



# Monthly Newsletter: September 2023

## ANNOUNCEMENTS

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

### **TexPool**

Walker County ESD No 3  
Marshall Independent School District  
Montgomery County MUD 174  
City of New Boston  
Blanco-Pedernales Groundwater Conservation District  
Ellis County Emergency Services District

### **TexPool Prime**

Walker County ESD No 3  
Marshall Independent School District  
Montgomery County MUD 174  
City of New Boston  
Blanco-Pedernales Groundwater Conservation District  
Ellis County Emergency Services District

### **Upcoming Events**

September 18, 2023 - September 21, 2023  
**75th Annual County Treasurers' Association of Texas Conference**  
McAllen, TX

September 29, 2023 - October 1, 2023  
**Texas Association of School Administrators/Texas Association of School Boards Annual Conference 2023**  
Dallas, TX

October 4, 2023 - October 6, 2023  
**2023 Texas Municipal League Annual Conference**  
Dallas, TX

### **TexPool Advisory Board Members**

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

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: Pushback

September 1, 2023

The Federal Reserve's annual central-bank symposium at Jackson Hole, Wyo. is essentially an FOMC meeting minus an actual decision, with statements coming from interviews with many members and remarks by the chair. The conference that took place last week was remarkably similar to last year's, with tough talk about slaying inflation and projections of the next policy action. To that end, Chair Jerome Powell referenced his terse and hawkish 2022 speech in his keynote—no doubt to emphasize the Fed has lost none of its commitment. "The message is the same: It is the Fed's job to bring inflation down to our 2% goal, and we will do so."

But unlike last year, when the rate path was extraordinarily steep, Powell seemed to equivocate, outlining the conditions that would prompt the Fed to consider further hikes without promising any. The conditions are, of course, economic data. But one got the feeling he was returning to the tactic of providing forward guidance. The markets once again are disregarding Fed speak, pricing in no fewer than four quarter-point cuts in 2024. Powell's real message was to disabuse investors of this view. In so many words, expect higher for longer.

*(continued page 6)*

## Performance as of August 31, 2023

	TexPool	TexPool Prime
Current Invested Balance	\$29,245,867,923	\$12,804,550,195
Weighted Average Maturity**	23 Days	32 Days
Weighted Average Life**	86 Days	67 Days
Net Asset Value	0.99984	0.99999
Total Number of Participants	2,800	513
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$131,770,097.22	\$54,243,151.36
Management Fee Collected	\$1,011,332.19	\$465,947.69
Standard & Poor's Current Rating	AAAm	AAAm

### **Month Averages**

Average Invested Balance	\$29,259,740,644	\$11,481,967,603
Average Monthly Rate*	5.30%	5.56%
Average Weighted Average Maturity**	24	37
Average Weighted Average Life**	87	77

*\*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.*

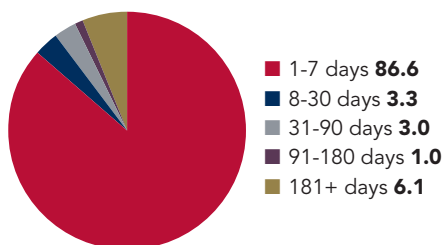
*\*\*See page 2 for definitions.*

*Past performance is no guarantee of future results.*



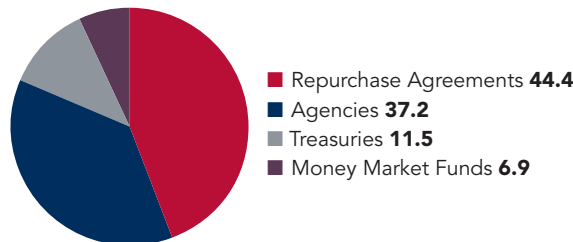
## Portfolio by Maturity (%)

As of August 31, 2023



## Portfolio by Type of Investment (%)

As of August 31, 2023



### Portfolio Asset Summary as of August 31, 2023

	Book Value	Market Value
Uninvested Balance	\$5,228,692.52	\$5,228,692.52
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	137,735,646.41	137,735,646.41
Interest and Management Fees Payable	-131,780,051.07	-131,780,051.07
Payable for Investments Purchased	-124,999,999.99	-124,999,999.99
Accrued Expenses & Taxes	-32,127.84	-32,127.84
Repurchase Agreements	13,019,878,000.00	13,019,878,000.00
Mutual Fund Investments	2,025,085,200.00	2,025,085,200.00
Government Securities	10,926,131,011.11	10,920,912,044.47
US Treasury Bills	1,948,686,863.20	1,948,578,912.51
US Treasury Notes	1,439,934,689.08	1,440,656,985.65
<b>Total</b>	<b>\$29,245,867,923.42</b>	<b>\$29,241,263,302.66</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	616	\$9,228,475,680.39
Higher Education	60	\$1,478,336,676.04
County	197	\$3,422,443,158.05
Healthcare	92	\$1,593,403,623.86
Utility District	916	\$4,514,578,206.29
City	496	\$7,317,483,977.12
Emergency Districts	104	\$392,942,874.40
Economic Development Districts	89	\$187,071,922.33
Other	230	\$1,111,122,689.50

#### \*\*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

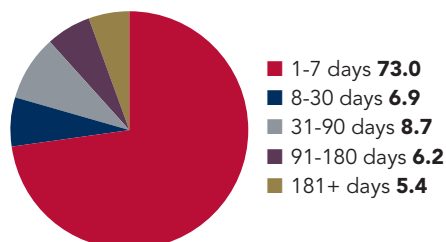
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
8/1	5.2979%	0.000145148	\$29,050,611,878.20	0.99977	25	90
8/2	5.2957%	0.000145089	\$29,129,199,697.97	0.99978	25	90
8/3	5.2816%	0.000144702	\$29,042,405,779.94	0.99978	25	90
8/4	5.2840%	0.000144767	\$28,933,508,937.20	0.99980	26	90
8/5	5.2840%	0.000144767	\$28,933,508,937.20	0.99980	26	90
8/6	5.2840%	0.000144767	\$28,933,508,937.20	0.99980	26	90
8/7	5.2838%	0.000144761	\$28,896,965,106.16	0.99981	24	89
8/8	5.2850%	0.000144794	\$28,953,346,759.91	0.99980	24	88
8/9	5.2846%	0.000144783	\$29,033,715,503.29	0.99980	24	88
8/10	5.3018%	0.000145256	\$29,790,533,265.48	0.99981	23	85
8/11	5.3036%	0.000145303	\$29,712,025,148.39	0.99982	24	86
8/12	5.3036%	0.000145303	\$29,712,025,148.39	0.99982	24	86
8/13	5.3036%	0.000145303	\$29,712,025,148.39	0.99982	24	86
8/14	5.3041%	0.000145319	\$28,962,511,843.23	0.99982	23	86
8/15	5.3049%	0.000145339	\$28,845,382,913.47	0.99980	23	86
8/16	5.3051%	0.000145345	\$29,228,999,274.56	0.99980	24	86
8/17	5.3063%	0.000145379	\$29,437,428,559.09	0.99980	24	85
8/18	5.3066%	0.000145386	\$29,221,196,101.65	0.99980	25	86
8/19	5.3066%	0.000145386	\$29,221,196,101.65	0.99980	25	86
8/20	5.3066%	0.000145386	\$29,221,196,101.65	0.99980	25	86
8/21	5.3072%	0.000145402	\$29,102,373,228.99	0.99983	24	84
8/22	5.3083%	0.000145432	\$29,292,776,137.52	0.99982	24	83
8/23	5.3091%	0.000145456	\$29,620,631,043.47	0.99981	23	85
8/24	5.3199%	0.000145750	\$29,543,114,717.01	0.99980	23	85
8/25	5.3204%	0.000145765	\$29,424,498,709.27	0.99982	25	86
8/26	5.3204%	0.000145765	\$29,424,498,709.27	0.99982	25	86
8/27	5.3204%	0.000145765	\$29,424,498,709.27	0.99982	25	86
8/28	5.3229%	0.000145834	\$29,275,727,883.50	0.99982	23	84
8/29	5.3308%	0.000146049	\$29,434,407,841.62	0.99982	23	84
8/30	5.3274%	0.000145955	\$29,292,273,905.42	0.99981	23	84
8/31	5.3269%	0.000145942	\$29,245,867,923.42	0.99984	23	86
<b>Average:</b>	<b>5.3047%</b>	<b>0.000145335</b>	<b>\$29,259,740,643.61</b>	<b>0.99981</b>	<b>24</b>	<b>87</b>



## TEXPOOL Prime

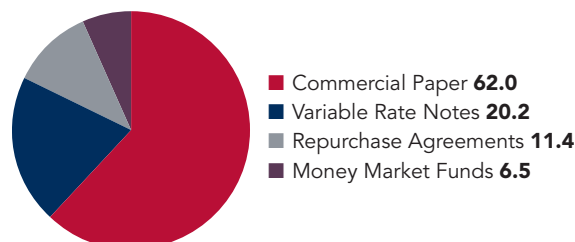
### Portfolio by Maturity (%)

As of August 31, 2023



### Portfolio by Type of Investment (%)

As of August 31, 2023



### Portfolio Asset Summary as of August 31, 2023

	Book Value	Market Value
Uninvested Balance	\$764.21	\$764.21
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	28,232,237.13	28,232,237.13
Interest and Management Fees Payable	-54,243,155.97	-54,243,155.97
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-17,012.29	-17,012.29
Repurchase Agreements	1,458,360,000.00	1,458,360,000.00
Commercial Paper	7,952,063,879.10	7,950,940,779.25
Mutual Fund Investments	830,153,483.22	829,943,055.05
Government Securities	0.00	0.00
Variable Rate Notes	2,590,000,000.00	2,591,245,141.15
<b>Total</b>	<b>\$12,804,550,195.40</b>	<b>\$12,804,461,808.53</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	145	\$4,098,758,058.62
Higher Education	19	\$623,759,442.67
County	50	\$969,818,216.60
Healthcare	20	\$518,941,356.47
Utility District	57	\$433,281,818.64
City	101	\$2,954,128,572.63
Emergency Districts	25	\$63,134,704.13
Economic Development Districts	19	\$29,626,007.62
Other	77	\$3,113,089,542.21



## TEXPOOL Prime

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
8/1	5.5151%	0.000151099	\$11,668,791,132.93	0.99993	35	73
8/2	5.5335%	0.000151602	\$11,674,406,312.56	0.99994	39	78
8/3	5.5206%	0.000151250	\$11,653,050,870.42	0.99994	39	78
8/4	5.5293%	0.000151487	\$11,574,146,749.07	0.99978	40	81
8/5	5.5293%	0.000151487	\$11,574,146,749.07	0.99978	40	81
8/6	5.5293%	0.000151487	\$11,574,146,749.07	0.99978	40	81
8/7	5.5479%	0.000151996	\$11,529,056,067.61	0.99996	38	79
8/8	5.5515%	0.000152096	\$11,480,805,633.31	0.99998	37	78
8/9	5.5538%	0.000152160	\$11,359,268,901.04	0.99997	38	79
8/10	5.5640%	0.000152437	\$11,388,321,949.85	0.99997	38	78
8/11	5.5614%	0.000152368	\$11,487,266,757.83	0.99982	38	77
8/12	5.5614%	0.000152368	\$11,487,266,757.83	0.99982	38	77
8/13	5.5614%	0.000152368	\$11,487,266,757.83	0.99982	38	77
8/14	5.5692%	0.000152581	\$11,178,777,118.21	0.99997	36	79
8/15	5.5738%	0.000152706	\$10,957,973,289.73	0.99996	37	80
8/16	5.5795%	0.000152863	\$10,938,466,779.64	0.99998	37	80
8/17	5.5741%	0.000152715	\$11,242,511,962.52	0.99997	36	77
8/18	5.5780%	0.000152821	\$11,120,190,224.24	0.99997	37	78
8/19	5.5780%	0.000152821	\$11,120,190,224.24	0.99997	37	78
8/20	5.5780%	0.000152821	\$11,120,190,224.24	0.99997	37	78
8/21	5.5799%	0.000152875	\$11,133,491,281.67	0.99996	35	75
8/22	5.5770%	0.000152795	\$11,267,194,114.40	0.99996	34	74
8/23	5.5772%	0.000152799	\$11,262,239,158.89	0.99996	34	74
8/24	5.5758%	0.000152762	\$11,380,004,065.66	0.99996	33	75
8/25	5.5860%	0.000153041	\$11,582,891,682.34	0.99979	39	78
8/26	5.5860%	0.000153041	\$11,582,891,682.34	0.99979	39	78
8/27	5.5860%	0.000153041	\$11,582,891,682.34	0.99979	39	78
8/28	5.5827%	0.000152950	\$11,676,087,686.46	0.99993	36	75
8/29	5.5747%	0.000152732	\$12,009,977,727.87	0.99993	35	73
8/30	5.5746%	0.000152728	\$12,042,535,208.62	0.99996	34	72
8/31	5.5571%	0.000152248	\$12,804,550,195.40	0.99999	32	67
<b>Average:</b>	<b>5.5628%</b>	<b>0.000152405</b>	<b>\$11,481,967,603.14</b>	<b>0.99991</b>	<b>37</b>	<b>77</b>

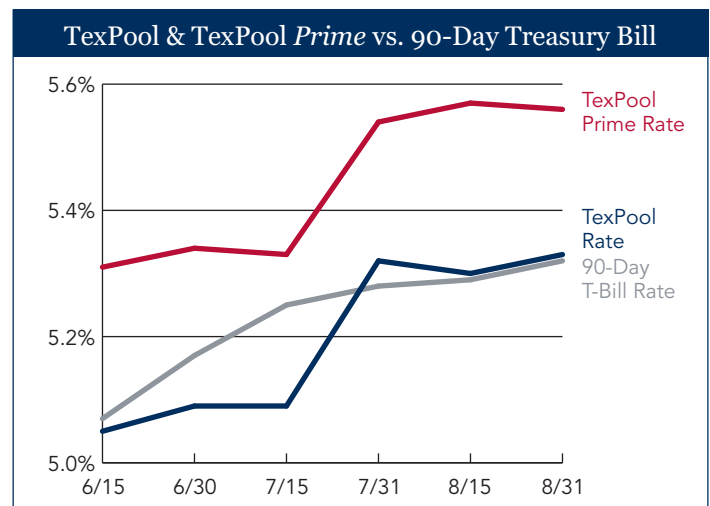


Participant Services  
1001 Texas Ave. Suite 1150  
Houston, TX 77002

We think this outlook could translate to another quarter-point hike rate, more likely at the November FOMC meeting than September's. It's important to remember the Fed usually is biased to its current direction. It prefers long ramps to switchbacks. The last thing policymakers want is to reverse direction if they ease too soon and inflation rises again—losing credibility and effectiveness in the process. This is probably why Powell took the time to push back on the recent speculation the Fed might raise its inflation target higher than 2% because of various structural shifts in the global economy (actually the theme of the symposium). He wants the markets to stop looking for justification for fighting the Fed.

### Bank downgrades should have little impact

First the federal government, now several prominent banks. August saw the three major rating agencies downgrade several regional U.S. banks. The specific reasons vary, but the big picture is concern over the blows received by the aggressive tightening, exposure to risky CRE loans and reduced deposits. As is often the case, the punishment comes as most banks have addressed these problems. The collapse of Silicon Valley Bank and others in March seems more idiosyncratic every day. But it must be noted that regulations demand that money funds adhere by strict standards when purchasing commercial paper and other bank instruments, and most cash managers hold themselves to even higher standards. In other words, the downgrades should not materially affect the liquidity market.



*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 the month, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.39%, 5.46%, 5.51% and 5.40%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.38%, 5.57%, 5.78% and 5.98%, respectively.