

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
January 25, 2024

OPERATING REPORT

OCTOBER 2023

Board of Treasury Investments

315 70th Street, SE
Charleston WV
25304
(304) 340-1564
www.wvbt.com

Board of Directors

Riley M. Moore,
State Treasurer,
Chairman

James C. Justice II,
Governor

John B. McCuskey,
State Auditor

Patrick M. Smith,
CPA
Appointed by the
Governor

Mark A. Mangano,
Esq. Attorney
Appointed by the
Governor

Executive Staff

Executive
Director
Kara K. Hughes,
CPA, MBA, CFE,
CGIP

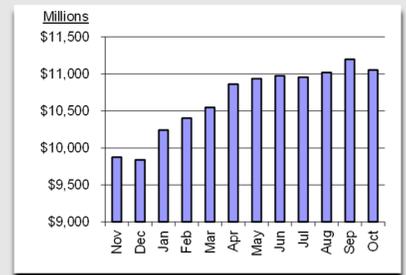
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$11,054,296,000

Last Month
\$11,200,852,000

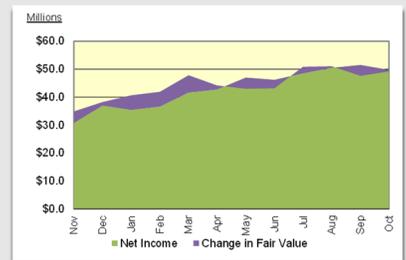
Beginning of Fiscal Year
\$10,975,194,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$200,031,000



Monthly Net Income & Changes in Fair Value for the Past 12 Months

Money Market Pools

As of October 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5550%	37 Days	\$9.9 Billion
WV Gov't Money Market	5.3530%	24 Days	\$426.2 Million

* Yields represent the simple money market yield net of fees.

** W.A.M. is the weighted average maturity.

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

THE ECONOMIC STATE

OCTOBER 2023

October Marked With Difficulties

Overview:

October was a difficult month on various levels. First, our thoughts are with all the families who have suffered and lost loved ones amidst the Israel Palestine conflict. Elsewhere on a macro level, for the first time in history the U.S. House of Representatives effectively fired its Speaker. And, while now sharing the front-page headlines in the wake of other recent global events, the Ukraine war is over 18 months old and millions of people continue to attempt to survive amidst this tragedy. These macro and human factors weighed heavily on markets in the most recent month, a month in which the "higher for longer" interest rate narrative and resilient economic data drove rapid yield curve increases longer out on the yield curve. Not surprisingly, equity prices also declined during the month.

Equity Returns

The markets pulled-back from the high point earlier in the year, with all sectors falling back from previous highs, with information technology, in particular, holding up much better than other sectors. The result is a growth versus value disparity that resulted in a 25% differential year to date (Russell 1000 Growth up 23.2% and Russell 1000 Value down 1.8%). Non-US Developed markets still have a positive return year to date (2.7%), but were negative in the month, with growth and inflation concerns weighing on the markets. Emerging markets were negative in the month and year-to-date with China (-1.1%) leading the decline year to date.

Fixed Income

As mentioned, the market seems to have finally begun to accept that the Fed means business and are not inclined to lower rates anytime soon. The result was the increase in longer term yields, which was counter to the markets' previous expectations and pricing. High yield credit is positive year-to-date, with the higher yields offsetting price declines, but even credit had a negative return in October. Only short dated fixed income was positive for the month. At the risk of sounding like a broken record, we continue to believe that while this near-term pain has been difficult, investing with a positive real return in fixed income is ultimately very good for the markets longer term. Importantly, investing in fixed income the current environment should be additive to portfolios over time.

Looking Forward

The stock market seems to have finally reacted to a) stiffer competition from bond yields, b) a normal pullback after a very strong first six months of 2023, and c) the outlook for the economy and earnings in the final half of the year. The resilient fundamental strength in the economy is a positive overall. With the labor market strong, the consumer, while less flush with cash, is still spending. The lagged effects of the higher rates will likely be felt at some point, but that timeframe continues to push back.

With just two months left in 2023, it has been an extraordinary year so far in many ways. The negative returns for most equity, bond, and real estate markets have resulted in more anemic returns for Plans. Historically, the last two months for markets have been the best of the year, so we will see what transpires as we march toward the close.

West Virginia Board of Treasury Investments

Financial Highlights as of October 31, 2023

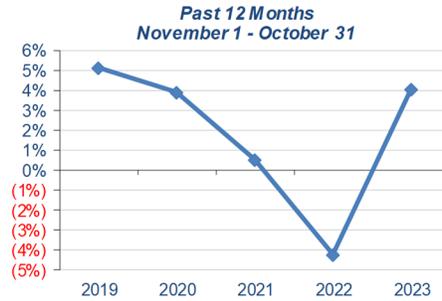
WV Short Term Bond Pool

Rates of Return for the Past 12 Months *Net of All Fees*

<u>November 1 - October 31</u>	<u>Return</u>	<u>Net Assets At Oct 31 (In Millions)</u>
2023	4.1%	\$ 674.0
2022	(4.2%)	\$ 685.2
2021	0.5%	\$ 829.1
2020	3.9%	\$ 815.3
2019	5.2%	\$ 821.0

Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

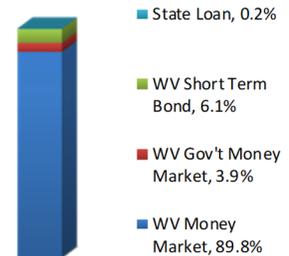
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings *(In Thousands)*

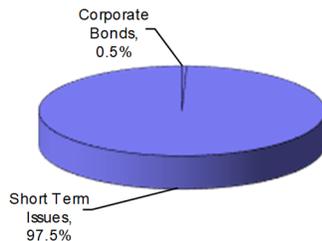
<u>Pool</u>	<u>Net Asset Value</u>	<u>Oct Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,927,660	\$ 45,478	\$ 184,276
WV Gov't Money Market	426,164	1,870	7,131
WV Short Term Bond	673,958	1,818	8,446
WV Bank	0	0	1
Loans	25,473	41	149
Participant Accounts	1,041	4	28
	<u>\$ 11,054,296</u>	<u>\$ 49,211</u>	<u>\$ 200,031</u>

Percent of Total Net Asset Value

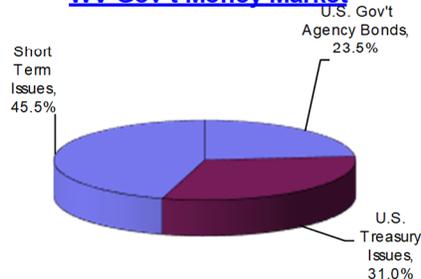


Securities by Type for Operating Pools *(Percentage of Asset Value)*

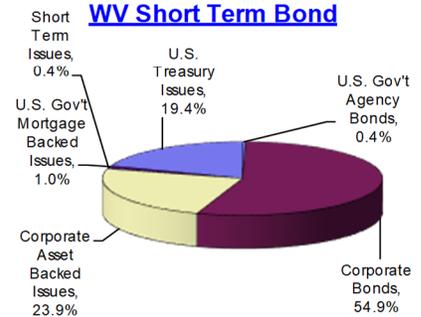
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
OCTOBER 31, 2023
(IN THOUSANDS)

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	Other Pools	Participant Directed Accounts	Total
Assets						
Investments:						
At amortized cost	\$ 9,904,391	\$ 433,723	\$ -	\$ 25,433	\$ -	\$ 10,363,547
At fair value	-	-	672,078	-	1,037	673,115
Other assets	24,823	359	7,429	41	4	32,656
Total assets	<u>9,929,214</u>	<u>434,082</u>	<u>679,507</u>	<u>25,474</u>	<u>1,041</u>	<u>11,069,318</u>
Liabilities						
Accrued expenses, dividends payable & payables for investments purchased						
	1,554	7,918	5,549	1	-	15,022
Total liabilities	<u>1,554</u>	<u>7,918</u>	<u>5,549</u>	<u>1</u>	<u>-</u>	<u>15,022</u>
Net Position						
Held in trust for investment pool participants	9,927,660	426,164	673,958	-	-	11,027,782
Held in trust for individual investment account holders	-	-	-	25,473	1,041	26,514
Total net position	<u>\$ 9,927,660</u>	<u>\$ 426,164</u>	<u>\$ 673,958</u>	<u>\$ 25,473</u>	<u>\$ 1,041</u>	<u>\$ 11,054,296</u>
Additions						
Investment income:						
Interest and dividends	\$ 21,410	\$ 1,125	\$ 2,243	\$ 41	\$ 4	\$ 24,823
Net (amortization) accretion	24,446	763	128	-	-	25,337
Provision for uncollectible loans	-	-	-	-	-	-
Total investment income	<u>45,856</u>	<u>1,888</u>	<u>2,371</u>	<u>41</u>	<u>4</u>	<u>50,160</u>
Investment expenses:						
Investment advisor, custodian bank & administrative fees	379	18	45	-	-	442
Total investment expenses	<u>379</u>	<u>18</u>	<u>45</u>	<u>-</u>	<u>-</u>	<u>442</u>
Net investment income	45,477	1,870	2,326	41	4	49,718
Net realized gain (loss) from investments	1	-	(458)	-	-	(457)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>-</u>	<u>(50)</u>
Net increase (decrease) in net position from operations	45,478	1,870	1,818	41	4	49,211
Participant transaction additions:						
Purchase of pool units by participants	1,125,934	24,633	-	-	-	1,150,567
Reinvestment of pool distributions	45,478	1,870	1,439	-	-	48,787
Contributions to individual investment accounts	-	-	-	5,997	-	5,997
Total participant transaction additions	<u>1,171,412</u>	<u>26,503</u>	<u>1,439</u>	<u>5,997</u>	<u>-</u>	<u>1,205,351</u>
Total additions	1,216,890	28,373	3,257	6,038	4	1,254,562
Deductions						
Distributions to pool participants:						
Net investment income	45,477	1,870	2,327	-	-	49,674
Net realized gain (loss) from investments	1	-	(458)	-	-	(457)
Total distributions to pool participants	<u>45,478</u>	<u>1,870</u>	<u>1,869</u>	<u>-</u>	<u>-</u>	<u>49,217</u>
Participant transaction deductions:						
Redemption of pool units by participants	1,322,971	18,390	10,500	-	-	1,351,861
Withdrawals from individual investment accounts	-	-	-	40	-	40
Total participant transaction deductions	<u>1,322,971</u>	<u>18,390</u>	<u>10,500</u>	<u>40</u>	<u>-</u>	<u>1,351,901</u>
Total deductions	<u>1,368,449</u>	<u>20,260</u>	<u>12,369</u>	<u>40</u>	<u>-</u>	<u>1,401,118</u>
Net increase (decrease) in net position from operations	(151,559)	8,113	(9,112)	5,998	4	(146,556)
Inter-pool transfers in	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-
Net inter-pool transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(151,559)	8,113	(9,112)	5,998	4	(146,556)
Net position at beginning of period	<u>10,079,219</u>	<u>418,051</u>	<u>683,070</u>	<u>19,475</u>	<u>1,037</u>	<u>11,200,852</u>
Net position at end of period	<u>\$ 9,927,660</u>	<u>\$ 426,164</u>	<u>\$ 673,958</u>	<u>\$ 25,473</u>	<u>\$ 1,041</u>	<u>\$ 11,054,296</u>