

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 31, 2023

OPERATING REPORT AUGUST 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

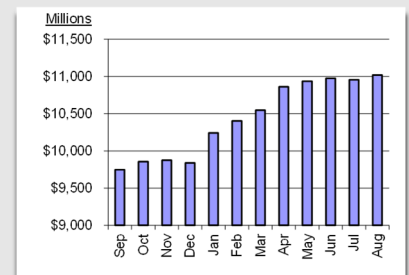
Karl Shanholtzer,
CFA, CPA, CIA

**Total Net Assets Under
Management**

\$11,020,150,000

Last Month
\$10,957,308,000

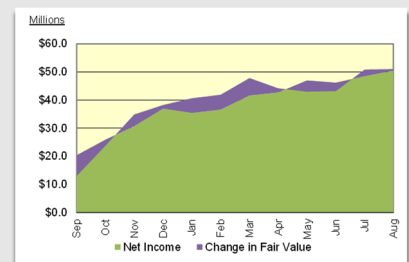
Beginning of Fiscal Year
\$10,975,194,000



**Net Assets for the Past
12 Months**

**Total Net Income & Changes in
Fair Value**

Fiscal Year
\$101,862,000



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

Money Market Pools As of August 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5238%	27 Days	\$9.9 Billion
WV Gov't Money Market	5.2997%	14 Days	\$373.8 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

AUGUST 2023

Outlook for 2024

Overview:

As the world waits for the Federal Reserve to signal conviction in pausing rate increases, the labor market combined with continued inflation data is the key to further confidence in the outlook amidst the strength in the economy. To that end, the August JOLTS (Job Opening and Labor Turnover Survey) data provided an indication of continued progress in workers filling openings. Job openings at 8.8 million was below the previous month (and the previous month was revised down), and importantly the job quits ratio fell to a pre pandemic level of 2.3%, indicating a normal range. The data confirmed progress on the labor front and the possibility of a September pause in raising rates from the Federal Reserve.

Equity Markets

Not surprisingly, given the strength of the markets of late, August was a negative month for all equity markets across styles, capitalization, and geographies. The first negative return for large cap US stocks since February. The S&P 500 returned -1.6%, the Russell 2000 -5.0%, the MSCI EAFE -3.8%, and MSCI emerging markets -6.2%. Year to date worldwide markets are still strongly positive with the S&P 500 leading at 18.7%. Growth continues to dominate the markets (with seven stocks leading the charge) with the Russell 1000 Growth returning 32.2% year to date versus just 5.9% for the Russell 1000 Value.

Fixed Income Markets

Interest rates rose again in the month and generally bonds were negative with the Bloomberg Aggregate returning -0.6% for the month of August. High yield and short duration credit related bonds were both slightly positive at 0.3%. The chart below shows the level of interest rates before we began this rate cycle. It is a good reminder of how far and how fast we have come, and a reminder to focus on the good news of a positive real return for what should be relatively safe investments, despite the pain in getting to these interest rate levels.

Looking Ahead

With just one month till we reach the last quarter of 2023, all heads are turning to year end returns and the outlook for 2024. We continue to advise on rebalancing portfolios to target and watching the data for signs of continued progress on economic growth, inflation, and real rates.

West Virginia Board of Treasury Investments Financial Highlights as of August 31, 2023

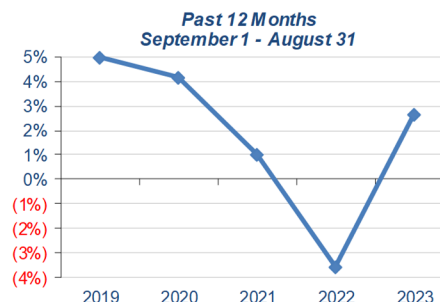
WV Short Term Bond Pool

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

<u>September 1 - August 31</u>	<u>Return</u>	<u>Net Assets At Aug 31 (In Millions)</u>
2023	2.7%	\$ 709.0
2022	(3.6%)	\$ 693.0
2021	1.0%	\$ 820.1
2020	4.2%	\$ 814.7
2019	5.0%	\$ 840.3

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

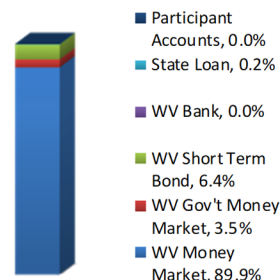
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings *(In Thousands)*

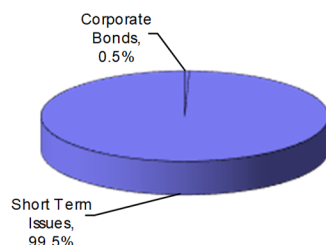
<u>Pool</u>	<u>Net Asset Value</u>	<u>Aug Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,916,783	\$ 46,520	\$ 91,610
WV Gov't Money Market	373,826	1,759	3,422
WV Short Term Bond	708,962	2,694	6,738
WV Bank	66	0	1
Loans	19,477	37	72
Participant Accounts	1,036	7	19
	<u>\$ 11,020,150</u>	<u>\$ 51,017</u>	<u>\$ 101,862</u>

Percent of Total Net Asset Value

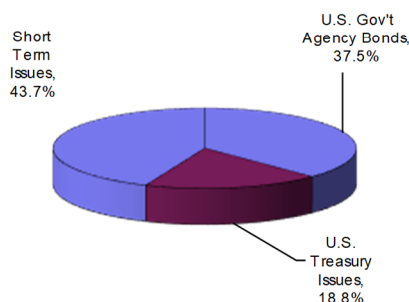


Securities by Type for Operating Pools *(Percentage of Asset Value)*

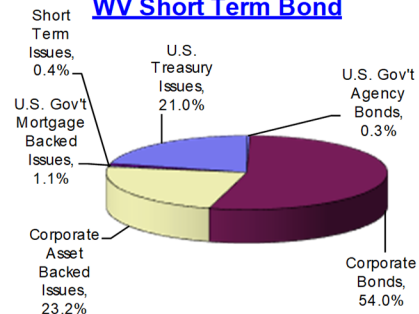
WV Money Market



WV Gov't Money Market



WV Short Term Bond



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

	WV Money Market Pool	WV Government Money Market Pool	WV Short Term Bond Pool	WV Bank Pool	Other Pools	Participant Directed Accounts	Total
Assets							
Investments:							
At amortized cost	\$ 9,891,299	\$ 379,447	\$ -	\$ 66	\$ 19,406	\$ -	\$ 10,290,218
At fair value	-	-	683,213	-	-	1,032	684,245
Other assets	26,677	368	26,249	-	73	5	53,372
Total assets	9,917,976	379,815	709,462	66	19,479	1,037	11,027,835
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	1,193	5,989	500	-	2	1	7,685
Total liabilities	1,193	5,989	500	-	2	1	7,685
Net Position							
Held in trust for investment pool participants	9,916,783	373,826	708,962	-	-	-	10,999,571
Held in trust for individual investment account holders	-	-	-	66	19,477	1,036	20,579
Total net position	\$ 9,916,783	\$ 373,826	\$ 708,962	\$ 66	\$ 19,477	\$ 1,036	\$ 11,020,150
Additions							
Investment income:							
Interest and dividends	\$ 24,849	\$ 1,085	\$ 2,122	\$ -	\$ 37	\$ 8	\$ 28,101
Net (amortization) accretion	22,065	691	47	-	-	(1)	22,802
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	46,914	1,776	2,169	-	37	7	50,903
Investment expenses:							
Investment advisor, custodian bank & administrative fees	394	17	46	-	-	-	457
Total investment expenses	394	17	46	-	-	-	457
Net investment income	46,520	1,759	2,123	-	37	7	50,446
Net realized gain (loss) from investments	-	-	(1,746)	-	-	-	(1,746)
Net increase (decrease) in fair value of investments	-	-	2,317	-	-	-	2,317
Net increase (decrease) in net position from operations	46,520	1,759	2,694	-	37	7	51,017
Participant transaction additions:							
Purchase of pool units by participants	1,487,680	17,555	-	-	-	-	1,505,235
Reinvestment of pool distributions	46,521	1,759	1,505	-	-	-	49,785
Contributions to individual investment accounts	-	-	-	-	1,220	-	1,220
Total participant transaction additions	1,534,201	19,314	1,505	-	1,220	-	1,556,240
Total additions	1,580,721	21,073	4,199	-	1,257	7	1,607,257
Deductions							
Distributions to pool participants:							
Net investment income	46,520	1,759	2,123	-	-	-	50,402
Net realized gain (loss) from investments	-	-	(1,747)	-	-	-	(1,747)
Total distributions to pool participants	46,520	1,759	376	-	-	-	48,655
Participant transaction deductions:							
Redemption of pool units by participants	1,464,349	29,890	-	-	-	-	1,494,239
Withdrawals from individual investment accounts	-	-	-	-	35	1,486	1,521
Total participant transaction deductions	1,464,349	29,890	-	-	35	1,486	1,495,760
Total deductions	1,510,869	31,649	376	-	35	1,486	1,544,415
Net increase (decrease) in net position from operations	69,852	(10,576)	3,823	-	1,222	(1,479)	62,842
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	69,852	(10,576)	3,823	-	1,222	(1,479)	62,842
Net position at beginning of period	9,846,931	384,402	705,139	66	18,255	2,515	10,957,308
Net position at end of period	\$ 9,916,783	\$ 373,826	\$ 708,962	\$ 66	\$ 19,477	\$ 1,036	\$ 11,020,150