



West Virginia Board of Treasury Investments

Monthly Flash Report

Period Ending October 31, 2022

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Market Environment – October 2022

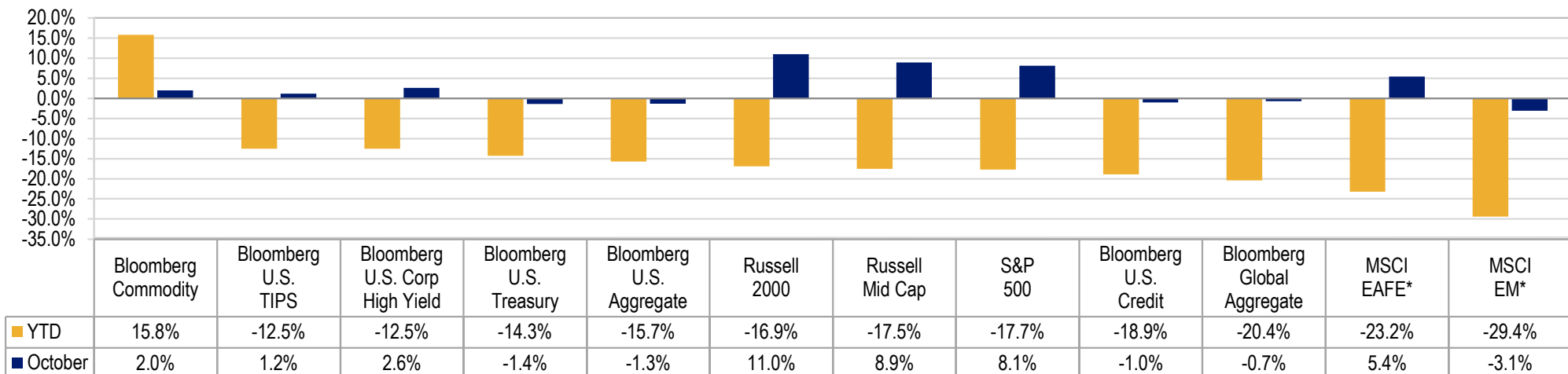
October Highlights

- ❑ The U.S. economy gained 261,000 jobs in October, a strong number but the lowest since December 2020. Unemployment ticked up to 3.7%. Job gains were led by the health care sector. The October report shows that the job market is slowly cooling as the Federal Reserve continues to hike rates as high inflation persists.
- ❑ U.S. stocks rose in October. All capitalization sizes gained in the month, with small caps surging the most. All sectors increased, with the energy sector (+25%) making the biggest gain.
- ❑ Non-U.S. developed markets equity returns were more mixed amid continuing concerns on growth, inflation, energy and the European Central Bank's most recent 75 basis-point hike. EM stocks were lower with China stocks declining amid the effects of that country's continuing zero-Covid policy.
- ❑ Treasuries were lower as solid employment data and still-high inflation foreshadowed further Fed rate hikes. High yield debt rose as meaningful yields attracted investors and the risk on environment in the month.
- ❑ Commodities rose with huge gains for energy offsetting weaker performance by agriculture and precious metals.

YTD Highlights

- ❑ The economic effects of the COVID-19 outbreak continues to impact areas like China. The Russia/Ukraine conflict, higher interest rates and high inflation have all taken a toll on global growth sentiment.
- ❑ Despite the July and October rebounds, all capitalization sizes of US stocks are sharply negative year to date. Large capitalization is down the most and growth continues to underperform value.
- ❑ While both non-U.S. developed and emerging market stocks are negative so far in 2022, country specific performance varies, with commodity-driven economies like Brazil and other Latin American countries faring best and Asia, led by China, down the most.
- ❑ All fixed income sectors are negative year to date. TIPS, which had benefited on a relative basis from support in this inflationary environment, are also negative YTD in spite of a positive October.
- ❑ Despite struggling in the third quarter, commodities have been the strongest performers year to date, with volatility in energy prices and other commodities rising on continued fears of inflation and supply constraints.

Returns



*Net dividends reinvested

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Comparative Performance - Gross of Fees

As of October 31, 2022

| | Allocation | | Performance (%) | | | | |
|---|-------------------|----------------|-----------------|--------|--------|---------|---------|
| | Market Value (\$) | % of Portfolio | 1 Month | FYTD | 1 Year | 3 Years | 5 Years |
| Total Composite | 9,797,892,486 | 100.0 | | | | | |
| Money Market Pool* | 8,835,771,508 | 90.2 | 0.259 | 0.857 | 1.107 | 0.755 | 1.342 |
| <i>Custom Money Market Pool Index**</i> | | | 0.223 | 0.658 | 0.764 | 0.496 | 1.049 |
| Federated Hermes - Money Market | 4,414,431,364 | 45.1 | 0.253 | 0.844 | 1.093 | 0.757 | 1.353 |
| UBS - Money Market | 4,421,340,144 | 45.1 | 0.264 | 0.871 | 1.122 | 0.753 | 1.332 |
| Government Money Market Pool | 276,319,382 | 2.8 | 0.241 | 0.777 | 0.948 | 0.610 | 1.164 |
| <i>Custom Government Money Market Pool Index***</i> | | | 0.223 | 0.665 | 0.789 | 0.448 | 0.940 |
| UBS - Government | 276,319,382 | 2.8 | 0.241 | 0.777 | 0.948 | 0.610 | 1.164 |
| Short-Term Bond Pool**** | 685,801,595 | 7.0 | -0.135 | -0.993 | -4.132 | 0.088 | 1.366 |
| <i>Short-Term Bond Pool Index*****</i> | | | -0.123 | -1.601 | -4.888 | -0.485 | 0.780 |
| Sterling - Short-Term Bond | 685,801,595 | 7.0 | -0.135 | -0.993 | -4.132 | 0.088 | |

*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

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Comparative Performance - Net of Fees

As of October 31, 2022

| | Allocation | | Performance (%) | | | | |
|---|-------------------|----------------|-----------------|--------|--------|---------|---------|
| | Market Value (\$) | % of Portfolio | 1 Month | FYTD | 1 Year | 3 Years | 5 Years |
| Total Composite | 9,797,892,486 | 100.0 | | | | | |
| Money Market Pool* | 8,835,771,508 | 90.2 | 0.256 | 0.848 | 1.078 | 0.725 | 1.312 |
| <i>Custom Money Market Pool Index**</i> | | | 0.223 | 0.658 | 0.764 | 0.496 | 1.049 |
| Federated Hermes - Money Market | 4,414,431,364 | 45.1 | 0.251 | 0.835 | 1.066 | 0.730 | 1.326 |
| UBS - Money Market | 4,421,340,144 | 45.1 | 0.262 | 0.860 | 1.089 | 0.721 | 1.299 |
| Government Money Market Pool | 276,319,382 | 2.8 | 0.239 | 0.767 | 0.918 | 0.578 | 1.134 |
| <i>Custom Government Money Market Pool Index***</i> | | | 0.223 | 0.665 | 0.789 | 0.448 | 0.940 |
| UBS - Government | 276,319,382 | 2.8 | 0.239 | 0.767 | 0.918 | 0.578 | 1.134 |
| Short-Term Bond Pool**** | 685,801,595 | 7.0 | -0.140 | -1.013 | -4.189 | 0.030 | 1.300 |
| <i>Short-Term Bond Pool Index*****</i> | | | -0.123 | -1.601 | -4.888 | -0.485 | 0.780 |
| Sterling - Short-Term Bond | 685,801,595 | 7.0 | -0.140 | -1.013 | -4.189 | 0.030 | |

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Investment Managers Cash Flow

1 Month Ending October 31, 2022

| | Beginning Market Value (\$) | Net Cash Flows (\$) | Net Investment Change (\$) | Ending Market Value (\$) |
|---|-----------------------------------|---------------------------|----------------------------------|--------------------------------|
| Total Composite | 9,694,822,841 | 80,674,221 | 22,395,425 | 9,797,892,486 |
| Money Market Pool | 8,748,678,045 | 64,427,790 | 22,665,672 | 8,835,771,508 |
| Federated Hermes - Money Market | 4,371,131,742 | 32,213,895 | 11,085,728 | 4,414,431,364 |
| UBS - Money Market | 4,377,546,304 | 32,213,895 | 11,579,945 | 4,421,340,144 |
| Government Money Market Pool - UBS | 259,419,248 | 16,246,430 | 653,704 | 276,319,382 |
| Short-Term Bond Pool - Sterling Capital | 686,725,548 | | -923,952 | 685,801,595 |