



Monthly Newsletter: May 2021

ANNOUNCEMENTS

We welcome the following entities who joined TexPool in April 2021:

TexPool

Callahan County
The Village of Jones Creek
Williamson County MUD 29

TexPool Prime

Callahan County
Crane County
Liberty Hill ISD

Upcoming Events

June 14, 2021 - June 16, 2021,
TASBO Summer Solutions Conference
Round Rock

June 17, 2021 - June 19, 2021
AWBD Annual Conference
Henry B. Gonzalez Convention Center
San Antonio, Texas

TexPool Advisory Board Members

David Garcia	Jerry Dale
Patrick Krishock	David Landeros
Belinda Weaver	Sharon Matthews
Deborah Lauder milk	Vivian Wood

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: Not so smooth

May 1, 2021

Everyone knows you shouldn't try to time the market. Even traders should look for value, not arbitrage. So why are Federal Reserve policymakers, of all people, doing just that with overnight rates? In the Federal Open Market Committee's meeting last month, they passed on the opportunity to raise at least one of the Fed's administered rates, a move that likely would have alleviated the strains on the front end of the yield curve.

The reverse repo program (RRP) helps the Fed control how big banks, asset managers, government sponsored entities and others price overnight transactions. The repo market exists to connect participants who need cash with those who have excess funds. The Fed wants this to go "smoothly," so it offers a "floor" rate to counterparties to incentivize financial firms to lend if market rates are too low. But the overnight market hasn't been smooth for some time now. By setting the RRP at zero, all the Fed has accomplished is preventing trades with negative rates. That's important, of course, but not much incentive and not much good to end investors.

The Fed already said it is willing to raise the RRP rate (and also the interest paid on excess reserves, IOER). It even raised the counterparty limit on usage of the facility from \$30 billion to \$80 billion in anticipation of heightened demand. But it seems inclined to wait

(continued page 6)

Performance as of April 30, 2021

	TexPool	TexPool Prime
Current Invested Balance	\$25,031,802,202.84	\$10,191,165,398.31
Weighted Average Maturity**	30	51
Weighted Average Life**	91	57
Net Asset Value	1.00015	1.00006
Total Number of Participants	2,647	444
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$283,613.33	\$685,926.20
Management Fee Collected	943,038.75	423,198.93
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	\$25,858,653,774.18	\$10,067,655,325.20
Average Monthly Rate*	0.01%	0.08%
Average Weighted Average Maturity**	29	49
Average Weighted Average Life**	88	56

*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.

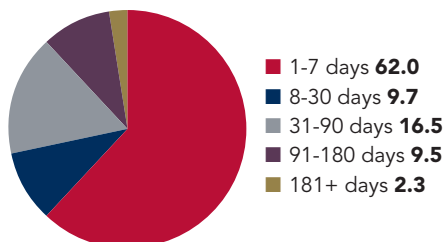
**See page 2 for definitions.

Past performance is no guarantee of future results.



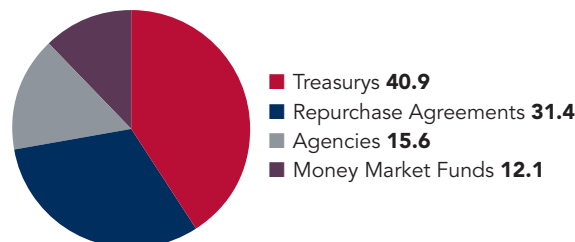
Portfolio by Maturity (%)

As of April 30, 2021



Portfolio by Type of Investment (%)

As of April 30, 2021



Portfolio Asset Summary as of April 30, 2021

	Book Value	Market Value
Uninvested Balance	\$215.65	\$215.65
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	6,966,811.55	6,966,811.55
Interest and Management Fees Payable	-283,617.74	-283,617.74
Payable for Investments Purchased	-249,979,340.25	-249,979,340.25
Accrued Expenses & Taxes	-29,131.06	-29,131.06
Repurchase Agreements	7,932,220,893.00	7,932,220,893.00
Mutual Fund Investments	3,064,074,000.00	3,064,074,000.00
Government Securities	3,905,244,278.24	3,908,120,206.58
U.S. Treasury Bills	8,928,639,139.27	8,929,165,932.24
U.S. Treasury Notes	1,444,948,954.18	1,445,360,510.21
Total	\$25,031,802,202.84	\$25,035,616,480.18

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	599	\$7,934,561,033.32
Higher Education	60	\$1,393,927,870.88
County	193	\$2,743,619,138.08
Healthcare	90	\$1,512,443,622.24
Utility District	840	\$3,575,907,923.94
City	484	\$6,429,162,461.44
Emergency Districts	98	\$293,635,777.97
Economic Development Districts	83	\$122,702,106.08
Other	200	\$1,025,828,449.23

**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

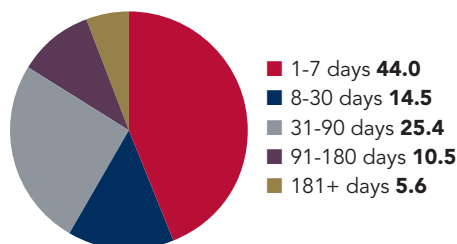
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
4/1	0.0150%	0.000000411	\$26,212,048,493.50	1.00017	30	90
4/2	0.0150%	0.000000411	\$26,212,048,493.50	1.00017	30	90
4/3	0.0150%	0.000000411	\$26,212,048,493.50	1.00017	30	90
4/4	0.0150%	0.000000411	\$26,212,048,493.50	1.00017	30	90
4/5	0.0208%	0.000000569	\$26,317,543,349.05	1.00015	27	86
4/6	0.0162%	0.000000445	\$26,299,669,870.41	1.00017	26	85
4/7	0.0114%	0.000000311	\$26,540,097,325.67	1.00016	27	85
4/8	0.0149%	0.000000407	\$26,383,698,980.50	1.00017	27	84
4/9	0.0252%	0.000000691	\$26,261,979,923.66	1.00016	27	85
4/10	0.0252%	0.000000691	\$26,261,979,923.66	1.00016	27	85
4/11	0.0252%	0.000000691	\$26,261,979,923.66	1.00016	27	85
4/12	0.0154%	0.000000422	\$25,804,635,751.25	1.00016	28	85
4/13	0.0123%	0.000000336	\$25,850,789,768.31	1.00016	29	86
4/14	0.0124%	0.000000339	\$25,795,913,458.64	1.00016	30	86
4/15	0.0105%	0.000000289	\$25,654,556,101.02	1.00016	30	89
4/16	0.0105%	0.000000289	\$25,567,393,029.34	1.00016	31	89
4/17	0.0105%	0.000000289	\$25,567,393,029.34	1.00016	31	89
4/18	0.0105%	0.000000289	\$25,567,393,029.34	1.00016	31	89
4/19	0.0103%	0.000000282	\$25,551,722,657.25	1.00016	31	88
4/20	0.0103%	0.000000283	\$25,437,187,789.26	1.00016	31	89
4/21	0.0103%	0.000000282	\$25,414,559,362.96	1.00016	31	88
4/22	0.0103%	0.000000282	\$25,555,711,960.86	1.00016	30	89
4/23	0.0103%	0.000000282	\$25,816,392,708.31	1.00015	31	88
4/24	0.0103%	0.000000282	\$25,816,392,708.31	1.00015	31	88
4/25	0.0103%	0.000000282	\$25,816,392,708.31	1.00015	31	88
4/26	0.0103%	0.000000282	\$25,721,280,696.46	1.00015	29	86
4/27	0.0103%	0.000000282	\$25,683,912,429.04	1.00015	28	89
4/28	0.0101%	0.000000277	\$25,603,053,272.71	1.00016	29	89
4/29	0.0101%	0.000000277	\$25,327,987,291.22	1.00016	29	89
4/30	0.0101%	0.000000277	\$25,031,802,202.84	1.00015	30	91
Average:	0.0135%	0.000000369	\$25,858,653,774.18	1.00016	29	88



TEXPOOL Prime

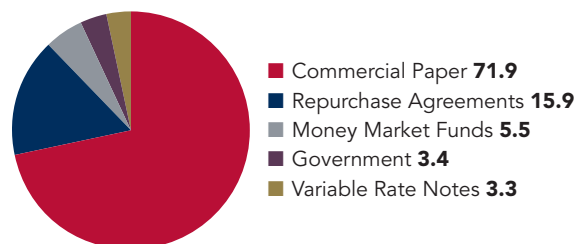
Portfolio by Maturity (%)

As of April 30, 2021



Portfolio by Type of Investment (%)

As of April 30, 2021



Portfolio Asset Summary as of April 30, 2021

	Book Value	Market Value
Uninvested Balance	\$502.87	\$502.87
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	179,882.55	179,882.55
Interest and Management Fees Payable	-685,924.26	-685,924.26
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-14,311.71	-14,311.71
Repurchase Agreements	1,620,473,000.00	1,620,473,000.00
Commercial Paper	7,325,426,943.91	7,326,008,561.24
Bank Instruments	0.00	0.00
Mutual Fund Investments	562,126,501.30	562,052,003.75
Government Securities	343,658,803.65	343,685,189.65
Variable Rate Notes	340,000,000.00	340,120,725.00
Total	\$10,191,165,398.31	\$10,191,819,629.09

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	128	\$3,292,828,237.47
Higher Education	19	\$667,319,335.06
County	46	\$769,428,819.12
Healthcare	18	\$329,840,948.09
Utility District	49	\$323,595,932.56
City	90	\$2,187,053,403.81
Emergency Districts	21	\$34,446,880.29
Economic Development Districts	15	\$20,539,904.66
Other	58	\$2,566,115,232.73



TEXPOOL Prime

Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
4/1	0.0857%	0.000002348	\$9,542,144,115.15	1.00007	52	60
4/2	0.0857%	0.000002348	\$9,542,144,115.15	1.00007	52	60
4/3	0.0857%	0.000002348	\$9,542,144,115.15	1.00007	52	60
4/4	0.0857%	0.000002348	\$9,542,144,115.15	1.00007	52	60
4/5	0.0821%	0.000002250	\$9,597,560,566.98	1.00007	49	57
4/6	0.0814%	0.000002230	\$9,569,337,135.48	1.00007	49	57
4/7	0.0835%	0.000002287	\$9,559,938,956.56	1.00007	51	59
4/8	0.0816%	0.000002236	\$9,767,745,335.14	1.00007	51	58
4/9	0.0806%	0.000002209	\$9,948,572,332.67	1.00007	50	58
4/10	0.0806%	0.000002209	\$9,948,572,332.67	1.00007	50	58
4/11	0.0806%	0.000002209	\$9,948,572,332.67	1.00007	50	58
4/12	0.0782%	0.000002143	\$10,357,210,067.00	1.00007	47	54
4/13	0.0762%	0.000002088	\$10,333,108,949.14	1.00007	46	54
4/14	0.0841%	0.000002303	\$10,264,286,391.63	1.00007	49	57
4/15	0.0844%	0.000002312	\$10,412,954,140.39	1.00007	48	55
4/16	0.0830%	0.000002275	\$10,309,350,330.67	1.00006	48	55
4/17	0.0830%	0.000002275	\$10,309,350,330.67	1.00006	48	55
4/18	0.0830%	0.000002275	\$10,309,350,330.67	1.00006	48	55
4/19	0.0807%	0.000002212	\$10,311,201,412.70	1.00007	46	53
4/20	0.0841%	0.000002304	\$10,291,220,298.71	1.00007	48	55
4/21	0.0851%	0.000002332	\$10,248,037,865.33	1.00006	49	55
4/22	0.0841%	0.000002305	\$10,230,338,746.14	1.00006	48	54
4/23	0.0862%	0.000002363	\$10,188,630,511.68	1.00005	48	55
4/24	0.0862%	0.000002363	\$10,188,630,511.68	1.00005	48	55
4/25	0.0862%	0.000002363	\$10,188,630,511.68	1.00005	48	55
4/26	0.0806%	0.000002207	\$10,353,365,121.57	1.00006	45	51
4/27	0.0820%	0.000002247	\$10,360,761,105.44	1.00006	49	55
4/28	0.0823%	0.000002254	\$10,339,610,345.11	1.00006	49	55
4/29	0.0851%	0.000002332	\$10,333,581,934.73	1.00006	50	56
4/30	0.0815%	0.000002233	\$10,191,165,398.31	1.00006	51	57
Average:	0.0830%	0.000002274	\$10,067,655,325.20	1.00006	49	56



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

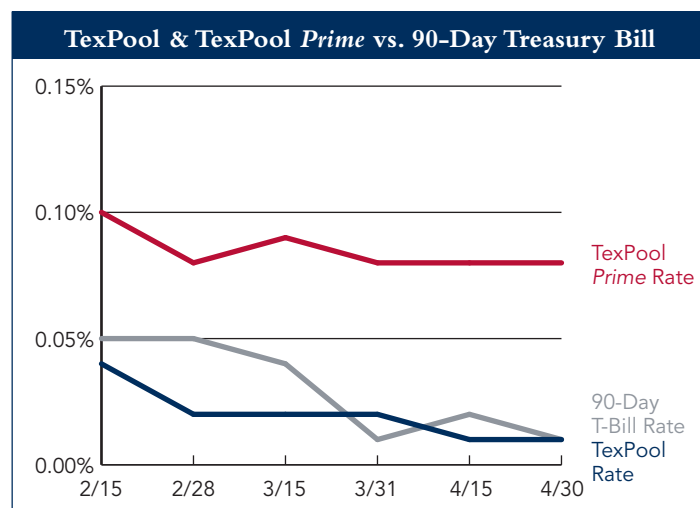
until stress is at its worst because the fed funds rate—an extremely thin market—is still at an acceptable level.

We think the time has come and the dithering is inappropriate. With demand for Treasury bills high amid low supply and increased participant dependence on the RRP, it's clear the overnight market is challenged by technical forces. A bump in the RRP would go a long way to normalizing it.

With the recent surge in retail sales and jump in gross domestic product growth, you would think the commercial paper market would be robust. But issuance has been flat, which tells us that the spike in bonds many companies offered in 2020 for insurance as the economy tanked has left them flush with cash. As the recovery gains more steam and inflation creeps up, we anticipate more paper to be issued.

Concerning inflation, it is curious how the market keeps trying to lead the Fed. While price pressures are increasing and many consumers are itching to spend stimulus checks, the Fed has been deflecting every suggestion of tightening. Investors don't seem to believe that the Fed wants the economy to be piping hot and that it considers the recent rise in activity as lukewarm. We think it could start to taper purchases this year, but no indication yet. These days, the Fed seems happy to make everyone wait.

Treasury yields ended April with 1-month at 0.01%, 3-month at 0.02%, 6-month at 0.03% and 12-month at 0.05%. The London



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.

interbank offered rate (Libor) ended the quarter with 1-month at 0.11%, 3-month at 0.18%, 6-month at 0.20% and 12-month at 0.28%. At month-end, the weighted average maturities (WAMs) of TexPool and TexPool Prime were 29 and 49 days, respectively.