

Semi-Annual Shareholder Report

September 30, 2020



Share Class | Ticker

A | LMSFX
F | LMFFX

B | LMSBX
Institutional | LMBIX

C | LMSCX

Federated Hermes Municipal Bond Fund, Inc.

(formerly, Federated Municipal Bond Fund, Inc.)

Fund Established 1976

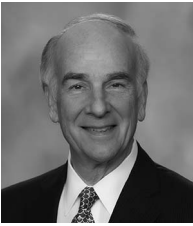
IMPORTANT NOTICE REGARDING REPORT DELIVERY

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund or your financial intermediary electronically by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4.

You may elect to receive all future reports in paper free of charge. You can inform the Fund or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by contacting your financial intermediary (such as a broker-dealer or bank); other shareholders may call the Fund at 1-800-341-7400, Option 4. Your election to receive reports in paper will apply to all funds held with the Fund complex or your financial intermediary.

Not FDIC Insured • May Lose Value • No Bank Guarantee



**J. Christopher
Donahue**

President
Federated Hermes
Municipal Bond
Fund, Inc.

Letter from the President

Dear Valued Shareholder,

I am pleased to present the Semi-Annual Shareholder Report for your fund covering the period from April 1, 2020 through September 30, 2020.

As we all confront the unprecedented effects of the coronavirus and the challenges it presents to our families, communities, businesses and the financial markets, I want you to know that everyone at Federated Hermes is dedicated to helping you successfully navigate the markets ahead. You can count on us for the insights, investment management knowledge and client service that you have come to expect. Please refer to our website, [FederatedInvestors.com](https://www.federatedinvestors.com), for timely updates on this and other economic and market matters.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Christopher Donahue". The signature is fluid and cursive, written in a professional style.

J. Christopher Donahue, President

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Portfolio of Investments Summary Table (unaudited)

At September 30, 2020, the Fund's sector composition¹ was as follows:

Sector Composition	Percentage of Total Net Assets
Hospital	15.7%
Toll Road	12.8%
Refunded	7.8%
Water & Sewer	7.7%
Public Power	7.3%
Airport	6.6%
General Obligation—State	5.6%
Dedicated Tax	5.6%
General Obligation—Local	5.4%
Other Utilities	4.4%
Other ²	20.2%
Other Assets and Liabilities—Net ³	0.9%
TOTAL	100.0%

- 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. Pre-refunded securities are those whose debt service is paid from escrowed assets, usually U.S. government securities.*
- 2 For purposes of this table, sector classifications constitute 78.9% of the Fund's total net assets. Remaining sectors have been aggregated under the designation "Other."*
- 3 Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

Portfolio of Investments

September 30, 2020 (unaudited)

Principal Amount or Shares		Value
	MUNICIPAL BONDS—97.2%	
	Alabama—1.1%	
\$1,000,000	Birmingham, AL Waterworks Board, Senior Revenue Refunding Bonds (Series 2016-B), 5.000%, 1/1/2039	\$ 1,244,660
2,000,000	Birmingham, AL Waterworks Board, Subordinate Revenue Refunding Bonds (Series 2016-B), 4.000%, 1/1/2043	2,234,820
	TOTAL	3,479,480
	Arizona—3.8%	
3,000,000	Arizona Board of Regents (Arizona State University), (Series 2016B), 5.000%, 7/1/2047	3,537,420
500,000	Arizona State IDA (Phoenix Children's Hospital), Hospital Revenue Bonds (Series 2020A), 4.000%, 2/1/2050	565,030
2,000,000	Phoenix, AZ Civic Improvement Corp.—Airport System, Junior Line Airport Revenue Bonds (Series 2019A), 4.000%, 7/1/2044	2,228,240
1,740,000	Phoenix, AZ IDA (GreatHearts Academies), Education Facility Revenue Bonds (Series 2014A), 5.000%, 7/1/2044	1,840,450
2,000,000	Salt River Project, AZ Agricultural Improvement & Power District, Electric System Revenue Bonds (Series 2019A), 5.000%, 1/1/2035	2,660,500
1,000,000	Salt River Project, AZ Agricultural Improvement & Power District, Electric System Revenue Refunding Bonds (Series 2017A), 5.000%, 1/1/2038	1,252,650
	TOTAL	12,084,290
	California—7.8%	
1,500,000	¹ Bay Area Toll Authority, CA, San Francisco Bay Area Toll Bridge Revenue Bonds (SIFMA Index Rate Bonds Series 2001A) FRNs, 1.370% (SIFMA 7-day +1.250%), Mandatory Tender 4/1/2027	1,510,245
2,000,000	California Health Facilities Financing Authority (Providence St. Joseph Health), Revenue Bonds (Series 2014B), 5.000%, 10/1/2044	2,247,800
1,000,000	California Health Facilities Financing Authority (Stanford Health Care), Revenue Bonds (Series 2015A), 5.000%, 8/15/2054	1,135,580
1,140,000	Los Angeles Department of Water & Power (Los Angeles, CA Department of Water & Power (Electric/Power System)), Power System Revenue Bonds (Series 2020A), 5.000%, 7/1/2029	1,548,177
2,000,000	Los Angeles Department of Water & Power (Los Angeles, CA Department of Water & Power (Water Works/System)), Water System Revenue Bonds (Series 2013B), 5.000%, 7/1/2033	2,252,280
1,000,000	Los Angeles, CA Department of Airports (Los Angeles International Airport), Subordinate Revenue Bonds (Series 2018A), 5.000%, 5/15/2044	1,184,460

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	California—continued	
\$2,000,000	M-S-R Energy Authority, CA, Gas Revenue Bonds (Series 2009C), (Original Issue Yield: 6.700%), (Citigroup, Inc. GTD), 6.500%, 11/1/2039	\$ 3,160,600
3,000,000	Roseville, CA Natural Gas Financing Authority, Gas Revenue Bonds (Series 2007), (Bank of America Corp. GTD), 5.000%, 2/15/2025	3,526,890
2,000,000	San Diego, CA Unified School District, UT GO Bonds (Election 2012 Series-I), 5.000%, 7/1/2047	2,441,340
2,000,000	San Francisco, CA City & County Airport Commission, Second Series Revenue Bonds (Series 2019A), 5.000%, 5/1/2035	2,450,900
2,000,000	San Francisco, CA Public Utilities Commission (Water Enterprise), Water Revenue Bonds (Series 2017 Sub-Series D), 5.000%, 11/1/2034	2,537,120
1,000,000	Transbay Joint Powers Authority, CA, Senior Tax Allocation Bonds Green Bonds (Series 2020A), 5.000%, 10/1/2045	1,235,910
	TOTAL	25,231,302
	Colorado—3.8%	
1,000,000	Colorado State Health Facilities Authority Revenue (CommonSpirit Health), Revenue Bonds (Series 2019A-1), 4.000%, 8/1/2037	1,134,030
1,000,000	Colorado State Health Facilities Authority Revenue (CommonSpirit Health), Revenue Bonds (Series 2019A-1), 5.000%, 8/1/2036	1,226,680
1,000,000	Denver, CO City & County Department of Aviation (Denver, CO City & County Airport Authority), Airport System Revenue Bonds (Series 2018A), 5.000%, 12/1/2048	1,172,960
2,000,000	Denver, CO Convention Center Hotel Authority, Senior Revenue Refunding Bonds (Series 2016), 5.000%, 12/1/2027	2,177,100
2,800,000	E-470 Public Highway Authority, CO, Senior Revenue Bonds (Series 2020A), 5.000%, 9/1/2040	3,188,416
3,250,000	University of Colorado Hospital Authority, Revenue Bonds (Series 2012A), 5.000%, 11/15/2036	3,495,505
	TOTAL	12,394,691
	Connecticut—1.7%	
3,000,000	Connecticut State HEFA (Trinity Healthcare Credit Group), Revenue Bonds (Series 2016CT), 5.000%, 12/1/2045	3,489,360
1,000,000	Connecticut State Special Transportation Fund, Special Tax Obligation Bonds Transportation Infrastructure Purpose (Series 2018B), 5.000%, 10/1/2036	1,238,600
750,000	Connecticut State Special Transportation Fund, Special Tax Obligation Bonds Transportation Infrastructure Purposes (Series 2020A), 4.000%, 5/1/2036	875,828
	TOTAL	5,603,788

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	District of Columbia—2.3%	
\$2,500,000	District of Columbia (KIPP DC), Refunding Revenue Bonds (Series 2017A), 5.000%, 7/1/2048	\$ 2,845,250
1,200,000	District of Columbia Revenue (District of Columbia International School), Revenue Bonds (Series 2019), 5.000%, 7/1/2049	1,348,596
1,800,000	District of Columbia Revenue (Friendship Public Charter School, Inc.), Revenue Bonds (Series 2016A), 5.000%, 6/1/2041	1,976,958
15,000	District of Columbia Revenue (Georgetown University), University Refunding Revenue Bonds (Series 2017), (United States Treasury PRF 4/1/2027@100), 5.000%, 4/1/2036	19,376
985,000	District of Columbia Revenue (Georgetown University), University Refunding Revenue Bonds (Series 2017), 5.000%, 4/1/2036	1,173,037
	TOTAL	7,363,217
	Florida—9.6%	
1,500,000	Broward County, FL Airport System, Airport System Revenue Bonds (Series 2012Q-1), (United States Treasury PRF 10/1/2022@100), 5.000%, 10/1/2037	1,644,075
1,000,000	Central Florida Expressway Authority, Senior Lien Revenue Refunding Bonds (Series 2017), 5.000%, 7/1/2038	1,216,440
1,000,000	Florida State Mid-Bay Authority, First Senior Lien Revenue Bonds (Series 2015A), 5.000%, 10/1/2035	1,129,920
2,000,000	Greater Orlando, FL Aviation Authority, Subordinate Airport Facilities Revenue Bonds (Series 2017A), 5.000%, 10/1/2036	2,354,940
1,000,000	Jacksonville, FL (Brooks Rehabilitation), Health Care Facilities Revenue Bonds (Series 2020), 5.000%, 11/1/2050	1,193,780
3,500,000	Miami Beach, FL Resort Tax, Revenue Bonds (Series 2015), 5.000%, 9/1/2040	3,904,075
1,000,000	Miami-Dade County, FL (Miami-Dade County, FL Seaport), Seaport Revenue Bonds (Series 2013A), 5.750%, 10/1/2030	1,142,590
1,000,000	Miami-Dade County, FL (Miami-Dade County, FL Seaport), Seaport Revenue Bonds (Series 2013A), 5.750%, 10/1/2032	1,124,850
2,000,000	Miami-Dade County, FL Aviation, Aviation Revenue Refunding Bonds (Series 2015A), 5.000%, 10/1/2038	2,265,900
2,000,000	Miami-Dade County, FL Expressway Authority, Toll System Refunding Revenue Bonds (Series 2016A), 5.000%, 7/1/2032	2,391,700
1,250,000	Miami-Dade County, FL Expressway Authority, Toll System Revenue Bonds (Series 2010), (Original Issue Yield: 5.100%), 5.000%, 7/1/2040	1,253,550
1,500,000	Miami-Dade County, FL HFA (Nicklaus Children's Hospital), Hospital Revenue Refunding Bonds (Series 2017), 5.000%, 8/1/2042	1,761,930
1,000,000	Miami-Dade County, FL IDA (Doral Academy), Industrial Development Revenue Bonds (Series 2017), 5.000%, 1/15/2048	1,092,350

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	Florida—continued	
\$2,875,000	Miami-Dade County, FL Transit System, Sales Surtax Revenue Bonds (Series 2012), (United States Treasury PRF 7/1/2022@100), 5.000%, 7/1/2042	\$ 3,117,161
2,000,000	Miami-Dade County, FL, UT GO Bonds, 4.000%, 7/1/2037	2,421,720
1,500,000	Tallahassee, FL Energy System, Revenue Refunding Bonds (Series 2017), 5.000%, 10/1/2036	1,800,870
1,000,000	Tampa, FL (H. Lee Moffitt Cancer Center), Hospital Revenue Bonds (Series 2020B), 4.000%, 7/1/2045	1,119,480
	TOTAL	30,935,331
	Georgia—2.0%	
3,000,000	Atlanta, GA Water & Wastewater, Revenue Refunding Bonds (Series 2015), 5.000%, 11/1/2040	3,546,840
3,000,000	¹ Main Street Natural Gas, Inc., GA, Gas Supply Revenue Bonds (Series 2018D) FRNs, (Royal Bank of Canada GTD), 0.934% (1-month USLIBOR x 0.67 +0.830%), Mandatory Tender 12/1/2023	3,001,980
	TOTAL	6,548,820
	Illinois—4.6%	
310,000	Chicago, IL O’Hare International Airport, General Airport Senior Lien Revenue Refunding Bonds (Series 2016B), 5.000%, 1/1/2041	352,389
1,875,000	Chicago, IL O’Hare International Airport, General Airport Third Lien Revenue Bonds (Series 2011C), (United States Treasury PRF 1/1/2021@100), 6.500%, 1/1/2041	1,904,512
2,000,000	Chicago, IL O’Hare International Airport, Passenger Facility Charge Revenue Refunding Bonds (Series 2012A), 5.000%, 1/1/2031	2,104,980
1,500,000	Chicago, IL Sales Tax, Revenue Bonds (Series 2011A), (United States Treasury PRF 1/1/2022@100), 5.250%, 1/1/2038	1,595,085
750,000	Chicago, IL Water Revenue, Second Lien Water Revenue Bonds (Series 2014), 5.000%, 11/1/2044	830,055
3,000,000	Illinois Finance Authority (Northwestern Memorial Healthcare), Revenue Bonds (Series 2017A), 5.000%, 7/15/2042	3,616,860
1,000,000	Illinois State Toll Highway Authority, Toll Highway Senior Revenue Bonds (Series 2019 A), 4.000%, 1/1/2039	1,149,070
890,000	Illinois State, GO Bonds (Series 2017D), 5.000%, 11/1/2028	956,875
1,110,000	Illinois State, UT GO Bonds (Series 2017D), 5.000%, 11/1/2026	1,198,556
1,000,000	Illinois State, UT GO Bonds (Series June 2013), (Original Issue Yield: 5.280%), 5.250%, 7/1/2028	1,046,180
	TOTAL	14,754,562
	Indiana—0.8%	
1,155,000	Indiana Municipal Power Agency, Power Supply System Refunding Revenue Bonds (Series 2012A), 5.000%, 1/1/2028	1,246,811

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	Indiana—continued	
\$1,300,000	Indiana Municipal Power Agency, Power Supply System Revenue Bonds (Series 2013A), (United States Treasury PRF 7/1/2023@100), 5.250%, 1/1/2030	\$ 1,478,607
	TOTAL	2,725,418
	Massachusetts—3.8%	
3,000,000	Commonwealth of Massachusetts, UT GO Bonds (Series 2018C), 5.250%, 9/1/2043	3,821,520
3,000,000	Massachusetts Port Authority, Revenue Bonds (Series 2015A), 5.000%, 7/1/2045	3,438,720
2,000,000	Massachusetts School Building Authority, Subordinated Dedicated Sales Tax Revenue Bonds (Series 2018A), 5.250%, 2/15/2048	2,488,140
2,000,000	Massachusetts Water Resources Authority, General Revenue Refunding Bonds (Series 2017C), 5.000%, 8/1/2032	2,527,380
	TOTAL	12,275,760
	Michigan—1.8%	
1,000,000	Michigan State Finance Authority Revenue (Great Lakes, MI Water Authority Sewage Disposal System), Senior Lien Revenue Bonds (Series 2014 C-3), (Assured Guaranty Municipal Corp. INS), 5.000%, 7/1/2033	1,145,540
1,000,000	Michigan State Finance Authority Revenue (Great Lakes, MI Water Authority Water Supply System), Local Government Loan Program Revenue Refunding Bonds (Series 2015D-1), 5.000%, 7/1/2034	1,175,360
2,000,000	Michigan Strategic Fund (I-75 Improvement Project), Limited Obligation Revenue Bonds (Series 2018), 5.000%, 12/31/2043	2,307,740
1,000,000	Royal Oak, MI Hospital Finance Authority (Beaumont Health Credit Group), Refunding Revenue Bonds (Series 2014D), 5.000%, 9/1/2039	1,105,820
	TOTAL	5,734,460
	Mississippi—0.3%	
940,000	Warren County, MS Gulf Opportunity Zone (International Paper Co.), Gulf Opportunity Zone Bonds (Series 2011A), 5.375%, 12/1/2035	981,849
	Nebraska—0.7%	
2,000,000	Central Plains Energy Project, NE, Gas Project Revenue Bonds (Project No. 3) (Series 2012), (Original Issue Yield: 5.050%), (Goldman Sachs Group, Inc. GTD), 5.000%, 9/1/2042	2,147,700
	Nevada—0.9%	
2,000,000	Clark County, NV, Limited Tax GO Detention Center Bonds (Series 2019), 5.000%, 6/1/2032	2,570,260

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	Nevada—continued	
\$ 305,000	² Director of the State of Nevada Department of Business and Industry (Doral Academy of Nevada CS), Charter School Revenue Bonds (Series 2017A), 5.000%, 7/15/2047	\$ 315,861
	TOTAL	2,886,121
	New Hampshire—0.0%	
100,000	National Finance Authority, NH (Covanta Energy Corp.), Resource Recovery Revenue Refunding Bonds (Series 2020B) TOBs, 3.750%, Mandatory Tender 7/2/2040	98,894
	New Jersey—6.6%	
155,000	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	191,129
2,725,000	New Jersey EDA (New Jersey State), School Facilities Construction Bonds (Series 2015 WW), 5.250%, 6/15/2040	2,993,358
665,000	New Jersey EDA (Port Newark Container Terminal LLC), Special Facilities Revenue and Refunding Bonds (Series 2017), 5.000%, 10/1/2047	719,570
1,250,000	New Jersey Health Care Facilities Financing Authority (RWJ Barnabas Health Obligated Group), Revenue Bonds (Series 2014A), 5.000%, 7/1/2043	1,389,287
3,000,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation System Bonds (Series 2011A), (United States Treasury PRF 6/15/2021@100), 5.500%, 6/15/2041	3,113,550
1,500,000	New Jersey State Transportation Trust Fund Authority (New Jersey State), Transportation System Bonds (Series 2018A), 5.000%, 12/15/2035	1,719,960
2,000,000	New Jersey Turnpike Authority, Turnpike Revenue Bonds (Series 2015E), 5.000%, 1/1/2034	2,300,920
1,000,000	New Jersey Turnpike Authority, Turnpike Revenue Bonds (Series 2017A), 5.000%, 1/1/2029	1,224,250
2,000,000	Rutgers, The State University of New Jersey, GO Refunding Bonds (Series 2013J), (United States Treasury PRF 5/1/2023@100), 5.000%, 5/1/2030	2,248,080
4,700,000	Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Subordinate Refunding Bonds (Series 2018B), 5.000%, 6/1/2046	5,311,658
	TOTAL	21,211,762
	New Mexico—0.8%	
2,175,000	New Mexico State Hospital Equipment Loan Council (Presbyterian Healthcare Services), Hospital System Revenue Bonds (Series 2017A), 5.000%, 8/1/2046	2,589,425

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	New York—8.6%	
\$1,000,000	Hudson Yards Infrastructure Corp., NY, Second Indenture Revenue Bonds (Series 2017A), 5.000%, 2/15/2045	\$ 1,155,600
2,000,000	Long Island Power Authority, NY, Electric System General Revenue Bonds (Series 2014A), 5.000%, 9/1/2044	2,288,060
480,000	Long Island Power Authority, NY, Electric System General Revenue Bonds (Series 2020A), 4.000%, 9/1/2039	570,197
3,000,000	New York City, NY, Transitional Finance Authority, Building Aid Revenue Bonds (Series 2015S-2), 5.000%, 7/15/2041	3,503,940
3,255,000	New York City, NY, UT GO Bonds (Fiscal 2016 Series C), 5.000%, 8/1/2033	3,861,862
300,000	New York City, NY, UT GO Bonds (Fiscal 2016 Series E), 5.000%, 8/1/2032	361,791
2,470,000	New York Liberty Development Corporation (7 World Trade Center LLC), Revenue Refunding Bonds (Series 2012 Class 2), 5.000%, 9/15/2043	2,602,936
400,000	New York Liberty Development Corporation (7 World Trade Center LLC), Revenue Refunding Bonds (Series 2012 Class 3), 5.000%, 3/15/2044	417,768
2,000,000	New York State Dormitory Authority (New York State Personal Income Tax Revenue Bond Fund), General Purpose Revenue Bonds (Series 2016A), 5.000%, 2/15/2043	2,381,540
2,000,000	New York State Dormitory Authority (New York State Sales Tax Revenue Bond Fund), Revenue Bonds (Series 2018C), 5.000%, 3/15/2038	2,455,440
3,000,000	New York State Power Authority, Revenue Bonds (Series 2020A), 4.000%, 11/15/2050	3,487,980
2,000,000	New York State Thruway Authority, General Revenue Junior Indebtedness Obligations (Series 2019B), 4.000%, 1/1/2045	2,261,880
1,930,000	Port Authority of New York and New Jersey, Revenue Bonds (194th Series), 5.000%, 10/15/2041	2,239,900
	TOTAL	27,588,894
	North Carolina—0.7%	
1,000,000	North Carolina Medical Care Commission (United Methodist Retirement Homes), Revenue Refunding Bonds (Series 2017A), 5.000%, 10/1/2037	1,065,510
1,000,000	North Carolina Medical Care Commission (United Methodist Retirement Homes), Revenue Refunding Bonds (Series 2017A), 5.000%, 10/1/2047	1,056,670
	TOTAL	2,122,180
	Ohio—5.5%	
2,000,000	Buckeye Tobacco Settlement Financing Authority, OH, Tobacco Settlement Asset-Backed Refunding Bonds (Series 2020B-2 Class 2), 5.000%, 6/1/2055	2,127,540

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	Ohio—continued	
\$1,000,000	Cincinnati, OH, UT GO Various Purpose Improvement Bonds (Series 2019), 5.000%, 12/1/2032	\$ 1,334,510
2,180,000	Cuyahoga County, OH Hospital Authority (MetroHealth System), Hospital Revenue Bonds (Series 2017), (Original Issue Yield: 5.030%), 5.000%, 2/15/2057	2,428,302
1,500,000	Ohio Air Quality Development Authority (Pratt Paper, LLC), Exempt Facilities Revenue Bonds (Series 2017), 4.500%, 1/15/2048	1,603,635
2,000,000	Ohio State Higher Educational Facility Commission (Cleveland Clinic), Revenue Bonds (Series 2012), (United States Treasury PRF 1/1/2022@100), 5.000%, 1/1/2038	2,120,560
1,000,000	Ohio State Hospital Revenue (University Hospitals Health System, Inc.), Revenue Bonds (Series 2020A), 4.000%, 1/15/2050	1,115,460
3,000,000	Ohio State Treasurer Private Activity (Portsmouth Gateway Group LLC), Revenue Bonds (Series 2015), 5.000%, 12/31/2039	3,393,810
1,000,000	Ohio State University, Special Purpose General Receipts Bonds (Series 2013A), 5.000%, 6/1/2038	1,096,890
2,000,000	Ohio State, Common Schools UT GO Bonds (Series 2019A), 5.000%, 6/15/2036	2,599,680
	TOTAL	17,820,387
	Oklahoma—1.8%	
2,000,000	Oklahoma Development Finance Authority (OU Medicine), Hospital Revenue Bonds (Series 2018B), 5.500%, 8/15/2057	2,328,240
2,795,000	Oklahoma State Turnpike Authority, Second Senior Revenue Bonds (Series 2017C), 5.000%, 1/1/2047	3,347,180
	TOTAL	5,675,420
	Oregon—0.4%	
1,000,000	Medford, OR Hospital Facilities Authority (Asante Health System), Revenue and Refunding Bonds (Series 2020A), 5.000%, 8/15/2050	1,228,340
	Pennsylvania—8.0%	
1,000,000	Allegheny County, PA Sanitation Authority, Sewer Revenue Bonds (Series 2015), 5.000%, 12/1/2040	1,178,740
450,000	Berks County, PA IDA (Highlands at Wyomissing), Healthcare Facilities Revenue Bonds (Series 2017A), 5.000%, 5/15/2032	491,224
500,000	Berks County, PA IDA (Highlands at Wyomissing), Healthcare Facilities Revenue Bonds (Series 2017A), 5.000%, 5/15/2042	530,895
1,500,000	Delaware River Joint Toll Bridge Commission, Revenue Bonds (Series 2017), 5.000%, 7/1/2042	1,818,915
2,000,000	Delaware River Port Authority, Revenue Bonds (Series 2013), 5.000%, 1/1/2030	2,263,120
2,000,000	Geisinger Authority, PA Health System (Geisinger Health System), Revenue Refunding Bonds (Series 2017A-1), 5.000%, 2/15/2045	2,363,060

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	Pennsylvania—continued	
\$2,000,000	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	\$ 2,167,500
2,970,000	Pennsylvania Economic Development Financing Authority (Pennsylvania Rapid Bridge Replacement), Tax-Exempt Private Activity Revenue Bonds (Series 2015), 5.000%, 12/31/2034	3,383,068
3,000,000	Pennsylvania State Higher Education Facilities Authority (Temple University), Revenue Bonds (First Series of 2012), (United States Treasury PRF 4/1/2022@100), 5.000%, 4/1/2042	3,217,050
2,000,000	Pennsylvania State Higher Education Facilities Authority (University of Pennsylvania Health System), 4.000%, 8/15/2042	2,241,780
1,000,000	Pennsylvania State Higher Education Facilities Authority (University of Pennsylvania), Revenue Bonds (Series 2018A), 5.000%, 2/15/2048	1,208,360
2,000,000	Pennsylvania State University, Revenue Bonds (Series 2020A), 5.000%, 9/1/2045	2,556,300
2,000,000	Philadelphia, PA, GO Bonds (Series 2019B), 5.000%, 2/1/2037	2,496,220
	TOTAL	25,916,232
	Puerto Rico—0.7%	
2,000,000	Puerto Rico Sales Tax Financing Corp., Restructured Sales Tax Bonds (Series 2019A), (Original Issue Yield: 5.154%), 5.000%, 7/1/2058	2,114,180
	South Carolina—2.1%	
2,000,000	Greenville, SC Health System, Hospital Revenue Bonds (Series 2014B), 5.000%, 5/1/2034	2,192,220
615,000	Greenville, SC Health System, Hospital Revenue Bonds (Series 2014B), 5.000%, 5/1/2039	668,726
2,000,000	South Carolina Jobs-EDA (Bon Secours Mercy Health), Hospital Facilities Revenue Refunding Bonds (Series 2020A), 4.000%, 12/1/2044	2,274,600
1,500,000	South Carolina Jobs-EDA (Prisma Health Obligated Group), Hospital Revenue Bonds (Series 2018A), 5.000%, 5/1/2048	1,734,720
	TOTAL	6,870,266
	Tennessee—1.5%	
1,335,000	Metropolitan Government of Nashville & Davidson County, TN Health & Educational Facilities Board (Vanderbilt University Medical Center), Revenue Bonds (Series 2016A), 5.000%, 7/1/2046	1,531,178
1,000,000	Metropolitan Nashville Tennessee Airport Authority, Subordinate Airport Revenue Bonds (Series 2019A), 5.000%, 7/1/2054	1,198,980
2,000,000	Metropolitan Nashville Tennessee Airport Authority, Subordinate Airport Revenue Bonds (Series 2019B), 4.000%, 7/1/2054	2,166,500
	TOTAL	4,896,658

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	Texas—8.3%	
\$2,225,000	Dallas, TX Area Rapid Transit, Senior Lien Sales Tax Revenue Refunding Bonds (Series 2016A), 5.000%, 12/1/2048	\$ 2,654,514
1,250,000	Dallas-Fort Worth, TX International Airport, Joint Revenue Revenue Refunding Bonds (Series 2020A), 4.000%, 11/1/2035	1,476,900
2,000,000	Harris County, TX Cultural Education Facilities Finance Corp. (Memorial Hermann Health System), Hospital Revenue Bonds (Series 2014A), (United States Treasury PRF 12/1/2024@100), 5.000%, 12/1/2029	2,389,600
2,000,000	Houston, TX Combined Utility System, First Lien Revenue & Refunding Bonds (Series 2016B), 4.000%, 11/15/2037	2,307,360
2,500,000	North Texas Tollway Authority, First Tier Revenue Refunding Bonds (Series 2011B), (Original Issue Yield: 5.120%), 5.000%, 1/1/2038	2,522,950
1,180,000	Port of Houston Authority, TX, UT GO Refunding Bonds (Series 2018A), 5.000%, 10/1/2031	1,541,127
1,500,000	San Antonio, TX Electric & Gas System, Revenue Refunding Bonds (New Series 2015), 5.000%, 2/1/2032	1,816,830
2,000,000	San Antonio, TX Electric & Gas System, Revenue Refunding Bonds (Series 2016), 4.000%, 2/1/2034	2,313,440
2,030,000	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	2,514,338
3,000,000	Texas Private Activity Bonds Surface Transportation Corporation (LBJ Infrastructure Group LLC), Senior Lien Revenue Refunding Bonds I-635 Managed Lanes Project (Series 2020A), 4.000%, 12/31/2039	3,380,400
3,000,000	Trinity River Authority Texas Regional Wastewater System, Revenue Refunding Bonds (Series 2016), 5.000%, 8/1/2026	3,757,530
	TOTAL	26,674,989
	Utah—0.7%	
2,000,000	Salt Lake City, UT Airport Revenue, Airport Revenue Bonds (Series 2018A), 5.000%, 7/1/2048	2,330,980
	Virginia—1.0%	
1,200,000	Chesapeake Bay Bridge & Tunnel District, VA, First Tier General Resolution Revenue Bonds (Series 2016), 5.000%, 7/1/2051	1,351,572
1,500,000	Hampton Roads, VA Sanitation District, Subordinate Wastewater Revenue Bonds (Series 2016A), (United States Treasury PRF 8/1/2026@100), 5.000%, 8/1/2043	1,906,170
	TOTAL	3,257,742
	Washington—3.7%	
2,000,000	Port of Seattle, WA Revenue, Intermediate Lien Revenue Bonds (Series 2018A), 5.000%, 5/1/2043	2,308,180

Principal Amount or Shares		Value
	MUNICIPAL BONDS—continued	
	Washington—continued	
\$1,875,000	^{1,2} Seattle, WA Municipal Light & Power, Trust Receipts/Certificates (Series 2019-FG0226A) MUNINVs, 7.439%, 1/1/2046	\$ 2,393,250
1,680,000	^{1,2} Seattle, WA Municipal Light & Power, Trust Receipts/Certificates (Series 2019-FG0226B) MUNINVs, 7.439%, 1/1/2047	2,139,178
1,250,000	Washington State Health Care Facilities Authority (Providence St. Joseph Health), Health Care Facilities Revenue Bonds (Series 2014C), 5.000%, 10/1/2044	1,387,012
3,000,000	Washington State, UT GO Bonds (Series 2015A-1), 5.000%, 8/1/2040	3,577,710
	TOTAL	11,805,330
	West Virginia—0.8%	
2,000,000	West Virginia State, GO State Road Bonds (Series 2019A), 5.000%, 12/1/2036	2,584,980
	Wisconsin—1.0%	
800,000	Wisconsin State HEFA (ProHealth Care, Inc.), Revenue Refunding Bonds (Series 2015), 5.000%, 8/15/2039	889,600
2,000,000	Wisconsin State, UT GO Bonds (Series 2018A), 4.000%, 5/1/2034	2,313,820
	TOTAL	3,203,420
	TOTAL MUNICIPAL BONDS (IDENTIFIED COST \$294,431,448)	313,136,868
	¹ SHORT-TERM MUNICIPALS—1.0%	
	Alabama—0.8%	
1,250,000	Mobile, AL IDB (Alabama Power Co.), (Series 2001-A) Daily VRDNs, 0.170%, 10/1/2020	1,250,000
1,150,000	Wilsonville, AL IDB (Alabama Power Co.), (Series 2008) Daily VRDNs, 0.170%, 10/1/2020	1,150,000
	TOTAL	2,400,000
	Georgia—0.1%	
300,000	Monroe County, GA Development Authority (Gulf Power Co.), (Series 2019) Daily VRDNs, 0.180%, 10/1/2020	300,000
	Michigan—0.0%	
100,000	Michigan State Strategic Fund (Henry Ford Museum & Greenfield Village) Daily VRDNs, (Comerica Bank LOC), 0.150%, 10/1/2020	100,000
	New York—0.0%	
100,000	New York State Mortgage Agency, (Series 135) Daily VRDNs, (Barclays Bank plc LIQ), 0.160%, 10/1/2020	100,000
	Ohio—0.1%	
100,000	Allen County, OH (Bon Secours Mercy Health), (Series 2010C) Daily VRDNs, (BMO Harris Bank, N.A. LOC), 0.120%, 10/1/2020	100,000

Principal Amount or Shares		Value
	¹ SHORT-TERM MUNICIPALS—continued	
	Ohio—continued	
\$ 100,000	Ohio State Higher Educational Facility Commission (Cleveland Clinic), (Series 2008 B-4) Daily VRDNs, (Barclays Bank plc LIQ), 0.120%, 10/1/2020	\$ 100,000
	TOTAL	200,000
	TOTAL SHORT-TERM MUNICIPALS (IDENTIFIED COST \$3,100,000)	3,100,000
	EXCHANGE-TRADED FUND—0.9%	
50,209	VanEck Vectors High-Yield Municipal Index ETF (IDENTIFIED COST \$3,012,580)	3,002,498
	TOTAL INVESTMENT IN SECURITIES—99.1% (IDENTIFIED COST \$300,544,028) ³	319,239,366
	OTHER ASSETS AND LIABILITIES - NET—0.9% ⁴	3,022,849
	TOTAL NET ASSETS—100%	\$322,262,215

Securities that are subject to the federal alternative minimum tax (AMT) represent 9.5% of the Fund's portfolio as calculated based upon total market value.

- 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 September 30, 2020, these restricted securities amounted to \$4,848,289, which represented 1.5% of total net assets.*
- 3 *The cost of investments for federal tax purposes amounts to \$300,542,960.*
- 4 *Assets, other than investments in securities, less liabilities. See Statement of Assets and Liabilities.*

Note: The categories of investments are shown as a percentage of total net assets at September 30, 2020.

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 September 30, 2020, in valuing the Fund's assets carried at fair value:

Valuation Inputs

	Level 1— Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Total
Debt Securities:				
Municipal Bonds	\$ —	\$313,136,868	\$—	\$313,136,868
Short-Term Municipals	—	3,100,000	—	3,100,000
Exchange-Traded Fund	3,002,498	—	—	3,002,498
TOTAL SECURITIES	\$3,002,498	\$316,236,868	\$—	\$319,239,366

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

EDA	—Economic Development Authority
ETF	—Exchange-Traded Fund
FRNs	—Floating Rate Notes
GO	—General Obligation
GTD	—Guaranteed
HEFA	—Health and Education Facilities Authority
HFA	—Housing Finance Authority
IDA	—Industrial Development Authority
IDB	—Industrial Development Bond
INS	—Insured
LIBOR	—London Interbank Offered Rate
LIQ	—Liquidity Agreement
LOC	—Letter of Credit
MUNINVs	—Municipal Inverse Floater
PRF	—Pre-refunded
SIFMA	—Securities Industry and Financial Markets Association
TOBs	—Tender Option Bonds
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) 9/30/2020	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net Asset Value, Beginning of Period	\$10.46	\$10.45	\$10.35	\$10.38	\$10.68	\$10.66
Income From Investment Operations:						
Net investment income ¹	0.13	0.27	0.29	0.30	0.33	0.33
Net realized and unrealized gain (loss)	0.25	0.07	0.15	(0.03)	(0.31)	0.01
TOTAL FROM INVESTMENT OPERATIONS	0.38	0.34	0.44	0.27	0.02	0.34
Less Distributions:						
Distributions from net investment income	(0.12)	(0.27)	(0.29)	(0.30)	(0.32)	(0.32)
Distributions from net realized gain	—	(0.06)	(0.05)	—	—	—
TOTAL DISTRIBUTIONS	(0.12)	(0.33)	(0.34)	(0.30)	(0.32)	(0.32)
Net Asset Value, End of Period	\$10.72	\$10.46	\$10.45	\$10.35	\$10.38	\$10.68
Total Return²	3.69%	3.22%	4.38%	2.62%	0.13%	3.31%
Ratios to Average Net Assets:						
Net expenses ³	0.83% ^{4,5}	0.83% ⁵	0.84% ⁵	0.85%	0.87%	0.87%
Net investment income	2.36% ⁴	2.52%	2.84%	2.87%	3.06%	3.10%
Expense waiver/reimbursement ⁶	0.10% ⁴	0.11%	0.12%	0.10%	0.07%	0.07%
Supplemental Data:						
Net assets, end of period (000 omitted)	\$268,128	\$264,084	\$276,117	\$302,904	\$304,271	\$331,876
Portfolio turnover	14%	9%	21%	26%	14%	25%

- 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 ratios are 0.83% for the six months ended September 30, 2020 and 0.83% and 0.84% for the years ended March 31, 2020 and 2019, respectively, 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 expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

See Notes which are an integral part of the Financial Statements

Financial Highlights – Class B Shares

(For a Share Outstanding Throughout Each Period)

	Six Months Ended (unaudited) 9/30/2020	Year Ended March 31,				
	2020	2019	2018	2017	2016	
Net Asset Value, Beginning of Period	\$10.47	\$10.46	\$10.36	\$10.38	\$10.69	\$10.66
Income From Investment Operations:						
Net investment income ¹	0.09	0.19	0.21	0.22	0.24	0.24
Net realized and unrealized gain (loss)	0.26	0.07	0.15	(0.02)	(0.32)	0.03
TOTAL FROM INVESTMENT OPERATIONS	0.35	0.26	0.36	0.20	(0.08)	0.27
Less Distributions:						
Distributions from net investment income	(0.08)	(0.19)	(0.21)	(0.22)	(0.23)	(0.24)
Distributions from net realized gain	—	(0.06)	(0.05)	—	—	—
TOTAL DISTRIBUTIONS	(0.08)	(0.25)	(0.26)	(0.22)	(0.23)	(0.24)
Net Asset Value, End of Period	\$10.74	\$10.47	\$10.46	\$10.36	\$10.38	\$10.69
Total Return²	3.40%	2.45%	3.61%	1.92%	(0.80)%	2.54%
Ratios to Average Net Assets:						
Net expenses ³	1.58% ^{4,5}	1.58% ⁵	1.59% ⁵	1.62%	1.68%	1.69%
Net investment income	1.61% ⁴	1.78%	2.09%	2.09%	2.25%	2.28%
Expense waiver/reimbursement ⁶	0.10% ⁴	0.11%	0.12%	0.08%	0.01%	0.00% ⁷
Supplemental Data:						
Net assets, end of period (000 omitted)	\$1,555	\$2,302	\$3,499	\$4,599	\$4,061	\$5,732
Portfolio turnover	14%	9%	21%	26%	14%	25%

- 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 ratios are 1.58% for the six months ended September 30, 2020 and 1.58% and 1.59% for the years ended March 31, 2020 and 2019, respectively, 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 expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 7 Represents less than 0.01%.

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) 9/30/2020	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net Asset Value, Beginning of Period	\$10.47	\$10.46	\$10.35	\$10.39	\$10.69	\$10.66
Income From Investment Operations:						
Net investment income ¹	0.09	0.19	0.21	0.22	0.24	0.24
Net realized and unrealized gain (loss)	0.25	0.07	0.16	(0.04)	(0.31)	0.03
TOTAL FROM INVESTMENT OPERATIONS	0.34	0.26	0.37	0.18	(0.07)	0.27
Less Distributions:						
Distributions from net investment income	(0.08)	(0.19)	(0.21)	(0.22)	(0.23)	(0.24)
Distributions from net realized gain	—	(0.06)	(0.05)	—	—	—
TOTAL DISTRIBUTIONS	(0.08)	(0.25)	(0.26)	(0.22)	(0.23)	(0.24)
Net Asset Value, End of Period	\$10.73	\$10.47	\$10.46	\$10.35	\$10.39	\$10.69
Total Return²	3.30%	2.45%	3.71%	1.73%	(0.71)%	2.54%
Ratios to Average Net Assets:						
Net expenses ³	1.58% ^{4,5}	1.58% ⁵	1.59% ⁵	1.62%	1.68%	1.69%
Net investment income	1.61% ⁴	1.77%	2.09%	2.09%	2.25%	2.28%
Expense waiver/reimbursement ⁶	0.10% ⁴	0.11%	0.12%	0.08%	0.01%	0.00% ⁷
Supplemental Data:						
Net assets, end of period (000 omitted)	\$6,310	\$8,039	\$8,675	\$14,188	\$17,548	\$20,372
Portfolio turnover	14%	9%	21%	26%	14%	25%

- 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 ratios are 1.58% for the six months ended September 30, 2020 and 1.58% and 1.59% for the years ended March 31, 2020 and 2019, respectively, 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 expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 7 Represents less than 0.01%.

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) 9/30/2020	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net Asset Value, Beginning of Period	\$10.45	\$10.45	\$10.34	\$10.37	\$10.68	\$10.66
Income From Investment Operations:						
Net investment income ¹	0.13	0.27	0.29	0.30	0.32	0.33
Net realized and unrealized gain (loss)	0.26	0.06	0.16	(0.03)	(0.31)	0.01
TOTAL FROM INVESTMENT OPERATIONS	0.39	0.33	0.45	0.27	0.01	0.34
Less Distributions:						
Distributions from net investment income	(0.12)	(0.27)	(0.29)	(0.30)	(0.32)	(0.32)
Distributions from net realized gain	—	(0.06)	(0.05)	—	—	—
TOTAL DISTRIBUTIONS	(0.12)	(0.33)	(0.34)	(0.30)	(0.32)	(0.32)
Net Asset Value, End of Period	\$10.72	\$10.45	\$10.45	\$10.34	\$10.37	\$10.68
Total Return²	3.79%	3.12%	4.49%	2.62%	0.03%	3.31%
Ratios to Average Net Assets:						
Net expenses ³	0.83% ^{4,5}	0.83% ⁵	0.84% ⁵	0.85%	0.87%	0.87%
Net investment income	2.36% ⁴	2.52%	2.84%	2.87%	3.06%	3.09%
Expense waiver/reimbursement ⁶	0.10% ⁴	0.11%	0.12%	0.10%	0.07%	0.07%
Supplemental Data:						
Net assets, end of period (000 omitted)	\$29,042	\$29,037	\$26,586	\$27,081	\$27,604	\$24,558
Portfolio turnover	14%	9%	21%	26%	14%	25%

- 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 ratios are 0.83% for the six months ended September 30, 2020 and 0.83% and 0.84% for the years ended March 31, 2020 and 2019, respectively, 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 expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

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) 9/30/2020	Year Ended March 31, 2020	2019	Period Ended 3/31/2018 ¹
Net Asset Value, Beginning of Period	\$10.42	\$10.44	\$10.34	\$10.52
Income From Investment Operations:				
Net investment income ²	0.14	0.29	0.32	0.22
Net realized and unrealized gain (loss)	0.26	0.05	0.15	(0.21)
TOTAL FROM INVESTMENT OPERATIONS	0.40	0.34	0.47	0.01
Less Distributions:				
Distributions from net investment income	(0.14)	(0.30)	(0.32)	(0.19)
Distributions from net realized gain	—	(0.06)	(0.05)	—
TOTAL DISTRIBUTIONS	(0.14)	(0.36)	(0.37)	(0.19)
Net Asset Value, End of Period	\$10.68	\$10.42	\$10.44	\$10.34
Total Return³	3.83%	3.18%	4.65%	0.10%
Ratios to Average Net Assets:				
Net expenses ⁴	0.58% ^{5,6}	0.58% ⁶	0.59% ⁶	0.59% ⁵
Net investment income	2.61% ⁵	2.75%	3.09%	3.10% ⁵
Expense waiver/reimbursement ⁷	0.10% ⁵	0.11%	0.12%	0.12% ⁵
Supplemental Data:				
Net assets, end of period (000 omitted)	\$17,228	\$13,182	\$8,388	\$2,150
Portfolio turnover	14%	9%	21%	26% ⁸

- 1 Reflects operations for the period July 27, 2017 (date of initial investment) to March 31, 2018.
- 2 Per share number has been calculated using the average shares method.
- 3 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 4 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 5 Computed on an annualized basis.
- 6 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratios are 0.58% for the six months ended September 30, 2020 and 0.58% and 0.59% for the years ended March 31, 2020 and 2019, respectively, after taking into account these expense reductions.
- 7 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.
- 8 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the year ended March 31, 2018.

See Notes which are an integral part of the Financial Statements

Statement of Assets and Liabilities

September 30, 2020 (unaudited)

Assets:

Investment in securities, at value (identified cost \$300,544,028)	\$319,239,366
Cash	56,782
Income receivable	3,560,627
Receivable for shares sold	331,878
TOTAL ASSETS	323,188,653

Liabilities:

Payable for shares redeemed	\$697,233
Income distribution payable	60,230
Payable for other service fees (Notes 2 and 5)	92,652
Payable for portfolio accounting fees	62,653
Payable for distribution services fee (Note 5)	4,884
Payable for investment adviser fee (Note 5)	3,032
Payable for administrative fee (Note 5)	1,710
Payable for Directors'/Trustees' fees (Note 5)	24
Accrued expenses (Note 5)	4,020
TOTAL LIABILITIES	926,438
Net assets for 30,060,081 shares outstanding	\$322,262,215

Net Assets Consists of:

Paid-in capital	\$302,798,210
Total distributable earnings (loss)	19,464,005
TOTAL NET ASSETS	\$322,262,215

Statement of Assets and Liabilities – continued

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

Class A Shares:

Net asset value per share (\$268,128,071 ÷ 25,005,269 shares outstanding)	
\$0.01 par value, 250,000,000 shares authorized	\$10.72
Offering price per share (100/95.50 of \$10.72)	\$11.23
Redemption proceeds per share	\$10.72

Class B Shares:

Net asset value per share (\$1,555,283 ÷ 144,871 shares outstanding)	
\$0.01 par value, 50,000,000 shares authorized	\$10.74
Offering price per share	\$10.74
Redemption proceeds per share (94.50/100 of \$10.74)	\$10.15

Class C Shares:

Net asset value per share (\$6,309,549 ÷ 587,881 shares outstanding)	
\$0.01 par value, 50,000,000 shares authorized	\$10.73
Offering price per share	\$10.73
Redemption proceeds per share (99.00/100 of \$10.73)	\$10.62

Class F Shares:

Net asset value per share (\$29,041,674 ÷ 2,709,306 shares outstanding)	
\$0.01 par value, 50,000,000 shares authorized	\$10.72
Offering price per share (100/99.00 of \$10.72)	\$10.83
Redemption proceeds per share (99.00/100 of \$10.72)	\$10.61

Institutional Shares:

Net asset value per share (\$17,227,638 ÷ 1,612,754 shares outstanding)	
\$0.01 par value, 300,000,000 shares authorized	\$10.68
Offering price per share	\$10.68
Redemption proceeds per share	\$10.68

See Notes which are an integral part of the Financial Statements

Statement of Operations

Six Months Ended September 30, 2020 (unaudited)

Investment Income:

Interest	\$ 5,092,355
Dividends	20,340
TOTAL INCOME	5,112,695

Expenses:

Investment adviser fee (Note 5)	\$ 711,131
Administrative fee (Note 5)	125,659
Custodian fees	6,822
Transfer agent fees	97,305
Directors'/Trustees' fees (Note 5)	4,288
Auditing fees	15,141
Legal fees	3,889
Distribution services fee (Note 5)	35,122
Other service fees (Notes 2 and 5)	381,775
Portfolio accounting fees	64,209
Share registration costs	38,803
Printing and postage	16,124
Miscellaneous (Note 5)	18,840
TOTAL EXPENSES	1,519,108

Waiver and Reduction:

Waiver of investment adviser fee (Note 5)	\$(164,760)
Reduction of custodian fees (Note 6)	(748)
TOTAL WAIVER AND REDUCTION	(165,508)

Net expenses	1,353,600
Net investment income	3,759,095

Realized and Unrealized Gain (Loss) on Investments:

Net realized gain on investments	1,033,754
Net change in unrealized appreciation of investments	6,939,365
Net realized and unrealized gain (loss) on investments	7,973,119
Change in net assets resulting from operations	\$11,732,214

See Notes which are an integral part of the Financial Statements

Statement of Changes in Net Assets

	Six Months Ended (unaudited) 9/30/2020	Year Ended 3/31/2020
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 3,759,095	\$ 8,221,226
Net realized gain	1,033,754	1,145,227
Net change in unrealized appreciation/depreciation	6,939,365	683,629
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	11,732,214	10,050,082
Distributions to Shareholders:		
Class A Shares	(3,125,488)	(8,483,157)
Class B Shares	(14,920)	(67,470)
Class C Shares	(60,175)	(207,748)
Class F Shares	(343,847)	(866,872)
Institutional Shares	(192,573)	(428,355)
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(3,737,003)	(10,053,602)
Share Transactions:		
Proceeds from sale of shares	16,462,577	43,199,043
Net asset value of shares issued to shareholders in payment of distributions declared	3,343,632	8,928,359
Cost of shares redeemed	(22,183,942)	(58,743,884)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(2,377,733)	(6,616,482)
Change in net assets	5,617,478	(6,620,002)
Net Assets:		
Beginning of period	316,644,737	323,264,739
End of period	\$322,262,215	\$316,644,737

See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

September 30, 2020 (unaudited)

1. ORGANIZATION

Federated Hermes Municipal Bond Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified, open-end management investment company. The Fund offers five classes of shares: Class A Shares, Class B 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 investment objective of the Fund is to provide for its shareholders a high level of current income which is exempt from federal regular income tax. Interest income from the Fund's investments normally will not be subject to the federal AMT for individuals, but may be subject to state and local taxes.

Class B Shares are closed to new accounts, new investors and new purchases by existing shareholders (excluding reinvestment of dividends and capital gains). Class B Shares of the Fund may be exchanged for Class B Shares of any other Federated Hermes fund.

Prior to June 29, 2020, the name of the Fund was Federated Municipal Bond Fund, Inc.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. These policies are in conformity with U.S. generally accepted accounting principles (GAAP).

Investment Valuation

In calculating its net asset value (NAV), the Fund generally values investments as follows:

- Fixed-income securities are fair valued using price evaluations provided by a pricing service approved by the Fund's Board of Directors (the "Directors").
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- Derivative contracts listed on exchanges are valued at their reported settlement or closing price, except that options are valued at the mean of closing bid and asked quotations.
- Over-the-counter (OTC) derivative contracts are fair valued using price evaluations provided by a pricing service approved by the Directors.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Directors, certain factors may be considered such as: the last traded or purchase price of the security, information obtained by contacting the issuer or dealers, analysis of the issuer's financial statements or other available documents, fundamental analytical data, the nature and duration of restrictions on disposition, the movement of the market in which the security is normally traded, public trading in similar securities or derivative contracts of the issuer or comparable issuers, movement of a relevant index, or other factors including but not limited to industry changes and relevant government actions.

If any price, quotation, price evaluation or other pricing source is not readily available when the NAV is calculated, if the Fund cannot obtain price evaluations from a pricing service or from more than one dealer for an investment within a reasonable period of time as set forth in the Fund's valuation policies and procedures, or if information furnished by a pricing service, in the opinion of the valuation committee ("Valuation Committee"), is deemed not representative of the fair value of such security, the Fund uses the fair value of the investment determined in accordance with the procedures described below. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it sold the investment at approximately the time at which the Fund determines its NAV per share, and the actual value obtained could be materially different.

Fair Valuation Procedures

The Directors have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Directors have appointed a Valuation Committee comprised of officers of the Fund, Federated Investment Management Company (the "Adviser") and certain of the Adviser's affiliated companies to assist in determining fair value and in overseeing the calculation of the NAV. The Directors have also authorized the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Valuation Committee employs various methods for reviewing third-party pricing-service evaluations including periodic reviews of third-party pricing services' policies, procedures and valuation methods (including key inputs, methods, models and assumptions), transactional back-testing, comparisons of evaluations of different pricing services and review of price challenges by the Adviser based on recent market activity. In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee determines the fair value of the investment in accordance with procedures adopted by the Directors. The Directors periodically review and approve the fair valuations made by the Valuation Committee and any changes made to the procedures.

Factors considered by pricing services in evaluating an investment include the yields or prices of investments of comparable quality, coupon, maturity, call rights and other potential prepayments, terms and type, reported transactions, indications as to values from dealers and general market conditions. Some pricing services provide a single price evaluation reflecting the bid-side of the market for an investment (a "bid" evaluation). Other pricing services offer both bid evaluations and price evaluations indicative of a price between the prices bid and asked for the investment (a "mid" evaluation). The Fund normally uses bid evaluations for any U.S. Treasury and Agency securities, mortgage-backed securities and municipal securities. The Fund normally uses mid evaluations for any other types of fixed-income securities and any OTC derivative contracts. In the event that market quotations and price evaluations are not available for an investment, the fair value of the investment is determined in accordance with procedures adopted by the Directors.

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. Distributions of net investment

income, if any, are declared daily 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. The detail of the total fund waiver and reduction of \$165,508 is disclosed in Note 5 and Note 6.

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.

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 B 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. 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 September 30, 2020, other service fees for the Fund were as follows:

	Other Service Fees Incurred
Class A Shares	\$333,414
Class B Shares	2,326
Class C Shares	9,381
Class F Shares	36,654
TOTAL	\$381,775

Federal Taxes

It is the Fund's policy to comply with the Subchapter M provision of the Internal Revenue 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 September 30, 2020, 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 September 30, 2020, tax years 2017 through 2020 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America, the state of Maryland and the Commonwealth of Pennsylvania.

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 duration 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 clearing house, as counterparty to all exchange-traded futures contracts, guarantees the futures contracts against default.

At September 30, 2020, the Fund had no outstanding futures contracts.

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 Directors. 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 Directors.

Additional information on restricted securities held at September 30, 2020 is as follows:

Security	Acquisition Date	Acquisition Cost	Value
Director of the State of Nevada Department of Business and Industry (Doral Academy of Nevada CS), Charter School Revenue Bonds (Series 2017A), 5.000%, 7/15/2047	8/31/2017	\$ 309,848	\$ 315,861
Seattle, WA Municipal Light & Power, Trust Receipts/Certificates (Series 2019-FG0226A) MUNINVs, 7.439%, 1/1/2046	2/1/2019	\$1,966,772	\$2,393,250
Seattle, WA Municipal Light & Power, Trust Receipts/Certificates (Series 2019-FG0226B) MUNINVs, 7.439%, 1/1/2047	2/1/2019	\$1,760,141	\$2,139,178

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. CAPITAL STOCK

The following tables summarize capital stock activity:

Class A Shares:	Six Months Ended 9/30/2020		Year Ended 3/31/2020	
	Shares	Amount	Shares	Amount
Shares sold	715,794	\$ 7,600,745	1,591,278	\$ 16,951,621
Shares issued to shareholders in payment of distributions declared	258,512	2,740,491	691,521	7,395,964
Shares redeemed	(1,219,936)	(12,942,962)	(3,457,750)	(36,942,491)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	(245,630)	\$ (2,601,726)	(1,174,951)	\$(12,594,906)

Class B Shares:	Six Months Ended 9/30/2020		Year Ended 3/31/2020	
	Shares	Amount	Shares	Amount
Shares sold	—	\$ —	85	\$ 913
Shares issued to shareholders in payment of distributions declared	1,408	14,920	6,221	66,566
Shares redeemed	(76,404)	(807,170)	(120,961)	(1,294,492)
NET CHANGE RESULTING FROM CLASS B SHARE TRANSACTIONS	(74,996)	\$(792,250)	(114,655)	\$(1,227,013)

Class C Shares:	Six Months Ended 9/30/2020		Year Ended 3/31/2020	
	Shares	Amount	Shares	Amount
Shares sold	83,446	\$ 880,027	371,963	\$ 3,953,237
Shares issued to shareholders in payment of distributions declared	5,264	55,795	17,165	183,677
Shares redeemed	(268,784)	(2,875,363)	(450,673)	(4,645,477)
NET CHANGE RESULTING FROM CLASS C SHARE TRANSACTIONS	(180,074)	\$(1,939,541)	(61,545)	\$(508,563)

Class F Shares:	Six Months Ended 9/30/2020		Year Ended 3/31/2020	
	Shares	Amount	Shares	Amount
Shares sold	158,204	\$ 1,657,228	675,118	\$ 7,170,585
Shares issued to shareholders in payment of distributions declared	32,070	339,897	79,899	854,183
Shares redeemed	(258,477)	(2,732,032)	(522,454)	(5,491,799)
NET CHANGE RESULTING FROM CLASS F SHARE TRANSACTIONS	(68,203)	\$ (734,907)	232,563	\$ 2,532,969

Institutional Shares:	Six Months Ended 9/30/2020		Year Ended 3/31/2020	
	Shares	Amount	Shares	Amount
Shares sold	596,467	\$ 6,324,577	1,406,111	\$ 15,122,687
Shares issued to shareholders in payment of distributions declared	18,209	192,529	40,016	427,969
Shares redeemed	(267,303)	(2,826,415)	(983,891)	(10,369,625)
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	347,373	\$ 3,690,691	462,236	\$ 5,181,031
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(221,530)	\$(2,377,733)	(656,352)	\$ (6,616,482)

4. FEDERAL TAX INFORMATION

At September 30, 2020, the cost of investments for federal tax purposes was \$300,542,960. The net unrealized appreciation of investments for federal tax purposes was \$18,696,406. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$19,002,959 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$306,553.

Under current tax rules, capital losses on securities transactions realized after October 31 may be deferred, in whole or in part, and treated as occurring on the first day of the following fiscal year. As of March 31, 2020, for federal income tax purposes, post-October losses of \$214,399 were deferred to April 1, 2020.

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: (a) 0.30% of the Fund's average daily net assets; and (b) 4.50% of the gross income of the Fund, excluding capital gains or losses. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee. For the six-months ended September 30, 2020, the Adviser voluntarily waived \$164,760 of its fee.

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 September 30, 2020, the annualized fee paid to FAS was 0.078% 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 B 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:

Share Class Name	Percentage of Average Daily Net Assets of Class
Class B Shares	0.75%
Class C Shares	0.75%

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 September 30, 2020, distribution services fees for the Fund were as follows:

	Distribution Services Fees Incurred
Class B Shares	\$ 6,977
Class C Shares	28,145
TOTAL	\$35,122

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the six-months ended September 30, 2020, FSC retained \$14,261 of fees paid by the Fund.

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 September 30, 2020, FSC retained \$4,992 in sales charges from the sale of Class A Shares. FSC also retained \$134, \$1,583, \$1,067 and \$3,060 of CDSC 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 September 30, 2020, FSSC received \$95,723 of the other service fees disclosed in Note 2.

Interfund Transactions

During the six-months ended September 30, 2020, 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 \$48,510,000 and \$41,460,000, respectively. Net realized gain (loss) recognized on these transactions was \$0.

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. 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 B Shares, Class C Shares, Class F Shares and Institutional Shares (after the voluntary waivers and reimbursements) will not exceed 0.83%, 1.58%, 1.58%, 0.83% and 0.58% (the "Fee Limit"), respectively, up to but not including the later of (the "Termination Date"): (a) June 1, 2021; or (b) the date of the Fund's next effective Prospectus. 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 Directors.

Directors'/Trustees' and Miscellaneous Fees

Certain Officers and Directors 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 reduce custody expenses. For the six-months ended September 30, 2020, the Fund's expenses were reduced by \$748 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 September 30, 2020, were as follows:

Purchases	\$46,727,819
Sales	\$42,706,093

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 24, 2020. 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 the highest, on any day, of (a) (i) the federal funds effective rate, (ii) the one month London Interbank Offered Rate (LIBOR), or a replacement rate as appropriate and (iii) 0.0%, plus (b) a margin. Any fund eligible to borrow under the LOC pays its pro rata share of an upfront fee and 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 September 30, 2020, the Fund had no outstanding loans. During the six-months ended September 30, 2020, 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 September 30, 2020, there were no outstanding loans. During the six-months September 30, 2020, the program was not utilized.

10. OTHER MATTERS

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

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 April 1, 2020 to September 30, 2020.

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 4/1/2020	Ending Account Value 9/30/2020	Expenses Paid During Period ¹
Actual:			
Class A Shares	\$1,000	\$1,036.90	\$4.24
Class B Shares	\$1,000	\$1,034.00	\$8.06
Class C Shares	\$1,000	\$1,033.00	\$8.05
Class F Shares	\$1,000	\$1,037.90	\$4.24
Institutional Shares	\$1,000	\$1,038.30	\$2.96
Hypothetical (assuming a 5% return before expenses):			
Class A Shares	\$1,000	\$1,020.91	\$4.20
Class B Shares	\$1,000	\$1,017.15	\$7.99
Class C Shares	\$1,000	\$1,017.15	\$7.99
Class F Shares	\$1,000	\$1,020.91	\$4.20
Institutional Shares	\$1,000	\$1,022.16	\$2.94

¹ Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	0.83%
Class B Shares	1.58%
Class C Shares	1.58%
Class F Shares	0.83%
Institutional Shares	0.58%

Evaluation and Approval of Advisory Contract – May 2020

FEDERATED MUNICIPAL BOND FUND, INC. (THE “FUND”)

(EFFECTIVE CLOSE OF BUSINESS ON JUNE 26, 2020, THE FUND’S NAME CHANGED TO FEDERATED HERMES MUNICIPAL BOND FUND, INC.)

At its meetings in May 2020 (the “May Meetings”), the Fund’s Board of Directors (the “Board”), including a majority of those Directors who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Directors”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated Investment Management Company (the “Adviser”) (the “Contract”) for an additional one-year term. The Board’s determination to approve the continuation of the Contract reflects the exercise of its business judgment after considering all of the information and factors believed to be relevant and appropriate on whether to continue 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 Directors, 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 Contract. 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 Directors. At the request of the Independent Directors, 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, in the months preceding the May Meetings, the Board requested and reviewed written responses and supporting materials prepared by the Adviser and its affiliates (collectively, “Federated Hermes”) in response to requests posed to Federated Hermes on behalf of the Independent Directors encompassing a wide variety of topics. The Board also considered such additional matters as the Independent Directors deemed reasonably necessary to evaluate the Contract, 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, as well as information specifically prepared in connection with the approval of the continuation of the Contract that was presented at the May Meetings.

The Board's consideration of the Contract included review of materials and information covering the following matters, among others: the Adviser's and sub-adviser's investment philosophy, revenue, profitability, personnel and processes; investment and operating 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) and comments on the reasons for the Fund's performance; the Fund's investment objectives; the Fund's 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 use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders; the entrepreneurial and other risks assumed by the Adviser in sponsoring and managing the Fund; the continuing state of competition in the mutual fund industry and market practices; the range of comparable fees for similar funds in the mutual fund industry; the Fund's relationship to the other funds advised by Federated Hermes (each, a "Federated Hermes Fund"), which include a comprehensive array of funds with different investment objectives, policies and strategies which are generally available for exchange without the incurrence of additional sales charges; compliance and audit reports concerning the Federated Hermes Funds and the Federated Hermes' affiliates that service them (including communications from regulatory agencies), as well as Federated Hermes' responses to any issues raised therein; and relevant developments in the mutual fund industry and how the Federated Hermes Funds and/or Federated Hermes may be responding to them. In addition, the Board received and considered information furnished by Federated Hermes on the impacts of the coronavirus (COVID-19) outbreak on Federated Hermes generally and the Fund in particular, including, among other information, the current and anticipated impacts on the management, operations and performance of the Fund. The Board noted that its evaluation process is evolutionary and that the criteria considered and the emphasis placed on relevant criteria may change in recognition of changing circumstances in the mutual fund marketplace.

The Board also considered judicial decisions concerning allegedly excessive investment advisory fees in determining to approve the Contract. Using these judicial decisions as a guide, the Board observed that the following factors may be relevant to an adviser's fiduciary duty with respect to its receipt of

compensation from a fund: (1) the nature and quality of the services provided by an adviser to a fund and its shareholders (including the performance of the fund, its benchmark, and comparable funds); (2) an adviser's cost of providing the services (including the profitability to an adviser of providing advisory services to a fund); (3) the extent to which an adviser may realize "economies of scale" as a fund grows larger and, if such economies of scale exist, whether they have been shared with a fund and its shareholders or the family of funds; (4) any "fall-out" financial benefits that accrue to an adviser because of its relationship with a fund (including research services received from brokers that execute fund trades and any fees paid to affiliates of an adviser for services rendered to a fund); (5) comparative fee and expense structures (including a comparison of fees paid to an adviser with those paid by similar funds both internally and externally as well as management fees charged to institutional and other advisory clients of the adviser for what might be viewed as like services); and (6) the extent of care, conscientiousness and independence with which the fund's board members perform their duties and their expertise (including whether they are fully informed about all facts the board deems relevant to its consideration of an adviser's services and fees). The Board noted that the Securities and Exchange Commission ("SEC") disclosure requirements regarding the basis for a fund board's approval of the fund's investment advisory contracts generally align with the factors listed above. The Board was aware of these factors and was guided by them in its review of the Contract 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 Federated Hermes Funds. While individual members of the Board may have weighed certain factors differently, the Board's determination to continue the Contract 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 Contract. The Independent Directors were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Directors 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 Directors 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 Contract for the Fund as part of its consideration of agreements for funds across the Federated Hermes Funds family, 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 Adviser and the resources of the Adviser and its affiliates dedicated to the Fund. In this regard, the Board evaluated, among other things, the Adviser's personnel, experience and track record, as well as the financial resources and overall reputation of Federated Hermes and its willingness to invest in personnel and infrastructure that benefit the Federated Hermes Funds. The Board noted the significant acquisition of Hermes Fund Managers Limited by Federated Hermes in 2018, which has deepened the organization's investment management expertise and capabilities and expanded the investment process for all of the Federated Hermes Funds to incorporate environmental, social and governance ("ESG") factors and issuer engagement on ESG matters.

In addition, 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 the Adviser's ability and experience in attracting and retaining qualified personnel to service the Fund. The Board noted the compliance program of the Adviser and the compliance-related resources devoted by the Adviser and its affiliates in support of the Fund's obligations pursuant to Rule 38a-1 under the Investment Company Act of 1940, including the Adviser's commitment to respond to rulemaking and other regulatory initiatives of the SEC such as the liquidity risk management program rules. In addition, the Board considered the response by the Adviser to recent market conditions and considered the overall performance of the Adviser in this context. The Fund's ability to deliver competitive performance when compared to its Performance Peer Group (as defined below) was also deemed to be relevant by the Board as a useful indicator of how the Adviser is executing the Fund's investment program. The Adviser's ability to execute this program was one of the Board's considerations in reaching a conclusion that the nature, extent and quality of the Adviser's investment management and related services warrant the continuation of the Contract.

Fund Investment Performance

In evaluating the Fund's investment performance, the Board considered performance results in light of the Fund's investment objective, strategies and risks, as disclosed in the Fund's prospectus. The Board also considered the Fund's performance in light of the overall recent market conditions. The Board considered detailed investment reports on the Fund's performance over different time periods that were provided to the Board throughout the year and in connection with the May Meetings and evaluated the Adviser's analysis of the Fund's performance for these time periods. The Board also reviewed comparative information regarding the performance of other mutual funds in the category of peer funds selected by Morningstar, Inc. (the "Morningstar"), an independent fund ranking organization (the "Performance Peer Group"), noting the CCO's view that comparisons to fund peer groups may be helpful,

though not conclusive, in evaluating the performance of the Adviser 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 the periods ended December 31, 2019, the Fund's performance for the one-year period was above the median of the relevant Performance Peer Group, and the Fund's performance fell below the median of the relevant Performance Peer Group for the three-year and five-year periods. The Board discussed the Fund's performance with the Adviser and recognized the efforts being taken by the Adviser in the context of other factors considered relevant by the Board.

Following such evaluation, and full deliberations, the Board concluded that the performance of the Fund supported renewal of the Contract.

Fund Expenses

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 has found the use of such comparisons to be relevant to its deliberations. 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. The Board focused on comparisons with other similar mutual funds more heavily than non-mutual fund products or services because such comparisons are believed to be more relevant. The Board considered that other mutual funds are the products most like the Fund, in that they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle, in fact, chosen and maintained by the Fund's investors. The Board noted that the range of their fees and expenses, therefore, appears to be a relevant indicator of what consumers have found to be reasonable in the marketplace in which the Fund 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 relevant 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.

For comparison, the Board 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-mutual fund clients such as institutional separate accounts and third-party unaffiliated mutual funds for which the Adviser or its affiliates serve as sub-adviser. The Board noted the CCO's conclusion that non-mutual 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) and the time spent by portfolio managers and their teams (among other personnel across various departments, including legal, compliance and risk management) in reviewing securities pricing, addressing different administrative responsibilities, and addressing different degrees of risk associated with management; and (vi) a variety of different costs. The Board also considered information regarding the differences in the nature of the services required for Federated Hermes to manage its proprietary mutual fund business versus managing a discrete pool of assets as a sub-adviser to another institution's mutual fund, noting 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 mutual 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.

Following such evaluation, and full deliberations, the Board concluded that the fees and expenses of the Fund are reasonable and supported renewal of the Contract.

Profitability and Other Benefits

The Board also received financial information about Federated Hermes, including information regarding the compensation and ancillary (or "fall-out") benefits Federated Hermes derived from its relationships with the Federated Hermes Funds. This information covered not only the fees under the Federated Hermes Funds' investment advisory contracts, but also fees received by Federated Hermes' affiliates for providing other services to the Federated Hermes Funds under separate contracts (e.g., for serving as the Federated

Hermes Funds' administrator and distributor). In this regard, the Board considered that certain of Federated Hermes' affiliates provide distribution and shareholder services to the Federated Hermes Funds, for which they may be compensated through distribution and servicing fees paid pursuant to Rule 12b-1 plans or otherwise. The Board also received and considered information detailing any indirect benefit Federated Hermes may derive from its receipt of research services from brokers who execute portfolio trades for the Federated Hermes Funds. In addition, the Board considered the fact that, in order for the Federated Hermes Funds to be competitive in the marketplace, the Adviser and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to Federated Hermes Fund shareholders and/or reported to the Board their intention to do so in the future. Moreover, the Board received and considered regular reports from Federated Hermes throughout the year as to the institution, adjustment or elimination of these voluntary waivers and/or reimbursements.

The Board received and considered information furnished by Federated Hermes, as requested by the CCO, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses 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 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. The allocation information, including the CCO's view that fund-by-fund estimations may be unreliable, was considered in the evaluation by the Board. In addition, the Board considered that, during the prior year, an independent consultant conducted a review of the allocation methodologies used by Federated Hermes in estimating profitability for purposes of reporting to the Board in connection with the continuation of the Contract. The Board noted the consultant's view 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 the Adviser has made significant and long-term investments in areas that support all of the Federated Hermes Funds, such as personnel and processes for the portfolio management, trading operations, issuer engagement (including with respect to ESG matters), shareholder services, compliance, business continuity, internal audit and risk management functions, as well as systems technology (including technology relating to cybersecurity) and use of data. The Board noted that Federated Hermes’ investments in these areas are extensive and are designed to provide enhanced services to the Federated Hermes Funds and their shareholders. The Board considered that the benefits of these investments (as well as the benefits of any economies of scale, should they exist) are likely to be shared with the Federated Hermes Fund family as a whole. In addition, the Board considered that the Adviser and its affiliates have frequently waived fees and/or reimbursed expenses for the Federated Hermes Funds and that such waivers and reimbursements are another means for potential economies of scale to be shared with shareholders and can provide protection from an increase in expenses if a Federated Hermes Fund’s assets decline. Federated Hermes, as it does throughout the year, and specifically in connection with the Board’s review of the Contract, furnished information relative to adviser-paid fees (commonly referred to as revenue sharing). The Board considered the beliefs of Federated Hermes and the CCO that this information should be viewed to determine if there was an incentive to either not apply breakpoints, or to apply breakpoints at higher levels, and should not be viewed to determine the appropriateness of advisory fees. The Board also noted the absence of any applicable regulatory or industry guidelines on this subject, which is compounded by the lack of any common industry practice or general pattern with respect to structuring fund advisory fees with “breakpoints” that serve to reduce the fee as a fund attains a certain size.

Conclusions

The Board considered the CCO’s conclusion that his observations and the information accompanying the CCO Fee Evaluation Report show that the management fee for the Fund was reasonable and 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 Contract by the CCO. The CCO also recognized that the Board’s evaluation of the Federated Hermes Funds’ advisory and subadvisory arrangements is a continuing and on-going 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 on-going oversight of the Federated Hermes Funds.

In its determination to continue an existing investment advisory contract, the Board was mindful of 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 an investment advisory contract. In particular, the Board recognized that many shareholders have invested in the Fund on the strength of the Adviser's industry standing and reputation and with the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board's approval of the Contract reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund. The Board concluded that, in light of the factors summarized above, including the nature, quality and scope of the services provided to the Fund by the Adviser and its affiliates, continuation of the Contract was appropriate.

The Board based its determination to approve the Contract on the totality of the circumstances and relevant factors and with a view to 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 Contract reflects its view that Federated Hermes' performance and actions provided a satisfactory basis to support the determination to continue the existing arrangement.

Liquidity Risk Management Program – Annual Evaluation of Adequacy and Effectiveness

In accordance with Rule 22e-4 under the Investment Company Act of 1940, as amended (the “Liquidity Rule”), Federated Hermes Municipal Bond Fund, Inc. (the “Fund” and, collectively with the Federated Hermes funds, the “Federated Hermes Funds”) has adopted and implemented a liquidity risk management program (the “Program”) for the Fund. 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 Directors of the Corporation (the “Board”) has approved the designation of the Fund’s investment adviser as the administrator for the Program for the Fund. Each affiliated Federated Hermes advisory subsidiary (including the Fund’s investment adviser) that serves as investment adviser to a Federated Hermes Fund (including the Fund) has been approved as the administrator of the Program for each Federated Hermes Fund they manage (each an “Administrator”). The Administrator in turn has delegated daily responsibility for the administration of the Program to multiple Liquidity Risk Management Committees (the “Committees”). The Committees, which are comprised of representatives of Enterprise Risk Management, Compliance, Investment Management and Trading, must review and assess certain information related to the liquidity of the Federated Hermes Funds, including the Fund.

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 2020, 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 the Program’s inception on December 1, 2018 through March 31, 2020 (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 and committed line 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 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; and
- liquidity events during the Period, including the impact on liquidity caused by extended non-U.S. market closures and the market disruptions resulting from the novel coronavirus outbreak, and the fact that there were no specific liquidity events during the Period that materially affected the Fund's liquidity risk.

Based on this review, the Fund's investment adviser, in its role as Administrator, collectively with the other investment advisers to the Federated Hermes Funds, 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. 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 [FederatedInvestors.com/FundInformation](https://www.federatedinvestors.com/FundInformation). Form N-PX filings are also available at the SEC's website at [sec.gov](https://www.sec.gov).

Quarterly Portfolio Schedule

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

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.

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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 Municipal Bond Fund, Inc.
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Contact us at [FederatedInvestors.com](https://www.federatedinvestors.com)
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