PAYR

Federated Hermes Enhanced Income ETF

Pursuing high distributions from high-quality companies

ETF name
Federated Hermes Enhanced Income ETF

CBOE ticker
PAYR

Inception date
10/7/25

Portfolio highlights

- **Distribution focus:** Targets high monthly cash flow distributions by investing in high-quality, dividend-paying companies
- **Low beta approach:** Seeks to maintain a lower beta profile over the long term
- **Conservative options enhancement:** Offers a prudent approach to dividend investing, with options used to enhance—not replace—core equity income

Portfolio managers
Options overlay portfolio
Multi-Asset portfolio managers
Dana Meissner, CFA, FRM, CAIA
Damian McIntyre, CFA, FRM, CAIA

Dividend portfolio
Strategic Value Dividend portfolio managers
Daniel Peris, Ph.D., CFA
Deborah Bickerstaff
Michael Tucker
Jared Hoff

Investment universe
The exchange-traded fund (ETF) invests primarily in high-dividend-paying stocks with dividend growth potential, while also employing an options overlay strategy.

Benchmark
S&P 500®

Transparency
Daily, with holdings posted by open of market trading

Distributions
Declared and paid monthly

Advisor
Federated Equity Management Company of Pennsylvania

Custodian
Bank of New York Mellon

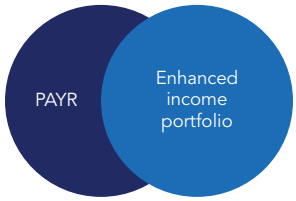
Expense ratio[1]
Before waivers: 0.50%
After waivers: 0.40%

Access the potential for both lower volatility and high monthly income

PAYR is designed to help meet the needs of clients seeking relatively consistent monthly cash flow distributions—and to avoid taking on excessive risk. PAYR combines two actively-managed portfolios, a high-quality dividend portfolio with an options overlay portfolio, to seek enhanced distribution potential and lower long-term volatility and beta.

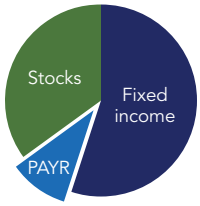
A compelling option for multiple income needs

PAYR can serve multiple roles in a client portfolio, such as those outlined below:



For those seeking a complement to other enhanced income strategies

- Unlike peers that use S&P 500®, Nasdaq or other broad exposure for their base portfolio, PAYR is built on a portfolio of defensive, low-beta, high-dividend-paying stocks
- PAYR offers active management of both portfolios, unlike certain peers
- This differentiated approach can help diversify an enhanced income allocation, which can smooth out cash flow distributions



For clients nearing retirement

- For clients with appropriate risk tolerance who are shifting from a 60/40 stocks/bonds to a 40/60 allocation, PAYR can replace a portion of the bond sleeve, providing the potential for distributions that could be comparable to high-yield bonds with lower volatility than the stock market

For retirees

- For clients in or near retirement, PAYR can offer the potential for a relatively steady stream of monthly payments from dividends and options premiums

Graphics above are for illustrative purposes only and not a recommendation. Individual investor risk tolerances will vary.

[1] The Adviser and certain of its affiliates on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (excluding acquired fund fees and expenses, tax reclaim recovery expenses, interest expense, taxes, litigation expenses, extraordinary expenses, and proxy-related expenses, paid by the Fund, if any) paid by the Fund (after the waivers and/or reimbursements) will not exceed 0.40% (the "Fee Limit"), up to but not including the later of (the "Termination Date"): (a) September 1, 2026; 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 Trustees.

How PAYR works: Two cash flow engines

Portfolio component	Role	Expected contribution to PAYR's cash flow distribution
High-dividend stocks	• Providing high cash flow potential from approximately 50 lower-beta, high-quality dividend-paying stocks (~95% of assets)[2]	• 50% of PAYR's distribution over a full market cycle; 50-75% over shorter-term periods[2] • Generates qualified dividend income
Options overlay	• Enhancing cash flow potential using actively managed call spreads (~5% of assets)[2]	• 50% over a full market cycle; 25-50% over shorter-term periods[2] • Generates income or return of capital

Using PAYR with your conservative clients and retirees

PAYR is designed for risk-conscious, high-income-seeking investors. Its equity sleeve invests in high-quality, dividend-paying stocks with defensive characteristics. The options overlay employs writing call spreads—pairing written and purchased call options with the same expiration date but different strike prices—to seek higher cash flow than traditional dividend-paying strategies while limiting downside exposure. Call spread writing, which limits losses to the difference in strike prices, is a more conservative options strategy than simply writing calls, where an investor is exposed to unlimited losses ("naked call writing.")

PAYR investors should receive distributions both from the underlying dividend portfolio, as well as those generated from the net premiums received from call spread writing. This structure may appeal to investors who prioritize higher and more frequent distributions over total return, including those nearing or in retirement, provided their risk tolerance aligns with the strategy.

While options trading introduces unique risks—including potential impacts on capital appreciation—PAYR's conservative overlay is designed to attempt to mitigate these risks. PAYR is not a total return-focused strategy, but rather an options-enhanced income strategy for investors who seek relatively steady high cash flow, are comfortable with derivatives' potential impacts on capital appreciation, and can accept potentially higher volatility compared to high-quality fixed income.

Why PAYR?

- ✔ **Targets lower long-term volatility than the stock market**
- ✔ **High-quality, high-dividend-paying stocks base**
- ✔ **More conservative options overlay than naked call writing**
- ✔ **Disciplined active management of both portfolios led by Federated Hermes' experienced Strategic Value Dividend and Multi-Asset investment teams**
- ✔ **ETF vehicle's tax-efficiency, transparency, liquidity and ease-of-use[3,4]**

Advisors: Assess PAYR for your clients' needs.
Ask your Federated Hermes representative for more information or call 1-888-400-7838.

Federated Hermes

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or call 1-888-400-7838. Please carefully read the summary prospectus or the prospectus before investing.

[2] Although we anticipate that allocations and contributions to income will be within these ranges, actual percentages may vary.

[3] Writing option contracts can result in losses that exceed the seller's initial premium collected and may lead to additional turnover and higher tax liability.

[4] ETFs are generally more tax efficient than traditional mutual funds due to their structure. When investors redeem shares, ETFs can do so in-kind, meaning they exchange shares for underlying assets without triggering capital gains taxes for remaining investors. ETFs often distribute fewer capital gains to investors compared to mutual funds, leading to lower tax liabilities.

Fund shares are bought and sold on an exchange at market price (not NAV) and are not individually redeemed from the fund. However, shares may be redeemed at NAV directly by certain authorized broker-dealers (Authorized Participants) in very large creation/redemption units. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. Market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates the current NAV per share. NAVs are calculated using prices as of the end of regular trading on the New York Stock Exchange (normally 4:00 PM Eastern Time).

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

A word about risk

There is no assurance that the fund will achieve its objective to seek high current income with a secondary objective of of capital appreciation.

ETFs are subject to risks and may lose value. Investment returns will vary.

The ETF is a new fund. New funds have limited operating histories for investors to evaluate and new funds may not attract sufficient assets to achieve investment and trading efficiencies.

As part of the fund's investment objective, the fund seeks to distribute current monthly income. As a result of market, interest rate and other circumstances, the amounts of such distributions may vary widely from month to month and in some months no distribution may be paid at all. There is no assurance that the fund will make a distribution in any given month. Distributions in excess of the fund's current and accumulated earnings and profits will be treated as a return of capital and a significant portion of the fund's distributions at any point in time may consist of return of capital. A return of capital distribution generally will not be taxable currently but will reduce the shareholder's cost basis and will result in a higher capital gain or lower capital loss when those fund shares on which the distribution was received are sold.

Large-cap companies may have fewer opportunities to expand the market for their products or services, may focus their competitive efforts on maintaining or expanding their market share, and may be less capable of responding quickly to competitive challenges. The above factors could result in the share price of large-cap companies lagging the overall stock market or growth in the general economy, and, as a result, could have a negative effect on the fund's portfolio, performance and share price.

Mid-cap companies often have narrower markets and limited managerial and financial resources compared to larger and more established companies.

Because the fund may allocate relatively more assets to certain industry sectors than others, the fund's performance may be more susceptible to any developments which affect those sectors emphasized by the fund.

Actively managed ETFs typically have higher fees than passive ETFs, which can reduce performance.

The value of equity securities in the fund's portfolio will fluctuate and, as a result, the fund's share price may decline. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

While stocks have higher return potential, they may be more volatile than bonds.

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

Diversification does not assure a profit nor protect against loss.

Definitions

Beta analyzes the market risk of a fund by showing how responsive the fund is to the market. The beta of the market is 1.00. Accordingly, an investment with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse in down markets. Usually the higher betas represent riskier investments.

High-dividend-paying stocks are defined by the advisor as those with a higher dividend yield than the S&P 500®'s average dividend yield.

Nasdaq index is broad-based market index that includes over 3,700 stocks listed on the Nasdaq stock exchange, representing a wide array of companies, particularly in technology.

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

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Federated Securities Corp., Distributor