

# Federated Hermes Premier Municipal Income Fund (FMN)

NYSE ticker — FMN

6/30/24

## Product highlights

- Pursues current income exempt from federal income tax, including the alternative minimum tax (AMT).
- Invests in long-term, tax-exempt municipal bonds diversified among states, sectors and issuers.
- Managed to pursue attractive yields through changing market cycles.

## Benchmark

S&P Municipal Bond Index

## Key investment team

R.J. Gallo, CFA

Lee Cunningham II

## Portfolio profile

Weighted average effective maturity	10.9 years
Weighted average stated maturity	21.2 years
Weighted average effective duration	8.6 years
Weighted average modified duration	7.3 years
Weighted average coupon	4.90%
Weighted average bond price	\$101.33
AMT	0.0%
Number of securities	199
UNII per share (3 mo. avg)	\$0.0271

## Pricing

Market price	\$ 11.43
NAV	\$ 12.57

## 30-day distribution rate (%)

Distribution rate at market price	3.72
Taxable equivalent distribution rate at market price	5.90

## Dividends

Paid monthly

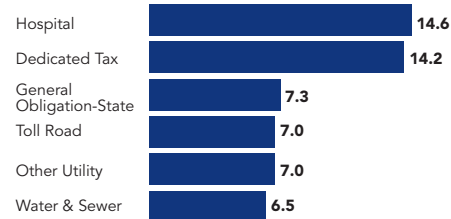
Record date: 23rd or the preceding business day of the month

6/24	\$ 0.03800
5/24	\$ 0.03500
4/24	\$ 0.03500

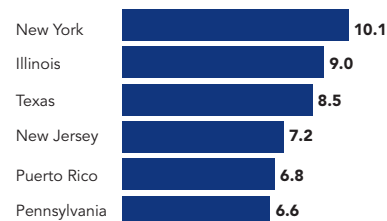
## Top holdings (%)

Puerto Rico Sales Tax Financing Corp., Restructured Sales Tax Bonds (Series 2019A), 5.000%, 7/1/2058	2.6
Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Refunding Bonds (Series 2018A), 5.250%, 6/1/2046	1.5
New Jersey State Transportation Trust Fund Authority, (New Jersey State), Transportation Program Bonds (Series 2023BB), 5.000%, 6/15/2046	1.4
Puerto Rico Sales Tax Financing Corp., Restructured Sales Tax Bonds (Series 2019A-1), 4.750%, 7/1/2053	1.4
Tobacco Settlement Financing Corp., RI, Tobacco Settlement Asset-Backed Bonds (Series 2015B), 5.000%, 6/1/2050	1.3
Indianapolis, IN Local Public Improvement Bond Bank, (Indiana Convention Center Hotel), Senior Revenue Bonds (Series 2023E), 5.750%, 3/1/2043	1.2
Lower Alabama Gas District, Gas Project Revenue Bonds (Series 2016A), 5.000%, 9/1/2046	1.2
Public Authority for Colorado Energy, Natural Gas Purchase Revenue Bonds (Series 2008), 6.250%, 11/15/2028	1.1
Tobacco Settlement Financing Corp., NJ, Tobacco Settlement Asset-Backed Senior Refunding Bonds (Series 2018A), 5.000%, 6/1/2035	1.1
Michigan State Finance Authority, (McLaren Health Care Corp.), Revenue Bonds (Series 2019A), 4.000%, 2/15/2044	1.0

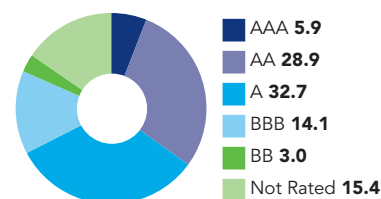
## Sector weightings (%) — municipal



## State weightings (%)



## Quality breakdown (%) \*



## Average annual total returns (%)

	Performance inception	Cumulative 3-month	1-year	3-year	5-year	10-year	Since inception
<b>NAV</b>	12/20/02	0.63	5.03	-3.85	0.18	2.84	5.18
<b>Market price</b>	12/20/02	4.25	11.85	-5.97	0.64	2.05	4.66
<b>Benchmark</b>		0.26	3.60	-0.61	1.29	2.47	-

## Calendar year total returns (%)

	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	NAV
<b>NAV</b>	0.75	8.32	-19.03	4.21	6.22	10.84	-0.27	8.35	0.66	5.04	
<b>Benchmark</b>	0.17	6.03	-8.05	1.77	4.95	7.26	1.36	4.95	0.77	3.32	

Performance quoted represents past performance, which is no guarantee of future results. Total Return at Market Price since inception includes a 4.5% commission paid at the fund's initial public offering. Fund performance changes over time and current performance may be lower or higher than what is stated. Current performance information is updated monthly at [FederatedHermes.com/us](http://FederatedHermes.com/us) and is also available by calling 1-800-341-7400. Investment return, price, yields, and NAV will fluctuate.

The fund is subject to fees and expenses, including management fees and other expenses, such as legal and accounting fees. Total returns reflect these fees.

The fund is a closed-end fund. Unlike open-end funds, closed-end funds are not continually offered. There is a one-time public offering and once issued, shares of closed-end funds are bought and sold in the open market. Consequently, shares of closed-end funds may trade at, above or below their net asset values ("NAV").

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## A word about risk

In addition to the risks already noted in this fact sheet, other risks include the following.

**Risks related to market price, discount and net asset value of shares:** Shares of closed-end investment management companies frequently trade at a discount from their net asset value (NAV).

**Interest rate risk:** Prices of tax-exempt securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of tax-exempt securities fall. However, market factors, such as demand for particular tax-exempt securities, may cause the price of certain fixed-income securities to fall while the prices of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of tax-exempt securities with longer maturities. The fund may use certain strategies for the purpose of reducing the interest rate sensitivity of the portfolio and decreasing the fund's exposure to interest rate risk, although there is no assurance that it will do so or those strategies will be successful. The fund's use of leverage tends to increase the interest rate risk of the common shares.

**Credit risk:** Credit risk is the possibility that an issuer of a tax-exempt security will default on a security by failing to pay interest or principal when due. If an issuer defaults, the fund will lose money.

**Leverage risk:** The use of leverage through the issuance of preferred shares creates an opportunity for increased income that may be distributed as common share dividends, but also creates special risks for common shareholders. Two major types of risk created by leverage include: the likelihood of greater volatility of NAV and market price of common shares, because changes in the value of the fund's tax-exempt security portfolio (including the securities bought with the proceeds of the preferred share offerings) are borne entirely by common shareholders; and the possibility either that common share income will fall if the preferred share dividend rate rises, or that common share income will fluctuate because the preferred share dividend rate varies. It is anticipated that dividends on preferred shares will be based on shorter-term tax-exempt security yields (which will be redetermined periodically and that the fund will invest the proceeds of the preferred shares offering in longer-term, typically fixed-rate, tax-exempt securities. So long as the fund's tax-exempt security portfolio provides higher yields, net of fund expenses, than the preferred share dividend rate, as reset periodically, the leverage may cause common shareholders to receive higher dividends than if the fund were not leveraged. If, however, short-term rates rise, the preferred share dividend rates could exceed the yield on longer-term tax-exempt securities held by the fund that were acquired during periods of generally lower interest rates, reducing dividends to common shareholders. In addition, in the event interest rates rise, the value of the fund's holdings in longer-term tax-exempt securities likely will fall, resulting in a decline in the NAV of common shares. Preferred shares pay cumulative dividends, which may tend to increase leverage risk.

## Risks associated with non-investment-grade

**securities:** High-yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment-grade securities. Securities rated below investment grade, also known as junk bonds, generally entail greater interest rate and credit risks than investment-grade securities. For example, their prices are more volatile, economic downturns and financial setbacks may affect their prices more negatively, and their trading market may be more limited.

**Tax-exempt market risk:** The amount of public information available about tax-exempt securities is generally less than that for corporate equities and bonds. Consequently, the advisor may make investment decisions based on information that is incomplete or inaccurate. The secondary market for tax-exempt securities also tends to be less well-developed or liquid than many other securities markets, which may adversely affect the fund's ability to sell its tax-exempt securities at attractive prices. Special factors, such as legislative changes and local and business development, may adversely affect the yield or value of the fund's investment in tax-exempt securities.

**Inverse floater and derivatives risk:** Inverse floaters are subject to a number of other risks including interest rate, credit and liquidity risks, in addition, investment by the fund in inverse floaters may increase the fund's leverage and, during periods of rising interest rates, may adversely affect the fund's income, distributions and total returns to common shareholders.

**Reinvestment risk:** Income from the fund's tax-exempt security portfolio will decline if and when the fund invests the proceeds from matured, traded or called tax-exempt securities at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the market price or overall return of the common shares.

**Liquidity risk:** The fund may invest in securities that are illiquid at the time of investment, which means a security cannot be sold within seven days at a price which approximates fair value. Illiquid securities may trade at a discount from comparable, more liquid investments and may be subject to wide fluctuations in market value. Also, the fund may not be able to dispose of illiquid securities when that would be beneficial at a favorable time or price.

**Tax risk:** In order to be tax-exempt, municipal securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed by the fund to common shareholders to be taxable. Tax-exempt dividends may be subject to state or local taxes. The federal income tax treatment of payments in respect of certain derivative contracts is unclear. Additionally, the fund may not be able to close out certain derivative contracts when it wants to. Consequently, the fund may receive payments that are treated as ordinary income for federal income tax purposes.

**Sector risk:** The fund may invest 25% or more of managed assets in tax-exempt securities of issuers in the same economic sector, such as hospitals or life care facilities and transportation-related issuers. In addition, a substantial part of the fund's portfolio may be comprised of securities credit enhanced by banks, insurance companies or companies with similar characteristics. As a result, the fund will be more susceptible to any economic business, political or other developments that generally affect these sectors and entities.

**Anti-takeover provisions:** The fund's Agreement and Declaration of Trust includes provisions that could limit the ability of other entities or persons to acquire control of the fund or convert the fund to open-end status. These provisions could deprive common shareholders of opportunities to sell their common shares at a premium over the then current market price of common shares or at NAV.

**Inflation risk:** Inflation risk is the risk that the value of assets or income from the fund's investments will be worth less in the future as inflation decreases the present value of payments at future dates.

# Federated Hermes Premier Municipal Income Fund (FMN)

## Definitions

**Weighted average effective maturity** is the average time to maturity of debt securities held in the fund.

**Weighted average stated maturity:** For fluctuating net asset value funds, the stated term or maturity of each portfolio security, multiplied by each such security's market value, divided by the total market value of the fund. The stated term or maturity of a portfolio security is the period remaining until such security's stated maturity date, determined without taking into account the ability of a security to be called at the option of the issuer and by taking into account the ability to put the security at the option of the holder.

**Weighted average effective duration** (sometimes called "Option-Adjusted Duration") is a measure of a security's price sensitivity to changes in interest rates calculated using a model that recognizes that the probability of a bond being called or remaining outstanding until maturity may vary if market interest rates change, and that makes adjustments based on a bond's embedded options (e.g., call rights, or in the case of a mortgage-backed security, the probability that homeowners will prepay their mortgages), if any, based on the probability that the options will be exercised. A fund's weighted average effective duration will equal the market value weighted average of each bond's effective duration in the fund's portfolio. As with any model, several assumptions are made so the weighted average effective duration of a fund in the Federated Hermes family of funds may not be comparable to other funds outside of the Federated Hermes family of funds. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**Undistributed Net Investment Income ("UNII")** figure represents the trailing 3 month average of the fund's month-end undistributed net investment income per share determined according to Generally Accepted Accounting Principles.

**Weighted average modified duration** (sometimes called "Weighted Average Duration" or "Duration to Worst") is a measure of a security's price sensitivity to changes in interest rates calculated by assuming that a callable bond will be redeemed on the appropriate call date if the bond is priced to a call date or at maturity if priced to maturity. A fund's weighted average duration will equal the market value weighted average of each bond's weighted average duration in the fund's portfolio. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations.

**Weighted average coupon** is calculated by weighting each bond's coupon by its relative size in the portfolio. This figure indicates whether the portfolio has more high- or low-coupon bonds.

**Weighted average bond price** is calculated by weighting the price of each bond by its relative size in the portfolio. This number reveals if the manager favors bonds selling at prices above or below face value (i.e., at a discount or premium). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

**Taxable equivalent distribution rate at market price:** In calculating these rates, the distribution rate at market price is divided by 1 minus the applicable tax rate. The maximum federal tax rate (37%) is used when calculating the taxable equivalent market rates.

**30-day distribution rate** is calculated by taking the average of the past 30 days daily yields.

**S&P Municipal Bond Index** is a broad, comprehensive, market value-weighted index that are exempt from U.S. federal income taxes or subject to the alternative minimum tax (AMT). Eligibility criteria for inclusion include, but are not limited to: the bond issuer must be a state or local government or a 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. It is rebalanced monthly.

Indexes are unmanaged and cannot be invested in directly.

## Important disclosure

The fund offers Common Shares and Preferred Shares. The Daily NAV, Yield, Dividends, Fund History and Annual Return information provided herein relate to Common Shares only. Unlike Preferred Shares, Common Shares are not rated.

The fund's issuance of Preferred Shares creates leverage risks for holders of Common Shares. Two major types of risks created by leverage include: (1) the likelihood of greater volatility of NAV and market price of Common Shares, because changes in the value of the fund's portfolio securities are borne entirely by holders of Common Shares; and (2) the possibility either that income available for Common Share dividends will fall if the Preferred Shares dividend rate rises, or that income available for Common Shares dividends will fluctuate because the Preferred Shares dividend rate varies.

The holdings percentages are based on net assets at the close of business on 6/30/24 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change. Income may be subject to state and local taxes.

Total return represents the value of an investment after reinvesting all income and capital gains.

Portfolio composition is subject to change.

The fund's Common Shares are only available for purchase and sale on the New York Stock Exchange at the current market price. Common shares may trade at a discount to NAV.

The distribution rates and dividends quoted in this document are derived from income only.

Consult your investment professional for further information.

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

## Federated Hermes Premier Municipal Income Fund (FMN)

Closed-end

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