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# Federated Hermes Short Duration High Yield ETF

*Fund Established 2021*

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A Portfolio of Federated Hermes ETF Trust

Dear Valued Shareholder,

We are pleased to present the Annual Shareholder Report for your fund covering the period from March 1, 2023 through February 29, 2024. This report includes Management's Discussion of Fund Performance, a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

As a global leader in active, responsible investment management, Federated Hermes is guided by our conviction that responsible investing is the best way to create wealth over the long term. The company provides capabilities across a wide range of asset classes to investors around the world.

In addition, [FederatedHermes.com/us](https://FederatedHermes.com/us) offers quick and easy access to valuable resources that include timely fund updates, economic and market insights from our investment strategists and financial planning tools. You can also access many of those insights by following us on Twitter (@FederatedHermes) and LinkedIn.

Thank you for investing with us. We hope you find this information useful and look forward to keeping you informed.

Sincerely,



J. Christopher Donahue, President

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# Management’s Discussion of Fund Performance (unaudited)

The total return of the Federated Hermes Short Duration High Yield ETF (the “Fund”), based on net asset value (NAV) for the 12-month reporting period ended February 29, 2024, was 9.64%. The 9.64% total return for the Fund during the reporting period consisted of 7.21% of dividends and reinvestments and 2.43% of appreciation in the NAV of the Fund. The total return based on the market price of the Fund’s shares was 9.52% for the same period.<sup>1</sup> The total return for the ICE BofA 0-3 Year Duration-to-Worst US High Yield Constrained Index (IBA0-3HY),<sup>2,3</sup> the Fund’s broad-based securities market index, was 9.87% during the same period. The total return for the ICE BofA 0-5BB/B Constrained Index (IBA0-5CI),<sup>4</sup> the Fund’s secondary Index, was 9.62% during the same period. The Fund’s total return during the reporting period reflected actual cash flows, transaction costs and expenses which were not reflected in the total return of the IBA0-3HY.

During the reporting period, the primary components of the Fund’s investment strategy which affected performance relative to the IBA0-3HY were: (1) allocation of Fund assets among asset classes; (2) the allocation of Fund assets among industry sectors and (3) the selection of individual securities.

## MARKET OVERVIEW

The major factors influencing markets during the reporting period were the economy and the movement of interest rates. From the beginning of the period, the economy proved resilient despite a number of indicators signaling potential weakness on the horizon. The labor market continued to show strength throughout the fiscal year with solid job creation and low levels of unemployment. Corporate earnings also held up well. A regional banking crisis early in the period was quickly forgotten. The resilient economy forced the Federal Reserve (the “Fed”) to push short rates higher early in the period and signal that a regime of higher for longer interest rates may be called for in the fight against inflation. As a result, the Fed raised interest rates three times early in the fiscal year. However, interest rates peaked in October driven by investors’ increasing conviction that the Fed’s cycle of raising rates had come to an end on the back of falling inflation. This was supported by dovish Fed commentary that suggested a pivot was drawing near while signaling three interest rate cuts in 2024. For example, the 5-year U.S. Treasury’s yield began the fiscal year at 4.18%, peaked near 5% in mid-October and then declined to end the period at 4.25%. With no recession and the market betting on a soft landing in 2024, risk assets rallied and credit spreads ended the year tighter. The overall impact of these factors can be illustrated by the change in credit spreads between the Credit Suisse High Yield Bond Index<sup>5</sup> and U.S. Treasury securities with similar maturities which began the reporting period at 436 basis points and ended the period at 341 basis points.

Within the IBA0-3HY, major industry sectors that substantially outperformed during the reporting period included: Retail, Services, Healthcare, Telecommunications and Energy. Major industry sectors that substantially underperformed during the reporting period included: Transportation, Technology, Real Estate, Capital Goods and Consumer Goods.

### **ALLOCATION AMONG ASSET CLASSES**

The Fund's allocation among asset classes which were not represented in the IBA0-3HY positively impacted returns. The Fund's allocation in leveraged bank loans<sup>6</sup> positively impacted returns as leveraged loans benefitted from high coupon rates as the Secured Overnight Financing Rate remained higher than normal given the aggressive Fed actions and the inverted Treasury yield curve.<sup>7</sup> For example, the Credit Suisse Leveraged Loan Index<sup>8</sup> returned 11.37% during the period versus the 9.87% return for the IBA0-3HY. The Fund was negatively impacted by its holdings in higher quality asset-backed securities which generally underperformed lower quality assets in the IBA0-3HY.

### **INDUSTRY SECTOR ALLOCATION**

The Fund's allocation among industry sectors negatively impacted returns driven by the Fund's underweight positions in the outperforming Retail, Healthcare, Energy, Leisure and Telecommunication industry sectors. The Fund's cash position also negatively impacted returns. The Fund was positively impacted by its underweight positions in the underperforming Media and Real Estate sectors and its overweight position in the outperforming Insurance sector.

### **SECURITY SELECTION**

The Fund was positively impacted by security selection. This was especially true in the Technology, Capital Goods and Insurance industry sectors. Specific high-yield issuers held by the Fund that positively impacted performance relative to the IBA0-3HY included: NFP Corp, Ardonagh Midco 2 PLC, Tap Rock Resources, Interface and Lummus Technology. The Fund was negatively impacted by security selection in the Healthcare, Services, Energy and Leisure industry sectors. Specific high-yield issuers held by the Fund that negatively impacted performance relative to the IBA0-3HY included: Global Medical Response, Tennessee Merger Sub, Enviva Inc, iHeartCommunications and Ardagh Packaging.

- 1 *This assumes all dividends were reinvested into new shares of the Fund.*
- 2 *Please see the footnotes to the line graph below for definitions of, and further information about, the IBA0-3HY.*
- 3 *High-yield, lower-rated securities generally entail greater market, credit and liquidity risks than investment-grade securities and may include higher volatility and a higher risk of default.*
- 4 *Please see the footnotes to the line graph below for definitions of, and further information about, the IBA0-5CI.*

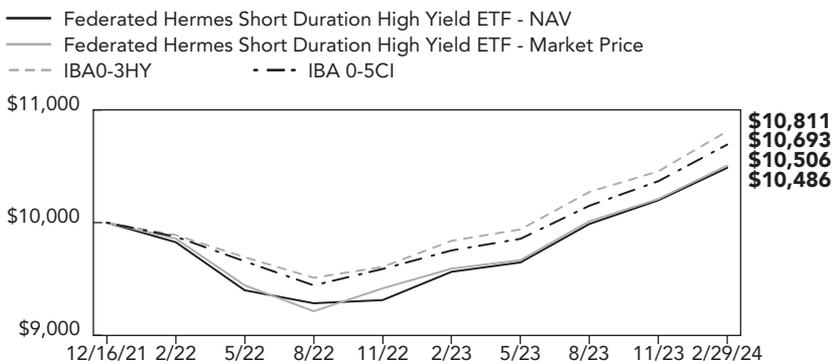
- 5 *Credit Suisse High Yield Bond Index serves as a benchmark to evaluate the performance of low-quality bonds. Low-quality is defined as those bonds in the range from "BB" to "CCC" and defaults. The index is unmanaged, and it is not possible to invest directly in an index.*
- 6 *In addition to the risks generally associated with debt instruments, such as credit, market, interest rate, liquidity and derivatives risks, bank loans are also subject to the risk that the value of the collateral securing a loan may decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate.*
- 7 *The yield curve is a graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.*
- 8 *The Credit Suisse Leveraged Loan Index is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. The index is not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission requires to be reflected in the Fund's performance. The index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*

## FUND PERFORMANCE AND GROWTH OF A \$10,000 INVESTMENT

The graph below illustrates the hypothetical investment of \$10,000<sup>1</sup> in the Federated Hermes Short Duration High Yield ETF (the “Fund”) from December 16, 2021 to February 29, 2024, compared to the ICE BofA 0-3 Year Duration-to-Worst US High Yield Constrained Index (IBA0-3HY)<sup>2</sup> and the ICE BofA 0-5 Year BB/B Constrained Index (IBA 0-5CI)<sup>3</sup>. The Average Annual Total Returns table below shows returns averaged over the stated periods.

### GROWTH OF A \$10,000 INVESTMENT

#### Growth of \$10,000 as of February 29, 2024



#### Average Annual Total Returns for the Period Ended 2/29/2024

|                     | 1 Year | Since Inception |
|---------------------|--------|-----------------|
| <b>Market Price</b> | 9.52%  | 2.26%           |
| <b>NAV</b>          | 9.64%  | 2.18%           |
| IBA0-3HY            | 9.87%  | 8.11%           |
| IBA 0-5CI           | 9.62%  | 6.93%           |

**Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit [FederatedHermes.com/us](https://FederatedHermes.com/us) or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Funds are not obligations of or guaranteed by any bank and are not federally insured.**

- 1 The Fund's performance assumes the reinvestment of all dividends and distributions. The IBA0-3HY has been adjusted to reflect reinvestment of dividends on securities in the index and the average.*
- 2 Prior to March 1, 2024, the Fund also compared its performance to the IBA0-3HY. Effective March 1, 2024, the Fund's benchmark index changed from the IBA0-3HY to the IBA0-5CI. The Adviser believes that the IBA0-5CI is more reflective of the types of securities in which the Fund invests. The IBA0-3HY tracks the performance of short-term U.S. dollar-denominated below investment-grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have a duration-to-worst less than three years, a remaining to final maturity of at least one month, at least 18 months to final maturity at point of issuance, a below investment-grade rating (based on an average of Moody's, S&P and Fitch), a fixed coupon schedule and a minimum amount outstanding of \$250 million. The IBA0-3HY is not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission requires to be reflected in the Fund's performance. The index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*
- 3 The IBA0-5CI tracks the performance of short-term US dollar denominated below investment grade corporate debt publicly issued and settled in the US domestic market. Qualifying securities must have less than five years remaining term to final maturity, at least 18 months to final maturity at point of issuance, be rated BB1 through B3, inclusive, based on an average of Moody's S&P and Fitch, have a fixed coupon schedule and a minimum amount outstanding of \$250 million. The index is not adjusted to reflect sales charges, expenses or other fees that the Securities and Exchange Commission requires to be reflected in the Fund's performance. The index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*

# Portfolio of Investments Summary Table (unaudited)

At February 29, 2024, the Fund's index classification<sup>1</sup> was as follows:

| <b>Index Classification</b>                     | <b>Percentage of Total Net Assets</b> |
|---|---------------------------------------|
| Technology                                      | 10.1%                                 |
| Gaming  | 6.7%                                  |
| Automotive                                      | 5.9%                                  |
| Midstream                                       | 5.6%                                  |
| Health Care                                     | 5.6%                                  |
| Insurance - P&C                                 | 5.5%                                  |
| Independent Energy                              | 5.3%                                  |
| Packaging                                       | 4.5%                                  |
| Oil Field Services                              | 3.7%                                  |
| Consumer Cyclical Services                      | 3.6%                                  |
| Chemicals                                       | 3.6%                                  |
| Other <sup>2</sup>                              | 35.0%                                 |
| Bank Loan Core Fund                             | 1.7%                                  |
| Cash Equivalents <sup>3</sup>                   | 4.6%                                  |
| Other Assets and Liabilities - Net <sup>4</sup> | (1.4)%                                |
| <b>TOTAL</b>                                    | <b>100%</b>                           |

1 *Index classifications are based upon, and individual portfolio securities are assigned to, the classifications and sub-classifications of the Bloomberg US Corporate High Yield 2% Issuer Capped Index (BHY2%ICI). Individual portfolio securities that are not included in the BHY2%ICI are assigned to an index classification by the Fund's Adviser.*

2 *For purposes of this table, index classifications which constitute less than 3.5% of the Fund's total net assets have been aggregated under the designation "Other."*

3 *Cash Equivalents include any investments in money market mutual funds and/or overnight repurchase agreements.*

4 *Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

# Portfolio of Investments

February 29, 2024

| Principal Amount or Shares |  | Value      |
|----------------------------|--|------------|
|                            | CORPORATE BONDS—70.6%  |            |
|                            | <b>Aerospace/Defense—1.3%</b>  |            |
| \$ 200,000                 | TransDigm, Inc., 144A, 6.375%, 3/1/2029                                      | \$ 200,904 |
| 150,000                    | TransDigm, Inc., Sr. Sub., Series WI, 5.500%, 11/15/2027                     | 144,835    |
|                            | TOTAL  | 345,739    |
|                            | <b>Airlines—1.5%</b>   |            |
| 262,500                    | American Airlines, Inc./AAAdvantage Loyalty IP Ltd., 144A, 5.500%, 4/20/2026 | 260,094    |
| 140,000                    | Mileage Plus Holdings LLC, 144A, 6.500%, 6/20/2027                           | 140,034    |
|                            | TOTAL  | 400,128    |
|                            | <b>Automotive—5.2%</b>   |            |
| 100,000                    | Adient Global Holdings Ltd., Sec. Fac. Bond, 144A, 7.000%, 4/15/2028         | 101,950    |
| 150,000                    | Clarios Global LP, Sec. Fac. Bond, 144A, 6.750%, 5/15/2028                   | 151,816    |
| 100,000                    | Dornoch Debt Merger Sub, Inc., Sr. Unsecd. Note, 144A, 6.625%, 10/15/2029    | 89,761     |
| 350,000                    | Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.063%, 11/1/2024               | 345,181    |
| 250,000                    | Ford Motor Credit Co. LLC, Sr. Unsecd. Note, Series GMTN, 4.389%, 1/8/2026   | 243,095    |
| 200,000                    | IHO Verwaltungs GmbH, Sec. Fac. Bond, 144A, 6.000%, 5/15/2027                | 196,285    |
| 33,000                     | KAR Auction Services, Inc., Sr. Unsecd. Note, 144A, 5.125%, 6/1/2025         | 32,566     |
| 250,000                    | Panther BF Aggregator 2 LP, Sr. Unsecd. Note, 144A, 8.500%, 5/15/2027        | 251,295    |
|                            | TOTAL  | 1,411,949  |
|                            | <b>Banking—0.6%</b>  |            |
| 150,000                    | Ally Financial, Inc., Sr. Sub. Note, 5.750%, 11/20/2025                      | 149,252    |
|                            | <b>Building Materials—2.0%</b>   |            |
| 200,000                    | Interface, Inc., Sr. Unsecd. Note, 144A, 5.500%, 12/1/2028                   | 187,573    |
| 100,000                    | Srs Distribution, Inc., Sr. Unsecd. Note, 144A, 6.125%, 7/1/2029             | 93,250     |
| 180,000                    | Standard Industries, Inc., Sr. Unsecd. Note, 144A, 5.000%, 2/15/2027         | 173,303    |
| 100,000                    | White Cap Parent LLC, Sr. Sub. Secd. Note, 144A, 8.250%, 3/15/2026           | 99,047     |
|                            | TOTAL  | 553,173    |
|                            | <b>Cable Satellite—3.3%</b>  |            |
| 150,000                    | CCO Holdings LLC/Cap Corp., Sr. Sub. Secd. Note, 144A, 5.500%, 5/1/2026      | 147,380    |
| 200,000                    | CSC Holdings LLC, Sr. Unsecd. Note, 144A, 5.500%, 4/15/2027                  | 179,415    |
| 200,000                    | Sirius XM Radio, Inc., Sr. Unsecd. Note, 144A, 5.000%, 8/1/2027              | 190,526    |
| 200,000                    | Telenet Finance Luxembourg, Sec. Fac. Bond, 144A, 5.500%, 3/1/2028           | 187,500    |
| 200,000                    | Ziggo Finance B.V., Sr. Unsecd. Note, 144A, 6.000%, 1/15/2027                | 195,450    |
|                            | TOTAL  | 900,271    |
|                            | <b>Chemicals—2.7%</b>  |            |
| 150,000                    | Axalta Coat/Dutch Holding B.V., Sr. Unsecd. Note, 144A, 4.750%, 6/15/2027    | 144,818    |

| Principal Amount or Shares |   | Value      |
|----------------------------|---|------------|
|                            | CORPORATE BONDS—continued   |            |
|                            | <b>Chemicals—continued</b>  |            |
| \$ 200,000                 | Cheever Escrow Issuer, Sec. Fac. Bond, 144A, 7.125%, 10/1/2027                              | \$ 199,017 |
| 200,000                    | Illuminate Buyer LLC/Illuminate Holdings IV, Inc., Sr. Unsecd. Note, 144A, 9.000%, 7/1/2028 | 196,814    |
| 200,000                    | SPCM S.A., Sr. Unsecd. Note, 144A, 3.125%, 3/15/2027  | 185,480    |
|                            | TOTAL   | 726,129    |
|                            | <b>Construction Machinery—0.7%</b>  |            |
| 200,000                    | United Rentals, Inc., Sr. Unsecd. Note, 5.500%, 5/15/2027                                   | 198,668    |
|                            | <b>Consumer Cyclical Services—2.4%</b>  |            |
| 42,000                     | Allied Universal Holdco LLC, Sec. Fac. Bond, 144A, 6.625%, 7/15/2026                        | 41,873     |
| 100,000                    | Garda World Security Corp., Sec. Fac. Bond, 144A, 4.625%, 2/15/2027                         | 95,515     |
| 175,000                    | Garda World Security Corp., Sr. Unsecd. Note, 144A, 9.500%, 11/1/2027                       | 175,664    |
| 150,000                    | Match Group, Inc., Sr. Unsecd. Note, 144A, 5.000%, 12/15/2027                               | 143,073    |
| 200,000                    | The Brink's Co., Sr. Unsecd. Note, 144A, 5.500%, 7/15/2025                                  | 198,899    |
|                            | TOTAL   | 655,024    |
|                            | <b>Consumer Products—2.1%</b>   |            |
| 25,000                     | Acushnet Co., Sr. Unsecd. Note, 144A, 7.375%, 10/15/2028                                    | 25,781     |
| 250,000                    | BCPE Empire Holdings, Inc., Sr. Unsecd. Note, 144A, 7.625%, 5/1/2027                        | 239,577    |
| 150,000                    | Edgewell Personal Care Co., Sr. Unsecd. Note, 144A, 5.500%, 6/1/2028                        | 146,439    |
| 150,000                    | Energizer Holdings, Inc., Sr. Unsecd. Note, 144A, 6.500%, 12/31/2027                        | 148,742    |
|                            | TOTAL   | 560,539    |
|                            | <b>Diversified Manufacturing—2.9%</b>   |            |
| 250,000                    | Gates Global LLC, Sr. Unsecd. Note, 144A, 6.250%, 1/15/2026                                 | 249,148    |
| 200,000                    | WESCO Distribution, Inc., Sr. Unsecd. Note, 144A, 6.375%, 3/15/2029                         | 200,019    |
| 350,000                    | WESCO Distribution, Inc., Sr. Unsecd. Note, 144A, 7.125%, 6/15/2025                         | 352,091    |
|                            | TOTAL   | 801,258    |
|                            | <b>Finance Companies—1.9%</b>   |            |
| 100,000                    | <sup>1</sup> American Express Co., Sr. Unsecd. Note, 6.275% (SOFR +0.930%), 3/4/2025        | 100,564    |
| 175,000                    | Navient Corp., Sr. Unsecd. Note, 6.750%, 6/15/2026  | 175,710    |
| 150,000                    | United Wholesale Mortgage, LLC, Sr. Unsecd. Note, 144A, 5.500%, 11/15/2025                  | 147,427    |
| 100,000                    | United Wholesale Mortgage, LLC, Sr. Unsecd. Note, 144A, 5.750%, 6/15/2027                   | 97,007     |
|                            | TOTAL   | 520,708    |
|                            | <b>Food &amp; Beverage—1.7%</b>   |            |
| 250,000                    | Aramark Services, Inc., Sr. Unsecd. Note, 144A, 5.000%, 4/1/2025                            | 248,405    |
| 100,000                    | Performance Food Group, Inc., Sr. Unsecd. Note, 144A, 5.500%, 10/15/2027                    | 97,933     |
| 100,000                    | US Foods, Inc., Sr. Unsecd. Note, 144A, 6.875%, 9/15/2028                                   | 101,750    |
|                            | TOTAL   | 448,088    |
|                            | <b>Gaming—4.1%</b>  |            |
| 100,000                    | Affinity Gaming LLC, 144A, 6.875%, 12/15/2027   | 92,241     |

| Principal Amount or Shares |   | Value      |
|----------------------------|---|------------|
|                            | CORPORATE BONDS—continued   |            |
|                            | <b>Gaming—continued</b>   |            |
| \$ 250,000                 | Boyd Gaming Corp., Sr. Unsecd. Note, 4.750%, 12/1/2027  | \$ 240,149 |
| 200,000                    | Churchill Downs, Inc., Sr. Unsecd. Note, 144A, 5.500%, 4/1/2027   | 196,425    |
| 150,000                    | Mohegan Tribal Gaming Authority, 144A, 8.000%, 2/1/2026   | 141,375    |
| 200,000                    | Penn National Gaming, Inc., Sr. Unsecd. Note, 144A, 5.625%, 1/15/2027                                     | 191,183    |
| 250,000                    | VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 5.625%, 5/1/2024                         | 249,720    |
|                            | TOTAL   | 1,111,093  |
|                            | <b>Health Care—1.8%</b>   |            |
| 150,000                    | Ardent Health Services, Sr. Unsecd. Note, 144A, 5.750%, 7/15/2029   | 135,108    |
| 125,000                    | CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 5.625%, 3/15/2027                               | 114,366    |
| 250,000                    | Tenet Healthcare Corp., Term Loan - 2nd Lien, 144A, 6.250%, 2/1/2027                                      | 249,407    |
|                            | TOTAL   | 498,881    |
|                            | <b>Independent Energy—5.3%</b>  |            |
| 100,000                    | Ascent Resources Utica Holdings LLC/ARU Finance Corp., Sr. Unsecd. Note, 144A, 7.000%, 11/1/2026          | 99,932     |
| 100,000                    | Ascent Resources Utica Holdings LLC/ARU Finance Corp., Sr. Unsecd. Note, 144A, 8.250%, 12/31/2028         | 101,538    |
| 150,000                    | Callon Petroleum Corp., Sr. Unsecd. Note, Series W1, 6.375%, 7/1/2026                                     | 150,252    |
| 125,000                    | Chesapeake Energy Corp., Sr. Unsecd. Note, 144A, 5.500%, 2/1/2026   | 123,906    |
| 100,000                    | Civitas Resources, Inc., Unsecd. Note, 144A, 8.375%, 7/1/2028   | 104,642    |
| 150,000                    | Crownrock LP/Crownrock F, Sr. Unsecd. Note, 144A, 5.625%, 10/15/2025                                      | 149,258    |
| 150,000                    | Permian Resources Operating LLC, Sr. Unsecd. Note, 144A, 5.375%, 1/15/2026                                | 147,554    |
| 250,000                    | Range Resources Corp., Sr. Unsecd. Note, 4.875%, 5/15/2025  | 246,544    |
| 75,000                     | Sitio Royalties Operating Partnership LP / Sitio Finance Corp., Sr. Unsecd. Note, 144A, 7.875%, 11/1/2028 | 76,658     |
| 250,000                    | SM Energy Co., Sr. Unsecd. Note, 6.750%, 9/15/2026  | 248,603    |
|                            | TOTAL   | 1,448,887  |
|                            | <b>Industrial - Other—0.9%</b>  |            |
| 100,000                    | Hillenbrand, Inc., Sr. Unsecd. Note, 6.250%, 2/15/2029  | 100,014    |
| 150,000                    | Madison Iaq LLC, Sr. Unsecd. Note, 144A, 5.875%, 6/30/2029  | 133,926    |
|                            | TOTAL   | 233,940    |
|                            | <b>Insurance - P&amp;C—3.2%</b>   |            |
| 125,000                    | AmWINS Group, Inc., Sec. Fac. Bond, 144A, 6.375%, 2/15/2029   | 125,081    |
| 282,890                    | Ardonagh Midco 2 PLC, Sr. Unsecd. Note, 144A, 11.500% / 12.750% PIK, 1/15/2027                            | 291,023    |
| 200,000                    | GTCR AP Finance, Inc., Sr. Unsecd. Note, 144A, 8.000%, 5/15/2027  | 200,338    |
| 260,000                    | NFP Corp., Sr. Unsecd. Note, 144A, 6.875%, 8/15/2028  | 264,061    |
|                            | TOTAL   | 880,503    |

| Principal Amount or Shares |  | Value      |
|----------------------------|--|------------|
|                            | CORPORATE BONDS—continued  |            |
|                            | <b>Leisure—2.6%</b>  |            |
| \$ 175,000                 | Carnival Corp., Sr. Unsecd. Note, 144A, 5.750%, 3/1/2027   | \$ 172,808 |
| 200,000                    | NCL Corp. Ltd., Sr. Unsecd. Note, 144A, 5.875%, 3/15/2026  | 195,350    |
| 200,000                    | Royal Caribbean Cruises, Ltd., Sr. Unsecd. Note, 144A, 5.500%, 8/31/2026                             | 197,712    |
| 151,000                    | Six Flags Theme Parks, Sec. Fac. Bond, 144A, 7.000%, 7/1/2025  | 151,351    |
|                            | TOTAL  | 717,221    |
|                            | <b>Lodging—0.8%</b>  |            |
| 200,000                    | Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 144A, 5.375%, 5/1/2025                    | 199,036    |
| 25,000                     | RHP Hotel Property/RHP Finance Corp., Sr. Unsecd. Note, 144A, 7.250%, 7/15/2028                      | 25,605     |
|                            | TOTAL  | 224,641    |
|                            | <b>Media Entertainment—2.3%</b>  |            |
| 150,000                    | Gray Escrow, Inc., Sr. Unsecd. Note, 144A, 7.000%, 5/15/2027   | 135,555    |
| 200,000                    | iHeartCommunications, Inc., 144A, 5.250%, 8/15/2027  | 148,250    |
| 125,000                    | Outfront Media Capital LLC / Outfront Media Capital Corp., Sr. Unsecd. Note, 144A, 5.000%, 8/15/2027 | 120,254    |
| 150,000                    | Scripps Escrow, Inc., Sr. Unsecd. Note, 144A, 5.875%, 7/15/2027                                      | 121,759    |
| 100,000                    | Univision Communications, Inc., Sec. Fac. Bond, 144A, 8.000%, 8/15/2028                              | 100,534    |
|                            | TOTAL  | 626,352    |
|                            | <b>Midstream—5.6%</b>  |            |
| 125,000                    | AmeriGas Partners LP, Sr. Unsecd. Note, 5.500%, 5/20/2025  | 122,687    |
| 250,000                    | Antero Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.750%, 3/1/2027                               | 244,609    |
| 300,000                    | EQM Midstream Partners LP, Sr. Unsecd. Note, 144A, 6.000%, 7/1/2025                                  | 299,589    |
| 125,000                    | EQM Midstream Partners LP, Sr. Unsecd. Note, 144A, 6.375%, 4/1/2029                                  | 125,359    |
| 250,000                    | Hess Midstream Operations LP, Sr. Unsecd. Note, 144A, 5.625%, 2/15/2026                              | 246,463    |
| 250,000                    | Solaris Midstream Holdings LLC, Sr. Unsecd. Note, 144A, 7.625%, 4/1/2026                             | 249,810    |
| 250,000                    | Suburban Propane Partners LP, Sr. Unsecd. Note, 5.875%, 3/1/2027                                     | 246,250    |
|                            | TOTAL  | 1,534,767  |
|                            | <b>Oil Field Services—3.2%</b>   |            |
| 175,000                    | Archrock Partners LP / Archrock Partners Finance Corp., Sr. Unsecd. Note, 144A, 6.875%, 4/1/2027     | 174,119    |
| 50,000                     | Kodiak Gas Services LLC, Sr. Unsecd. Note, 144A, 7.250%, 2/15/2029                                   | 50,904     |
| 300,000                    | Nabors Industries, Inc., Sr. Unsecd. Note, 144A, 7.375%, 5/15/2027                                   | 298,896    |
| 228,000                    | Precision Drilling Corp., Sr. Unsecd. Note, 144A, 7.125%, 1/15/2026                                  | 227,707    |
| 110,000                    | USA Compression Partners LP, Sr. Unsecd. Note, Series WI, 6.875%, 4/1/2026                           | 109,850    |
|                            | TOTAL  | 861,476    |
|                            | <b>Packaging—3.0%</b>  |            |
| 225,000                    | Ardagh Packaging Finance PLC/Ardagh Holdings, Sr. Unsecd. Note, 144A, 5.250%, 8/15/2027              | 163,137    |
| 200,000                    | Bway Holding Co., 144A, 7.875%, 8/15/2026  | 202,663    |

| Principal Amount or Shares |  | Value      |
|----------------------------|--|------------|
|                            | CORPORATE BONDS—continued  |            |
|                            | <b>Packaging—continued</b>   |            |
| \$ 150,000                 | Owens-Brockway Glass Container, Inc., Sr. Unsecd. Note, 144A, 6.625%, 5/13/2027    | \$ 149,668 |
| 150,000                    | Sealed Air Corp., Sr. Unsecd. Note, 144A, 5.500%, 9/15/2025                        | 149,715    |
| 150,000                    | Trivium Packaging Finance B.V., Sr. Unsecd. Note, 144A, 8.500%, 8/15/2027          | 146,220    |
|                            | TOTAL  | 811,403    |
|                            | <b>Paper—0.5%</b>  |            |
| 150,000                    | Graphic Packaging International, LLC, Sr. Unsecd. Note, 144A, 4.750%, 7/15/2027    | 145,087    |
|                            | <b>Pharmaceuticals—0.5%</b>  |            |
| 225,000                    | Bausch Health Cos, Inc., Sec. Fac. Bond, 144A, 6.125%, 2/1/2027                    | 143,985    |
|                            | <b>Retailers—1.1%</b>  |            |
| 150,000                    | Academy Ltd., Sec. Fac. Bond, 144A, 6.000%, 11/15/2027                             | 148,487    |
| 150,000                    | William Carter Co., Sr. Unsecd. Note, 144A, 5.625%, 3/15/2027                      | 147,161    |
|                            | TOTAL  | 295,648    |
|                            | <b>Technology—5.1%</b>   |            |
| 250,000                    | Boxer Parent Co., Inc., 144A, 7.125%, 10/2/2025                                    | 250,247    |
| 75,000                     | Coherent Corp., Sr. Unsecd. Note, 144A, 5.000%, 12/15/2029                         | 69,938     |
| 200,000                    | Consensus Cloud Solutions, Inc., Sr. Unsecd. Note, 144A, 6.000%, 10/15/2026        | 189,935    |
| 175,000                    | Entegris, Inc., Sr. Unsecd. Note, 144A, 4.375%, 4/15/2028                          | 163,524    |
| 32,340                     | Goto Group, Inc., 144A, 5.500%, 5/1/2028   | 27,853     |
| 44,660                     | Goto Group, Inc., 144A, 5.500%, 5/1/2028   | 26,349     |
| 175,000                    | Iron Mountain, Inc., Sr. Unsecd. Note, 144A, 4.875%, 9/15/2027                     | 167,841    |
| 75,000                     | NCR Atleos Escrow Corp., 144A, 9.500%, 4/1/2029                                    | 79,335     |
| 100,000                    | Open Text Corp. - OLD, 144A, 6.900%, 12/1/2027                                     | 103,230    |
| 125,000                    | Science Applications International Corp., Sr. Unsecd. Note, 144A, 4.875%, 4/1/2028 | 118,369    |
| 200,000                    | SS&C Technologies, Inc., Sr. Unsecd. Note, 144A, 5.500%, 9/30/2027                 | 194,760    |
|                            | TOTAL  | 1,391,381  |
|                            | <b>Transportation Services—0.9%</b>  |            |
| 250,000                    | Watco Cos LLC/Finance Co., Sr. Unsecd. Note, 144A, 6.500%, 6/15/2027               | 243,049    |
|                            | <b>Utility - Electric—1.4%</b>   |            |
| 150,000                    | Calpine Corp., Sr. Unsecd. Note, 144A, 5.125%, 3/15/2028                           | 142,596    |
| 75,000                     | NextEra Energy Operating Partners LP, Sr. Unsecd. Note, 144A, 7.250%, 1/15/2029    | 76,237     |
| 150,000                    | NRG Energy, Inc., Sr. Unsecd. Note, 6.625%, 1/15/2027                              | 149,977    |
|                            | TOTAL  | 368,810    |
|                            | TOTAL CORPORATE BONDS<br>(IDENTIFIED COST \$19,324,948)                            | 19,208,050 |

| Principal Amount or Shares |   | Value      |
|----------------------------|---|------------|
|                            | <sup>1</sup> FLOATING RATE LOANS—23.2%  |            |
|                            | <b>Airlines—0.7%</b>  |            |
| \$ 187,500                 | SkyMiles IP Ltd., 2020 Skymiles Term Loan B – 1st Lien, 9.068% (SOFR CME +3.750%), 10/20/2027                       | \$ 192,613 |
|                            | <b>Automotive—0.4%</b>  |            |
| 100,000                    | DexKo Global, Inc., 2023 Incremental Term Loan – 1st Lien, 9.598% (SOFR CME +4.250%), 10/4/2028                     | 100,042    |
|                            | <b>Building Materials—1.2%</b>  |            |
| 100,000                    | <sup>2</sup> Foundation Building Materials Holding Co., LLC, 2024 Term Loan B2 – 1st Lien, TBD, 1/29/2031           | 99,875     |
| 125,000                    | GYP Holdings III Corp., 2024 Term Loan – 1st Lien, 7.576% (SOFR CME +2.250%), 5/12/2030                             | 125,000    |
| 99,750                     | Tecta America Corp., 2023 Term Loan B – 1st Lien, 9.691% (SOFR CME +4.250%), 4/10/2028                              | 99,719     |
|                            | TOTAL   | 324,594    |
|                            | <b>Chemicals—0.9%</b>   |            |
| 86,789                     | Axalta Coating Systems U.S. Holdings, Inc., 2023 USD Term Loan B4 – 1st Lien, 7.848% (SOFR CME +2.500%), 12/20/2029 | 86,818     |
| 149,251                    | Koppers, Inc., First Lien Term Loan B – 1st Lien, 8.930% (SOFR CME +3.500%), 4/10/2030                              | 149,718    |
|                            | TOTAL   | 236,536    |
|                            | <b>Consumer Cyclical Services—1.2%</b>  |            |
| 199,500                    | Allied Universal Holdco, LLC, 2023 Term Loan B – 1st Lien, 10.076% (SOFR CME +4.750%), 5/12/2028                    | 199,500    |
| 125,000                    | Dun & Bradstreet Corp. (The), 2024 Term Loan B – 1st Lien, 8.074% (SOFR CME +2.750%), 1/18/2029                     | 124,656    |
|                            | TOTAL   | 324,156    |
|                            | <b>Consumer Products—0.4%</b>   |            |
| 100,000                    | <sup>2</sup> Fleet Midco I Ltd., 2024 Term Loan B – 1st Lien, TBD, 1/23/2031  | 99,875     |
|                            | <b>Diversified Manufacturing—0.2%</b>   |            |
| 55,755                     | Emrld Borrower LP, Term Loan B – 1st Lien, 7.790% (SOFR CME +2.500%), 5/31/2030                                     | 55,601     |
|                            | <b>Finance Companies—0.3%</b>   |            |
| 97,071                     | Nexus Buyer, LLC, Term Loan B – 1st Lien, 9.176% (SOFR CME +3.750%), 11/9/2026                                      | 95,372     |
|                            | <b>Gaming—2.6%</b>  |            |
| 49,625                     | Caesars Entertainment, Inc., Term Loan B – 1st Lien, 8.663% (SOFR CME +3.250%), 2/6/2030                            | 49,632     |
| 250,000                    | Caesars Entertainment, Inc., 2024 Term Loan B1 – 1st Lien, 8.040% (SOFR CME +2.750%), 2/6/2031                      | 249,480    |
| 68,477                     | Century Casinos, Inc., 2022 Term Loan – 1st Lien, 11.428% (SOFR CME +6.000%), 4/2/2029                              | 67,194     |
| 246,250                    | Great Canadian Gaming Corp., 2021 Term Loan – 1st Lien, 9.633% (SOFR CME +4.000%), 11/1/2026                        | 246,065    |

| Principal Amount or Shares |   | Value     |
|----------------------------|---|-----------|
|                            | <sup>1</sup> FLOATING RATE LOANS—continued  |           |
|                            | <b>Gaming—continued</b>   |           |
| \$ 100,000                 | Ontario Gaming GTA LP, Term Loan B – 1st Lien, 9.598% (SOFR CME +4.250%), 8/1/2030                              | \$ 99,866 |
|                            | TOTAL   | 712,237   |
|                            | <b>Health Care—3.8%</b>   |           |
| 174,557                    | Athenahealth Group, Inc., 2022 Term Loan B – 1st Lien, 8.576% (SOFR CME +3.250%), 2/15/2029                     | 172,893   |
| 121,582                    | Curium BidCo S.a.r.l., 2023 USD Term Loan B – 1st Lien, 9.848% (SOFR CME +4.500%), 7/31/2029                    | 121,430   |
| 96,858                     | Gainwell Acquisition Corp., Term Loan B – 1st Lien, 9.448% (SOFR CME +4.000%), 10/1/2027                        | 92,015    |
| 149,610                    | Grifols Worldwide Operations USA, Inc., USD 2019 Term Loan B – 1st Lien, 7.426% (SOFR CME +2.000%), 11/15/2027  | 146,581   |
| 199,492                    | Medline Borrower, LP, USD Term Loan B – 1st Lien, 8.441% (SOFR CME +3.000%), 10/23/2028                         | 199,502   |
| 150,000                    | MH Sub I, LLC, 2021 2nd Lien Term Loan – 2nd Lien, 11.576% (SOFR CME +6.250%), 2/23/2029                        | 144,063   |
| 148,864                    | Parexel International Corp., 2021 1st Lien Term Loan – 1st Lien, 8.691% (SOFR CME +3.250%), 11/15/2028          | 148,678   |
|                            | TOTAL   | 1,025,162 |
|                            | <b>Industrial - Other—1.0%</b>  |           |
| 97,122                     | Filtration Group Corp., 2021 Incremental Term Loan – 1st Lien, 8.941% (SOFR CME +3.500%), 10/21/2028            | 97,079    |
| 97,491                     | Fluid-Flow Products, Inc., Term Loan – 1st Lien, 9.191% (SOFR CME +3.750%), 3/31/2028                           | 97,247    |
| 87,141                     | SPX Flow, Inc., 2022 Term Loan – 1st Lien, 9.926% (SOFR CME +4.500%), 4/5/2029                                  | 87,250    |
|                            | TOTAL   | 281,576   |
|                            | <b>Insurance - P&amp;C—2.3%</b>   |           |
| 99,499                     | Asurion, LLC, 2023 Term Loan B11 – 1st Lien, 9.676% (SOFR CME +4.250%), 8/19/2028                               | 98,846    |
| 100,000                    | Hub International Ltd., 2024 Term Loan B – 1st Lien, 8.574% (SOFR CME +3.250%), 6/20/2030                       | 99,875    |
| 100,000                    | Jones DesLauriers Insurance Management, Inc., 2024 Term Loan B – 1st Lien, 8.805% (SOFR CME +3.500%), 3/15/2030 | 100,042   |
| 243,035                    | Sedgwick Claims Management Services, Inc., 2023 Term Loan B – 1st Lien, 9.076% (SOFR CME +3.750%), 2/24/2028    | 243,230   |
| 98,752                     | USI, Inc., 2023 Term Loan B – 1st Lien, 8.348% (SOFR CME +3.000%), 11/22/2029                                   | 98,629    |
|                            | TOTAL   | 640,622   |
|                            | <b>Leisure—0.4%</b>   |           |
| 99,500                     | Carnival Corp., 2023 Term Loan B – 1st Lien, 8.318% (SOFR CME +3.000%), 8/8/2027                                | 99,521    |

| Principal Amount or Shares |  | Value      |
|----------------------------|--|------------|
|                            | <sup>1</sup> FLOATING RATE LOANS—continued   |            |
|                            | <b>Media Entertainment—0.8%</b>  |            |
| \$ 120,288                 | Emerald Expositions Holding, Inc., 2017 Term Loan B – 1st Lien, 10.426% (SOFR CME +5.000%), 5/22/2026        | \$ 120,679 |
| 98,500                     | Univision Communications, Inc., 2022 First Lien Term Loan B – 1st Lien, 9.598% (SOFR CME +4.250%), 6/24/2029 | 98,500     |
|                            | TOTAL  | 219,179    |
|                            | <b>Oil Field Services—0.5%</b>   |            |
| 123,752                    | ChampionX Corp., 2022 Term Loan B2 – 1st Lien, 8.176% (SOFR CME +2.750%), 6/7/2029                           | 123,969    |
|                            | <b>Packaging—1.5%</b>  |            |
| 206,485                    | Charter NEX US, Inc., 2021 Term Loan – 1st Lien, 8.826% (SOFR CME +3.500%), 12/1/2027                        | 206,343    |
| 197,877                    | Clydesdale Acquisition Holdings, Inc., Term Loan B – 1st Lien, 9.101% (SOFR CME +3.675%), 4/13/2029          | 197,588    |
|                            | TOTAL  | 403,931    |
|                            | <b>Technology—5.0%</b>   |            |
| 150,000                    | Camelot U.S. Acquisition, LLC, 2024 Term Loan B – 1st Lien, 8.076% (SOFR CME +2.750%), 1/25/2031             | 149,438    |
| 148,875                    | Central Parent, Inc., 2023 Term Loan B – 1st Lien, 9.348% (SOFR CME +4.000%), 7/6/2029                       | 149,161    |
| 200,000                    | <sup>2</sup> Cloud Software Group, Inc., 2022 USD Term Loan B – 1st Lien, TBD, 3/30/2029                     | 198,084    |
| 97,854                     | Greeneden U.S. Holdings II, LLC, 2020 USD Term Loan B4 – 1st Lien, 9.441% (SOFR CME +4.000%), 12/1/2027      | 98,119     |
| 125,000                    | Marcel LUX IV S.a.r.l., 2023 USD Term Loan B – 1st Lien, 9.820% (SOFR CME +4.500%), 11/11/2030               | 125,039    |
| 149,620                    | McAfee, LLC, 2022 USD Term Loan B – 1st Lien, 9.178% (SOFR CME +3.750%), 3/1/2029                            | 148,685    |
| 92,027                     | Open Text Corp., 2023 Term Loan B – 1st Lien, 8.176% (SOFR CME +2.750%), 1/31/2030                           | 92,084     |
| 99,750                     | Quartz Acquireco, LLC, Term Loan B – 1st Lien, 8.826% (SOFR CME +3.500%), 6/28/2030                          | 99,625     |
| 99,750                     | Renaissance Holding Corp., 2023 Refi Term Loan – 1st Lien, 9.576% (SOFR CME +4.250%), 4/5/2030               | 99,407     |
| 65,517                     | UKG, Inc., 2021 2nd Lien Term Loan – 2nd Lien, 10.680% (SOFR CME +5.250%), 5/3/2027                          | 66,091     |
| 146,818                    | VS Buyer, LLC, Term Loan B – 1st Lien, 8.676% (SOFR CME +3.250%), 2/28/2027                                  | 146,512    |
|                            | TOTAL  | 1,372,245  |
|                            | TOTAL FLOATING RATE LOANS<br>(IDENTIFIED COST \$6,235,357)   | 6,307,231  |
|                            | <b>ASSET-BACKED SECURITIES—1.3%</b>  |            |
|                            | <b>Automotive—0.3%</b>   |            |
| 78,975                     | Volkswagen Auto Lease Trust 2022-A, Class A3, 3.440%, 7/21/2025  | 78,565     |

| Principal Amount or Shares |   | Value        |
|----------------------------|---|--------------|
|                            | ASSET-BACKED SECURITIES—continued   |              |
|                            | <b>Finance Companies—1.0%</b>   |              |
| \$ 36,731                  | DLLAD LLC 2023-1A, Class A2, 5.190%, 4/20/2026  | \$ 36,630    |
| 80,043                     | Enterprise Fleet Financing LLC 2022-4, Class A2, 5.760%, 10/22/2029                                   | 80,243       |
| 150,000                    | Evergreen Credit Card Trust 2022-CRT2, Class B, 6.560%, 11/16/2026                                    | 149,913      |
| 23,671                     | MMAF Equipment Finance LLC 2022-B, Class A2, 5.570%, 9/9/2025   | 23,669       |
|                            | TOTAL   | 290,455      |
|                            | TOTAL ASSET-BACKED SECURITIES<br>(IDENTIFIED COST \$369,375)  | 369,020      |
|                            | INVESTMENT COMPANIES—6.3%   |              |
| 51,943                     | Bank Loan Core Fund   | 453,982      |
| 1,265,073                  | Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares, 5.38% <sup>3</sup> | 1,265,326    |
|                            | TOTAL INVESTMENT COMPANIES<br>(IDENTIFIED COST \$1,717,377)   | 1,719,308    |
|                            | TOTAL INVESTMENT IN SECURITIES—101.4%<br>(IDENTIFIED COST \$27,647,057) <sup>4</sup>                  | 27,603,609   |
|                            | OTHER ASSETS AND LIABILITIES - NET—(1.4)% <sup>5</sup>  | (391,827)    |
|                            | TOTAL NET ASSETS—100%   | \$27,211,782 |

Transactions with affiliated investment companies, which are funds managed by the Adviser or an affiliate of the Adviser, during the period ended February 29, 2024, were as follows:

|  | Bank Loan<br>Core Fund | Federated Hermes<br>Institutional<br>Prime Value<br>Obligations Fund,<br>Institutional Shares | Total of<br>Affiliated<br>Transactions |
|--|------------------------|---|--|
| Value as of 2/28/2023                          | \$ 406,871             | \$ 2,575,116  | \$ 2,981,987                           |
| Purchases at Cost                              | \$ 250,000             | \$ 12,121,046   | \$ 12,371,046                          |
| Proceeds from Sales                            | \$(200,000)            | \$(13,430,874)  | \$(13,630,874)                         |
| Change in Unrealized Appreciation/Depreciation | \$ 13,265              | \$ (164)  | \$ 13,101                              |
| Net Realized Gain/(Loss)                       | \$ (16,154)            | \$ 202  | \$ (15,952)                            |
| Value as of 2/29/2024                          | \$ 453,982             | \$ 1,265,326  | \$ 1,719,308                           |
| Shares Held as of 2/29/2024                    | 51,943                 | 1,265,073   | 1,317,016                              |
| Dividend Income                                | \$ 52,596              | \$ 92,756   | \$ 145,352                             |

- 1 Floating/variable note with current rate and current maturity or next reset date shown.
- 2 All or a portion of the security represents unsettled commitments at February 29, 2024, where the rate will be determined at time of settlement.
- 3 7-day net yield.
- 4 The cost of investments for federal tax purposes amounts to \$27,800,135.
- 5 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at February 29, 2024.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of February 29, 2024, in valuing the Fund's assets carried at fair value:

#### Valuation Inputs

|                             | Level 1—<br>Quoted<br>Prices | Level 2—<br>Other<br>Significant<br>Observable<br>Inputs | Level 3—<br>Significant<br>Unobservable<br>Inputs | Total               |
|-----------------------------|------------------------------|--|---|---------------------|
| <b>Debt Securities:</b>     |                              |  |   |                     |
| Corporate Bonds             | \$ —                         | \$19,208,050   | \$—   | \$19,208,050        |
| Floating Rate Loans         | —                            | 6,307,231  | —   | 6,307,231           |
| Asset-Backed Securities     | —                            | 369,020  | —   | 369,020             |
| <b>Investment Companies</b> | 1,719,308                    | —  | —   | 1,719,308           |
| <b>TOTAL SECURITIES</b>     | <b>\$1,719,308</b>           | <b>\$25,884,301</b>                                      | <b>\$—</b>  | <b>\$27,603,609</b> |

The following acronym(s) are used throughout this portfolio:

GMTN—Global Medium Term Note

PIK —Payment in Kind

SOFR —Secured Overnight Financing Rate

TBD —To Be Determined

See Notes which are an integral part of the Financial Statements

# Financial Highlights

(For a Share Outstanding Throughout Each Period)

|   | Year Ended February 28 or 29, |                | Period                          |
|---|-------------------------------|----------------|---------------------------------|
|   | 2024                          | 2023           | Ended<br>2/28/2022 <sup>1</sup> |
| <b>Net Asset Value, Beginning of Period</b> | <b>\$22.25</b>                | <b>\$24.32</b> | <b>\$25.02</b>                  |
| <b>Income From Investment Operations:</b>   |                               |                |                                 |
| Net investment income (loss) <sup>2</sup>   | 1.43                          | 1.28           | 0.43                            |
| Net realized and unrealized gain (loss)     | 0.64                          | (1.96)         | (0.86)                          |
| TOTAL FROM INVESTMENT OPERATIONS            | 2.07                          | (0.68)         | (0.43)                          |
| <b>Less Distributions:</b>                  |                               |                |                                 |
| Distributions from net investment income    | (1.53)                        | (1.39)         | (0.27)                          |
| <b>Net Asset Value, End of Period</b>       | <b>\$22.79</b>                | <b>\$22.25</b> | <b>\$24.32</b>                  |
| <b>Total Return<sup>3</sup></b>             | <b>9.64%</b>                  | <b>(2.67)%</b> | <b>(1.74)%</b>                  |
| <b>Ratios to Average Net Assets:</b>        |                               |                |                                 |
| Net expenses <sup>4</sup>                   | 0.50%                         | 0.50%          | 0.50% <sup>5</sup>              |
| Net investment income                       | 6.38%                         | 5.70%          | 4.67% <sup>5</sup>              |
| Expense waiver/reimbursement <sup>6</sup>   | 0.10%                         | 0.10%          | 0.14% <sup>5</sup>              |
| <b>Supplemental Data:</b>                   |                               |                |                                 |
| Net assets, end of period (000 omitted)     | \$27,212                      | \$28,342       | \$28,069                        |
| Portfolio turnover <sup>7</sup>             | 94%                           | 109%           | 7%                              |

- 1 Reflects operations for the period from December 16, 2021 (commencement of operations) to February 28, 2022.
- 2 Per share numbers have been calculated using the average shares method.
- 3 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 Computed on an annualized basis.
- 6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 7 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

February 29, 2024

## Assets:

|   |                   |
|---|-------------------|
| Investment in securities, at value including \$1,719,308 of investments in affiliated holdings* (identified cost \$27,647,057, including \$1,717,377 of identified cost in affiliated holdings) | \$27,603,609      |
| Income receivable   | 347,219           |
| Income receivable from affiliated holdings  | 9,635             |
| <b>TOTAL ASSETS</b>   | <b>27,960,463</b> |

## Liabilities:

|   |                |
|---|----------------|
| Payable for investments purchased           | 594,250        |
| Income distribution payable                 | 143,519        |
| Payable for investment adviser fee (Note 5) | 10,912         |
| <b>TOTAL LIABILITIES</b>                    | <b>748,681</b> |
| Net assets for 1,194,000 shares outstanding | \$27,211,782   |

## Net Assets Consist of:

|                                     |                     |
|-------------------------------------|---------------------|
| Paid-in capital                     | \$30,278,160        |
| Total distributable earnings (loss) | (3,066,378)         |
| <b>TOTAL NET ASSETS</b>             | <b>\$27,211,782</b> |

## Net Asset Value, Offering Price and Redemption Proceeds Per Share:

|  |         |
|--|---------|
| \$27,211,782 ÷ 1,194,000 shares outstanding, no par value, unlimited shares authorized | \$22.79 |
|--|---------|

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Year Ended February 29, 2024

**Investment Income:**

|  |                  |
|--|------------------|
| Interest   | \$1,752,388      |
| Dividends (including \$145,352 received from affiliated holdings*) | 154,368          |
| <b>TOTAL INCOME</b>  | <b>1,906,756</b> |

**Expenses:**

|   |           |
|---|-----------|
| Investment adviser fee (Note 5)                         | 166,104   |
| Waiver/reimbursement of investment adviser fee (Note 5) | (26,328)  |
| Net expenses  | 139,776   |
| Net investment income                                   | 1,766,980 |

**Realized and Unrealized Gain (Loss) on Investments:**

|   |             |
|---|-------------|
| Net realized loss on investments (including net realized loss of \$(15,952) on sales of investments in affiliated holdings*)                              | (230,752)   |
| Net realized loss on in-kind redemptions  | (72,974)    |
| Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$13,101 on investments in affiliated holdings*) | 1,056,753   |
| Net realized and unrealized gain (loss) on investments  | 753,027     |
| Change in net assets resulting from operations  | \$2,520,007 |

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

| Year Ended February 28 or 29                              | 2024         | 2023         |
|---|--------------|--------------|
| <b>Increase (Decrease) in Net Assets</b>                  |              |              |
| <b>Operations:</b>  |              |              |
| Net investment income                                     | \$ 1,766,980 | \$ 1,682,152 |
| Net realized gain (loss)                                  | (303,726)    | (2,440,471)  |
| Net change in unrealized appreciation/depreciation        | 1,056,753    | (354,684)    |
| CHANGE IN NET ASSETS RESULTING FROM OPERATIONS            | 2,520,007    | (1,113,003)  |
| <b>Distributions to Shareholders</b>                      | (1,880,286)  | (1,803,036)  |
| <b>Share Transactions:</b>                                |              |              |
| Proceeds from sale of shares                              | 446,097      | 10,695,223   |
| Cost of shares redeemed                                   | (2,216,484)  | (7,505,372)  |
| CHANGE IN NET ASSETS RESULTING FROM<br>SHARE TRANSACTIONS | (1,770,387)  | 3,189,851    |
| Change in net assets                                      | (1,130,666)  | 273,812      |
| <b>Net Assets:</b>  |              |              |
| Beginning of period                                       | 28,342,448   | 28,068,636   |
| End of period   | \$27,211,782 | \$28,342,448 |

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

February 29, 2024

## 1. ORGANIZATION

Federated Hermes ETF Trust (the "Trust") was organized as a Delaware statutory trust on August 24, 2011 and is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of four portfolios. The financial statements included herein are only those of Federated Hermes Short Duration High Yield ETF (the "Fund"). The Fund's investment objective is to seek high current income.

Shares of the Fund are listed for trading on a national securities exchange during the trading day. The Fund's primary listing exchange is NYSE Arca. Any amount of shares can be bought and sold throughout the trading day like shares of other publicly traded companies, and when you buy or sell the Fund's shares in the secondary market, you will pay or receive the market price. However, there can be no guarantee that an active trading market will develop or be maintained, or that the Fund shares listing will continue or remain unchanged.

Shares of the Fund may only be acquired through the Fund's distributor and redeemed directly with the Fund by or through an Authorized Participant in large blocks called Creation Units or multiples thereof. Authorized Participants are registered clearing agents that enter into an agreement with the Fund's distributor to transact in Creation Units. Purchases and redemptions of Creation Units will take place in-kind and/or for cash at the discretion of the Fund. The determination of whether purchases and redemptions of Creation Units will be for cash or in-kind depends primarily on the regulatory requirements and settlement mechanisms relevant to the Fund's portfolio holdings and the Fund is not limited to engaging in in-kind transactions to any particular market circumstances.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

### Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by Federated Investment Management Company (the "Adviser").
- Shares of mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs, or NAV per share practical expedient, as applicable.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and ask quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Adviser.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Adviser, certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by

contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Adviser's valuation policies and procedures for the Fund, or if information furnished by a pricing service, in the opinion of the Adviser's valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different. The trading prices of the Fund's shares listed on its exchange may differ from the Fund's NAV and will normally be affected by market forces, such as supply and demand, economic conditions, the market value of the Fund's disclosed portfolio holdings and other factors. As a result, trading prices may be lower, higher or the same as the Fund's NAV; and investors may pay more than NAV when buying shares and receive less than NAV when selling shares through the exchange.

### **Fair Valuation and Significant Events Procedures**

Pursuant to Rule 2a-5 under the Act, the Fund's Board of Trustees (the "Trustees") has designated the Adviser as the Fund's valuation designee to perform any fair value determinations for securities and other assets held by the Fund. The Adviser is subject to the Trustees' oversight and certain reporting and other requirements intended to provide the Trustees the information needed to oversee the Adviser's fair value determinations.

The Adviser, acting through its Valuation Committee, is responsible for determining the fair value of investments for which market quotations are not readily available. The Valuation Committee is comprised of officers of the Adviser and certain of the Adviser's affiliated companies and determines fair value and oversees the calculation of the NAV. The Valuation Committee is also authorized to use pricing services to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Adviser. The Trustees periodically review the fair valuations made by the Valuation Committee. The Trustees have also approved the Adviser's fair valuation and significant events procedures as part of the Fund's compliance program and will review any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a “bid” evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and ask for the investment (a “mid” evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Adviser.

The Adviser has also adopted procedures requiring an investment to be priced at its fair value whenever the Valuation Committee determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment’s value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer’s operations or regulatory changes or market developments affecting the issuer’s industry.

The Adviser has adopted procedures whereby the Valuation Committee uses a pricing service to provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Valuation Committee will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Adviser. The Trustees periodically review fair valuations made in response to significant events.

## **Repurchase Agreements**

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund’s custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a “securities entitlement” and exercises “control” as those terms are defined in the Uniform Commercial Code. The

Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund's Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

### **Investment Income, Gains and Losses, Expenses and Distributions**

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date.

Distributions of net investment income, if any, are declared and paid monthly. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. The detail of the total fund expense waiver and reimbursement of \$26,328 is disclosed in Note 5.

### **Federal Taxes**

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code of 1986 (the "Code") and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the year ended February 29, 2024, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of February 29, 2024, tax years 2021 through 2024 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the State of Delaware.

### **When-Issued and Delayed-Delivery Transactions**

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

## Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Trustees. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Adviser.

## Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

## 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity with respect to purchases and redemptions of Creation Units:

|  | Year Ended<br>2/29/2024 | Year Ended<br>2/28/2023 |
|--|-------------------------|-------------------------|
| Shares sold  | 20,000                  | 460,000                 |
| Shares issued to shareholders in payment of distributions declared | —                       | —                       |
| Shares redeemed  | (100,000)               | (340,000)               |
| NET CHANGE RESULTING FROM FUND SHARE TRANSACTIONS                  | (80,000)                | 120,000                 |

## 4. FEDERAL TAX INFORMATION

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended February 29, 2024 and February 28, 2023, was as follows:

|                 | 2024        | 2023        |
|-----------------|-------------|-------------|
| Ordinary income | \$1,880,286 | \$1,803,036 |

As of February 29, 2024, the components of distributable earnings on a tax-basis were as follows:

|                               |               |
|-------------------------------|---------------|
| Undistributed ordinary income | \$ 35,128     |
| Net unrealized depreciation   | \$ (196,526)  |
| Capital loss carryforwards    | \$(2,904,980) |
| TOTAL                         | \$(3,066,378) |

At February 29, 2024, the cost of investments for federal tax purposes was \$27,800,135. The net unrealized depreciation of investments for federal tax purposes was \$196,526. This consists of unrealized appreciation from investments for those securities having an excess of value over cost of \$339,923 and unrealized depreciation from investments for those securities having an excess of cost over value of \$536,449. The difference between book-basis and tax-basis net unrealized depreciation is attributable to differing treatments for discount accretion/premium amortization on debt securities.

As of February 29, 2024, the Fund had a capital loss carryforward of \$2,904,980 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, these net capital losses retain their character as either short-term or long-term and do not expire.

The following schedule summarizes the Fund's capital loss carryforwards:

| <b>Short-Term</b> | <b>Long-Term</b> | <b>Total</b> |
|-------------------|------------------|--------------|
| \$2,290,581       | \$614,399        | \$2,904,980  |

The Fund used capital loss carryforwards of \$56,766 to offset capital gains realized during the year ended February 29, 2024.

## **5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES**

### **Investment Adviser Fee**

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.60% of the Fund's average daily net assets. Under the advisory agreement, the Adviser has contractually agreed to pay all operating expenses of the Fund under a unitary fee structure, except (i) interest and taxes (including, but not limited to, income, excise, transaction, transfer and withholding taxes) and registration fees and expenses; (ii) expenses of the Fund incurred with respect to the acquisition and disposition of portfolio securities and the execution of portfolio transactions, including brokerage commissions and short sale dividend or interest expense; (iii) expenses incurred in connection with any distribution plan adopted by the Trust in compliance with Rule 12b-1 under the 1940 Act, including distribution fees; (iv) Acquired Fund Fees and Expenses; (v) litigation expenses; (vi) proxy-related expenses; (vii) tax reclaim recovery expenses; and (viii) any expenses determined to be extraordinary expenses. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee and/or reimburse certain operating expenses of the Fund for competitive reasons such as to maintain the Fund's expense ratio, or as and when appropriate, to maintain positive or zero net yields. For the year ended February 29, 2024, the Adviser voluntarily waived \$24,401 of its fee. The Adviser has agreed to reimburse the Fund for certain investment adviser fees as a result of transactions in other affiliated investment companies. For the year ended February 29, 2024, the Adviser reimbursed \$1,927.

### **Administrative Fee**

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. The Adviser, not the Fund, pays FAS.

### **Distribution Services Fee**

The Fund has adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses of up to 0.25% of average daily net assets, annually, to compensate FSC. Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee.

For the year ended February 29, 2024, the Fund did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

### **Expense Limitation**

The Adviser and certain of its affiliates (which may include FAS or FSC) have agreed to waive certain amounts of their respective fees and/or reimburse expenses.

Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, taxes, litigation expenses, extraordinary expenses and proxy-related expenses, if any) paid by the Fund (after the voluntary waivers and/or reimbursements) will not exceed 0.50% (the “Fee Limit”) up to but not including the later of (the “Termination Date”): (a) July 1, 2025; or (b) the date of the Fund’s next effective Prospectus. These arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Fund’s Trustees.

### **Directors’/Trustees’ and Miscellaneous Fees**

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies.

### **Affiliated Shares of Beneficial Interest**

As of February 29, 2024, a majority of the shares of beneficial interest outstanding are owned by an affiliate of the Adviser.

## **6. INVESTMENT TRANSACTIONS**

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the year ended February 29, 2024, were as follows:

|           |              |
|-----------|--------------|
| Purchases | \$26,838,750 |
| Sales     | \$25,956,861 |

Purchases and sales include \$427,710 and \$2,129,630 respectively, in connection with in-kind purchases and sales of the Fund’s Creation Units.

## **7. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of February 29, 2024, there were no outstanding loans. During the year ended February 29, 2024, the program was not utilized.

## **8. INDEMNIFICATIONS**

Under the Fund's organizational documents, its Officers and Directors/Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund (other than liabilities arising out of their willful misfeasance, bad faith, gross negligence or reckless disregard of their duties to the Fund). In addition, in the normal course of business, the Fund provides certain indemnifications under arrangements with third parties. Typically, obligations to indemnify a third party arise in the context of an arrangement entered into by the Fund under which the Fund agrees to indemnify such third party for certain liabilities arising out of actions taken pursuant to the arrangement, provided the third party's actions are not deemed to have breached an agreed-upon standard of care (such as willful misfeasance, bad faith, gross negligence or reckless disregard of their duties under the contract). The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet arisen. The Fund does not anticipate any material claims or losses pursuant to these arrangements at this time, and accordingly expects the risk of loss to be remote.

## **9. FEDERAL TAX INFORMATION (UNAUDITED)**

For the year ended February 29, 2024, 98.61% of total ordinary income distributions qualified as business interest income for purposes of 163(j) and the regulations thereunder.

# Report of Independent Registered Public Accounting Firm

## **TO THE SHAREHOLDERS AND THE BOARD OF TRUSTEES OF FEDERATED HERMES SHORT DURATION HIGH YIELD ETF:**

### **OPINION ON THE FINANCIAL STATEMENTS**

We have audited the accompanying statement of assets and liabilities of Federated Hermes Short Duration High Yield ETF (the “Fund”) (one of the portfolios constituting Federated Hermes ETF Trust (the “Trust”)), including the portfolio of investments, as of February 29, 2024, and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the two years in the period then ended and for the period from December 16, 2021 (commencement of operations) through February 28, 2022 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the portfolios constituting Federated Hermes ETF Trust) at February 29, 2024, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the two years in the period then ended and for the period from December 16, 2021 (commencement of operations) through February 28, 2022, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of the Trust’s internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in

the financial statements. Our procedures included confirmation of securities owned as of February 29, 2024, by correspondence with the custodian, brokers, and others; when replies were not received from brokers or others, we performed other auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Ernst + Young LLP*

We have served as the auditor of one or more Federated Hermes investment companies since 1979.

Boston, Massachusetts

April 23, 2024

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, which may include creation and redemption fees and brokerage commissions; and (2) ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from September 1, 2023 to February 29, 2024.

### **ACTUAL EXPENSES**

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

### **HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES**

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as creation and redemption fees and brokerage commissions. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds. In addition, if these transaction costs were included, your costs would have been higher.

|  | Beginning<br>Account Value<br>9/1/2023 | Ending<br>Account Value<br>2/29/2024 | Expenses Paid<br>During Period <sup>1</sup> |
|--|--|--------------------------------------|---|
| <b>Actual</b>  | \$1,000                                | \$1,049.80                           | \$2.55                                      |
| <b>Hypothetical (assuming a 5% return<br/>before expenses)</b> | \$1,000                                | \$1,022.38                           | \$2.51                                      |

<sup>1</sup> Expenses are equal to the Fund's annualized net expense ratio of 0.50%, multiplied by the average account value over the period, multiplied by 182/366 (to reflect the one-half-year period).

## Board of Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are "interested persons" of the Fund (i.e., "Interested" Trustees) and those who are not (i.e., "Independent" Trustees). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222-3779. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Federated Hermes ETF Trust Board. As of December 31, 2023, the Trust comprised four portfolio(s), and the Federated Hermes Fund Family consisted of 33 investment companies (comprising 101 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund's Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400, Option #4.

### INTERESTED TRUSTEES BACKGROUND

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| <b>Name</b>  |  |
|--|--|
| <b>Birth Date</b>  |  |
| <b>Positions Held with Trust</b>   | <b>Principal Occupation(s) for Past Five Years,</b>  |
| <b>Date Service Began</b>  | <b>Other Directorships Held and Previous Position(s)</b>   |
| <b>J. Christopher Donahue*</b><br>Birth Date: April 11, 1949<br>PRESIDENT AND TRUSTEE<br>Indefinite Term<br>Began serving: February 2021 | <b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of the Funds in the Federated Hermes Fund Family; President, Chief Executive Officer and Director, Federated Hermes, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.<br><br><b>Previous Positions:</b> President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd. |

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| Name                      | Birth Date                              | Positions Held with Trust<br>Date Service Began | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held and Previous Position(s)  |
|---------------------------|---|---|--|
| <b>Thomas R. Donahue*</b> | Birth Date: October 20, 1958<br>TRUSTEE | Indefinite Term<br>Began serving: February 2021 | <p><b>Principal Occupations:</b> Director or Trustee of certain of the funds in the Federated Hermes Fund Family; Chief Financial Officer, Treasurer, Vice President and Assistant Secretary, Federated Hermes, Inc.; Chairman and Trustee, Federated Administrative Services; Chairman and Director, Federated Administrative Services, Inc.; Trustee and Treasurer, Federated Advisory Services Company; Director or Trustee and Treasurer, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, and Federated Investment Management Company; Director, MDTA LLC; Director, Executive Vice President and Assistant Secretary, Federated Securities Corp.; Director or Trustee and Chairman, Federated Services Company and Federated Shareholder Services Company; and Director and President, FII Holdings, Inc.</p> <p><b>Previous Positions:</b> Director, Federated Hermes, Inc.; Assistant Secretary, Federated Investment Management Company, Federated Global Investment Management Company and Passport Research, LTD; Treasurer, Passport Research, LTD; Executive Vice President, Federated Securities Corp.; and Treasurer, FII Holdings, Inc.</p> |

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\* Family relationships and reasons for “interested” status: J. Christopher Donahue and Thomas R. Donahue are brothers. Both are “interested” due to their beneficial ownership of shares of Federated Hermes, Inc. and the positions they hold with Federated Hermes, Inc. and its subsidiaries.

## INDEPENDENT TRUSTEES BACKGROUND

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| Name                  | Birth Date                          | Positions Held with Trust<br>Date Service Began | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held, Previous Position(s) and Qualifications  |
|-----------------------|-------------------------------------|---|--|
| <b>John G. Carson</b> | Birth Date: May 15, 1965<br>TRUSTEE | Indefinite Term<br>Began serving: January 2024  | <p><b>Principal Occupations:</b> Director or Trustee of certain Funds in the Federated Hermes Fund Family; Chief Executive Officer, Chief Investment Officer, Northstar Asset Management (Financial Services); formerly, Chief Compliance Officer, Northstar Asset Management (Financial Services).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Carson has served in various business management roles throughout his career. Mr. Carson was a Vice President at the Glenmede Trust Company and a Managing Director at Oppenheimer &amp; Company. Prior to that he spent more than a decade with the Bank of America/Merrill Lynch as a Director of Institutional Sales. Earlier on, Mr. Carson held similar positions for Wertheim Schroder/Schroders PLC and Drexel Burnham Lambert.</p> |

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| Name  | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held, Previous Position(s) and Qualifications   |
|---|---|
| <b>Birth Date</b><br><b>Positions Held with Trust</b><br><b>Date Service Began</b><br><br><b>G. Thomas Hough</b><br>Birth Date: February 28, 1955<br>TRUSTEE<br>Indefinite Term<br>Began serving: February 2021 | <p><b>Principal Occupations:</b> Director or Trustee and Chair of the Board of Directors or Trustees of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst &amp; Young LLP (public accounting firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, Chair of the Audit Committee, Member of the Compensation Committee, Equifax, Inc.; Lead Director, Member of the Audit and Nominating and Corporate Governance Committees, Haverty Furniture Companies, Inc.; formerly, Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.</p> <p><b>Qualifications:</b> Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst &amp; Young LLP (public accounting firm). Mr. Hough serves on the President’s Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p> |

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| Name                       | Birth Date               | Positions Held with Trust<br>Date Service Began            | Principal Occupation(s) for Past Five Years,<br>Other Directorships Held, Previous Position(s) and Qualifications   |
|----------------------------|--------------------------|--|---|
| <b>Maureen Lally-Green</b> | Birth Date: July 5, 1949 | TRUSTEE<br>Indefinite Term<br>Began serving: February 2021 | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor of Law, Emerita, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p><b>Other Directorships Held:</b> Director, CNX Resources Corporation (natural gas).</p> <p><b>Qualifications:</b> Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as Director of the Office of Church Relations and later as Associate General Secretary for the Diocese of Pittsburgh, a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania and previously served on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green was then appointed by the Supreme Court of Pennsylvania and currently serves on the Judicial Ethics Advisory Board. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director, CNX Resources Corporation (natural gas). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, Saint Vincent College; Director and Chair, North Catholic High School, Inc.; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; and Director and Vice Chair, Saint Francis University.</p> |

| <b>Name</b><br><b>Birth Date</b><br><b>Positions Held with Trust</b><br><b>Date Service Began</b>                         | <b>Principal Occupation(s) for Past Five Years,</b><br><b>Other Directorships Held, Previous Position(s) and Qualifications</b>  |
|---|--|
| <b>Thomas M. O'Neill</b><br>Birth Date: June 14, 1951<br>TRUSTEE<br>Indefinite Term<br>Began serving: February 2021       | <p><b>Principal Occupations:</b> Director or Trustee and Chair of the Audit Committee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); Director, Midway Pacific (lumber); and Director, The Golisano Children's Museum of Naples, Florida.</p> |
| <b>Madelyn A. Reilly</b><br>Birth Date: February 2, 1956<br>TRUSTEE<br>Indefinite Term<br>Began serving:<br>February 2021 | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; formerly, Senior Vice President for Legal Affairs, General Counsel and Secretary of Board of Directors, Duquesne University (Retired).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Ms. Reilly has served in various business and legal management roles throughout her career. Ms. Reilly previously served as Senior Vice President for Legal Affairs, General Counsel and Secretary of Board of Directors and Director of Risk Management and Associate General Counsel, Duquesne University. Prior to her work at Duquesne University, Ms. Reilly served as Assistant General Counsel of Compliance and Enterprise Risk as well as Senior Counsel of Environment, Health and Safety, PPG Industries. Ms. Reilly currently serves as a member of the Board of Directors of UPMC Mercy Hospital, and as a member of the Board of Directors of Catholic Charities, Pittsburgh.</p>   |

| <b>Name</b><br><b>Birth Date</b><br><b>Positions Held with Trust</b><br><b>Date Service Began</b>                      | <b>Principal Occupation(s) for Past Five Years,</b><br><b>Other Directorships Held, Previous Position(s) and Qualifications</b>   |
|--|---|
| <b>P. Jerome Richey</b><br>Birth Date: February 23, 1949<br>TRUSTEE<br>Indefinite Term<br>Began serving: February 2021 | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CONSOL Energy Inc. (now split into two separate publicly traded companies known as CONSOL Energy Inc. and CNX Resources Corp.).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CONSOL Energy Inc. and CNX Gas Company; and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll &amp; Rooney PC (a law firm).</p> |
| <b>John S. Walsh</b><br>Birth Date:<br>November 28, 1957<br>TRUSTEE<br>Indefinite Term<br>Began serving: February 2021 | <p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh &amp; Kelly, Inc. (paving contractors).</p>   |

## OFFICERS

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**Name**

**Birth Date**

**Address**

**Positions Held with Trust  
Date Service Began**

**Principal Occupation(s) for Past Five Years  
and Previous Position(s)**

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**Lori A. Hensler**

Birth Date: January 6, 1967

TREASURER

Officer since: February 2021

**Principal Occupations:** Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.

**Previous Positions:** Controller of Federated Hermes, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.

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**Jeremy D. Boughton**

Birth Date:

September 29, 1976

TREASURER

Officer since: March 2024

**Principal Occupations:** Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services, Federated Administrative Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company and Federated MDTA, LLC. Formerly, Controller, Federated Hermes, Inc. and Financial and Operations Principal for Federated Securities Corp. Mr. Boughton has received the Certified Public Accountant designation.

**Previous Positions:** Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Federated MDTA, LLC and Federated Hermes (UK) LLP, as well as other subsidiaries of Federated Hermes, Inc.

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| Name  | Birth Date   | Address  | Positions Held with Trust<br>Date Service Began   | Principal Occupation(s) for Past Five Years<br>and Previous Position(s) |
|---|--|--|---|---|
| <b>Peter J. Germain</b>   | Birth Date:<br>September 3, 1959   | CHIEF LEGAL OFFICER,<br>SECRETARY AND EXECUTIVE<br>VICE PRESIDENT<br>Officer since: February 2021                    | <b>Principal Occupations:</b> Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Hermes Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Hermes, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated Hermes, Inc. in 1984 and is a member of the Pennsylvania Bar Association. |   |
| <b>Previous Positions:</b> Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Hermes, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Hermes, Inc.  | <b>Stephen Van Meter</b>   | Birth Date: June 5, 1975<br>CHIEF COMPLIANCE<br>OFFICER AND SENIOR VICE<br>PRESIDENT<br>Officer since: February 2021 | <b>Principal Occupations:</b> Senior Vice President and Chief Compliance Officer of the Federated Hermes Fund Family; Vice President and Chief Compliance Officer of Federated Hermes, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated Hermes, Inc. in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.   |   |
| <b>Previous Positions:</b> Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Hermes, Inc. Prior to joining Federated Hermes, Inc., Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement. | <b>Robert J. Ostrowski</b>   | Birth Date: April 26, 1963<br>CHIEF INVESTMENT OFFICER<br>Officer since: February 2021                               | <b>Principal Occupations:</b> Robert J. Ostrowski joined Federated Hermes, Inc. in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated Hermes' taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.   |   |
| <b>Brandon L. Clark</b><br>Birth Date:<br>November 28, 1974<br>VICE PRESIDENT<br>Officer since: February 2021   | <b>Principal Occupations:</b> Brandon L. Clark is a Vice President of the Trust. Mr. Clark joined Federated Hermes in July 2020 as a Senior Vice President and Director, ETF Business, Federated Advisory Services Company. Prior to joining Federated Hermes, Mr. Clark served as Managing Director of Legg Mason's ETF products and Head of ETF Capital Markets with the Vanguard Group. Mr. Clark received his B.A. in Economics from the University of Pittsburgh. |  |   |   |

# Evaluation and Approval of Advisory Contract – May 2023

## **FEDERATED HERMES SHORT DURATION HIGH YIELD ETF (THE “FUND”)**

At its meetings in May 2023 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) (the “Contract”) for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to approve the continuation of the existing arrangement. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

### **Information Received and Review Process**

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation of the Fund’s management fee (the “CCO Fee Evaluation Report”). The Board considered the CCO Fee Evaluation Report, along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contract. The CCO, in preparing the CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, the Board considered information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings. In this regard, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes by independent legal counsel on behalf of the Independent Trustees encompassing a wide variety of topics, including those summarized below. The Board also considered such additional matters as the Independent Trustees deemed

reasonably necessary to evaluate the Contract, which included detailed information about the Fund and Federated Hermes furnished to the Board at its meetings throughout the year and in between regularly scheduled meetings on particular matters as the need arose.

The Board's consideration of the Contract included review of materials and information covering the following matters, among others: the nature, quality and extent of the advisory and other services provided to the Fund by Federated Hermes; Federated Hermes' business and operations; the Adviser's investment philosophy, personnel and processes; the Fund's investment objectives and strategies; the Fund's short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund's particular investment program and a group of its peer funds and/or its benchmark, as appropriate); the Fund's fees and expenses, including the management fee and the overall expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the financial condition of Federated Hermes; the Adviser's profitability with respect to managing the Fund; distribution and sales activity for the Fund; and the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any).

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees charged to other registered funds in evaluating the Contract. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser's fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by the adviser to the fund and its shareholders, including the performance of the fund, its benchmark and comparable funds; (2) the adviser's cost of providing the services and the profitability to the adviser of providing advisory services to the fund; (3) the extent to which the adviser may realize "economies of scale" as the fund grows larger and, if such economies of scale exist, whether they have been appropriately shared with the fund and its shareholders or the family of funds; (4) any "fall-out" benefits that accrue to the adviser because of its relationship with the fund, including research services received from brokers that execute fund trades and any fees paid to affiliates of the adviser for services rendered to the fund; (5) comparative fee and expense structures, including a comparison of management fees paid to the adviser with those paid by similar funds managed by the same adviser or other advisers as well as management fees charged to institutional and other advisory clients of the same adviser for what might be viewed as like services; and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise, including whether they are fully informed about all facts the board deems relevant to its consideration of the adviser's services and fees. The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements

regarding the basis for a fund board’s approval of the fund’s investment advisory contract generally align with the factors listed above. The Board was guided by these factors in its evaluation of the Contract to the extent it considered them to be appropriate and relevant, as discussed further below. The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the oversight of the other funds advised by Federated Hermes (each, a “Federated Hermes Fund” and, collectively, the “Federated Hermes Funds”).

In addition, the Board considered the preferences and expectations of Fund shareholders and the potential disruptions of the Fund’s operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew the Contract. In particular, the Board recognized that many shareholders likely have invested in the Fund based on the strength of Federated Hermes’ industry standing and reputation and with the expectation that Federated Hermes will have a continuing role in providing advisory services to the Fund. Thus, the Board observed that there are a range of investment options available to the Fund’s shareholders and such shareholders in the marketplace, having had the opportunity to consider other investment options, have effectively selected Federated Hermes by virtue of investing in the Fund.

In determining to approve the continuation of the Contract, the members of the Board reviewed and evaluated information and factors they believed to be relevant and appropriate through the exercise of their reasonable business judgment. While individual members of the Board may have weighed certain factors differently, the Board’s determination to approve the continuation of the Contract was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contract. The Board recognized that its evaluation process is evolutionary and that the factors considered and emphasis placed on relevant factors may change in recognition of changing circumstances in the registered fund marketplace. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the Contract for the Fund as part of its consideration of agreements for funds across the family of Federated Hermes Funds, but its approvals were made on a fund-by-fund basis.

### **Nature, Extent and Quality of Services**

The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser and the resources of Federated Hermes dedicated to the Fund. In this regard, the Board evaluated, among other things, the terms of the Contract and the range of services provided to the Fund by Federated Hermes. The Board considered the Adviser's personnel, investment philosophy and process, investment research capabilities and resources, trade operations capabilities, experience and performance track record. The Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and Federated Hermes' ability and experience in attracting and retaining qualified personnel to service the Fund. The Board considered the trading operations by the Advisers, including the execution of portfolio transactions and the selection of brokers for those transactions. The Board also considered the Adviser's ability to deliver competitive investment performance for the Fund when compared to the Fund's Performance Peer Group (as defined below), which was deemed by the Board to be a useful indicator of how the Adviser is executing the Fund's investment program.

In addition, the Board considered the financial resources and overall reputation of Federated Hermes and its willingness to consider and make investments in personnel, infrastructure, technology, cybersecurity, business continuity planning and operational enhancements that are designed to benefit the Federated Hermes Funds. The Board noted that the significant acquisition of Hermes Fund Managers Limited by Federated Hermes has deepened Federated Hermes' investment management expertise and capabilities and its access to analytical resources related to environmental, social and governance ("ESG") factors and issuer engagement on ESG matters. The Board considered Federated Hermes' oversight of the securities lending program for the Federated Hermes Funds that engage in securities lending and noted the income earned by the Federated Hermes Funds that participate in such program. In addition, the Board considered the quality of Federated Hermes' communications with the Board and responsiveness to Board inquiries and requests made from time to time with respect to the Federated Hermes Funds. The Board also considered that Federated Hermes is responsible for providing the Federated Hermes Funds' officers. The Board considered the special attributes of the Fund as an exchange-traded fund ("ETF") relative to a traditional mutual fund and the benefits that are expected to be realized from an investment in the Fund, rather than a traditional mutual fund. The Board also considered the resources devoted by Federated Hermes in developing and maintaining an infrastructure necessary to support the ongoing operations of the Fund.

The Board received and evaluated information regarding Federated Hermes' regulatory and compliance environment. The Board considered Federated Hermes' compliance program and compliance history and reports from the CCO about Federated Hermes' compliance with applicable laws and regulations, including responses to regulatory developments and any compliance or other issues raised by regulatory agencies. The Board also noted Federated Hermes' support of the Federated Hermes Funds' compliance control structure and the compliance-related resources devoted by Federated Hermes in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including Federated Hermes' commitment to respond to rulemaking and other regulatory initiatives of the SEC. The Board considered Federated Hermes' approach to internal audits and risk management with respect to the Federated Hermes Funds and its day-to-day oversight of the Federated Hermes Funds' compliance with their investment objectives and policies as well as with applicable laws and regulations, noting that regulatory and other developments had over time led, and continue to lead, to an increase in the scope of Federated Hermes' oversight in this regard, including in connection with the implementation of new rules on derivatives risk management and fair valuation.

The Board also considered the implementation of Federated Hermes' business continuity plans. In addition, the Board noted Federated Hermes' commitment to maintaining high quality systems and expending substantial resources to prepare for and respond to ongoing changes due to the market, regulatory and control environments in which the Fund and its service providers operate.

The Board considered Federated Hermes' efforts to provide shareholders in the Federated Hermes Funds with a comprehensive array of funds with different investment objectives, policies and strategies. The Board considered the expenses that Federated Hermes had incurred, as well as the entrepreneurial and other risks assumed by Federated Hermes, in sponsoring and providing ongoing services to new funds to expand these opportunities for shareholders. The Board noted the benefits to shareholders of being part of the family of Federated Hermes Funds.

Based on these considerations, the Board concluded that it was satisfied with the nature, extent and quality of the services provided by the Adviser to the Fund.

### **Fund Investment Performance**

The Board considered the investment performance of the Fund. In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks. The Board considered detailed investment reports on, and the Adviser's analysis of, the Fund's performance that were provided to the Board throughout the year and in connection with the May Meetings. These reports

included, among other items, information on the Fund’s gross and net returns, the Fund’s investment performance compared to one or more relevant categories or groups of peer funds and the Fund’s benchmark index, performance attribution information and commentary on the effect of market conditions. The Board considered that, in its evaluation of investment performance at meetings throughout the year, it focused particular attention on information indicating less favorable performance of certain Federated Hermes Funds for specific time periods and discussed with Federated Hermes the reasons for such performance as well as any specific actions Federated Hermes had taken, or had agreed to take, to seek to enhance Fund investment performance and the results of those actions.

The Board also reviewed comparative information regarding the performance of other registered funds in the category of peer funds selected by Morningstar, Inc. (the “Morningstar”), an independent fund ranking organization (the “Performance Peer Group”). The Board noted the CCO’s view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Adviser in managing the Fund. The Board considered in the CCO’s view that, in evaluating such comparisons, in some cases there may be differences in the funds’ objectives or investment management techniques, or the costs to implement the funds, even within the same Performance Peer Group.

The Board considered that for the one-year period ended December 31, 2022, the Fund’s performance was above the median of the Performance Peer Group.

Based on these considerations, the Board concluded that it had continued confidence in the Adviser’s overall capabilities to manage the Fund.

### **Fund Expenses**

The Board considered the management fee and overall expense structure of the Fund and the comparative fee and expense information that had been provided in connection with the May Meetings. In this regard, the Board was presented with, and considered, information regarding the contractual management fee rates, net management fee rates, and total expense ratios relative to an appropriate group of peer funds consisting of other actively managed ETFs in the category of peer funds selected by Morningstar (the “Expense Peer Group”). The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category. In evaluating such comparisons, the Board noted information about structural, operational and other differences between ETFs and traditional mutual funds, including differences in the marketplace in which each type of product must compete.

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged to funds by other advisers, the use of comparisons between the Fund and its Expense Peer Group assisted the Board in its evaluation of the Fund’s fees and expenses. The Board focused on comparisons with other registered funds with comparable investment programs more heavily than non-registered fund products or services because such comparisons are believed to be more relevant. The Board considered that other registered funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund’s shareholders. The Board noted that the range of such other registered funds’ fees and expenses, therefore, appears to be a relevant indicator of what investors have found to be reasonable in the marketplace in which the Fund competes. The Board also considered competition in the general ETF marketplace and the impact of market pressures on the price levels for actively managed ETFs such as the Fund.

Consistent with general ETF practice, the Board noted the Fund’s “unitary” fee structure, under which the Adviser, in addition to providing investment management services, arranges for transfer agency, custody, fund administration and accounting, and other non-distribution related services necessary for the Fund to operate. The Board considered that, other than the management fee, the Adviser pays all operating expenses of the Fund, except for: (i) interest and taxes (including, but not limited to, income, excise, transaction, transfer and withholding taxes); (ii) expenses of the Fund incurred with respect to the acquisition and disposition of portfolio securities and the execution of portfolio transactions, including brokerage commissions and short sale dividend or interest expense; (iii) expenses incurred in connection with any distribution plan adopted by the Trust in compliance with Rule 12b-1 under the 1940 Act, including distribution fees; (iv) acquired fund fees and expenses; (v) litigation expenses; (vi) proxy-related expenses; (vii) tax reclaim recovery expenses; and (viii) any expenses determined to be extraordinary expenses.

The Board reviewed the contractual management fee rate, net advisory fee rate and other expenses of the Fund and noted the position of the Fund’s fee rates relative to its Expense Peer Group. In this regard, the Board noted that the contractual management fee rate was above the median of the Expense Peer Group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board.

The Board also received and considered information about the nature and extent of services offered and fees charged by Federated Hermes to other types of clients with investment strategies similar to those of the Federated Hermes Funds, including non-registered fund clients (such as institutional separate accounts) and third-party unaffiliated registered funds for which the Adviser or

its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-registered fund clients are inherently different products due to the following differences, among others: (i) different types of targeted investors; (ii) different applicable laws and regulations; (iii) different legal structures; (iv) different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; (v) the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing and fund liquidity; (vi) different administrative responsibilities; (vii) different degrees of risk associated with management; and (viii) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary registered fund business versus managing a discrete pool of assets as a sub-adviser to another institution's registered fund, noting the CCO's view that Federated Hermes generally performs significant additional services and assumes substantially greater risks in managing the Fund and other Federated Hermes Funds than in its role as sub-adviser to an unaffiliated third-party registered fund. The Board noted that the CCO did not consider the fees for providing advisory services to other types of clients to be determinative in judging the appropriateness of the Federated Hermes Funds' management fees.

Based on these considerations, the Board concluded that the fees and total operating expenses of the Fund, in conjunction with other matters considered, are reasonable in light of the services provided.

### **Profitability**

The Board received and considered profitability information furnished by Federated Hermes, as requested by the CCO. Such profitability information included revenues reported on a fund-by-fund basis and estimates of the allocation of expenses made on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs on a fund-by-fund basis continues to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. In addition, the Board considered the CCO's view that the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract are consistent with the methodologies previously reviewed by an independent consultant. The Board noted that the independent consultant had previously conducted a review of the allocation methodologies and reported to the Board that, although there is no single best method to

allocate expenses, the methodologies used by Federated Hermes are reasonable. The Board considered the CCO's view that the estimated profitability to the Adviser from its relationship with the Fund was not unreasonable in relation to the services provided.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. The Board recognized that profitability comparisons among fund management companies are difficult because of the variation in the type of comparative information that is publicly available, and the profitability of any fund management company is affected by numerous factors. The Board considered the CCO's conclusion that, based on such profitability information, Federated Hermes' profit margins did not appear to be excessive. The Board also considered the CCO's view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under its contracts with the Federated Hermes Funds.

### **Economies of Scale**

The Board received and considered information about the notion of possible realization of "economies of scale" as a fund grows larger, the difficulties of determining economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. The Board considered that any reduction in fixed costs associated with the management of the Fund would benefit the Adviser due to the unitary fee structure of the Fund, but that the unitary fee would protect shareholders from a rise in operating costs and/or a decline in Fund assets and is a transparent means of informing the Fund's shareholders of the fees associated with the Fund. The Board also considered that Federated Hermes has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as: portfolio management, investment research and trading operations; shareholder services; compliance; business continuity, cybersecurity and information security programs; internal audit and risk management functions; and technology and use of data. The Board noted that Federated Hermes' investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments are likely to be shared with the family of Federated Hermes Funds as a whole. In addition, the Board considered that fee waivers and expense reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund's assets decline. The Board considered that, in order for the Federated Hermes Funds to remain competitive in the marketplace, Federated Hermes has frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and

has disclosed to shareholders and/or reported to the Board its intention to do so (or continue to do so) in the future. The Board also considered that Federated Hermes has been active in managing expenses of the Federated Hermes Funds in recent years, which has resulted in benefits being realized by shareholders.

The Board also received and considered information on adviser-paid fees (commonly referred to as “revenue sharing” payments) that was provided to the Board throughout the year and in connection with the May Meetings. The Board considered that Federated Hermes and the CCO believe that this information is relevant to considering whether Federated Hermes had an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, but should not be considered when evaluating the reasonableness of management fees. The Board also noted the absence of any applicable regulatory or industry guidelines economies of scale, which is compounded by the lack of any uniform methodology or pattern with respect to structuring fund management fees with breakpoints that serve to reduce the fees as a fund attains a certain size.

### **Other Benefits**

The Board considered information regarding the compensation and other ancillary (or “fall-out”) benefits that Federated Hermes derived from its relationships with the Federated Hermes Funds. In connection with the Board’s governance of other Federated Hermes Funds, the Board noted that, in addition to receiving advisory fees under the Federated Hermes Funds’ investment advisory contracts, Federated Hermes’ affiliates also receive fees for providing other services to the Federated Hermes Funds under separate service contracts including for serving as the Federated Hermes Funds’ administrator and distributor. In this regard, the Board considered that certain of Federated Hermes’ affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing the benefits, if any, that Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds.

### **Conclusions**

The Board considered: (i) the CCO’s conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund is reasonable; and (ii) the CCO’s recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contract by the CCO. The CCO also recognized that the Board’s evaluation of the Federated Hermes Funds’ advisory and sub-advisory arrangements is a continuing and ongoing process that is informed by the information that the Board requests and receives from

management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its ongoing oversight of the Federated Hermes Funds.

On the basis of the information and factors summarized above, among other information and factors deemed relevant by the Board, and the evaluation thereof, the Board, including the Independent Trustees, unanimously voted to approve the continuation of the Contract. The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view of past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative.

## Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes ETF Trust (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Short Duration High Yield ETF (the “Fund” and, collectively with the other non-money market open-end funds advised by Federated Hermes, the “Federated Hermes Funds”). The Program seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Trustees of the Trust (the “Board”) has approved the designation of each Federated Hermes Fund’s investment adviser as the administrator for the Program (the “Administrator”) with respect to that Fund. The Administrator, in turn, has delegated day-to-day responsibility for the administration of the Program to multiple Liquidity Risk Management Committees, which are comprised of representatives from certain divisions within Federated Hermes.

The Program is comprised of various components designed to support the assessment and/or management of liquidity risk, including: (1) the periodic assessment (no less frequently than annually) of certain factors that influence the Fund’s liquidity risk; (2) the periodic classification (no less frequently than monthly) of the Fund’s investments into one of four liquidity categories that reflect an estimate of their liquidity under current market conditions; (3) a 15% limit on the acquisition of “illiquid investments” (as defined under the Liquidity Rule); (4) to the extent a Fund does not invest primarily in “highly liquid investments” (as defined under the Liquidity Rule), the determination of a minimum percentage of the Fund’s assets that generally will be invested in highly liquid investments (an “HLIM”); (5) if a Fund has established an HLIM, the periodic review (no less frequently than annually) of the HLIM and the adoption of policies and procedures for responding to a shortfall of the Fund’s highly liquid investments below its HLIM; and (6) periodic reporting to the Board.

At its meetings in May 2023, the Board received and reviewed a written report (the “Report”) from the Federated Hermes Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the Program for the period from April 1, 2022 through March 31, 2023 (the “Period”). The Report addressed the operation of the Program and assessed the adequacy and effectiveness of its implementation, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund. There were no material changes to the Program during the Period. The Report summarized the operation of the Program and

the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that it was not necessary for the Fund to utilize, and the Fund did not utilize, any alternative funding sources that were available to the Federated Hermes Funds during the Period, such as the Federated Hermes Funds' interfund lending facility, redemptions in-kind, reverse repurchase agreement transactions, redemptions delayed beyond the normal T+1 settlement but within seven days of the redemption request, and committed lines of credit;
- the periodic classifications of the Fund's investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund's reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund's investments, and the results of the Administrator's evaluation of the services performed by the vendor in support of this process, including the Administrator's view that the methodologies utilized by the vendor continue to be appropriate;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the operation of the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period, and the operation of the procedures for monitoring this limit;
- the fact that there were no liquidity events during the Period that materially affected the Fund's liquidity risk;
- the impact on liquidity and management of liquidity risk, if any, caused by extended non-U.S. market closures and confirmation that there were no issues for any of the affected Federated Hermes Funds in meeting shareholder redemptions at any time during these temporary non-U.S. market closures.

Based on this review, the Administrator concluded that the Program is operating effectively to assess and manage the Fund's liquidity risk, and that the Program has been and continues to be adequately and effectively implemented to monitor and, as applicable, respond to the Fund's liquidity developments.

## Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400, Option #4. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund name at [FederatedHermes.com/us/FundInformation](https://FederatedHermes.com/us/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://sec.gov).

## Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [sec.gov](https://sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund name at [FederatedHermes.com/us](https://FederatedHermes.com/us).

# Notes

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*Funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in funds involves investment risk, including the possible loss of principal.*

This Report is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

### Sign up for Electronic Delivery!

*A faster way to receive documents.*

If you purchased shares through a financial intermediary (bank or broker-dealer), please contact your representative to set up e-delivery. Otherwise, contact the Fund at 1-800-341-7400, Option #4.



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Contact us at [FederatedHermes.com/us](https://www.federatedhermes.com/us)  
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