

# Audited Financial Statements

Year Ended December 31, 2023



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Y Pricing

R6 Pricing

Institutional Pricing

Institutional Service Pricing

Service Pricing

R Pricing

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## Federated Hermes Capital Preservation Fund

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

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# Report of Independent Auditors

## TO THE BOARD OF DIRECTORS OF FEDERATED INVESTORS TRUST COMPANY:

### Opinion

We have audited the financial statements of Federated Hermes Capital Preservation Fund (the “Fund”), which comprise the statement of assets and liabilities, including the portfolio of investments as of December 31, 2023, and the related statements of operations, changes in net assets, cash flows and the financial highlights, for the year then ended, and the related notes (collectively referred to as the “Financial Statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund at December 31, 2023, and the results of its operations, changes in its net assets, its cash flows and its financial highlights, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

### In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of investments purchased and schedule of investments sold, matured or redeemed for the year ended December 31, 2023 are presented for purposes of additional analysis and are not a required part of the U.S. generally accepted accounting principles financial statements, but are supplementary information required by the Pennsylvania Department of Banking and Securities. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Ernst + Young LLP*

Boston, Massachusetts  
April 4, 2024

# Portfolio of Investments

December 31, 2023

Name	Issuer/Wrap Provider Credit Rating Moody's/S&P	Units or Principal Amount	Investment		Wrap Contracts at Fair Value	Adjustment from Fair Value to Contract Value	Contract Value <sup>(a)</sup>
			Cost	Investments at Fair Value			
<b>COLLECTIVE INVESTMENT FUND—</b>							
4.1% <sup>(b),(c),(d)</sup>							
Federated Hermes Prime Cash Collective Investment Fund, R6 Class, 5.44%	AAA	117,166,272	\$ 117,166,272	\$ 117,166,272	\$ 0	\$ 0	\$ 117,166,272
<b>TRADITIONAL GUARANTEED INVESTMENT CONTRACTS—4.0%<sup>(d)</sup></b>							
<b>Principal Life Insurance Company:</b>							
4.41%, due 5/16/2027	A1/A+	\$ 15,000,000	15,000,000	16,208,250	0	(236,329)	15,971,921
4.41%, due 6/14/2027	A1/A+	15,000,000	15,000,000	16,210,202	0	(238,281)	15,971,921
4.41%, due 7/14/2027	A1/A+	15,000,000	15,000,000	16,212,045	0	(240,124)	15,971,921
4.41%, due 8/15/2027	A1/A+	15,000,000	15,000,000	16,213,814	0	(241,893)	15,971,921
4.41%, due 9/14/2027	A1/A+	15,000,000	15,000,000	16,215,289	0	(243,367)	15,971,922
5.75%, due 9/29/2026	A1/A+	15,000,000	15,000,000	16,820,556	0	(728,014)	16,092,542
6.00%, due 10/21/2027	A1/A+	15,000,000	15,000,000	17,299,391	0	(1,215,580)	16,083,811
TOTAL TRADITIONAL GUARANTEED INVESTMENT CONTRACTS			105,000,000	115,179,547	0	(3,143,588)	112,035,959
<b>SYNTHETIC GUARANTEED INVESTMENT CONTRACTS—92.2%<sup>(d),(e),(f)</sup></b>							
<b>INTERNALLY MANAGED—92.2%</b>							
Massachusetts Mutual Life Insurance Company, 2.82%	Aa3/AA+	428,910,004	428,910,004	409,784,091	687,879	19,452,282	429,924,252
Metropolitan Tower Life Insurance Company, 4.28%	Aa3/AA-	541,006,888	541,006,888	512,929,878	814,404	29,191,713	542,935,995
Nationwide Life Insurance Company, 3.02%	A1/A+	382,226,675	382,226,675	374,718,032	613,110	7,862,628	383,193,770
New York Life Insurance Company, 3.11%	Aaa/AA+	388,498,002	388,498,002	368,708,083	662,167	20,139,601	389,509,851
Prudential Insurance Company of America, 4.53%	Aa3/AA-	461,474,491	461,474,491	441,051,616	694,821	21,467,760	463,214,197
Royal Bank of Canada, 3.15%	Aa1/AA-	411,857,535	411,857,535	403,345,493	619,415	8,978,408	412,943,316
TOTAL SYNTHETIC GUARANTEED INVESTMENT CONTRACTS			2,613,973,595	2,510,537,193	4,091,796	107,092,392	2,621,721,381
TOTAL INVESTMENTS			\$2,836,139,867	\$2,742,883,012	\$4,091,796	\$103,948,804	\$2,850,923,612

(a) Contract value approximates cost plus accrued interest at December 31, 2023, for guaranteed investment contracts and net asset value for collective investment funds.

(b) 7-Day net yield at December 31, 2023.

(c) Affiliated holding.

(d) Percentages indicated are based on net assets at contract value of \$2,842,272,968.

(e) Floating rate security with current rate shown. Represents current crediting rate for synthetic contracts.

(f) Units/Principal amount and cost include reinvested interest.

Transactions with affiliated investment companies, which are mutual funds or collective investment funds managed by the Adviser or an affiliate of the Adviser during the year ended December 31, 2023, were as follows:

	Federated Hermes Prime Cash Collective Investment Fund, R6 Class	Federated Hermes Government Obligations Fund, Institutional Shares*	Total of Affiliated Transactions
Value as of 12/31/2022	\$ 137,412,879	\$ 19,803,047	\$ 157,215,926
Purchases at Cost	\$ 626,109,463	\$ 1,024,703,722	\$ 1,650,813,185
Proceeds from Sales	\$(646,356,070)	\$(1,002,202,391)	\$(1,648,558,461)
Change in Unrealized Appreciation/Depreciation	\$ —	\$ —	\$ —
Net Realized Gain/(Loss)	\$ —	\$ —	\$ —
Value as of 12/31/2023	\$ 117,166,272	\$ 42,304,378	\$ 159,470,650
Shares Held as of 12/31/2023	117,166,272	42,304,378	159,470,650
Dividend Income	\$ 5,348,136	N/A	\$ 5,348,136

\* Shares only held within underlying synthetic guaranteed investment contract(s).

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1—quoted prices in active markets for identical securities.

Level 2—other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.). Also includes securities valued at amortized cost.

Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used, as of December 31, 2023, in valuing the Fund's assets carried at fair value:

#### Valuation Inputs

	Level 1— Quoted Prices <sup>(a)</sup>	Level 2— Other Significant Observable Inputs <sup>(a)</sup>	Level 3— Significant Unobservable Inputs <sup>(a)</sup>	Total <sup>(a)</sup>
<b>Traditional Guaranteed Investment Contracts</b>	\$ —	\$ 112,035,959	\$—	\$ 112,035,959
<b>Synthetic Guaranteed Investment Contracts</b>	—	2,621,721,381	—	2,621,721,381
<b>Collective Investment Fund</b>	117,166,272	—	—	117,166,272
TOTAL SECURITIES	\$117,166,272	\$2,733,757,340	\$—	\$2,850,923,612
<b>Other Financial Instruments*</b>	\$ —	\$ 4,091,796	\$—	\$ 4,091,796

(a) Contract value approximates cost plus accrued interest at December 31, 2023, for guaranteed investment contracts and net asset value for collective investment funds.

\* Other Financial Instruments are wrap contracts.

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Y Pricing

Year Ended December 31,	2023
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>	
Net investment income <sup>1</sup>	0.34
<b>Less Distributions:</b>	
Distributions from net investment income	(0.34)
<b>Net Asset Value, End of Period</b>	<b>\$10.00</b>
<b>Total Return</b>	<b>3.50%</b>

### Ratios to Average Net Assets:

Net expenses <sup>2</sup>	0.19%
Net investment income	3.41%
Expense reimbursement <sup>3</sup>	0.01%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$326,753
Portfolio turnover <sup>4</sup>	18%

1 *Per share number has been calculated using the average shares method.*

2 *Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.*

3 *This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.*

4 *Securities that mature are considered sales for purposes of this calculation.*

See Notes which are an integral part of the Financial Statements

## Financial Highlights – R6 Pricing

Year Ended December 31,	2023
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>	
Net investment income <sup>1</sup>	0.34
<b>Less Distributions:</b>	
Distributions from net investment income	(0.34)
<b>Net Asset Value, End of Period</b>	<b>\$10.00</b>
<b>Total Return</b>	<b>3.45%</b>

### Ratios to Average Net Assets:

Net expenses <sup>2</sup>	0.24%
Net investment income	3.38%
Expense reimbursement <sup>3</sup>	0.01%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$1,140,361
Portfolio turnover <sup>4</sup>	18%

1 Per share number has been calculated using the average shares method.

2 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.

3 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

4 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements



## Financial Highlights – Institutional Pricing

Year Ended December 31,	2023
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>	
Net investment income <sup>1</sup>	0.33
<b>Less Distributions:</b>	
Distributions from net investment income	(0.33)
<b>Net Asset Value, End of Period</b>	<b>\$10.00</b>
<b>Total Return</b>	<b>3.40%</b>

### Ratios to Average Net Assets:

Net expenses <sup>2</sup>	0.29%
Net investment income	3.32%
Expense reimbursement <sup>3</sup>	0.01%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$565,190
Portfolio turnover <sup>4</sup>	18%

1 Per share number has been calculated using the average shares method.

2 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.

3 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

4 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Institutional Service Pricing

Year Ended December 31,	2023
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>	
Net investment income <sup>1</sup>	0.31
<b>Less Distributions:</b>	
Distributions from net investment income	(0.31)
<b>Net Asset Value, End of Period</b>	<b>\$10.00</b>
<b>Total Return</b>	<b>3.14%</b>

### Ratios to Average Net Assets:

Net expenses <sup>2</sup>	0.54%
Net investment income	3.07%
Expense reimbursement <sup>3</sup>	0.01%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$595,840
Portfolio turnover <sup>4</sup>	18%

1 *Per share number has been calculated using the average shares method.*

2 *Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.*

3 *This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.*

4 *Securities that mature are considered sales for purposes of this calculation.*

See Notes which are an integral part of the Financial Statements

## Financial Highlights – Service Pricing

Year Ended December 31,	2023
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>	
Net investment income <sup>1</sup>	0.28
<b>Less Distributions:</b>	
Distributions from net investment income	(0.28)
<b>Net Asset Value, End of Period</b>	<b>\$10.00</b>
<b>Total Return</b>	<b>2.88%</b>

### Ratios to Average Net Assets:

Net expenses <sup>2</sup>	0.79%
Net investment income	2.82%
Expense reimbursement <sup>3</sup>	0.01%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$128,955
Portfolio turnover <sup>4</sup>	18%

1 *Per share number has been calculated using the average shares method.*

2 *Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.*

3 *This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.*

4 *Securities that mature are considered sales for purposes of this calculation.*

See Notes which are an integral part of the Financial Statements

## Financial Highlights – R Pricing

Year Ended December 31,	2023
<b>Net Asset Value, Beginning of Period</b>	<b>\$10.00</b>
<b>Income From Investment Operations:</b>	
Net investment income <sup>1</sup>	0.26
<b>Less Distributions:</b>	
Distributions from net investment income	(0.26)
<b>Net Asset Value, End of Period</b>	<b>\$10.00</b>
<b>Total Return</b>	<b>2.63%</b>

### Ratios to Average Net Assets:

Net expenses <sup>2</sup>	1.04%
Net investment income	2.57%
Expense reimbursement <sup>3</sup>	0.01%

### Supplemental Data:

Net assets, end of period (000 omitted)	\$85,174
Portfolio turnover <sup>4</sup>	18%

1 Per share number has been calculated using the average shares method.

2 Amount does not reflect net expenses incurred by investment companies in which the Fund may invest.

3 This expense decrease is reflected in both the net expense and the net investment income ratios shown above. Amount does not reflect expense waiver/reimbursement recorded by investment companies in which the Fund may invest.

4 Securities that mature are considered sales for purposes of this calculation.

See Notes which are an integral part of the Financial Statements

# Statement of Assets and Liabilities

December 31, 2023

## Assets:

### Investments:

Affiliated collective investment fund, at fair value (cost \$117,166,272)*	\$ 117,166,272
Traditional guaranteed investment contracts, including accrued interest of \$7,035,959, at fair value (cost \$105,000,000)	115,179,547
Investments in synthetic guaranteed investment contracts, including accrued interest of \$7,747,786, at fair value (cost \$2,613,973,595)	2,510,537,193
<b>TOTAL INVESTMENTS, AT FAIR VALUE</b>	<b>2,742,883,012</b>

Income receivable	30,000
Wrap contracts, at fair value	4,091,796
Receivable for fund units sold	6,077,581
<b>TOTAL ASSETS</b>	<b>2,753,082,389</b>

### Liabilities:

Payable for fund units redeemed	13,884,724
Management fee payable (Notes 2 and 3)	873,501
<b>TOTAL LIABILITIES</b>	<b>14,758,225</b>

Net assets (at fair value)	2,738,324,164
Adjustment from fair value to contract value (Note 4)	103,948,804
Net assets (at contract value)	\$2,842,272,968

### Net Assets:

#### Y Pricing:

(equivalent to \$10.00 per unit based on 32,676,126 units outstanding), no par value, unlimited units authorized	\$326,753,220
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#### R6 Pricing:

(equivalent to \$10.00 per unit based on 114,035,136 units outstanding), no par value, unlimited units authorized	\$1,140,360,912
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#### Institutional Pricing:

(equivalent to \$10.00 per unit based on 56,523,107 units outstanding), no par value, unlimited units authorized	\$565,190,157
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#### Institutional Service Pricing:

(equivalent to \$10.00 per unit based on 59,575,538 units outstanding), no par value, unlimited units authorized	\$595,839,850
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#### Service Pricing:

(equivalent to \$10.00 per unit based on 12,895,365 units outstanding), no par value, unlimited units authorized	\$128,954,681
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#### R Pricing:

(equivalent to \$10.00 per unit based on 8,517,130 units outstanding), no par value, unlimited units authorized	\$85,174,148
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\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Operations

Year Ended December 31, 2023

## Investment Income:

Interest Income	\$105,895,287
Dividends received from affiliated holdings*	5,348,136
<b>TOTAL INCOME</b>	<b>111,243,423</b>

## Expenses

### Federated Investors Trust Company management fees (Note 2):

Y Pricing	\$ 744,938
R6 Pricing	3,013,412
Institutional Pricing	1,836,111
Institutional Service Pricing	3,512,258
Service Pricing	1,200,584
R Pricing	999,651
<b>TOTAL EXPENSES</b>	<b>11,306,954</b>

## Reimbursements

### Federated Investors Trust Company management fees (Note 3):

Y Pricing	\$ (19,799)
R6 Pricing	(64,747)
Institutional Pricing	(32,774)
Institutional Service Pricing	(34,230)
Service Pricing	(8,007)
R Pricing	(5,095)
<b>Net Expenses</b>	<b>\$ 11,142,302</b>
<b>Net Investment Income</b>	<b>\$100,101,121</b>

\* See information listed after the Fund's Portfolio of Investments.

See Notes which are an integral part of the Financial Statements

# Statement of Changes in Net Assets

Year Ended December 31, 2023

<b>From Investment Activities:</b>	
Net investment income	\$ 100,101,121
<b>Income Distributions to Participants:</b>	
From Y Pricing	(12,762,738)
From R6 Pricing	(40,875,306)
From Institutional Pricing	(20,428,215)
From Institutional Service Pricing	(19,709,220)
From Service Pricing	(4,252,036)
From R Pricing	(2,463,070)
Distributions in excess of net investment income	(389,464)
<b>From Unit Transactions:</b>	
<b>From Y Pricing:</b>	
Proceeds from sale of units (12,804,157 units)	128,041,647
Net asset value of units issued to shareholders in lieu of payment of distributions declared (1,255,029 units)	12,550,291
Cost of units redeemed (18,899,818 units)	(188,998,182)
<b>From R6 Pricing:</b>	
Proceeds from sale of units (38,212,287 units)	382,124,242
Net asset value of units issued to shareholders in lieu of payment of distributions declared (4,081,150 units)	40,811,503
Cost of units redeemed (56,739,028 units)	(567,391,460)
<b>From Institutional Pricing:</b>	
Proceeds from sale of units (16,509,719 units)	165,097,203
Net asset value of units issued to shareholders in lieu of payment of distributions declared (2,040,759 units)	20,407,588
Cost of units redeemed (27,437,470 units)	(274,374,703)
<b>From Institutional Service Pricing:</b>	
Proceeds from sale of units (14,655,215 units)	146,554,269
Net asset value of units issued to shareholders in lieu of payment of distributions declared (1,968,851 units)	19,688,513
Cost of units redeemed (27,897,783 units)	(278,979,851)
<b>From Service Pricing:</b>	
Proceeds from sale of units (4,585,310 units)	45,853,735
Net asset value of units issued to shareholders in lieu of payment of distributions declared (424,106 units)	4,241,055
Cost of units redeemed (8,632,355 units)	(86,324,153)
<b>From R Pricing:</b>	
Proceeds from sale of units (2,668,848 units)	26,688,506
Net asset value of units issued to shareholders in lieu of payment of distributions declared (245,729 units)	2,457,290
Cost of units redeemed (4,483,255 units)	(44,832,550)
Decrease in net assets	(446,774,521)
Net assets at beginning of year (at contract value)	3,289,047,489
Net assets at end of year (at contract value)	\$2,842,272,968

See Notes which are an integral part of the Financial Statements

# Statement of Cash Flows

Year Ended December 31, 2023

## Operating Activities:

Net investment income	\$ 100,101,121
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## Adjustments to Reconcile Net Investment Income to Net Cash Provided By Operating Activities:

Purchase of short-term investments	(626,109,463)
Proceeds from disposition of long-term guaranteed investment contracts	525,000,000
Proceeds from disposition of short-term investments	646,356,070
Reinvestment of interest income from guaranteed investment contracts	(99,533,878)
Increase in interest receivable	(6,360,584)
Decrease in management fee payable	(149,407)
NET CASH PROVIDED BY OPERATING ACTIVITIES	539,303,859

## Financing Activities:

Proceeds from sale of units	891,470,063
Income distributions to participants	(334,386)
Payments for units redeemed	(1,430,439,536)
NET CASH USED BY FINANCING ACTIVITIES	(539,303,859)

Cash at beginning of year	—
Cash at end of year	\$ —

*Non-cash financing activities not included herein consist of reinvestment of dividends and distributions to participants of \$100,156,240.*

See Notes which are an integral part of the Financial Statements



# Notes to Financial Statements

December 31, 2023

## 1. PROVISIONS OF THE FUND

Federated Hermes Capital Preservation Fund ("Fund") is a collective investment fund for which Federated Investors Trust Company ("Trustee"), a wholly owned subsidiary of Federated Hermes, Inc. ("Federated Hermes"), serves as trustee under a Declaration of Trust dated October 25, 2007, as amended and restated on August 30, 2011, August 23, 2016, June 26, 2020 and July 16, 2021 ("Trust Agreement"). The Trust Agreement is the governing instrument of the Fund. The Trustee is organized as a Pennsylvania state-chartered trust company. The Trustee and the Fund operate in conformity with the rules and regulations of the Pennsylvania Department of Banking and Securities as they apply to collective investment of fiduciary funds.

Investors in the Fund are limited to those defined contribution retirement plan trusts set forth in the Trust Agreement ("Participants"). The Fund is exempt from income taxes under sections 401 and 501 of the Internal Revenue Code. The Fund offers six pricing options: Y Pricing, R6 Pricing, Institutional Pricing, Institutional Service Pricing, Service Pricing and R Pricing. The investment objective of the Fund is stability of principal and high current income.

## 2. SUMMARY OF 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).

### Valuation of Investments

The Fund may hold guaranteed investment contracts (traditional GICs) and synthetic guaranteed investment contracts (synthetic GICs). Traditional GICs represent deposits which guarantee a stated interest rate for the term of the contracts. The fair value of traditional GICs is determined based on the present value of the contract's expected cash flows, discounted by current market interest rates. Synthetic GICs are portfolios of securities owned by the Fund. Each of the synthetic GICs has a wrap contract that provides a minimum guaranteed rate of return for the term of the respective contracts. The fair value of a synthetic GIC is determined based on the fair value of the securities underlying each synthetic GIC. The underlying securities can be comprised of, primarily, over-the-counter market securities and open-end mutual funds. Over-the-counter securities, such as fixed-income instruments with remaining maturities greater than 90 days and OTC derivative contracts are fair valued using price evaluations provided by a pricing service. In addition, the fair value of the wrap contract is calculated using the contract value of the GIC as of the balance sheet date, giving consideration to any contractually agreed-upon replacement fees charged by the wrap contract provider.

Investments in open-end, registered investment companies and collective investment funds are valued at the respective net asset values as reported.

### Cash and Cash Equivalents

Cash and cash equivalents may include cash, noninterest-bearing deposits and time deposits with a maturity of three months or less. Cash equivalents may also include other instruments as described in the Trust Agreement.

### Use of Estimates

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 from those estimated. The Fund applies investment company accounting and reporting guidance.

### Investment Transactions and Related Investment Income

Investment transactions are accounted for on the date the investments are purchased or sold ("trade date"). Interest income is accrued on a daily basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Distributions of net investment income are declared daily and paid monthly. The Fund offers multiple pricing options. Investment income of the Fund is allocated to each pricing option based on average daily net assets, without distinction between pricing options. Dividends are declared separately for each pricing option.

### Unit Issues, Redemptions and Distributions

Participants may purchase units of the Fund daily based on the established unit value of \$10.00. Participants may redeem units of the Fund for the purpose of funding a bona fide benefit payment, making a Participant loan, honoring an employee-directed transfer of the employee's interest in the plan to another investment election that is a noncompeting investment, or paying Trustee fees. Participants may make withdrawals from the Fund for other purposes generally only upon 12 months' advance written notice to the Trustee. All Participants of the Fund have a proportionate undivided interest in all assets of the Fund. Net investment income is distributed to Participants monthly and is reinvested to purchase additional units.

### Valuation of Units

The Fund attempts to maintain a stable price per unit of \$10.00; however, there can be no assurance that the value of the units in the Fund will not fluctuate. The principal value per unit of the Fund is determined at the end of each day by dividing net assets by the number of units outstanding.

## Expenses

The Trust Agreement allows an annual management fee equal to the Participant's average net assets invested in the Y Pricing, R6 Pricing, Institutional Pricing, Institutional Service Pricing, Service Pricing and R Pricing. The management fee, which is accrued daily and paid on a monthly basis, is based on the following fee percentages:

Y Pricing	0.20%
R6 Pricing	0.25%
Institutional Pricing	0.30%
Institutional Service Pricing	0.55%
Service Pricing	0.55%
R Pricing	0.55%

The Trustee has agreed to pay normal operating expenses and legal fees of the Fund (but not expenses of registering the Fund or its units, if applicable, with any securities administrator, legal fees for litigation or transactions or other unanticipated or extraordinary expenses). Normal operating expenses do not include sub-accounting fees, if any, that will be charged to financial institutions.

A consulting services fee of 0.25% of average daily net assets is charged to the Participants in R Pricing. The Trustee will pay such fee, on behalf of the Participants, to entities that are not affiliated with the Trustee to perform various consulting services for the Participants. Additionally, R Pricing and Service Pricing Participants are charged a fee of 0.25% of average daily net assets for recordkeeping and administrative services. Federated Shareholder Services Company (FSSC), an affiliate of the Trustee, will pay such fee, on behalf of Participants, to entities to perform recordkeeping and administrative services. The entities may be affiliated with FSSC or the Trustee only to the extent that an independent fiduciary for the Participants has approved such arrangement. The consulting services fee and recordkeeping and administrative services fees are reflected in the management fees on the Statement of Operations.

## Federal Income Taxes

The Fund has obtained a determination letter from the Internal Revenue Service (IRS) stating that the Fund is a qualified group trust pursuant to IRS Revenue Ruling 81-100 and, therefore, the Fund is exempt from federal income tax under sections 401 and 501 of the Internal Revenue Code.

As of and during the year ended December 31, 2023, 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 December 31, 2023, tax years 2020 through 2023 remain subject to examination by the Fund's major tax jurisdictions, which include the United States of America and the Commonwealth of Pennsylvania.

## 3. TRANSACTIONS WITH AFFILIATES

To assist in the management of the Fund, the Trustee has retained Federated Investment Counseling (FIC), a subsidiary of Federated Hermes and an affiliate of the Trustee, as the Fund's investment adviser. FIC's compensation is paid directly by the Trustee from its own resources and is not an incremental expense to the Fund. For the year ended December 31, 2023, FIC earned an investment advisory fee of \$3,660,137.

A portion of the Fund may be invested directly or indirectly in one or more mutual funds or collective investment funds advised, administered or distributed by an affiliate of the Trustee or for which the Trustee also serves as trustee ("Affiliated Funds"). To the extent that the Fund makes investments in Affiliated Funds, a fee will be charged, but a credit will be subtracted from such fee to reflect the investment advisory, administrative or other fees charged to assets in such Affiliated Funds. For the year ended December 31, 2023, the Trustee reimbursed \$164,652 in connection with investments in Affiliated Funds.

## 4. ADDITIONAL INFORMATION REGARDING INVESTMENT CONTRACTS

### Nature of Investment Contracts

To accomplish the objective outlined in Note 1, the Fund invests primarily in stable value products, such as GICs (also known as traditional GICs) and synthetic GICs. A traditional GIC is a contract with an insurance company pursuant to which the Fund agrees to deposit money with the insurance company and the insurance company is contractually obligated to pay interest at a guaranteed rate for the life of the contract and return principal at maturity.

In a synthetic GIC, the Fund purchases one or more fixed-income securities, including mutual funds comprised of fixed-income securities, which are held and owned by the Fund on behalf of the Participants. The synthetic GICs in which the Fund invests may be managed by the Fund's adviser (internally managed) or by an investment adviser that is not affiliated with the Trustee (externally managed). The Fund then contracts with a high-quality financial institution such as an insurance company or bank to provide a minimum guaranteed rate of return on the fixed-income securities and payments for Participant withdrawals at contract value. The interest rate (also known as the crediting rate) is initially based on the yield of the underlying securities and changes based on the experience of the cash flow and market value of the underlying fixed-income securities.

### Calculating the Interest Crediting Rate in Synthetic GICs

The key factors that influence future interest crediting rates for a synthetic GIC include:

- the level of market interest rates;
- the amount and timing of participant contributions, transfers and withdrawals into/out of the GIC;
- the investment returns generated by the fixed-income securities underlying the GIC; and
- the duration of the fixed-income securities underlying the GIC.

Interest crediting rates are typically reset on a monthly or quarterly basis according to each GIC. While there may be slight variations from one to another, most use a formula that is based on the characteristics of the underlying portfolio of fixed-income securities:

$$CR = [(1 + YTM) \times (MV/CV)^{1/Dur} - 1] - F$$

**Where:**  
 CR = Contract interest crediting rate  
 YTM = Yield to maturity of fixed-income securities  
 MV = Market value of fixed-income securities  
 CV = Contract value (principal plus accrued interest)  
 Dur = Duration of the portfolio  
 F = Wrapper contract fees

Because changes in market interest rates affect the yield to maturity and the fair value of the underlying fixed-income securities, they can have a material impact on the interest crediting rate. In addition, Participant withdrawals and transfers from the Fund are paid at contract value but may be funded through the fair value liquidation of the underlying fixed-income securities, which could impact the interest crediting rate. The resulting gains and losses in the fair value of the underlying fixed-income securities relative to the contract are in the Fund's Statement of Assets and Liabilities as the "Adjustment from Fair Value to Contract Value." If the Adjustment from Fair Value to Contract Value is positive for a given contract, this indicates that the contract value is greater than the fair value of the underlying fixed-income securities. The embedded fair value losses will be amortized in the future through a lower interest crediting rate than would otherwise be the case. If the Adjustment from Fair Value to Contract Value is negative, this indicates that the contract value is less than the fair value of the underlying fixed-income securities. The amortization of the embedded fair value gains will cause the future interest crediting rate to be higher than it otherwise would have been.

All synthetic GICs provide for a minimum interest crediting rate of zero percent, which is intended to protect Participants' principal and accrued interest.

### Events That Limit the Ability of the Fund to Transact at Contract Value

In certain circumstances, the amount withdrawn from the GIC would be payable at fair value rather than at contract value. These circumstances may include, but are not limited to, the following: mergers, mass layoffs, plan terminations, implementation of early retirement incentive programs or other events not within the control of the Fund resulting in a material and adverse financial impact on the issuer's obligations under the GIC.

Based on prior experience, the Trustee believes that it is not probable that such circumstances would be of sufficient magnitude to limit the ability of the Fund to transact at contract value with Participants. Of course, there can be no guarantee that this will be the case.

### Issuer-Initiated Contract Termination

The GICs into which the Fund has entered limit the circumstances under which the issuer may unilaterally terminate the GIC on short notice. These circumstances may include, but are not limited to, the following: (1) the Fund loses its qualified status under the Internal Revenue Code or is otherwise terminated; (2) the Trustee fails to meet its material obligations under the GIC, attempts to assign the GIC or engages in fraud or misrepresentation that materially affects the risk profile of the GIC; or (3) if the fixed-income securities underlying the synthetic GIC fail to meet certain criteria as specified in each GIC. If one of these events were to occur, the issuer could terminate the synthetic GIC at the market value of the underlying fixed-income securities (or in the case of a traditional GIC, at the hypothetical market value based upon a contractual formula).

### Addendum to the Statement of Assets and Liabilities

Adjustment from fair value to contract value at 12/31/2022	\$131,411,667
Change in the difference between fair value and contract value of all fully benefit-responsive investment contracts	(27,462,863)
<b>ADJUSTMENT FROM FAIR VALUE TO CONTRACT VALUE AT 12/31/2023</b>	<b>\$103,948,804</b>
Ratio of year end market value yield to investments (at fair value)	3.69%
Ratio of year end crediting rate to investments (at fair value)	3.62%

### Sensitivity Analysis

As market interest rates change, synthetic GICs adjust their crediting rate to reflect the earnings of their underlying fixed-income securities. If interest rates move up or down, the fair value of the underlying fixed-income securities changes: rising rates cause the fair value of the fixed-income securities to decrease and vice versa. The resulting difference between fair value and contract value is reflected in the crediting rate of the GIC, which adjusts according to its reset schedule.

The following Sensitivity Analysis ("Analysis") illustrates what the impact of immediate hypothetical increases and decreases in market yields would be on the weighted-average crediting rate of the Fund's synthetic GICs. At December 31, 2023, synthetic accounted for 92.2% of the Fund's total net assets. In the Analysis, market rates are assumed to rise and fall by 25% and 50% of the year-end market interest rate. The first scenario assumes no participant withdrawals, and the second illustrates the impact of an immediate, one-time 10% decrease in the net assets of the Fund due to participant withdrawals.

The Analysis shows that the weighted-average crediting rate moves in the direction of the corresponding market rate. The 10% withdrawal scenario shows how the withdrawal amplifies the magnitude of the change, but not the process of moving toward the market rate.

Aggregate market value/book value ratio at December 31, 2023	95.76%
Weighted-average portfolio market yield at December 31, 2023	4.85%
Weighted-average crediting rate (gross) at December 31, 2023	3.32%
Weighted-average crediting rate (net) at December 31, 2023	3.19%
Weighted-average portfolio duration (in yrs.) at December 31, 2023	2.85

	Asset Withdrawal	Hypothetical Immediate Interest Rate Change (Percent of Current Market Yield)				
		-50%	-25%	0%	+25%	+50%
Market Yield		2.42%	3.64%	4.85%	6.06%	7.27%
Immediate Crediting Rate Reset	0%	3.19%	3.19%	3.19%	3.19%	3.19%
	10%	3.22%	3.14%	3.00%	2.80%	2.54%
Reset End of 1 <sup>st</sup> Quarter	0%	3.07%	3.21%	3.32%	3.38%	3.39%
	10%	3.15%	3.18%	3.15%	3.09%	2.96%
Reset End of 2 <sup>nd</sup> Quarter	0%	3.01%	3.25%	3.46%	3.62%	3.73%
	10%	3.08%	3.22%	3.30%	3.36%	3.34%
Reset End of 3 <sup>rd</sup> Quarter	0%	2.96%	3.29%	3.58%	3.84%	4.05%
	10%	3.02%	3.26%	3.44%	3.60%	3.70%
Reset End of 4 <sup>th</sup> Quarter	0%	2.91%	3.32%	3.70%	4.04%	4.34%
	10%	2.97%	3.29%	3.57%	3.82%	4.02%

## 5. INDEMNIFICATIONS

Under the Fund's organizational documents, the Officers and Directors of the Trustee are indemnified against certain liabilities arising out of the performance of their duties to the Fund (other than liabilities arising out of their willful misfeasance, bad faith, gross negligence or reckless disregard of their duties to the Fund). In addition, in the normal course of business, the Fund provides certain indemnifications under arrangements with third parties. Typically, obligations to indemnify a third party arise in the context of an arrangement entered into by the Fund under which the Fund agrees to indemnify such third party for certain liabilities arising out of actions taken pursuant to the arrangement, provided the third party's actions are not deemed to have breached an agreed-upon standard of care (such as willful misfeasance, bad faith, gross negligence or reckless disregard of their duties under the contract). The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet arisen. The Fund does not anticipate any material claims or losses pursuant to these arrangements at this time, and accordingly expects the risk of loss to be remote.

## 6. RECENT ACCOUNTING PRONOUNCEMENTS

In December 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-06 "Reference Rate Reform (Topic 848)". ASU No. 2022-06 updates and clarifies ASU No. 2020-04, which provides optional, temporary relief with respect to the financial reporting of contracts subject to certain types of modifications due to the planned discontinuation of LIBOR and other interbank-offered reference rates. The temporary relief provided by ASU No. 2022-06 is effective immediately for certain reference rate-related contract modifications that occur through December 31, 2024. Management does not expect ASU No. 2022-06 to have a material impact on the financial statements.

## 7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 4, 2024, the date the financial statements were available for issue, and determined that no events have occurred that require disclosure.

## Schedule I – Investments Purchased

Year Ended December 31, 2023

<b>Principal</b>	<b>Description</b>	<b>Cost</b>
	COLLECTIVE INVESTMENT FUND	
\$626,109,463	Federated Hermes Prime Cash Collective Investment Fund, R6 Class, 5.44% <sup>(a)</sup>	\$626,109,463
	TOTAL INVESTMENTS PURCHASED	\$626,109,463

(a) 7-Day net yield at December 31, 2023.

## Schedule II – Investments Sold, Matured or Redeemed

Year Ended December 31, 2023

Principal	Description	Cost	Proceeds	Gain/Loss
	<b>SYNTHETIC GUARANTEED INVESTMENT CONTRACTS</b>			
	<b>Massachusetts Mutual Life Insurance Company:</b>			
\$ 12,305,532	2.82% <sup>(a)</sup> 12/07/2023	\$ 12,305,532	\$ 12,305,532	—
20,511,362	3.63% <sup>(a)</sup> 6/23/2023	20,511,362	20,511,362	—
8,198,644	3.69% <sup>(a)</sup> 2/27/2023	8,198,644	8,198,644	—
12,304,824	3.69% <sup>(a)</sup> 4/26/2023	12,304,824	12,304,824	—
12,305,057	4.11% <sup>(a)</sup> 8/04/2023	12,305,057	12,305,057	—
20,421,731	4.11% <sup>(a)</sup> 9/14/2023	20,421,731	20,421,731	—
	<b>Metropolitan Tower Life Insurance Company:</b>			
10,314,612	3.56% <sup>(a)</sup> 2/27/2023	10,314,612	10,314,612	—
15,477,606	3.83% <sup>(a)</sup> 4/26/2023	15,477,606	15,477,606	—
25,807,336	3.83% <sup>(a)</sup> 6/23/2023	25,807,336	25,807,336	—
15,491,279	4.17% <sup>(a)</sup> 8/04/2023	15,491,279	15,491,279	—
25,431,181	4.17% <sup>(a)</sup> 9/14/2023	25,431,181	25,431,181	—
15,523,470	4.28% <sup>(a)</sup> 12/07/2023	15,523,470	15,523,470	—
	<b>Nationwide Life Insurance Company:</b>			
7,358,315	2.46% <sup>(a)</sup> 2/27/2023	7,358,315	7,358,315	—
11,024,290	2.76% <sup>(a)</sup> 4/26/2023	11,024,290	11,024,290	—
10,966,357	3.02% <sup>(a)</sup> 12/07/2023	10,966,357	10,966,357	—
18,354,756	3.10% <sup>(a)</sup> 6/23/2023	18,354,756	18,354,756	—
11,002,513	3.13% <sup>(a)</sup> 8/04/2023	11,002,513	11,002,513	—
18,746,541	3.23% <sup>(a)</sup> 9/14/2023	18,746,541	18,746,541	—
	<b>New York Life Insurance Company:</b>			
11,146,368	3.11% <sup>(a)</sup> 12/07/2023	11,146,368	11,146,368	—
7,427,273	3.21% <sup>(a)</sup> 2/27/2023	7,427,273	7,427,273	—
11,138,720	3.21% <sup>(a)</sup> 4/26/2023	11,138,720	11,138,720	—
18,563,239	3.82% <sup>(a)</sup> 6/23/2023	18,563,239	18,563,239	—
11,139,865	4.03% <sup>(a)</sup> 8/04/2023	11,139,865	11,139,865	—
18,297,425	4.03% <sup>(a)</sup> 9/14/2023	18,297,425	18,297,425	—
	<b>Prudential Insurance Company of America:</b>			
8,776,495	3.98% <sup>(a)</sup> 2/27/2023	8,776,495	8,776,495	—
13,178,623	4.24% <sup>(a)</sup> 4/26/2023	13,178,623	13,178,623	—
21,988,644	4.24% <sup>(a)</sup> 6/23/2023	21,988,644	21,988,644	—
13,207,365	4.53% <sup>(a)</sup> 8/04/2023	13,207,365	13,207,365	—
21,915,051	4.53% <sup>(a)</sup> 9/14/2023	21,915,051	21,915,051	—
13,241,662	4.53% <sup>(a)</sup> 12/07/2023	13,241,662	13,241,662	—
	<b>Royal Bank of Canada:</b>			
7,924,661	2.57% <sup>(a)</sup> 2/27/2023	7,924,661	7,924,661	—
11,875,937	2.91% <sup>(a)</sup> 4/26/2023	11,875,937	11,875,937	—
19,774,662	3.11% <sup>(a)</sup> 6/23/2023	19,774,662	19,774,662	—
11,853,921	3.14% <sup>(a)</sup> 8/04/2023	11,853,921	11,853,921	—
11,816,612	3.15% <sup>(a)</sup> 12/07/2023	11,816,612	11,816,612	—
20,188,071	3.24% <sup>(a)</sup> 9/14/2023	20,188,071	20,188,071	—
	<b>TOTAL SYNTHETIC GUARANTEED INVESTMENT CONTRACTS</b>	<b>525,000,000</b>	<b>525,000,000</b>	<b>—</b>
	<b>COLLECTIVE INVESTMENT FUND</b>			
646,356,070	Federated Hermes Prime Cash Collective Investment Fund, R6 Class, 5.44% <sup>(b)</sup>	646,356,070	646,356,070	—
	<b>TOTAL INVESTMENTS SOLD, MATURED OR REDEEMED</b>	<b>\$1,171,356,070</b>	<b>\$1,171,356,070</b>	<b>—</b>

(a) Floating rate security with rate at time of maturity shown.

(b) 7-Day net yield at December 31, 2023.

Notes



Federated Hermes Capital Preservation Fund  
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