TexSTAR

MONTHLY NEWSLETTER APRIL 2023

PERFORMANCE

As of April 30, 2023

Current Invested Balance	$ 10,940,711,794.05
Weighted Average Maturity (1)	18 Days
Weighted Average Life (2)	43 Days
Net Asset Value	1.000031
Total Number of Participants	1017
Management Fee on Invested Balance	0.06%*
Interest Distributed	$44,502,864.68
Management Fee Collected	$546,134.95
% of Portfolio Invested Beyond 1 Year	2.86%
Standard & Poor's Current Rating	AAAm

Rates reflect historical information and are not an indication of future performance.

April Averages

Average Invested Balance	$11,074,644,145.30
Average Monthly Yield, on a simple basis	4.8292%
Average Weighted Maturity (1)	17 Days
Average Weighted Life (2)	42 Days

Definition of Weighted Average Maturity (1) & (2)

(1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instruction to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.
(2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

The maximum management fee authorized for the TexSTAR Cash Reserve Fund is 12 basis points. This fee may be waved in full or in part in the discretion of the TexSTAR co-administrators at any time as provided for in the TexSTAR Information Statement.

NEW PARTICIPANTS

We would like to welcome the following entities who joined the TexSTAR program in April:

* Brownsville Navigation District
* Fort Bend County Municipal Utility District No. 200
* Gatesville Independent School District
* Presidio County Underground Water District
* Tri Special Utility District

HOLIDAY REMINDER

In observance of **Memorial Day, TexSTAR will be closed on Monday, May 29, 2023.** All ACH transactions initiated on Friday, May 26th will settle on Tuesday, May 30th. Notification of any early transaction deadlines on the business day preceding this holiday will be sent by email to the primary contact on file for all TexSTAR participants. Please plan accordingly for your liquidity needs.

ECONOMIC COMMENTARY

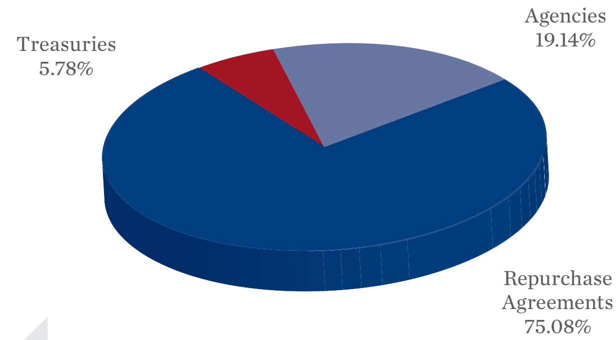
Market review

The market's focus shifted back to economic data in April, as banking sector stresses cooled. Much of the data reinforced the view that the economy is slowing down. However, as the month ended, First Republic Bank (FRC) overtook Silicon Valley Bank's spot as the second biggest bank failure in U.S. history. After being taken over by the Federal Deposit Insurance Corporation (FDIC), it was quickly sold to JPMorgan Chase & Company to end the turmoil. With the U.S. in the final stages of the economic cycle, investors assessed how much longer the Federal Reserve (Fed) will be able to raise interest rates and tighten financial conditions. This assessment is closely linked to the progress being made to bring down inflation. The March consumer price index (CPI) report was cooler than expected with headline CPI rising by 0.1% month-over-month (m/m) and 5.0% year-over-year (y/y), marking the smallest year-over-year increase since May 2021, while core CPI rose by 0.4% m/m and 5.6% y/y. The release supported the view that inflation has come down steadily from its peak, with six-month annualized inflation declining from a high of 8% last June to 3.7% this March. The sticky shelter CPI component may also finally be starting to moderate, while forward-looking measures of inflation and inflation expectations are pointing to downward pressure. Similarly, the headline personal consumption expenditures price index (PCE) eased to 0.1% m/m while core PCE remained at 0.3% m/m. Overall, this report suggests that headline CPI should fall below 4.0% y/y by June.

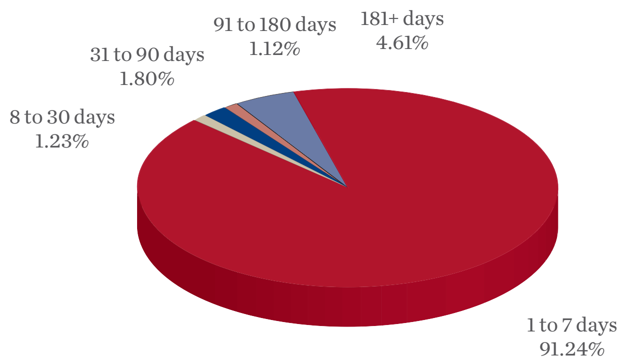
Real GDP grew by a 1.1% annualized rate in 1Q23, a sharp deceleration compared to last quarter's 2.6% pace. Consumption and government spending looked strong, growing at annualized rates of 3.7% and 4.7%, respectively. However, most of the consumption gains were attributed to a strong January. These gains were partially offset by declines in private inventories and residential fixed investment. In particular, equipment spending fell sharply, indicating a slowdown in business investment spending. Looking ahead, normalizing inventory levels should support growth, but a strained consumer, tighter lending conditions and weaker business spending remain headwinds in the coming months. *(continued page 4)*

INFORMATION AT A GLANCE

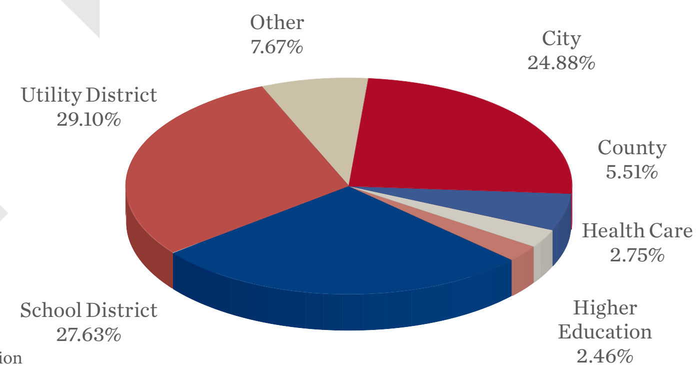
PORTFOLIO BY TYPE OF INVESTMENT AS OF APRIL 30, 2023



PORTFOLIO BY MATURITY AS OF APRIL 30, 2023 (1)



DISTRIBUTION OF PARTICIPANTS BY TYPE AS OF APRIL 30, 2023



(1) Portfolio by Maturity is calculated using WAM (1) definition for stated maturity. See page 1 for definition

HISTORICAL PROGRAM INFORMATION

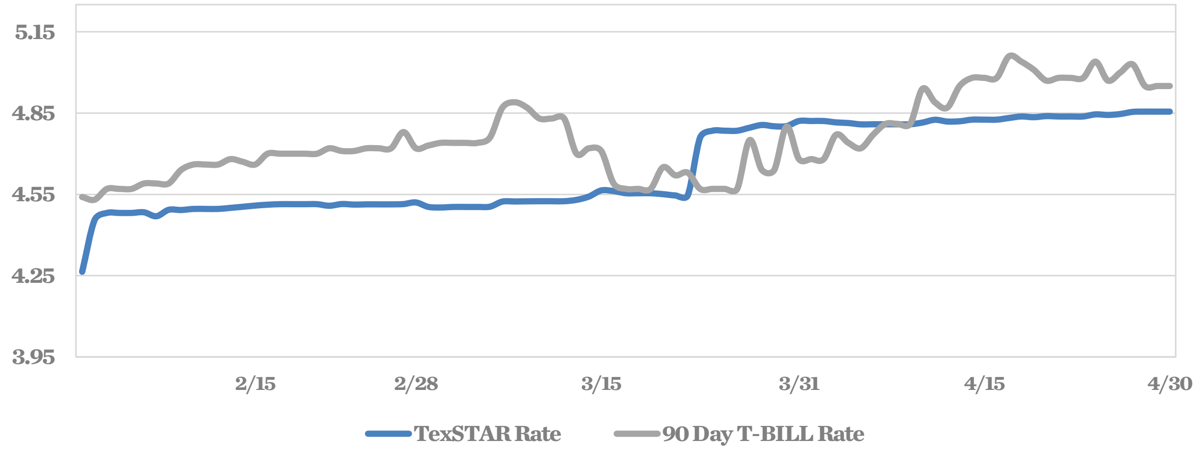
MONTH	AVERAGE RATE	BOOK VALUE	MARKET VALUE	NET ASSET VALUE	WAM (1)	WAL (2)	NUMBER OF PARTICIPANTS
Apr 23	4.8292%	$10,940,711,794.05	$10,941,057,413.24	1.000031	17	42	1017
Mar 23	4.6066%	11,042,113,205.98	11,042,864,910.32	1.000029	11	39	1012
Feb 23	4.4919%	10,962,890,240.57	10,961,778,645.78	0.999898	9	38	1008
Jan 23	4.2515%	10,451,037,339.95	10,450,044,625.54	0.999905	6	41	1003
Dec 22	3.9681%	9,016,826,910.67	9,015,709,981.89	0.999855	5	43	999
Nov 22	3.5588%	8,393,118,851.17	8,390,786,906.73	0.999722	6	47	998
Oct 22	2.8531%	8,388,414,626.87	8,384,901,873.82	0.999581	10	46	996
Sep 22	2.2941 %	8,448,258,598.47	8,444,307,157.72	0.999510	16	43	994
Aug 22	1.9469%	8,988,292,520.61	8,983,610,837.50	0.999479	27	50	991
Jul 22	1.4010%	9,799,798,062.32	9,793,880,215.07	0.999396	34	49	990
Jun 22	0.9850%	9,799,299,684.61	9,793,062,348.93	0.999363	42	57	989
May 22	0.6459%	9,701,777,049.61	9,700,243,468.41	0.999841	43	61	988

PORTFOLIO ASSET SUMMARY AS OF APRIL 30, 2023

		BOOK VALUE		MARKET VALUE
Uninvested Balance	$	7,489,713.54	$	7,489,713.54
Accrual of Interest Income		13,019,250.21		13,019,250.21
Interest and Management Fees Payable		(44,479,613.71)		(44,479,613.71)
Payable for Investment Purchased		0.00		0.00
Repurchase Agreement		8,232,195,999.78		8,232,195,999.78
Government Securities		2,732,486,444.23		2,732,832,063.42
TOTAL	**$**	**10,940,711,794.05**	**$**	**10,941,057,413.24**

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of TexSTAR. The only source of payment to the Participants are the assets of TexSTAR. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact TexSTAR Participant Services.

TEXSTAR VERSUS 90-DAY TREASURY BILL



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness may be subject to change. The TexSTAR management fee may be waived in full or in part at the discretion of the TexSTAR co-administrators and the TexSTAR rate for the period shown reflects waiver of fees. This table represents historical investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment of $1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the TexSTAR pool to the T-Bill Yield, you should know that the TexSTAR pool consists of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-Day T-Bill. The TexSTAR yield is calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940 as promulgated from time to time by the federal Securities and Exchange Commission.

DAILY SUMMARY FOR APRIL 2023

DATE	MNY MKT FUND EQUIV. [SEC Std.]	DAILY ALLOCATION FACTOR	INVESTED BALANCE	MARKET VALUE PER SHARE	WAM DAYS (1)	WAL DAYS (2)
4/1/2023	4.8206%	0.000132072	$11,042,113,205.98	1.000029	12	39
4/2/2023	4.8206%	0.000132072	$11,042,113,205.98	1.000029	12	39
4/3/2023	4.8155%	0.000131932	$11,091,684,903.61	1.000027	12	39
4/4/2023	4.8131%	0.000131867	$11,090,365,644.27	1.000071	12	42
4/5/2023	4.8082%	0.000131731	$11,127,114,399.23	1.000107	15	41
4/6/2023	4.8085%	0.000131739	$11,135,978,883.69	1.000101	15	40
4/7/2023	4.8085%	0.000131739	$11,135,978,883.69	1.000101	15	40
4/8/2023	4.8085%	0.000131739	$11,135,978,883.69	1.000101	15	40
4/9/2023	4.8085%	0.000131739	$11,135,978,883.69	1.000101	15	40
4/10/2023	4.8149%	0.000131916	$11,102,882,851.72	1.000043	15	42
4/11/2023	4.8251%	0.000132195	$11,187,729,689.50	1.000047	18	43
4/12/2023	4.8187%	0.000132018	$11,162,719,534.47	1.000077	18	43
4/13/2023	4.8196%	0.000132045	$11,138,872,889.27	1.000080	18	43
4/14/2023	4.8256%	0.000132209	$11,135,957,430.27	1.000065	17	42
4/15/2023	4.8256%	0.000132209	$11,135,957,430.27	1.000065	17	42
4/16/2023	4.8256%	0.000132209	$11,135,957,430.27	1.000065	17	42
4/17/2023	4.8318%	0.000132379	$11,213,825,060.61	1.000053	17	42
4/18/2023	4.8373%	0.000132529	$11,182,922,348.90	1.000053	19	43
4/19/2023	4.8346%	0.000132454	$11,144,928,635.25	1.000044	19	45
4/20/2023	4.8386%	0.000132565	$11,066,288,335.72	1.000043	19	45
4/21/2023	4.8373%	0.000132528	$11,028,561,025.00	1.000044	19	45
4/22/2023	4.8373%	0.000132528	$11,028,561,025.00	1.000044	19	45
4/23/2023	4.8373%	0.000132528	$11,028,561,025.00	1.000044	19	45
4/24/2023	4.8451%	0.000132743	$10,968,900,020.40	1.000044	19	45
4/25/2023	4.8430%	0.000132686	$10,944,592,695.73	1.000054	19	45
4/26/2023	4.8464%	0.000132777	$10,924,670,484.17	1.000041	19	44
4/27/2023	4.8542%	0.000132991	$10,947,994,171.53	1.000033	19	44
4/28/2023	4.8552%	0.000133020	$10,940,711,794.05	1.000031	18	43
4/29/2023	4.8552%	0.000133020	$10,940,711,794.05	1.000031	18	43
4/30/2023	4.8552%	0.000133020	$10,940,711,794.05	1.000031	18	43
Average	4.8292%	0.000132307	$11,074,644,145.30		17	42

ECONOMIC COMMENTARY (cont.)

As growth moderated, the March employment report highlighted a labor market that remains tight but is losing momentum. Nonfarm payroll employment rose by 236K, a sharp deceleration compared to last month, while the unemployment rate slipped below consensus to 3.5%. Average hourly earnings grew by 0.3% m/m and 4.2% y/y, signaling easing inflationary pressures. Labor demand also cooled with the March Job Openings and Labor Turnover Survey (JOLTS) report showing the number of job openings falling 384,000 to 9.59 million, resulting in the lowest level since April 2021. The March ratio of job openings-to-unemployed persons also moved down to 1.6, after peaking at 2.0 a year ago, but still above the 1.0-1.2 range consistent with a less inflationary job market. Overall, these reports confirm that the economy, while gradually losing momentum, was not in a recession in the first quarter.

Finally, concerns regarding the debt ceiling limit increased as April tax revenues were lower than expected causing markets to anticipate an earlier X-date than originally anticipated. In communications since January, Secretary Yellen has made it clear that considerable uncertainty surrounds the actual date on which the government will no longer be able to pay its bills, commonly referred to as the "X-date". Part of that uncertainty is due to the difficulty in projecting annual tax payments and refunds which are processed around the mid-April tax filing deadline. Given recent information, we are likely talking about a date in June, and possibly early July, because the government typically makes substantial payments at the start of each month. However, because of the variability of daily cash flows, the Treasury Department is unlikely to know the precise X-date until a few days before.

The legislative process to raise or re-suspend the debt limit has not and will not be swift, perhaps not seeing resolution until very close to the x-date. While not our base case, if a political resolution is not reached in time and payments are ultimately delayed on a Treasury security, the "technical default" would be limited to the specific maturity date/coupon date (there is no cross default for other Treasury securities). The effected bonds would continue to trade in the secondary market (assuming Treasury notified markets one day prior to the delay) and would be paid once the debt ceiling limit is raised. Treasury bills within the potential X-date range cheapened as their yields rose, while one-month T-bill yields significantly declined by -35 bps to 4.18% as demand for shorter maturities away from the X-date was robust. Three-month T-bill yields increased 31 bps to 5.06% and 6-month T-bill yield increase 14 bps to 5.02%. Meanwhile longer Treasury yields declined with the two-year note yield down -2 bps to 4.01%.

Outlook

With market volatility subsiding, real economic growth resilient, and wages and inflation still elevated, the Fed hiked rates another 25 bps at its FOMC meeting on May 3rd, noting that they have a long way to bring down inflation. The statement maintained that the "U.S. banking system is sound and resilient" but that tighter credit conditions "are likely to weigh on economic activity, hiring and inflation."

Following early March's regional bank stress, bond market volatility has generally eased. Economic data have been mixed, but the picture still broadly shows a resilient U.S. economy. While 1Q GDP growth disappointed, coming in below consensus, with a sharp decline in inventory accumulation, continued contraction in housing and slowing business fixed investment, consumption growth was strong. April's business surveys continue to show a divergence between weakness in manufacturing and strength in services. Turning to the labor market, March's jobs report showed job creation slowing but still tight, with ongoing moderation in wage growth for all workers to 4.2% y/y. Meanwhile, the Fed's main inflation target, the headline PCE deflator, retreated to a year-over-year rate of 4.2% in March, down from a peak of 7.0% y/y last June.

Now that the Fed has hiked 25 bps at its May meeting, the question now is whether this will be the last one, and more importantly, when rate cuts might begin. We believe the Fed will pause to consider the lagged effects of its fastest rate hiking cycle in decades. The banking turmoil in March highlights the fact that banks will likely be tightening lending standards further, posing a drag on economic growth. We believe that a recession is coming and as such the Fed will likely begin easing sometime in the fourth quarter of this year.

This information is an excerpt from an economic report dated April 2023 provided to TexSTAR by JP Morgan Asset Management, Inc., the investment manager of the TexSTAR pool.

TexSTAR