

# Federated Hermes U.S. Strategic Dividend ETF | Ticker: FDV



A time-tested approach to dividend investing

## Exposure to large- and mid-cap U.S. stocks with high and rising dividend yield potential

- Leverages an investment process demonstrated since 2001
- Access to 40-60 U.S. companies with high dividend yields above the S&P 500® Index average and dividend growth potential
  - FDV has had 19 holdings raise dividends from inception 11/15/22 to 3/31/23

## May lower equity portfolio risk

- Invests primarily in income-producing sectors, which tend to have lower market beta

### Ticker symbol

- FDV

### Key data as of 3/31/23

- Weighted average dividend yield: 4.12%\*
- Holdings: 51
- Weighted median P/E (NTM): 14.3x
- Weighted median market cap: \$74.3b
- 5-year weighted average beta (underlying holdings versus S&P 500® Index): 0.78

## Why invest in high dividend stocks now?

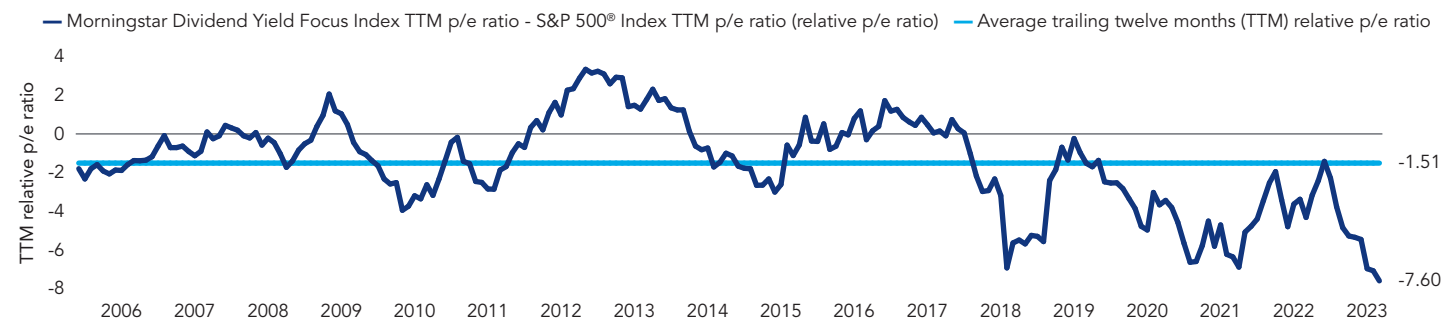
High dividend paying stocks have helped protect capital in challenging markets

Periods of S&P 500® Index declines of -10% or steeper	3/1/73 - 9/30/74	3/1/77 - 3/31/78	6/1/81 - 6/30/82	12/1/87 - 12/31/87	6/1/90 - 10/31/90	7/1/98 - 8/31/98	9/1/00 - 9/30/02	11/1/07 - 2/28/09	10/1/18 - 12/31/18	1/1/20 - 3/31/20	1/1/22 - 9/30/22
Fama-French non-dividend payers portfolio	-55.15	23.16	-38.19	9.99	-31.33	-23.20	-68.14	-51.43	-18.24	-15.09	-33.52
Fama-French top 30% dividend payers portfolio	-27.32	3.26	-0.08	3.66	-12.94	-9.71	2.77	-55.39	-8.89	-27.87	-7.44
Relative return	27.83	-19.90	38.11	-6.33	18.39	13.49	70.91	-3.96	9.35	-12.78	26.08

Based on monthly returns. Includes all S&P 500® Index declines of -10% or steeper from 1/1/73 to 3/31/23. Sources: Eugene F. Fama & Kenneth R. French, Morningstar, Inc., Federated Hermes analysis. Illustration provided for discussion purposes only. Does not represent ETF investments or performance.

**Past performance is no guarantee of future results.**

## Valuations are attractive



As of 3/31/23. Sources: Morningstar, Inc., S&P, Federated Hermes analysis. Illustration provided for discussion purposes only. Does not represent ETF investments or performance. The graph shows the relative valuation of dividend paying stocks, as represented by the Morningstar Dividend Yield Focus Index. Low relative valuations, along with the potential for valuations to revert to their mean, indicates that now may be a buying opportunity for dividend paying stocks, as valuations may rise closer to typical historical levels.

\*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.

Not FDIC Insured • May Lose Value • No Bank Guarantee

## Total returns (%) as of 3/31/23

	30-day SEC yield	Cumulative		Expense ratio <sup>1</sup>	
		3-month	Since inception 11/15/22	Before waivers	After waivers
FDV (NAV)	3.55	-3.09	-1.88	0.60	0.50
FDV (market price)	3.55	-3.21	-1.33	0.60	0.50
S&P 500® Index	–	7.50	0.16	–	–

**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 [FederatedInvestors.com](https://www.federatedinvestors.com).**

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.

**Our approach to dividend investing is now available in an ETF focused on U.S. companies only.<sup>2</sup>**

### Investment team

- Dedicated to dividend investing
- Fourteen investment professionals
- Average more than 19 years of experience
- Over \$35 billion under management as of 3/31/23
- Led by four portfolio managers who have worked together for over a decade

### Our security selection process has been demonstrated over several market cycles since 2001

- We focus on high quality companies with:
  - » Higher dividend yields than S&P 500® Index average
  - » Dividend growth potential
  - » Strong balance sheets
  - » Stable cash flows
  - » Pricing power

<sup>1</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 12/1/23 or the date of the fund's next effective prospectus. Includes acquired fund fees and other expenses.

<sup>2</sup> The Fund intends to invest exclusively in U.S. issuers (i.e., companies domiciled and/or with operations in the United States, or listed on U.S.-based exchanges. U.S. issuers will be defined as issuers i) that are organized under the laws of U.S. or that maintain their principal place of business in the U.S.; (ii) whose securities are traded principally on U.S. based exchanges; or (iii) that, during the issuer's most recent fiscal year, derived at least 50% of their revenues or profits from goods produced or sold, investments made, or services performed in the U.S. or that have at least 50% of their assets in the U.S.

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.

### Past performance is no guarantee of future results.

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.

### This material must be preceded or accompanied by a prospectus.

### A word about risk

ETFs are subject to risks and fluctuate in value.

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.

### 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 maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the yield would have been 3.45% and total returns also would be lower.

**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 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.

**Weighted median market cap** (capitalization) is the calculation represented by the median market capitalization of the stocks in the portfolio, weighted by the amount of each stock.

**Weighted median price-to-earnings (P/E)** - next twelve months (NTM). In calculating this, individual holdings with values greater than 60 are capped at 60 in accordance with Morningstar's methodology for calculating "weighted Median P/E."

**Morningstar Dividend Yield Focus Index** tracks the top 75 high-yielding stocks that meet screening requirements for quality and financial health.

**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.