

January 2024

Objectives update

- **Dividend yield:*** The portfolio's holdings had a weighted avg. dividend yield at 1/31/24 of more than 2.5x times that of the S&P 500®.
- **Dividend growth:** 40 of the portfolio's 54 companies raised dividends in the last 12 months.
- **Long-term total return:** Our income-first approach seeks to generate competitive long-term total return driven by dividends and dividend growth. Over the last 12 months, our style of investing has significantly underperformed the tech-led broad market. High-yielding S&P 500® stocks have underperformed no/low-yielding stocks by 41.31%.

*For standard yield of the fund and for total returns, see the chart on page 3.

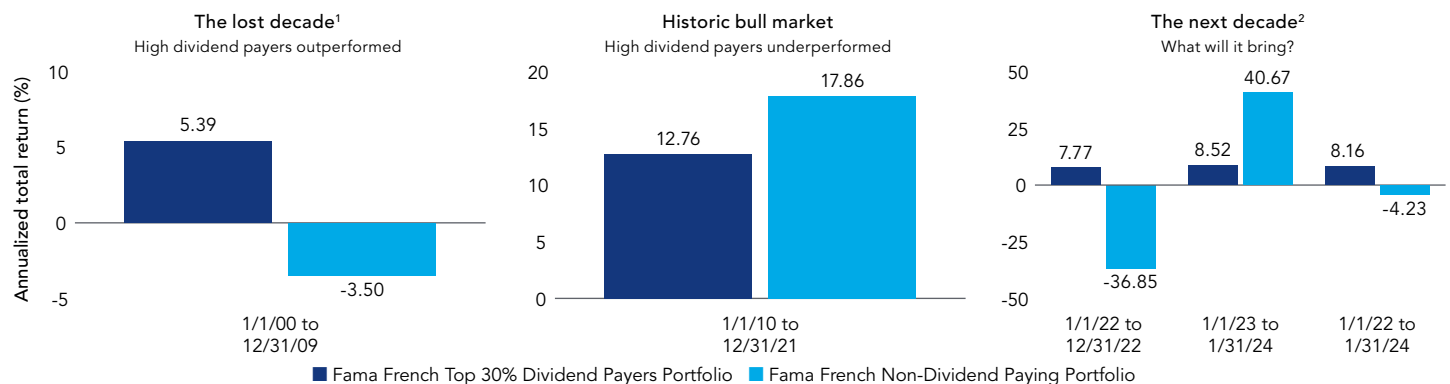
Insights from the team

- **Free cash flow (FCF):** Recently, FCF generation in cyclical companies has mirrored exceptionally strong nominal economic growth. The tech sector, for example, currently has an average FCF margin of 28% (aided also by tech companies' generally low capital expenditure requirements) versus the S&P 500®'s 19%. However, cyclical companies likely experience a sharper decline in FCF in a recession. Our approach to FCF centers on the dividend. We seek companies with stable, durable FCF to support high dividend payments and dividend growth potential. We build 5-year FCF forecasts for each company and model the level of dividend growth that FCF can support. We conduct scenario analyses to measure potential impacts to FCF, such as, for a pharmaceutical company, patent expiry on a key drug. We seek FCF generated by mature, defensive businesses, which we believe will be durable in periods of economic weakness and continue to support high and rising dividend potential.

Investment view

- Even if the Federal Reserve can engineer a "soft landing," economic growth is expected to slow and fixed-income yields are expected to fall. In our opinion, now is a great time to consider taking advantage of recent underperformance to invest in stocks with high and rising dividend yield potential. Plus, companies that paid high dividends in the past have bounced back after periods of underperformance.

High dividend payers have provided competitive long-term return with lower volatility and outperformance in down markets



As of 1/31/24. Graph shows the annualized total returns of the Fama French Top 30% Dividend Payers Portfolio and Fama French Non-Dividend Paying Portfolio. Sources: Eugene F. Fama & Kenneth R. French, Morningstar, Inc., Federated Hermes analysis. Illustration provided for discussion purposes only. Does not represent fund investments or performance. This is for illustrative purposes only and is not indicative of any specific investment. Investments cannot be made in this portfolio. **Past performance is no guarantee of future results.**

Volatility (%) as of 1/31/24

	Standard deviation			
	1-year	5-year	10-year	20-year
Fama French Top 30% Dividend Payers Portfolio	15.40	19.05	15.20	15.09
Fama French Non-Dividend Paying Portfolio	18.36	23.11	19.39	18.62

¹ The period known as 'The lost decade' refers to 1/1/00 - 12/31/09 when the S&P 500® experienced a negative return over a full decade period.

² The three time periods in this graph illustrate the three most recent periods for the broad market: 1/1/22 - 12/31/22 (broad market downturn), 1/1/23 - 1/31/24 (broad market rally led by mega-cap tech stocks) and 1/1/22 - 1/31/24 (looking at the two previous periods combined).

Unless noted, all information is as of 1/31/24. **Past performance is no guarantee of future results.**

Not FDIC Insured • May Lose Value • No Bank Guarantee

Federated Hermes U.S. Strategic Dividend ETF (FDV)

Our philosophy

We believe in owning businesses that are committed to providing investors regular dividend payments.

We are not a traditional equity value shop; rather, we believe in an income-first approach that seeks to deliver a high current yield and growing income stream to our clients. We believe we can meet the needs of investors seeking current income, as well as those looking for moderate capital appreciation through dividend growth.

Objective

The fund pursues income and long-term capital appreciation by investing primarily in high-dividend-paying stocks of U.S. companies with dividend growth potential.

- Seeks a higher dividend yield than that of the broad equity market
- Invests in high-quality companies positioned to increase their dividends over time
- Offers the potential for competitive upside performance in strong market environments and the potential for lower downside risk in weak environments

Key data

- Gross weighted average dividend yield of 4.16% is more than 2.5x the S&P 500® at 1.46% and more than the 10-year Treasury at 3.99%³ 30-day yield is 3.61% at net asset value (NAV) and market price⁴
- Trailing 12-months, there were 40 dividend increases and zero cuts
- 100% of the 54 holdings were investment-grade rated (highest S&P-rated holdings: Johnson & Johnson at AAA; lowest: Conagra Brands, Inc. at BBB-)

Performance quoted represents past performance, which is no guarantee of future results. Fund performance changes over time and current performance may be lower or higher than what is stated. 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 and current performance may be lower or higher than the performance quoted. Performance includes reinvestment of dividends and other earnings. To view performance current to the most recent month-end contact us or visit FederatedHermes.com/us. See following page for standard fund total returns.

Sector allocation	% of portfolio	% of benchmark	Variance
Utilities	18.5	2.2	16.3
Consumer Staples	17.6	6.1	11.5
Health Care	13.8	12.8	1.0
Financials	12.5	13.1	-0.6
Industrials	8.0	8.6	-0.6
Information Technology	6.2	29.5	-23.3
Communication Services	5.9	8.9	-3.0
Energy	5.1	3.8	1.3
Consumer Discretionary	4.9	10.3	-5.4
Real Estate	3.9	2.4	1.5
Materials	3.3	2.3	1.0
Cash/Cash Equivalents	0.3	0.0	0.3
Total % of Portfolio:	100.0	100.0	-

Fund statistics	Federated Hermes U.S. Strategic Dividend ETF	S&P 500® Index
Wtd. average dividend yield (%)	4.16	1.46
Wtd. median P/E ratio (NTM)	14.77x	23.24x
Median 3-year average dividend payout ratio	60.67	29.59
Wtd. median price/book	2.24x	7.15x
Wtd. median price/cash flow	10.01x	21.70x
Portfolio beta vs. S&P 500® (5-year)⁵	0.83	1.00
Foreign securities (%)	0.00	0.00
Number of holdings	54	500

Top 10 holdings (%)	Weight	Prospective dividend yield
Philip Morris International Inc.	3.1	5.7
The Southern Company	3.1	4.0
Amgen Inc.	3.1	2.9
Target Corp.	3.1	3.2
JPMorgan Chase & Co.	3.1	2.4
Duke Energy Corporation	3.0	4.3
Verizon Communications Inc.	2.9	6.3
The PNC Financial Services Group, Inc.	2.8	4.1
Conagra Brands, Inc.	2.7	4.8
Corning Inc.	2.5	3.5

Unless otherwise noted, all information is as of 1/31/24.

Investment-grade securities are securities that are rated at least "BBB" or unrated securities of a comparable quality. Non-investment-grade securities are securities that are not rated at least "BBB" or unrated securities of a comparable quality.

³ Yield for the fund and index is the weighted average dividend yield. See the disclosures at the end of this document for yield definitions.

⁴ In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.51% at NAV and market price as of 1/31/24.

⁵ 5-year wtd. average beta of underlying stocks vs. the S&P 500® Index.

Past performance is no guarantee of future results.

Average annual total returns (%) as of 12/31/23

	Ticker symbol	Cumulative 3-month	1-year	Since inception (11/15/22)	30-day yield [^]	Expense ratio ^{*,†}	
						Before waivers	After waivers
NAV	FDV	8.64	-2.13	-0.80	3.54	0.62	0.50
Market price	FDV	8.64	-2.18	-0.25	3.54	0.62	0.50
S&P 500® Index	–	11.69	26.29	15.55	–	–	–

Performance quoted represents past performance, which is no guarantee of future results. Fund performance changes over time and current performance may be lower or higher than what is stated. 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 and current performance may be lower or higher than the performance quoted. Performance includes reinvestment of dividends and other earnings. To view performance current to the most recent month-end contact us or visit FederatedHermes.com/us.

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.

* 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 1/1/25 or the date of the fund's next effective prospectus.

† Includes acquired fund fees and other expenses.

[^]In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.44% at NAV and 3.44% at market price.

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. The returns shown do not represent the returns you would receive if you traded shares at other times. 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.

Definitions

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, and reflects the net asset value (NAV) per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. The 30-day yield at market price is calculated similarly to the "SEC yield" but is based on market price rather than NAV.

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, a fund 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.

Capital expenditure is the money an organization spends to buy, maintain, or improve its fixed assets, such as buildings, vehicles, equipment, technology or land.

Fama-French portfolios formed on D/P at the end of each June using NYSE breakpoints. The dividend yield used to form portfolios in June of year t is the total dividends paid from July of t-1 to June of t per dollar of equity in June of t. Includes all NYSE, AMEX and NASDAQ stocks for which we have market equity for June of year t, and at least 7 monthly returns (to compute the dividend yield) from July of t-1 to June of t.

Free cash flow is calculated as cash from operations minus capital expenditures. It demonstrates the cash flow that a company can potentially distribute.

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

The holdings percentages are based on net assets at the close of business on 1/31/24 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment holdings will change.

Payout ratio is the proportion of earnings paid out as dividends to shareholders, typically expressed as a percentage.

Price/book ratio is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Price/cash flow ratio is a stock valuation measure calculated by dividing a firm's cash flow per share into the current stock price.

Price/earnings ratio (P/E ratio) is a valuation ratio of a company's current share price compared to its per-share earnings. The P/E ratio helps investors determine the market value of a stock as compared to the company's earnings. A low P/E ratio might indicate that a stock that has the potential for significant growth is undervalued. P/E ratios are only one indicator of a company's financial well-being. Forward price-to-earnings (Forward P/E) is a version of the P/E that uses forecasted earnings for the P/E calculation. The earnings used in this formula are just an estimate and not as reliable as current or historical earnings data.

Standard deviation is a historical measure of the variability of returns relative to the average annual return. A higher number indicates higher overall volatility.

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 is calculated based on a snapshot in time and may change due to fluctuations in share prices, dividends actually paid and changes in holdings in the portfolio.

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. Indexes are unmanaged and cannot be invested in directly.

Indexes are unmanaged and cannot be invested in directly.

A word about risk

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.

This material must be preceded or accompanied by a prospectus. Click [here](#) for the latest prospectus.