

# Federated Hermes active ETFs



Federated Hermes offers actively managed exchange-traded funds (ETFs) designed to pursue growth, diversification or income generation for strategic or tactical needs.

Category	Equity					Fixed income		
	Growth	Core		Value/income		Low duration		Intermediate core plus
<b>Fund</b>	<b>MDT Large Cap Growth</b>	<b>MDT Large Cap Core</b>	<b>MDT Small Cap Core</b>	<b>MDT Large Cap Value</b>	<b>U.S. Strategic Dividend</b>	<b>Short Duration Corporate</b>	<b>Short Duration High Yield</b>	<b>Total Return Bond</b>
<b>Ticker</b>	<b>FLCG</b>	<b>FLCC</b>	<b>FSCC</b>	<b>FLCV</b>	<b>FDV</b>	<b>FCSH</b>	<b>FHYS</b>	<b>FTRB</b>
<b>Description</b>	• A portfolio of ~100 large-cap growth stocks that targets moderate tracking error	• A portfolio of ~150 large-cap growth and value stocks that targets moderate tracking error	• A portfolio of ~300 small-cap growth and value stocks that targets moderate tracking error	• A portfolio of ~100 large-cap value stocks that targets moderate tracking error	• A relatively concentrated portfolio of ~50 high-dividend-paying US stocks with dividend growth potential	• A portfolio of short duration investment-grade (IG) corporate bonds with the flexibility to add up to 10% high-yield (HY) and bank loan exposure	• A portfolio of short duration US HY corporate bonds and bank loans	• A core-plus portfolio of US government, mortgage-backed and IG corporate securities with modest HY and emerging market debt exposure
<b>Portfolio assets*</b>	\$2.8 m	\$2.8 m	\$3.5 m	\$3.2 m	\$159.2 m	\$28.2 m	\$25.7 m	\$248.2 m
<b>Investment objective</b>	• Seeks long-term capital appreciation	• Seeks long-term capital appreciation	• Seeks long-term capital appreciation	• Seeks long-term capital appreciation	• Seeks income and long-term capital appreciation	• Seeks current income	• Seeks high current income	• Seeks to provide total return
<b>Benchmark</b>	Russell 1000® Growth Index	Russell 1000® Index	Russell 2000® Index	Russell 1000® Value Index	S&P 500® Index	Bloomberg US Corporate 1-5 Year Index	ICE BofA 0-5 Year BB/B Constrained Index	Bloomberg US Aggregate Bond Index
<b>Morningstar Category</b>	Large Growth	Large Blend	Small Blend	Large Value	Large Value	Short-Term Bond	High Yield Bond	Intermediate Core-Plus Bond
<b>Reasons to invest</b>	<ul style="list-style-type: none"> <li>Pursue outperformance and diversify equity exposure</li> <li>Establish core exposure to large cap growth, replace passive exposure, complement an existing portfolio structure or seek to improve a portfolio's risk-adjusted returns</li> </ul>	<ul style="list-style-type: none"> <li>Pursue outperformance and diversify equity exposure</li> <li>Establish core exposure to large caps, replace passive exposure, complement an existing portfolio structure or seek to improve a portfolio's risk-adjusted returns</li> </ul>	<ul style="list-style-type: none"> <li>Pursue outperformance and diversify equity exposure</li> <li>Establish core exposure to small caps, replace passive exposure, complement an existing portfolio structure or seek to improve a portfolio's risk-adjusted returns</li> </ul>	<ul style="list-style-type: none"> <li>Pursue outperformance and diversify equity exposure</li> <li>Establish core exposure to large cap value, replace passive exposure, complement an existing portfolio structure or seek to improve a portfolio's risk-adjusted returns</li> </ul>	<ul style="list-style-type: none"> <li>Access quality companies with high and rising dividend potential</li> <li>Potentially lower equity portfolio volatility</li> </ul>	<ul style="list-style-type: none"> <li>Access higher yield potential than government securities with a modest increase in credit risk</li> <li>Offers attractive yield potential with less duration risk than equivalent longer duration bonds</li> <li>Overweight exposure to IG BBB-rated bonds can increase long-term return potential</li> </ul>	<ul style="list-style-type: none"> <li>Offers attractive yield potential with less duration risk than the core HY market</li> <li>Bank loans can offer additional diversification benefits across various market environments</li> </ul>	<ul style="list-style-type: none"> <li>Offers a one-stop-shop fixed-income portfolio that seeks diversified sources of alpha across key components of total return</li> <li>Has the potential to provide attractive risk-adjusted results through market cycles</li> </ul>
<b>Expense ratio*</b>								
<b>Before waivers:</b>	0.49%	0.39%	0.46%	0.42%	0.62%	0.39%	0.61%	0.54%
<b>After waivers:</b>	0.39%	0.29%	0.36%	0.32%	0.50%	0.30%	0.51%	0.39%

Not FDIC Insured • May Lose Value • No Bank Guarantee

\*As of 9/30/24. The funds' expense ratios are from their most recent prospectuses. Expense ratios may reflect voluntary fee waivers and/or expense reimbursements determined by the funds' Advisor and affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of each fund's next effective prospectus or 1/1/25 for U.S. Strategic Dividend ETF, 7/1/25 for Short Duration Corporate ETF and Short Duration High Yield ETF, 8/1/25 for MDT Large Cap Growth ETF, MDT Large Cap Core ETF, MDT Large Cap Value ETF and MDT Small Cap Core ETF and 9/1/25 for Total Return Bond ETF. Includes acquired fund fees and other expenses.

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 4:00 PM Eastern Time. Recent information, including information about the fund's NAV, market price, premiums and discounts, and bid-ask spreads, is included on the fund's website at [FederatedHermes.com/us](https://FederatedHermes.com/us).

**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 visit [FederatedHermes.com/us](https://FederatedHermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.**

### A word about risk

ETFs are subject to risks and fluctuate in value.

Diversification does not assure a profit nor protect against loss.

The value of equity securities in the funds' portfolios (Federated Hermes MDT ETFs, Federated Hermes U.S. Strategic Dividend ETF) will fluctuate and, as a result, the funds' share prices may decline. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

Because the funds (Federated Hermes MDT ETFs) may allocate relatively more assets to certain industry sectors than others, the funds' performance may be more susceptible to any developments which affect those sectors emphasized by the funds.

The Federated Hermes MDT ETFs are new funds that recently commenced operations. New funds have limited operating histories for investors to evaluate and new funds may not attract sufficient assets to achieve investment and trading efficiencies.

The funds' (Federated Hermes Short Duration High Yield ETF and Federated Hermes Short Duration Corporate ETF) use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

Bond ratings and credit ratings pertain only to the securities in the portfolio and do not protect Federated Hermes Short Duration Corporate ETF shares against market risk.

The quantitative models and analysis used by the Federated Hermes MDT ETFs may perform differently than expected and negatively affect fund performance.

Growth stocks tend to have higher valuations and thus are typically more volatile than value stocks. Growth stocks also may not pay dividends or may pay lower dividends than value stocks.

Value stocks tend to have higher dividends and thus have a higher income-related component in their total return than growth stocks. Value stocks also may lag growth stocks in performance, particularly in late stages of a market advance.

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 a 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.

Small-cap companies may have less liquid stock, a more volatile share price, unproven track records, a limited product or service base and limited access to capital. The above factors could make small-cap companies more likely to fail than larger companies and increase the volatility of a fund's portfolio, performance and price. Suitable securities of small-cap companies also can have limited availability and cause capacity constraints on investment strategies for funds that invest in them.

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.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

The value of some asset-backed and mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

Certain non-rated securities may carry a higher risk of default.

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.

Variable and floating rate loans and securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating rate loans and securities generally will not increase in value as much as fixed rate debt instruments if interest rates decline.

Foreign investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards. Prices of emerging-markets securities can be significantly more volatile than the prices of securities in developed countries and currency risk and political risks are accentuated in emerging markets.

Issuers of fixed-income securities may fail to pay interest or principal on those securities when due, which may reduce the value of the fund's portfolio holdings, its share price and its performance.

### Definitions

**Alpha** measures the excess returns of a fund relative to the return of a benchmark index.

**Duration** is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**Tracking error** is the standard deviation of the difference between a portfolio's returns and the benchmark or index it was meant to mimic or beat.

## Definitions (continued)

**Russell 1000® Growth Index** measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

**Russell 1000® Index** measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® Index represents approximately 92% of the US market. The Russell 1000® Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

**Russell 1000® Value Index** measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values. The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Russell 1000® Value Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

**Russell 2000® Index** measures the performance of the small-cap segment of the US equity universe. The Russell 2000® is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

**S&P 500® Index** 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.

**Bloomberg US Aggregate Bond Index** is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization.

**Bloomberg US Corporate 1-5 Year Index** measures the investment grade, fixed-rate, taxable corporate bond market with 1-5 year maturities.

**Bloomberg US Universal Index** is an index that represents the union of the US Aggregate Index, US Corporate High-Yield, Investment Grade 144A Index, Eurodollar Index, US Emerging Markets Index, and the non-ERISA eligible portion of the CMBS Index. The index covers USD denominated, taxable bonds that are rated either investment-grade or below investment-grade.

**ICE BofA 0-5 Year BB/B Constrained Index** 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.

Indexes are unmanaged and cannot be invested in directly.

## Ratings and rating agencies

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2024 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.