



Monthly Newsletter: March 2019

ANNOUNCEMENTS

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

TexPool

Carroll Water Supply Corporation
Williamson County MUD 21
Denton County MHMR Center
Caldwell Hays ESD 1

TexPool Prime

Denton County MHMR Center

Upcoming Events

Mar 5, 2019 – Mar 6, 2019,
San Antonio
TASBO Annual Conference

TexPool Advisory Board Members

Jose Elizondo, Jr.	Vivian Wood
Belinda Weaver	Jerry Dale
Patrick Krishock	Sharon Matthews
Michele Tuttle	David Landeros

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: Stopping the pendulum's swing

March 1, 2019

“Patience.” Federal Reserve Chair Jerome Powell has been using this word lately as if trying to quiet kids in the back seat of a car who are repeatedly asking, “Are we there yet?”

But his mantra is really more about him than investors—an attempt to check the market volatility he largely created by vacillating in the fourth quarter of 2018. While inconsistency can spook investors, swinging like a pendulum from hawkish to dovish is actually worse because it suggests a reversal is coming. We think Powell wants to let time pass to calm the markets before making the next hike, which we still think will come later in 2019.

Our reasoning is that economic and political uncertainties likely will resolve positively. Don't let the fourth-quarter slowdown in GDP growth fool you. Consumer spending was still solid, and business investment accelerated. This year, housing is showing signs of improvement and the job market remains robust, so much so it has the potential to (finally) push up wages and become inflationary. With trade talks with China proceeding well, recession fears receding and Brexit soon to be behind us one way or another, upside surprises are possible, if not probable.

(continued page 6)

Performance as of February 28, 2019

	TexPool	TexPool Prime
Current Invested Balance	\$23,860,989,392.51	\$7,143,234,247.23
Weighted Average Maturity**	24	22
Weighted Average Life**	76	49
Net Asset Value	0.99995	1.00013
Total Number of Participants	2531	370
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$44,376,661.47	\$14,489,024.33
Management Fee Collected	\$790,558.85	\$331,032.20
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	\$24,157,750,538.89	\$7,344,438,185.11
Average Monthly Rate*	2.40%	2.59%
Average Weighted Average Maturity**	26	25
Average Weighted Average Life**	74	52

*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.

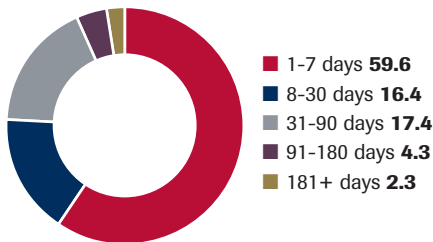
**See page 2 for definitions.

Past performance is no guarantee of future results.



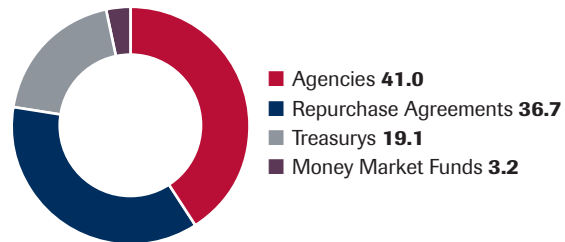
Portfolio by Maturity (%)

As of February 28, 2019



Portfolio by Type of Investment (%)

As of February 28, 2019



Portfolio Asset Summary as of February 28, 2019

	Book Value	Market Value
Uninvested Balance	-\$1,342,551.79	-\$1,342,551.79
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	22,017,617.53	22,017,617.53
Interest and Management Fees Payable	-44,376,636.76	-44,376,636.76
Payable for Investments Purchased	-780,120,455.54	-780,120,455.54
Accrued Expenses & Taxes	-28,250.87	-28,250.87
Repurchase Agreements	9,054,345,000.00	9,054,345,000.00
Mutual Fund Investments	788,218,000.00	788,218,000.00
Government Securities	10,101,277,892.91	10,100,382,997.18
U.S. Treasury Inflation Protected Securities	793,995,000.55	793,900,880.81
US Treasury Bills	2,788,542,111.06	2,788,406,004.65
US Treasury Notes	1,138,461,665.42	1,138,339,900.77
Total	\$23,860,989,392.51	\$23,859,742,505.98

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	591	\$8,686,440,752.46
Higher Education	58	\$1,104,830,522.60
Healthcare	84	\$1,050,257,853.78
Utility District	803	\$2,854,432,601.09
City	467	\$5,418,089,150.65
County	186	\$2,523,909,855.17
Other	342	\$2,223,734,739.37

**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

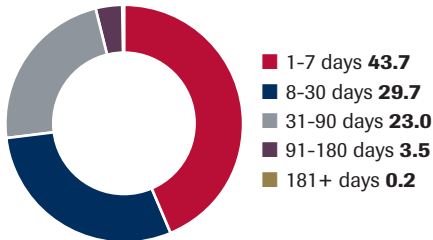
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
2/1	2.4082%	0.000065977	\$23,948,747,757.79	0.99996	24	70
2/2	2.4082%	0.000065977	\$23,948,747,757.79	0.99996	24	70
2/3	2.4082%	0.000065977	\$23,948,747,757.79	0.99996	24	70
2/4	2.3759%	0.000065094	\$23,740,916,332.48	0.99996	24	70
2/5	2.3849%	0.000065339	\$23,976,902,773.37	0.99996	27	72
2/6	2.3796%	0.000065195	\$24,135,161,623.70	0.99996	26	71
2/7	2.3801%	0.000065208	\$24,476,824,963.97	0.99996	26	69
2/8	2.3805%	0.000065220	\$24,770,779,096.70	0.99997	26	69
2/9	2.3805%	0.000065220	\$24,770,779,096.70	0.99997	26	69
2/10	2.3805%	0.000065220	\$24,770,779,096.70	0.99997	26	69
2/11	2.3939%	0.000065587	\$24,834,743,226.34	0.99996	27	72
2/12	2.3918%	0.000065529	\$24,751,418,356.52	0.99996	27	72
2/13	2.3904%	0.000065490	\$24,621,261,826.82	0.99996	28	72
2/14	2.3923%	0.000065542	\$24,172,991,401.27	0.99996	27	74
2/15	2.4076%	0.000065963	\$24,058,369,907.69	0.99996	28	76
2/16	2.4076%	0.000065963	\$24,058,369,907.69	0.99996	28	76
2/17	2.4076%	0.000065963	\$24,058,369,907.69	0.99996	28	76
2/18	2.4076%	0.000065963	\$24,058,369,907.69	0.99996	28	76
2/19	2.4053%	0.000065899	\$24,074,105,949.97	0.99997	25	73
2/20	2.3966%	0.000065659	\$24,105,886,178.38	0.99996	25	77
2/21	2.3955%	0.000065630	\$23,968,259,569.82	0.99996	25	77
2/22	2.3976%	0.000065689	\$23,801,470,945.64	0.99996	25	78
2/23	2.3976%	0.000065689	\$23,801,470,945.64	0.99996	25	78
2/24	2.3976%	0.000065689	\$23,801,470,945.64	0.99996	25	78
2/25	2.3938%	0.000065584	\$23,765,715,006.98	0.99996	23	76
2/26	2.3949%	0.000065614	\$24,097,702,404.21	0.99996	23	75
2/27	2.3972%	0.000065677	\$24,037,663,051.53	0.99996	23	76
2/28	2.4597%	0.000067390	\$23,860,989,392.51	0.99995	24	76
Average:	2.3972%	0.000065677	\$24,157,750,538.89	.99996	26	74



TEXPOOL PRIME

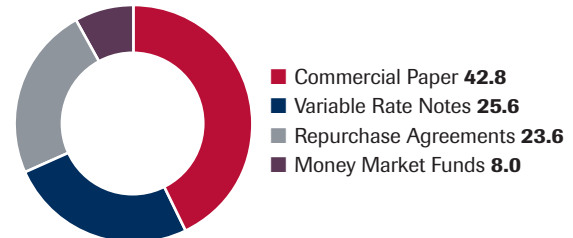
Portfolio by Maturity (%)

As of February 28, 2019



Portfolio by Type of Investment (%)

As of February 28, 2019



Portfolio Asset Summary as of February 28, 2019

	Book Value	Market Value
Uninvested Balance	-\$384.70	-\$384.70
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	4,300,235.83	4,300,235.83
Interest and Management Fees Payable	-14,489,025.87	-14,489,025.87
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-11,450.92	-11,450.92
Repurchase Agreements	1,690,655,000.00	1,690,655,000.00
Commercial Paper	3,060,979,108.32	3,061,262,919.73
Bank Instruments	0.00	0.00
Mutual Fund Investments	572,127,427.28	572,052,003.75
Government Securities	0.00	0.00
Variable Rate Notes	1,829,673,337.29	1,830,395,965.00
Total	\$7,143,234,247.23	\$7,144,165,262.82

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	119	\$3,075,054,709.52
Higher Education	17	\$793,381,465.42
Healthcare	16	\$421,637,196.44
Utility District	35	\$315,509,301.91
City	74	\$1,062,630,124.99
County	38	\$659,691,439.81
Other	71	\$815,318,966.52



TEXPOOL *PRIME*

Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool <i>Prime</i> Invested Balance	NAV	WAM Days	WAL Days
2/1	2.6127%	0.000071582	\$6,948,943,429.70	1.00003	26	55
2/2	2.6127%	0.000071582	\$6,948,943,429.70	1.00003	26	55
2/3	2.6127%	0.000071582	\$6,948,943,429.70	1.00003	26	55
2/4	2.5834%	0.000070777	\$7,194,111,338.07	1.00009	25	54
2/5	2.5958%	0.000071118	\$7,322,271,199.81	1.00009	25	55
2/6	2.5693%	0.000070391	\$7,500,229,732.79	1.00009	25	54
2/7	2.5688%	0.000070379	\$7,615,228,038.83	1.00010	24	53
2/8	2.5711%	0.000070441	\$7,750,945,018.15	1.00003	26	54
2/9	2.5711%	0.000070441	\$7,750,945,018.15	1.00003	26	54
2/10	2.5711%	0.000070441	\$7,750,945,018.15	1.00003	26	54
2/11	2.5832%	0.000070772	\$7,730,892,323.49	1.00009	25	51
2/12	2.5793%	0.000070667	\$7,769,893,646.39	1.00009	25	52
2/13	2.5756%	0.000070565	\$7,760,914,872.39	1.00009	25	51
2/14	2.5857%	0.000070841	\$7,566,828,964.97	1.00011	25	52
2/15	2.5977%	0.000071169	\$7,412,901,861.12	1.00001	26	54
2/16	2.5977%	0.000071169	\$7,412,901,861.12	1.00001	26	54
2/17	2.5977%	0.000071169	\$7,412,901,861.12	1.00001	26	54
2/18	2.5977%	0.000071169	\$7,412,901,861.12	1.00001	26	54
2/19	2.5964%	0.000071133	\$7,244,786,303.37	1.00012	24	52
2/20	2.5904%	0.000070969	\$7,170,088,791.87	1.00012	24	51
2/21	2.5879%	0.000070900	\$7,127,387,335.27	1.00013	24	51
2/22	2.5905%	0.000070972	\$7,085,013,641.78	1.00006	24	52
2/23	2.5905%	0.000070972	\$7,085,013,641.78	1.00006	24	52
2/24	2.5905%	0.000070972	\$7,085,013,641.78	1.00006	24	52
2/25	2.5872%	0.000070882	\$7,152,474,287.01	1.00013	22	49
2/26	2.5842%	0.000070800	\$7,217,601,334.71	1.00013	21	48
2/27	2.6407%	0.000072348	\$7,122,013,053.55	1.00013	23	50
2/28	2.6412%	0.000072362	\$7,143,234,247.23	1.00013	22	49
Average:	2.5922%	0.000071020	\$7,344,438,185.11	1.00007	25	52



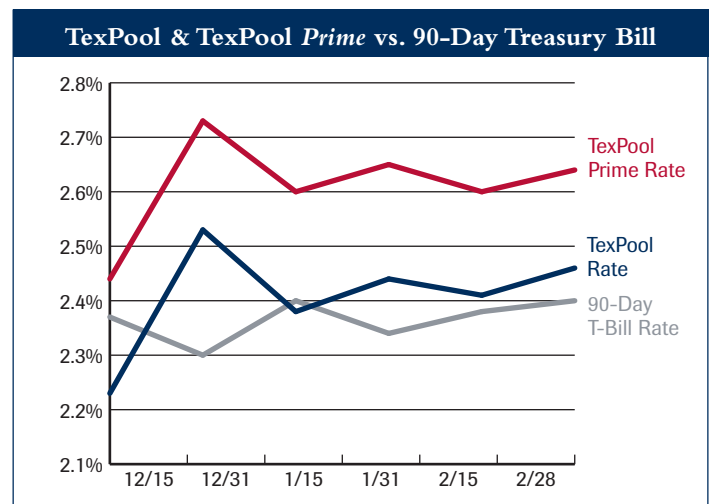
Participant Services
1001 Texas Ave. 14th Floor
Houston, TX 77002

Not that we expect any surprises at the Federal Open Market Committee meeting this month. Powell already has mentioned that clarity on the future of the balance sheet runoff is forthcoming, so that will probably be announced. That's a central part of policymakers' desire to have the federal funds rate be the only policy tool the market considers. (It almost goes without saying that target range is not expected to move from 2.25% to 2.5% at this meeting.)

Cash, then, is in a good place. If volatility returns, liquidity products stand to again reap haven-seeking money. If the economy firms, a potential hike likely would improve return.

Our position is that the flat money market yield curve is bound to steepen. While the suspension of the debt ceiling ends this month, the Treasury Department has the means to operate until July and, if tax receipts are strong, these extraordinary measures could last until autumn, so no worries at this time.

Over the month of February, 1-, 3- and 6-month London interbank offered rates (Libor) slipped, ending at 2.49%, 2.63% and 2.69, respectively. The weighted average maturity (WAM) of TexPool in February was 26 days, slightly higher than that of TexPool Prime which was 25 days.



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.