

Federated Hermes MDT Large Cap Value ETF



Ticker: FLCV

A time-tested, multi-factor, systematic approach

The Federated Hermes MDT Large Cap Value ETF seeks to be a well-diversified portfolio of value stocks that can deliver long-term excess returns with a moderate tracking error relative to its Russell 1000® Value benchmark.

NYSE ticker: FLCV

CUSIP: 31423L701

ISIN: 31423L7010

Investment objective

Long-term capital appreciation

Fund description

Invests primarily in large-cap value stocks in the Russell 1000® Value Index through a quantitatively driven process.

Benchmark

Russell 1000® Value Index

Approximate number of holdings

100

Transparency

Daily; holdings posted daily by open of market trading

Dividends

Annually

Adviser

Federated MDTA LLC

Custodian

Bank of New York

Portfolio managers

Daniel Mahr, CFA
Damien Zhang, CFA
Frederick Konopka, CFA
John Paul Lewicke

Expense ratio*

Before waivers: 0.42%
After waivers: 0.32%

A large-cap value fund to serve a variety of portfolio needs

- Federated Hermes MDT's time-tested ability to seek alpha from multiple sources, we believe, differentiates the fund from many other value strategies. It provides the potential for diversification benefits and can be used in many ways within a multi-strategy portfolio, such as:
 - An actively managed alternative to an index fund
 - A diversified complement to a concentrated value strategy
 - A satellite equity fund in a core/satellite structure
- FLCV invests in approximately 100 stocks from the Russell 1000® Value Index and aims to be sector neutral.

A transparent and repeatable investment process tested in multiple market conditions, now in an ETF

- Federated Hermes MDT's disciplined, bottom-up, quantitative investment approach is designed to be objective and absent from human bias.

	Quantitative tools	Investment team oversight
Alpha forecasting	<ul style="list-style-type: none">Developed using 40+ years of daily dataUniverse of over 25,000 domestic companies (no survivorship bias)Utilizes systematic process to identify powerful combinations of value, growth/sentiment and quality characteristicsStock alphas are forecasted based on each company's characteristics	Model construction <ul style="list-style-type: none">Research efforts devoted to improving investment processPotential enhancements include:<ul style="list-style-type: none">» Developing and improving stock selection factors» Analyzing trading costs» Improving backtest capabilities» Enhancing risk management processes
Portfolio optimization	<ul style="list-style-type: none">Uses proprietary software seeking to maximize portfolio alpha potentialIncorporates diversification constraints by stock, industry and sector	Pre-trade review <ul style="list-style-type: none">Pre-trade reviews conducted to verify the accuracy of model output and ensure trades reflect the most recent information

- The result is a highly diversified fund seeking to limit unintended risks and outperform in various market environments due to multiple alpha sources.

Experienced, collaborative investment team

- Federated Hermes MDT is an early practitioner of quantitative investing, employing a collaborative approach to manage all its strategies using the same quantitative investment process.
- The team consists of 12 investment professionals with 15 years average industry experience.
- Federated Hermes MDT has been managing large-cap value portfolios since 2008, with \$1.2B large-cap value assets under management as of 6/30/24.
- All investment team members have broad, cross-functional responsibilities that include investment research, software development, portfolio management and trading for the investment process on which all Federated Hermes MDT strategies are based.

Not FDIC Insured • May Lose Value • No Bank Guarantee

Past performance is no guarantee of future results.

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

*The Adviser and certain of its affiliates 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, tax reclaim recovery expenses, interest expense, taxes, litigation expenses, extraordinary expenses, and proxy-related expenses, paid by the Fund, if any) paid by the Fund (after the waivers and/or reimbursements) will not exceed 0.32% (the "Fee Limit"), up to but not including the later of (the "Termination Date"): (a) August 1, 2025; or (b) the date of the Fund's next effective Prospectus. These arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

A word about risk

ETFs are subject to risks and fluctuate in value.

Diversification does not assure a profit nor protect against loss.

The quantitative models and analysis used by the fund may perform differently than expected and negatively affect fund performance.

Value stocks tend to have higher dividends and thus have a higher income-related component in their total return than growth stocks. Value stocks also may lag growth stocks in performance, particularly in late stages of a market advance.

Fund shares are bought and sold on an exchange at market price (not NAV) and are not individually redeemed from the fund. However, shares may be redeemed at NAV directly by certain authorized broker-dealers (Authorized Participants) in very large creation/redemption units. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. Market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates the current NAV per share. NAVs are calculated using prices as of 4:00 PM Eastern Time. Recent information, including information about the fund's NAV, market price, premiums and discounts, and bid-ask spreads, is included on the fund's website at FederatedHermes.com/us.

Definitions

Alpha measures the excess returns of a fund relative to the return of a benchmark index.

Tracking error: The standard deviation of the difference between a portfolio's returns and the benchmark or index it was meant to mimic or beat.

Russell 1000® Value Index: Measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values. The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Russell 1000® Value Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

Indexes are unmanaged and cannot be invested in directly.