

# Federated Hermes Short Duration Corporate ETF

Federated  
Hermes

Federated Hermes Short Duration Corporate ETF is an actively managed ETF investing in short duration investment-grade corporate bonds.

**NYSE ticker:** FCSH

**CUSIP:** 31423L107

**ISIN:** US31423L1070

**Investment objective**

Seeks to provide current income.

**Investment universe**

The exchange-traded fund (ETF) invests primarily in investment-grade corporate bonds. It may invest up to 10% in non-investment-grade fixed-income securities. Some corporate debt may consist of foreign securities.

**Benchmark**

Bloomberg US Corporate Bond 1-5 Year Index

**Duration**

The effective duration of the portfolio will generally be between 1.5 and 3.5 years.

**Transparency**

Daily, with holdings posted daily by open of market trading

**Dividends**

Declared and paid monthly

**Advisor**

Federated Investment Management Company

**Custodian**

State Street Bank and Trust Company

**Key investment team**

John Gentry, CFA  
Robert Matthews, CFA

**Portfolio assets<sup>1</sup>**

\$25.0 million

**Expense ratio<sup>2</sup>**

Before waivers: 0.40  
After waivers: 0.30

## An opportunity for yield in the short end of the curve

- The investment team seeks to generate yield and enhanced performance by utilizing the full investment-grade spectrum (AAA to BBB).
- Portfolio duration is expected to be managed within a range of 1.5 to 3.5 years.
- The team can opportunistically allocate up to 10% to high-yield bonds to help meet its investment objective.

## An experienced investment team

- The fund's investment team averages over 20 years of investment experience.
- Rigorous credit research demonstrated over several market cycles underpins the team's security selection process.

## Pursues outperformance while seeking to limit risk

- The team takes active positions relative to the benchmark to pursue excess returns.
- Portfolio managers seek to reduce interest rate risk by limiting portfolio duration.

## The resources and oversight of Federated Hermes

- Federated Hermes has a history of more than 50 years of active management across the yield curve in a variety of investment vehicles, with over \$92 billion in fixed-income assets under management, including \$5.6 billion in U.S. investment-grade corporate bonds.<sup>1</sup>
- Risk management is overseen by portfolio managers and compliance, as well as investment team and firm-level committees.
- Fixed-income investment teams work with the firm's Responsible Investing Office to integrate proprietary ESG analysis and stewardship resources.

<sup>1</sup> As of 3/31/22.

<sup>2</sup> 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 1/1/23 or the date of the fund's next effective prospectus.

Fund shares are bought and sold on an exchange at market price (not NAV) and are not individually redeemed from the fund. However, shares may be redeemed at NAV directly by certain authorized broker-dealers (Authorized Participants) in very large creation/redemption units. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. Market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates the current NAV per share. NAVs are calculated using prices as of 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 [FederatedInvestors.com](https://www.federatedinvestors.com).

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 [FederatedInvestors.com](https://www.federatedinvestors.com). Please carefully read the summary prospectus or the prospectus before investing.**

#### **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 mortgage-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.

Credit ratings pertain only to the securities in the portfolio and do not protect fund shares against market risk.

Foreign investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

ESG factors may be considered in the investment analysis process in a manner that is complementary to and enhances the fundamental research and analysis process. Certain ESG factors may help identify business and operational risks or opportunities and add a contextual dimension to the overall evaluation of a security. Like any aspect of investment analysis, there is no guarantee that an investment strategy that considers ESG factors will result in performance better than or equal to products that do not consider such factors.

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.

#### **Definitions**

**Duration** is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**Yield curve** is a graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.

**Bloomberg US Corporate Bond 1-5 Year Index** measures the investment-grade, fixed-rate, taxable corporate bond market with 1-5 year maturities.

Indexes are unmanaged and cannot be invested in directly.