

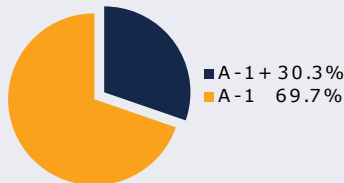
West Virginia Money Market Pool

Portfolio Overview as of 09/30/2023

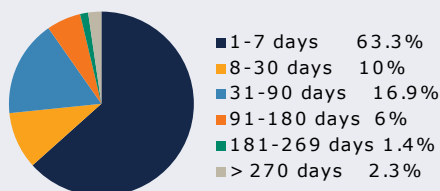
Pool Assets

\$10.1 billion

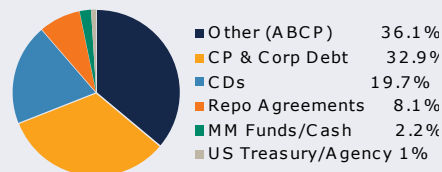
Credit Quality Composition (%)



Maturity Schedule (%)



Portfolio Composition (%)



Weighted Average Maturity

31 Days

Top Holdings (%)

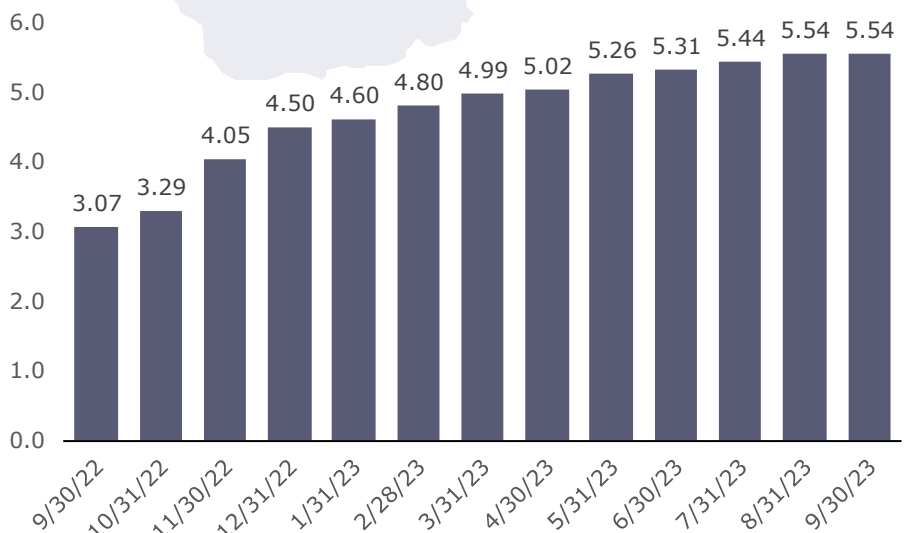
Bank of America	5.4%
BNP Paribas SA	4.9%
DZ Bank	4.0%
Bank of Montreal	2.8%
Collateralized Flex Co LLC	2.8%
Chariot Funding LLC	2.7%
Toronto Dominion Bank	2.6%
Anglesea Funding	2.5%
Mizuho Bank Ltd	2.5%
Bank of Nova Scotia	2.4%
Total % of Portfolio	32.5%

The West Virginia Money Market Pool is a money market portfolio created to invest the majority of the state and local government operating funds. The objective of the portfolio is to maintain sufficient liquidity to meet the needs of the participants while striving to earn a return above inflation. The risk factor is low and managed through numerous maturity restrictions, diversification, guidelines, and credit limits.

Pool Features and Benefits:

- » Professional management is provided by the West Virginia Board of Treasury investments' staff and professional investment advisors (Federated Hermes and UBS Global Asset Management).
- » Rated AAAM by Standard & Poor's.
- » Seeks to maintain a net asset value (NAV) of \$1 per share.
- » Investment yields are competitive with other money market accounts.
- » Easy access is provided through the State Treasurer's Office online system.
- » Account can be opened for as little as \$100 with no limit on the number of transactions.
- » Contributions and withdrawals are allowed daily.
- » Income is distributed on a daily basis.

7-Day Simple Money Market Yield (%)



To learn how to make the West Virginia Money Market Pool work for your cash investing needs call: 304-340-1564 or visit: wvbt.org

Portfolio holdings and composition are shown as of the date indicated. Since market conditions fluctuate suddenly and frequently, the portfolio holdings may change and this list is not indicative of future portfolio composition. These portfolio holdings are not intended to be and do not constitute recommendations that others buy, sell, or hold any of the securities listed.

An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.

A AAAM rating by Standard & Poor's is obtained after S&P evaluates a number of factors, including credit quality, market price exposure and management. Ratings are subject to change and do not remove market risk.

Commentary

Changing the Game Plan

The September FOMC meeting was the latest case of the Federal Reserve moving its policy goal posts (it's college football season, so forgive the gridiron references). In their new Summary of Economic Projections (SEP), policymakers yet again increased the level they think the fed funds rate will reach in the near future. Their median projections rose by 50 basis points from June's forecast to 5.1% and 3.9% in 2024 and 2025, respectively. It's another in a string of dot-plot increases since they finally got serious about inflation roughly two years ago.

It's understandable policymakers wanted to avoid shocking the markets with predictions that rates would have to surge to tackle inflation. But this "three yards and a cloud of dust" approach has confused investors and traders, leading them to doubt the Fed one month and believe it the next. It has happened again following the September meeting. Despite the new dot plot indicating FOMC members expect to raise the target range by another 25 basis points this year, Treasuries futures have priced in a pause in November, with cuts to follow in the mid 2024.

While rising rates tend to benefit liquidity products, the ever-shifting SEP has often blocked entire sections of the Treasury yield curve from useful trading. That's occurring now. If you believe, as we do, that rates will climb further, value is hard to find along the Treasury yield curve. In particular, it has been difficult to find worthwhile trades for securities maturing longer than three months. The yields are simply not high enough. Thankfully, the various prime curves have tracked the Fed better, one of the reasons for the continued flows into prime funds.

We are inclined to accept the Fed's message of high-for-longer. A month's worth of data could change our minds. But at present, we expect a quarter-point hike in November and don't envision easing to take place until 2025, or late 2024 at the earliest. The U.S. economy has been exhibiting signs of slowing but not of rolling over. Consumers and workers remain in positions of strength, and goods and services sectors are hanging in there. Inflation is falling, but the closer you get to the endzone, the harder it is to advance. The game is far from over.

At the end of the month, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 5.37%, 5.46%, 5.55% and 5.47%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 5.39%, 5.56%, 5.75% and 5.94%, respectively.