



Monthly Newsletter: August 2019

ANNOUNCEMENTS

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

TexPool

Bexar County ESD 8

Corpus Christi Business and Job Development Corporation

Upcoming Events

Sep 04, 2019 - Sep 06, 2019,

Fairmont Hotel Austin, Austin

TAC Legislative Conference

Sep 09, 2019 - Sep 12, 2019, Tyler

71st Annual CTAT (County Treasurers Assoc of TX) Conference

Sep 20, 2019 - Sep 22, 2019, Kay Bailey

Hutchison Convention Center, Dallas

TASA/TASB 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: Searching for neutral

August 1, 2019

Neutral is not a position much in favor these days, but Federal Reserve policymakers would love to get the federal funds rate there. They have targeted 2% for some time now, but lately aren't sure that is the correct level. At one point they talked about it being somewhere within a range of 2.75-3%, then somewhere in a much lower span of 2-2.25%. With inflation measured by personal consumption expenditures stubbornly refusing to get to 2%, even the latter range might be too high.

That search is at the heart of the members of the Federal Open Market Committee's decision to cut the target range of the fed funds rate by a quarter point on July 31st. They have made clear this is not the beginning of a path leading to zero rates as we experienced following the financial crisis, but rather a pullback from December's hike that shot too high. There were no projections from this meeting, but Chair Jerome Powell suggested that another move may or may not be warranted, and the futures market is expecting at least one more. The hunt continues.

Actually, that search is not the only one involving the Fed these days. It still needs to fill its open seats. At the beginning of July, President Trump nominated two candidates for spots on its board. Trump has, of course, berated the Fed (specifically targeting Powell)

(continued page 6)

Performance as of July 31, 2019

| | TexPool | TexPool Prime |
|-------------------------------------|---------------------|--------------------|
| Current Invested Balance | \$21,286,211,114.24 | \$6,243,675,080.09 |
| Weighted Average Maturity** | 35 | 31 |
| Weighted Average Life** | 112 | 66 |
| Net Asset Value | 1.00005 | 1.00021 |
| Total Number of Participants | 2573 | 398 |
| Management Fee on Invested Balance | 0.0450% | 0.0550% |
| Interest Distributed | \$43,381,311.55 | \$13,538,725.44 |
| Management Fee Collected | \$779,180.72 | \$264,771.93 |
| Standard & Poor's Current Rating | AAAm | AAAm |
| Month Averages | | |
| Average Invested Balance | \$21,416,296,897.36 | \$6,376,751,274.57 |
| Average Monthly Rate* | 2.39% | 2.50% |
| Average Weighted Average Maturity** | 33 | 35 |
| Average Weighted Average Life** | 107 | 71 |

*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.

TexPool Participant Services
1001 Texas Avenue, Suite 1150 · Houston, TX 77002

Phone: 1-866-TEXPOOL (839-7665) · Fax: 1-866-839-3291 · TexPool.com

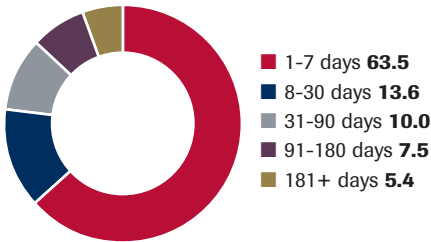
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G35884-24 (8/19)



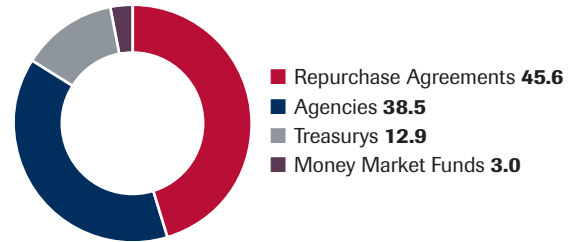
Portfolio by Maturity (%)

As of July 31, 2019



Portfolio by Type of Investment (%)

As of July 31, 2019



Portfolio Asset Summary as of July 31, 2019

| | Book Value | Market Value |
|--|----------------------------|----------------------------|
| Uninvested Balance | -\$490,849.31 | -\$490,849.31 |
| Receivable for Investments Sold | 0.00 | 0.00 |
| Accrual of Interest Income | 17,771,205.33 | 17,771,205.33 |
| Interest and Management Fees Payable | -43,380,982.05 | -43,380,982.05 |
| Payable for Investments Purchased | 0.00 | 0.00 |
| Accrued Expenses & Taxes | -24,382.07 | -24,382.07 |
| Repurchase Agreements | 9,712,581,000.00 | 9,712,581,000.00 |
| Mutual Fund Investments | 652,085,188.17 | 652,074,000.00 |
| Government Securities | 8,198,076,225.90 | 8,198,754,640.79 |
| U.S. Treasury Inflation Protected Securities | 995,005,476.71 | 994,553,248.19 |
| US Treasury Bills | 876,706,151.86 | 877,140,332.99 |
| US Treasury Notes | 877,882,079.70 | 878,308,161.41 |
| Total | \$21,286,211,114.24 | \$21,287,286,375.28 |

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 | 595 | \$6,978,475,951.69 |
| Higher Education | 59 | \$841,857,917.75 |
| Healthcare | 84 | \$982,960,744.40 |
| Utility District | 823 | \$3,060,098,082.16 |
| City | 471 | \$5,007,041,038.83 |
| County | 186 | \$2,218,634,449.38 |
| Other | 355 | \$2,202,456,532.76 |

**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

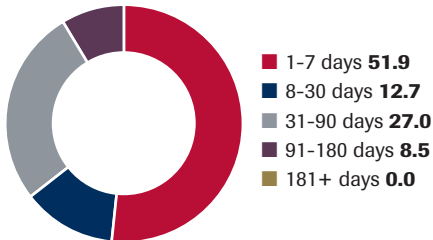
| Date | Money Mkt. Fund Equiv. (SEC Std.) | Dividend Factor | TexPool Invested Balance | NAV | WAM Days | WAL Days |
|-----------------|--------------------------------------|--------------------|-----------------------------|----------------|-----------|------------|
| 7/1 | 2.3955% | 0.000065630 | \$21,505,552,805.59 | 1.00011 | 32 | 103 |
| 7/2 | 2.4212% | 0.000066334 | \$21,416,060,349.79 | 1.00011 | 32 | 103 |
| 7/3 | 2.4491% | 0.000067098 | \$21,346,219,139.30 | 1.00010 | 33 | 103 |
| 7/4 | 2.4491% | 0.000067098 | \$21,346,219,139.30 | 1.00010 | 33 | 103 |
| 7/5 | 2.4619% | 0.000067448 | \$21,338,839,787.42 | 1.00011 | 33 | 103 |
| 7/6 | 2.4619% | 0.000067448 | \$21,338,839,787.42 | 1.00011 | 33 | 103 |
| 7/7 | 2.4619% | 0.000067448 | \$21,338,839,787.42 | 1.00011 | 33 | 103 |
| 7/8 | 2.4200% | 0.000066300 | \$21,257,270,212.38 | 1.00009 | 29 | 103 |
| 7/9 | 2.4076% | 0.000065962 | \$21,266,924,616.21 | 1.00009 | 31 | 104 |
| 7/10 | 2.4040% | 0.000065864 | \$21,259,426,438.25 | 1.00010 | 30 | 105 |
| 7/11 | 2.3862% | 0.000065374 | \$21,415,606,036.13 | 1.00010 | 32 | 105 |
| 7/12 | 2.3580% | 0.000064604 | \$21,533,209,848.96 | 1.00010 | 33 | 105 |
| 7/13 | 2.3580% | 0.000064604 | \$21,533,209,848.96 | 1.00010 | 33 | 105 |
| 7/14 | 2.3580% | 0.000064604 | \$21,533,209,848.96 | 1.00010 | 33 | 105 |
| 7/15 | 2.3797% | 0.000065197 | \$21,357,182,898.47 | 1.00010 | 31 | 106 |
| 7/16 | 2.3914% | 0.000065518 | \$21,423,136,572.17 | 1.00009 | 32 | 106 |
| 7/17 | 2.3971% | 0.000065673 | \$21,546,383,469.80 | 1.00009 | 32 | 106 |
| 7/18 | 2.3877% | 0.000065417 | \$21,481,781,273.62 | 1.00011 | 32 | 108 |
| 7/19 | 2.3713% | 0.000064966 | \$21,449,201,570.29 | 1.00010 | 35 | 110 |
| 7/20 | 2.3713% | 0.000064966 | \$21,449,201,570.29 | 1.00010 | 35 | 110 |
| 7/21 | 2.3713% | 0.000064966 | \$21,449,201,570.29 | 1.00010 | 35 | 110 |
| 7/22 | 2.3520% | 0.000064439 | \$21,406,762,900.79 | 1.00008 | 33 | 108 |
| 7/23 | 2.3498% | 0.000064379 | \$21,392,390,948.58 | 1.00008 | 34 | 109 |
| 7/24 | 2.3540% | 0.000064492 | \$21,311,196,686.38 | 1.00008 | 34 | 111 |
| 7/25 | 2.3622% | 0.000064717 | \$21,546,555,928.37 | 1.00006 | 34 | 110 |
| 7/26 | 2.3555% | 0.000064534 | \$21,521,608,430.02 | 1.00005 | 35 | 111 |
| 7/27 | 2.3555% | 0.000064534 | \$21,521,608,430.02 | 1.00005 | 35 | 111 |
| 7/28 | 2.3555% | 0.000064534 | \$21,521,608,430.02 | 1.00005 | 35 | 111 |
| 7/29 | 2.3426% | 0.000064182 | \$21,411,783,129.44 | 1.00005 | 33 | 109 |
| 7/30 | 2.3401% | 0.000064111 | \$21,399,961,249.37 | 1.00005 | 35 | 109 |
| 7/31 | 2.3872% | 0.000065403 | \$21,286,211,114.24 | 1.00005 | 35 | 112 |
| Average: | 2.3876% | 0.000065414 | \$21,416,296,897.36 | 1.00009 | 33 | 107 |



TEXPOOL PRIME

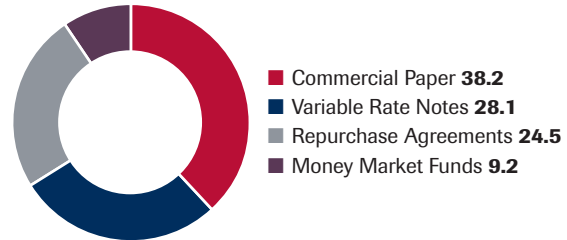
Portfolio by Maturity (%)

As of July 31, 2019



Portfolio by Type of Investment (%)

As of July 31, 2019



Portfolio Asset Summary as of July 31, 2019

| | Book Value | Market Value |
|--------------------------------------|---------------------------|---------------------------|
| Uninvested Balance | -\$283,046.72 | -\$283,046.72 |
| Receivable for Investments Sold | 0.00 | 0.00 |
| Accrual of Interest Income | 4,481,746.31 | 4,481,746.31 |
| Interest and Management Fees Payable | -13,538,728.72 | -13,538,728.72 |
| Payable for Investments Purchased | 0.00 | 0.00 |
| Accrued Expenses & Taxes | -8,341.59 | -8,341.59 |
| Repurchase Agreements | 1,534,583,000.00 | 1,534,583,000.00 |
| Commercial Paper | 2,387,313,209.40 | 2,388,500,941.00 |
| Bank Instruments | 0.00 | 0.00 |
| Mutual Fund Investments | 572,127,033.50 | 572,052,003.75 |
| Government Securities | 0.00 | 0.00 |
| Variable Rate Notes | 1,759,000,207.91 | 1,759,190,755.00 |
| Total | \$6,243,675,080.09 | \$6,244,978,329.03 |

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 | 124 | \$2,554,112,277.87 |
| Higher Education | 19 | \$583,979,915.05 |
| Healthcare | 16 | \$215,129,339.84 |
| Utility District | 46 | \$348,966,343.54 |
| City | 77 | \$1,124,247,621.73 |
| County | 40 | \$563,365,686.19 |
| Other | 76 | \$853,813,845.14 |



TEXPOOL *PRIME*

Daily Summary

| Date | Money Mkt. Fund Equiv. (SEC Std.) | Dividend Factor | TexPool <i>Prime</i> Invested Balance | NAV | WAM Days | WAL Days |
|-----------------|--------------------------------------|--------------------|--|----------------|-----------|-----------|
| 7/1 | 2.5064% | 0.000068668 | \$6,423,924,991.00 | 1.00027 | 37 | 75 |
| 7/2 | 2.5224% | 0.000069106 | \$6,414,834,806.54 | 1.00027 | 37 | 74 |
| 7/3 | 2.5501% | 0.000069866 | \$6,414,734,132.55 | 1.00023 | 37 | 74 |
| 7/4 | 2.5501% | 0.000069866 | \$6,414,734,132.55 | 1.00023 | 37 | 74 |
| 7/5 | 2.5501% | 0.000069867 | \$6,400,334,569.92 | 1.00020 | 38 | 73 |
| 7/6 | 2.5501% | 0.000069867 | \$6,400,334,569.92 | 1.00020 | 38 | 73 |
| 7/7 | 2.5501% | 0.000069867 | \$6,400,334,569.92 | 1.00020 | 38 | 73 |
| 7/8 | 2.5219% | 0.000069093 | \$6,442,878,708.94 | 1.00025 | 36 | 71 |
| 7/9 | 2.5055% | 0.000068645 | \$6,397,903,227.58 | 1.00024 | 36 | 71 |
| 7/10 | 2.5087% | 0.000068732 | \$6,385,158,571.85 | 1.00024 | 36 | 71 |
| 7/11 | 2.4946% | 0.000068346 | \$6,379,815,628.97 | 1.00022 | 36 | 72 |
| 7/12 | 2.4771% | 0.000067867 | \$6,437,162,461.65 | 1.00019 | 36 | 72 |
| 7/13 | 2.4771% | 0.000067867 | \$6,437,162,461.65 | 1.00019 | 36 | 72 |
| 7/14 | 2.4771% | 0.000067867 | \$6,437,162,461.65 | 1.00019 | 36 | 72 |
| 7/15 | 2.4915% | 0.000068260 | \$6,392,640,099.02 | 1.00024 | 35 | 71 |
| 7/16 | 2.5036% | 0.000068592 | \$6,398,960,488.97 | 1.00023 | 35 | 70 |
| 7/17 | 2.5015% | 0.000068534 | \$6,393,904,509.29 | 1.00023 | 34 | 70 |
| 7/18 | 2.5013% | 0.000068528 | \$6,334,313,360.37 | 1.00023 | 34 | 70 |
| 7/19 | 2.4869% | 0.000068133 | \$6,379,043,229.84 | 1.00017 | 34 | 70 |
| 7/20 | 2.4869% | 0.000068133 | \$6,379,043,229.84 | 1.00017 | 34 | 70 |
| 7/21 | 2.4869% | 0.000068133 | \$6,379,043,229.84 | 1.00017 | 34 | 70 |
| 7/22 | 2.4659% | 0.000067558 | \$6,360,402,199.65 | 1.00022 | 34 | 70 |
| 7/23 | 2.4746% | 0.000067797 | \$6,342,159,364.82 | 1.00022 | 35 | 71 |
| 7/24 | 2.4816% | 0.000067990 | \$6,368,329,908.86 | 1.00021 | 34 | 70 |
| 7/25 | 2.4832% | 0.000068032 | \$6,391,525,161.57 | 1.00020 | 33 | 69 |
| 7/26 | 2.4797% | 0.000067938 | \$6,291,875,531.60 | 1.00015 | 34 | 70 |
| 7/27 | 2.4797% | 0.000067938 | \$6,291,875,531.60 | 1.00015 | 34 | 70 |
| 7/28 | 2.4797% | 0.000067938 | \$6,291,875,531.60 | 1.00015 | 34 | 70 |
| 7/29 | 2.4716% | 0.000067715 | \$6,346,755,661.58 | 1.00019 | 31 | 67 |
| 7/30 | 2.4685% | 0.000067631 | \$6,307,392,098.49 | 1.00021 | 31 | 66 |
| 7/31 | 2.5080% | 0.000068711 | \$6,243,675,080.09 | 1.00021 | 31 | 66 |
| Average: | 2.4998% | 0.000068487 | \$6,376,751,274.57 | 1.00021 | 35 | 71 |

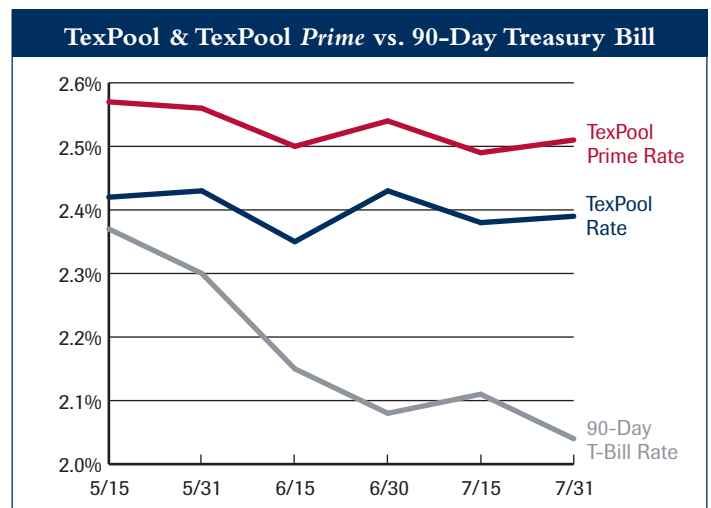


Participant Services
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for raising rates. He now seems to be taking a direct approach by nominating candidates who fit his current desire for interest range decreases. But, unlike some of Trump’s other candidates who didn’t even come to a vote, these would seem to have a better chance of being confirmed.

Director of research at the St. Louis Fed, Christopher Waller has strong credentials. It’s no surprise he would advocate for dovish policy as he comes from the Bullard camp. James Bullard, president of this branch, was the only one in the June meeting who dissented, wanting a cut. Bullard, as well as Raphael Bostic from the Atlanta Fed, are focused on finding neutral, not returning to 2008–2015. Economist Judy Shelton, U.S. envoy to the European Bank for Reconstruction and Development until she resigned last week due to the nomination, also is a credible contender.

The Treasury curve ended July with 1–month at 2.00%, 3–month at 2.07%, and 6–month at 2.08%. Libor ended the month with 1–month at 2.23%, 3–month at 2.25%, and 6–month at 2.19%.



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.