

BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
April 27 2023

OPERATING REPORT

JANUARY 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

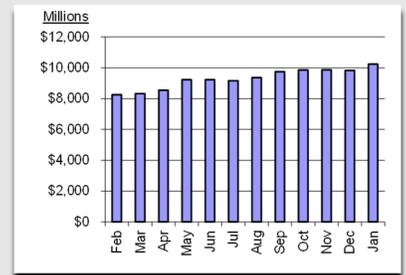
Executive
Director
Kara K. Hughes,
CPA, MBA, CFE,
CGIP
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

Total Net Assets Under Management

\$10,242,699,000

Last Month
\$9,839,119,000

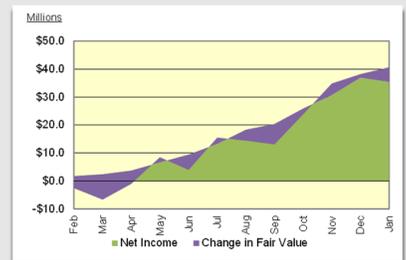
Beginning of Fiscal Year
\$9,234,695,000



Net Assets for the Past 12 Months

Total Net Income & Changes in Fair Value

Fiscal Year
\$180,495,000



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

Money Market Pools

As of January 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	4.5667%	20 Days	\$9.2 Billion
WV Gov't Money Market	4.2821%	13 Days	\$284.0 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

JANUARY 2023

Economy Continues to Soften

Markets Update

Markets kicked off 2023 with a POP. In the face of continued volatility - a hallmark of 2022 -, stocks around the world managed to power higher for the month. In the U.S., the S&P 500 returned 6.3% in January. Bond markets appear to be calling the Federal Reserve's bluff on higher-for-longer interest rates and the resulting lower yields translated into strong positive returns with the Bloomberg Aggregate returning 3.1%.

The latest data releases showed continued improvement on inflation, (PCE fell to 2.9% on a three-month annualized basis) and wage growth continues to trend lower. These positive signs provided a backdrop for markets to look ahead and helped to prompt the rally in both stocks and bonds during the month.

Stock Markets

Non-U.S. stocks once again outperformed large cap U.S. stocks, driven in part by continued weakening of the dollar. International stocks in the developed markets returned 8.1%, while the emerging markets returned 7.9%. Within the U.S., growth (+8.3%) outperformed value (+5.2%), while the small cap portion of the market brought home the bacon (+9.7%).

Bond Markets

With the scars of 2022 still fresh, there seems to be a growing consensus that the Fed is nearing the end of its current rate hike regime, despite its still hawkish rhetoric. Interest rates declined through the month across much of the curve. The inversion of the curve, within one year increased (as short rates are controlled by Federal Reserve raising the target of the Fed Funds Rate) despite declines in longer dated bonds. As a result of the decline in those longer maturity bonds, long duration bonds were the best performers in the month (+6.6%) and corporate bonds (investment grade and high yield both +3.8%) were positive

Looking Ahead

Don't fight the Fed? Well, the bond market seems to be doing just that. With projections priced into the rate markets that the Fed will begin pausing or easing sooner than the Fed's own forecasts. Meantime, stocks are taking comfort in what, at the very least, looks to be a more stable interest rate environment. As the economy continues to soften, we remain in 'wait and see' mode to assess the consequences of what has already been sown.

West Virginia Board of Treasury Investments

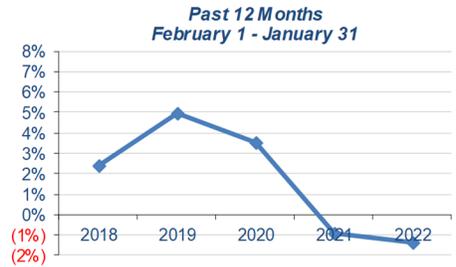
Financial Highlights as of January 31, 2023

WV Short Term Bond Pool

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

<u>February 1 - January 31</u>	<u>Return</u>	<u>Net Assets At Jan 31 (In Millions)</u>
2023	(1.4%)	\$ 700.0
2022	(0.9%)	\$ 811.0
2021	3.5%	\$ 820.7
2020	5.0%	\$ 819.6
2019	2.4%	\$ 719.2

WV Short Term Bond Pool Rates of Return

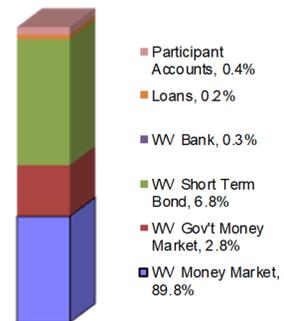


Prior to July 2007, the WV Short Term Bond Pool was known as the Enhanced Yield Pool

Summary of Value and Earnings *(In Thousands)*

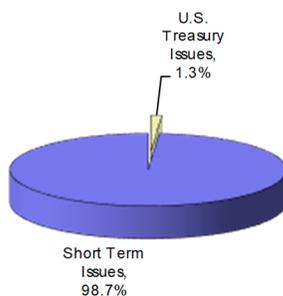
<u>Pool</u>	<u>Net Asset Value</u>	<u>Jan Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,193,049	\$ 32,958	\$ 167,823
WV Gov't Money Market	283,984	954	4,719
WV Short Term Bond	700,016	6,696	7,481
WV Bank	65	0	9
Loans	23,998	25	321
Reserve	0	0	73
Participant Accounts	41,587	14	69
	<u>\$10,242,699</u>	<u>\$ 40,647</u>	<u>\$ 180,495</u>

Percent of Total Net Asset Value

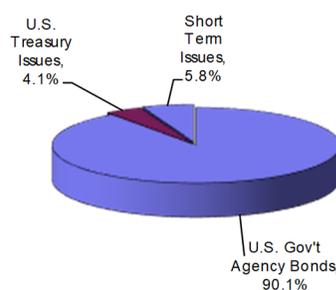


Securities by Type for Operating Pools *(Percentage of Asset Value)*

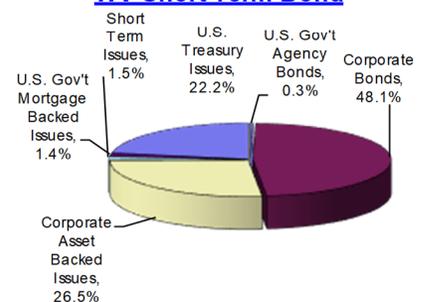
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
JANUARY 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	\$ 9,177,359	\$ 288,249	\$ -	\$ 65	\$ 23,990	\$ -	\$ 9,489,663
At fair value	-	-	704,540	-	-	41,530	746,070
Other assets	17,066	251	15,260	-	26	58	32,661
Total assets	<u>9,194,425</u>	<u>288,500</u>	<u>719,800</u>	<u>65</u>	<u>24,016</u>	<u>41,588</u>	<u>10,268,394</u>
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased							
	1,376	4,516	19,784	-	18	1	25,695
Total liabilities	<u>1,376</u>	<u>4,516</u>	<u>19,784</u>	<u>-</u>	<u>18</u>	<u>1</u>	<u>25,695</u>
Net Position							
Held in trust for investment pool participants	9,193,049	283,984	700,016	-	-	-	10,177,049
Held in trust for individual investment account holders	-	-	-	65	23,998	41,587	65,650
Total net position	<u>\$ 9,193,049</u>	<u>\$ 283,984</u>	<u>\$ 700,016</u>	<u>\$ 65</u>	<u>\$ 23,998</u>	<u>\$ 41,587</u>	<u>\$ 10,242,699</u>
Additions							
Investment income:							
Interest and dividends	\$ 19,056	\$ 302	\$ 1,550	\$ -	\$ 25	\$ 16	\$ 20,949
Net (amortization) accretion	14,230	664	(41)	-	-	(1)	14,852
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>33,286</u>	<u>966</u>	<u>1,509</u>	<u>-</u>	<u>25</u>	<u>15</u>	<u>35,801</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	330	12	46	-	-	-	388
Total investment expenses	<u>330</u>	<u>12</u>	<u>46</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388</u>
Net investment income	32,956	954	1,463	-	25	15	35,413
Net realized gain (loss) from investments	2	-	(3,370)	-	-	-	(3,368)
Net increase (decrease) in fair value of investments	-	-	8,603	-	-	(1)	8,602
Net increase (decrease) in net position from operations	<u>32,958</u>	<u>954</u>	<u>6,696</u>	<u>-</u>	<u>25</u>	<u>14</u>	<u>40,647</u>
Participant transaction additions:							
Purchase of pool units by participants	1,329,143	19,071	-	-	-	-	1,348,214
Reinvestment of pool distributions	32,958	954	1,209	-	-	-	35,121
Contributions to individual investment accounts	-	-	-	-	557	-	557
Total participant transaction additions	<u>1,362,101</u>	<u>20,025</u>	<u>1,209</u>	<u>-</u>	<u>557</u>	<u>-</u>	<u>1,383,892</u>
Total additions	<u>1,395,059</u>	<u>20,979</u>	<u>7,905</u>	<u>-</u>	<u>582</u>	<u>14</u>	<u>1,424,539</u>
Deductions							
Distributions to pool participants:							
Net investment income	32,956	954	1,463	-	-	-	35,373
Net realized gain (loss) from investments	2	-	(3,370)	-	-	-	(3,368)
Total distributions to pool participants	<u>32,958</u>	<u>954</u>	<u>(1,907)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,005</u>
Participant transaction deductions:							
Redemption of pool units by participants	982,591	5,981	366	-	-	-	988,938
Withdrawals from individual investment accounts	-	-	-	-	16	-	16
Total participant transaction deductions	<u>982,591</u>	<u>5,981</u>	<u>366</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>988,954</u>
Total deductions	<u>1,015,549</u>	<u>6,935</u>	<u>(1,541)</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>1,020,959</u>
Net increase (decrease) in net position from operations	<u>379,510</u>	<u>14,044</u>	<u>9,446</u>	<u>-</u>	<u>566</u>	<u>14</u>	<u>403,580</u>
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>	<u>-</u>
Change in net position	379,510	14,044	9,446	-	566	14	403,580
Net position at beginning of period	8,813,539	269,940	690,570	65	23,432	41,573	9,839,119
Net position at end of period	<u>\$ 9,193,049</u>	<u>\$ 283,984</u>	<u>\$ 700,016</u>	<u>\$ 65</u>	<u>\$ 23,998</u>	<u>\$ 41,587</u>	<u>\$ 10,242,699</u>