

# In need of cash flows?

PAYR | Federated Hermes Enhanced Income ETF

As of 12/31/25



## Fund name

Federated Hermes  
Enhanced Income ETF

## Ticker

PAYR

## Portfolio statistics

- 10.27% 30-day distribution rate
- 3.45% 30-day yield
- 4.07% gross weighted average dividend yield\*
- 10 dividend increases and zero cuts since inception (10/7/25)
- 0.64 beta\*\*\*

## Portfolio highlights

- Seeks to generate relatively steady and high monthly cash flow distributions
- Offers the Strategic Value Dividend team's approach to dividend investing, enhanced with a relatively conservative options strategy
- Utilizes call spread writing to limit losses to the difference in strike prices
- Seeks lower beta and downside risk relative to the broad market

## Dividend portfolio

PAYR invests in 40-55 quality companies with high and rising dividend potential

Dividend portfolio holding	Prospective dividend yield (%)*	Dividends paid consecutively since	Consecutive years of dividend increases	Dividend % change**	% of PAYR
<b>Consumer Discretionary 2.26%</b>					
<b>Best Buy Co., Inc.</b>	5.68	2004	12	-	0.94
<b>Genuine Parts Co.</b>	3.35	1948	69	-	1.32
<b>Consumer Staples 13.41%</b>					
<b>Altria Group, Inc.</b>	7.35	1928	57	-	1.45
<b>British American Tobacco P.L.C.</b>	5.70	1998	28	-	2.78
<b>Coca-Cola Company</b>	2.92	1920	63	-	1.03
<b>Diageo PLC</b>	4.80	1985	0	-	0.96
<b>Kimberly-Clark Corporation</b>	5.00	1935	53	-	1.24
<b>Mondelez International Inc.</b>	3.72	2001	13	-	1.24
<b>PepsiCo, Inc.</b>	3.96	1952	53	-	2.54
<b>Philip Morris International Inc.</b>	3.67	1928	18	-	2.18
<b>Energy 15.64%</b>					
<b>Chevron Corp</b>	4.49	1912	8	-	3.12
<b>Enbridge Inc.</b>	5.91	1953	30	2.9	3.22
<b>Exxon Mobil Corporation</b>	3.42	1911	5	4.0	3.08
<b>TC Energy Corp.</b>	3.82	1985	26	-	2.48
<b>TotalEnergies SE</b>	5.20	1945	4	-	3.75
<b>Financials 17.76%</b>					
<b>Allianz SE</b>	3.35	1985	12	-	1.22
<b>Bank of Montreal</b>	3.19	1922	5	2.5	1.73
<b>CME Group, Inc.<sup>1</sup></b>	3.95	2003	12	-	2.49
<b>Huntington Bancshares Incorporated</b>	3.57	1971	0	-	1.42
<b>PNC Financial Services Group, Inc.</b>	3.26	1979	5	-	3.80
<b>Truist Financial Corp</b>	4.23	1980	0	-	3.38
<b>U.S. Bancorp</b>	3.90	1980	5	-	3.71
<b>Health Care 17.23%</b>					
<b>AbbVie Inc.</b>	3.03	1924	12	5.5	2.25
<b>Amgen Inc.</b>	3.08	2011	14	5.9	2.66
<b>Gilead Sciences, Inc.</b>	2.57	2015	10	-	1.25
<b>GlaxoSmithKline PLC</b>	3.51	1889	2	-	1.52

continued on next page

\* Dividend yield is only one component of available portfolio characteristics, and it is not and should not be viewed as a statement of current or future performance of the fund.

\*\* Represents dividend changes within the portfolio since inception.

\*\*\* See last page for description of portfolio beta calculation.

<sup>1</sup> CME Group Inc.'s policy is to pay a base dividend of 50% to 60% of the prior year's cash earnings plus an annual "variable dividend." The amount of the variable dividend is determined at the end of each year, and is based on operating results, capex, potential M&A activity and other uses of capital.

**Performance 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 sold or redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, contact us or visit [FederatedHermes.com/us](https://www.federatedhermes.com/us).**

Not FDIC Insured • May Lose Value • No Bank Guarantee

Dividend portfolio holding	Prospective dividend yield (%)*	Dividends paid consecutively since	Consecutive years of dividend increases	Dividend % change**	% of PAYR
Health Care 17.23% (continued)					
<b>Johnson &amp; Johnson</b>	2.51	1944	63	-	2.53
<b>Merck &amp; Co., Inc.</b>	3.23	1932	15	-	1.52
<b>Pfizer Inc.</b>	6.91	1938	0	-	2.43
<b>Sanofi</b>	4.03	1985	30	-	3.07
Industrials 1.69%					
<b>Paychex, Inc.</b>	3.85	1988	5	-	1.69
Information Technology 1.41%					
<b>Texas Instruments, Inc.</b>	3.27	1962	22	-	1.41
Materials 2.29%					
<b>AmcOR PLC</b>	6.24	1922	6	2.0	2.29
Real Estate 6.82%					
<b>Kimco Realty Corporation</b>	3.47	1992	6	4.0	2.50
<b>NNN Reit, Inc.</b>	6.05	1985	36	-	1.23
<b>ProLogis Inc.</b>	2.89	1994	12	-	3.08
Utilities 16.33%					
<b>American Electric Power Co., Inc.</b>	3.30	1910	13	2.2	1.43
<b>Duke Energy Corporation</b>	3.63	1926	18	-	1.82
<b>Evergy, Inc.</b>	3.84	1980	20	4.1	2.08
<b>FirstEnergy Corp.</b>	3.98	1998	3	-	2.51
<b>National Grid PLC</b>	4.14	1996	0	-	3.46
<b>PPL Corporation</b>	3.11	1946	3	-	1.56
<b>Southern Company</b>	3.39	1948	24	-	0.97
<b>WEC Energy Group, Inc.</b>	3.61	1986	22	6.7	1.50
<b>Xcel Energy, Inc.</b>	3.09	1959	19	-	1.00
<b>Total dividend portfolio</b>					<b>94.84</b>

\* Dividend yield is only one component of available portfolio characteristics, and it is not and should not be viewed as a statement of current or future performance of the fund.

\*\* Represents dividend changes within the portfolio since inception.

Sources: Bloomberg, FactSet and company websites of current holdings.

Information as of 12/31/25. The fund is a managed portfolio and holdings are subject to change.

**Past performance is no guarantee of future results.**

## Derivatives overlay

PAYR uses a derivatives overlay strategy to enhance cash flow potential

Derivatives portfolio holding	% of PAYR
Call spread	
<b>SPDR S&amp;P 500 ETF Trust (Call-Option) Strike Price 725; Expiration Date 1/16/26 (Long)*</b>	0.00
<b>SPDR S&amp;P 500 ETF Trust (Call-Option) Strike Price 705 ; Expiration Date 1/16/26 (Short)**</b>	-0.04
Futures	
<b>SP500 MIC EMIN FUTMar26***</b>	0.00
Other	
<b>US Treasury Bill, 1/20/2026</b>	1.20
<b>US Treasury Bill, 2/17/2026</b>	1.54
<b>US Treasury Bill, 03/17/2026</b>	0.68
<b>Total derivatives overlay allocation</b>	<b>3.38</b>

\* Delta adjusted weight of the Long leg of the call spread is 0.70%.

\*\* Delta adjusted weight of the Short leg of the call spread is -5.01%.

\*\*\* Futures contracts do not require cash outlay; the notional value of the futures was 4.44%.

Information as of 12/31/25. For current holdings, visit [FederatedHermes.com/us](https://FederatedHermes.com/us).

## Returns (%) as of 12/31/25

	CBOE ticker	1-month	Since inception (10/7/25)	30-day yield	Expense ratio (%)*	
					Before waivers	After waivers
<b>NAV</b>	PAYR	-0.03	2.86	3.45	0.74	0.40
<b>Market price</b>	PAYR	0.95	3.20	-	0.74	0.40

**Performance 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 sold or redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, contact us or visit [FederatedHermes.com/us](https://www.federatedhermes.com/us).**

Returns for periods of less than one year are cumulative.

\* The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 1/1/27 or the date of the fund's next effective prospectus.

The market price return is calculated from closing prices as determined by the fund's listing exchange. The returns shown do not represent the returns you would receive if you traded shares at other times.

30-day yield (also known as "SEC yield") is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.35% at net asset value.

## In need of cash flows?

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

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). 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](http://FederatedHermes.com/us).

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**

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.

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.

Call spread writing limits losses to the difference in strike prices. It is a more conservative options strategy than simply writing calls, where an investor is exposed to unlimited losses.

Diversification does not assure a profit nor protect against loss.

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

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.

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.

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.

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

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.

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.

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.

### **Definitions**

**30-day distribution rate** is the 30-day distribution yield for the ETF and is calculated by taking the most recent monthly distribution (annualized) and dividing by the current NAV. The distribution yield can vary widely from month to month based on several factors, typically related to options prices.

**Beta** measures a portfolio's volatility relative to the market. A beta greater than 1.00 suggests the portfolio has historically been more volatile than the market as measured by the fund's benchmark. A beta less than 1.00 suggests the portfolio has historically had less volatility relative to the market. Before a 3-year fund return beta is available, the ETF's beta is calculated using the betas of its underlying securities relative to the S&P 500® for the US securities, or their local market index for foreign securities. For non-option securities, the beta is calculated using a weighted average of their 5-year betas, based on their portfolio weights on the calculation date. For options, due to their volatility, the beta is calculated using a weighted average of their 5-year betas based on an average of their daily portfolio exposures from the time they were added to the ETF through the calculation date.

**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.

**Weighted average dividend yield** is the prospective dividend yield for each security averaged based on the percentages of the securities in the portfolio. Prospective dividend yield is calculated by taking the most recent declared dividend payment multiplied by the number of dividend payments typically made during the year for each holding divided by the current share price for each security.

**This material must be preceded or accompanied by a prospectus.**