

Objectives update — Federated Hermes U.S. Strategic Dividend ETF (FDV)

- **Dividend yield:*** The portfolio's holdings had a weighted average dividend yield at 9/30/24 of more than 2.5x that of the S&P 500®.
- **Dividend growth:** Year-to-date the portfolio has had 31 of its current holdings raise dividends. None cut.
- **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 in stocks with the potential for high and rising dividends has underperformed the broad market, with the highest-yielding quintile of S&P 500® stocks underperforming the lowest-yielding quintile by 8.89%. However, the highest-yielding quintile has outperformed as of late, leading the lowest-yielding quintile by 7.45% in the third quarter.

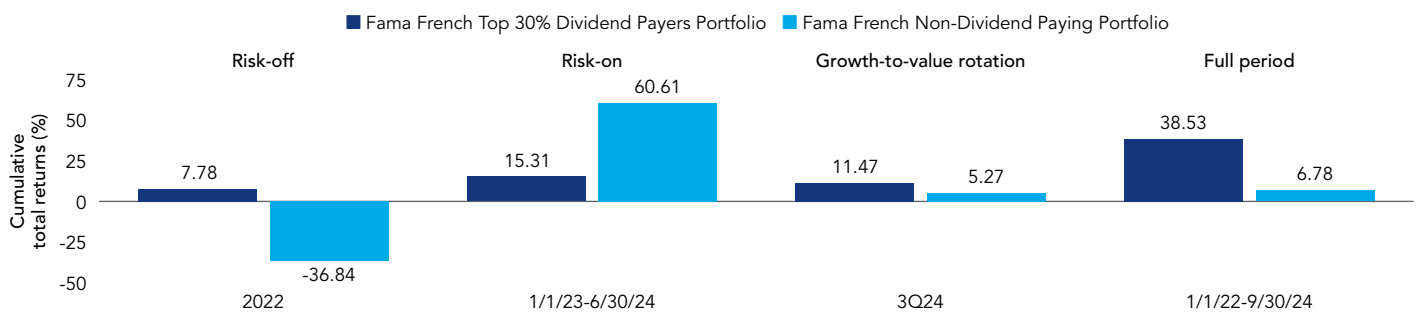
*For standard yield of the fund and for total returns, see the chart on page three.

Insights from the team

Does the rotation to high dividends have legs? The graph below shows how high-dividend-paying stocks outperformed in 3Q24 as the market rotated towards defensive dividend payers. We believe this rotation has the potential to continue for several reasons:

1. Defensive, dividend-paying sectors have outperformed in the six months after the first rate cut in the last four cycles (the top three sectors based on average relative returns vs. the S&P 500® were: Utilities +5.2%, Consumer Staples +4.2% and Health Care +3.6%; the bottom three were Consumer Discretionary -2.1%, Real Estate -3.4% and Tech -6.2%, according to Strategas).
2. Whether it's the polarizing political environment, conflict abroad, or mega-cap stock market concentration, etc, risks persist. The S&P 500® bottomed on average 222 days after the first rate cut in the last eight cut cycles, falling on average -22.2%. High-dividend stocks tend to outperform in challenging markets. This is partly because dividends provide a cash payment, a positive source of return that can help offset share price declines. It is also because quality dividend stocks are historically profitable companies that are typically mature, have steady cash flows and can weather difficult markets.
3. Relative valuations remain attractive: 15.89x portfolio forward price-to-equity (P/E) ratio vs. 25.70x S&P 500®, a -9.81 difference.

Market performance jumped up and down over the last few years. High-dividend-payers provided a smoother ride and ultimately outperformed non-payers



Graph shows the cumulative 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. 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. Performance shows different time periods selected based on different market environments. Performance for other periods varied. **Past performance is no guarantee of future results.**

Investment view

Dividends are back. In a weakening economy when interest rates are falling, high-quality dividend payers offer both downside defense and rate sensitivity, as they have a history of outperforming in down markets and tend to benefit from a lower cost of capital. Plus, valuations are attractive. We believe now is a buying opportunity.

Unless otherwise noted, all information is as of 9/30/24. **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 US 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 3.66% is more than 2.5x the S&P 500® at 1.29%¹
- 30-day yield is 3.19% at net asset value (NAV) and market price²
- Trailing 12 months, there were 46 dividend increases and zero cuts
- 100% of the 51 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	19.4	2.5	16.9
Consumer Staples	16.9	5.9	11.0
Health Care	15.7	11.6	4.1
Financials	12.4	12.9	-0.5
Real Estate	8.3	2.3	6.0
Information Technology	5.3	31.9	-26.6
Energy	5.1	3.3	1.8
Communication Services	5.0	8.8	-3.8
Industrials	4.7	8.5	-3.8
Materials	4.0	2.2	1.8
Consumer Discretionary	3.6	10.1	-6.5
Cash/Cash Equivalents	-0.4	0.0	-0.4
Total % of Portfolio:	100.0	100.0	-

Fund statistics	FDV	S&P 500® Index
Wtd. average dividend yield (%) ¹	3.66	1.29
Wtd. median P/E ratio (NTM)	15.89x	25.70x
Median 3-year average dividend payout ratio	59.63	31.48
Wtd. median price/book	2.83x	8.27x
Wtd. median price/cash flow	11.14x	22.37x
Portfolio beta vs. S&P 500® (5-year) ³	0.82	1.00
Foreign securities (%)	0.00	0.00
Number of holdings	51	500

Top 10 holdings (%)	Weight	Prospective dividend yield
Gilead Sciences, Inc.	3.2	3.7
Morgan Stanley	3.1	3.6
Chevron Corp.	3.0	4.4
Amgen Inc.	3.0	2.8
The PNC Financial Services Group, Inc.	2.9	3.5
The Southern Company	2.9	3.2
Duke Energy Corporation	2.8	3.6
Target Corp.	2.7	2.9
Verizon Communications Inc.	2.7	6.0
The Coca-Cola Company	2.6	2.7

Unless otherwise noted, all information is as of 9/30/24.

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.

¹ Yield for the fund and index is the weighted average dividend yield. See the disclosures at the end of this document for yield definitions.

² In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 3.09% at NAV and market price as of 9/30/24.

³ 5-year weighted 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 9/30/24

	Ticker symbol	Cumulative 3-month	1-year	Since inception (11/15/22)	30-day yield [^]	Expense ratio ^{*,†}	
						Before waivers	After waivers
NAV	FDV	13.03	29.15	9.14	3.19	0.62	0.50
Market price	FDV	13.12	29.20	9.53	3.19	0.62	0.50
S&P 500® Index	–	5.89	36.35	23.54	-	-	-

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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 3.09% at NAV and market price as of 9/30/24.

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.

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.

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 9/30/24 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.

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.

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A word about risk

ETFs are subject to risks and fluctuate in value.

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.

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.