



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

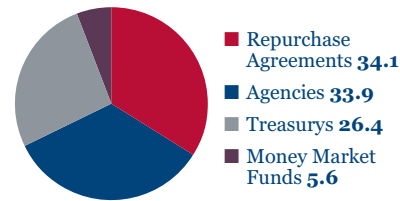
- Administered by the Texas Comptroller of Public Accounts.
- Managed and serviced by Federated Hermes.
- Highest possible ratings from S&P Global Ratings underscores the portfolios' high credit quality, daily liquidity and relative safety.
- High asset levels give the benefit of economies of scale.

Portfolio Overviews as of 12/31/24

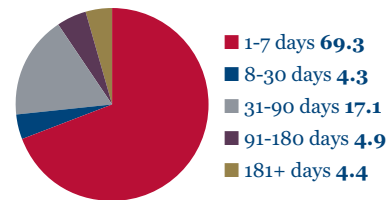
TexPool

Pool Assets \$35.0 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Weighted Average Maturity

37 Days

Credit Rating

AAAm S&P Global Ratings

Portfolio Managers

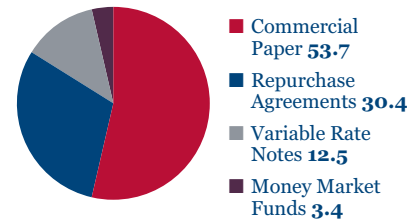
Susan Hill

Deborah Cunningham

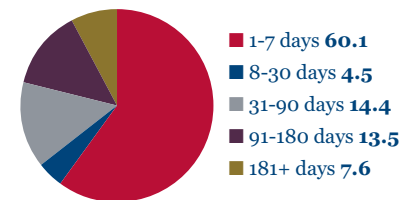
TexPool Prime

Pool Assets \$14.7 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Weighted Average Maturity

53 Days

Credit Rating

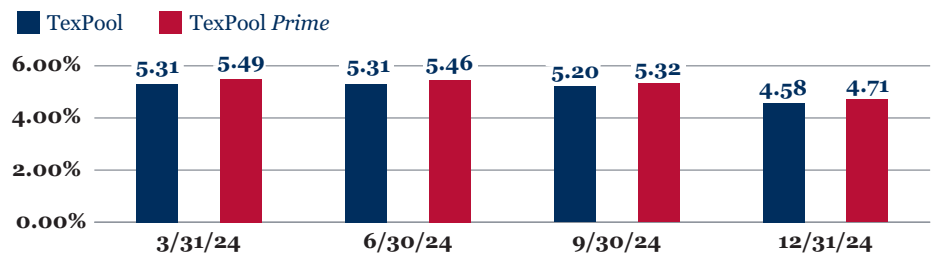
AAAm S&P Global Ratings

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 opened in the wake of the Federal Reserve easing rates for the first time in its current cycle that began with aggressive hikes in 2022. That cut, at its September Federal Open Market Committee (FOMC) meeting, was also aggressive, reducing the target fed funds range by 50 basis points to 4.75-5%. But policymakers paired that with a decrease in their forecast for the level of rates in 2024, with the Summary of Economic Projections (SEP) calling for only a quarter-point cut in each of the last two FOMC meetings. In October, their conviction appeared to fade further in the face of a persistently strong economy that might require tighter policy for a longer period than previously anticipated.

Key to the hawkish shift was concern about the ramifications of some of the plans President-elect Donald Trump promised to enact. The thinking is that the potential combination of increased federal tax cuts, expanded government expenditures, new tariffs and significant deportations could increase price and cost pressures. While the quarter-percentage-point cut in the FOMC meeting ending November 7 was likely predetermined—rather than a response to Trump’s win—the similar-sized reduction at the December meeting was yet again paired with expectations for fewer future rate cuts than once assumed.

The updated SEP was a considerable downshift from September’s forecast of a full point of easing in 2025 to just a half point reduction of the target range that now stood at 4.25-4.5%. Even Chair Jerome Powell muted his enthusiasm that inflation had been beaten, and one FOMC member voted in favor of no cut—the second dissent in three meetings. The shallower downward rate path might mean Fed officials now envision a higher fed funds terminal rate—the longer-run level at which monetary policy is neither accommodative nor restrictive, though its goal for inflation remains 2%. But when it reaches that level is more uncertain than ever. So is the likelihood that Powell can guide the economy to a soft landing.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month US Treasuries were 4.28%, 4.32%, 4.28% and 4.15%, 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 S&P Global Ratings is obtained after S&P Global Ratings 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 spglobal.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.