

**Annual  
Shareholder Report**  
*August 31, 2020*



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Share Class | Ticker

A | PAMFX

Institutional | PAMIX

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# Federated Hermes Pennsylvania Municipal Income Fund

*(formerly, Federated Pennsylvania Municipal Income Fund)*  
*Fund Established 1990*

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A Portfolio of Federated Hermes Municipal Securities Income Trust  
*(formerly, Federated Municipal Securities Income Trust)*

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## 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.

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



**J. Christopher  
Donahue**

*President*  
Federated Hermes  
Pennsylvania Municipal  
Income Fund

## Letter from the President

Dear Valued Shareholder,

I am pleased to present the Annual Shareholder Report for your fund covering the period from September 1, 2019 through August 31, 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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# Management’s Discussion of Fund Performance (unaudited)

The total return of Federated Hermes Pennsylvania Municipal Income Fund (the “Fund”), based on net asset value for the 12-month reporting period ended August 31, 2020, was 2.21% for A Shares and was 2.27% for Institutional Shares.<sup>1</sup> The 2.21% total return of the A Shares for the reporting period consisted of 2.50% of tax-exempt dividends and reinvestments and price depreciation of -0.29% in the net asset value of the shares.<sup>2</sup> The total return of the S&P Municipal Bond Pennsylvania Index (“PA Index”),<sup>3</sup> the Fund’s broad-based securities market index, was 3.16% during the same period. The total return of the S&P Municipal Bond PA, Investment Grade Index (PAIG),<sup>4</sup> a secondary index for the Fund, was 3.42%, and the total return of the Morningstar Muni Pennsylvania Funds Average (MMPFA),<sup>5</sup> a peer group average for the Fund, was 2.00% during the same reporting period. The Fund’s and the MMPFA’s total returns for the most recently completed fiscal year reflected actual cash flows, transaction costs and other expenses, which were not reflected in the total return of the PA Index or PAIG.

During the reporting period, the Fund’s investment strategy focused on: (a) the effective duration of its portfolio (which indicates the portfolio’s sensitivity to changes in interest rates);<sup>6,7</sup> (b) the allocation of the Fund’s portfolio among securities of similar issuers (referred to as “sectors”); and (c) the credit quality of portfolio securities (which is shown through credit ratings which indicate the risk that securities may default).<sup>8</sup> These were the most significant factors affecting the Fund’s performance relative to the PAIG during the reporting period.

The following discussion will focus on the performance of the Fund’s Class A Shares relative to the PAIG.

## MARKET OVERVIEW

During the reporting period, 10-year U.S. Treasury yields decreased from a high of 1.94% in November 2019 to a low of 0.51% in August 2020 and averaged 1.19%.

During most of the reporting period, economic activity in the U.S. expanded at a moderate pace. The slope of the U.S. Treasury curve was unusually flat by historical standards, which in the past has often been associated with a deterioration in future macroeconomic performance.

Inflation was showing signs of picking up during the reporting period; however, it continued to run below the two percent target inflation rate of the Federal Reserve (the “Fed”). Inflation readings had been held down in 2019 due to factors such as the decline in oil prices, softer inflation abroad and appreciation in the dollar despite strengthening labor market conditions and rising input costs for industry.

The Fed's decision to cut the federal funds target rate three times by  $\frac{1}{4}$  of a percent each time during 2019 was mostly anticipated by the markets. In determining the size and timing of changes in the federal funds target rate, changes in the Federal Open Market Committee's (FOMC) indicators of maximum employment and a two percent inflation target were essential. The Fed reaffirmed that adjustments to the policy path would depend on assessments of how the economic outlook and risks to the outlook were evolving. Then, on March 3, 2020, with an unscheduled rate decision, the Fed reduced the federal funds target rate by  $\frac{1}{2}$  of a percent and then again on March 16<sup>th</sup> by one percent to its 0-0.25% range in reaction to global developments concerning the coronavirus pandemic and its potential impacts on the economic outlook. The FOMC's recent meeting minutes stated that the coronavirus outbreak has harmed communities and disrupted economic activity in many countries, including in the U.S. Global financial conditions have also been significantly affected. The Fed has remained at the 0-0.25% federal funds rate range through the end of the reporting period.

Available economic data showed that the U.S. economy came into this challenging period on a strong footing. Given the sizeable downward revision for 2020 Gross Domestic Product (GDP) growth, Fund management is more cautious overall now on municipal credit for the intermediate-term and has shifted to an underweight on municipal high yield. That is based on our expectation that these issuers – many already facing liquidity constraints and other financial issues – may be under increasing pressure over the coming months. We believe that high-grade municipals should fare better, but will likely be affected by such a sizeable GDP reduction, as it will factor into funding sources of all issuers in the municipal market.

Fund management believes that state and local governments will experience sizeable tax collection declines – especially from sales and income taxes – and at the same time will see increases in spending, particularly on public health. Some analysts expect state collections to decline on the order of 16%. We believe that revenues beyond taxes will decline in nearly all sectors for nearly all issuers. Of all the outstanding municipal securities, approximately 30% are general obligation (GO) bonds and 70% are revenue bonds. So, total funding shortfalls would be much higher than for GO bonds alone. State and local governments and nonprofits received some \$400 billion of funding under the CARES Act signed into law by President Trump. We believe that still more may be needed – somewhere on the order of \$150 billion to \$300 billion for municipal market issuers.

The \$150 billion that state and local governments are set to receive from the CARES Act's Coronavirus Relief Fund are meant to be used for coronavirus expense reimbursement rather than as a pure cash flow injection. Municipal issuers may also benefit from the \$454 billion economic stabilization fund – anticipated to be leveraged by the Fed – established under the CARES Act. Under these provisions, the Fed is allowed, though not required, to

purchase municipals directly from issuers, in the secondary market, or to make loans or loan guarantees. It does not provide free, direct funding to municipal issuers. We think that, absent support for the municipal debt market, state and local government budgets would be further stressed at the most inopportune time, particularly as revenues decline as a result of business closures and rising unemployment.

Credit was generally stable during most of the reporting period. The municipal bond market's technical (supply and demand) position was mostly favorable over the reporting period. The issuance of municipal debt in 2019 had been relatively comparable to previous periods, even though the ability to advance refund existing debt became disallowed. Flows from investors into intermediate, long and high-yield municipal bonds were positive for a significant portion of the reporting period but turned significantly negative once the coronavirus and its impact on the world economy became apparent.

As a result of the coronavirus pandemic, municipal credit quality is expected to be negatively impacted within every sector of the municipal bond market by the federal and state governments' decisions to bring the U.S. economy to a virtual halt. State and local governments' income and sales tax revenues will likely be reduced as a result of the layoffs and business closures throughout the country. Municipal transportation, healthcare, higher education and dedicated tax debt may be impaired to varying degrees by the virus' impacts. A large number of credit downgrades can be expected within the municipal market. However, credit defaults are not anticipated to occur to any significant degree as social distancing recommendations and business closures are expected to be curtailed as the coronavirus subsides.

The Commonwealth of Pennsylvania's credit quality reflects its higher than average leverage and fixed cost burdens, and its slim budget reserves. It also incorporates an economy that, while large and diverse, has underperformed the US on several measures for the better part of the last decade. The state's employment picture has also darkened much more than that of other states amid the economic disruption caused by the coronavirus outbreak. The state, both economically and fiscally, will likely recover more slowly than most states once widespread economic activity resumes. Pennsylvania is highly dependent on personal income and sales taxes, and we expect a decline in revenue as the state continues its current fiscal year, which began on July 1, 2020. This is consistent with the macroeconomic outlook for the global economy, which assumes reduced output through 2020 before a return to growth in calendar year 2021. Pennsylvania also faces a near-term mismatch in revenue due to the shift of its income tax filing deadline to July 15 from April 15, matching the federal shift. The state has very slim budget reserves to address the deferral of revenue, but has access to a pool of liquidity managed by the state treasurer. The state now finds itself in a position where it may take

on more debt in order to address a projected budget deficit. Pennsylvania's debt burden is far lower than the most heavily burdened states, but it is higher than the median and the state continues to carry a considerable unfunded pension burden as well.

Overall, Pennsylvania is a slowly growing and aging state, and the prospect for sustained reversal of these trends is low. This will likely have negative implications for long-term job growth, overall economic performance, and state revenue. There are not any material immediate credit risks for Pennsylvania. However, the situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. Pennsylvania came under a "stay-at-home" order issued by the governor on April 1, 2020, resulting in the shutdown of nonessential services. As in most states, this order is a big driver of the significant jump in unemployment insurance claims. The governor's order was set to expire April 30, 2020 when it was issued, but Pennsylvania has since developed a phased approach to reopening the state, and most regions of the state have reopened to large degrees.

The outlook for the Commonwealth of Pennsylvania, in our view, is stable and reflects the expectation that the state's large economy can generate the resources necessary to work towards structural balance under an assumption that the global economy will return to growth in 2021. Pennsylvania has achieved fiscal stabilization in the near term and it maintains a substantial ability to adjust revenues, expenditures and disbursements. Although the state is better positioned for fiscal stability, its high fixed cost burden and minimum reserves limit budget flexibility longer term. The state has been able to diversify its economy but is expected to experience below average job and population growth over the next several years. The state has been unable to materially rebuild its reserves, which were reduced during the recession. The minimal reserve balance leaves the state unprepared for an economic downturn or cuts to Medicaid spending and other similar risks. It also limits its ability to react to future budget shortfalls. Budget pressures have been a result of slow revenue growth, rising human service costs and unfavorable demographics. A lower ratio of working age residents to support its large elderly population leads to lower revenue growth and increased spending for health care services. The state's pension liabilities have been subject to market disruptions, increased benefits and underfunding which will require additional future funding to address the structural imbalance. The state enacted pension reforms to address the long-term liabilities. The reform measures give newly hired workers choices between directing their retirement benefits toward a guaranteed pension, a 401(k) program or a defined contribution plan.

**DURATION**

As determined at the end of the reporting period, the Fund's dollar-weighted average duration for the reporting period was 4.6 years. Duration management continued to be a significant component of the Fund's investment strategy. Tax-exempt municipal bond yields decreased during the reporting period and decreased more for bonds with longer maturities as the yield curve significantly flattened during the reporting period. The Fund's average duration was shorter than the average duration of the PAIG during the reporting period. As a result of the Fund's shorter duration relative to the PAIG, duration had a negative impact on Fund performance over the reporting period.

**SECTOR ALLOCATION**

During the reporting period, sector allocation contributed negatively to excess return. The Fund maintained a higher portfolio allocation to Hospital, Life Care and Industrial Development Revenue bonds. These allocations negatively impacted the Fund's performance due to the underperformance of these sectors relative to the PAIG. Toll Road and Port bonds underperformed the benchmark over the period, and the Fund's underweight to both of these sectors contributed positive excess return.

**CREDIT QUALITY**

During the reporting period, investor appetite for credit in the volatile pandemic environment decreased and resulted in underperformance of non-investment grade bonds and bonds rated "BBB" (or unrated bonds of comparable quality)<sup>9</sup> relative to bonds rated in the higher rating categories (or unrated bonds of comparable quality) of the PAIG. The Fund's overweight position, relative to the PAIG, in non-investment grade and "BBB" (or unrated comparable quality) debt during the reporting period had a negative impact on the Fund's performance.

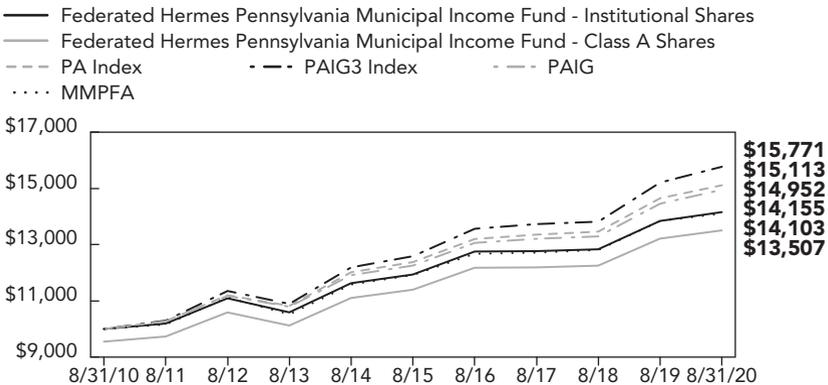
- 1 The Fund's Institutional Shares commenced operations on April 28, 2020. For the period prior to the commencement of operations of Institutional Shares, the performance information shown for the Fund's Institutional Shares is for the Class A Shares. The performance of the Class A Shares has not been adjusted to reflect the expenses of the Institutional Shares, since the Institutional Shares have a lower expense ratio than the expense ratio of Class A Shares. The performance of Class A has been adjusted to reflect the absence of sales charges and to remove any voluntary waiver of Fund expenses related to Class A Shares that may have occurred during the periods prior to commencement of operations of the Institutional Shares.
- 2 Income may be subject to the alternative minimum tax for individuals (AMT).
- 3 Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the PA Index.
- 4 Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the PAIG. The Fund's secondary index is being used for comparison purposes because, while it is not the Fund's broad-based securities market index, the Fund's investment adviser ("Adviser") believes it more closely reflects the securities in which the Fund invests.
- 5 Please see the footnotes to the line graphs under "Fund Performance and Growth of a \$10,000 Investment" below for the definition of, and more information about, the MMPFA.
- 6 Duration is a measure of a security's price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities with shorter durations. For purposes of this Management's Discussion of Fund Performance, duration is determined using a third-party analytical system.
- 7 Bond prices are sensitive to changes in interest rates, and a rise in interest rates can cause a decline in their prices.
- 8 Credit ratings pertain only to the securities in the portfolio and do not protect Fund shares against market risk.
- 9 Investment-grade securities and noninvestment-grade securities may either: be (a) rated by a nationally recognized statistical ratings organization or rating agency; or (b) unrated securities that the Fund's Adviser believes are of comparable quality. The rating agencies that provided the ratings for rated securities include Standard and Poor's, Moody's Investor Services, Inc. and Fitch Rating Service. When ratings vary, the highest rating is used. Credit ratings of "AA" or better are considered to be high credit quality; credit ratings of "A" are considered high or medium/good quality; and credit ratings of "BBB" are considered to be medium/good credit quality, and the lowest category of investment-grade securities; credit ratings of "BB" and below are lower-rated, noninvestment-grade securities or junk bonds; and credit ratings of "CCC" or below are noninvestment-grade securities that have high default risk. Any credit quality breakdown does not give effect to the impact of any credit derivative investments made by the Fund. Credit ratings are an indication of the risk that a security will default. They do not protect a security from credit risk. Lower-rated bonds typically offer higher yields to help compensate investors for the increased risk associated with them. Among these risks are lower creditworthiness, greater price volatility, more risk to principal and income than with higher-rated securities and increased possibilities of default.

## FUND PERFORMANCE AND GROWTH OF A \$10,000 INVESTMENT

The graphs below illustrate the hypothetical investment of \$10,000<sup>1</sup> in Federated Hermes Pennsylvania Municipal Income Fund (the “Fund”) from August 31, 2010 to August 31, 2020, compared to the S&P Municipal Bond Pennsylvania Index (PA Index),<sup>2</sup> the S&P Municipal Bond PA, Investment Grade, 3-Year Plus Sub-Index (PAIG3 Index)<sup>3</sup>, S&P Municipal Bond PA, Investment Grade Index (PAIG Index)<sup>4</sup> and the Morningstar Muni Pennsylvania Funds Average (MMPFA).<sup>5</sup> The Average Annual Total Return table below shows returns for the class averaged over the stated periods.

### GROWTH OF A \$10,000 INVESTMENT

#### Growth of \$10,000 as of August 31, 2020



■ Total returns shown for class A Shares include the maximum sales charge of 4.50% (\$10,000 investment minus \$450 sales charge = \$9,550).

#### Average Annual Total Returns for the Period Ended 8/31/2020

(returns reflect all applicable sales charges and contingent deferred sales charges as specified below in footnote #1)

	1 Year	5 Years	10 Years
<b>Class A Shares</b>	(2.42)%	2.51%	3.06%
<b>Institutional Shares<sup>6</sup></b>	2.27%	3.47%	3.54%
PA Index	3.16%	4.07%	4.22%
PAIG3 Index	3.70%	4.61%	4.66%
PAIG	3.42%	4.06%	4.10%
MMPFA	2.00%	3.47%	3.52%

**Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Mutual fund performance changes over time and current performance may be lower or higher than what is stated. For current to the most recent month-end performance and after-tax returns, visit [FederatedInvestors.com](http://FederatedInvestors.com) or call 1-800-341-7400. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. Mutual funds are not obligations of or guaranteed by any bank and are not federally insured.**

- 1 Represents a hypothetical investment of \$10,000 in the Fund after deducting applicable sales charges: For Class A Shares, the maximum sales charge of 4.50% (\$10,000 investment minus \$450 sales charge = \$9,550). The Fund's performance assumes the reinvestment of all dividends and distributions. The PA Index, PAIG3, PAIG and MMPFA have been adjusted to reflect reinvestment of dividends on securities in the index and average.*
- 2 The PA Index consists of bonds in the S&P Municipal Bond Index ("Main Index") that have been issued by the Commonwealth of Pennsylvania or local governments or state or local government entities within Pennsylvania. The Main Index is a broad, comprehensive, market value-weighted index composed of approximately 55,000 bond issues that are exempt from U.S. federal income taxes or subject to the AMT. Eligibility criteria for inclusion in the Main Index include, but are not limited to: the bond issuer must be a state (including the Commonwealth of Puerto Rico and U.S. territories) or local government or state or local government entity where interest on the bond is exempt from U.S. federal income taxes or subject to the AMT; the bond must be held by a mutual fund for which Standard & Poor's Securities Evaluations, Inc. provides prices; it must be denominated in U.S. dollars and have a minimum par amount of \$2 million; and the bond must have a minimum term to maturity and/or call date greater than or equal to one calendar month. The Main Index is rebalanced monthly. The PA Index is not adjusted to reflect sales charges, expenses and other fees that the Securities and Exchange Commission (SEC) requires to be reflected in the Fund's performance. The PA Index is unmanaged, and unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*
- 3 The PAIG3 Index represents the portion of the PA Index composed solely of bonds that are rated at least "BBB-/Baa3" or higher with remaining maturities of more than three years. The PAIG3 Index is not adjusted to reflect sales charges, expenses and other fees that the SEC requires to be reflected in the Fund's performance. The PAIG3 Index is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*

- 4 *The Fund's Adviser elected to change the secondary index from the PAIG3 to the PAIG. The PAIG represents the portion of the PA Index composed solely of bonds that are rated at least "BBB-/Baa3" or higher. The PAIG is not adjusted to reflect sales charges, expenses and other fees that the SEC requires to be reflected in the Fund's performance. The PAIG is unmanaged and, unlike the Fund, is not affected by cash flows. It is not possible to invest directly in an index.*
- 5 *Morningstar figures represent the average of the total returns reported by all the funds designated by Morningstar as falling into the respective category indicated. They do not reflect sales charges. The Morningstar figures in the Growth of \$10,000 line graph are based on historical return information published by Morningstar and reflect the return of the funds comprising the category in the year of publication. Because the funds designated by Morningstar as falling into the category can change over time, the Morningstar figures in the line graph may not match the Morningstar figures in the Average Annual Total Returns table, which reflect the return of the funds that currently comprise the category.*
- 6 *The Fund's Institutional Shares commenced operations on April 28, 2020. For the period prior to the commencement of operations of Institutional Shares, the performance information shown for the Fund's Institutional Shares is for the Class A Shares. The performance of the Class A Shares has not been adjusted to reflect the expenses of the Institutional Shares, since the Institutional Shares have a lower expense ratio than the expense ratio of Class A Shares. The performance of Class A has been adjusted to reflect the absence of sales charges and to remove any voluntary waiver of Fund expenses related to Class A Shares that may have occurred during the periods prior to commencement of operations of the Institutional Shares.*

# Portfolio of Investments Summary Table (unaudited)

At August 31, 2020, the Fund's sector composition<sup>1</sup> was as follows:

<b>Sector Composition</b>	<b>Percentage of Total Net Assets</b>
Hospital	19.8%
Refunded	16.9%
General Obligation—Local	13.2%
Higher Education	10.2%
Water & Sewer	9.9%
Tollroad	8.2%
Senior Care	4.4%
General Obligation—State	4.1%
General Obligation—State Appropriation	2.2%
Other Transportation	2.0%
Other <sup>2</sup>	8.8%
Other Assets and Liabilities—Net <sup>3</sup>	0.3%
<b>TOTAL</b>	<b>100.0%</b>

- 1 Sector classifications, and the assignment of holdings to such sectors, are based upon the economic sector and/or revenue source of the underlying obligor, as determined by the Fund's Adviser. For securities that have been enhanced by a third-party guarantor, such as bond insurers and banks, sector classifications are based upon the economic sector and/or revenue source of the underlying obligor, as determined by the Fund's Adviser. 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 90.9% 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

August 31, 2020

Principal Amount		Value
	MUNICIPAL BONDS—96.5%	
	<b>Pennsylvania—96.0%</b>	
\$1,550,000	Allegheny County, PA Airport Authority (Pittsburgh International Airport), Airport Revenue Bonds (Series 2012A-1), (United States Treasury PRF 1/1/2022@100), 5.000%, 1/1/2024	\$ 1,643,449
2,000,000	Allegheny County, PA Hospital Development Authority (Allegheny Health Network Obligated Group), Revenue Bonds (Series 2018A), 5.000%, 4/1/2047	2,366,760
1,000,000	Allegheny County, PA Sanitation Authority, Sewer Revenue Bonds (Series 2015), 5.000%, 12/1/2040	1,180,060
2,000,000	Allegheny County, PA Sanitation Authority, Sewer Revenue Bonds (Series 2015), 5.000%, 12/1/2045	2,344,640
1,000,000	Allegheny County, PA, UT GO Bonds (Series C-77), 5.000%, 11/1/2043	1,244,050
2,000,000	Allegheny County, PA, UT GO Refunding Bonds (Series C-76), 5.000%, 11/1/2041	2,439,760
2,250,000	Allentown, PA Neighborhood Improvement Zone Development Authority, Tax Revenue Bonds (Series 2012A), 5.000%, 5/1/2035	2,345,265
600,000	Berks County, PA IDA (Highlands at Wyomissing), Healthcare Facilities Revenue Bonds (Series 2017A), 5.000%, 5/15/2047	632,412
1,000,000	Berks County, PA IDA (Highlands at Wyomissing), Healthcare Facilities Revenue Bonds (Series 2017C), 5.000%, 5/15/2042	1,060,040
2,000,000	Bethlehem, PA Authority (Bethlehem, PA), Guaranteed Water Revenue Bonds (Series 2014), (Build America Mutual Assurance INS), 5.000%, 11/15/2030	2,195,580
1,450,000	Bucks County, PA IDA (Pennswood Village), Revenue Bonds (Series 2018A), 5.000%, 10/1/2037	1,560,504
1,000,000	Canon McMillan, PA School District, General Obligation Bonds (Series 2017), (Assured Guaranty Municipal Corp. INS)/(Pennsylvania School District Intercept Program GTD), 5.000%, 12/1/2041	1,202,790
1,000,000	Capital Region Water, PA, Water Revenue Refunding Bonds (Series 2018), 5.000%, 7/15/2032	1,267,400
500,000	Centre County, PA Hospital Authority (Mount Nittany Medical Center), Hospital Revenue Bonds (Series 2016A), 5.000%, 11/15/2046	567,370
500,000	Centre County, PA Hospital Authority (Mount Nittany Medical Center), Hospital Revenue Bonds (Series 2018A), 5.000%, 11/15/2042	594,765
1,000,000	Chartiers Valley, PA School District, UT GO Bonds (Series 2015B), (Pennsylvania School District Intercept Program GTD), 5.000%, 10/15/2040	1,176,980

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Pennsylvania—continued</b>	
\$2,530,000	Cheltenham Twp, PA School District, LT GO Bonds (Series 2014), (United States Treasury PRF 12/15/2023@100), 5.000%, 2/15/2040	\$ 2,822,341
1,000,000	Chester County, PA HEFA (Main Line Health Systems), Revenue Bonds (Series 2017A), 5.000%, 10/1/2052	1,179,690
1,250,000	Chester County, PA IDA (Avon Grove Charter School ), Revenue Bonds (Series 2017A), (Original Issue Yield: 4.820%), 4.750%, 12/15/2037	1,368,188
2,000,000	Clairton Municipal Authority, PA, Sewer Revenue Bonds (Series 2012B), 5.000%, 12/1/2037	2,150,460
2,000,000	Commonwealth Financing Authority of PA (Commonwealth of Pennsylvania), Revenue Bonds (Series 2013B), (United States Treasury PRF 6/1/2022@100), 5.000%, 6/1/2036	2,167,360
3,000,000	Commonwealth Financing Authority of PA (Commonwealth of Pennsylvania), Tobacco Master Settlement Payment Revenue Bonds (Series 2018), (Original Issue Yield: 4.035%), (Assured Guaranty Municipal Corp. INS), 4.000%, 6/1/2039	3,401,460
2,000,000	Commonwealth of Pennsylvania, UT GO Bonds (2nd Series 2016), 5.000%, 9/15/2026	2,509,060
2,000,000	Commonwealth of Pennsylvania, UT GO Refunding Bonds (Series 2019), 5.000%, 7/15/2027	2,552,660
1,000,000	Commonwealth of Pennsylvania, UT GO Refunding Bonds (Series 2019), 5.000%, 7/15/2029	1,327,030
905,000	Cumberland County, PA Municipal Authority (Diakon Lutheran Social Ministries), Revenue Bonds (Series 2015), 5.000%, 1/1/2038	951,635
1,000,000	Cumberland County, PA Municipal Authority (Dickinson College), Revenue Bonds (Series 2016), 5.000%, 5/1/2030	1,206,480
2,000,000	Cumberland County, PA Municipal Authority (Penn State Health Obligated Group), Revenue Bonds (Series 2019), 4.000%, 11/1/2044	2,269,960
2,500,000	Dauphin County, PA General Authority (Pinnacle Health System), Health System Revenue Bonds (Series 2012A), 5.000%, 6/1/2042	2,644,875
1,700,000	Delaware County, PA Authority (Haverford College), Revenue Bonds (Series 2017A), 5.000%, 10/1/2042	2,008,176
1,000,000	Delaware County, PA Authority (Villanova University), Revenue Bonds (Series 2015), 5.000%, 8/1/2045	1,127,320
1,250,000	Delaware County, PA Regional Water Quality Control Authority, Sewer Revenue Bonds (Series 2015), 5.000%, 5/1/2040	1,465,625
1,750,000	Delaware River Joint Toll Bridge Commission, Revenue Bonds (Series 2017), 5.000%, 7/1/2042	2,129,242
1,130,000	Delaware River Port Authority Revenue (Delaware River Port Authority), Revenue Bonds (Series 2018A), 5.000%, 1/1/2033	1,427,992
250,000	Delaware River Port Authority Revenue (Delaware River Port Authority), Revenue Bonds (Series 2018A), 5.000%, 1/1/2038	304,038

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Pennsylvania—continued</b>	
\$ 200,000	Delaware River Port Authority Revenue (Delaware River Port Authority), Revenue Bonds (Series 2018A), 5.000%, 1/1/2039	\$ 242,550
500,000	Delaware River Port Authority Revenue (Delaware River Port Authority), Revenue Bonds (Series 2018A), 5.000%, 1/1/2040	604,785
1,000,000	Erie, PA Water Authority, Water Revenue Bonds (Series 2016), 5.000%, 12/1/2043	1,202,930
2,260,000	Geisinger Authority, PA Health System (Geisinger Health System), Revenue Bonds (Series 2014A), 5.000%, 6/1/2041	2,525,573
1,000,000	Greater Johnstown, PA Water Authority, Sewer Revenue Bonds (Series 2020), (Assured Guaranty Municipal Corp. GTD), 4.000%, 8/15/2048	1,113,440
1,215,000	Lancaster County, PA Hospital Authority (Lancaster General Hospital), Health System Revenue Bonds (Series 2012B), (United States Treasury PRF 1/1/2022@100), 5.000%, 7/1/2042	1,290,767
785,000	Lancaster County, PA Hospital Authority (Masonic Villages), Health Center Revenue Bonds (Series 2015), 5.000%, 11/1/2035	866,491
500,000	Lancaster County, PA Hospital Authority (St. Anne's Retirement Community, Inc.), Revenue Bonds (Series 2020), 5.000%, 3/1/2050	509,005
1,000,000	Lancaster County, PA Solid Waste Management Authority, Guaranteed Authority Bonds (Series 2013B), (Dauphin County, PA GTD), 5.000%, 12/15/2033	1,141,800
1,000,000	Lancaster, PA, UT GO Bonds (Series 2018), (Build America Mutual Assurance INS), 4.000%, 11/1/2043	1,131,800
500,000	Luzerne County, PA IDA (Luzerne County, PA), Guaranteed Lease Revenue Bonds (Series 2017), (Assured Guaranty Municipal Corp. INS), 5.000%, 12/15/2022	548,295
1,000,000	Luzerne County, PA, UT GO Guaranteed Bonds (Series 2017A), (Assured Guaranty Municipal Corp. INS), 5.000%, 12/15/2029	1,253,010
1,500,000	Montgomery County, PA Higher Education & Health Authority Hospital (Thomas Jefferson University), Revenue Refunding Bonds (Series 2019), 4.000%, 9/1/2049	1,638,450
1,000,000	Montgomery County, PA IDA (ACTS Retirement Life Communities, Inc.), Retirement Communities Revenue Bonds (Series 2020C), 5.000%, 11/15/2045	1,181,590
2,000,000	Montgomery County, PA, UT GO (Series 2019A), 5.000%, 7/1/2039	2,592,080
1,000,000	Mount Lebanon, PA Hospital Authority (St. Clair Memorial Hospital), Hospital Revenue Bonds (Series 2018), 5.000%, 7/1/2038	1,231,730
750,000	Northampton County, PA General Purpose Authority (Lafayette College), College Refunding and Revenue Bonds (Series 2017), 5.000%, 11/1/2047	891,120

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Pennsylvania—continued</b>	
\$1,000,000	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	\$ 1,088,020
1,000,000	Pennsylvania Economic Development Financing Authority (Amtrak), Exempt Facilities Revenue Bonds (Series 2012A), 5.000%, 11/1/2041	1,076,060
2,000,000	Pennsylvania Economic Development Financing Authority (Pennsylvania Rapid Bridge Replacement), Tax-Exempt Private Activity Revenue Bonds (Series 2015), 5.000%, 6/30/2042	2,240,280
2,000,000	Pennsylvania Economic Development Financing Authority, Junior Guaranteed Parking Revenue Bonds (Series 2013B-1), (Dauphin County, PA GTD), 6.000%, 7/1/2053	2,265,540
1,000,000	Pennsylvania EDFA (National Gypsum Co.), Exempt Facilities Refunding Revenue Bonds (Series 2014), 5.500%, 11/1/2044	1,026,070
1,500,000	Pennsylvania EDFA (UPMC Health System), Revenue Bonds (Series 2014A), 5.000%, 2/1/2045	1,665,075
1,000,000	Pennsylvania HFA, SFM Revenue Bonds (Series 2020-132A), 2.550%, 10/1/2041	1,006,500
2,000,000	Pennsylvania State Higher Education Facilities Authority (Temple University), Revenue Bonds (First Series of 2012), (United States Treasury PRF 4/1/2022@100), 5.000%, 4/1/2035	2,149,760
1,950,000	Pennsylvania State Higher Education Facilities Authority (University of Pennsylvania Health System), Revenue Bonds (Series 2017A), 5.000%, 8/15/2042	2,350,725
1,000,000	Pennsylvania State Higher Education Facilities Authority (University of Pennsylvania), Refunding Revenue Bonds (Series 2015A), (United States Treasury PRF 10/1/2025@100), 5.000%, 10/1/2036	1,233,950
500,000	Pennsylvania State Higher Education Facilities Authority (University of Pennsylvania), Revenue Bonds (Series 2017A), 5.000%, 8/15/2046	594,440
2,440,000	Pennsylvania State Turnpike Commission, Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds (Series 2011A), (Original Issue Yield: 5.550%), (United States Treasury PRF 12/1/2020@100), 5.500%, 12/1/2041	2,472,257
2,000,000	Pennsylvania State Turnpike Commission, Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds (Series 2011A), (United States Treasury PRF 12/1/2020@100), 6.000%, 12/1/2036	2,028,800
1,000,000	Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds (Series 2011E), (United States Treasury PRF 12/1/2021@100), 5.000%, 12/1/2030	1,058,460
1,000,000	Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds (Series 2015B), 5.000%, 12/1/2045	1,142,030
2,000,000	Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds (Series 2018A), 5.000%, 12/1/2048	2,409,280

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Pennsylvania—continued</b>	
\$1,000,000	Pennsylvania State Turnpike Commission, Turnpike Revenue Bonds (Series 2019A), 5.000%, 12/1/2044	\$ 1,228,850
1,000,000	Pennsylvania State Turnpike Commission, Turnpike Subordinate Revenue Bonds (Series 2019A), (Assured Guaranty Municipal Corp. GTD), 4.000%, 12/1/2049	1,129,020
1,970,000	Pennsylvania State University, Revenue Bonds (Series 2017A), 5.000%, 9/1/2037	2,432,576
1,000,000	Pennsylvania State University, Revenue Bonds (Series 2018), 5.000%, 9/1/2035	1,275,200
2,000,000	Philadelphia, PA Airport System, Refunding Revenue Bonds (Series 2017B), 5.000%, 7/1/2047	2,297,500
1,210,000	Philadelphia, PA Authority for Industrial Development (New Foundations Charter School), Revenue Bonds (Series 2012), (United States Treasury PRF 12/15/2022@100), 6.625%, 12/15/2041	1,379,739
1,410,000	Philadelphia, PA Authority for Industrial Development (PresbyHomes Germantown/Morrisville), Senior Living Revenue Bonds (Series 2005A), 5.625%, 7/1/2035	1,410,352
1,000,000	Philadelphia, PA Authority for Industrial Development (St. Joseph's University), University Refunding Revenue Bonds (Series 2020A), 4.000%, 11/1/2045	1,114,940
1,000,000	Philadelphia, PA Gas Works, 1998 General Ordinance-Fifteenth Series Revenue Refunding Bonds, 5.000%, 8/1/2042	1,173,300
2,000,000	Philadelphia, PA Hospitals & Higher Education Facilities Authority (Children's Hospital of Philadelphia), Hospital Revenue Bonds (Series 2011D), 5.000%, 7/1/2028	2,072,320
1,040,000	Philadelphia, PA Hospitals & Higher Education Facilities Authority (Children's Hospital of Philadelphia), Hospital Revenue Bonds (Series 2014A), 5.000%, 7/1/2042	1,165,341
1,000,000	Philadelphia, PA School District, LT GO Bonds (Series 2018B), (Pennsylvania School District Intercept Program GTD), 5.000%, 9/1/2043	1,202,660
1,000,000	Philadelphia, PA Water & Wastewater System, Revenue Bonds (Series 2019B), 5.000%, 11/1/2049	1,244,120
1,400,000	Philadelphia, PA Water & Wastewater System, Water and Wastewater Revenue Bonds (Series 2020A), 5.000%, 11/1/2050	1,768,060
500,000	Philadelphia, PA, GO Bonds (Series 2019B), 5.000%, 2/1/2038	626,310
1,000,000	Philadelphia, PA, UT GO Bonds (Series 2017A), 5.000%, 8/1/2033	1,224,140
655,000	Pittsburgh & Allegheny County, PA Sports & Exhibition Authority, Parking System Revenue Bonds (Series 2017), 5.000%, 12/15/2037	745,200
1,000,000	Pittsburgh, PA Public Parking Authority, Parking System Revenue Refunding Bonds (Series 2015A), 5.000%, 12/1/2025	1,192,510

Principal Amount		Value
	MUNICIPAL BONDS—continued	
	<b>Pennsylvania—continued</b>	
\$1,500,000	Pittsburgh, PA Water & Sewer Authority, Water and Sewer System First Lien Revenue Bonds (Series 2019A), (Assured Guaranty Municipal Corp. INS), 5.000%, 9/1/2044	\$ 1,877,220
1,000,000	Pittsburgh, PA, UT GO Bonds (Series 2012B), (United States Treasury PRF 9/1/2022@100), 5.000%, 9/1/2026	1,094,360
1,075,000	Reading Area Water Authority, PA, Water Revenue Bonds (Series 2011), (Original Issue Yield: 5.080%), (United States Treasury PRF 12/1/2021@100), 5.000%, 12/1/2031	1,137,845
1,500,000	Reading Area Water Authority, PA, Water Revenue Bonds (Series 2011), (Original Issue Yield: 5.270%), (United States Treasury PRF 12/1/2021@100), 5.250%, 12/1/2036	1,592,355
1,000,000	Scranton, PA School District, GO Bonds (Series 2017E), (Build America Mutual Assurance INS), 5.000%, 12/1/2035	1,224,000
1,140,000	Southcentral PA, General Authority (Wellspan Health Obligated Group), Revenue Bonds (Series 2014A), 5.000%, 6/1/2026	1,312,220
1,000,000	Southeastern, PA Transportation Authority, Capital Grant Receipts Bonds (Series 2011), (United States Treasury PRF 6/1/2021@100), 5.000%, 6/1/2028	1,035,660
1,000,000	Southeastern, PA Transportation Authority, Capital Grant Receipts Revenue Bonds (Series 2020), 5.000%, 6/1/2031	1,327,450
1,750,000	St. Mary Hospital Authority, PA (Trinity Healthcare Credit Group), Revenue Refunding Bonds (Remarket 1/9/18), 5.000%, 11/15/2028	2,194,902
1,000,000	Swarthmore Boro Authority PA (Swarthmore College), Revenue Bonds (Series 2018), 5.000%, 9/15/2048	1,257,920
1,000,000	Union County, PA Higher Educational Facilities Financing Authority (Bucknell University), University Revenue Bonds (Series 2015B), 5.000%, 4/1/2032	1,160,070
1,000,000	West View, PA Municipal Authority Water Revenue, Revenue Bonds (Series 2014), (United States Treasury PRF 11/15/2024@100), 5.000%, 11/15/2039	1,197,070
1,685,000	Wilkes-Barre, PA Finance Authority (University of Scranton), Revenue Bonds (Series 2015A), 5.000%, 11/1/2033	1,950,758
825,000	Wilkes-Barre, PA Finance Authority (University of Scranton), Revenue Bonds (Series 2015A), 5.000%, 11/1/2034	953,362
1,895,000	York County, PA, UT GO Bonds (Series 2013), (United States Treasury PRF 6/1/2023@100), 5.000%, 6/1/2037	2,139,607
	TOTAL PENNSYLVANIA (IDENTIFIED COST \$141,614,515)	150,745,017
	<b>Puerto Rico—0.5%</b>	
750,000	Puerto Rico Sales Tax Financing Corp., Restructured Sales Tax Bonds (Series 2019A), (Original Issue Yield: 5.154%), 5.000%, 7/1/2058 (IDENTIFIED COST \$787,125)	798,900
	TOTAL MUNICIPAL BONDS (IDENTIFIED COST \$142,401,640)	151,543,917

Principal Amount		Value
	<sup>1</sup> SHORT-TERM MUNICIPALS—3.2%	
	<b>Pennsylvania—3.2%</b>	
\$ 200,000	Bucks County, PA IDA (Grand View Hospital), (Series A of 2008) Weekly VRDNs, (TD Bank, N.A. LOC), 0.070%, 9/3/2020	\$ 200,000
200,000	Lancaster County, PA Hospital Authority (Masonic Villages), (Series D of 2008) Daily VRDNs, (JPMorgan Chase Bank, N.A. LOC), 0.030%, 9/1/2020	200,000
950,000	Philadelphia, PA Hospitals & Higher Education Facilities Authority (Children's Hospital of Philadelphia), (Series 2002-A) Daily VRDNs, (Wells Fargo Bank, N.A. LIQ), 0.010%, 9/1/2020	950,000
1,700,000	Philadelphia, PA Hospitals & Higher Education Facilities Authority (Children's Hospital of Philadelphia), (Series 2002-B) Daily VRDNs, (Wells Fargo Bank, N.A. LIQ), 0.010%, 9/1/2020	1,700,000
375,000	Philadelphia, PA Hospitals & Higher Education Facilities Authority (Children's Hospital of Philadelphia), (Series 2005A) Daily VRDNs, (Wells Fargo Bank, N.A. LIQ), 0.010%, 9/1/2020	375,000
400,000	Philadelphia, PA, (Series 2009B) Weekly VRDNs, (Barclays Bank plc LOC), 0.070%, 9/3/2020	400,000
1,100,000	Southcentral PA, General Authority (Wellspan Health Obligated Group), (Series 2019E) Daily VRDNs, (U.S. Bank, N.A. LIQ), 0.030%, 9/1/2020	1,100,000
	<b>TOTAL SHORT-TERM MUNICIPALS (IDENTIFIED COST \$4,925,000)</b>	<b>4,925,000</b>
	<b>TOTAL INVESTMENT IN SECURITIES—99.7% (IDENTIFIED COST \$147,326,640)<sup>2</sup></b>	<b>156,468,917</b>
	<b>OTHER ASSETS AND LIABILITIES - NET—0.3%<sup>3</sup></b>	<b>514,622</b>
	<b>TOTAL NET ASSETS—100%</b>	<b>\$156,983,539</b>

Securities that are subject to the federal alternative minimum tax (AMT) represent 5.8% of the Fund's portfolio as calculated based upon total market value (unaudited).

- <sup>1</sup> 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.
- <sup>2</sup> Also represents cost of investments for federal tax purposes.
- <sup>3</sup> 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 August 31, 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.

As of August 31, 2020, all investments of the Fund utilized Level 2 inputs in valuing the Fund’s assets carried at fair value.

The following acronyms are used throughout this portfolio:

EDFA —Economic Development Finance Authority  
GO —General Obligation  
GTD —Guaranteed  
HEFA —Health and Education Facilities Authority  
HFA —Housing Finance Authority  
IDA —Industrial Development Authority  
INS —Insured  
LIQ —Liquidity Agreement  
LOC —Letter of Credit  
LT —Limited Tax  
PRF —Pre-refunded  
SFM —Single Family Mortgage  
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)

Year Ended August 31	2020	2019	2018	2017	2016
<b>Net Asset Value, Beginning of Period</b>	<b>\$11.19</b>	<b>\$10.69</b>	<b>\$10.96</b>	<b>\$11.28</b>	<b>\$10.88</b>
<b>Income From Investment Operations:</b>					
Net investment income	0.27	0.31	0.32	0.33	0.33
Net realized and unrealized gain (loss)	(0.03)	0.51	(0.27)	(0.32)	0.40
<b>TOTAL FROM INVESTMENT OPERATIONS</b>	<b>0.24</b>	<b>0.82</b>	<b>0.05</b>	<b>0.01</b>	<b>0.73</b>
<b>Less Distributions:</b>					
Distributions from net investment income	(0.27)	(0.31)	(0.32)	(0.33)	(0.33)
Distributions from net realized gain	(0.08)	(0.01)	—	—	—
<b>TOTAL DISTRIBUTIONS</b>	<b>(0.35)</b>	<b>(0.32)</b>	<b>(0.32)</b>	<b>(0.33)</b>	<b>(0.33)</b>
<b>Net Asset Value, End of Period</b>	<b>\$11.08</b>	<b>\$11.19</b>	<b>\$10.69</b>	<b>\$10.96</b>	<b>\$11.28</b>
<b>Total Return<sup>1</sup></b>	<b>2.21%</b>	<b>7.85%</b>	<b>0.51%</b>	<b>0.11%</b>	<b>6.85%</b>
<b>Ratios to Average Net Assets:</b>					
Net expenses <sup>2</sup>	0.76% <sup>3</sup>	0.76% <sup>3</sup>	0.76% <sup>3</sup>	0.76%	0.75% <sup>3</sup>
Net investment income	2.46%	2.85%	2.98%	2.98%	3.01%
Expense waiver/reimbursement <sup>4</sup>	0.18%	0.17%	0.14%	0.14%	0.13%
<b>Supplemental Data:</b>					
Net assets, end of period (000 omitted)	\$155,137	\$159,471	\$163,819	\$178,935	\$199,403
Portfolio turnover	8%	16%	21%	6%	14%

- <sup>1</sup> Based on net asset value, which does not reflect the sales charge, redemption fee or contingent deferred sales charge, if applicable.
- <sup>2</sup> Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- <sup>3</sup> The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratios are 0.76%, 0.76%, 0.76% and 0.75% for the years ended August 31, 2020, 2019, 2018 and 2016, respectively, after taking into account these expense reductions.
- <sup>4</sup> 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 the Period)

Period Ended August 31	2020 <sup>1</sup>
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.73</b>
<b>Income From Investment Operations:</b>	
Net investment income	0.09
Net realized and unrealized gain	0.36
TOTAL FROM INVESTMENT OPERATIONS	0.45
<b>Less Distributions:</b>	
Distributions from net investment income	(0.10)
<b>Net Asset Value, End of Period</b>	<b>\$11.08</b>
<b>Total Return<sup>2</sup></b>	<b>4.15%</b>
<b>Ratios to Average Net Assets:</b>	
Net expenses <sup>3</sup>	0.53% <sup>4,5</sup>
Net investment income	2.60% <sup>4</sup>
Expense waiver/reimbursement <sup>6</sup>	0.20% <sup>4</sup>
<b>Supplemental Data:</b>	
Net assets, end of period (000 omitted)	\$1,847
Portfolio turnover	8% <sup>7</sup>

- 1 Reflects operations for the period from April 28, 2020 (date of initial investment) to August 31, 2020.
- 2 Based on net asset value. Total returns for periods of less than one year are not annualized.
- 3 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.
- 4 Computed on an annualized basis.
- 5 The net expense ratio is calculated without reduction for expense offset arrangements. The net expense ratio is 0.53% for the period ended August 31, 2020, after taking into account this expense reduction.
- 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 Portfolio turnover is calculated at the Fund level. Percentage indicated was calculated for the fiscal year ended August 31, 2020.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

August 31, 2020

## Assets:

Investment in securities, at value (identified cost \$147,326,640)	\$156,468,917
Cash	62,621
Income receivable	1,693,379
Receivable for shares sold	10,663
<b>TOTAL ASSETS</b>	<b>158,235,580</b>

## Liabilities:

Payable for investments purchased	\$1,114,940
Payable for shares redeemed	25,834
Payable for portfolio accounting fees	43,867
Payable for other service fees (Notes 2 and 5)	35,727
Payable for administrative fee (Note 5)	2,487
Payable for investment adviser fee (Note 5)	873
Accrued expenses (Note 5)	28,313
<b>TOTAL LIABILITIES</b>	<b>1,252,041</b>
Net assets for 14,166,139 shares outstanding	\$156,983,539

## Net Assets Consists of:

Paid-in capital	\$147,841,262
Total distributable earnings (loss)	9,142,277
<b>TOTAL NET ASSETS</b>	<b>\$156,983,539</b>

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

### Class A Shares:

Net asset value per share ( $\$155,137,021 \div 13,999,426$ shares outstanding), no par value, unlimited shares authorized	\$11.08
Offering price per share (100/95.50 of \$11.08)	\$11.60
Redemption proceeds per share	\$11.08

### Institutional Shares:

Net asset value per share ( $\$1,846,518 \div 166,713$ shares outstanding), no par value, unlimited shares authorized	\$11.08
Offering price per share	\$11.08
Redemption proceeds per share	\$11.08

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Year Ended August 31, 2020

**Investment Income:**

Interest	\$4,997,675
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**Expenses:**

Investment adviser fee (Note 5)	\$ 620,416
Administrative fee (Note 5)	123,148
Custodian fees	8,879
Transfer agent fees	76,168
Directors'/Trustees' fees (Note 5)	2,583
Auditing fees	30,410
Legal fees	7,418
Other service fees (Notes 2 and 5)	386,680
Portfolio accounting fees	108,749
Share registration costs	49,516
Printing and postage	22,827
Miscellaneous (Note 5)	24,379
<b>TOTAL EXPENSES</b>	<b>1,461,173</b>

**Waiver, Reimbursement and Reduction:**

Waiver of investment adviser fee (Note 5)	\$(244,842)
Reimbursement of other operating expenses (Notes 2 and 5)	(30,801)
Reduction of custodian fees (Note 6)	(1,061)
<b>TOTAL WAIVER, REIMBURSEMENT AND REDUCTION</b>	<b>(276,704)</b>

Net expenses	1,184,469
Net investment income	3,813,206

**Realized and Unrealized Gain (Loss) on Investments and Futures Contracts:**

Net realized gain on investments	196,715
Net realized gain on futures contracts	217,744
Net change in unrealized appreciation of investments	(849,612)
Net realized and unrealized gain (loss) on investments and futures contracts	(435,153)
Change in net assets resulting from operations	\$3,378,053

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

Year Ended August 31	2020	2019
<b>Increase (Decrease) in Net Assets</b>		
<b>Operations:</b>		
Net investment income	\$ 3,813,206	\$ 4,496,968
Net realized gain	414,459	893,694
Net change in unrealized appreciation/depreciation	(849,612)	6,403,518
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	3,378,053	11,794,180
<b>Distributions to Shareholders:</b>		
Class A Shares	(4,893,672)	(4,705,580)
Institutional Shares <sup>1</sup>	(10,805)	—
CHANGE IN NET ASSETS RESULTING FROM DISTRIBUTIONS TO SHAREHOLDERS	(4,904,477)	(4,705,580)
<b>Share Transactions:</b>		
Proceeds from sale of shares	13,804,268	10,393,322
Net asset value of shares issued to shareholders in payment of distributions declared	3,747,817	3,581,686
Cost of shares redeemed	(18,512,770)	(25,412,403)
CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS	(960,685)	(11,437,395)
Change in net assets	(2,487,109)	(4,348,795)
<b>Net Assets:</b>		
Beginning of period	159,470,648	163,819,443
End of period	\$156,983,539	\$159,470,648

1 The Fund's Institutional Shares commenced operations on April 28, 2020.

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

August 31, 2020

## 1. ORGANIZATION

Federated Hermes Municipal Securities Income Trust (the "Trust") is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust consists of four portfolios. The financial statements included herein are only those of Federated Hermes Pennsylvania Municipal Income Fund (the "Fund"), a non-diversified portfolio. The financial statements of the other portfolios are presented separately. The assets of each portfolio are segregated and a shareholder's interest is limited to the portfolio in which shares are held. Each portfolio pays its own expenses. The Fund offers two classes of shares: Class A and Institutional Shares. The investment objective of the Fund is to provide current income exempt from federal regular income tax (federal regular income tax does not include the federal alternative minimum tax (AMT)) and the personal income taxes imposed by the state of Pennsylvania and Pennsylvania municipalities. Interest income from the Fund's investments may be subject to the federal AMT for individuals.

On March 30, 2017, the Fund's T Share class became effective with the Securities and Exchange Commission (SEC), but is not yet offered for sale.

Prior to June 29, 2020, the name of the Trust and Fund was Federated Municipal Securities Income Trust and Federated Pennsylvania Municipal Income Fund, respectively.

The Fund's Institutional Shares commenced operations on April 28, 2020.

## 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 Trustees (the "Trustees").
- 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 Trustees.
- Shares of other mutual funds or non-exchange-traded investment companies are valued based upon their reported NAVs.
- For securities that are fair valued in accordance with procedures established by and under the general supervision of the Trustees, 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 Trustees have ultimate responsibility for determining the fair value of investments for which market quotations are not readily available. The Trustees 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 Trustees 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 Trustees. The Trustees 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 Trustees.

## 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. Distributions to shareholders are recorded on the ex-dividend date. Distributions of net investment income, if any, are declared and paid monthly. Amortization/accretion of premium and discount is included in investment income. Non-cash dividends included in dividend income, if any, are recorded at fair value. 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 expense waiver, reimbursement and reduction of \$276,704 is disclosed in various locations in this Note 2, Note 5 and Note 6.

## Other Service Fees

The Fund may pay other service fees up to 0.25% of the average daily net assets of the Fund's Class A to unaffiliated 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 year ended August 31, 2020, other service fees for the Fund were as follows:

	Other Service Fees Incurred	Other Service Fees Reimbursed
Class A Shares	\$386,680	\$(30,801)

## 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 year ended August 31, 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 August 31, 2020, tax years 2017 through 2020 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Massachusetts.

## 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.

## Restricted Securities

The Fund may purchase securities which are considered restricted. Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security has agreed to register such securities for resale, at the issuer's expense, either upon demand by the Fund or in connection with another registered offering of the securities. Many such restricted securities may be resold in the secondary market in transactions exempt from registration. Restricted securities may be determined to be liquid under criteria established by the Trustees. The Fund will not incur any registration costs upon such resales. The Fund's restricted securities, like other securities, are priced in accordance with procedures established by and under the general supervision of the Trustees.

## Futures Contracts

The Fund purchases and sells financial futures contracts to manage duration risk. 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 August 31, 2020, the Fund had no outstanding futures contracts.

The average notional values of long futures contracts held by the Fund throughout the period was \$951,923. This is based on amounts held as of each month end throughout the fiscal period.

## Additional Disclosure Related to Derivative Instruments

### The Effect of Derivative Instruments on the Statement of Operations for the Year Ended August 31, 2020

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

	Futures Contracts
Interest rate contracts	\$217,744

## Other

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ materially from those estimated. The Fund applies investment company accounting and reporting guidance.

### 3. SHARES OF BENEFICIAL INTEREST

The following tables summarize share activity:

Year Ended August 31	2020		2019	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Shares sold	1,088,949	\$ 11,961,967	965,485	\$ 10,393,322
Shares issued to shareholders in payment of distributions declared	340,468	3,737,082	333,171	3,581,686
Shares redeemed	(1,677,969)	(18,493,159)	(2,369,158)	(25,412,403)
NET CHANGE RESULTING FROM CLASS A SHARE TRANSACTIONS	(248,552)	\$ (2,794,110)	(1,070,502)	\$(11,437,395)

Year Ended August 31	2020 <sup>1</sup>		2019	
	Shares	Amount	Shares	Amount
<b>Institutional Shares:</b>				
Shares sold	167,525	\$ 1,842,301	—	\$ —
Shares issued to shareholders in payment of distributions declared	969	10,735	—	—
Shares redeemed	(1,781)	(19,611)	—	—
NET CHANGE RESULTING FROM INSTITUTIONAL SHARE TRANSACTIONS	166,713	\$ 1,833,425	—	\$ —
NET CHANGE RESULTING FROM TOTAL FUND SHARE TRANSACTIONS	(81,839)	\$ (960,685)	(1,070,502)	\$(11,437,395)

1 Reflects operations for the period from April 28, 2020 (date of initial investment) to August 31, 2020.

### 4. FEDERAL TAX INFORMATION

The accounting treatment of certain items in accordance with income tax regulations may differ from the accounting treatment in accordance with GAAP which may result in permanent differences. In the case of the Fund, such differences primarily result from distributions necessary for excise tax purposes.

For the year ended August 31, 2020, permanent differences identified and reclassified among the components of net assets were as follows:

	Increase (Decrease)
<b>Paid-In Capital</b>	<b>Total Distributable Earnings (Loss)</b>
\$(53,090)	\$53,090

Net assets were not affected by the reclassification.

The tax character of distributions as reported on the Statement of Changes in Net Assets for the years ended August 31, 2020 and 2019, was as follows:

	2020	2019
Tax-exempt income	\$3,954,615	\$4,512,855
Ordinary income <sup>1</sup>	\$ 87,116	\$ —
Long-term capital gains	\$ 862,746	\$ 192,725

1 For tax purposes, short-term capital gain distributions are considered ordinary income distributions.

As of August 31, 2020, the components of distributable earnings on a tax-basis were as follows:

Net unrealized appreciation	\$9,142,277
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At August 31, 2020, the cost of investments for federal tax purposes was \$147,326,640. The net unrealized appreciation of investments for federal tax purposes was \$9,142,277. This consists of net unrealized appreciation from investments for those securities having an excess of value over cost of \$9,251,321 and net unrealized depreciation from investments for those securities having an excess of cost over value of \$109,044.

## 5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

### Investment Adviser Fee

The advisory agreement between the Fund and the Adviser provides for an annual fee equal to 0.40% of the Fund's average daily net assets. Subject to the terms described in the Expense Limitation note, the Adviser may voluntarily choose to waive any portion of its fee. For the year ended August 31, 2020, the Adviser voluntarily waived \$244,842 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 year ended August 31, 2020, the annualized fee paid to FAS was 0.079% of average daily net assets of the Fund.

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

## **Distribution Services Fee**

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 under the Act. Under the terms of the Plan, the Fund will compensate Federated Securities Corp. (FSC), the principal distributor, from the daily net assets of the Fund's Class A to finance activities intended to result in the sale of these shares. The Plan provides that the Fund may incur distribution expenses at 0.05% of average daily net assets annually to compensate FSC. Subject to the terms described in the Expense Limitation note, FSC may voluntarily choose to waive any portion of its fee.

When FSC receives fees, it may pay some or all of them to financial intermediaries whose customers purchase shares. For the year ended August 31, 2020, the Fund's Class A did not incur a distribution services fee; however it may begin to incur this fee upon approval of the Trustees.

## **Other Service Fees**

For the year ended August 31, 2020, FSSC received \$33,054 and reimbursed \$30,801 of other service fees disclosed in Note 2.

## **Sales Charges**

Front-end sales charges and contingent deferred sales charges 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 year ended August 31, 2020, FSC retained \$8,581 in sales charges from the sale of Class A Shares.

## **Interfund Transactions**

During the year ended August 31, 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 \$26,950,000 and \$23,750,000, 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 and Institutional Shares (after the voluntary waivers and reimbursements) will not exceed 0.76% and 0.53% (the "Fee Limit"), up to but not including the later of (the "Termination Date"): (a) November 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 Trustees.

## Directors'/Trustees' and Miscellaneous Fees

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

## 6. EXPENSE REDUCTION

Through arrangements with the Fund's custodian, net credits realized as a result of uninvested cash balances were used to reduce custody expenses. For the year ended August 31, 2020, the Fund's expenses were reduced by \$1,061 under these arrangements.

## 7. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding short-term obligations, for the year ended August 31, 2020, were as follows:

Purchases	\$12,141,869
Sales	\$13,617,033

## 8. CONCENTRATION OF RISK

Since the Fund invests a substantial portion of its assets in issuers located in one state, it will be more susceptible to factors adversely affecting issuers of that state than would be a comparable tax-exempt mutual fund that invests nationally. In order to reduce the credit risk associated with such factors, at August 31, 2020, 13.8% of the securities in the Portfolio of Investments are backed by letters of credit or bond insurance of various financial institutions and financial guaranty assurance agencies.

## 9. 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. 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 August 31, 2020, the Fund had no outstanding loans. During the year ended August 31, 2020, the Fund did not utilize the LOC.

## **10. INTERFUND LENDING**

Pursuant to an Exemptive Order issued by the SEC, 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 August 31, 2020, there were no outstanding loans. During the year ended August 31, 2020, the program was not utilized.

## **11. OTHER MATTERS**

An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in late 2019 and subsequently spread globally. As of the date of the issuance of these financial statements, this coronavirus has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, 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.

## **12. FEDERAL TAX INFORMATION (UNAUDITED)**

For the year ended August 31, 2020, the amount of long-term capital gains designated by the Fund was \$862,746.

For the fiscal year ended August 31, 2020, 100% of distributions from net investment income is exempt from federal income tax, other than the federal AMT.

# Report of Independent Registered Public Accounting Firm

## **TO THE BOARD OF TRUSTEES OF FEDERATED HERMES MUNICIPAL SECURITIES INCOME TRUST AND SHAREHOLDERS OF FEDERATED HERMES PENNSYLVANIA MUNICIPAL INCOME FUND:**

### **Opinion on the Financial Statements**

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of the Federated Hermes Pennsylvania Municipal Income Fund (formerly Federated Pennsylvania Municipal Income Fund) (the “Fund”), a portfolio of Federated Hermes Municipal Securities Income Trust (formerly Federated Municipal Securities Income Trust), as of August 31, 2020, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the “financial statements”) and the financial highlights for each of the years or periods in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of August 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years or periods in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of August 31, 2020, by correspondence with the custodian and brokers, or by other appropriate auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

**KPMG LLP**

We have served as the auditor of one or more of Federated Hermes' investment companies since 2006.

Boston, Massachusetts  
October 23, 2020

## 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 March 1, 2020 to August 31, 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 3/1/2020	Ending Account Value 8/31/2020	Expenses Paid During Period <sup>1</sup>
<b>Actual</b>			
Class A Shares	\$1,000	\$ 995.30	\$3.81
Institutional Shares	\$1,000	\$1,041.50	\$1.86 <sup>2</sup>
<b>Hypothetical (assuming a 5% return before expenses)</b>			
Class A Shares	\$1,000	\$1,021.32	\$3.86
Institutional Shares	\$1,000	\$1,022.47	\$2.69 <sup>2</sup>

1 Expenses are equal to the Fund's annualized net expense ratios, multiplied by the average account value over the period, multiplied by 184/366 (to reflect the one-half-year period). The annualized net expense ratios are as follows:

Class A Shares	0.76%
Institutional Shares	0.53%

2 "Actual" expense information for the Fund's Institutional Shares is for the period from April 28, 2020 (date of initial investment) to August 31, 2020. Actual expenses are equal to the Fund's annualized net expense ratio of 0.53% multiplied by 126/366 (to reflect the period from initial investment to August 31, 2020). "Hypothetical" expense information for Institutional Shares is presented on the basis of the full one-half year period to enable comparison to other funds. It is based on assuming the same net expense ratio and average account value over the period, but it is multiplied by 126/366 (to reflect the full half-year period).

## Board of Trustees and Trust Officers

The Board of Trustees is responsible for managing the Trust's business affairs and for exercising all the Trust's powers except those reserved for the shareholders. The following tables give information about each Trustee and the senior officers of the Fund. Where required, the tables separately list Trustees who are "interested persons" of the Fund (i.e., "Interested" Trustees) and those who are not (i.e., "Independent" Trustees). Unless otherwise noted, the address of each person listed is 1001 Liberty Avenue, Pittsburgh, PA 15222. The address of all Independent Trustees listed is 4000 Ericsson Drive, Warrendale, PA 15086-7561; Attention: Mutual Fund Board. As of December 31, 2019, the Trust comprised five portfolio(s), and the Federated Hermes Fund Family consisted of 41 investment companies (comprising 135 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Trustee oversees all portfolios in the Federated Hermes Fund Family and serves for an indefinite term. The Fund's Statement of Additional Information includes additional information about Trust Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

### INTERESTED TRUSTEES BACKGROUND

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<b>Name</b>	
<b>Birth Date</b>	
<b>Positions Held with Trust</b>	<b>Principal Occupation(s) for Past Five Years,</b>
<b>Date Service Began</b>	<b>Other Directorships Held and Previous Position(s)</b>
<b>J. Christopher Donahue*</b>	<b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of the Funds in the Federated Hermes Fund Family; President, Chief Executive Officer and Director, Federated Hermes, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and Director, Federated Global Investment Management Corp.; Chairman and Trustee, Federated Equity Management Company of Pennsylvania; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.
Birth Date: April 11, 1949	
PRESIDENT AND TRUSTEE	
Indefinite Term	
Began serving: August 1990	<b>Previous Positions:</b> President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp. and Passport Research, Ltd; Chairman, Passport Research, Ltd.

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Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)
<b>John B. Fisher*</b>	Birth Date: May 16, 1956	TRUSTEE Indefinite Term Began serving: May 2016	<p><b>Principal Occupations:</b> Principal Executive Officer and President of certain of the Funds in the Federated Hermes Fund Family; Director or Trustee of certain of the Funds in the Federated Hermes Fund Family; Vice President, Federated Hermes, Inc.; President, Director/Trustee and CEO, Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company; President of some of the Funds in the Federated Hermes Fund Family and Director, Federated Investors Trust Company.</p> <p><b>Previous Positions:</b> President and Director of the Institutional Sales Division of Federated Securities Corp.; President and Director of Federated Investment Counseling; President and CEO of Passport Research, Ltd.; Director, Edgewood Securities Corp.; Director, Federated Services Company; Director, Federated Hermes, Inc.; Chairman and Director, Southpointe Distribution Services, Inc. and President, Technology, Federated Services Company.</p>

\* Reasons for "interested" status: J. Christopher Donahue and John B. Fisher are interested due to their beneficial ownership of shares of Federated Hermes, Inc. and due to positions they hold with Federated Hermes, Inc. and its subsidiaries.

## INDEPENDENT TRUSTEES BACKGROUND

Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>John T. Collins</b>	Birth Date: January 24, 1947	TRUSTEE Indefinite Term Began serving: October 2013	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; formerly, Chairman and CEO, The Collins Group, Inc. (a private equity firm) (Retired).</p> <p><b>Other Directorships Held:</b> Chairman of the Board of Directors, Director, and Chairman of the Compensation Committee, KLX Energy Services Holdings, Inc. (oilfield services); former Director of KLX Corp. (aerospace).</p> <p><b>Qualifications:</b> Mr. Collins has served in several business and financial management roles and directorship positions throughout his career. Mr. Collins previously served as Chairman and CEO of The Collins Group, Inc. (a private equity firm) and as a Director of KLX Corp. Mr. Collins serves as Chairman Emeriti, Bentley University. Mr. Collins previously served as Director and Audit Committee Member, Bank of America Corp.; Director, FleetBoston Financial Corp.; and Director, Beth Israel Deaconess Medical Center (Harvard University Affiliate Hospital).</p>

Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>G. Thomas Hough</b>	Birth Date: February 28, 1955	TRUSTEE Indefinite Term Began serving: August 2015	<p><b>Principal Occupations:</b> Director or Trustee, Chair of the Audit Committee of the Federated Hermes Fund Family; formerly, Vice Chair, Ernst &amp; Young LLP (public accounting firm) (Retired).</p> <p><b>Other Directorships Held:</b> Director, Chair of the Audit Committee, Equifax, Inc.; Director, Member of the Audit Committee, Haverty Furniture Companies, Inc.; formerly, Director, Member of Governance and Compensation Committees, Publix Super Markets, Inc.</p> <p><b>Qualifications:</b> Mr. Hough has served in accounting, business management and directorship positions throughout his career. Mr. Hough most recently held the position of Americas Vice Chair of Assurance with Ernst &amp; Young LLP (public accounting firm). Mr. Hough serves on the President's Cabinet and Business School Board of Visitors for the University of Alabama. Mr. Hough previously served on the Business School Board of Visitors for Wake Forest University, and he previously served as an Executive Committee member of the United States Golf Association.</p>
<b>Maureen Lally-Green</b>	Birth Date: July 5, 1949	TRUSTEE Indefinite Term Began serving: August 2009	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Adjunct Professor of Law, Duquesne University School of Law; formerly, Dean of the Duquesne University School of Law and Professor of Law and Interim Dean of the Duquesne University School of Law; formerly, Associate General Secretary and Director, Office of Church Relations, Diocese of Pittsburgh.</p> <p><b>Other Directorships Held:</b> Director, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p><b>Qualifications:</b> Judge Lally-Green has served in various legal and business roles and directorship positions throughout her career. Judge Lally-Green previously held the position of Dean of the School of Law of Duquesne University (as well as Interim Dean). Judge Lally-Green previously served as a member of the Superior Court of Pennsylvania and as a Professor of Law, Duquesne University School of Law. Judge Lally-Green was appointed by the Supreme Court of Pennsylvania to serve on the Supreme Court's Board of Continuing Judicial Education and the Supreme Court's Appellate Court Procedural Rules Committee. Judge Lally-Green also currently holds the positions on not for profit or for profit boards of directors as follows: Director and Chair, UPMC Mercy Hospital; Director and Vice Chair, Our Campaign for the Church Alive!, Inc.; Regent, Saint Vincent Seminary; Member, Pennsylvania State Board of Education (public); Director, Catholic Charities, Pittsburgh; and Director CNX Resources Corporation (formerly known as CONSOL Energy Inc.). Judge Lally-Green has held the positions of: Director, Auberle; Director, Epilepsy Foundation of Western and Central Pennsylvania; Director, Ireland Institute of Pittsburgh; Director, Saint Thomas More Society; Director and Chair, Catholic High Schools of the Diocese of Pittsburgh, Inc.; Director, Pennsylvania Bar Institute; Director, St. Vincent College; and Director and Chair, North Catholic High School, Inc.</p>

Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years, Other Directorships Held, Previous Position(s) and Qualifications
<b>Charles F. Mansfield, Jr.</b>	Birth Date: April 10, 1945	TRUSTEE Indefinite Term Began serving: January 1999	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Management Consultant and Author.</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Mansfield has served as a Marine Corps officer and in several banking, business management, educational roles and directorship positions throughout his long career. He remains active as a Management Consultant and Author.</p>
<b>Thomas M. O'Neill</b>	Birth Date: June 14, 1951	TRUSTEE Indefinite Term Began serving: August 2006	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Sole Proprietor, Navigator Management Company (investment and strategic consulting).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. O'Neill has served in several business, mutual fund and financial management roles and directorship positions throughout his career. Mr. O'Neill serves as Director, Medicines for Humanity and Director, The Golisano Children's Museum of Naples, Florida. Mr. O'Neill previously served as Chief Executive Officer and President, Managing Director and Chief Investment Officer, Fleet Investment Advisors; President and Chief Executive Officer, Aeltus Investment Management, Inc.; General Partner, Hellman, Jordan Management Co., Boston, MA; Chief Investment Officer, The Putnam Companies, Boston, MA; Credit Analyst and Lending Officer, Fleet Bank; Director and Consultant, EZE Castle Software (investment order management software); and Director, Midway Pacific (lumber).</p>
<b>P. Jerome Richey</b>	Birth Date: February 23, 1949	TRUSTEE Indefinite Term Began serving: October 2013	<p><b>Principal Occupations:</b> Director or Trustee of the Federated Hermes Fund Family; Management Consultant; Retired; formerly, Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh and Executive Vice President and Chief Legal Officer, CNX Resources Corporation (formerly known as CONSOL Energy Inc.).</p> <p><b>Other Directorships Held:</b> None.</p> <p><b>Qualifications:</b> Mr. Richey has served in several business and legal management roles and directorship positions throughout his career. Mr. Richey most recently held the positions of Senior Vice Chancellor and Chief Legal Officer, University of Pittsburgh. Mr. Richey previously served as Chairman of the Board, Epilepsy Foundation of Western Pennsylvania and Chairman of the Board, World Affairs Council of Pittsburgh. Mr. Richey previously served as Chief Legal Officer and Executive Vice President, CNX Resources Corporation (formerly known as CONSOL Energy Inc.); and Board Member, Ethics Counsel and Shareholder, Buchanan Ingersoll &amp; Rooney PC (a law firm).</p>

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<b>Name</b>	
<b>Birth Date</b>	
<b>Positions Held with Trust</b>	<b>Principal Occupation(s) for Past Five Years,</b>
<b>Date Service Began</b>	<b>Other Directorships Held, Previous Position(s) and Qualifications</b>
<b>John S. Walsh</b>	<b>Principal Occupations:</b> Director or Trustee, and Chair of the Board of Directors or Trustees, of the Federated Hermes Fund Family; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.
Birth Date: November 28, 1957 TRUSTEE Indefinite Term Began serving: June 1999	<b>Other Directorships Held:</b> None.  <b>Qualifications:</b> Mr. Walsh has served in several business management roles and directorship positions throughout his career. Mr. Walsh previously served as Vice President, Walsh & Kelly, Inc. (paving contractors).

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## OFFICERS

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<b>Name</b>	
<b>Birth Date</b>	
<b>Positions Held with Trust</b>	<b>Principal Occupation(s) for Past Five Years</b>
<b>Date Service Began</b>	<b>and Previous Position(s)</b>
<b>Lori A. Hensler</b>	<b>Principal Occupations:</b> Principal Financial Officer and Treasurer of the Federated Hermes Fund Family; Senior Vice President, Federated Administrative Services; Financial and Operations Principal for Federated Securities Corp.; and Assistant Treasurer, Federated Investors Trust Company. Ms. Hensler has received the Certified Public Accountant designation.
Birth Date: January 6, 1967 TREASURER Officer since: April 2013	<b>Previous Positions:</b> Controller of Federated Hermes, Inc.; Senior Vice President and Assistant Treasurer, Federated Investors Management Company; Treasurer, Federated Investors Trust Company; Assistant Treasurer, Federated Administrative Services, Federated Administrative Services, Inc., Federated Securities Corp., Edgewood Services, Inc., Federated Advisory Services Company, Federated Equity Management Company of Pennsylvania, Federated Global Investment Management Corp., Federated Investment Counseling, Federated Investment Management Company, Passport Research, Ltd., and Federated MDTA, LLC; Financial and Operations Principal for Federated Securities Corp., Edgewood Services, Inc. and Southpointe Distribution Services, Inc.

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Name	Birth Date	Positions Held with Trust Date Service Began	Principal Occupation(s) for Past Five Years and Previous Position(s)
<b>Peter J. Germain</b>	Birth Date: September 3, 1959	CHIEF LEGAL OFFICER, SECRETARY AND EXECUTIVE VICE PRESIDENT Officer since: January 2005	<p><b>Principal Occupations:</b> Mr. Germain is Chief Legal Officer, Secretary and Executive Vice President of the Federated Hermes Fund Family. He is General Counsel, Chief Legal Officer, Secretary and Executive Vice President, Federated Hermes, Inc.; Trustee and Senior Vice President, Federated Investors Management Company; Trustee and President, Federated Administrative Services; Director and President, Federated Administrative Services, Inc.; Director and Vice President, Federated Securities Corp.; Director and Secretary, Federated Private Asset Management, Inc.; Secretary, Federated Shareholder Services Company; and Secretary, Retirement Plan Service Company of America. Mr. Germain joined Federated Hermes, Inc. in 1984 and is a member of the Pennsylvania Bar Association.</p> <p><b>Previous Positions:</b> Deputy General Counsel, Special Counsel, Managing Director of Mutual Fund Services, Federated Hermes, Inc.; Senior Vice President, Federated Services Company; and Senior Corporate Counsel, Federated Hermes, Inc.</p>
<b>Stephen Van Meter</b>	Birth Date: June 5, 1975	CHIEF COMPLIANCE OFFICER AND SENIOR VICE PRESIDENT Officer since: July 2015	<p><b>Principal Occupations:</b> Senior Vice President and Chief Compliance Officer of the Federated Hermes Fund Family; Vice President and Chief Compliance Officer of Federated Hermes, Inc. and Chief Compliance Officer of certain of its subsidiaries. Mr. Van Meter joined Federated Hermes, Inc. in October 2011. He holds FINRA licenses under Series 3, 7, 24 and 66.</p> <p><b>Previous Positions:</b> Mr. Van Meter previously held the position of Compliance Operating Officer, Federated Hermes, Inc. Prior to joining Federated Hermes, Inc., Mr. Van Meter served at the United States Securities and Exchange Commission in the positions of Senior Counsel, Office of Chief Counsel, Division of Investment Management and Senior Counsel, Division of Enforcement.</p>
<b>Robert J. Ostrowski</b>	Birth Date: April 26, 1963	CHIEF INVESTMENT OFFICER Officer since: February 2010	<p><b>Principal Occupations:</b> Robert J. Ostrowski joined Federated Hermes in 1987 as an Investment Analyst and became a Portfolio Manager in 1990. He was named Chief Investment Officer of Federated Hermes' taxable fixed-income products in 2004 and also serves as a Senior Portfolio Manager. Mr. Ostrowski became an Executive Vice President of the Fund's Adviser in 2009 and served as a Senior Vice President of the Fund's Adviser from 1997 to 2009. Mr. Ostrowski has received the Chartered Financial Analyst designation. He received his M.S. in Industrial Administration from Carnegie Mellon University.</p>

# Evaluation and Approval of Advisory Contract – May 2020

## **FEDERATED PENNSYLVANIA MUNICIPAL INCOME FUND (THE “FUND”)**

### **(EFFECTIVE CLOSE OF BUSINESS ON JUNE 26, 2020, THE FUND’S NAME CHANGED TO FEDERATED HERMES PENNSYLVANIA MUNICIPAL INCOME FUND)**

At its meetings in May 2020 (the “May Meetings”), the Fund’s Board of Trustees (the “Board”), including a majority of those Trustees who are not “interested persons” of the Fund, as defined in the Investment Company Act of 1940 (the “Independent Trustees”), reviewed and unanimously approved the continuation of the investment advisory contract between the Fund and Federated 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 Trustees, the Fund’s Chief Compliance Officer (the “CCO”) furnished to the Board in advance of its May Meetings an independent written evaluation presenting on the topics discussed below. The Board considered the CCO’s independent written evaluation (the “CCO Fee Evaluation Report”), along with other information, in evaluating the reasonableness of the Fund’s management fee and in determining to approve the continuation of the 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 Trustees. At the request of the Independent Trustees, the CCO Fee Evaluation Report followed the same general approach and covered the same topics as that of the report that had previously been delivered by the CCO in his capacity as “Senior Officer” prior to the elimination of the Senior Officer position in December 2017.

In addition to the extensive materials that comprise and accompany the CCO Fee Evaluation Report, 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 Trustees encompassing a wide variety of topics. The Board also considered such additional matters as the Independent Trustees 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 Trustees were assisted throughout the evaluation process by independent legal counsel. In connection with their deliberations at the May Meetings, the Independent Trustees met separately in executive session with their independent legal counsel and without management present to review the relevant materials and consider their responsibilities under applicable laws. In addition, senior management representatives of Federated Hermes also met with the Independent Trustees and their independent legal counsel to discuss the materials and presentations furnished to the Board at the May Meetings. The Board considered the approval of the 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.

The Fund's performance fell below the median of the relevant Performance Peer Group for the one-year, three-year and five-year periods ended December 31, 2019. 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 below the median of the Expense Peer Group and the Board was satisfied that the overall expense structure of the Fund remained competitive.

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 Securities Income Trust (the “Trust”) has adopted and implemented a liquidity risk management program (the “Program”) for Federated Hermes Pennsylvania Municipal Income Fund (the “Fund” and, collectively with the Federated Hermes funds, the “Federated Hermes Funds”). The Program seeks to assess and manage the Fund’s liquidity risk. “Liquidity risk” is defined under the Liquidity Rule as the risk that the Fund is unable to meet redemption requests without significantly diluting remaining investors’ interests in the Fund. The Board of Trustees of the Trust (the “Board”) has approved the designation of 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 lines of credit. There were no material changes to the Program during the Period. The Report summarized the operation of the Program and the information and factors considered by the Administrator in assessing whether the Program has been adequately and effectively implemented with respect to the Federated Hermes Funds. Such information and factors included, among other things:

- confirmation that 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).

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*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 Trust's Prospectus, which contains facts concerning its objective and policies, management fees, expenses and other information.

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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.



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