# Federated Hermes PMC Impact Portfolios

## A holistic portfolio solution for investors seeking positive ESG outcomes

**Using a selection of actively managed, ESG-focused Federated Hermes funds, PMC has constructed a set of strategic, asset allocated portfolios designed to help align your investments with positive ESG outcomes.**

## What Exactly Is Impact Investing?

Impact investing goes by many names, and you may have run into many of them depending on which investment strategy is being discussed, but fundamentally, all of these names describe the same thing: Impact investing is an investment approach intent on generating positive environmental, social, and/or governance (ESG) outcomes alongside a financial return. These strategies generally pursue two goals:

**1** Protecting and enhancing long-term value by addressing environmental or social risks – or by investing in solutions to environmental or social challenges.

**2** Protecting, enhancing, or otherwise positively impacting the long-term health of the environment or society through expressing environmental or social values.

### Approaches To Impact Investing

We categorize investment approaches on a spectrum from minimizing negative impact to maximizing positive impact:

MINIMIZE NEGATIVE IMPACT ⟷ MAXIMIZE POSITIVE IMPACT

**Values Alignment**

Align your investors' portfolios with their values by minimizing exposure to individual companies or entire industries whose business practices conflict with the investors' personal convictions.

**ESG Integration**

Create a more resilient portfolio by reducing exposure to companies or industries with poor environmental, social, and governance characteristics and increasing exposure to companies promoting ESG change or poised to benefit from new ESG opportunities.

**Thematic Impact**

Allow investors to use their capital to target specific environment and/or social change through a focused portfolio allocation; provides an investable alternative to pure philanthropic giving.

## Envestnet | PMC – Leaders In Impact Investing

At Envestnet | PMC, Financial Wellness means more than just meeting your financial goals – it's also about reflecting on the impact you want your wealth to have on the world. As investors seek positive environmental and social impact alongside competitive financial return, impact investing has accelerated into the mainstream. By supporting the $33.3B of ESG & Impact investing assets on the Envestnet platform, including the $343M managed by our own portfolio management team, we are the backbone of one of the largest and most innovative marketplaces for solutions that align your portfolio with your values.[1]

### 5 Essentials of Impact Investing

Envestnet provides expertise across five key areas of impact:

**Research**
Rigorous and disciplined due diligence uncovers impact managers

**Overlay**
Application of impact screens to client portfolios

**Portfolio Solutions**
Portfolios built on forward-looking capital markets assumptions and asset allocation methodology

**Reporting**
Innovative quarterly reports describe a strategy's quantitative and qualitative performance

**Practice Management**
Thought leadership and educational resources

### Qualitative Research Process

Envestnet | PMC's research team identifies best-in-class ESG focused third-party investment strategies. Each strategy adheres to our traditional due diligence rigor, and also meets a higher level of ESG criteria.

It is through this ESG due diligence process that we identified Federated Hermes as a strong partner, with extensive experience in ESG integration and stewardship.


**ESG Due Diligence Framework**

- **Oversight and Accountability of ESG**
- **ESG Integration in the Investment Process**
- **Reporting on Impact**
- **Active Ownership on ESG Issues**

1. As of June 30, 2021

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## Federated Hermes – Pioneering Work In Responsibility And Engagement

Federated Hermes is guided by the conviction that responsible investing is the best way to create long-term wealth. They provide specialized capabilities across equity, fixed income, and private markets, in addition to multi-asset strategies and proven liquidity-management solutions. Through their world-leading stewardship services, Federated Hermes engages companies on strategic and sustainability concerns to promote investors' long-term performance and fiduciary interests. Their goals are to help individuals invest and retire better, to help clients achieve better risk-adjusted returns, and to contribute to positive outcomes in the wider world.

**1983** Hermes investment Management set up to manage BT and Post Office pension funds

**2004** EOS established

**2005** First regional corporate governance principles

**2006** Hermes leads drafting in UNPRI and becomes founding signatory

**2010** Hermes signs UK Stewardship Code

**2013** First Remuneration Principles published

**2015** Hermes signs UK Stewardship Code

**2018** Lead / co-lead of the most compnaies in the Climate Action 100+ inititive

**2018** Federated Investors acquires 60% stake in Hermes Investment Management

**2019** EOS 15 year anniversary

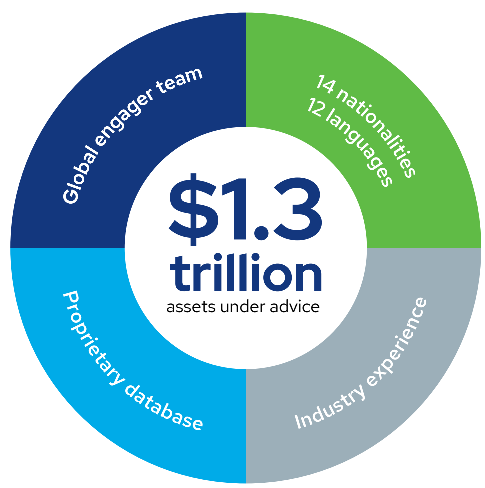
**2020** Federated Hermes rebrand

## EOS At Federated Hermes

### Stewardship & Engagement

**EOS**

- EOS established in 2004
- Heritage of responsible ownership activities since the 1990s
- Pioneered responsible investment and corporate governance advisory services globally
- Market-leading in the field of stewardship and the benefits of shareholder engagement
- Engagement model often cited as a best practice example as to how asset managers should engage actively with the companies in which they invest*



As of December 31, 2020

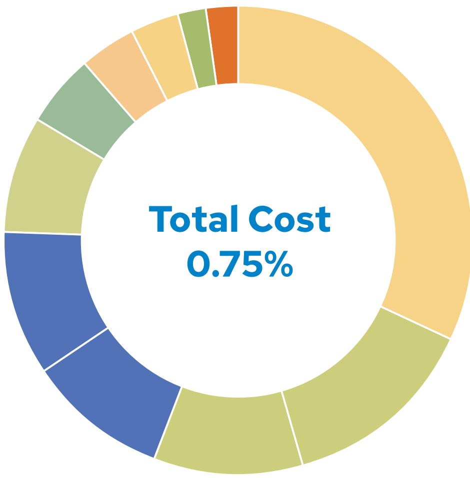
| Services | Public Equity | Corporate Bonds | Private Equity |
|---|---|---|---|
| Intelligent Voting | ● | | |
| Corporate Engagement | ● | ● | ● |
| Public Policy Engagement | ● | ● | ● |
| UN PRI | ● | ● | ● |

*Source: BofA Merrill Lynch US Equity & US Quant Strategy based on 2018 Institutional Factor Survey

# Federated Hermes PMC Impact Portfolios

**All-in-one impact investing solutions**

## Allocation of Moderate Portfolio




| | Asset Class | Holding | Allocation |
|---|---|---|---|
| | Global Equity | Federated Hermes Global Equity | 32.60% |
| | Intermediate Bond | Federated Hermes Total Return Bond | 14.00% |
| | Intermediate Bond | CCM Community Impact Bond Institutional | 10.50% |
| | Large-Cap Core | Parnassus Core Equity | 10.00% |
| | Large-Cap Core | American Century Sustainable Equity | 10.00% |
| | International Bond | DWS ESG Global Bond | 8.30% |
| | Short Bond | Federated Hermes ST Income | 5.20% |
| | Int'l Emerging Mkts | Calvert Emerging Markets Equity | 3.90% |
| | Global Equity | Federated Hermes SDG Engagement | 3.50% |
| | High Yield | Federated Hermes SDG Engage. HY | 2.00% |
| | Cash | | 2.00% |

## Total Cost of Portfolios*

| Capital Preservation | Conservative | Conservative Growth | Moderate | Moderate Growth | Growth | Aggressive |
|---|---|---|---|---|---|---|
| 0.67 | 0.70 | 0.73 | 0.75 | 0.77 | 0.79 | 0.81 |

*Total cost equals weighted sleeve level manager fees plus weighted average net expense ratio and does not include advisory fees, which the advisor may add.

## For More Information

**Search for "Federated Hermes PMC" within the Research Center to learn more about the portfolios.**