

West Virginia Board of Treasury Investments

# Monthly Flash Report

Period Ending August 31, 2025

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# Market Environment – August 2025

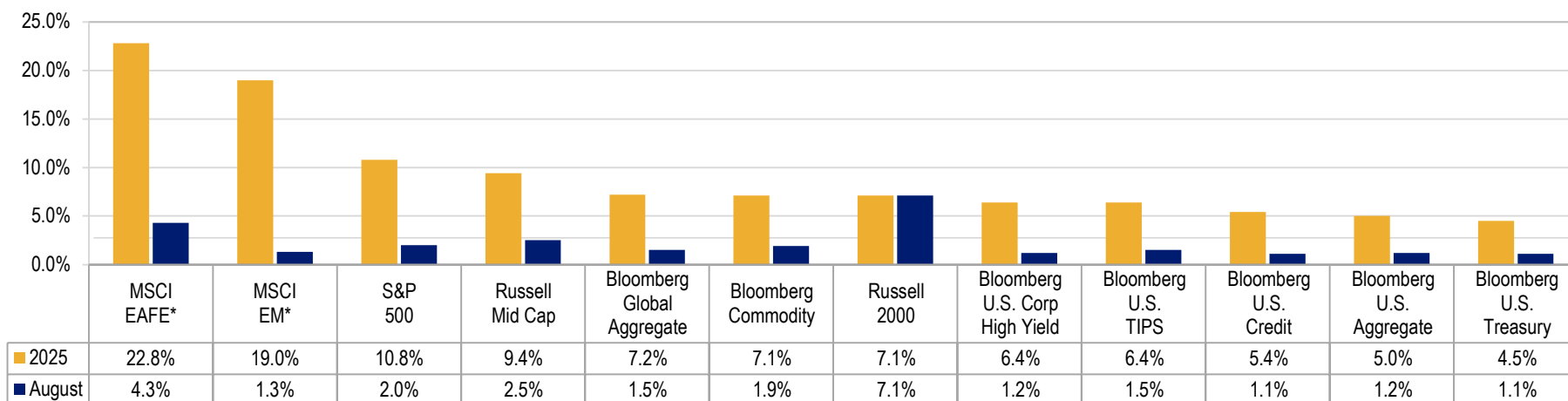
## August Highlights

- Core PCE (Personal Consumption Expenditures), that excludes food and energy costs, increased by 0.3% in July with an annualized rate increase to an expected 2.9%. Unemployment increased to 4.3% from 4.2% a month ago, as the BLS reported a lower than expected 22,000 jobs added in August, along with a revision to the prior two months' reports that decreased by 7,000 jobs.
- US stocks increased across the spectrum of size and style with value ahead of growth and small exceeding large cap, on a relative basis. Materials (+5.8%) and Healthcare (+5.4%) were the leading S&P 500 sector this month, while Industrials (0.0%) and Utilities (-1.6%) were the worst performing.
- Developed global stocks increased with the Pacific (+5.9%) ahead of Europe (+3.4%). Emerging market stocks were positive as well with Latin America (+8.2%) ahead of Eastern Europe (+0.9%) and Asia (+0.7%). Japan and Brazil led developed and emerging market economies, respectively.
- The Bloomberg US Agg index was positive as yields decreased across much of the curve. The 10-yr Treasury yield fell 13 basis points to 4.22%. US bonds were mostly positive with the (MBS) Bloomberg Mortgage-Backed Securities (+1.6%) performing the best and the FTSE 30-Year Treasury (-0.1%) the worst. High yield and MBS spreads tightened, while investment-grade spreads marginally widened.
- Commodities increased overall with mixed results from Precious Metals (+6.4%), Agriculture (+4.1%), Industrial Metals (+3.2%) and Energy (-5.6%).

## 2025 Highlights

- Global capital markets experienced wide dispersion given trade tensions, and the uncertainty of the impact of US tariff policies. Annualized revised US GDP increased +3.3% in Q2 due to a drop in imports. Weaker YTD US Dollar Index (-9.4%) is a tailwind to international asset returns.
- US stocks lagged global markets with Communication Services (+17.9%) the top performing S&P 500 sector YTD, while Healthcare (0.8%) and Consumer Discretionary (+2.0%) were the worst. Large capitalization stocks (+10.8%) lead the size segment, while small cap turned positive (+7.1%) and trailed mid-cap.
- Non-U.S. developed market stocks surged, as Europe (+25.7%) outperformed on a regional basis with outsized returns in Spain (+55.5%). Positive Eastern Europe (+42.0%) and Latin American (+34.3%) emerging market returns also outperformed Asia (+18.3%) on a regional basis.
- Fixed income sectors are positive YTD with High Yield and TIPS (+6.4%) the top performing sectors while Bloomberg Municipal Bonds (+0.3%) lagged. Volatile treasury yields declined across the yield curve except at the longer end. US Fed held rates at 4.25-4.50% with increasing possibility of a rate cut in the near-term, while the ECB cut rates four times this year to bring its lending rate down to 2.0%.
- Commodities increased with wide performance dispersion across major subsectors, including Precious Metals (+32.5%), Industrial Metals (+4.5%), Agriculture (+0.5%) and Energy (-4.3%).

## Returns



Source: Investment Metrics \*Net dividends reinvested

## West Virginia Board of Treasury Investments

## Comparative Performance - Gross of Fees

As of August 31, 2025

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	1 Month	FYTD	1 Year	3 Years	5 Years
Total Composite	9,933,914,709	100.0					
Money Market Pool*	8,595,271,587	86.5	0.385	0.762	4.759	5.076	3.177
<i>Custom Money Market Pool Index**</i>			0.324	0.651	4.150	4.397	2.694
Federated Hermes - Money Market	4,296,431,640	43.3	0.394	0.772	4.755	5.090	3.183
UBS - Money Market	4,298,839,947	43.3	0.376	0.752	4.762	5.061	3.170
Government Money Market Pool	605,269,921	6.1	0.390	0.757	4.629	4.889	3.023
<i>Custom Government Money Market Pool Index***</i>			0.332	0.645	4.216	4.436	2.722
UBS - Government	605,269,921	6.1	0.390	0.757	4.629	4.889	3.023
Short-Term Bond Pool	733,373,200	7.4	0.869	0.984	5.248	5.041	2.490
<i>Short-Term Bond Pool Index****</i>			0.868	0.877	4.758	4.262	1.827
Sterling - Short-Term Bond	733,373,200	7.4	0.869	0.984	5.248	5.041	2.490

\*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.

\*\*\*\* Benchmark is BofA Merrill Lynch 1-3 Year Government/Credit Index + 10 bps.

## West Virginia Board of Treasury Investments

## Comparative Performance - Net of Fees

As of August 31, 2025

	Allocation		Performance (%)				
	Market Value (\$)	% of Portfolio	1 Month	FYTD	1 Year	3 Years	5 Years
Total Composite	9,933,914,709	100.0					
Money Market Pool*	8,595,271,587	86.5	0.382	0.756	4.726	5.044	3.146
<i>Custom Money Market Pool Index**</i>			0.324	0.651	4.150	4.397	2.694
Federated Hermes - Money Market	4,296,431,640	43.3	0.392	0.767	4.722	5.060	3.155
UBS - Money Market	4,298,839,947	43.3	0.373	0.746	4.729	5.029	3.138
Government Money Market Pool	605,269,921	6.1	0.387	0.752	4.597	4.858	2.991
<i>Custom Government Money Market Pool Index***</i>			0.332	0.645	4.216	4.436	2.722
UBS - Government	605,269,921	6.1	0.387	0.752	4.597	4.858	2.991
Short-Term Bond Pool	733,373,200	7.4	0.864	0.974	5.185	4.978	2.429
<i>Short-Term Bond Pool Index****</i>			0.868	0.877	4.758	4.262	1.827
Sterling - Short-Term Bond	733,373,200	7.4	0.864	0.974	5.185	4.978	2.429

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## West Virginia Board of Treasury Investments

## Investment Managers Cash Flow

1 Month Ending August 31, 2025

	Beginning Market Value (\$)	Net Cash Flows (\$)	Net Investment Change (\$)	Ending Market Value (\$)
<b>Total Composite</b>	<b>9,826,253,991</b>	<b>66,059,552</b>	<b>41,601,165</b>	<b>9,933,914,709</b>
Money Market Pool	8,465,851,371	96,581,446	32,838,771	8,595,271,587
Federated Hermes - Money Market	4,231,328,123	48,296,890	16,806,627	4,296,431,640
UBS - Money Market	4,234,523,248	48,284,555	16,032,144	4,298,839,947
Government Money Market Pool - UBS	633,214,777	-30,389,919	2,445,063	605,269,921
Short-Term Bond Pool - Sterling Capital	727,187,844	-131,975	6,317,331	733,373,200