



Monthly Newsletter: January 2023

ANNOUNCEMENTS

We welcome the following entities who joined TexPool in December 2022:

TexPool

Cumberland Academy
Southeast Regional MD Defined Area No. 1

TexPool Prime

Cumberland Academy
City of Fair Oaks Ranch

Upcoming Events

January 28, 2023 - February 1, 2023
Texas Association of School Administrators (TASA) Midwinter conference 2023
Austin, TX

February 2, 2023 - February 4, 2023
SAFE-D 2023 Annual Conference
Round Rock, TX

February 13, 2023 - February 17, 2023
Texas Association of School Business Officials (TASBO) Annual Conference
San Antonio, TX

February 26, 2023 - March 1, 2023
Government Treasurers' Organization of Texas (GTOT) Winter Seminar
San Antonio, TX

TexPool Advisory Board Members

Patrick Krishock	David Landeros
Belinda Weaver	Sharon Matthews
Deborah	David Garcia
Laudermilk	Dina Edgar
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: Sweet spot

January 1, 2023

In December, the Federal Reserve loosened the reins of its galloping monetary policy but did not signal an imminent return trip. Based on still-accelerating inflation in September and October, the Federal Open Market Committee (FOMC) pressed forward with its fourth 75 basis-point hike of the fed funds range at its early November meeting. But as inflation data softened in November, the committee opted to raise rates by 50 basis points at its mid-December meeting, setting the new range at 4.25-4.50%. The markets responded enthusiastically to both the new inflation figures, predicting the aggressive campaign was drawing to an end. Chair Jerome Powell pushed back at this notion in his post-meeting press conference, emphasizing the central bank is determined not just to restore price stability but also prevent a rebound similar to what happened in the 1970s, when many now think policymakers stopped their anti-inflation campaign too soon.

The Summary of Economic Projections released in December indicated other Fed officials agreed with the tightening policy. No less than 17 of 19 FOMC participants expected the target rate to be in a range of at least 5-5.25% at the end of 2023—and most thought a sharp economic slowdown, if not an outright recession, will be needed to pull inflation down to

(continued page 6)

Performance as of December 31, 2022

	TexPool	TexPool Prime
Current Invested Balance	\$27,858,879,006	\$9,928,590,231
Weighted Average Maturity**	15 Days	17 Days
Weighted Average Life**	77 Days	56 Days
Net Asset Value	0.99972	0.99988
Total Number of Participants	2,749	472
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$87,542,966.02	\$34,172,551.00
Management Fee Collected	\$767,162.86	\$368,718.85
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	\$25,905,379,983	\$9,391,856,477
Average Monthly Rate*	3.98%	4.28%
Average Weighted Average Maturity**	17	15
Average Weighted Average Life**	83	60

*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.

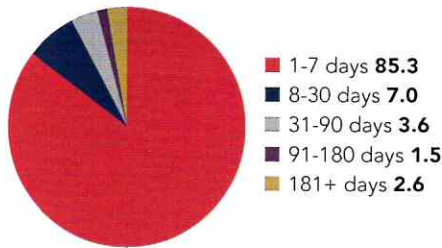
**See page 2 for definitions.

Past performance is no guarantee of future results.



Portfolio by Maturity (%)

As of December 31, 2022



Portfolio by Type of Investment (%)

As of December 31, 2022



Portfolio Asset Summary as of December 31, 2022

	Book Value	Market Value
Uninvested Balance	\$1,036.73	\$1,036.73
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	69,879,816.93	69,879,816.93
Interest and Management Fees Payable	-87,542,996.68	-87,542,996.68
Payable for Investments Purchased	-640,000,000.00	-640,000,000.00
Accrued Expenses & Taxes	-50,640.24	-50,640.24
Repurchase Agreements	9,670,213,000.00	9,670,213,000.00
Mutual Fund Investments	3,609,074,000.00	3,609,085,200.00
Government Securities	11,431,103,560.39	11,424,520,129.78
US Treasury Bills	2,117,305,021.30	2,116,404,005.57
US Treasury Notes	1,688,896,207.15	1,688,696,445.24
Total	27,858,879,005.58	27,851,205,997.33

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	603	\$8,330,391,475.63
Higher Education	60	\$1,404,269,600.79
County	196	\$3,655,090,681.66
Healthcare	92	\$1,410,001,197.85
Utility District	906	\$4,103,724,891.76
City	487	\$7,582,757,017.97
Emergency Districts	99	\$334,557,857.15
Economic Development Districts	85	\$169,921,033.30
Other	221	\$868,124,506.54

**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

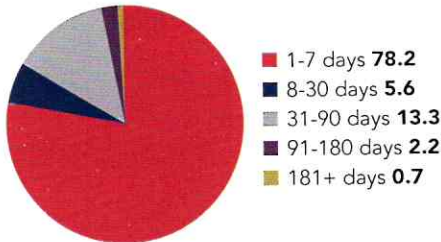
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
12/1	3.7622%	0.000103073	\$24,841,559,693.68	0.99952	20	89
12/2	3.7635%	0.000103110	\$24,834,108,284.13	0.99955	21	90
12/3	3.7635%	0.000103110	\$24,834,108,284.13	0.99955	21	90
12/4	3.7635%	0.000103110	\$24,834,108,284.13	0.99955	21	90
12/5	3.7702%	0.000103292	\$24,864,789,190.87	0.99954	19	87
12/6	3.7688%	0.000103254	\$24,864,557,320.52	0.99954	19	88
12/7	3.7631%	0.000103098	\$24,958,141,078.21	0.99957	19	87
12/8	3.7634%	0.000103107	\$24,977,998,672.82	0.99958	18	86
12/9	3.7637%	0.000103115	\$25,149,447,525.62	0.99960	19	86
12/10	3.7637%	0.000103115	\$25,149,447,525.62	0.99960	19	86
12/11	3.7637%	0.000103115	\$25,149,447,525.62	0.99960	19	86
12/12	3.7648%	0.000103145	\$25,220,228,050.25	0.99958	17	83
12/13	3.7647%	0.000103142	\$25,205,911,936.85	0.99960	17	82
12/14	3.7646%	0.000103141	\$25,113,521,588.97	0.99959	17	82
12/15	3.9601%	0.000108495	\$25,136,176,308.71	0.99960	17	83
12/16	4.1651%	0.000114111	\$25,313,382,936.21	0.99965	18	83
12/17	4.1651%	0.000114111	\$25,313,382,936.21	0.99965	18	83
12/18	4.1651%	0.000114111	\$25,313,382,936.21	0.99965	18	83
12/19	4.1692%	0.000114225	\$25,398,593,249.84	0.99963	16	80
12/20	4.1499%	0.000113697	\$26,561,221,939.50	0.99965	15	77
12/21	4.1540%	0.000113807	\$26,655,398,098.53	0.99968	15	77
12/22	4.1567%	0.000113882	\$27,082,759,739.20	0.99968	15	79
12/23	4.1729%	0.000114327	\$27,389,361,816.11	0.99972	16	79
12/24	4.1729%	0.000114327	\$27,389,361,816.11	0.99972	16	79
12/25	4.1729%	0.000114327	\$27,389,361,816.11	0.99972	16	79
12/26	4.1729%	0.000114327	\$27,389,361,816.11	0.99972	16	79
12/27	4.1812%	0.000114554	\$26,719,343,313.40	0.99969	14	80
12/28	4.1814%	0.000114560	\$26,924,057,725.07	0.99968	14	79
12/29	4.1801%	0.000114524	\$27,376,500,039.82	0.99968	14	77
12/30	4.1765%	0.000114424	\$27,858,879,005.58	0.99972	15	77
12/31	4.1765%	0.000114424	\$27,858,879,005.58	0.99972	15	77
Average:	3.9799%	0.000109037	\$25,905,379,982.57	0.99963	17	83



TEXPOOL Prime

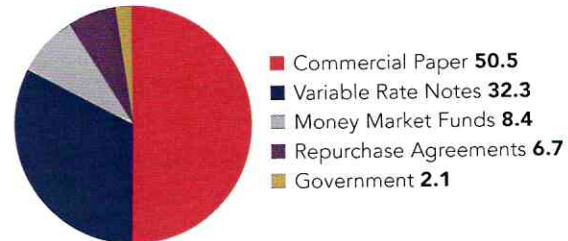
Portfolio by Maturity (%)

As of December 31, 2022



Portfolio by Type of Investment (%)

As of December 31, 2022



Portfolio Asset Summary as of December 31, 2022

	Book Value	Market Value
Uninvested Balance	-\$1,441.93	-\$1,441.93
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	17,559,282.32	17,559,282.32
Interest and Management Fees Payable	-34,172,550.23	-34,172,550.23
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-25,401.16	-25,401.16
Repurchase Agreements	672,426,000.00	672,426,000.00
Commercial Paper	5,033,039,629.84	5,031,411,089.53
Mutual Fund Investments	830,153,483.22	829,777,066.44
Government Securities	217,503,072.47	217,582,836.33
Variable Rate Notes	3,192,108,156.25	3,192,784,856.40
Total	9,928,590,230.78	9,927,341,737.70

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	135	\$2,901,782,499.39
Higher Education	19	\$617,127,265.16
County	50	\$949,292,106.88
Healthcare	20	\$413,903,864.66
Utility District	50	\$428,462,625.71
City	92	\$2,145,150,025.99
Emergency Districts	21	\$51,305,792.80
Economic Development Districts	17	\$29,096,313.47
Other	68	\$2,392,344,498.82



TEXPOOL Prime

Daily Summary

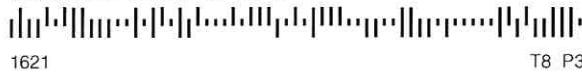
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Prime Invested Balance	NAV	WAM Days	WAL Days
12/1	4.0197%	0.000110128	\$9,427,946,288.38	0.99968	11	56
12/2	4.0196%	0.000110125	\$9,433,981,910.90	0.99960	12	57
12/3	4.0196%	0.000110125	\$9,433,981,910.90	0.99960	12	57
12/4	4.0196%	0.000110125	\$9,433,981,910.90	0.99960	12	57
12/5	4.0125%	0.000109931	\$9,443,355,469.78	0.99972	10	56
12/6	4.0180%	0.000110081	\$9,434,549,148.29	0.99975	10	56
12/7	4.0127%	0.000109938	\$9,451,149,306.79	0.99977	10	55
12/8	4.0151%	0.000110004	\$9,437,193,378.97	0.99979	10	55
12/9	4.0081%	0.000109812	\$9,454,872,711.65	0.99970	11	55
12/10	4.0081%	0.000109812	\$9,454,872,711.65	0.99970	11	55
12/11	4.0081%	0.000109812	\$9,454,872,711.65	0.99970	11	55
12/12	4.0476%	0.000110892	\$9,426,651,166.83	0.99981	9	55
12/13	4.0865%	0.000111958	\$9,287,226,131.49	0.99981	10	57
12/14	4.1307%	0.000113170	\$9,226,242,954.47	0.99984	14	63
12/15	4.2240%	0.000115726	\$9,272,611,070.75	0.99984	17	66
12/16	4.4433%	0.000121733	\$9,188,846,344.03	0.99974	19	67
12/17	4.4433%	0.000121733	\$9,188,846,344.03	0.99974	19	67
12/18	4.4433%	0.000121733	\$9,188,846,344.03	0.99974	19	67
12/19	4.5468%	0.000124569	\$9,142,725,650.28	0.99988	17	66
12/20	4.5350%	0.000124246	\$9,159,280,005.61	0.99990	17	65
12/21	4.5271%	0.000124031	\$9,194,233,245.26	0.99991	17	64
12/22	4.5253%	0.000123982	\$9,287,916,720.63	0.99992	17	63
12/23	4.5324%	0.000124176	\$9,341,264,071.94	0.99976	18	63
12/24	4.5324%	0.000124176	\$9,341,264,071.94	0.99976	18	63
12/25	4.5324%	0.000124176	\$9,341,264,071.94	0.99976	18	63
12/26	4.5324%	0.000124176	\$9,341,264,071.94	0.99976	18	63
12/27	4.5290%	0.000124081	\$9,375,441,347.90	0.99993	16	59
12/28	4.5334%	0.000124202	\$9,455,016,939.51	0.99993	16	59
12/29	4.5177%	0.000123772	\$9,670,672,324.94	0.99993	16	57
12/30	4.5015%	0.000123330	\$9,928,590,230.78	0.99988	17	56
12/31	4.5015%	0.000123330	\$9,928,590,230.78	0.99988	17	56
Average:	4.2847%	0.000117390	\$9,391,856,477.39	0.99978	14	60



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

PRSR STD
 U.S. POSTAGE
 PAID
 AUSTIN, TX
 PERMIT NO. 1264

CINDY KARCH
 CITY OF MINEOLA
 PO BOX 179
 MINEOLA TX 75773-0179



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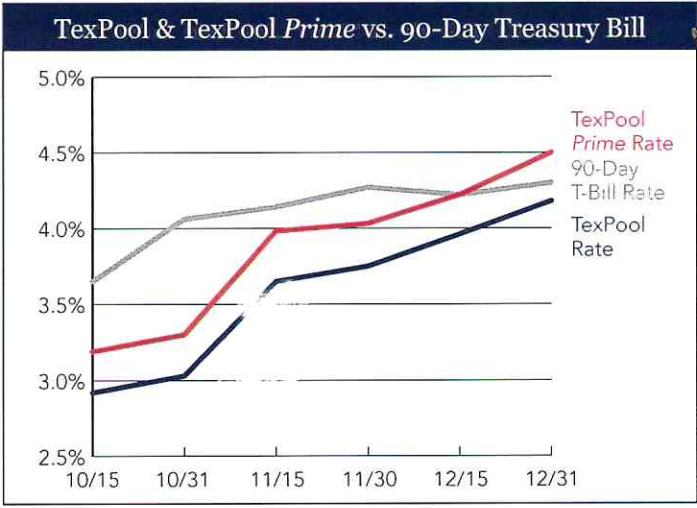
their preferred 2% level. They predicted that the robust labor market will finally roll over in 2023, with unemployment rate reaching 4.6%.

2023 Outlook

Cash should still reign The liquidity industry’s gain from stock and bond investor pain should continue in 2023. In particular, with yields rising with each Fed hike. The Fed’s quantitative tightening should finally have a meaningful effect on the front end of the curve as the amount of Treasuries moving from its balance sheet to the marketplace becomes big enough to provide relief

Inflation and the Fed Neither the elephant nor the 800-pound gorilla, respectively, will exit the room in 2023. Market enthusiasm over inflation’s recent softening and expectations for a policy pivot suggest investors do not respect the Fed’s resolve. They would be wise not to focus on the reduced magnitude of upcoming hikes (we expect 50 and 25 basis-point increases, respectively, in the next two meetings) but on the length of a pause that likely will follow. This is where the Fed will have wiggle room to bully the economy as it sees fit. The longer it maintains an elevated terminal rate—possibly a touch over 5%—the more pressure it will put on the economy. While we think inflation has peaked, we are positioning for a hawkish Fed in 2023.

At the end of December, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 4%, 4.42%, 4.70% and 4.70%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates



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.

(BSBY) were 4.36%, 4.62%, 5.01% and 5.43%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 4.39%, 4.77%, 5.14% and 5.48%, respectively.