



INVEST Community Pool Quarterly Newsletter January 2026



Stacy Garrity
Pennsylvania Treasurer

As we continue the move into a lowering and gradually easing interest-rate environment, yields on cash management products—such as Local Government Investment Pools (LGIPs)—often experience a lagging effect. This typically allows them to offer a yield advantage compared with bank deposit accounts and certain direct-market securities. Many LGIP holdings have locked in higher rates, and a number of these securities will not mature until later dates. In contrast, some direct-market securities, particularly overnight instruments and those with floating rates, adjust almost immediately to Federal Reserve changes.

In a Fed rate-cut environment, we believe the INVEST PA LGIP will continue to provide participants with a more attractive yield than they may be able to obtain independently.

We appreciate your trust and partnership as we remain committed to delivering the highest standard of financial stewardship in a continually evolving market.

Fund Overview

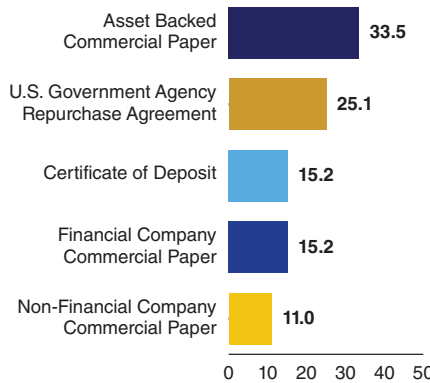
The INVEST Community Pool, managed by Federated Hermes, Inc. and administered by the Pennsylvania Treasury Department, provides a relatively safe and liquid investment option for non-profit and charitable organizations in Pennsylvania. The Fund adheres to strict investment guidelines and laws, offering flexibility with no minimum investment periods, account balances, or redemption notifications. It holds the highest stable principal fund rating (AAAm) from S&P Global Ratings, helping to ensure strong principal value maintenance and minimal risk exposure.

Portfolio Composition

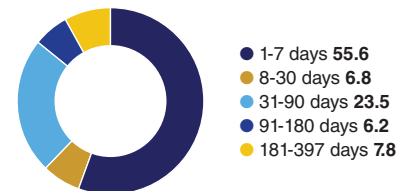
To maintain liquidity and a stable NAV of \$1.00 per share, the INVEST Community Pool invests in short-term, high-quality, fixed-income securities. The primary investment objectives, in order of priority, are:

- **Safety:** Aiming to preserve principal through prudent investment practices.
- **Liquidity:** Seeking to maintain sufficient liquidity to meet daily withdrawal needs.
- **Return on Investment:** Striving to achieve competitive returns while considering investment opportunities.

Asset Allocation* (%)

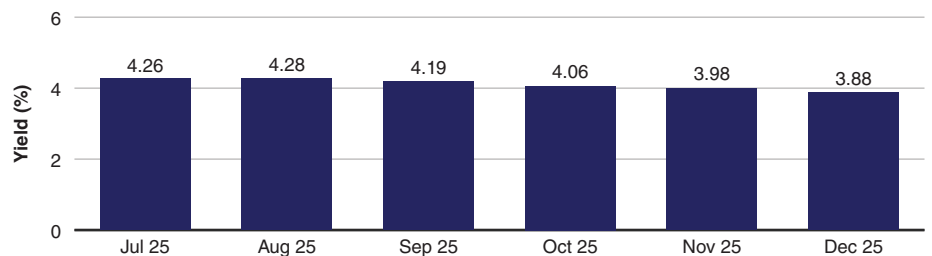


Maturity Distribution* (%)



Current Invested Balance*	\$95,332,140
Weighted Average Maturity*	45 days

Average Monthly Yields* (%)



*As of 12/31/25.

Performance data quoted represents past performance which is no guarantee of future results. Investment return will vary. The value of an investment, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than what is stated.

Commentary

After a year of criticism from the executive branch, the Federal Reserve (the Fed) faced complications from the legislative one in the fourth quarter in the form of a government shutdown. While it prevented the collection of data starting on October 1, the temporary closure did not play a meaningful role in the Federal Open Market Committee (FOMC) meeting in that month. Policymakers had data in hand, as most was compiled in September. But the Trump administration's pressure persisted, with former White House economist Stephen Miran, now a Fed governor, voting for a half-point lowering of the federal funds target range. Kansas Fed president Jeffrey Schmid provided a counterweight with a preference for no change. The center held, with the majority voting for a quarter-point rate cut, taking the range to 3.75-4%.

The lack of government-issued data became a problem for the Fed ahead of the December FOMC meeting. Although Chair Powell said that the Fed collected its own information and monitored private data sources, some policymakers urged caution until government reports had caught up. The result was the most contested meeting in a long time, with three dissents: Miran again preferred a 50 basis-point reduction while Chicago Fed President Austan Goolsbee joined Schmid with a desire for no move. The majority again prevailed, voting to lower the range to 3.50-3.75%. The new Summary of Economic Projections' (SEP) "dot plot" reflected the disagreement with a wide dispersion. Chair Powell characterized the quarter-point cut as "plausibly neutral." The meeting's statement suggested officials have taken another wait-and-see approach to policy.

Nearly as critical to the money markets was the Fed's decision to end quantitative tightening (QT). In October, the Fed said it would conclude it on Dec. 1. But that decision might have come too late, as the cumulative reduction of the Fed's balance sheet caused some investors to be concerned about potential funding pressures in the repo market. In December, the New York Fed announced plans to buy \$40 billion of Treasury bills per month, starting Dec. 12. Chair Powell characterized this as stabilizing reserve supply and offsetting a projected decline in reserves related to tax payments in April.

At quarter-end, yields on 1-, 3-, 6- and 12-month US Treasuries were 3.59%, 3.64%, 3.61% and 3.48%, respectively.

Disclosure

Weighted Average Maturity (WAM) is the mean average of the periods of time remaining until the securities held in the fund's portfolio (a) are scheduled to be repaid, (b) would be repaid upon a demand by the fund or (c) are scheduled to have their interest rate readjusted to reflect current market rates. For government variable rate securities, if the interest rate is readjusted no less frequently than every 397 calendar days, the security shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate. For non-government variable rate securities, if the security has a scheduled maturity of 397 days or less the security is treated as maturing on the earlier of the date the security is scheduled to be repaid through demand or the period remaining until the next readjustment of the interest rate. If the variable rate security has a scheduled maturity that is more than 397 days it is the later of those two dates. The mean is weighted based on the percentage of the market value of the portfolio invested in each period

An investment in the INVEST Community Pool is not a deposit of a bank and is neither insured nor guaranteed by the Commonwealth of Pennsylvania or the US government, the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although the INVEST Community Pool seeks to preserve the value of your investment at \$1.00 per unit, it is possible to lose money by investing in the Pool. The Pool's yield will vary from day to day based on changes in interest rates and market changes.

The securities in which the Pool invests will be rated in one of the two highest short-term rating categories by one or more Nationally Recognized Statistical Rating Organization or deemed by the Adviser to be of comparable quality to securities having such ratings. Credit ratings do not provide assurance against default or other loss of money.

An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.

Portfolio composition is subject to change.

For more complete information, visit myinvestpaaccount.com. You should consider the investment's objectives, risks, charges and expenses carefully before you invest. Information about these and other important subjects is in the Investment Circular, which you should read carefully before investing.