August 2023 Performance Summary

Capital markets contracted in August, with both equities and bonds posting declines for the month. While U.S. economic data remained relatively strong, market participants became more cautious around policy direction and the interest rate outlook, leading to a -1.6% return for the S&P 500 and -0.6% return for the Barclays Aggregate Bond Index.

The outlook for the China economy weighed over much of the global landscape during the month. The country's manufacturing and property sectors remained under pressure, and investors became increasingly concerned that the country's previously announced stimulus efforts would not be enough to boost the economy. China's equity market declined by 9% for the month, with the broader emerging market equity index declining by -6.2%.
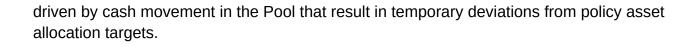
The Japanese equity market was the only major market to post a positive return in local currency, with domestically-oriented companies recording a strong corporate earnings season. In U.S. dollar terms, those gains were erased as the yen depreciated by 3% during the month.

The U.S. saw its credit rating downgraded from AAA to AA+ by one of the three primary ratings agencies during the month due to concerns about the growing debt burden. This caused rates to rise, leading to negative bond returns for the month. Notwithstanding, the U.S. dollar appreciated against all major currencies.

In August, the Long-Term Pool returned -1.9%, a result that topped the policy benchmark by 30 basis points.   The pool's investment managers outperformed in five of the six equity asset classes, which contributed to the outperformance. Year-to-date, the Pool gained 8.4%, which trailed the benchmark by 10 basis points.

The Socially Responsible Pool returned -2.4% for the month, underperforming its policy benchmark return by 10 basis points.   The pool's above target allocation to equities contributed to the relative underperformance for the month. Year-to-date, the Pool gained 9.7%, which topped the benchmark by 40 basis points.

The Mid-Term Pool returned -1.4% for the month, outperforming its policy benchmark by 40 basis points. Year-to-date, the Pool gained 6.9%, which trailed the benchmark by 40 basis points. As the Pool is largely invested in index funds, any return differences are primarily

driven by cash movement in the Pool that result in temporary deviations from policy asset allocation targets.

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