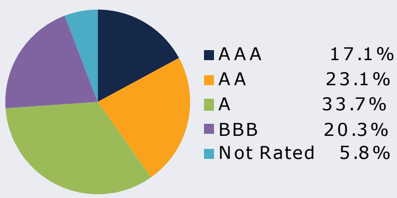
West Virginia Short Term Bond Pool

Portfolio Overview as of 1/31/2024

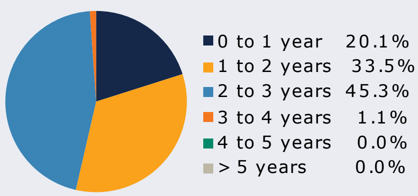
Pool Assets

$675 million

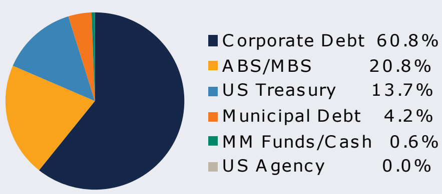
Credit Quality Composition (%)



Maturity Schedule (%)



Portfolio Composition (%)



Effective Duration

629 Days

Top Holdings (%)

United States Treasury	13.7%
OneMain Direct Auto Rec.	2.0%
Toyota Auto Loan	2.0%
Mercedes Benz Auto Rec.	1.8%
JP Morgan Chase & Co	1.6%
Discover Card Master Trust	1.4%
Hertz Vehicle Financing LLC	1.4%
Schwab Charles Corp	1.3%
Enterprise Fleet Financing	1.3%
Macquarie Bank LTD	1.2%
Total % of Portfolio	**27.7%**

The West Virginia Short Term Bond Pool was created to invest restricted moneys of participants which have a longer-term investment horizon. The objective of the portfolio is to earn an incremental return over the WV Money Market Pool with an objective of asset growth rather than current income. The risk factor is higher than the WV Money Market Pool and is 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 advisor (Sterling Capital Management).

» Floating net asset value (NAV).

» Investment yields are competitive with other short duration fixed income pools.

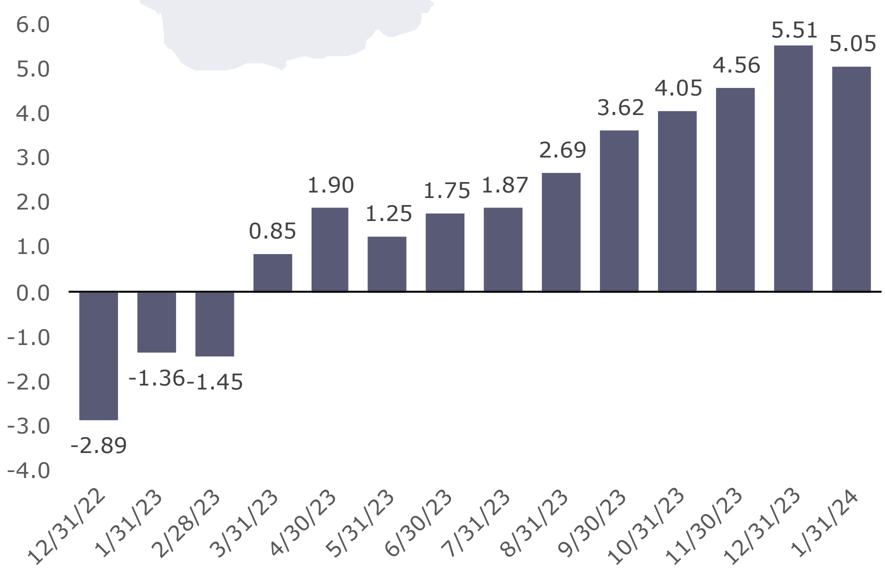
» Easy access is provided through the State Treasurer's Office online system.

» Account can be opened for as little as $100 with no limit on the number of transactions.

» Contributions and withdrawals are allowed monthly.

» Income is distributed on a monthly basis.

Return Summary



To learn how to make the West Virginia Short Term Bond Pool work for your cash investing needs call: 304-340-1564 or visit: wvbti.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 and it is possible to lose money by depositing money in the Pool.

Commentary

Fixed income markets started 2024 off on a relatively strong note, picking up where they left off in 2023. Strong economic growth and moderating inflation drove stability in interest rates and solid demand for bonds across all asset classes. Data released this month showed that the U.S. economy added another 216,000 new jobs in December and the unemployment rate fell back to 3.7%, showing no signs of weakness. The Bureau of Labor Statistics reported the U.S. grew at 3.3% last quarter while the core personal consumption expenditure index, the Fed's preferred measure of inflation, increased at just 2.0% percent over the same timeframe. With inflation seemingly hitting the Fed's 2.0% target, market participants continued to expect a series of cuts to the fed funds rate in 2024, pricing in as many as six as of January 31. The Fed's statement from their January meeting emphasized that "the Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%". Yet "the Committee judges that the risks to achieving its employment and inflation goals are moving into better balance" and "incoming data, the evolving outlook and the balance of risks" will be carefully assessed in considering any future adjustments to the target fed funds rate. During his post-meeting press conference, Chair Powell confirmed that "almost every participant on the Committee does believe that it will be appropriate to reduce rates" later this year. Without any major shifts in the macro environment, interest rates were fairly rangebound this month and two-year yields fell just 0.04% to 4.21%.

Corporate bonds rallied significantly over the last two months of 2023 following the Fed's pivot away from rate hikes and towards rate cuts and that momentum continued into in January. Despite a record $185 billion in new issuance, strong demand from yield-hungry buyers overwhelmed light dealer inventories and risk premia narrowed. Companies wary of locking in current yields for the long term largely avoided issuing debt maturing beyond 10 years, generating strong outperformance for 20- and 30-year corporate bonds but the entire corporate curve outperformed duration-matched Treasuries for the month. The option-adjusted spread on the ICE BofA 1-3Y U.S. Corporate Index tightened four basis points and generated 0.15% of excess returns in January.

After the best annual performance in over a decade last year, asset-backed securities (ABS) turned in a very strong performance in January, generating 0.25% of excess returns despite higher-than-usual supply. Demand for the sector remained strong due to attractive relative value versus corporate bonds and strong inflows into fixed income mutual funds and other vehicles. Strong economic growth helped drive another solid month for commercial mortgage-backed securities (CMBS) as well as yield-seeking investors bought up bonds in the sector as recession fears faded. Despite relatively benign interest rate volatility, agency mortgage-backed securities (agency MBS) lagged other sectors and underperformed Treasuries by 0.22% for the month.

The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful. "Fed" = Federal Reserve. Data is as of 01.31.2024 unless otherwise stated. Source: Bloomberg L.P.