

WEST VIRGINIA BOARD OF TREASURY INVESTMENTS

CALENDAR NOTE

Board Meeting
January 26, 2023

OPERATING REPORT NOVEMBER 2022

Board of Treasury Investments

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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

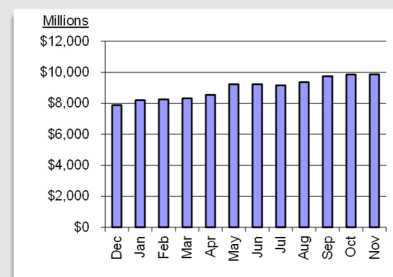
Karl Shanholtzer,
CFA, CPA, CIA

**Total Net Assets Under
Management**

\$9,874,727,000

Last Month
\$9,855,079,000

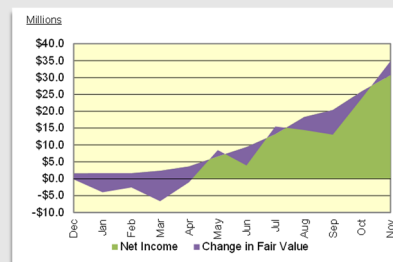
Beginning of Fiscal Year
\$9,234,695,000



**Net Assets for the Past
12 Months**

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

Fiscal Year
\$101,618,000



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

Money Market Pools As of November 30, 2022

<u>Pool</u>	<u>30-Day Avg. Yield *</u>	<u>W.A.M. **</u>	<u>Net Assets</u>
WV Money Market	3.9429%	15 Days	\$8.9 Billion
WV Gov't Money Market	3.5761%	19 Days	\$249.5 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 2022

Positive Month for Stock and Bonds

Green on the Screen!

A reprieve? A start to a recovery in the markets? Wish we knew with certainty. But a positive month for both stocks and bonds in November is worthy of an early holiday celebration. The S&P 500 stock index (+5.6%) and Bloomberg U.S. Aggregate bond index (+3.7%) both benefitted from a building consensus that peak inflation has passed, and the Federal Reserve will begin downshifting the magnitude of future interest rate hikes.

Stocks

In a change of direction from earlier in the year, non-U.S. stocks outperformed U.S. stocks in the month, with the developed international index up 11.3% and emerging markets up 14.8%. A decline in the dollar as the risk on environment took hold helped non-US performance as did bargain hunting and smaller (relative) gains in inflation (see chart below). In emerging markets, a rebound in China (+29.7%) during the month amidst hopes of Covid lockdowns easing, contributed to gains in the index.

Stateside, value stocks (+6.2%) outperformed growth stocks (+4.6%) again, with a year-to-date performance differential of nearly 20%. While the focus has been on inflation and the Fed for the entirety of this year, at least some of the market's attention is beginning to turn to the resilience of the U.S. labor market and the outlook for the economy and corporate earnings. As a result, differentiation in stock performance was apparent (positive earnings, positive stock performance and vice versa).

Bonds

Following yet another 75-basis point rate hike in November, recent Fed-official rhetoric has hinted at potentially less aggressive rate hikes moving forward. As a result, bond markets across the board responded positively. Investment grade credit (+5.0%) outperformed Treasuries (+2.7%) and long Government/Credit index was the leader in the month (8.1%), as interest rates dropped across the yield curve. With interest rates materially higher than at the beginning of the year, bonds now offer a more compelling source for portfolio return.

Looking Ahead

Yield curve inversion intensified in November (the 2-year Treasury yield stood at 4.37% at month-end while the 10-year yield was 3.70%), signaling ongoing concern from the bond markets that economic stresses are picking up and that inflation may continue to moderate. While markets were clearly encouraged by the prospect of less aggressive Fed interest rate hikes, "how high" and "how long" remain open questions for the Federal Funds Rate. We continue to wade in largely uncharted territory and without clarity on what this period of tightening monetary policy will ultimately mean for the economy. Meanwhile, the broad U.S. stock market has nearly halved its year-to-date losses since the end of September and has generated a positive return since the end of June.

West Virginia Board of Treasury Investments

Financial Highlights as of November 30, 2022

WV Short Term Bond Pool

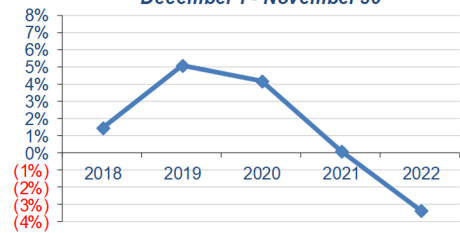
Rates of Return for the Past 12 Months Net of All Fees

<u>December 1 - November 30</u>	<u>Return</u>	<u>Net Assets At Nov 30 (In Millions)</u>
2022	(3.4%)	\$ 691.0
2021	0.1%	\$ 821.1
2020	4.1%	\$ 817.8
2021	5.1%	\$ 815.6
2018	1.4%	\$ 712.4

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

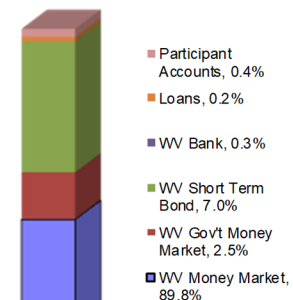
Past 12 Months
December 1 - November 30



Summary of Value and Earnings (In Thousands)

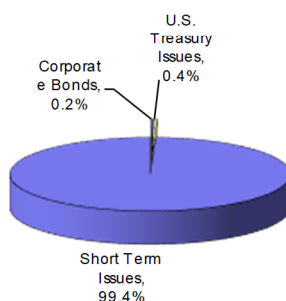
<u>Pool</u>	<u>Net Asset Value</u>	<u>Nov Net Income (Loss)</u>	<u>Fiscal YTD Net Income (Loss)</u>
WV Money Market	\$ 8,868,911	\$ 28,679	\$ 100,162
WV Gov't Money Market	249,493	845	2,801
WV Short Term Bond	690,972	5,313	(1,747)
WV Bank	65	0	9
Loans	22,974	14	279
Reserve	0	0	73
Participant Accounts	42,312	16	41
	<u>\$ 9,874,727</u>	<u>\$ 34,867</u>	<u>\$ 101,618</u>

Percent of Total Net Asset Value

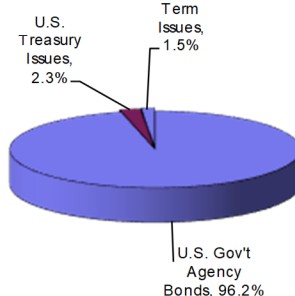


Securities by Type for Operating Pools (Percentage of Asset Value)

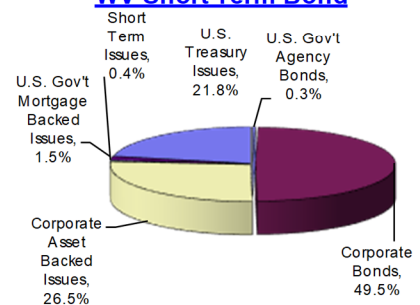
WV Money Market



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, 2022
(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	\$ 8,877,550	\$ 250,310	\$ -	\$ 65	\$ 22,951	\$ -	\$ 9,150,876
At fair value	-	-	687,500	-	-	42,246	729,746
Other assets	12,210	210	3,523	-	24	67	16,034
Total assets	8,889,760	250,520	691,023	65	22,975	42,313	9,896,656
Liabilities							
Accrued expenses, dividends payable & payables for investments purchased	20,849	1,027	51	-	1	1	21,929
Total liabilities	20,849	1,027	51	-	1	1	21,929
Net Position							
Held in trust for investment pool participants	8,868,911	249,493	690,972	-	-	-	9,809,376
Held in trust for individual investment account holders	-	-	-	65	22,974	42,312	65,351
Total net position	<u>\$ 8,868,911</u>	<u>\$ 249,493</u>	<u>\$ 690,972</u>	<u>\$ 65</u>	<u>\$ 22,974</u>	<u>\$ 42,312</u>	<u>\$ 9,874,727</u>
Additions							
Investment income:							
Interest and dividends	\$ 16,341	\$ 356	\$ 1,348	\$ -	\$ 14	\$ 16	\$ 18,075
Net (amortization) accretion	12,671	502	(155)	-	-	(1)	13,017
Provision for uncollectible loans	-	-	-	-	-	-	-
Total investment income	29,012	858	1,193	-	14	15	31,092
Investment expenses:							
Investment advisor, custodian bank & administrative fees	333	13	45	-	-	-	391
Total investment expenses	333	13	45	-	-	-	391
Net investment income	28,679	845	1,148	-	14	15	30,701
Net realized gain (loss) from investments	-	-	(1,205)	-	-	-	(1,205)
Net increase (decrease) in fair value of investments	-	-	5,370	-	-	1	5,371
Net increase (decrease) in net position from operations	28,679	845	5,313	-	14	16	34,867
Participant transaction additions:							
Purchase of pool units by participants	1,684,199	21,514	-	-	-	-	1,705,713
Reinvestment of pool distributions	28,679	845	1,102	-	-	-	30,626
Contributions to individual investment accounts	-	-	-	-	9,607	-	9,607
Total participant transaction additions	1,712,878	22,359	1,102	-	9,607	-	1,745,946
Total additions	1,741,557	23,204	6,415	-	9,621	16	1,780,813
Deductions							
Distributions to pool participants:							
Net investment income	28,679	845	1,148	-	-	-	30,672
Net realized gain (loss) from investments	-	-	(1,205)	-	-	-	(1,205)
Total distributions to pool participants	28,679	845	(57)	-	-	-	29,467
Participant transaction deductions:							
Redemption of pool units by participants	1,681,770	49,182	737	-	-	-	1,731,689
Withdrawals from individual investment accounts	-	-	-	-	9	-	9
Total participant transaction deductions	1,681,770	49,182	737	-	9	-	1,731,698
Total deductions	1,710,449	50,027	680	-	9	-	1,761,165
Net increase (decrease) in net position from operations	31,108	(26,823)	5,735	-	9,612	16	19,648
Inter-pool transfers in	-	-	-	-	-	-	-
Inter-pool transfers out	-	-	-	-	-	-	-
Net inter-pool transfers in (out)	-	-	-	-	-	-	-
Change in net position	31,108	(26,823)	5,735	-	9,612	16	19,648
Net position at beginning of period	8,837,803	276,316	685,237	65	13,362	42,296	9,855,079
Net position at end of period	<u>\$ 8,868,911</u>	<u>\$ 249,493</u>	<u>\$ 690,972</u>	<u>\$ 65</u>	<u>\$ 22,974</u>	<u>\$ 42,312</u>	<u>\$ 9,874,727</u>