



# Monthly Newsletter: December 2021

## ANNOUNCEMENTS

**We welcome the following entities who joined TexPool in November 2021:**

### TexPool

- Chambers County Improvement District 3
- Harris County MUD 458
- Harris County Improvement District 12
- Iowa Colony Development Authority
- West Bastrop Village MUD

### TexPool Prime

- Harris County MUD 136
- East Travis Gateway Library District

### Upcoming Events

- Feb 27, 2022 - March 2, 2022  
**Government Treasurers' Organization of Texas Winter Seminar**  
Embassy Suites, San Antonio Riverwalk
- February 28, 2022 - March 4, 2022  
**TASBO Engage Annual Conference**  
Gaylord Texan, Grapevine

### 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: Continuity is critical

December 1, 2021

President Biden's public opinion rating has taken a hit recently, but the markets approved of his nomination of Federal Reserve Chair Jerome Powell to a second term. While the decision was a vote of confidence in his ability to navigate monetary policy in uncertain times, it had everything to do with continuity. Other than criticizing lawmakers for dragging their feet on new fiscal stimulus last fall, Powell has worked well with Congress. And despite defending various Fed stances, he has acknowledged worrisome developments such as rising inflation, giving him credibility with investors. Although Lael Brainard certainly is qualified, Powell was the right choice.

The persistence of the pandemic is one reason we need the status quo. The emergence of the omicron variant has highlighted that. But the most pressing motivation for continuity is the tapering of the Fed's monthly asset purchases, which began in mid-November with a reduction of \$10 billion of Treasuries and \$5 billion of mortgaged-backed securities. It's crucial this succeeds without spooking the markets, and the selection of a new Fed chair might have done that. While policymakers left wiggle room for the path to be altered by implementing only two months of tapering, any deviation will need a delicate touch. Some Fed officials, including Powell yesterday, have suggested picking up the pace if inflation

*(continued page 6)*

### Performance as of November 30, 2021

	TexPool	TexPool Prime
Current Invested Balance	\$21,780,339,432	\$8,654,364,983
Weighted Average Maturity**	43 Days	45 Days
Weighted Average Life**	105 Days	59 Days
Net Asset Value	1.00002	0.99995
Total Number of Participants	2,675	451
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$688,488.16	\$464,192.98
Management Fee Collected	\$815,607.81	\$340,094.93
Standard & Poor's Current Rating	AAAm	AAAm

### Month Averages

Average Invested Balance	\$22,051,609,844	\$8,565,242,305
Average Monthly Rate*	0.04%	0.07%
Average Weighted Average Maturity**	44	47
Average Weighted Average Life**	104	58

\*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.

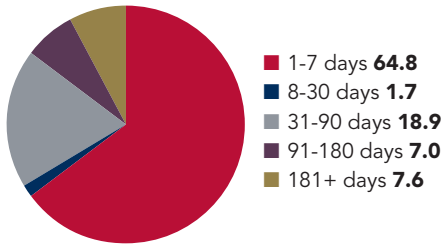
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



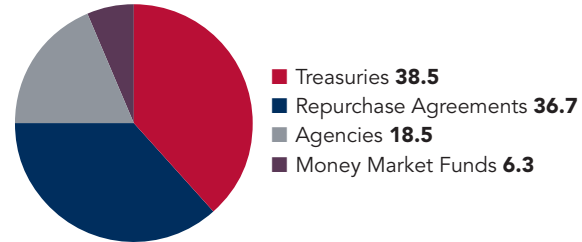
## Portfolio by Maturity (%)

As of November 30, 2021



## Portfolio by Type of Investment (%)

As of November 30, 2021



### Portfolio Asset Summary as of November 30, 2021

	Book Value	Market Value
Uninvested Balance	\$1,364.73	\$1,364.73
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	13,525,041.84	13,525,041.84
Interest and Management Fees Payable	-688,543.99	-688,543.99
Payable for Investments Purchased	-111,728,212.96	-111,728,212.96
Accrued Expenses & Taxes	-26,852.48	-26,852.48
Repurchase Agreements	8,024,258,623.00	8,024,258,623.00
Mutual Fund Investments	1,369,074,000.00	1,369,074,000.00
Government Securities	4,055,096,073.87	4,056,266,601.01
US Treasury Bills	4,581,010,158.65	4,580,829,902.53
US Treasury Notes	3,849,817,778.84	3,849,138,709.69
<b>Total</b>	<b>\$21,780,339,431.50</b>	<b>\$21,780,650,633.36</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. 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	\$5,615,816,364.70
Higher Education	60	\$1,139,240,997.97
County	194	\$2,767,557,381.58
Healthcare	90	\$1,197,812,600.54
Utility District	861	\$3,562,704,928.57
City	484	\$6,156,685,431.56
Emergency Districts	98	\$267,603,391.07
Economic Development Districts	84	\$120,708,544.60
Other	205	\$943,914,115.10

#### \*\*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

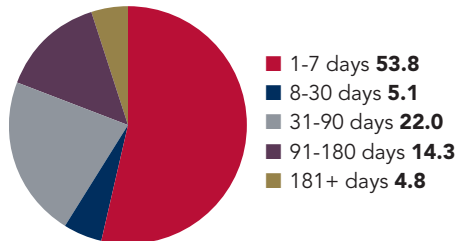
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
11/1	0.0369%	0.000001012	\$22,169,221,884.95	1.00006	41	102
11/2	0.0400%	0.000001010	\$22,217,044,422.69	1.00006	42	104
11/3	0.0367%	0.000001006	\$22,343,439,175.20	1.00005	43	103
11/4	0.0372%	0.000001019	\$22,394,384,556.74	1.00007	43	103
11/5	0.0373%	0.000001023	\$22,317,974,874.76	1.00007	44	104
11/6	0.0373%	0.000001023	\$22,317,974,874.76	1.00007	44	104
11/7	0.0373%	0.000001023	\$22,317,974,874.76	1.00007	44	104
11/8	0.0376%	0.000001031	\$22,227,490,842.19	1.00006	44	103
11/9	0.0376%	0.000001031	\$22,167,821,224.20	1.00008	45	105
11/10	0.0377%	0.000001032	\$22,100,540,790.44	1.00006	45	102
11/11	0.0377%	0.000001032	\$22,100,540,790.44	1.00006	45	102
11/12	0.0381%	0.000001043	\$22,015,280,176.73	1.00005	45	102
11/13	0.0381%	0.000001043	\$22,015,280,176.73	1.00005	45	102
11/14	0.0381%	0.000001043	\$22,015,280,176.73	1.00005	45	102
11/15	0.0380%	0.000001041	\$21,964,779,508.44	1.00006	43	101
11/16	0.0380%	0.000001042	\$22,055,489,391.73	1.00006	45	106
11/17	0.0382%	0.000001047	\$21,995,646,641.94	1.00005	45	106
11/18	0.0383%	0.000001049	\$21,914,580,837.10	1.00006	44	103
11/19	0.0384%	0.000001053	\$21,779,593,228.23	1.00005	46	106
11/20	0.0384%	0.000001053	\$21,779,593,228.23	1.00005	46	106
11/21	0.0384%	0.000001053	\$21,779,593,228.23	1.00005	46	106
11/22	0.0384%	0.000001052	\$21,821,907,482.86	1.00005	43	104
11/23	0.0387%	0.000001060	\$21,816,160,036.33	1.00005	43	107
11/24	0.0384%	0.000001052	\$22,034,540,075.84	1.00002	43	106
11/25	0.0384%	0.000001052	\$22,034,540,075.84	1.00002	43	106
11/26	0.0387%	0.000001060	\$22,030,963,665.94	1.00004	43	105
11/27	0.0387%	0.000001060	\$22,030,963,665.94	1.00004	43	105
11/28	0.0387%	0.000001060	\$22,030,963,665.94	1.00004	43	105
11/29	0.0388%	0.000001063	\$21,978,392,301.50	1.00003	41	103
11/30	0.0391%	0.000001072	\$21,780,339,431.50	1.00002	43	105
<b>Average:</b>	<b>0.0381%</b>	<b>0.000001041</b>	<b>\$22,051,609,843.56</b>	<b>1.00005</b>	<b>44</b>	<b>104</b>



## TEXPOOL Prime

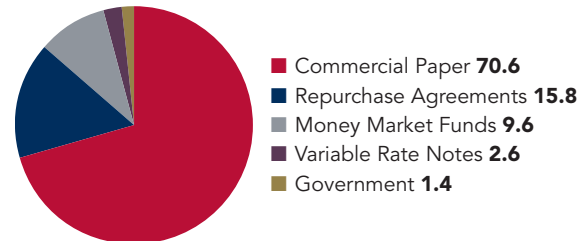
### Portfolio by Maturity (%)

As of November 30, 2021



### Portfolio by Type of Investment (%)

As of November 30, 2021



### Portfolio Asset Summary as of November 30, 2021

	Book Value	Market Value
Uninvested Balance	\$180.22	\$180.22
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	72,285.06	72,285.06
Interest and Management Fees Payable	-464,191.53	-464,191.53
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-11,494.43	-11,494.43
Repurchase Agreements	1,371,413,000.00	1,371,413,000.00
Commercial Paper	6,110,690,709.89	6,110,576,159.23
Bank Instruments	0.00	0.00
Mutual Fund Investments	830,151,197.48	829,928,557.30
Government Securities	117,513,296.72	117,502,559.15
Variable Rate Notes	225,000,000.00	224,958,000.00
<b>Total</b>	<b>\$8,654,364,983.41</b>	<b>\$8,653,975,055.00</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	129	\$2,113,249,159.02
Higher Education	19	\$569,351,480.12
County	47	\$479,978,566.38
Healthcare	18	\$277,140,682.44
Utility District	50	\$443,135,878.74
City	90	\$2,207,103,435.17
Emergency Districts	21	\$32,873,675.01
Economic Development Districts	15	\$21,171,194.47
Other	62	\$2,510,368,496.70



## TEXPOOL *Prime*

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool <i>Prime</i> Invested Balance	NAV	WAM Days	WAL Days
11/1	0.0572%	0.000001566	\$8,544,349,126.08	0.99999	45	54
11/2	0.0600%	0.000001553	\$8,529,974,355.21	0.99999	46	55
11/3	0.0587%	0.000001608	\$8,511,630,945.37	0.99999	46	56
11/4	0.0583%	0.000001597	\$8,525,077,262.60	0.99999	46	55
11/5	0.0608%	0.000001666	\$8,523,791,197.39	0.99998	47	58
11/6	0.0608%	0.000001666	\$8,523,791,197.39	0.99998	47	58
11/7	0.0608%	0.000001666	\$8,523,791,197.39	0.99998	47	58
11/8	0.0621%	0.000001701	\$8,594,973,686.94	0.99998	45	56
11/9	0.0628%	0.000001720	\$8,602,208,946.27	0.99998	47	57
11/10	0.0636%	0.000001743	\$8,562,446,208.93	0.99997	47	58
11/11	0.0636%	0.000001743	\$8,562,446,208.93	0.99997	47	58
11/12	0.0652%	0.000001785	\$8,459,846,064.27	0.99997	47	57
11/13	0.0652%	0.000001785	\$8,459,846,064.27	0.99997	47	57
11/14	0.0652%	0.000001785	\$8,459,846,064.27	0.99997	47	57
11/15	0.0618%	0.000001693	\$8,555,834,568.90	0.99998	45	55
11/16	0.0646%	0.000001769	\$8,532,890,984.57	0.99998	47	57
11/17	0.0646%	0.000001770	\$8,705,089,170.83	0.99997	45	57
11/18	0.0665%	0.000001822	\$8,724,813,620.93	0.99997	46	58
11/19	0.0696%	0.000001906	\$8,556,814,361.99	0.99995	48	60
11/20	0.0696%	0.000001906	\$8,556,814,361.99	0.99995	48	60
11/21	0.0696%	0.000001906	\$8,556,814,361.99	0.99995	48	60
11/22	0.0713%	0.000001953	\$8,541,772,441.45	0.99996	46	59
11/23	0.0729%	0.000001998	\$8,546,350,405.99	0.99995	48	61
11/24	0.0727%	0.000001992	\$8,607,280,921.00	0.99995	48	60
11/25	0.0727%	0.000001992	\$8,607,280,921.00	0.99995	48	60
11/26	0.0740%	0.000002028	\$8,595,925,833.42	0.99994	47	59
11/27	0.0740%	0.000002028	\$8,595,925,833.42	0.99994	47	59
11/28	0.0740%	0.000002028	\$8,595,925,833.42	0.99994	47	59
11/29	0.0723%	0.000001982	\$8,639,352,017.16	0.99995	45	57
11/30	0.0737%	0.000002019	\$8,654,364,983.41	0.99995	45	59
<b>Average:</b>	<b>0.0663%</b>	<b>0.000001813</b>	<b>\$8,565,242,304.89</b>	<b>0.99997</b>	<b>47</b>	<b>58</b>



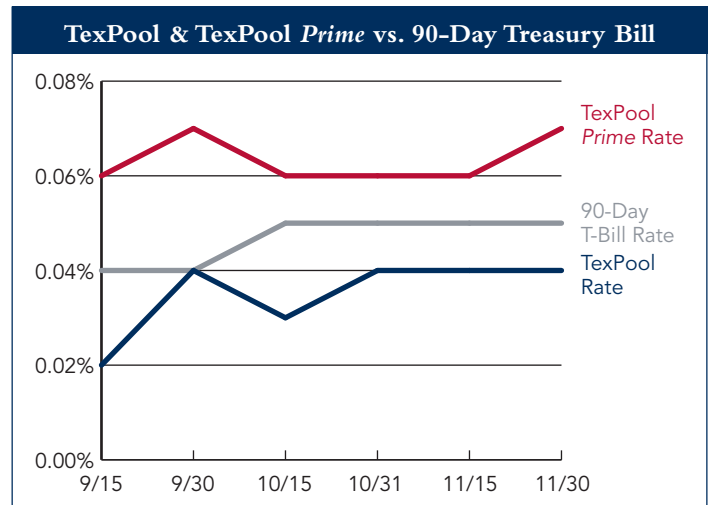
Participant Services  
 1001 Texas Ave. Suite 1150  
 Houston, TX 77002

remains high. But if omicron or something else slows the economic recovery, or if inflation retreats, the Fed might have to pause it. That's enough uncertainty.

Viewed in this context, Brainard's nomination for vice chair isn't a consolation prize, but a shrewd move. For one, her reportedly more dovish stance could moderate a hawkish trend. Second, it elevates the issues of reform and regulation demanded by progressives. Lastly, it presents a succession plan, always a good idea when it comes to monetary policy. Of course, politicians are sure to complicate that, whether through infighting or a cross-party struggle.

There's plenty of political theater at present. More important to the money markets is that lawmakers address the debt ceiling. They punted in October when they approved additional funds many thought would last until early December. Treasury Secretary Janet Yellen recently said mid-December is more likely and has acknowledged the Treasury's own wiggle room. Unfortunately, this takes pressure off Congress to act, but she had to calm investors. While the picture is clouded because of the typical haze of year-end activity, the possibility of a default remains very low. We hope there will be an agreement on a long-term solution rather than another short-term fix, but don't doubt it will be resolved.

At the end of November, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.11%, 0.06%, 0.10% and 0.19%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index



*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.*

rates (BSBY) were 0.06%, 0.17%, 0.23% and 0.37%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates (Libor) were 0.09%, 0.17%, 0.24% and 0.38%, respectively.