



# Monthly Newsletter: October 2023

## ANNOUNCEMENTS

**We welcome the following entities who joined TexPool in September 2023:**

### **TexPool**

Pilot Knob Municipal Utility District 4  
Amigos por Vida- Friends for Life Housing and Education Corporation  
Education Service Center Region 12  
Technology Foundation  
Briarwood MUD

### **TexPool Prime**

Galveston County WCID 1  
Pilot Knob Municipal Utility District 4  
Amigos por Vida- Friends for Life Housing and Education Corporation  
Education Service Center Region 12  
Technology Foundation  
Briarwood MUD

### **Upcoming Events**

October 4, 2023 - October 6, 2023

**2023 Texas Municipal League Annual Conference**  
Dallas, TX

October 17, 2023 - October 20, 2023

**Texas Association of County Auditors Fall Conference 2023**  
South Padre, TX

October 25, 2023 - October 27, 2023

**Government Finance Officers Association of Texas (GFOAT) Fall Conference**  
Ft. Worth, TX

### **TexPool Advisory Board Members**

Patrick Krishock	David Landeros
Belinda Weaver	Sharon Matthews
Deborah Lauderdale	David Garcia
Valarie Van Vlack	Dina Edgar

Overseen by the State of Texas Comptroller of Public Accounts Glenn Hegar

Operated under the supervision of the Texas Treasury Safekeeping Trust Company

## Economic and Market Commentary: Changing the Game Plan

October 1, 2023

The September FOMC meeting was the latest case of the Federal Reserve moving its policy goal posts (it's college football season, so forgive the gridiron references). In their new Summary of Economic Projections (SEP), policymakers yet again increased the level they think the fed funds rate will reach in the near future. Their median projections rose by 50 basis points from June's forecast to 5.1% and 3.9% in 2024 and 2025, respectively. It's another in a string of dot-plot increases since they finally got serious about inflation roughly two years ago.

It's understandable policymakers wanted to avoid shocking the markets with predictions that rates would have to surge to tackle inflation. But this "three yards and a cloud of dust" approach has confused investors and traders, leading them to doubt the Fed one month and believe it the next. It has happened again following the September meeting. Despite the new dot plot indicating FOMC members expect to raise the target range by another 25 basis points this year, Treasuries futures have priced in a pause in November, with cuts to follow in the mid 2024.

*(continued page 6)*

### Performance as of September 30, 2023

	TexPool	TexPool Prime
Current Invested Balance	\$28,702,334,857	\$12,442,523,147
Weighted Average Maturity**	28 Days	46 Days
Weighted Average Life**	93 Days	79 Days
Net Asset Value	0.99987	0.99992
Total Number of Participants	2,804	518
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$125,682,678.35	\$58,282,749.53
Management Fee Collected	\$1,013,300.48	\$507,324.48
Standard & Poor's Current Rating	AAAm	AAAm

### Month Averages

Average Invested Balance	\$28,752,598,599	\$12,774,720,299
Average Monthly Rate*	5.32%	5.55%
Average Weighted Average Maturity**	26	39
Average Weighted Average Life**	87	72

*\*This average monthly rate for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.*

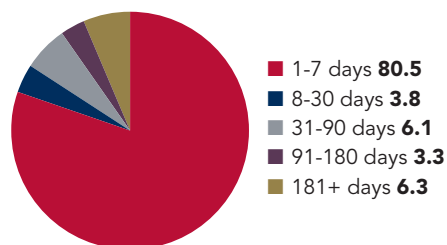
*\*\*See page 2 for definitions.*

*Past performance is no guarantee of future results.*



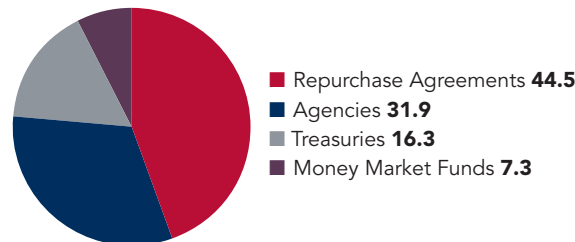
## Portfolio by Maturity (%)

As of September 30, 2023



## Portfolio by Type of Investment (%)

As of September 30, 2023



### Portfolio Asset Summary as of September 30, 2023

	Book Value	Market Value
Uninvested Balance	-\$4.91	-\$4.91
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	107,125,793.15	107,125,793.15
Interest and Management Fees Payable	-125,685,456.64	-125,685,456.64
Payable for Investments Purchased	-291,873,170.96	-291,873,170.96
Accrued Expenses & Taxes	-70,571.92	-70,571.92
Repurchase Agreements	12,914,893,000.00	12,914,893,000.00
Mutual Fund Investments	2,112,085,200.00	2,112,085,200.00
Government Securities	9,252,864,604.47	9,248,124,703.11
US Treasury Bills	3,148,201,020.37	3,148,671,735.84
US Treasury Notes	1,584,794,443.66	1,585,542,904.15
<b>Total</b>	<b>\$28,702,334,857.22</b>	<b>\$28,698,814,131.82</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

### Participant Summary

	Number of Participants	Balance
School District	618	\$9,150,921,558.35
Higher Education	60	\$1,427,372,114.12
County	197	\$3,235,557,598.78
Healthcare	92	\$1,376,274,875.64
Utility District	918	\$4,484,520,393.26
City	496	\$7,368,580,260.97
Emergency Districts	104	\$382,098,953.49
Economic Development Districts	89	\$192,487,879.58
Other	230	\$1,084,104,696.44

#### \*\*Definition of Weighted Average Maturity and Weighted Average Life

WAM is the mean average of the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid, (b) would be repaid upon a demand by TexPool, or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates set forth in (b) and (c) if their scheduled maturity is 397 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

WAL is calculated in the same manner as WAM, but is based solely on the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid or (b) would be repaid upon a demand by TexPool, without reference to when interest rates of securities within TexPool are scheduled to be readjusted.



## Daily Summary

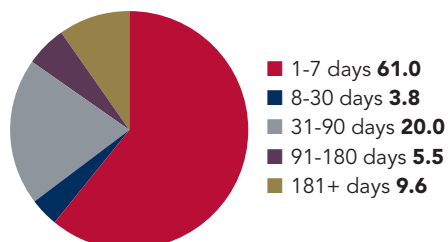
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
9/1	5.3064%	0.000145380	\$29,029,186,813.02	0.99987	25	88
9/2	5.3064%	0.000145380	\$29,029,186,813.02	0.99987	25	88
9/3	5.3064%	0.000145380	\$29,029,186,813.02	0.99987	25	88
9/4	5.3064%	0.000145380	\$29,029,186,813.02	0.99987	25	88
9/5	5.3036%	0.000145304	\$29,021,180,671.91	0.99985	22	86
9/6	5.3089%	0.000145450	\$28,753,895,321.52	0.99986	24	87
9/7	5.3059%	0.000145367	\$28,763,827,816.08	0.99987	23	87
9/8	5.2999%	0.000145203	\$28,766,593,461.98	0.99989	24	87
9/9	5.2999%	0.000145203	\$28,766,593,461.98	0.99989	24	87
9/10	5.2999%	0.000145203	\$28,766,593,461.98	0.99989	24	87
9/11	5.3089%	0.000145449	\$28,833,212,310.69	0.99984	24	85
9/12	5.3143%	0.000145597	\$28,899,144,253.80	0.99986	25	87
9/13	5.3105%	0.000145493	\$28,838,644,257.02	0.99987	25	88
9/14	5.3124%	0.000145544	\$28,782,451,812.22	0.99986	25	86
9/15	5.3115%	0.000145520	\$28,621,810,277.79	0.99986	25	86
9/16	5.3115%	0.000145520	\$28,621,810,277.79	0.99986	25	86
9/17	5.3115%	0.000145520	\$28,621,810,277.79	0.99986	25	86
9/18	5.3161%	0.000145647	\$28,619,704,978.37	0.99985	24	83
9/19	5.3256%	0.000145908	\$28,626,757,294.03	0.99985	25	86
9/20	5.3273%	0.000145953	\$28,574,705,628.44	0.99985	25	85
9/21	5.3318%	0.000146076	\$28,472,403,935.06	0.99984	28	88
9/22	5.3404%	0.000146311	\$28,333,988,861.96	0.99984	29	89
9/23	5.3404%	0.000146311	\$28,333,988,861.96	0.99984	29	89
9/24	5.3404%	0.000146311	\$28,333,988,861.96	0.99984	29	89
9/25	5.3439%	0.000146409	\$29,059,314,306.71	0.99984	26	84
9/26	5.3493%	0.000146557	\$28,977,130,796.82	0.99984	26	87
9/27	5.3496%	0.000146565	\$28,873,913,973.65	0.99983	26	90
9/28	5.3554%	0.000146723	\$28,793,075,854.87	0.99984	27	92
9/29	5.3547%	0.000146704	\$28,702,334,857.22	0.99987	28	93
9/30	5.3547%	0.000146704	\$28,702,334,857.22	0.99987	28	93
<b>Average:</b>	<b>5.3218%</b>	<b>0.000145802</b>	<b>\$28,752,598,599.43</b>	<b>0.99986</b>	<b>26</b>	<b>87</b>



## TEXPOOL Prime

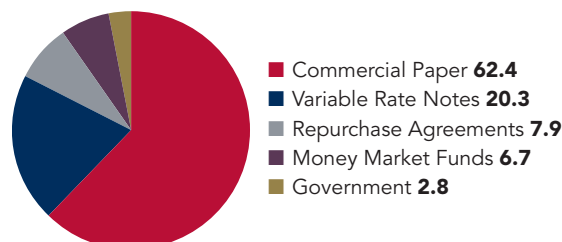
### Portfolio by Maturity (%)

As of September 30, 2023



### Portfolio by Type of Investment (%)

As of September 30, 2023



### Portfolio Asset Summary as of September 30, 2023

	Book Value	Market Value
Uninvested Balance	\$795.14	\$795.14
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	27,636,826.64	27,636,826.64
Interest and Management Fees Payable	-58,282,727.46	-58,282,727.46
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-32,820.88	-32,820.88
Repurchase Agreements	988,771,000.00	988,771,000.00
Commercial Paper	7,782,705,198.82	7,780,842,669.04
Mutual Fund Investments	830,153,483.22	829,943,055.05
Government Securities	345,569,736.07	345,625,312.50
Variable Rate Notes	2,526,001,655.85	2,527,047,622.33
<b>Total</b>	<b>\$12,442,523,147.40</b>	<b>\$12,441,551,732.36</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool Prime. The assets of TexPool Prime are the only source of payments to the Participants. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services

### Participant Summary

	Number of Participants	Balance
School District	147	\$4,047,672,836.70
Higher Education	19	\$629,981,245.96
County	50	\$968,965,326.35
Healthcare	20	\$495,320,007.80
Utility District	60	\$459,173,540.74
City	101	\$2,634,770,650.63
Emergency Districts	25	\$62,321,464.02
Economic Development Districts	19	\$30,504,713.88
Other	77	\$3,113,799,647.63



## TEXPOOL Prime

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
9/1	5.5215%	0.000151275	\$13,029,401,593.64	0.99973	34	67
9/2	5.5215%	0.000151275	\$13,029,401,593.64	0.99973	34	67
9/3	5.5215%	0.000151275	\$13,029,401,593.64	0.99973	34	67
9/4	5.5215%	0.000151275	\$13,029,401,593.64	0.99973	34	67
9/5	5.5209%	0.000151257	\$12,995,972,200.33	0.99998	32	65
9/6	5.5395%	0.000151766	\$12,969,532,226.50	0.99998	36	71
9/7	5.5388%	0.000151749	\$12,903,401,657.37	0.99995	36	71
9/8	5.5412%	0.000151813	\$12,896,398,623.33	0.99979	38	72
9/9	5.5412%	0.000151813	\$12,896,398,623.33	0.99979	38	72
9/10	5.5412%	0.000151813	\$12,896,398,623.33	0.99979	38	72
9/11	5.5409%	0.000151806	\$12,936,470,430.60	0.99998	35	69
9/12	5.5414%	0.000151820	\$12,897,670,026.30	0.99997	35	69
9/13	5.5480%	0.000151999	\$12,785,841,950.79	0.99996	39	72
9/14	5.5440%	0.000151891	\$12,722,705,374.09	0.99998	39	72
9/15	5.5440%	0.000151891	\$12,749,821,814.61	0.99981	40	72
9/16	5.5440%	0.000151891	\$12,749,821,814.61	0.99981	40	72
9/17	5.5440%	0.000151891	\$12,749,821,814.61	0.99981	40	72
9/18	5.5491%	0.000152031	\$12,720,365,493.01	0.99998	38	70
9/19	5.5548%	0.000152186	\$12,657,075,874.51	0.99998	40	72
9/20	5.5584%	0.000152284	\$12,676,244,405.05	0.99999	40	73
9/21	5.5632%	0.000152417	\$12,623,180,694.28	0.99997	42	75
9/22	5.5636%	0.000152428	\$12,598,163,554.61	0.99981	42	75
9/23	5.5636%	0.000152428	\$12,598,163,554.61	0.99981	42	75
9/24	5.5636%	0.000152428	\$12,598,163,554.61	0.99981	42	75
9/25	5.5779%	0.000152819	\$12,750,516,154.16	0.99998	42	76
9/26	5.5865%	0.000153055	\$12,766,597,426.86	0.99998	44	77
9/27	5.5757%	0.000152758	\$12,568,311,079.68	0.99998	45	79
9/28	5.5913%	0.000153187	\$12,531,919,336.92	0.99997	45	78
9/29	5.5872%	0.000153075	\$12,442,523,147.40	0.99992	46	79
9/30	5.5872%	0.000153075	\$12,442,523,147.40	0.99992	46	79
<b>Average:</b>	<b>5.5512%</b>	<b>0.000152089</b>	<b>\$12,774,720,299.25</b>	<b>0.99989</b>	<b>39</b>	<b>72</b>

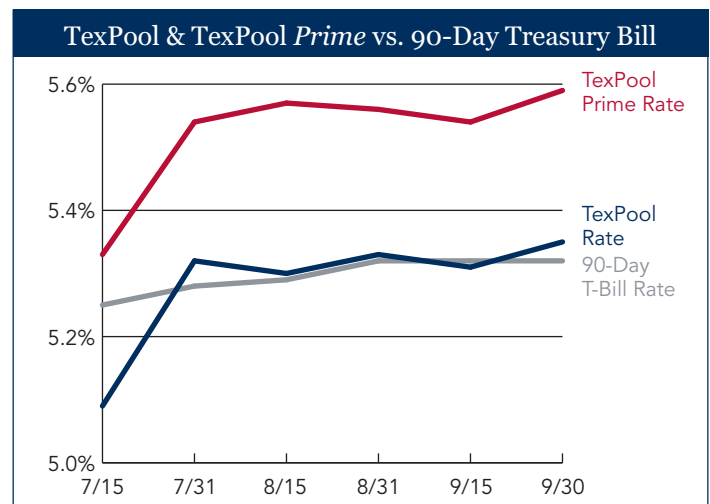


Participant Services  
1001 Texas Ave. Suite 1150  
Houston, TX 77002

While rising rates tend to benefit liquidity products, the ever-shifting SEP has often blocked entire sections of the Treasury yield curve from useful trading. That's occurring now. If you believe, as we do, that rates will climb further, value is hard to find along the yield curve. In particular, it has been difficult to find worthwhile trades for securities maturing longer than three months. The yields are simply not high enough. Thankfully, the various prime curves have tracked the Fed better, one of the reasons for the continuing flows into retail prime funds.

We are inclined to accept the Fed's message of high-for-longer. A month's worth of data could change our minds. But at present, we expect a quarter-point hike in November and don't envision easing to take place until 2025, or late 2024 at the earliest. The U.S. economy has been exhibiting signs of slowing but not of rolling over. Consumers and workers remain in positions of strength, and goods and services sectors are hanging in there. Inflation is falling, but the closer you get to the endzone, the harder it is to advance. The game is far from over.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.37%, 5.46%, 5.55% and 5.47%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.39%, 5.56%, 5.75% and 5.94%, respectively.



*90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.*

*Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.*

*Past performance is no guarantee of future results.*