



West Virginia Board of Treasury Investments

Monthly Flash Report

Period Ending May 31, 2024

Jeffrey C. Boucek, CFA, Senior Vice President
J. Keith Reynolds, Vice President
Alan Peak, Associate Consultant

Market Environment – May 2024

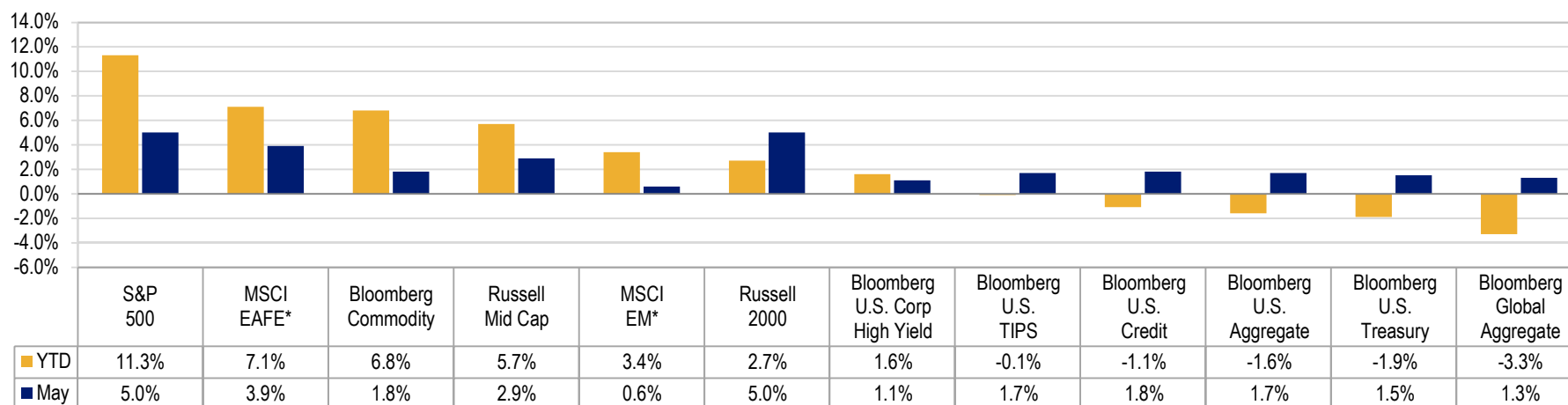
May Highlights

- Unemployment ticked higher to 4.0%, but the BLS indicated a higher than expected 272,000 jobs were added in May with average hourly earnings rising 4.1% in the past year. The consumer price index (CPI) increased by 0.3% month-on-month in April with annual inflation at 3.4%.
- U.S. stocks of all sizes were positive this month given strong corporate earnings. Information technology (10.1%) led all S&P 500 sectors for the month, while energy (-0.4%) posted the lowest sector return.
- Developed global stocks were all positive with Europe (5.0%) outpacing the Pacific (2.0%) region. Emerging market stocks were mostly positive with Europe (3.5%) ahead of Asia (1.4%) and Latin America (-3.1%).
- Bond prices rebounded as yields in the medium- to long-term portion of the curve decreased. The 10-year Treasury yield reached 4.5% at month-end. Except for municipal bonds (-0.3%), all bond sectors were positive with U.S. Long Government/Credit (2.8%) performing the best.
- Commodities were positive again, led by agriculture (3.7%) and precious metals (4.6%) while energy (-1.4%) detracted.

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 fewer interest rate cuts later in the year. US GDP growth was lower than expected at 1.6% in Q1. US mega cap stocks remain in the lead driven by communication services (+20.9%) & information technology (+17.3%).
- 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 fell as bond yields increased to inversely impact bond prices. Anticipated interest rate cuts have been reduced as economic conditions remain strong & inflation elevated. Short-term T-Bills (+2.3%) & high yield (+1.6%) are the only positive sectors this year.
- Commodities continued to rebound this year with further gains in precious (16.0%) and industrial (15.1%) metals.

Returns



*Net dividends reinvested

West Virginia Board of Treasury Investments

Comparative Performance - Gross of Fees

As of May 31, 2024

| | Allocation | | Performance (%) | | | | |
|---|----------------------|-------------------|-----------------|-------|-----------|------------|------------|
| | Market Value (\$) | % of Portfolio | 1 Month | FYTD | 1 Year | 3 Years | 5 Years |
| Total Composite | 10,813,327,025 | 100.0 | | | | | |
| Money Market Pool* | 9,675,177,693 | 89.5 | 0.471 | 5.258 | 5.735 | 3.200 | 2.339 |
| <i>Custom Money Market Pool Index**</i> | | | 0.406 | 4.580 | 4.986 | 2.702 | 1.933 |
| Federated Hermes - Money Market | 4,835,750,552 | 44.7 | 0.470 | 5.293 | 5.762 | 3.206 | 2.349 |
| UBS - Money Market | 4,839,427,142 | 44.8 | 0.471 | 5.223 | 5.708 | 3.194 | 2.329 |
| Government Money Market Pool | 455,819,075 | 4.2 | 0.474 | 5.055 | 5.513 | 3.022 | 2.168 |
| <i>Custom Government Money Market Pool Index***</i> | | | 0.411 | 4.611 | 5.023 | 2.722 | 1.896 |
| UBS - Government | 455,819,075 | 4.2 | 0.474 | 5.055 | 5.513 | 3.022 | 2.168 |
| Short-Term Bond Pool**** | 682,330,257 | 6.3 | 0.765 | 5.298 | 5.130 | 1.165 | 2.058 |
| <i>Short-Term Bond Pool Index*****</i> | | | 0.728 | 4.454 | 4.058 | 0.421 | 1.366 |
| Sterling - Short-Term Bond | 682,330,257 | 6.3 | 0.765 | 5.298 | 5.130 | 1.165 | 2.058 |

*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, 2024

| | Allocation | | Performance (%) | | | | |
|---|----------------------|-------------------|-----------------|-------|-----------|------------|------------|
| | Market Value (\$) | % of Portfolio | 1 Month | FYTD | 1 Year | 3 Years | 5 Years |
| Total Composite | 10,813,327,025 | 100.0 | | | | | |
| Money Market Pool* | 9,675,177,693 | 89.5 | 0.468 | 5.230 | 5.704 | 3.170 | 2.309 |
| <i>Custom Money Market Pool Index**</i> | | | 0.406 | 4.580 | 4.986 | 2.702 | 1.933 |
| Federated Hermes - Money Market | 4,835,750,552 | 44.7 | 0.468 | 5.267 | 5.733 | 3.178 | 2.322 |
| UBS - Money Market | 4,839,427,142 | 44.8 | 0.469 | 5.193 | 5.675 | 3.161 | 2.296 |
| Government Money Market Pool | 455,819,075 | 4.2 | 0.471 | 5.026 | 5.481 | 2.991 | 2.135 |
| <i>Custom Government Money Market Pool Index***</i> | | | 0.411 | 4.611 | 5.023 | 2.722 | 1.896 |
| UBS - Government | 455,819,075 | 4.2 | 0.471 | 5.026 | 5.481 | 2.991 | 2.135 |
| Short-Term Bond Pool**** | 682,330,257 | 6.3 | 0.759 | 5.239 | 5.066 | 1.104 | 1.998 |
| <i>Short-Term Bond Pool Index*****</i> | | | 0.728 | 4.454 | 4.058 | 0.421 | 1.366 |
| Sterling - Short-Term Bond | 682,330,257 | 6.3 | 0.759 | 5.239 | 5.066 | 1.104 | 1.998 |

*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

Investment Managers Cash Flow

1 Month Ending May 31, 2024

| | Beginning Market Value (\$) | Net Cash Flows (\$) | Net Investment Change (\$) | Ending Market Value (\$) |
|---|-----------------------------------|---------------------------|----------------------------------|--------------------------------|
| Total Composite | 11,124,158,488 | -364,859,288 | 54,027,825 | 10,813,327,025 |
| Money Market Pool | 9,960,334,734 | -331,577,499 | 46,420,458 | 9,675,177,693 |
| Federated Hermes - Money Market | 4,978,317,890 | -165,757,641 | 23,190,302 | 4,835,750,552 |
| UBS - Money Market | 4,982,016,844 | -165,819,858 | 23,230,156 | 4,839,427,142 |
| Government Money Market Pool - UBS | 486,539,759 | -33,150,192 | 2,429,508 | 455,819,075 |
| Short-Term Bond Pool - Sterling Capital | 677,283,995 | -131,597 | 5,177,859 | 682,330,257 |