

West Virginia Board of Treasury Investments

# Monthly Flash Report

Period Ending July 31, 2024

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# Market Environment – July 2024

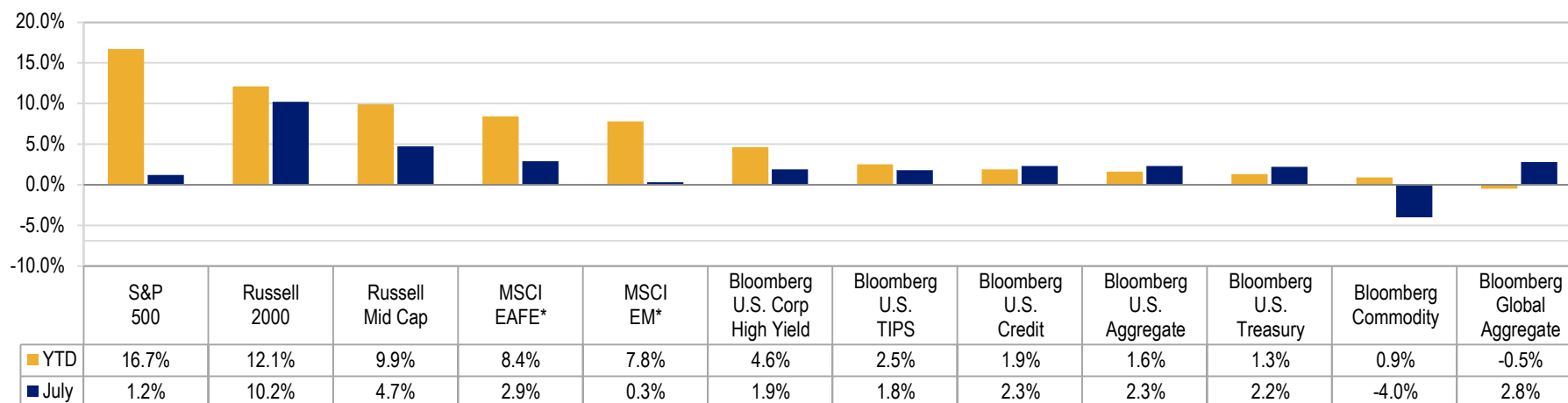
## July Highlights

- Unemployment edged higher to 4.3% as the BLS indicated a lower than expected 114,000 jobs were added in July with average hourly earnings rising 3.6% in the past year. The consumer price index (CPI) declined by 0.1% month-on-month in June with annual inflation at 3.0%.
- U.S. small cap stocks surged this month, while large cap stocks rose modestly. Value outperformed growth in all market capitalizations. Real estate (+7.2%) led all S&P 500 sectors for the month, while communication services (-4.0%) posted the lowest sector return.
- Developed global stocks were mostly positive with Pacific region (+4.5%) leading Europe (+2.1%). Emerging market stocks were mixed with EMEA (+3.7%) ahead of Latin America (+1.0%), while Asia (-0.3%) lagged.
- Bond prices rebounded as yields in the medium- to long-term portion of the curve decreased. The 10-year Treasury yield declined sharply near month-end to reach 4.1%. All U.S. bond sectors were positive with 30-year Treasuries (+3.6%) performing the best.
- Commodities were negative, led downwards by energy (-7.7%) and industrial metals (-6.8%). Precious metals (+2.7%) was the only positive major subsector.

## 2024 Highlights

- Global equity markets performance remains positive based on resilient economic data and diverging central bank interest rate movement expectations. The Fed continued to hold rates steady at a targeted range of 5.25%-5.5% with recent comments suggesting possible interest rate cuts later in the year. US GDP growth was higher than expected at 2.8% in Q2. US mega cap stocks remain in the lead driven by information technology (+25.6%) and communication services (+21.6%).
- Non-U.S. developed market stocks remain positive led by a handful of mega cap stocks. Japan's Nikkei index finally set a new high at a level last reached in 1989. Emerging markets remain constrained by China's continued economic weakness.
- Most fixed income sector returns turned positive as bond yields decreased to inversely impact bond prices. Anticipated interest rate cuts have been reduced as economic conditions remain strong and inflation elevated. All sectors are positive for the year, except for 30-year Treasuries (-2.8%).
- Commodities have remained volatile this year with widely divergent performance across major subsectors, including precious metals (+18.1%), industrial metals (+1.6%), energy (-0.3%) and agriculture (-10.8%).

## Returns



\*Net dividends reinvested

## West Virginia Board of Treasury Investments

## Comparative Performance - Gross of Fees

As of July 31, 2024

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	1 Month	FYTD	1 Year	3 Years	5 Years
Total Composite	10,822,811,542	100.0					
Money Market Pool*	9,605,949,904	88.8	0.496	0.496	5.748	3.514	2.442
<i>Custom Money Market Pool Index**</i>			0.405	0.405	5.015	2.979	2.021
Federated Hermes - Money Market	4,801,623,595	44.4	0.502	0.502	5.776	3.524	2.452
UBS - Money Market	4,804,326,309	44.4	0.490	0.490	5.721	3.504	2.432
Government Money Market Pool	523,977,287	4.8	0.465	0.465	5.547	3.327	2.269
<i>Custom Government Money Market Pool Index***</i>			0.411	0.411	5.056	3.002	1.993
UBS - Government	523,977,287	4.8	0.465	0.465	5.547	3.327	2.269
Short-Term Bond Pool****	692,884,351	6.4	1.204	1.204	6.541	1.736	2.279
<i>Short-Term Bond Pool Index*****</i>			1.178	1.178	5.817	0.987	1.609
Sterling - Short-Term Bond	692,884,351	6.4	1.204	1.204	6.541	1.736	2.279

\*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 July 31, 2024

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	1 Month	FYTD	1 Year	3 Years	5 Years
Total Composite	10,822,811,542	100.0					
Money Market Pool*	9,605,949,904	88.8	0.493	0.493	5.717	3.484	2.412
<i>Custom Money Market Pool Index**</i>			0.405	0.405	5.015	2.979	2.021
Federated Hermes - Money Market	4,801,623,595	44.4	0.499	0.499	5.747	3.496	2.425
UBS - Money Market	4,804,326,309	44.4	0.487	0.487	5.689	3.472	2.400
Government Money Market Pool	523,977,287	4.8	0.462	0.462	5.516	3.296	2.237
<i>Custom Government Money Market Pool Index***</i>			0.411	0.411	5.056	3.002	1.993
UBS - Government	523,977,287	4.8	0.462	0.462	5.516	3.296	2.237
Short-Term Bond Pool****	692,884,351	6.4	1.198	1.198	6.477	1.675	2.220
<i>Short-Term Bond Pool Index*****</i>			1.178	1.178	5.817	0.987	1.609
Sterling - Short-Term Bond	692,884,351	6.4	1.198	1.198	6.477	1.675	2.220

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## West Virginia Board of Treasury Investments

## Investment Managers Cash Flow

1 Month Ending July 31, 2024

	Beginning Market Value (\$)	Net Cash Flows (\$)	Net Investment Change (\$)	Ending Market Value (\$)
<b>Total Composite</b>	<b>10,791,238,212</b>	<b>-27,067,522</b>	<b>58,640,852</b>	<b>10,822,811,542</b>
Money Market Pool	9,634,466,262	-76,613,093	48,096,735	9,605,949,904
Federated Hermes - Money Market	4,815,600,048	-38,306,547	24,330,093	4,801,623,595
UBS - Money Market	4,818,866,214	-38,306,547	23,766,642	4,804,326,309
Government Money Market Pool - UBS	472,127,425	49,545,571	2,304,292	523,977,287
Short-Term Bond Pool - Sterling Capital	684,644,525		8,239,826	692,884,351