Capital Cities

INSTITUTIONAL INVESTING MADE PERSONAL

West Virginia Board of Treasury Investments

Monthly Flash Report

For Period Ended September 30, 2026

September 2026 Investment Market Commentary

Global equity markets were mixed in September, as rising interest rates weighed on most U.S. equities. Large technology and AI-related names extended their leadership, carrying the Nasdaq Composite to a gain for the month, while the S&P 500 posted a modest decline and the Dow Jones Industrial Average and Russell 2000 fell meaningfully. Market breadth narrowed, as technology was the only sector to finish the month in positive territory, while rate-sensitive sectors lagged. Oil prices climbed further as U.S. - Iran tensions persisted. Within fixed income, Treasury yields moved higher across the curve, spreads widened modestly, and the 10-year yield rose to its highest level of the year. During the September meeting, the FOMC elected to raise interest rates by 25 basis points to a range of 3.75%–4.00%, its first increase since 2023. Chair Warsh emphasized that inflation has remained above target for too long, and updated projections showed most officials anticipate at least one additional hike before year-end.

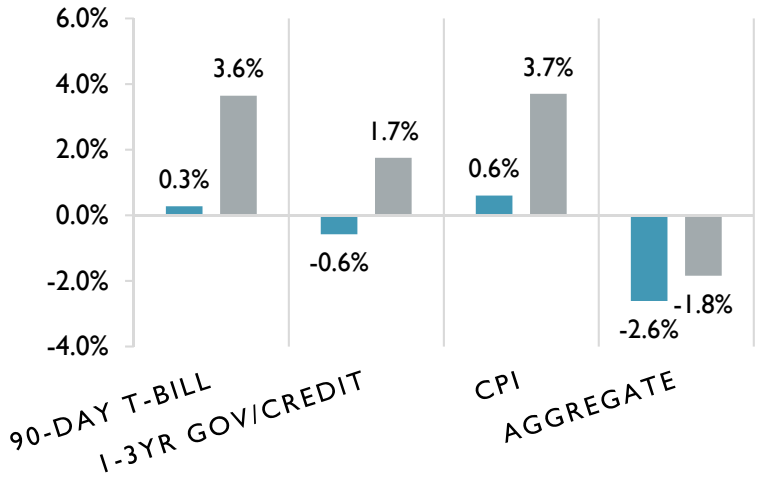
September Broad Market Environment

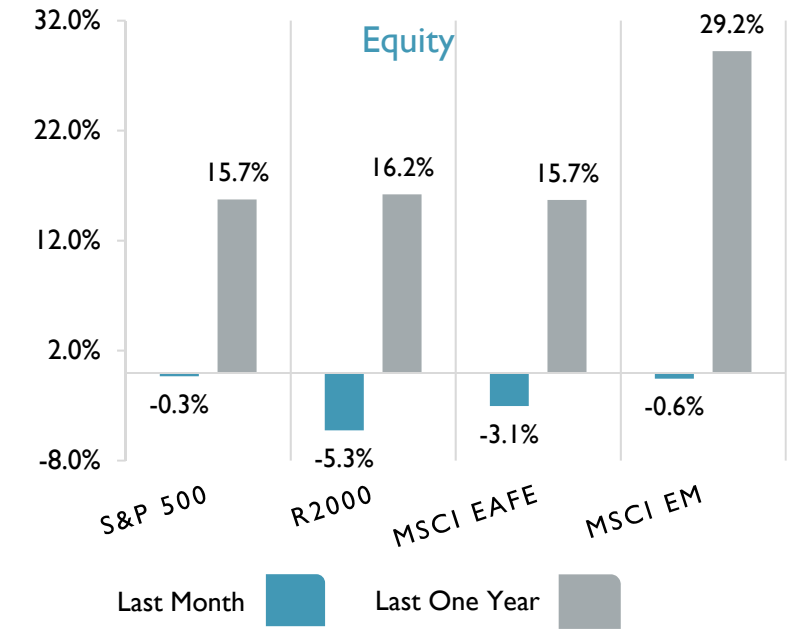
- Equity markets were mixed in September, with tech and AI names leading, as the gap between large-cap growth and small caps widening considerably.
- The S&P 500 slipped 0.3%, and the Dow Jones Industrial Average fell 4.1%, while the Nasdaq Composite led the major indices, up 2.0%. Small caps felt the brunt of the sell-off, with the Russell 2000 down 5.3%.
- International developed markets also retreated, with the MSCI EAFE Index down 3.1%, as a stronger U.S. dollar weighed on returns for U.S.-based investors.
- The Bloomberg U.S. Aggregate Bond Index fell 2.6% for the month, bringing its year-to-date decline to roughly 1.8%.
- The U.S. economy added just 29,000 jobs in September, short of economists' expectations, and the unemployment rate ticked up to 4.2%. Payroll growth was also revised lower for prior months, with August's figure revised down by 29,000 jobs.
- Consumer prices increased in September, rising 0.6% for the month and 3.7% from a year earlier, both higher than economists' expectations. Rising energy prices were the main driver for the increase in prices.

September Fixed Income

- Core fixed income returns were negative in September, as a sharp move higher in yields overwhelmed coupon income.
- Treasury yields rose across all maturities. The 10-year yield ended the month over 5.2%.
- Credit spreads widened modestly from historically tight levels as rising rates and heavy supply weighed on demand. High-yield spreads widened to their highest level since April, as September became the busiest month of the year for high-yield issuance, while investment-grade spreads widened only slightly.

Monthly Index Results





Asset Allocation & Performance - Net of Fees

As of September 30, 2026

	Allocation		Performance (%)						
	Market Value	% of Portfolio	1 Month	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years
Total Funds	**$9,772,544,365**	**100.0**							
Money Market Pool	$8,483,492,294	86.8	0.305	0.965	2.864	0.965	3.935	4.766	3.998
*Custom Money Market Pool Index**			*0.283*	*0.855*	*2.530*	*0.855*	*3.474*	*4.242*	*3.515*
Federated Hermes - Money Market	$4,240,159,162	43.4	0.301	0.959	2.860	0.959	3.927	4.772	4.005
*Custom Money Market Pool Index**			*0.283*	*0.855*	*2.530*	*0.855*	*3.474*	*4.242*	*3.515*
UBS - Money Market	$4,243,333,132	43.4	0.309	0.970	2.869	0.970	3.944	4.760	3.991
*Custom Money Market Pool Index**			*0.283*	*0.855*	*2.530*	*0.855*	*3.474*	*4.242*	*3.515*
Government Money Market Pool	$549,045,078	5.6	0.297	0.936	2.754	0.936	3.801	4.602	3.823
*Custom Government Money Market Pool Index***			*0.289*	*0.871*	*2.587*	*0.871*	*3.551*	*4.320*	*3.570*
UBS - Government Money Market	$549,045,078	5.6	0.297	0.936	2.754	0.936	3.801	4.602	3.823
*Custom Government Money Market Pool Index***			*0.289*	*0.871*	*2.587*	*0.871*	*3.551*	*4.320*	*3.570*
Short Term Bond Pool	$740,006,993	7.6	-0.555	-0.119	0.966	-0.119	2.178	4.935	2.747
*Short Term Bond Pool Index****			*-0.557*	*-0.122*	*0.737*	*-0.122*	*1.905*	*4.460*	*2.185*
Sterling - Short Term Bond	$740,006,993	7.6	-0.555	-0.119	0.966	-0.119	2.178	4.935	2.747
*Short Term Bond Pool Index****			*-0.557*	*-0.122*	*0.737*	*-0.122*	*1.905*	*4.460*	*2.185*

*Benchmark is iMoneyNet First Tier Retail Average as of 8/1/2021.
**Benchmark is iMoneyNet Government & Agency Institutional Average as of 8/1/2021.
***Benchmark is BofA Merrill Lynch 1-3 Year Government/Credit + 10 bps.

Asset Allocation & Performance - Gross of Fees

As of September 30, 2026

	Allocation		Performance (%)						
	Market Value	% of Portfolio	1 Month	1 Quarter	Year To Date	FYTD	1 Year	3 Years	5 Years
Total Funds	**$9,772,544,365**	**100.0**							
Money Market Pool	$8,483,492,294	86.8	0.308	0.973	2.889	0.973	3.968	4.798	4.029
*Custom Money Market Pool Index**			*0.283*	*0.855*	*2.530*	*0.855*	*3.474*	*4.242*	*3.515*
Federated Hermes - Money Market	$4,240,159,162	43.4	0.304	0.968	2.885	0.968	3.961	4.804	4.035
*Custom Money Market Pool Index**			*0.283*	*0.855*	*2.530*	*0.855*	*3.474*	*4.242*	*3.515*
UBS - Money Market	$4,243,333,132	43.4	0.312	0.978	2.893	0.978	3.976	4.793	4.024
*Custom Money Market Pool Index**			*0.283*	*0.855*	*2.530*	*0.855*	*3.474*	*4.242*	*3.515*
Government Money Market Pool	$549,045,078	5.6	0.299	0.944	2.777	0.944	3.833	4.634	3.855
*Custom Government Money Market Pool Index***			*0.289*	*0.871*	*2.587*	*0.871*	*3.551*	*4.320*	*3.570*
UBS - Government Money Market	$549,045,078	5.6	0.299	0.944	2.777	0.944	3.833	4.634	3.855
*Custom Government Money Market Pool Index***			*0.289*	*0.871*	*2.587*	*0.871*	*3.551*	*4.320*	*3.570*
Short Term Bond Pool	$740,006,993	7.6	-0.550	-0.104	1.010	-0.104	2.237	4.998	2.808
*Short Term Bond Pool Index****			*-0.557*	*-0.122*	*0.737*	*-0.122*	*1.905*	*4.460*	*2.185*
Sterling - Short Term Bond	$740,006,993	7.6	-0.550	-0.104	1.010	-0.104	2.237	4.998	2.808
*Short Term Bond Pool Index****			*-0.557*	*-0.122*	*0.737*	*-0.122*	*1.905*	*4.460*	*2.185*

*Benchmark is iMoneyNet First Tier Retail Average as of 8/1/2021.
**Benchmark is iMoneyNet Government & Agency Institutional Average as of 8/1/2021.
***Benchmark is BofA Merrill Lynch 1-3 Year Government/Credit + 10 bps.

Total Funds - 1 Month Change in Market Value by Investment Manager

1 Month Ending September 30, 2026

1 Month Change in Market Value

	Beginning Market Value	Deposits / Withdrawals (Net)	Investment Gain/Loss	Ending Market Value
Total Funds	**$9,596,469,087**	**$152,447,392**	**$23,627,887**	**$9,772,544,365**
Money Market Pool	$8,311,256,467	$146,182,659	$26,053,168	$8,483,492,294
Federated Hermes - Money Market	*$4,154,209,350*	*$73,091,329*	*$12,858,483*	*$4,240,159,162*
UBS - Money Market	*$4,157,047,117*	*$73,091,329*	*$13,194,685*	*$4,243,333,132*
Government Money Market Pool	$541,114,158	$6,264,733	$1,666,187	$549,045,078
Short Term Bond Pool	$744,098,462	-	-$4,091,469	$740,006,993