



Monthly Newsletter: June 2021

ANNOUNCEMENTS

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

TexPool

Westwood Management District
McLennan County District Clerk

TexPool Prime

McLennan County District Clerk

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: A temporary dilemma

June 1, 2021

When the Federal Reserve first introduced the term “transitory” several months ago to describe budding inflation, it seemed typical Fed speak. Policymakers have long claimed that the disinflationary factors in place before the pandemic (demographics, globalization, automation, etc.) eventually will counter any emerging price pressures. They remain more concerned about avoiding Japan-like economic malaise. But as it has become apparent the U.S. recovery is robust, dismissing inflation is becoming dangerous. Even a temporary spike can have lasting consequences.

It really does come down to the definition of transitory. No one is expecting the Fed to predict the future. Yet its new average inflation targeting framework, which tolerates personal consumption expenditures (PCE) growth above 2% for “some time,” suggests it has a period in mind because it has to select a starting point. So, how far back is the Fed going? If it picks the months just before the pandemic, then “transitory” likely will be shorter than if it chooses, say, 2014.

This makes a difference, especially if the economy starts to boil rather than simmer. Take the labor market. Employment remains well short of prepandemic levels and the Fed

(continued page 6)

Performance as of May 31, 2021

	TexPool	TexPool Prime
Current Invested Balance	\$24,705,953,565.60	\$10,292,737,697.13
Weighted Average Maturity**	32	53
Weighted Average Life**	95	58
Net Asset Value	1.00013	1.00008
Total Number of Participants	2,649	445
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$214,188.84	\$671,019.60
Management Fee Collected	\$813,298.26	\$442,855.56
Standard & Poor's Current Rating	AAAm	AAAm

Month Averages

Average Invested Balance	\$24,800,575,765.92	\$10,185,256,208.83
Average Monthly Rate*	0.01%	0.08%
Average Weighted Average Maturity**	30	53
Average Weighted Average Life**	90	58

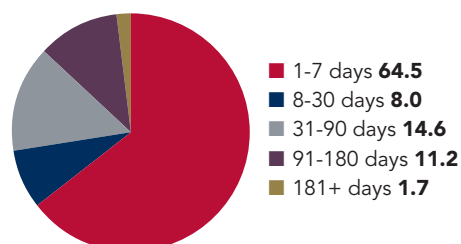
**This average monthly rate for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.*

***See page 2 for definitions.*

Past performance is no guarantee of future results.

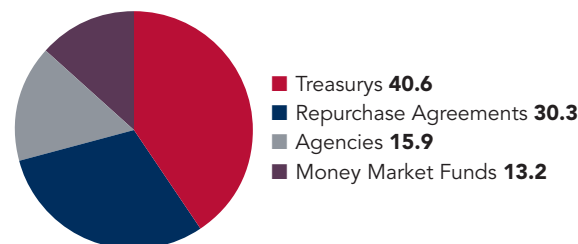
Portfolio by Maturity (%)

As of May 31, 2021



Portfolio by Type of Investment (%)

As of May 31, 2021



Portfolio Asset Summary as of May 31, 2021

	Book Value	Market Value
Uninvested Balance	-\$337.93	-\$337.93
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	5,232,844.17	5,232,844.17
Interest and Management Fees Payable	-214,328.85	-214,328.85
Payable for Investments Purchased	-249,983,472.20	-249,983,472.20
Accrued Expenses & Taxes	-95,392.58	-95,392.58
Repurchase Agreements	7,558,298,139.00	7,558,298,139.00
Mutual Fund Investments	3,293,074,000.00	3,293,074,000.00
Government Securities	3,921,259,153.38	3,923,853,710.92
U.S. Treasury Bills	8,470,495,788.62	8,470,825,167.24
U.S. Treasury Notes	1,707,887,171.99	1,708,272,746.22
Total	\$24,705,953,565.60	\$24,709,263,075.99

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	\$7,332,345,910.34
Higher Education	60	\$1,382,474,903.15
County	194	\$3,081,266,899.55
Healthcare	90	\$1,502,855,129.30
Utility District	840	\$3,580,893,734.16
City	484	\$6,346,181,559.49
Emergency Districts	98	\$309,856,452.66
Economic Development Districts	83	\$125,276,915.31
Other	201	\$1,044,790,548.78

**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

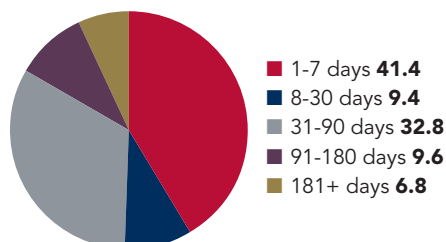
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
5/1	0.0101%	0.000000277	\$25,031,802,202.84	1.00015	30	91
5/2	0.0101%	0.000000277	\$25,031,802,202.84	1.00015	30	91
5/3	0.0101%	0.000000277	\$24,983,666,998.54	1.00015	28	89
5/4	0.0125%	0.000000342	\$24,961,870,932.44	1.00015	28	89
5/5	0.0101%	0.000000277	\$24,897,544,804.82	1.00015	28	89
5/6	0.0101%	0.000000277	\$24,830,376,805.78	1.00015	28	88
5/7	0.0101%	0.000000277	\$24,735,111,968.96	1.00015	29	89
5/8	0.0101%	0.000000277	\$24,735,111,968.96	1.00015	29	89
5/9	0.0101%	0.000000277	\$24,735,111,968.96	1.00015	29	89
5/10	0.0101%	0.000000277	\$24,764,723,595.12	1.00015	27	87
5/11	0.0101%	0.000000277	\$24,680,437,208.39	1.00015	28	88
5/12	0.0101%	0.000000277	\$24,551,475,976.54	1.00015	29	89
5/13	0.0101%	0.000000277	\$24,393,790,285.79	1.00015	29	89
5/14	0.0101%	0.000000277	\$24,516,675,643.79	1.00015	30	90
5/15	0.0101%	0.000000277	\$24,516,675,643.79	1.00015	30	90
5/16	0.0101%	0.000000277	\$24,516,675,643.79	1.00015	30	90
5/17	0.0101%	0.000000277	\$24,428,621,154.44	1.00015	29	88
5/18	0.0101%	0.000000277	\$24,577,761,520.50	1.00015	31	90
5/19	0.0101%	0.000000277	\$24,829,548,940.58	1.00015	31	91
5/20	0.0101%	0.000000277	\$24,785,086,063.62	1.00015	31	92
5/21	0.0101%	0.000000277	\$25,159,112,964.20	1.00014	32	91
5/22	0.0101%	0.000000277	\$25,159,112,964.20	1.00014	32	91
5/23	0.0101%	0.000000277	\$25,159,112,964.20	1.00014	32	91
5/24	0.0101%	0.000000277	\$25,055,501,972.19	1.00014	30	89
5/25	0.0101%	0.000000277	\$25,126,333,058.93	1.00014	30	88
5/26	0.0101%	0.000000277	\$25,001,311,969.56	1.00014	30	91
5/27	0.0101%	0.000000277	\$24,829,677,057.39	1.00014	31	94
5/28	0.0101%	0.000000277	\$24,705,953,565.60	1.00013	32	95
5/29	0.0101%	0.000000277	\$24,705,953,565.60	1.00013	32	95
5/30	0.0101%	0.000000277	\$24,705,953,565.60	1.00013	32	95
5/31	0.0101%	0.000000277	\$24,705,953,565.60	1.00013	32	95
Average:	0.0102%	0.000000279	\$24,800,575,765.92	1.00015	30	90



TEXPOOL Prime

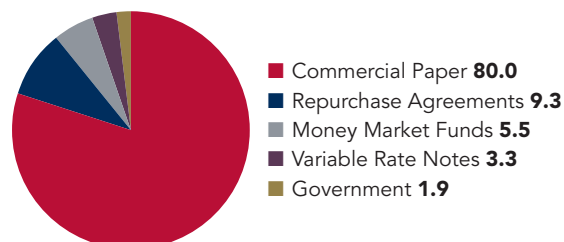
Portfolio by Maturity (%)

As of May 31, 2021



Portfolio by Type of Investment (%)

As of May 31, 2021



Portfolio Asset Summary as of May 31, 2021

	Book Value	Market Value
Uninvested Balance	\$789.63	\$789.63
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	235,505.21	235,505.21
Interest and Management Fees Payable	-671,082.87	-671,082.87
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-57,823.16	-57,823.16
Repurchase Agreements	960,480,000.00	960,480,000.00
Commercial Paper	8,230,637,807.02	8,231,461,904.64
Bank Instruments	0.00	0.00
Mutual Fund Investments	562,126,501.30	562,052,003.75
Government Securities	199,986,000.00	200,000,000.00
Variable Rate Notes	340,000,000.00	340,104,900.00
Total	\$10,292,737,697.13	\$10,293,606,197.20

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	\$3,128,105,245.69
Higher Education	19	\$588,647,505.55
County	47	\$758,454,698.45
Healthcare	18	\$292,414,142.56
Utility District	49	\$321,715,328.25
City	90	\$2,494,891,386.43
Emergency Districts	21	\$34,778,173.96
Economic Development Districts	15	\$21,262,203.64
Other	58	\$2,652,452,691.67



TEXPOOL Prime

Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
5/1	0.0815%	0.000002233	\$10,191,165,398.31	1.00006	51	57
5/2	0.0815%	0.000002233	\$10,191,165,398.31	1.00006	51	57
5/3	0.0835%	0.000002287	\$10,132,446,909.73	1.00007	50	56
5/4	0.0838%	0.000002297	\$10,076,939,301.17	1.00006	50	56
5/5	0.0825%	0.000002261	\$10,067,261,308.68	1.00006	53	59
5/6	0.0810%	0.000002220	\$10,083,652,017.62	1.00006	53	59
5/7	0.0819%	0.000002245	\$10,074,564,052.60	1.00006	54	60
5/8	0.0819%	0.000002245	\$10,074,564,052.60	1.00006	54	60
5/9	0.0819%	0.000002245	\$10,074,564,052.60	1.00006	54	60
5/10	0.0782%	0.000002142	\$10,087,647,168.25	1.00006	52	57
5/11	0.0786%	0.000002153	\$10,073,295,427.65	1.00007	51	57
5/12	0.0803%	0.000002201	\$10,056,517,808.90	1.00007	53	59
5/13	0.0802%	0.000002196	\$10,027,457,086.71	1.00007	54	59
5/14	0.0811%	0.000002223	\$10,084,423,850.28	1.00006	54	60
5/15	0.0811%	0.000002223	\$10,084,423,850.28	1.00006	54	60
5/16	0.0811%	0.000002223	\$10,084,423,850.28	1.00006	54	60
5/17	0.0804%	0.000002203	\$10,098,739,128.86	1.00007	52	58
5/18	0.0806%	0.000002207	\$10,070,304,643.47	1.00007	52	58
5/19	0.0785%	0.000002152	\$10,209,293,239.59	1.00007	52	57
5/20	0.0787%	0.000002155	\$10,193,348,534.17	1.00007	53	58
5/21	0.0723%	0.000001980	\$10,334,655,905.90	1.00007	53	58
5/22	0.0723%	0.000001980	\$10,334,655,905.90	1.00007	53	58
5/23	0.0723%	0.000001980	\$10,334,655,905.90	1.00007	53	58
5/24	0.0729%	0.000001998	\$10,389,942,089.21	1.00008	52	57
5/25	0.0726%	0.000001989	\$10,426,207,125.90	1.00008	52	58
5/26	0.0731%	0.000002002	\$10,362,530,440.89	1.00008	53	58
5/27	0.0714%	0.000001957	\$10,353,147,231.57	1.00008	53	58
5/28	0.0706%	0.000001934	\$10,292,737,697.13	1.00008	53	58
5/29	0.0706%	0.000001934	\$10,292,737,697.13	1.00008	53	58
5/30	0.0706%	0.000001934	\$10,292,737,697.13	1.00008	53	58
5/31	0.0706%	0.000001934	\$10,292,737,697.13	1.00008	53	58
Average:	0.0777%	0.000002128	\$10,185,256,208.83	1.00007	53	58

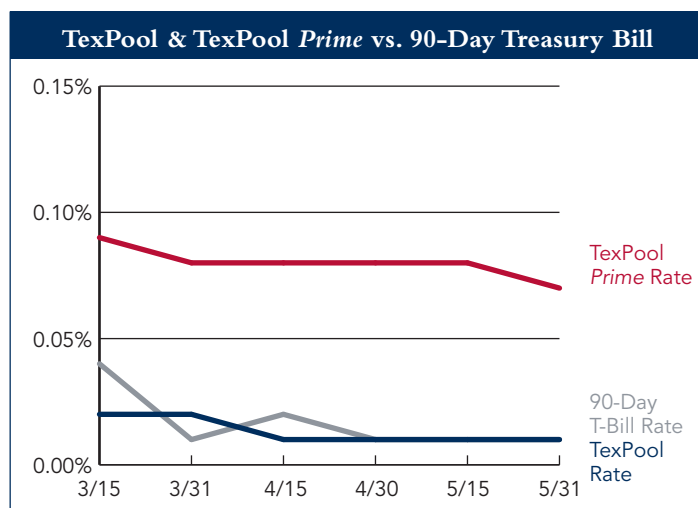


Participant Services
1001 Texas Ave. Suite 1150
Houston, TX 77002

wants to wait until it is running hot before acting. But when the stimulus flow ends in fall, we may see some skill-set mismatches and employers struggling to fill positions. Costs from increasing wages often are passed on to the market as price hikes—or they aren't and company margins shrink. Either could be damaging to the economy.

More to the point is the prevailing narrative that pent-up consumer demand will be exhausted by the end of summer. We don't think that is likely. It's true that many Americans have booked themselves silly with vacations, shelled out to renovate their homes and bought tickets to concerts, games and other entertainment. But they can't spend everything at once. The personal savings rate is high enough to support many months of trips and activities. "Save the date" requests proliferate and demand for some larger purchases, from cars to durables, will have to wait for inventory restocking. Many people have a war chest of money that will last a while.

There is real potential this temporary period of rising inflation will turn into, well, a period. The Fed might need to act before it wants to. It already is considering tapering its monthly purchases of government securities, mentioned in an incredibly hedged sentence in the minutes to its April policy meeting: "A number of participants suggested...it might be appropriate at some point in upcoming meetings to begin discussing a plan for adjusting the pace of asset purchases." Cash managers and investors will welcome that.



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.

At the end of May, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.00%, 0.01%, 0.03% and 0.04%, respectively; the 1-, 3-, 6- and 12-month London interbank offered rates (Libor) were 0.09%, 0.13%, 0.17% and 0.25%, respectively; and the weighted average maturities (WAMs) of TexPool and TexPool Prime were 30 and 53 days, respectively.