



Quarterly Update

TexPool and TexPool Prime



Investor Goal

The investor goal for both TexPool and TexPool Prime is preservation and safety of principal, liquidity and yield.

Pool Features

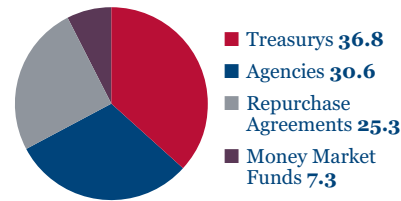
- Administered by the Texas Comptroller of Public Accounts.
- Managed and serviced by Federated Hermes.
- Highest possible ratings from Standard & Poor's underscores the portfolios' high credit quality, daily liquidity and relative safety.
- High asset levels give the benefit of economies of scale.

Portfolio Overviews as of 12/31/23

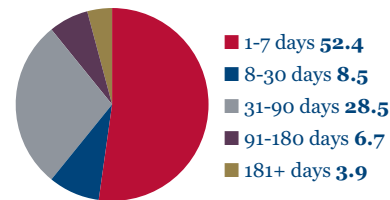
TexPool

Pool Assets \$32.0 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Weighted Average Maturity

38 Days

Credit Rating

AAAm Standard & Poor's

Portfolio Managers

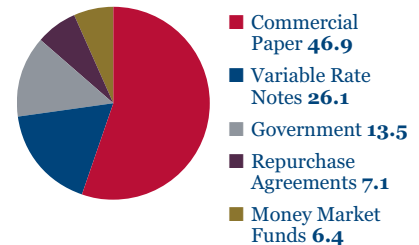
Susan Hill

Deborah Cunningham

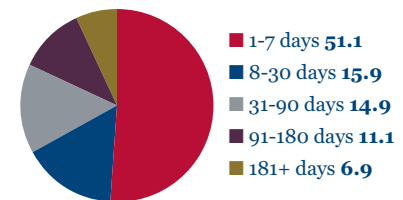
TexPool Prime

Pool Assets \$12.9 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Weighted Average Maturity

44 Days

Credit Rating

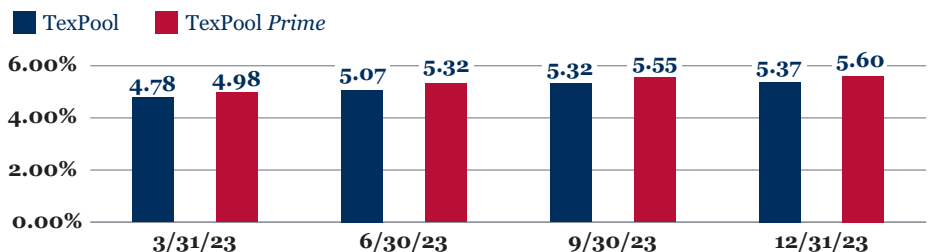
AAAm Standard & Poor's

Portfolio Managers

Paige Wilhelm

Deborah Cunningham

Pool Performance: 7-Day Net Yields (%)



Performance data quoted represents past performance which is no guarantee of future results. Investment return will vary. The value of an investment, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than what is stated.

Portfolio Manager Commentary

The fourth quarter was one for the ages for the liquidity market. On the back of the long Federal Reserve tightening campaign, total U.S. money market fund assets exceeded \$6.2 trillion for the first time, with other liquidity classes following suit. Although policy-makers last raised the federal funds target range in July, their projection that another hike could come before the end of the year prompted a “higher-for-longer” environment that pushed yields to levels not seen in years and that were attractive compared to other cash options.

The U.S. Treasury Department helped, with heavy bill issuance pulling yields on government securities upward. The health of the broad money markets also was seen in the continued reduction in use of the Fed’s Reverse Repurchase Facility. Overnight levels, which had reached a record of around \$2.5 trillion in late 2022, fell below \$1 trillion in November. This was a sign that cash managers were finding traditional counterparties in need of funding—and willing to offer a better rate.

The financial arena did not have as harmonious of a relationship with the Fed. The markets continually disregarded the Fed’s rate projections and speeches, consistently expecting easing in 2024. The amount and timing shifted, especially after the surge in bond yields in October, but traders never relinquished their forecast for cuts. For much of the quarter, Fed officials pushed back, citing high inflation, robust employment and a weakened, but not slumping economy. But in December, they seemed to capitulate, or at least acknowledged the market position, with a projection of 75 basis points worth of easing in 2024.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.40%, 5.35%, 5.27% and 4.78%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.47%, 5.45%, 5.36% and 5.17%, respectively.

Portfolio composition is subject to change.

An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.

An AAAM rating by Standard & Poor’s is obtained after Standard & Poor’s evaluates a number of factors, including credit quality, market price exposure and management. Ratings are subject to change, and do not remove market risk. For more information on credit ratings, visit standardandpoors.com.

For more complete information, see the investment policy and information statement available at www.texpool.com. You should consider the investment’s objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the investment policy and information statement, which you should read carefully before investing.