



# Monthly Newsletter: October 2024

## ANNOUNCEMENTS

**We welcome the following entities who joined TexPool in September 2024:**

### TexPool

- Clovercreek MUD
- McDade ISD
- Hempstead EDC Type A
- Frio County ESD 1
- Caldwell County MUD 7
- Pittsburg ISD
- Lake Pointe MUD

### TexPool Prime

- Clovercreek MUD
- McDade ISD
- Hempstead EDC Type A
- Frio County ESD 1
- Caldwell County MUD 7
- Pittsburg ISD
- Lake Pointe MUD

### Upcoming Events

October 15 2024 - October 18 2024  
**Texas Association of County Auditors  
 Fall Conference 2024  
 Georgetown, TX**

October 30 2024 - November 2 2024  
**Government Finance Officers Association  
 of Texas (GFOAT) Fall Conference  
 San Marcos, TX**

### TexPool Advisory Board Members

- Patrick Krishock
- David Landeros
- Belinda Weaver
- Sharon Matthews
- Deborah Lauder milk
- Dina Edgar
- Valarie Van Vlack

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: Sky High

October 1, 2024

The Chicken Little predictions that the Federal Reserve easing cycle would lead to an exodus of assets from liquidity products have been proven wrong. In fact, some liquidity products appear to be gaining assets since the Fed cut rates by 50 basis points in mid-September to a range of 4.75-5%.

It's another case of the disconnect between some media pundits and investors. The former want their opinions heard, and bad news gets more attention. The latter simply want the highest possible return across their portfolio, whether they invest in liquidity products to offset riskier holdings or for future deployment to other investment opportunities.

Historically, in a falling-rate environment, yields of cash management products lag the direct security market. Why? Because some of their holdings have locked in higher rates, and most of those won't mature until later, at some point in the next 12 months—referred to as a laddered strategy. In contrast, some securities in the direct market—especially overnight securities and those with floating rates—trace Fed moves immediately. History is only a guide, of course, but we think this will be the case as the easing continues.

Some cynics channeling Henny Penny—the original name of that apocalyptic-minded chicken in the European folk tale—characterize the magnitude of the half-point reduction as a mortal blow. We think that actually helps cash-like vehicles because the decline in their

*(continued page 6)*

### Performance as of September 30, 2024

	TexPool	TexPool Prime
Current Invested Balance	\$30,875,405,325	\$13,844,868,615
Weighted Average Maturity**	26 Days	39 Days
Weighted Average Life**	88 Days	75 Days
Net Asset Value	1.00029	1.00060
Total Number of Participants	2,893	620
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$128,557,330.74	\$60,574,168.48
Management Fee Collected	\$1,025,582.71	\$630,820.30
Current S&P Global Rating	AAAm	AAAm

### Month Averages

Average Invested Balance	\$30,302,150,543	\$13,955,489,859
Average Monthly Rate*	5.16%	5.28%
Average Weighted Average Maturity**	31	38
Average Weighted Average Life**	96	75

\*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.

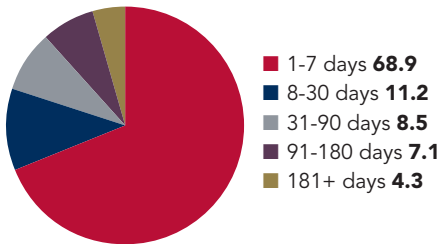
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



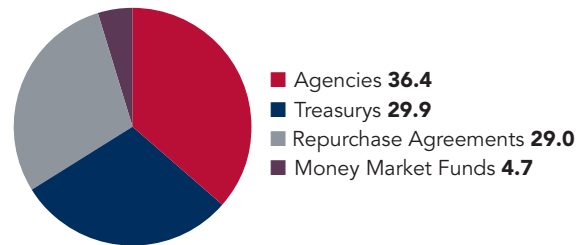
## Portfolio by Maturity (%)

As of September 30, 2024



## Portfolio by Type of Investment (%)

As of September 30, 2024



### Portfolio Asset Summary as of September 30, 2024

	Book Value	Market Value
Uninvested Balance	\$367.09	\$367.09
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	112,828,581.37	112,828,581.37
Interest and Management Fees Payable	-128,585,557.60	-128,585,557.60
Payable for Investments Purchased	-75,000,000.00	-75,000,000.00
Accrued Expenses & Taxes	-35,183.61	-35,183.61
Repurchase Agreements	8,982,767,000.00	8,982,767,000.00
Mutual Fund Investments	1,467,085,200.00	1,467,085,200.00
Government Securities	11,275,953,500.62	11,278,347,731.17
US Treasury Bills	7,565,593,486.77	7,572,994,548.50
US Treasury Notes	1,674,797,930.61	1,673,969,716.95
<b>Total</b>	<b>\$30,875,405,325.25</b>	<b>\$30,884,372,403.87</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	635	\$8,848,134,265.94
Higher Education	60	\$1,639,462,019.26
County	201	\$3,116,622,969.77
Healthcare	94	\$1,631,871,741.83
Utility District	939	\$4,847,932,182.16
City	509	\$8,299,690,650.29
Emergency Districts	113	\$436,819,726.44
Economic Development Districts	94	\$206,871,856.56
Other	248	\$1,767,976,407.34

#### \*\*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

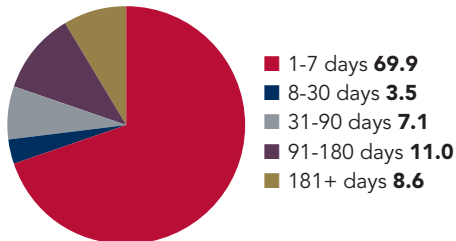
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
9/1	5.2968%	0.000145117	\$30,295,015,407.15	1.00019	36	100
9/2	5.2968%	0.000145117	\$30,295,015,407.15	1.00019	36	100
9/3	5.2838%	0.000144762	\$30,304,288,267.16	1.00012	34	101
9/4	5.2659%	0.000144272	\$30,319,867,909.61	1.00016	34	100
9/5	5.2763%	0.000144556	\$30,274,151,656.87	1.00016	34	100
9/6	5.2824%	0.000144724	\$30,193,587,770.12	1.00016	34	100
9/7	5.2824%	0.000144724	\$30,193,587,770.12	1.00016	34	100
9/8	5.2824%	0.000144724	\$30,193,587,770.12	1.00016	34	100
9/9	5.2727%	0.000144458	\$30,107,714,988.62	1.00018	32	99
9/10	5.2705%	0.000144398	\$30,270,278,391.18	1.00020	32	98
9/11	5.2668%	0.000144295	\$30,141,865,651.78	1.00017	31	97
9/12	5.2645%	0.000144232	\$29,991,606,575.95	1.00016	32	96
9/13	5.2691%	0.000144360	\$30,135,270,531.07	1.00022	33	95
9/14	5.2691%	0.000144360	\$30,135,270,531.07	1.00022	33	95
9/15	5.2691%	0.000144360	\$30,135,270,531.07	1.00022	33	95
9/16	5.2719%	0.000144436	\$30,244,096,716.23	1.00025	30	93
9/17	5.2719%	0.000144435	\$30,274,045,062.30	1.00024	31	95
9/18	5.2700%	0.000144383	\$30,301,287,825.99	1.00029	30	94
9/19	5.1637%	0.000141471	\$30,199,868,157.25	1.00033	30	94
9/20	4.9868%	0.000136624	\$30,124,713,688.61	1.00029	31	95
9/21	4.9868%	0.000136624	\$30,124,713,688.61	1.00029	31	95
9/22	4.9868%	0.000136624	\$30,124,713,688.61	1.00029	31	95
9/23	4.9828%	0.000136515	\$30,042,126,097.69	1.00032	29	93
9/24	4.9764%	0.000136339	\$30,074,544,614.78	1.00033	29	94
9/25	4.9757%	0.000136321	\$31,003,010,865.93	1.00031	28	91
9/26	4.9793%	0.000136419	\$30,895,122,840.47	1.00030	27	91
9/27	4.9754%	0.000136312	\$30,598,162,848.62	1.00030	28	91
9/28	4.9754%	0.000136312	\$30,598,162,848.62	1.00030	28	91
9/29	4.9754%	0.000136312	\$30,598,162,848.62	1.00030	28	91
9/30	4.9843%	0.000136555	\$30,875,405,325.25	1.00029	26	88
<b>Average:</b>	<b>5.1637%</b>	<b>0.000141471</b>	<b>\$30,302,150,542.55</b>	<b>1.00024</b>	<b>31</b>	<b>96</b>



## TEXPOOL Prime

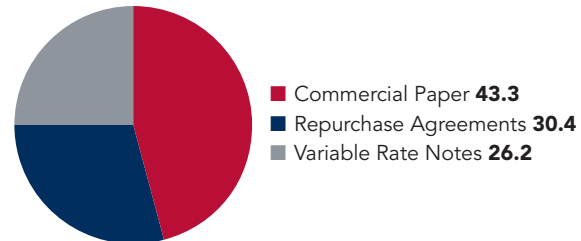
### Portfolio by Maturity (%)

As of September 30, 2024



### Portfolio by Type of Investment (%)

As of September 30, 2024



### Portfolio Asset Summary as of September 30, 2024

	Book Value	Market Value
Uninvested Balance	-\$289.02	-\$289.02
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	16,415,755.21	16,415,755.21
Interest and Management Fees Payable	-60,574,177.91	-60,574,177.91
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-20,862.13	-20,862.13
Repurchase Agreements	4,223,319,000.00	4,223,319,000.00
Commercial Paper	8,028,729,189.03	8,036,367,533.99
Mutual Fund Investments	0.00	0.00
Government Securities	0.00	0.00
Variable Rate Notes	1,637,000,000.00	1,637,633,035.75
<b>Total</b>	<b>\$13,844,868,615.18</b>	<b>\$13,853,139,995.89</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	169	\$4,429,438,505.63
Higher Education	19	\$1,002,888,851.41
County	54	\$980,678,808.01
Healthcare	23	\$564,379,138.52
Utility District	80	\$530,610,527.86
City	120	\$2,968,374,402.87
Emergency Districts	36	\$111,191,351.42
Economic Development Districts	24	\$58,561,633.49
Other	95	\$3,198,705,936.04



## TEXPOOL Prime

### Daily Summary

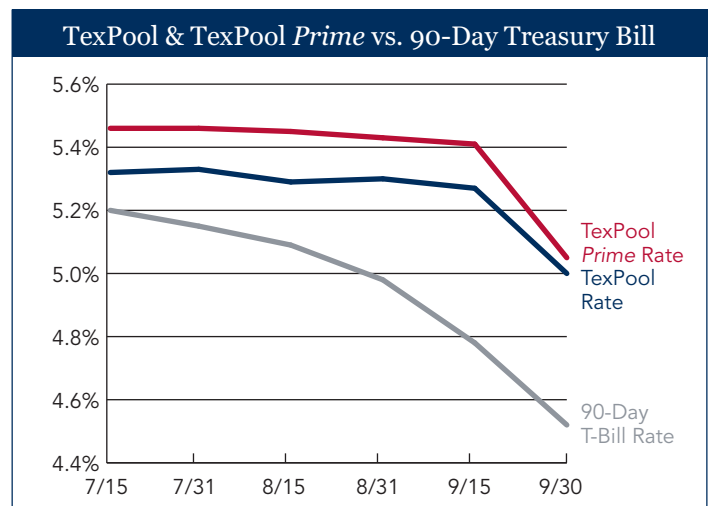
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
9/1	5.4315%	0.000148809	\$14,278,172,890.64	1.00027	40	76
9/2	5.4315%	0.000148809	\$14,278,172,890.64	1.00027	40	76
9/3	5.4265%	0.000148671	\$14,263,804,569.69	1.00036	37	72
9/4	5.4075%	0.000148152	\$14,248,256,924.37	1.00038	39	76
9/5	5.4085%	0.000148178	\$14,277,664,134.75	1.00043	38	75
9/6	5.4105%	0.000148234	\$14,198,496,431.42	1.00034	39	75
9/7	5.4105%	0.000148234	\$14,198,496,431.42	1.00034	39	75
9/8	5.4105%	0.000148234	\$14,198,496,431.42	1.00034	39	75
9/9	5.4123%	0.000148281	\$13,943,012,161.65	1.00044	38	76
9/10	5.4101%	0.000148222	\$13,877,056,974.07	1.00042	37	76
9/11	5.4095%	0.000148205	\$13,786,540,810.84	1.00041	37	75
9/12	5.4077%	0.000148155	\$13,713,115,052.11	1.00041	37	75
9/13	5.4066%	0.000148127	\$13,730,979,177.92	1.00036	38	75
9/14	5.4066%	0.000148127	\$13,730,979,177.92	1.00036	38	75
9/15	5.4066%	0.000148127	\$13,730,979,177.92	1.00036	38	75
9/16	5.4111%	0.000148249	\$13,814,448,287.00	1.00052	35	72
9/17	5.4178%	0.000148434	\$13,768,750,173.68	1.00053	35	72
9/18	5.4176%	0.000148428	\$14,184,992,799.04	1.00049	34	69
9/19	5.2244%	0.000143134	\$14,072,627,603.10	1.00059	35	70
9/20	5.1264%	0.000140450	\$13,866,201,561.38	1.00048	40	76
9/21	5.1264%	0.000140450	\$13,866,201,561.38	1.00048	40	76
9/22	5.1264%	0.000140450	\$13,866,201,561.38	1.00048	40	76
9/23	5.0467%	0.000138266	\$13,811,241,318.82	1.00062	38	76
9/24	5.0530%	0.000138437	\$13,862,394,598.30	1.00061	39	76
9/25	5.0509%	0.000138381	\$13,932,479,015.00	1.00064	38	75
9/26	5.0354%	0.000137957	\$14,045,961,304.78	1.00064	38	74
9/27	5.0366%	0.000137990	\$13,758,034,715.36	1.00051	40	76
9/28	5.0366%	0.000137990	\$13,758,034,715.36	1.00051	40	76
9/29	5.0366%	0.000137990	\$13,758,034,715.36	1.00051	40	76
9/30	5.0496%	0.000138346	\$13,844,868,615.18	1.00060	39	75
<b>Average:</b>	<b>5.2797%</b>	<b>0.000144651</b>	<b>\$13,955,489,859.40</b>	<b>1.00046</b>	<b>38</b>	<b>75</b>



Participant Services  
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yields traditionally has been proportional to the cut. Had the Fed trimmed the target range by a quarter-point, liquidity yields likely would have a spread of around 12 basis points initially. As it stands, that difference is closer to 25 basis points due to the oversized cut and gets more attractive out the inverted yield curve. No wonder the inflows. And no, the sky is not falling.

The Fed has tacitly declared victory over inflation, and the August Personal Consumption Expenditures (PCE) report supports that. Core PCE, which strips out volatile elements such as energy and food prices, rose only 0.1% from July against expectations for a 0.2% gain. But inflation might reverse course if the port workers across the Eastern seaboard go on strike. The Fed typically ignores exogenous events as being too temporary to warrant a monetary policy response. But the disruption to supply chains is not easily predictable. While it likely won't be as disruptive as the pandemic, it probably would be worse than the interference caused by the cargo ship stuck in the Suez Canal, terrorist attacks in the Red Sea and the tragedy in Baltimore combined. If a strike by longshoremen is prolonged, inflation could rise to the point that the Fed could hold rates at one of the year's last meetings.



*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.*

#### **Tips for Preventing Financial Fraud**

With cyber-crime and other social engineering attacks on the rise, TexPool offers tips, resources, and other suggestions to help protect your participating entity from potential financial fraud. Please visit the Financial Fraud Prevention page on [TexPool.com](http://TexPool.com) to learn more.