

# Federated Hermes Short Duration High Yield ETF

Federated  
Hermes

Ticker symbol — FHYS | Listing exchange — NYSE | Cusip — 31423L206

12/31/23

## Product highlights

- Allocates primarily across a portfolio of high-yield corporate bonds and bank loans with the flexibility to seek opportunities in additional higher yielding fixed-income market segments.
- Pursues high current income focusing on short duration, below investment-grade fixed-income securities.
- Expected portfolio dollar-weighted average effective duration generally less than three years.
- Provides portfolio diversification.
- Historically, high-yield bond performance has exhibited low correlation to higher quality bonds.

## Morningstar category

High Yield Bond

## Benchmark

ICE BofA 0-3 Year Duration-to-Worst US High Yield Constrained Index

## Key investment team

Mark Durbiano, CFA

Anthony Venturino, CFA

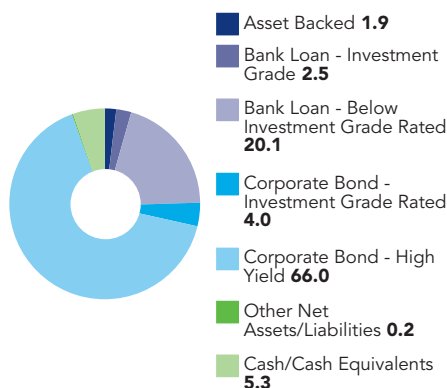
## Fund statistics

Portfolio assets	\$27.3 m
Number of securities	364
Dividends	Paid monthly
Weighted average maturity	3.4 years
Weighted average effective duration	1.2 years
Weighted average bond price	\$98.61

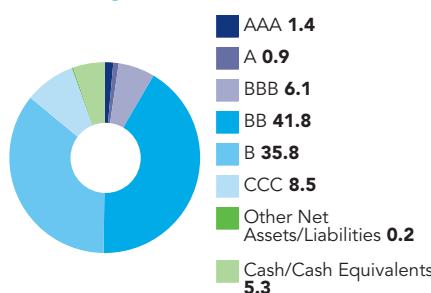
## Top holdings (%)

Stena International S.A., Sec. Fac. Bond, Series 144A, 6.125%, 02/01/2025	1.5
Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.063%, 11/01/2024	1.3
WESCO Distribution, Inc., Sr. Unsecd. Note, Series 144A, 7.125%, 06/15/2025	1.3
American Airlines Inc/AAdvantage Loyalty IP Ltd., Series 144A, 5.5%, 04/20/2026	1.1
EQM Midstream Partners, L, Sr. Unsecd. Note, Series 144A, 6%, 07/01/2025	1.1
Hub International Ltd., Sr. Unsecd. Note, Series 144A, 7%, 05/01/2026	1.1
Nabors Industries, Inc., Sr. Unsecd. Note, Series 144A, 7.375%, 05/15/2027	1.1
Ardonagh Midco 2 PLC, Sr. Unsecd. Note, Series 144A, 11.5%, 01/15/2027	1.0
Colt Merger Sub, Inc., Sr. Secd. Note, Series 144A, 6.25%, 07/01/2025	1.0
NFP Corp., Sr. Unsecd. Note, Series 144A, 6.875%, 08/15/2028	1.0

## Portfolio composition (%)<sup>1</sup>



## Quality breakdown (%)<sup>1,2</sup>



Quality breakdown does not apply to Equity or Cash/Cash Equivalents.

## Average annual total returns (%)

	Performance inception	Cumulative 3-month	1-year	Since inception	Expense ratio*, †	Before waivers	After waivers
NAV	12/16/21	4.24	11.53	2.00	0.61	0.51	
Market price	12/16/21	4.23	10.91	1.92	0.61	0.51	
Benchmark		4.23	11.92	-	-	-	

## Calendar year total returns (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NAV	11.53	-7.27	-	-	-	-	-	-	-	-
Benchmark	11.92	-4.70	-	-	-	-	-	-	-	-

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](https://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 7/1/24 or the date of the fund's next effective prospectus.

† Includes acquired fund fees and other expenses.

Not FDIC Insured • May Lose Value • No Bank Guarantee

ETF

# Federated Hermes Short Duration High Yield ETF

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

Although the information provided in this document has been obtained from sources which Federated Hermes believes to be reliable, it does not guarantee accuracy of such information and such information may be incomplete or condensed.

*Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus containing this and other information, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.*

*Past performance is no guarantee of future results.*

## A word about risk

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

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

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

The fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional instruments.

In addition to the risks generally associated with debt instruments, such as credit, market, interest rate, liquidity and derivatives risks, bank loans are also subject to the risk that the value of the collateral securing a loan may decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate.

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

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

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

Diversification does not assure a profit nor protect against loss.

## Definitions

**The holdings percentages** are based on net assets at the close of business on 12/31/23 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. Holdings are high-yield debt securities.

**Total return** represents the change in value of an investment after reinvesting all income and capital gains. Total return would have been lower in the absence of expense waivers or reimbursements.

**Weighted average maturity** is the average time to maturity of debt securities held in the fund.

**Weighted average effective duration** (sometimes called "Option-Adjusted Duration") is a measure of a security's price sensitivity to changes in interest rates calculated using a model that recognizes that the probability of a bond being called or remaining outstanding until maturity may vary if market interest rates change, and that makes adjustments based on a bond's embedded options (e.g., call rights, or in the case of a mortgage-backed security, the probability that homeowners will prepay their mortgages), if any, based on the probability that the options will be exercised. A fund's weighted average effective duration will equal the market value weighted average of each bond's effective duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average effective duration of a fund in the Federated Hermes family of funds may not be comparable to other funds outside of the Federated Hermes family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**Weighted average bond price** - Morningstar generates this figure from the portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the manager favors bonds selling at prices above or below face value (i.e., at a discount or premium). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

**ICE BofA 0-3 Year Duration-to-Worst US High Yield Constrained Index** tracks the performance of short-term U.S. dollar-denominated below investment-grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have a duration-to-worst less than three years, a remaining to final maturity of at least one month, at least 18 months to final maturity at point of issuance, a below investment-grade rating (based on an average of Moody's, S&P and Fitch), a fixed coupon schedule and a minimum amount outstanding of \$250 million.

Indexes are unmanaged and cannot be invested in directly.

## Ratings and rating agencies

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

<sup>2</sup>The ratings agencies that provided the ratings are Standard and Poor's, Moody's and Fitch. When ratings vary, the lowest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.