

West Virginia Board of Treasury Investments

Monthly Flash Report

Period Ending August 31, 2023

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Market Environment – August 2023

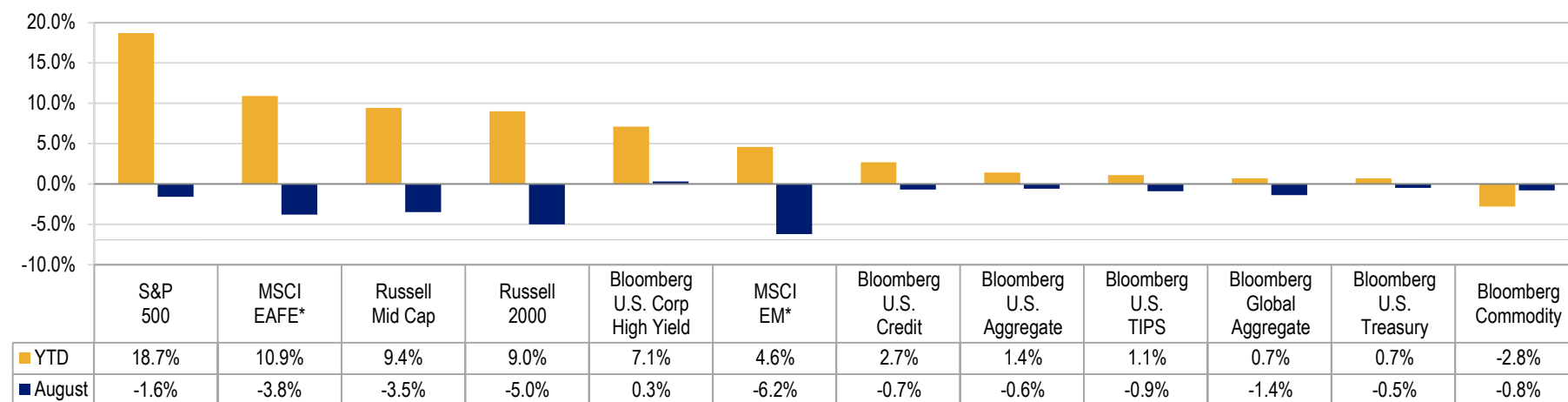
August Highlights

- ❑ The US added 187,000 jobs in August the third straight month of job gains below 200,000. The unemployment rate ticked up to 3.8%. Payroll gains fell in spite of the month's job increase. The Fed did not meet in August, but Fed chair Powell recently said that more work needed to be done to combat inflation, signaling that other rate hikes could be on the table.
- ❑ U.S. stocks declined in August. Small caps fell the most in the month. Utilities stocks struggled most (-6.2%), and energy (+1.8%) was the only S&P 500 sector that was positive.
- ❑ Emerging markets fell in part over concerns about the strength of China's economy. Non-U.S. developed markets equity also declined, with concerns over high inflation and slower growth weighing on markets.
- ❑ Treasuries declined in August. Fitch Ratings downgraded US Treasury debt. This follows the 2011 Standard and Poors downgrade. Fitch cited the US's large debt level and an "erosion of governance" for the move. High yield bonds were slightly positive in the month.
- ❑ Commodities fell. While energy was higher with OPEC production cuts, agriculture and industrial metals were weaker.

YTD Highlights

- ❑ So far in 2023, market performance has been positive, though with ups and downs related to inflation, rate hike fears and events such as the banking crisis. Mega caps stocks are still leading for the year driven by a handful of growth oriented companies.
- ❑ Non-U.S. developed market stocks have performed well so far this year, as Europe has avoided the economic woes predicted earlier. By contrast, emerging markets are still positive but have lagged developed market stocks as US/China tensions but select countries such as Japan continue to perform well.
- ❑ Fixed income sectors are largely positive as the interest rate outlook has begun to moderate. While the Fed paused in June, it hiked again in July. High yield and credit recovered after the banking stresses and are performing well so far this year.
- ❑ Commodities were one of the lone bright spots of 2022 but are lagging so far in 2023. Energy prices were strong much of last year due in part to anticipated energy shortages in Europe, which did not come to pass. Instead, so far this year a natural gas surplus has led gas and energy prices lower. While energy surged in June and July, it still is sharply negative YTD.

Returns



*Net dividends reinvested

West Virginia Board of Treasury Investments

Comparative Performance - Gross of Fees

As of August 31, 2023

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	1 Month	FYTD	1 Year	3 Years	5 Years
Total Composite	11,000,853,888	100.0					
Money Market Pool*	9,917,491,336	90.2	0.480	0.950	4.712	1.812	1.867
<i>Custom Money Market Pool Index**</i>			0.409	0.806	4.037	1.456	1.518
Federated Hermes - Money Market	4,956,133,815	45.1	0.481	0.968	4.722	1.813	1.879
UBS - Money Market	4,961,357,521	45.1	0.479	0.931	4.701	1.812	1.856
Government Money Market Pool	373,900,189	3.4	0.454	0.878	4.472	1.662	1.694
<i>Custom Government Money Market Pool Index***</i>			0.410	0.808	4.041	1.466	1.449
UBS - Government	373,900,189	3.4	0.454	0.878	4.472	1.662	1.694
Short-Term Bond Pool****	709,462,364	6.4	0.388	0.972	2.771	0.092	1.903
<i>Short-Term Bond Pool Index*****</i>			0.378	0.822	1.695	-0.595	1.315
Sterling - Short-Term Bond	709,462,364	6.4	0.388	0.972	2.771	0.092	

*The West Virginia Money Market Pool is a multi manager investment pool, which is managed by Federated Hermes and UBS Global Asset Management.

** Benchmark is iMoneyNet First Tier Retail Average as of 8/1/2021.

*** Benchmark is iMoneyNet Government & Agency Institutional Average as of 8/1/2021.

**** The West Virginia Short Term Bond Pool is managed by Sterling Capital Advisors. Prior to November 1, 2018, the Pool was managed by Federated Hermes.

***** Benchmark is BofA Merrill Lynch 1-3 Year Government/Credit Index + 10 bps; prior to November 1, 2018 BofA Merrill Lynch 1-3 Year Government/Credit Index A or Better + 10bps

West Virginia Board of Treasury Investments

Comparative Performance - Net of Fees

As of August 31, 2023

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	1 Month	FYTD	1 Year	3 Years	5 Years
Total Composite	11,000,853,888	100.0					
Money Market Pool*	9,917,491,336	90.2	0.478	0.945	4.681	1.783	1.837
<i>Custom Money Market Pool Index**</i>			0.409	0.806	4.037	1.456	1.518
Federated Hermes - Money Market	4,956,133,815	45.1	0.478	0.964	4.695	1.786	1.852
UBS - Money Market	4,961,357,521	45.1	0.477	0.926	4.668	1.780	1.823
Government Money Market Pool	373,900,189	3.4	0.451	0.873	4.441	1.630	1.662
<i>Custom Government Money Market Pool Index***</i>			0.410	0.808	4.041	1.466	1.449
UBS - Government	373,900,189	3.4	0.451	0.873	4.441	1.630	1.662
Short-Term Bond Pool****	709,462,364	6.4	0.383	0.962	2.709	0.033	1.843
<i>Short-Term Bond Pool Index*****</i>			0.378	0.822	1.695	-0.595	1.315
Sterling - Short-Term Bond	709,462,364	6.4	0.383	0.962	2.709	0.033	

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Investment Managers Cash Flow

1 Month Ending August 31, 2023

	Beginning Market Value (\$)	Net Cash Flows (\$)	Net Investment Change (\$)	Ending Market Value (\$)
Total Composite	10,938,554,131	10,159,950	52,139,807	11,000,853,888
Money Market Pool	9,847,242,129	22,624,943	47,624,265	9,917,491,336
Federated Hermes - Money Market	4,920,957,623	11,340,639	23,835,553	4,956,133,815
UBS - Money Market	4,926,284,505	11,284,304	23,788,712	4,961,357,521
Government Money Market Pool - UBS	384,484,615	-12,359,868	1,775,442	373,900,189
Short-Term Bond Pool - Sterling Capital	706,827,387	-105,124	2,740,100	709,462,364