TEXPOOL
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

Monthly Newsletter: September 2026

ANNOUNCEMENTS

TexPool Labor Day Holiday Observance 2026

TexPool will be closed for business on **Monday, September 7, 2026**, in observance of **Labor Day**. No trading or Federal Reserve wire settlement will occur on this date. Please note that normal trading and settlement will be followed on **Friday, September 4, 2026** and **Tuesday, September 8, 2026**.

We welcome the following entities who joined TexPool in August 2026:

TexPool

Monahans EDC
City of Morgan
Cameron County Drainage District 1

TexPool *Prime*

Monahans EDC
City of Morgan
Cameron County Drainage District 1

Upcoming Events

9/21/2026 - 9/24/2026
78th Annual County Treasurers' Association of Texas Conference
Conroe, TX

10/8/2026 - 10/11/2026
Texas Association of School Administrators (TASA) and Texas Association of School Boards (TASB) Annual Conference
Houston, TX

TexPool Advisory Board Members

Overseen by the State of Texas acting Comptroller of Public Accounts Don Huffines

Operated under the supervision of the Texas Treasury Safekeeping Trust Company

Economic and Market Commentary

Chair Warsh talks bond investors off the cliff

September 1, 2026

It's well known by now that Federal Reserve Chair Kevin Warsh wants to keep the central bank out of the prediction business. His first step was to reduce the amount of public communication that has served as "forward guidance" of its plans for monetary policy. The idea is, fewer Fed words, fewer market misunderstandings. The last two statements issued by the Federal Open Market Committee after its meetings could be read in one breath.

But from the podium at the Jackson Hole central bank symposium last week, darned if he didn't up and try to hornswoggle us by doing the opposite. (Well, it takes place in Wyoming.) Instead of avoiding the term, Chair Warsh mentioned "hike" three times in the opening of his keynote address. Ostensibly describing trekking trails in the Tetons, it seemed thinly veiled wordplay. Could he have thought that uttering this word, one that the bond markets have lately demanded to curb inflation, would have the same effect as promising raising rates?

It is certainly possible, but the markets did just that regardless. The 30-year yield initially fell from 19-year highs only to climb again as investors quickly saw through the action as a ploy to drive long-term interest rates lower, in keeping with the administration's wishes. Yields reverted to previous levels as the markets remained concerned about high inflation, soaring federal debt, datacenter mega deals, disruption of oil trade and more.

(continued page 6)

Performance as of August 31, 2026

	TexPool	TexPool *Prime*
Current Invested Balance	$33,387,103,276	$14,868,784,594
Weighted Average Maturity**	41 Days	50 Days
Weighted Average Life**	103 Days	79 Days
Net Asset Value	0.9998	0.9998
Total Number of Participants	3,009	760
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	$105,642,401.89	$48,334,746.71
Management Fee Collected	$1,235,395.76	$716,793.96
Current S&P Global Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	$33,993,580,498	$15,344,854,801
Average Monthly Rate*	3.68%	3.82%
Average Weighted Average Maturity**	43	49
Average Weighted Average Life**	105	80

**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.

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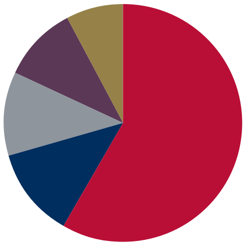
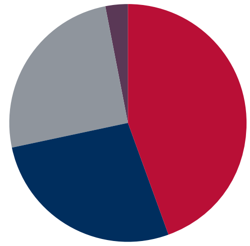
Managed and Serviced by Federated Hermes

Portfolio by Maturity* (%)
As of August 31, 2026



- 1-7 days **58.4**
- 8-30 days **12.3**
- 31-90 days **11.5**
- 91-180 days **10.2**
- 181+ days **7.6**

Portfolio by Type of Investment* (%)
As of August 31, 2026



- Repurchase Agreements **44.5**
- Treasurys **27.2**
- Agencies **25.3**
- Money Market Funds **3.0**

Portfolio Asset Summary as of August 31, 2026

	Book Value	Market Value
Uninvested Balance	$34,511.23	$34,511.23
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	76,955,389.47	76,955,389.47
Interest and Management Fees Payable	-105,642,556.22	-105,642,556.22
Payable for Investments Purchased	-130,788,368.30	-130,788,368.30
Accrued Expenses & Taxes	-39,163.89	-39,163.89
Repurchase Agreements	14,941,904,000.00	14,941,904,000.00
Mutual Fund Investments	1,017,085,200.00	1,017,085,200.00
Government Securities	8,457,792,514.44	8,454,038,179.09
US Treasury Bills	6,892,267,131.76	6,890,556,740.81
US Treasury Notes	2,237,534,617.60	2,236,460,869.28
Total	**$33,387,103,276.09**	**$33,380,564,801.47**

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	644	$8,584,866,068.96
Higher Education	60	$1,545,254,080.32
County	208	$3,901,018,385.74
Healthcare	100	$1,839,386,486.82
Utility District	966	$5,714,666,392.01
City	530	$9,007,651,385.08
Emergency Districts	125	$544,049,001.06
Economic Development Districts	97	$175,712,927.99
Transit/Toll Authorities	15	$375,340,207.15
River/Port Authorities	19	$314,157,058.64
Other	245	$1,384,510,262.71

****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 the fund's portfolio (a) are scheduled to be repaid, (b) would be repaid upon a demand by the fund or (c) are scheduled to have their interest rate readjusted to reflect current market rates. For government variable rate securities, if the interest rate is readjusted no less frequently than every 397 calendar days, the security shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate. For non-government variable rate securities, if the security has a scheduled maturity of 397 days or less the security is treated as maturing on the earlier of the date the security is scheduled to be repaid through demand or the period remaining until the next readjustment of the interest rate. If the variable rate security has a scheduled maturity that is more than 397 days it is the later of those two dates. The mean is weighted based on the percentage of the market value 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.

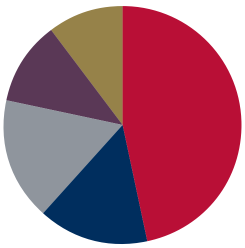
Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
8/1	3.6888%	0.000101062	$35,532,811,558.99	0.99979	44	101
8/2	3.6888%	0.000101062	$35,532,811,558.99	0.99979	44	101
8/3	3.6785%	0.000100781	$35,614,609,934.92	0.99979	43	102
8/4	3.6758%	0.000100708	$35,539,380,094.46	0.99982	43	101
8/5	3.6747%	0.000100678	$35,529,698,498.05	0.99983	43	101
8/6	3.6720%	0.000100603	$35,534,218,838.46	0.99982	43	101
8/7	3.6653%	0.000100418	$35,407,227,543.96	0.99984	44	102
8/8	3.6653%	0.000100418	$35,407,227,543.96	0.99984	44	102
8/9	3.6653%	0.000100418	$35,407,227,543.96	0.99984	44	102
8/10	3.6611%	0.000100304	$35,312,270,863.41	0.99983	43	100
8/11	3.6726%	0.000100619	$35,093,953,538.06	0.99984	43	102
8/12	3.6665%	0.000100452	$34,556,040,638.90	0.99986	43	105
8/13	3.6655%	0.000100426	$33,531,493,623.73	0.99987	44	109
8/14	3.6664%	0.000100450	$33,138,755,635.95	0.99986	46	110
8/15	3.6664%	0.000100450	$33,138,755,635.95	0.99986	46	110
8/16	3.6664%	0.000100450	$33,138,755,635.95	0.99986	46	110
8/17	3.6795%	0.000100809	$33,098,991,275.67	0.99986	44	108
8/18	3.6862%	0.000100992	$33,047,791,239.64	0.99987	43	107
8/19	3.6756%	0.000100700	$32,983,651,117.35	0.99987	44	107
8/20	3.6687%	0.000100512	$33,005,621,739.20	0.99987	43	107
8/21	3.6807%	0.000100842	$32,879,273,604.95	0.99986	44	107
8/22	3.6807%	0.000100842	$32,879,273,604.95	0.99986	44	107
8/23	3.6807%	0.000100842	$32,879,273,604.95	0.99986	44	107
8/24	3.6880%	0.000101041	$32,715,999,000.48	0.99987	42	106
8/25	3.6881%	0.000101043	$33,276,544,456.91	0.99988	42	105
8/26	3.6888%	0.000101062	$33,035,905,495.96	0.99987	42	106
8/27	3.6841%	0.000100934	$33,477,254,603.15	0.99987	41	104
8/28	3.6872%	0.000101018	$33,239,691,248.22	0.99980	42	105
8/29	3.6872%	0.000101018	$33,239,691,248.22	0.99980	42	105
8/30	3.6872%	0.000101018	$33,239,691,248.22	0.99980	42	105
8/31	3.7004%	0.000101382	$33,387,103,276.09	0.99980	41	103
Averages	**3.6775%**	**0.000100753**	**$33,993,580,498.44**	**0.99984**	**43**	**105**

TexPool *Prime*

Portfolio by Maturity* (%)

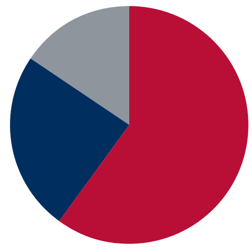
As of August 31, 2026



- 1-7 days **46.7**
- 8-30 days **15.0**
- 31-90 days **16.8**
- 91-180 days **11.3**
- 181+ days **10.2**

Portfolio by Type of Investment* (%)

As of August 31, 2026



- Commercial Paper **60.0**
- Repurchase Agreements **24.5**
- Variable Rate Notes **15.5**

Portfolio Asset Summary as of August 31, 2026

	Book Value	Market Value
Uninvested Balance	$629.18	$629.18
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	9,113,880.61	9,113,880.61
Interest and Management Fees Payable	-49,647,084.13	-49,647,084.13
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-22,405.02	-22,405.02
Repurchase Agreements	3,657,011,000.00	3,657,011,000.00
Commercial Paper	8,946,828,573.35	8,943,358,636.39
Mutual Fund Investments	0.00	0.00
Government Securities	0.00	0.00
Variable Rate Notes	2,305,500,000.00	2,305,565,837.10
Total	**$14,868,784,593.99**	**$14,865,380,494.13**

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	188	$3,843,523,566.40
Higher Education	20	$1,216,804,712.62
County	66	$1,090,280,123.21
Healthcare	30	$594,772,026.41
Utility District	105	$522,720,885.20
City	145	$3,368,848,057.64
Emergency Districts	51	$319,749,649.98
Economic Development Districts	29	$51,333,186.66
Transit/Toll Authorities	10	$1,449,741,724.35
River/Port Authorities	9	$943,880,731.66
Other	107	$1,467,162,884.52

TexPool *Prime*

Daily Summary

Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool *Prime* Invested Balance	NAV	WAM Days	WAL Days
8/1	3.8364%	0.000105107	$16,023,480,207.15	0.99968	52	83
8/2	3.8364%	0.000105107	$16,023,480,207.15	0.99968	52	83
8/3	3.8193%	0.000104641	$15,996,974,508.12	0.99968	50	82
8/4	3.8222%	0.000104718	$15,965,249,827.14	0.99981	50	82
8/5	3.8209%	0.000104683	$15,925,054,655.98	0.99982	50	82
8/6	3.8179%	0.000104600	$15,809,503,363.98	0.99982	50	82
8/7	3.8144%	0.000104505	$15,704,958,131.27	0.99973	51	83
8/8	3.8144%	0.000104505	$15,704,958,131.27	0.99973	51	83
8/9	3.8144%	0.000104505	$15,704,958,131.27	0.99973	51	83
8/10	3.8121%	0.000104441	$15,638,397,549.33	0.99984	49	81
8/11	3.8144%	0.000104504	$15,544,104,061.74	0.99984	49	80
8/12	3.8110%	0.000104410	$15,464,450,483.71	0.99986	49	80
8/13	3.8115%	0.000104424	$15,324,667,936.49	0.99988	49	80
8/14	3.8162%	0.000104554	$14,840,361,148.93	0.99976	50	83
8/15	3.8162%	0.000104554	$14,840,361,148.93	0.99976	50	83
8/16	3.8162%	0.000104554	$14,840,361,148.93	0.99976	50	83
8/17	3.8234%	0.000104751	$14,790,817,936.64	0.99989	48	80
8/18	3.8189%	0.000104627	$15,269,781,035.69	0.99988	46	77
8/19	3.8135%	0.000104479	$15,226,342,258.04	0.99989	46	76
8/20	3.8122%	0.000104443	$15,222,545,811.76	0.99988	47	77
8/21	3.8210%	0.000104684	$15,144,282,644.77	0.99973	47	77
8/22	3.8210%	0.000104684	$15,144,282,644.77	0.99973	47	77
8/23	3.8210%	0.000104684	$15,144,282,644.77	0.99973	47	77
8/24	3.8227%	0.000104731	$15,201,904,722.28	0.99986	45	75
8/25	3.8253%	0.000104803	$15,228,756,244.00	0.99986	45	75
8/26	3.8362%	0.000105101	$14,984,493,890.18	0.99986	49	79
8/27	3.8367%	0.000105116	$15,132,621,741.37	0.99985	50	79
8/28	3.8430%	0.000105289	$14,993,427,340.13	0.99964	52	81
8/29	3.8430%	0.000105289	$14,993,427,340.13	0.99964	52	81
8/30	3.8430%	0.000105289	$14,993,427,340.13	0.99964	52	81
8/31	3.8517%	0.000105526	$14,868,784,593.99	0.99977	50	79
Averages	**3.8234%**	**0.000104752**	**$15,344,854,800.97**	**0.99978**	**49**	**80**

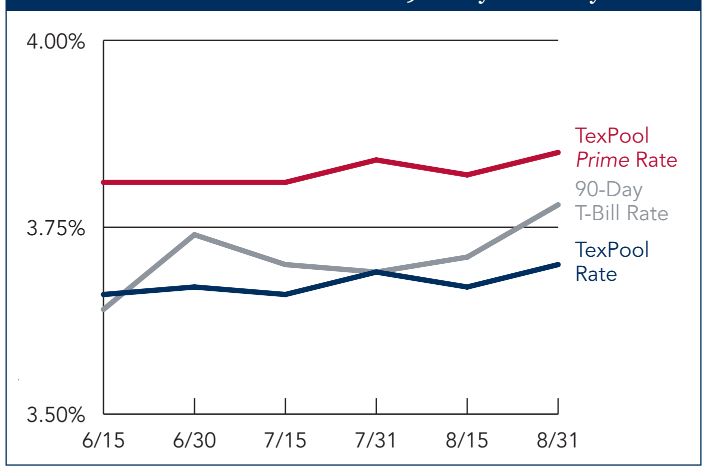
Participant Services
1001 Texas Ave. Suite 1150
Houston, TX 77002

As Chair Warsh remarked in his speech that "The responsibility for 65 months of sustained, elevated inflation sits squarely with the central bank," the yield curve flattened, with the front end rising and the long end falling slightly. Fed futures trading now puts a better than 50% likelihood that policymakers will hike rates when they meet in September. We don't think that will happen (though a 25 basis-point increase might come this year), as Chair Warsh's words seemed to have done the job. Investors have renewed confidence the Warsh Fed is committed to lowering inflation.

Fed closes the pressure-release valve

Recall that in the fourth quarter of 2025, after several years of trimming its balance sheet, policymakers became concerned about pressure in the funding markets. As a result, they halted the quantitative-tightening program begun in mid-2022 and bought Treasury bills to the tune of $40 billion per month. The purchases were not a return of quantitative easing, but rather a form of reserve management. It might have been overkill, but the spike in short rates in September of 2019 continues to weigh on Fed staff. Over the course of 2026, the Fed has lowered these purchases to $25 billion per month and then $10 billion. In August, it announced that they would cease, citing better market conditions. While this step is justified by the current balance of supply and demand, it coincides with Chair Warsh's desire to run a smaller balance sheet and reduce the Fed's influence on the markets, similar to curtailing forward guidance.

TexPool & TexPool *Prime* vs. 90-Day Treasury Bill



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.

**Totals may not add up to 100% due to rounding.*

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.