

Semi-Annual Shareholder Report

August 31, 2022



NASDAQ Ticker | XFHYX
Principal U.S. Market: NYSE Arca | FHYS

Federated Hermes Short Duration High Yield ETF

Fund Established 2021

A Portfolio of Federated Hermes ETF Trust

Dear Valued Shareholder,

We are pleased to present the Semi-Annual Shareholder Report for your fund covering the period from March 1, 2022 through August 31, 2022. This report includes a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

As a global leader in active, responsible investment management, Federated Hermes is guided by our conviction that responsible investing is the best way to create wealth over the long term. The company provides capabilities across a wide range of asset classes to investors around the world.

In addition, [FederatedInvestors.com](https://www.federatedinvestors.com) offers quick and easy access to valuable resources that include timely fund updates, economic and market insights from our investment strategists and financial planning tools. You can also access many of those insights by following us on Twitter (@FederatedHermes) and LinkedIn.

Thank you for investing with us. We hope you find this information useful and look forward to keeping you informed.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Christopher Donahue".

J. Christopher Donahue, President

Not FDIC Insured • May Lose Value • No Bank Guarantee

CONTENTS

Portfolio of Investments Summary Table 1

Portfolio of Investments 2

Financial Highlights..... 11

Statement of Assets and Liabilities..... 12

Statement of Operations..... 13

Statement of Changes in Net Assets 14

Notes to Financial Statements 15

Shareholder Expense Example 23

Evaluation and Approval of Advisory Contract 25

Liquidity Risk Management Program –
Annual Evaluation of Adequacy and Effectiveness..... 35

Voting Proxies on Fund Portfolio Securities 37

Quarterly Portfolio Schedule 37

Portfolio of Investments Summary Table (unaudited)

At August 31, 2022, the Fund's index classification¹ was as follows:

Index Classification	Percentage of Total Net Assets
Technology	14.3%
Health Care	8.9%
Midstream	5.9%
Gaming	5.3%
Insurance - P&C	5.1%
Media Entertainment	5.0%
Packaging	4.9%
Automotive	4.6%
Independent Energy	4.0%
Chemicals	3.5%
Other ²	37.8%
Bank Loan Core Fund	0.7%
Other Assets and Liabilities - Net ³	(0.0)%
TOTAL	100%

- ¹ Index classifications are based upon, and individual portfolio securities are assigned to, the classifications and sub-classifications of the Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index (BHY2%ICI). Individual portfolio securities that are not included in the BHY2%ICI are assigned to an index classification by the Fund's Adviser.
- ² For purposes of this table, index classifications which constitute less than 3.5% of the Fund's total net assets have been aggregated under the designation "Other."
- ³ Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.

Portfolio of Investments

August 31, 2022 (unaudited)

Principal Amount or Shares		Value
	CORPORATE BONDS—4.6%	
	Aerospace/Defense—1.2%	
\$200,000	TransDigm, Inc., Sr. Sub. Note, 6.375%, 6/15/2026	\$ 192,000
150,000	TransDigm, Inc., Sr. Sub., Series WI, 5.500%, 11/15/2027	134,985
	TOTAL	326,985
	Airlines—1.2%	
350,000	American Airlines, Inc./AAAdvantage Loyalty IP Ltd., 144A, 5.500%, 4/20/2026	332,948
	Automotive—4.3%	
100,000	Dornoch Debt Merger Sub, Inc., Sr. Unsecd. Note, 144A, 6.625%, 10/15/2029	78,000
500,000	Ford Motor Credit Co. LLC, Sr. Unsecd. Note, 4.063%, 11/1/2024	485,365
250,000	J.B. Poindexter & Co., Inc., Sr. Unsecd. Note, 144A, 7.125%, 4/15/2026	242,188
60,000	KAR Auction Services, Inc., Sr. Unsecd. Note, 144A, 5.125%, 6/1/2025	58,917
250,000	Panther BF Aggregator 2 LP, Sr. Unsecd. Note, 144A, 8.500%, 5/15/2027	245,650
100,000	Real Hero Merger Sub 2, Inc., Sr. Unsecd. Note, 144A, 6.250%, 2/1/2029	81,284
	TOTAL	1,191,404
	Building Materials—2.5%	
250,000	Cp Atlas Buyer, Inc., Sr. Unsecd. Note, 144A, 7.000%, 12/1/2028	204,062
100,000	Srs Distribution, Inc., Sr. Unsecd. Note, 144A, 6.125%, 7/1/2029	82,959
300,000	Standard Industries, Inc., Sr. Unsecd. Note, 144A, 5.000%, 2/15/2027	274,362
150,000	White Cap Parent LLC, Sr. Sub. Secd. Note, 144A, 8.250%, 3/15/2026	130,486
	TOTAL	691,869
	Cable Satellite—2.5%	
150,000	CCO Holdings LLC/Cap Corp., Sr. Sub. Secd. Note, 144A, 5.500%, 5/1/2026	148,500
200,000	CSC Holdings LLC, Sr. Unsecd. Note, 144A, 5.500%, 4/15/2027	189,556
200,000	DIRECTV Holdings LLC, Sec. Fac. Bond, 144A, 5.875%, 8/15/2027	183,000
200,000	Telenet Finance Luxembourg, Sec. Fac. Bond, 144A, 5.500%, 3/1/2028	182,000
	TOTAL	703,056
	Chemicals—2.6%	
200,000	Cheever Escrow Issuer, Sec. Fac. Bond, 144A, 7.125%, 10/1/2027	195,000
120,000	Herens Holdco S.a.r.l., Sec. Fac. Bond, 144A, 4.750%, 5/15/2028	101,690
200,000	Illuminate Buyer LLC/Illuminate Holdings IV, Inc., Sr. Unsecd. Note, 144A, 9.000%, 7/1/2028	172,000
200,000	Koppers, Inc., Sr. Unsecd. Note, 144A, 6.000%, 2/15/2025	187,660
100,000	Polar US Borrower LLC, Sr. Unsecd. Note, 144A, 6.750%, 5/15/2026	64,730
	TOTAL	721,080
	Construction Machinery—0.7%	
200,000	United Rentals, Inc., Sr. Unsecd. Note, 5.500%, 5/15/2027	198,061

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	Consumer Cyclical Services—1.3%	
\$100,000	Allied Universal Holdco LLC, Sec. Fac. Bond, 144A, 6.625%, 7/15/2026	\$ 93,629
100,000	Garda World Security Corp., Sec. Fac. Bond, 144A, 4.625%, 2/15/2027	87,890
200,000	The Brink's Co., Sr. Unsecd. Note, 144A, 5.500%, 7/15/2025	195,546
	TOTAL	377,065
	Consumer Products—1.3%	
250,000	BCPE Empire Holdings, Inc., Sr. Unsecd. Note, 144A, 7.625%, 5/1/2027	225,434
150,000	Edgewell Personal Care Co., Sr. Unsecd. Note, 144A, 5.500%, 6/1/2028	138,527
	TOTAL	363,961
	Diversified Manufacturing—2.5%	
250,000	Gates Global LLC, Sr. Unsecd. Note, 144A, 6.250%, 1/15/2026	236,875
350,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 144A, 7.125%, 6/15/2025	350,063
100,000	WESCO Distribution, Inc., Sr. Unsecd. Note, 144A, 7.250%, 6/15/2028	100,826
	TOTAL	687,764
	Finance Companies—0.5%	
150,000	United Shore Financial Services, Sr. Unsecd. Note, 144A, 5.500%, 11/15/2025	132,375
	Food & Beverage—2.1%	
250,000	Aramark Services, Inc., Sr. Unsecd. Note, 144A, 5.000%, 4/1/2025	244,035
100,000	Performance Food Group, Inc., Sr. Unsecd. Note, 144A, 5.500%, 10/15/2027	94,263
250,000	US Foods, Inc., Sec. Fac. Bond, 144A, 6.250%, 4/15/2025	251,217
	TOTAL	589,515
	Gaming—4.4%	
100,000	Affinity Gaming LLC, 144A, 6.875%, 12/15/2027	86,838
250,000	Boyd Gaming Corp., Sr. Unsecd. Note, 4.750%, 12/1/2027	233,368
300,000	Colt Merger Sub, Inc., Sr. Secd. Note, 144A, 6.250%, 7/1/2025	292,923
200,000	Mohegan Tribal Gaming Authority, 144A, 8.000%, 2/1/2026	175,950
210,000	Sugarhouse HSP Gaming Finance Corp., Sec. Fac. Bond, 144A, 5.875%, 5/15/2025	194,546
250,000	VICI Properties LP/ VICI Note Co., Inc., Sr. Unsecd. Note, 144A, 5.625%, 5/1/2024	250,375
	TOTAL	1,234,000
	Health Care—3.2%	
150,000	Ardent Health Services, Sr. Unsecd. Note, 144A, 5.750%, 7/15/2029	115,125
70,000	CHS/Community Health Systems, Inc., Sec. Fac. Bond, 144A, 5.625%, 3/15/2027	59,360
200,000	Global Medical Response, Inc., Sec. Fac. Bond, 144A, 6.500%, 10/1/2025	178,500
100,000	MPH Acquisition Holdings LLC, Sr. Note, 144A, 5.500%, 9/1/2028	85,250
150,000	Team Health Holdings, Inc., Sr. Unsecd. Note, 144A, 6.375%, 2/1/2025	118,500
350,000	Tenet Healthcare Corp., Sr. Secd. Note, 4.625%, 7/15/2024	342,723
	TOTAL	899,458

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	Independent Energy—3.1%	
\$150,000	Centennial Resource Production, LLC, Sr. Unsecd. Note, 144A, 5.375%, 1/15/2026	\$ 138,589
250,000	Range Resources Corp., Sr. Unsecd. Note, 4.875%, 5/15/2025	242,500
250,000	SM Energy Co., Sr. Unsecd. Note, 6.750%, 9/15/2026	245,860
250,000	Tap Rock Resources LLC, Sr. Unsecd. Note, 144A, 7.000%, 10/1/2026	234,090
	TOTAL	861,039
	Industrial - Other—0.4%	
150,000	Madison IaQ LLC, Sr. Unsecd. Note, 144A, 5.875%, 6/30/2029	123,396
	Insurance - P&C—4.3%	
282,890	Ardonagh Midco 2 PLC, Sr. Unsecd. Note, 144A, 11.500%, 1/15/2027	286,426
200,000	AssuredPartners, Inc., Sr. Unsecd. Note, 144A, 7.000%, 8/15/2025	192,162
300,000	Hub International Ltd., Sr. Unsecd. Note, 144A, 7.000%, 5/1/2026	293,927
185,000	NFP Corp., Sr. Unsecd. Note, 144A, 6.875%, 8/15/2028	152,018
300,000	USIS Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.875%, 5/1/2025	293,814
	TOTAL	1,218,347
	Leisure—0.5%	
151,000	Six Flags Theme Parks, Sec. Fac. Bond, 144A, 7.000%, 7/1/2025	152,610
	Lodging—1.4%	
400,000	Hilton Domestic Operating Company, Inc., Sr. Unsecd. Note, 144A, 5.375%, 5/1/2025	396,541
	Media Entertainment—3.0%	
100,000	Audacy Capital Corp., 144A, 6.500%, 5/1/2027	32,750
250,000	Cumulus Media News Holdings, Inc., 144A, 6.750%, 7/1/2026	223,624
200,000	iHeartCommunications, Inc., 144A, 5.250%, 8/15/2027	179,429
150,000	Scripps Escrow, Inc., Sr. Unsecd. Note, 144A, 5.875%, 7/15/2027	135,746
100,000	Tegna, Inc., Sr. Unsecd. Note, 144A, 4.625%, 3/15/2028	95,812
100,000	Terrier Media Buyer, Inc., Sr. Unsecd. Note, 144A, 8.875%, 12/15/2027	86,003
100,000	Townsquare Media, Inc., Sec. Fac. Bond, 144A, 6.875%, 2/1/2026	93,558
	TOTAL	846,922
	Midstream—5.9%	
250,000	Antero Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.750%, 3/1/2027	236,875
350,000	Hess Midstream Operations LP, Sr. Unsecd. Note, 144A, 5.625%, 2/15/2026	341,274
250,000	NuStar Logistics LP, Sr. Unsecd. Note, 5.625%, 4/28/2027	227,608
350,000	Rattler Midstream Partners LP, Sr. Unsecd. Note, 144A, 5.625%, 7/15/2025	357,129
250,000	Solaris Midstream Holdings LLC, Sr. Unsecd. Note, 144A, 7.625%, 4/1/2026	244,063
250,000	Suburban Propane Partners LP, Sr. Unsecd. Note, 5.875%, 3/1/2027	243,137
	TOTAL	1,650,086
	Oil Field Services—2.6%	
100,000	Archrock Partners LP / Archrock Partners Finance Corp., Sr. Unsecd. Note, 144A, 6.875%, 4/1/2027	93,750

Principal Amount or Shares		Value
	CORPORATE BONDS—continued	
	Oil Field Services—continued	
\$300,000	Nabors Industries, Inc., Sr. Unsecd. Note, 144A, 7.375%, 5/15/2027	\$ 289,500
250,000	Precision Drilling Corp., Sr. Unsecd. Note, 144A, 7.125%, 1/15/2026	238,942
110,000	USA Compression Partners LP, Sr. Unsecd. Note, Series WI, 6.875%, 4/1/2026	103,163
	TOTAL	725,355
	Packaging—3.2%	
150,000	Ardagh Packaging Finance PLC/Ardagh Holdings, Sr. Unsecd. Note, 144A, 5.250%, 8/15/2027	108,430
350,000	Owens-Brockway Glass Container, Inc., Sr. Unsecd. Note, 144A, 5.375%, 1/15/2025	325,548
260,000	Trident Merger Subsidiary, Inc., Sr. Unsecd. Note, 144A, 6.625%, 11/1/2025	228,355
250,000	Trivium Packaging Finance BV, Sr. Unsecd. Note, 144A, 8.500%, 8/15/2027	237,666
	TOTAL	899,999
	Paper—1.4%	
400,000	Clearwater Paper Corp., Sr. Unsecd. Note, 144A, 5.375%, 2/1/2025	396,500
	Pharmaceuticals—0.3%	
100,000	Bausch Health Cos, Inc., Sec. Fac. Bond, 144A, 5.500%, 11/1/2025	82,500
	Retailers—0.7%	
200,000	NMG Holding Co., Inc., 144A, 7.125%, 4/1/2026	187,114
	Technology—4.4%	
400,000	AMS AG, Sr. Unsecd. Note, 144A, 7.000%, 7/31/2025	381,636
250,000	Boxer Parent Co., Inc., 144A, 7.125%, 10/2/2025	246,969
150,000	Consensus Cloud Solutions, Inc., Sr. Unsecd. Note, 144A, 6.000%, 10/15/2026	136,577
250,000	Diebold Nixdorf, Inc., Sr. Secd. Note, 144A, 9.375%, 7/15/2025	205,174
150,000	II-VI, Inc., Sr. Unsecd. Note, 144A, 5.000%, 12/15/2029	133,556
150,000	Veritas US, Inc./Veritas Bermuda, Ltd., Sr. Secd. Note, 144A, 7.500%, 9/1/2025	115,500
	TOTAL	1,219,412
	Transportation Services—2.2%	
400,000	Stena International S.A., Sec. Fac. Bond, 144A, 6.125%, 2/1/2025	386,000
250,000	Watco Cos LLC/Finance Co., Sr. Unsecd. Note, 144A, 6.500%, 6/15/2027	239,652
	TOTAL	625,652
	Utility - Electric—0.9%	
260,000	Enviva Partners LP/Enviva Partners Finance Corp., Sr. Unsecd. Note, 144A, 6.500%, 1/15/2026	252,551
	TOTAL CORPORATE BONDS (IDENTIFIED COST \$19,636,582)	18,087,565
	¹ FLOATING RATE LOANS—31.4%	
	Aerospace/Defense—0.7%	
199,486	Peraton Corp., Term Loan – 1st Lien, Series B, 6.274% (1-month USLIBOR +3.750%), 2/1/2028	193,501

Principal Amount or Shares	Value
¹ FLOATING RATE LOANS—continued	
Building Materials—0.5%	
\$150,000	Cornerstone Building Brands, Inc., Term Loan—1st Lien, 7.882% (SOFR CME +5.625%), 8/1/2028
	\$ 141,188
Chemicals—0.9%	
249,256	Messer Industries GmbH, Term Loan—1st Lien, 4.760% (3-month USLIBOR +2.500%), 3/2/2026
	244,208
Consumer Cyclical Services—1.2%	
250,000	AP Core Holdings II, LLC, Term Loan—1st Lien, Series B2, 8.024% (1-month USLIBOR +5.500%), 9/1/2027
	236,457
99,750	Century Casinos, Inc, Term Loan—1st Lien, 8.407% (SOFR CME +6.100%), 4/2/2029
	95,511
	TOTAL
	331,968
Consumer Products—0.5%	
149,625	BCPE Empire Holdings, Inc., Term Loan—1st Lien, 7.180% (SOFR CME +4.625%), 6/11/2026
	144,762
Financial Institutions—0.9%	
247,436	Sedgwick Claims Management Services, Inc., Term Loan—1st Lien, Series B3, 6.774% (1-month USLIBOR +4.250%), 9/3/2026
	243,621
Gaming—0.9%	
250,000	Great Canadian Gaming Corp., Term Loan—1st Lien, 6.096% (3-month USLIBOR +4.000%), 11/1/2026
	244,625
Health Care—5.7%	
199,498	AHP Health Partners, Inc., Term Loan—1st Lien, Series B, 6.024% (1-month USLIBOR +3.500%), 8/24/2028
	191,579
199,496	Curia Global, Inc., Term Loan—1st Lien, 6.274%—6.556% (1-month USLIBOR +3.750%, 3-month USLIBOR +3.750%), 8/30/2026
	192,015
248,744	Curium BidCo S.a r.l., Term Loan—1st Lien, 6.250% (3-month USLIBOR +4.000%), 12/9/2027
	241,282
250,000	MH Sub I, LLC, Term Loan—2nd Lien, 8.705% (SOFR CME +6.250%), 2/23/2029
	239,250
250,000	Parexel International Corp., Term Loan—1st Lien, 5.774% (1-month USLIBOR +3.250%), 11/15/2028
	243,125
249,370	Press Ganey Holdings, Inc., Term Loan—1st Lien, Series B, 6.274% (1-month USLIBOR +3.750%), 7/24/2026
	237,837
250,000	Sotera Health Holdings, LLC, Term Loan—1st Lien, 5.274% (1-month USLIBOR +2.750%), 12/11/2026
	242,500
	TOTAL
	1,587,588
Independent Energy—0.9%	
250,000	Ascent Resources Utica Holdings, LLC, Term Loan—2nd Lien, 11.455% (3-month USLIBOR +9.000%), 11/1/2025
	263,595
Industrial - Other—2.6%	
249,372	Filtration Group Corp., Term Loan—1st Lien, 6.024% (1-month USLIBOR +3.500%), 10/21/2028
	242,390

Principal Amount or Shares		Value
	¹ FLOATING RATE LOANS—continued	
	Industrial - Other—continued	
\$249,370	Fluid-Flow Products, Inc., Term Loan – 1st Lien, 6.000% (3-month USLIBOR +3.750%), 3/31/2028	\$ 242,014
250,000	SPX Flow, Inc., 2022 Term Loan – 1st Lien, 7.055% (1-month USLIBOR +4.500%), 4/5/2029	236,875
	TOTAL	721,279
	Insurance - P&C—0.8%	
250,000	Asurion LLC, Term Loan – 2nd Lien, Series B3, 7.774% (1-month USLIBOR +5.250%), 1/31/2028	213,750
	Media Entertainment—2.0%	
249,370	Magnite, Inc., Term Loan – 1st Lien, 5.810% – 7.380% (1-month USLIBOR +5.000%, 6-month USLIBOR +5.000%), 4/28/2028	239,396
248,750	NEP Group, Inc., Term Loan – 1st Lien, Series B, 8.500% (PRIME +3.000%), 10/20/2025	239,006
100,000	Univision Communications, Inc., Term Loan – 1st Lien, Series B, 6.254% (SOFR CME +4.250%), 6/8/2029	98,000
	TOTAL	576,402
	Oil Field Services—0.4%	
125,000	ChampionX Corp., Term Loan – 1st Lien, Series B1, 5.643% (SOFR CME +3.250%), 6/7/2029	124,375
	Packaging—1.7%	
249,367	Charter NEX US, Inc., Term Loan – 1st Lien, 6.556% (3-month USLIBOR +3.750%), 12/1/2027	241,796
250,000	Clydesdale Acquisition Holdings, Inc., Term Loan – 1st Lien, Series B, 6.730% (SOFR CME +4.175%), 4/13/2029	240,895
	TOTAL	482,691
	Technology—9.9%	
250,000	Barracuda Networks, Inc., Term Loan – 1st Lien, 7.237% (SOFR CME +4.500%), 8/15/2029	240,625
150,000	CDK Global, Inc., Term Loan – 1st Lien, Series B, 6.610% (3-month USLIBOR +4.500%), 7/6/2029	146,020
186,147	² Digi International, Inc., Term Loan – 1st Lien, Series B, TBD, 12/22/2028	184,518
248,737	Gainwell Acquisition Corp., Term Loan – 1st Lien, Series B, 6.250% (3-month USLIBOR +4.000%), 10/1/2027	242,676
249,367	Greeneden U.S. Holdings II, LLC, Term Loan – 1st Lien, Series B4, 6.524% (1-month USLIBOR +4.000%), 12/1/2027	244,736
249,352	Hyland Software, Inc., Term Loan – 1st Lien, 6.024% (1-month USLIBOR +3.500%), 7/1/2024	245,879
249,356	Marcel LUX IV S.a.r.l., Term Loan – 1st Lien, Series B, 5.520% (SOFR CME +3.250%), 3/15/2026	243,591
249,361	NEXUS Buyer LLC, Term Loan – 1st Lien, Series B, 6.274% (1-month USLIBOR +3.750%), 11/9/2026	241,775
249,375	Ping Identity Corp., Term Loan – 1st Lien, Series B, 6.305% (SOFR CME +3.750%), 11/22/2028	248,752

Principal Amount or Shares	Value	
¹ FLOATING RATE LOANS—continued		
Technology—continued		
\$250,000	Renaissance Holding Corp., Term Loan – 1st Lien, Series B, 6.787% (SOFR CME +4.500%), 3/30/2029	\$ 243,625
250,000	Ultimate Software Group, Inc. (The), Term Loan – 2nd Lien, 7.535% (3-month USLIBOR +5.250%), 5/3/2027	242,930
249,362	VS Buyer, LLC, Term Loan – 1st Lien, Series B, 5.524% (1-month USLIBOR +3.000%), 2/28/2027	244,063
	TOTAL	2,769,190
Transportation Services—0.9%		
250,000	SkyMiles IP Ltd., 2020 Skymiles Term Loan B – 1st Lien, 6.460% (3-month USLIBOR +3.750%), 10/20/2027	252,990
Utility - Electric—0.9%		
250,000	TerraForm Power Operating, LLC, 2022 Term Loan B – 1st Lien, 5.215% (SOFR CME +2.750%), 5/21/2029	247,500
	TOTAL FLOATING RATE LOANS (IDENTIFIED COST \$8,896,242)	8,783,233
ASSET-BACKED SECURITIES—3.3%		
Automotive—0.3%		
100,000	Volkswagen Auto Lease Trust 2022-A, Class A3, 3.440%, 7/21/2025	98,204
Finance Companies—3.0%		
250,000	Aimco 2020-12A, Class ER, 8.580% (SOFR +6.100%), 1/17/2032	231,369
250,000	Palmer Square Loan Funding Ltd. 2022-2A, Class D, 7.287% (SOFR +6.200%), 10/15/2030	224,550
150,000	Palmer Square Loan Funding Ltd. 2022-5A, Class C, 6.433% (SOFR CME +3.910%), 1/15/2031	142,140
250,000	Stratus CLO 2022-1A, Class D, 6.531% (SOFR +4.250%), 7/20/2030	241,565
	TOTAL	839,624
TOTAL ASSET-BACKED SECURITIES (IDENTIFIED COST \$992,492)		937,828
INVESTMENT COMPANY—0.7%		
21,979	Bank Loan Core Fund (IDENTIFIED COST \$211,658)	196,712
TOTAL INVESTMENT IN SECURITIES—100.0% (IDENTIFIED COST \$29,736,974) ³		28,005,338
OTHER ASSETS AND LIABILITIES - NET—(0.0)% ⁴		(5,451)
TOTAL NET ASSETS—100%		\$27,999,887

Affiliated fund holdings are investment companies which are managed by the Adviser or an affiliate of the Adviser. Transactions with affiliated fund holdings during the period ended August 31, 2022, were as follows:

	Bank Loan Core Fund	Federated Hermes Institutional Prime Value Obligations Fund, Institutional Shares	Total of Affiliated Transactions
Value as of 2/28/2022	\$ 1,687,027	\$ 540,297	\$ 2,227,324
Purchases at Cost	\$ —	\$ 8,367,682	\$ 8,367,682
Proceeds from Sales	\$(1,390,000)	\$(8,907,423)	\$(10,297,423)
Change in Unrealized Appreciation/Depreciation	\$ 4,547	\$ (21)	\$ 4,526
Net Realized Gain/(Loss)	\$ (104,862)	\$ (535)	\$ (105,397)
Value as of 8/31/2022	\$ 196,712	\$ —	\$ 196,712
Shares Held as of 8/31/2022	21,979	—	21,979
Dividend Income	\$ 31,048	\$ 6,118	\$ 37,166

- 1 *Floating/variable note with current rate and current maturity or next reset date shown.*
- 2 *All or a portion of the security represents unsettled loan commitments at August 31, 2022 where the rate will be determined at time of settlement.*
- 3 *The cost of investments for federal tax purposes amounts to \$29,829,959.*
- 4 *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, 2022.

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.

The following is a summary of the inputs used, as of August 31, 2022, in valuing the Fund's assets carried at fair value:

Valuation Inputs

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
Debt Securities:				
Corporate Bonds	\$ —	\$18,087,565	\$—	\$18,087,565
Floating Rate Loans	—	8,783,233	—	8,783,233
Asset-Backed Securities	—	937,828	—	937,828
Investment Company	196,712	—	—	196,712
TOTAL SECURITIES	\$196,712	\$27,808,626	\$—	\$28,005,338

The following acronym(s) are used throughout this portfolio:

LIBOR—London Interbank Offered Rate
 SOFR —Secured Overnight Financing Rate
 TBD —To Be Determined

See Notes which are an integral part of the Financial Statements

Financial Highlights

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 8/31/2022	Period Ended 2/28/2022 ¹
Net Asset Value, Beginning of Period	\$24.32	\$25.02
Income From Investment Operations:		
Net investment income (loss)	0.61	0.43
Net realized and unrealized gain (loss)	(1.94)	(0.86)
TOTAL FROM INVESTMENT OPERATIONS	(1.33)	(0.43)
Less Distributions:		
Distributions from net investment income	(0.66)	(0.27)
Net Asset Value, End of Period	\$22.33	\$24.32
Total Return²	(5.50)%	(1.74)%
Ratios to Average Net Assets:		
Net expenses ³	0.50% ⁴	0.50% ⁴
Net investment income	5.24% ⁴	4.67% ⁴
Expense waiver/reimbursement ⁵	0.10% ⁴	0.14% ⁴
Supplemental Data:		
Net assets, end of period (000 omitted)	\$28,000	\$28,069
Portfolio turnover ⁶	72%	7%

- 1 Reflects operations for the period from December 16, 2021 (commencement of operations) to February 28, 2022.
- 2 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 4 Computed on an annualized basis.
- 5 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.
- 6 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, 2022 (unaudited)

Assets:

Investment in securities, at value including \$196,712 of investments in affiliated holdings* (identified cost \$29,736,974)	\$28,005,338
Income receivable	361,340
Income receivable from affiliated holdings	2,413
TOTAL ASSETS	28,369,091

Liabilities:

Payable for investments purchased	182,424
Payable to bank	48,121
Income distribution payable	126,403
Payable for investment adviser fee (Note 5)	12,256
TOTAL LIABILITIES	369,204
Net assets for 1,254,000 shares outstanding	\$27,999,887

Net Assets Consist of:

Paid-in capital	\$31,612,627
Total distributable earnings (loss)	(3,612,740)
TOTAL NET ASSETS	\$27,999,887

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

$\$27,999,887 \div 1,254,000$ shares outstanding, no par value, unlimited shares authorized	\$ 22.33
---	----------

* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

Statement of Operations

Six Months Ended August 31, 2022 (unaudited)

Investment Income:	
Interest	\$ 860,109
Dividends received from affiliated holdings*	37,166
TOTAL INCOME	897,275
Expenses:	
Investment adviser fee (Note 5)	93,634
TOTAL EXPENSES	93,634
Waiver/reimbursement of investment adviser fee (Note 5)	(14,841)
Net expenses	78,793
Net investment income	818,482
Realized and Unrealized Gain (Loss) on Investments:	
Net realized loss on investments (including net realized loss of \$(105,397) on sales of investments in affiliated holdings*)	(1,780,042)
Net change in unrealized depreciation of investments (including net change in unrealized depreciation of \$4,526 on investments in affiliated holdings*)	(986,119)
Net realized and unrealized gain (loss) on investments	(2,766,161)
Change in net assets resulting from operations	\$(1,947,679)

* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

	Six Months Ended (unaudited) 8/31/2022	Period Ended 2/28/2022 ¹
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 818,482	\$ 256,772
Net realized gain (loss)	(1,780,042)	(5,474)
Net change in unrealized appreciation/depreciation	(986,119)	(745,517)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	(1,947,679)	(494,219)
Distributions to Shareholders	(875,001)	(295,841)
Share Transactions:		
Proceeds from sale of shares	10,259,303	28,858,696
Cost of shares redeemed	(7,505,372)	—
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	2,753,931	28,858,696
Change in net assets	(68,749)	28,068,636
Net Assets:		
Beginning of period	28,068,636	—
End of period	\$27,999,887	\$28,068,636

1 Reflects operations for the period from December 16, 2021 (commencement of operations) to February 28, 2022.

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

August 31, 2022 (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 two portfolios. The financial statements included herein are only those of Federated Hermes Short Duration High Yield ETF (the "Fund"). The Fund's investment objective is to seek high current income.

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. Any amount of 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 an Authorized Participant 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:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Trustees (the "Trustees").
- Shares of mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs, or NAV per share practical expedient, as applicable.
- Equity securities 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.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Trustees.

- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, 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 Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the 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

The Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees have appointed a Valuation Committee comprised of officers of the Fund, Federated Investment Management Company (the "Adviser") and certain of the Adviser's affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Trustees have also authorized the use of pricing services recommended by the Valuation Committee 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 Trustees. The Trustees periodically review and approve the fair valuations made by the Valuation Committee and 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 asked 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 Trustees.

The Trustees also have adopted procedures requiring an investment to be priced at its fair value whenever the Adviser 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 Trustees have 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 Fund will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Trustees. The Trustees have ultimate responsibility for any fair valuations made in response to a significant event.

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 monthly. 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 and reimbursement of \$14,841 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 (the "Code") 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 six months ended August 31, 2022, 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, 2022, the tax year 2022 remains 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 Trustees.

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 tables summarize share activity with respect to purchases and redemptions of Creation Units:

	Six Months Ended 8/31/2022	Period Ended 2/28/2022 ¹
Shares sold	440,000	1,154,000
Shares issued to shareholders in payment of distributions declared	—	—
Shares redeemed	(340,000)	—
NET CHANGE RESULTING FROM FUND SHARE TRANSACTIONS	100,000	1,154,000

¹ Reflects operations for the period from December 16, 2021 (commencement of operations) to February 28, 2022.

4. FEDERAL TAX INFORMATION

At August 31, 2022, the cost of investments for federal tax purposes was \$29,829,959. The net unrealized depreciation of investments for federal tax purposes was \$1,824,621. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$44,278 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$1,868,899.

As of February 28, 2022, the Fund had a capital loss carryforward of \$6,436 which will reduce the Fund's taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code, thereby reducing the amount of distributions to shareholders which would otherwise be necessary to relieve the Fund of any liability for federal income tax. Pursuant to the Code, these net capital losses retain their character as either short-term or long-term and do not expire.

The following schedule summarizes the Fund's capital loss carryforwards:

Short-Term	Long-Term	Total
\$6,436	\$—	\$6,436

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 0.60% 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 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. 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 six months ended August 31, 2022, the Adviser voluntarily waived \$14,295 of its fee and voluntarily reimbursed \$546 of other operating expenses.

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 six months ended August 31, 2022, 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) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Total annual fund operating expenses (excluding acquired fund fees and expenses, interest expense, taxes, litigation expenses, extraordinary expenses and

proxy-related expenses paid by the Fund, if any) paid by the Fund (after the voluntary waivers and/or reimbursements) will not exceed 0.50% (the "Fee Limit") up to but not including the later of (the "Termination Date"): (a) July 1, 2023; or (b) the date of the Fund's next effective Prospectus. 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, 2022, 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 and short-term obligations, for the six months ended August 31, 2022, were as follows:

Purchases	\$24,075,653
Sales	\$24,249,046

Purchases and Sales include \$9,330,339 and \$7,297,823, respectively, in connection with in-kind purchases of the Fund's 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, 2022, there were no outstanding loans. During the six months ended August 31, 2022, 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.

9. OTHER MATTERS

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in late 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in closing borders, enhanced health screenings, disruptions to healthcare service preparation and delivery, quarantines, cancellations, and disruptions to supply chains, workflow operations and consumer activity, as well as general concern and uncertainty. The impact of this coronavirus may continue for an extended period of time and has resulted in substantial economic volatility. Health crises caused by outbreaks, such as the coronavirus outbreak, may exacerbate other pre-existing political, social and economic risks. The impact of this outbreak, and other epidemics and pandemics that may arise in the future, could continue to negatively affect the worldwide economy, as well as the economies of individual countries, individual companies (including certain Fund service providers and issuers of the Fund's investments) and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the Fund's performance.

10. RECENT ACCOUNTING PRONOUNCEMENTS

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-01 "Reference Rate Reform (Topic 848)". ASU No. 2021-01 updates and clarifies ASU No. 2020-04, which provides optional, temporary relief with respect to the financial reporting of contracts subject to certain types of modifications due to the planned discontinuation of LIBOR and other interbank-offered reference rates. The temporary relief provided by ASU No. 2021-01 is effective immediately for certain reference rate-related contract modifications that occur through December 31, 2022. Management does not expect ASU No. 2021-01 to have a material impact on the financial statements.

Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, which may include creation and redemption fees and brokerage commissions; and (2) ongoing costs, including management fees and to the extent applicable, distribution (12b-1) fees and/or other service fees and other Fund expenses. This Example is intended to help you to understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from March 1, 2022 to August 31, 2022.

ACTUAL EXPENSES

The first section of the table below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to *estimate* the expenses that you incurred over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During Period” to estimate the expenses attributable to your investment during this period.

HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES

The second section of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an *assumed* rate of return of 5% per year before expenses, which is not the Fund’s actual return. Thus, you should *not* use the hypothetical account values and expenses to estimate the actual ending account balance or your expenses for the period. Rather, these figures are required to be provided to enable you to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transaction costs, such as creation and redemption fees and brokerage commissions. Therefore, the second section of the table is useful in comparing ongoing costs only, and will not help you determine the relative *total* costs of owning different funds. In addition, if these transaction costs were included, your costs would have been higher.

	Beginning Account Value 3/1/2022	Ending Account Value 8/31/2022	Expenses Paid During Period¹
Actual	\$1,000	\$ 945.00	\$2.45
Hypothetical (assuming a 5% return before expenses)	\$1,000	\$1,022.68	\$2.55

- 1 Expenses are equal to the Fund's annualized net expense ratio of 0.50%, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half-year period).

Evaluation and Approval of Advisory Contract – August 2021

FEDERATED HERMES SHORT DURATION HIGH YIELD ETF (THE “FUND”)

At its meetings in August 2021 (the “August Meetings”), the Fund’s Board of Trustees (the “Board”), including those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved for an initial two-year term a proposed investment advisory contract (the “Contract”) between the Fund and Federated Investment Management Company (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 wholly owned subsidiaries, “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 August Meetings an independent written evaluation presenting on the topics discussed below. The Board considered the CCO’s independent written evaluation (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. The CCO, in preparing the New Fund CCO Fee Evaluation Report, has the authority to retain consultants, experts or staff as reasonably necessary to assist in the performance of his duties, reports directly to the Board, and can be terminated only with the approval of a majority of the Independent Trustees.

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 (each, a “Federated Hermes Fund”) at its May 2021 meetings. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the proposed Contract, which included detailed information about the Federated Hermes Funds and Federated Hermes furnished to the Board at its meetings throughout the year and in between regularly scheduled meetings on particular matters as the need arose.

The Board’s consideration of the Contract included review of materials and information covering the following matters, among others: the Adviser’s investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund’s proposed investment objective; the Fund’s anticipated expenses, including the proposed management fee and the overall estimated expense structure of the Fund (both in absolute terms and relative to a group of its peer funds), with due regard for contractual or voluntary expense limitations (if any); the use and allocation of brokerage commissions to be derived from trading the Fund’s portfolio securities (if any); and the nature, quality and extent of the advisory and other services to be provided to the Fund by the Adviser and its affiliates. The Board also considered the likely preferences and expectations of anticipated Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring and managing the Fund; the continuing state of competition in the exchange-traded fund (“ETF”) and mutual fund industry and market practices; the range of comparable fees for similar funds in the exchange-traded fund and mutual fund industry; the Fund’s proposed relationship to the other Federated Hermes Funds, which include a comprehensive array of funds with different investment objectives, policies and strategies, and the benefits to shareholders of being part of the family of Federated Hermes Funds, compliance and audit reports concerning the Federated Hermes Funds and Federated Hermes’ affiliates that service them (including communications from regulatory agencies), as well as Federated Hermes’ responses to any issues raised therein; and relevant developments in the exchange-traded fund and mutual fund industry and how the Federated Hermes Funds and/or Federated Hermes may be responding to them. The Board noted that its evaluation process is evolutionary and that the criteria considered and the emphasis placed on relevant criteria may change in recognition of changing circumstances in the exchange-traded fund and mutual fund marketplace.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in determining to approve the Contract. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser’s fiduciary duty with respect to its receipt of compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser’s cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize “economies of scale” as a fund grows larger and, if such economies of scale exist, whether they have been appropriately shared with a fund and its shareholders or the family of funds; (4) any “fall-out” benefits that accrue to an adviser because of its relationship with a fund (including research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a

comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the 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 an adviser's services and fees). The Board noted 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 review 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 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 Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the August 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 August 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 the Adviser and its affiliates to be dedicated to the Fund. In this regard, the Board evaluated, among other things, the proposed terms of the Contract and the range of services to be provided to the Fund by the Adviser and its affiliates. The Board considered the Adviser's personnel, investment philosophy and process, investment research capabilities and resources, trade execution 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 the Adviser's ability and experience in attracting and retaining qualified personnel to service the proposed Fund. In particular, the Board considered the abilities and experience of the portfolio managers in analyzing factors such as special considerations relevant to investing primarily in a diversified portfolio of U.S. dollar-denominated high-yield fixed-income instruments. The Board also evaluated the Fund's anticipated ability to deliver competitive performance when compared to its Peer Group (as defined below) as 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, although the Fund would be among the first ETFs managed by the Adviser, the Adviser had extensive experience advising actively managed mutual funds, including mutual funds with similar strategies to those of the Fund. The Board noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes in 2018, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to have access to analytical resources related to environmental, social and governance ("ESG") factors and issuer engagement on ESG matters.

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 considered the quality of the Adviser's communications with the Board and responsiveness to Board inquiries and requests made from time to time with respect to the other Federated Hermes Funds. In this regard, the Board took into account the Adviser's communications with the Board in light of the market volatility amidst the pandemic. The Board also considered that Federated Hermes is responsible for providing the Federated Hermes Funds' officers.

The Board also considered information previously provided by the Adviser regarding its regulatory and compliance environment. The Board considered the Adviser's compliance program, compliance history, and reports from the CCO about the Adviser's 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, in particular, the compliance-related resources that would be devoted by the Adviser and its affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, as amended, including the Adviser's commitment to respond to rulemaking and other regulatory initiatives of the SEC. The Board considered Federated Hermes' 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 to an increase in the scope of Federated Hermes' oversight in this regard, including in connection with the designation of the Federated Hermes Funds' investment advisers as the administrators of the Federated Hermes Funds' liquidity risk management program.

The Board also considered discussions with Federated Hermes regarding the implementation of its business continuity plans and recognized steps taken by Federated Hermes to continue to provide the same nature, extent and quality of services to the Federated Hermes Funds during the pandemic. 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 would operate, including changes associated with the pandemic.

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

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 significant history of managing short duration fixed-income portfolios. The Board also received additional information about the broad range of the portfolio management team's investment experience and their investment philosophy and process, including with respect to the Fund's proposed investments primarily in a diversified portfolio of U.S. dollar-denominated high-yield fixed-income instruments.

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 rates, proposed net management fee rates, and anticipated total expense ratios relative to (i) traditional mutual funds with an institutional share class within the category of peer funds selected by Morningstar, Inc. , an independent fund ranking organization (the “Peer Group”) and (ii) actively managed ETFs within the 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, 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. The Board 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 by other advisers for managing funds with comparable investment programs, the Board noted that it found the use of such comparisons to be relevant to its deliberations. The Board focused on comparisons with other similar exchange-traded funds and mutual funds more heavily than exchange-traded funds and mutual funds products or services because such comparisons are believed to be more relevant. The Board considered that other exchange-traded funds and mutual 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 exchange-traded funds’ and mutual funds’ fees and expenses, therefore, appears to be a relevant indicator of what consumers 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.

The Board reviewed the proposed contractual management fee rate, proposed net management fee rate and anticipated total expense ratio of the Fund and noted the position of the Fund’s proposed fee rates relative to its Peer Group. In this regard, the Board noted that the proposed contractual management fee rate of the Fund was above the median of the Peer Group. The Board also noted that most of the funds in the Fund’s Peer Group do not charge a unitary fee from which operational expenses are paid.

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.

While Federated Hermes does not currently offer a Short-Term High Yield investment strategy either in a separate account or another Federated Hermes Fund, the Board previously received and considered information about the fees charged by Federated Hermes for advisory services provided by the High Yield investment team to other types of clients, including non-registered non-exchange-traded or mutual fund clients (such as institutional separate accounts) and third-party unaffiliated mutual funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that 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, addressing different administrative responsibilities, and addressing different degrees of risk associated with management; and (vi) 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 Federated Hermes Funds' advisory fees.

The Board considered the CCO's conclusion that the proposed management fee was reasonable. The Board reviewed the proposed fees and anticipated total expense ratio of the Fund and was satisfied that the proposed overall expense structure of the Fund appeared to be appropriate.

Profitability and Other Benefits

The Board considered other benefits to the Adviser and its affiliates from their relationships with the Fund. In connection with the Board's governance of other Federated Hermes Funds, the Board regularly receives financial information about Federated Hermes, including information regarding the compensation and ancillary (or "fall-out") benefits that Federated Hermes derived from its relationships with the Federated Hermes Funds. This information covers not only the fees under the Federated Hermes Funds'

investment advisory contracts, but also fees received by Federated Hermes' affiliates for providing other services to the Federated Hermes Funds under separate contracts (e.g., 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 any indirect benefit that Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds. In addition, the Board considered that, in order for the Federated Hermes Funds to remain competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated Hermes Fund shareholders and/or reported to the Board their intention to do so (or continue to do so) in the future. Moreover, the Board received and considered regular reports from Federated Hermes throughout the year as to the institution, adjustment or elimination of these voluntary waivers and/or reimbursements.

The Board received and considered information furnished by Federated Hermes, as requested by the CCO, that reported projected revenues for the Fund, as 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 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 the CCO's view that, while the Fund is expected to grow in size, the creation and maintenance of the Fund requires a substantial initial investment. The allocation information, including the CCO's view that estimations regarding the Fund may be unreliable, was considered in the evaluation by the Board.

The Board also considered information regarding the CCO's review of information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies. 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 its contracts with the Federated Hermes Funds, including 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 calculating 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. 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 personnel and processes for the portfolio management (including market data on which portfolio managers make investment decisions), trading operations, issuer engagement (including with respect to ESG matters), shareholder services, compliance, business continuity, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and use of data. The Board noted that Federated Hermes’ investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments (as well as the benefits of any economies of scale, should they exist) are likely to be shared with the family of Federated Hermes Funds as a whole. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and that such waivers and reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund’s assets decline. The Board noted the fee waiver arrangement proposed for the Fund.

In connection with the Board’s governance of other Federated Hermes Funds, the Board regularly receives information furnished by Federated Hermes regarding adviser-paid fees (commonly referred to as “revenue sharing”). The Board considered the beliefs of Federated Hermes and the CCO that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common

industry practice or general 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 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.

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 was 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. With respect to the factors that were deemed to be relevant, the Board’s determination to approve the Contract reflects its view that Federated Hermes’ proposal to establish and manage the Fund and its past performance and actions in providing services to other Federated Hermes Funds (which the Board has found to be satisfactory with respect to such other Federated Hermes Funds) provided a satisfactory basis to support the determination to approve the proposed arrangement.

Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes ETF Trust (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Short Duration High Yield ETF (the “Fund” and, collectively with the other non-money market open-end funds advised by Federated Hermes, the “Federated Hermes Funds”). The Program seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Trustees of the Trust (the “Board”) has approved the designation of each Federated Hermes Fund’s investment adviser as the administrator for the Program (the “Administrator”) with respect to that Fund. The Administrator, in turn, has delegated day-to-day responsibility for the administration of the Program to multiple Liquidity Risk Management Committees, which are comprised of representatives from certain divisions within Federated Hermes.

The Program is comprised of various components designed to support the assessment and/or management of liquidity risk, including: (1) the periodic assessment (no less frequently than annually) of certain factors that influence the Fund’s liquidity risk; (2) the periodic classification (no less frequently than monthly) of the Fund’s investments into one of four liquidity categories that reflect an estimate of their liquidity under current market conditions; (3) a 15% limit on the acquisition of “illiquid investments” (as defined under the Liquidity Rule); (4) to the extent a Fund does not invest primarily in “highly liquid investments” (as defined under the Liquidity Rule), the determination of a minimum percentage of the Fund’s assets that generally will be invested in highly liquid investments (an “HLIM”); (5) if a Fund has established an HLIM, the periodic review (no less frequently than annually) of the HLIM and the adoption of policies and procedures for responding to a shortfall of the Fund’s highly liquid investments below its HLIM; and (6) periodic reporting to the Board.

At its meetings in May 2022, the Board received and reviewed a written report (the “Report”) from the Federated Hermes Funds’ Chief Compliance Officer and Chief Risk Officer, on behalf of the Administrator, concerning the operation of the Program for the period from April 1, 2021 through March 31, 2022 (the “Period”). The Report addressed the operation of the Program and assessed its adequacy and effectiveness, including, where applicable, the operation of any HLIM established for a Federated Hermes Fund and each Federated Hermes Fund’s access to other available funding sources such as the Federated Hermes Funds’ interfund lending facility, redemptions in-kind, reverse repurchase agreement transactions, redemptions

delayed beyond the normal T+1 settlement, but within seven days of the redemption request, and committed lines of credit. There were no material changes to the Program during the Period. The Report summarized the operation of the Program and the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that it was not necessary for the Fund to utilize, and the Fund did not utilize, alternative funding sources during the Period;
- the periodic classifications of the Fund's investments into one of four liquidity categories and the methodologies and inputs used to classify the investments, including the Fund's reasonably anticipated trade size;
- the analysis received from a third-party liquidity assessment vendor that is taken into account in the process of determining the liquidity classifications of the Fund's investments and the results of an evaluation of the services performed by the vendor in support of this process;
- the fact that the Fund invested primarily in highly liquid investments during the Period and, therefore, was not required to establish, and has not established, an HLIM and the procedures for monitoring the status of the Fund as investing primarily in highly liquid investments;
- the fact that the Fund invested no more than 15% of its assets in illiquid investments during the Period and the procedures for monitoring this limit;
- the fact that there were no liquidity events during the Period, that materially affected the Fund's liquidity risk;
- the impact on liquidity and management of liquidity risk caused by extended non-U.S. market closures and confirmation that there were no issues for any of the affected Federated Hermes Funds in meeting shareholder redemptions at any time during these temporary non-U.S. market closures;
- circumstances during the Period under which the Administrator convened meetings of the Liquidity Risk Management Committees more frequently than normal to conduct enhanced liquidity risk monitoring, including prior to the Russian invasion of Ukraine.

Based on this review, the Administrator concluded that the Program is operating effectively to assess and manage the Fund's liquidity risk, and that the Program has been and continues to be adequately and effectively implemented to monitor and, as applicable, respond to the Fund's liquidity developments.

Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies, if any, relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400, Option #4. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available via the Proxy Voting Record (Form N-PX) link associated with the Fund name at [FederatedInvestors.com/FundInformation](https://www.federatedinvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://www.sec.gov).

Quarterly Portfolio Schedule

Each fiscal quarter, the Fund will file with the SEC a complete schedule of its monthly portfolio holdings on "Form N-PORT." The Fund's holdings as of the end of the third month of every fiscal quarter, as reported on Form N-PORT, will be publicly available on the SEC's website at [sec.gov](https://www.sec.gov) within 60 days of the end of the fiscal quarter upon filing. You may also access this information via the link to the Fund name at [FederatedInvestors.com](https://www.federatedinvestors.com).

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 Report 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.

Notes

Notes

Notes

Notes

Notes

Notes

Notes

Sign up for Electronic Delivery!

A faster way to receive documents.

If you purchased shares through a financial intermediary (bank or broker-dealer), please contact your representative to set up e-delivery. Otherwise, contact the Fund at 1-800-341-7400, Option #4.



Federated Hermes Short Duration High Yield ETF
Federated Hermes Funds
4000 Ericsson Drive
Warrendale, PA 15086-7561

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

Federated Securities Corp., Distributor

CUSIP 31423L206

Q455583 (10/22)

© 2022 Federated Hermes, Inc.

