

# Federated Hermes Muni and Stock Advantage Fund



Nasdaq symbol — IS: FMUIX | A: FMUAX | C: FMUCX | F: FMUFX

Uniquely diversified to help investors keep more of every dollar they earn

## Multi-Asset Investment Pillars

Consistent | Disciplined | Repeatable

### Equity

- Fundamental bottom-up research drives equity process
- Integrates capabilities of the Balanced Income/Value Team to select investments with the potential to deliver competitive tax-advantaged income & total return
- Capital is allocated to the highest conviction ideas on a risk-adjusted basis

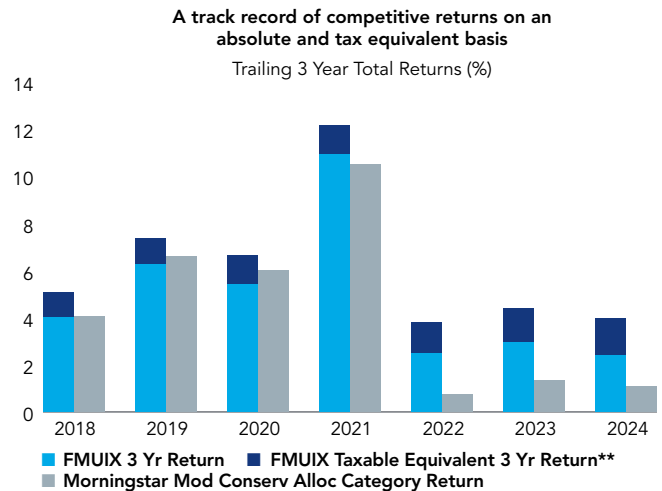
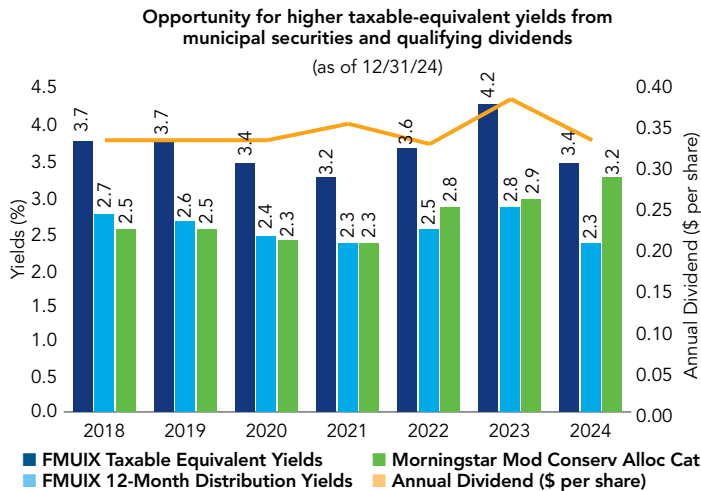
### Asset Allocation

- Leverages macro & asset allocation experience across Federated Hermes
- Collaborates with Macro Team in determining allocation decisions
- Constructs a diversified portfolio, with at least 50% in municipal securities, to pursue high monthly tax-advantaged income & capital appreciation with disciplined risk controls

### Fixed Income

- The municipal bond investment process is integrated with Federated Hermes' proprietary "Alpha Pod" process in determining strategic & tactical allocations
- Process establishes target allocations for duration, sector, and credit quality based on fundamental outlook
- Security selection is based on valuation, credit factors and structural characteristics, to include coupon, convexity, and call structure

## Pursues a high level of monthly tax-advantaged income...



Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, visit [FederatedHermes.com/us](https://www.federatedhermes.com/us).

\*\*The unaudited tax equivalent total return of the fund is shown for illustrative purposes only. The total return is calculated by tax adjusting the municipal bond yield by 37% tax rate plus 3.8% net investment income tax for each period. All dividends are reinvested and the calculation assumes no AMT per the fund prospectus. All income received by Municipal bonds are tax free in line with fund objectives. Diversification does not assure a profit nor protect against loss. Performance is for the IS Shares. Other classes of shares are available whose performance will differ due to different charges and expenses.

The tax-equivalent yields for the fund assumes a 40.8% tax rate (from 2018 to 2024) for the municipal portion of the tax-equivalent yield. The tax equivalent yield shows the level of a fully taxable yield that would be equivalent for the investor in the top tax bracket; the equity portion was not tax adjusted. Tax equivalent yield is based on the 12-month distribution yield.

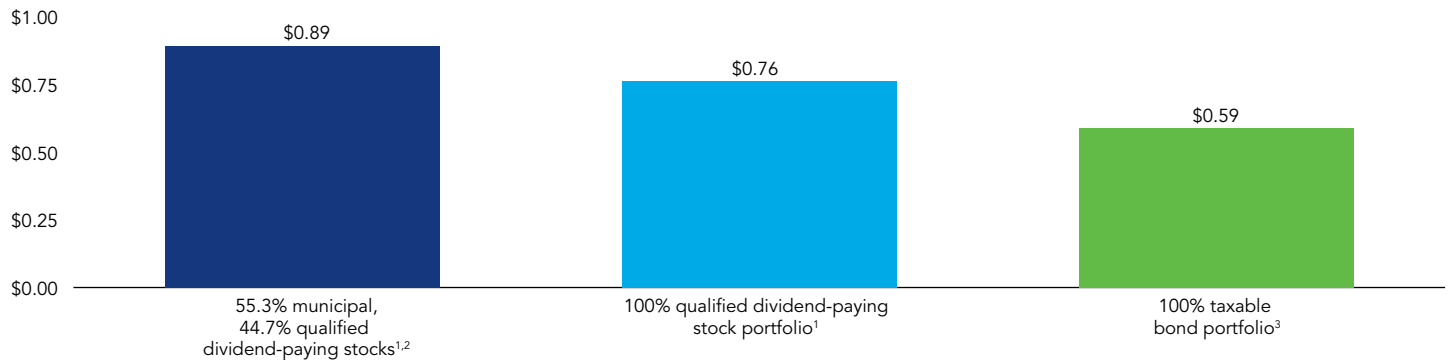
The 12-month distribution yield is calculated by adding the trailing 12-month's income distributions from a fund and dividing by the last month's ending NAV (plus any capital gains distributed). This provides a historical view of actual dividends that were paid, but may not accurately represent the future.

Performance is for the IS Shares. Performance for other classes will vary due to differences in expenses.

Not FDIC Insured • May Lose Value • No Bank Guarantee

## ...So investors can keep more of every dollar earned

Amount of ordinary dividend income retained after federal income tax (cents per dollar)



Investors kept more of their dollar investment when compared to either a taxable bond or a dividend-paying stock portfolio.

<sup>1</sup> Qualified dividend income taxed at 23.8% (includes the 3.8% tax on net investment income) is assumed for the purposes of the illustration. The federal tax rate on qualified dividend income for non-corporate taxpayers with taxable income in excess of prescribed thresholds is 20%.

<sup>2</sup> Represents the fund's current portfolio allocation. Municipal is allocated by US Fixed Income (Municipal) and Cash/Cash Equivalents (Municipal).

<sup>3</sup> Taxable bond portfolio assumes a 37% tax rate plus the 3.8% tax on net investment income.

Muni bond income is not subject to the federal income tax or the federal individual alternative minimum tax.

Diversification does not assure a profit nor protect against loss.

Tax information presented is generic in nature and should not be considered advice. Consult your personal tax advisor regarding your situation.

## Average annual total returns % (as of 12/31/24)

	Performance inception	Cumulative 3-month	1-year	5-year	10-year	Since inception	30-day distribution yield	30-day yield	Expense ratio*	
									Before waivers	After waivers
<b>IS</b>	9/26/03	-0.37	8.89	5.24	5.07	5.52	2.28	2.26	0.83	0.74
<b>A (NAV)</b>	9/26/03	-0.37	8.69	4.99	4.81	5.53	2.04	2.01	1.08	0.99
<b>A (MOP)</b>	9/26/03	-5.86	2.69	3.81	4.22	5.25	1.93	1.90	1.08	0.99
<b>40% Russell 1000® Value Index/ 60% S&amp;P Municipal Bond Index</b>		-1.30	6.90	4.47	5.04	-	-	-	-	-

Performance shown is before tax.

## After-tax average annual total returns % (as of 12/31/24)

	Return after taxes on distributions					Return after taxes on distributions and sale of fund shares				
	Cumulative 3-month	1-year	5-year	10-year	Since inception	Cumulative 3-month	1-year	5-year	10-year	Since inception
<b>IS</b>	-0.71	7.88	4.73	4.53	5.09	-0.22	5.25	4.25	4.18	4.81
<b>A (NAV)</b>	-0.68	7.79	4.53	4.30	5.12	-0.22	5.13	4.04	3.95	4.81
<b>A (MOP)</b>	-6.15	1.84	3.35	3.71	4.84	-3.47	1.58	3.10	3.46	4.56

Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after-tax returns, contact us or visit [FederatedHermes.com/us](https://FederatedHermes.com/us). Maximum offering price (MOP) figures reflect the maximum sales charges of 4.5% for A Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

\*The fund's expense ratio is from the most recent prospectus. The expense ratio may reflect voluntary fee waivers and/or expense reimbursements determined by the fund's Advisor and its affiliates. The voluntary waivers and/or reimbursements, if applicable, are in effect up to but not including the later of 2/1/26 or the date of the fund's next effective prospectus.

Total return represents the change in value after reinvesting all income and capital gains. Total return would have been lower in the absence of certain fund expense waivers or reimbursements. In addition, as of 12/31/24 the 30-day unsubsidized yield for A Shares would have been 1.92% at NAV, 1.81% at maximum offering price and 2.17% for Institutional Shares.

## Federated Hermes Muni and Stock Advantage Fund combines non-AMT municipal bonds with qualified dividend-paying stocks to pursue monthly tax-advantaged income.

### A strategic combination pursuing current income with lower volatility

- Diversified across asset classes and sectors, the fund's active allocation process seeks the optimal yield and total return opportunities between munis and equities over time
- Two distinct asset classes, typically with low correlations, combine to create a portfolio that seeks to be less volatile than an all-stock portfolio

### Muni bonds help maximize after-tax income

- The fund has a greater than 50% allocation to the tax-exempt muni securities
- Bonds are specifically selected to avoid the alternative minimum tax (AMT)
- Tax-exempt bond interest is not subject to the 3.8% Health Care and Education Reconciliation Act tax

### Dividend-paying stocks offer portfolio growth potential and favorable tax treatment

- The fund's dividend-paying stocks boost potential total return and income over time
- Dividend-paying stocks offer the opportunity for capital appreciation and to potentially offset the negative impact of inflation
- Income from dividend-paying stocks qualifies for varying degrees of favorable tax treatment based on income level

**Alpha** measures the excess returns of a fund relative to the return of a benchmark index.

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

**Russell 1000<sup>®</sup> Value Index** measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000<sup>®</sup> Index companies with lower price-to-book ratios and lower expected growth values. The R1000V is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Russell 1000<sup>®</sup> Value Index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

**S&P Municipal Bond Index** is a broad, market value-weighted index that seeks to measure the performance of the US municipal bond market. The index includes bonds of all quality—from "AAA" to non-rated, including defaulted bonds—from all sectors of the municipal bond market. Indexes are unmanaged and cannot be invested in directly.

**Bloomberg US Aggregate Bond Index (Bbg US Agg Bond)** is an unmanaged index composed of securities from the Bloomberg Government/Corporate Bond Index, the Mortgage-Backed Securities Index and the Asset-Backed Securities Index. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indices are rebalanced monthly by market capitalization.

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

**Moderately Conservative Allocation Category:** Morningstar<sup>®</sup> Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2025 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Indexes are unmanaged and cannot be invested in directly.

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

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

The performance of the A Shares has been adjusted to reflect the absence of sales charges and adjusted to remove any voluntary waiver of fund expenses related to the A Shares during the period prior to the commencement of operations of the Institutional Shares.

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

### A Word About Risk

Mutual funds are subject to risks and fluctuate in value.

The value of equity securities in the fund's portfolio will fluctuate and, as a result, the fund's share price may decline. Equity securities may decline in value because of an increase in interest rates or changes in the stock market.

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

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

International investing involves special risks including currency risk, increased volatility, political risks, and differences in auditing and other financial standards.

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

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

The tax law set specific dollar thresholds for each filing status above which the 20% qualified dividend income rate applies. Consult your personal tax advisor regarding your situation.

This fund offers other classes of shares whose performance will differ due to different charges and expenses.

**This must be preceded or accompanied by a [prospectus](#).**