



## Monthly Newsletter: October 2020

### ANNOUNCEMENTS

**We welcome the following entities who joined TexPool in September 2020:**

#### **TexPool**

Culberson County Hospital District  
Fort Bend County MUD 24

#### **TexPool Prime**

No New Participants

#### **Upcoming Events**

Oct 02, 2020 - Oct 04, 2020,  
TASA/TASB Annual Conference  
**Virtual Conference**

Oct 14, 2020 - Oct 16, 2020,  
TML Annual Conference  
**Virtual Conference**

Oct 20, 2020 - Oct 23, 2020,  
TACA Conference  
(TX Assoc of County Auditors)  
**Virtual Conference**

Nov 04, 2020 - Nov 06, 2020,  
GFOAT Fall Conference  
**Virtual Conference**

#### **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: Viewing the forest

October 1, 2020

It's time for some perspective about the money markets. The historic upheaval in our health and the economy has driven the financial sphere to an almost absurd speed. On occasion the deliberate pace of liquidity products has moved in double time. This new course of business has most of the industry stressing out whenever a new issue arises. Of course, diligence is paramount. But looking up to survey the landscape also is warranted.

Lately it seems many in the financial industry have forgotten we are in a global pandemic, instead viewing troubling events as the acceleration of trends perceived before the coronavirus arrived. A few moves within the money markets, such as some fund closures or shifts, have caused concern about the entire space. But it is natural that the seismic shock would lead some firms to make decisions they hadn't considered pre-Covid.

The real story is how liquidity strategies such as TexPool and TexPool Prime showed their mettle in the dark days of March and that they have served participants well ever since. For all the worry about the prime space, industry assets are only down slightly this year. And a sizable portion of these outflows stem from typical activities, including investors moving excess cash they put on the sidelines for riskier bets or businesses withdrawing it for operations. Without prime funds, pools and the like, corporations and banks would have to find other funding sources, likely at a higher cost, and investors enjoy the

*(continued page 6)*

#### **Performance as of September 30, 2020**

	<b>TexPool</b>	<b>TexPool Prime</b>
Current Invested Balance	\$22,880,991,421.60	\$8,050,365,166.84
Weighted Average Maturity**	38	49
Weighted Average Life**	108	55
Net Asset Value	1.00032	1.00020
Total Number of Participants	2627	428
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$2,818,847.85	\$1,675,279.20
Management Fee Collected	\$727,392.54	\$319,754.69
Standard & Poor's Current Rating	AAAm	AAAm

#### **Month Averages**

Average Invested Balance	\$23,278,296,583.66	\$7,786,820,030.79
Average Monthly Rate*	0.15%	0.26%
Average Weighted Average Maturity**	38	53
Average Weighted Average Life**	111	56

\*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.

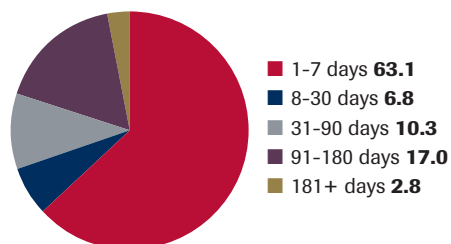
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



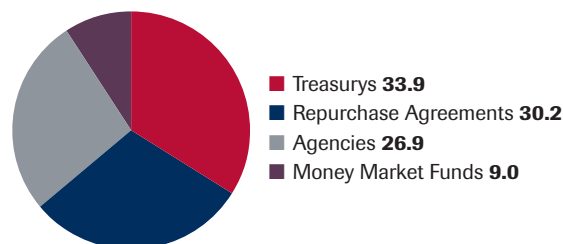
## Portfolio by Maturity (%)

As of September 30, 2020



## Portfolio by Type of Investment (%)

As of September 30, 2020



### Portfolio Asset Summary as of September 30, 2020

	Book Value	Market Value
Uninvested Balance	\$476,527.19	\$476,527.19
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	11,610,051.99	11,610,051.99
Interest and Management Fees Payable	-2,819,016.31	-2,819,016.31
Payable for Investments Purchased	-424,868,069.14	-424,868,069.14
Accrued Expenses & Taxes	-24,068.99	-24,068.99
Repurchase Agreements	7,027,660,093.00	7,027,660,093.00
Mutual Fund Investments	2,111,074,000.00	2,111,074,000.00
Government Securities	6,217,544,949.74	6,221,572,176.46
U.S. Treasury Inflation Protected Securities	1,183,190,067.42	1,183,865,931.16
U.S. Treasury Bills	5,631,065,244.12	5,631,424,708.36
U.S. Treasury Notes	1,126,081,642.58	1,128,068,171.54
<b>Total</b>	<b>\$22,880,991,421.60</b>	<b>\$22,888,040,505.25</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	598	\$6,141,415,259.25
Higher Education	59	\$1,299,256,842.16
Healthcare	90	\$1,259,345,391.84
Utility District	834	\$2,927,838,224.27
City	481	\$6,444,150,332.26
County	190	\$2,411,058,390.42
Other	375	\$2,397,608,146.78

### \*\*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

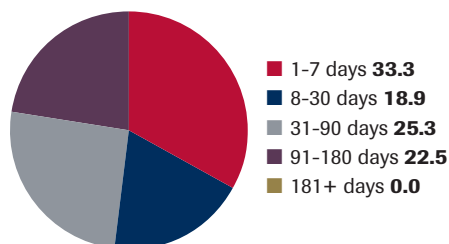
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
9/1	0.1554%	0.000004258	\$23,948,407,092.03	1.00026	34	107
9/2	0.1561%	0.000004276	\$23,866,832,720.82	1.00026	35	107
9/3	0.1521%	0.000004167	\$23,759,610,818.12	1.00026	36	110
9/4	0.1621%	0.000004442	\$23,647,567,748.37	1.00029	37	112
9/5	0.1621%	0.000004442	\$23,647,567,748.37	1.00029	37	112
9/6	0.1621%	0.000004442	\$23,647,567,748.37	1.00029	37	112
9/7	0.1621%	0.000004442	\$23,647,567,748.37	1.00029	37	112
9/8	0.1569%	0.000004299	\$23,570,876,762.92	1.00028	36	110
9/9	0.1575%	0.000004315	\$23,402,503,674.66	1.00029	37	111
9/10	0.1491%	0.000004085	\$23,514,644,765.88	1.00028	37	111
9/11	0.1453%	0.000003980	\$23,467,691,165.67	1.00028	38	111
9/12	0.1453%	0.000003980	\$23,467,691,165.67	1.00028	38	111
9/13	0.1453%	0.000003980	\$23,467,691,165.67	1.00028	38	111
9/14	0.1483%	0.000004063	\$23,442,662,167.22	1.00028	36	109
9/15	0.1473%	0.000004035	\$23,335,898,070.04	1.00028	37	110
9/16	0.1489%	0.000004079	\$23,259,628,548.05	1.00028	39	110
9/17	0.1492%	0.000004087	\$23,116,304,990.61	1.00029	39	112
9/18	0.1503%	0.000004117	\$22,866,144,998.83	1.00029	41	114
9/19	0.1503%	0.000004117	\$22,866,144,998.83	1.00029	41	114
9/20	0.1503%	0.000004117	\$22,866,144,998.83	1.00029	41	114
9/21	0.1448%	0.000003967	\$22,812,362,240.55	1.00030	39	112
9/22	0.1386%	0.000003797	\$22,763,815,414.82	1.00029	39	112
9/23	0.1333%	0.000003652	\$22,703,474,052.94	1.00029	39	112
9/24	0.1320%	0.000003617	\$22,596,054,144.01	1.00030	39	112
9/25	0.1351%	0.000003701	\$23,269,736,831.76	1.00028	39	109
9/26	0.1351%	0.000003701	\$23,269,736,831.76	1.00028	39	109
9/27	0.1351%	0.000003701	\$23,269,736,831.76	1.00028	39	109
9/28	0.1416%	0.000003880	\$23,026,691,854.65	1.00028	37	107
9/29	0.1361%	0.000003728	\$22,947,148,788.65	1.00033	38	108
9/30	0.1333%	0.000003651	\$22,880,991,421.60	1.00032	38	108
<b>Average:</b>	<b>0.1474%</b>	<b>0.000004037</b>	<b>\$23,278,296,583.66</b>	<b>1.00029</b>	<b>38</b>	<b>111</b>



## TEXPOOL Prime

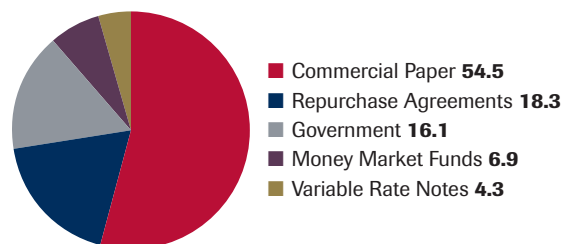
### Portfolio by Maturity (%)

As of September 30, 2020



### Portfolio by Type of Investment (%)

As of September 30, 2020



### Portfolio Asset Summary as of September 30, 2020

	Book Value	Market Value
Uninvested Balance	\$647.67	\$647.67
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	179,953.87	179,953.87
Interest and Management Fees Payable	-1,675,284.12	-1,675,284.12
Payable for Investments Purchased	-149,959,652.66	-149,959,652.66
Accrued Expenses & Taxes	-11,059.43	-11,059.43
Repurchase Agreements	1,499,340,000.00	1,499,340,000.00
Commercial Paper	4,466,821,221.37	4,468,344,698.05
Bank Instruments	0.00	0.00
Mutual Fund Investments	562,126,501.35	562,052,003.75
Government Securities	1,323,542,838.79	1,323,590,432.09
Variable Rate Notes	350,000,000.00	350,073,650.00
<b>Total</b>	<b>\$8,050,365,166.84</b>	<b>\$8,051,935,389.22</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	127	\$2,479,026,441.91
Higher Education	19	\$651,815,606.33
Healthcare	17	\$365,302,029.82
Utility District	47	\$341,550,928.65
City	86	\$2,030,940,273.70
County	43	\$540,425,621.52
Other	89	\$1,641,299,489.50



## TEXPOOL Prime

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
9/1	0.2893%	0.000007927	\$7,746,741,756.46	1.00033	53	55
9/2	0.2914%	0.000007983	\$7,712,815,485.93	1.00032	52	55
9/3	0.2915%	0.000007985	\$7,720,936,149.98	1.00031	53	57
9/4	0.2857%	0.000007827	\$7,741,808,036.69	1.00028	54	57
9/5	0.2857%	0.000007827	\$7,741,808,036.69	1.00028	54	57
9/6	0.2857%	0.000007827	\$7,741,808,036.69	1.00028	54	57
9/7	0.2857%	0.000007827	\$7,741,808,036.69	1.00028	54	57
9/8	0.2693%	0.000007379	\$7,757,225,201.18	1.00028	51	54
9/9	0.2673%	0.000007322	\$7,730,847,765.76	1.00028	53	56
9/10	0.2627%	0.000007198	\$7,943,057,758.01	1.00027	53	55
9/11	0.2539%	0.000006957	\$7,856,551,663.08	1.00025	54	57
9/12	0.2539%	0.000006957	\$7,856,551,663.08	1.00025	54	57
9/13	0.2539%	0.000006957	\$7,856,551,663.08	1.00025	54	57
9/14	0.2535%	0.000006946	\$7,888,962,336.95	1.00025	52	55
9/15	0.2528%	0.000006926	\$7,863,359,237.79	1.00025	53	55
9/16	0.2529%	0.000006929	\$7,783,006,153.09	1.00025	52	55
9/17	0.2553%	0.000006994	\$7,766,263,630.00	1.00026	53	56
9/18	0.2534%	0.000006942	\$7,735,896,143.49	1.00024	53	56
9/19	0.2534%	0.000006942	\$7,735,896,143.49	1.00024	53	56
9/20	0.2534%	0.000006942	\$7,735,896,143.49	1.00024	53	56
9/21	0.2559%	0.000007011	\$7,690,660,700.07	1.00024	52	55
9/22	0.2536%	0.000006947	\$7,654,521,943.60	1.00024	51	54
9/23	0.2547%	0.000006978	\$7,655,313,823.11	1.00023	53	56
9/24	0.2514%	0.000006889	\$7,674,117,716.51	1.00023	53	55
9/25	0.2536%	0.000006948	\$7,793,595,262.13	1.00021	52	58
9/26	0.2536%	0.000006948	\$7,793,595,262.13	1.00021	52	58
9/27	0.2536%	0.000006948	\$7,793,595,262.13	1.00021	52	58
9/28	0.2530%	0.000006931	\$7,866,848,189.05	1.00021	50	56
9/29	0.2394%	0.000006558	\$7,974,196,556.49	1.00020	49	55
9/30	0.2386%	0.000006537	\$8,050,365,166.84	1.00020	49	55
<b>Average:</b>	<b>0.2619%</b>	<b>0.000007176</b>	<b>\$7,786,820,030.79</b>	<b>1.00025</b>	<b>53</b>	<b>56</b>



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

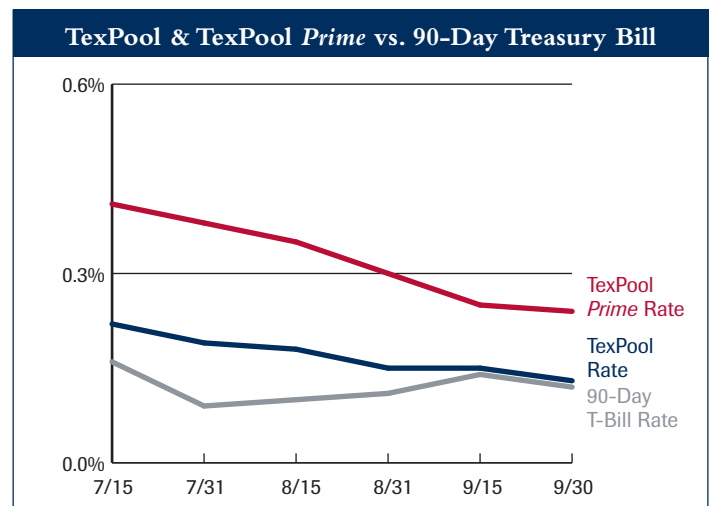
attractive yields relative to deposit products. Prime will remain a player. And yields in government pools should rise when Congress passes a stimulus package (which it will eventually) and when the pandemic's conclusion reverses the massive flight to safety.

The point is, short-term conclusions and long-term speculation are suspect at the moment. Many economic indicators lack credibility. Managers keep an eye on hospitalizations as much as, say, housing. We pay more attention to weekly and regional reports than we did before.

Inflation also should be seen as residing in this camp. The Federal Open Market Committee's projections released last month forecast that PCE inflation will remain below 2% until 2023. There is little question that the tragic job losses will keep consumer spending, and hence inflation, down in the near term. But the trade war was disrupting supply chains before the advent of the coronavirus, and it is possible a vaccine could lead to a swifter bounce-back than many expect. And exactly what is the Federal Reserve's definition of "some time" in its newly announced allowance of inflation to overshoot 2%? Even the deluge of policymaker speeches last month couldn't answer that.

Everyone should take a step back to see the bigger picture.

Treasury yields ended the month with 1-month at 0.08%, 3-month at 0.11%, 6-month at 0.11% and 12-month at 0.13%. Libor ended the month with 1-month at 0.15%, 3-month at



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.

0.23%, 6-month at 0.26% and 12-month at 0.36%. The weighted average maturity (WAM) at month-end was 38 days for TexPool and 49 days for TexPool Prime.