



# 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

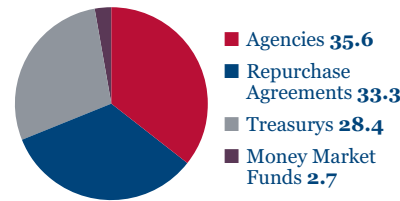
- Administered by the Texas Comptroller of Public Accounts.
- Managed and serviced by Federated Hermes.
- Highest possible ratings from S&P Global Ratings underscores the portfolios' high credit quality, daily liquidity and relative safety.
- High asset levels give the benefit of economies of scale.

### Portfolio Overviews as of 3/31/25

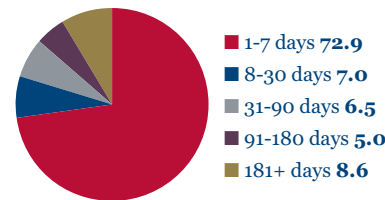
#### TexPool

Pool Assets \$37.9 billion

#### Portfolio Composition (%)



#### Effective Maturity Schedule (%)



#### Weighted Average Maturity

37 Days

#### Credit Rating

AAAm S&P Global Ratings

#### Portfolio Managers

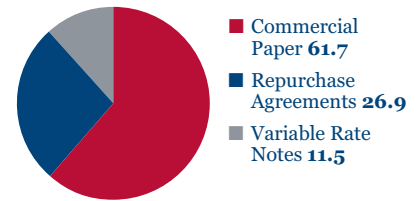
Susan Hill, CFA

Deborah Cunningham, CFA

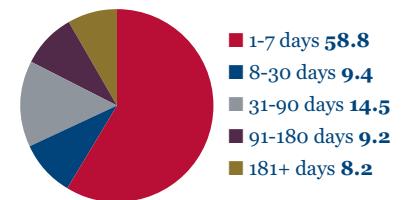
#### TexPool Prime

Pool Assets \$15.8 billion

#### Portfolio Composition (%)



#### Effective Maturity Schedule (%)



#### Weighted Average Maturity

45 Days

#### Credit Rating

AAAm S&P Global Ratings

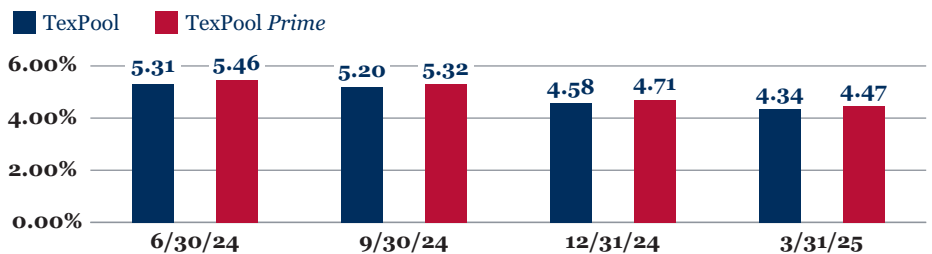
#### Portfolio Managers

Paige Wilhelm

Deborah Cunningham, CFA

Mark Weiss, CFA

### 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 growth of liquidity products since the Federal Reserve first hiked rates in 2022 has been something to behold, and that trend continued in the first quarter. Total US money market assets under management (AUM) topped \$7 trillion for the first time in March and those of global money funds have also reached record highs, according to the Investment Company Institute. One popular reason for the increase is investors are placing cash in liquidity products to weather the storm in the equity market and the uncertainty created by the Trump administration. But that theory is belied by the nature of the inflows, which we see as growing at a rate consistent with the migration to money funds seen over the last several quarters. We can't pinpoint from where those assets came. But the steady nature of the inflows supports the hypothesis that people are fed up with low interest rates of other products rather than hiding from the stock market correction.

Fed Chair Powell resurrected the term "transitory" at the March policy-setting meeting. We thought that radioactive word was long buried after he repeatedly used it to describe pandemic-related inflation in 2021. His point was that the potential impacts of Trump's whipsaw approach to tariffs might be inflationary in the short term but not in the long term, as they might lead to better productivity. We and some of his colleagues are not so sure. During the quarter, the Fed kept rates in a target range of 4.25-4.5% but projected that easing won't return until the second half of this year. It reduced the monthly pace of quantitative easing from \$25 billion to \$5 billion, while keeping the number of mortgage-backed securities rolling off the Fed balance sheet at \$35 billion. Powell was right about one point: policymakers' decisions were based on data that didn't reflect the tariff turmoil. That impact will be messy, and he emphasized they do not alter policy due to "what-ifs."

At the end of the month, yields on 1-, 3-, 6- and 12-month US Treasuries were 4.30%, 4.30%, 4.23% and 4.03%, 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](http://spglobal.com).*

***For more complete information, see the investment policy and information statement available at [www.TexPool.com](http://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.***