



# Monthly Newsletter: July 2019

## ANNOUNCEMENTS

### We welcome the following entities who joined TexPool in June 2019:

#### TexPool

Ellis County Rural Rail Transportation District  
 Magnolia East MUD  
 Southeast Travis County MUD 1  
 Springhollow MUD  
 Montgomery County ESD 3  
 Riverbend Water Resources District  
 Guadalupe County Groundwater Conservation District

#### TexPool Prime

The Woodlands Metro Center MUD  
 Ellis County Rural Rail Transportation District  
 Montgomery County ESD 3  
 Riverbend Water Resources District  
 North Central Texas College

### Upcoming Events

Jul 07, 2019 – Jul 09, 2019, San Antonio  
**TASSCUBO Summer Conference**

Sep 04, 2019 – Sep 06, 2019,  
 Fairmont Hotel Austin, Austin  
**TAC Legislative Conference**

Sep 09, 2019 – Sep 12, 2019, Tyler  
**70th 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: Gut check time

July 1, 2019

Will the Federal Reserve's next policy move be to cut the federal funds target range? We think yes, agreeing with most. Will it do so three times in the remainder of 2019 for a total of 75 basis points? We say no, putting us out of step. But even if it does, it is important to remember that it would be a moderation, not a plunge to zero or anything extreme. Rates could be steady at a lower level for some time or even rise. We don't feel the end of this business cycle is nigh, and have been investing as such.

At the heart of the issue is that we think the markets, policymakers and many economists have gone too far in forecasting so many rate decreases. Projections are for some version of cuts: 50 basis points in July with 25 either in September or December or maybe 25 at each of these meetings. (The last time the Fed moved half a percentage point was in the rush to zero during the financial crisis of 2008.)

We don't expect more than two quarter-point cuts this year. While the London interbank offered rate (Libor) and the U.S. Treasury yield curves have inverted, the U.S. economy isn't acting like it is about to sink into a recession. Although many regional indexes have shown slowing activity and the housing market remains subpar, employment is still strong and retail sales, consumer and small-business sentiment are solid. Overall, you would have

*(continued page 6)*

### Performance as of June 30, 2019

	TexPool	TexPool Prime
Current Invested Balance	\$21,252,088,437.56	\$6,381,152,700.60
Weighted Average Maturity**	35	39
Weighted Average Life**	107	75
Net Asset Value	1.00012	1.00021
Total Number of Participants	2571	398
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$41,559,012.56	\$13,793,628.65
Management Fee Collected	\$739,843.75	\$268,856.30
Standard & Poor's Current Rating	AAAm	AAAm
<b>Month Averages</b>		
Average Invested Balance	\$21,291,480,561.98	\$6,652,666,106.61
Average Monthly Rate*	2.38%	2.52%
Average Weighted Average Maturity**	36	42
Average Weighted Average Life**	105	69

\*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.

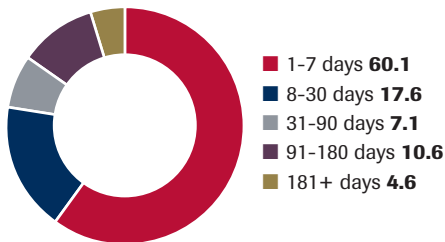
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



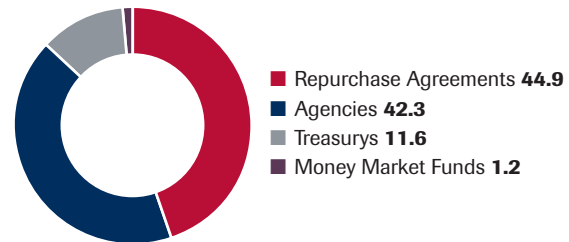
## Portfolio by Maturity (%)

As of June 30, 2019



## Portfolio by Type of Investment (%)

As of June 30, 2019



### Portfolio Asset Summary as of June 30, 2019

	Book Value	Market Value
Uninvested Balance	-\$1,640,195.00	-\$1,640,195.00
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	26,672,016.75	26,672,016.75
Interest and Management Fees Payable	-41,559,080.14	-41,559,080.14
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-75,367.17	-75,367.17
Repurchase Agreements	9,544,515,000.00	9,544,515,000.00
Mutual Fund Investments	255,074,000.00	255,074,000.00
Government Securities	8,996,905,510.52	8,998,298,151.37
U.S. Treasury Inflation Protected Securities	1,194,982,624.52	1,194,505,416.75
US Treasury Bills	737,742,943.07	738,317,523.98
US Treasury Notes	539,470,985.01	540,502,324.17
<b>Total</b>	<b>\$21,252,088,437.56</b>	<b>\$21,254,609,790.71</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	595	\$7,223,028,310.75
Higher Education	59	\$894,895,496.38
Healthcare	84	\$842,517,601.55
Utility District	823	\$3,087,079,600.70
City	471	\$4,897,938,818.13
County	186	\$2,314,173,818.41
Other	353	\$1,992,304,715.87

#### \*\*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

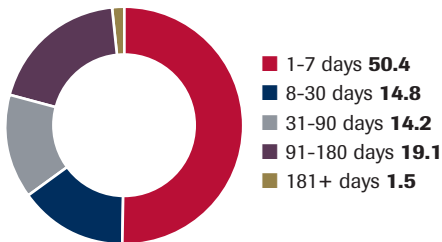
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
6/1	2.4334%	0.000066669	\$21,351,858,377.08	1.00008	38	103
6/2	2.4334%	0.000066669	\$21,351,858,377.08	1.00008	38	103
6/3	2.4221%	0.000066360	\$21,380,254,614.26	1.00011	35	101
6/4	2.3873%	0.000065405	\$21,360,670,465.82	1.00012	36	101
6/5	2.3782%	0.000065156	\$21,327,554,908.33	1.00010	35	100
6/6	2.3793%	0.000065187	\$21,308,901,905.04	1.00011	35	100
6/7	2.3793%	0.000065185	\$21,340,841,082.37	1.00013	35	100
6/8	2.3793%	0.000065185	\$21,340,841,082.37	1.00013	35	100
6/9	2.3793%	0.000065185	\$21,340,841,082.37	1.00013	35	100
6/10	2.3778%	0.000065146	\$21,281,183,092.91	1.00013	35	99
6/11	2.3738%	0.000065036	\$21,210,568,586.40	1.00012	36	102
6/12	2.3702%	0.000064936	\$21,277,363,773.58	1.00011	36	101
6/13	2.3621%	0.000064714	\$21,260,159,783.34	1.00013	36	107
6/14	2.3511%	0.000064414	\$21,296,730,042.63	1.00012	37	108
6/15	2.3511%	0.000064414	\$21,296,730,042.63	1.00012	37	108
6/16	2.3511%	0.000064414	\$21,296,730,042.63	1.00012	37	108
6/17	2.3712%	0.000064965	\$21,310,879,312.84	1.00012	36	107
6/18	2.3666%	0.000064838	\$21,331,834,606.05	1.00011	36	106
6/19	2.3555%	0.000064533	\$21,282,782,860.14	1.00016	36	108
6/20	2.3489%	0.000064353	\$21,212,739,154.46	1.00013	37	109
6/21	2.3557%	0.000064539	\$21,176,490,444.32	1.00014	37	109
6/22	2.3557%	0.000064539	\$21,176,490,444.32	1.00014	37	109
6/23	2.3557%	0.000064539	\$21,176,490,444.32	1.00014	37	109
6/24	2.3686%	0.000064893	\$21,121,135,234.69	1.00014	35	107
6/25	2.3821%	0.000065262	\$21,412,354,033.04	1.00012	35	105
6/26	2.3930%	0.000065563	\$21,364,601,718.31	1.00011	34	106
6/27	2.3927%	0.000065554	\$21,399,266,035.45	1.00011	34	105
6/28	2.4274%	0.000066504	\$21,252,088,437.56	1.00012	35	107
6/29	2.4274%	0.000066504	\$21,252,088,437.56	1.00012	35	107
6/30	2.4274%	0.000066504	\$21,252,088,437.56	1.00012	35	107
<b>Average:</b>	<b>2.3812%</b>	<b>0.000065239</b>	<b>\$21,291,480,561.98</b>	<b>1.00012</b>	<b>36</b>	<b>105</b>



## TEXPOOL PRIME

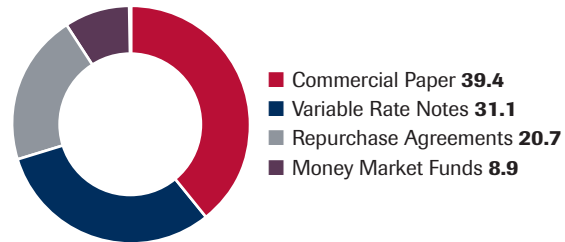
### Portfolio by Maturity (%)

As of June 30, 2019



### Portfolio by Type of Investment (%)

As of June 30, 2019



### Portfolio Asset Summary as of June 30, 2019

	Book Value	Market Value
Uninvested Balance	-\$792.41	-\$792.41
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	4,645,537.44	4,645,537.44
Interest and Management Fees Payable	-13,793,633.20	-13,793,633.20
Payable for Investments Purchased	-63,000,000.00	-63,000,000.00
Accrued Expenses & Taxes	-25,680.39	-25,680.39
Repurchase Agreements	1,333,793,000.00	1,333,793,000.00
Commercial Paper	2,541,906,916.01	2,542,919,475.00
Bank Instruments	0.00	0.00
Mutual Fund Investments	572,127,113.28	572,052,003.75
Government Securities	0.00	0.00
Variable Rate Notes	2,005,500,239.87	2,005,874,240.00
<b>Total</b>	<b>\$6,381,152,700.60</b>	<b>\$6,382,464,150.19</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	124	\$2,692,568,467.27
Higher Education	19	\$613,448,273.11
Healthcare	16	\$206,783,144.44
Utility District	46	\$324,762,483.35
City	77	\$1,089,325,300.97
County	40	\$598,927,343.32
Other	76	\$855,298,116.10



## TEXPOOL *PRIME*

### Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool <i>Prime</i> Invested Balance	NAV	WAM Days	WAL Days
6/1	2.5620%	0.000070193	\$6,845,429,589.36	1.00008	43	68
6/2	2.5620%	0.000070193	\$6,845,429,589.36	1.00008	43	68
6/3	2.5919%	0.000071012	\$6,700,378,258.35	1.00008	46	70
6/4	2.5286%	0.000069278	\$6,713,700,327.57	1.00009	46	69
6/5	2.5220%	0.000069097	\$6,726,845,363.56	1.00010	45	68
6/6	2.5240%	0.000069151	\$6,741,397,074.06	1.00010	44	68
6/7	2.5260%	0.000069206	\$6,685,163,570.12	1.00007	46	69
6/8	2.5260%	0.000069206	\$6,685,163,570.12	1.00007	46	69
6/9	2.5260%	0.000069206	\$6,685,163,570.12	1.00007	46	69
6/10	2.5149%	0.000068902	\$6,663,636,055.80	1.00014	44	66
6/11	2.5178%	0.000068980	\$6,654,802,459.07	1.00015	44	66
6/12	2.5167%	0.000068952	\$6,609,211,660.29	1.00016	44	66
6/13	2.5135%	0.000068862	\$6,595,752,309.89	1.00018	43	65
6/14	2.4975%	0.000068425	\$6,695,680,252.82	1.00012	43	65
6/15	2.4975%	0.000068425	\$6,695,680,252.82	1.00012	43	65
6/16	2.4975%	0.000068425	\$6,695,680,252.82	1.00012	43	65
6/17	2.5076%	0.000068700	\$6,786,495,244.76	1.00019	40	63
6/18	2.5117%	0.000068814	\$6,793,802,269.15	1.00021	40	68
6/19	2.5047%	0.000068622	\$6,713,052,263.40	1.00021	40	68
6/20	2.5023%	0.000068556	\$6,675,959,627.29	1.00023	40	68
6/21	2.5081%	0.000068715	\$6,651,928,957.83	1.00017	40	72
6/22	2.5081%	0.000068715	\$6,651,928,957.83	1.00017	40	72
6/23	2.5081%	0.000068715	\$6,651,928,957.83	1.00017	40	72
6/24	2.5186%	0.000069003	\$6,594,594,334.96	1.00024	38	70
6/25	2.5212%	0.000069075	\$6,662,634,594.39	1.00024	38	71
6/26	2.5261%	0.000069209	\$6,568,470,317.17	1.00025	37	71
6/27	2.5207%	0.000069059	\$6,446,615,415.69	1.00026	38	74
6/28	2.5390%	0.000069561	\$6,381,152,700.60	1.00021	39	75
6/29	2.5390%	0.000069561	\$6,381,152,700.60	1.00021	39	75
6/30	2.5390%	0.000069561	\$6,381,152,700.60	1.00021	39	75
<b>Average:</b>	<b>2.5226%</b>	<b>0.000069113</b>	<b>\$6,652,666,106.61</b>	<b>1.00016</b>	<b>42</b>	<b>69</b>



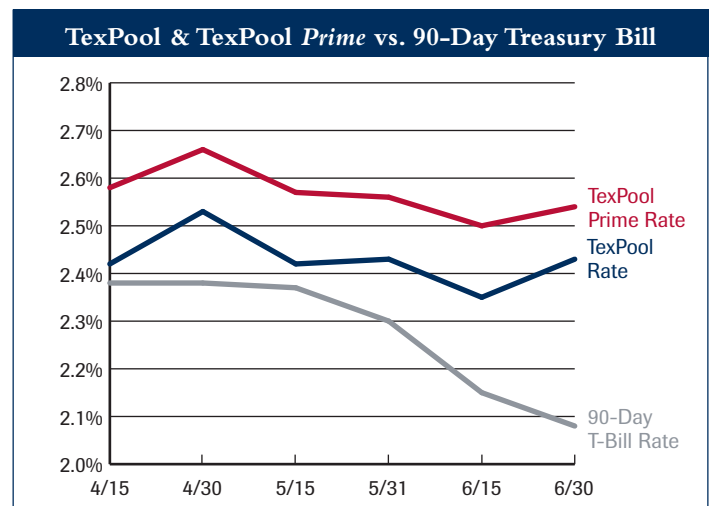
Participant Services  
1001 Texas Ave. 14th Floor  
Houston, TX 77002

to call the economy moderating, but a month or two does not a trend make. So we need to watch a little further to see which way the data is leaning. In any case, even a percentage point drop would reflect a moderately growing economy, not a recessionary one.

The general tone among cash managers mirrors this view. Flows into the liquidity space have been steady the entire year, likely because the market volatility of the fourth quarter of 2018 jump-started renewed interest.

We have been purchasing 3- and 4-month securities to try to keep yields as high as possible. But our conviction trades are in the 12-month area, in which we have been buying variable-rate instruments that reset every one or three months. If these stay steady or go back up again, we hope to benefit.

The Treasury curve ended June with 1-month at 2.06%, 3-month at 2.14%, and 6-month at 2.11%. London interbank offered rates (Libor) ended June with 1-month at 2.40%, 3-month at 2.32%, and 6-month at 2.21%. The weighted average maturity (WAM) at month-end was 35 days for TexPool and 39 days for TexPool Prime.



*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.*