

Semi-Annual Financial Statements and Additional Information



August 31, 2024

NYSE Arca | FSCC

Federated Hermes MDT Small Cap Core ETF

A Portfolio of Federated Hermes ETF Trust

CONTENTS

Portfolio of Investments	1
Financial Highlights	8
Statement of Assets and Liabilities	9
Statement of Operations	10
Statement of Changes in Net Assets.....	11
Notes to Financial Statements.....	12
Evaluation and Approval of Advisory Contract.....	16

Portfolio of Investments

August 31, 2024 (unaudited)

Shares		Value
	COMMON STOCKS—99.5%	
	Communication Services—3.4%	
196	¹ AMC Networks, Inc.	\$ 1,930
1,278	¹ Cinemark Holdings, Inc.	34,992
1,170	¹ E.W. Scripps Co.	2,305
90	¹ EverQuote, Inc.	2,223
491	¹ Grindr, Inc.	5,907
2,976	¹ Lumen Technologies, Inc.	15,624
941	¹ Madison Square Garden Spinco	39,729
116	¹ MediaAlpha, Inc.	2,065
217	Shutterstock, Inc.	7,786
1,160	¹ Vimeo Holdings, Inc.	6,206
	TOTAL	118,767
	Consumer Discretionary—8.8%	
79	¹ Abercrombie & Fitch Co., Class A	11,658
101	¹ Adient PLC	2,285
213	¹ American Public Education, Inc.	3,561
217	¹ Beyond, Inc.	2,133
41	¹ Brinker International, Inc.	2,932
77	¹ Carvana Co.	11,598
3,575	¹ Chegg, Inc.	7,722
667	Clarus Corp.	2,875
206	Dana, Inc.	2,326
326	¹ Frontdoor, Inc.	15,674
191	¹ Helen of Troy Ltd.	10,196
1,635	¹ iRobot Corp.	11,968
43	¹ Life Time Group Holdings, Inc.	1,011
90	Monro, Inc.	2,438
86	Murphy USA, Inc.	44,688
1,164	¹ National Vision Holdings, Inc.	12,292
93	¹ ODP Corp./The	2,869
1,294	PetMed Express, Inc.	4,128
37	Phinia, Inc.	1,774
2,456	¹ Rush Street Interactive, Inc.	23,013
6	¹ Sleep Number Corp.	91
489	¹ Taylor Morrison Home Corp.	32,924
153	Texas Roadhouse, Inc.	25,819
397	¹ Universal Technical Institute, Inc.	6,928
496	Upbound Group, Inc.	16,517
33	¹ Visteon Corp.	3,341
206	¹ Warby Parker, Inc.	3,073
47	Wingstop, Inc.	18,147
51	Winnebago Industries, Inc.	3,043
1,163	Wolverine World Wide, Inc.	15,945
	TOTAL	302,969
	Consumer Staples—3.7%	
994	¹ Beauty Health Co./The	1,779
634	¹ Bellring Brands, Inc.	35,460
190	Energizer Holdings, Inc.	6,156
1,136	¹ Hain Celestial Group, Inc.	9,088
485	Medifast, Inc.	8,875

Shares		Value
	COMMON STOCKS—continued	
	Consumer Staples—continued	
3,326	Nu Skin Enterprises, Inc., Class A	\$ 29,701
197	¹ Sprouts Farmers Market, Inc.	20,498
281	Turning Point Brands, Inc.	11,139
109	¹ United Natural Foods, Inc.	1,649
98	¹ Vital Farms, Inc.	3,082
	TOTAL	127,427
	Energy—5.0%	
422	¹ Amplify Energy Corp.	3,009
1,151	Ardmore Shipping Corp.	21,731
419	California Resources Corp.	21,985
195	CONSOL Energy, Inc.	19,945
213	¹ Expro Group Holdings NV	4,230
249	International Seaways, Inc.	12,906
29	Kinetik Holdings, Inc.	1,283
60	Kodiak Gas Services	1,665
701	Liberty Energy, Inc.	14,434
216	Magnolia Oil & Gas Corp.	5,532
46	¹ Nabors Industries Ltd.	3,467
926	¹ Oil States International, Inc.	4,898
55	PBF Energy, Inc.	1,873
106	Scorpio Tankers, Inc.	7,583
878	SM Energy Co.	40,063
62	Weatherford International PLC	6,506
	TOTAL	171,110
	Financials—18.7%	
512	Amalgamated Financial Corp.	16,891
1,187	¹ AvidXchange Holdings, Inc.	9,579
40	BancFirst Corp.	4,256
23	¹ Bancorp, Inc., DE	1,205
1,286	BankUnited, Inc.	49,421
101	Bread Financial Holdings, Inc.	5,875
3,828	BrightSpire Capital, Inc.	22,777
1,064	Byline Bancorp, Inc.	29,526
810	¹ Cantaloupe, Inc.	5,605
47	Capital Bancorp, Inc.	1,202
1,052	CNO Financial Group, Inc.	36,736
303	¹ Customers Bancorp, Inc.	15,701
22	¹ Donnelley Financial Solutions, Inc.	1,466
175	Employers Holdings, Inc.	8,391
626	FB Financial Corp.	30,186
1,178	Fidelis Insurance	21,816
406	First Business Financial Services, Inc.	18,420
1,115	First Foundation, Inc.	7,850
69	Fulton Financial Corp.	1,335
469	¹ Green Dot Corp.	5,239
334	¹ Hamilton Insurance Group, Ltd.	6,540
46	HCI Group, Inc.	4,408
191	Hometrust Bancshares, Inc.	6,964
1,014	Jackson Financial, Inc.	91,230
310	¹ LendingTree, Inc.	17,958
217	Mercantile Bank Corp.	9,978
663	Merchants Bancorp, Inc.	30,398

Shares		Value
	COMMON STOCKS—continued	
	Financials—continued	
61	Midland States Bancorp, Inc.	\$ 1,389
959	New York Community Bancorp, Inc.	10,396
80	¹ NMI Holdings, Inc.	3,286
450	OFG Bancorp.	20,695
239	¹ Oscar Health, Inc.	4,374
57	¹ Palomar Holdings, Inc.	5,655
212	Peapack-Gladstone Financial Corp.	6,055
254	PROG Holdings, Inc.	11,877
90	RLI Corp.	13,869
332	Sierra Bancorp	10,003
1,095	¹ Siriuspoint Ltd.	16,414
718	¹ Skyward Specialty Insurance Group, Inc.	29,345
112	The Bank of NT Butterfield & Son Ltd.	4,284
924	Trustmark Corp.	30,778
23	UMB Financial Corp.	2,383
69	Universal Insurance Holdings, Inc.	1,476
247	Victory Capital Holdings	13,479
	TOTAL	646,711
	Health Care—18.9%	
2,125	¹ ADMA Biologics, Inc.	36,784
3,341	¹ Akebia Therapeutics, Inc.	5,179
720	¹ Aldeyra Therapeutics, Inc.	4,144
259	¹ Alector, Inc.	1,368
861	¹ Alkermes PLC	24,495
1,187	¹ Amylyx Pharmaceuticals, Inc.	2,635
243	¹ AnaptysBio, Inc.	9,256
180	¹ Arvinas, Inc.	4,709
659	¹ Atea Pharmaceuticals, Inc.	2,537
302	¹ Blueprint Medicines Corp.	28,853
92	¹ BrightSpring Health Services, Inc.	1,155
202	¹ Catalyst Pharmaceutical Partners, Inc.	4,091
2,232	¹ Codexis, Inc.	6,450
593	¹ Collegium Pharmaceutical, Inc.	22,807
1,354	¹ Community Health Systems, Inc.	7,379
106	¹ Edgewise Therapeutics, Inc.	1,988
597	¹ Emergent BioSolutions, Inc.	4,961
2,469	¹ Fate Therapeutics, Inc.	9,061
10	¹ Glaukos Corp.	1,339
30	¹ Haemonetics Corp.	2,267
996	¹ Halozyme Therapeutics, Inc.	63,595
863	¹ Harmony Biosciences Holdings, Inc.	31,051
1,365	¹ Hims & Hers Health, Inc.	20,106
1,797	¹ Inmode Ltd.	30,028
1,255	¹ Inogen, Inc.	15,399
26	¹ Insmad, Inc.	1,988
30	¹ Krystal Biotech, Inc.	5,854
8	¹ Lantheus Holdings, Inc.	852
214	¹ Livanova PLC	10,783
4,525	¹ Mannkind Corp.	28,326
1,387	¹ MiMedx Group, Inc.	9,487
450	¹ Nevro Corp.	2,786
562	¹ Novocure Ltd.	10,925

Shares		Value
	COMMON STOCKS—continued	
	Health Care—continued	
112	¹ Nurix Therapeutics, Inc.	\$ 2,822
1,475	¹ Omniceil, Inc.	65,608
485	¹ Pediatrix Medical Group	5,267
460	¹ PROCEPT BioRobotics Corp.	36,340
288	¹ Prothena Corp. PLC	6,414
1,578	¹ RAPT Therapeutics, Inc.	3,243
368	¹ Revance Therapeutics, Inc.	2,418
366	¹ RxSight, Inc.	20,639
1,422	¹ SAGE Therapeutics, Inc.	11,987
1,279	Siga Technologies, Inc.	11,549
84	¹ Supernus Pharmaceuticals, Inc.	2,953
599	¹ Tactile Systems Technology, Inc.	8,200
322	¹ Terns Pharmaceuticals, Inc.	2,454
114	¹ Tg Therapeutics, Inc.	2,678
120	¹ TransMedics Group, Inc.	20,167
1,264	¹ Traverse Therapeutics, Inc.	11,970
1,202	¹ TruBridge, Inc.	14,989
1,005	¹ Vanda Pharmaceuticals, Inc.	5,316
704	¹ Zentalis Pharmaceuticals, Inc.	2,443
349	¹ Zymeworks, Inc.	4,094
	TOTAL	654,189
	Industrials—16.3%	
1,305	¹ Array Technologies, Inc.	8,757
25	Atkore, Inc.	2,333
97	Atmus Filtration Technologies, Inc.	3,477
169	¹ Beacon Roofing Supply, Inc.	15,311
447	¹ Blue Bird Corp.	22,877
86	Boise Cascade Co.	11,663
1,157	¹ BrightView Holdings, Inc.	18,477
150	¹ Cimpress PLC	14,832
57	Columbus McKinnon Corp.	1,950
18	Comfort Systems USA, Inc.	6,363
57	¹ Construction Partners, Inc.	3,761
916	Costamare, Inc.	12,998
540	¹ DNOW, Inc.	7,031
65	Emcor Group, Inc.	25,549
1,299	¹ Enviri Corp.	15,523
450	Forward Air Corp.	14,296
848	¹ GMS, Inc.	73,598
217	Griffon Corp.	14,363
175	Hurco Co., Inc.	3,010
88	¹ Huron Consulting Group, Inc.	9,719
412	Hyster-Yale, Inc.	25,940
518	¹ JELD-WEN Holding, Inc.	7,376
179	Kelly Services, Inc., Class A	3,779
822	¹ Manitowoc, Inc.	8,294
713	¹ Mesa Air Group, Inc.	884
291	¹ MRC Global, Inc.	3,830
261	Mueller Water Products, Inc.	5,604
151	Park-Ohio Holdings Corp.	4,566
780	¹ Parsons Corp.	74,459
1,287	¹ Plug Power, Inc.	2,420

Shares		Value
	COMMON STOCKS—continued	
	Industrials—continued	
302	REV Group, Inc.	\$ 9,616
3,436	¹ Shoals Technologies Group, Inc.	18,520
592	¹ SkyWest, Inc.	45,904
613	Spirit Airlines, Inc.	1,582
31	Tennant Co.	3,028
338	Terex Corp.	19,188
601	The Shyft Group, Inc.	8,528
129	¹ Thermon Group Holdings, Inc.	4,054
182	¹ TPI Composites, Inc.	788
385	¹ Triumph Group, Inc.	5,363
2,873	TTEC Holdings, Inc.	14,681
619	¹ Upwork, Inc.	5,967
60	¹ Vicor Corp.	2,310
8	Watts Industries, Inc., Class A	1,574
	TOTAL	564,143
	Information Technology—12.8%	
1,117	¹ 8x8, Inc.	2,100
2,131	Adtran Holdings, Inc.	11,891
483	¹ Aehr Test Systems	7,346
112	¹ Alarm.com Holdings, Inc.	6,668
121	¹ Alkami Technology, Inc.	4,034
70	¹ AppFolio, Inc.	16,239
1,493	¹ AvePoint, Inc.	17,244
78	¹ Blackline, Inc.	3,865
566	¹ Cerence, Inc.	1,868
1,275	Clear Secure, Inc.	38,747
139	¹ Clearfield, Inc.	5,185
1,670	¹ CommScope Holdings Co., Inc.	6,446
95	¹ Commvault Systems, Inc.	14,763
134	¹ Digi International, Inc.	3,948
2,185	¹ Extreme Networks, Inc.	34,414
24	¹ Impinj, Inc.	4,034
80	InterDigital, Inc.	11,085
46	¹ Itron, Inc.	4,702
832	¹ LiveRamp Holdings, Inc.	21,565
2,697	Method Electronics, Inc., Class A	28,103
343	¹ NetScout Systems, Inc.	7,368
1,127	¹ ON24, Inc.	7,269
136	¹ Q2 Holdings, Inc.	10,093
19	¹ Qualys, Inc.	2,378
2,006	¹ Rackspace Technology, Inc.	4,614
1,087	¹ Ribbon Communications, Inc.	3,707
226	Sapiens International Corp. NV	8,224
375	¹ Semrush Holdings, Inc.	5,153
201	¹ Semtech Corp.	8,808
1,057	SolarWinds Corp.	13,519
2,294	¹ Sprinklr, Inc.	20,577
974	¹ Telos Corp.	3,555
183	¹ Tenable Holdings, Inc.	7,554
2,520	¹ Unisys Corp.	13,936
507	¹ Varonis Systems, Inc.	28,696
79	¹ Vertex, Inc.	3,057

Shares		Value
	COMMON STOCKS—continued	
	Information Technology—continued	
590	¹ Weave Communications, Inc.	\$ 6,655
356	Xerox Holdings Corp.	4,033
4,299	¹ Yext, Inc.	21,882
665	¹ Zeta Global Holdings Corp.	17,563
	TOTAL	442,888
	Materials—4.6%	
156	Commercial Metals Corp.	8,360
439	Compass Minerals International, Inc.	3,876
958	¹ Constellium SE	16,066
592	¹ Knife River Corp.	46,691
177	Koppers Holdings, Inc.	7,006
91	Orion S.A.	1,697
3,270	¹ Rayonier Advanced Materials, Inc.	26,095
5,492	SSR Mining, Inc.	28,503
1,634	SunCoke Energy, Inc.	14,641
71	Sylvamo Corp.	5,615
	TOTAL	158,550
	Real Estate—5.7%	
6,541	Brandywine Realty Trust	34,210
316	¹ Cushman & Wakefield PLC	4,108
996	Empire State Realty Trust, Inc.	10,747
65	Essential Properties Realty Trust, Inc.	2,074
716	Industrial Logistics Properties Trust	3,544
1,692	Macerich Co. (The)	27,021
1,128	Newmark Group, Inc.	15,600
231	Outfront Media, Inc.	3,939
1,297	¹ Real Brokerage, Inc./The	8,080
2,826	¹ Redfin Corp.	26,395
838	RMR Group, Inc./The	21,361
163	SL Green Realty Corp.	10,862
287	Tanger, Inc.	8,736
110	Whitestone Project	1,476
1,186	Xenia Hotels & Resorts, Inc.	16,889
	TOTAL	195,042
	Utilities—1.6%	
22	Chesapeake Utilities Corp.	2,605
1,207	Hawaiian Electric Industries, Inc.	12,951
361	Otter Tail Corp.	30,523
203	Portland General Electric Co.	9,766
	TOTAL	55,845
	TOTAL INVESTMENT IN SECURITIES—99.5% (IDENTIFIED COST \$3,362,329) ²	3,437,641
	OTHER ASSETS AND LIABILITIES - NET—0.5% ³	18,977
	TOTAL NET ASSETS—100%	\$3,456,618

1 Non-income-producing security.

2 Also represents cost of investments for federal tax purposes.

3 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Note: The categories of investments are shown as a percentage of total net assets at August 31, 2024.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

As of August 31, 2024, all investments of the Fund utilized Level 1 inputs in valuing the Fund's assets carried at fair value.

See Notes which are an integral part of the Financial Statements

Financial Highlights

(For a Share Outstanding Throughout the Period)

	Period Ended (unaudited) 8/31/2024¹
Net Asset Value, Beginning of Period	\$25.39
Income From Investment Operations:	
Net investment income ²	0.02
Net realized and unrealized gain (loss)	0.19
TOTAL FROM INVESTMENT OPERATIONS	0.21
Net Asset Value, End of Period	\$25.60
Total Return³	0.83%

Ratios to Average Net Assets:

Net expenses ⁴	0.36% ⁵
Net investment income	0.92% ⁵
Expense waiver/reimbursement ⁶	0.10% ⁵

Supplemental Data:

Net assets, end of period (000 omitted)	\$3,457
Portfolio turnover ⁷	5%

- 1 Reflects operations for the period from July 31, 2024 (commencement of operations) to August 31, 2024.
- 2 Per share number has been calculated using the average shares method.
- 3 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 Computed on an annualized basis.
- 6 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 7 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

August 31, 2024 (unaudited)

Assets:

Investment in securities, at value (identified cost \$3,362,329)	\$3,437,641
Cash	19,210
Income receivable	2,448
TOTAL ASSETS	3,459,299

Liabilities:

Payable for investments purchased	\$ 1,739
Payable for investment adviser fee (Note 5)	942
TOTAL LIABILITIES	2,681
Net assets for 135,004 shares outstanding	\$3,456,618

Net Assets Consist of:

Paid-in capital	\$3,390,808
Total distributable earnings (loss)	65,810
TOTAL NET ASSETS	\$3,456,618

Net Asset Value, Offering Price and Redemption Proceeds Per Share:

$\$3,456,618 \div 135,004$ shares outstanding, no par value, unlimited shares authorized	\$25.60
--	---------

See Notes which are an integral part of the Financial Statements

Statement of Operations

Period Ended August 31, 2024¹ (unaudited)

Investment Income:

Dividends	\$ 3,314
-----------	----------

Expenses:

Investment adviser fee (Note 5)	\$ 1,187
---------------------------------	----------

Waiver of investment adviser fee (Note 5)	(245)
---	-------

Net expenses	942
--------------	-----

Net investment income	2,372
-----------------------	-------

Realized and Unrealized Gain (Loss) on Investments and In-Kind Redemptions:

Net realized loss on investments	(32,152)
----------------------------------	----------

Net realized gain on in-kind redemptions	20,278
--	--------

Net change in unrealized appreciation of investments	75,312
--	--------

Net realized and unrealized gain (loss) on investments and in-kind redemptions	63,438
--	--------

Change in net assets resulting from operations	\$ 65,810
--	-----------

¹ Reflects operations for the period from July 31, 2024 (commencement of operations) to August 31, 2024.

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

	Period Ended (unaudited) 8/31/2024¹
Increase (Decrease) in Net Assets	
Operations:	
Net investment income	\$ 2,372
Net realized loss	(11,874)
Net change in unrealized appreciation/depreciation	75,312
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	65,810
Share Transactions:	
Proceeds from sale of shares	4,141,375
Cost of shares redeemed	(750,567)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	3,390,808
Change in net assets	3,456,618
Net Assets:	
Beginning of period	—
End of period	\$3,456,618

¹ Reflects operations for the period from July 31, 2024 (commencement of operations) to August 31, 2024.

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

August 31, 2024 (unaudited)

1. ORGANIZATION

Federated Hermes ETF Trust (the "Trust") was organized as a Delaware statutory trust on August 24, 2011 and is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of eight portfolios. The financial statements included herein are only those of the Federated Hermes MDT Small Cap Core ETF (the "Fund"). The Fund's investment objective is to seek long-term capital appreciation.

Individual shares of the Fund are listed for trading on a national securities exchange during the trading day. The Fund's primary listing exchange is NYSE Arca. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies, and when you buy or sell the Fund's shares in the secondary market, you will pay or receive the market price. However, there can be no guarantee that an active trading market will develop or be maintained, or that the Fund shares listing will continue or remain unchanged.

Shares of the Fund may only be acquired through the Fund's distributor and redeemed directly with the Fund by or through Authorized Participants in large blocks called Creation Units or multiples thereof. Authorized Participants are registered clearing agents that enter into an agreement with the Fund's distributor to transact in Creation Units. Purchases and redemptions of Creation Units will take place in-kind and/or for cash at the discretion of the Fund. The determination of whether purchases and redemptions of Creation Units will be for cash or in-kind depends primarily on the regulatory requirements and settlement mechanisms relevant to the Fund's portfolio holdings and the Fund is not limited to engaging in in-kind transactions to any particular market circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Equity securities or ETFs listed on an exchange or traded through a regulated market system are valued at their last reported sale price or official closing price in their principal exchange or market.
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs, or NAV per share practical expedient, as applicable.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of Federated MDTA LLC (the "Adviser"), certain factors may be considered, such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Adviser's valuation policies and procedures for the Fund, or if information furnished by a pricing service, in the opinion of the Adviser's valuation committee ("Valuation Committee") is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different. The trading prices of the Fund's shares listed on its exchange may differ from the Fund's NAV and will normally be affected by market forces, such as supply and demand, economic conditions, the market value of the Fund's disclosed portfolio holdings and other factors. As a result, trading prices may be lower, higher or the same as the Fund's NAV; and investors may pay more than NAV when buying shares and receive less than NAV when selling shares through the exchange.

Fair Valuation and Significant Events Procedures

Pursuant to Rule 2a-5 under the Act, the Fund's Board of Trustees (the "Trustees") has designated the Adviser as the Fund's valuation designee to perform any fair value determinations for securities and other assets held by the Fund. The Adviser is subject to the Trustees' oversight and certain reporting and other requirements intended to provide the Trustees the information needed to oversee the Adviser's fair value determinations.

The Adviser, acting through its Valuation Committee, is responsible for determining the fair value of investments for which market quotations are not readily available. The Valuation Committee is comprised of officers of the Adviser and certain of the Adviser's affiliated companies and determines fair value and oversees the calculation of the NAV. The Valuation Committee is also authorized to use pricing services to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services, and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Adviser. The Trustees periodically review the fair valuations made by the Valuation Committee. The Trustees have also approved the Adviser's fair valuation and significant events procedures as part of the Fund's compliance program and will review any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a “bid” evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and ask for the investment (a “mid” evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Adviser.

The Adviser has also adopted procedures requiring an investment to be priced at its fair value whenever the Valuation Committee determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment’s value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- With respect to securities traded principally in foreign markets, significant trends in U.S. equity markets or in the trading of foreign securities index futures contracts;
- Political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded;
- Announcements concerning matters such as acquisitions, recapitalizations, litigation developments, or a natural disaster affecting the issuer’s operations or regulatory changes or market developments affecting the issuer’s industry.

The Adviser has adopted procedures whereby the Valuation Committee uses a pricing service to provide factors to update the fair value of equity securities traded principally in foreign markets from the time of the close of their respective foreign stock exchanges to the pricing time of the Fund. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Valuation Committee will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Adviser. The Trustees periodically review fair valuations made in response to significant events.

Repurchase Agreements

The Fund may invest in repurchase agreements for short-term liquidity purposes. It is the policy of the Fund to require the other party to a repurchase agreement to transfer to the Fund’s custodian or sub-custodian eligible securities or cash with a market value (after transaction costs) at least equal to the repurchase price to be paid under the repurchase agreement. The eligible securities are transferred to accounts with the custodian or sub-custodian in which the Fund holds a “securities entitlement” and exercises “control” as those terms are defined in the Uniform Commercial Code. The Fund has established procedures for monitoring the market value of the transferred securities and requiring the transfer of additional eligible securities if necessary to equal at least the repurchase price. These procedures also allow the other party to require securities to be transferred from the account to the extent that their market value exceeds the repurchase price or in exchange for other eligible securities of equivalent market value.

The insolvency of the other party or other failure to repurchase the securities may delay the disposition of the underlying securities or cause the Fund to receive less than the full repurchase price. Under the terms of the repurchase agreement, any amounts received by the Fund in excess of the repurchase price and related transaction costs must be remitted to the other party.

The Fund may enter into repurchase agreements in which eligible securities are transferred into joint trading accounts maintained by the custodian or sub-custodian for investment companies and other clients advised by the Fund’s Adviser and its affiliates. The Fund will participate on a pro rata basis with the other investment companies and clients in its share of the securities transferred under such repurchase agreements and in its share of proceeds from any repurchase or other disposition of such securities.

Investment Income, Gains and Losses, Expenses and Distributions

Investment transactions are accounted for on a trade-date basis. Realized gains and losses from investment transactions are recorded on an identified-cost basis. Interest income and expenses are accrued daily. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Foreign dividends are recorded on the ex-dividend date or when the Fund is informed of the ex-dividend date. Distributions of net investment income, if any, are declared and paid annually. Non-cash dividends included in dividend income, if any, are recorded at fair value. Amortization/accretion of premium and discount is included in investment income. The detail of the total fund expense waiver of \$245 is disclosed in Note 5.

Federal Taxes

It is the Fund’s policy to comply with the Subchapter M provision of the Internal Revenue Code of 1986 and to distribute to shareholders each year substantially all of its income. Accordingly, no provision for federal income tax is necessary. As of and during the period ended August 31, 2024, the Fund did not have a liability for any uncertain tax positions. The Fund recognizes interest and penalties, if any, related to tax liabilities as income tax expense in the Statement of Operations. As of August 31, 2024, the current tax year will be subject to examination by the Fund’s major tax jurisdictions, which include the United States of America and the State of Delaware.

When-Issued and Delayed-Delivery Transactions

The Fund may engage in when-issued or delayed-delivery transactions. The Fund records when-issued securities on the trade date and maintains security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Trustees. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Adviser.

Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

3. SHARES OF BENEFICIAL INTEREST

The following table summarizes share activity with respect to purchases and redemptions of Creation Units:

	Period Ended 8/31/2024 ¹
Shares sold	165,004
Shares issued to shareholders in payment of distributions declared	—
Shares redeemed	(30,000)
NET CHANGE RESULTING FROM FUND SHARE TRANSACTIONS	135,004

¹ Reflects operations for the period from July 31, 2024 (commencement of operations) to August 31, 2024.

4. FEDERAL TAX INFORMATION

At August 31, 2024, the cost of investments for federal tax purposes was \$3,362,329. The net unrealized appreciation of investments for federal tax purposes was \$75,312. This consists of unrealized appreciation from investments for those securities having an excess of value over cost of \$178,538 and unrealized depreciation from investments for those securities having an excess of cost over value of \$103,226.

5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.46% of the Fund's average daily net assets. Under the advisory agreement, the Adviser has contractually agreed to pay all operating expenses of the Fund under a unitary fee structure, except (i) interest and taxes (including, but not limited to, income, excise, transaction, transfer and withholding taxes) and registration fees and expenses; (ii) expenses of the Fund incurred with respect to the acquisition and disposition of portfolio securities and the execution of portfolio transactions, including brokerage commissions and short sale dividend or interest expense; (iii) expenses incurred in connection with any distribution plan adopted by the Trust in compliance with Rule 12b-1 under the Act, including distribution fees; (iv) Acquired Fund Fees and Expenses; (v) litigation expenses; (vi) proxy-related expenses; (vii) tax reclaim recovery expenses; and (viii) any expenses determined to be extraordinary expenses. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee and/or reimburse certain operating expenses of the Fund for competitive reasons such as to maintain the Fund's expense ratio, or as and when appropriate, to maintain positive or zero net yields. For the period ended August 31, 2024, the Adviser voluntarily waived \$245 of its fee.

Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. The Adviser, not the Fund, pays FAS.

Distribution Services Fee

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses of up to 0.25% of average daily net assets, annually, to compensate FSC. Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee. For the period ended August 31, 2024, the Fund did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

Expense Limitation

The Adviser and certain of its affiliates (which may include FAS or FSC) have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, taxes, litigation expenses, extraordinary expenses, and proxy-related expenses, if any) paid by the Fund (after the voluntary waivers and/or reimbursements) will not exceed 0.36% (the "Fee Limit") up to but not including the later of (the "Termination Date"): (a) August 1, 2025; or (b) the date of the Fund's next effective Prospectus. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Fund's Trustees.

Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies.

Affiliated Shares of Beneficial Interest

As of August 31, 2024, a majority of the shares of beneficial interest outstanding are owned by an affiliate of the Adviser.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities, short-term obligations and in-kind transactions, for the period ended August 31, 2024, were as follows:

Purchases	\$139,071
Sales	\$751,929

Purchases and sales include \$4,095,480 and \$108,419, respectively, in connection with in-kind purchases and sales of the Fund's Shares of Creation Units.

7. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, the Fund, along with other funds advised by subsidiaries of Federated Hermes, Inc., may participate in an interfund lending program. This program provides an alternative credit facility allowing the Fund to borrow from other participating affiliated funds. As of August 31, 2024, there were no outstanding loans. During the period ended August 31, 2024, the program was not utilized.

8. INDEMNIFICATIONS

Under the Fund's organizational documents, its Officers and Directors/Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund (other than liabilities arising out of their willful misfeasance, bad faith, gross negligence or reckless disregard of their duties to the Fund). In addition, in the normal course of business, the Fund provides certain indemnifications under arrangements with third parties. Typically, obligations to indemnify a third party arise in the context of an arrangement entered into by the Fund under which the Fund agrees to indemnify such third party for certain liabilities arising out of actions taken pursuant to the arrangement, provided the third party's actions are not deemed to have breached an agreed-upon standard of care (such as willful misfeasance, bad faith, gross negligence or reckless disregard of their duties under the contract). The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet arisen. The Fund does not anticipate any material claims or losses pursuant to these arrangements at this time, and accordingly expects the risk of loss to be remote.

Evaluation and Approval of Advisory Contract – May 2024

FEDERATED HERMES MDT SMALL CAP CORE ETF (THE “FUND”)

At its meetings in May 2024 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including those Trustees who are not “interested persons” of the Fund (the “Independent Trustees”), as defined in the Investment Company Act of 1940, as amended (the “1940 Act”), reviewed and unanimously approved for an initial two-year term a proposed investment advisory contract (the “Contract”) between the Fund and Federated MDTA LLC (the “Adviser”). The Board’s determination to approve the Contract reflects the exercise of its business judgment regarding whether to authorize the creation and offering of this new investment vehicle, as proposed by Federated Hermes, Inc. (together with its affiliates, “Federated Hermes”), and is based on information requested by the Board and provided by Federated Hermes, as well as Federated Hermes’ recommendation to go forward with development of the Fund. The information, factors and conclusions that formed the basis for the Board’s approval are summarized below.

Information Received and Review Process

At the request of the Independent Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation of the Fund’s proposed management fee (the “New Fund CCO Fee Evaluation Report”). The Board considered the New Fund CCO Fee Evaluation Report, along with other information, in evaluating the reasonableness of the Fund’s proposed management fee and in determining to approve the Contract.

In addition to the extensive materials that comprise and accompany the New Fund CCO Fee Evaluation Report, the Board considered the materials and presentations provided by Federated Hermes and the CCO’s independent written evaluation in connection with the Board’s annual approval of the continuation of the advisory and subadvisory contracts for the other funds advised by the Adviser and its affiliates (collectively, the “Federated Hermes Funds”) at its May Meetings. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the proposed Contract.

The Board’s consideration of the Contract included review of materials and information covering the following matters, among others: (1) a copy of the Contract; (2) the nature, quality and extent of the advisory and other services to be provided to the Fund by the Adviser and its affiliates; (3) Federated Hermes’ business and operations; (4) the Adviser’s investment philosophy, personnel and processes; (5) the Fund’s proposed investment objective and strategies; (6) the Fund’s anticipated fees and expenses, including the proposed management fee and the overall estimated expense structure of the Fund - in absolute terms and relative to an appropriate group of peer funds, with due regard for contractual or voluntary expense limitations; (7) the financial condition of Federated Hermes; (8) the Adviser’s projected profitability with respect to managing the Fund; (9) anticipated distribution and sales activity for the Fund; and (10) the use and allocation of brokerage commissions to be derived from trading the Fund’s portfolio securities (if any). The Board also considered the likely preferences and expectations of anticipated Fund shareholders.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees charged to other registered funds in evaluating the Contract. Using these judicial decisions as a guide, the Board considered several factors they deemed relevant to an adviser’s fiduciary duty with respect to its receipt of compensation from a fund, including: (1) the nature and quality of the services provided by the adviser to the fund and its shareholders, including the performance of the fund, its benchmark, and comparable funds; (2) the adviser’s cost of providing the services and the profitability to the adviser of providing advisory services to the fund; (3) the extent to which the adviser may realize “economies of scale” as the fund grows larger and, if such economies of scale exist, whether they have been appropriately shared with the fund and its shareholders or the family of funds; (4) any “fall-out” benefits that accrue to the adviser because of its relationship with the fund, including research services received from brokers that execute fund trades and any fees paid to affiliates of the adviser for services rendered to the fund; (5) comparative fees and expenses, including a comparison of management fees paid to the adviser with those paid by similar funds managed by the same adviser or other advisers as well as management fees charged to institutional and other advisory clients of the same adviser for what might be viewed as like services; and (6) the extent of care, conscientiousness and independence with which the fund’s board members perform their duties and their expertise, including whether they are fully informed about all facts the board deems relevant to its consideration of the adviser’s services and fees. The Board considered that the Securities and Exchange Commission (“SEC”) disclosure requirements regarding the basis for a fund board’s approval of the fund’s investment advisory contract generally align with the factors listed above. The Board was guided by these factors in its evaluation of the proposed Contract to the extent it considered them to be appropriate and relevant, as discussed further below. The Board recognized that certain of the factors listed above (relating to such matters as anticipated Fund

performance and any indirect benefits that may accrue to Federated Hermes as a result of the Adviser's proposed relationship with the Fund) are essentially impossible to apply before the Fund has experienced any meaningful operating history. The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Federated Hermes Funds and working with Federated Hermes on matters relating to the oversight of the Federated Hermes Funds.

In determining to approve the Contract, the members of the Board reviewed and evaluated information and factors they believed to be relevant and appropriate through the exercise of their reasonable business judgment. While individual members of the Board may have weighed certain factors differently, the Board's determination to approve the Contract was based on a comprehensive consideration of all information provided to the Board. The Board recognized that its evaluation process is evolutionary and that the factors considered and emphasis placed on relevant factors may change in recognition of changing circumstances in the registered fund marketplace. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings.

Nature, Extent and Quality of Services

The Board considered the nature, extent and quality of the services to be provided to the Fund by the Adviser and the resources of Federated Hermes to be dedicated to the Fund. In this regard, the Board evaluated, among other things, the proposed terms of the Contract and the full range of services to be provided to the Fund by Federated Hermes. The Board considered the Adviser's personnel, investment philosophy and process, investment research capabilities and resources, trade operations capabilities, experience and performance track record. The Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team that will be primarily responsible for the day-to-day management of the Fund and evaluated Federated Hermes' ability and experience in attracting and retaining qualified personnel to service the proposed Fund. The Board considered the Adviser's trade execution experience and capabilities. The Board also considered the Adviser's anticipated ability to deliver competitive investment performance for the Fund when compared to the Fund's Peer Group (as defined below), which was deemed by the Board to be a useful indicator of the Adviser's anticipated ability to execute the Fund's investment program.

In addition, the Board considered the financial resources and overall reputation of Federated Hermes and its willingness to consider and make investments in personnel, infrastructure, technology, cybersecurity, business continuity planning and operational enhancements that are designed to benefit the Federated Hermes Funds. The Board also considered its past experience with the Adviser with respect to the services it provides to other Federated Hermes Funds. The Board considered that Federated Hermes had been advising exchange-traded funds ("ETFs") since 2021 and that the Adviser had extensive experience advising actively managed mutual funds, including a mutual fund with similar strategies to those proposed for the Fund. The Board considered the quality of Federated Hermes' communications with the Board and responsiveness to Board inquiries and requests made from time to time with respect to the Federated Hermes Funds. The Board also considered that Federated Hermes is responsible for providing the Federated Hermes Funds' officers.

The Board considered the special attributes of the Fund as an ETF relative to a traditional mutual fund and the benefits that are expected to be realized from an investment in the Fund, rather than a traditional mutual fund. The Board also considered the resources devoted by Federated Hermes in developing and maintaining an infrastructure necessary to support the on-going operations of the Fund.

The Board received and evaluated information regarding Federated Hermes' regulatory and compliance environment. The Board considered Federated Hermes' compliance program and compliance history and reports from the CCO about Federated Hermes' compliance with applicable laws and regulations, including responses to regulatory developments and any compliance or other issues raised by regulatory agencies. The Board also noted Federated Hermes' support of the Federated Hermes Funds' compliance control structure and the compliance-related resources that would be devoted by Federated Hermes in support of the Fund's obligations pursuant to Rule 38a-1 under the 1940 Act, including Federated Hermes' commitment to respond to rulemaking and other regulatory initiatives of the SEC. The Board considered Federated Hermes' approach to internal audits and risk management with respect to the Federated Hermes Funds and its day-to-day oversight of the Federated Hermes Funds' compliance with their investment objectives and policies as well as with applicable laws and regulations, noting that regulatory and other developments had over time led, and continue to lead, to an increase in the scope of Federated Hermes' oversight in this regard.

In addition, the Board noted Federated Hermes' commitment to maintaining high quality systems and expending substantial resources to prepare for and respond to ongoing changes due to the market, regulatory and control environments in which the Fund and its service providers operate.

The Board considered Federated Hermes' efforts to provide shareholders in the Federated Hermes Funds with a comprehensive array of funds with different investment objectives, policies and strategies. The Board considered the expenses that Federated Hermes had incurred, as well as the entrepreneurial and other risks assumed by Federated Hermes, in sponsoring and providing on-going services to new funds to expand these opportunities for shareholders. The Board noted the benefits to shareholders of being part of the family of Federated Hermes Funds.

Based on these considerations, the Board concluded that it was satisfied with the nature, extent and quality of the services to be provided to the Fund by the Adviser.

Fund Investment Performance

The Board noted that the Fund is newly formed and has no prior performance history.

The Board considered the investment performance of the Adviser and its portfolio management team, including, for purposes of considering the investment skill and experience of the Fund's proposed portfolio managers, the investment performance of Federated Hermes MDT Small Cap Core Fund, a mutual fund which is also advised by the Adviser and uses investment strategies similar to those proposed for the Fund (the "MDT Small Cap Core Fund"). The Board also considered information comparing the MDT Small Cap Core Fund's performance to the Fund's proposed benchmark and the Fund's Peer Group. The Board also received additional information about the broad range of the portfolio management team's investment experience and the team's investment philosophy and process.

Based on these considerations, the Board concluded that it was satisfied that the Adviser has the capability of providing satisfactory investment performance for the Fund.

Fund Expenses

The Board considered the proposed management fee and overall proposed expense structure of the Fund and the comparative fee and expense information that had been provided in connection with the May Meetings. In this regard, the Board was presented with, and considered, information regarding the proposed contractual management fee rate, proposed net management fee rate, and anticipated total expense ratio relative to the total expense ratios of (i) a category of peer funds selected by Morningstar, Inc., an independent fund ranking organization, as provided by Broadridge (the "Peer Group"), (ii) traditional mutual funds with an institutional share class within the Peer Group (the "Mutual Fund Peer Group"), (iii) actively managed ETFs within the Peer Group (the "Active ETF Peer Group"), and (iv) all ETFs within the Peer Group. In this regard, the Board noted that the proposed contractual management fee rate, proposed net management fee rate and anticipated total expense ratio of the Fund were each below the median and average total expense ratio of the Peer Group, the Mutual Fund Peer Group and the Active ETF Peer Group.

The Board noted the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the reasonableness of the Fund's fees. The Board considered the CCO's view, in evaluating such comparisons, that in some cases there may be differences in the funds' objectives or investment management techniques, or the costs to implement the funds, even within the same Peer Group. In this connection, the Board considered that the proposed quantitative focus of the management of the Fund may make fee and expense comparisons particularly difficult. The Board also noted information about structural, operational and other differences between ETFs and traditional mutual funds, including differences in the marketplace in which each type of product must compete.

While mindful that courts have cautioned against giving too much weight to comparative information concerning fees charged to funds by other advisers, the use of comparisons between the Fund and its Peer Group assisted the Board in its evaluation of the Fund's proposed fees and expenses. The Board focused on comparisons with other registered funds more heavily than non-registered fund products or services because such comparisons are believed to be more relevant. The Board considered that other registered funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, anticipated to be chosen and maintained by the Fund's anticipated shareholders. The Board noted that the range of such other registered funds' fees and expenses, therefore, appears to be a relevant indicator of what investors have found to be reasonable in the marketplace in which the Fund will compete. The Board also considered competition in the general ETF marketplace and the impact of market pressures on the price levels for actively managed ETFs such as the Fund.

Consistent with general ETF practice, the Board noted the Fund's "unitary" fee structure, under which the Adviser would, in addition to providing investment management services, arrange for transfer agency, custody, fund administration and accounting, and other non-distribution related services necessary for the Fund to operate. The Board considered that, other than the management fee, the Adviser would pay all operating expenses of the Fund, except for: (i) interest and taxes (including, but not limited to, income, excise, transaction, transfer and withholding taxes); (ii) expenses of the Fund incurred with respect to the acquisition and disposition of portfolio securities and the execution of portfolio transactions,

including brokerage commissions and short sale dividend or interest expense; (iii) expenses incurred in connection with any distribution plan adopted by the Trust in compliance with Rule 12b-1 under the 1940 Act, including distribution fees; (iv) acquired fund fees and expenses; (v) litigation expenses; (vi) proxy-related expenses; (vii) tax reclaim recovery expenses; and (viii) any expenses determined to be extraordinary expenses.

The Board received and considered information about the anticipated fees and expenses of the Fund as compared to those of the MDT Small Cap Core Fund. The Board also reviewed information about differences between the MDT Small Cap Core Fund and the Fund. The Board also received and considered information about the nature and extent of services offered and fees charged by Federated Hermes for providing advisory services to other types of non-registered fund clients with investment strategies similar to those proposed for the Fund. The Board noted the CCO's conclusion that non-registered fund clients are inherently different products due to the following differences, among others: (i) different types of targeted investors; (ii) different applicable laws and regulations; (iii) different legal structures; (iv) different average account sizes and portfolio management techniques made necessary by different cash flows and different associated costs; (v) the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing and fund liquidity; (vi) different SEC mandated risk management programs with respect to fund liquidity and use of derivatives; (vii) different administrative responsibilities; (viii) different degrees of risk associated with management; and (ix) a variety of different costs. The Board noted that the CCO did not consider the fees for providing advisory services to other types of clients to be determinative in judging the appropriateness of the Fund's proposed management fee.

Based on these considerations, the Board concluded that the proposed fees and anticipated total expense ratio of the Fund, in conjunction with other matters considered, are reasonable in light of the services to be provided.

Profitability

The Board received and considered profitability information relating to the Fund. The Board considered that detailed cost allocation reports had not yet been projected for the Fund. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs on a fund-by-fund basis continue to cause the CCO to question the precision of the process and to conclude that such reports may be unreliable because a single change in an allocation estimate may dramatically alter the resulting estimate of cost and/or profitability of a Federated Hermes Fund and may produce unintended consequences. The Board considered that the Fund was new to Federated Hermes and noted the CCO's view that any projected cost allocation and/or profit margin does not represent the full or actual cost of operating a Federated Hermes Fund and makes only rough estimates of the cost to launch a Federated Hermes Fund.

The Board also considered that the CCO reviewed information compiled by Federated Hermes and furnished to the Board comparing its profitability information to other publicly-held fund management companies, including information regarding profitability trends over time. The Board considered that the CCO noted that Federated Hermes regularly undertakes to establish new Federated Hermes Funds and maintains a number of other smaller Federated Hermes Funds that, while expected to grow to a greater size, nevertheless require substantial investment and waiver or assumption of fees and other expenses in order to deliver them to the marketplace.

The Board considered the CCO's conclusion that, based on such profitability information, Federated Hermes' profit margins did not appear to be excessive. The Board also considered the CCO's view that Federated Hermes appeared financially sound, with the resources necessary to fulfill its obligations under the proposed Contract.

Economies of Scale

The Board received and considered information about the notion of possible realization of "economies of scale" as a fund grows larger, the difficulties of isolating and quantifying economies of scale at an individual fund level, and the extent to which potential scale benefits are shared with shareholders. The Board considered that any reduction in fixed costs associated with the management of the Fund would benefit the Adviser due to the unitary fee structure of the Fund, but that the unitary fee would protect shareholders from a rise in operating costs and/or a decline in Fund assets and is a transparent means of informing the Fund's shareholders of the fees associated with the Fund. In addition, the Board considered that fee waivers and expense reimbursements are another means for potential economies of scale to be shared with shareholders. The Board noted the fee waiver arrangement proposed for the Fund. The Board also considered that Federated Hermes has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as: portfolio management, investment research and trading operations; shareholder services; compliance; business continuity; cybersecurity and information security programs; internal audit and risk management functions; and technology, systems capabilities and use of data. The Board noted that Federated Hermes' investments in these areas are extensive and are designed to provide enhanced or expanded services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments are likely to be shared with the family of Federated Hermes Funds as a whole.

In connection with the Board's governance of other Federated Hermes Fund, the Board regularly receives and considers information furnished by Federated Hermes regarding adviser-paid fees (commonly referred to as "revenue sharing" payments). The Board considered that Federated Hermes and the CCO believe that this information is relevant to considering whether Federated Hermes had an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, but should not be considered when evaluating the reasonableness of management fees. The Board also noted the absence of any applicable regulatory or industry guidelines on economies of scale, which is compounded by the lack of any uniform methodology or pattern with respect to structuring fund management fees with breakpoints that serve to reduce the fees as a fund attains a certain size. The Board considered that the CCO did not recommend institution of management fee breakpoints in pricing Federated Hermes' proposed investment management services to the Fund at this time. The Board noted that, as part of its future annual review of the Contract, it will review asset growth in the Fund, whether economies of scale that can be reasonably identified have been achieved, and the extent to which such economies of scale may be shared with Fund shareholders.

Other Benefits

The Board considered information regarding the compensation and other ancillary (or "fall-out") benefits that Federated Hermes derived from its relationships with the Federated Hermes Funds. In connection with the Board's governance of other Federated Hermes Funds, the Board noted that, in addition to receiving advisory fees under the Federated Hermes Funds' investment advisory contracts, Federated Hermes' affiliates also receive fees for providing other services to the Federated Hermes Funds under separate service contracts, including for serving as the Federated Hermes Funds' administrator and distributor. In this regard, the Board considered that certain of Federated Hermes' affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing the benefits, if any, that Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds.

Conclusions

The Board considered: (i) the CCO's conclusion that his observations and the information accompanying the New Fund CCO Fee Evaluation Report show that the proposed management fee for the Fund is reasonable; and (ii) the CCO's recommendation that the Board approve the proposed management fee.

On the basis of the information and factors summarized above, among other information and factors deemed relevant by the Board, and the evaluation thereof, the Board, including the Independent Trustees, unanimously voted to approve the Contract. The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view of past and future long-term considerations. Not all of the factors and considerations identified above were necessarily deemed to be relevant to the Fund, nor did the Board consider any one of them to be determinative.

Notes

Funds are not bank deposits or obligations, are not guaranteed by any bank and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency. Investment in funds involves investment risk, including the possible loss of principal.

This information is authorized for distribution to prospective investors only when preceded or accompanied by the Fund's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400, Option #4.



Federated Hermes MDT Small Cap Core ETF
Federated Hermes Funds
4000 Ericsson Drive
Warrendale, PA 15086-7561

Contact us at [FederatedHermes.com/us](https://www.federatedhermes.com/us)
or call 1-800-341-7400.

Federated Securities Corp., Distributor

CUSIP 31423L602

Q456848 (10/24)

© 2024 Federated Hermes, Inc.