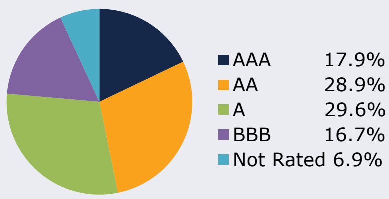
West Virginia Short Term Bond Pool

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

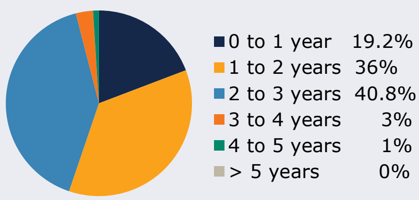
Portfolio Overview as of 03/31/2023

Pool Assets
$702 million

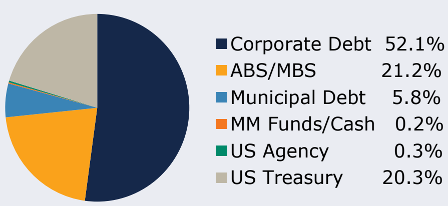
Credit Quality Composition (%)



Maturity Schedule (%)



Portfolio Composition (%)



Effective Duration
628 Days

Top Holdings (%)

United States Treasury	20.3%
OneMain Direct Auto Receivable	2.3%
Toyota Auto Loan Extended	1.9%
JP Morgan Chase & Co	1.5%
COMM Mortgage Trust	1.4%
Hertz Vehicle Financing LLC	1.3%
Enterprise Fleet Financing	1.2%
Government National Mort Assn	1.2%
Well Fargo Commercial Mortgage	1.1%
Virginia Public School Auth	1.1%
Total % of Portfolio	**33.3%**

The West Virginia Short Term Bond Pool was created to invest restricted moneys of participants which have a longer-term investment horizon. The objective of the portfolio is to earn an incremental return over the WV Money Market Pool with an objective of asset growth rather than current income. The risk factor is higher than the WV Money Market Pool and is managed through numerous maturity restrictions, diversification, guidelines, and credit limits.

Pool Features and Benefits:

» Professional management is provided by the West Virginia Board of Treasury investments' staff and professional investment advisor (Sterling Capital Management).

» Floating net asset value (NAV).

» Investment yields are competitive with other short duration fixed income pools.

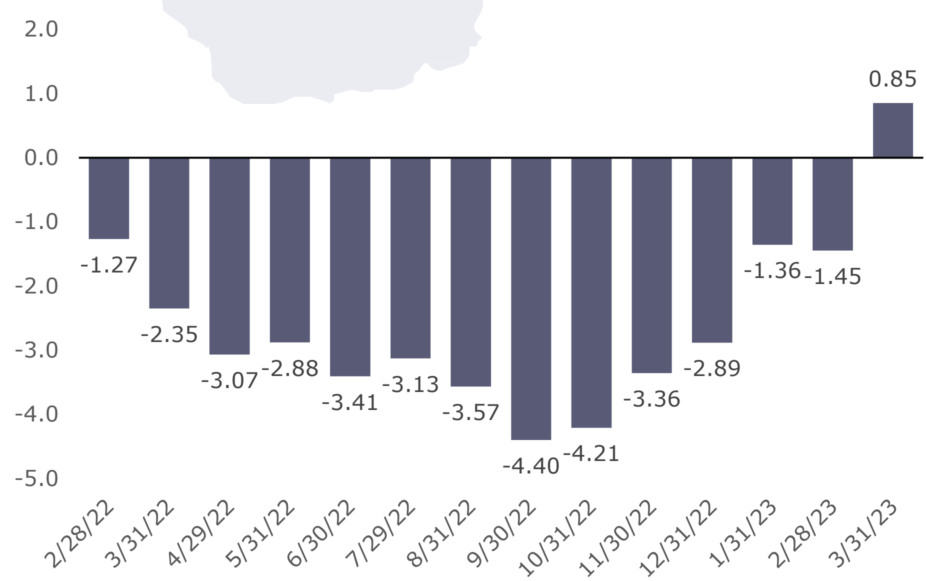
» Easy access is provided through the State Treasurer's Office online system.

» Account can be opened for as little as $100 with no limit on the number of transactions.

» Contributions and withdrawals are allowed monthly.

» Income is distributed on a monthly basis.

Return Summary



To learn how to make the West Virginia Short Term Bond Pool work for your cash investing needs call: 304-340-1564 or visit: wvbti.org

Portfolio holdings and composition are shown as of the date indicated. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

An investment in the Pool is not insured or guaranteed by any government or government agency and it is possible to lose money by depositing money in the Pool.

Commentary

For the first time in months, investor focus shifted away from economic data and concerns about inflation as a crisis in the global banking system suddenly developed. Over the course of two weeks in early March, Silvergate Bank, Silicon Valley Bank (SVB) and Signature Bank each failed and fell into FDIC receivership after experiencing massive deposit flight. These failures sparked panic across the financial system as investors worried about who might be next. While it suffered from a very different set of problems than the smaller failed U.S. banks, Credit Suisse (CS) became the next victim, and Swiss regulators swiftly arranged an emergency rescue for CS by UBS Group. U.S. regulators sought to calm fears about the banking system by guaranteeing the deposits at the failed institutions and instituting the Bank Term Funding Program (BTFP), which provided liquidity to banks in need by allowing them to borrow funds for up to a year by pledging long-term government securities as collateral at par. The BTFP thus eliminated the need for banks to realize significant losses on their securities portfolios in order to meet the needs of depositors, which was a primary reason for the failure of SVB.

Treasury yields fell significantly and the yield curve steepened amidst the turmoil in the financial industry as investors sought safety and speculated that the Federal Reserve would need to halt their hiking cycle and instead cut the federal funds rate in the near future. However, at their March meeting, the Fed chose to raise the fed funds rate by 0.25%, citing still-too-high inflation while acknowledging the potential for the banking crisis to tighten financial conditions and slow the economy in the coming months. During the month, two-year Treasury yields fell 0.79% while ten-year yields fell 0.45%, and futures markets moved from pricing in a year-end fed funds rate of 5.28% to 4.35%.

While investors sought safety in Treasuries, corporate bonds underperformed as credit spreads widened dramatically. Securities issued by smaller U.S. regional banks were hit hardest while larger U.S. money center banks outperformed, as depositors shifted their funds to large, broadly diversified, and systematically important institutions. With lending standards expected to tighten in the near future in the wake of the current turmoil, investors also punished financial issuers with larger commercial real estate (CRE) exposures, including REITs, finance companies and certain life insurers. The option-adjusted spread on financials in the ICE BofA 1-3Y Corporate Index widened 58 basis points on the month while utilities widened just 10 basis points and utilities 19 basis points. As a whole, corporate bonds in the 1-3Y index underperformed duration-matched Treasuries by 0.64%, the worst monthly performance for the series since March of 2020 at the outset of the pandemic.

Securitized assets suffered from the banking turmoil as well. Interest rate volatility, always a concern for agency mortgage-backed securities (MBS), was accompanied early in the month by banks liquidating their MBS holdings to meet depositor withdrawals amid fears of more to come, at least prior to the introduction of the BTFP. While asset-backed securities (ABS), secured by consumer obligations like auto loans and credit card balances, were more insulated from the broader systemic concerns, spreads on ABS widened in sympathy with other sectors as liquidity dried up. Finally, commercial mortgage-backed securities (CMBS) turned in the worst performance among securitized assets due to worries about commercial real estate fundamentals and the potential for widespread defaults if bank lending for the sector tightens substantially. For the month, agency MBS, ABS and CMBS underperformed Treasuries by 1.11%, 0.60% and 1.70% respectively.

The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. Data is as of 03.31.2023 unless otherwise stated. Source: Bloomberg L.P.