

# Semi-Annual Shareholder Report

April 30, 2023



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Share Class | Ticker

A | FMUAX  
Institutional | FMUIX

C | FMUCX

F | FMUFUX

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## Federated Hermes Muni and Stock Advantage Fund

Fund Established 2003

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A Portfolio of Federated Hermes Income Securities Trust

Dear Valued Shareholder,

We are pleased to present the Semi-Annual Shareholder Report for your fund covering the period from November 1, 2022 through April 30, 2023. This report includes a complete listing of your fund's holdings, performance information and financial statements along with other important fund information.

The Fund's primary investment objective is to provide tax-advantaged income with a secondary objective of capital appreciation.

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, [FederatedHermes.com/us](https://www.federatedhermes.com/us) 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

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**Not FDIC Insured • May Lose Value • No Bank Guarantee**

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# Portfolio of Investments Summary Tables (unaudited)

At April 30, 2023, the Fund's portfolio composition<sup>1</sup> was as follows:

<b>Security Type</b>	<b>Percentage of Total Net Assets</b>
Tax-Exempt, Fixed-Income Securities	59.5%
Equity Securities	38.0%
Cash Equivalents <sup>2</sup>	2.2%
Other Assets and Liabilities—Net <sup>3</sup>	0.3%
<b>TOTAL</b>	<b>100%</b>

At April 30, 2023, the Fund's sector composition<sup>4</sup> for its equity securities was as follows:

<b>Sector Composition</b>	<b>Percentage of Equity Securities</b>
Information Technology	17.8%
Health Care	17.2%
Financials	15.0%
Consumer Staples	9.4%
Communication Services	9.0%
Consumer Discretionary	7.6%
Utilities	7.2%
Energy	6.5%
Industrials	6.3%
Materials	4.0%
<b>TOTAL</b>	<b>100%</b>

- 1 See the Fund's Prospectus and Statement of Additional Information for a description of the types of securities in which the Fund invests.
- 2 Cash equivalents include any investments in tax-exempt, variable rate instruments.
- 3 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.
- 4 Sector classifications are based upon, and individual portfolio securities are assigned to, the classifications of the Global Industry Classification Standard (GICS) except that the Adviser assigns a classification to securities not classified by the GICS and to securities for which the Adviser does not have access to the classification made by the GICS.

At April 30, 2023, the Fund's sector composition<sup>1</sup> for its tax-exempt securities was as follows:

<b>Sector Composition</b>	<b>Percentage of Tax-Exempt Securities</b>
Dedicated Tax	11.9%
Hospital	11.7%
General Obligation—State	9.5%
Water & Sewer	7.8%
General Obligation—Local	7.5%
Toll Road	7.2%
Airport	6.3%
Higher Education	5.5%
Public Power	5.4%
General Obligation—State Appropriation	4.4%
Other <sup>2</sup>	22.8%
<b>TOTAL</b>	<b>100%</b>

- 1 *Sector classifications and the assignment of holdings to such sectors, are based upon the economic sector and/or revenue source of the underlying obligor, as determined by the Fund's Adviser. For securities that have been enhanced by a third-party guarantor, such as bond insurers and banks, sector classifications are based upon the economic sector and/or revenue source of the underlying obligor, as determined by the Fund's Adviser.*
- 2 *For purposes of this table, sector classifications constitute 77.2% of the Fund's total investments in tax-exempt securities. Remaining tax-exempt security sectors have been aggregated under the designation "Other."*

# Portfolio of Investments

April 30, 2023 (unaudited)

Shares or Principal Amount		Value
	MUNICIPAL BONDS—59.5%	
	<b>Alabama—0.5%</b>	
\$ 5,000,000	<sup>1</sup> Black Belt Energy Gas District, AL, Gas Project Revenue Bonds (Series 2022B-2) FRNs, (Goldman Sachs Group, Inc. GTD), 4.510% (SIFMA 7-day +0.650%), Mandatory Tender 10/1/2027	\$ 4,826,272
2,000,000	Lower Alabama Gas District, Gas Project Revenue Bonds (Series 2016A), (Goldman Sachs Group, Inc. GTD), 5.000%, 9/1/2046	2,053,669
	TOTAL	6,879,941
	<b>Arizona—1.4%</b>	
2,000,000	Arizona Board of Regents (University of Arizona), System Revenue and Refunding Bonds (Series 2021A), 5.000%, 6/1/2040	2,233,379
1,225,000	Arizona State IDA (Basis Schools, Inc. Obligated Group), Education Revenue Bonds (Series 2017F), (School District Credit Program GTD), 5.000%, 7/1/2052	1,249,953
1,500,000	Arizona State IDA (Equitable School Revolving Fund), Senior National Charter School Revenue Bonds (Series 2020A), 4.000%, 11/1/2050	1,318,989
4,250,000	Arizona State IDA (Equitable School Revolving Fund), Senior National Charter School Revolving Loan Fund Revenue Bonds (Series 2022A), 5.000%, 11/1/2047	4,401,416
2,300,000	Maricopa County, AZ, IDA (GreatHearts Academies), Education Revenue Bonds (GreatHearts Arizona Projects) (Series 2017C), (Arizona Public School Credit Enhancement Program GTD), 5.000%, 7/1/2048	2,348,598
665,000	<sup>2</sup> Maricopa County, AZ, IDA (Paradise Schools), Revenue Refunding Bonds, 5.000%, 7/1/2036	665,340
2,500,000	Phoenix, AZ Civic Improvement Corp.—Airport System, Junior Lien Airport Revenue Bonds (Series 2019A), 5.000%, 7/1/2049	2,623,447
3,000,000	Phoenix, AZ IDA (GreatHearts Academies), Education Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	3,026,181
2,000,000	<sup>2</sup> Pima County, AZ Industrial Development Authority (La Posada at Pusch Ridge), Senior Living Revenue Bonds (Series 2022A), 6.875%, 11/15/2052	2,015,898
	TOTAL	19,883,201
	<b>California—3.6%</b>	
2,000,000	California Health Facilities Financing Authority (Providence St. Joseph Health), Revenue Bonds (Series 2014B), 5.000%, 10/1/2044	2,014,045
250,000	<sup>2</sup> California Public Finance Authority (Kendal at Sonoma), Enso Village Senior Living Revenue Refunding Bonds (Series 2021A), 5.000%, 11/15/2051	213,625

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>California—continued</b>	
\$ 250,000	<sup>2</sup> California Public Finance Authority (Kendal at Sonoma), Enso Village Senior Living Revenue Refunding Bonds (Series 2021A), 5.000%, 11/15/2056	\$ 209,992
500,000	<sup>2</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	507,778
1,500,000	<sup>2</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.125%, 7/1/2044	1,509,931
1,135,000	<sup>2</sup> California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2015A), 5.000%, 7/1/2045	1,143,761
65,000	California State University (The Trustees of), Systemwide Revenue Bonds (Series 2014A), (United States Treasury PRF 11/1/2024@100), 5.000%, 11/1/2039	67,034
3,550,000	California State University (The Trustees of), Systemwide Revenue Bonds (Series 2015A), 5.000%, 11/1/2030	3,761,394
2,000,000	California State, School Facilities UT GO Bonds, 5.000%, 11/1/2031	2,018,947
1,565,000	California State, Various Purpose UT GO Bonds, 5.000%, 9/1/2052	1,737,658
2,765,000	<sup>2</sup> California Statewide Communities Development Authority (Loma Linda University Medical Center ), Revenue Bonds (Series 2016A), 5.000%, 12/1/2046	2,644,295
2,935,000	Chula Vista, CA Municipal Finance Authority, Special Tax Revenue Refunding Bonds (Series 2013), 5.500%, 9/1/2028	2,963,779
500,000	Corona-Norco USD Community Facilities District No. 98-1, CA, 2013 Special Tax Refunding Bonds, (United States Treasury PRF 9/1/2023@100), 5.000%, 9/1/2032	503,005
3,000,000	Foothill/Eastern Transportation Corridor Agency, CA, Toll Road Refunding Revenue Bonds (Series 2013A), (Original Issue Yield: 6.050%), (United States Treasury PRF 1/15/2024@100), 5.750%, 1/15/2046	3,058,156
2,650,000	Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Asset-Backed Bonds (Series 2022), 5.000%, 6/1/2051	2,774,017
2,000,000	Los Angeles, CA Department of Airports (Los Angeles International Airport), Senior Revenue Green Bonds (Series 2022I), 5.000%, 5/15/2048	2,217,044
2,055,000	Los Angeles, CA Department of Water & Power (Los Angeles, CA Department of Water & Power (Electric/Power System)), Power System Revenue Bonds (Series 2022C), 5.000%, 7/1/2052	2,251,866
1,535,000	M-S-R Energy Authority, CA, Gas Revenue Bonds (Series 2009A), (Original Issue Yield: 6.375%), (Citigroup, Inc. GTD), 6.125%, 11/1/2029	1,651,520
4,670,000	M-S-R Energy Authority, CA, Gas Revenue Bonds (Series 2009C), (Original Issue Yield: 6.700%), (Citigroup, Inc. GTD), 6.500%, 11/1/2039	5,473,599

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>California—continued</b>	
\$ 400,000	Riverside County, CA Transportation Commission (RCTC 91 Express Lanes), Toll Revenue Second Lien Refunding Bonds (Series 2021C), 4.000%, 6/1/2047	\$ 374,447
385,000	Riverside County, CA Transportation Commission (RCTC 91 Express Lanes), Toll Revenue Senior Lien Refunding Bonds (Series 2021B-1), 4.000%, 6/1/2046	364,574
3,940,000	San Diego County, CA Regional Airport Authority, Subordinate Airport Revenue Bonds (Series 2021A), 4.000%, 7/1/2046	3,883,026
1,990,000	San Diego County, CA Regional Airport Authority, Subordinate Airport Revenue Bonds (Series 2021A), 4.000%, 7/1/2051	1,955,836
1,080,000	San Diego, CA Unified School District, UT GO Dedicated Property Tax Bonds (Series 2002M-2), 4.550%, 7/1/2052	1,120,479
2,420,000	San Francisco, CA Bay Area Rapid Transit District, General Obligation Bonds (Series 2022D-1), 5.250%, 8/1/2047	2,733,859
2,440,000	University of California (The Regents of), Limited Project Revenue Bonds (Series 2017M), 5.000%, 5/15/2036	2,648,191
	TOTAL	49,801,858
	<b>Colorado—2.3%</b>	
1,000,000	Arista, CO Metropolitan District, Special Revenue Refunding and Improvement Bonds (Series 2018A), 5.125%, 12/1/2048	930,650
1,000,000	Clear Creek Station Metropolitan District No. 2, LT GO Refunding Bonds (Series 2017A), 5.000%, 12/1/2047	933,437
1,500,000	Colorado Educational & Cultural Facilities Authority (University Lab School), Charter School Refunding & Improvement Revenue Bonds (Series 2015), 5.000%, 12/15/2035	1,539,135
250,000	Colorado Health Facilities Authority (Christian Living Communities), Revenue Refunding Bonds (Series 2016), 5.000%, 1/1/2037	220,495
1,750,000	Colorado Health Facilities Authority (CommonSpirit Health), Revenue Bonds (Series 2019A-1), 4.000%, 8/1/2037	1,723,835
1,200,000	Colorado Health Facilities Authority (CommonSpirit Health), Revenue Bonds (Series 2022), 5.500%, 11/1/2047	1,295,367
3,750,000	Colorado Health Facilities Authority (Sisters of Charity of Leavenworth Health System), Revenue Bonds (Series 2013A), (Original Issue Yield: 5.120%), (United States Treasury PRF 1/1/2024@100), 5.000%, 1/1/2044	3,796,167
5,880,000	Colorado High Performance Transportation Enterprise, C-470 Express Lanes Senior Revenue Bonds (Series 2017), 5.000%, 12/31/2051	5,762,873
5,170,000	Colorado Springs, CO Utility System, Utilities System Revenue Bonds (Series 2014A-1), 5.000%, 11/15/2044	5,263,355
2,815,000	Colorado State Health Facilities Authority (Advent Health System/Sunbelt Obligated Group), Hospital Revenue Bonds (Series 2019A), 4.000%, 11/15/2043	2,719,304

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Colorado—continued</b>	
\$ 2,475,000	Denver, CO City & County Department of Aviation (Denver, CO City & County Airport Authority), Airport System Revenue Bonds (Series 2013B), (Original Issue Yield: 5.050%), 5.000%, 11/15/2043	\$ 2,485,219
4,000,000	Denver, CO City & County Department of Aviation (Denver, CO City & County Airport Authority), Airport System Revenue Bonds (Series 2022C), 5.250%, 11/15/2053	4,449,983
1,500,000	Denver, CO City & County Department of Aviation (Denver, CO City & County Airport Authority), Airport System Senior Revenue Bonds (Series 2022B), 5.250%, 11/15/2053	1,668,744
	TOTAL	32,788,564
	<b>Connecticut—0.4%</b>	
3,000,000	Connecticut State (Connecticut State Special Transportation Fund), Special Tax Obligation Bonds Transportation Infrastructure Purpose (Series 2018B), 5.000%, 10/1/2032	3,360,549
1,500,000	Connecticut State (Connecticut State Special Transportation Fund), Special Tax Obligation Bonds Transportation Infrastructure Purposes (Series 2022A), 5.250%, 7/1/2042	1,716,010
900,000	Connecticut State, UT GO Bonds (Series 2020C), 4.000%, 6/1/2036	938,540
	TOTAL	6,015,099
	<b>Delaware—0.1%</b>	
2,000,000	Delaware Economic Development Authority (ACTS Retirement Life Communities, Inc.), Retirement Communities Revenue Bonds (Series 2018B), 5.000%, 11/15/2048	1,868,820
	<b>District of Columbia—1.4%</b>	
1,140,000	District of Columbia (District of Columbia International School), Revenue Bonds (Series 2019), 5.000%, 7/1/2054	1,127,412
1,435,000	District of Columbia (Friendship Public Charter School, Inc.), Revenue Bonds (Series 2016A), 5.000%, 6/1/2041	1,446,017
1,000,000	District of Columbia (Ingleside at Rock Creek), Project Revenue Bonds (Series 2017A), (Original Issue Yield: 5.125%), 5.000%, 7/1/2042	883,816
500,000	District of Columbia (Ingleside at Rock Creek), Project Revenue Bonds (Series 2017A), 5.000%, 7/1/2037	464,420
525,000	District of Columbia (KIPP DC), Revenue Bonds (Series 2013A), (United States Treasury PRF 7/1/2023@100), 6.000%, 7/1/2048	527,188
5,375,000	District of Columbia Income Tax Revenue, Income Tax Secured Revenue Bonds (Series 2022A), 5.000%, 7/1/2035	6,367,051
6,090,000	District of Columbia, UT GO Bonds (Series 2019A), 5.000%, 10/15/2044	6,587,492

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>District of Columbia—continued</b>	
\$ 2,300,000	District of Columbia, UT GO Bonds (Series 2021D), 4.000%, 2/1/2046	\$ 2,273,805
	TOTAL	19,677,201
	<b>Florida—2.6%</b>	
3,000,000	Brevard County, FL Health Facilities Authority (Health First, Inc.), Hospital Revenue Bonds (Series 2022A), 5.000%, 4/1/2042	3,192,491
4,465,000	Broward County, FL (Broward County, FL Convention Center Hotel), First Tier Revenue Bonds (Series 2022), (Broward County, FL GTD), 4.000%, 1/1/2051	4,367,376
5,000,000	Broward County, FL (Broward County, FL Tourist Development Tax Special Revenue), Convention Center Expansion Project Revenue Bonds (Series 2021), 4.000%, 9/1/2047	4,809,935
2,010,000	Central Florida Expressway Authority, Senior Lien Revenue Refunding Bonds (Series 2016B), 4.000%, 7/1/2040	1,978,280
4,300,000	<sup>2,3,4</sup> Collier County, FL IDA (Arlington of Naples), Continuing Care Community Revenue Bonds (Series 2013A), (Original Issue Yield: 8.250%), 8.125%, 5/15/2044	2,408,000
2,125,000	Hillsborough County, FL Aviation Authority (Tampa International Airport), Revenue Bonds (Series 2018F), 5.000%, 10/1/2048	2,241,519
1,055,000	Lee County, FL IDA (Cypress Cove at Healthpark), Healthcare Facilities Revenue Bonds (Series 2022A), 5.250%, 10/1/2052	901,244
1,400,000	Miami-Dade County, FL (Miami-Dade County, FL Seaport Department), Seaport Revenue Bonds (Series 2013A), (United States Treasury PRF 10/1/2023@100), 5.750%, 10/1/2030	1,414,708
1,600,000	Miami-Dade County, FL (Miami-Dade County, FL Seaport Department), Seaport Revenue Bonds (Series 2013A), (United States Treasury PRF 10/1/2023@100), 5.750%, 10/1/2032	1,616,809
620,000	Miami-Dade County, FL Aviation, Aviation Revenue Refunding Bonds (Series 2020A), 4.000%, 10/1/2041	611,401
4,000,000	Miami-Dade County, FL Water & Sewer, Water & Sewer System Revenue Refunding Bonds (Series 2021), 4.000%, 10/1/2051	3,832,396
750,000	St. Johns County, FL IDA (Vicar's Landing), Senior Living Revenue Bonds (Series 2021A), 4.000%, 12/15/2046	545,269
7,535,000	Tampa, FL (Tampa, FL Water and Wastewater Systems), Water and Wastewater Revenue Bonds (Series 2022A), 5.000%, 10/1/2047	8,387,225
	TOTAL	36,306,653
	<b>Georgia—2.6%</b>	
4,000,000	Atlanta, GA Airport General Revenue (Atlanta, GA Department of Aviation), General Revenue Bonds (Series 2022A), 5.000%, 7/1/2047	4,376,706
6,000,000	Atlanta, GA Water & Wastewater, Revenue Refunding Bonds (Series 2015), 5.000%, 11/1/2040	6,194,417

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Georgia—continued</b>	
\$ 2,500,000	Atlanta, GA Water & Wastewater, Revenue Refunding Bonds (Series 2018C), 5.000%, 11/1/2032	\$ 2,754,610
3,000,000	Atlanta, GA, UT GO Public Improvement Bonds (Series 2022A-1), 5.000%, 12/1/2040	3,434,489
2,500,000	Fulton County, GA Residential Care Facilities (Lenbrook Square Foundation, Inc.), Retirement Facility Refunding Revenue Bonds (Series 2016), 5.000%, 7/1/2036	2,483,167
665,000	Geo. L. Smith II Georgia World Congress Center Authority, Convention Center Hotel First Tier Revenue Bonds (Series 2021A), 4.000%, 1/1/2054	536,325
4,135,000	Georgia Ports Authority, Revenue Bonds (Series 2022), 4.000%, 7/1/2052	4,018,890
1,000,000	Georgia Ports Authority, Revenue Bonds (Series 2022), 5.250%, 7/1/2052	1,113,977
4,000,000	Georgia State, UT GO Bonds (Series 2022A), 4.000%, 7/1/2042	4,113,809
3,940,000	Municipal Electric Authority of Georgia, Plant Vogtle Units 3&4 Project J Revenue Refunding Bonds (Series 2015A), 5.000%, 7/1/2060	3,951,708
3,515,000	Municipal Electric Authority of Georgia, Plant Vogtle Units 3&4 Project P Revenue Refunding Bonds (Series 2023A), 5.500%, 7/1/2064	3,648,019
	<b>TOTAL</b>	<b>36,626,117</b>
	<b>Idaho—0.2%</b>	
2,000,000	Idaho Health Facilities Authority (Terraces of Boise), Exchange Revenue Refunding Bonds (Series 2021A), 4.250%, 10/1/2039	1,533,258
2,020,000	Idaho Health Facilities Authority (Terraces of Boise), Exchange Revenue Refunding Bonds (Series 2021A), 4.550%, 10/1/2056	1,401,233
	<b>TOTAL</b>	<b>2,934,491</b>
	<b>Illinois—6.1%</b>	
1,000,000	Chicago, IL Board of Education, Dedicated Capital Improvement Tax Bonds (Series 2023), (Original Issue Yield: 5.190%), 5.000%, 4/1/2045	1,029,431
1,000,000	Chicago, IL Board of Education, UT GO Bonds (Series 2021A), 5.000%, 12/1/2039	1,013,497
625,000	Chicago, IL Board of Education, UT GO Dedicated Refunding Bonds (Series 2018D), (Original Issue Yield: 5.210%), 5.000%, 12/1/2046	618,146
2,000,000	Chicago, IL Board of Education, UT GO Dedicated Revenue Bonds (Series 2017H), 5.000%, 12/1/2046	1,978,069
2,500,000	Chicago, IL Metropolitan Water Reclamation District, LT GO Capital Improvement Bonds (Series 2021A) Green Bonds, 4.000%, 12/1/2046	2,411,910

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Illinois—continued</b>	
\$ 2,000,000	Chicago, IL Midway Airport, Second Lien Revenue & Refunding Bonds (Series 2014B), 5.000%, 1/1/2036	\$ 2,017,891
2,000,000	Chicago, IL Midway Airport, Second Lien Revenue Refunding Bonds (Series 2014B), 5.000%, 1/1/2035	2,019,725
305,000	Chicago, IL O'Hare International Airport, General Airport Senior Lien Revenue Refunding Bonds (Series 2016B), 5.000%, 1/1/2041	313,879
2,000,000	Chicago, IL O'Hare International Airport, General Airport Senior Lien Revenue Refunding Bonds (Series 2018B), 5.000%, 1/1/2048	2,093,441
1,335,000	Chicago, IL Transit Authority, Second Lien Sales Tax Receipts Revenue Bonds (Series 2020A), 5.000%, 12/1/2045	1,383,532
1,660,000	Chicago, IL, Refunding UT GO Bonds (Series 2016C), 5.000%, 1/1/2038	1,678,951
2,000,000	Chicago, IL, UT GO Bonds (Series 2019A), 5.500%, 1/1/2049	2,082,632
1,000,000	Chicago, IL, UT GO Bonds (Series 2023A), 4.000%, 1/1/2035	988,179
3,250,000	Chicago, IL, UT GO Bonds (Series 2023A), 5.250%, 1/1/2038	3,490,623
3,000,000	Cook County, IL Sales Tax, Revenue Refunding Bonds (Series 2017), 5.000%, 11/15/2037	3,166,490
1,000,000	Cook County, IL, UT GO Refunding Bonds (Series 2022A), 5.000%, 11/15/2029	1,123,914
750,000	Cook County, IL, UT GO Refunding Bonds (Series 2022A), 5.000%, 11/15/2033	864,555
414,000	DuPage County, IL (Naperville Campus LLC), Special Tax Bonds (Series 2006), 5.625%, 3/1/2036	408,368
2,855,000	Illinois Finance Authority (Admiral at the Lake), Revenue Refunding Bonds (Series 2017), (Original Issue Yield: 5.500%), 5.250%, 5/15/2054	2,061,900
1,500,000	Illinois Finance Authority (DePaul University), Revenue Bonds (Series 2016), 5.000%, 10/1/2041	1,548,925
5,000,000	Illinois Finance Authority (UChicago Medicine), Revenue Bonds (Series 2022A), 5.000%, 8/15/2052	5,305,846
2,000,000	Illinois State Toll Highway Authority, Toll Highway Senior Revenue Bonds (Series 2014B), 5.000%, 1/1/2039	2,017,579
2,335,000	Illinois State Toll Highway Authority, Toll Highway Senior Revenue Bonds (Series 2021A), 4.000%, 1/1/2046	2,252,545
4,320,000	Illinois State, GO Bonds (Series 2017D), 5.000%, 11/1/2028	4,637,663
1,500,000	Illinois State, UT GO Bonds (Series 2013A), 5.000%, 4/1/2035	1,506,628
2,880,000	Illinois State, UT GO Bonds (Series 2017D), 5.000%, 11/1/2026	3,039,977
3,500,000	Illinois State, UT GO Bonds (Series 2018A), 5.000%, 5/1/2042	3,634,000
1,500,000	Illinois State, UT GO Bonds (Series 2020C), (Original Issue Yield: 4.340%), 4.000%, 10/1/2041	1,433,499
4,000,000	Illinois State, UT GO Bonds (Series 2021B), 4.000%, 12/1/2038	3,896,090

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Illinois—continued</b>	
\$ 3,000,000	Illinois State, UT GO Bonds (Series 2023B), (Original Issue Yield: 4.730%), 4.500%, 5/1/2048	\$ 2,976,147
705,000	Illinois State, UT GO Bonds (Series 2023B), 5.500%, 5/1/2047	771,235
6,920,000	Illinois State, UT GO Bonds (Series June 2013), (Original Issue Yield: 5.650%), 5.500%, 7/1/2038	6,947,787
4,000,000	Illinois State, UT GO Refunding Bonds (Series 2018A), 5.000%, 10/1/2026	4,213,445
540,000	Illinois State, UT GO Refunding Bonds (Series 2021A), 4.000%, 3/1/2041	517,970
4,400,000	Metropolitan Pier & Exposition Authority, IL, McCormick Place Expansion Project Bonds (Series 2015A), (Original Issue Yield: 5.060%), 5.000%, 6/15/2053	4,415,042
2,000,000	Metropolitan Pier & Exposition Authority, IL, McCormick Place Expansion Project Refunding Bonds (Series 2022A), 4.000%, 12/15/2047	1,762,297
3,750,000	Sales Tax Securitization Corp., IL, Sales Tax Securitization Bonds (Series 2018A), 5.000%, 1/1/2048	3,876,133
	TOTAL	85,497,941
	<b>Indiana—1.3%</b>	
3,735,000	Indiana Municipal Power Agency, Power Supply System Refunding Revenue Bonds (Series 2022A), 5.500%, 11/1/2053	4,182,109
2,750,000	Indiana Municipal Power Agency, Power Supply System Revenue Bonds (Series 2013A), (United States Treasury PRF 7/1/2023@100), 5.250%, 1/1/2034	2,758,689
1,250,000	Indiana Municipal Power Agency, Revenue Refunding Bonds (Series 2017A), 5.000%, 1/1/2042	1,332,658
4,000,000	Indiana State Finance Authority (CWA Authority), First Lien Wastewater Utility Revenue Bonds (Series 2014A), 5.000%, 10/1/2039	4,078,313
5,000,000	Indiana State Finance Authority (CWA Authority), First Lien Wastewater Utility Revenue Bonds (Series 2022B), 5.250%, 10/1/2047	5,486,745
765,000	Indiana State Finance Authority Hospital Revenue (Indiana University Health Obligated Group), Hospital Revenue Refunding Bonds (Series 2014A), 5.000%, 12/1/2029	791,373
	TOTAL	18,629,887
	<b>Iowa—0.3%</b>	
542,361	Iowa Finance Authority (Deerfield Retirement Community, Inc.), Lifespace GTD Senior Living Facility Revenue Refunding Bonds (Series 2014A), (United States Treasury PRF 11/15/2024@100), 5.400%, 11/15/2046	557,710

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Iowa—continued</b>	
\$ 3,570,000	Iowa Finance Authority (Iowa Fertilizer Co. LLC), Midwestern Disaster Area Revenue Refunding Bonds (Series 2022), 5.000%, 12/1/2050	\$ 3,532,948
	TOTAL	4,090,658
	<b>Kansas—0.4%</b>	
5,000,000	Wyandotte County, KS Unified Government Utility System, Improvement & Refunding Revenue Bonds (Series 2014-A), 5.000%, 9/1/2044	5,047,043
	<b>Kentucky—0.6%</b>	
2,000,000	Kentucky Economic Development Finance Authority (Miralea), Revenue Bonds (Series 2016A), 5.000%, 5/15/2051	1,434,054
1,925,000	Kentucky Public Transportation Infrastructure Authority, First Tier Toll Revenue Refunding Bonds (Series 2021B), (Assured Guaranty Municipal Corp. INS), 4.000%, 7/1/2053	1,695,856
5,565,000	<sup>1</sup> Public Energy Authority of Kentucky, Gas Supply Revenue Bonds (Series 2022A-2) FRNs, (Morgan Stanley GTD), 4.423% (SOFR x 0.67 +1.200%), Mandatory Tender 8/1/2030	5,298,087
	TOTAL	8,427,997
	<b>Louisiana—0.1%</b>	
1,450,000	St. James Parish, LA (NuStar Logistics LP), Revenue Bonds (Series 2011) TOBs, 5.850%, Mandatory Tender 6/1/2025	1,486,955
	<b>Maryland—0.6%</b>	
6,000,000	Anne Arundel County, MD, LT GO Bonds (Series 2018), 5.000%, 10/1/2032	6,632,302
270,000	Maryland State Economic Development Corp. (Ports America Chesapeake, Inc. ), Transportation Facilities Revenue Refunding Bonds (Series 2017A), 5.000%, 6/1/2031	287,703
550,000	Maryland State Economic Development Corp. (Ports America Chesapeake, Inc. ), Transportation Facilities Revenue Refunding Bonds (Series 2017A), 5.000%, 6/1/2035	579,728
600,000	Westminster, MD (Lutheran Village at Miller's Grant, Inc.), Revenue Bonds (Series 2014A), 6.000%, 7/1/2034	605,910
	TOTAL	8,105,643
	<b>Massachusetts—1.7%</b>	
5,000,000	Commonwealth of Massachusetts, UT GO Consolidated Loan Bonds (Series 2022C), 5.250%, 10/1/2052	5,629,404
5,000,000	Massachusetts Development Finance Agency (Mass General Brigham), Revenue Bonds (Series 2016Q), 5.000%, 7/1/2041	5,187,926
2,500,000	Massachusetts Development Finance Agency (Northeastern University), Revenue Bonds (Series 2022), 5.000%, 10/1/2044	2,798,700
5,000,000	Massachusetts School Building Authority, Senior Dedicated Sales Tax Revenue Refunding Bonds (Series 2015C), 5.000%, 8/15/2037	5,200,864

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Massachusetts—continued</b>	
\$ 5,000,000	Massachusetts State Transportation Fund Revenue, Rail Enhancement Program (Series 2022B), 5.000%, 6/1/2052	\$ 5,502,577
	TOTAL	24,319,471
	<b>Michigan—1.4%</b>	
970,000	Detroit, MI, UT GO Bonds (Series 2020), 5.500%, 4/1/2050	990,935
2,980,000	Great Lakes, MI Water Authority (Great Lakes, MI Water Authority Water Supply System), Water Supply System Revenue Senior Lien Bonds (Series 2022A), 5.250%, 7/1/2052	3,225,945
1,530,000	Michigan State Building Authority, Revenue and Revenue Refunding Bonds Facilities Program (Series I), 4.000%, 4/15/2054	1,493,726
1,250,000	Michigan State Finance Authority (Beaumont Health Spectrum Health System), Hospital Revenue Refunding Bonds (Series 2022A), 5.000%, 4/15/2038	1,391,668
1,875,000	<sup>1</sup> Michigan State Finance Authority (Beaumont Health Spectrum Health System), Hospital Revenue Refunding Bonds (Series 2022C) FRNs, 4.610% (SIFMA 7-day +0.750%), Mandatory Tender 4/15/2027	1,834,667
4,000,000	Michigan State Finance Authority (Detroit, MI Public Lighting Authority ), Local Government Loan Program Revenue Bonds (Series 2014B), 5.000%, 7/1/2039	4,012,716
2,500,000	Michigan State Finance Authority (Great Lakes, MI Water Authority Sewage Disposal System), Local Government Loan Program Revenue Bonds (Series 2015C-1), 5.000%, 7/1/2035	2,567,034
1,150,000	Michigan State Finance Authority (Great Lakes, MI Water Authority Water Supply System), Senior Lien Revenue Bonds (Series 2014 D-1), (Assured Guaranty Municipal Corp. INS), 5.000%, 7/1/2037	1,164,320
2,700,000	Wayne County, MI Airport Authority, Revenue Bonds (Series 2012A), 5.000%, 12/1/2037	2,702,190
	TOTAL	19,383,201
	<b>Minnesota—0.5%</b>	
1,000,000	Forest Lake, MN (Lakes International Language Academy), Charter School Lease Revenue Bonds (Series 2018A), 5.375%, 8/1/2050	961,899
1,540,000	Minneapolis-St. Paul, MN Metropolitan Airports Commission (Minneapolis-St. Paul International Airport), Subordinate Airport Revenue Bonds (Series 2022A), 5.000%, 1/1/2052	1,642,797
5,000,000	<sup>1</sup> Minnesota Municipal Gas Agency, Commodity Supply Revenue Bonds (Series 2022B) FRNs, (Royal Bank of Canada GTD), 4.216% (SOFR x 0.67 +1.000%), Mandatory Tender 12/1/2027	4,873,514
	TOTAL	7,478,210

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Missouri—0.5%</b>	
\$ 4,000,000	<sup>2</sup> Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), (Original Issue Yield: 5.079%), 5.000%, 2/1/2050	\$ 2,909,795
2,500,000	Missouri State HEFA (BJC Health System, MO), Health Facilities Revenue Bonds, 5.000%, 1/1/2044	2,514,303
1,250,000	St. Louis, MO Airport Revenue (St. Louis Lambert International Airport), Airport Revenue Refunding and Airport Revenue Bonds (Series 2017C), (Assured Guaranty Municipal Corp. INS), 5.000%, 7/1/2042	1,311,047
	TOTAL	6,735,145
	<b>New Hampshire—0.0%</b>	
834,787	<sup>2,3,4</sup> New Hampshire Health and Education Facilities Authority (Hillside Village), Revenue Bonds (Series 2017A), 6.125%, 7/1/2037	183,653
	<b>New Jersey—3.7%</b>	
1,800,000	New Jersey EDA (New Jersey State), North Portal Bridge Project (Series 2022), 5.250%, 11/1/2041	1,990,140
4,000,000	New Jersey EDA (New Jersey State), North Portal Bridge Project (Series 2022), 5.250%, 11/1/2047	4,360,786
70,000	New Jersey EDA (New Jersey State), School Facilities Construction Bonds (Series 2015 WW), (United States Treasury PRF 6/15/2025@100), 5.250%, 6/15/2040	73,578
1,245,000	New Jersey EDA (New Jersey State), School Facilities Construction Bonds (Series 2015 WW), (United States Treasury PRF 6/15/2025@100), 5.250%, 6/15/2040	1,308,641
1,000,000	New Jersey EDA (New Jersey State), School Facilities Construction Refunding Bonds (Series 2017 DDD), (United States Treasury PRF 6/15/2027@100), 5.000%, 6/15/2033	1,101,418
930,000	New Jersey EDA (New Jersey State), School Facilities Construction Refunding Bonds (Series 2018EEE), (United States Treasury PRF 12/15/2028@100), 5.000%, 6/15/2043	1,057,384
1,570,000	New Jersey EDA (New Jersey State), School Facilities Construction Refunding Bonds (Series 2018EEE), 5.000%, 6/15/2043	1,649,884
1,000,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Federal Highway Reimbursement Revenue Refunding Notes (Series 2018A), 5.000%, 6/15/2031	1,055,527
5,000,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation Program Bonds (Series 2022AA), 5.000%, 6/15/2035	5,637,192
750,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation Program Bonds (Series 2022BB), 4.000%, 6/15/2046	718,598

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>New Jersey—continued</b>	
\$ 2,000,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation System Bonds (Series 2018A), 5.000%, 12/15/2034	\$ 2,173,876
2,000,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation System Bonds (Series 2022CC), 5.000%, 6/15/2048	2,140,653
4,000,000	New Jersey Turnpike Authority, Turnpike Revenue Bonds (Series 2015E), 5.000%, 1/1/2034	4,136,586
4,000,000	New Jersey Turnpike Authority, Turnpike Revenue Bonds (Series 2019A), 5.000%, 1/1/2048	4,261,841
3,500,000	New Jersey Turnpike Authority, Turnpike Revenue Bonds (Series 2022B), 5.250%, 1/1/2052	3,917,016
1,500,000	South Jersey Transportation Authority, Transportation System Revenue Bonds (Series 2020A), 4.000%, 11/1/2050	1,370,317
4,745,000	Tobacco Settlement Financing Corp., NJ, 5.000%, 6/1/2035	5,082,813
1,500,000	Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Refunding Bonds (Series 2018A), 5.250%, 6/1/2046	1,568,539
8,560,000	Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Subordinate Refunding Bonds (Series 2018B), 5.000%, 6/1/2046	8,513,238
	TOTAL	52,118,027
	<b>New Mexico—0.2%</b>	
2,175,000	New Mexico State Hospital Equipment Loan Council (Presbyterian Healthcare Services), Hospital System Revenue Bonds (Series 2017A), 5.000%, 8/1/2046	2,270,357
	<b>New York—6.5%</b>	
1,000,000	Build NYC Resource Corporation (KIPP NYC Canal West), Revenue Bonds (Series 2022), 5.250%, 7/1/2052	1,027,978
2,860,000	Build NYC Resource Corporation (KIPP NYC Canal West), Revenue Bonds (Series 2022), 5.250%, 7/1/2057	2,920,193
1,605,000	Metropolitan Transportation Authority, NY (MTA Transportation Revenue), Revenue Bonds (Series 20114B), 5.250%, 11/15/2044	1,612,019
3,305,000	Metropolitan Transportation Authority, NY (MTA Transportation Revenue), Revenue Bonds (Series 2013C), 5.000%, 11/15/2042	3,311,205
1,000,000	Metropolitan Transportation Authority, NY (MTA Transportation Revenue), Transportation Revenue Bonds (Series 2014B), 5.250%, 11/15/2039	1,006,784
1,500,000	Metropolitan Transportation Authority, NY (MTA Transportation Revenue), Transportation Revenue Green Bonds (Series 2020C-1), 5.000%, 11/15/2050	1,550,261
1,400,000	Metropolitan Transportation Authority, NY (MTA Transportation Revenue), Transportation Revenue Refunding Bonds (Series 2017B), 5.000%, 11/15/2024	1,427,401

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>New York—continued</b>	
\$ 3,175,000	Monroe County, NY IDC (Rochester University, NY), Revenue Bonds (Series 2017C), 4.000%, 7/1/2043	\$ 3,122,788
2,500,000	New York City, NY Municipal Water Finance Authority, Water and Sewer System Second General Resolution Revenue Bonds (Series 2022AA-3), 5.000%, 6/15/2047	2,762,192
3,000,000	New York City, NY Transitional Finance Authority, Building Aid Revenue Bonds (Series 2019S-3A), 5.000%, 7/15/2032	3,355,700
1,600,000	New York City, NY Transitional Finance Authority, Future Tax Secured Subordinate Bonds (Series 2021B-1), 4.000%, 8/1/2048	1,563,313
2,000,000	New York City, NY Transitional Finance Authority, Future Tax Secured Subordinate Bonds (Series 2023F-1), (Original Issue Yield: 4.450%), 4.000%, 2/1/2051	1,946,518
2,100,000	New York City, NY Transitional Finance Authority, Future Tax Secured Subordinate Revenue Bonds (Series 2014A-1), 5.000%, 8/1/2036	2,139,148
300,000	New York City, NY, GO Bonds (Series 2021 F-1), 4.000%, 3/1/2047	293,048
8,000,000	New York City, NY, UT GO Bonds (Series 2018B-1), 5.000%, 10/1/2039	8,571,007
1,500,000	New York City, NY, UT GO Bonds (Series 2023B-B1), 5.250%, 10/1/2047	1,684,100
2,500,000	<sup>2</sup> New York Liberty Development Corporation (3 World Trade Center), Revenue Bonds (Series 2014 Class 1), 5.000%, 11/15/2044	2,419,894
2,260,000	New York State Dormitory Authority (Fordham University), Revenue Bonds (Series 2020), 4.000%, 7/1/2046	2,174,896
7,280,000	New York State Dormitory Authority (New York State Personal Income Tax Revenue Bond Fund), General Purpose Revenue Bonds (Series 2021E), 4.000%, 3/15/2039	7,371,860
4,500,000	New York State Dormitory Authority (New York State Section 99-b Intercept Program), School Districts Revenue Bond Financing Program (Series 2022B), (Build America Mutual Assurance INS), 5.000%, 10/1/2034	5,221,319
1,500,000	New York State Power Authority (New York State Power Authority Transmission Project), Green Transmission Project Revenue Bonds (Series 2022A), (Assured Guaranty Municipal Corp. INS), 4.000%, 11/15/2052	1,427,407
1,010,000	New York State Thruway Authority (New York State Thruway Authority—General Revenue), General Revenue Bonds (Series 2020N), 5.000%, 1/1/2040	1,099,311
5,000,000	New York State Thruway Authority (New York State Thruway Authority—General Revenue), General Revenue Junior Indebtedness Obligations (Series 2019B), 4.000%, 1/1/2045	4,828,799

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>New York—continued</b>	
\$ 5,000,000	New York State Urban Development Corp. (New York State Personal Income Tax Revenue Bond Fund), State Personal Income Tax Revenue Bonds (Series 2017A), 5.000%, 3/15/2027	\$ 5,449,163
4,475,000	New York Transportation Development Corporation (JFK International Air Terminal LLC), Special Facilities Revenue Bonds (Series 2020C), 4.000%, 12/1/2040	4,369,867
5,335,000	Port Authority of New York and New Jersey, Revenue Bonds (194th Series ), 5.000%, 10/15/2041	5,503,208
1,730,000	Triborough Bridge & Tunnel Authority, NY (MTA Payroll Mobility Tax), MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Bonds (Series 2021C-3), 4.000%, 5/15/2051	1,675,195
2,000,000	Triborough Bridge & Tunnel Authority, NY (MTA Payroll Mobility Tax), MTA Bridges and Tunnels Payroll Mobility Tax Senior Lien Refunding Bonds (Series 2023A), 5.000%, 11/15/2029	2,321,391
5,000,000	Triborough Bridge & Tunnel Authority, NY, MTA Bridges and Tunnels General Revenue Bonds (Series 2022A), 4.000%, 11/15/2052	4,834,083
3,355,000	Western Nassau County Water Authority, Water System Revenue Bonds (Series 2021A), 4.000%, 4/1/2051	3,255,277
	TOTAL	90,245,325
	<b>North Carolina—0.9%</b>	
1,250,000	Charlotte, NC (Charlotte, NC Douglas International Airport), Airport Revenue Bonds (Series 2017A), 5.000%, 7/1/2042	1,313,017
5,000,000	Charlotte, NC Airport (Charlotte, NC Douglas International Airport), Airport Revenue Bonds (Series 2022A), 5.000%, 7/1/2052	4,876,102
1,500,000	North Carolina Municipal Power Agency No. 1, Refunding Revenue Bonds (Series 2015A), 5.000%, 1/1/2031	1,577,583
4,545,000	<sup>1</sup> University of North Carolina at Chapel Hill, General Revenue Refunding Bonds (Series 2019B) FRNs, 3.873% (SOFR x 0.67 +0.650%), Mandatory Tender 6/1/2025	4,524,932
	TOTAL	12,291,634
	<b>Ohio—2.2%</b>	
2,000,000	Allen County, OH (Bon Secours Mercy Health), Hospital Facilities Revenue Bonds (Series 2020A), 4.000%, 12/1/2040	1,997,454
4,000,000	Allen County, OH (Bon Secours Mercy Health), Hospital Facilities Revenue Refunding Bonds, 4.000%, 8/1/2047	3,888,263
2,320,000	American Municipal Power-Ohio, Inc. (American Municipal Power, Prairie State Energy Campus Project), Refunding Revenue Bonds (Series 2015A), 5.000%, 2/15/2042	2,328,144
8,630,000	Buckeye Tobacco Settlement Financing Authority, OH, Tobacco Settlement Asset-Backed Refunding Bonds (Series 2020B-2 Class 2), 5.000%, 6/1/2055	8,043,876

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Ohio—continued</b>	
\$ 3,000,000	Cuyahoga County, OH Hospital Authority (MetroHealth System), Hospital Revenue Bonds (Series 2017), (Original Issue Yield: 5.030%), 5.000%, 2/15/2057	\$ 2,970,567
3,900,000	Franklin County, OH (Trinity Healthcare Credit Group), Revenue Bonds (Series 2017), 4.000%, 12/1/2046	3,685,005
1,000,000	Hamilton County, OH (Life Enriching Communities), Healthcare Improvement and Refunding Revenue Bonds (Series 2016), 5.000%, 1/1/2051	853,799
2,060,000	Muskingum County, OH (Genesis Healthcare Corp.), Hospital Facilities Revenue Bonds (Series 2013), 5.000%, 2/15/2027	2,060,557
1,430,000	Ohio State Higher Educational Facility Commission (Cleveland Clinic), Hospital Revenue Refunding Bonds (Series 2017A), 5.000%, 1/1/2033	1,560,745
1,125,000	Ohio State Hospital Revenue (University Hospitals Health System, Inc.), Hospital Revenue Bonds (Series 2016A), 5.000%, 1/15/2041	1,142,298
1,500,000	University of Cincinnati, OH, General Receipts Bonds (Series 2013C), (United States Treasury PRF 12/1/2023@100), 5.000%, 6/1/2039	1,515,987
1,000,000	University of Cincinnati, OH, General Receipts Bonds (Series 2019A), 4.000%, 6/1/2035	1,032,510
	<b>TOTAL</b>	<b>31,079,205</b>
	<b>Oklahoma—0.1%</b>	
1,250,000	Tulsa County, OK Industrial Authority (Montereau, Inc.), Senior Living Community Revenue Refunding Bonds (Series 2017), 5.250%, 11/15/2037	1,271,132
	<b>Oregon—0.6%</b>	
3,525,000	Oregon State (Oregon State Housing and Community Services Department), Single Family Mortgage Program (Series 2023A), 4.600%, 7/1/2043	3,574,835
5,000,000	Oregon State, UT GO State Project Bonds (Series 2017C), 5.000%, 6/1/2034	5,437,580
	<b>TOTAL</b>	<b>9,012,415</b>
	<b>Pennsylvania—3.4%</b>	
2,870,000	<sup>1</sup> Allegheny County, PA Hospital Development Authority (UPMC Health System), Revenue Bonds (Series 2017D-2) FRNs, 4.560% (SIFMA 7-day +0.700%), Mandatory Tender 5/15/2027	2,799,851
4,000,000	Allegheny County, PA Sanitation Authority, Sewer Revenue Bonds (Series 2022), 5.750%, 6/1/2047	4,632,722
1,000,000	Commonwealth Financing Authority of PA (Commonwealth of Pennsylvania), Tobacco Master Settlement Payment Revenue Bonds (Series 2018), 5.000%, 6/1/2033	1,083,749
5,000,000	Commonwealth of Pennsylvania, UT GO Bonds (First Series 2022), 5.000%, 10/1/2042	5,587,734

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Pennsylvania—continued</b>	
\$ 550,000	Cumberland County, PA Municipal Authority (Diakon Lutheran Social Ministries), Revenue Bonds (Series 2015), (United States Treasury PRF 1/1/2025@100), 5.000%, 1/1/2038	\$ 568,061
130,000	Cumberland County, PA Municipal Authority (Diakon Lutheran Social Ministries), Revenue Bonds (Series 2015), (United States Treasury PRF 1/1/2025@100), 5.000%, 1/1/2038	134,269
675,000	Cumberland County, PA Municipal Authority (Diakon Lutheran Social Ministries), Revenue Bonds (Series 2015), 5.000%, 1/1/2038	676,555
5,000,000	Delaware River Joint Toll Bridge Commission, Revenue Bonds (Series 2017), 5.000%, 7/1/2047	5,220,165
4,150,000	Geisinger Authority, PA Health System (Geisinger Health System), Health System Revenue Bonds (Series 2020A), 4.000%, 4/1/2050	3,855,819
1,360,000	Lancaster County, PA Hospital Authority (University of Pennsylvania Health System), Revenue Refunding Bonds (Series 2016), 5.000%, 8/15/2042	1,405,148
1,000,000	Montgomery County, PA Higher Education & Health Authority Hospital (Thomas Jefferson University), Revenue Refunding Bonds (Series 2022B), 4.000%, 5/1/2041	960,506
1,290,000	Northampton County, PA General Purpose Authority (Lafayette College), College Refunding and Revenue Bonds (Series 2017), 5.000%, 11/1/2047	1,342,393
3,030,000	Northampton County, PA General Purpose Authority (St. Luke's University Health Network), Hospital Revenue Bonds (Series 2018A), (Original Issue Yield: 4.090%), 4.000%, 8/15/2048	2,795,103
1,145,000	Pennsylvania State Economic Development Financing Authority (UPMC Health System), Revenue Bonds (Series 2023A-2), 4.000%, 5/15/2053	1,054,649
5,000,000	Pennsylvania State Higher Education Facilities Authority (Thomas Jefferson University), Fixed Rate Revenue Bonds (Series 2015A), 5.000%, 9/1/2045	5,058,231
2,430,000	Pennsylvania State Turnpike Commission, Subordinate Revenue Bonds (Series 2019A), 5.000%, 12/1/2044	2,546,519
2,000,000	Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds (Series 2015B), 5.000%, 12/1/2045	2,055,530
1,155,000	Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds (Series 2022B), 5.250%, 12/1/2052	1,265,367
4,240,000	Pennsylvania State University, Revenue Bonds (Series 2022A), 5.000%, 9/1/2047	4,652,373
405,000	Philadelphia, PA Authority for Industrial Development (PresbyHomes Germantown/Morrisville), Senior Living Revenue Bonds (Series 2005A), 5.625%, 7/1/2035	412,578
	<b>TOTAL</b>	<b>48,107,322</b>

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Puerto Rico—1.7%</b>	
\$ 5,000,000	Puerto Rico Sales Tax Financing Corp., Restructured Capital Appreciation Sales Tax Bonds (Series 2019A-1), (Original Issue Yield: 5.375%), 3.450%, 7/1/2046	\$ 1,359,995
20,000,000	Puerto Rico Sales Tax Financing Corp., Restructured Sales Tax Bonds (Series 2019A), (Original Issue Yield: 5.154%), 5.000%, 7/1/2058	19,262,058
3,340,000	Puerto Rico Sales Tax Financing Corp., Restructured Sales Tax Bonds (Series 2019A-2), 4.784%, 7/1/2058	3,101,053
	TOTAL	23,723,106
	<b>Rhode Island—0.8%</b>	
5,000,000	Rhode Island State Health and Educational Building Corp. (Brown University), Higher Education Facilities Revenue Bonds (Series 2022A), 5.000%, 9/1/2033	6,126,055
4,500,000	Tobacco Settlement Financing Corp., RI, Tobacco Settlement Asset-Backed Bonds (Series 2015B), 5.000%, 6/1/2050	4,458,928
	TOTAL	10,584,983
	<b>South Carolina—0.6%</b>	
6,250,000	South Carolina Jobs-EDA (Prisma Health Obligated Group), Hospital Revenue Bonds (Series 2018A), 5.000%, 5/1/2048	6,347,364
1,500,000	South Carolina State Public Service Authority (Santee Cooper), Revenue Refunding and Improvement Bonds (Series 2020A), 4.000%, 12/1/2042	1,430,910
	TOTAL	7,778,274
	<b>South Dakota—0.1%</b>	
1,000,000	Educational Enhancement Funding Corp., SD, Tobacco Settlement Revenue Bonds (Series 2013B), (United States Treasury COL), 5.000%, 6/1/2023	1,001,298
	<b>Tennessee—1.0%</b>	
6,105,000	Greenville, TN Health and Educational Facilities Board (Ballad Health), Hospital Revenue Bonds (Series 2018A), 4.000%, 7/1/2040	5,855,365
5,000,000	Metropolitan Government Nashville & Davidson County, TN, GO Improvement Bonds (Series 2018), 5.000%, 7/1/2031	5,597,365
1,500,000	Metropolitan Nashville Tennessee Airport Authority, Airport Revenue Bonds (Series 2022A), 5.250%, 7/1/2047	1,662,728
1,280,000	Tennessee Energy Acquisition Corp., Gas Revenue Bonds (Series 2006A), (Goldman Sachs Group, Inc. GTD), 5.250%, 9/1/2023	1,283,228
	TOTAL	14,398,686
	<b>Texas—4.7%</b>	
2,000,000	Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds (Series 2021B), 4.000%, 1/1/2051	1,823,936

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Texas—continued</b>	
\$ 1,080,000	Clifton Higher Education Finance Corporation, TX (Idea Public Schools ), 6.000%, 8/15/2033	\$ 1,088,976
500,000	Clifton Higher Education Finance Corporation, TX (Idea Public Schools ), Education Revenue Bonds (Series 2012), 5.000%, 8/15/2042	500,353
3,000,000	Clifton Higher Education Finance Corporation, TX (Uplift Education), Revenue Bonds (Series 2015A), 5.000%, 12/1/2035	3,039,232
1,985,000	Conroe, TX Independent School District, UT GO Tax School Building Bonds (Series 2022), (Texas Permanent School Fund Guarantee Program GTD), 4.000%, 2/15/2047	1,945,210
3,000,000	Corpus Christi, TX Utility System, Junior Lien Revenue Improvement Bonds (Series 2015A), 5.000%, 7/15/2040	3,080,334
1,000,000	Dallas, TX Waterworks & Sewer System, Revenue Refunding Bonds (Series 2013), (United States Treasury PRF 10/1/2023@100), 5.000%, 10/1/2031	1,007,285
1,200,000	Dallas-Fort Worth, TX (Dallas-Fort Worth, TX International Airport), Joint Revenue Refunding Bonds (Series 2022B), 4.000%, 11/1/2045	1,177,636
764,000	Decatur, TX Hospital Authority (Wise Regional Health System), Hospital Revenue Bonds (Series 2021C), 4.000%, 9/1/2044	608,983
5,000,000	Grand Parkway Transportation Corp., TX, Subordinate Tier Toll Revenue Bonds (Series 2013B TELA Supported), (United States Treasury PRF 10/1/2023@100), 5.250%, 10/1/2051	5,041,516
2,000,000	Harris County, TX Cultural Education Facilities Finance Corp. (Brazos Presbyterian Homes Holding, Inc.), First Mortgage Revenue Bonds (Series 2016), 5.000%, 1/1/2048	1,616,852
2,750,000	<sup>1</sup> Harris County, TX Education Facilities Finance Corp. (Memorial Hermann Health System), Hospital Revenue Bonds (Series 2022C) FRNs, 4.710% (SIFMA 7-day +0.850%), Mandatory Tender 12/1/2026	2,701,189
2,000,000	Houston, TX Combined Utility System, First Lien Revenue & Refunding Bonds (Series 2014D), 5.000%, 11/15/2044	2,028,945
1,528,893	New Hope Cultural Education Facilities Finance Corporation (Buckingham Senior Living Community), Retirement Facilities Revenue Exchange Bonds (Series 2021B), 2.000%, 11/15/2061	657,933
325,000	New Hope Cultural Education Facilities Finance Corporation (MRC Crestview), Retirement Facility Revenue Bonds (Series 2016), (United States Treasury PRF 11/15/2024@102), 5.000%, 11/15/2036	340,086
650,000	New Hope Cultural Education Facilities Finance Corporation (MRC Langford), Retirement Facility Revenue Bonds (Series 2016A), 5.500%, 11/15/2046	533,130
915,000	North Texas Tollway Authority, First Tier Revenue Refunding Bonds (Series 2015B), 5.000%, 1/1/2045	931,637

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Texas—continued</b>	
\$ 3,000,000	North Texas Tollway Authority, Second Tier Revenue Refunding Bonds (Series 2014B), 5.000%, 1/1/2031	\$ 3,032,397
1,430,000	North Texas Tollway Authority, Second Tier Revenue Refunding Bonds (Series 2018), 4.250%, 1/1/2049	1,411,141
335,000	North Texas Tollway Authority, Second Tier Revenue Refunding Bonds (Series 2021B), 4.000%, 1/1/2041	332,153
835,000	Red River, TX HFDC (MRC The Crossings), Retirement Facility Revenue Bonds (Series 2014A), (Original Issue Yield: 7.550%), (United States Treasury PRF 11/15/2024@100), 7.500%, 11/15/2034	888,253
3,000,000	San Antonio, TX Electric & Gas System, Revenue Bonds (New Series 2015), 5.000%, 2/1/2032	3,174,492
750,000	San Antonio, TX Electric & Gas System, Revenue Refunding Bonds (New Series 2015), 5.000%, 2/1/2027	795,200
3,570,000	San Antonio, TX Independent School District, UT GO School Building Bonds (Series 2022), (Texas Permanent School Fund Guarantee Program GTD), 5.000%, 8/15/2052	3,900,335
1,610,000	San Antonio, TX Public Facilities Corp. (San Antonio, TX), Convention Center Facilities Lease Revenue Refunding and Improvement Bonds (Series 2022), 5.000%, 9/15/2033	1,900,713
1,000,000	Tarrant County, TX Cultural Education Facilities Finance Corp. (Methodist Hospitals of Dallas), Hospital Revenue Bonds (Series 2022), 4.000%, 10/1/2042	990,414
1,000,000	Tarrant County, TX Hospital District, Limited Tax Bonds (Series 2023), (Original Issue Yield: 4.660%), 4.250%, 8/15/2053	972,299
1,990,000	Tarrant County, TX, Limited Tax Bonds (Series 2022), 5.000%, 8/15/2033	2,322,005
2,965,000	Texas Municipal Gas Acquisition & Supply Corp. I, Gas Supply Senior Lien Revenue Bonds (Series 2006A), (Bank of America Corp. GTD), 5.250%, 12/15/2026	3,084,192
1,880,000	Texas State Transportation Commission (State Highway 249 System), First Tier Toll Revenue Bonds (Series 2019A), 5.000%, 8/1/2057	1,876,660
5,000,000	Texas Water Development Board (Texas State Water Implementation Revenue Fund), Revenue Bonds (Series 2017A), 4.000%, 10/15/2036	5,120,878
1,500,000	Texas Water Development Board, State Water Implementation Revenue Fund for Texas Revenue Bonds (Series 2022), 5.000%, 10/15/2047	1,662,644
5,000,000	University of Texas System (The Board of Regents of)—Permanent University Fund, General Revenue Bonds (Series 2022A), 5.000%, 7/1/2042	5,670,764
	<b>TOTAL</b>	<b>65,257,773</b>

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Utah—0.5%</b>	
\$ 3,990,000	Intermountain Power Agency, Power Supply Revenue Bonds (Series 2022A), 5.000%, 7/1/2045	\$ 4,385,473
1,755,000	Utah State Board of Higher Education (University of Utah), General Revenue Bonds (Series 2022B), 5.000%, 8/1/2037	2,024,357
	TOTAL	6,409,830
	<b>Virginia—1.3%</b>	
1,805,000	Fairfax County, VA Water Authority, Water Revenue Bonds (Series 2021), 4.000%, 4/1/2050	1,816,591
4,900,000	University of Virginia (The Rectors and Visitors of), General Revenue Pledge Refunding Bonds (Series 2018B), 4.000%, 8/1/2048	4,911,952
7,385,000	Virginia College Building Authority, Revenue Bonds (Series 2018A), 5.000%, 9/1/2031	8,360,101
2,500,000	Virginia Small Business Financing Authority (Bon Secours Mercy Health), Hospital Facilities Revenue Bonds (Series 2020A), 4.000%, 12/1/2049	2,414,612
	TOTAL	17,503,256
	<b>Washington—1.9%</b>	
1,745,000	Seattle, WA (Seattle, WA Water System), Water System Improvement and Refunding Revenue Bonds (Series 2022), 5.000%, 9/1/2044	1,957,805
3,465,000	Seattle, WA Municipal Light & Power, Improvement Revenue Bonds (Series 2018A), 4.000%, 1/1/2031	3,655,924
1,460,000	Washington State Health Care Facilities Authority (CommonSpirit Health), Revenue Refunding Bonds (Series 2019A-1), 4.000%, 8/1/2044	1,372,344
1,500,000	<sup>2</sup> Washington State Housing Finance Commission (Presbyterian Retirement Communities Northwest), Revenue Bonds (Series 2016), 5.000%, 1/1/2031	1,338,166
2,000,000	<sup>2</sup> Washington State Housing Finance Commission (Rockwood Retirement Communities), Nonprofit Housing Revenue & Refunding Revenue Bonds (Series 2014A), (Original Issue Yield: 7.400%), (United States Treasury PRF 1/1/2024@100), 7.375%, 1/1/2044	2,050,876
2,510,000	<sup>2</sup> Washington State Housing Finance Commission (Rockwood Retirement Communities), Nonprofit Housing Revenue Bonds (Series 2020A), 5.000%, 1/1/2051	1,791,175
7,000,000	Washington State, UT GO Bonds (Series 2018C), 5.000%, 2/1/2036	7,686,633
1,825,000	Washington State, UT GO Motor Vehicle Fuel Tax Bonds (Series 2019B), 5.000%, 6/1/2039	1,984,076
4,000,000	Washington State, UT GO Various Purpose Bonds (Series 2023A), 5.000%, 8/1/2043	4,483,837
	TOTAL	26,320,836

Shares or Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Wisconsin—0.7%</b>	
\$ 3,000,000	<sup>2</sup> Public Finance Authority, WI (LVHN CHP JV, LLC), Revenue Bonds (Series 2022A), 6.625%, 12/1/2032	\$ 2,951,152
2,450,000	Wisconsin Health & Educational Facilities Authority (Hospital Sisters Services, Inc.), Revenue Refunding Bonds (Series 2014A), 5.000%, 11/15/2029	2,513,536
4,000,000	Wisconsin State, UT GO Bonds (Series 2018A), 4.000%, 5/1/2034	4,132,514
	TOTAL	9,597,202
	<b>Wyoming—0.0%</b>	
200,000	Laramie County, WY (Cheyenne Regional Medical Center), Hospital Revenue Refunding Bonds (Series 2021), 4.000%, 5/1/2037	201,344
225,000	Laramie County, WY (Cheyenne Regional Medical Center), Hospital Revenue Refunding Bonds (Series 2021), 4.000%, 5/1/2038	225,102
	TOTAL	426,446
	TOTAL MUNICIPAL BONDS (IDENTIFIED COST \$845,475,292)	831,564,856
	COMMON STOCKS—38.0%	
	<b>Communication Services—3.4%</b>	
164,563	<sup>3</sup> Alphabet, Inc., Class A	17,664,192
518,815	AT&T, Inc.	9,167,461
93,767	Comcast Corp., Class A	3,879,141
77,759	Deutsche Telekom AG, Class REG	1,874,865
13,577	<sup>3</sup> Meta Platforms, Inc.	3,262,825
8,731	<sup>3</sup> Netflix, Inc.	2,880,619
67,000	Verizon Communications, Inc.	2,601,610
35,081	<sup>3</sup> Walt Disney Co.	3,595,802
202,977	<sup>3</sup> Warner Bros. Discovery, Inc.	2,762,517
	TOTAL	47,689,032
	<b>Consumer Discretionary—2.9%</b>	
86,032	<sup>3</sup> Amazon.com, Inc.	9,072,074
30,766	<sup>3</sup> Aptiv PLC	3,164,591
62,018	Burberry Group PLC	2,022,520
20,730	D. R. Horton, Inc.	2,276,569
61,825	Foot Locker, Inc.	2,596,032
118,554	General Motors Co.	3,917,024
8,837	Home Depot, Inc.	2,655,872
15,195	McDonald's Corp.	4,493,921
15,428	Nike, Inc., Class B	1,955,036

**Shares or  
Principal  
Amount**

**Value**

COMMON STOCKS—continued	
<b>Consumer Discretionary—continued</b>	
22,003	Starbucks Corp. \$ 2,514,723
125,552	The Wendy's Co. 2,774,699
34,157	TJX Cos., Inc. 2,692,255
	<b>TOTAL 40,135,316</b>
<b>Consumer Staples—3.6%</b>	
12,064	Constellation Brands, Inc., Class A 2,768,326
8,123	Costco Wholesale Corp. 4,087,656
26,055	Estee Lauder Cos., Inc., Class A 6,428,290
16,945	Hershey Foods Corp. 4,627,002
62,148	Philip Morris International, Inc. 6,212,936
29,769	Procter & Gamble Co. 4,655,276
12,947	Target Corp. 2,042,389
130,253	The Coca-Cola Co. 8,355,730
44,286	Unilever PLC 2,466,642
55,786	WalMart, Inc. 8,422,012
	<b>TOTAL 50,066,259</b>
<b>Energy—2.5%</b>	
46,482	Chevron Corp. 7,835,936
60,463	ConocoPhillips 6,221,038
111,274	Exxon Mobil Corp. 13,168,165
42,929	Schlumberger Ltd. 2,118,546
25,385	TotalEnergies SE 1,618,267
31,740	Valero Energy Corp. 3,639,626
	<b>TOTAL 34,601,578</b>
<b>Financials—5.7%</b>	
50,378	Allstate Corp. 5,831,757
26,948	American Express Co. 4,347,790
64,249	American International Group, Inc. 3,407,767
298,584	Bank of America Corp. 8,742,540
4,748	BlackRock, Inc. 3,186,858
27,907	Chubb Ltd. 5,624,935
10,275	Goldman Sachs Group, Inc. 3,528,846
42,922	Hartford Financial Services Group, Inc. 3,047,033
42,216	Intercontinental Exchange, Inc. 4,598,589
78,329	JPMorgan Chase & Co. 10,828,201
34,885	<sup>3</sup> PayPal Holdings, Inc. 2,651,260
20,155	Progressive Corp., OH 2,749,142

**Shares or  
Principal  
Amount**

**Value**

COMMON STOCKS—continued		
<b>Financials—continued</b>		
13,366	S&P Global, Inc.	\$ 4,846,244
27,363	Visa, Inc., Class A	6,368,191
243,947	Wells Fargo & Co.	9,696,893
	<b>TOTAL</b>	<b>79,456,046</b>
<b>Health Care—6.5%</b>		
29,654	Abbott Laboratories	3,275,877
80,395	<sup>3</sup> Avantor, Inc.	1,566,095
6,545	Becton Dickinson & Co.	1,729,909
34,376	Bristol-Myers Squibb Co.	2,295,286
36,722	Danaher Corp.	8,699,809
24,068	Eli Lilly & Co.	9,527,558
29,228	Gilead Sciences, Inc.	2,402,834
7,745	Humana, Inc.	4,108,645
89,589	Johnson & Johnson	14,665,719
10,821	McKesson Corp.	3,941,441
32,081	Medtronic PLC	2,917,767
63,430	Merck & Co., Inc.	7,324,262
183,429	Pfizer, Inc.	7,133,554
16,639	Sanofi	1,833,959
19,962	<sup>3</sup> Tenet Healthcare Corp.	1,463,614
11,687	Thermo Fisher Scientific, Inc.	6,485,116
16,836	UnitedHealth Group, Inc.	8,284,827
26,307	Zimmer Biomet Holdings, Inc.	3,641,941
	<b>TOTAL</b>	<b>91,298,213</b>
<b>Industrials—2.4%</b>		
11,520	Cummins, Inc.	2,707,661
4,634	Deere & Co.	1,751,745
24,184	Dover Corp.	3,534,733
14,053	Honeywell International, Inc.	2,808,352
14,349	Hunt (J.B.) Transportation Services, Inc.	2,515,236
9,344	Knight-Swift Transportation Holdings, Inc.	526,254
19,655	L3Harris Technologies, Inc.	3,835,673
13,331	Parker-Hannifin Corp.	4,330,975
50,032	Stanley Black & Decker, Inc.	4,319,763
5,309	United Rentals, Inc.	1,917,133
32,534	Waste Management, Inc.	5,402,271
	<b>TOTAL</b>	<b>33,649,796</b>

Shares or Principal Amount		Value
	COMMON STOCKS—continued	
	<b>Information Technology—6.8%</b>	
9,927	Accenture PLC	\$ 2,782,439
4,491	<sup>3</sup> Adobe, Inc.	1,695,622
17,465	Analog Devices, Inc.	3,141,604
131,664	Apple, Inc.	22,340,747
12,423	Applied Materials, Inc.	1,404,172
9,002	Broadcom, Inc.	5,639,753
115,691	Cisco Systems, Inc.	5,466,400
44,129	IBM Corp.	5,578,347
156,335	Intel Corp.	4,855,765
33,013	Microchip Technology, Inc.	2,409,619
82,451	Microsoft Corp.	25,333,894
30,519	MKS Instruments, Inc.	2,559,629
9,207	Motorola Solutions, Inc.	2,682,920
9,921	NVIDIA Corp.	2,752,978
21,255	<sup>3</sup> Salesforce, Inc.	4,216,354
14,952	TE Connectivity Ltd.	1,829,676
	TOTAL	94,689,919
	<b>Materials—1.5%</b>	
12,615	Albemarle Corp.	2,339,578
72,767	Freeport-McMoRan, Inc.	2,758,597
16,284	Linde PLC	6,016,124
29,796	LyondellBasell Industries N.V.	2,818,999
125,480	<sup>3</sup> MP Materials Corp.	2,719,152
26,155	Vulcan Materials Co.	4,580,263
	TOTAL	21,232,713
	<b>Utilities—2.7%</b>	
71,374	American Electric Power Co., Inc.	6,596,385
389,992	CenterPoint Energy, Inc.	11,883,056
166,916	NextEra Energy, Inc.	12,790,773
93,837	Southern Co.	6,901,712
	TOTAL	38,171,926
	TOTAL COMMON STOCKS (IDENTIFIED COST \$410,008,115)	530,990,798
	<sup>1</sup> SHORT-TERM MUNICIPALS—2.2%	
	<b>Alabama—0.7%</b>	
\$ 6,600,000	Columbia, AL IDB PCRB (Alabama Power Co.), (Series 2014-B) Daily VRDNs, 3.900%, 5/1/2023	6,600,000

Shares or Principal Amount		Value
	<sup>1</sup> SHORT-TERM MUNICIPALS—continued	
	<b>Alabama—continued</b>	
900,000	Columbia, AL IDB PCRB (Alabama Power Co.), (Series C) Daily VRDNs, 3.850%, 5/1/2023	\$ 900,000
500,000	Mobile, AL IDB (Alabama Power Co.), (First Series 2009: Barry Plant) Daily VRDNs, 3.900%, 5/1/2023	500,000
1,300,000	Mobile, AL IDB (Alabama Power Co.), (Second Series 2009) Daily VRDNs, 3.850%, 5/1/2023	1,300,000
	TOTAL	9,300,000
	<b>Michigan—0.2%</b>	
1,700,000	Green Lake Township, MI (Interlochen Center) Daily VRDNs, (BMO Harris Bank, N.A. LOC), 3.800%, 5/1/2023	1,700,000
1,700,000	Michigan Strategic Fund (Air Products & Chemicals, Inc.), (Series 2007) Daily VRDNs, 3.770%, 5/1/2023	1,700,000
	TOTAL	3,400,000
	<b>New York—0.2%</b>	
500,000	New York City, NY Municipal Water Finance Authority, (Subseries CC) Daily VRDNs, (Barclays Bank plc LIQ), 3.770%, 5/1/2023	500,000
2,900,000	New York City, NY Transitional Finance Authority, Future Tax Secured Subseries A-4 Daily VRDNs, (Barclays Bank plc LIQ), 3.770%, 5/1/2023	2,900,000
	TOTAL	3,400,000
	<b>Ohio—0.3%</b>	
1,370,000	Allen County, OH (Bon Secours Mercy Health), (Series 2010C) Daily VRDNs, (BMO Harris Bank, N.A. LOC), 3.700%, 5/1/2023	1,370,000
680,000	Ohio State Higher Educational Facility Commission (Cleveland Clinic), (Series 2008 B-4) Daily VRDNs, (Barclays Bank plc LIQ), 3.720%, 5/1/2023	680,000
2,220,000	Ohio State Higher Educational Facility Commission (Cleveland Clinic), (Series 2013B-2) Daily VRDNs, (Bank of New York Mellon, N.A. LIQ), 3.720%, 5/1/2023	2,220,000
	TOTAL	4,270,000
	<b>Pennsylvania—0.4%</b>	
4,295,000	Delaware County, PA IDA (United Parcel Service, Inc.), (Series 2015) Daily VRDNs, (United Parcel Service, Inc. GTD), 3.850%, 5/1/2023	4,295,000
200,000	Lancaster County, PA Hospital Authority (Masonic Villages), (Series D of 2008) Daily VRDNs, (JPMorgan Chase Bank, N.A. LOC), 3.850%, 5/1/2023	200,000
400,000	Philadelphia, PA, (Series 2009B) Weekly VRDNs, (Barclays Bank plc LOC), 3.800%, 5/4/2023	400,000
	TOTAL	4,895,000

Shares or Principal Amount	Value
	<sup>1</sup> SHORT-TERM MUNICIPALS—continued
	<b>Texas—0.4%</b>
\$ 5,600,000	Harris County, TX Education Facilities Finance Corp. (Methodist Hospital, Harris County, TX), (Series 2020B) Daily VRDNs, 3.800%, 5/1/2023
	\$ 5,600,000
	TOTAL SHORT-TERM MUNICIPALS (IDENTIFIED COST \$30,865,000)
	30,865,000
	TOTAL INVESTMENT IN SECURITIES—99.7% (IDENTIFIED COST \$1,286,348,407) <sup>5</sup>
	1,393,420,654
	OTHER ASSETS AND LIABILITIES - NET—0.3% <sup>6</sup>
	4,584,615
	TOTAL NET ASSETS—100%
	\$1,398,005,269

At April 30, 2023, the Fund held no securities that are subject to the federal alternative minimum tax (AMT).

- 1 *Current rate and current maturity or next reset date shown for floating rate notes and variable rate notes/demand instruments. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.*
- 2 *Denotes a restricted security that either: (a) cannot be offered for public sale without first being registered, or availing of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. At April 30, 2023, these restricted securities amounted to \$24,963,331, which represented 1.8% of total net assets.*
- 3 *Non-income-producing security.*
- 4 *Security in default.*
- 5 *The cost of investments for federal tax purposes amounts to \$1,286,021,532.*
- 6 *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 April 30, 2023.

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 April 30, 2023, 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
<b>Equity Securities:</b>				
Common Stocks				
Domestic	\$493,901,468	\$ —	\$—	\$ 493,901,468
International	27,273,077	9,816,253	—	37,089,330
<b>Debt Securities:</b>				
Municipal Bonds	—	831,564,856	—	831,564,856
Short-Term Municipals	—	30,865,000	—	30,865,000
<b>TOTAL SECURITIES</b>	<b>\$521,174,545</b>	<b>\$872,246,109</b>	<b>\$—</b>	<b>\$1,393,420,654</b>

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

- COL —Collateralized
- EDA —Economic Development Authority
- FRNs —Floating Rate Notes
- GO —General Obligation
- GTD —Guaranteed
- HEFA —Health and Education Facilities Authority
- HFDC —Health Facility Development Corporation
- IDA —Industrial Development Authority
- IDB —Industrial Development Bond
- IDC —Industrial Development Corporation
- INS —Insured
- LIQ —Liquidity Agreement
- LOC —Letter of Credit
- LT —Limited Tax
- PCRBs —Pollution Control Revenue Bonds
- PRF —Pre-refunded
- SIFMA —Securities Industry and Financial Markets Association
- SOFR —Secured Overnight Financing Rate
- TELA —Toll Equity Loan Agreement
- TOBs —Tender Option Bonds
- USD —Unified School District
- UT —Unlimited Tax
- VRDNs—Variable Rate Demand Notes

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class A Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 4/30/2023	Year Ended October 31,				
	2022	2021	2020	2019	2018	
<b>Net Asset Value, Beginning of Period</b>	<b>\$12.66</b>	<b>\$15.09</b>	<b>\$13.02</b>	<b>\$12.98</b>	<b>\$13.08</b>	<b>\$13.36</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.16 <sup>1</sup>	0.27 <sup>1</sup>	0.32 <sup>1</sup>	0.31 <sup>1</sup>	0.30	0.29
Net realized and unrealized gain (loss)	0.62	(2.06)	2.07	0.04	0.56	(0.28)
TOTAL FROM INVESTMENT OPERATIONS	0.78	(1.79)	2.39	0.35	0.86	0.01
<b>Less Distributions:</b>						
Distributions from net investment income	(0.18)	(0.28)	(0.32)	(0.31)	(0.30)	(0.29)
Distributions from net realized gain	—	(0.36)	—	—	(0.66)	—
TOTAL DISTRIBUTIONS	(0.18)	(0.64)	(0.32)	(0.31)	(0.96)	(0.29)
<b>Net Asset Value, End of Period</b>	<b>\$13.26</b>	<b>\$12.66</b>	<b>\$15.09</b>	<b>\$13.02</b>	<b>\$12.98</b>	<b>\$13.08</b>
<b>Total Return<sup>2</sup></b>	<b>6.16%</b>	<b>(12.29)%</b>	<b>18.46%</b>	<b>2.73%</b>	<b>6.99%</b>	<b>0.04%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>3</sup>	1.00% <sup>4</sup>	1.00%	1.00%	1.00% <sup>5</sup>	1.00% <sup>5</sup>	1.00% <sup>5</sup>
Net investment income	2.48% <sup>4</sup>	1.99%	2.18%	2.40%	2.34%	2.19%
Expense waiver/reimbursement <sup>6</sup>	0.08% <sup>4</sup>	0.07%	0.07%	0.07%	0.08%	0.07%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$633,671	\$617,694	\$722,618	\$577,400	\$610,305	\$638,891
Portfolio turnover <sup>7</sup>	25%	67%	48%	68%	50%	87%

- 1 Per share number has been calculated using the average shares method.
- 2 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. 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 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio is 1.00% for the six months ended April 30, 2023 and for the years ended October 31, 2020, 2019 and 2018, after taking into account these expense reductions.
- 6 This expense decrease is reflected in both the net expense and net investment income ratios shown above. Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 7 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class C Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 4/30/2023	Year Ended October 31,				
	2022	2021	2020	2019	2018	
<b>Net Asset Value, Beginning of Period</b>	<b>\$12.65</b>	<b>\$15.08</b>	<b>\$13.01</b>	<b>\$12.97</b>	<b>\$13.07</b>	<b>\$13.35</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.11 <sup>1</sup>	0.17 <sup>1</sup>	0.21 <sup>1</sup>	0.21 <sup>1</sup>	0.20	0.20
Net realized and unrealized gain (loss)	0.62	(2.07)	2.07	0.04	0.56	(0.29)
TOTAL FROM INVESTMENT OPERATIONS	0.73	(1.90)	2.28	0.25	0.76	(0.09)
<b>Less Distributions:</b>						
Distributions from net investment income	(0.13)	(0.17)	(0.21)	(0.21)	(0.20)	(0.19)
Distributions from net realized gain	—	(0.36)	—	—	(0.66)	—
TOTAL DISTRIBUTIONS	(0.13)	(0.53)	(0.21)	(0.21)	(0.86)	(0.19)
<b>Net Asset Value, End of Period</b>	<b>\$13.25</b>	<b>\$12.65</b>	<b>\$15.08</b>	<b>\$13.01</b>	<b>\$12.97</b>	<b>\$13.07</b>
<b>Total Return<sup>2</sup></b>	<b>5.76%</b>	<b>(12.96)%</b>	<b>17.59%</b>	<b>1.96%</b>	<b>6.20%</b>	<b>(0.71)%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>3</sup>	1.75% <sup>4</sup>	1.75%	1.75%	1.75% <sup>5</sup>	1.75% <sup>5</sup>	1.75% <sup>5</sup>
Net investment income	1.74% <sup>4</sup>	1.22%	1.43%	1.66%	1.59%	1.45%
Expense waiver/reimbursement <sup>6</sup>	0.08% <sup>4</sup>	0.07%	0.07%	0.07%	0.08%	0.07%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$118,365	\$138,985	\$204,272	\$212,844	\$260,572	\$299,803
Portfolio turnover <sup>7</sup>	25%	67%	48%	68%	50%	87%

- 1 Per share number has been calculated using the average shares method.
- 2 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. 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 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio is 1.75% for the six months ended April 30, 2023 and for the years ended October 31, 2020, 2019 and 2018, after taking into account these expense reductions.
- 6 This expense decrease is reflected in both the net expense and net investment income ratios shown above. Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 7 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Class F Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 4/30/2023	Year Ended October 31,				
	2022	2021	2020	2019	2018	
<b>Net Asset Value, Beginning of Period</b>	<b>\$12.66</b>	<b>\$15.09</b>	<b>\$13.02</b>	<b>\$12.98</b>	<b>\$13.08</b>	<b>\$13.36</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.16 <sup>1</sup>	0.27 <sup>1</sup>	0.32 <sup>1</sup>	0.31 <sup>1</sup>	0.30	0.30
Net realized and unrealized gain (loss)	0.62	(2.06)	2.07	0.04	0.56	(0.29)
TOTAL FROM INVESTMENT OPERATIONS	0.78	(1.79)	2.39	0.35	0.86	0.01
<b>Less Distributions:</b>						
Distributions from net investment income	(0.18)	(0.28)	(0.32)	(0.31)	(0.30)	(0.29)
Distributions from net realized gain	—	(0.36)	—	—	(0.66)	—
TOTAL DISTRIBUTIONS	(0.18)	(0.64)	(0.32)	(0.31)	(0.96)	(0.29)
<b>Net Asset Value, End of Period</b>	<b>\$13.26</b>	<b>\$12.66</b>	<b>\$15.09</b>	<b>\$13.02</b>	<b>\$12.98</b>	<b>\$13.08</b>
<b>Total Return<sup>2</sup></b>	<b>6.16%</b>	<b>(12.29)%</b>	<b>18.46%</b>	<b>2.73%</b>	<b>6.99%</b>	<b>0.04%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>3</sup>	1.00% <sup>4</sup>	1.00%	1.00%	1.00% <sup>5</sup>	1.00% <sup>5</sup>	1.00% <sup>5</sup>
Net investment income	2.48% <sup>4</sup>	1.98%	2.18%	2.40%	2.34%	2.19%
Expense waiver/reimbursement <sup>6</sup>	0.08% <sup>4</sup>	0.07%	0.07%	0.07%	0.08%	0.07%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$200,761	\$215,557	\$269,042	\$238,543	\$253,897	\$252,291
Portfolio turnover <sup>7</sup>	25%	67%	48%	68%	50%	87%

- 1 Per share number has been calculated using the average shares method.
- 2 Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable. 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 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio is 1.00% for the six months ended April 30, 2023 and for the years ended October 31, 2020, 2019 and 2018, after taking into account these expense reductions.
- 6 This expense decrease is reflected in both the net expense and net investment income ratios shown above. Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 7 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Financial Highlights – Institutional Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 4/30/2023	Year Ended October 31,				
	2022	2021	2020	2019	2018	
<b>Net Asset Value, Beginning of Period</b>	<b>\$12.66</b>	<b>\$15.09</b>	<b>\$13.02</b>	<b>\$12.98</b>	<b>\$13.08</b>	<b>\$13.36</b>
<b>Income From Investment Operations:</b>						
Net investment income	0.18 <sup>1</sup>	0.31 <sup>1</sup>	0.35 <sup>1</sup>	0.34 <sup>1</sup>	0.33	0.33
Net realized and unrealized gain (loss)	0.61	(2.07)	2.08	0.04	0.56	(0.28)
TOTAL FROM INVESTMENT OPERATIONS	0.79	(1.76)	2.43	0.38	0.89	0.05
<b>Less Distributions:</b>						
Distributions from net investment income	(0.19)	(0.31)	(0.36)	(0.34)	(0.33)	(0.33)
Distributions from net realized gain	—	(0.36)	—	—	(0.66)	—
TOTAL DISTRIBUTIONS	(0.19)	(0.67)	(0.36)	(0.34)	(0.99)	(0.33)
<b>Net Asset Value, End of Period</b>	<b>\$13.26</b>	<b>\$12.66</b>	<b>\$15.09</b>	<b>\$13.02</b>	<b>\$12.98</b>	<b>\$13.08</b>
<b>Total Return<sup>2</sup></b>	<b>6.29%</b>	<b>(12.07)%</b>	<b>18.75%</b>	<b>2.99%</b>	<b>7.27%</b>	<b>0.29%</b>
<b>Ratios to Average Net Assets:</b>						
Net expenses <sup>3</sup>	0.75% <sup>4</sup>	0.75%	0.75%	0.75% <sup>5</sup>	0.75% <sup>5</sup>	0.75% <sup>5</sup>
Net investment income	2.73% <sup>4</sup>	2.24%	2.43%	2.66%	2.59%	2.44%
Expense waiver/reimbursement <sup>6</sup>	0.08% <sup>4</sup>	0.07%	0.07%	0.07%	0.08%	0.07%
<b>Supplemental Data:</b>						
Net assets, end of period (000 omitted)	\$445,208	\$427,368	\$485,428	\$367,771	\$408,096	\$430,621
Portfolio turnover <sup>7</sup>	25%	67%	48%	68%	50%	87%

- <sup>1</sup> Per share number has been calculated using the average shares method.
- <sup>2</sup> Based on net asset value. Total returns for periods of less than one year are not annualized.
- <sup>3</sup> Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- <sup>4</sup> Computed on an annualized basis.
- <sup>5</sup> The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio is 0.75% for the six months ended April 30, 2023 and for the years ended October 31, 2020, 2019 and 2018, after taking into account these expense reductions.
- <sup>6</sup> This expense decrease is reflected in both the net expense and net investment income ratios shown above. Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- <sup>7</sup> 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

April 30, 2023 (unaudited)

## Assets:

Investment in securities, at value (identified cost \$1,286,348,407)	\$1,393,420,654
Cash denominated in foreign currencies (identified cost \$118,544)	118,368
Cash	53,638
Income receivable	13,002,687
Receivable for investments sold	3,739,684
Receivable for shares sold	931,703
<b>TOTAL ASSETS</b>	<b>1,411,266,734</b>

## Liabilities:

Payable for investments purchased	\$11,394,072
Payable for shares redeemed	1,116,392
Payable for other service fees (Notes 2 and 5)	281,946
Payable for distribution services fee (Note 5)	74,321
Payable for investment adviser fee (Note 5)	64,330
Payable for administrative fee (Note 5)	7,813
Accrued expenses (Note 5)	322,591
<b>TOTAL LIABILITIES</b>	<b>13,261,465</b>
Net assets for 105,459,108 shares outstanding	\$1,398,005,269

## Net Assets Consists of:

Paid-in capital	\$1,291,426,760
Total distributable earnings	106,578,509
<b>TOTAL NET ASSETS</b>	<b>\$1,398,005,269</b>

## Statement of Assets and Liabilities – continued

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

#### Class A Shares:

Net asset value per share ( $\$633,671,498 \div 47,792,083$ shares outstanding), no par value, unlimited shares authorized	\$13.26
Offering price per share (100/94.50 of \$13.26)	\$14.03
Redemption proceeds per share	\$13.26

#### Class C Shares:

Net asset value per share ( $\$118,364,901 \div 8,935,516$ shares outstanding), no par value, unlimited shares authorized	\$13.25
Offering price per share	\$13.25
Redemption proceeds per share (99.00/100 of \$13.25)	\$13.12

#### Class F Shares:

Net asset value per share ( $\$200,761,053 \div 15,143,821$ shares outstanding), no par value, unlimited shares authorized	\$13.26
Offering price per share (100/99.00 of \$13.26)	\$13.39
Redemption proceeds per share (99.00/100 of \$13.26)	\$13.13

#### Institutional Shares:

Net asset value per share ( $\$445,207,817 \div 33,587,688$ shares outstanding), no par value, unlimited shares authorized	\$13.26
Offering price per share	\$13.26
Redemption proceeds per share	\$13.26

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Six Months Ended April 30, 2023 (unaudited)

## Investment Income:

Interest	\$16,963,079
Dividends (net of foreign tax withheld of \$50,145)	7,585,809
<b>TOTAL INCOME</b>	<b>24,548,888</b>

## Expenses:

Investment adviser fee (Note 5)	\$4,584,076
Administrative fee (Note 5)	554,545
Custodian fees	25,616
Transfer agent fees	464,953
Directors'/Trustees' fees (Note 5)	4,353
Auditing fees	17,408
Legal fees	6,415
Distribution services fee (Note 5)	493,822
Other service fees (Notes 2 and 5)	1,207,796
Portfolio accounting fees	122,233
Share registration costs	45,165
Printing and postage	30,273
Miscellaneous (Note 5)	18,233
<b>TOTAL EXPENSES</b>	<b>7,574,888</b>

## Waiver and Reduction:

Waiver of investment adviser fee (Note 5)	\$(596,154)
Reduction of custodian fees (Note 6)	(5,106)
<b>TOTAL WAIVER AND REDUCTION</b>	<b>(601,260)</b>
Net expenses	6,973,628
Net investment income	17,575,260

## Statement of Operations – continued

**Realized and Unrealized Gain (Loss) on Investments,  
Futures Contracts, Written Options and Foreign  
Currency Transactions:**

Net realized gain on investments and foreign currency transactions	\$14,961,815
Net realized gain on futures contracts	560,521
Net realized gain on written options	82,209
Net change in unrealized appreciation of investments and translation of assets and liabilities in foreign currency	50,986,243
Net realized and unrealized gain (loss) on investments, futures contracts, written options and foreign currency transactions	66,590,788
Change in net assets resulting from operations	\$84,166,048

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

	Six Months Ended (unaudited) 4/30/2023	Year Ended 10/31/2022
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 17,575,260	\$ 31,190,133
Net realized gain (loss)	15,604,545	(10,960,532)
Net change in unrealized appreciation/depreciation	50,986,243	(226,870,845)
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	84,166,048	(206,641,244)
<b>Distributions to Shareholders:</b>		
Class A Shares	(8,537,982)	(31,227,451)
Class B Shares <sup>1</sup>	(19,972)	(246,074)
Class C Shares	(1,276,796)	(7,008,962)
Class F Shares	(2,725,823)	(11,352,543)
Institutional Shares	(6,541,788)	(22,484,789)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(19,102,361)	(72,319,819)
<b>Share Transactions:</b>		
Proceeds from sale of shares	127,798,339	229,699,083
Net asset value of shares issued to shareholders in payment of distributions declared	18,078,163	67,835,604
Cost of shares redeemed	(216,147,938)	(304,577,379)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(70,271,436)	(7,042,692)
Change in net assets	(5,207,749)	(286,003,755)
<b>Net Assets:</b>		
Beginning of period	1,403,213,018	1,689,216,773
End of period	\$1,398,005,269	\$1,403,213,018

1 On February 3, 2023, Class B Shares were converted to Class A Shares.

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

April 30, 2023 (unaudited)

## 1. ORGANIZATION

Federated Hermes Income Securities Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of seven portfolios. The financial statements included herein are only those of Federated Hermes Muni and Stock Advantage Fund (the "Fund"), a diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers four classes of shares: Class A Shares, Class C Shares, Class F Shares and Institutional Shares. All shares of the Fund have equal rights with respect to voting, except on class-specific matters. The primary investment objective of the Fund is to provide tax-advantaged income with a secondary objective of capital appreciation.

At the close of business on February 3, 2023, Class B Shares were converted into the Fund's existing Class A Shares pursuant to a Plan of Conversion approved by the Fund's Board of Trustees (the "Trustees"). The conversion occurred on a tax-free basis. The cash value of a shareholder's investment was not changed as a result of the share class conversion. No action was required by shareholders to effect the conversion.

## 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 Federated Equity Management Company of Pennsylvania (the "Adviser").
- 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 ask quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Adviser.
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs, or NAV per share practical expedient, as applicable.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Adviser, 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 Adviser's valuation policies and procedures for the Fund, or if information furnished by a pricing service, in the opinion of the Adviser's 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.

### **Fair Valuation and Significant Events Procedures**

Pursuant to Rule 2a-5 under the Act, the Trustees have designated the Adviser as the Fund's valuation designee to perform any fair value determinations for securities and other assets held by the Fund. The Adviser is subject to the Trustees' oversight and certain reporting and other requirements intended to provide the Trustees the information needed to oversee the Adviser's fair value determinations.

The Adviser, acting through its Valuation Committee, is responsible for determining the fair value of investments for which market quotations are not readily available. The Valuation Committee is comprised of officers of the Adviser and certain of the Adviser's affiliated companies and determines fair value and oversees the calculation of the NAV. The Valuation Committee is also authorized to use pricing services 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 Adviser. The Trustees periodically review the fair valuations made by the Valuation Committee. The Trustees have also approved the Adviser's fair valuation and significant events procedures as part of the Fund's compliance program and will review 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 ask 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 Adviser.

The Adviser has also adopted procedures requiring an investment to be priced at its fair value whenever the Valuation Committee 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 Adviser has 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 Valuation Committee will determine the fair value of the investment in accordance with the fair valuation procedures approved by the Adviser. The Trustees periodically review fair valuations made in response to significant events.

### **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. Investment income, realized and unrealized gains and losses, and certain fund-level expenses are allocated to each class based on relative average daily net assets, except that select classes will bear certain expenses unique to those classes. Dividends are declared separately for each class. No class has preferential dividend rights; differences in per share dividend rates are generally due to differences in separate class expenses. The detail of the total fund expense waiver and reduction of \$601,260 is disclosed in Note 5 and Note 6.

## Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Class A Shares, Class C Shares and Class F Shares to financial intermediaries or to Federated Shareholder Services Company (FSSC) for providing services to shareholders and maintaining shareholder accounts. Prior to their conversion to Class A Shares at the close of business on February 3, 2023, the Class B Shares were also subject to these fees. Subject to the terms described in the Expense Limitation note, FSSC may voluntarily reimburse the Fund for other service fees. For the six months ended April 30, 2023, other service fees for the Fund were as follows:

	<b>Other Service fees Incurred</b>
Class A Shares	\$ 791,119
Class B Shares	2,278
Class C Shares	162,329
Class F Shares	252,070
TOTAL	\$1,207,796

## Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue Code of 1986 (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 April 30, 2023, 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 April 30, 2023, tax years 2019 through 2022 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

The Fund may be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The Fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or gains are earned.

## 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.

## Futures Contracts

The Fund purchases and sells financial futures contracts to manage currency, duration, market, sector/asset class and yield curve risks. Upon entering into a financial futures contract with a broker, the Fund is required to deposit with a broker, either U.S. government securities or a specified amount of cash, which is shown as due from broker in the Statement of Assets and Liabilities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. The Fund

receives from or pays to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, the Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. There is minimal counterparty risk to the Fund since futures contracts are exchange traded and the exchange's clearinghouse, as counterparty to all exchange-traded futures contracts, guarantees the futures contracts against default.

At April 30, 2023, the Fund had no outstanding futures contracts.

The average notional value of short futures contracts held by the Fund throughout the period was \$3,394,866. This is based on amounts held as of each month end throughout the six month period.

### **Foreign Currency Translation**

The accounting records of the Fund are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rates of exchange of such currencies against U.S. dollars on the date of valuation. Purchases and sales of securities, income and expenses are translated at the rate of exchange quoted on the respective date that such transactions are recorded. The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at period end, resulting from changes in the exchange rate.

### **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 Adviser.

Additional information on restricted securities held at April 30, 2023, is as follows:

<b>Security</b>	<b>Acquisition Date</b>	<b>Acquisition Cost</b>	<b>Value</b>
California Public Finance Authority (Kendal at Sonoma), Enso Village Senior Living Revenue Refunding Bonds (Series 2021A), 5.000%, 11/15/2051	5/27/2021	\$ 682,199	\$ 665,340
California Public Finance Authority (Kendal at Sonoma), Enso Village Senior Living Revenue Refunding Bonds (Series 2021A), 5.000%, 11/15/2056	5/27/2021	\$2,000,000	\$2,015,898
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2034	6/24/2014	\$ 261,857	\$ 213,625
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2014A), 5.125%, 7/1/2044	7/9/2014	\$ 260,482	\$ 209,992
California School Finance Authority (KIPP LA), School Facility Revenue Bonds (Series 2015A), 5.000%, 7/1/2045	8/27/2015	\$ 501,263	\$ 507,778
California Statewide Communities Development Authority (Loma Linda University Medical Center ), Revenue Bonds (Series 2016A), 5.000%, 12/1/2046	1/11/2023	\$1,502,097	\$1,509,931
Collier County, FL IDA (Arlington of Naples), Continuing Care Community Revenue Bonds (Series 2013A), (Original Issue Yield: 8.250%), 8.125%, 5/15/2044	8/11/2017	\$1,148,918	\$1,143,761
Kansas City, MO Redevelopment Authority (Kansas City Convention Center Headquarters Hotel CID), Revenue Bonds (Series 2018B), (Original Issue Yield: 5.079%), 5.000%, 2/1/2050	5/15/2018	\$2,738,207	\$2,644,295
Maricopa County, AZ, IDA (Paradise Schools), Revenue Refunding Bonds, 5.000%, 7/1/2036	10/6/2016	\$4,388,416	\$2,408,000
New Hampshire Health and Education Facilities Authority (Hillside Village), Revenue Bonds (Series 2017A), 6.125%, 7/1/2037	10/4/2017	\$4,067,451	\$2,909,795
New York Liberty Development Corporation (3 World Trade Center), Revenue Bonds (Series 2014 Class 1), 5.000%, 11/15/2044	10/29/2014	\$ 727,541	\$ 183,653
Pima County, AZ Industrial Development Authority (La Posada at Pusch Ridge), Senior Living Revenue Bonds (Series 2022A), 6.875%, 11/15/2052	10/6/2022	\$2,500,000	\$2,419,894
Public Finance Authority, WI (LVHN CHP JV, LLC), Revenue Bonds (Series 2022A), 6.625%, 12/1/2032	2/2/2023	\$1,504,966	\$1,338,166

<b>Security</b>	<b>Acquisition Date</b>	<b>Acquisition Cost</b>	<b>Value</b>
Washington State Housing Finance Commission (Presbyterian Retirement Communities Northwest), Revenue Bonds (Series 2016), 5.000%, 1/1/2031	12/14/2016	\$1,994,525	\$2,050,876
Washington State Housing Finance Commission (Rockwood Retirement Communities), Nonprofit Housing Revenue & Refunding Revenue Bonds (Series 2014A), (Original Issue Yield: 7.400%), (United States Treasury PRF 1/1/2024@100), 7.375%, 1/1/2044	1/31/2014	\$2,733,225	\$1,791,175
Washington State Housing Finance Commission (Rockwood Retirement Communities), Nonprofit Housing Revenue Bonds (Series 2020A), 5.000%, 1/1/2051	6/9/2021	\$3,000,000	\$2,951,152

### **Option Contracts**

The Fund buys or sells put and call options to manage security, market and sector/asset class risks. The seller (“writer”) of an option receives a payment or premium, from the buyer, which the writer keeps regardless of whether the buyer exercises the option. When the Fund writes a put or call option, an amount equal to the premium received is recorded as a liability and subsequently marked to market to reflect the current value of the option written. Premiums received from writing options which expire are treated as realized gains. The Fund, as a writer of an option, bears the market risk of an unfavorable change in the price of the underlying reference instrument. When the Fund purchases a put or call option, an amount equal to the premium paid is recorded as an increase to the cost of the investment and subsequently marked to market to reflect the current value of the option purchased. Premiums paid for purchasing options which expire are treated as realized losses. Premiums received/paid for writing/purchasing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying reference instrument to determine the realized gain or loss. The risk associated with purchasing put and call options is limited to the premium paid. Options can trade on securities or commodities exchanges. In this case, the exchange sets all the terms of the contract except for the price. Most exchanges require investors to maintain margin accounts through their brokers to cover their potential obligations to the exchange. This protects investors against potential defaults by the counterparty.

At April 30, 2023, the Fund had no outstanding purchased or written options contracts.

The average market value of purchased call and written call options contracts held by the Fund throughout the period was \$10,861 and \$10,553, respectively. This is based on amounts held as of each month end throughout the six month period.

## The Effect of Derivative Instruments on the Statement of Operations for the Six Months Ended April 30, 2023

### Amount of Realized Gain or (Loss) on Derivatives Recognized in Income

	Equity Contracts	Interest Rate Contracts	Total
Purchased Options <sup>1</sup>	\$(317,737)	—	\$(317,737)
Futures Contracts	—	560,521	560,521
Written Options	82,209	—	82,209
TOTAL	\$(235,528)	\$560,521	\$ 324,993

1 The net realized loss on Purchased Options is found within the Net realized gain on investments and foreign currency transactions on the Statement of Operations.

### 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:

Class A Shares:	Six Months Ended 4/30/2023		Year Ended 10/31/2022	
	Shares	Amount	Shares	Amount
Shares sold	3,528,604	\$ 46,149,266	6,488,234	\$ 90,791,023
Shares issued to shareholders in payment of distributions declared	604,915	7,902,141	1,992,919	28,476,999
Conversion of Class B Shares to Class A Shares <sup>1</sup>	248,799	3,336,394	—	—
Shares redeemed	(5,369,916)	(70,289,997)	(7,577,291)	(103,361,137)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	(987,598)	\$(12,902,196)	903,862	\$ 15,906,885

Class B Shares:	Six Months Ended 4/30/2023		Year Ended 10/31/2022	
	Shares	Amount	Shares	Amount
Shares sold	126	\$ 1,642	3,593	\$ 50,412
Shares issued to shareholders in payment of distributions declared	1,334	17,405	13,884	201,513
Conversion of Class B Shares to Class A Shares <sup>1</sup>	(248,840)	(3,336,394)	—	—
Shares redeemed	(37,763)	(488,408)	(253,058)	(3,523,981)
NET CHANGE RESULTING FROM CLASS B SHARE TRANSACTIONS	(285,143)	\$(3,805,755)	(235,581)	\$(3,272,056)

Class C Shares:	Six Months Ended 4/30/2023		Year Ended 10/31/2022	
	Shares	Amount	Shares	Amount
Shares sold	459,250	\$ 6,013,412	1,050,296	\$ 14,800,059
Shares issued to shareholders in payment of distributions declared	91,082	1,187,624	444,784	6,421,947
Shares redeemed	(2,600,949)	(34,051,475)	(4,055,652)	(55,776,839)
NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS	(2,050,617)	\$(26,850,439)	(2,560,572)	\$(34,554,833)

Class F Shares:	Six Months Ended 4/30/2023		Year Ended 10/31/2022	
	Shares	Amount	Shares	Amount
Shares sold	254,021	\$ 3,294,676	551,401	\$ 7,605,861
Shares issued to shareholders in payment of distributions declared	203,363	2,656,106	788,909	11,287,048
Shares redeemed	(2,337,147)	(30,090,191)	(2,142,341)	(29,145,646)
NET CHANGE RESULTING FROM CLASS F SHARE TRANSACTIONS	(1,879,763)	\$(24,139,409)	(802,031)	\$(10,252,737)

Institutional Shares:	Six Months Ended 4/30/2023		Year Ended 10/31/2022	
	Shares	Amount	Shares	Amount
Shares sold	5,313,506	\$ 69,002,949	8,379,327	\$ 116,451,728
Shares issued to shareholders in payment of distributions declared	483,524	6,314,887	1,506,072	21,448,097
Shares redeemed	(5,969,856)	(77,891,473)	(8,296,122)	(112,769,776)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	(172,826)	\$(2,573,637)	1,589,277	\$ 25,130,049
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(5,375,947)	\$(70,271,436)	(1,105,045)	\$ (7,042,692)

- 1 On February 3, 2023, Class B Shares were converted to Class A Shares. Within the Statement of Changes in Net Assets, the conversion from Class B Shares is within the Cost of shares redeemed and the conversion to Class A Shares is within Proceeds from sale of shares.

#### 4. FEDERAL TAX INFORMATION

At April 30, 2023, the cost of investments for federal tax purposes was \$1,286,021,532. The net unrealized appreciation of investments for federal tax purposes was \$107,399,122. This consists of unrealized appreciation from investments for those securities having an excess of value over cost of \$145,901,171 and unrealized depreciation from investments for those securities having an excess of cost over value of \$38,502,049.

As of October 31, 2022, the Fund had a capital loss carryforward of \$12,607,610 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
\$12,607,610	\$—	\$12,607,610

## 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 0.65% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee 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 April 30, 2023, the Adviser waived \$596,154 of its fee.

Certain of the Fund's assets are managed by Federated Investment Management Company (the "Sub-Adviser"). Under the terms of a sub-advisory agreement between the Adviser and the Sub-Adviser, the Sub-Adviser receives an allocable portion of the Adviser's fee. The fee is paid by the Adviser out of its resources and is not an incremental Fund expense. For the six months ended April 30, 2023, the Sub-Adviser earned a fee of \$2,245,388.

### Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides the Fund with administrative personnel and services. For purposes of determining the appropriate rate breakpoint, "Investment Complex" is defined as all of the Federated Hermes Funds subject to a fee under the Administrative Services Agreement. The fee paid to FAS is based on the average daily net assets of the Investment Complex as specified below:

Administrative Fee	Average Daily Net Assets of the Investment Complex
0.100%	on assets up to \$50 billion
0.075%	on assets over \$50 billion

Subject to the terms described in the Expense Limitation note, FAS may voluntarily choose to waive any portion of its fee. For the six months ended April 30, 2023, the annualized fee paid to FAS was 0.079% of average daily net assets of the Fund.

In addition, FAS may charge certain out-of-pocket expenses to the Fund.

## 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's Class A Shares and Class C Shares to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at the following percentages of average daily net assets annually, to compensate FSC:

	Percentage of Average Daily Net Assets of Class
Class A Shares	0.05%
Class C Shares	0.75%

Prior to their conversion to Class A Shares at the close of business on February 3, 2023, the Class B Shares were also subject to the Plan at 0.75% of average daily net assets of the Class B Shares.

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 April 30, 2023, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Class B Shares	\$ 6,833
Class C Shares	\$486,989
TOTAL	\$493,822

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six months ended April 30, 2023, FSC retained \$49,016 of fees paid by the Fund. For the six months ended April 30, 2023, the Fund's Class A Shares did not incur a distribution services fee; however, it may begin to incur this fee upon approval of the Trustees.

## Sales Charges

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. They are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. For the six months ended April 30, 2023, FSC retained \$20,214 in sales charges from the sale of Class A Shares. FSC also retained \$1,649, \$24, \$5,126 and \$25,038 relating to redemptions of Class A Shares, Class B Shares, Class C Shares and Class F Shares, respectively.

## Other Service Fees

For the six months ended April 30, 2023, FSSC received \$5,352 of the other service fees disclosed in Note 2.

## Expense Limitation

The Adviser and certain of its affiliates (which may include FSC, FAS and FSSC) on their own initiative have agreed to waive certain amounts of their respective fees and/or reimburse expenses. Effective January 1, 2023, total annual fund operating expenses (as shown in the financial highlights, excluding interest expense, extraordinary expenses and proxy-related expenses, paid by the Fund, if any) paid by the Fund's Class A Shares, Class C Shares, Class F Shares and Institutional Shares (after the voluntary waivers and reimbursements) will not exceed 0.99%, 1.74%, 0.99% and 0.74% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) January 1, 2024; or (b) the date of the Fund's next effective Prospectus. Prior to January 1, 2023, the Fee Limit for the Class A Shares, Class C Shares, Class F Shares and Institutional Shares was 1.00%, 1.75%, 1.00% and 0.75%, respectively. While the Adviser and its applicable affiliates currently do not anticipate terminating or increasing these arrangements prior to the Termination Date, these arrangements may only be terminated or the Fee Limit increased prior to the Termination Date with the agreement of the Trustees.

## Interfund Transactions

For the six months ended April 30, 2023, the Fund engaged in purchase and sale transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees and/or common Officers. These purchase and sale transactions complied with Rule 17a-7 under the Act and amounted to \$92,900,000 and \$157,265,000, respectively. Net realized gain (loss) recognized on these transactions was \$0.

## Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Trustees of the Fund are Officers and Directors or Trustees of certain of the above companies. To efficiently facilitate payment, Independent Directors'/Trustees' fees and certain expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses are paid by an affiliate of the Adviser which in due course are reimbursed by the Fund. These expenses related to conducting meetings of the Directors/Trustees and other miscellaneous expenses may be included in Accrued and Miscellaneous Expenses on the Statement of Assets and Liabilities and Statement of Operations, respectively.

## 6. EXPENSE REDUCTION

Through arrangements with the Fund's custodian, net credits realized as a result of uninvested cash balances were used to offset custody expenses. For the six months ended April 30, 2023, the Fund's expenses were offset by \$5,106 under these arrangements.

## 7. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the six months ended April 30, 2023, were as follows:

Purchases	\$343,664,665
Sales	\$358,863,277

## **8. LINE OF CREDIT**

The Fund participates with certain other Federated Hermes Funds, on a several basis, in an up to \$500,000,000 unsecured, 364-day, committed, revolving line of credit (LOC) agreement dated June 22, 2022, which was renewed on June 21, 2023. The LOC was made available to temporarily finance the repurchase or redemption of shares of the Fund, failed trades, payment of dividends, settlement of trades and for other short-term, temporary or emergency general business purposes. The Fund cannot borrow under the LOC if an inter-fund loan is outstanding. The Fund's ability to borrow under the LOC also is subject to the limitations of the Act and various conditions precedent that must be satisfied before the Fund can borrow. Loans under the LOC are charged interest at a fluctuating rate per annum equal to (a) the highest, on any day, of (i) the federal funds effective rate, (ii) the published secured overnight financing rate plus an assigned percentage, and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of a commitment fee based on the amount of the lenders' commitment that has not been utilized, quarterly in arrears and at maturity. As of April 30, 2023, the Fund had no outstanding loans. During the six months ended April 30, 2023, the Fund did not utilize the LOC.

## **9. 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 April 30, 2023, there were no outstanding loans. During the six months ended April 30, 2023, the program was not utilized.

## **10. 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.

## **11. 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, and may continue to result in, closed 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 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. In addition, governments, their regulatory agencies, or self-regulatory organizations may take actions in response to the pandemic, including significant fiscal and monetary policy changes, that may affect the instruments in which the Fund invests or the issuers of such investments. Any such impact could adversely affect the Fund's performance.

## Shareholder Expense Example (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase or redemption payments; 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 mutual funds. It is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period from November 1, 2022 to April 30, 2023.

### **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 sales charges (loads) on purchase or redemption payments. 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 11/1/2022	Ending Account Value 04/30/2023	Expenses Paid During Period <sup>1</sup>
<b>Actual:</b>			
Class A Shares	\$1,000	\$1,061.60	\$5.11
Class C Shares	\$1,000	\$1,057.60	\$8.93
Class F Shares	\$1,000	\$1,061.60	\$5.11
Institutional Shares	\$1,000	\$1,062.90	\$3.84
<b>Hypothetical (assuming a 5% return before expenses):</b>			
Class A Shares	\$1,000	\$1,019.84	\$5.01
Class C Shares	\$1,000	\$1,016.12	\$8.75
Class F Shares	\$1,000	\$1,019.84	\$5.01
Institutional Shares	\$1,000	\$1,021.08	\$3.76

<sup>1</sup> Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	1.00%
Class C Shares	1.75%
Class F Shares	1.00%
Institutional Shares	0.75%

# Evaluation and Approval of Advisory Contract – May 2022

## **FEDERATED HERMES MUNI AND STOCK ADVANTAGE FUND (THE “FUND”)**

At its meetings in May 2022 (the “May 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 the continuation of the investment advisory contract between the Fund and Federated Equity Management Company of Pennsylvania (the “Adviser”) and the investment sub-advisory contract between the Adviser and Federated Investment Management Company (the “Sub-Adviser” and together with the Adviser, the “Advisers”) with respect to the Fund (together, the “Contracts”) for an additional one-year term. The Board’s determination to approve the continuation of the Contracts reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to approve the continuation of the existing arrangements. 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 May Meetings an independent written evaluation presenting on the topics discussed below. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the Contracts. The CCO, in preparing the 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. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, the Board considered information specifically prepared in connection with the approval of the continuation of the Contracts that was presented at the May Meetings. In this regard, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Advisers and their affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes by independent legal counsel on behalf of the Independent Trustees encompassing

a wide variety of topics, including those summarized below. The Board also considered such additional matters as the Independent Trustees deemed reasonably necessary to evaluate the Contracts, which included detailed information about the Fund 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 Contracts included review of materials and information covering the following matters, among others: the nature, quality and extent of the advisory and other services provided to the Fund by the Advisers and their affiliates; Federated Hermes' business and operations; the Advisers' investment philosophy, personnel and processes; the Fund's investment objectives and strategies; the Fund's short-term and long-term performance (in absolute terms, both on a gross basis and net of expenses, and relative to the Fund's particular investment program and a group of its peer funds and/or its benchmark, as appropriate); the Fund's fees and expenses, including the advisory fee and the overall 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 financial condition of Federated Hermes; the Adviser's profitability with respect to the Fund; distribution and sales activity for the Fund; and the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any).

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees charged to other registered funds in determining to approve the Contracts. 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 the adviser to the fund and its shareholders, including the performance of the fund, its benchmark and comparable funds; (2) the adviser's cost of providing the services and the profitability to the adviser of providing advisory services to the fund; (3) the extent to which the adviser may realize "economies of scale" as the fund grows larger and, if such economies of scale exist, whether they have been appropriately shared with the fund and its shareholders or the family of funds; (4) any "fall-out" benefits that accrue to the adviser because of its relationship with the fund, including research services received from brokers that execute fund trades and any fees paid to affiliates of the adviser for services rendered to the fund; (5) comparative fee and expense structures, including a comparison of management fees paid to the 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 the 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 Contracts to the extent it considered them to be appropriate and relevant, as discussed further below. The Board considered and weighed these factors in light of its substantial accumulated experience in governing the Fund and working with Federated Hermes on matters relating to the oversight of the other funds advised by Federated Hermes (each, a "Federated Hermes Fund" and, collectively, the "Federated Hermes Funds").

In addition to considering the above-referenced factors, the Board was mindful of the preferences and expectations of Fund shareholders and the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew the Contracts. In particular, the Board recognized that many shareholders likely have invested in the Fund on the strength of Federated Hermes' industry standing and reputation and with the expectation that Federated Hermes will have a continuing role in providing advisory services to the Fund. Thus, the Board observed that in the marketplace there are a range of investment options available to the Fund's shareholders and such shareholders, having had the opportunity to consider other investment options, have effectively selected Federated Hermes by virtue of investing in the Fund.

In determining to approve the continuation of the Contracts, 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 continuation of the Contracts was based on a comprehensive consideration of all information provided to the Board throughout the year and specifically with respect to the continuation of the Contracts. The Board recognized that its evaluation process is evolutionary and that the factors considered and emphasis placed on relevant factors may change in recognition of changing circumstances in the registered fund marketplace. The Independent Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May 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 May Meetings. The Board considered the approval of the Contracts for the Fund as part of its consideration of agreements for funds across the family of Federated Hermes Funds, but its approvals were made on a fund-by-fund basis.

**Nature, Extent and Quality of Services**

The Board considered the nature, extent and quality of the services provided to the Fund by the Advisers and the resources of Federated Hermes dedicated to the Fund. In this regard, the Board evaluated, among other things, the terms of the Contracts and the range of services provided to the Fund by Federated Hermes. The Board considered the Advisers' personnel, investment philosophy and process, investment research capabilities and resources, trade operations capabilities, experience and performance track record. The Board reviewed the qualifications, backgrounds and responsibilities of the portfolio management team primarily responsible for the day-to-day management of the Fund and Federated Hermes' ability and experience in attracting and retaining qualified personnel to service the Fund. The Board also considered the Advisers' ability to deliver competitive investment performance for the Fund when compared to the Fund's Performance Peer Group (as defined below), which was deemed by the Board to be a useful indicator of how the Advisers are executing 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 noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes, 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 Federated Hermes' oversight of the securities lending program for the Federated Hermes Funds that engage in securities lending and noted the income earned by the Federated Hermes Funds that participate in such program. In addition, the Board considered the quality of Federated Hermes' communications with the Board and responsiveness to Board inquiries and requests made from time to time with respect to the Fund and other Federated Hermes Funds. In this regard, the Board took into account Federated Hermes' communications with the Board in light of the pandemic. The Board also considered that Federated Hermes is responsible for providing the Federated Hermes Funds' officers.

The Board received and evaluated information regarding Federated Hermes' regulatory and compliance environment. The Board considered Federated Hermes' compliance program and compliance history and reports from the CCO about Federated Hermes' 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 the compliance-related resources devoted by Federated Hermes in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including Federated Hermes' commitment to respond to rulemaking and other regulatory initiatives of the SEC. The Board considered Federated Hermes' approach to internal audits and risk management with respect to the Federated Hermes Funds and its 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 the implementation of Federated Hermes' 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 operate, including changes associated with the pandemic.

The Board considered Federated Hermes' efforts to provide shareholders in the Federated Hermes Funds with a comprehensive array of funds with different investment objectives, policies and strategies. The Board considered the expenses that Federated Hermes had incurred, as well as the entrepreneurial and other risks assumed by Federated Hermes, in sponsoring and providing on-going services to new funds to expand these opportunities for shareholders. The Board noted the benefits to shareholders of being part of the family of Federated Hermes Funds, which include the general right to exchange investments between the same class of shares without the incurrence of additional sales charges.

Based on these considerations, the Board concluded that it was satisfied with the nature, extent and quality of the services provided by the Advisers to the Fund.

### **Fund Investment Performance**

The Board considered the investment performance of the Fund. In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks. The Board considered detailed investment reports on, and the Advisers' analysis of, the Fund's performance over different time periods that were provided to the Board throughout the year and in connection with the May Meetings. These reports include, among other items, information on the Fund's gross and net returns, the Fund's investment performance compared to one or more relevant categories or groups of peer funds and the Fund's benchmark index, performance attribution information and commentary on the effect of market conditions.

The Board also reviewed comparative information regarding the performance of other registered funds in the category of peer funds selected by Morningstar, Inc. (the "Morningstar"), an independent fund ranking organization (the "Performance Peer Group"). The Board noted the CCO's view that comparisons to fund peer groups may be helpful, though not conclusive, in evaluating the performance of the Advisers in managing the Fund. 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 Performance Peer Group.

For both the one-year and five-year periods ended December 31, 2021, the Fund's performance was above the median of the Performance Peer Group and the Fund's performance was at the median of the Performance Peer Group for the three-year period.

Based on these considerations, the Board concluded that it had continued confidence in the Advisers' overall capabilities to manage the Fund.

### **Fund Expenses**

The Board considered the advisory fee, sub-advisory fee, and overall 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 contractual advisory fee rates, net advisory fee rates, total expense ratios and each element of the Fund's total expense ratio (i.e., gross and net advisory fees, administrative fees, custody fees, portfolio accounting fees and transfer agency fees) relative to an appropriate group of peer funds compiled by Federated Hermes from the category of peer funds selected by Morningstar (the "Expense Peer Group"). The Board received a description of the methodology used to select the Expense Peer Group from the overall Morningstar category. The Board also reviewed comparative information regarding the fees and expenses of the broader group of funds in the overall Morningstar category.

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 evaluation. The Board focused on comparisons with other similar registered funds more heavily than non-registered fund products or services because such comparisons are believed to be more relevant. The Board considered that other registered 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, chosen and maintained by the Fund's shareholders. The Board noted that the range of such other registered funds' fees and expenses, therefore, appears to be a relevant indicator of what investors have found to be reasonable in the marketplace in which the Fund competes.

The Board reviewed the contractual advisory fee rate, net advisory fee rate and other expenses of the Fund and noted the position of the Fund's fee rates relative to its Expense Peer Group. In this regard, the Board noted that the contractual advisory fee rate was above the median of the Expense Peer Group, but the Board noted the applicable waivers and reimbursements, and that the overall expense structure of the Fund remained competitive in the context of other factors considered by the Board.

The Board also received and considered information about the fees charged by Federated Hermes for providing advisory services to other types of clients with investment strategies similar to those of the Federated Hermes Funds, including non-registered fund clients (such as institutional separate accounts) and third-party unaffiliated registered funds for which any of the Advisers or their affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-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 and fund liquidity; (vi) different administrative responsibilities; (vii) different degrees of risk associated with management; and (viii) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary registered fund business versus managing a discrete pool of assets as a sub-adviser to another institution's registered fund, noting the CCO's view that Federated Hermes generally performs significant additional services and assumes substantially greater risks in managing the Fund and other Federated Hermes Funds than in its role as sub-adviser to an

unaffiliated third-party registered fund. 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.

Based on these considerations, the Board concluded that the fees and total operating expenses of the Fund, in conjunction with other matters considered, are reasonable in light of the services provided.

### **Profitability**

The Board received and considered profitability information furnished by Federated Hermes, as requested by the CCO. Such profitability information included revenues reported on a fund-by-fund basis and estimates of the allocation of expenses made on a fund-by-fund basis, using allocation methodologies specified by the CCO and described to the Board. The Board considered the CCO's view that, while these cost allocation reports apply consistent allocation processes, the inherent difficulties in allocating costs on a fund-by-fund basis continues 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. In addition, the Board considered the CCO's view that the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contracts are consistent with the methodologies previously reviewed by an independent consultant. The Board noted that the independent consultant had previously conducted a review of the allocation methodologies and reported that, although there is no single best method to allocate expenses, the methodologies used by Federated Hermes are reasonable.

The Board also reviewed information compiled by Federated Hermes comparing its profitability information to other publicly held fund management companies, including information regarding profitability trends over time. 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.

### **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. In this regard, the Board considered that Federated Hermes has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as: personnel, processes and tools for portfolio management, including the use of

market data on which portfolio managers make investment decisions; trading operations; ESG integration and issuer engagement on ESG matters; shareholder services; compliance; business continuity; cybersecurity; internal audit and risk management functions; and technology that supports the provision of investment management services. 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 are likely to be shared with the family of Federated Hermes Funds as a whole. In addition, the Board considered that fee waivers and expense 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 considered that, in order for the Federated Hermes Funds to remain competitive in the marketplace, Federated Hermes has frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and has disclosed to shareholders and/or reported to the Board its intention to do so (or continue to do so) in the future. The Board also considered Federated Hermes' reductions in contractual management fees for certain Federated Hermes Funds during the prior year, including in response to the CCO's recommendations in the prior year's CCO Fee Evaluation Report, which have resulted in benefits being realized by shareholders.

The Board also considered reports on adviser-paid fees (commonly referred to as "revenue sharing") that were provided to the Board throughout the year and in connection with the May Meetings. The Board considered that Federated Hermes and the CCO believe 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 evaluate the reasonableness 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 uniform methodology or pattern with respect to structuring fund advisory fees with breakpoints that serve to reduce the fees as a fund attains a certain size.

### **Other Benefits**

The Board considered information regarding the compensation and other ancillary (or "fall-out") benefits that Federated Hermes derived from its relationships with the Federated Hermes Funds. The Board noted that, in addition to receiving advisory fees under the Federated Hermes Funds' investment advisory contracts, Federated Hermes' affiliates also receive fees 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.

### **Conclusions**

The Board considered: (i) the CCO's conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund is reasonable; and (ii) the CCO's recommendation that the Board approve the management fee. The Board noted that, under these circumstances, no changes were recommended to, and no objection was raised to the continuation of, the Contracts by the CCO. The CCO also recognized that the Board's evaluation of the Federated Hermes Funds' advisory and sub-advisory arrangements is a continuing and ongoing process that is informed by the information that the Board requests and receives from management throughout the course of the year and, in this regard, the CCO noted certain items for future reporting to the Board or further consideration by management as the Board continues its ongoing oversight of the Federated Hermes Funds.

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 continuation of the Contracts. The Board based its determination to approve the Contracts 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 continuation of the Contracts reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to approve the continuation of the existing arrangements.

## 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 Income Securities Trust (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Muni and Stock Advantage Fund (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 and share class name at [FederatedHermes.com/us/FundInformation](https://www.FederatedHermes.com/us/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 and share class name at [FederatedHermes.com/us](https://www.FederatedHermes.com/us).

*Mutual 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 mutual 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

## 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 Muni and Stock Advantage Fund  
Federated Hermes Funds  
4000 Ericsson Drive  
Warrendale, PA 15086-7561

Contact us at [FederatedHermes.com/us](https://www.federatedhermes.com/us)  
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