

# WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

## CALENDAR NOTE

Board Meeting  
January 25, 2024

## OPERATING REPORT NOVEMBER 2023

### Board of Treasury Investments

315 70<sup>th</sup> 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

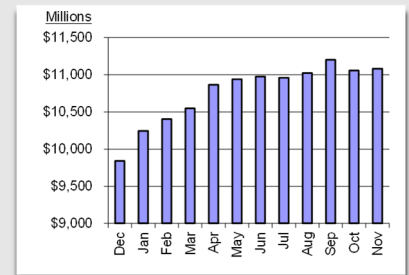
Karl Shanholtzer,  
CFA, CPA, CIA

### Total Net Assets Under Management

**\$11,078,485,000**

Last Month  
**\$11,054,296,000**

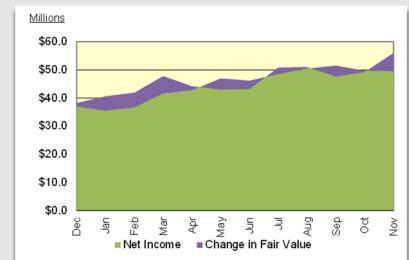
Beginning of Fiscal Year  
**\$10,975,194,000**



**Net Assets for the Past  
12 Months**

### Total Net Income & Changes in Fair Value

Fiscal Year  
**\$256,080,000**



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

### Money Market Pools

As of November 30, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.5848%	46 Days	\$10.0 Billion
WV Gov't Money Market	5.3555%	44 Days	\$398.4 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

### NOVEMBER 2023

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#### **Positive Economic Data, Inflation News, & Earnings Reports**

##### **Overview:**

It was not just Thanksgiving in November, but also thanks for giving us an incredible month in financial markets. After three months of losses, both stocks and bonds had their best performance of the year. Due, in part, to positive economic data, positive inflation news and positive earnings reports.

Third quarter GDP came in at 5.2% versus 2.1% in Q2 and 2.2% in Q1. This is the fastest quarterly increase since 2021. Growth was broad based including increases in consumer spending, private inventory investment and federal government spending as well as both residential and nonresidential fixed investments.

Income was also strong with personal income increasing each quarter in 2023 (despite a downward revision in Q2 income to 0.5% from 0.7%). Corporate profits were also strong increasing 3.3% versus 0.2% in Q2 and -2.6% in Q1 (and -1.5% in Q4 2022). Finally, the PCE inflation gage for October came in at 0.05% headline (x food and energy), which is equivalent to a 2% annual rate and about 2.5% for the last six months. This is right in line with the long-term Federal Reserve targets.

##### **Equity Markets**

The S&P 500 returned 9.1% in the month, bringing the total return to 20.8%, year to date. Returns were broad based across style (Russell 1000 Value +7.5%, Russell 1000 Growth, +10.9%) and capitalization. But year to date growth continued its dominance over value (Russell 1000 Growth +36.6%, Russell 1000 Value 4.6%) outperforming by over 30 points.

Small capitalization stocks moved from negative year to date to positive after a return of 9.1% in the month. Non-U.S. stocks also were positive with the EAFE returning 9.3% for the month and the Emerging Markets Index up 5.6% year to date.

##### **Fixed Income**

Interest rates dropped across the yield curve, returning 4.5% in the month and bringing the Bloomberg Aggregate index from negative to positive year to date (1.6%). As a result, although still inverted, the yield curve flattened during the month. The best performance came from longer duration bonds, with a return of 9.2% in the month for the long Treasury index, although year to date the index is still down 5.1%.

##### **Looking Forward**

Is it possible that the Federal Reserve has engineered the proverbial soft landing? So far so good and with only one month left in 2023, the possibility of a slowdown/recession has been pushed into 2024. Although 2023 will most certainly be known in the equity side as a concentrated “magnificent 7” market (see growth/value returns above), this month did provide a broader set of stocks participating in the upswing. A fundamentally better environment for investors. If bond volatility subsides, the higher yield available in fixed-income assets will provide much needed relief to the negative price returns we have felt throughout the year.

# West Virginia Board of Treasury Investments

## Financial Highlights as of November 30, 2023

### WV Short Term Bond Pool

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

<u>December 1 - November 30</u>	<u>Return</u>	<u>Net Assets At Nov 30 (In Millions)</u>
2023	4.6%	\$ 684.1
2022	(3.4%)	\$ 691.0
2021	0.1%	\$ 821.1
2020	4.1%	\$ 817.8
2019	5.1%	\$ 815.6

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

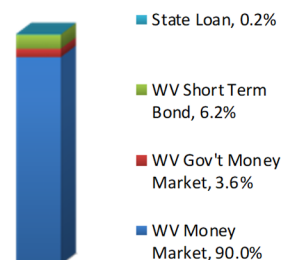
#### WV Short Term Bond Pool Rates of Return



### Summary of Value and Earnings (In Thousands)

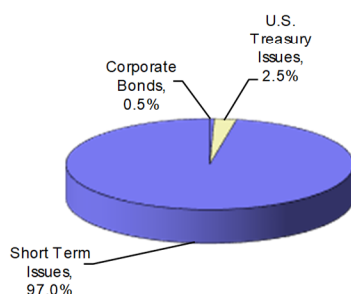
<u>Pool</u>	<u>Net Asset Value</u>	<u>Nov Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,968,445	\$ 45,529	\$ 229,805
WV Gov't Money Market	398,405	1,915	9,045
WV Short Term Bond	684,118	8,554	17,000
WV Bank	0	0	1
Loans	26,471	48	196
Participant Accounts	1,046	5	33
	<u>\$ 11,078,485</u>	<u>\$ 56,051</u>	<u>\$ 256,080</u>

#### Percent of Total Net Asset Value

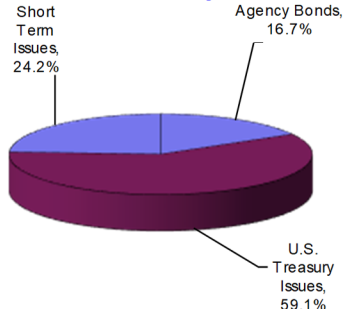


### Securities by Type for Operating Pools (Percentage of Asset Value)

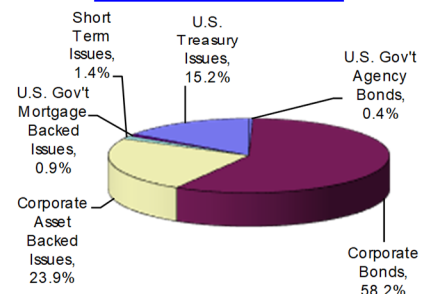
#### WV Money Market



#### WV Gov't Money Market



#### WV Short Term Bond



**WEST VIRGINIA BOARD OF TREASURY INVESTMENTS**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED**  
**NOVEMBER 30, 2023**  
*(IN THOUSANDS)*

	<b>WV Money Market Pool</b>	<b>WV Government Money Market Pool</b>	<b>WV Short Term Bond Pool</b>	<b>WV Bank Pool</b>	<b>Other Pools</b>	<b>Participant Directed Accounts</b>	<b>Total</b>
<b>Assets</b>							
Investments:							
At amortized cost	\$ 9,946,858	\$ 411,906	\$ -	\$ -	\$ 26,382	\$ -	\$ 10,385,146
At fair value	-	-	686,386	-	-	1,041	687,427
Other assets	23,081	389	12,603	-	90	5	36,168
Total assets	<u>9,969,939</u>	<u>412,295</u>	<u>698,989</u>	<u>-</u>	<u>26,472</u>	<u>1,046</u>	<u>11,108,741</u>
<b>Liabilities</b>							
Accrued expenses, dividends payable & payables for investments purchased	1,494	13,890	14,871	-	1	-	30,256
Total liabilities	<u>1,494</u>	<u>13,890</u>	<u>14,871</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>30,256</u>
<b>Net Position</b>							
Held in trust for investment pool participants	9,968,445	398,405	684,118	-	-	-	11,050,968
Held in trust for individual investment account holders	-	-	-	-	26,471	1,046	27,517
Total net position	<u>\$ 9,968,445</u>	<u>\$ 398,405</u>	<u>\$ 684,118</u>	<u>\$ -</u>	<u>\$ 26,471</u>	<u>\$ 1,046</u>	<u>\$ 11,078,485</u>
<b>Additions</b>							
Investment income:							
Interest and dividends	\$ 20,583	\$ 1,047	\$ 2,228	\$ -	\$ 48	\$ 5	\$ 23,911
Net (amortization) accretion	25,322	887	(210)	-	-	-	25,999
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	<u>45,905</u>	<u>1,934</u>	<u>2,018</u>	<u>-</u>	<u>48</u>	<u>5</u>	<u>49,910</u>
Investment expenses:							
Investment advisor, custodian bank & administrative fees	376	19	44	-	-	-	439
Total investment expenses	<u>376</u>	<u>19</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439</u>
Net investment income	45,529	1,915	1,974	-	48	5	49,471
Net realized gain (loss) from investments	-	-	(1,711)	-	-	-	(1,711)
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>8,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,291</u>
Net increase (decrease) in net position from operations	45,529	1,915	8,554	-	48	5	56,051
Participant transaction additions:							
Purchase of pool units by participants	1,000,137	17,751	-	-	-	-	1,017,888
Reinvestment of pool distributions	45,528	1,915	1,869	-	-	-	49,312
Contributions to individual investment accounts	-	-	-	-	991	-	991
Total participant transaction additions	<u>1,045,665</u>	<u>19,666</u>	<u>1,869</u>	<u>-</u>	<u>991</u>	<u>-</u>	<u>1,068,191</u>
Total additions	1,091,194	21,581	10,423	-	1,039	5	1,124,242
<b>Deductions</b>							
Distributions to pool participants:							
Net investment income	45,529	1,915	1,974	-	-	-	49,418
Net realized gain (loss) from investments	-	-	(1,711)	-	-	-	(1,711)
Total distributions to pool participants	<u>45,529</u>	<u>1,915</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,707</u>
Participant transaction deductions:							
Redemption of pool units by participants	1,004,880	47,425	-	-	-	-	1,052,305
Withdrawals from individual investment accounts	-	-	-	-	41	-	41
Total participant transaction deductions	<u>1,004,880</u>	<u>47,425</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>1,052,346</u>
Total deductions	<u>1,050,409</u>	<u>49,340</u>	<u>263</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>1,100,053</u>
Net increase (decrease) in net position from operations	40,785	(27,759)	10,160	-	998	5	24,189
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	40,785	(27,759)	10,160	-	998	5	24,189
Net position at beginning of period	9,927,660	426,164	673,958	-	25,473	1,041	11,054,296
Net position at end of period	<u>\$ 9,968,445</u>	<u>\$ 398,405</u>	<u>\$ 684,118</u>	<u>\$ -</u>	<u>\$ 26,471</u>	<u>\$ 1,046</u>	<u>\$ 11,078,485</u>