



# Monthly Newsletter: February 2022

## ANNOUNCEMENTS

### We welcome the following entities who joined TexPool in January 2022:

#### TexPool

Elgin MUD 1

Elgin MUD 2

Lake Dunlap WCID

Fort Bend County MUD 134E

Harris County MUD 406

#### TexPool Prime

Northwest ISD

### 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

Patrick Krishock

Jerry Dale

Belinda Weaver

David Landeros

Deborah Lauder milk

Sharon Matthews

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: Onward and upward

### February 1, 2022

There's no returning to our pre-pandemic lives, but the Federal Reserve is well on its way to normalization.

We prefer to conceptualize the Fed's removal of accommodative policy this way, rather than thinking of it as tightening, because it isn't. Not when its balance sheet is enormous and rates are pinned near zero. Of course, cash managers and the broad money markets are elated about the end of the asset-purchase program and the prospect of a slew of hikes in the federal funds target range likely to start in March. But the journey to business as usual will be long.

In his presser following the Federal Open Market Committee meeting last week, Chair Jerome Powell's hawkish dialogue offered the guidance the noncommittal, almost milquetoast statement lacked. He was forceful enough that the futures market is flirting with projecting five hikes this year—much faster than the pace seen in the cycle that began in late 2015. We are not that bullish, but do think increases in March and May are possible.

Even if the Fed raises rates in a nonperiodic manner, it likely will stick to its preference of acting sequentially—waiting to reduce its balance sheet until it has the fed funds rate at, or

*(continued page 6)*

### Performance as of January 31, 2022

	TexPool	TexPool Prime
Current Invested Balance	\$28,743,122,701	\$10,748,445,791
Weighted Average Maturity**	35 Days	36 Days
Weighted Average Life**	88 Days	56 Days
Net Asset Value	0.99987	0.99994
Total Number of Participants	2,681	452
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$866,138.04	\$849,463.13
Management Fee Collected	\$1,034,861.87	\$430,887.69
Standard & Poor's Current Rating	AAAm	AAAm

#### Month Averages

Average Invested Balance	\$27,070,872,625	\$10,236,493,854
Average Monthly Rate*	0.04%	0.10%
Average Weighted Average Maturity**	37	41
Average Weighted Average Life**	88	59

\*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.

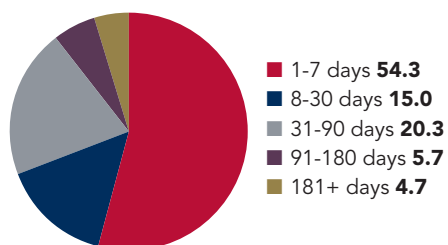
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



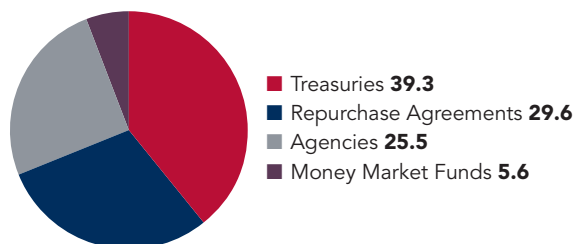
## Portfolio by Maturity (%)

As of January 31, 2022



## Portfolio by Type of Investment (%)

As of January 31, 2022



## Portfolio Asset Summary as of January 31, 2022

	Book Value	Market Value
Uninvested Balance	\$82,363,046.19	\$82,363,046.19
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	11,132,898.20	11,132,898.20
Interest and Management Fees Payable	-866,124.47	-866,124.47
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-35,436.22	-35,436.22
Repurchase Agreements	8,479,836,209.00	8,479,836,209.00
Mutual Fund Investments	1,603,074,000.00	1,603,074,000.00
Government Securities	7,308,117,828.75	7,308,078,396.04
US Treasury Bills	7,819,609,748.37	7,817,503,304.28
US Treasury Notes	3,439,890,531.48	3,438,212,594.37
<b>Total</b>	<b>\$28,743,122,701.30</b>	<b>\$28,739,298,887.39</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	600	\$9,284,635,116.96
Higher Education	60	\$1,444,380,022.02
County	194	\$3,934,634,860.04
Healthcare	90	\$1,636,919,037.38
Utility District	866	\$3,998,072,219.71
City	484	\$7,202,212,777.25
Emergency Districts	98	\$318,250,449.92
Economic Development Districts	84	\$125,382,956.26
Other	205	\$798,614,064.42

### \*\*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

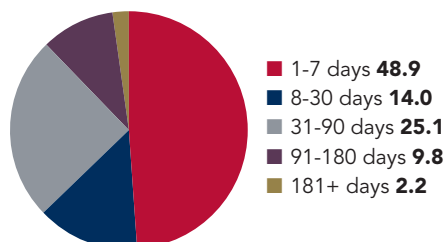
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
1/1	0.0280%	0.000000767	\$25,831,002,933.12	0.99996	38	89
1/2	0.0280%	0.000000767	\$25,831,002,933.12	0.99996	38	89
1/3	0.0278%	0.000000763	\$25,928,538,363.66	0.99997	36	87
1/4	0.0282%	0.000000773	\$25,596,088,610.29	0.99998	37	87
1/5	0.0299%	0.000000820	\$25,790,243,629.88	0.99996	35	85
1/6	0.0337%	0.000000923	\$26,291,323,036.59	0.99996	35	85
1/7	0.0336%	0.000000921	\$26,458,897,965.92	0.99996	35	84
1/8	0.0336%	0.000000921	\$26,458,897,965.92	0.99996	35	84
1/9	0.0336%	0.000000921	\$26,458,897,965.92	0.99996	35	84
1/10	0.0335%	0.000000919	\$26,561,895,740.42	0.99995	33	82
1/11	0.0347%	0.000000950	\$26,551,671,339.86	0.99996	36	82
1/12	0.0364%	0.000000997	\$26,496,729,301.11	0.99994	36	84
1/13	0.0379%	0.000001038	\$26,547,342,437.77	0.99994	37	84
1/14	0.0377%	0.000001034	\$26,832,041,076.82	0.99993	40	86
1/15	0.0377%	0.000001034	\$26,832,041,076.82	0.99993	40	86
1/16	0.0377%	0.000001034	\$26,832,041,076.82	0.99993	40	86
1/17	0.0377%	0.000001034	\$26,832,041,076.82	0.99993	40	86
1/18	0.0380%	0.000001040	\$27,133,680,198.94	0.99989	38	86
1/19	0.0415%	0.000001138	\$27,163,270,864.12	0.99991	39	91
1/20	0.0430%	0.000001177	\$27,303,948,900.02	0.99990	39	93
1/21	0.0413%	0.000001131	\$27,425,034,939.93	0.99991	39	92
1/22	0.0413%	0.000001131	\$27,425,034,939.93	0.99991	39	92
1/23	0.0413%	0.000001131	\$27,425,034,939.93	0.99991	39	92
1/24	0.0437%	0.000001196	\$27,772,360,046.45	0.99990	36	88
1/25	0.0420%	0.000001150	\$28,032,250,168.27	0.99990	38	89
1/26	0.0430%	0.000001177	\$28,354,310,809.84	0.99989	37	91
1/27	0.0437%	0.000001196	\$28,406,028,372.10	0.99987	37	90
1/28	0.0433%	0.000001187	\$28,627,425,992.40	0.99988	37	90
1/29	0.0433%	0.000001187	\$28,627,425,992.40	0.99988	37	90
1/30	0.0433%	0.000001187	\$28,627,425,992.40	0.99988	37	90
1/31	0.0460%	0.000001261	\$28,743,122,701.30	0.99987	35	88
<b>Average:</b>	<b>0.0376%</b>	<b>0.000001029</b>	<b>\$27,070,872,625.45</b>	<b>0.99993</b>	<b>37</b>	<b>88</b>



## TEXPOOL Prime

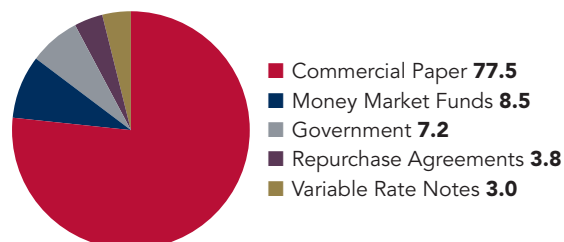
### Portfolio by Maturity (%)

As of January 31, 2022



### Portfolio by Type of Investment (%)

As of January 31, 2022



### Portfolio Asset Summary as of January 31, 2022

	Book Value	Market Value
Uninvested Balance	\$533.56	\$533.56
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	2,761,111.28	2,761,111.28
Interest and Management Fees Payable	-849,460.83	-849,460.83
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-14,670.14	-14,670.14
Repurchase Agreements	410,164,000.00	410,164,000.00
Commercial Paper	8,331,096,611.19	8,330,527,672.33
Short Term Muni	81,500,000.00	81,505,884.30
Mutual Fund Investments	830,153,483.22	829,941,055.05
Government Securities	768,634,182.50	768,625,139.13
Variable Rate Notes	325,000,000.00	325,008,000.00
<b>Total</b>	<b>\$10,748,445,790.78</b>	<b>\$10,747,669,264.68</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	130	\$3,452,123,697.43
Higher Education	19	\$665,437,452.46
County	47	\$826,510,211.49
Healthcare	18	\$273,007,037.83
Utility District	50	\$400,145,192.78
City	90	\$2,539,174,111.21
Emergency Districts	21	\$43,454,130.70
Economic Development Districts	15	\$22,036,688.24
Other	62	\$2,526,469,290.77



## TEXPOOL Prime

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
1/1	0.0930%	0.000002548	\$9,197,364,824.20	0.99996	49	65
1/2	0.0930%	0.000002548	\$9,197,364,824.20	0.99996	49	65
1/3	0.0925%	0.000002535	\$9,311,227,491.97	0.99997	47	62
1/4	0.0943%	0.000002584	\$9,368,956,736.93	0.99997	48	63
1/5	0.0948%	0.000002598	\$9,560,993,175.70	0.99996	47	62
1/6	0.0925%	0.000002535	\$9,890,198,560.56	0.99996	45	59
1/7	0.0939%	0.000002572	\$9,862,073,228.67	0.99996	45	60
1/8	0.0939%	0.000002572	\$9,862,073,228.67	0.99996	45	60
1/9	0.0939%	0.000002572	\$9,862,073,228.67	0.99996	45	60
1/10	0.0943%	0.000002583	\$10,009,340,301.37	0.99997	42	57
1/11	0.0933%	0.000002555	\$10,072,177,388.97	0.99998	42	57
1/12	0.0913%	0.000002502	\$10,291,038,061.18	0.99997	41	58
1/13	0.0953%	0.000002610	\$10,240,466,954.61	0.99996	41	59
1/14	0.0964%	0.000002642	\$10,275,850,660.91	0.99995	42	59
1/15	0.0964%	0.000002642	\$10,275,850,660.91	0.99995	42	59
1/16	0.0964%	0.000002642	\$10,275,850,660.91	0.99995	42	59
1/17	0.0964%	0.000002642	\$10,275,850,660.91	0.99995	42	59
1/18	0.0946%	0.000002593	\$10,347,594,125.71	0.99995	38	58
1/19	0.0988%	0.000002708	\$10,507,931,560.05	0.99995	38	57
1/20	0.1068%	0.000002925	\$10,629,814,622.73	0.99995	38	57
1/21	0.0964%	0.000002642	\$10,615,292,827.47	0.99994	38	58
1/22	0.0964%	0.000002642	\$10,615,292,827.47	0.99994	38	58
1/23	0.0964%	0.000002642	\$10,615,292,827.47	0.99994	38	58
1/24	0.0987%	0.000002703	\$10,747,014,911.83	0.99996	35	56
1/25	0.0995%	0.000002727	\$10,817,244,323.87	0.99996	37	57
1/26	0.1041%	0.000002851	\$10,857,748,971.99	0.99996	38	58
1/27	0.1062%	0.000002910	\$10,826,284,596.09	0.99994	38	58
1/28	0.1060%	0.000002905	\$10,724,867,150.80	0.99993	39	59
1/29	0.1060%	0.000002905	\$10,724,867,150.80	0.99993	39	59
1/30	0.1060%	0.000002905	\$10,724,867,150.80	0.99993	39	59
1/31	0.1064%	0.000002916	\$10,748,445,790.78	0.99994	36	56
<b>Average:</b>	<b>0.0975%</b>	<b>0.000002673</b>	<b>\$10,236,493,854.43</b>	<b>0.99995</b>	<b>41</b>	<b>59</b>



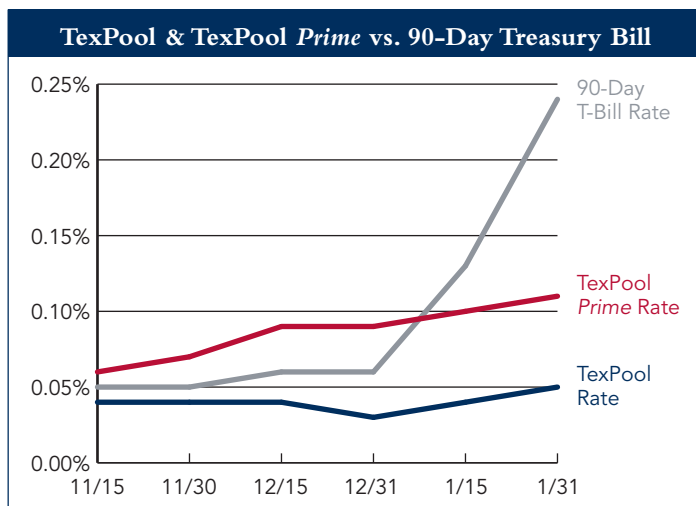
Participant Services  
1001 Texas Ave. Suite 1150  
Houston, TX 77002

at least close to 2% (it indicated the process will be passive, letting securities roll off). But Powell made clear the situation is fluid. If the bond market is not reacting well or an externality arises, he said policymakers will alter the course.

Also due to normalize is the Fed's Overnight Reverse Repo Facility. We anticipate the committee to raise it in concert with hikes of the fed funds target range to keep it at 5 basis points above the lower bound of the new span. Interest on Excess Reserves likely would be increased by the same amount. Usage of the facility continues to be extraordinarily high, and that, too, will take time to unwind. The Fed would like to get out of that market, but banks will be in no hurry to finance it again because of the miniscule margins.

A complete Fed board has not been the norm for many years, but President Biden moved to fill it last month. He tapped current governor Sarah Bloom Raskin (for vice chair for supervision) and economists Lisa Cook and Philip Jefferson. At first blush, none of the nominees stand out as being situated far from center on policy, though Raskin has been outspoken on climate-based financial risks.

At the end of January, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.04%, 0.23%, 0.46% and 0.77%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 0.09%, 0.26%, 0.47% and 0.77%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 0.11%, 0.31%, 0.54% and 0.96%, respectively.



*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.*