Federated Hermes Muni and Stock Advantage Fund Newsletter

June 30, 2022

Federated Hermes Muni and Stock Advantage Fund

- Uniquely combines tax free Munis and Equities (Qualified Dividend Income) in one portfolio
- Offers broad diversification at the sector and security level as well as low correlation between asset classes, allowing the Fund to historically deliver lower relative volatility - especially during market corrections
- Strives to deliver a relatively high tax equivalent monthly income stream as well as capital appreciation over a market cycle
- In the 2nd quarter, the Fund delivered a -7.66% total return (IS Class) and a 2.49% 12-month distribution yield (IS Class) before tax adjustment

Fund Ticker: FMUAX; FMUIX

12-Mo Distribution Yield IS: 2.49% (6/30/22)

2.3% net (2021 nominal)

3.2% net (2021 tax equivalent)

30-Day SEC Yield: 1.89%

3 Year Beta (S&P 500): 0.47

Asset Allocation: 41% Eq / 59% FI

	Annualized Total Returns % (6/30/22)					Expense Ratio*	
	1-yr	5-yr	10-yr	Since inception (9/26/03)	30-day Yield	Before Waivers	After Waivers
IS	-9.09	4.24	5.03	5.19	1.89	0.82	0.75
A (NAV)	-9.32	3.98	4.77	5.23	1.64	1.07	1.00
A (MOP)	-14.29	2.81	4.18	4.92	1.64	1.07	1.00

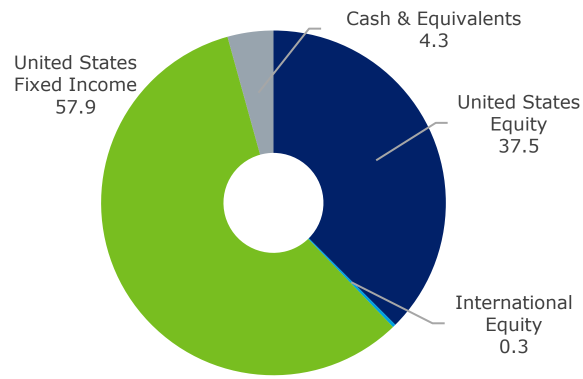
Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit FederatedInvestors.com. Maximum Offering Price figures reflect the maximum sales charges of 5.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

Market Comments

- As we enter the third quarter, we continue to have a cautious economic and earnings outlook, and are cognizant of the likelihood of continued market volatility. Our base case is a rocky landing scenario as the Fed works to bring inflation under control through a series of interest rate hikes.

- Concerns over inflation, monetary tightening, and geopolitical tensions that could lead to a recession have contributed to market volatility and losses across the board for virtually all asset classes. Inflation has remained stubbornly high while labor has remained tight.

Asset Allocation



- As with taxable bonds, muni market volatility and deep losses have driven a record pace of fund redemptions this year. The first and second quarters were difficult, with the S&P Municipal Bond Index return reaching -8.4% for the first six months. But the prospects of better returns has emerged. Once U.S. Treasury yields appeared to reset from a one-way train higher to a range trade during June, muni yield ratios relative to intermediate and long-term Treasuries cheapened enough to attract investor capital. With the 30-year BVAL AAA muni yield at 3.25% at the end of June, investors face a much better risk/return than when that same yield was 2.60% at end of Q1 and 1.54% at year-end 2021. Inflation remains extremely high, but the market expects it to retreat amid the Fed's hawkishness and the slowing economy. With muni fundamentals still strong, credit spreads cheaper and initial yields higher, the landscape for reasonable returns in munis has improved. Of course, should inflation remain much too high (around current levels and not showing signs of retreating rapidly), that sentiment could be dashed yet again. For now, however, there are reasons to be optimistic for near-term returns.

Positioning

- The Fund is positioned in line with our rocky landing outlook. During the quarter, we reduced the equity allocation to 41%, have increased the muni allocation to 59%, and have an elevated cash level as we look for opportunities and entry point(s) back into the markets. We believe better opportunities will be a function of both time and price.

- The equity portfolio is tilted toward higher quality defensive securities with strong balance sheets and low volatility in their income stream. The fixed income portfolio has increased its allocation to higher quality AAA/AA munis but remains overweight A and lower quality credit sectors of the market. Duration remains less than benchmark.

- **The Fund has a focus on higher quality defensive stocks that are less inflation sensitive.** Healthcare and Utilities are representative of this defensive lean. We are overweight these sectors as we expect these companies to hold up well in the face of slowing consumer demand in other sectors. We also continue to have conviction in the Consumer Staples sector and continue to like our positions in Walmart (WMT) and Coca-Cola (KO). Companies in all three of these sectors produce and deliver things people need - not necessarily what they want.

- **With the inflationary back drop, we are seeking opportunities in sectors that are expected to be relative inflation beneficiaries.** More specifically, we are seeing opportunities in Health Care, Energy, and certain areas within Financials.

    - **Health Care.** During the quarter we added to our position in Johnson & Johnson (JNJ), a quality company poised for further growth as procedures continue to pick up at a reasonable valuation level. We entered a position with Tenet Healthcare (THC). They are a large player in the hospital market (mainly in the south where population has been growing faster) and have a strong position in alternative sites of care where we expect continued growth.

    - **Utilities.** We have a constructive view of the sector and look to capitalize on the relative valuation and dividend profiles of these companies. One example is NextEra Energy (NEE). The security had valuation compression earlier in the year, but we have conviction in the growth prospects in addition to its generous yield. With the recent run in the sector, we continue to monitor the space and will adjust the allocation and positions as market conditions warrant.

- **We have reduced our weight in Financials.** With additional rate hikes expected in the near term, we have taken profits and reduced our exposure to financials, largely regional banks. While we are underweight the sector, we have added exposure to other diversified financials, including insurance. In line with this view, the Fund added to its positions in Bank of America (BAC) and JP Morgan Chase (JPM), as these companies are not as sensitive to consumer behavior and entered into a position in Chubb (CB). During the quarter we exited our position in SVB Financial Group (SIVB) as it has exposure to private equity and declining tech company valuations.

Equity Portfolio Themes:

- Health Care
- Utilities

Equity Buys/Adds:

- Johnson & Johnson
- Tenet Healthcare
- JP Morgan Chase

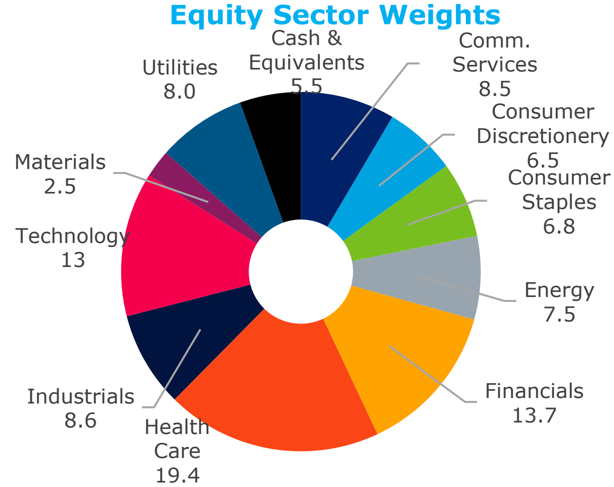
Equity Trims/Sells:

- SVB Financial Group
- Chevron Corp

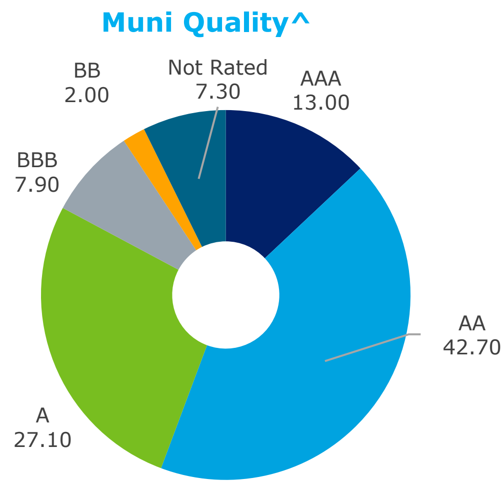
Fixed Income Positioning:

- 94% Duration
- Overweight Revenue Bonds
- Overweight A Rated Bonds

Equity Sector Weights



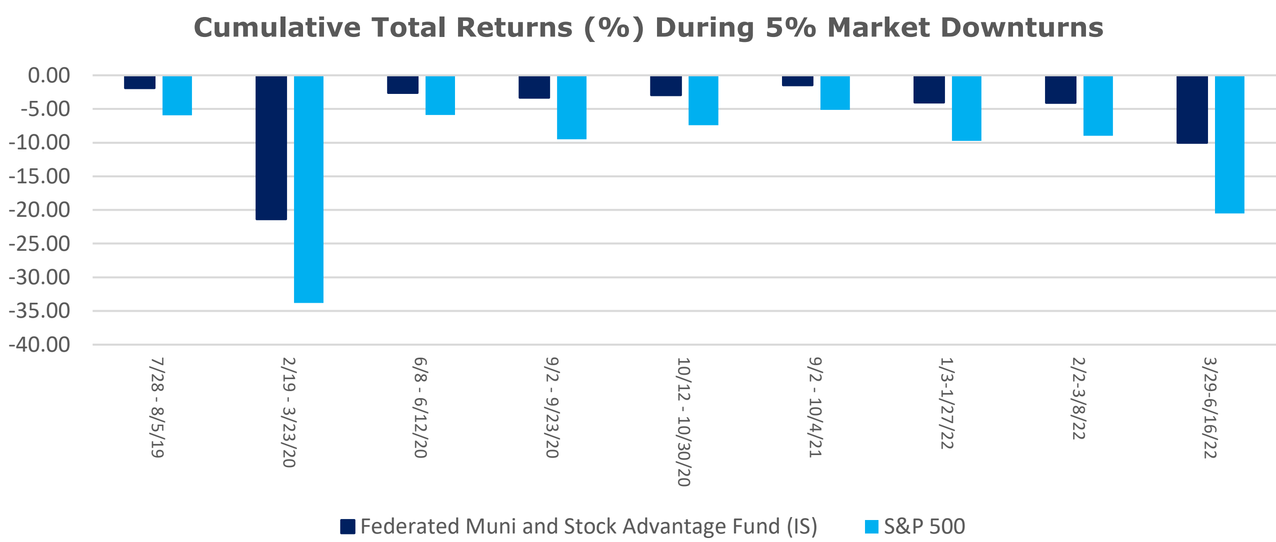
- **Within the fixed income portfolio, we are short duration but moving towards neutral**. We are overweight on A and non-investment grade munis, underweight on BBBs and underweight AAA/AA. The lower credit quality carries a yield advantage and helps support the fund's income objective.
    - We maintain our overweight position on A rated munis expecting incremental outperformance from attractive valuations, income advantages and improving credit quality.
    - We are reducing the overweight to high yield munis towards neutral and maintaining our underweight on BBB on prospects for wider spreads given a slower economy and on prospects for continued negative flows.
    - We are increasing exposure of AAA/AA towards neutral on favorable valuations of higher quality bonds.



- **We are overweight revenue and pre-refunded bonds and underweight general obligation bonds.** We prefer essential service revenue sectors and those that benefit from higher inflation. State and local government credit trends are favorable, we are adding exposure towards neutral from underweight.

Performance During Market Downturns

The historic low correlation between stocks and munis has resulted in better returns than the broad market, as measured by the S&P 500, during periods of market volatility. Looking back over the past 3 years, when the S&P 500 had drawdowns greater than 5%, the Fund returned an average of -5.76% versus -11.88% for the S&P 500.



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After-tax average annual total returns % (as of 6/30/22)

	Return after taxes on distributions				Return after taxes on distributions and sale of fund shares			
	1-year	5-year	10-year	Since inception (9/26/03)	1-year	5-year	10-year	Since inception
IS	-10.09	3.52	4.47	4.76	-4.51	3.51	4.25	4.57
A (NAV)	-10.26	3.29	4.24	4.82	-4.68	3.28	4.02	4.60
A (MOP)	-15.19	2.13	3.65	4.50	-7.67	2.38	3.52	4.32

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**The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 1/1/23 or the date of the fund's next effective prospectus.*

Total return represents the change in value after reinvesting all income and capital gains. Total return would have been lower in the absence of certain fund expense waivers or reimbursements.

Performance inception date 9/26/03. Other classes of shares are available whose performance will vary due to different charges and expenses.

Disclosures

^The ratings agencies that provided the ratings are Standard and Poor's, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.

There are no guarantees that dividend paying stocks will continue to pay dividends. In addition, dividend paying stocks may not experience the same capital appreciation potential as non-dividend paying stocks.

Fund income may be subject to state and local taxes. Although this fund pursues tax-advantaged income and seeks to invest primarily in securities whose interest is not subject to the federal alternative minimum tax, there are no assurances that it will achieve these goals.

As indicated in its name, Federated Muni and Stock Advantage Fund invests in both municipal (muni) securities and equity securities (stock) as described in the fund's prospectus. Thus, the fund is not entirely a "tax-exempt" or "municipal" fund, and a portion of the income derived from the fund's portfolio (or dividend distributions) will be subject to federal income tax and state and local personal income tax.

High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities.

30-day yield (also known as "SEC yield") is a compounded and annualized figure calculated according to a formula set by the SEC. The formula requires use of a specific methodology for calculating dividends and interest earned, and expenses accrued, during the period, and reflects the maximum offering price per fund share. The standardized computation is designed to facilitate yield comparisons among different funds. In the absence of temporary expense waivers or reimbursements, the 30-day yield for IS shares would have been 1.81% and the 30-day yield for the A shares would have been 1.56% at NAV and 1.47% at MOP.

The 12-month nominal distribution yield is calculated by adding up the trailing 12-month's income distributions from a fund and dividing by the last month's ending NAV (plus any capital gains distributed). This provides a historical view of actual dividends that were paid, but may not accurately represent the future. The tax-equivalent calculation assumes a 40.8% tax rate for the muni portion; the equity portion was not tax adjusted. The tax equivalent yield assumes the highest marginal tax rate.

After-tax returns are calculated using a standard set of assumptions. Actual after-tax returns depend on each investor's personal tax situation, and are likely to differ from those shown. The stated returns assume the highest historical federal income and capital gains tax rates, but do not reflect the effect of any applicable state and local taxes. Return After Taxes on Distributions assumes a continued investment in the fund and shows the effect of taxes on fund distributions. Return After Taxes on Distribution and Sale of Fund Shares assumes all shares were redeemed at the end of each measurement period, and shows the effect of any taxable gain (or offsetting loss) on redemption, as well as the effects of taxes on fund distributions. After-tax returns are not relevant to investors holding shares through tax-deferred programs, such as IRA, 401(k) plans. The after-tax average annual returns are based on the 37% tax bracket and include the 3.8% tax on net investment income.

The fund's Institutional Shares commenced operations on December 29, 2010. For the period prior to the commencement of operations of the Institutional Shares, the performance information shown is for the fund's A Shares. The performance of the A Shares has not been adjusted to reflect the expenses of the Institutional Shares, since the Institutional Shares had a lower expense ratio than the expense ratio of the A Shares. The performance of the A Shares has been adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of fund expenses related to the A Shares during the period prior to the commencement of operations of the Institutional Shares.

Current and future portfolio holdings are subject to risk.

Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.

Diversification does not assure a profit nor protect against loss.

Holdings referenced within this newsletter and their percentages as of 6/30/22 are as follows: Johnson & Johnson (1.3%), Walmart (0.6%), Coca-Cola (0.6%), Tenet Healthcare (0.2%), NextEra Energy (1.0%), Bank of America (0.8%), JP Morgan Chase (0.7%), Chevron (0.7%) and Chubb (0.4%). The holdings percentages are based on net assets at the close of business on the dates above and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

Beta analyzes the market risk of a fund by showing how responsive the fund is to the market. The beta of the market is 1.00. Accordingly, a fund with a 1.10 beta is expected to perform 10% better than the market in up markets and 10% worse in down markets. Usually the higher betas represent riskier investments.

Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® index companies with lower price-to-book ratios and lower expected growth values.

S&P Municipal Bond Index is a broad, market value weighted index that seeks to measure the performance of the U.S. municipal bond market. The index includes bonds of all quality—from "AAA" to non-rated, including defaulted bonds—from all sectors of the municipal bond market.

S&P 500 Index is an unmanaged capitalization-weighted index of 500 stocks designated to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

All information is as of 6/30/2022 unless stated otherwise.

This material must be preceded or accompanied by a prospectus.

Federated Securities Corp., Distributor

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