Monthly Newsletter: April 2023

ANNOUNCEMENTS

We welcome the following entities who joined TexPool in March 2023:

TexPool

Redbird Ranch FWSD 2
School of Excellence in Education dba Legacy Traditional Schools
McLennan County Appraisal District
Hays County ESD 5
Falls City ISD
Marshall Economic Development Corporation
Clay County
Girls Haven Inc dba Ehrhart School
City of Groves

TexPool *Prime*

Bastrop ISD
School of Excellence in Education dba Legacy Traditional Schools
McLennan County Appraisal District
Falls City ISD
City of Celina
Wilbarger Creek MUD 2
City of Groves

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

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

April 1, 2023

When you hear talk of the two functions of the Federal Reserve, you likely think of its so-called "dual mandate" to foster maximum employment and stable prices. But that's the goal of its monetary policy. The Fed's foundational duality is actually to promote both those goals and the stability of the U.S. financial system. The Fed officially states it performs five functions. But one concerns setting policy while the other four fall under the rubric of safety.

This distinction is crucial to understanding the Fed's decision-making following the collapse of Silicon Valley Bank (SVB). On the one hand, it acted swiftly to provide a safety net to the banking sector with the establishment of the Bank Term Funding Program. On the other hand, a week or so later, its Federal Open Market Committee (FOMC) voted to raise the federal funds rate by 25 basis points.

This might seem contradictory. Although much of SVB's downfall stemmed from an overly concentrated clientele, a classic asset/liability mismatch and other mismanagement, the Fed's aggressive tightening put the bank's holdings of longer-term Treasuries underwater. From this perspective, the Fed perhaps should have foregone a hike. Yet its policy arm essentially shrugged this off. Not just because FOMC officials professed—and likely

(continued page 6)

Performance as of March 31, 2023

	TexPool	TexPool *Prime*
Current Invested Balance	$33,182,596,040	$12,477,012,136
Weighted Average Maturity**	19 Days	24 Days
Weighted Average Life**	74 Days	66 Days
Net Asset Value	0.99993	0.99981
Total Number of Participants	2,771	489
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	$132,027,306.17	$51,519,603.82
Management Fee Collected	$1,069,875.50	$527,268.18
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	$33,729,125,153	$12,648,652,879
Average Monthly Rate*	4.61%	4.80%
Average Weighted Average Maturity**	17	22
Average Weighted Average Life**	66	63

**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.

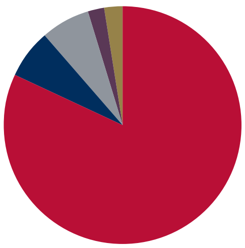
Phone: 1-866-TEXPOOL (839-7665) · Fax: 1-866-839-3291 · TexPool.com

G35884-24 (4/23)

Managed and Serviced by Federated Hermes

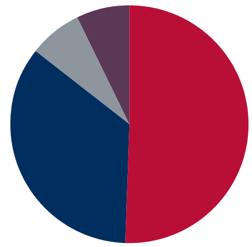
Portfolio by Maturity (%)

As of March 31, 2023



Portfolio by Type of Investment (%)

As of March 31, 2023



Portfolio Asset Summary as of March 31, 2023

	Book Value	Market Value
Uninvested Balance	$582.55	$582.55
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	94,600,532.57	94,600,532.57
Interest and Management Fees Payable	-132,027,896.53	-132,027,896.53
Payable for Investments Purchased	-210,000,000.00	-210,000,000.00
Accrued Expenses & Taxes	-32,861.98	-32,861.98
Repurchase Agreements	11,691,748,000.00	11,691,748,000.00
Mutual Fund Investments	2,425,074,000.00	2,425,085,200.00
Government Securities	16,914,097,584.89	16,911,780,963.54
US Treasury Bills	1,100,307,361.76	1,100,608,748.50
US Treasury Notes	1,298,828,736.94	1,298,666,296.84
Total	**$33,182,596,040.20**	**$33,180,429,565.49**

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	609	$10,605,150,055.29
Higher Education	60	$1,628,519,919.23
County	197	$4,429,628,649.71
Healthcare	92	$1,982,720,586.76
Utility District	910	$4,787,600,302.44
City	490	$8,197,937,632.46
Emergency Districts	101	$435,554,075.32
Economic Development Districts	87	$173,298,737.56
Other	225	$942,891,508.22

****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.

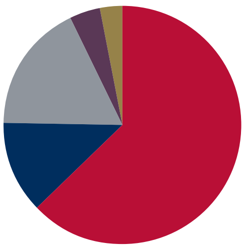
Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
3/1	4.5263%	0.000124007	$33,773,343,198.69	0.99977	15	63
3/2	4.5243%	0.000123954	$33,965,415,638.36	0.99977	15	62
3/3	4.5339%	0.000124216	$33,921,604,199.45	0.99979	15	62
3/4	4.5339%	0.000124216	$33,921,604,199.45	0.99979	15	62
3/5	4.5339%	0.000124216	$33,921,604,199.45	0.99979	15	62
3/6	4.5291%	0.000124086	$33,927,214,955.40	0.99977	17	62
3/7	4.5306%	0.000124125	$33,917,501,612.69	0.99976	17	61
3/8	4.5299%	0.000124107	$33,882,864,302.28	0.99975	18	62
3/9	4.5424%	0.000124450	$33,763,966,656.27	0.99977	19	64
3/10	4.5425%	0.000124452	$33,799,005,381.37	0.99983	19	64
3/11	4.5425%	0.000124452	$33,799,005,381.37	0.99983	19	64
3/12	4.5425%	0.000124452	$33,799,005,381.37	0.99983	19	64
3/13	4.5458%	0.000124543	$33,706,525,064.43	0.99987	17	63
3/14	4.5511%	0.000124688	$33,693,971,513.27	0.99985	17	65
3/15	4.5618%	0.000124980	$33,781,283,047.80	0.99989	17	66
3/16	4.5730%	0.000125288	$33,842,785,576.00	0.99988	17	66
3/17	4.5715%	0.000125246	$33,858,456,177.29	0.99992	18	66
3/18	4.5715%	0.000125246	$33,858,456,177.29	0.99992	18	66
3/19	4.5715%	0.000125246	$33,858,456,177.29	0.99992	18	66
3/20	4.5664%	0.000125108	$33,760,200,347.66	0.99991	16	65
3/21	4.5701%	0.000125208	$33,749,300,323.11	0.99988	16	67
3/22	4.5704%	0.000125217	$33,857,328,744.01	0.99990	16	66
3/23	4.6576%	0.000127606	$33,720,812,637.30	0.99994	17	67
3/24	4.7674%	0.000130615	$33,626,743,810.90	0.99993	19	70
3/25	4.7674%	0.000130615	$33,626,743,810.90	0.99993	19	70
3/26	4.7674%	0.000130615	$33,626,743,810.90	0.99993	19	70
3/27	4.7554%	0.000130285	$33,573,531,511.90	0.99988	18	69
3/28	4.7785%	0.000130919	$33,386,912,420.75	0.99991	18	69
3/29	4.7940%	0.000131342	$33,313,910,731.03	0.99991	17	73
3/30	4.7902%	0.000131239	$33,185,986,716.22	0.99990	17	73
3/31	4.7920%	0.000131287	$33,182,596,040.20	0.99993	19	74
Average:	**4.6108%**	**0.000126323**	**$33,729,125,153.05**	**0.99986**	**17**	**66**

TexPool *Prime*

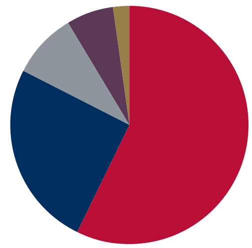
Portfolio by Maturity (%)

As of March 31, 2023



Portfolio by Type of Investment (%)

As of March 31, 2023



Portfolio Asset Summary as of March 31, 2023

	Book Value	Market Value
Uninvested Balance	$1,485.34	$1,485.34
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	20,935,749.66	20,935,749.66
Interest and Management Fees Payable	-51,520,220.83	-51,520,220.83
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-16,540.48	-16,540.48
Repurchase Agreements	1,105,394,000.00	1,105,394,000.00
Commercial Paper	7,172,357,270.47	7,169,997,174.83
Mutual Fund Investments	830,153,483.22	829,777,066.44
Government Securities	241,984,082.09	242,032,837.30
Variable Rate Notes	3,157,722,826.19	3,158,010,630.71
Total	**$12,477,012,135.66**	**$12,474,612,182.97**

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	139	$4,802,617,449.62
Higher Education	19	$634,018,043.77
County	50	$1,082,097,351.77
Healthcare	20	$523,514,713.03
Utility District	54	$412,053,859.96
City	95	$2,333,154,941.79
Emergency Districts	22	$66,138,973.66
Economic Development Districts	18	$29,974,998.19
Other	72	$2,593,308,040.38

TexPool *Prime*

Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool *Prime* Invested Balance	NAV	WAM Days	WAL Days
3/1	4.7301%	0.000129592	$12,933,368,732.63	1.00003	23	62
3/2	4.7283%	0.000129542	$12,940,288,516.44	1.00002	23	62
3/3	4.7333%	0.000129679	$12,805,772,434.91	0.99988	24	62
3/4	4.7333%	0.000129679	$12,805,772,434.91	0.99988	24	62
3/5	4.7333%	0.000129679	$12,805,772,434.91	0.99988	24	62
3/6	4.7303%	0.000129598	$12,711,152,048.63	1.00004	22	62
3/7	4.7307%	0.000129608	$12,715,066,427.27	0.99999	22	62
3/8	4.7374%	0.000129791	$12,662,741,794.09	0.99995	22	62
3/9	4.7219%	0.000129366	$12,702,380,302.76	0.99995	21	63
3/10	4.7235%	0.000129411	$12,725,659,812.85	0.99985	22	65
3/11	4.7235%	0.000129411	$12,725,659,812.85	0.99985	22	65
3/12	4.7235%	0.000129411	$12,725,659,812.85	0.99985	22	65
3/13	4.7229%	0.000129394	$12,686,746,955.91	1.00017	20	62
3/14	4.7236%	0.000129414	$12,644,754,876.54	1.00020	20	61
3/15	4.7324%	0.000129655	$12,704,320,119.32	1.00019	20	62
3/16	4.7443%	0.000129980	$12,717,251,133.41	1.00007	20	61
3/17	4.7421%	0.000129921	$12,594,232,266.66	0.99980	21	62
3/18	4.7421%	0.000129921	$12,594,232,266.66	0.99980	21	62
3/19	4.7421%	0.000129921	$12,594,232,266.66	0.99980	21	62
3/20	4.7439%	0.000129970	$12,632,351,586.66	0.99998	18	59
3/21	4.7515%	0.000130178	$12,586,499,134.07	0.99988	19	58
3/22	4.7789%	0.000130928	$12,548,065,786.84	0.99982	20	60
3/23	4.8503%	0.000132884	$12,504,934,983.78	0.99985	22	62
3/24	4.9457%	0.000135499	$12,540,020,886.96	0.99976	24	64
3/25	4.9457%	0.000135499	$12,540,020,886.96	0.99976	24	64
3/26	4.9457%	0.000135499	$12,540,020,886.96	0.99976	24	64
3/27	4.9805%	0.000136453	$12,479,747,551.05	0.99983	23	62
3/28	4.9786%	0.000136399	$12,505,502,111.58	0.99979	24	65
3/29	4.9981%	0.000136933	$12,476,639,685.19	0.99981	24	66
3/30	5.0027%	0.000137061	$12,482,359,175.89	0.99982	24	66
3/31	4.9989%	0.000136957	$12,477,012,135.66	0.99981	24	66
Average:	**4.8006%**	**0.000131524**	**$12,648,652,879.41**	**0.99991**	**22**	**63**

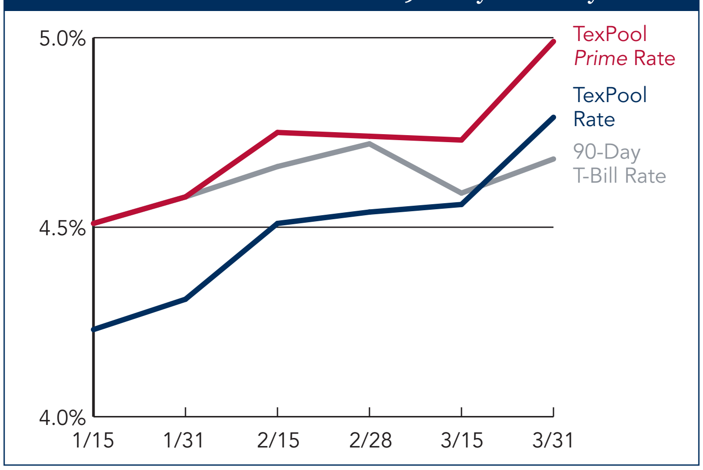
Participant Services
1001 Texas Ave. Suite 1150
Houston, TX 77002

believed—that risks of contagion spreading to the broader banking system were minute, but because their focus remains on fighting inflation. Of course, Chair Jerome Powell had to address both issues, but he passed the buck on SVB to Vice Chair for Supervision Michael Barr.

The distinction is a major reason we think the FOMC won't shift its foot from the gas to the brake pedal this year. Its members continually show they are willing to deal out pain in the name of restoring price stability. They've admittedly targeted increasing unemployment and tightening financial conditions—an agenda almost guaranteed to break some aspect of the financial system. We forecast another quarter-point hike at the May meeting and no cuts this year. That's what the Summary of Economic Projections show, and betting against the Fed now is unwise. The markets keep flirting with making that bet, 50/50 on a hike in May and still pricing in a pivot this year. But expectations are volatile, and the debt ceiling X date looms. Unsurprisingly, there's been little movement on that front.

At the end of the month, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 4.58%, 4.76%, 4.89% and 4.69%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 4.93%, 4.08%, 5.23% and 5.27%, respectively; the 1-, 3-, 6- and 12-month London interbank offered rates were 4.86%, 5.22%, 5.32% and 5.33%, respectively.

TexPool & TexPool *Prime* vs. 90-Day Treasury Bill



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.