

# Federated Hermes MDT Large Cap Core ETF



Ticker: FLCC

## A time-tested, multi-factor, systematic approach

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

**NYSE ticker:** FLCC

**CUSIP:** 31423L503

**ISIN:** 31423L5030

### Investment objective

Long-term capital appreciation

### Fund description

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

### Benchmark

Russell 1000® Index

### Approximate number of holdings

150

### 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: 0.39%  
After waivers: 0.29%

## A large-cap core 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 core 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
  - To diversify the large-cap component of a portfolio
  - A core fund in a core/satellite structure
- FLCC invests in approximately 150 stocks from the Russell 1000® 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
<b>Alpha forecasting</b>	<ul style="list-style-type: none"><li>• Developed using 40+ years of daily data</li><li>• Universe of over 25,000 domestic companies (no survivorship bias)</li><li>• Utilizes systematic process to identify powerful combinations of value, growth/sentiment and quality characteristics</li><li>• Stock alphas are forecasted based on each company's characteristics</li></ul>	<b>Model construction</b>	<ul style="list-style-type: none"><li>• Research efforts devoted to improving investment process</li><li>• Potential enhancements include:<ul style="list-style-type: none"><li>» Developing and improving stock selection factors</li><li>» Analyzing trading costs</li><li>» Improving backtest capabilities</li><li>» Enhancing risk management processes</li></ul></li></ul>
<b>Portfolio optimization</b>	<ul style="list-style-type: none"><li>• Uses proprietary software seeking to maximize portfolio alpha potential</li><li>• Incorporates diversification constraints by stock, industry and sector</li></ul>	<b>Pre-trade review</b>	<ul style="list-style-type: none"><li>• Pre-trade reviews conducted to verify the accuracy of model output and ensure trades reflect the most recent information</li></ul>

- 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 portfolios since 2004, with \$2.7 b large-cap 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

\*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 0.29% (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.

**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](https://FederatedHermes.com/us). Please carefully read the summary prospectus or the prospectus before investing.**

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

### **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.

### **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® Index:** Measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® Index represents approximately 92% of the U.S. market. The Russell 1000® Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

Indexes are unmanaged and cannot be invested in directly.