



October 2022 Performance Summary

Headline inflation continued to show signs of deceleration during the month, while treasury yields rose and eclipsed 4% for the first time since the Great Financial Crisis. Investor sentiment turned positive in October due to better-than-expected corporate earnings results as well as mixed economic data causing some market participants to price-in the possibility that monetary tightening could begin to ease.

Domestic equity markets rallied sharply higher beginning in the middle of the month, with small-cap equities leading the way with an 11.0% gain (the S&P 500 returned 8.1%). Value-oriented equities continued to outperform growth stocks, widening their year-to-date outperformance to 1730 basis points (bps) in large-cap, and 1140bps in small-cap. Fixed income indices posted moderate declines for the month as a result of the rise in yields.

In Europe, inflation hit a record high of 10.7%, however risk assets rallied as the looming prospects of a recession sparked optimism that the pace of rate hikes could slow. Chinese equities were the weakest performing asset class, posting a 16.8% decline in October due to mounting concerns regarding the impacts of the country's foreign policy and restrictive COVID policies on its economic outlook.

In October, the Long-Term Pool gained 4.2%, outperforming the policy benchmark by 70 basis points. Public equities posted strong gains for the month, with domestic equities (both large and small) appreciating by double digits, while non-US equities rose by mid-to-high single digits. On a relative basis, domestic large cap (+380 bps relative outperformance) and emerging markets (+750bps) were the largest contributors. Thus far in 2022, the Long-Term Pool is down 16.2% or 20 basis points behind the benchmark. Returns across the portfolio's growth-oriented strategies within public equities and hedge funds have led to the shortfall year-to-date.

The Socially Responsible Pool gained 3.6% for the month, underperforming its policy benchmark return by 10 basis points. The Pool's three active equity managers saw mixed performance during the month, with the Pool's growth-oriented manager underperforming its benchmark by 260 basis points, while the Pool's emerging markets manager generated +160 basis points of alpha. Thus far in 2022, the Pool is down 18.7% or 160 basis points behind the benchmark. The pool's exposure to global growth stocks has been the largest detractor to results year-to-date.

The Mid-Term Pool gained 2.7% for the month, in-line with its policy benchmark. Thus far in 2022, the Pool is down 15.1% or 50 basis points above its benchmark. As the Pool is largely invested in index funds, the return difference was primarily driven by cash movement in the Pool that resulted in temporary deviations from policy asset allocation targets.

Produced by Crewcial Partners, LLC

January 3, 2022