



# Monthly Newsletter: March 2023

## ANNOUNCEMENTS

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

### TexPool

Williamson County MUD 19C  
 Memorial Villages Water Authority  
 Town of Cross Roads  
 Baird ISD  
 Leonard ISD  
 Cypress Ranch WCID 1  
 Aubrey ISD  
 City of Hitchcock

### TexPool Prime

Robstown Utility System  
 Memorial Villages Water Authority  
 Brushy Creek MUD  
 Grand Prairie Metropolitan Utility and Reclamation District  
 Leonard ISD  
 City of Hitchcock  
 Wharton Economic Development Corporation

### Upcoming Events

April 16, 2023 - April 19, 2023  
**Government Finance Officers Association of Texas (GFOAT) Spring Conference**  
 Round Rock, TX

April 17, 2023 - April 20, 2023  
**Annual County Treasurers' Spring Education Seminar**  
 San Marcos, TX

### TexPool Advisory Board Members

Patrick Krishock	David Landeros
Belinda Weaver	Sharon Matthews
Deborah	David Garcia
Laudermilk	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: Coming to terms

March 1, 2023

Acceptance is hard, and the financial markets have struggled with it this year. Investors turned relief about moderating inflation and a slowing pace of Federal Reserve rate hikes into the expectation that the conclusion of the tightening cycle is imminent. Stocks and bonds rallied further when the January Federal Open Market Committee meeting resulted in an even lower hike, with the Treasury yield curve indicating policymakers would cut rates in the fourth quarter.

We didn't buy this narrative. The markets crossed the fine line between expectations and wishful thinking. But investors checked that fantasy within the shortest month of the year. Indeed, change can come quickly after acceptance. In addition to a correction in equities and fixed-income, the yield curve shifted upward in February to reflect the likelihood the Fed will take the fed funds rate higher and hold it there at least into 2024. The change is corroborated by futures trading that places the terminal rate in the 5.25-5.5% range.

Recent inflation data supports this reality check. The rule of thumb is to pay attention to the core version of price measurements because they exclude short-term fluctuations of energy and food costs. But it's also better to focus on the month-over-month (m/m) changes rather

*(continued page 6)*

### Performance as of February 28, 2023

	TexPool	TexPool Prime
Current Invested Balance	\$33,619,870,647	\$12,906,040,470
Weighted Average Maturity**	15 Days	23 Days
Weighted Average Life**	63 Days	61 Days
Net Asset Value	0.99976	1.00003
Total Number of Participants	2,762	482
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$115,913,793.32	\$46,410,186.96
Management Fee Collected	\$946,867.79	\$475,733.35
Standard & Poor's Current Rating	AAAm	AAAm

### Month Averages

Average Invested Balance	\$33,636,150,384	\$12,783,225,677
Average Monthly Rate*	4.50%	4.73%
Average Weighted Average Maturity**	15	26
Average Weighted Average Life**	66	64

\*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.

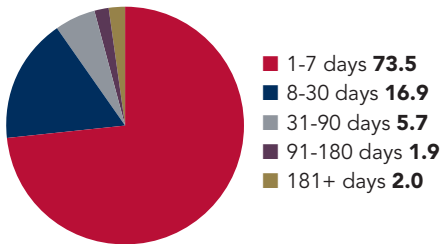
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



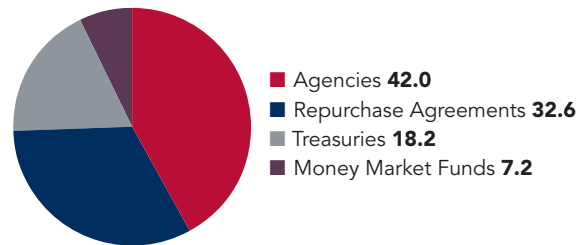
## Portfolio by Maturity (%)

As of February 28, 2023



## Portfolio by Type of Investment (%)

As of February 28, 2023



### Portfolio Asset Summary as of February 28, 2023

	Book Value	Market Value
Uninvested Balance	-\$581.10	-\$581.10
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	80,818,371.65	80,818,371.65
Interest and Management Fees Payable	-115,913,814.71	-115,913,814.71
Payable for Investments Purchased	-100,000,000.00	-100,000,000.00
Accrued Expenses & Taxes	-33,415.29	-33,415.29
Repurchase Agreements	11,004,321,000.00	11,004,321,000.00
Mutual Fund Investments	2,425,074,000.00	2,425,085,200.00
Government Securities	14,162,566,756.20	14,155,254,964.14
US Treasury Bills	5,094,292,314.06	5,093,780,723.10
US Treasury Notes	1,068,746,015.81	1,068,709,985.03
<b>Total</b>	<b>\$33,619,870,646.62</b>	<b>\$33,612,022,432.82</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	606	\$11,023,892,554.37
Higher Education	60	\$1,848,715,133.99
County	196	\$4,508,531,771.70
Healthcare	92	\$1,789,471,040.77
Utility District	909	\$4,654,149,103.11
City	489	\$8,301,179,029.20
Emergency Districts	100	\$402,433,414.68
Economic Development Districts	86	\$173,178,919.98
Other	224	\$918,935,109.47

#### \*\*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

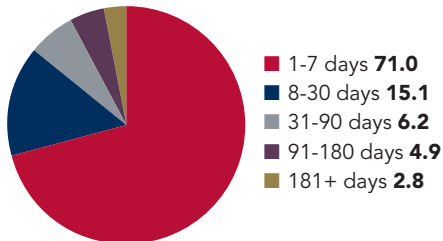
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
2/1	4.3080%	0.000118027	\$32,584,367,145.68	0.99976	15	73
2/2	4.3868%	0.000120185	\$32,587,026,668.30	0.99977	15	73
2/3	4.4897%	0.000123006	\$32,960,382,978.79	0.99977	16	72
2/4	4.4897%	0.000123006	\$32,960,382,978.79	0.99977	16	72
2/5	4.4897%	0.000123006	\$32,960,382,978.79	0.99977	16	72
2/6	4.4943%	0.000123131	\$33,055,612,522.49	0.99976	14	69
2/7	4.4934%	0.000123107	\$33,821,461,804.05	0.99976	14	68
2/8	4.4853%	0.000122884	\$33,898,924,839.31	0.99976	14	67
2/9	4.4860%	0.000122905	\$33,900,873,879.09	0.99977	15	67
2/10	4.4865%	0.000122917	\$33,967,469,326.86	0.99978	16	67
2/11	4.4865%	0.000122917	\$33,967,469,326.86	0.99978	16	67
2/12	4.4865%	0.000122917	\$33,967,469,326.86	0.99978	16	67
2/13	4.4965%	0.000123191	\$33,611,153,232.63	0.99976	14	66
2/14	4.5053%	0.000123434	\$33,271,324,131.37	0.99976	14	65
2/15	4.5064%	0.000123462	\$33,278,448,218.68	0.99976	14	64
2/16	4.5233%	0.000123925	\$33,849,028,842.61	0.99976	15	63
2/17	4.5232%	0.000123924	\$33,869,155,785.47	0.99977	16	63
2/18	4.5232%	0.000123924	\$33,869,155,785.47	0.99977	16	63
2/19	4.5232%	0.000123924	\$33,869,155,785.47	0.99977	16	63
2/20	4.5232%	0.000123924	\$33,869,155,785.47	0.99977	16	63
2/21	4.5187%	0.000123799	\$34,064,808,651.12	0.99977	14	62
2/22	4.5306%	0.000124125	\$33,958,837,612.69	0.99977	15	65
2/23	4.5343%	0.000124228	\$34,122,919,618.00	0.99978	16	65
2/24	4.5359%	0.000124270	\$34,015,239,229.57	0.99979	17	65
2/25	4.5359%	0.000124270	\$34,015,239,229.57	0.99979	17	65
2/26	4.5359%	0.000124270	\$34,015,239,229.57	0.99979	17	65
2/27	4.5362%	0.000124279	\$33,881,655,203.74	0.99977	15	64
2/28	4.5403%	0.000124393	\$33,619,870,646.62	0.99976	15	63
<b>Average:</b>	<b>4.4991%</b>	<b>0.000123263</b>	<b>\$33,636,150,384.43</b>	<b>0.99977</b>	<b>15</b>	<b>66</b>



## TEXPOOL Prime

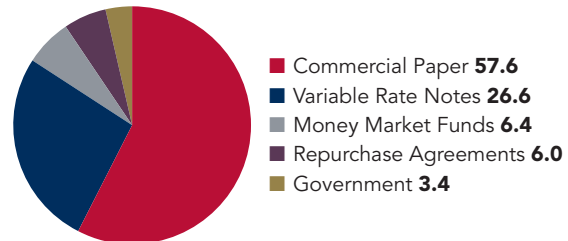
### Portfolio by Maturity (%)

As of February 28, 2023



### Portfolio by Type of Investment (%)

As of February 28, 2023



### Portfolio Asset Summary as of February 28, 2023

	Book Value	Market Value
Uninvested Balance	\$1,417.65	\$1,417.65
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	18,338,616.55	18,338,616.55
Interest and Management Fees Payable	-46,410,489.27	-46,410,489.27
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-17,174.28	-17,174.28
Repurchase Agreements	781,688,000.00	781,688,000.00
Commercial Paper	7,443,481,003.36	7,441,332,691.02
Mutual Fund Investments	830,153,483.22	829,943,055.05
Government Securities	440,805,612.49	440,816,493.65
Variable Rate Notes	3,438,000,000.02	3,440,692,258.13
<b>Total</b>	<b>\$12,906,040,469.74</b>	<b>\$12,906,384,868.50</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	136	\$4,989,565,573.29
Higher Education	19	\$694,141,053.61
County	50	\$1,111,269,317.75
Healthcare	20	\$459,383,756.09
Utility District	53	\$438,380,420.01
City	93	\$2,653,258,994.03
Emergency Districts	22	\$58,304,844.89
Economic Development Districts	18	\$29,773,716.64
Other	71	\$2,471,823,807.31



## TEXPOOL *Prime*

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool <i>Prime</i> Invested Balance	NAV	WAM Days	WAL Days
2/1	4.5933%	0.000125844	\$12,445,619,703.48	1.00005	24	61
2/2	4.6190%	0.000126549	\$12,651,352,653.97	1.00005	24	60
2/3	4.7203%	0.000129322	\$12,648,910,033.81	0.99991	28	66
2/4	4.7203%	0.000129322	\$12,648,910,033.81	0.99991	28	66
2/5	4.7203%	0.000129322	\$12,648,910,033.81	0.99991	28	66
2/6	4.7651%	0.000130552	\$12,704,820,904.38	1.00001	28	67
2/7	4.7522%	0.000130198	\$12,966,990,172.07	1.00003	28	65
2/8	4.7329%	0.000129668	\$13,153,455,435.65	1.00002	27	64
2/9	4.7381%	0.000129811	\$12,940,423,747.35	1.00003	28	66
2/10	4.7331%	0.000129674	\$12,960,807,452.69	0.99990	28	66
2/11	4.7331%	0.000129674	\$12,960,807,452.69	0.99990	28	66
2/12	4.7331%	0.000129674	\$12,960,807,452.69	0.99990	28	66
2/13	4.7337%	0.000129691	\$12,937,973,566.09	1.00004	26	64
2/14	4.7411%	0.000129893	\$12,831,263,993.63	1.00005	26	64
2/15	4.7469%	0.000130052	\$12,654,376,293.74	1.00005	27	65
2/16	4.7456%	0.000130016	\$12,759,095,148.94	1.00005	26	65
2/17	4.7455%	0.000130015	\$12,774,972,149.38	0.99985	27	64
2/18	4.7455%	0.000130015	\$12,774,972,149.38	0.99985	27	64
2/19	4.7455%	0.000130015	\$12,774,972,149.38	0.99985	27	64
2/20	4.7455%	0.000130015	\$12,774,972,149.38	0.99985	27	64
2/21	4.7453%	0.000130007	\$12,738,518,629.90	1.00004	24	64
2/22	4.7517%	0.000130183	\$12,683,426,077.24	1.00004	24	63
2/23	4.7529%	0.000130217	\$12,683,901,511.81	1.00003	24	63
2/24	4.7507%	0.000130155	\$12,732,987,655.24	0.99990	25	63
2/25	4.7507%	0.000130155	\$12,732,987,655.24	0.99990	25	63
2/26	4.7507%	0.000130155	\$12,732,987,655.24	0.99990	25	63
2/27	4.7581%	0.000130359	\$12,745,056,625.83	1.00003	24	62
2/28	4.7425%	0.000129932	\$12,906,040,469.74	1.00003	23	61
<b>Average:</b>	<b>4.7326%</b>	<b>0.000129660</b>	<b>\$12,783,225,677.02</b>	<b>0.99997</b>	<b>26</b>	<b>64</b>



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

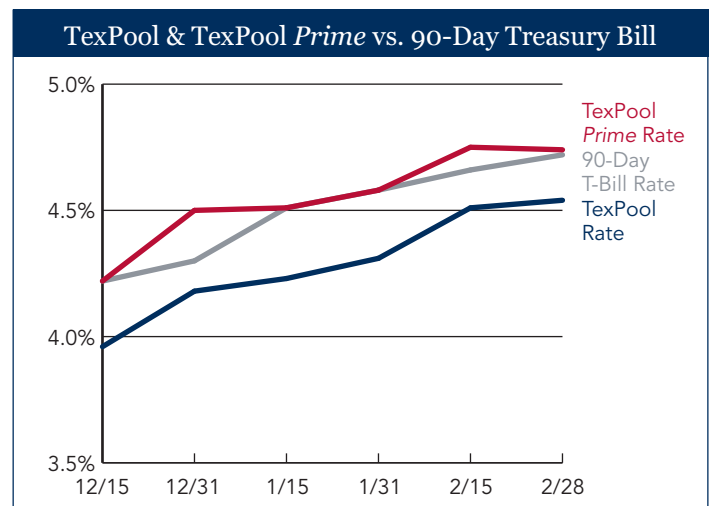
than year-over-year. The latter can be misleading, especially when the previous year's figures are substantially different—the so-called base-effect phenomenon.

Case in point, the annualized core Consumer Price Index slipped from 5.7% in December to 5.6% in January, but rose 0.4% m/m. While annualized core Personal Consumption Expenditures Index (PCE) rose from 4.6% in December to 4.7% in January, it climbed 0.6% m/m.

The takeaway here is that the descent from a peak is often faster than the rest of the downward journey. If you listened to Fed Chair Jerome Powell's comments in the press conference following the January FOMC meeting, you heard him reiterate that policymakers pay close attention to "core PCE services ex-housing." They consider it an excellent judge of price pressures because the housing market reacts much quicker to shifts in rates than the rest of the economy. The bad news is that it has accelerated lately, jumping 0.6% m/m in January. Inflation is proving sticky once again.

Another factor is the debt-ceiling debacle. We haven't changed our opinion that it will be resolved in some form, most likely with another kick of the proverbial can. But we think the supply of Treasury bills will dwindle as we get close to the X-date this summer, reversing the trend of the last few months, and that securities maturing near it will be cheap. But the big picture is that we expect yields of liquidity products to keep climbing.

At the end of February, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 4.60%, 4.81%, 5.14% and 5.08%, respectively; the



*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.*

1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 4.59%, 4.88%, 5.18% and 5.53%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 4.67%, 4.98%, 5.29% and 5.69%, respectively.