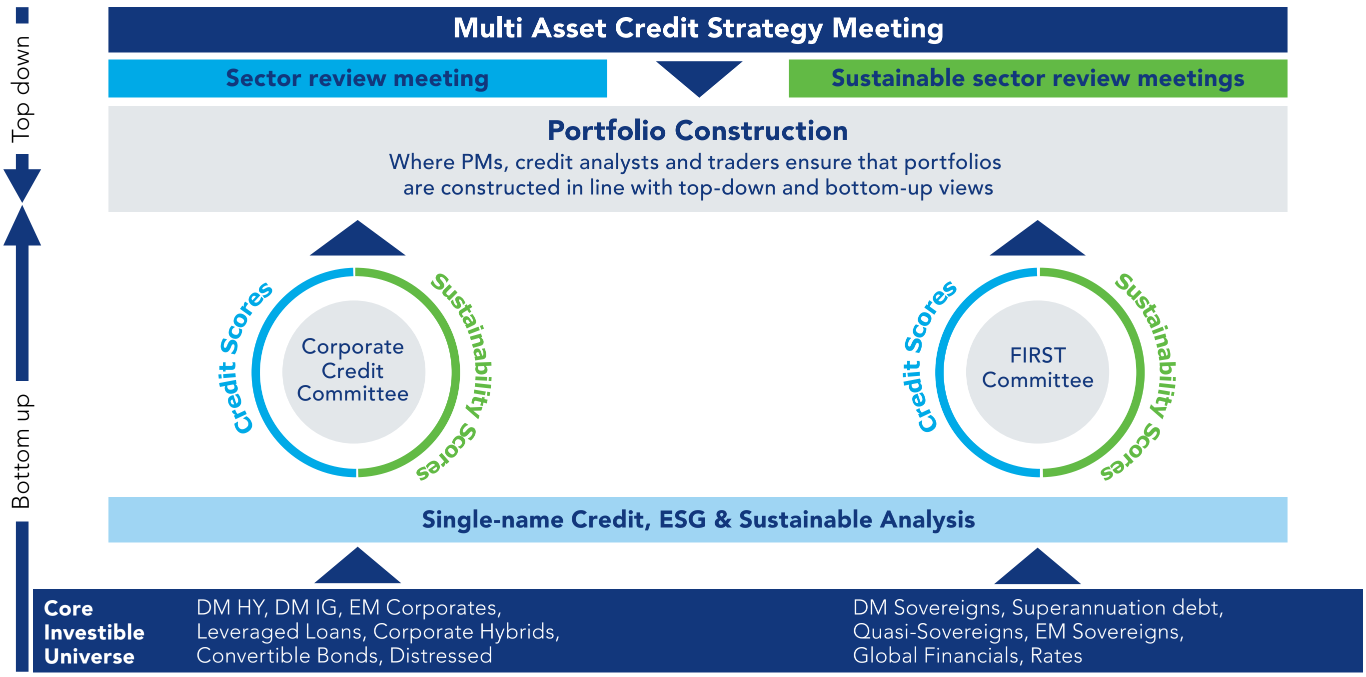
Engagement strength: Our dedicated engagers benefit from the support of EOS at Federated Hermes Limited, a leading global stewardship team seeking positive climate action.

Measuring climate impact: Our proprietary internal scoring framework (recently refined and outlined in more detail in a later section of this piece) allows us to measure a company's contribution to decarbonisation and its progress in relation to the low carbon transition.

Climate Change High Yield Credit: Strategy information

- SFDR classification: Article 9. SFDR classification is subject to a contractual agreement with the client and is subject to change depending upon client requirements.
- Objectives: (i) provide a total return (through a combination of income and capital growth) over a rolling period of any five years and (ii) contribute towards the objectives of the Paris Agreement by investing in companies which are transitioning to net zero carbon emissions.
- Benchmark: ICE Global High Yield Paris Aligned Absolute Emissions Index.
- Instruments: Primarily high yield corporate bonds and derivatives.
- Exclusions: We have a series of exclusions that help the Strategy achieve its sustainable objectives. For more information please see the relevant offering documents.
- Number of issuers: Approximately 150-200.
- Base currency: US dollars, hedged.
- Liquidity: Daily.

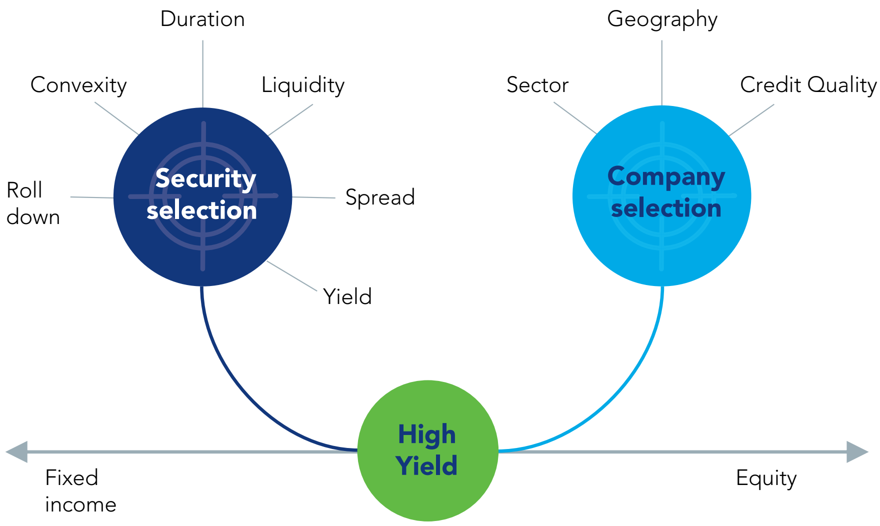
Figure 2. A selection approach guided by macroeconomic analysis



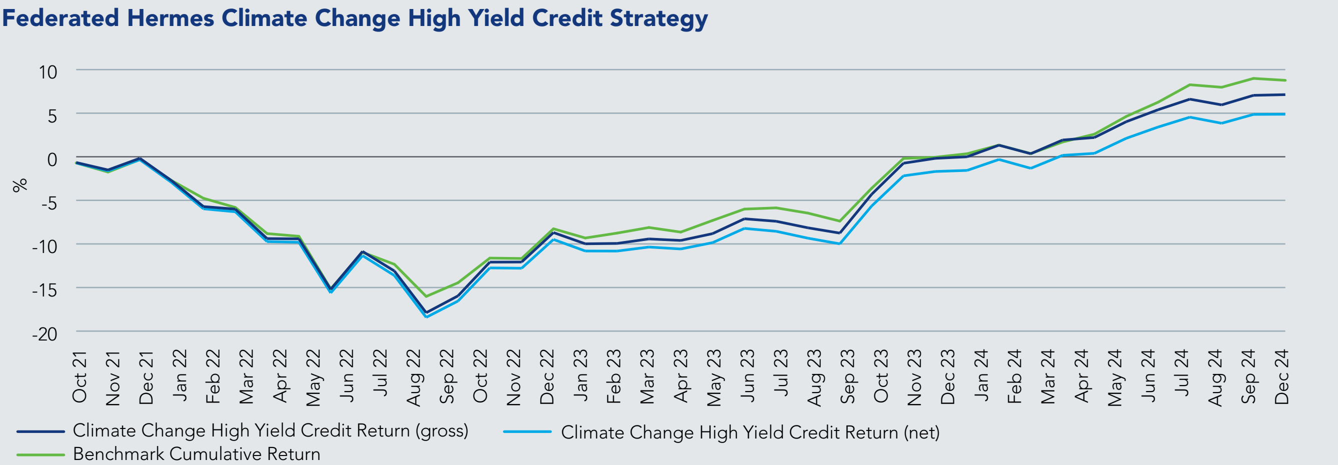
Our investment approach

We aim to outperform throughout the cycle by identifying issuers that have an attractive credit risk and decarbonisation profile and determining which securities in their capital structures provide superior relative value. We make use of an issuer's full capital structure to manage risk and performance – we are mindful that there is risk to be managed and alpha to be made in areas like duration and convexity. As such, we tend to prefer larger capital structures, more global issuers and national champions, particularly in emerging markets.

Figure 3. Exploiting differences in relative value throughout issuers' capital structures



Performance



Source: Performance is in USD gross of fees. As at 31 December 2024. The current benchmark is the ICE Global High Yield Paris-Aligned Absolute Emissions USD Hedged. Inception date is of 1 October 2021. On 1 November 2023, the strategy's benchmark changed from a broad global high yield benchmark (ICE BofA Global High Yield Constrained USD Hedged) to a Paris-Aligned benchmark (ICE Global High Yield Paris-Aligned Absolute Emissions USD Hedged). Data is supplemental to the GIPS® compliant report (see appendix).

The value of investments and income from them may go down as well as up, and you may not get the original amount invested. Any investments overseas may be affected by currency exchange rates. Past performance is not a reliable guide to future performance.

SECTION 2

Performance overview

Despite continued market volatility and historically tight spread levels, global high yield was one of the top performing fixed income asset classes this year.

The Strategy generated a total return of 7.40% (in US$ terms, gross of fees), behind its benchmark by 106bps for the period year to date (as at 30 September 2024).[4]

The Strategy faced significant headwinds relative to the benchmark this year, with the lower quality end of the market outperforming significantly, driven by a handful of highly leveraged issuers benefiting from positive 'relief' market reactions following progress on Liability Management Exercises. The Strategy wasn't involved in these, and we continue to believe the risks inherent greatly outweigh short term positive momentum.

From a sectoral perspective, the Strategy's overweight positioning in banking, telecommunications and insurance were its top sector contributors to its overall performance. In contrast, its underweight positioning in real estate, leisure and financial services were its biggest detractors.

The Strategy generated a total return of

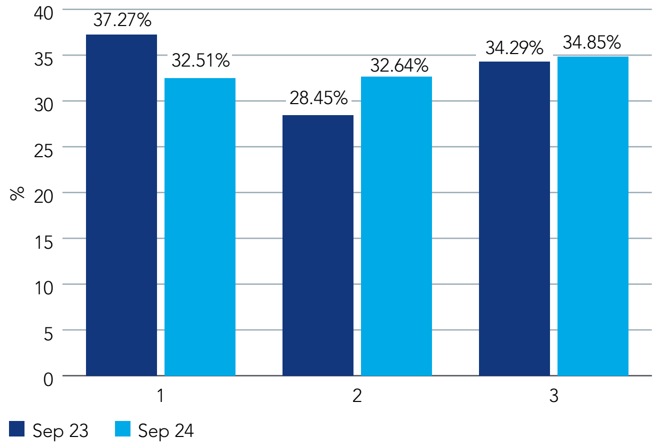
7.40% (in US$ terms, gross of fees)

From a rating's perspective, the Strategy's overweight positioning to securities rated BB and above positively impacted its performance the most, while its underweight positioning in B and CCC and lower-rated securities detracted the most.

At the regional level, the Strategy's overweight positioning to Western Europe and the UK were its top contributors to its relative performance, while its underweight positioning to North America and emerging markets detracted the most.

[4] **Past performance is not a reliable indicator of future performance.**

Figure 4: CCI Climate Change Impact (CCI) score dispersion within the portfolio



Source: Federated Hermes, Sustainability Hub, 30 September 2024.

Figure 5: Climate change impact scores: sector breakdown

Sector	1	2	3	Total
Automotive	2.5%	4.5%	2.3%	**9.4%**
Banking	4.8%	6.2%	3.3%	**14.3%**
Basic Industry	4.0%	2.6%	3.7%	**10.3%**
Capital Goods	4.0%	3.3%	5.6%	**12.9%**
Consumer Goods	0.0%	0.6%	1.0%	**1.5%**
Financial Services	0.0%	0.8%	0.0%	**0.8%**
Healthcare	1.4%	1.7%	2.1%	**5.1%**
Insurance	1.8%	2.2%	1.8%	**5.8%**
Media	0.0%	0.0%	1.7%	**1.7%**
Real Estate	0.0%	1.0%	0.0%	**1.0%**
Retail	1.2%	2.1%	3.6%	**6.9%**
Services	1.0%	1.0%	2.1%	**4.0%**
Technology and Electronics	1.8%	1.5%	2.3%	**5.6%**
Telecommunications	7.4%	2.9%	5.4%	**15.7%**
Utility	2.6%	2.3%	0.0%	**5.0%**
Total	**32.5%**	**32.6%**	**34.8%**	**100.0%**

Source: Federated Hermes, Sustainability Hub, 30 September 2024.

Carbon metrics

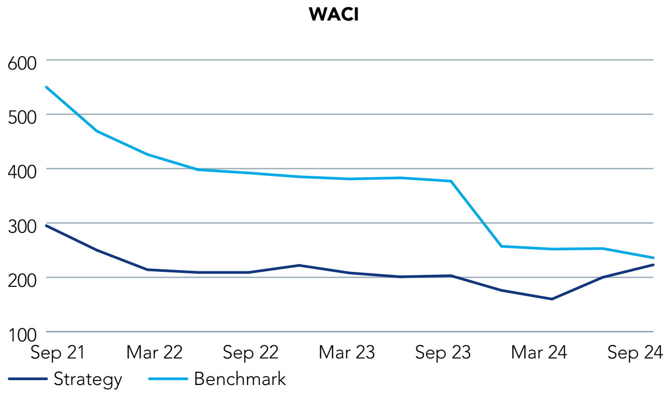
Measuring the carbon footprint of investee companies is an important component of our environmental due diligence – we monitor the portfolio's carbon intensity and carbon footprint using a variety of tools, company data and third party research, when available. The data provided below is sourced using Trucost, as of 30 September 2024.

Figure 6: Engagement data

	Sep-23	Sep-24	% change
Environment engaged % AUM	72	70	-3%
Climate change engagement %	54.96	54.62	-1%
Climate change emissions % engaged	85	89	5%

Source: Federated Hermes, Environmental Tool, 30 September 2024.

Figure 7: Weighted Average Carbon Intensity (WACI)[1]

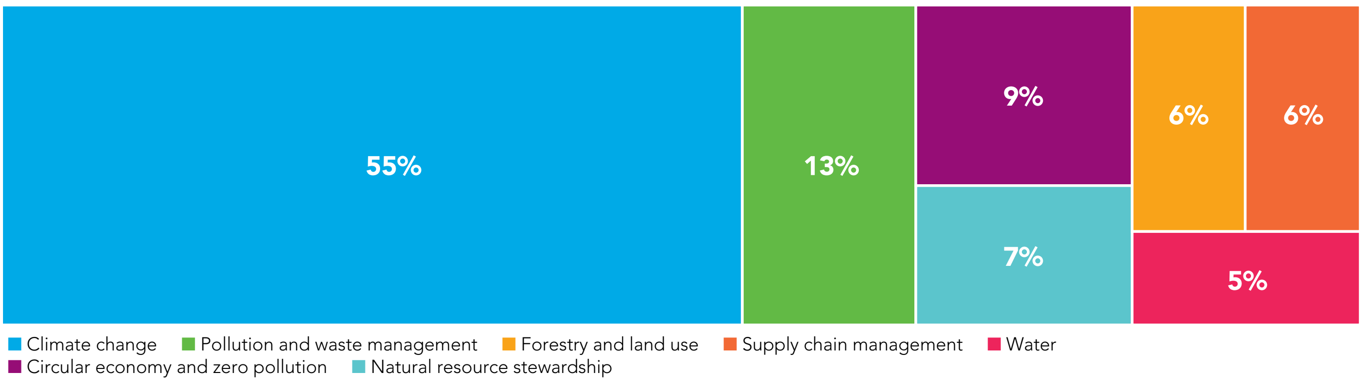


Source: Federated Hermes, Environmental Tool, 30 September 2024.

[1] Weighted Average Carbon Intensity (WACI) (tonnes CO_2e per mn revenue)

$$\sum_{i}^{n}\left(\frac{\textit{Market value}}{\textit{Portfolio AUM}} * \frac{\textit{Issuer's carbon emissions (scope 1 + 2)}}{\textit{Revenue (mn)}}\right)$$

Figure 8: Environmental engagement by themes



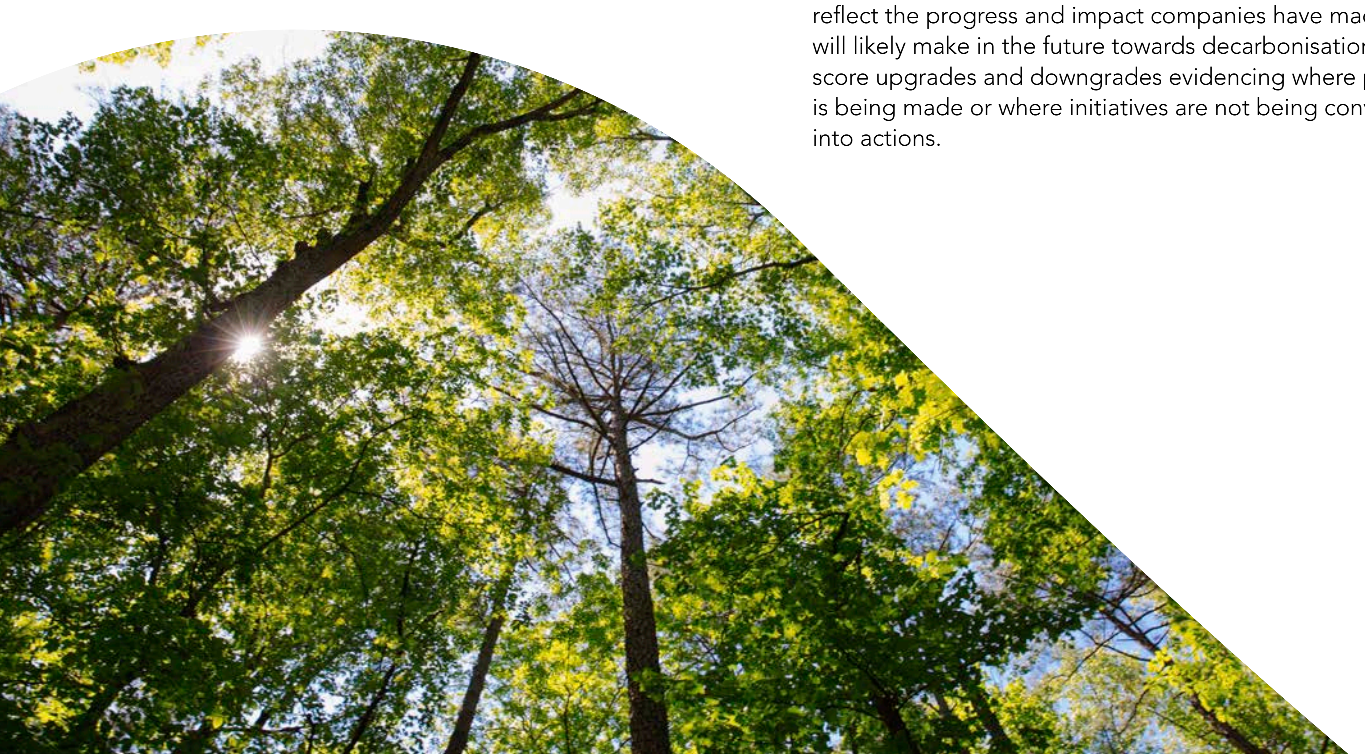
Source: Federated Hermes, Environmental Tool, 30 September 2024.

SECTION 3

Three-Year Anniversary: A retrospective of lessons learnt since inception

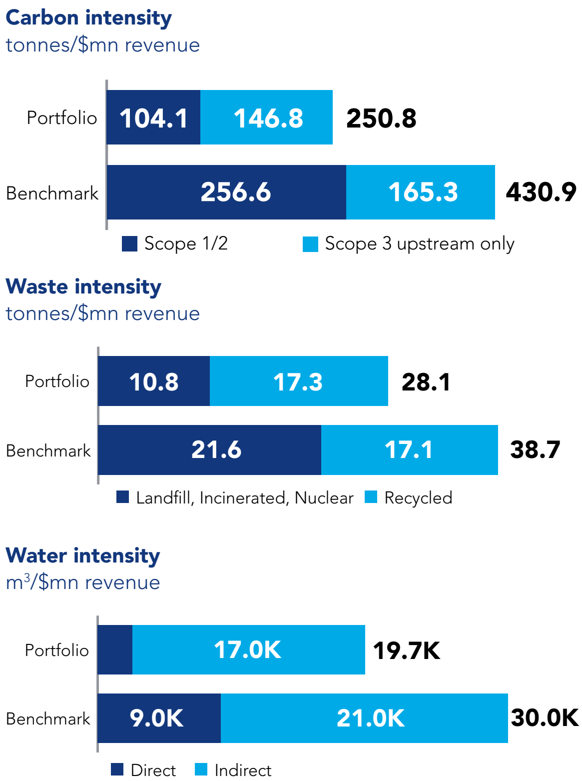
Climate change has remained a key area of focus for institutional investors around the globe, with the rise in regulatory disclosure requirements in Europe and the UK having significant ramifications on client portfolios. For example, the introduction of TCFD (Task Force on Climate-Related Financial Disclosures) reporting, the Sustainable Finance Disclosure Regulation (SFDR), and the EU Taxonomy Regulation disclosure requirements, bring specific emphasis to identifying both risks and opportunities related to climate change. Over time, this should help improve data quality and overall disclosures which can better inform businesses on addressing their respective carbon footprints.

We welcome a unified framework on climate adaptation and climate mitigation which supports improvements in emissions' disclosures at company level. Additionally, we continue to see investor engagement play a critical role, particularly with companies in high-carbon sectors, where regular discussions help identify carbon-related risks and deliver improved decarbonisation strategies. This approach enables both financial and sustainable objectives to materialise over the long term. As our Climate Change High Yield Strategy reaches its three-year anniversary, we reflect on key milestones it has achieved, and the lessons learnt along the way.



While the strategy's primary measurement of sustainability performance is the WACI, we acknowledge that climate change is not influenced by GHG emissions alone. Companies identified for their positive approach towards decarbonisation, tend to also positively impact wider environmental factors (Figure 9).

Figure 9: Impact on carbon, waste and water intensity



Source: Federated Hermes, Environmental Tool, 30 September 2024.

Our Climate Change Impact (CCI) framework has formed the foundation of our assessment across portfolio companies and has evolved to become more acutely tuned to decarbonisation challenges and opportunities. CCI Scores reflect the progress and impact companies have made and will likely make in the future towards decarbonisation, with score upgrades and downgrades evidencing where progress is being made or where initiatives are not being converted into actions.

The role of climate-related engagement

Since inception of the Strategy, our upgrade/downgrade ratio is around 4:1, which is aligned with our expectations. This highlights that our philosophy and process has been successful in identifying companies which are making positive progress towards achieving their decarbonisation objectives.

A contributing factor to score changes has been the assessment category of engagement. Engagement with portfolio companies enables us to identify the prioritisation of sustainability objectives within an organisation. It also provides us with the opportunity to highlight areas for development and share feedback. When our engagement with companies identifies an accelerated rate of change, such as Nexans in the following example, this can positively influence the CCI score.

Nexans – upgraded to CCI score of 1

Nexans has placed itself at the centre of electrification efforts, pivoting from a generalist cable manufacturer to a cable solutions and services provider focusing purely on sustainable electrification. This includes producing high voltage cables to connect power generation assets to local grids as well as connecting grids across borders to facilitate the transmission of electricity. The company's emissions footprint is complex, with multiple carbon-intensive processes occurring throughout its value chain. Within operations, the company uses large amounts of energy to form its cables which are mostly made from virgin metals sourced from carbon-intensive mining operations. Downstream, a large contribution to Nexans' overall carbon footprint is driven by the 'Joule effect'. These are emissions associated with a cable's energy losses during the use phase which can be high when cables are used by carbon-intensive power generators.

Our approach to engagement is guided by objectives for the company to achieve based on material sustainability-related themes. In recognition of Nexans' significant carbon footprint, the topic of climate change has been prioritised, with two climate-related objectives set which we have discussed with the company over the course of five engagements.

The first objective addresses upstream emissions by encouraging the development of an ambitious circular economy strategy to increase the availability and use of recycled content in production. Waste electrical and electronic equipment (WEEE) not only damages ecosystems, but also contains precious metals which can be reused if kept within a closed loop, saving costs, natural resources and emissions. Over the course of three engagements, starting in Q4 2023, we highlighted the importance of working with customers and suppliers to close this loop. We have since been pleased with the company's progress, with evidence in the company's 2023 annual report of collaboration with key stakeholders and enhanced performance in the form of increased use of recycled content.

The second objective is to enhance Nexans' climate-related strategy with greater transparency, placing specific focus on addressing Scope 3 emissions and the disclosure of green capital expenditure. The company's current approach to decarbonisation is already well-developed, with targets and multiple initiatives. During an engagement in Q3 2024 we provided feedback, requesting the level of detail to be applied across all scope emissions, with the company providing more transparency on its pathway to achieve its Scope 3 targets.

The company received an upgrade from CCI 2 to CCI 1 due to a combination of improving factors. Our engagement assessment was upgraded to an 'Enhanced' sub-score to reflect the company's progress against objectives noted. The company's ambition has also improved, with reevaluated targets that address scope 3 emissions and remain validated by SBTi as in line with a 1.5°C scenario[2]. The execution of its strategy continues to be demonstrated by reductions for both absolute and intensity emissions across a multi-year timeframe which exceeds the trajectory of its targets. Beyond emissions data, Nexans has increased its use of recycled content and pivoted away from non-electrification activities. With these changes, the company has aligned with the requirements of a leader across the CCI sub-categories and is expected to significantly contribute to a sustainable energy transition.

Figure 10: CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Decarbonisation targets	Leader
2. Initiatives	Operational Emissions	Leader
	Upstream Emissions	
	Downstream Emissions	
Execution		
3. Decarbonisation performance	GHG Emissions	Leader
	Electrification Progress	
4. Climate governance		Leader
5. Engagement		Enhanced
6. Material controversies		Neutral

Source: Nexans validates its net-zero commitment with SBTi approval, Published by Nexans.

[2] Source: IEA

SECTION 4

Case studies: Autoparts and Insurance sectors

Autoparts

The automobile sector's decarbonisation route may appear to be a straight road towards producing zero emissions vehicles (ZEVs), but as the current market is proving, it has many difficult bends in reality.

Rising costs of materials and the scaling back of ambitious electrification targets from both governments and global automobile manufacturers have stalled the progress enjoyed by electric vehicles (EVs) in recent years. From a climate change perspective, transitioning towards ZEVs is essential for the industry to decarbonise because it eliminates the largest category of emissions, Scope 3 use of product emissions i.e. tailpipe emissions. Yet the cost of this transition for both manufacturers and end-consumers, as well as consumer concerns around car performance, present challenges that still need to be overcome. Manufacturers positioned to achieve this transition are those who can keep costs down in the short-term and continue to execute an ambitious long-term transition strategy to ZEVs. This will help to navigate future carbon taxes and remain aligned with the goals of the Paris Agreement.

As a result of the automobile sector's unique route to decarbonisation, our criteria for the CCI score is adapted to be sector-specific. The 'initiatives' category includes assessing how an automobile manufacturer is addressing its most material emissions, use of products, through the ambition of its 'ZEV transition strategy'. A ZEV strategy with defined dates for percentage of sales from ZEVs are often provided, with leaders providing a more ambitious transition pathway. For an autopart company, the equivalent strategy would include targets to increase the percentage of sales from clean technology products i.e. products used specifically in ZEVs, or sustainable products if the company's products are not specific to a particular engine type. Products used in ZEVs increases a company's contribution to low-carbon transportation and would be reflected in lower downstream Scope 3 emissions versus products for internal combustion engine (ICE) vehicles.

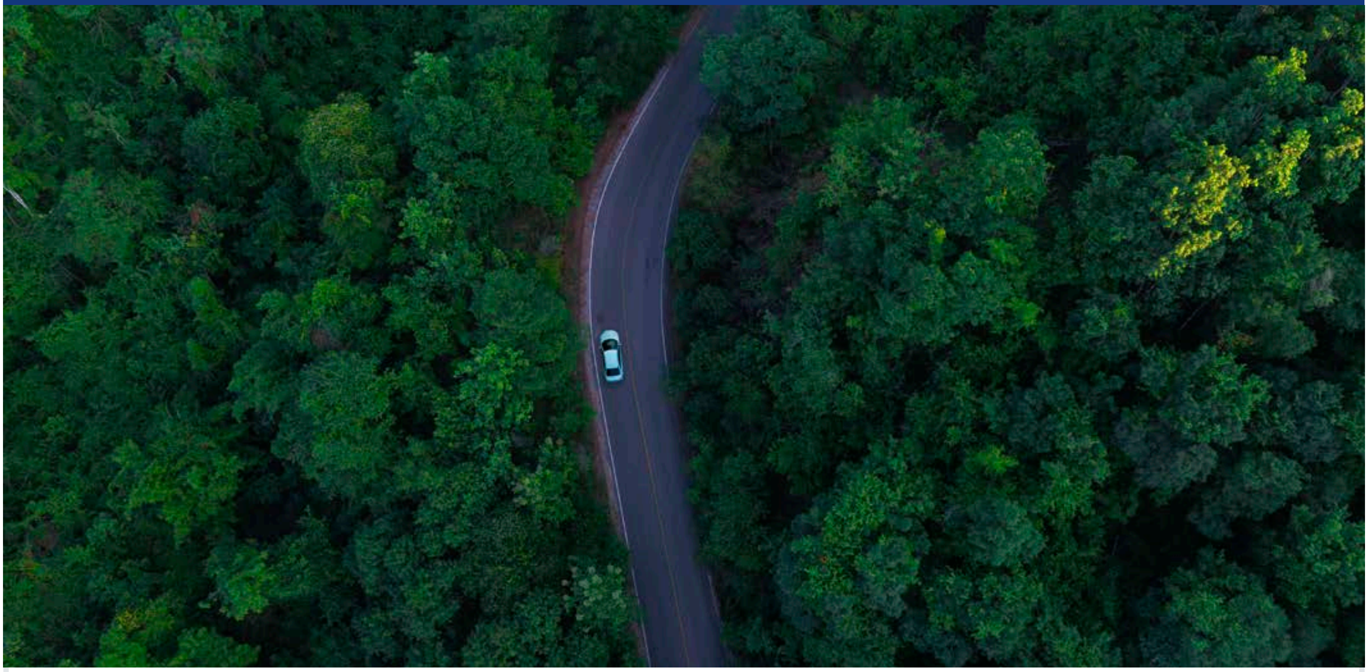
Additional initiatives include those addressing upstream Scope 3 emissions and operational emissions. The majority of the autopart sub-sector deals with heavy metals that carry a high-carbon footprint. Supply chain initiatives, such as educating suppliers on decarbonisation pathways and incorporating both zero-emissions steel and recycled content into production, effectively address these emissions. Plans to address operational emissions, energy efficiency initiatives, electrifying processes, and targets to increase renewable energy are all useful solutions.

The 'decarbonisation performance' category of the CCI score includes the same topics identified but focuses on quantitative data to determine whether companies are delivering on their respective climate ambitions. This can include looking at vehicle sales figures for auto manufacturers and revenues from green products for autopart companies. This category is vital to understanding whether a company's performance reflects its strategy or if there is potential greenwashing.

The information in this section 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 information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

SECTOR CASE STUDY

ZF Group – Climate Change Impact (CCI) score: 1



ZF Group is an auto component manufacturer, providing systems for passenger cars, commercial vehicles and industrial technology worldwide. The company is a leading supplier of chassis components and electric motors and is also involved in innovative technologies, providing gearboxes for wind turbines and components for automated driving.

A bold strategic update was made in 2020, where the company announced it would no longer develop components specific to internal combustion engine (ICE) vehicles, instead focusing on long-range plug-in hybrids and purely electric vehicles through electric mobility products. The following three years have seen sales for electric motors more than triple. This prioritisation of components for lower-carbon vehicles ensures the company is supporting lower-carbon products, reducing its downstream Scope 3 emissions. As a result of this strategy to prioritise clean technology products, we believe the company is well positioned to transition with the automobile sector and deliver consistent downstream emissions reductions in line with the Paris Agreement.

Additional drivers for ZF Group's overall leader score are the emissions reduction initiatives for operational and upstream emissions. The company has upgraded its initial target to reach 100% renewable energy across production plants from 2030 to 2025, highlighting its prioritisation of rapid decarbonisation. To address upstream emissions, the company works in close collaboration with suppliers and has set up a decarbonisation framework with the aim of creating 'renewable energy roadmaps.' This is expected to contribute towards achieving its goal of all new suppliers using 100% renewable energy by 2025. Additionally, the company has reached a purchasing agreement with H2 Green Steel, a leading green steel provider whose steel enables carbon emissions savings of up to 80% versus conventional steel from blast furnaces. From 2025 onwards, ZF Group will purchase 10% of current steel requirements from H2 Green Steel. We recognise the combination of a supply chain decarbonisation framework and low-carbon sourcing decisions to be best-practice initiatives.

These initiatives will help to deliver ZF Group's ambitious targets to reduce operational emissions by 80% by 2030 versus 2019 and upstream Scope 3 intensity per sales by 40% in the same timeframe.

These initiatives will help to deliver ZF Group's ambitious targets to reduce operational emissions by

80% by 2030

The information in this section 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 information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

Figure 12: ZF Group operational emissions versus employees

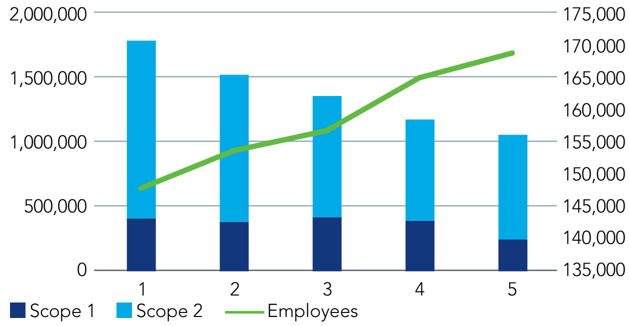
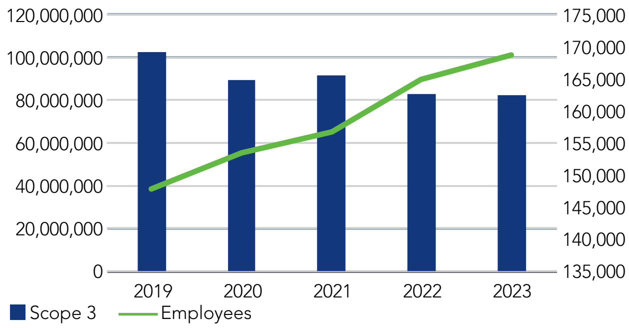


Figure 13: ZF Group Scope 3 versus employees



Source: ZF Group Sustainability and Annual Reports

These targets are validated by the Science Based Targets initiative (SBTi) however its aim to be climate-neutral across all emissions categories by 2040 is not.

The introduction of long-term reduction targets and a plan to address any residual emissions is required for the 'Targets' category to achieve leadership status.

Looking underneath the bonnet, ZF Group's performance data indicates the company is delivering on its ambitions. Operational greenhouse gas (GHG) emissions on both an absolute and intensity per employee basis have fallen ahead of a 1.5°C scenario trajectory over the past five years. The company has also grown its electrified powertrain technology business segment, which expanded 14% in 2022 and a further 5.6% the following year to maintain its 23% share of total sales in 2023, the company's largest segment. Finally, the company has a robust sustainability governance structure in place, with a dedicated sustainability committee advising the board and a long-term incentive plan for senior managers which includes delivering the company's GHG emissions targets, providing further indication that the company will execute its decarbonisation strategy.

Figure 14: CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Decarbonisation targets	Advanced
2. Initiatives	Operational Emissions	Leader
	ZEV Transition Strategy	
	Supply Chain Decarbonisation	
Execution		
3. Decarbonisation performance	GHG Emissions	Leader
	ZEV Strategy Progress	
4. Climate governance		Leader
5. Engagement		Constructive
6. Material controversies		Neutral

The information in this section 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 information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

SECTOR CASE STUDY

Grupo Antolin – Climate Change Impact (CCI) score: 3

Grupo Antolin develops car interior products that range from lighting to whole cockpits and consoles. The company generates over half of its revenues from cockpits and door systems. Its products serve customers worldwide, with most sales coming from China followed evenly by North America and Europe.

As part of its 'Value for the Planet' strategy, Grupo Antolin has set respectable targets for operational emissions, measured across both absolute emissions and intensity per revenue. While this places the company on a decarbonisation pathway, we have assigned an aspirational sub-score to its targets due to more material Scope 3 emissions, which make up over 89% of Grupo Antolin's total emissions, being without a target. The company can also improve by receiving validation from a third party such as SBTi that targets are aligned with a 1.5°C scenario across multiple timeframes. It expected to receive validation in 2024 but we learnt from engagement that an update is now expected in early-2025.

To deliver its operational targets, the company has set a target to reach 70% renewable energy sourced by 2028. This addresses Scope 2 emissions which are the majority of operational emissions. The company is also working on lightweighting its products which will reduce both operational emissions as well as downstream emissions by helping to create lighter vehicles. The company can enhance its initiatives by setting a more ambitious renewable energy target and providing more transparency around investment into sustainable solutions and the resulting emissions savings from such solutions.

Roughly half of the materials sourced for the company's products are plastics followed by electronics and textiles. Conventional plastic is an unsustainable material; while it 'locks-in' carbon from petroleum, the process of extracting oil and producing this type of plastic remains carbon-intensive. The company is addressing this problem by targeting for products to use 40% sustainable plastic material by 2030, with an interim target of 20% by 2025. While this solution is promising, bioplastic production remains at an early stage and is yet to reach a scale that enables cost parity with conventional plastics. Beyond this, the company is yet to develop an engagement framework with suppliers to drive down emissions from conventional plastic production.

Grupo Antolin is recognised as already having a low carbon-intensity verses sub-sector peers, however this partly due to the different products produced verses peers supplying metal-based products and the company's incomplete measurement of Scope 3 emissions, which doesn't include Scope 3 category 11 'use of product' emissions. Our score recognises the positive performance of operational emissions but also considers the increase in the Scope 3 emissions categories that are measured, along with the lack of transparency for total emissions. The company would also benefit from disclosing the performance against its sustainable plastics goal. During an engagement with the company, we asked about this goal and learnt that it is driven by demand from auto manufacturers which remains low while costs are high. The execution of Grupo Antolin's strategy therefore appears difficult with a dependence on technology advancement and market demand to transition away from conventional plastics. Despite this difficulty, Grupo Antolin is committed to addressing its carbon footprint, with executive pay linked to the company's climate targets. This is reflected in the advanced climate-related governance sub-score.

Figure 15: CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Decarbonisation targets	Aspirational
2. Initiatives	Operational Emissions	Aspirational
	ZEV Transition Strategy	
	Supply Chain Decarbonisation	
Execution		
3. Decarbonisation performance	GHG Emissions	Aspirational
	ZEV Strategy Progress	
4. Climate governance		Advanced
5. Engagement		Constructive
6. Material controversies		Neutral

The information in this section 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 information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

Insurance

Our approach to assessing the climate change credentials of insurance companies is very similar to that which we use for banks.[3] Namely, an insurance company's main carbon impact lies not in its operational emissions, which mainly arise from office use by its employees, but from its investment and underwriting activities.

Investment activities, where customer premiums are re-invested into various asset classes, including equities, bonds, sovereigns, and real estate, are relevant for all insurers. This is because such investments may be directed towards carbon-intensive industries and can therefore carry a significant carbon footprint, which must be addressed through over-arching portfolio decarbonisation targets and policies limiting and phasing out investments in activities that are least aligned with a 1.5°C trajectory.

Underwriting activities can also involve a significant carbon footprint in the case of property & casualty (P&C) insurance, especially where coverage is provided to issuers in carbon-intensive industries. Insurers have a key role to play in ending the un-abated expansion of the fossil fuels industry, as companies are dependent on securing insurance coverage in order to continue their business operations and pursue expansion projects. It is therefore important to us that insurers are setting ambitious targets to phase out their exposure to projects and issuers that are not aligned with a 1.5°C future, as well as over-arching targets to reduce their insurance-associated emissions (IAE). Methodological challenges with calculating IAE has restricted the industry from setting such targets in previous years, however, recent breakthroughs have enabled leading insurers to address this space for the first time.

As always, our CCI score rewards not only ambition, but execution of stated targets and policies. We look for transparent disclosures by insurers regarding the carbon impact of their business activities, including disclosure of financed emissions and IAE, as well as exposure to carbon-intensive industries.

The information in this section 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 information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

[3] See our Climate Change High Yield Credit Strategy Interim Report from 2022 for case studies on banks & financial institutions.

SECTOR CASE STUDY

AXA – Climate Change Impact (CCI) score: 1

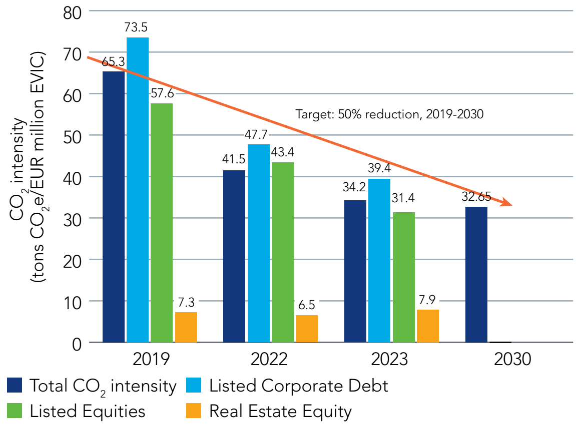
AXA is one of the world's largest insurance companies, offering both life- and non-life solutions to around 93 million customers in over 50 countries. The company's property & casualty (P&C) business, accounting for just over half of its revenues, is the main focus of our CCI score, given that it provides coverage to a range of carbon-intensive sectors via this segment.

AXA leads its peer group on limiting and phasing out its exposure to the sectors that are least-aligned to a 1.5°C future. It is one of the few companies whose thermal coal policy has been deemed to be 1.5°C-aligned by Reclaim Finance, an NGO that rates the ambition of financial institutions' fossil fuel policies.[4] As of 2023, it has reduced its investment exposure to thermal coal by 60% since 2019, in line with its aim to phase out its exposure by 2030 in EU and OECD countries, and by 2040 in the rest of the world.

In 2023, the company announced that it would no longer provide underwriting services for new upstream oil exploration and development projects from 2024, extending this exclusion to cover gas from 2025. It also has strict conditions in place for business relationships with integrated conventional oil & gas companies in developed markets, outlining its expectations of the transition plans of these customers in its energy policy. It considers undiversified upstream, oilfield services, midstream and downstream oil & gas companies in developed markets to be too exposed to transition risks to justify investment. This surpasses the ambition of many in its peer group, whose policies have tended to focus only on unconventional oil and gas activities.

Previously, AXA's over-arching decarbonisation targets exclusively focused on the financed emissions of its investment portfolio. It surpassed its target to reduce the carbon intensity of its general account assets by 20%, achieving a 48% reduction in 2023. In the same year, it announced a new investment portfolio target, as well as 2030 targets to reduce the insurance-associated emissions (IAE) originating from its corporate clients and personal motor portfolios, representing a notable upgrade in ambition.

Figure 16: CO_2 intensity of AXA Group's investments



Alongside limiting its business relationships with un-aligned clients, engagement is identified as a key lever for decarbonisation by the company. It is aiming to engage with 200 of its highest-emitting corporate clients by 2026. In 2024, it aims to engage with companies accounting for 50% of its overall carbon footprint. Going forward, we will look for disclosure of specific engagement data and outcomes resulting from these initiatives.

As well as working to lower the climate impact of its more carbon-intensive business activities, the company is aiming to contribute €26bn in green investments, and to reach €1.7bn in gross written premiums (GWP) on green business by 2023. It achieved both targets in 2023 and increased its exposure to renewable energy generation assets by 2.7 times between 2019 and 2023. It is continuing this positive momentum by setting new objectives to deliver €5bn in transition financing per year, and to reach €6bn in transition premiums between 2024 and 2026.

Figure 17: CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Portfolio decarbonisation targets	Leader
2. Initiatives	Fossil fuel policies	Leader
	Client engagement	
	Green financing	
Execution		
3. Decarbonisation performance	Portfolio transparency	Leader
	Progress against commitments	
4. Climate governance		Leader
5. Engagement		Not Applicable
6. Material controversies		Neutral

The information in this section 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 information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

[4] 'Coal Policy Tracker', published by Reclaim Finance in 2023.

SECTOR CASE STUDY

Liberty Mutual – Climate Change Impact (CCI) score: 5

Liberty Mutual is a pureplay P&C insurer, often cited as one of the top insurers of the fossil fuel industry in the United States.[5] The company has faced persistent calls from climate activists and NGOs to limit, and ultimately end its support to fossil fuels, but we believe this to be unlikely any time soon. While the company provides sustainability reporting and has made some public climate commitments, these policies are unlikely to materially move the company away from its 'business as usual' trajectory, at least in the near-term.

In 2019, the company announced that it would no longer provide new underwriting services or make new investments in companies earning over 25% of their revenues from thermal coal mining or power generation, and that it would phase out its exposure to these companies by 2023. Aside from this revenue threshold being too high to qualify as a best-practice phase-out, it only applies at the issuer-level, meaning that the company can continue to insure and finance new coal mines and power plants without any restrictions.

The company makes no mention of a policy on unconventional or conventional oil and gas. Taken overall and comparing these policies to those of key P&C peers, it is clear that these policies allow the continued, largely unabated financing of heavily polluting fossil fuel projects and companies.

Furthermore, the company does not disclose any data on its financed emissions, nor has it committed to reducing the emissions associated with its investment or underwriting activities.

These concerns are exacerbated by significant representation of the fossil fuels industry on the company's board of directors. Three board members also sit on the boards of energy companies, representing fossil fuel majors ExxonMobil and Koch Industries, and Canadian Natural Resources, a company that specialises in oil sands. This casts further doubt on the prospect of ambitious commitments to phase down the company's involvement in these sectors.

Not only is Liberty Mutual failing to take action to mitigate its impacts on climate change, but in 2023, it announced that it would no longer provide business owner insurance to clients in California, partially due to increasing costs related to natural catastrophes in the region. To achieve any future upgrades to its CCI score, the company must recognise the role that it is playing in exacerbating these weather-related disasters, which are already yielding material financial impacts and take bold action to address its fossil fuel exposures.

Figure 18: CCI Score Summary

Category	Sub-category	Sub-score
Ambition		
1. Targets	Portfolio decarbonisation targets	Harmful
2. Initiatives	Fossil fuel policies	No Material Decarbonisation
	Client engagement	
	Green financing	
Execution		
3. Decarbonisation performance	Portfolio transparency	Harmful
	Progress against commitments	
4. Climate governance		No Material Decarbonisation
5. Engagement		Not Applicable
6. Material controversies		Neutral

The information in this section 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 information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

[3] For example, 'Fifty Years of Climate Failure' published by Insure our Future in 2023.

Schedule of Rates of Return and Statistics

Composite: **Federated Hermes Climate Change High Yield Credit Hedged to USD**

Index: **ICE BofA Global HY Paris-Aligned Absolute Emissions USD Hdg; prior to Nov23 Global HY Constrained**

Periods ending: **30 September 2024**

	Returns (%)		
	Composite Gross Return	Index	Composite Net Return
Q3 24	4.30	5.53	4.13
YTD	7.40	8.47	6.88
1 Year	16.07	15.75	15.32
3 Years (Annlzd)	2.16	2.68	1.49
Oct-21 – Sep-24 (Annlzd)^^	2.16	2.68	1.49

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	(0.17)	(0.34)	(0.33)	N/A	N/A	<5	N/A	93.2	634.2
2022	(11.92)	(12.49)	(11.38)	N/A	N/A	<5	N/A	133.6	627.4
2023	12.89	12.16	12.99	N/A	N/A	<5	N/A	87.2	720.0

^^Represents composite inception period. See below for additional notes to the schedule of rates of return and statistics.

*Represents the 3-year annualized standard deviation for both the gross composite and the index returns. Statistic is used to measure the volatility of composite returns.

**Standard deviation is calculated using gross returns. Dispersion is not applicable ("N/A") for any period if fewer than five accounts are in the composite for that period.

'The composite includes all discretionary portfolios following the Climate Change High Yield Credit Hedged to USD strategy run by the Federated Hermes Global Credit team (London Office) and has an inception date of 1 October 2021. The objective of the strategy is to exceed the return of the benchmark over a rolling five-year period whilst delivering a carbon footprint lower than the benchmark through investment in debt securities of companies that are adapting their business models to reduce their environmental impact on Climate Change. The strategy may invest in a broad range of assets, either directly or through the use of derivatives, (including, but not limited to, equities, equity-related securities, eligible CIS and/or financial indices, futures, options, swaps, debt, fx and money markets). The strategy through its investments in FDIs may be leveraged. The composite's benchmark from the 1st November 2023 is the ICE BofA Global High Yield Paris Aligned Absolute Emissions Hedged to USD Index, which is designed to measure the debt market performance of global high yield debt in addition carbon reduction measured in terms of absolute carbon emission. The benchmark contains primarily USD and EUR issues. The index is rebalanced on the last calendar day of the month and the return is calculated on a total return basis. The existing benchmark from inception to 31st October 2023 was the ICE BofA Global High Yield Constrained Hedged to USD. This composite was created in November 2021. Performance shown for 2021 is for a partial period starting 1 October 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 June 30, 2024. 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 0.65% 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.

Federated Hermes is a global, independent, multi-strategy investment management firm. For GIPS® purposes, Federated Hermes is defined to include the assets of registered investment companies that are advised or sub-advised by the various Federated Hermes advisory companies. Effective September 30, 2020, for GIPS® purposes the name of the firm was officially changed to Federated Hermes. Firm assets on this report exclude assets affiliated with Hermes GPE and the advisory-only, model-based assets that may be included in other reports providing total firm assets. Interest income and dividends are recognized on an accrual basis. Returns include the reinvestment of all income. All market values and performance information are valued in USD unless currency is denoted in composite description. Annual composite dispersion is measured and presented using the asset weighted standard deviation of the gross returns of all of the portfolios included in the composite over the entire year. See the composite description language for a discussion on appropriate fees currently applied to calculate composite performance. Net composite results are based off model fees using the stated fee schedule. In addition, further fee information can be obtained from the firm's respective Forms ADV Part 2 Brochure Item 5. Additional information regarding the policies for valuing investments, calculating performance, and preparing GIPS® reports, as well as a complete list and description of the firm's composites and pooled funds is available upon request. Past performance is not indicative of future results. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. See disclosures on the Schedule of Rates of Return and Statistics Reports for additional information.

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.

Where the strategy invests in debt instruments (such as bonds) there is a risk that the entity who issues the contract will not be able to repay the debt or to pay the interest on the debt. If this happens then the value of the strategy may vary sharply and may result in loss. The strategy makes extensive use of Financial Derivative Instruments (FDIs), the value of which depends on the performance of an underlying asset. Small changes in the price of that asset may cause larger changes in the value of the FDIs, increasing either potential gain or loss.

For professional investors only. This is a marketing communication. It does not constitute a solicitation or offer to any person to buy or sell any related securities, financial instruments or financial products. No action should be taken or omitted to be taken based on this document. Tax treatment depends on personal circumstances and may change. This document is not advice on legal, taxation or investment matters so investors must rely on their own examination of such matters or seek advice. Before making any investment (new or continuous), please consult a professional and/or investment adviser as to its suitability. Any opinions expressed may change. All figures, unless otherwise indicated, are sourced from Federated Hermes. Whilst Federated Hermes has attempted to ensure the accuracy of the data it is reporting, it makes no representations or warranties, expressed or implied, as to the accuracy or completeness of the information reported. The data contained in this document is for informational purposes only, and should not be relied upon to make investment decisions. Federated Hermes shall not be liable for any loss or damage resulting from the use of any information contained on these pages. All performance includes reinvestment of dividends and other earnings. Please consider all strategy characteristics when investing and not just ESG characteristics.

The strategy has environmental and/or social characteristics and so may perform differently to other strategies, as its exposures reflect its sustainability criteria.

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 information does not constitute a solicitation or offer to any person to buy or sell any related securities or financial instruments.

Certain data included in this report has been obtained from third parties outside of Federated Hermes Limited ("Third Party Data"). Whilst Federated Hermes Limited endeavours to ensure the quality and accuracy of data in its reports, Third Party Data cannot always be fully checked and verified, and therefore Federated Hermes Limited cannot be held liable for the accuracy of Third Party data, or any data which uses the Third Party Data as a constituent part.

Federated Hermes refers to Federated Hermes Limited ("Federated Hermes"). The main entities operating under Federated Hermes are: Hermes Investment Management Limited ("HIML"); Hermes Fund Managers Ireland Limited ("HFMIL"); Hermes Alternative Investment Management Limited ("HAIML"); Hermes Real Estate Investment Management Limited ("HREIML"); Hermes Equity Ownership Services Limited ("EOS"); Hermes Stewardship North America Inc. ("HSNA"); Hermes GPE LLP ("Hermes GPE"); Hermes GPE (USA) Inc. ("Hermes GPE USA"), Hermes GPE (Singapore) Pte. Ltd ("HGPE Singapore"), Federated Investors Australia Services Pty Ltd. ("FIAS"), Federated Hermes Japan Ltd ("FHJL") and Federated Hermes (UK) LLP ("FHUK"). FHUK, HIML, HAIML and Hermes GPE are each authorised and regulated by the Financial Conduct Authority. HAIML and HIML carry out regulated activities associated with HREIML. FHUK, HIML, Hermes GPE and Hermes GPE USA are each a registered investment adviser with the United States Securities and Exchange Commission ("SEC") and HAIML and HFMIL are each an exempt reporting adviser. HGPE Singapore is regulated by the Monetary Authority of Singapore. FHJL is regulated by Japan Financial Services Agency. FIAS holds an Australian Financial Services Licence. HFMIL is authorised and regulated by the Central Bank of Ireland. HREIML, EOS and HSNA are unregulated and do not engage in regulated activity.

In the European Economic Area ("EAA") this document is distributed by HFMIL. Contracts with potential investors based in the EEA for a segregated account will be contracted with HFMIL.

Issued and approved by Hermes Investment Management Limited which is authorised and regulated by the Financial Conduct Authority. Registered address: Sixth Floor, 150 Cheapside, London EC2V 6ET. Telephone calls may be recorded for training and monitoring purposes. Potential investors in the United Kingdom are advised that compensation may not be available under the United Kingdom Financial Services Compensation Scheme.

In Argentina: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

In Australia: This Strategy Document relates to potential offer of financial products or investment opportunities in Australia (Investment opportunities). Both Hermes Investment Management Ltd (HIML) and Federated Investors Australia Services Ltd. ACN 161 230 637 (FIAS) are the distributors of the Investment opportunities. HIML does not hold an Australian financial services licence (AFS licence) under the Corporations Act 2001 (Cth) ("Corporations Act"). HIML operates under the relevant class order relief from the Australian Securities and Investments Commission (ASIC) while FIAS holds an AFS licence (Licence Number – 433831).

The offer of Investment opportunities only made in circumstances under which no disclosure is required under Chapter 6D and Part 7.9 of the Corporations Act. Nothing in this Strategy Document is, or purports to be, an offer to a person to whom disclosure would be required under Chapter 6D or Part 7.9 of the Corporations Act.

This Strategy Document is not a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. This Strategy Document has not been and will not be lodged with ASIC and does not contain all the information that a disclosure document or a product disclosure statement is required to contain. The distribution of this Strategy Document in Australia has not been authorised by ASIC or any other regulatory authority in Australia. In addition, the Fund is not a registered managed investment scheme, as defined in the Corporations Act.

This Strategy Document is provided for general information purposes only and is not intended to constitute, and does not constitute, the provision of any financial product advice or recommendation and must not be relied upon as such. This Strategy Document is not intended to influence a person in making a decision in relation to a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products.

This Strategy Document has been prepared without taking account of your objectives, financial situation or needs and you should obtain independent professional financial advice that considers your circumstances before making any financial or investment decisions.

In Bahrain: This document has not been approved by the Central Bank of Bahrain which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in the Kingdom of Bahrain and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In Brazil: The strategies may not be offered or sold to the public in Brazil. Accordingly, the strategies have not been nor will be registered with the Brazilian Securities Commission – CVM nor have they been submitted to the foregoing agency for approval. Documents relating to the strategies, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of strategies is not a public offering of securities in Brazil, nor used in connection with any offer for subscription or sale of securities to the public in Brazil.

In Brunei: This document is intended for distribution only to specific classes of investors as specified in the Order and must not, therefore, be delivered to, or relied on by, a retail client. The Autoriti Monetari Brunei Darussalam is not responsible for reviewing any documents in connection with these strategies. Prospective purchasers of the strategy should conduct their own due diligence.

In Chile: Federated Hermes is not registered or licensed in Chile to provide managed account services and is not subject to the supervision of the Comisión para el Mercado Financiero of Chile ("CMF"). The managed account services may not be publicly offered or sold in Chile.

In China: This document does not constitute a public offer of the strategies in the People's Republic of China (the "PRC"). The strategies are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the strategies or any beneficial interest therein without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

In Colombia: This document does not have the purpose or the effect of initiating, directly or indirectly, the purchase of a product or the rendering of a service by Federated Hermes ("investment adviser") to Colombian residents. The investment adviser´s products and/or services may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. The investment adviser has not received authorisation of licensing from the Financial Superintendency of Colombia or any other governmental authority in Colombia to market or sell its financial products or services in Colombia. By receiving this document, each recipient resident in Colombia acknowledges and agrees that such recipient has contacted the investment adviser at its own initiative and not as a result of any promotion or publicity by the investment adviser or any of its representatives. Colombian residents acknowledge and represent that (1) the receipt of this presentation does not constitute a solicitation from the investment adviser for its financial products and/or services, and (2) they are not receiving from the investment adviser any direct or indirect promotion or marketing of financial products and/or services.

In Hong Kong: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. The strategies are not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong by the Securities and Futures Commission of Hong Kong. Accordingly, the distribution of this document, and the placement of interests in Hong Kong, is restricted. This document may only be distributed, circulated or issued to persons who are professional investors under the Securities and Futures Ordinance and any rules made under that Ordinance or as otherwise permitted by the Securities and Futures Ordinance.

In Israel: This document has not been approved by the Israel Securities Authority and will only be distributed to Israeli residents in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Israel Securities Law, 5728-1968 ("the Securities Law") or section 25 of the Joint Investment Trusts Law, 5754-1994 ("the Joint Investment Trusts Law "), as applicable. The strategies are being offered to a limited number of investors (35 investors or fewer during any given 12 month period) and/or those categories of investors listed in the First Addendum ("the Addendum") to the Securities Law, ("Sophisticated Investors") namely joint investment funds or mutual trust funds, provident funds, insurance companies, banking corporations (purchasing strategies for themselves or for clients who are Sophisticated Investors), portfolio managers (purchasing strategies for themselves or for clients who are Sophisticated Investors), investment advisors or investment marketers (purchasing strategies for themselves), members of the Tel-Aviv Stock Exchange (purchasing strategies for themselves or for clients who are Sophisticated Investors), underwriters (purchasing strategies for themselves), venture capital funds engaging mainly in the capital market, an entity which is wholly-owned by Sophisticated Investors, corporations, (other than formed for the specific purpose of an acquisition pursuant to an offer),with a shareholder's equity in excess of NIS 50 million, and individuals in respect of whom the terms of item 9 in the Schedule to the Investment Advice Law hold true investing for their own account, each as defined in the said Addendum, as amended from time to time, and who in each case have provided written confirmation that they qualify as Sophisticated Investors, and that they are aware of the consequences of such designation and agree thereto; in all cases under circumstances that will fall within the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the Israel Securities Authority. This document may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent. Any offeree who purchases strategies is purchasing such strategies for its own benefit and account and not with the aim or intention of distributing or offering such strategies to other parties (other than, in the case of an offeree which is a Sophisticated Investor by virtue of it being a banking corporation, portfolio manager or member of the Tel-Aviv Stock Exchange, as defined in the Addendum, where such offeree is purchasing strategies for another party which is a Sophisticated Investor). Nothing in this document should be considered investment advice or investment marketing as defined in the Regulation of Investment Counselling, Investment Marketing and Portfolio Management Law, 5755-1995. Investors are encouraged to seek competent investment counselling from a locally licensed investment counsel prior to making the investment. As a prerequisite to the receipt of a copy of this document a recipient may be required by the

Issuer to provide confirmation that it is a Sophisticated Investor purchasing strategies for its own account or, where applicable, for other Sophisticated Investors. This document does not constitute an offer to sell or solicitation of an offer to buy any securities other than the strategies offered hereby, nor does it constitute an offer to sell to or solicitation of an offer to buy from any person or persons in any state or other jurisdiction in which such offer or solicitation would be unlawful, or in which the person making such offer or solicitation is not qualified to do so, or to a person or persons to whom it is unlawful to make such offer or solicitation.

In Japan: Federated Hermes Japan Ltd is registered as a Financial Instruments Business Operator in Japan (Registration Number: Director General of the Kanto Local Finance Bureau (Kinsho) No. 3327), and conducting the Investment Advisory and Agency Business as defined in Article 28 (3) of the Financial Instruments and Exchange Act (FIEA). Federated Hermes Japan Ltd is acting as agent or intermediary for the conclusion of investment advisory contracts or discretionary investment contracts between affiliated companies within the Federated Hermes group and Japanese licensed discretionary investment managers, trust banks and other Japanese financial institutions. Federated Hermes Japan Ltd is a member of Japan Investment Advisers Association (JIAA). Reference to Federated Hermes in this material is not limited to Federated Hermes Japan Ltd, but includes group affiliates.

In Kuwait: This document is not for general circulation to the public in Kuwait. The strategies have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the strategies in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the strategies is being made in Kuwait, and no agreement relating to the sale of the strategies will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the strategies in Kuwait.

In The Sultanate of Oman: The information contained in this document neither constitutes a public offer of securities in the Sultanate of Oman as contemplated by the Commercial Companies Law of Oman (Royal Decree 4/74) or the Capital Market Law of Oman (Royal Decree 80/98), nor does it constitute an offer to sell, or the solicitation of any offer to buy Non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations to the Capital Market Law (issued by Decision No.1/2009). Additionally, this document is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the Sultanate of Oman.

In Peru: All content in this presentation is for information or general use only. The information contained in this presentation is referential and may not be construed as an offer, invitation or recommendation, nor should be taken as a basis to take (or stop taking) any decision. This presentation has been prepared on the basis of public information that is subject to change. This information may not be construed as services provided by Federated Hermes, Inc. within Peru without having the corresponding banking or similar license according to the applicable regulation.

In Saudi Arabia: The document is provided at your request. This document is only available to (i) Authorised Persons, (ii) Exempt Persons or (iii) institutions. The strategy is not registered in Saudi Arabia

In South Africa: This document is not intended and does not constitute an offer, invitation, or solicitation by any person to members of the public to invest. This document is not an offer in terms of Chapter 4 of the Companies Act, 2008. Accordingly this document does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

In South Korea: Hermes Investment Management Limited is not making any representation with respect to the eligibility of any recipients of this document to acquire the strategies therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and Regulations thereunder. The strategies have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the strategies may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.

In Spain: This document is issued by Hermes Fund Managers Ireland Limited, Branch in Spain, with Fiscal Identity Number W0074815B, registered in the Mercantile Registry of Madrid, – Volume 40448, Book 0, Sheet 16, Section 8, Page M-718259, first registration, with domicile at Paseo de la Castellana 18, 7° planta, 28046 Madrid – Spain, and registered in the Comisión Nacional del Mercado de Valores with official registration number 36.

In Thailand: The document has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the strategies will be made in Thailand and this document is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

In United Arab Emirates (Excluding Dubai International Financial Centre and Abu Dhabi Global Market): This document, and the information contained herein, does not constitute, and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. The strategies are only being offered to a limited number of sophisticated investors in the UAE who (a) are willing and able to conduct an independent investigation of the risks involved in an investment in such strategies, and (b) upon their specific request. The strategies have not been approved by or licensed or registered with the UAE Central Bank, the Securities and Commodities Authority or any other relevant licensing authorities or governmental agencies in the UAE. The document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding the strategies should be made to Hermes Investment Management Limited in London.

In Uruguay: These materials and the information contained herein does not constitute and is not intended to constitute an offer and accordingly should not be construed as such. The products or services referenced in these materials may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed these materials, or the merits of the products and services referenced herein. These materials and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. These materials are directed at and intended for institutional investors (as such term is defined in each jurisdiction in which these materials are being marketed). These materials are provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in these materials, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. These materials are for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

BD013156 0017967 10/24

Federated Hermes
Limited

Federated Hermes

Federated Hermes is a global leader in active, responsible investing.

Guided by our conviction that responsible investing is the best way to create long-term wealth, we provide specialised capabilities across equity, fixed income and private markets, multi-asset and liquidity management strategies, and world-leading stewardship.

Our goals are to help people invest and retire better, to help clients achieve better risk-adjusted returns and, where possible, to contribute to positive outcomes that benefit the wider world.

Our investment and stewardship capabilities:

- **Active equities:** global and regional
- **Fixed income:** across regions, sectors and the yield curve
- **Liquidity:** solutions driven by five decades of experience
- **Private markets:** private equity, private credit, real estate, infrastructure and natural capital
- **Stewardship:** corporate engagement, proxy voting, policy advocacy

For more information, visit **www.hermes-investment.com** or connect with us on social media: