



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

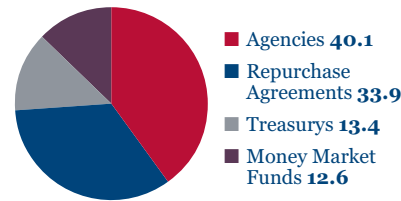
- Administered by the Texas Comptroller of Public Accounts.
- Managed and serviced by Federated Hermes.
- Highest possible ratings from Standard & Poor's underscores the portfolios' high credit quality, daily liquidity and relative safety.
- High asset levels give the benefit of economies of scale.

Portfolio Overviews as of 12/31/22

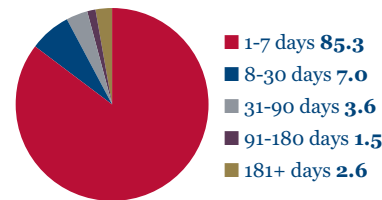
TexPool

Pool Assets \$27.9 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Weighted Average Maturity

15 Days

Credit Rating

AAAm Standard & Poor's

Portfolio Managers

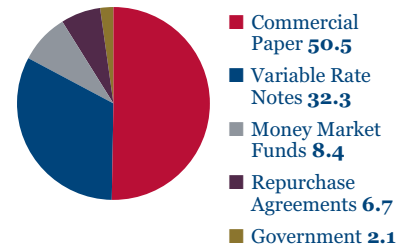
Susan Hill

Deborah Cunningham

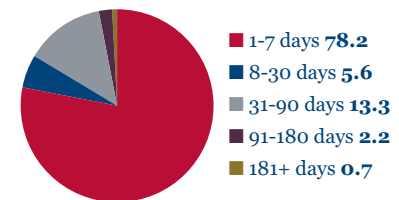
TexPool Prime

Pool Assets \$9.9 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Weighted Average Maturity

17 Days

Credit Rating

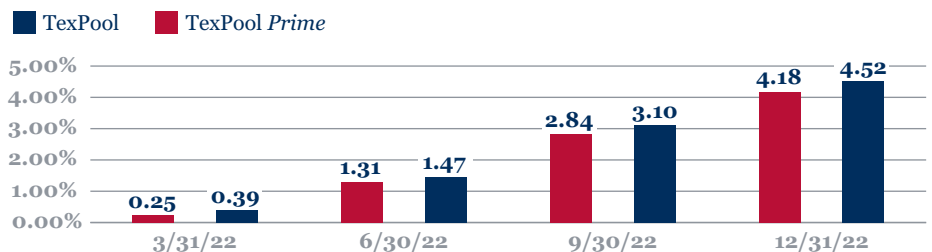
AAAm Standard & Poor's

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

In the fourth quarter, the Federal Reserve loosened the reins of its galloping monetary policy but did not signal an imminent return trip. Based on still-accelerating inflation in September and October, the Federal Open Market Committee (FOMC) pressed forward with its fourth 75 basis-point hike of the fed funds range at its November meeting. But when prominent measures of inflation softened in November, the FOMC opted to raise the range by 50 basis points to 4.25-4.50% at its mid-December meeting. The markets had responded enthusiastically to the easing of price pressures, predicting the Fed's aggressive campaign was drawing to an end. Chair Jerome Powell pushed back at this notion in his post-meeting press conference, reiterating that the central bank is determined not just to restore price stability but also prevent a rebound similar to what happened in the 1970s, when many economists now think monetary policymakers stopped their anti-inflation campaign too soon.

The Summary of Economic Projections (SEP) released in December indicated that Fed officials agreed that tightening policy was still needed, despite the smaller magnitude of the hike. No less than 17 of 19 FOMC participants expected the target rate to be in a range of at least 5-5.25% at the end of 2023. Most thought a sharp economic slowdown—if not an outright recession—will be needed to pull inflation down to their preferred 2% level. They predicted that the robust labor market will finally deteriorate in 2023, with the unemployment rate reaching 4.6%. As 2022 came to an end, information about the economy was mixed. Jobless claims edged higher, the housing market remained in a slump and durable goods orders fell. But consumer confidence and retail sales did not roll over. In general, and industry-wide, yields of liquidity products continued to rise with the Fed hikes over the quarter.

At the end of the fourth quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 4%, 4.42%, 4.70% and 4.70%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 4.36%, 4.62%, 5.01% and 5.43%, respectively; the 1-, 3-, 6- and 12-month London interbank offered rates were 4.39%, 4.77%, 5.14% and 5.48%, 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.