



Monthly Newsletter: January 2020

ANNOUNCEMENTS

We welcome the following entities who joined TexPool in December 2019:

TexPool

Harris County ESD 29

Upcoming Events

Jan 26, 2020 - Jan 30, 2020
Austin
TASA Mid-winter Conference

Feb 23, 2020 - Feb 26, 2020
San Antonio
GTOT Winter Seminar

Mar 02, 2020 - Mar 06, 2020
Houston
TASBO Annual 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: 2020 Outlook: Optimism and Opportunities

January 1, 2020

The stereotype of trading in the liquidity markets is that it's a ho-hum job. No battling for deals like those in a stock exchange; just grab whatever offer that comes along. Well, not only is that unconditionally wrong, 2020 might force traders for money markets and the like to be as fierce as those in any sector.

With the Federal Reserve on hold, the yield curve relatively flat and the economy on a low-growth path, liquidity-market firms will contest for every basis point they can get. Relative outperformance will go to those best at identifying situations that can lead to an advantage. There will be periods when the yield curve offers a little more value, giving portfolio managers, analysts and traders opportunity to set them apart. We don't get to talk about our traders often enough. With an average of 16 years of experience and a variety of expertise, we have the utmost confidence in them.

Key to this is how much money flows into the sector. Perhaps it won't rise to the level of the tremendous growth of 2019 but liquidity products should experience solid inflows. There are plenty of people who are uncomfortable about the ebullience of the equity market right now or foresee volatility stemming from the presidential election. If they want to take some of their winnings off the table, the liquidity markets can provide a good home for them. In the current environment, they can offer a competitive return.

(continued page 6)

Performance as of December 31, 2019

	TexPool	TexPool Prime
Current Invested Balance	\$23,487,827,797.25	\$6,600,232,167.44
Weighted Average Maturity**	35	35
Weighted Average Life**	97	77
Net Asset Value	1.00007	1.00010
Total Number of Participants	2595	407
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$30,268,522.39	\$9,278,039.91
Management Fee Collected	\$779,957.52	\$253,335.45
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	\$22,302,584,505.58	\$6,177,572,103.24
Average Monthly Rate*	1.62%	1.83%
Average Weighted Average Maturity**	35	36
Average Weighted Average Life**	102	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.

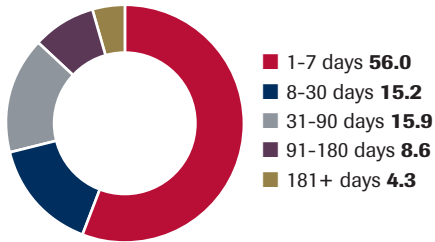
**See page 2 for definitions.

Past performance is no guarantee of future results.



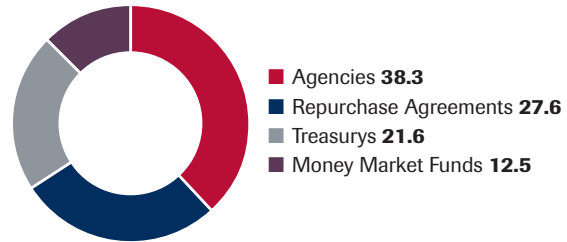
Portfolio by Maturity (%)

As of December 31, 2019



Portfolio by Type of Investment (%)

As of December 31, 2019



Portfolio Asset Summary as of December 31, 2019

	Book Value	Market Value
Uninvested Balance	\$180.73	\$180.73
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	25,152,615.77	25,152,615.77
Interest and Management Fees Payable	-30,366,104.99	-30,366,104.99
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-27,024.55	-27,024.55
Repurchase Agreements	6,491,418,000.00	6,491,418,000.00
Mutual Fund Investments	2,944,074,000.00	2,944,074,000.00
Government Securities	8,975,486,761.86	8,975,276,753.18
U.S. Treasury Inflation Protected Securities	1,065,192,219.98	1,065,228,121.10
US Treasury Bills	2,457,567,349.61	2,458,392,524.90
US Treasury Notes	1,559,329,798.84	1,560,227,943.12
Total	\$23,487,827,797.25	\$23,489,377,009.26

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	597	\$7,645,463,366.65
Higher Education	59	\$1,073,552,402.20
Healthcare	86	\$964,441,108.84
Utility District	828	\$2,991,260,496.29
City	474	\$6,537,525,788.09
County	187	\$2,274,332,524.79
Other	364	\$2,001,024,325.88

**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

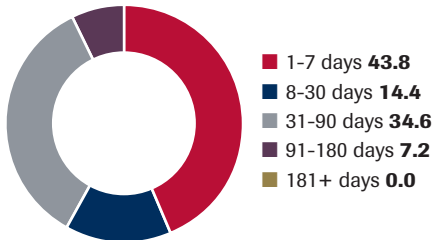
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
12/1	1.6818%	0.000046076	\$20,930,843,220.28	1.00007	36	108
12/2	1.6873%	0.000046228	\$21,048,767,962.58	1.00006	35	106
12/3	1.6526%	0.000045277	\$21,087,242,478.99	1.00007	35	107
12/4	1.6451%	0.000045072	\$21,178,068,609.72	1.00008	35	107
12/5	1.6383%	0.000044885	\$21,201,770,454.95	1.00008	34	106
12/6	1.6413%	0.000044967	\$21,280,351,036.98	1.00008	35	106
12/7	1.6413%	0.000044967	\$21,280,351,036.98	1.00008	35	106
12/8	1.6413%	0.000044967	\$21,280,351,036.98	1.00008	35	106
12/9	1.6397%	0.000044922	\$21,305,919,968.40	1.00008	33	104
12/10	1.6335%	0.000044754	\$21,283,258,288.77	1.00009	33	103
12/11	1.6281%	0.000044606	\$21,348,044,812.80	1.00009	32	103
12/12	1.6155%	0.000044259	\$21,351,449,428.70	1.00006	34	99
12/13	1.6056%	0.000043990	\$21,876,538,203.74	1.00007	35	101
12/14	1.6056%	0.000043990	\$21,876,538,203.74	1.00007	35	101
12/15	1.6056%	0.000043990	\$21,876,538,203.74	1.00007	35	101
12/16	1.6382%	0.000044881	\$22,795,084,126.05	1.00006	33	94
12/17	1.6265%	0.000044562	\$22,881,246,503.63	1.00005	35	101
12/18	1.6125%	0.000044177	\$22,920,402,748.42	1.00006	35	101
12/19	1.6055%	0.000043987	\$22,832,586,884.20	1.00006	36	102
12/20	1.6020%	0.000043891	\$23,066,584,018.88	1.00006	37	103
12/21	1.6020%	0.000043891	\$23,066,584,018.88	1.00006	37	103
12/22	1.6020%	0.000043891	\$23,066,584,018.88	1.00006	37	103
12/23	1.5980%	0.000043781	\$23,163,187,406.83	1.00006	35	100
12/24	1.5975%	0.000043766	\$23,366,168,216.78	1.00004	35	99
12/25	1.5975%	0.000043766	\$23,366,168,216.78	1.00004	35	99
12/26	1.6183%	0.000044336	\$23,404,663,554.18	1.00005	35	98
12/27	1.6055%	0.000043985	\$23,405,303,748.21	1.00005	37	100
12/28	1.6055%	0.000043985	\$23,405,303,748.21	1.00005	37	100
12/29	1.6055%	0.000043985	\$23,405,303,748.21	1.00005	37	100
12/30	1.6116%	0.000044153	\$23,541,087,970.13	1.00006	34	96
12/31	1.6104%	0.000044120	\$23,487,827,797.25	1.00007	35	97
Average:	1.6226%	0.000044455	\$22,302,584,505.58	1.00006	35	102



TEXPOOL Prime

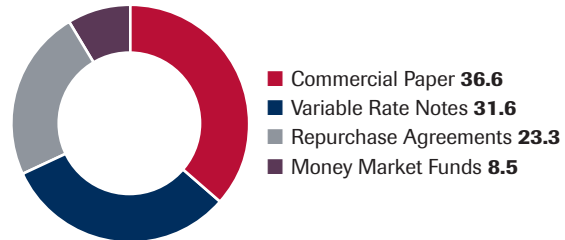
Portfolio by Maturity (%)

As of December 31, 2019



Portfolio by Type of Investment (%)

As of December 31, 2019



Portfolio Asset Summary as of December 31, 2019

	Book Value	Market Value
Uninvested Balance	-\$663.01	-\$663.01
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	3,840,151.47	3,840,151.47
Interest and Management Fees Payable	-9,606,360.67	-9,606,360.67
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-8,877.38	-8,877.38
Repurchase Agreements	1,538,128,000.00	1,538,128,000.00
Commercial Paper	2,417,254,277.32	2,417,669,785.52
Bank Instruments	0.00	0.00
Mutual Fund Investments	562,125,639.71	562,052,003.75
Government Securities	0.00	0.00
Variable Rate Notes	2,088,500,000.00	2,088,768,250.00
Total	\$6,600,232,167.44	\$6,600,842,289.68

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	125	\$2,588,192,798.27
Higher Education	19	\$520,294,444.74
Healthcare	16	\$262,007,577.73
Utility District	47	\$324,519,552.37
City	79	\$1,288,555,995.90
County	41	\$589,463,467.53
Other	80	\$1,034,898,038.39



TEXPOOL *Prime*

Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool <i>Prime</i> Invested Balance	NAV	WAM Days	WAL Days
12/1	1.8674%	0.000051161	\$5,831,139,487.59	1.00013	36	77
12/2	1.8658%	0.000051119	\$5,837,580,799.88	1.00014	36	75
12/3	1.8371%	0.000050331	\$5,846,523,743.76	1.00014	36	76
12/4	1.8481%	0.000050634	\$5,827,018,746.77	1.00014	38	78
12/5	1.8763%	0.000051405	\$5,826,276,828.99	1.00014	38	77
12/6	1.8417%	0.000050457	\$5,815,144,164.17	1.00009	38	77
12/7	1.8417%	0.000050457	\$5,815,144,164.17	1.00009	38	77
12/8	1.8417%	0.000050457	\$5,815,144,164.17	1.00009	38	77
12/9	1.8482%	0.000050635	\$5,819,136,957.70	1.00013	36	74
12/10	1.8356%	0.000050291	\$5,821,645,287.86	1.00012	36	77
12/11	1.8428%	0.000050487	\$5,817,009,413.97	1.00012	37	78
12/12	1.8320%	0.000050193	\$5,839,851,590.80	1.00012	36	77
12/13	1.8172%	0.000049785	\$5,898,868,420.09	1.00007	36	76
12/14	1.8172%	0.000049785	\$5,898,868,420.09	1.00007	36	76
12/15	1.8172%	0.000049785	\$5,898,868,420.09	1.00007	36	76
12/16	1.8390%	0.000050384	\$5,987,061,363.81	1.00011	34	73
12/17	1.8201%	0.000049866	\$6,133,861,841.78	1.00011	34	74
12/18	1.8105%	0.000049604	\$6,251,079,400.58	1.00008	34	77
12/19	1.8180%	0.000049808	\$6,157,015,357.21	1.00008	34	76
12/20	1.7998%	0.000049310	\$6,643,616,252.92	1.00003	35	78
12/21	1.7998%	0.000049310	\$6,643,616,252.92	1.00003	35	78
12/22	1.7998%	0.000049310	\$6,643,616,252.92	1.00003	35	78
12/23	1.8108%	0.000049610	\$6,678,776,402.73	1.00007	34	76
12/24	1.8188%	0.000049830	\$6,771,557,057.12	1.00006	36	79
12/25	1.8188%	0.000049830	\$6,771,557,057.12	1.00006	36	79
12/26	1.8246%	0.000049990	\$6,727,921,818.00	1.00008	36	78
12/27	1.8405%	0.000050426	\$6,452,008,558.57	1.00004	38	82
12/28	1.8405%	0.000050426	\$6,452,008,558.57	1.00004	38	82
12/29	1.8405%	0.000050426	\$6,452,008,558.57	1.00004	38	82
12/30	1.8389%	0.000050381	\$6,530,577,689.94	1.00008	36	78
12/31	1.8436%	0.000050510	\$6,600,232,167.44	1.00010	35	77
Average:	1.8321%	0.000050194	\$6,177,572,103.24	1.00009	36	77



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

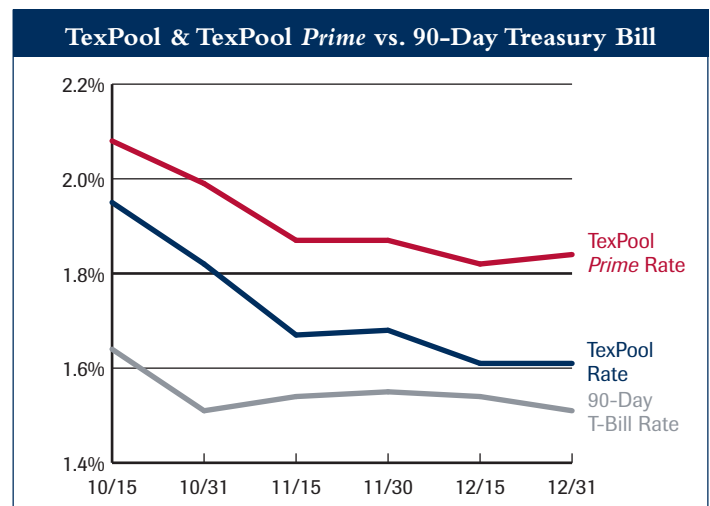
In this regard, 2020 should see liquidity products taking their traditional role of being an asset class that works in tandem with the equity and fixed-income portions of an investor's portfolio.

The Fed was able to ward off volatility in the repo market in the days spanning year-end. Some market participants were concerned rates might spike as they did in September. But through overnight and term operations, the Fed made almost \$500 billion available to primary dealers on Dec. 31. This move proved successful—dealers took down roughly half of it—and repo rates traded well within the federal funds target range.

But policymakers have much more work to do. They would like to avoid intervening daily and even periodically on stress dates such as corporate tax deadlines or quarter-ends and they have established that increasing bank reserves is the most effective means. We think the target is \$1.5 trillion in reserves. The Fed should reach that level in spring of 2020. Then policymakers have to make some more decisions.

Will they back away from being such a major force in the marketplace? Will they continue to cut back on Treasury bill purchases? Would they just end the program or pare the amount from \$60 billion a month to \$50 billion to \$40 billion? We don't think the Fed has worked out the plan yet. Obviously the decision will have enormous consequences for cash managers, especially on the level of supply.

We are optimistic about 2020, and frankly can't wait to do our best work for clients.



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.

The Treasury yield curve ended December with 1-month at 1.47%, 3-month at 1.55%, 6-month at 1.59%. Libor ended December with 1-month at 1.76%, 3-month at 1.91% and 6-month at 1.91%. The weighted average maturity (WAM) at month-end was 35 days for both TexPool and TexPool Prime.