



West Virginia Board of Treasury Investments

# Monthly Flash Report

Period Ending May 31, 2023

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# Market Environment – May 2023

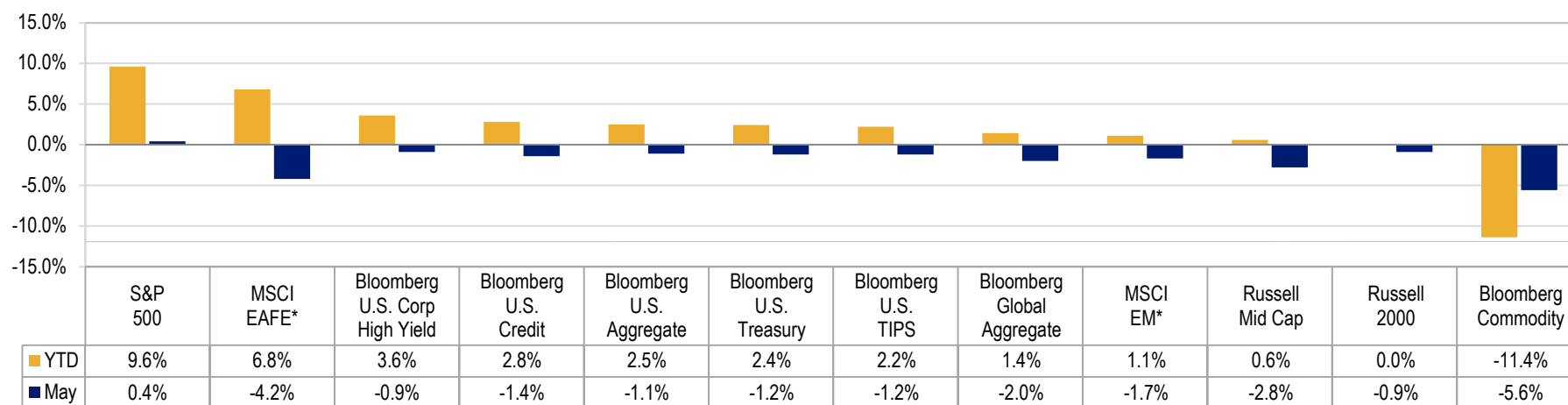
## May Highlights

- ❑ The US added 339,000 jobs in May, a far hotter number than was widely expected. The ongoing strength of the job market continues to be a challenge for the Federal Reserve in its decision over when to finally pause interest rate hikes. Professional/business services, health care and leisure/hospitality made significant job gains.
- ❑ U.S. stocks eked out a gain in May. Once again, large caps were the only category to make gains in the month—mid and small caps both declined. Information technology stocks gained most (+9.5%), while energy (-10%) and materials (-6.8%) fell.
- ❑ Non-U.S. developed markets equity tumbled in May, with evidence of slowing economic growth in the Eurozone. Emerging markets also fell as China's economy showed signs of slowing growth.
- ❑ Treasuries declined in May as the Federal Reserve hiked rates once again early in the month. Investment grade and high yield credit also slipped.
- ❑ Commodities slid, with energy notching the worst returns in the sector. Industrial metals like zinc and nickel fell sharply, and agricultural prices were lower with declines for sugar and soybeans.

## 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. Large caps surged ahead in March and now are well ahead of mid and small caps so far in 2023.
- ❑ Non-U.S. developed market stocks have outperformed other categories so far this year, as Europe has avoided the economic woes predicted earlier with the Russia/Ukraine conflict. By contrast, emerging markets are still positive but have lagged developed market stocks as US/China tensions rise again.
- ❑ Fixed income sectors are largely positive as the interest rate outlook became more moderate after March's banking crisis. The Fed still hiked again in early May and signaled a pause in rates may be appropriate. 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 significantly so far in 2023. Energy prices were strong much of last year due in part to anticipation 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.

## Returns



\*Net dividends reinvested

## West Virginia Board of Treasury Investments

## Comparative Performance - Gross of Fees

As of May 31, 2023

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	1 Month	FYTD	1 Year	3 Years	5 Years
Total Composite	10,871,192,091	100.0					
Money Market Pool*	9,841,576,673	90.5	0.447	3.647	3.735	1.362	1.697
<i>Custom Money Market Pool Index**</i>			0.383	3.070	3.130	1.059	1.369
Federated Hermes - Money Market	4,917,663,632	45.2	0.446	3.641	3.719	1.360	1.707
UBS - Money Market	4,923,913,041	45.3	0.448	3.654	3.750	1.365	1.686
Government Money Market Pool	325,757,092	3.0	0.427	3.440	3.513	1.232	1.526
<i>Custom Government Money Market Pool Index***</i>			0.388	3.071	3.140	1.066	1.287
UBS - Government	325,757,092	3.0	0.427	3.440	3.513	1.232	1.526
Short-Term Bond Pool****	703,858,326	6.5	-0.254	1.991	1.326	0.274	1.860
<i>Short-Term Bond Pool Index*****</i>			-0.293	0.998	0.362	-0.571	1.311
Sterling - Short-Term Bond	703,858,326	6.5	-0.254	1.991	1.326	0.274	

\*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 May 31, 2023

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	1 Month	FYTD	1 Year	3 Years	5 Years
Total Composite	10,871,192,091	100.0					
Money Market Pool*	9,841,576,673	90.5	0.445	3.620	3.705	1.333	1.667
<i>Custom Money Market Pool Index**</i>			0.383	3.070	3.130	1.059	1.369
Federated Hermes - Money Market	4,917,663,632	45.2	0.443	3.616	3.692	1.334	1.681
UBS - Money Market	4,923,913,041	45.3	0.446	3.624	3.717	1.332	1.653
Government Money Market Pool	325,757,092	3.0	0.425	3.412	3.482	1.200	1.495
<i>Custom Government Money Market Pool Index***</i>			0.388	3.071	3.140	1.066	1.287
UBS - Government	325,757,092	3.0	0.425	3.412	3.482	1.200	1.495
Short-Term Bond Pool****	703,858,326	6.5	-0.259	1.935	1.265	0.215	1.798
<i>Short-Term Bond Pool Index*****</i>			-0.293	0.998	0.362	-0.571	1.311
Sterling - Short-Term Bond	703,858,326	6.5	-0.259	1.935	1.265	0.215	

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	Beginning Market Value (\$)	Net Cash Flows (\$)	Net Investment Change (\$)	Ending Market Value (\$)
<b>Total Composite</b>	<b>10,796,707,939</b>	<b>31,048,121</b>	<b>43,436,030</b>	<b>10,871,192,091</b>
Money Market Pool	9,812,835,681	-15,038,754	43,779,746	9,841,576,673
Federated Hermes - Money Market	4,903,339,301	-7,487,613	21,811,944	4,917,663,632
UBS - Money Market	4,909,496,380	-7,551,142	21,967,802	4,923,913,041
Government Money Market Pool - UBS	278,042,900	46,263,255	1,450,937	325,757,092
Short-Term Bond Pool - Sterling Capital	705,829,358	-176,379	-1,794,652	703,858,326