

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
October 31, 2023

OPERATING REPORT JULY 2023

Board of Treasury Investments

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Charleston WV
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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

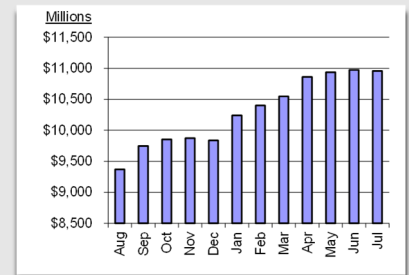
Chief Financial
Officer
Karl Shanholtzer,
CFA, CPA, CIA

**Total Net Assets Under
Management**

\$10,957,308,000

Last Month
\$10,975,194,000

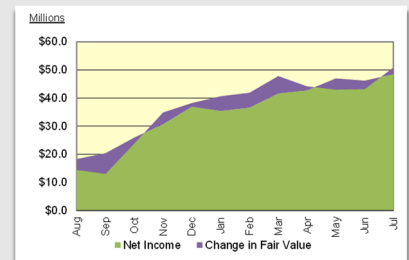
Beginning of Fiscal Year
\$10,975,194,000



**Net Assets for the Past
12 Months**

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

Fiscal Year
\$50,846,000



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

Money Market Pools As of July 31, 2023

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	5.3441%	25 Days	\$9.8 Billion
WV Gov't Money Market	5.1049%	13 Days	\$384.4 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

JULY 2023

July Rate Hike Could be the Last

Riding the Wave

Five straight months of gains have lifted U.S. large cap stocks to a 20%+ year-to-date return through July. More good news on inflation coupled with resilient economic data supported riskier assets. Meanwhile, the Federal Reserve's 0.25% rate hike in July could reasonably be argued is the last (or close to the last) in the current cycle. Fixed Income investors continue to wait for a breakout, which seems a higher probability event once rate hikes cease. Still, when reflecting on a 2% year-to-date return for core bonds in the face of four 0.25% rate hikes (1.00% total increase in rates this calendar year), the highly touted benefit of higher yields serving as a buffer is already proving its worth. And with that context, the return potential for bonds moving forward remains enticing.

Equity Markets

July's 3.2% return for the S&P 500 - although roughly half of June's return - was still very strong. Importantly, the broadening of gains beyond mega cap technology names that began in June continued. Mid Cap (+4.1%) and Small Cap (+6.1%) both outperformed Large Cap (+3.2%) for the month. Value (+3.7%) had the edge over growth (+3.4%), though the year-to-date returns still heavily favors the latter (Growth +32.5% and Value +8.9%). Developed International markets (+3.2%) were in-line with U.S. counterparts for the month, while Emerging Markets (+6.2%) got a lift from a more supportive Chinese government looking to address slow economic momentum.

Fixed Income Markets

Core bonds (-0.1%) were slightly negative for the month overall. Credit markets fared better than Treasuries, with spreads tightening on the back of more risk-on sentiment. Investment Grade (+0.3%) and High Yield (+1.4%) were among the better performing sectors of the bond market. Therefore, floating rate leveraged loans (+7.9%), High Yield (+6.8%) and Emerging Market Debt (+4.5%) have led the way year-to-date.

Looking Ahead

The takeaways?

- Stocks have in most cases seen outsized gains. However, 2000 was a meaningful exception, and with the market already well into bull market territory this year, it is certainly possible that at least some future returns have been pulled forward.
- Fixed Income results 12 months forward have been consistently strong, adding to the case for optimism in the current environment.

West Virginia Board of Treasury Investments

Financial Highlights as of July 31, 2023

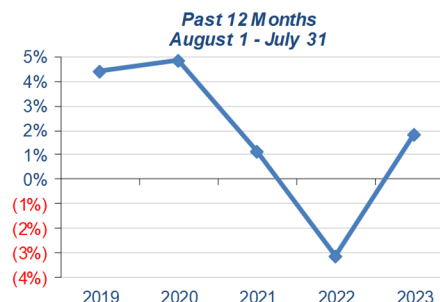
WV Short Term Bond Pool

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

<u>Aug 1 - July 31</u>	<u>Return</u>	<u>Net Assets At Jul 31 (In Millions)</u>
2023	1.9%	\$ 705.1
2022	(3.1%)	\$ 695.6
2021	1.2%	\$ 819.7
2020	4.9%	\$ 815.2
2019	4.4%	\$ 829.6

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

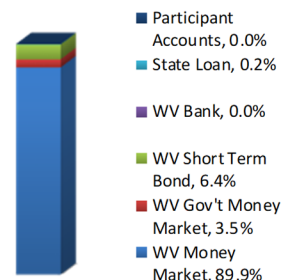
WV Short Term Bond Pool Rates of Return



Summary of Value and Earnings *(In Thousands)*

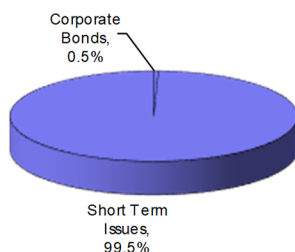
<u>Pool</u>	<u>Net Asset Value</u>	<u>Jul Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 9,846,931	\$ 45,090	\$ 45,090
WV Gov't Money Market	384,402	1,664	1,664
WV Short Term Bond	705,139	4,045	4,045
WV Bank	66	1	1
Loans	18,255	35	35
Participant Accounts	2,515	11	11
	<u>\$ 10,957,308</u>	<u>\$ 50,846</u>	<u>\$ 50,846</u>

Percent of Total Net Asset Value

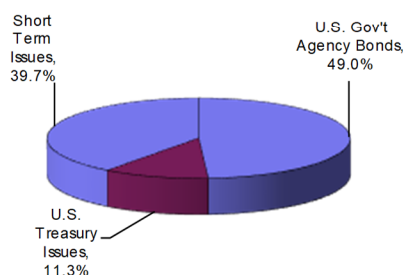


Securities by Type for Operating Pools *(Percentage of Asset Value)*

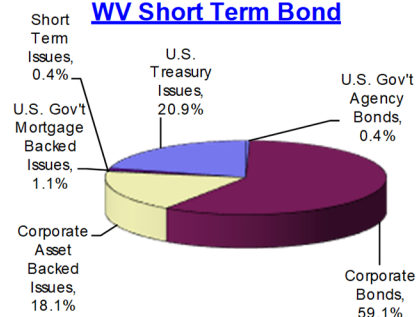
WV Money Market



WV Gov't Money Market



WV Short Term Bond



WEST VIRGINIA BOARD OF TREASURY INVESTMENTS
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – UNAUDITED
JULY 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	\$ 9,824,928	\$ 388,056	\$ -	\$ 66	\$ 18,222	\$ -	\$ 10,231,272
At fair value	-	-	702,918	-	-	2,470	705,388
Other assets	23,509	359	9,804	-	35	46	33,753
Total assets	9,848,437	388,415	712,722	66	18,257	2,516	10,970,413
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	1,506	4,013	7,583	-	2	1	13,105
Total liabilities	1,506	4,013	7,583	-	2	1	13,105
Net Position							
Held in trust for investment pool participants	9,846,931	384,402	705,139	-	-	-	10,936,472
Held in trust for individual investment account holders	-	-	-	66	18,255	2,515	20,836
Total net position	\$ 9,846,931	\$ 384,402	\$ 705,139	\$ 66	\$ 18,255	\$ 2,515	\$ 10,957,308
Additions							
Investment income:							
Interest and dividends	\$ 22,597	\$ 984	\$ 1,931	\$ 1	\$ 35	\$ 13	\$ 25,561
Net (amortization) accretion	22,878	697	(234)	-	-	(2)	23,339
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	45,475	1,681	1,697	1	35	11	48,900
Investment expenses:							
Investment advisor, custodian bank & administrative fees	385	17	46	-	-	-	448
Total investment expenses	385	17	46	-	-	-	448
Net investment income	45,090	1,664	1,651	1	35	11	48,452
Net realized gain (loss) from investments	-	-	(146)	-	-	-	(146)
Net increase (decrease) in fair value of investments	-	-	2,540	-	-	-	2,540
Net increase (decrease) in net position from operations	45,090	1,664	4,045	1	35	11	50,846
Participant transaction additions:							
Purchase of pool units by participants	1,073,058	15,572	-	-	-	-	1,088,630
Reinvestment of pool distributions	45,090	1,664	1,122	-	-	-	47,876
Contributions to individual investment accounts	-	-	-	-	779	-	779
Total participant transaction additions	1,118,148	17,236	1,122	-	779	-	1,137,285
Total additions	1,163,238	18,900	5,167	1	814	11	1,188,131
Deductions							
Distributions to pool participants:							
Net investment income	45,090	1,664	1,651	-	-	-	48,405
Net realized gain (loss) from investments	-	-	(146)	-	-	-	(146)
Total distributions to pool participants	45,090	1,664	1,505	-	-	-	48,259
Participant transaction deductions:							
Redemption of pool units by participants	1,149,492	8,241	-	-	-	-	1,157,733
Withdrawals from individual investment accounts	-	-	-	-	25	-	25
Total participant transaction deductions	1,149,492	8,241	-	-	25	-	1,157,758
Total deductions	1,194,582	9,905	1,505	-	25	-	1,206,017
Net increase (decrease) in net position from operations	(31,344)	8,995	3,662	1	789	11	(17,886)
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	(31,344)	8,995	3,662	1	789	11	(17,886)
Net position at beginning of period	9,878,275	375,407	701,477	65	17,466	2,504	10,975,194
Net position at end of period	\$ 9,846,931	\$ 384,402	\$ 705,139	\$ 66	\$ 18,255	\$ 2,515	\$ 10,957,308